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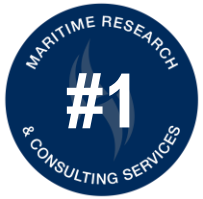
Continuing geopolitical tensions and volatility of the US tariff regime impacting the global bulk trade



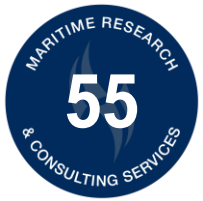
October 2026

Drewry: Maritime Research and Consulting Services

Rigorous analysis, practical advice



Drewry is the leading international provider of research and consulting services to the global maritime industry



Founded in **1970**: More than **55** years continuously charting and assessing all the key sectors of the global maritime industry



Global reach: More than **100** FTEs and associates, located at offices in London, Delhi, Shanghai and Singapore



We serve our clients through **four** business units:

- Maritime Research
- Supply Chain Advisors
- Maritime Financial Research
- Maritime Advisors



More than 55 years independent thinking

For more than 55 years we have supported the operational and strategic needs of an elite and diverse client base of maritime and shipping industry stakeholders.

Our combined research and advisory offering covers every key maritime sector.

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Drewry's competitive advantage



01 Research reports

1. Dry Bulk, LNG, LPG, Chemical Tanker, MPV, and Container Forecaster (Quarterly)
2. Drewry Shipping Insight (Monthly)
3. Equity Research on dry bulk/LNG/Chemical/container shipping covering seven companies (Fortnightly)
4. Shipping Operating Cost Annual Review
5. Manning Annual Review and Forecast

02 Comprehensive internal database

1. Macroeconomic database (GDP, Other variables)
2. Access to Global trade database
3. Drewry Research Database: fleet (orderbook, delivery, new orders, demolition)
4. Monthly assessment of earnings and asset values
5. Proprietary AIS database (incl ships' itinerary and related information)

03 Broad advisory expertise and track record

Our advisory experience covers all aspects of all shipping sectors. The studies are ranging from market outlook to strategic business planning.

1. Commercial, technical and operational due diligence
2. Financial modeling and asset risk assessment
3. Market analysis, competitive assessment, earnings and asset values forecast
4. Valuation (Charter free, Charter attached vessels, Residual Value)
5. Short and long-term shipping strategy development

04 Strong global due diligence record

Maritime industry consultant for numerous due diligence, market outlook and strategic advice assignments:

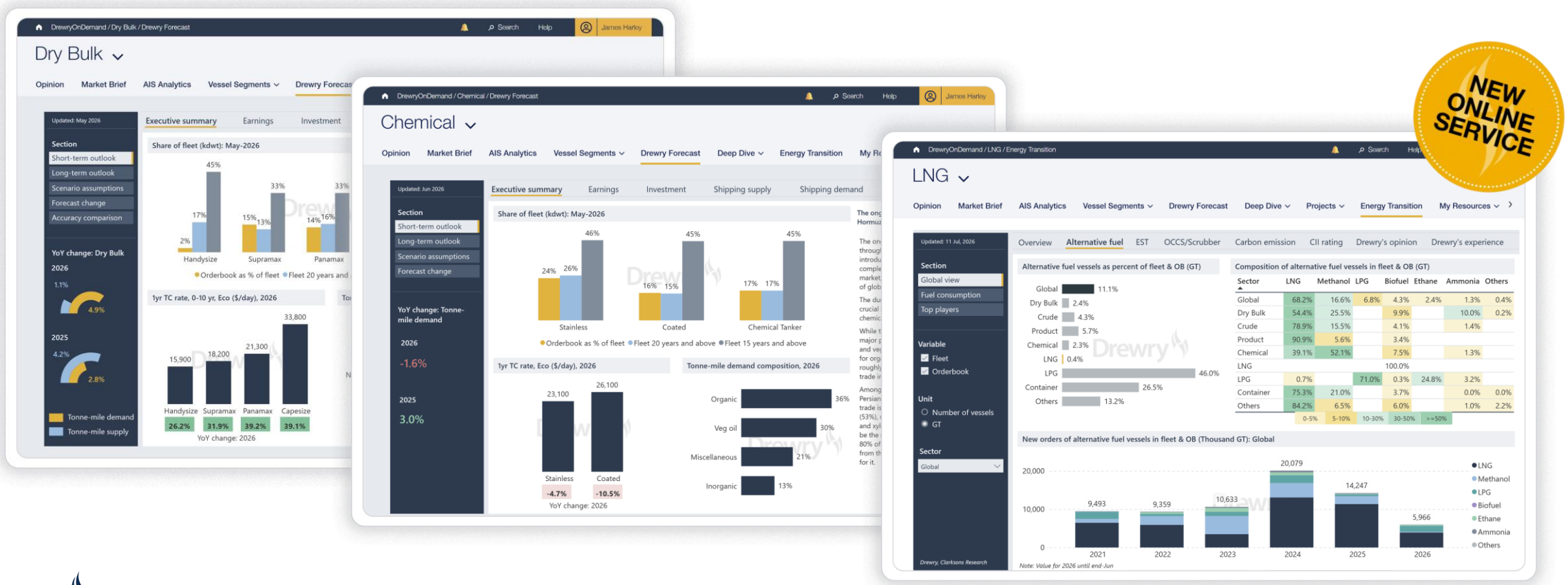
1. Due diligence of shipping and leasing companies
2. Shipping market outlook and preliminary due diligence of investment
3. Technical due diligence of dry bulk/LNG/Chemical vessels
4. Definitive feasibility study for iron ore shipping
5. Contract of affreightment tendering advice in dry bulk and chemical tankers
6. Dry bulk/LNG/LPG/Chemical/Container market report and vessel valuation
7. Freight rate benchmarking and Seafreight strategy

