

PLATTS APPEC 2025 TOP 100 TAKEAWAYS FROM SINGAPORE



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Will China Keep Driving Up Excess Oil?



A LETTER FROM ASIA

“Energy Nationalism to Continue Fragmenting Markets into 2026”

By Sean Evers, Managing Partner, Gulf Intelligence

Oil Demand has a Hole in the Barrel

Energy markets are entering a turbulent period where traditional supply-demand signals no longer tell the full story. For decades, the industry relied on “total liquids” demand figures to guide strategy, assuming that crude oil would move broadly in step with GDP growth. That relationship has fractured. Up to 50% of demand growth now comes from natural gas liquids and biofuels, making crude-on-crude balances the only reliable indicator. This divergence matters because crude oil, not liquids broadly, remains the anchor of pricing power and OPEC+ strategy.

The most decisive swing factor is no longer OPEC output or U.S. shale, but China’s stockpiling habits. In 2025, China absorbed more than half a million barrels per day into storage — volumes greater than total global demand growth. Yet this pace is unsustainable. As tanks fill, any slowdown in Chinese buying will push excess crude into Atlantic Basin inventories, where benchmarks like Brent are set. This shift could depress prices far more rapidly than markets anticipate.

Meanwhile, OPEC+ is cautiously increasing production in smaller increments, but even modest additions risk tipping the balance into visible oversupply if Chinese demand eases. At the same time, U.S.

shale is facing a reckoning. Rig counts are down 25%, breakevens hover around \$60, and efficiency gains are plateauing. Should prices slip toward \$55, American output will plateau or decline by 2026, reducing the market’s most flexible source of supply. What’s at stake is the return of price formation power to a handful of players, with China’s storage strategy and OPEC’s restraint dictating global balances.

New Growth Engines and Shifting Demand Frontiers

If China’s transportation fuel appetite has peaked, the world must look elsewhere for growth. Gasoline and diesel in the world’s second-largest economy are flat to contracting, while incremental demand now stems from petrochemicals such as naphtha and LPG. This is a profound structural change. Refineries once built to serve booming mobility markets must now pivot toward supplying feedstocks for plastics and chemicals, altering both margins and trade flows.

India, however, is stepping into the spotlight. Long dismissed as “high growth on a low base,” India is now posting consumption levels that rival mature economies. Its two-wheeler fleet, rapid urbanization, and industrial expansion are driving oil demand, while its metals appetite — in copper, for example — is already as significant as the United States. Over time, India is poised to become the world’s demand anchor, replacing China as the marginal driver of growth.

Yet this demand story is clouded by the uneven progress of electrification. In the West, the electric vehicle revolution is stalling. Subsidies are being reduced, charging infrastructure remains patchy, and consumers are pivoting back toward hybrids. Europe’s initial over-exuberance has faded, while U.S. adoption depends heavily on federal incentives. China remains the outlier, where scale and industrial policy underpin EV penetration, but even there hybrids blur the impact on gasoline demand. For oil producers, the lesson is clear: peak demand will be delayed, and gasoline consumption may prove more resilient than the consensus suggests.

Meanwhile, global refining capacity is undergoing its own upheaval. Older plants, particularly in Europe, cannot afford the compliance costs of producing lower-sulfur, lower-carbon fuels. Rationalization and closures will accelerate, even as new Middle Eastern mega-refineries, with capacities approaching 400,000 barrels per day, cement their competitive advantage. Integration with trading arms and logistics flexibility allows these refineries to capture margins that older Western plants cannot. The refining map of the world is shifting decisively eastward.

Geopolitics, Fragmentation, and the New Rules of Energy Security

Beyond fundamentals, energy markets are being reshaped by a storm of political and geopolitical forces. Tariffs are perhaps the most immediate disruptor. U.S. trade barriers have jumped from 2.3% to 16% in a single year. Until now, companies absorbed most of the cost, but from late 2025 nearly two-thirds will fall on consumers. Since U.S. households account for 40% of GDP growth, this shift could undermine oil demand far more than current forecasts acknowledge. Global ripple effects will follow, with energy trade caught in the crossfire.

Energy nationalism is also fragmenting markets. Countries are prioritizing self-sufficiency and price insulation over global

efficiency, eroding the fungibility that once allowed commodity markets to adapt smoothly to shocks. This trend increases costs, raises volatility, and undermines trust in traditional supply chains. It also fuels the rise of parallel systems such as the “shadow fleet” of aging tankers, which now accounts for up to 20% of crude transport. Unless directly targeted by Western enforcement, this fleet will continue to facilitate sanctioned exports from Russia and Iran, embedding a gray market that is increasingly difficult to regulate.

Sanctions themselves are losing bite. Unless enforced against key buyers like China and India, they remain symbolic. Russia and Iran continue to move barrels through alternative trade corridors, often at discounts, but without being meaningfully constrained. The resilience of these flows exposes the limits of Western leverage and highlights the shift in energy geopolitics toward multipolarity.

Meanwhile, fiscal pressures are mounting on producers. Many need oil above \$90 per barrel to balance budgets, particularly those funding ambitious diversification projects. With prices drifting toward \$55–60, deficits loom. Some producers can cut spending, but others face destabilization. These fiscal strains could fracture OPEC+ unity and test the group’s ability to manage markets collectively.

In the background, artificial intelligence is quietly transforming the industry. From optimizing refinery operations to processing seismic data and embedding benchmarks into AI platforms like Co-Pilot and Alibaba Cloud, the technology is reshaping workflows. Firms that embrace AI integration will capture efficiency gains and decision-making speed; those that lag risk losing competitive ground.

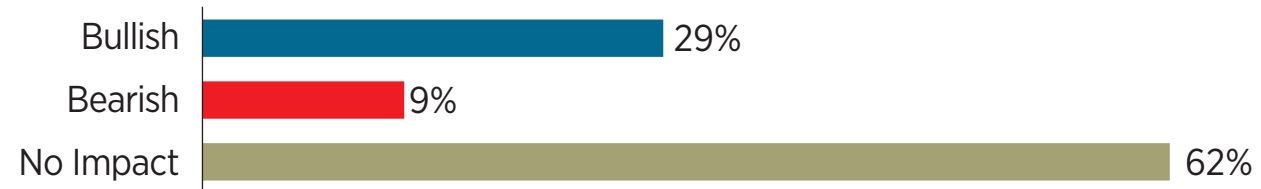
What’s at Stake

The global energy market is no longer a simple equation of OPEC supply versus OECD demand. It is a patchwork of diverging forces: China stockpiling oil while its transport demand plateaus; India rising as a new consumer giant; the U.S. shale sector vulnerable at \$55 oil; and refiners in Europe shutting down while Middle Eastern giants expand. Add tariffs, shadow fleets, sanctions loopholes, and energy nationalism, and the system becomes less efficient, less predictable, and more volatile.

