Is shipping ready to follow Maersk's 'carbon neutral' lead?

The expectations have now been raised and for the pioneering container line industry at least, the efforts to decarbonise need to accelerate

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Maersk's decision over its future vessels adds pressure on its peers to do follow suit, and on regulators to be more aggressive in defining the industry's decarbonisation ambitions

AS THE BIGGEST NAME IN THE CONTAINER LINE INDUSTRY, THE DIRECTION THAT MAERSK TAKES IS LIKELY TO BLAZE A TRAIL FOR OTHERS. *Source: Port of Antwerp*

THE biggest container shipping company in the world has sent a clear message of what should be expected by the industry in the near future.

Maersk has announced that by 2023 it will have a dual-fuelled ship running on either e-methanol or sustainable bio-methanol and that its newbuildings from then on will also run on carbon-neutral fuel sources.

These decisions are a watershed for shipping, but not because of any technological milestone that underpins them. A dual fuel engine that can use methanol is hardly an engineering feat.

Rather, it is the implementation strategy that matters; the commitment to an alternative fuel, without anything else guaranteed. No yard, no fuel supplier, no clear supply chain and no region of operation. All that is to be found and determined.

Yes, it is for a feedership. Yes, the container line industry has predictable schedules and can predetermine reliable fuel supply. Yes, in an ideal future scenario dual fuel ships should not be needed. And, yes, it is Maersk and it can afford to take those kinds of steps.

But this is exactly how the roll-out of the next generation fuels and ships was supposed to happen. The sector with the big bucks and the fixed routes was always going to take the lead.

Few were expecting this level of commitment to happen so soon. In climate change terms, deploying carbon-neutral ships seven years before your original commitment, as Maersk’s original target for this milestone was 2030, can amount to a generational difference.

There are still fundamental questions Maersk will need to answer in order to give this announcement some substance. What exactly does carbon-neutral mean? Where will this carbon-neutral methanol be found? Why is it opting for carbon neutrality instead of net zero emissions?

Nevertheless, Maersk’s decision sets the precedent for the industry and puts undeniable pressure on its peers. Soon enough, its competitors will follow, because they will have to.

If Maersk can take the plunge, leaving the crucial questions about supply and geography for the future, why can’t CMA CGM, MSC, Hapag-Lloyd or any other of the containership guild do the same? How will customers look at those not making these commitments? How will shareholders respond? And how will the public judge you, especially after such a lucrative financial year?

And don’t forget cruise lines either.

Don’t expect tramp shipping to jump on the bandwagon immediately. But don’t expect a big delay either. Euronav recently reported it is buying two suezmaxes and wants to ensure they could run on ammonia in the future. This is another indication that the more prudent companies are already looking ahead,

But Maersk’s decisions beg further more difficult and more profound questions that will make some in the industry uncomfortable; is the minimum 50% cut in greenhouse gas emissions by 2050 that the International Maritime Organization set for international shipping in 2018 really an ambitious target?

Maybe it was three years ago when the advent of zero-emission ships seemed very distant.

It does not feel like that anymore and it will get harder and harder to justify it as such. The world has changed radically since. Shipping companies are calling for carbon taxes, customers have elevated green demands and energy producers are competing for who has the best decarbonisation pathway.

Maersk hardly reflects the state and capabilities of the rest of the shipping industry, but it is still a big part of it. Defining choices by first movers such as Maersk markedly raise the expectations for regulators because they raise the bar.

The IMO will revise its GHG emissions strategy and its targets in 2023. By then, the impact of Maersk’s decision, the precedent it has set for the industry and the acceleration in decarbonisation that it could lead to should be evident.