



17.10.2025

Tanker Market Report

Tit for Tat

Tit for Tat

On October 14, both the US and China imposed prohibitively expensive port fees on tonnage linked to the other country. The USTR's Section 301 measures were published and analysed well in advance. In contrast, China's measures arrived with little notice; Beijing issued only a late-September warning that it would retaliate.

China's special port fees apply to any ship with clear US links calling at Chinese ports: vessels owned or operated by US companies or individuals;

vessels owned or operated by entities in which US companies, organisations, or individuals directly or indirectly hold 25 percent or more of the equity (voting rights or board seats); US-flag vessels; and US-built vessels. There are two notable exceptions: first, vessels built in China are exempt; and second, ships arriving in ballast solely for repairs are also exempt. The fee levels are extreme – roughly \$6 million per call for a VLCC and about \$750,000 for an MR – clearly designed to have an impact.

On the tanker side, US shipowners are few, and US-flagged or US-built deep-sea tonnage is insignificant. However, the US-operated fleet is sizable because oil majors and refiners typically maintain large time-chartered fleets. The real challenge lies in screening for the 25 percent US equity-control test. Many publicly listed owners have complex structures, and beneficial ownership can fluctuate over time. Several major non-US owners, particularly in Greece and Scandinavia, are listed on the NYSE or Nasdaq, further blurring the lines between “US-linked” and “international” for the purposes of the rule.

When all US-listed companies are included, the portion of vessels captured by China’s fees rises. For tankers, it averages around 17% once China-

built ships are excluded, though this varies by size class. It is worth stressing, however, that this figure remains a broad estimate. Some large US-listed owners, particularly those not based in the US, may fall below the 25% threshold and thus be exempt. Conversely, some companies with no obvious US ties may still have US equity stakes at or above 25%.

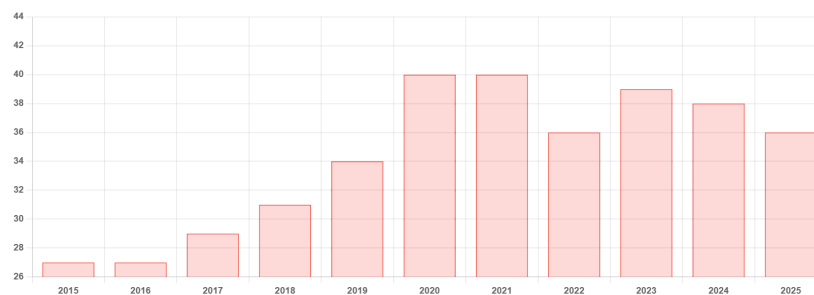
VLCCs are the most exposed, as China is the single largest destination for this class, accounting for about 38% of VLCC trade on an export-volume basis last year. Other classes will also feel the impact, though to a considerably lesser extent, given their more diversified trading patterns and lower reliance on China. In the near term, the uncertainty over who is safe to trade into China could fuel additional freight volatility. The VLCC market is already very tight, supported by rising OPEC+ crude production, refinery maintenance, reduced direct crude burn for power generation in the Middle East, and a larger pull of Atlantic Basin crude eastward during September.

Trade flows will inevitably be disrupted. With no advance warning, some tankers affected by the Chinese measures were likely already en route to China when the announcement was made. More ballast miles are expected as owners and

charterers reshuffle tonnage. The need for additional documentation checks could also lead to greater congestion in ports.

In the longer run, the market will adjust. Companies hovering just above the 25% US ownership threshold may explore structural options to limit their exposure, though this is likely to take time and could have implications for their share prices. Still, the broader picture is that this tit-for-tat at the terminals will carry economic consequences for both countries once other shipping sectors are also taken into account. This raises the inevitable question: are negotiations on the table, and could this standoff be resolved over time, with port fees eventually lifted or substantially reduced?

China's Share of VLCC Trade (%)



Crude Oil

East

The AG VLCC market experienced a relatively subdued week. Early momentum slowed as many assessed the impact of recent sanctions and new Chinese port fees affecting U.S. owned and operated vessels. Despite limited visible activity, charterers were rumoured to be quietly securing tonnage off market, while sentiment and rates held firm throughout the period. Midweek saw a few cargoes drawing modest interest, though freight levels remained largely unchanged pending the release of Saudi stem dates. As those dates were confirmed toward the end of the week, optimism began to build, with owners hopeful that an uptick in VLCC enquiry will inject renewed momentum into the market next week. Today we are calling AG/East WS96.