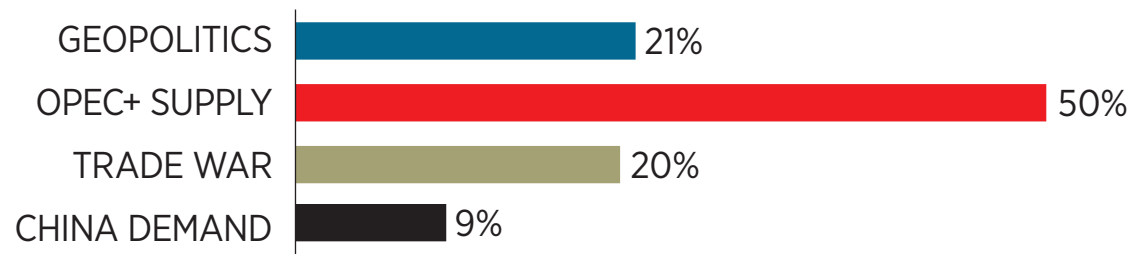
What’s at stake is nothing less than the credibility of global price formation and the resilience of supply chains. Policymakers, producers, and traders must adapt to a fragmented, multipolar market where benchmarks are set as much by Chinese inventory builds and Indian consumption as by OPEC decisions. For investors, the challenge is to navigate this complexity: betting on renewables without underestimating oil’s staying power; investing in AI and logistics to capture margins; and hedging against geopolitical shocks that can redraw flows overnight.

As 2026 approaches, oversupply colliding with weakening demand will not only test the resilience of markets but also the adaptability of institutions. Energy nationalism is no passing trend. It is embedding itself into the architecture of global trade, ensuring that fragmentation — and the volatility that comes with it — will define the energy system for years to come. ■

How will warmer relations between China & India impact Oil prices?



What will be biggest driver of oil prices through to end of the year?



(*nb. Polling conducted with 100+ Energy Market Stakeholders)



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Top 9 Takeaways from Low Yen Ling

Senior Minister of State, Ministry of Trade and Industry &
Ministry of Culture, Community and Youth, Republic of Singapore



1.

NAVIGATING TRADE, TECHNOLOGY, AND TRANSITION: The global energy sector faces turbulence from geopolitical uncertainty and the low-carbon transition, requiring coordinated navigation of trade, technology, and transition.

2.

GEOPOLITICAL TENSIONS & SUPPLY SHIFTS: The Russia-Ukraine war, U.S. tariffs, and shifting OPEC+ and non-OPEC supply dynamics are creating volatility. Oversupply from China and weaker demand have pressured margins, with Brent crude dropping to \$60/bbl in May 2025 before recovering to \$67.

3.

RECORD OIL SUPPLY GLUT PROJECTED: The International Energy Agency projects a record supply glut in 2026, with surpluses of around 3 million barrels/day, further complicating global energy markets.

4.

SINGAPORE AS A TRADING HUB: Energy trade through Singapore grew from US\$1.44 trillion in 2023 to US\$1.67 trillion in 2024, with a 5% increase in professionals. Singapore is strengthening its position as a “control tower” for Asia-Pacific operations.

5.

TECHNOLOGY & AI INTEGRATION: AI is reshaping energy and commodity trading. Examples include BHP's regional AI hub (opened May 2025) and Singapore's AI Singapore program, which funds projects up to \$180,000. AI applications include risk management, forecasting, and price prediction.

6.

SUSTAINABLE PRODUCTS EXPANSION: On Jurong Island, Singapore is expanding sustainable production. Akima opened the world's largest biocircular materials factory in July 2025, producing polymers with a lower carbon footprint.

7.

BIOFUELS LEADERSHIP: Singapore hosts the world's largest SAF (Sustainable Aviation Fuel) production facility, with biofuel trading revenue hitting \$1.5 billion in 2023. Its extensive trader network makes it a compelling biofuels hub.

8.

ALTERNATIVE MARITIME FUELS: As the world's largest bunkering hub, Singapore is preparing for a multi-fuel future. Ammonia is expected to account for a major share of bunker fuels by 2050, with strong industry interest shown by 26 proposals for ammonia bunkering projects.

9.

CARBON TRADING GROWTH: Singapore is developing into a carbon trading hub, now home to 150+ firms in carbon services—double the number from 2021. Major players like Shell, BP, ExxonMobil, Chevron, and Trafigura have set up carbon trading teams.



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Top 9 Takeaways from Dave Ernsberger Co-President, S&P Global Commodity Insights

1.

FRAGILE GLOBAL ECONOMIC GROWTH: Despite multiple uncertainties—such as shifting U.S. trade policies, inflationary pressures, and regional conflicts—the global economy continues to show resilience, though growth remains fragile.

2.

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Commodity Insights**

TRADE POLICY AND INFLATION RISKS: Unpredictable U.S. tariff policies are dampening global growth, while monetary policy shifts could worsen inflationary pressures worldwide.

3.

PERSISTENT REGIONAL CONFLICTS: Ongoing conflicts—including U.S.–Iran tensions, the Israeli–Iranian conflict, and the war in Ukraine—are fueling volatility but have not yet caused systemic breakdowns in global supply chains.

4.

RISE OF ENERGY NATIONALISM: Countries are increasingly prioritizing energy security and supply independence, which makes global markets less efficient and less flexible in handling disruptions.

5.

OIL MARKET OUTLOOK: Oil prices are projected to trend downward toward \$55 per barrel, driven by OPEC decisions, continued Russian oil supply, and oversupply risks. However, sanctions or supply disruptions could shift this outlook.

6.

OVERSUPPLY & NEGOTIATION CHALLENGES: The market is experiencing a once-in-a-decade oversupply in crude oil, creating challenges for supply-demand balance and requiring careful strategy in business negotiations.

7.

ENERGY TRANSITION OUTLOOK: The base case envisions coal demand declining sharply, while oil and natural gas continue playing critical roles. The transition is framed more as an “energy expansion” than a rapid shift away from hydrocarbons.

