The ABS View: A Practical Path Forward on IMO Mid-Term Measures

The maritime industry is aligned on the importance of advancing decarbonization. The direction of travel is clear, and the objective of one global framework that supports real emissions reduction across international shipping is widely shared. ABS is opposed to a regionally fragmented approach as it would introduce regulatory inconsistency, increase compliance costs and distort competition in an industry that operates across borders. At the same time, the way forward must reflect the practical constraints that shape implementation across the global fleet: fuel availability, infrastructure readiness, vessel deployment patterns, commercial structures, and uneven operating conditions across segments will all determine the pace at which transition can occur.

ABS' assessment of fuel transition pathways confirms that the industry is moving forward, but through multiple parallel routes rather than along a single uniform trajectory. This is evident across different vessel segments. Ships operating on regular and predictable routes, such as containerships, ferries, and cruise vessels, are generally better positioned to access alternative fuel supply chains and structured bunkering arrangements. By contrast, vessels engaged in tramp trades, including bulk carriers and tankers, operate under more variable routing and commercial conditions, which can materially constrain access to alternative fuels.

This distinction matters. It means that progress toward the IMO midterm-measures must be grounded not only in ambition, but also in the operational realities of the fleet it is intended to govern.

The current fuel landscape reinforces this point. LNG remains the most developed alternative fuel pathway, supported by an established bunkering network and growing fleet uptake, especially considering the growing production of bio and e-LNG that are supporting the decarbonization of the LNG pathway. Methanol is emerging as a second major pathway, benefiting from existing handling and storage familiarity, but faces significant uncertainty around the scale of green fuel supply that can realistically be delivered by 2030. Ethanol is also under consideration as a complementary fuel option supported by existing global production. Ammonia continues to hold long-term promise, particularly for deep-sea shipping, but near-term deployment is expected to remain limited due to infrastructure, supply, and operational readiness constraints. The industry should be incentivized to use all these alternative fuels.

Taken together, ABS' analysis indicates that alternative fuels will grow, but that conventional fuels, including blends incorporating biofuels, are likely to remain dominant through 2030. This creates the risk of a regulatory approach based on fuel switching that moves faster than the industrial system needed to support it.

In this context, ABS sees significant value in the various proposals advanced at MEPC 84. Each addresses a legitimate aspect of the challenge before the industry. The proposal from Saudi Arabia and others underscores the importance of flexibility, consensus, and technological neutrality in a sector characterized by highly differentiated operating profiles. The United States has highlighted concerns regarding levies and IMO-managed funds, particularly in relation to governance, economic impact, and distributional consequences. Japan has proposed adjustments intended to better align targets with transport demand, efficiency gains, and realistic fuel supply development. Liberia and co-sponsors have focused

on linking the framework more directly to the real-world availability, affordability, and scalability of marine fuels.

ABS believes the most constructive way forward is not to view these proposals as competing end states, but as sources of useful design elements that can be combined into a more effective framework.

Our assessment supports a balanced approach that draws in particular from the technical strengths of the Liberian and Japanese proposals. A refined GFI framework should better reflect actual fuel availability, transport demand, and the pace of technological progress. It should preserve flexibility where compliant fuels are not yet available at scale, reduce the risk of regulatory misalignment, and avoid outcomes in which compliance is driven primarily by payment mechanisms rather than operational emissions reduction.

At the same time, ABS' analysis points clearly to one conclusion: energy efficiency is the most immediate, scalable, and cost-effective source of emissions reduction available to shipping today. Over the last decade we have seen efficiency gains in excess of 20 percent and significant additional gains remain achievable in the short to medium term through measures such as slow steaming, voyage optimization, air lubrication, and wind-assisted propulsion, as well as the emergence of AI, data-driven decision making and digital twins. These are not marginal options. They are practical tools that can deliver measurable reductions across a broad range of ship types and trades.

For that reason, ABS considers that the IMO mid-term measures would be materially strengthened by integrating carbon credits for energy efficiency within the GFI structure, consistent with the opportunity created under Regulation 31 of the Liberian draft MARPOL Annex VI (Circular letter No. 5213). This would provide industry with a credible bridging mechanism during the period in which zero- and near-zero-carbon fuels remain supply constrained.

Such an approach offers several advantages. It would create incentives for early action and reward investments in technologies addressing efficiencies and operational improvement. It would provide a practical flexibility mechanism for ships and sectors that may otherwise face compliance gridlock due to lack of fuel access. It would also support immediate emissions reductions while the global supply chains for new fuels continue to develop.

From a technical perspective, this combined pathway is intended to strengthen the overall robustness and efficiency of the IMO framework. It reduces reliance on an IMO-managed fund by placing greater emphasis on mechanisms that align compliance with levels of technology and fuel readiness. In this context, commercially driven mechanisms, including the trading of surplus compliance units between operators, are identified as a practical pathway for vessels with more limited access to low-carbon fuels.

ABS remains committed to supporting the development of such a framework. Our analysis indicates that the strongest path forward is one that combines a refined fuel-intensity approach with meaningful recognition of energy efficiency as a compliance pathway. This would provide the industry with a more resilient and workable basis for progress, while preserving the common objective of delivering real and durable emissions reduction across international shipping.