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Drewry OnDemand 2.0: Maritime Research Knowledge Centre

Complimentary access to all Drewry Forecaster subscribers

- Now delivering comprehensive, real-time maritime intelligence across ***all*** major shipping sectors
- Powered by Drewry AIS



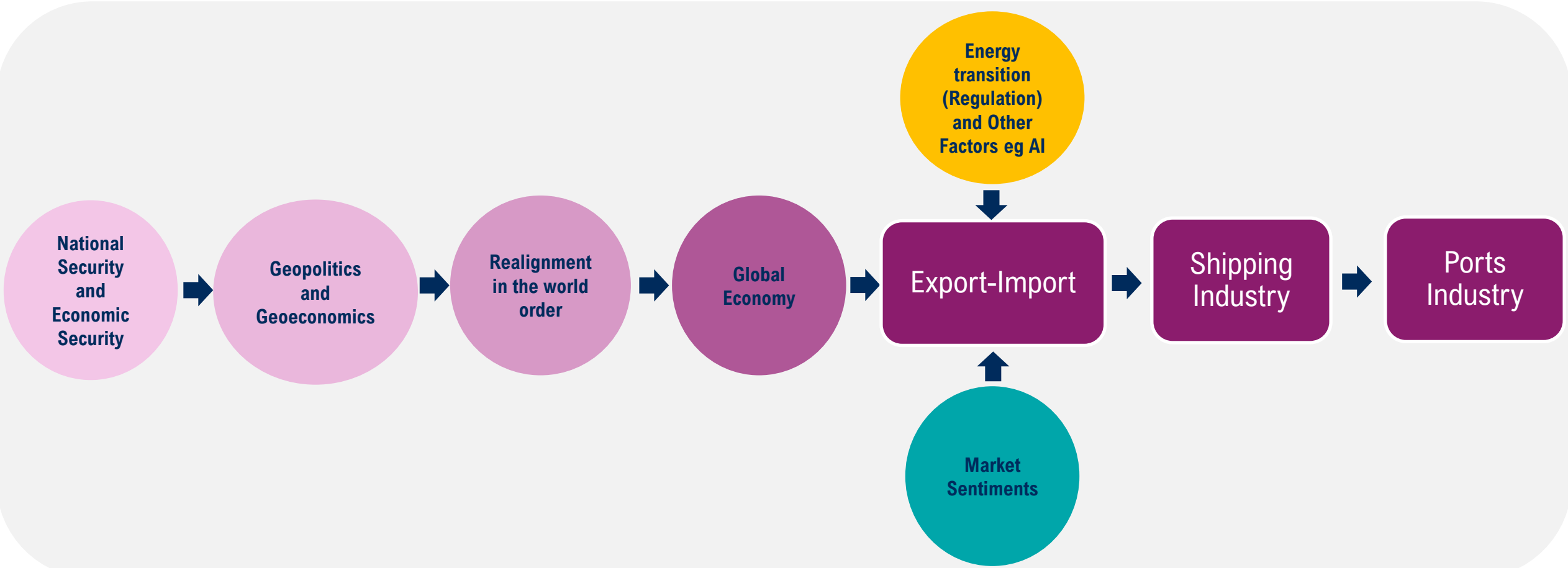
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Changing geopolitics, tariffs and strategic autonomy

Shipping is a macro picture industry

Kristin H. Holth, Global Head of Ocean Industries, DNB until 2020: Shipping is so much a macro picture industry. The tanker, dry bulk and container markets – it's very much a reflection of what's happening in the macro picture. It is extremely important to watch, because it is an indicator of the future.



