# PLATTS APPEC 2025
# DAY 3 - SHIPPING
# TOP 50 TAKEAWAYS

*Navigating Through the Perfect Storm*

S&P Global
Commodity Insights

Publishing Intelligence Consultancy

# PLATTS APPEC 2025

## Top 9 Takeaways from Rishi Nyati
## Managing Director, Emarat Maritime LLC

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Emarat Maritime

**1.**

**TRADE RESILIENCE HOLDS:** Despite sanctions, tariffs, and regulations, oil, coal, and grains continue moving reliably from production to consumption. Supply chains absorb disruptions without major breakdowns.

**2.**

**RUSSIAN FLOWS REDIRECTED:** Two-thirds of Russian exports now move outside Europe. Even if sanctions lift, Russian molecules are unlikely to return to pre-2022 European markets.

**3.**

**DARK FLEET NORMALIZED:** About 20% of Aframax tankers operate in the so-called "dark fleet." This segment is now priced into the market, making it a structural feature of global shipping.

**4.**

**EFFICIENCY VS. OPTIONALITY:** The past few decades of hyper-efficiency in global trade are ending. Today's environment prioritizes flexibility and optionality over economies of scale, reshaping vessel demand.

**5.**

**GENERALISTS IN DEMAND:** Specialized "very large" vessels lose appeal as shippers increasingly value generalist fleets capable of adapting to changing cargoes, routes, and regulations.

**6.**

**SHIFT IN CAPITAL:** Capital for shipping investments is increasingly concentrated in the East, leaving Western players at a disadvantage in funding new builds and expansions.

**7.**

**DECARBONIZATION NEEDS CERTAINTY:** Unclear or inconsistent regulations slow progress. Rishi stresses the need for certainty — either commit to decarbonization rules or avoid half-measures that create confusion.

**8.**

**DIFFERENT TRANSITION REALITIES:** Energy transition looks different by region: in Africa, it means moving from biomass to energy, whereas in Singapore or Europe, it involves advanced renewables and policy-driven goals.

**9.**

**GLOBAL INEQUALITIES MATTER:** Western perspectives on transition often ignore the realities of larger populations in developing regions, where priorities differ sharply from Europe or Singapore.

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## Top 9 Takeaways from Smriti Sharma
## Global Director, Strategy
## Sustainability & Enterprise Risk Management
## AET Tankers Pte Ltd

aet

**1.**

**TRANSITION IS INEVITABLE:** Energy transition in shipping is a one-way street. Even if deadlines shift (2028, 2030, or later), decarbonization will proceed, and the industry must prepare.

**2.**

**LONG-TERM INVESTMENT:** Ship investments last decades, not years. Owners must plan today for regulations that may come into effect years later.

**3.**

**MULTIPLE PATHWAYS EXIST:** Decarbonization can follow different tracks: new fuels like ammonia, new ship designs, or gradual adoption of retrofits and efficiency upgrades.

**4.**

**SMALL STEPS MATTER:** Owners can implement smaller measures like wind-assisted propulsion, specialized hull paints, and efficiency tweaks, which lower fuel use and emissions.

**5.**

**NEED FOR CERTAINTY:** Clear regulations sooner rather than later provide certainty for investment, helping owners decide which technologies to adopt.

**6.**

**DIFFERENTIATION OPPORTUNITY:** IMO compliance rules will allow owners to differentiate services in a commoditized industry, potentially charging premiums for greener fleets.

**7.**

**UITY-DRIVEN CHANGE:** Investments in decarbonization are being made largely on the back of owners' equity, requiring confidence that regulatory frameworks will reward their risks.

**8.**

**INDUSTRY VOLATILITY:** Shipping is already a thin-margin, volatile sector. Adding geopolitical pressures makes regulatory clarity even more essential.

**9.**

**PIVOTAL IMO DECISION:** The upcoming MEPC83 decision will be a defining moment, shaping the pace of decarbonization and competitiveness across the industry.

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## Top 9 Takeaways from Benjamin Tang
## Director - Head of Liquid Bulk, Commodities at Sea
## S&P Global Commodity Insights

S&P Global Commodity Insights

**1.**

**SANCTIONS RAISE COSTS:** Russian and Iranian oil flows (over 5 mb/d) are too critical to remove. Sanctions aim to increase costs and cut revenues rather than halt exports, since OPEC cannot cover the gap.

**2.**

**RED SEA HALVED:** Crude and product flows via the Red Sea remain at ~50% of pre-attack levels. Russia still ships crude to India, while other producers divert.

**3.**

**HORMUZ LEVERAGE POINT:** The Strait of Hormuz handles 13.1 mb/d of crude and 4.4 mb/d of products. Iran relies on it, so while it wields leverage, it also has self-interest in keeping the strait open.

