

### ‘Cognitive dissonance’ leads to LNG box ship orders says UMAS

Photo: Yangzjiang



**A rapidly growing orderbook for LNG dual-fuel container ships is “bizarre” and ignores the IMO’s revised GHG strategy according to maritime consultancy UMAS.**

[Nick Savvides](#) | Aug 19, 2024

Container ship owners and lines have some 162 [LNG](#)-powered newbuildings on order with 80 of these vessels, totalling 1.44 million teu, over 15,000 teu.

The world’s 10 biggest container shipping lines have a total of 371 vessels on order, University College London’s Dr Tristan Smith, argues that these orders are “bizarre”, and he said carriers appear to be looking at each other and copying ordering errors.

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“All they [the container lines] seem to be doing is looking at what each other is ordering and then matching that, in an ever-tightening noose of cognitive dissonance, perhaps because none of them are brave enough to read the IMO’s revised strategy? Or really figure out what it means for rate of change of technology,” argued Smith, who is also a member of UMAS.

Effective parameters on LNG will not come from the EU’s FuelEU regulation for another 10-15 years, which Smith said could “perhaps be one explanation for this bizarre ordering of LNG dual fuel ships”.

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He added: “It is bizarre because last year the IMO made it clear that it was going to set its mid-term measures to deliver 50-60% GHG intensity reduction in 2030 and 90% lower GHG intensity reduction in 2040.”

According to Smith the IMO regulations, that are expected to be introduced by 2027, are far more stringent than the EU laws and “based on our group’s analysis [UMAS], I can’t see how under realistic biofuel prices, it will be possible to competitively operate a dual-fuel LNG asset into the 2030s.”

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Smith suggests: “Maybe they [the carriers] are presuming that the IMO isn’t going to enact the revised strategy in its regulations when it agrees them next year, which seems an odd bet to place given that in 2023 IMO surprised many by adopting more stringency in the revised strategy than they had expected.”

Container shipping’s orderbook up to 2029 deliveries currently stands at 371 ships with a combined capacity of 4,843,424 teu.

A Maersk spokesman told *Seatrade Maritime News* the company believes that LNG can decrease GHG emissions by a “modest” 10-15% on a well-to-wake basis, if used with the correct engine technology, but the company concedes: “it is not a solution to the [global warming] problem.”

Lookout Maritime CEO, Martin Crawford-Brunt, explained that current regulations from the EU mean that by pooling just a few lower emission vessels with the rest of the fleet, a company can average out reductions across its fleet, reducing FuelEU regulatory costs, however, the total emissions must remain below the regulatory limit which will become increasingly more stringent.

“So, you could run one ship on very low carbon fuel (e.g. green ammonia) and nine ships on conventional fuel, and the overall average is 10% lower GFI [greenhouse gas fuel intensity] than conventional fuel would meet initial levels of compliance,” explained Smith.

Faig Abbasov, Shipping Programme director, Transport & Environment which is a member of Say No To LNG (SNTL) said pooling is not a loophole. It is intended to enable the uptake of zero/near-zero emission vessels as companies renew their fleet as opposed to marginally improving older vessels through biofuel blends. Allowing targets to be achieved on a fleet-wide rather than an individual vessel basis allows for ambitious new shipbuilds instead of having to do small retrofits on the whole fleet.”

Pooling offers significant cost incentives according to Crawford-Brunt, which made [Maersk](#)’s decision to order LNG powered ships, an apparent strategic U-turn, “inevitable, because they would not be able to compete against [MSC](#) and CMA CGM.”