Alternative fuel uncertainty saved shipping from itself

Shipping heavyweights reflected on green shipping and the agility of family businesses at 2025's Commodore debate.

Barry Parker, New York Correspondent

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Image: Informa Markets

The Commodores' Debate at [CMA Shipping 2025] event saw a group of top shipping executives offering views on a variety of issues, [ranging from tariffs] to future fuel alternatives and company strategies on buying and selling vessels. Coming a week prior to the [International Maritime Organization's (IMO)] [MEPC 83] meeting, the fuel discussion saw a lively back and forth.

The newly-inaugurated Commodore, Todd Clough, talked about [MOL]Chemical Tankers, which has now completed its acquisition of Fairfield Chemical Carriers (FCC) where he had been the CEO. The company had been "…looking at everything…" in the way of incremental fuel savings, and also mentioned FCC's ordering of four LNG dual-fuelled chemical carriers, three of which have already been delivered; "…they are performing as expected," he said.

Speaking about MOL Chemical Tankers' efforts at improving fuel efficiency, he said: "We are going to throw everything at the project to make sure that the fleet we have is going to meet every expectation." He expressed surprise that more owners have not followed and emulated the dual fuel design along the lines of FCC's four vessel order, "…there are a lot of 'ready' ships coming- but ready for what?" he asked.

"When you build a ship, by the time it's delivered, it's out of date…now, more than ever," said John Hadjipateras, CEO of Dorian LPG, responding to a question from Moderator Matt McCleery about obsolescence concerns impeding ship ordering. "In our fleet, we are lucky because the dual fuel alternative is the cargo that we carry," he said, adding "it's there, it's cleaner, it's efficient."

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Answering the same question, Peter Evensen, former CEO of Teekay Corporation, said: “I actually think that the industry has been saved by this uncertainty in regulation, people made so much money in the years, post-Covid, and normally companies would have ordered many more ships…but didn’t because they did not know what to order, or were afraid to add the dual fuel alternatives… and you are not sure that you’d ever get it back.” He cited low vessel orderbooks in the tanker and dry bulk segments. “In a way, shipping was saved from itself by this uncertainty; I think that’s an excellent development,” he added.

The other panel members, Morten Arntzen, previously, CEO of Overseas Shipholding Group, and now a shipping industry specialist with Macquarie Bank, and Michael Tusiani retired CEO of broker and advisor Poten & Partners, weighed in regarding public versus private ownership of shipping companies, with a number of family investment arms divesting their holdings in shipping companies in recent years. Arntzen, said that commodity shipping companies were effectively running taxi services in a spot market where they were price takers, not reaping rewards for providing special services.

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Citing the company where fellow panel member Lois Zabrocky is CEO, Arntzen said: “As well as International Seaways is run, and I think that they’ve done everything right in the last five years, their fortunes are more tied to the overall tanker market than to what they do internally.” He cited changes in the highly consolidated liner trades, where equities used to “trade on a steel basis,” with share prices linked to—and often below—Net Asset Values, now more highly valued as “service businesses”, with prices tied to earnings and cash flows. Referring to the tanker and dry bulk sectors, he praised family businesses which could make astute and well-timed decisions on buying and selling vessels and fleets.

Tusiani, the 2024 Commodore award recipient, said: “Family business can focus more on business rather than on investors… families can act quietly and can follow their instincts… I think that the family companies will continue, and I think that’s a good thing.”