**4.**

**TWO-TIER TANKERS:** U.S. TR301 sanctions on Chinese-owned tankers (impacting ~2 mb/d) may create a segmented system: vessels serving U.S. markets versus those excluded.

**5.**

**IRAN TANKER SCRUTINY:** Sanctions have shifted from direct Iran–China flows to ship-to-ship transfers in Southeast Asia and now to operators in the Middle East and India, tightening enforcement.

**6.**

**CUTS VS. EXPORTS:** OPEC+ unwound 2.4 mb/d of cuts, but exports rose only ~1 mb/d, as much extra output was absorbed domestically.

**7.**

**US EXPORT POWER:** The U.S. is a key rival to OPEC+, with Korea now its largest crude importer. Energy trade is becoming a geopolitical bargaining tool.

**8.**

**EUROPE SUPPLY GAP:** With Middle East and India constrained by Red Sea disruptions, the U.S. is filling Europe's needs, boosting its influence.

**9.**

**INDIA TRADE SHIFT:** New rules may restrict Indian refined product exports to Europe. Meanwhile, direct cargo flows to Australia mark a new role for India in Asia-Pacific trade.

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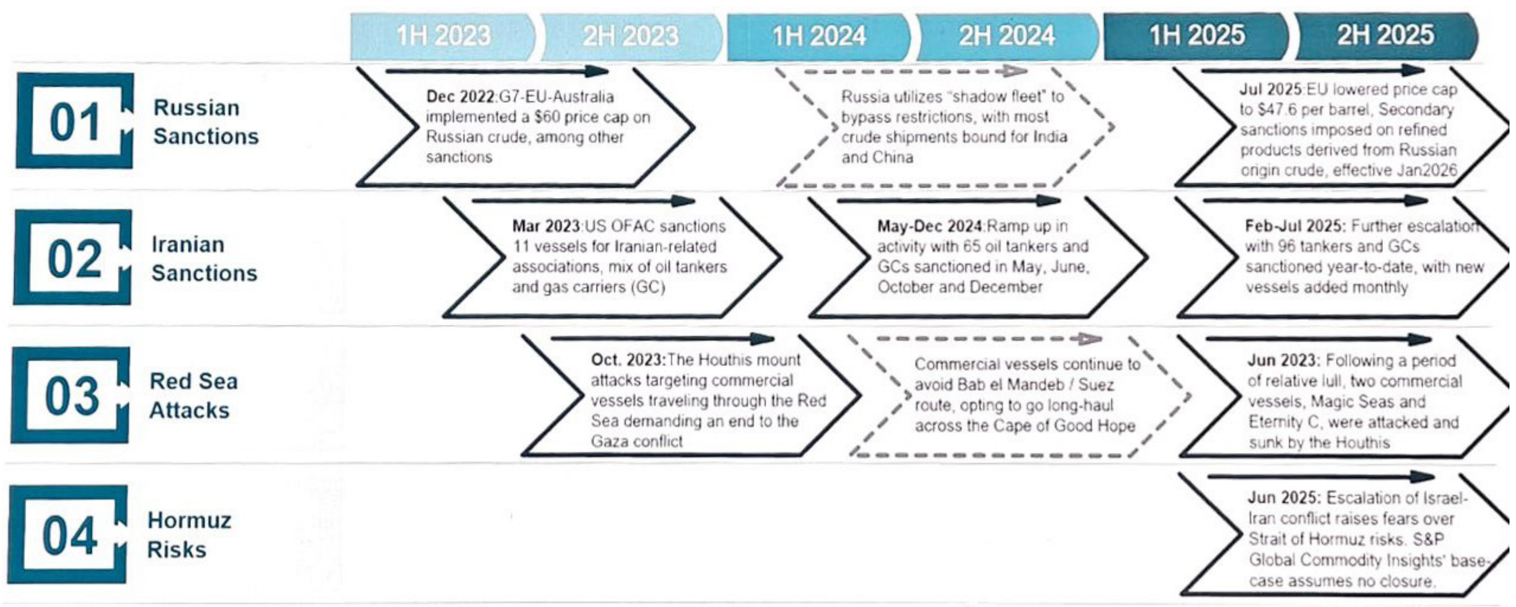
Commodities at Sea — Disruptions

### Oil trade flows, disrupted


Commodities at Sea — Disruptions

### Previous disruptions remain unresolved, even as new ones emerge



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# PLATTS APPEC 2025

## Top 9 Takeaways from Sameer Mohindru
## Senior Editor, Asia Shipping Market Data
## S&P Global Commodity Insights

S&P Global Commodity Insights

**1.**

**VOLATILITY AS THE ONLY CERTAINTY: Freight and oil markets are now dominated by "news volatility." Sudden events like attacks or conflicts alter pricing overnight, making disruptions the new normal and eroding the ability to forecast with confidence.**