Suezmax levels of enquiry in the East have been low this week for cargoes heading West, though with rates really pushing on in West Africa, owners

will be looking for 140 x WS65 via C/C for Basrah/West to push them to fix instead of ballasting to Cape Town. The list for compromised tonnage has thinned out in the East, so owners will look to push AG/East back over 130 x WS125 next week. It seems very likely they will achieve this, especially considering the firmness of the VLCC market.

Aframax fundamentals in Asia have strengthened on the back of tighter tonnage and rising demand, with the region catching up to adjacent markets and hitting a seven-month high. Earnings have climbed to around \$33,500/day, with further upside possible amid the backdrop of new Chinese tariffs. Dates have now rolled into early November, though a few end-month enquiries are still expected. In the current environment, Chinese-built ships are commanding a premium for voyages into China, as seen in a recent fixture. This sentiment has extended to regional runs as well, where owners have successfully pushed levels above last done. It remains to be seen whether affected vessels currently en route to China will require lightering to avoid the hefty tariff charges; if so, rates could surge further. Owners remain bullish, and the overall tone is firm as we assess Indo/Oz at 80kt x WS135.

West Africa

Little to write home about in the WAF VLCC market this week with limited fresh enquiry and a lack of consistent activity. Early support stemmed from firmer sentiments in the adjacent markets, which helped push freight levels slightly higher, though momentum proved short lived. Midweek saw an uptick in freight levels once charterers did step out looking for cover, but the pace of activity quickly tapered off. Charterers continued to drip-feed cargoes into the market, while owners adopted a more patient stance, monitoring developments across other regions. Despite the slower pace, sentiment remained firm, underpinned by strengthening rates in the USG and tightening tonnage lists. As the week closed, freight levels held steady, with market now awaiting a fresh wave of enquiry to set the next direction. Today we are calling WAF/East WS92.

Suezmaxes in West Africa have pushed on this week, and with a very tight list, owners will be looking to push rates above last done 130 x WS135 for TD20. The premium to head East has reduced slightly, with such fantastic returns on offer, those

with larger fleets looking to lock in for the balance of the year may even consider fixing flat with TD20. With some tricky cargoes still outstanding, we likely see further improvement next week.

Mediterranean

TD6 has also pushed up this week to 135 x WS150, repeating this number will likely prove difficult for charterers, with limited firm itineraries available in the East Med and a firm WAF market to compete with. Libya/Ningbo remains untested this week, with these cargoes being a lot scarcer at the moment. Though with a Med/Korea run working and facing some high offers we estimate this run to be around \$5.8m today.

The Mediterranean Aframax market is going from strength to strength this week. Firstly, owners were heartened by some advanced fixing for end month Libya positions but then these stems were supplemented by replacement activity as ports such as Fos, Trieste, Milazzo, Castellon and others offered unreliability due to ullage or bad weather. Rates for XMED voyages steadily firmed from WS160 levels and WS172.5 for CPC with a high of

WS200 concluded for both Algeria and CPC voyages by the week's end. Surrounding markets both on Aframax sizes and larger have supported this sentiment and as we move into the next week it is difficult to see where the respite comes as charterers continue to reach and the days continue to shorten.

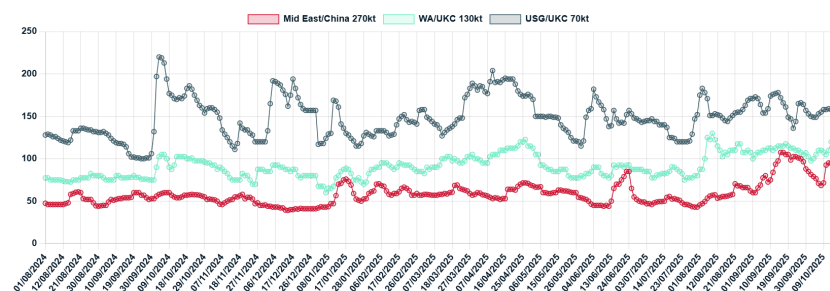
US Gulf/Latin America

The Americas VLCC market began the week on a quiet note, with limited fresh enquiry initially emerging. Momentum gradually built as several private fixtures were concluded, lending support to sentiment and further tightening the already constrained USG tonnage list. Throughout the week, rates continued to edge higher, underpinned by firm Owner sentiment and the scarcity of available units. While overall enquiry remained modest, the tight tonnage situation kept charterers under pressure and limited their flexibility. As the week concluded, VLCC rates in the USG continued to move in owners' favour. Today we are calling USG/East \$13.0m.

