

Hudong-Zhonghua to produce LNG carriers for Exxon, Mitsui

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Updated: 2011-01-20 07:58



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The launching ceremony for Hudong-Zhonghua Shipbuilding (Group) Co Ltd's first liquefied natural gas (LNG) carrier in April 2008. Shao Jianping / for China Daily

SHANGHAI - In a move that signals another breakthrough in China's liquefied natural gas (LNG) carrier building technology, Hudong-Zhonghua Shipbuilding (Group) Co Ltd received the country's first overseas order to build four LNG carriers to be used in cross-continental shipping lines.

The order comes after Hudong-Zhonghua unveiled its LNG carrier, the first to be built domestically, in 2008. Analysts say it provides international recognition of China's rapidly improving technology in the area.

"The deal is a new milestone in the history of China's development and building of LNG ships, laying the foundation for us to have greater presence in the global and domestic market," the company said in a statement.

Hudong-Zhonghua, the Shanghai-based unit of China State Shipbuilding Corporation, announced on Jan 15 that it had entered into an agreement with the Japanese shipping company Mitsui OSK Lines and Exxon Mobil Corp to build four LNG carriers to ship LNG to China from projects in Papua New Guinea and Australia.

The ships will be delivered between 2015 and 2016. Hudong-Zhonghua didn't disclose the price.

Building LNG carriers require more advanced technology than conventional storage tanks, as they need to store LNG at a temperature of -162 C and are mostly powered by steam turbines.

As of March 2010, there were just 337 LNG carriers engaged in the transport of LNG, mostly built in the United States, South Korea and Japan, according to Shipbuilding History, an online shipping database.

China's LNG carrier-building capacity grows along with its consumption and import of natural gas, which is more efficient and environment friendly than traditional fuels, such as coal and oil.

The country has been promoting the use of natural gas as part of its plan to reduce the intensity of carbon dioxide emissions for each unit of GDP in 2020 by 40 to 45 percent from 2005.

In fact, natural gas consumption has been growing at a double-digit rate annually since 2000.

It reached 87.45 billion cubic meters in 2009, up 11.5 percent year-on-year, after the country became a net importer in 2006, according to data from China Petroleum and Chemical Information.

Customs figures show China imported 5.53 million tons of LNG in 2009, up 66 percent from a year earlier.

Based on the current import growth, China would need more than 65 LNG carriers by 2015 to transport the fuel, Cao Yousheng, director of the China Shipbuilding Economic Research Center, told Caijing Magazine recently.

"That gives a great incentive for the country to put more effort into research and development to build its own LNG carriers," Cao told the magazine.

Gao Changxin contributed to this story.

China Daily

(China Daily 01/20/2011 page16)

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