# Shipping companies to pay for carbon emissions under new IMO regulations



Shipping companies will soon be required to pay for the carbon dioxide emissions produced by their vessels following new regulations approved by the International Maritime Organisation (IMO) on Friday. The decision was made during meetings held in London and marks the first time that emissions from maritime activities will be monetised under a comprehensive charging system slated to begin in 2028.

The newly agreed regulations will impose charges on ships based on their greenhouse gas emissions, which will escalate once they surpass a certain emissions threshold. Additionally, vessels will have the ability to trade carbon credits among themselves. The aim of these measures is to incentivise the shipping industry to transition towards the use of lower CO2 fuels and to enhance operational efficiency by adopting practices such as reducing speeds to decrease fuel consumption, rather than adhering to the current practices that often involve expediting to ports only to idle for extended periods.

The financial implications of these new rules are significant, with predictions estimating that they could generate approximately $10 billion (£7.6 billion) annually. However, this figure falls short of the anticipated $60 billion that proponents had hoped to collect through a straightforward carbon levy. Instead, the revenue is expected to be reinvested within the shipping sector to advance cleaner technologies, which diverges from the original intent to provide a funding source for poorer countries struggling with the impacts of climate change.

In terms of emissions reductions, the expectations remain modest, particularly in the initial years, with estimates suggesting just an 8% decrease by 2030. This figure is considerably below the 20% reduction that the IMO’s climate strategy, established in 2023, had aimed to achieve.

Emma Fenton, a senior director at the campaign group Opportunity Green, noted, “The IMO has made a historic decision, yet ultimately one that fails climate-vulnerable countries and falls short of both the ambition the climate crisis demands, and that member states committed to just two years ago.”

While the regulations may encourage shipowners to consider liquefied natural gas (LNG) as a cleaner alternative to traditional heavy bunker fuels, experts anticipate that revisions in the 2030s may impose stricter penalties on LNG usage. Tristan Smith, an associate professor in energy and transport at University College London, commented on the potential increase in biofuel adoption, stating the new rules could represent “[a] massive boost for biofuels, the likely least-cost compliance option for 85% of the fleet for the first five years. [That means] tens of millions of tonnes more demand.”

The final vote saw numerous small island states abstaining, indicating discontent with the outcome. Simon Kofe, the transport and energy minister for Tuvalu, expressed frustration over the situation: “We came as climate-vulnerable countries with the greatest need and the clearest solution [in the form of a levy]. And what did we face? Weak alternatives from the world’s biggest economies – alternatives that won’t get us on a pathway to the 1.5C temperature limit [above pre-industrial levels].”

Amidst this discontent, many participants indicated their intention to pursue stronger measures moving forward. Albon Ishoda, the special envoy for maritime decarbonisation for the Marshall Islands, affirmed, “We are not done. We will be back. Alongside our friends from the Caribbean, the Pacific, Africa, Central America and the UK. Still standing. Still steering.”

The negotiations revealed divisions among major economies. While the US initially participated, it withdrew following the intervention of former President Donald Trump, who explicitly opposed the proposed carbon levy. Although it remains uncertain whether the US will accept the compromise reached regarding carbon trading, other nations appear optimistic that they can implement the agreed rules regardless.

The situation reflects broader tensions within the global community regarding carbon pricing. Ralph Regenvanu, the environment minister for Vanuatu, highlighted the role of certain nations in undermining more stringent proposals, stating, “Let us be clear about who has abandoned 1.5C. Saudi Arabia, the US, and fossil fuel allies pushed down the numbers to an untenable level and blocked progress at every turn. These countries – and others – failed to support a set of measures that would have gotten the shipping industry on to a 1.5C pathway.”

As the world continues to grapple with the challenges posed by climate change, these newly agreed regulations from the IMO represent a significant, albeit contested, step forward in addressing emissions within the shipping industry. The full implications of these policies will be further examined when they are formally adopted in October.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://electrek.co/2025/04/11/international-maritime-organization-agrees-to-first-ever-global-carbon-price/> - This article corroborates the IMO's decision to establish a global carbon pricing system for shipping, including the charges on emissions and carbon credit trading starting in 2028.
* <https://www.carbonbrief.org/qa-nations-agree-carbon-pricing-system-to-steer-shipping-towards-net-zero/> - This Q&A explains the details of the carbon pricing agreement, including the emissions targets and the role of carbon credits, highlighting the negotiations' complexities and controversies.
* <https://gcaptain.com/imo-makes-history-with-first-global-carbon-pricing-scheme-for-shipping-despite-mixed-reactions/> - This article supports the information about the historical carbon pricing scheme, discussing reactions to the agreement and expectations for emissions reductions by 2030.
* <https://www.carbonbrief.org/qa-nations-agree-carbon-pricing-system-to-steer-shipping-towards-net-zero/> - It also notes the involvement of various nations in the negotiations, including their differing positions on carbon pricing and emission targets.
* <https://electrek.co/2025/04/11/international-maritime-organization-agrees-to-first-ever-global-carbon-price/> - The article clarifies that the money collected from carbon penalties will be used to support cleaner technologies within the shipping sector.