North Sea

The North Sea market this week has worked in fits and starts with rates bubbling in the low to mid WS140 levels for cross North Sea voyages and the usual +5 for Baltic discharge. The normal has occurred with the States remaining active and ships ballasting over to replenish the list there and as such the balance has remained precarious. As usual enough of the usual North Sea players have remained in situ and this has kept a lid on rates but with the Med market having jumped to WS200 there is certainly space for a push next week.

Crude Tanker Spot Rates (WS)



Clean Products

East

LR2s quiet ex Middle East. Westbound likely retested to \$2.8-3m (either Bab el Mandeb or Cape routing) – and TC1 needs a good test but likely moves to 75 x WS100-105 in the new week.

Busy week for the LR1 segment – short hauls the real volume outflow, which is unsurprising given question marks going long haul East and West given the new restrictions between China and the US. MRs firing and TC17 pushed to WS225, capped out somewhat by underperforming LR1 segment earlier in the week – but as LR1s started to take short haul cargoes off the MRs – this list also thinned. LR1s much thinner than 5 days ago – 450k India/AG a good test of how short haul has moved upwards. \$2.7m on subs India/West which tallies up TCE-wise with a 55 x WS115 footing for TC5.

MRs finish the week TC17 WS225/West \$2.1m (untested)/TC12 WS155 with a very thin front end – chartering style has adopted to picking off those units keen certain direction and moving into the next window.

As a general comment it's been clear that interest in TC has been heavy this week, as owners and charterers alike can see the bottom, and getting anything reflective of these TCEs will look good going forward as we see improvements on the spot side.

UK Continent

The usual TC2 rule book has now been thrown out of the office window and anything TA is now run on a back haul basis to get to Houston as efficiently as possible. This means that despite tightness due to ongoing chaos in Antwerp the lure TA and consequent dreams of 60k per day on demurrage are muting any effort to push rates. The focus is earliest dates and TA only. This does however blow the differentials for other routes. XUKC, WAF, Brazil and Med runs are now independently trading on

their own merits, and we are likely to see some variable differentials until the party stops in the USG.

Despite Antwerp throwing up much disruption, owners in this sector have struggled to shake off the weight of MR availability, with rates topping out at 30 x WS150. Sentiment certainly feels like rates could improve, but until the other sizes improve, we expect sideways action for now. Opportunity is there for owners, when it arrives.

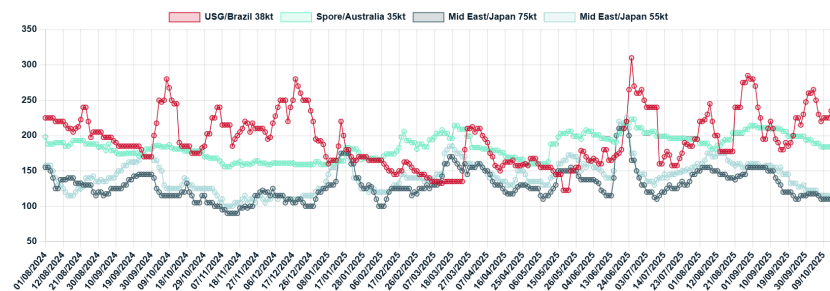
Med

An interesting week in all for MRs in the Med. What started as a quiet week has snowballed into more activity. Rates now sit at the 37 x WS110 levels. Owners have been influenced by a strong USG/TA market. All owners can that TA ta are now eyeing the USG market, so we may see other routes and thus differentials challenged.

Not much to be said for Handies in the Med this week. It is slow at the bottom with rates at 30 x WS130. It seems that lots of business continues to go direct. There have been a few grade sensitive stems that have yielded above the WS130 mark but

don't reflect current levels given the minimal enquiry seen and the long list. All eyes on how MR activity is seen at the start of next week which will be a telling sign of an improvement or not.

Clean Tanker Spot Rates (WS)



Dirty Products

Handy

It's been a slow but steady week in the North as a lack of relets and delays in Antwerp have seen cargoes continue to trickle into the market. The week started with tonnage in relatively thin supply. Early on tonnage was clipped away and owners soon began to push rates upward from ideas of WS225 all the way through to WS230 by the end of the week. As we look to next week, charterers will

be hoping for the strike in Antwerp draws to a speedy conclusion, whilst owners will be hoping for a fast start to proceedings, which could see levels soon firm up to the WS235 mark.

