

# Maersk, CMA CGM join forces in drive to accelerate shipping decarbonization



*CMA CGM operates a fleet of LNG-propelled megaships that can also sail on bio/e-methane. Photo credit: CMA CGM.*

**Greg Knowler, Senior Editor Europe | Sep 19, 2023, 10:04 AM EDT**

Maersk and CMA CGM on Tuesday announced plans to work together in their decarbonization efforts and urged other carriers to join them in a partnership they say is essential if the industry is to meet its net-zero targets.

The carrier collaboration comes as a new report by classification society DNV highlights the greater commitment needed from fuel-buying carriers to enable fuel producers to ramp up supply.

“By combining the know-how and the expertise of two shipping leaders, we will accelerate the development of new solutions and technologies, enabling our industry

to reach its CO2 reduction targets,” Rodolphe Saadé, chairman and CEO of the CMA CGM Group, said in a joint statement. “We are looking forward to being joined by other companies.”

Vincent Clerc, CEO of A.P. Møller-Maersk, said accelerating the green transition in shipping and logistics will require strong involvement from partners across the industry.

“We are pleased to have an ally in CMA CGM and it’s a testament that when we unite through determined efforts and partnerships, a tangible and optimistic path toward a sustainable future emerges,” Clerc said in the statement.

Talk of carriers working together in container shipping will have caught the attention of regulators, prompting the carriers to preemptively emphasize that any collaboration will be “in full compliance with all laws and regulations.”

CMA CGM and Maersk stated their readiness to engage with regulatory stakeholders in establishing “a robust and sustainable international regulatory GHG [greenhouse gas] framework” and invited other international shipping lines to participate.

“Such a framework is in both our companies’ perspective a prerequisite to reducing carbon emissions for the shipping industry and securing a level-playing field for a global business environment,” they said.

Maersk and CMA CGM will work together to develop standards for alternative sustainable green fuels, analyzing greenhouse gases across the full lifecycle, setting the framework of mass production of green methane and green methanol, accelerating port readiness for bunkering and supply of bio/e-methanol at key ports around the world and collaborating on research and development of new alternative fuels.

## Solving production challenges

The International Maritime Organization (IMO) in July revised targets, calling for shipping emissions to be “by or around” net-zero by 2050. As the rules tighten and carbon taxes such as Europe’s emissions trading system come into the picture, increasing numbers of carriers are ordering vessels designed to run on both conventional fossil fuels and greener alternatives when they become available.

Maersk has 19, 17,000-TEU methanol-capable ships on order that will be delivered from 2024 and six 9,000-TEU dual-fuel ships scheduled to come online from 2026. CMA CGM operates vessels propelled by LNG that can also sail on bio/e-methane, the new

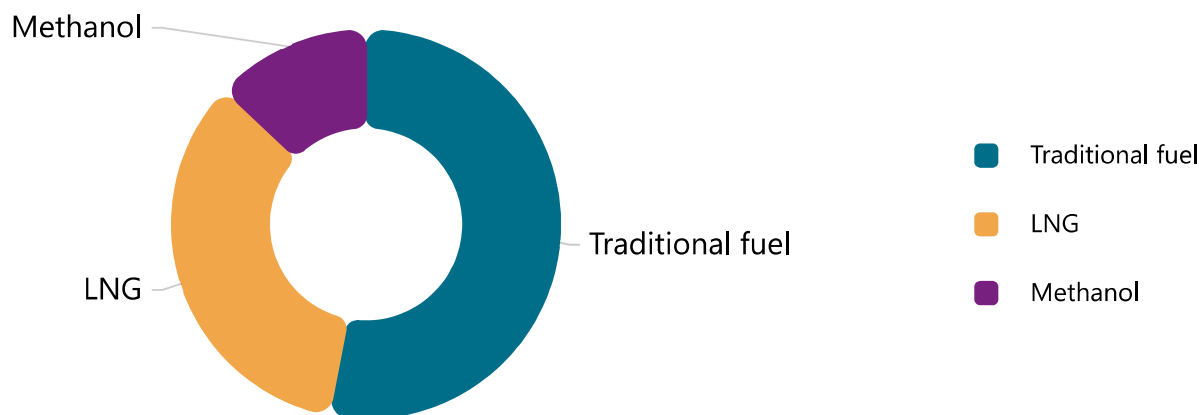
green equivalent of LNG. It has also placed orders for 12 15,000-TEU vessels that can be operated on bio/e-methanol and four 23,000-TEU LNG ships.

HMM in February ordered nine dual-fuel methanol ships and secured supply of the fuel. That same month, Hapag-Lloyd signed a multi-year agreement with Shell for the supply of LNG to power the dozen 23,500-TEU capacity ships the carrier has on order that will be deployed on the Asia-Europe trade starting from the second half of this year.

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### A third of the orderbook comprises LNG-powered ships

Global TEU capacity of container ships on order capable of running on methanol, liquefied natural gas (LNG), and traditional marine fuel



Source: S&P Global

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DNV's Maritime Forecast to 2050 report, released last week, noted that in mid-2022, a third of tonnage on order could use LNG, liquid petroleum gas (LPG) or methanol in dual-fuel engines, and by the middle of this year that had risen to half. By tonnage, 6.5% of ships operating today could run on alternative fuels, compared with 5.5% last year.

However, Eirik Ovrum, maritime principal consultant at DNV and lead author of the report, said although this was encouraging, 6.5% represented too few ships actually running on low carbon or carbon-neutral fuels to have the required impact on demand. Of the total orderbook, alternatives to conventional fuel oil comprise 51.3% of ships on order. LNG has the largest share with 40.3% of the orders, methanol at 8.01%, LPG at 2.24% and battery/hybrid at 0.8%.

## Stiff competition from other sectors

As green ship orders grow, the mass production of green fuels and the need to ensure supply at key bunkering ports in the face of intense competition from other industry sectors will pose huge challenges to the decarbonization of shipping.

The DNV report estimates that global cross-sector production volume of carbon-neutral fuels in 2030 will be 44 to 62 million tonnes of oil equivalent. It predicts that shipping will need 30 to 40% of that to meet expected demand of 17 million tonnes of oil equivalent per year under the IMO's current GHG strategy.

"Shipping is facing headwinds if we can't compete with sectors like aviation for the same fuels for decarbonization or with chemical industries using, for example, ammonia, as a feedstock," Ovrum warned.

Based on its supply and demand modeling, DNV's report concluded that alternative fuel production must scale quicker if shipping's emission-reduction goals are to be met. While fuel producers must accelerate output, they also need offtake commitments from fuel buyers. And supply uncertainties will lead to fluctuating prices during the ramp-up.

"Fuel flexibility will thus be key for shipowners during the transition," Ovrum noted. "And with carbon-neutral fuels seemingly destined to be costly and hard-to-source, the industry should explore all decarbonization possibilities."

Several analysts have estimated that the cost of decarbonizing the maritime industry by 2050 could reach \$1.5 trillion, with a push to reach net-zero in the 2030s potentially taking that cost to \$2.5 trillion.

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