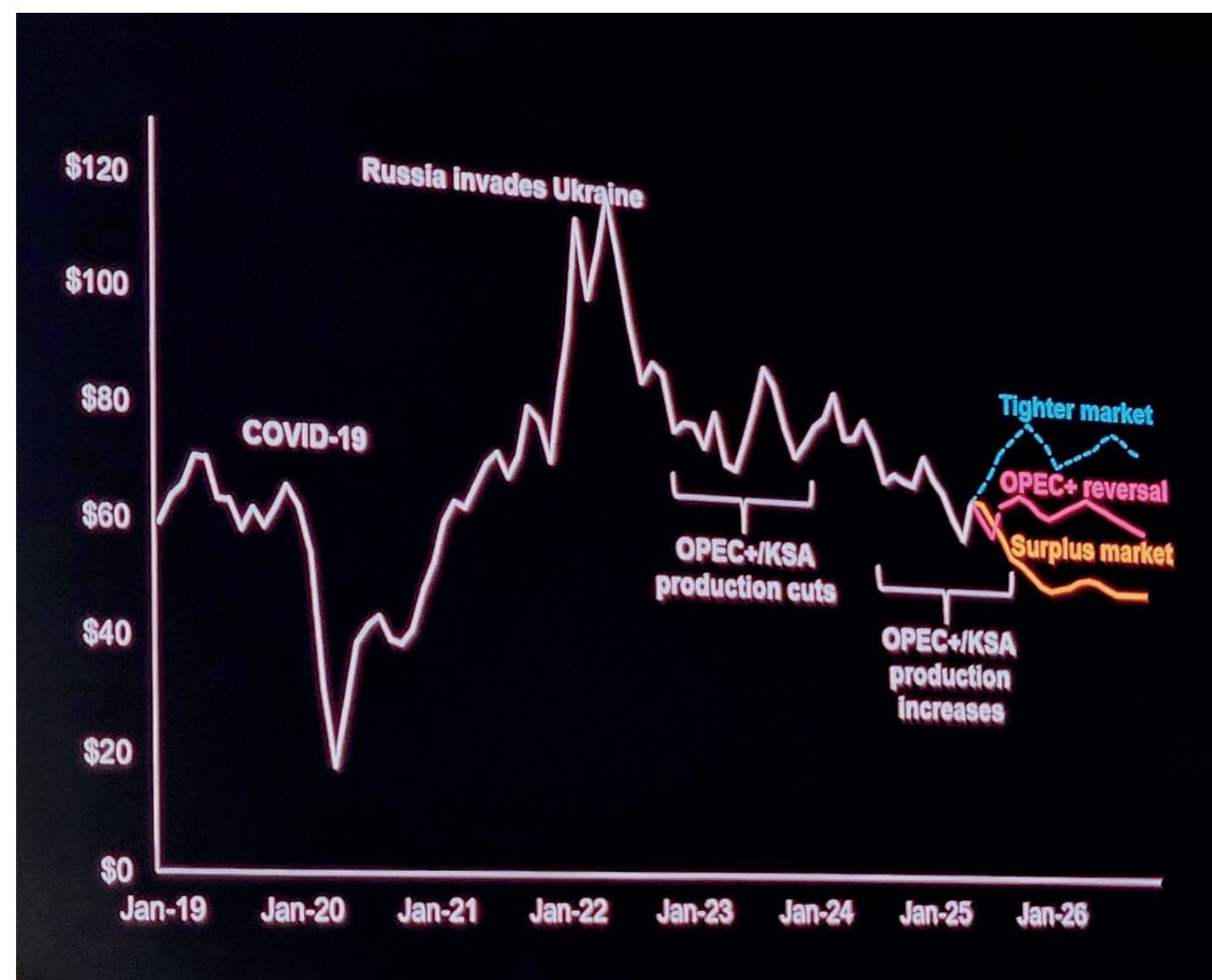
8.

ROLE OF RENEWABLES AND AI: Renewables are expected to expand significantly. Meanwhile, AI is increasingly shaping both energy demand and industry workflows, with data accessibility integrated into platforms like Microsoft Copilot, Alibaba Cloud, and AWS.

9.

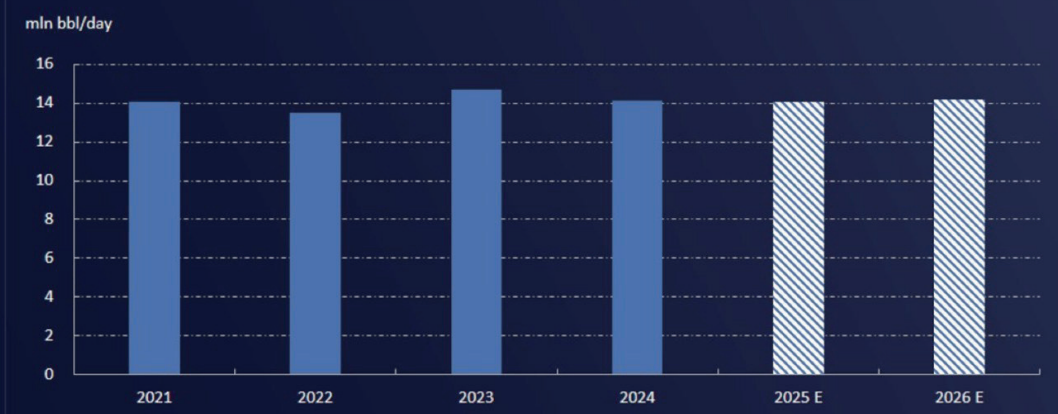
BENCHMARK DEVELOPMENTS: Key benchmark updates include continuing Murban’s importance as a deliverable crude for Dubai with adjusted quality premiums, reflecting how markets function today.

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China's Refinery Crude Runs to Inch Down in 2025

China's Crude Throughput, 2021-2026

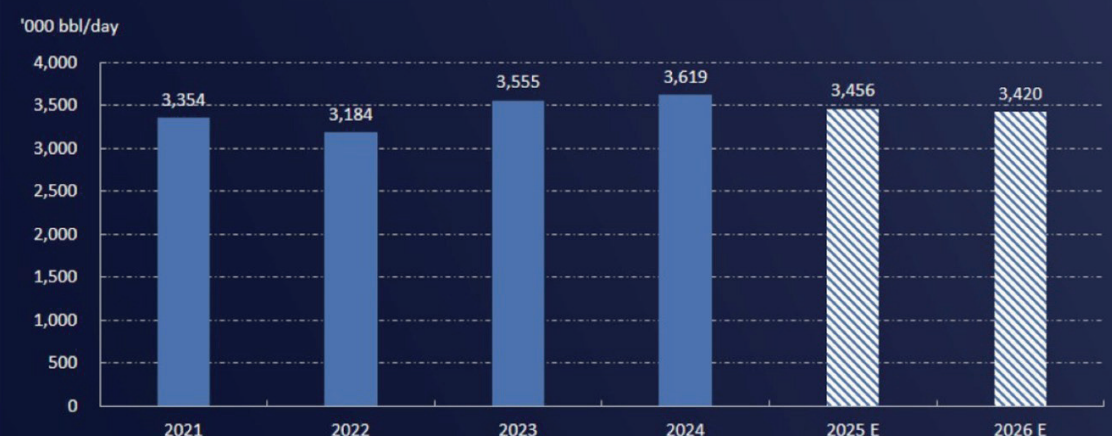


China's refining throughput is expected to drop to 14.08 million barrels per day in 2025, down 0.35% from 2024.