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A structural shift in the global trading system

From global optimisation to policy-shaped fragmentation.

THEN: LIBERAL MODEL

- **Rules-based globalisation**
- Multilateral liberalisation
- Comparative advantage

NOW: POLICY MODEL

- **Fragmented trade**
- Regional alignment
- Resilience and security

The organising logic of trade is changing

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From efficiency-led globalisation to policy-driven trade

Four forces are now influencing where goods are produced, sourced and shipped.

01

GEOPOLITICS

Conflict, sanctions and chokepoint security alter feasible routes and supplier choices.

02

TARIFFS

Trade barriers increasingly shape investment, manufacturing location and competitiveness.

03

STRATEGIC ALIGNMENT

FTAs, industrial policy and “friend-shoring” favour partners viewed as strategically reliable.

04

RESILIENCE

Supply chains trade some efficiency for redundancy, inventory and diversified sourcing.

The result is not deglobalisation, but a more selective and politically conditioned form of globalisation.

Sources: UNCTAD Global Trade Update 2026; IMF geoeconomic fragmentation research; Drewry analysis.

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Geopolitics has become a primary trade driver

Disruption is increasingly embedded in supply chains and logistics.

01

CONFLICT

Black Sea exports

02

CHOKEPOINTS

Hormuz and Red Sea

03

REROUTING

Longer voyages

04

MARKET EFFECT

Capacity and freight rates

Traditional demand and supply fundamentals can be temporarily overwhelmed by geopolitical events.

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Tariffs are becoming a persistent policy tool

Trade measures now support wider industrial and strategic objectives.



Photo Source: Reuters / Carlos Barria

Higher input costs

Tariffs feed directly into the cost base for importers, manufacturers and consumers.

Shifting competitiveness

Relative advantages change as sourcing, production and market access are repriced.

Delayed investment

Policy uncertainty slows commitments and weakens the predictability of trade relationships.

Tariffs are no longer only bargaining instruments. They are part of a wider strategic policy framework.

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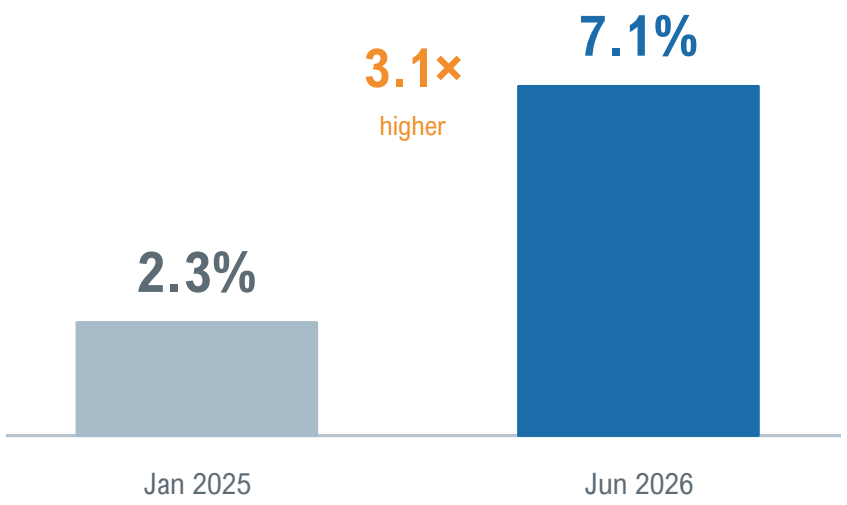
US tariff policy in 2026

Lower than the late-2025 peak, but still materially above the pre-escalation baseline.

US tariff policy remains a major source of trade-cost, sourcing and routing uncertainty.

Aggregate effective tariff rate

Customs duties collected as a share of import value



Where exposure remains concentrated

23.2% — **China**
Highest effective tariff rate among major US trading partners.

40.9% — **Steel & aluminium**
Most heavily tariffed major product category.

Shipping implication | Expect continued cargo substitution, altered sourcing and volatility in transpacific and North American routing.

Source: Penn Wharton Budget Model, 10 August 2026. Effective rates are trade-weighted and vary by partner and product.

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Free trade agreements are evolving

Regional blocs, bilateral deals and strategic provisions gain importance.

