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Nuclear Energy and Zero-Emission Maritime: Regulatory Evolution and Commercial Viability



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The maritime industry confronts an unprecedented decarbonization mandate. With the International Maritime Organization targeting net-zero greenhouse gas emissions by 2050 and requiring 70% reductions by 2040, nuclear propulsion has emerged from regulatory obscurity to occupy a central position in long-term maritime decarbonization strategies. The confluence of three developments the IMO's January 2026 commencement of comprehensive nuclear maritime regulations revision, the UK's launch of the Maritime Nuclear Consortium, and advancing pilot projects in Norway and South Korea signals that nuclear-powered commercial shipping is transitioning from theoretical possibility to operational reality.

This article examines the technical viability, evolving regulatory framework, commercial insurability pathway, and legal implications of nuclear propulsion for deep-sea maritime transport, with particular attention to the institutional barriers and policy mechanisms determining commercial deployment timelines.

Maritime Decarbonization and the Regulatory Imperative

The IMO's revised 2023 greenhouse gas strategy established binding targets: reduce total annual GHG emissions from international shipping by at least 70% by 2040 (striving for 80%), and achieve net-zero emissions by 2050. These represent perhaps the most ambitious emissions reduction mandate across any industrial sector.

International shipping depends on fossil fuels for approximately 99% of its energy consumption. Current alternative fuel pathways present material limitations:

•Liquefied Natural Gas (LNG) generates substantial methane slip—the release of unburnt methane—exhibiting a global warming potential 28-34 times that of CO_2 over a 100-year horizon, undermining its climate benefit trajectory
•Ammonia and hydrogen require extensive electrification infrastructure with current costs 2-3 times higher than conventional marine fuels, while international safety standards remain under active development
•Biofuels face scalability constraints preventing fleet-wide deployment

Nuclear propulsion offers a fundamentally distinct value proposition: true zero-emission operations with maintained operational efficiency and multi-decade refueling intervals advantages unavailable from competing alternatives.

Technical Architecture: Advanced Small Modular Reactors for Maritime Application

Proven Naval Precedent

Over 700 marine nuclear reactors currently operate safely within global naval fleets, accumulating millions of operational miles since the 1950s. The United Kingdom has successfully maintained nuclear-powered submarine operations for decades, generating deep institutional expertise in maritime nuclear design, construction, and operational management.

However, naval applications employ pressurized water reactor (PWR) technology creating large emergency planning zones (EPZ) that render vessels commercially uninsurable under existing maritime liability frameworks. Advanced reactor architectures fundamentally address this constraint.

Advanced Small Modular Reactors: Design and Operational Characteristics

Advanced Small Modular Reactors (A-SMRs) incorporate several technical innovations:

Inherent passive safety systems: Modern A-SMRs employ thermodynamic principles rejecting heat passively, maintaining safety during loss-of-coolant scenarios without active intervention. These systems are "walk-away safe"—reactors remain stable even following operator evacuation.
Minimized emergency planning zones: Advanced designs substantially reduce the EPZ footprint, addressing the primary regulatory and insurance obstacle to commercial deployment.

Extended fuel cycles: Most A-SMRs operate for years without refueling, aligning with programmed dry-dock inspection intervals and eliminating operational disruption associated with frequent refueling.

Operational advantages: Nuclear-powered vessels maintain full design speed, completing more voyages annually, increasing cargo throughput, and reducing per-ton transportation costs compared to speed-reduced conventional vessels. A typical containership dedicates 15-20% of displacement to fuel storage; nuclear systems reduce this to less than 5%, directly increasing revenue-generating cargo capacity.

The Regulatory Transformation: From Impediment to Enabler

International Maritime Organisation Framework Revision

For two decades, the regulatory structure created a systematic barrier to commercial nuclear maritime deployment. The Code of Safety for Nuclear Merchant Ships (Resolution A.491(XII)), adopted in 1981 and last substantively revised in 2012, was explicitly drafted for pressurised water reactors—technology unsuitable for commercial application due to uninsurable emergency planning zone requirements.

This created a regulatory dead-end: commercial insurers would not provide coverage under outdated regulations reflecting obsolete technology; without insurance, shipowners could not finance vessel construction; without demand, reactor manufacturers could not justify development investment.

The IMO's June 2025 decision fundamentally altered this trajectory. The organisation formally assigned the International Maritime Organisation's Sub-Committee on Ship Design and Construction (SDC) to comprehensively revise the nuclear code, with substantive work commencing in January 2026. Critically, the revised framework will adopt goal-based safety standards rather than prescriptive technology mandates, permitting regulatory accommodation of advanced reactor designs, including molten salt, helium-cooled, and lead-cooled systems.

