HARTLAND
SHIPPING SERVICES

11 April 2025

WEEKLY COMMENTARY

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… When Two Tribes Go To (Trade) War…

Source : Statista

*This has been reported across the media, e.g. FT "Why did Donald Trump buckle?". Treasury Secretary Bessent is supposedly the adult-in-the-room looking to moderate the more protectionist instincts of trade advisor Navarro, who previously had Trump's ear.

^Interesting reading on the insistence of some to see a strategic masterplan behind Trump's actions.: Janan Ganesh "*The hopeless search for Trump's cunning plan*" – FT.

**In 2018 the respective figures were: ASEAN-5 $319bn, USA $478bn. These are nominal dollar amounts. After taking into account inflation, sales to the US have actually fallen, whilst to the ASEAN-5 they have grown rapidly.
ASEAN-5 = Indonesia, Malaysia, Philippines, Thailand and Vietnam.

Note: whilst the US holds leverage over China as a major importer. China clearly has some leverage over the US as the second largest owner of US Treasuries (gov. bonds). Bloomberg reports that contrary to some rumours, China has not been dumping these Treasuries.

^^In recent years there has already been a trend for factories to relocate production or assembly from China to Mexico, Vietnam and other parts of SE Asia. These ultimately use components manufactured in China. With 10% tariffs in place on most of the world, and 145% on China, this trend will only accelerate. Furthermore, the enormous tariff arbitrage will see some re-ship finished goods from China via these nations. This transhipment and congestion could shield container markets from the pain of lower volumes.

*** Reuters have reported this week that initial plans for port fees on Chinese-built ships are expected to be watered down. *"US considers adjusting port fee plan for Chinese vessels after pushback, sources say"* – Reuters.

POINTS OF VIEW

Master of the bluff, bottlejob or buffoon? Either way, Trump has paused the strike on global trade and instead is just taking aim at his favourite punchbag, China. The main question since Liberation Day has been whether he really intended to sever all trade ties, or just those to China. For financial markets this was a choice between the bad and the down-right ugly. Raising tariffs to 145% on China but stepping back from the brink with a 90-day pause and "just 10%" for the rest, suggests the former. But are we certain? How much does he now want from the world in return? Will it just be token changes that see existing trade relationships largely preserved, but with counterparties buying a few more hydrocarbons and building the odd factory in the rust belt? Or does he still dream of reindustrialising at the expense of parts of Asia, some of whom are notionally US allies? Reports say Trump really was happy to blow up all of America's trade relationships until the bond market spooked him.*

Some insist on finding order in Trump's actions.^ If there is a bold and cunning plan it is surely: isolate China from the world, then bring it to the table. Any signs of RMB devaluation will be seized upon as manipulation. We will see a surplus of Chinese goods globally, made for the US but now priced-out. Accusations of dumping are inevitable. World leaders will beam as they sign new deals with the US. Paying the danegeld, behind the smile there will be little faith these can last. Mexico and Canada did deals with Trump 1.0 and learnt the hard way. Strong-arming and isolating China is easier said than done. Most countries do not want, or are unable, to cut off China. It is becoming less reliant on the US, selling more to both the EU and the ASEAN-5 than to the US. In 2024, China sold $587bn of goods to the ASEAN-5 and $478bn to the US, this gap is widening.** It now dominates green energy and critical mineral supply-chains. The government has kept its fiscal powder dry for the last two years as markets begged it to aid the domestic consumer. Now is surely the time.

Like financial markets, shipping had more to fear from a US against the world trade war, than a US-China rift. The former threatens a global recession and collapse in volumes. Albeit we still face a scenario where relations between the world's two major economies are at rock-bottom. The difference between 145% and 54% tariffs is irrelevant, the lower destroys almost all bilateral trade, the upper kills the final dregs. It is an old cliché in shipping that disruption and volatility are welcome as they create freight market spikes. True, but in this case, it is worth noting that US-China trades are about as long-haul as possible. Container trades will initially lose around 5% of volumes, but much can be reshuffled and may even get a temporary boost as tariff arbitrages are created.^^ They will pray in the meantime that Trump sees sense in negotiations elsewhere. China-US drybulk trade is almost non-existent and in the opposite direction the US should be able to find new buyers for its cargoes, with the tricky exception of soybeans. China can easily find new providers. US-China oil flows have already petered out in recent months, but gas flows are enormous (especially LPG), but there are just about enough alternative exporters and importers to allow a reshuffling of global flows. This does not mean that all is rosy. The world will be poorer from a total US-China decoupling. Demand destruction in both economies will show up in China's role as the top importer of all commodities. Likewise, the uncertainty Trump has unleashed means anyone building a factory anywhere in the world, will be pausing for thought. At some point that means less cargo.

