

# The International Maritime Organisation's (IMO) Postponement Does Not Affect EU Carbon Compliance Obligations for Shipping, Including Third Country Operators

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The postponement of the IMO's vote on its Net-Zero Framework until 2026 does not affect the applicability of binding carbon-related obligations already in force under EU law. Shipping companies trading with EU ports remain subject to the EU Emissions Trading System (EU ETS), and the FuelEU Maritime Regulation. The international delay does not translate into a compliance pause in Europe.

## IMO Net-Zero Framework – Still on the Horizon

The IMO Net-Zero Framework aims to establish a global standard for reducing greenhouse gas (GHG) emissions from shipping. It combines two main components:

- A global fuel standard to gradually reduce the lifecycle GHG intensity of marine fuels
- A pricing mechanism to encourage compliance through economic incentives

These measures were intended to be adopted as legally binding amendments to the *International Convention for the Prevention of Pollution from Ships (MARPOL) Annex VI* in October 2025, but the vote has now been postponed until 2026.

The proposed framework was not without controversy. The US originally supported the framework under the Biden administration, but the Trump administration, broadly opposed to decarbonization and efforts to shift energy sources away from traditional fossil fuels, reversed course by raising threats of retaliatory actions if the framework were to pass. On October 10, 2025, days before the vote, US Secretary of State Marco Rubio, Secretary of Energy Chris Wright and Secretary of Transportation Sean Duffy issued a joint statement “unequivocally reject[ing]” the IMO Net-Zero Framework and encouraging other nations to reject the adoption of the new measures. The joint statement stated that the US was considering the following actions against “nations that support this global carbon tax on American consumers”:

- Pursuing investigations and considering potential regulations to combat anti-competitive practices from certain flagged countries and potentially blocking vessels registered in those countries from US ports

- Imposing visa restrictions, including an increase in fees and processing, mandatory re-interview requirements and/or revisions of quotas for C-1/D maritime crew member visas
- Imposing commercial penalties stemming from US government contracts, including new commercial ships, liquefied natural gas terminals and infrastructure and/or other financial penalties on ships flagged under nations in favor of the Net-Zero Framework
- Imposing additional port fees on ships owned, operated or flagged by countries supporting the framework
- Evaluating sanctions on officials sponsoring activist-driven climate policies that would burden American consumers, among other measures under consideration

It appears that the joint statement succeeded. Amidst new geopolitical divisions and uncertainty, the IMO delayed a vote on the framework for one year. The joint statement comes at a time where there is significant focus on trade and ocean shipping. For example, the US and China recently agreed to a one-year suspension of their respective port service fees. It also coincides with a concerted effort by the US to reinvigorate its merchant fleet with the pending Ships for Americas Act, which would increase US shipbuilding capacity and the size of the US merchant fleet, alongside efforts to significantly increase investment in US shipbuilding.

Had it entered into force as planned, the framework would have applied to ships over 5,000 GT, covering approximately 85% of global shipping emissions. Despite the delay and US opposition to the framework, the EU has already implemented comparable mechanisms under its own legislative framework.

Through the EU Emissions Trading System (EU ETS) and the FuelEU Maritime Regulation, vessels calling at EU ports, including those registered outside the EU, are already subject to carbon pricing and fuel-efficiency requirements. In practice, the EU has anticipated the objectives of the IMO framework, introducing both market-based and operational measures to drive decarbonisation across the maritime sector.

## The EU Regulatory Framework – Already in Force

Unlike the IMO system, the EU has established a set of binding measures that are fully operational. Together, they form the backbone of the EU's maritime decarbonization strategy.

## EU Emissions Trading System (EU ETS)

Extended to the shipping sector under **Directive (EU) 2023/959**, the ETS applies to cargo and passenger ships of 5,000 Gross Tonnage (GT) and above, which began on **1 January 2024**, and will implicate offshore vessels beginning in **2027**.