Exhibit 1: Select Free Trade Agreements Signed in the past year

- Africa-Wide Zero Tariff Treatment from May 1, 2026.
- New Zealand and India signed the NZ-India FTA on 27 April 2026. It eliminates duty on 100% of Indian Exports.
- EU's FTA with Mercosur, India, Malaysia, Indonesia and Australia.
  - **EU - Indonesia**: Indonesia EU-CEPA agreement on 23rd Sept 2025. Includes: gradual tariff elimination on most goods, sustainability terms on palm oil
  - **EU - Mercosur**: signed the Partnership Agreement (EMPA) and the Interim Trade Agreement (iTA) on 17th Jan 2026. Removing tariffs on EU exports, including agri-food and key industrial products such as cars, machinery, and pharmaceuticals.
  - **EU - India**: India and the European Union have finalised a long-pending landmark trade deal, which is expected to double EU exports to India on 27th Jan 2026. Over 90% of European goods to see tariff cuts; car tariffs to drop to 10%.
- The Australia-UAE Comprehensive Economic Partnership Agreement (CEPA) entered into force on 1 October 2025.
- FIT Partnership (Future of Investment and Trade): Launched 2025: Group of small countries led by Singapore.
- India-UK CETA (Comprehensive Economic and Trade Agreement): Signed in July 2025
- CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership): expansion (UK accession): on its way

Regional alignment

ASEAN, RCEP and CPTPP support deeper regional integration.

Tariff risk mitigation

Bilateral agreements protect market access and diversify exposure.

Broader deal design

Investment and supply-chain commitments increasingly accompany tariff reduction.

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Trade patterns are being reoriented

Supply chains are moving towards alignment, resilience and redundancy.

1

Nearshoring

Move production closer to end markets

2

Friendshoring

Prioritise politically aligned partners

3

Regionalisation

Build denser intraregional networks

4

Diversification

Reduce single-country dependence

The trade-off: lower efficiency in exchange for greater resilience and strategic control

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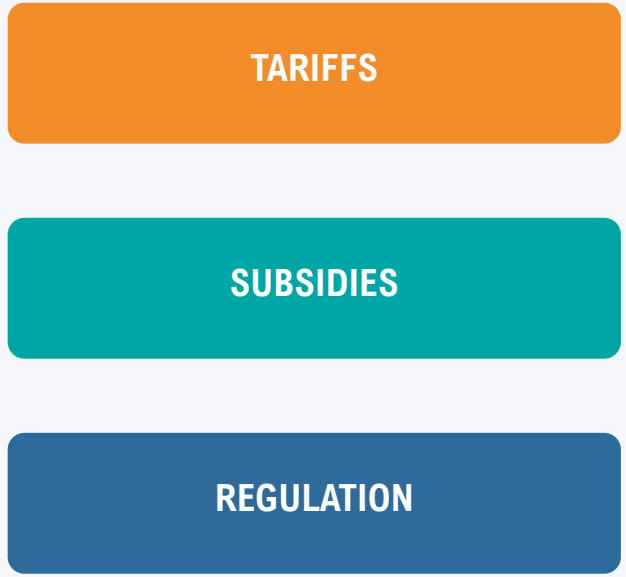
Strategic autonomy is reviving industrial policy

Governments are acting to secure critical industries and infrastructure.

Exhibit 2: Select recent initiatives for strategic autonomy

- China: Offshore wind capacity is planned to exceed 100 GW by 2030, up from roughly 48 GW in 2025, while nuclear capacity is planned to reach 110 GW by 2030, almost doubling from current levels.
- Promotion of the shipbuilding industry in India, the US, Indonesia and Viet Nam
- Increasing investment in the rare earth industry by the G7 and allied economies.
- EU already has the Renewable Energy Directive, which raised the EU's binding renewable target for 2030 to a minimum of 42.5% share of renewables in the energy mix.
- Govt. of India has set a target for establishing 50% cumulative electric power installed capacity from non-fossil fuel-based energy resources by 2030. Plan to have 500 GW of renewable energy capacity by 2030.

