

# Weekly Market News

5th - 9th February 2024

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UPDATE



## Good start to the year for methanol orders - DNV

Classification society's DNV latest tally shows that by the end of January there were 257 confirmed methanol-fuelled vessels in operation and on order, up from 234 in December. The **23 methanol orders** were considerably more than the four vessels ordered in each of November and December. The largest share of newbuild orders for methanol-fuelled vessels are container ships (169), followed by tankers (39), bulk carriers (17) and car carriers (10). **Two ammonia-fuelled** vessels were ordered in January, marking the first orders since October last year. There are currently 13 confirmed ammonia-fuelled vessel orders scheduled for deliveries towards 2026, split between bulk carriers (8), gas tankers (3) and tugboats (2).

## EU pushes for 90% emission cut by 2040

The **European Commission** has recommended a 90% reduction in greenhouse gas emissions (GHG) by 2040, compared to 1990 levels. This lofty target comes after last year's EU adoption of a set of proposals from the Commission to achieve a minimum 55% reduction by 2030 - also in comparison to 1990 levels.

The Commission says the EU's fossil fuel consumption will be 80% lower in 2040 than in 2021. This shift involves a phase-out of coal, while transport sectors like shipping, road and aviation are likely to make up 60% of the remaining 20% of fossil fuel usage.

It said FuelEU Maritime will drive adoption of low-emission marine fuels and green ships. It plans to evaluate the expansion of carbon pricing in the EU Emissions Trading System (EU ETS) to include smaller vessels under 5,000 gross tonnage by 2026, which are currently exempt.

## Liberia backs 'viable' carbon capture on ships

Liberia has called for the IMO to include **onboard carbon capture** in its emission regulation mechanisms, like the Energy Efficiency Design Index (EEDI), Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Indicator (CII). The West African flag state stresses that carbon capture technology is a "critical component" in maritime GHG reduction efforts. Liberia represents a massive chunk of the global shipping fleet. The Liberian Registry overtook Panama as the world's largest ship registry by gross tonnage last year, according to Clarksons Research findings. To back up its position on carbon capture, Liberia has submitted findings to the IMO from a case study of a carbon capture system onboard a 3,200 TEU container ship. The case study was conducted by London-based climate tech start-up **Seabound**.

## IMO urged to allow more biofuel in bunker blends

Ocean-going bunker vessels must be allowed to carry and supply bunker blends with **up to B30 (30% biofuel)**, India and South Korea have proposed to the IMO ahead of the 81st Marine Environment Protection Committee (MEPC 81) meeting next month. Under current IMO carriage requirements, ocean-going bunker vessels are limited to carrying bio-bunker blends of **up to B25 (25% biofuel component plus 75% conventional fuel)**. Any biofuel blends exceeding this limit, i.e., more than B25, will have to be carried on chemical tankers instead of conventional bunker vessels (oil tankers).

South Korea and India contend that fatty acid methyl ester (FAME)-based B30 is the most popular blending ratio among shipowners. They now argue in their submission to MEPC 81 that regulatory barriers preventing conventional bunker vessels from delivering B30 blends are holding back shipping industry efforts to reduce greenhouse gas (GHG) emissions.



## Quadris and Cargill eye emulsion fuel bunkering in Antwerp

The container ship MSC Leandra will be bunkered with a low sulphur emulsion fuel at MAC2 facility in Antwerp in the second half of the year. The initial phase will focus on tests using low sulphur emulsion fuels over two months, and be followed by 6-8 months of additional testing. Quadris mixes heavy fuel oil with small amounts of chemicals and water to produce a **synthetic heavy fuel oil** that contains “approximately 30% water and less than 1% chemicals.”



## Molgas enters French LNG bunker market with first stem

Spain-based LNG company Molgas recently bunkered a bulk carrier with fossil LNG in the **French port of Honfleur**. The undisclosed amount of LNG was delivered via trucks. “This signifies our commitment to cleaner marine fuels,” Molgas said. LNG can curb carbon dioxide emissions by about a quarter compared to conventional bunker fuels. But its methane emissions are over 80 times more potent as a GHG compared to carbon dioxide over a 20-year period.

### Barcelona LNG bunker sales in 2023

58,000 mt

### Barcelona LNG bunker sales in 2021

26,000 mt

## Barcelona’s LNG sales surged in 2023

The Port of Barcelona’s LNG bunker sales surged to 58,000 mt in 2023, more than a double from 26,000 mt sold in 2021. That was still some way off the 251,000 mt sold in Rotterdam, the world’s biggest port for LNG supply. But it puts Barcelona among the world’s top LNG bunker locations. In 2023, LNG sales in Barcelona represented almost 6% of total bunker sales (conventional plus LNG), a significant increase from a share of less than 1% in 2021. Lower LNG bunker prices resulted in more **oil-to-gas switching** last year.

The Port of Barcelona did not disclose LNG sales data for 2022, a year when LNG sales declined amid rallying LNG prices resulting from the Russia-Ukraine war. The deployment of a new LNG bunkering vessel, Haugesund Knutsen, in February last year also helped to boost LNG bunker sales. The Haugesund Knutsen is managed by oil and gas firm Shell.

“The presence of a bunkering barge based in the port has greatly increased operational flexibility and has helped to substantially reduce service costs,” the port authority said.

## Weekly Brent developments

Front-month ICE Brent has more than reversed last week’s drop and climbed nearly **6% higher** on the week, after Israel dismissed a ceasefire proposal for Gaza.

### Upward pressure:

Israeli Prime Minister Benjamin Netanyahu on Wednesday called the offer for a ceasefire in Gaza “delusional”, Reuters reported. He further reiterated Israel’s stand to completely vanquish the Iran-backed militant group, shattering hopes for a potential resolution in the ongoing four-and-a-half-month conflict between the Israel Defense Forces (IDF) and Hamas militants.

Brent price also gained after the US Energy Information Administration (EIA) reported a drawdown in US gasoline and distillate stocks in the week ended 2 February

### Downward pressure:

Some downward pressure came after the EIA also reported a staggering rise in US crude stocks. Commercial US crude inventories rose by 5.5 million bbls on the week, to 427.43 million bbls on 2 February, according to the EIA. The weekly stock build was much bigger than the American Petroleum Institute’s (API) projection of 674,000 bbls build.

Lukoil confirmed that its Volgograd refinery with a capacity of about 300,000 b/d was running normally after an attack.

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