The SDC simultaneously addresses amendments to SOLAS Chapter VIII, addressing safety aspects of modern nuclear-powered ships, and evaluates whether floating nuclear units warrant distinct regulatory treatment.

Complementary International Regulatory Coordination

The International Atomic Energy Agency is launching the Atomic Technology Licensed for Application at Sea (ATLAS) project, targeting commencement in 2025. ATLAS will establish regulatory infrastructure for deploying nuclear propulsion and floating SMR applications offshore and nearshore, coordinating the IAEA's nuclear safety mandate with maritime authorities' jurisdiction.

This IMO-IAEA coordination addresses a historical institutional gap. Nuclear and maritime regulators have operated in separate frameworks with distinct safety philosophies and liability models. ATLAS seeks unified global standards reducing regulatory fragmentation and uncertainty.

Commercial Insurability: The Decisive Commercial Constraint

Regulatory certainty, while necessary, is insufficient without commercial insurability. This represents the critical commercial constraint.

Twelve Protection and Indemnity (P&I) Clubs collectively insure approximately 90% of the world's ocean-going tonnage. These mutual associations operate through the International Group pooling mechanism, sharing claims exceeding $10 million individually but pooling exposures up to $3.1 billion collectively through London-based reinsurance.

Current P&I Club policies explicitly exclude reinsurance of nuclear liabilities arising from ionising radiation or radioactivity—a restriction justified by the absence of an IMO maritime liability convention for nuclear-powered vessels. This exclusion renders commercial insurance prohibitively expensive or unavailable.

The Liability Framework Gap

Addressing this requires establishing a civil marine nuclear liability convention within the IMO framework—a formal international treaty establishing operator liability standards, compensation mechanisms, and insurable liability limits comparable to the existing International Convention on Civil Liability for Oil Pollution Damage.

The 1962 Convention on the Liability of Operators of Nuclear Ships (Brussels Convention) was never ratified and thus remains inoperative. As drafted decades ago, it requires comprehensive modernisation to reflect contemporary reactor technology and maritime operations.

Progress: The Maritime Nuclear Consortium and Insurance Market Opening

In January 2026, the UK convened the Maritime Nuclear Consortium—a cross-sector coalition including Lloyd's Register, Rolls-Royce, NorthStandard PI Club, Babcock International Group, and maritime legal specialists. Significantly, NorthStandard—itself a major P&I Club explicitly recognises nuclear propulsion as a viable decarbonization pathway for its member shipowners.

The consortium is developing the commercial pathways, liability frameworks, and insurance structures required for commercial viability. This represents the institutional signal that the insurance market is prepared to engage with nuclear maritime applications contingent upon regulatory certainty and clear liability frameworks.

The economic stakes are decisive: absent clear liability frameworks, reinsurance costs become prohibitive, rendering commercial nuclear shipping unviable. With properly structured liability conventions and standardised safety regulations, reinsurance becomes insurable at competitive market rates, unlocking capital investment.

Floating Nuclear Power Plants: Port Infrastructure and Grid Integration

Beyond propulsion, nuclear technology addresses maritime port infrastructure challenges through Floating Nuclear Power Plants (FNPPs) nuclear power stations constructed on floating structures designed to provide clean electricity to port infrastructure and visiting vessels.

Operational and Regulatory Characteristics

FNPPs operate on modular, relocatable bases, fabricated in specialized shipyards and floated to operational locations. This architecture enables:

- **Rapid deployment:** Standardized, factory-fabricated modules reduce deployment timelines compared to terrestrial nuclear facilities
- **Scalability:** Multiple FNPP units support graduated demand expansion
- **Port electrification:** FNPPs provide zero-emission shore power for vessel cold-ironing and port terminal equipment
- **Energy security:** FNPPs offer particular value in regions with limited grid infrastructure

Commercial Development Status

CORE Power, a leading FNPP developer, commenced detailed engineering for U.S. port deployments in February 2025. The company engaged naval architecture firm Glosten to design FNPPs for southern U.S. ports and establish regulatory approval pathways. Deployment targeting mid-2030s.

The American Bureau of Shipping, CORE Power, and Athlos Energy initiated collaborative evaluations of FNPP deployment in Mediterranean ports.

Global Pilot Projects and Commercial Development

Norway's NuProShip Initiative

Norway's NuProShip (Nuclear Propulsion in Merchant Ships) represents the most mature pilot effort globally. Launched in 2023 with support from Norway's Research Council, the initiative has progressed through a comprehensive evaluation of reactor concepts.

Phase I (completed January 2025) narrowed 99 submitted concepts to three designs for detailed assessment: Kairos Power's fluoride molten salt reactor, Ultrasafe's helium-cooled gas reactor, and Blykalla's lead-cooled fast reactor.