Shipping market players are news addicts nowadays. Demand analysis based on fundamentals is almost redundant as the post-Cold War geopolitical and economic order collapses. Trump is just an accelerant. The next item leading the news might be the US-Iran nuclear talks. Anything seems possible, from a full détente to all-out war. The implications for oil prices and shipping lanes with Iran's coded threats to the Strait of Hormuz, are obvious. We also await clarity on US port fees on Chinese-built ships, but the indications are that the most ruinous elements of the proposals will be diluted. Somewhere beneath the tariffs and the port fee proposals, there is a kernel of truth.*** If China is truly an existential rival, then the US must address its industrial Achilles heel. Its steel production is 8% of China's, shipbuilding 1%. It would be a strategic error for the US to keep burning its good-will with South Korea and Japan, who could lend a hand on this long and expensive journey.

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Dry Cargo Chartering

The **BDI** concluded the week at 1,274 points, down 215 from 7 days previously.

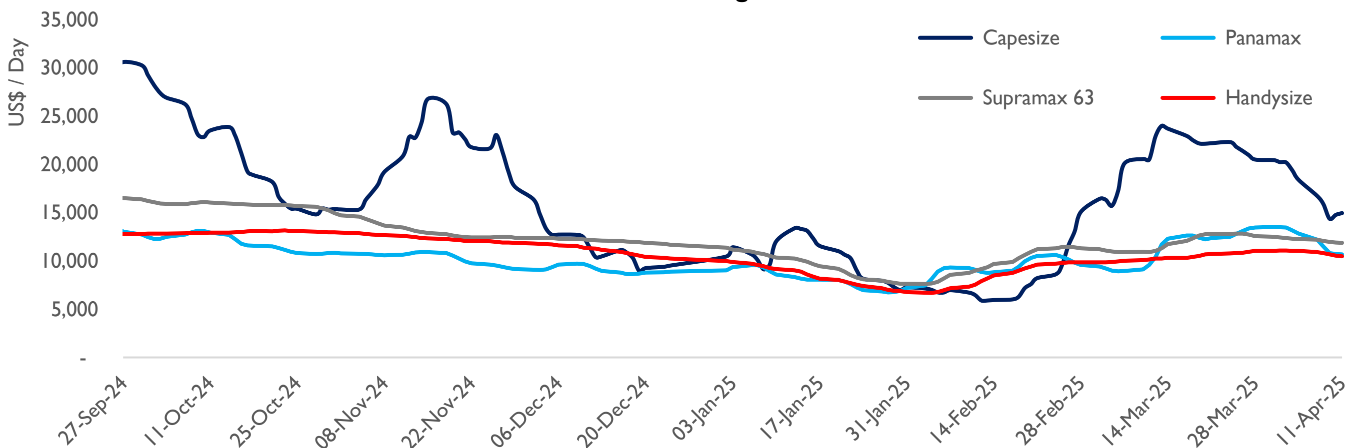
The **BCI** closed at $14,952, a slide of $3,452 since last week's report. It is safe to say that the recent three-month high have been and gone, with global economic uncertainty reflected in the Capesize market, as it was across all the vessel sectors this week. In West Australia, operators and mining giants have been in the market for late April dates, but this could not stop rates tumbling.

The **Panamax** market endured continued downward pressure this week, with both Atlantic and Pacific basins experiencing notable rate declines. This was mainly driven by persistent tonnage oversupply and subdued cargo activity. The BPI settled at $10,673 by close this week, coming off $2,151 from where it was this time last week.