**2.**

**RISE OF A TWO-TIER MARKET: Shipping has split into parallel systems: vessels that can trade with Russia versus those that cannot, ships that cross the Red Sea versus those that avoid it, and soon possibly those allowed in U.S. ports versus those excluded. This segmentation reshapes freight structures.**

**3.**

**VLCC MARKET REBOUND: After lagging behind smaller tankers, VLCCs have recently strengthened due to fleet tightness and shadow fleet divisions. Daily earnings for some owners have topped $70,000, reflecting renewed structural demand.**

**4.**

**LR1 FLEET CONSTRAINTS: The LR1 category remains severely underinvested. Fleet size has barely grown in five years, with 70% of vessels older than 15 years. Despite this, LR1s are positioned to outperform, underscoring market misalignment with investment flows.**

**5.**

**RATE CONVERGENCE ACROSS TANKER CLASSES: Rates for LR1s, MRs, and LR2s have converged, reducing incentives for cargo upsizing or downsizing. LR2s increasingly dominate longer-haul trades due to their economies of scale.**

**6.**

**SHIFTING TRADE FLOWS IN NAFTA AND DIESEL: Sanctions on Russian exports have redirected flows. Japan has stepped back, India has taken a bigger role, but EU sanctions may soon block Indian refined products derived from Russian crude — a structural shift in supply chains**

**7.**

**PROFITABILITY OF SHORT-HAUL VOYAGES: Shorter routes like Korea–Japan or intra-Gulf voyages often yield higher daily earnings than long-haul trips such as U.S.–China, making them strategically attractive to owners.**

**8.**

**CONFLICT PREMIUM IN THE RED SEA: Geopolitical risks in the Red Sea have transformed once low-margin trades into lucrative ones. Freight rates jumped from ~$600k to as high as $2 million, proving conflict-driven premiums can reshape route economics.**

**9.**

**CONFLICT CREATES OPPORTUNITIES: A principle for shipping is C²O – Conflict Creates Opportunities." Geopolitical instability disrupts global trade but simultaneously generates windfalls for certain routes and shipowners.**

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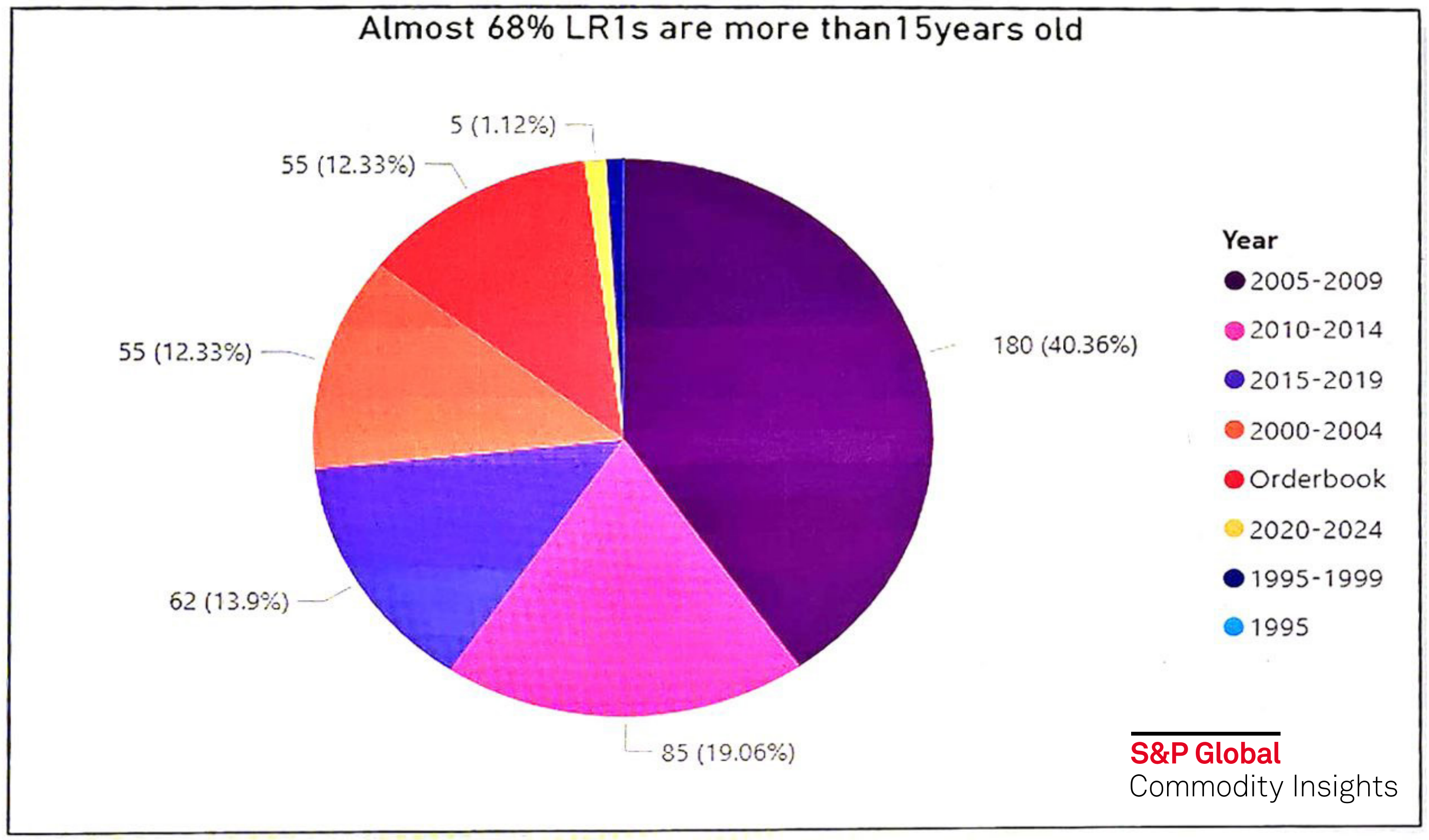
Commodities at Sea　　Disruptions