Policy toolkit

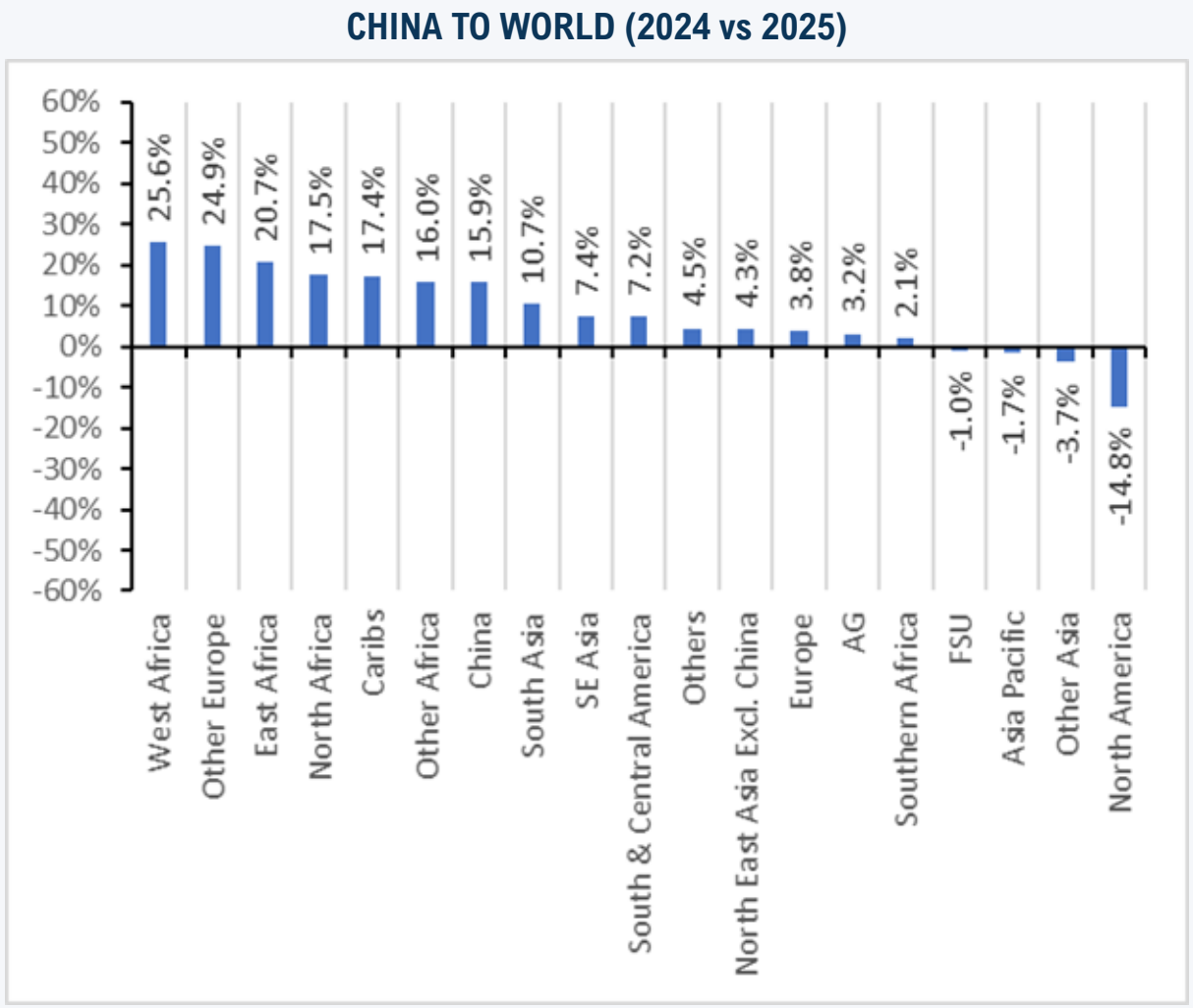


- Energy • Critical minerals

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China’s trade is pivoting towards Africa

Growth is strongest across African partner regions.



West Africa

Strongest growth in the exhibit at 25.6%.

Broad-based expansion

East, North and Other Africa also record strong gains.

Shipping signal

Emerging trade corridors may reshape capacity allocation and port calls.

