EXPLANATORY MEMORANDUM TO

THE CLIMATE CHANGE ACT 2008 (INTERNATIONAL AVIATION AND INTERNATIONAL SHIPPING) REGULATIONS 2026

2026 No. 727

1. Introduction

1.1 This explanatory memorandum has been prepared by the Department for Energy Security and Net Zero and is laid before Parliament by Command of His Majesty.

1.2 This memorandum contains information for the Secondary Legislation Scrutiny Committee.

2. Declaration

2.1 Katie White OBE MP at the Department for Energy Security and Net Zero can confirm that this Explanatory Memorandum meets the required standard.

2.2 Sonia Krylova, Deputy Director, Net Zero Strategy, at the Department for Energy Security and Net Zero can confirm that this Explanatory Memorandum meets the required standard.

3. Contact

3.1 Helen Parker at the Department for Energy Security and Net Zero can be contacted by email at the following address with any queries regarding the instrument: SI_order@energysecurity.gov.uk.

Part One: Explanation, and context, of the Instrument

4. Overview of the Instrument

What does the legislation do?

4.1 This instrument makes the necessary regulations under section 30 of the Climate Change Act 2008 ("CCA") to formally include international aviation and international shipping ("IAIS") emissions in carbon budgets and the net zero target. This instrument extends the scope of emissions captured and reported under the CCA so that the UK share of IAIS emissions will be included within the scope of UK emissions for the sixth carbon budget ("CB6") and all subsequent budgetary periods.

4.2 Bringing IAIS emissions into these carbon budgets and the net zero target changes how we account for emissions. However, changing the emissions accounting framework does not in itself affect how we will reach our net zero target. Government will continue to adopt a whole economy approach to delivering the net zero target, where each sector has its own pathway, and there is flexibility between sectors. This carbon accounting change will not affect current plans or impact economic activity. This legislation simply formalises the existing government position to include the UK share of international aviation and international shipping in future carbon budgets, from CB6 onwards.

Where does the legislation extend to, and apply?

4.3 The territorial extent of this instrument is the whole of the United Kingdom.

4.4 The territorial application of this instrument (that is, where the instrument produces a practical effect) is the whole of the United Kingdom together with UK coastal waters and the UK sector of the continental shelf (see section 89 of the CCA).

5. Policy Context

What is being done and why?

5.1 This instrument formalises the existing government position that emissions from the UK share of IAIS should be included in carbon budgets. The CCA specifies these emissions are not automatically included unless the Secretary of State makes regulations under section 30 of the CCA to do so. This instrument does that, by allowing these emissions to be counted from carbon budget 6 onwards.

5.2 This has been the government's position since 2021 when the sixth carbon budget level was set. The explanatory memorandum to the Carbon Budget Order 2021 made clear that IAIS emissions will count towards UK emissions for CB6 (2033 – 2037), and that this would be formalised through regulation. Government is already planning on this basis. This is also in line with the CCC's Seventh Carbon Budget Advice, which stated it is critical for IAIS emissions to be formally included in carbon budgets and the net zero target.

5.3 This instrument makes the necessary regulations to ensure the policy is formally reflected in legislation by extending the scope of emissions that the UK is required to report for CB6 and all subsequent budgetary periods to include IAIS.

5.4 Reducing emissions from IAIS is an important part of addressing the UK's contribution to climate change, and this change allows for IAIS emissions to be accounted for consistently with other categories of emissions as the UK approaches its whole economy net zero target for 2050.

5.5 The exact methodology for determining the UK's share of IAIS emissions for the purposes of measuring and reporting emissions from CB6 onwards will be determined separately by the Secretary of State, and before laying the first annual statement of UK emissions for the CB6 period. The amount of IAIS emissions the UK is required to report will be determined consistently with international carbon reporting practice that applies at the time, and recognising the ongoing collaborative international efforts to tackle IAIS emissions through the International Civil Aviation Organization ("ICAO") and International Maritime Organization ("IMO") processes, on which we expect continued progress in the years before the CB6 period commences.

5.6 International action on reducing emissions from aviation and shipping emissions is essential, given the global nature of the sectors. The Government remains fully committed to coordinated global action to tackle IAIS emissions through international processes at the ICAO and IMO. Alongside a comprehensive domestic policy approach, the UK will continue leading internationally to push for ambitious negotiated outcomes on climate change in these fora.

What was the previous policy, how is this different?

5.7 Since legislating for the level of CB6, the Government has acted on the basis that emissions from IAIS are included in the budget. As such, this instrument does not represent a new policy, it is merely a regulatory instrument to ensure that the UK share of emissions from IAIS is now formally included in all carbon budgets from CB6 onwards. This instrument will also ensure that these emissions are fully reportable under the CCA as part of the carbon reporting process.

6. Legislative and Legal Context

How has the law changed?