The **Supramax** market faced another challenging week, weighed down by cautious sentiment and geopolitical uncertainty emanating from the US. The BSI concluded business for the week at $11,871, a drop of $407 since last Friday. The Atlantic remained under pressure with limited fresh enquiry, while Asia showed slight regional improvements but lacked sustained momentum. In the Pacific, backhaul and NoPac demand remained weak in the north, keeping rates subdued. However, in the south, Indonesia coal demand remained steady and was a bright light in an otherwise slightly bleak basin.

For the **Handysize** too, it was another difficult week across both basins, with minimal activity observed. The BHSI finished the week at $10,485, down $542 in a week. On the Continent and Mediterranean, despite owners trying to keep rates high, tonnage lists grew ever longer. The US Gulf markets are still slow, and the news from Washington isn't helping ease tensions for owners or charterers alike. The South Atlantic is the strongest region to be in at the moment, and fixtures concluded are at healthy levels, with many owners searching for a way to get their tonnage down to the region. In the Pacific Handysize market, there was continued negative sentiment with an uncertain outlook with rates generally falling below last done. The tonnage lists were also increasing with more spot vessels in the market, and combined with the lack of prompt cargoes, charterers have started to mark down rates.

Baltic Earnings



Representative Dry Cargo Market Fixtures

Vessel	DWT	Built	Delivery	Date	Redelivery	Rate ($)	Charterers	Comment
Cape Race	81,438	2012	Singapore	7 Apr	Singapore-Japan	$10,000	Reachy	Via EC South America
Eco Diagon Alley	80,596	2012	Colombo	31 Mar	Singapore-Japan	$12,250	Viterra	Via EC South America
Federal SW	76,483	2011	Chiba	12/14 Apr	Singapore-Japan	$11,700	Panocean	Via NoPac
Guang Xin	76,377	2017	Port Dickson	12 Apr	S China	$11,000	Fullinks	Via EC Australia
HC Glory	75,416	2012	EC South America	12/13 Apr	Singapore-Japan	$13,500	Refined Success	$350,000 ballast bonus
Ilektra	63,476	2017	Vietnam	Ppt	Penang	$12,500	Cnr	Via Sri Lanka
Tian Tai Shan	63,435	2017	Lagos	12/14 Apr	China	$13,500	Cnr	Via Owendo
Star Singapore	63,386	2017	S Brazil	Ppt	Denmark	$19,000	XO Shipping	Via EC South America
African Rail	39,783	2015	Singapore	15/20 Apr	Singapore-Japan	$12,600	Drydel	2/3 laden legs
Ikuchi Island	37,561	2018	Susaki	7 Apr	Indonesia	$11,500	Cnr	Via Korea

Exchange Rates		This week	Last week
	1 USD	142.85 JPY	145.40 JPY
	1 USD	0.8807 EUR	0.9066 EUR
Brent Oil Price		**This week**	**Last week**
	US$/barrel	63.20	64.74

Bunker Prices (US$/tonne)	This week	Last week
Singapore HSFO	425.5	441.5
VLSFO	489.0	513.0
Rotterdam HSFO	416.5	431.5
VLSFO	448.5	489.5

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Dry Bulk S&P

The chaos of global events have put many a buyer into a holding pattern, trying to figure out where and when the dust is going to settle.

Activity in the older Capesize segment continues, with three older ships (2005/2006-built) taking offers this week with Chinese buyers showing nearly all the interest, although no sales have been concluded yet on these. Recent sales, preceding Trump's tariffs announcements, had pushed prices up from last done levels. However, after the tariff saga unfolded, buyers now seem to be cooling off, following the drops in chartering markets this week. The spread between willing buyers and willing sellers is therefore pushed a bit wider apart.

In the Handysize sector, *Bunun Hero* (37,811-dwt, 2015 Shimanami - SS/DD:07/25) has been sold for $18.5m to a European buyer, a tick up from the sale of *Iyo Sea* (37,537-dwt, 2015 Imabari - SS/DD: 12/25) which was sold over a month ago for $17.8m to Turkish interests.

