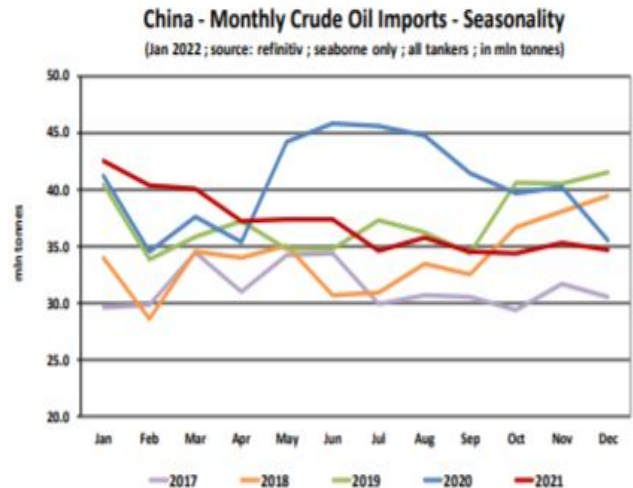
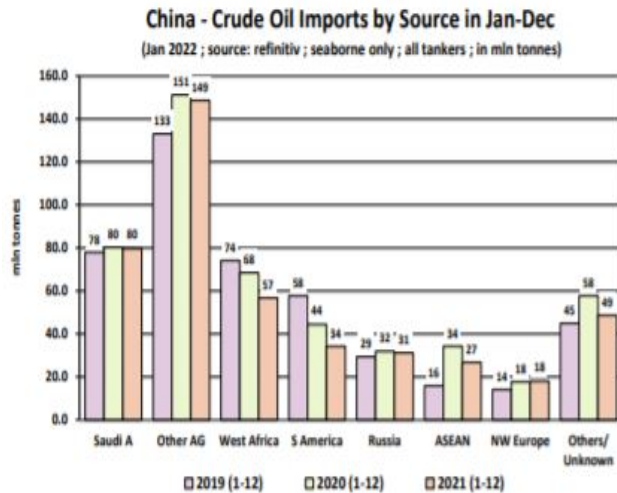


**Date: 8 February 2022**

## Chinese Oil Imports Hurt Tanker Trade in 2021



A slowdown in seaborne crude oil imports from China, the biggest market for tankers, has inevitably hurt the segment in 2021. In its latest weekly report, shipbroker Banchero Costa said that “the year 2021 was once again a very bad year for crude oil trade. Total loadings in the whole 12 months of 2021 were down -2.5% yo-y to 1,983 mln tonnes, excluding USA-USA cabotage, according to vessels tracking data from Refinitiv. This follows an even more dramatic -6.1% y-o-y decline in 2020. However, things did appear to improve steadily throughout the year, and especially in the final quarter of 2021”.

According to the shipbroker, “in 1Q 2021, global crude oil loadings were down -12.6% y-o-y at 474.8 mln tonnes, the worst quarter in at least a decade. In 2Q 2021, loadings were still down -5.7% y-o-y at 486.1 mln tonnes. In 3Q 2021, they were again marginally up to 489.9 mln tonnes, technically up +1.6% y-o-y, albeit from a very low base in 2020. However, in 4Q 2021, loadings jumped impressively to 532.2 mln tonnes, up +8.6% from 3Q 2021, and up +7.5% y-o-y from 4Q 2020. It was still well below the 560.3 mln tonnes in 4Q 2019 though... In 2021, Mainland China annual crude oil imports slid, dropping for the first time in several years, as Beijing clamped down on refining sector to curb excess domestic fuel production while refiners drew down massive inventories. Also, the lockdowns taking place in most of the continent had a devastating impact on the economy, and obviously on the demand for crude oil imports”.

Banchero Costa added that “in the 12 months of 2020, Mainland China imported 485.9 mln tonnes of crude oil by sea, according to Refinitiv vessel tracking data. This represented a net increase of +8.7% y-o-y, compared to the 447.1 mln tonnes imported in 2019. In the 12

months of 2021, seaborne imports into China shrunk somewhat by -8.6% y-o-y to 444.0 mln tonnes. Mainland China is still the world's largest and most important seaborne importer of crude oil, accounting for 21% of global seaborne oil trade. China accounts for 22% of all seaborne crude imports. Imports are being slowed down as Beijing investigates tax evasion and irregular quota trading among independent refineries, as well as cutting fuel export quotas to restrain crude processing”.

“On the other hand, the world's number 2 crude oil importer, EU27, recorded an increase of +3.0% y-o-y in 2021 after falling -12.8% y-o-y the previous year. In terms of sources of the shipments, there has been a negative trend of imports in majority of the countries. Saudi Arabian imports fell by only -0.5% y-o-y to 79.8 mln tonnes, from a +2.9% y-o-y increase in 2020. Despite this, Saudi Arabia remains the top supplier of seaborne oil to China, accounting for 18% of volumes in 2021, ahead of W. Africa with 12.8%. Shipments from West Africa decreased by -17.1% y-o-y to 56.7 mln tonnes, from 68.4 mln tonnes in 2020, and below the pre-Covid levels of 74.1 mln tonnes in 2019 and 69.8 mln tonnes in 2018. Imports from South America were also down by -22.9% y-o-y to 34.2 mln tonnes, and -40.7% y-o-y from the 57.7 mln tonnes of 2019. Arrivals from Russia declined by -2.2% y-o-y to 31.2 mln tonnes in 2021, almost matching 31.9 mln tonnes in 2020 but slightly higher than 29.4 mln tonnes of 2019. Shipments from the ASEAN countries also slumped -22.1% y-o-y to 26.7 mln tonnes, below the 34.3 mln tonnes of 2020, but well above the 15.8 mln tonnes in 2019. However, shipments from NW Europe to China increased by +1.4% y-o-y to 18.0 mln tonnes in 2021, higher than the 17.7 mln tonnes in the previous year and 14.1 mln tonnes the year before. Imports from the other AG countries corrected downwards by -1.6% y-o-y to 148.7 mln tonnes, and also below 151.2 mln tonnes of 2020 but higher than the 133.1 mln tonnes of 2019”, the shipbroker concluded.