### Each disruption, individually, can have a material impact on oil trade-flows

| | | Crude Oil, million b/d | Products, million b/d | Remarks |
|---|---|---|---|---|
| 01 | Russian Sanctions | 3.43 | 2.43 | Load date basis for 1H 2025 volumes. This includes all Russian-origin crude (i.e. exclude Kazakh grades) and products loaded from Russian ports, regardless of whether it violates G7-EU-Aust price caps |
| 02 | Iranian Sanctions | 1.61 | 0.03 | Load date basis for 1H 2025 volumes. This includes all Iranian-origin crude loadings out of Iran, based on our latest and best information |
| 03 | Red Sea Attacks | 1.85 | 1.24 | Load date basis for 1H 2025 volumes through Bab El Mandeb. For full-year 2022 (pre-Houthi attacks), crude flows was 2.91 million b/d, refined products (including chemicals) flow was 2.97 million b/d |
| 04 | Hormuz Risks | 13.1 | 4.42 | Load date basis for 1H 2025 volumes through Strait of Hormuz. **S&P Global Commodity Insights base-case assumes no prolonged disruptions** |

## The ageing profile of Long Range I Tankers

### ICE LR2 75kt FFA contract starts trading



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## Top 9 Takeaways On Dry Bulk

## Navigating Opportunities In Uncertain Times

**1.**

**TRADE RESILIENCE HOLDS:** Despite weak coal, overall dry bulk trade remained flat near 5.5 billion tons, supported by bauxite growth and regional resilience, showing markets absorbed shocks better than expected through 2024.

**2.**

**INDIA ADJUSTS OUTPUT:** China's large steel exports pressured global pricing, forcing Indian steel producers to reduce production. This adjustment highlighted how oversupply from one region directly reshapes industrial output and trade balances elsewhere.

**3.**

**UNCERTAINTY IS CONSTANT:** From COVID to wars and Red Sea disruptions, uncertainty dominates shipping. While disruptive, it often creates profitable opportunities, reinforcing volatility as a built-in feature of global trade.

**4.**

**DE-GLOBALIZATION TREND:** Globalization is giving way to protectionism and regionalization. Tariffs, U.S.–China rivalry, and structural economic issues in China are driving shorter trade routes and reshaping the ton-mile equation for bulk shipping.

**5.**

**SUPRAMAX STRENGTH:** Supramax demand surprised markets with resilience, driven by shifting grain flows and intra-regional trade. This segment benefited most from de-globalization trends, supporting vessel earnings when larger sizes faced softer conditions.

**6.**

**PREDICTABLE SEASONALITY:** Capesizes and other bulk carriers returned to seasonal demand cycles, with Chinese port congestion easing. Market patterns normalized, producing fewer surprises and less volatility than initially anticipated in 2024.

**7.**

**SIMANDOU IMPACT LOOMS:** The Simandou iron ore project could add over 100 million tons of high-quality ore. Ramp-up will be gradual but ultimately reshape flows, primarily benefiting Chinese imports and bulk ton-mile demand.

**8.**

**GEOPOLITICS RESHAPE SUPPLY CHAINS:** Geopolitics, tariffs, and sanctions continue to reshape sourcing and routing. Supply chains face disruption, yet these shifts simultaneously create profitable arbitrage opportunities for well-positioned shipping operators.

**9.**

**DISRUPTION AS OPPORTUNITY:** Despite challenges from tariffs, wars, and sanctions, disruptions often enhance earnings. Volatility fuels profit opportunities, proving disruption remains integral to shipping's business model.

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