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US-China trade war shifting cement seaborne trade flows

Greenwich (CT), USA, June 4, 2019 – In 2018, the total number of active cement carriers surpassed 360 units, with the total dead weight tonnage topping 2.7 million, the highest figure recorded since 2010. According to [CW Research's](#) 2019 update of the [World Cement, Clinker & Slag Sea-Based Trade Report](#), the upward trend was underpinned by a growing demand for cement carriers in key domestic trade markets.

Specialized cement carriers move about 25 million tons of cement per year internationally and are now working at a 95% utilization rate. Nonetheless, more stringent environmental regulations and a growing cement trade are likely to lead to both more conversions and new builds. Apart from specialized cement carriers, cementitious materials are also shipped via general dry bulk carriers, container ships and barges.

From the total cement consumption, 1.4% is traded by sea. Out of the total volume of cementitious products traded internationally, seaborne trade accounts for roughly 80%.

“Asia accounts for most of the cement carriers operated at the global level. The vast coastline of markets such as Japan, China, or South Korea provides an incentive to domestic coastal shipment, while frequent storms and strict environmental regulation skew demand in favor of cement carriers”, assesses Carolina Pereira, Business Analyst at CW Group.

Demolition of dry bulk ships rises on poor market conditions

The international shipping industry is responsible for the carriage of around 90% of world trade. Developing economies are estimated to have accounted for most of the world seaborne cargo shipments in 2018. The improvement of dry cargo freight rates was driven by global economic growth, which pushed up the demand for essential commodities worldwide.

China is the main driver of dry bulks, with iron and coal as the main commodities traded. Despite the trade war with the US, the Asian giant remains the main importer of these commodities.

During the last trading session of 2018, the Baltic Dry Index – which measures shipping costs for dry bulk commodities, including cementitious materials transported in bulk via sea – settled at 1,271 points, sliding 95 points compared to the same period the previous year.

An initially positive outlook for the dry bulk market in 2018 was disrupted by the trade war between the US and China, and since October the cost of transportation of almost all types of dry bulk cargo has decreased. The ongoing trade war is leading to a shift in commercial routes, with China reaching for suppliers of grain and iron ore in South America instead of the United States.

Furthermore, new fuel regulations to be rolled out by the International Maritime Organization in 2020 are creating volatility and incentivizing vessel scrapping, especially in the Capesize segment.

So far in 2019, demolitions of dry bulk ships in the first months of 2019 have soared compared to 2018, following poor market conditions. Daily earnings for the Capesize market are performing below average, much due to the Brumadinho

dam collapse in Brazil, adverse weather in Australia, as well as contracting Chinese iron ore demand. As such, limiting fleet expansions could prove crucial to restore market balance.

For more information, placing an order, or interview inquiries, please contact Mihnea Manea, Media and Market Services Executive, CW Group, by phone at +40 723 281 704, or e-mail at mm@cwgrp.com.

ABOUT THE REPORT

The World Cement, Clinker & Slag Sea-based Trade Report provides an in-depth and data-oriented analysis of trade-related development, historical trade flows and prices, and changes in exports and imports during the past years from a regional perspective, with a focus on key markets. The report also projects key cement and clinker supply-demand gaps that will sustain world cement trading for the next few years. Key exporters, their facilities, and traders are profiled, as well as key ocean-going cement carrier operations and their vessels. Examined trade flows include gray cement, clinker, white cement, and slag, as well as a discussion of fly ash trade, in bag, big-bag, or bulk form. The report projects main flows through 2024 expected to be shipped by ocean going vessels and includes prevailing cement trade prices and bulk/dry cargo shipping rates.

More information about the report can be found here: <https://www.cwgrp.com/research/research-products/product/287-world-cement-clinker-slag-sea-based-trade-forecast-through-2024>

ABOUT CW GROUP

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