6.1 Section 1 of the CCA requires the Secretary of State to reduce the "net UK carbon account" - the UK's total emissions after accounting for any carbon units added or removed under regulations - to net zero by 2050. Section 4 also requires the Secretary of State to set a carbon budget for each five-year period and ensure that the net UK carbon account does not go over that budget.

6.2 This instrument makes a change in respect of emissions for the purposes of carbon accounting for carbon budgets under the CCA. It makes provisions for the UK's share of emissions of greenhouse gases from IAIS to count as emissions from sources in the UK for the CB6 budgetary period (2033-2037) and all subsequent budgetary periods.

6.3 The UK share of IAIS means such emissions of greenhouse gases from IAIS as the UK is required to report in accordance with international carbon reporting practice. Under section 94 of the CCA, international carbon reporting practice means accepted practice in relation to reporting for the purposes of the protocols to the United Nations Framework Convention on Climate Change (UNFCCC) or such other agreements or arrangements at European or international level as the Secretary of State may specify by order (an order may supplement or replace the requirement to follow UNFCCC practices).

Why was this approach taken to change the law?

6.4 The change in law has been taken to allow for IAIS emissions to be accounted for consistently with other types of emissions as the UK approaches its whole-economy net zero target for 2050.

7. Consultation

Summary of consultation outcome and methodology

7.1 The CCA does not require public consultation on the issue.

7.2 The Secretary of State must obtain and take into account advice from the Climate Change Committee (CCC) before making regulations in relation to emissions of greenhouse gases from IAIS. The Secretary of State has considered the CCC's Seventh Carbon Budget Advice which stated that '*it is critical that the Government make the necessary regulations under Section 30 of the Climate Change Act to formally include international aviation and shipping emissions in carbon budgets and the Net Zero target.*'

8. Applicable Guidance

8.1 No guidance has been published in relation to the matters contained in the instrument, because no guidance is considered to be required in addition to this memorandum.

Part Two: Impact and the Better Regulation Framework

9. Impact Assessment

9.1 A standalone impact assessment has not been prepared for this instrument because this instrument implements an accounting change to expand the scope of UK's reportable emissions which does not, in isolation, result in any known impacts on businesses.

9.2 While the impact of the decision to include emissions from IAIS within scope of carbon budgets does not have a direct business impact, current and subsequent policy action to reduce emissions (including IAIS emissions) to enable carbon budgets to be met could result in impacts on businesses. These impacts could occur where action is taken to reduce IAIS emissions, or where action is taken to reduce emissions elsewhere in the economy, in line with corresponding carbon budgets. The legislation in and of itself is a carbon accounting change and will not affect economic activity or growth.

9.3 The overall costs and benefits to the UK of meeting carbon budgets (up to 2037 and including IAIS) were captured within the CB6 impact assessment. This analysis will be updated and extended in subsequent impact assessments assessing future carbon budgets, for example, in the impact assessment that accompanies the order setting the level of carbon budget 7. The potential impacts on businesses from policies implemented to reduce emissions to meet carbon budgets (including in the aviation and maritime sectors) will be assessed and presented in policy-specific impact assessments as appropriate and consistent with all relevant government guidance.

Impact on businesses, charities and voluntary bodies

9.4 There are no known impacts on business, charities or voluntary bodies as a direct result of this legislation. The potential impacts on businesses and other bodies from policies implemented to reduce emissions to meet carbon budgets (including in the aviation and maritime sectors) will be assessed and presented in policy-specific impact assessments as appropriate and consistent with all relevant government guidance.

9.5 This instrument does not impact small or micro businesses in line with this. Where such impacts are incurred from future action to reduce emissions, these will be captured in the relevant impact assessments.

10. Monitoring and review

What is the approach to monitoring and reviewing this legislation?

10.1 We will track progress of emission projections against CB6 and all subsequent carbon budgets, including emissions from IAIS, and will update our published emission projections annually[1].

10.2 The instrument does not include a statutory review clause.

[1] https://www.gov.uk/government/collections/energy-and-emissions-projections.

Part Three: Statements and Matters of Particular Interest to Parliament

11. Matters of special interest to Parliament

11.1 This instrument fulfils a written commitment made to Parliament, most recently in the Government response to the Committee on Climate Change 2025 Progress Report, which stated that '*The UK government intends to legislate for international aviation and shipping inclusion in all carbon budgets from CB6 at a convenient opportunity, subject to parliamentary scheduling*.'

12. European Convention on Human Rights

12.1 Katie White OBE MP has made the following statement regarding Human Rights: "In my view the provisions of the Climate Change Act 2008 (International Aviation and International Shipping) Regulations 2026 are compatible with the Convention rights."

13. The Relevant European Union Acts

13.1 This instrument is not made under the European Union (Withdrawal) Act 2018, the European Union (Future Relationship) Act 2020 or the Retained EU Law (Revocation and Reform) Act 2023 ("relevant European Union Acts").