

# Fulford-Smith calls on energy majors to support shipping

Affinity (Shipping) chief says big ships fuel shift will start with LNG and tells owners to “get on the pathway” to 2050

Energy majors need to give support and leadership to the shipping industry as owners battle with fuelling choices for their next generation of vessels, according to Richard Fulford-Smith.

Moderating a panel at Marine Money in London, but also sharing quite a few of his own views, the Affinity (Shipping) managing partner said the industry is struggling for finance and direction.

“This is an industry that needs leadership and it needs to come from cargo as well,” he said.

The Affinity chief said some energy majors are still prioritising making money out of refined products.

“They need to give us better direction,” he said. “People who run the cargo have got to understand shipping needs people to be encouraged to fund what is a big change coming to us all,” he added, referring to the IMO's carbon dioxide emissions reduction targets for 2030 and 2050.

Speaking on the panel, UCL Energy Institute associate professor Tristan Smith acknowledged that the solutions for the shipping industry to reach zero carbon are not here today. But he said there is a great deal of activity going on with engine manufacturers indicating that these are a few years away.

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Richard Fulford-Smith

Smith, who declared himself “delighted to be cross-examined” on his favourite topic, said this is going to be a gradual transition and urged owners to be aware of the 2030 CO2 target time horizons as they make their decisions in 2020.

The academic said his institute is sometimes accused of being “the cheerleaders for ammonia” as a future fuel for shipping but it did not want to be seen as this.

“We need a solution that is going to work, be cost effective, that is going to transition the existing fleet and world trade to a way where it is going to continue to expand,” he said.

Smith cited a study done for one owner that looked at 34 fuels. Looking at all parameters, ammonia comes up on the shortlist, along with some biofuels and synthetic hydrocarbons. But he said it is difficult to see how synthetic hydrocarbons would be cost competitive than ammonia.

**'Herculean project'**

On the same panel, Star Bulk Carriers chief strategy officer Charis Plakantonaki spoke about her company's decision to fit scrubbers to more than 110 of its ships, describing it as "a Herculean project" that required a great deal of internal resources.

Plakantonaki said New York-listed Star Bulk sees scrubbers as a "medium term solution" but she added that decarbonisation remains "top of our agenda".

She expects there to be reluctance in the market for newbuildings, as owners look for a fuel that will get their vessels to meet the 2050 target but said there is much that can be done to optimise existing fleets to help meet the 2030 CO2 cuts.

Load Line Marine chief executive George Souravlas, who operates a non-scrubber-fitted fleet of handysize and supramax bulkers, said owners are looking for fuel at a reasonable price, that can be bunkered in many ports backed by easily understood technologies for crew operating vessels.

Fulford-Smith said the industry has had a stalemate of opinion on how to replace the big ships as they come up for retirement.

He accepted that there will be certain vessels that may be suited to ammonia but said there will be no one size fits all. But he said the shipping industry needs to see action now.

For the big ships, he said: "It will start with LNG. It may move on to ammonia and other products. But we need to get onto the pathway."

*by Lucy Hine, Tradewinds. Published in 22 January 2020 16:04 GMT*