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REDUCTION OF GHG EMISSIONS FROM SHIPS

Adopting the Net-Zero Framework to meet the ambition of the 2023 IMO GHG Strategy

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SUMMARY

<i>Executive summary:</i>	The one-year adjournment decided at MEPC/ES.2 threatens the timelines of the <i>2023 IMO Strategy on Reduction of GHG Emissions from Ships</i> (2023 IMO GHG Strategy) and its reduction pathways. The current Net-Zero Framework is a "fragile compromise" that, despite falling short of 1.5-alignment, is the only politically viable option which could support a timely decarbonization whilst delivering sufficient revenues to fund a just and equitable energy transition. Furthermore, due to the delay in adopting the mid-term measures, this submission calls for an urgent strengthening of the short-term measures' carbon intensity indicator (CII) to mitigate emissions growth in the interim.
<i>Strategic direction, if applicable:</i>	3
<i>Output:</i>	3.2
<i>Action to be taken:</i>	Paragraph 22
<i>Related documents:</i>	MEPC 84/7/36; EPC/ES.2/2, MEPC/ES.2/2/13, MEPC/ES.2/3/3); MEPC 82/INF.8/Add.2, MEPC 82/INF.8/Add.1; ISWG-GHG 17/2/5, ISWG 17/2/13, ISWG-GHG 17/2/14, ISWG-GHG 17/2/15; ISWG-GHG 18/2/6, ISWG-GHG 18/2/5 and ISWG-GHG 20/INF.5

Introduction

1 The co-sponsors recall the outcome of the second Extraordinary Session of the Marine Environment Protection Committee (MEPC/ES.2) which decided by majority decision to adjourn its considerations for one year. The one-year adjournment places us dangerously close to missing the timelines agreed in the *2023 IMO Strategy on Reduction of GHG Emissions from Ships* (2023 IMO GHG Strategy) (resolution MEPC.377(80)). We do not have time to re-negotiate the fundamental architecture of the IMO Net-Zero Framework.

2 The timelines in the 2023 IMO GHG Strategy are not arbitrary; they take into account the concerns of the most climate-vulnerable and the fact that shipping needs to decarbonize with adequate urgency. Whilst politics paused, the climate crisis did not. MEPC/ES.2 saw a divided plenary at a time when countries must be guided by the best available science to urgently pursue optimum solutions to address the climate crisis.

3 The latest climate science¹ shows that the window for limiting global warming to 1.5 degrees is closing everywhere. For the co-sponsors, representing some of the world's most climate-vulnerable nations, this means any further delay to the adoption of the IMO Net-Zero Framework increases the risk that the shipping sector will fail to contribute its fair share towards preventing catastrophic global warming.

The IMO Net-Zero Framework: a fragile compromise

4 The co-sponsors stress that the IMO Net-Zero Framework is already a delicate balance of compromises. Following the events at MEPC/ES.2, it is apparent that both the adoption of the IMO Net-Zero Framework and the achievement of the goals of the 2023 IMO GHG Strategy are now in jeopardy.

5 The co-sponsors recall the landscape that existed prior to MEPC 83 in April 2025; views were firmly divided between Member States backing a universal GHG levy and those advocating solely for a Global Fuel Standard mechanism. The co-sponsors further recall, having been part of the numerous bilaterals and meetings attempting to foster convergence between the two sides, the difficulty each side had in agreeing on the most fundamental elements of the overall basket of measures.

6 Those countries which did not support a levy put forth their position² vehemently opposing the development of any levy since, in their view, it would wreak havoc on the global economy. At the same time, the levy supporters (including the co-sponsors of this document) were confident in the unique ability of a levy in delivering a just and equitable transition, leaving no country behind, basing their conclusions on the Comprehensive impact assessment of the basket of candidate mid-term measures (CIA).³

7 For the co-sponsors of this submission, support for the IMO Net-Zero Framework was impossible at MEPC 83 since it did not guarantee an emissions reduction pathway aligned with a 1.5-degree limit which would see their citizens survive the climate crisis. The co-sponsors of this submission stress that document ISWG-GHG 20/INF.5 (Fiji et al.) showed that IMO is not setting science-based targets in line with limiting global warming to 1.5°C. The IMO Net-Zero Framework is less ambitious than the 2023 IMO GHG Strategy, which already fell short of being 1.5°C aligned. This explains the co-sponsors' abstention when the text was approved for circulation at MEPC 83.

8 Despite its many shortcomings, the co-sponsors recognized the IMO Net-Zero Framework as the only politically viable agreement that was consistent with the urgency and timescale of adoption agreed to in the 2023 IMO GHG Strategy. With conditions about its future revision and the strengthening of ambition and support for a truly global, just, and equitable transition, through the revenue-disbursement language in draft regulation 41, the co-sponsors supported adoption at MEPC/ES.2 and continue to support its adoption 'as is'.

¹ ISWG-GHG 20/INF.5.

² MEPC 83/INF.32 (Angola et al.), MEPC 83/7/30 (Angola et al.).

³ MEPC 82/INF.8/Add.2 (Secretariat), MEPC 82/INF.8/Add.1 (Secretariat).

Further compromise jeopardizes the IMO Net-Zero Framework's integrity

9 The co-sponsors are concerned by various suggestions arising since the adjournment to reopen the text of the IMO Net-Zero Framework for substantial amendment. Such suggestions ignore the fact that, for many countries, the text of the IMO Net-Zero Framework represents the absolute limit of what they can accept.

