

What the delay of the IMO's Net-Zero Framework means for maritime decarbonization

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A key global decarbonization milestone for maritime shipping has been postponed. The International Maritime Organization (IMO) voted during its October meeting to defer (<https://reut.rs/492Zagc>) by one year a decision on the much-anticipated Net-Zero Framework (<https://bit.ly/49D75AV>), an industry-wide regulatory regime intended to require binding greenhouse-gas (GHG) standards and a global carbon pricing mechanism for shipping.

The delay leaves the shipping sector in regulatory limbo even as companies, investors, and insurers press ahead with net-zero goals. It also raises fresh questions for legal, commercial, and environmental, social, and governance (ESG) teams about how to keep decarbonization strategies on track while expectations for formal regulation remain unsettled.

What the framework would have done

Although formal adoption has been pushed back, the framework previously negotiated by IMO member states remains a useful roadmap. Under the terms agreed in April 2025, the package would have introduced a dual system combining a fuel-intensity standard and a market-based compliance mechanism.

Ships of 5,000 gross tons and above, representing roughly 85% of global shipping emissions, would have been required to limit the amount of carbon dioxide (CO₂) emitted per unit of energy. Vessels exceeding that threshold would either purchase Remedial Units (RUs) or pay a carbon fee, while ships outperforming the standard would earn Surplus Units (SUs) that could be banked or traded. Earlier drafts pegged the fees at about \$100 per metric ton of CO₂-equivalent for lower-tier breaches and \$380 per ton for more severe noncompliance.

Revenues from those charges were slated to flow into a new IMO Net-Zero Fund, projected to raise \$11–12 billion annually between 2028 and 2030. The fund would finance alternative fuel infrastructure, energy efficiency retrofits, and capacity building assistance for developing and small-island states.

The rule's first compliance period was expected to begin around 2027 or 2028, giving the industry a limited window to adapt before obligations formally took effect.

Impacts of the delayed vote

The one-year postponement carries significant implications for maritime stakeholders, affecting investment timelines, compliance planning, and ESG accountability.

Alternative-fuel initiatives such as ammonia, methanol, and hydrogen bunkering depend on a predictable regulatory environment to attract capital and scale infrastructure. Without clear long-term rules in place, financing and deployment are likely to slow as investors reassess the commercial case for cleaner fuels.

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For companies that had already begun preparing for the IMO framework, whether through carbon pricing models, fuel switch strategies, or contract revisions, the pause introduces uncertainty rather than relief. The underlying legal and operational architecture remains essential, but the absence of a firm regulatory anchor means planning must now account for a wider range of potential outcomes.

At the same time, ESG and litigation risks persist. Many carriers and logistics providers have set voluntary net-zero targets, and those commitments remain subject to investor scrutiny regardless of regulatory delays. If tangible progress lags behind public pledges, companies may face allegations of greenwashing or misrepresentation, particularly as disclosure standards tighten across jurisdictions.

The delay also increases the likelihood of regional fragmentation. In the absence of a single global standard, jurisdictions such as the European Union and the United Kingdom are advancing their own maritime carbon pricing

systems, and others may follow. The resulting patchwork could complicate compliance for global operators and create uneven cost structures until an international framework is ultimately adopted.

What maritime stakeholders can do now

While the IMO finalizes its approach, maritime companies, financiers, and legal advisers can treat this interim period as a strategic window to strengthen compliance foundations, enhance operational resilience, and position themselves for long-term advantage in the event global rules do take effect. Stakeholders should focus in on the following areas.

Fuel strategy and contract readiness

Maritime companies should assess each vessel's fuel intensity baseline, modeling alternative fuel scenarios and incorporating carbon compliance provisions into charterparties, ship management contracts, and fuel supply agreements. Clear terms on emissions liability, audit rights, and cost allocation will be critical as carbon performance becomes a defining commercial metric.

Companies that continue advancing their transition plans now will be better positioned to meet investor expectations, secure financing, and shape the rules once they arrive.

At the same time, early investment in low-carbon fuel partnerships (e.g., green ammonia, methanol, bio-LNG) and infrastructure projects can help operators manage future price volatility, mitigate regulatory risk, and secure a competitive advantage as the industry moves toward decarbonization.

Data monitoring and verification systems

Effective decarbonization requires rigor. Firms should consider deploying or upgrading emissions monitoring systems, fuel consumption analytics, voyage optimization software, and third-party verification protocols. Transparency will be a major target for investor and litigation scrutiny.

Disclosure, governance, and ESG alignment

Board-level oversight of climate strategy now overlaps directly with compliance risk. Legal teams should ensure that emissions and other ESG disclosures reflect credible transition pathways. Misstatements or overly optimistic timelines may expose firms to fiduciary duty or securities law claims.

Scenario planning and carbon price readiness

Even absent formal regulation, companies should stress-test multiple carbon price trajectories, fuel availability timelines,

and compliance cost impacts. Legal counsel should prepare for a scenario in which IMO pricing reemerges in 2026 at higher levels than initially projected. Risk mitigation strategies may include hedging, alternative fuel leases, or early vessel retirement strategies.

Regional regimes and supply chain exposure

Firms should continue monitoring regional regimes and the demands of supply chain actors for low-carbon shipping services. Legal teams should evaluate risks of indirect exposure through charters with cargo owners, scope 3 disclosure obligations, and contractual carveouts for non-compliant vessels.

Transition opportunities and ESG takeaways

Although the framework delay is a setback for regulatory clarity, it does not change the decarbonization direction: The maritime shipping industry's emissions matter, and ESG stakeholders are watching. Companies that continue advancing their transition plans now will be better positioned to meet investor expectations, secure financing, and shape the rules once they arrive.

Early movers stand to gain a distinct advantage by investing in alternative fuel access, low-carbon vessels, and fuel contract strategies that appeal to cargo owners and financiers. Proactively upgrading monitoring systems, contracts, and fuel arrangements can also reduce future stranded-asset risk and potential litigation exposure.

Additionally, demonstrating measurable progress through credible data, retrofits, and low-carbon commitments can help build stakeholder confidence, reinforce ESG credibility, and keep companies aligned with net-zero targets even before formal regulation takes effect.

Looking ahead

The one-year postponement offers maritime companies a window, but not a waiver. Stakeholders should treat this period not as a pause but as a preparation phase. The next IMO session (expected around October 2026) will likely revisit the framework. When that happens, the baseline for compliance may shift, meaning strategic readiness today will be key to risk mitigation in the future.

Legal, finance, and operations teams should synchronize efforts now on modeling scenarios, negotiating contracts, mapping fuel supply access, strengthening disclosure and governance, and ramping up efficiency programs.

The global shipping industry may be facing deferred regulation but, as in aviation (<https://reut.rs/47E1rw1>), the direction of travel remains unchanged: Decarbonization will become a business imperative, not just a policy ambition.

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About the author



Levi McAllister, a partner at **Morgan Lewis**, is head of its electric vehicles (EV) working group, energy decarbonization working group, and energy commodity trading and compliance working group, and helps energy companies navigate the regulatory and investment environment for both conventional and emerging energy technologies. He guides clients seeking to reduce their carbon footprints and take advantage of new and evolving energy storage and infrastructure assets, while also advising on energy commodity trading and the deployment of EVs and EV infrastructure in U.S. markets. He is resident in the Washington, D.C., office and can be reached at levi.mcallister@morganlewis.com.

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