Seastar Venture (32,500-dwt, 2012 Zhejiang Hongxin) has been sold for low $9m. The same owners sold *Seastar Explorer* (34,569-dwt, 2012 Shanghaiguan) for $9.8m basis IWS passed at the start of March.

In the Supramaxes, *Arietta* (55,818-dwt, 2009 IHI, Wartsila M/E) has achieved $13.2m, on par with our benchmarks when taking the Wartsila main engine into consideration.

Elsewhere, the Greek-controlled Panamax *Santa Maria* (78,825-dwt, 2008 Rongsheng , Ice 1C) has sold for $10.5m to Chinese buyers.

Reported Dry Bulk Sales

Vessel	DWT	Built	Yard	Gear	Buyer	Price	Comment
Santa Maria	78,825	2008	Rongsheng	-	Chinese	$10.5 m	
Arietta	55,818	2009	IHI	C 4 x 30T	Chinese	$13.2 m	Wartsila M/E
Bunun Hero	37,811	2015	Shimanami	C 4 x 31T	European	$18.5 m	SS/DD due
Seastar Venture	32,500	2012	Zhejiang Hongxin	C 4 x 30T		$9.2 m	

Monthly Newbuilding Update
(April 2025)

The upcoming USTR decision on potential port fees for Chinese-built tonnage (currently slated for April 17th, though that could easily move), might lead to some reassessment of where to place newbuilding drybulk orders going forward, depending on the ultimate outcome of any levies. While Japan, a historically significant bulker builder, might seem a natural alternative to China's dominance in the drybulk fleet (47% by DWT) and orderbook (72%), the country is facing severe capacity constraints.

Japanese yards' drybulk tonnage output has been steady but stagnant in the past couple of years, this is despite increased drybulk contracting since 2021. Last year, Japanese shipyards delivered 30% less bulker tonnage than their 2015-19 average. The same has happened in other sectors where demand surged but overall Japanese output has remained steady. This inability to scale up is largely due to an acute labour shortage, making their production inelastic to increased demand. China on the contrary, significantly increased its total shipyard output (all ship types) from 12.5m-CGT in 2019 to 22m-CGT in 2024 – driven by increased labour hiring and reopening or expanding facilities. China has also increasingly shifted towards higher value vessels, this has partially helped Japan to maintain its leading position in the Handysize drybulk orderbook. Notably, Handysize is the only drybulk segment where Chinese shipyards do not dominate, with Japan currently holding 53% of orders compared to 45% in China (all other segments are over 70% Chinese).

While the extent of revisions to the proposed actions remain uncertain following the US Trade Representative's Tuesday statement – suggesting potential adjustments to implementation and fee stacking for ships in multiple categories – a substantial near-term increase in Japanese drybulk tonnage ordering, especially one that could rival China's output appears highly unlikely. We also expect the demand for Japanese (or Korean slots) to be even more intense from other shipping sectors, that are more exposed to US trades and hence potential USTR fees.

As of start of April 2025	Capesize (>100,000-dwt)		Panamax (69-99,999-dwt)		Supra/Ultramax (45-68,999-dwt)		Handysize (25-44,999-dwt)		Total	
	#	M-dwt	#	M-dwt	#	M-dwt	#	M-dwt	#	M-dwt
2025	29	5.8	111	9.2	146	9.2	104	4.2	390	28.4
2026	50	9.8	174	14.5	168	10.7	112	4.5	504	39.4
2027+	69	15.2	161	13.5	141	9.0	42	1.7	413	39.4
Total	**148**	**30.8**	**446**	**37.1**	**455**	**28.9**	**258**	**10.4**	**1,307**	**107.2**
OB as % Fleet	**7.3%**	**7.6%**	**13.7%**	**14.0%**	**10.8%**	**11.9%**	**8.5%**	**9.8%**	**10.4%**	**10.6%**

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Tanker Commentary

While owners continue to ride the waves of Trump's unpredictable policy making, a stable volume of sales persists this week with Chinese buyers continuing to buy up vintage crude tonnage.

