# RLA Weekly Report – Friday, 12 April 2024

**No. 84**

## Milestone Achieved with First Ship-to-Ship Ammonia Transfer

### MEPC 81

The 81st meeting of the International Maritime Organisation's Marine Environment Protection Committee (MEPC), which concluded on 22 March 2024, primarily focused on laying the groundwork for future legislation aimed at achieving the revised greenhouse gas emissions target of net-zero by around 2050. During the meeting:

- IMO Secretary-General Arsenio Dominguez emphasised the need for global standards to decarbonise shipping and mentioned that an economic pricing mechanism, potentially structured as either a levy or a rebate, might be adopted by next year.
- Plans were set to establish an expert group to develop marine-specific fuel specification standards for alternative fuels and a working group to review the carbon intensity index system at the next MEPC meeting.
- The IMO approved the designation of the Norwegian Sea and Canadian Arctic waters as emission control areas effective March 2026 to control nitrogen oxide, sulphur oxide, and particulate matter emissions.
- Life Cycle Assessment guidelines for marine fuels were approved, covering emissions from feedstock extraction to fuel combustion. These guidelines focus on CO2, methane, and nitrous oxide emissions.
- A net-zero framework was agreed upon, which will guide future proposals, including the economic pricing mechanism and technical elements addressing GHG emissions.

### Economy

- In March 2024, US inflation saw a higher-than-expected increase, primarily due to rising costs of petrol and shelter, diminishing expectations for an interest rate reduction due in 2024 by the US Federal Reserve. The US CPI for March 2024 came in at 3.4%, increasing by 0.4% m-o-m and 3.5% y-o-y, surpassing all expectations. The shelter cost and petrol prices accounted for more than half of the increase in the monthly CPI, as per the Labour Department.

### Oil

- EU's sanctions against Russian oil shipments in 2023 led to significant changes in tanker trading patterns, which led to an increase of 10% in the average sea mile distances for tankers importing oil to the EU. In the first quarter of 2024, tanker import volumes to the EU decreased by 4% y-o-y, influenced by a 1% increase in clean tanker trade but offset by a 5% decline in dirty tanker trade. Additionally, due to recent attacks on ships in the Red Sea area prompting tankers to reroute via the Cape of Good Hope, there was a notable increase in tanker tonne-mile demand. The clean tanker trade saw a 13% y-o-y increase, while the dirty tanker trade experienced a 12% y-o-y rise.

## Tanker Freight Rates on Key Routes

| Route No. | TC6 | TC2_37 | TC14 | TC8 | TC20 | TD3C | TD6 | TD9 | TD18 | TD20 |
|---|---|---|---|---|---|---|---|---|---|---|
| Description | 30 kt Clean Algeria to Euro Med | 37 kt Cont to USAC | 38 kt USG to Cont | 65 kt Clean MEG to UKC | 90 kt MEG to UKC | 270 kt Ras Tanura to China | 135 kt BSea to Med | 70kt Caribs to US Gulf | 30 kt Baltic to UKC | 130 kt WAF to Cont |
| Size mt | 30000 | 37000 | 38000 | 65000 | 90000 | 270000 | 135000 | 70000 | 30000 | 130000 |
| Route | Skikda to Lavera | Rdam to New York | USG to Cont | Jubail to Rdam | Jubail to Rdam | Ras Tanura to Ningbo | Novo to Augusta | Covenas - Corpus Christi | Baltic to UKC | Offshore Bonny to Rdam |
| | WS | WS | WS | WS | $ | WS | WS | WS | WS | WS |
| 05-04-2024 | 243.33 | 200.28 | 204.29 | 70.88 | 5543750 | 65.00 | 109.60 | 153.13 | 263.00 | 106.67 |
| 08-04-2024 | 234.44 | 197.22 | 201.79 | 68.68 | 5025000 | 63.90 | 110.95 | 155.94 | 246.00 | 106.94 |
| 09-04-2024 | 223.33 | 191.39 | 198.21 | 66.37 | 4925000 | 62.70 | 112.30 | 223.75 | 234.00 | 109.83 |
| 10-04-2024 | 191.11 | 180.28 | 195.00 | 62.42 | 4875000 | 61.95 | 120.40 | 230.63 | 233.00 | 123.72 |
| 11-04-2024 | 190.00 | 183.61 | 193.57 | 61.43 | 4900000 | 61.85 | 122.65 | 228.75 | 235.00 | 129.00 |

*Source: Baltic Exchange*

### LPG

- BW LPG, the world's largest owner of VLGCs with a fleet of 43 and listed on the Oslo stock exchange, recently announced a $30 million investment in Confidence Petroleum, a private-sector LPG distributor in India. Additionally, BW LPG will collaborate with Confidence Petroleum and Ganesh Benzoplast, a local chemical and oil product storage firm, to develop an import terminal at Mumbai's Jawaharlal Nehru Port. This new terminal will have the capacity to store 62,000 tonnes of LPG and handle discharges from 93,000m$^3$ VLGCs.

### Chemicals

- Vinyl Acetate Monomer (VAM) supply is anticipated to remain constrained in the first half of FY24, as expectations for lower interest rates in European and American markets coincide with rising VAM prices across key market segments. The VAM upstream market is experiencing dual price pressures, i.e., significant feedstock prices are increasing while energy prices continue to decline. Persistent supply challenges are exacerbated by ongoing transit difficulties through the Panama and Suez Canals. Despite these hurdles, the global VAM markets have generally outperformed other petrochemical sectors, thanks to steady consumer demand.

### Ammonia

- Navigator Gas has successfully executed its first ship-to-ship transfer of anhydrous ammonia, marking a significant milestone for the shipping industry. During an eleven-hour operation, the NAVIGATOR JORF, a 38,000 cbm liquefied petroleum gas carrier, received 25,300 tonnes of ammonia from the LPG tanker ECO ORACLE. We anticipate that the successful completion of this ship-to-ship transfer of anhydrous ammonia will open future opportunities to use NH3 as an alternative fuel source, supporting the transition towards zero-emissions shipping.

## SHORT TERM OUTLOOK – OIL TANKER MARKET

A monthly report covering the next four months and including trends in oil supply, demand and trade, tanker demand and supply, spot, and time charter rates for MRs up to VLCCs, comparisons with FFAs plus the latest news on developments impacting the oil and tanker sectors.

## MEDIUM TERM OUTLOOK – OIL TANKER MARKET

Concise analyses of topical issues, consistent market data series and views on future trends in tanker charter rates. The report covers Oil Prices; Economic Developments; Oil Demand and Supply; Trade; Tanker Demand, Supply and Rates. Sent to clients around January, April, July and October each year

## SHORT TERM OUTLOOK – VLGC MARKET

A monthly report looking four months ahead at likely trends in the VLGC Spot Market with the latest on key LPG carrier trades, benchmark LPG prices, arbitrage developments, a comparison with FFAs and recent news

## MEDIUM TERM OUTLOOK – LPG CARRIER MARKET

A quarterly series of regular reviews, analyses and forecasts of the LPG Carrier Market. The report covers Economic Developments; LPG production, consumption and pricing; LPG, chemical gases and ammonia trade, LPG Carrier Demand, Supply and Rates for Fully Ref, Semi-Ref and Pressurised Ships. Reports sent to clients around January, April, July and October each year.

## CHEMICAL CARRIER WORLD SERVICE

An annual consultancy service currently providing Clients with an Annual Fundamentals Report, a Forecast Update, two quarterly Market Monitors, Monthly Commodity Trade Bulletins for key countries, an annual presentation on the market outlook and access to RLA's consultant's and analysts to discuss issues arising from these reports.

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