Forecast of China's Apparent Consumption of Gasoline

China's Apparent Gasoline Consumption, 2021-2026



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Top 9 Takeaways from Jim Burkhard Global Head of Oil Markets and Mobility S&P Global Commodity Insights

1.

OPEC+ PRODUCTION INCREASES: OPEC+ recently announced another supply hike of about 137,000 barrels per day, though the actual addition may be smaller. This follows a consistent pattern of modest increases. While not as large as earlier moves, the decision highlights the group's intent to expand production gradually despite ongoing concerns about fragile balances.

2.

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DISCREPANCIES IN OIL DEMAND ESTIMATES: Forecasts for global oil demand growth vary widely: some suggest 1.3 million barrels per day, others closer to 700,000. These differences highlight the complexity of measuring demand. Headline figures often mix categories and therefore lack precision when applied to crude markets, making them less suitable for understanding supply-demand fundamentals.

3.

TOTAL LIQUIDS VS. CRUDE OIL: Conventional demand numbers include natural gas liquids and biofuels alongside crude. Nearly 20% of this "oil barrel" is not crude oil. This blending of categories distorts market assessments. For clearer analysis, crude oil must be separated from alternative fuels derived from corn, sugarcane, and gas, which behave differently.

4.

SHIFT SINCE 2010: Since 2010, more than half of global oil demand growth has been driven by non-crude sources such as biofuels and natural gas liquids. This structural shift makes "total liquids" numbers less reliable indicators of crude conditions. Market analysts must recognize how demand growth increasingly comes from outside crude oil.

5.

IMPORTANCE OF CRUDE-ON-CRUDE BALANCE: A crude-on-crude balance provides a sharper lens into market dynamics by isolating crude supply and demand from broader liquids. This approach avoids distortions caused by alternative fuels and offers a more accurate foundation for evaluating surpluses, pricing pressure, and overall fundamentals in a global oil market experiencing structural changes.

6.

CHINA'S INVENTORY BUILD-UP: China has been stockpiling crude at a remarkable rate of about 530,000 barrels per day, surpassing total global demand growth. This surge in inventories has been pivotal in absorbing excess supply during 2025, particularly in the second quarter, keeping the market more balanced even as OPEC+ output expanded.

7.

SCALE OF CHINESE INVENTORIES: China now holds an estimated 1.4bn barrels of crude oil, more than the United States. This vast accumulation highlights the country's outsized role in global balances. Its ability to absorb surplus volumes has helped stabilize pricing, reinforcing China's importance as a key swing factor in global oil markets.

8.

RISKS IF CHINA SLOWS PURCHASES: Should China reduce stockpiling to nearer 200,000 barrels per day, the surplus currently absorbed will shift elsewhere. This excess will likely move into Atlantic Basin inventories, which significantly influence global pricing benchmarks. A slowdown in Chinese buying could trigger downward price pressure and challenge OPEC+ strategies to manage supply.

9.

NEAR-TERM OUTLOOK: The market outlook hinges on China's stockpiling behavior. Continued rapid inventory growth would help contain surpluses, while a slowdown would release excess into other regions. Meanwhile, OPEC+ is pressing ahead with gradual production increases, leaving China's role as the critical determinant of balance, stability, and price trends in 2025.

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Top 9 Takeaways from Frederic Lasserre
Global Head of Research & Analysis, Gunvor Group



1.

CHINA NOT THE ABSORBER: China cannot absorb the full global surplus. Even if stockpiling rises, the magnitude falls far short of solving the forecasted 2-3 million barrels per day excess in the first half of next year.

2.

HEDGING IN U.S. SHALE: US producers have hedged heavily when prices spiked due to geopolitical risk. This cushions near-term exposure but delays any meaningful supply response, reducing the likelihood of quick adjustments to balance markets.

3.

SANCTIONS LIMITATIONS: Sanctions on Russia or Iran will have limited effect unless China and India participate. Without their cooperation, restrictions risk being rhetorical, as these countries remain willing buyers of sanctioned crude.

4.

STORAGE FLEXIBILITY IN CHINA: China's crude stock build is constrained only by storage capacity. With fill rates at around 60%, it has room to absorb more barrels if prices drop, offering a buffer but not a total solution to global oversupply.

5.

EAST OF SUEZ STRENGTH: East of Suez markets, particularly Asia, remain stronger than expected. Refinery runs in China, Japan, and Southeast Asia are higher than projected, keeping flows well supported and boosting Asian resilience against oversupply.

6.

REFINING MARGINS TIGHTNESS: Despite crude oversupply fears, refining margins remain tight. Refineries face constraints that sustain high product cracks, creating strong downstream profitability even as upstream fundamentals appear loose.

7.

GEOPOLITICAL PRICE RISKS: Markets hesitate to short crude heavily because geopolitical risk remains high. With unresolved tensions around Russia and Iran, sudden political moves could trigger sharp price spikes, deterring aggressive bearish positioning.

8.

TARIFF SHOCK UNDERESTIMATED: U.S. tariffs have jumped from 2.3% to 16% in one year. The economic drag is underestimated, with likely deeper impacts on global trade and oil demand than current forecasts capture.

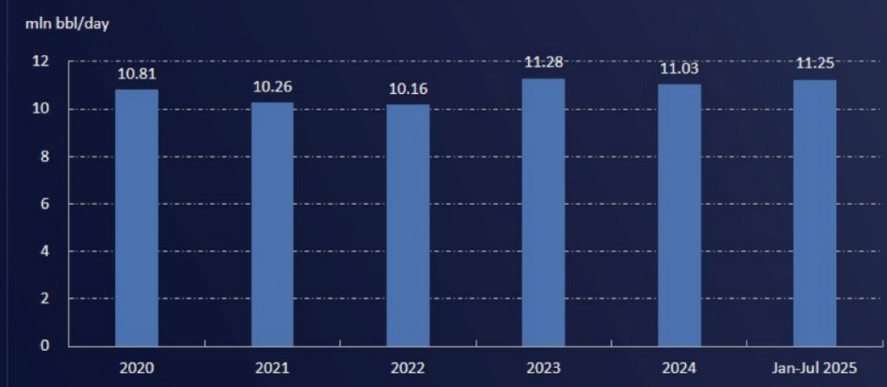
9.