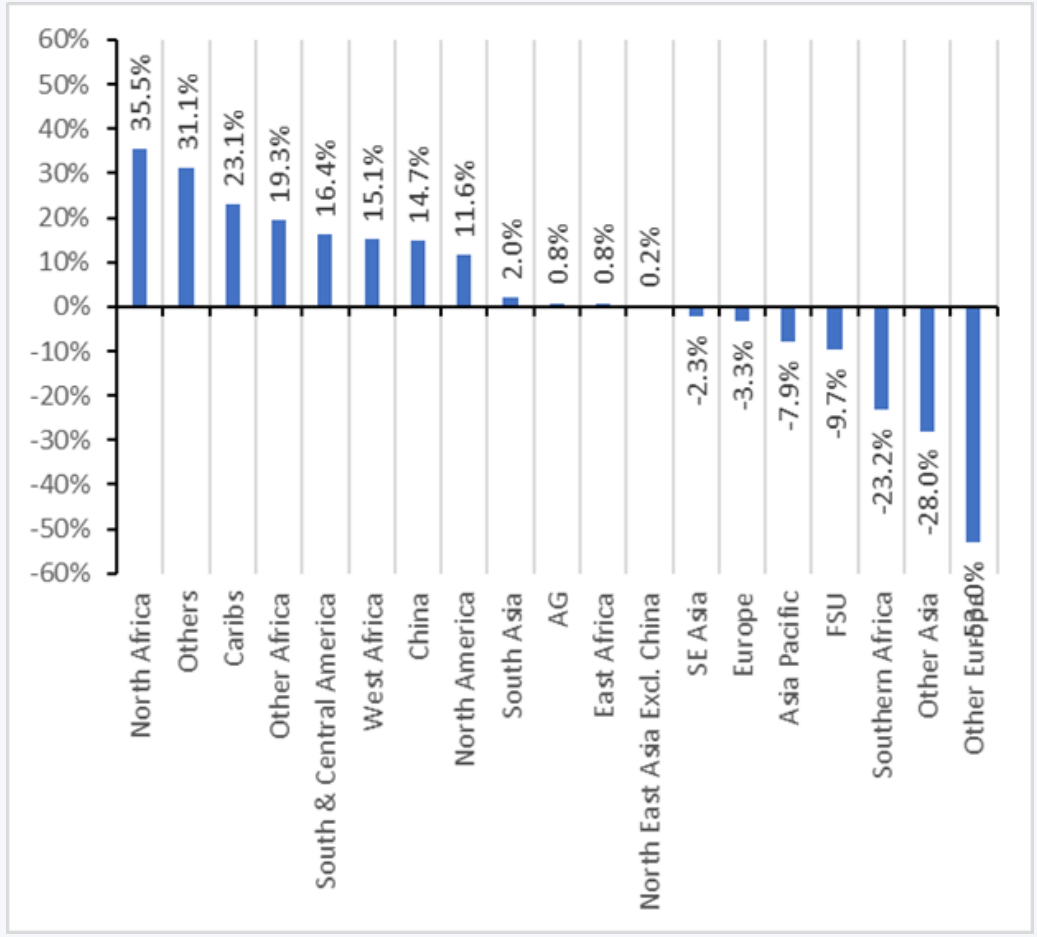
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Source: Drewry, TDM

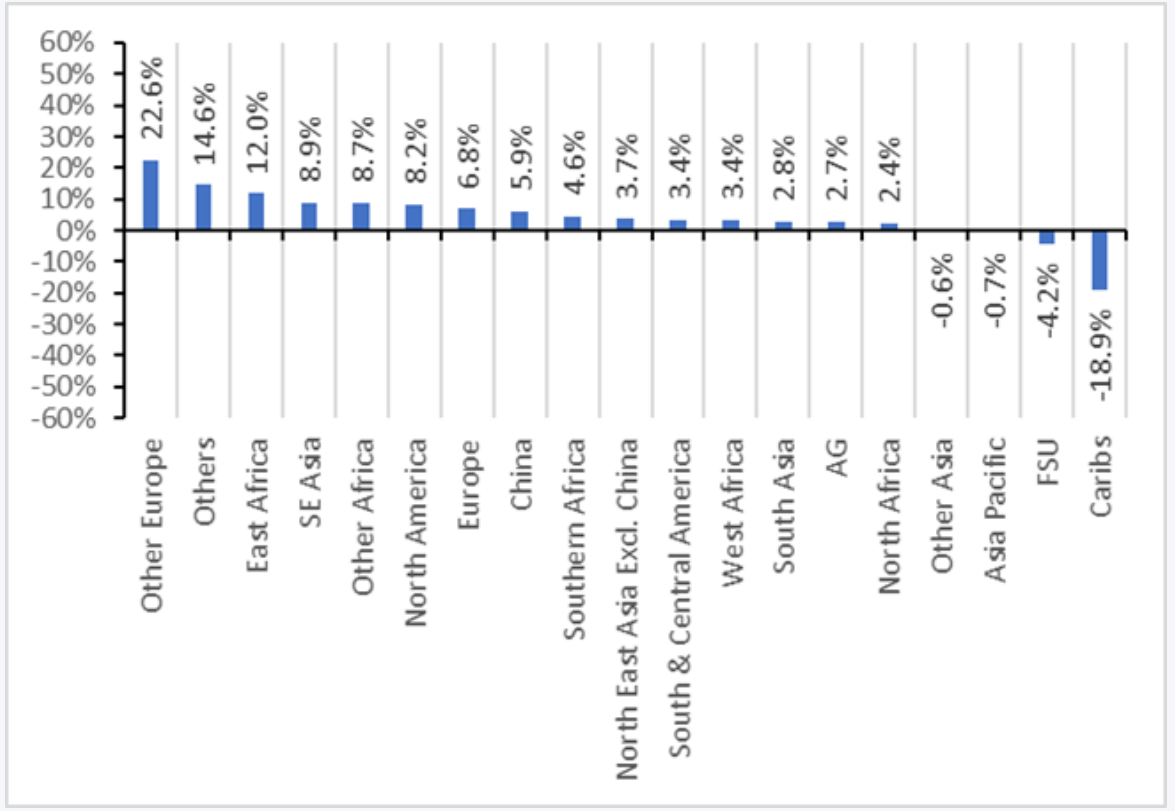
Reorientation differs across major trading economies