In the VLCC sector, Greek owners Eurotankers are reported to have sold their *Eurohope* (306,506-dwt, 2007 DSME) to Chinese buyers for $46.25m with drydocking due in July. Meanwhile, the similarly aged scrubber-fitted *Hansika* (298,495-dwt, 2006 Universal) has been sold for $46m. These are firm numbers when compared with the two-year younger *Symphony* (297,572-dwt, 2009 Shanghai Jiangnan Changxing) which achieved $49m last week with better surveys positions. Elsewhere, *Nierus* (317,972-dwt, 2003 HHI) has been offloaded for $30.2m, again to Chinese buyers.

In the Suezmax sector, *Simoon* (151,174-dwt, 2004 Samsung) has been picked up by Chinese buyers for $26m. This is a step down on last done *Seacross* (163,292-dwt, 2006 Hyundai Samho) sold for $33m in March.

In the product tanker segment, there were two MR sales concluded this week. The modern eco tanker *PS Atene* (49,999-dwt, 2018 HMD) is reported to be sold for $37.8m with good survey positions. This is in line with the two-year younger sister *Eden* (49,999-dwt, 2020 HMD) which achieved a price of $40m last month. Looking at the vintage side of the market, the Vietnamese controlled *Dai An* (50,530-dwt, 2007 SPP - Wartsila M/E) has sold for $14.75m basis drydock due and prompt delivery. The price looks light against the sale of Torm's 2005 Korean built deepwell MRs which sold for $15m each in late February.

Finally, the chemical tanker sector has seen two sales. Blystad continues selling off its older tonnage. This time *Songa Kari* (13,148-dwt, 2008 21st Century) sold for $11m. This is in line with the sale of *Owl 3* (13,153-dwt, 2008 Samho) which sold for the same price. Meanwhile DH Glory (13,121-dwt, 2020 Nantong Tongbao - StSt) was sold at auction for $20.5m. The most recent comparable sale, also from the same owners, was the DH Honesty (13,148-dwt, 2021 Nantong Tongbao - StSt), which sold for $25.6m in December 2024.

Reported Tanker Sales

Vessel	DWT	Built	Yard	Buyer	Price	Comment
Eurohope	306,506	2007	DSME	Chinese	$46.25 m	DD due
Simoon	151,174	2004	Samsung	Chinese	$26.0 m	
Dai An	50,530	2007	SPP		$14.75 m	Epoxy Phenolic & Wartsila M/E. Prompt delivery with DD due
PS Atene	49,999	2018	HMD		$37.8 m	Epoxy Phenolic
DH Glory	13,121	2020	Nantong Tongbao		$20.5 m	STST/ Sold at auction
Songa Kari	13,148	2008	21st Century		$11.0 m	Epoxy Phenolic

Crude Tankers								
As of start of April 2025	Aframax (80-120k-dwt)		Suezmax (120-200k-dwt)		VLCC (200k-dwt +)		Crude Total	
	#	M-dwt	#	M-dwt	#	M-dwt	#	M-dwt
2024	5	0.6	25	3.9	5	1.5	35	6.0
2025	11	1.3	39	6.1	28	8.7	78	16.1
2026+	22	2.5	51	8.0	62	18.9	135	29.5
Total	**38**	**4.4**	**115**	**18.1**	**95**	**29.1**	**248**	**51.6**
OB as % Fleet	**5.5%**	**5.7%**	**17.4%**	**17.5%**	**10.5%**	**10.5%**	**11.0%**	**11.3%**

Product Tankers										
As of start of April 2025	Handy (30-41k-dwt)		MR (41-60k-dwt)		LR1 (60-80k-dwt)		LR2 (80k-dwt +)		Product Total	
	#	M-dwt	#	M-dwt	#	M-dwt	#	M-dwt	#	M-dwt
2024	3	0.1	84	4.2	9	0.7	38	4.4	134	9.3
2025	8	0.3	104	5.2	19	1.4	59	6.7	190	13.6
2026+	9	0.4	94	4.6	34	2.5	79	9.0	216	16.5
Total	**20**	**0.7**	**282**	**14.0**	**62**	**4.6**	**176**	**20.1**	**540**	**39.5**
OB as % Fleet	**3.9%**	**3.9%**	**16.7%**	**17.0%**	**16.5%**	**16.7%**	**37.4%**	**38.7%**	**17.7%**	**21.8%**

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