CHINESE DEMAND SHIFTS: China's gasoline and diesel demand appears flat to contracting, with growth shifting toward petrochemical feedstocks like naphtha and LPG. This structural pivot complicates global balances and challenges assumptions of traditional fuel growth.



China's Crude Oil Imports Grow in Jan-Jul 2025

China's Crude Oil Imports, 2020-2025

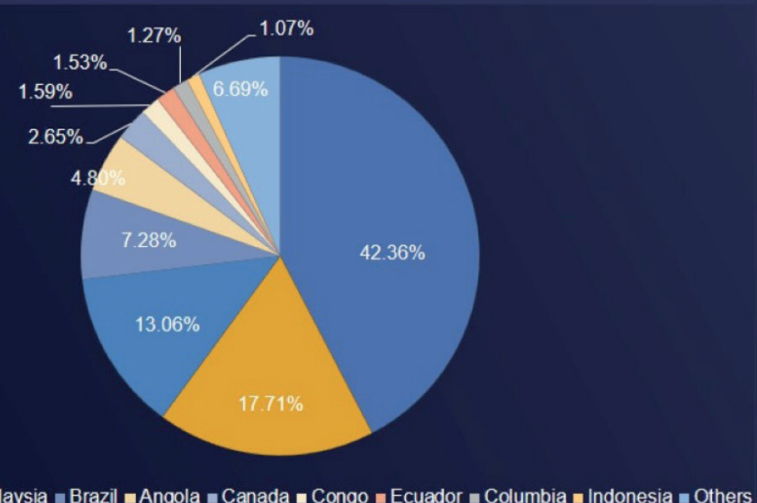


- China's crude oil imports gained 3.25% to about 11.25 million barrels in the first seven months. August imports continued to grow, hitting 11.66 million barrels per day.



China's Crude Oil Imports by Source in Jan-Jul 2025

China's Crude Imports by Source, Jan-Jul 2025



■ Middle East ■ Russia ■ Malaysia ■ Brazil ■ Angola ■ Canada ■ Congo ■ Ecuador ■ Columbia ■ Indonesia ■ Others



PLATTS APPEC 2025 Top 9 Takeaways from Saad Rahim Chief Economist, Trafigura

Trafigura

1.

DEMAND UNCERTAINTY: Global demand growth projections are insufficient to absorb the anticipated surplus. Even if revised upward, forecasts fall short of covering the supply growth expected in the near term, making it hard to see demand as a true offset.

2.

U.S. PRODUCTION LAG: US shale supply won't respond immediately to price drops due to lagging effects of capex cycles and rig counts. While current production holds, a stall and potential decline could emerge within 6-8 months if prices weaken.

3.

FISCAL BREAKEVEN CHALLENGE: Many oil producers face fiscal breakeven prices well above current levels, particularly in countries like Saudi Arabia, Algeria, and Nigeria. Sustained lower oil prices pose fiscal risks despite some producers' ability to scale back discretionary spending.

4.

SHADOW FLEET EXPANSION: As sanctions and restrictions grow, the share of global oil shipping reliant on the shadow fleet has expanded, now possibly near 20%. This parallel fleet allows sanctioned crude to move, and unless cracked down upon, it will likely continue.

5.

INDIAN RESILIENCE: India remains steadfast in purchasing Russian oil despite sanctions pressure. Even if flows shift slightly, India has signaled commitment to Russian imports, reflecting both economic pragmatism and geopolitical alignment.

6.

INVENTORY ABSORPTION RISKS: If Chinese stockpiling slows, the market surplus will surface elsewhere. The Atlantic Basin would bear much of the excess, threatening price stability and underscoring China's central role in global balances.

7.

TARIFF AND US CONSUMER IMPACT: Tariffs are beginning to shift burden from companies to U.S. consumers. With consumers driving 40% of GDP growth in recent years, the full impact of tariffs could weigh heavily on demand, particularly for oil-linked products.

8.

INDIA AS DEMAND ENGINE: Unlike China, where demand may plateau, India's oil consumption is set to expand. Strong growth in two-wheelers, metals, and urbanization makes India a critical driver of future demand, rivaling China's past role.

9.

EV POLICY AND TARIFFS IN US: Electrification in the U.S. faces headwinds. Removal of EV tax credits and high tariffs on key materials undermine adoption. Hybrids are filling part of the gap, but uncertainty in industrial policy weakens the momentum of EV uptake.



PLATTS APPEC 2025

Top 9 Takeaways from Alexander van Veldhoven Group Chief Strategy Officer, Bapco Energies



1.

REFINERY EXPANSION STRATEGY: The refinery is being modernized and expanded from 265,000 to nearly 400,000 barrels per day. Most units are operational, with full commissioning expected soon. The strategy builds on competitive location advantages, supplying East Africa and Asia, while forming new partnerships to enhance market access and strengthen long-term positioning.

2.

LOCATION AS ADVANTAGE: Geography remains central to competitiveness. Middle East refineries, including his, benefit from proximity to Asia and East Africa, enabling efficient product flows. While global margins may be pressured, location secures access to resilient demand centers, making exports viable even in a bearish environment for refining margins.

3.

PARTNERSHIP WITH TOTAL: A joint venture with Total integrates trading expertise with refining and logistics assets. The partnership moves beyond selling FOB into deeper value-chain participation. This shift creates additional value from recent large-scale investments, ensuring market flexibility while retaining the ability to serve smaller, niche segments.

4.

PETROCHEMICAL STRATEGY: Caution. There is interest in moving into petrochemicals, given growing demand tied to GDP. However, large capex risks and cyclical shocks in capacity additions make timing critical. While petrochemicals will continue expanding, investment decisions must carefully balance growth opportunities with risks from uncertain markets and heavy capital requirements.

5.

RATIONALIZATION OF GLOBAL REFINERIES: Globally, refining closures and consolidations are accelerating. Regulatory pressures for cleaner fuels, carbon reduction, and sulfur cuts raise compliance costs. Older refineries unable to adapt will struggle, leading to more shutdowns or conversions. This structural trend supports modern, flexible refineries but underscores the growing divide between new and aging assets.

6.

REGULATORY COMPLIANCE COSTS: Meeting new environmental standards requires significant investments in technology and upgrades. While advanced refineries can absorb these costs, many older facilities face unsustainable expenses. This drives consolidation globally and reshapes the competitive landscape, rewarding players who invested early in cleaner, more flexible operations.

7.