India shows strong growth with a range of African and emerging-market partners, while the EU pattern is more mixed.

INDIA TO WORLD (2024 vs 2025)



EU-27 TO WORLD (2024 vs 2025)



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Source: Drewry, TDM

Economic outlook remains supportive despite uncertainty

China

Transition

Infrastructure and manufacturing remain supportive; housing remains weak.

United States

Resilient

Consumption, technology investment and industrial policy support growth.

Europe

Slow recovery

Energy costs and weak manufacturing constrain industrial momentum.

India

Growth engine

Infrastructure, steel capacity and energy consumption drive demand.

Key implication: resilient global growth supports trade, but energy prices, financing conditions and regional divergence limit demand visibility.

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Looking forward at the dry bulk markets

Shipping follows the new geography of power

Demand may not disappear, but its composition, distance and volatility will change.

ROUTES

Longer and more complex voyages can lift tonne-mile demand and absorb capacity.

NETWORKS

Regionalisation alters port calls, trade-lane balance and capacity allocation.

CARGO MIX

Containers, bulk and tankers face different effects from sourcing and energy policy.

DECISIONS

Optionality becomes more valuable in asset deployment and investment.

Winning strategies will combine market insight with flexibility across routes, cargo segments and assets.

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Potential additional demand

Bauxite

Leading growth driver

Guinea–China growth and port inefficiencies tighten effective availability.

Iron ore

Tonne-mile lever

Long-haul exports from Brazil support Atlantic employment and reduce vessel availability. Guinea–China trade creates more tonne-miles than Australia–China.

Australian exports

Base-load anchor

Large, stable volumes sustain vessel demand despite shorter route distances.

Coal

Near-term support

Energy-security concerns preserve Panamax and Supramax cargo demand.

India

Structural driver

Steel expansion raises demand for imported ore and metallurgical coal.

Other trades

Selective upside

Soybeans, forest products and shifting steel flows support smaller bulkers.

Implications differ by commodity and vessel segment

The strongest opportunities combine long-haul growth with constrained fleet productivity.

Commodity / theme	Trade-flow implication	Likely segment impact	Assessment
Iron ore	Guinea and Brazil add long-haul Asia flows	Capesize / VLOC	Positive
Bauxite / minor bulks	Guinea–China growth plus loading constraints	Capesize / Panamax	Positive
Grain	South America–Asia growth	Panamax / Supramax	Positive / volatile
Coal	Energy security supports near term; structural decline persists	Panamax / Supramax	Mixed
Steel products	Tariffs and regional manufacturing redirect flows	Supramax / Handysize	Volatile
Fertiliser / forest products	Diversified regional corridors and smaller parcels	Supramax / Handysize	Selective upside

Assessment: Drewry synthesis based on Dry Bulk Forecaster 2026. Directional, not a freight-rate forecast by individual route.

