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SMM Maritime Industry Report

Shipping: Scepticism delays climate protection progress

SMM 2024 to speed things up with forward-looking innovations

The shipping industry aims to be carbon-neutral by 2050 – an ambitious goal that requires an enormous effort. As the SMM Maritime Industry Report 2023 (MIR) shows, it remains to be seen which ship propulsion technology will ultimately prevail. While many shipowners are taking a wait-and-see approach, yards and suppliers are already offering innovative efficiency-enhancing and decarbonisation solutions. When key industry stakeholders gather for SMM in September 2024, the international maritime flagship fair will provide many opportunities to add momentum to the development.

Hamburg, 12-10-2023 – There can be no doubt: Decarbonisation will be the top item on the maritime sector's agenda for the coming years. After all, the International Maritime Organization (IMO) wants the global fleet to be carbon-neutral around the year 2050 – a goal that will affect around 90,000 units globally. Not every decision-maker in the industry believes it is attainable, according to the current **SMM Maritime Industry Report** which has been commissioned by Hamburg Messe und Congress. 46 per cent of respondents doubt that the IMO targets can be achieved within the given time frame – with similar scepticism found among shipyards and suppliers. There are many reasons: While shipowners are mainly concerned about an inadequate supply of alternative fuels and a shortage of suitable technologies, yards see an insufficient willingness to invest on the part of shipowners, whereas supplier are fearing that high costs will get in the way. "The SMM Maritime Industry Report 2023 reveals a certain bewilderment across the maritime sector about what propulsion technology will ultimately prevail and what alternative fuel will be available in sufficient quantities," says **Claus Ulrich Selbach**, Business Unit Director – Maritime and Technology Fairs & Exhibitions at Hamburg Messe und Congress. The more important it is to attend SMM next September where the latest developments will be highlighted, along with feasible approaches to decarbonisation and suitable, market-ready products.

The first step: Enhancing efficiency

Despite all the doubts about the timing of the IMO targets, the industry is making every effort to develop ways to reduce emissions from ships. 77 per cent of responding shipowners are planning to invest in emission reduction, six percentage points more than in the previous MIR survey held in 2021. Their main focus is on technical improvements to their ships (76 per cent), with two-thirds of

respondents setting their sights on engine technology, similar to the previous MIR survey. At the same time, exchanging drive and propeller systems has become significantly more important: 53 percent are now determined to act in this area (compared to only 30 per cent in 2021), while 48 per cent want to invest in digitalisation (compared to 35 per cent in 2021). Fleet management and remote monitoring of vessel performance are popular digitalisation projects. “Independent of the question what fuel we will be using in future, minimising fuel consumption is what really matters,” says **Hauke Schlegels**, General Manager, VDMA – Marine Equipment & Systems. There is still plenty of room for further efficiency improvements, he adds.

Future fuel question uncovers a new trend

Finding a suitable fuel, ideally one that can be produced in a carbon-neutral process at some point in the future, remains a key factor towards achieving the climate targets. Here the current report shows a marked change from the previous survey: Methanol is now clearly a favourite which 46 per cent of shipowners are willing to invest in; far fewer are interested in other fuels now. In 2021 only 13 per cent considered methanol as an attractive option. This change of mind may be a reaction to the recent newbuilding orders by the world’s second-largest container liner company, Maersk, and to a major order received by engine manufacturer MAN for retrofitting up to 60 engines to use green methanol. On the other hand, liquefied natural gas (LNG) has lost quite a bit of ground, receiving an approval rating of only 25 per cent this time (compared to 35 per cent in 2021). Meanwhile, hybrid technologies – such as combinations of conventional propulsion systems with battery systems – continue to be held in high esteem by shipowners. Ammonia has gained some points, rising to 18 per cent (2021: 14 per cent), an improvement that is even more pronounced among shipyard representatives (from 12 to 27 per cent). Apart from hybrid solutions (57 per cent), hydrogen is likewise one of the favourites in this segment (41 per cent). The picture is similar among suppliers.

Acting jointly is key

The vast majority of survey respondents agree that environment protection and sustainability will remain the most important issues for the industry: Similar to the survey held two years ago, 85 per cent of respondents gave an affirmative answer to this question. The positive response from suppliers was even higher than in 2021, rising by 17 percentage points to 86 per cent. Shipowners are in agreement. “We have made it our goal to be climate-neutral by 2050. There isn’t much time left. We have to join forces across all maritime segments to make the transformation of shipping into a carbon-neutral means of transport a success,” says VDR President **Dr Gaby Bornheim**. Yet, the industry needs to “look beyond shipping,” demands **Knut Ørbeck-Nilssen**, CEO of the classification society and maritime advisory company DNV Maritime. This applies to the power generation and distribution sector in particular, which is expected to provide large amounts of renewable energy for the manufacture of eco-friendly fuels, he says. No matter whether the fuel tanks on board ships will end up being filled with methanol or ammonia, the main point is that these

e-fuels must have a “green” origin and be produced using renewable energy. “The technology for climate-friendly shipping exists. What is still missing is the appropriate investment decisions,” says **Klaus Deleroi**, CEO of the ship gearbox specialist Reintjes.

SMM will be a catalyst for change

As the leading international maritime trade fair, SMM 2024 will bring together key decision-makers from politics, science and the maritime business world to help prepare the ground for the maritime energy transition. “The SMM MIR shows that this industry isn’t slow to understand. But what matters now is taking action,” says **Christoph Lücke**, Project Director Maritime Fairs at Hamburg Messe und Congress. He is sure that SMM next September will be the quintessential platform that can trigger the necessary initiatives, deliver the right impetus and provide guidance towards the common goals – showcasing numerous ideas and innovations for a more environment-friendly, and in the longer term, carbon-neutral shipping sector.

About the SMM Maritime Industry Report

In May and June 2023, the market research institute Mindline asked more than 1,000 decision-makers in 71 countries to provide their input for the SMM MIR. The respondents represent the full spectrum of exhibiting companies and visitors at SMM.

The leading international maritime trade fair will take place in Hamburg from 3 to 6 September 2024. Around 2,000 exhibitors and more than 40,000 visitors from over 100 countries are expected to attend. In eleven exhibition halls, SMM covers the entire value chain of the maritime industry. As a platform for innovation, it brings together leaders from around the world. The 31st SMM will focus on the maritime energy transition, the digital transformation and climate change. The fair will be accompanied by conferences featuring top-ranking experts.

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