AI AND DIGITAL TRANSFORMATION: Artificial intelligence and machine learning are being applied pragmatically in refinery operations. Use cases include optimizing unit communication, reducing costs, and improving margins. Partnerships with global tech firms extend into seismic analysis, using AI to process vast datasets. The focus is on practical, value-delivering applications rather than speculative projects.

8.

EMPLOYEE-DRIVEN INNOVATION: Innovation initiatives encourage employees to identify processes where big data and AI can enhance efficiency. This bottom-up approach fosters practical improvements and ensures technology adoption delivers measurable benefits. Rather than broad, unfocused research, the emphasis is on actionable, small-scale projects with clear operational gains.

9.

LONG-TERM COMPETITIVENESS: By combining refinery modernization, trading partnerships, regulatory compliance, and selective technology adoption, the company positions itself for resilience. While margins remain pressured globally, integrated strategies that link refining, logistics, and trading ensure flexibility. Future moves into petrochemicals or expanded trading will depend on careful timing and risk management.



SHIPPING
& BUNKER

SHIPPING IN GEOPOLITICAL WORLD



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



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

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.

CONFIDENCE-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

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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.

PLATTS APPEC 2025

Top 9 Takeaways from Sameer Mohindru Senior Editor, Asia Shipping Market Data 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.

S&P Global
Commodity Insights

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.

S&P Global Commodity Insights

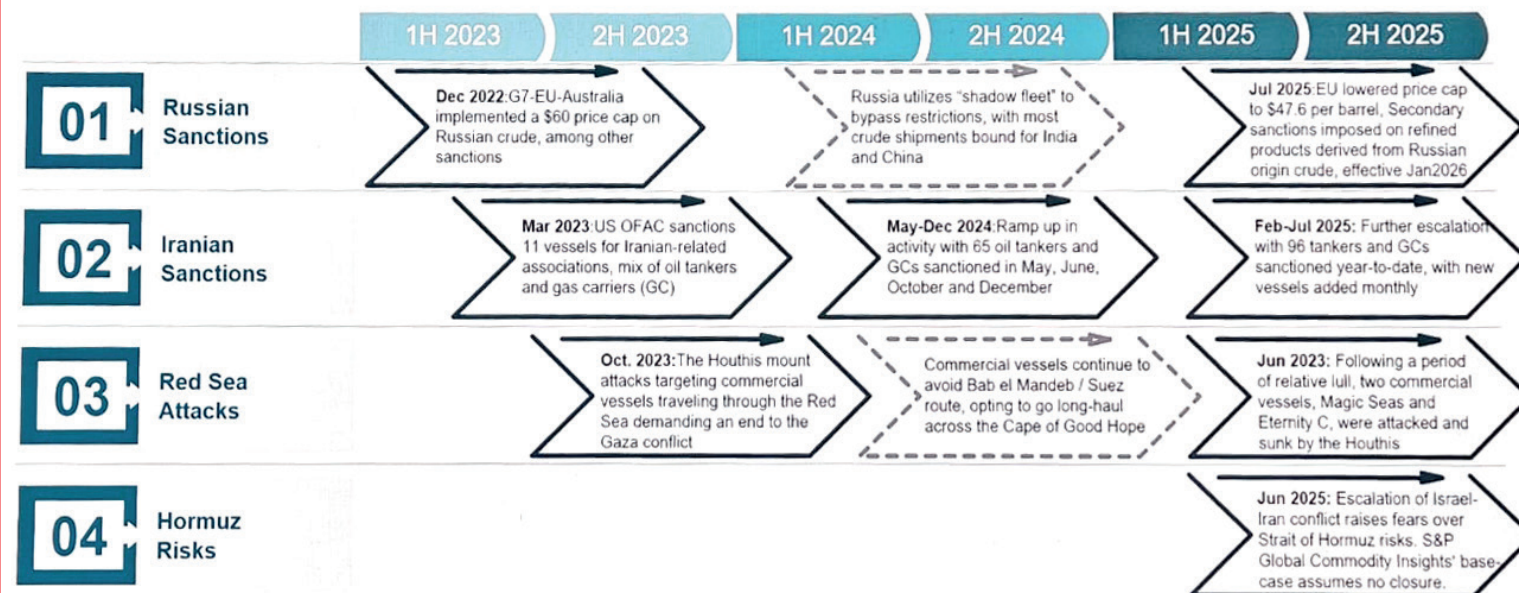
Commodities at Sea

Oil trade flows, disrupted



Commodities at Sea

Previous disruptions remain unresolved, even as new ones emerge





OB RESEARCH BRIEFING – APPEC 2025

Top 9 Takeaways from Anoop Singh Global Head of Shipping Research Oil Brokerage

OB Oil Brokerage

1.

TARIFFS AND TRADE SHOCKS: The introduction of U.S. tariffs under the Trump administration disrupted what had been an optimistic global economic outlook. The IMF had projected steady global GDP growth, but the April announcement triggered downward revisions in both growth and oil demand. The shipping sector, heavily exposed to these macro shifts, faced immediate implications as trade flows adjusted under stress.

2.

ECONOMIC COMPENSATION EFFECTS: Anoop emphasized that global trade behaves like a human body — when pressure is applied in one area, compensation emerges elsewhere. Despite tariffs, compensating forces like fiscal expansion and a depreciating U.S. dollar supported oil-intensive growth. These dynamics benefited shipping by sustaining demand in unexpected ways, even as headline growth slowed.

3.

CHINA'S MIXED TRAJECTORY: While China's economy slowed due to waning stimulus effects and property sector weaknesses, Anoop argued momentum would likely hold for 8–9 months. Calls for further stimulus were expected by 2026, but near-term resilience remained. For shipping, this meant continued strong crude demand from Asia, keeping tanker utilization high despite global uncertainty.

4.

DIRTY TANKER DEMAND: Dirty tanker demand fell sharply last year, dropping around 5%, but Anoop forecast a recovery with a strong finish to the year, leaving demand slightly positive. Tanker utilization, a key profitability driver, correlates closely with shipping indexes, suggesting improved fundamentals. He stressed this rebound was critical after two years of underperformance.

5.

UNEXPECTED SUPPLY DYNAMICS: Despite record-high order books — the largest in over a decade — effective tanker supply shrank by 4%. This paradox arose due to vessel sanctions, storage reassignments, and inefficiencies. Sanctioned or sidelined ships no longer contributed to active fleets, tightening supply even as deliveries surged, creating near-term bullishness for rates.

6.

IMPACT OF SANCTIONS: Sanctions, particularly from the EU and UK on Russian-linked vessels, reshaped tanker markets. While some ships migrated into Russian trades, others ended up in floating storage, effectively reducing available supply. With more sanctions expected in 2026, Anoop noted that restrictions would continue tightening usable fleet numbers, amplifying volatility in freight rates.