10 In the view of the co-sponsors, attempting to extract or alter the core components of the IMO Net-Zero Framework will not improve the likelihood of the group reaching agreement; it will cause the entire structure to collapse. The co-sponsors clarify their fundamental opposition to any substantial changes to the Net-Zero Framework. This includes the following proposals:

- .1 removing the economic element: to completely remove the economic elements of the IMO Net-Zero Framework, including the remedial unit prices and Fund, would strip the Framework of its ability to drive a cost-effective global transition and ensure a just and equitable transition;
- .2 weakening compliance: to remove the "direct compliance" GFI and keep only the base GFI. This is essentially turning the IMO Net-Zero Framework into the IMSF&F proposal, which focuses mainly on the trading of credits among ships but still features remedial unit prices and a fund. This concept was deemed unable to effectively promote any energy transition, let alone a just and equitable transition;
- .3 weakening implementation: making the IMO Net-Zero Framework voluntary at first and then mandatory at a later stage, clearly advantaging those countries and regions to start the energy transition with their own means, and leaving others behind; and
- .4 adopting the IMO Net-Zero Framework in phases: this envisions splitting the IMO Net-Zero Framework into separate pieces to be adopted sequentially. Like the compromise described in sub-paragraph 10.3 above, it leaves countries and regions behind.

11 In the co-sponsors' view, any attempt to alter the current text and course of the IMO Net-Zero Framework, including in the ways laid out above, will only revert the GHG negotiations to the polarized landscape that existed prior to MEPC 83.

Path ahead

12 The co-sponsors understand and abide by the decision made at MEPC 83 to "approve the MARPOL Annex VI amendments for circulation and subsequent adoption at MEPC/ES.2".

13 The co-sponsors further recall that during the discussions at MEPC/ES.2, both the Chair of the Committee and the Secretariat reminded Member States that the text of the IMO Net-Zero Framework was only open to editorial changes due to the approval of the amendments at MEPC 83; and reiterate that any residual concerns which Member States have with the IMO Net-Zero Framework must at this stage be addressed in the development of the guidelines.

14 The co-sponsors recall that, in their view, the levy remains the most adequate, 1.5°C-aligned and science-based solution that can deliver a just and equitable transition, leaving no country behind. This was demonstrated both by the results of the CIA and by the growing consensus among Member States prior to MEPC 83.

15 The co-sponsors underline their opposition to the reopening of the text of the IMO Net-Zero Framework for substantial amendments. If this does occur, however, the co-sponsors understand this to constitute a break with the decision made at MEPC 83. In such a case, the co-sponsors will propose the amendments set out in document MEPC 84/7/36 (Fiji et al.).

Strengthening the short-term measures

16 As already proposed in document ISWG-APEE 1/2/12 (Palau), there are multiple benefits from strengthening the short-term measures. Not only was strengthening essential in order to achieve absolute emission reductions this decade, in line with the 2023 IMO GHG Strategy objective of striving for a 30% absolute reduction in 2030, relative to 2008, but higher energy efficiency, as shown in the CIA analysis, reduces the overall cost of abatement and reduces any mid-term measures' ultimate impact on States.

17 The co-sponsors were therefore concerned that, at the conclusion of phase 1 of the short-term measure review at MEPC 83, no material increase in stringency was achieved, and the current weak incentive for increasing energy efficiency investment and operation of the existing short-term measures was left unmodified.

18 The co-sponsors also consider it a high priority to use phase 2 of the review of the short-term measures to address this pre-existing shortcoming in GHG ambition, particularly given the delay in adoption of the mid-term measures that has arisen since IMO failed to adopt the IMO Net-Zero Framework at MEPC/ES.2. The co-sponsors look forward to supporting further revisions to the short-term measures to best align IMO GHG-related policies with the levels of ambition set in the 2023 IMO GHG Strategy and contribute to a just and equitable transition.

Conclusion

19 The co-sponsors reiterate that any further compromise to the IMO Net-Zero Framework jeopardizes the achievement of the timeline, goal and objective of the 2023 IMO GHG Strategy, and that any concerns which Member States may still have can be addressed through the development of the guidelines and/or through the reviews mandated in the current draft regulations of the IMO Net-Zero Framework.

20 Furthermore, any attempts to remove the economic elements of the IMO Net-Zero Framework, weaken its compliance or its implementation, threaten the ability of the Framework to achieve a just and equitable energy transition of shipping that leaves no country behind. For developing countries, small island developing States (SIDS) and least-developed countries (LDCs), enabling and ensuring a just and equitable transition is a necessity if we are to have a truly global transition.

21 Lastly, if the decision is made to reopen the text of the IMO Net-Zero Framework for substantial amendments, the co-sponsors understand that the decision of MEPC 83 no longer holds. In such a case, given the limited options facing the co-sponsors, there would be no recourse but to revert to the long-standing position that a levy is uniquely suited to achieve a 1.5°C-aligned, just and equitable transition that leaves no country behind.

Action requested of the committee

22 The Committee is invited to consider the views expressed in this document and in particular to:

- .1 note the co-sponsors' concern regarding the impact of the MEPC/ES.2 adjournment on the 2023 IMO GHG Strategy timelines;
 - .2 agree that the text of the IMO Net-Zero Framework approved at MEPC 83 should not be reopened for substantial amendment; and
 - .3 consider the proposal to urgently strengthen short-term measures' carbon intensity index (CII) to mitigate emissions growth during the delay of the mid-term measures.
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