The Med slowed down this week as activity got off to a sluggish start against the backdrop of a longer list with plenty of prompt availability and a large number of Ex drydock units to choose from CMed/EMed loads. Levels started with vanilla XMed cargoes covered at WS200 and these numbers repeated a handful of times. Then was the turn of ex drydock ships to be picked off under-the-radar, varying from WS187.5-192.5 throughout the week. We expect to see levels at around the WS195 mark for EMed loads to WS200 for WMed loads, where availability is a touch thinner. Depending on replenishment this weekend, levels could soften in charterers' favour, but we expect to see levels hold initially.

MR

This week has seen little by way of MR enquiry as units have been tight in the North with Panamaxes making up the vast majority of 45kt capable

tonnage. However, since USTR clarification has proved Panamaxs are exempt from dues and fees (unless Chinese operated/owned), these owners' interests have gone back to UKC-TA runs. With availability tight, we expect next done to firm towards WS165 for an XUKC run.

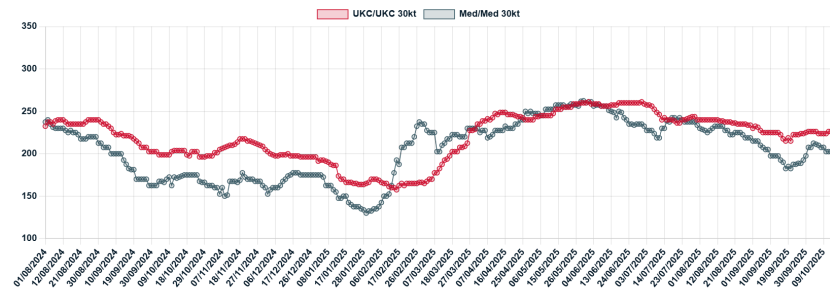
In the Med, full-stem enquiry has taken a back seat this week, with charterers choosing to clip ex drydock Handies away at a discount leaving MR owners with a little less opportunity for part cargo Handy stems. A handful of options still remain but we expect next done levels to fall between WS150-155 still as we look to next week.

Panamax

Panamaxs this week have seen an increase in interest and enquiry as mentioned above, clarification from the USTR has allowed for more tonnage to be worked. Rates here currently sit at around the WS115-120 mark for runs into the USG ex UKC. A local ARA-N.Spain/Sines run also caught the eye reported at WS 160/155 creating a base to work off for similar local moves.

TD21 has strengthened this week as the region has experienced an uptick in enquiry as the winter market feel sets in. Levels have firmed up from WS145 at the start of the week to touching on WS160 by close of play on Friday. Should enquiry get off to a fast start, we expect owners to look to push on further here.

Dirty Product Tanker Spot Rates (WS)



	wk on wk change	Oct 16th	Oct 9th	Last Month*	FFA Q4
TD3C VLCC AG- China WS	23	95	72	101	85
TD3C VLCC AG- China TCE \$/day	29,500	88,750	59,250	94,500	72,000
TD20 Suezma x WAF- UKC WS	26	132	106	111	122

TD20					
Suezma					
x WAF-UKC	17,500	62,750	45,250	47,500	53,750
TCE					
\$/day					
TD25					
Aframa					
x USG-UKC	9	167	158	165	181
WS					
TD25					
Aframa					
x USG-UKC	4,250	43,000	38,750	41,000	44,250
TCE					
\$/day					
TC1 LR2					
AG-Japan	-4	104	108	112	
WS					

TC1 LR2					
AG-					
Japan	-500	21,750	22,250	23,500	
TCE					
\$ / day					
TC18					
MR					
USG-	74	296	222	219	218
Brazil					
WS					
TC18					
MR					
USG-	15,250	45,500	30,250	29,250	28,500
Brazil					
TCE					
\$ / day					
TC5 LR1					
AG-					
Japan	1	114	113	127	134
WS					

TC5 LR1					
AG-					
Japan	1,000	16,750	15,750	19,000	20,000
TCE					
\$/day					

TC7 MR					
Singapo					
re-EC	0	185	185	198	190
Aus WS					

TC7 MR					
Singapo					
re-EC	750	21,500	20,750	23,000	21,500
Aus TCE					
\$/day					

(a) based on round voyage economics at 'market' speed, eco, non-scrubber basis

Bunker Prices (\$/tonne)

	wk on wk change	Oct 16th	Oct 9th	Last Month*
Rotterdam VLSFO	-16	421	437	455
Fujairah VLSFO	-39	450	489	482
Singapore VLSFO	-29	449	478	486
Rotterdam LSMGO	-20	640	660	686