LNG Bunkering - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2020 - 2029

Market Report | 2024-02-17 | 125 pages | Mordor Intelligence

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Report description:

The LNG Bunkering Market size is estimated at USD 1.26 billion in 2024, and is expected to reach USD 4.73 billion by 2029, growing at a CAGR of 30.20% during the forecast period (2024-2029).

During the COVID-19 pandemic, the market experienced a decline due to temporary bans on export and import. However, the market recovered from the declining revenues in the second half of 2021, owing to the rising demand for LNG as bunker fuel from maritime transport. In terms of market growth, the norms to restrict the sulfur content in conventional fuels and the increased efficiency are driving the demand for LNG bunkering infrastructure. The ships across various regions are slowly starting to adopt LNG as a fuel for propulsion. Moreover, reducing the sulfur content from conventional fuel requires high costs, which is likely to hamper its economic viability.

Key Highlights
-The tanker fleet segment is likely to witness significant growth during the forecast period.
-LNG as a bunker fuel presents immense benefits over conventional bunker fuel, ranging from increased length of compliance to reduced GHG emissions. With the IMO regulations in place, maritime vessels will be switching to less sulfur content fuel, making LNG an ideal choice and leading to opportunities in the bunkering market.
-North America is expected to dominate the market, with most of the demand coming from the United States and Canada.

Liquefied Natural Gas (LNG) Bunkering Market Trends

Tanker Fleet to Witness Significant Growth

- Tanker fleets include small tanker, intermediate tanker, medium-range 1 (MR1), medium-range 2 (MR2), large range 1 (LR1), large range 2 (LR2), very large crude carrier (VLCC), and ultra-large crude carrier (ULCC), which differ based on tanker capacity.
- Tanker fleets are used to store or transport gases/liquids in bulk amounts. These are used to store and carry oil, gas, chemicals, and other products, like vegetable oil, freshwater, wine, molasses, etc.
- In 2020, the International Maritime Organization enforced a new 0.5% global sulfur cap on fuel content, lowering from the earlier 3.5% to limit the greenhouse gas emissions from the marine activities. LNG as a bunker fuel presents significant advantages over other kinds of bunker fuels, such as reducing NOx emissions by up to 80% and eliminating SOx particulate matter, leading to a reduction in GHG emissions by up to 23% with modern engine technology. Vessels that run on LNG on a competitive design ensure longer compliance than conventional designs. These factors have led to increasing adoption of LNG as a bunker fuel and increasing transport of LNG through tankers.
- At the end of 2020, the total LNG tanker fleet consisted of 642 vessels with a total operational capacity of 93.4 million cubic meters. In 2020, 47 more vessels were delivered by the manufacturers and 40 new orders for tankers. The order book consisted of 147 units of 22.7 million cubic meters by 2020.
- Thus, with the regulations related to sulfur content in the fuel, LNG is projected to become a reliant fuel for maritime activity in the coming years, leading to the increased transportation of LNG bunker fuel through tankers.

North America to Dominate the Market

- The North American region is likely to dominate the LNG bunkering market during the forecast period, with most demand coming from the United States and Canada.
- The key factor driving the LNG bunkering market is the increased LNG demand to reduce the carbon footprint in the shipping industry. Furthermore, LNG is a better alternative fuel, and the governments have been taking initiatives for LNG adaptation.
- In 2020, the International Maritime Organization implemented the reduced sulfur content in bunker fuels to contain the GHG emission from maritime activity. Due to this factor, the US LNG bunkering market is expected to witness growth in the coming years, as LNG is likely to be an economical alternative for marine fuel after IMO's regulation.
- In January 2022, the US shipbuilder Fincantieri Bay Shipbuilding commenced the construction of the largest LNG bunkering barge in the United States. The LNG bunkering barge will consist of a 126.8 m vessel, which will have the capacity for 12,000 m3 of LNG. The expected completion date of the project is 2023.
- Furthermore, in September 2021, Stabilis Solutions Inc. signed a memorandum of understanding (MoU) with Port Isabel Logistical Offshore Terminal in Texas and Louisiana's Cameron Parish Port, Harbor & Terminal District to develop LNG refueling services for ships.
- Similarly, in April 2021, Wison Offshore & Marine (Wison) was awarded the Front-End Engineering Development (FEED) contract for Pilot LNG's Galveston LNG Bunker Port project in Canada, with operations slated to begin in 2024.
- The Canadian government made commitments to significantly reduce greenhouse gas emissions, and the country has an abundant supply of natural gas. Natural gas on combustion produces less greenhouse gas emissions, making LNG a better alternative marine fuel for the Canadian shipping industry.
- Although the initial installation cost of LNG-based vessels is high, the operational cost is lower compared to running old ships with installed scrubbers. Therefore, the North American region is likely to dominate the overall LNG bunkering market during the forecast period.

Liquefied Natural Gas (LNG) Bunkering Industry Overview

The LNG bunkering market is moderately consolidated. The major companies include Shell PLC, Gazprom Neft PJSC, TotalEnergies SE, Gasum Oy, and Engie SA.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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