7.

DIRTY TANKER OUTLOOK: Crude trade demand strongly correlates with crude production, with an 80% quarterly correlation. With OPEC and non-OPEC producers increasing output, tanker demand is poised to rise. Longer voyage distances, particularly from Western supply sources like Brazil, also support demand. This structural link between production and trade gives shipping a clearer forward view.

8.

OPEC CUTS AND TRADE FLOWS: OPEC supply cuts tend to localize trade, reducing westbound barrels and restructuring flows. This dynamic increases demand for Aframax and Suezmax tankers, which specialize in regional routes. Conversely, as OPEC unwinds cuts, more barrels re-enter global markets, boosting long-haul crude flows. Both scenarios provide tanker markets with opportunities for higher utilization.

9.

CHINA'S STORAGE AND DEMAND POTENTIAL: A key question is how long China can continue absorbing oil. Observable commercial inventories suggest ample capacity, with substantial storage added since COVID. As long as prices remain favorable, China can keep buying, supporting global tanker demand. This flexibility in storage acts as a buffer, sustaining flows even amid global imbalances.



PLATTS APPEC 2025

Top 9 Takeaways from Clarence Barboza Managing Director, Asia-Pacific, Japan & China Cisco

1.

CROSS-INDUSTRY IMPACT: AI is not confined to one sector—it is transforming every industry simultaneously. Within companies, it cuts across functions from operations and compliance to HR and revenue generation. This universal impact makes it critical for businesses to adapt quickly or risk falling behind.

2.



INFRASTRUCTURE AS A FOUNDATION: Digital infrastructure forms the bedrock of AI deployment. Without reliable, scalable systems, companies cannot benefit from AI's power. Clarence emphasized that organizations must evaluate their current infrastructure and proactively modernize it to be "AI-ready," ensuring resilience and scalability for the future.

3.

SECURITY IMPERATIVE: One of the biggest concerns in AI deployment is data security. Organizations must protect confidential information from being exposed to public AI systems or external threats. Building secure pipelines, governance policies, and access controls is fundamental for sustainable AI adoption across critical industries.

4.

PREDICTIVE MAINTENANCE VALUE: Predictive maintenance has emerged as one of the earliest and most secure use cases for AI. By identifying failures before they occur, companies save significant costs and reduce downtime. This use case also allows firms to benefit from AI without exposing sensitive operations externally.

5.

LEGACY WORKFLOW CHALLENGE: Many existing energy workflows and infrastructure were built decades ago, making integration with modern AI systems difficult. Aligning outdated processes with AI requires not just technical upgrades but also organizational change, adding layers of complexity to adoption strategies.

6.

SOCIO-TECHNICAL BARRIERS: AI adoption is not just technical but also cultural. Issues of trust, privacy, and employee adaptation shape how smoothly AI is embedded. Organizations must balance technical deployment with strategies to address human concerns and change entrenched patterns of work.

7.

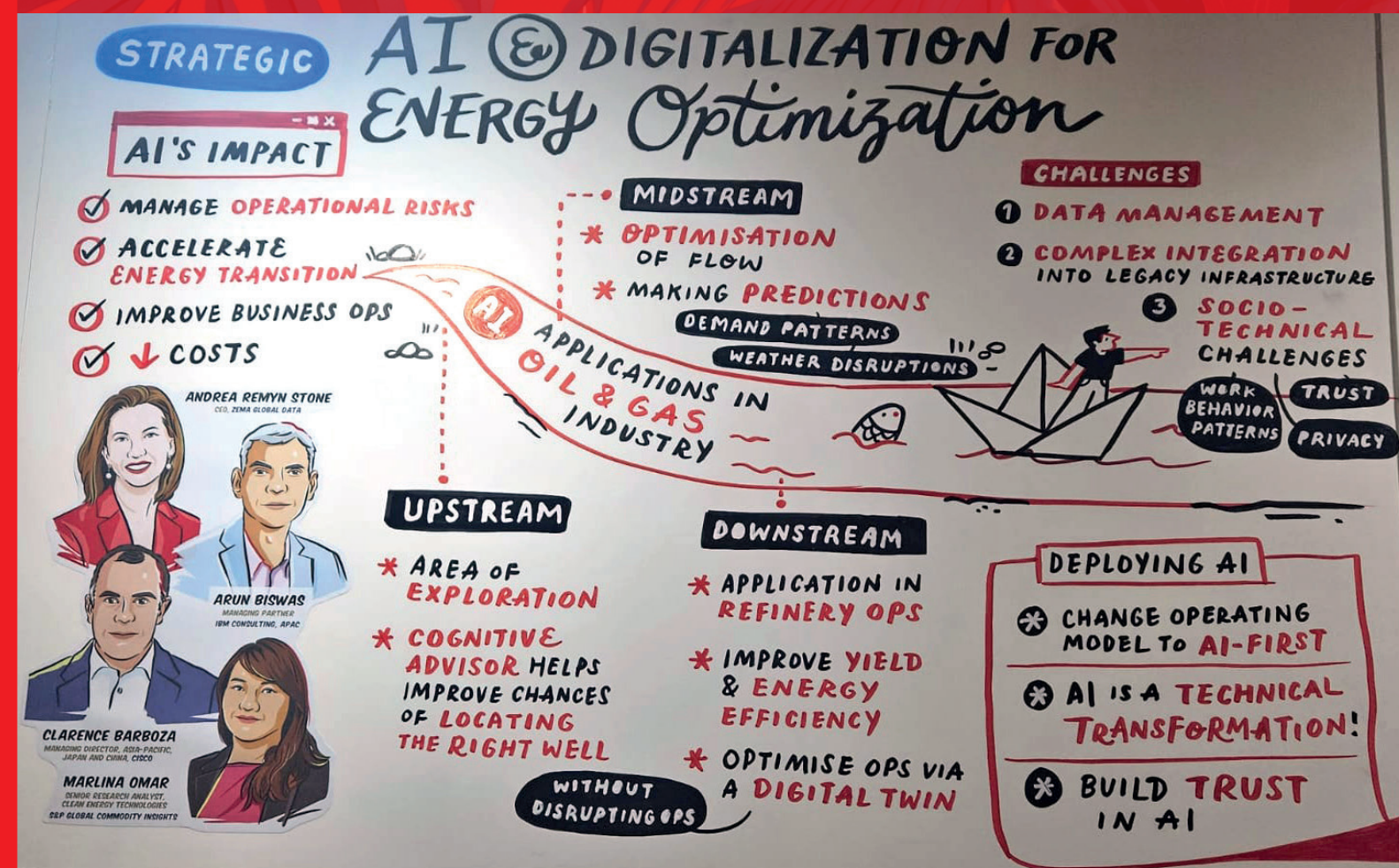
JOBS DISRUPTION AND CREATION: AI will both eliminate and create jobs. Workers with AI knowledge will thrive, while others may face displacement. Continuous learning and reskilling are essential, making workforce adaptability a central element of successful AI integration in industries like energy.

