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# Container lines turn to LNG in frenetic newbuilding round


File photo: CMA CGM Liberty

**Methanol may be losing some of its shine as major container lines and owners opt for dual-fuelled LNG propulsion in a heavy round of boxship contracting.**

Paul Bartlett | Jul 17, 2024

Maersk, CMA CGM, John Frederiksen controlled SFL Corporation, Eastern Pacific Shipping, and Evangelos Marinakis' Capital Maritime & Trading are amongst heavyweight owners who are opting for dual-fuelled LNG propulsion systems for next generation container vessels.

Record newbuilding prices are clearly no deterrent as the two liner giants, CMA CGM and Maersk, embark on dramatic fleet renewal and expansion programmes with Chinese and South Korean shipbuilders. Shipyard groups include HD

Hyundai whose subsidiaries HD Heavy Industries and HD Hyundai Samho will each build six dual-fuel LNG ships for 'a European shipping company' which, analysts say, is CMA CGM.

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The 12-ship deal, understood to be for ships of 15,500 teu, has a value of almost $2.7 billion – $222 million each. The ships are understood to be due for delivery in 2027 and 2028.

The Rodolphe Saadé company is also understood to be taking eight larger 18,000 teu vessels on charter from Idan Ofer's Eastern Pacific Shipping. These vessels are on order at China's New Times Shipbuilding. The ships will be delivered over the same timeframe.

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Meanwhile, Athens-based Capital Maritime is understood to have ordered six, option four, mid-sized container ships of 8,400 teu, with dual-fuel LNG propulsion. Ordered on spec at New Times Shipbuilding, analysts suggest the ships will prove attractive in the market, with relatively early deliveries and significant trading flexibility.

Maersk appears to be hedging its methanol fuel strategy as it seeks offers to provide 12 ships of around 16,000 teu with dual-fuel LNG propulsion. The company is also planning to take a similar number of LNG-fuelled ships on charter.

Advocates of LNG as a transition fuel point to a range of plus points. Synthetic or bioLNG (made from organic waste streams) will find a growing market over the coming years but, perhaps most importantly, LNG as fuel is already available at scale in many major ports and terminals.

Methanol is also available in many locations, but green methanol is not. And it will take some time to build the necessary infrastructure to supply the fuel in its green version at scale.

LNG critics, on the other hand, highlight methane slip as a fundamental disadvantage, pointing out that it is many times more dangerous as a greenhouse gas than carbon dioxide. However, methane abatement technology is developing fast. Systems to improve combustion inside the engine and cleaning exhaust gas to remove methane are making progress in hard-to-abate sectors on land and sea, experts say.

In any case, they point out, the new generation of dual-fuel LNG container ships will not be on the water for at least three years. By then, or relatively soon thereafter, significant strides in methane abatement technology are likely to have changed the backdrop.

One company, Daphne Technologies, is already marketing a methane abatement system. Its SlipPure  technology removes methane from exhaust gas and, Daphne claims, is suitable for natural gas-fired internal combustion engines in marine, energy, and land-based industries.

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