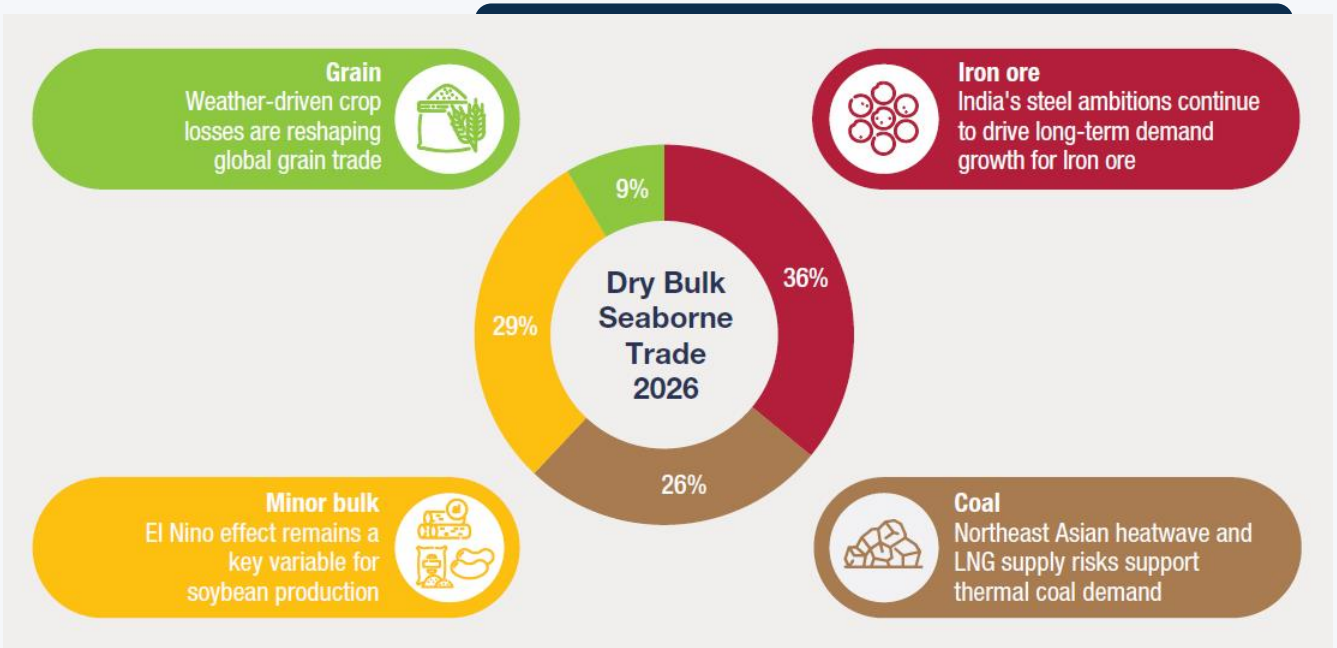
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Trade and ship demand

- Dry bulk demand is forecast to grow 3.5% year on year in 2026.
- Global GDP growth of 2.4% provides a resilient, though uneven, macro backdrop.
- Geopolitical disruption and higher energy and fertiliser costs remain the principal downside risks.
- Long-haul iron ore, grain, bauxite and minor bulks lift vessel employment and tonne-mile demand.
- Robust coal trade across Southeast Asia lifts the outlook.
- Limited effective-supply growth supports utilisation in the near term.
- Charter rates are expected to strengthen through 2027–28.
- From 2028, fleet expansion progressively weighs on utilisation, although trade distances and operational constraints cushion the correction.

3.5%
dry bulk demand growth, 2026

2.4%
global GDP growth, 2026



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Freight-rate dynamics

1	**Long-haul cargoes**	Guinea and Brazil increase tonne-miles.
2	**Route diversions**	Avoidance of the Red Sea keeps vessels occupied longer.
3	**Operational friction**	Transshipment and congestion reduce productivity.
4	**Lower effective speed**	Slow steaming and retrofit days squeeze supply.
5	**Delivery timing**	Low fleet growth through 2027 precedes a 2028 surge.

>$30,000/day

180k dwt Capesize peak 1-year TC

$37,200/day

220k dwt VLOC 1-year TC in 2028

From 2029

Rates moderate as fleet growth overtakes demand, but long-haul trades limit the decline.

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Downside risks, upside potential and key takeaways

DOWNSIDE RISKS

- Sharper weakness in Chinese steel demand
- Slower Guinea or bauxite ramp-up
- Faster open-market fleet expansion

UPSIDE POTENTIAL

- Faster Guinea bauxite growth
- Stronger Brazilian iron ore shipments
- Higher coal flows and stronger Indian steel growth

Strategic conclusions for dry bulk stakeholders

A fragmented trading system raises the value of flexibility, route intelligence and scenario-based planning.

1. Monitor corridors, not only volumes

Track origin–destination shifts, ballast implications and chokepoint exposure. Tonne-miles may diverge materially from cargo growth.

2. Price optionality and disruption

Use scenarios for tariffs, sanctions, canal access, port congestion, bunker costs and insurance. Volatility is increasingly policy-driven.

3. Diversify commercial exposure

Balance long-haul commodity exposure with regional trades, charter structures and vessel sizes that preserve employment flexibility.

4. Separate cyclical from structural effects

Longer routes can support rates near term, but fleet deliveries, China demand and the energy transition still govern the medium-term cycle.

Bottom line: fragmentation can be tonne-mile supportive, but it also makes demand, routing and earnings less predictable.

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Thank You !

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