

CHEMICAL CARRIERS: Market Prospects to 2015

The chemical carrier sector has been suffering over recent years from limited growth in demand and stagnant freight rates. However, the past year has seen a turn around in the industry, with increased economic activity and an increase in the demand for chemicals funding trade and shipping demand expansion.

The rapidly expanding Chinese market has dominated the recent growth for chemical carrier demand, as import volumes continue to increase, with Indian demand also rising significantly. This has brought about a change in market dynamics, with an increased focus on intra-regional imports/exports. Future developments will continue to centre on the build up of petrochemical capacity in Asia as well as Latin America, with some additional limited growth in the established industrialised markets of the US and Western Europe.

Long-haul shipping demand over the forecast period to 2015 is expected to depend heavily on Middle East petrochemical expansions, based on low-cost feedstock, primarily targeting expanding import markets in Asia.

The significance of traditional back-haul trades such as vegetable oils and inorganic chemicals is set to rise over the forward period, supporting the development of niche markets alongside fully integrated services.

This Report examines the implications of recent fleet developments on the forward market, in conjunction with a background of expanding demand in Asia as well as structural change among the major chemical trades. The Report not only analyses the changes in supply and demand during the recent past, but also examines likely developments through to 2015.

Included in the Report are detailed analyses and forecasts in the areas of:

- Trade volumes and patterns for major individual products;
- Import/export details for individual chemicals;
- Fleet development;
- Vessel operating costs;
- Vessel freight rates;
- Aggregate demand and supply;
- Vessel profitability.

This Report provides invaluable independent analyses on the future development prospects for all aspects of the chemical carrier sector. It represents the most up to date and comprehensive examination of the chemical shipping industry, and is essential reading for all parties with an interest in this sector.

CONTENTS

SECTION 1 INTRODUCTION & EXECUTIVE SUMMARY

Includes an overview of the Report's aims, as well as a summary of the methodology underlining the analysis.

The Section also includes a summary of the most significant points and conclusions emerging from the Report – these are presented in the order of the corresponding Sections for ease of reference.

SECTION 2 ORGANIC CHEMICAL TRADE TO 2015

Chemical carrier employment remains dominated by the movement of organic chemicals, ranging from high volume base chemicals such as methanol through to intermediate feedstocks and downstream speciality products. This Section examines the supply and demand developments for each of the major products in turn, examining production, consumption, imports and exports.

Developments of recent trade patterns are examined in depth for each major product. The analyses are extended into the forward period with projections of overall trade volumes and shipping demand through to 2015.

SECTION 3 VEGETABLES OILS & ANIMAL FATS TO 2015

The transport of vegetable oils and animal fats generates the second largest volume of chemical carrier cargoes, led by palm oil and supported by major shipments of soybean oil, rapeseed oil, and sunflower oil.

Recent changes in production and demand have had a major impact on trade patterns, including China's increased demand for oilseed imports, strengthening oils import demand in India, and recent poor US soybean crops. Patterns for near-term supply prospects are examined, together with longer-term factors such as population growth and the effect of rising living standards.

This Section examines recent developments in terms of production, consumption, imports and exports for all the major products in turn, prior to analysing forward trade prospects through to 2015.

SECTION 4 INORGANIC CHEMICALS TO 2015

Inorganic chemical trades are characterised by specific intra-regional trade patterns, with the exception of long-haul trades such as the high volume exports of North African phosphoric acid to India.

This Section examines demand prospects associated with key downstream markets such as fertiliser manufacture and the alumina industry. Potential sources of supply and emerging markets are analysed.

Developments in production, consumption, imports and exports for each of the major products, phosphoric acid, sulphuric acid and liquid caustic soda, are examined in terms of recent years and throughout the study period to 2015.

SECTION 5 CHEMICAL CARRIER SHIPPING DEMAND TO 2015

This Section examines the forecast trade developments for each major cargo sector under three distinct scenarios. The Base Case offers OSC's most likely forecast of events through to 2015, with alternative Low/High Cases detailing the sensitivity of the market with regard to alternative demand prospects. Also examined are the likely developments in trade volume/structure and vessel employment.

SECTION 6 CHEMICAL CARRIER FLEET DEVELOPMENT TO 2015

The world fleet of chemical carriers is examined in detail, with investigation into IMO classification, age profile and recent developments in size and type of vessel.

Forecasts of newbuilding activity and scrapping volumes are considered, with a detailed analysis of the likely future profile of the chemical carrier fleet.

SECTION 7 CHEMICAL CARRIER FREIGHT RATES & COSTS TO 2015

A detailed analysis of recent freight market developments precedes forecast freight market profiles under the three forward OSC Cases, taking into account previous analysis on forward supply/demand prospects.

An examination of operating costs, both current and forecast, allows comparisons to be made with forecast freight market developments, hence offering a valuable insight into vessel profitability over the forward period.

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Detailed forecasts on:

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- Import/export details for individual chemicals;
- Fleet development;
- Vessel operating costs;
- Vessel freight rates;
- Aggregate demand and supply;
- Vessel profitability.

The Report represents the most up to date analysis on chemical carrier industry prospects. With forecasts of individual sector demand and supply based on a distinct set of alternative forward scenarios, the Report offers a comprehensive evaluation of future prospects. It is therefore essential reading for all parties associated with the industry.

"CHEMICAL CARRIERS: MARKET PROSPECTS TO 2015" is one of a large number of detailed shipping industry reports researched and published by **Ocean Shipping Consultants Ltd.**

Other recent publications include:- *Tick for details*

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"World LNG to 2020"

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"Product Tanker Markets to 2010"

"Reefer Trades to 2010"

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"The World Ship Repair Market to 2015"

"World Shipbuilding:
Prospects for Prices & Demand to 2015"

OSC also undertakes confidential consultancy projects for individual clients worldwide. Further details are available on request.

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Includes detailed forecasts on:

- Trade Volumes
- Shipping Demand
- Freight Rates
- Vessel Costs & Profitability

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