

Press Report - IHS Fairplay

Dry bulk will gain from US–China trade war, Khalid Hashim says

Dry bulk shipping would gain from the US–China trade dispute that US President Donald Trump has launched, said Precious Shipping managing director Khalid Hashim.

Hashim was speaking at Moore Stephens' Singapore Shipping Forum on 26 April.

The Trump administration is levying USD60 billion in tariffs on imports from China, prompting the latter to retaliate by refusing to buy US soyabeans.



China imports about 100 million tonnes of soyabeans a year, and such imports from the United States were down by 27% year on year in March.

Hashim said, "If US soyabeans are hit by tariffs, China would import all of Brazil's soyabean exports, which is expected to hit 82 million tonnes this year and still be short by 18 million tonnes.

"These 18 million tonnes could be in the form of soyabean meal, unless they bow down to Trump and buy soyabeans at a higher price."

Brazil is longer in tonne-miles than the United States and would thus boost shipping demand, Hashim said.

"Most importantly, Brazil is far less efficient than America. Therefore, if you go back to time, three or four years, you had 150 ships waiting to load and I wouldn't be surprised if that happens," he added.

In terms of steel exports, the US–China trade war delivers less of an impact.

"If Trump makes a big deal of punishing China, he doesn't know his numbers, because in 2017, China exported a mere 700,000 tonnes of steel to the United States, and that's less than 2% of the total steel imports of America," Hashim said.

China remains the most important market for dry bulk, and the East Asian giant's imports of iron ore and coking coal show no let-up, especially when it aims to produce higher-quality steel, he added.

"China is trying to get away from producing normal steel, and to do that, it needs high-grade iron ore and coking coal, which have to be imported," he said.

In 2017, China imported more than 1 billion tonnes of iron ore, the first time in history that any country has imported such a large volume of any commodity, Hashim noted.

Xiaolin Zeng, 26th April 2018