8.

AI CHAMPIONS: Identifying and empowering "AI champions" within organizations can build trust and drive adoption. These individuals demonstrate value through practical examples, showing peers that AI is not a threat but an opportunity to improve efficiency, cut costs, and enhance decision-making.

9.

HYBRID FUTURE OF WORK: Future workflows will increasingly combine humans, bots, and automated systems. Employees may initiate tasks that robots complete, with AI providing checks and optimizations. This hybrid model requires new approaches to collaboration between people and machines, redefining the nature of work itself.





PLATTS APPEC 2025

Top 9 Takeaways from Andrea Remyn Stone Chief Executive Officer, Zema Global Data



1.

DATA AS A FOUNDATION: AI adoption begins with data quality. In commodities and energy, data complexity—from inconsistent government statistics to unstructured sensor feeds—makes preparing “AI-ready” datasets extremely difficult. Unless companies invest in standardization and interoperability, AI tools cannot be trusted to produce consistent or actionable outcomes.

2.

DATA VOLUME AND VARIABILITY: The explosion of data volume, variability, and granularity—particularly in real-time operations—creates major challenges. As sensors proliferate and new variables enter the system, data pipelines struggle to handle the pace and quality required for AI. Without solving this, AI applications remain limited in accuracy and reliability.

3.

EFFICIENCY BEFORE AUTONOMY: Most firms are using AI for incremental efficiency gains rather than full autonomy. For example, automating risk analysis or anomaly detection. Trust in AI’s ability to make complex decisions without human oversight remains low, reflecting caution in an industry where errors carry high financial and safety costs.

4.

ANOMALY DETECTION: By analyzing diverse data sources—operational sensors, weather forecasts, government inputs, and broker pricing—AI can identify anomalies and predict data gaps before they disrupt operations. This is vital in energy trading and production, where incomplete or flawed data directly undermines risk management and decision-making processes.

5.

TRADING RELIABILITY: Around 30% of critical trading outages in the industry stem from data shortfalls. AI applications that detect and compensate for these gaps significantly reduce outages, helping companies avoid operational delays and financial losses. This use case demonstrates AI’s immediate, practical value in maintaining trading system resilience.

6.

FASTER ANALYTICS: AI transforms analytics by enabling “lightning moves”—risk assessments that once took hours or days now occur intraday. While these may sacrifice some accuracy, the speed offers critical competitive advantages. Timely directional insights can empower companies to act in volatile markets before competitors respond.

7.

COMPLEX OPTIMIZATION: AI thrives in multivariate optimization, tackling problems with countless variables that exceed human analytical capacity. In energy production and distribution, this allows for fine-tuned efficiency, where patterns invisible to humans become the basis for significant operational improvements and financial returns.

8.

AI-FIRST STRATEGY: Companies that succeed in AI adoption prepare by cleaning data, upgrading infrastructure, and adopting an AI-first approach. Rather than treating AI as an add-on, they embed it into workflows, enabling rapid adoption of new frameworks and staying competitive as tools evolve.

9.

CROSS-DISCIPLINARY COLLABORATION: Evolving AI systems demand closer cooperation between data strategists, technologists, and operational experts. Security, infrastructure, and business logic must align for AI to deliver results. This cross-disciplinary collaboration ensures that AI systems are not only powerful but also trustworthy and scalable across organizations.



PLATTS APPEC 2025

Top 9 Takeaways from Arun Biswas Strategic Engagements Leader IBM Consulting, APAC



1.

LIMITED FULL DEPLOYMENT: Despite growing enthusiasm, only about 5% of oil and gas companies have fully integrated AI into their operations. The majority remain stuck at the pilot or exploratory stage, reflecting hesitancy and structural barriers. This shows that while AI’s potential is widely acknowledged, large-scale adoption across the sector is still limited.

2.

BROAD APPLICATION ACROSS VALUE CHAIN: AI is being used in almost every segment of the oil and gas value chain: 40% in upstream, 30% in midstream, 40% in downstream refining, and 30% in retail. This indicates that while usage may not be comprehensive, companies are experimenting across multiple areas rather than restricting AI to niche projects.

3.

OPERATIONAL GAINS: The most common applications include asset optimization, efficiency gains, customer experience enhancements, and improved safety protocols. These uses allow firms to squeeze greater productivity from existing assets and processes. By cutting inefficiencies and strengthening safety, AI is not just saving money but also protecting reputations and licenses to operate.

4.

MEASURABLE IMPACT: The numbers speak clearly: companies using AI report up to 18% cost savings, 15% reductions in capital expenditure, a 7% improvement in uptime, and about 15% lower carbon emissions. These tangible benefits make the case that AI is not just hype but already generating meaningful results in today’s energy operations.

5.

PREDICTIVE MAINTENANCE SUCCESS: One Middle Eastern energy company implemented AI-driven predictive maintenance across its priority assets and achieved 90% accuracy in predicting failures. This shows that predictive maintenance is not a speculative idea but a proven, mature AI use case with significant impact on operational efficiency, asset longevity, and carbon reduction.

6.

EXPLORATION EFFICIENCY: In upstream exploration, companies often drill several costly wells before finding a productive source. AI can dramatically improve the odds by processing vast and complex subsurface data, serving as a “cognitive advisor” for geoscientists. This reduces wasted billions in drilling and accelerates the path to discovery.

7.

MIDSTREAM OPTIMIZATION: AI also shines in midstream logistics, where one oil major managed 100 tankers across 45 ports. By integrating demand, weather, and disruption variables, AI optimized routes and operations far beyond human capability. This ability to model countless scenarios ensures cost savings, efficiency, and resilience in global energy transport.

8.

DOWNSTREAM REFINING GAINS: In downstream refining, AI improved high-value product yields like gasoline by 3–5% and raised energy efficiency by 15–20%. With digital twins of entire refineries, operators can now test variables virtually without disrupting live processes. These efficiencies compound into huge cost savings and environmental benefits across large-scale refining systems.

9.

GOVERNANCE AND TRANSFORMATION: Scaling AI is not about deploying isolated tools but reimagining workflows with an AI-first mindset. Governance frameworks are critical to mitigate risks such as bias, hallucinations, or regulatory violations. Success requires combining technology with business transformation, retraining people, and building trust in AI-enabled decision-making.



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