Obligations include:

- **Annual surrender of emission allowances** for verified CO<sub>2</sub> emissions, with CH<sub>4</sub> and N<sub>2</sub>O beginning in 2026
- **Coverage** of 100% of emissions for intra-EU voyages, 50% for voyages to or from third countries and 100% for emissions at berth
- **Penalties** for excess emissions of €100 (adjusted for inflation) per tonne of CO<sub>2</sub>-equivalent, in addition to public disclosure
- **Enforcement** measures, such as detention or expulsion from EU ports in cases of persistent non-compliance

## FuelEU Maritime Regulation (Regulation (EU) 2023/1805)

Complementing the ETS, FuelEU Maritime begins on **1 January 2025 and applies** to all commercial ships exceeding 5,000 GT transporting passengers or cargo, irrespective of flag, when **calling at or departing from EU ports**

The Regulation imposes two key obligations:

- **Reduction of the GHG intensity of onboard energy**, including the energy used for propulsion, with targets starting at a 2% reduction in 2025 and progressively tightening to 80% by 2050
- **Use of onshore power supply (OPS)** or other zero emission technologies while at berth

The Regulation applies to 100% of energy used on intra-EU voyages and 50% for voyages involving outermost regions or third country ports.

Non-compliance triggers **financial penalties** proportionate to the shortfall, which cannot be carried forward, though surplus credits may be banked or transferred within the same company or group.

## Compliance and Reporting Obligations

Although both the ETS and FuelEU Maritime pursue aligned objectives, their compliance mechanisms differ:

- Under the ETS, companies must surrender allowances by 30 September each year for verified emissions from the previous calendar year
- Under FuelEU Maritime, beginning on 1 January 2025, all port calls at EU ports must be monitored and recorded, and ship-specific reports must be submitted by 31 January of each compliance period. The first reporting deadline will fall on 31 January 2026.

## Sustainable Transport Investment Plan (STIP)

To accelerate the uptake of sustainable fuels, the European Commission launched the [Sustainable Transport Investment Plan \(STIP\)](#) in November 2025. The plan sets a coordinated framework to mobilize at least €2.9 billion by 2027 in support of renewable and low-carbon fuels, focusing on aviation and maritime transport.

Key funding components include:

- €2 billion under InvestEU for sustainable alternative fuels
- €300 million through the European Hydrogen Bank for hydrogen-based fuels in aviation and shipping
- €446 million under the Innovation Fund for synthetic aviation and maritime fuel projects
- €133.5 million through Horizon Europe for fuels-related R&I activities.

The commission also plans to develop a **market-matching mechanism** to connect fuel producers with buyers, ensure price stability and reduce investment risk. Importantly, however, while the STIP primarily focuses on synthetic fuels (eSAF), both the maritime and aviation sectors are expected to continue relying, at least in part, on biofuels to meet interim decarbonization targets.

## Non-EU Operators Are Not Exempt

Compliance obligations under EU law extend to all vessels calling at or departing from EU ports, irrespective of flag or ownership.

While the EU ETS imposes a direct financial cost on emissions, FuelEU Maritime requires a structural reduction in the carbon intensity of onboard energy, a requirement likely to influence vessel design, fuel systems and operational management.

Non-EU operators should act now to assess fleet configurations, fuel sourcing and technical readiness. Delaying compliance planning increases exposure to penalties, operational disruption and reputational risk. Early alignment with EU standards will be key to maintaining competitiveness as emission thresholds tighten toward 2050.

## How Our Firm Can Help

Our maritime and EU regulatory teams are assisting clients across the shipping industry to navigate the complex carbon-compliance landscape.

We advise on:

- Compliance with the EU ETS and FuelEU Maritime frameworks
- Contractual arrangements, including allocation of compliance responsibilities under charter parties
- Development of monitoring, reporting and verification (MRV) programs
- Strategic alignment with future IMO obligations
- Managing enforcement and pre-litigation risks

For tailored advice on EU maritime carbon obligations and practical compliance solutions, please contact our team.

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