Phase II (ongoing through end-2025) involves vessel integration with Norwegian shipbuilder VARD and the evaluation of technical feasibility across various vessel types. Partners include DNV (classification society), shipowner Knutsen Tankers, and the Norwegian Maritime Administration.

Phase III targets prototype development post-2025, generating empirical data on economic viability and operational performance. Notably, the consortium explicitly plans to incorporate insurance companies in Phase II—signalling that commercial viability, not merely technical feasibility, drives the roadmap.

South Korean Maritime Nuclear Program

South Korea's Korea Research Institute of Ships and Ocean Engineering (KRISO) launched comprehensive research in April 2024 targeting SMR-powered ships and floating SMR platforms.

KRISO is concurrently designing a high-speed neo-Panamax containership with a capacity of 15,000 TEU, indicating a serious engineering commitment to commercial-scale deployment. Completion targeted for 2028.

UK Maritime Nuclear Consortium

The UK's Maritime Nuclear Consortium (January 2026) brings institutional coordination to maritime nuclear development. Immediate objectives include:

- **Reactor design approval:** Establishing a regulatory pathway for Rolls-Royce's advanced modular reactor through the UK's Office for Nuclear Regulation
- **Classification framework:** Creating unified rules integrating maritime and nuclear regulatory standards
- **Security and safeguards requirements:** Defining anti-proliferation protocols for maritime operations

Criterion	Nuclear Propulsion	Green Ammonia	Green Hydrogen	LNG
GHG Emissions (Well-to-Wake)	True zero	Near-zero	Near-zero	~20-30% above HFO
Refueling Interval	15-25+ years	Every voyage	Every voyage	Weekly
Capital Cost Premium	High (~40-50%)	Moderate (~30%)	High (~60%+)	Minimal (~5-10%)
Infrastructure Requirements	Minimal (novel)	Extensive (new fuel supply	Extensive (new infrastructure)	Moderate (existing LNG
Technological Maturity	Proven naval; advanced SMRs	Pilot projects	Pilot projects	Operational
Regulatory Maturity	Under active revision (2026+)	Emerging	Emerging	Established
Port Electrification	Yes (FNPPs)	No	No	No

Remaining Regulatory and Commercial Challenges

Environmental Risk Assessment and Regulatory Adaptation

Merchant vessel operations in congested shipping lanes, visiting hundreds of ports annually, and transiting sensitive environmental regions (Arctic passages, coral reef areas) create novel environmental risks distinct from naval applications. Accident scenarios, collision, grounding, mechanical failure, and cyber attack on reactor controls warrant a thorough regulatory assessment under the revised SOLAS and MARPOL frameworks.

Proliferation, Security, and Safeguards

Establishing secure maritime fuel supply chains, preventing fuel theft or diversion, and maintaining safeguards aboard moving vessels create security challenges absent from land-based facilities. Regulatory frameworks must address these while maintaining operational practicality and international feasibility.

Technology Standardisation and Regulatory Architecture

Regulatory frameworks must balance premature single-design standardisation (risking technology lock-in) against excessive flexibility (creating fragmentation and reducing economies of scale). Goal-based standards specifying safety outcomes without prescribing technological means offer an optimal architecture.

Conclusion

Nuclear propulsion has transitioned from a speculative concept to an operational imperative within global maritime decarbonization strategies. Technological maturity is advancing; the regulatory environment is fundamentally shifting; the commercial insurance market is opening; and pilot projects provide engineering validation.
The regulatory transformation is decisive. The IMO's January 2026 commencement of nuclear code revision, combined with the IAEA's ATLAS project and the UK Maritime Nuclear Consortium, signals that global institutions have moved beyond marginal acknowledgement to active institutional commitment. Regulatory certainty drives insurance markets; insurance enables commercial investment. This represents the critical inflexion point.

Capital costs remain elevated; safety culture requires cultivation; and alternative fuels will capture early-mover advantages through 2035-2040. The most probable scenario involves hybrid adoption: green ammonia and hydrogen accelerating maritime decarbonization in the near term, with nuclear capturing increasing market share post-2040 as manufacturing scales and regulatory maturity increases investor confidence.

For maritime legal practitioners, regulators, and commercial stakeholders, the next 24-36 months will prove decisive in determining which nations establish leadership in nuclear maritime regulatory frameworks and which companies position for the decarbonised maritime economy projected to operate for half a century. The regulatory architecture currently being developed will have profound implications for competitive positioning, capital allocation, and global maritime decarbonization outcomes.

Basaran Law Firm
Istanbul · Türkiye

For further details about our practice areas or to discuss how we may assist you
Please reach us at:

E-mail: info@basaranlawfirm.com
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