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HIGHLIGHTS & BRIEFINGS

❑ The “Teras Lyza” Case:

Singapore Court Of Appeal Reversed Lower Court’s Judgment In USD56M Total Loss Claim

❑ In A Nutshell:

Key Risks and Considerations In Back-To-Back Charterparties

The "Teras Lyza" Case: Singapore Court Of Appeal Reversed Lower Court's Judgment In USD56M Total Loss Claim

Case briefing of Argoglobal Underwriting Asia Pacific Pte Ltd and others v Oversea-Chinese Banking Corp Ltd [2026] SGCA 14

The Singapore High Court's decision n this case was previously featured in our CMH Spotlight (Issue 2025.05). For consistency, this article also recaps the key points from that earlier coverage. Readers who prefer to skip the recap may proceed directly to the Court of Appeal discussion, beginning on page 7.

❖ Factual Background

- The Teras Lyza ("the Vessel") was a newly built offshore jack-up rig insured under a Hull & Machinery (H&M) policy with an insured value of USD56 million, and an Increased Value (IV) policy with an insured amount of USD14 million. In May 2018, following payment of an additional premium and agreement on specific terms, the Vessel was scheduled to be moved from its lay-up location in Vietnam to Taiwan, via wet tow.

- Approval by a competent marine warranty surveyor (MWS) was required for the tow voyage. Initially, the Owners engaged Braemar as MWS. However, as the departure date approached, the Owners grew concerned about several of Braemar's recommendations. They ultimately appointed an alternative MWS, Techwise, which issued the necessary certificates within a few days.

- On 5 June 2018, during the tow, the Vessel developed a port list and stern trim before capsizing in relatively calm weather. The Owners tendered a Notice of Abandonment and claimed constructive total loss (CTL), which the Insurers rejected.

- Subsequently, the Vessel Owners entered liquidation. Oversea-Chinese Banking Corp (OCBC), the Vessel's mortgagee and a co-assured under the policies, continued the action as sole plaintiff against the defendant insurers. Both the H&M and IV policies were Institute Time Clauses (ITC) governed by English law.

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❖ Singapore High Court's Decision (First Instance)

Dispute1: Whether the Vessel was lost by "perils of the seas" under clause 6.1.1 of the ITC (Hulls)

The defendant insurers relied on "*The Popi M*" [1985], contending that OCBC failed to prove the casualty was fortuitous. They further argued that the Vessel was inherently a "debility" due to non-compliance with certain requirements in its operation manual, and therefore could not withstand the ordinary action of wind and waves

High Court's Findings on Dispute 1

The Court ruled in favor of OCBC:

- The Court affirmed that the test in "Canada Rice Mills" [1941] AC 55 remained good law, i.e. to the extent that a ship is shown to be seaworthy and sinks in unexplained circumstances, the rebuttable presumption is that the vessel was lost by perils of the sea.
- The Judge rejected the defendants' submission that the plaintiff must prove the precise mechanism of the capsize. The reliance on *The Popi M* was held to be a misreading.
- The Court dismissed the defendant's argument that failure to comply with the operation manual rendered the Vessel a debility. Such non-compliance did not establish inherent weakness. On a balance of probabilities, the capsize of the Vessel was held fortuitous and caused by "perils of the seas".

The "Teras Lyza" Case: Singapore Court Of Appeal Reversed Lower Court's Judgment In USD56M Total Loss Claim (Cont'd)

❖ Singapore High Court's Decision (First Instance) (Cont'd)

Dispute 2: Owners' breach of duties of fair presentation of risks

Defendant insurers argued that the Owners deliberately or recklessly failed to disclose a few facts, namely:

1) Selecting a less stringent MWS to secure towage approval, and
2) Concealing that the Vessel's operation manual required dry tow rather than wet tow.

High Court's Findings on Dispute 2

The Court ruled in favor of OCBC:

- There was insufficient evidence to show the stricter MWS (Braemar) would have refused approval for the tow voyage. Nor was it shown that the Owners deliberately avoided Braemar to secure approval from the alternative surveyor (Techwise).
- The Operation Manual was found not clear as to whether a wet tow was entirely precluded. In addition, the fact was that both the Class Society and the MWS had considered and approved the wet tow, and MWS was vetted and approved by defendant insurers.
- Even if a wet tow was precluded by the Operation Manual, the Court found it unclear from defendants' evidence that such departure constituted a "material circumstance" as defined under UK Insurance Act 2015. On a balance of probabilities, it was held that such information was not likely to influence the insurer's judgment in determining whether to take the risk, and if so, on what terms.

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❖ Singapore High Court's Decision (First Instance) (Cont'd)

Dispute 3: Owners' breach of warranty

The defendant insurers alleged that the Assured was in breach of several warranties, the main one being failure to comply with "all statutory or regulatory requirements" such as guidelines from Maritime and Port Authority of Singapore (MPA) and IMO.

High Court's Findings on Dispute 3

The Court ruled in favor of OCBC. It refused to adopt a wider interpretation of "statutory or regulatory requirements" as submitted by defendant. It was held that a circular or directives issued by a statutory board itself like MPA does not have the force of regulation, and IMO guidelines themselves stated that their status was advisory rather than mandatory.

Dispute 4: Whether the IV policy was void as a gaming contract

The defendant insurers submitted that the Increased Value (IV) policy contained "Proof of Policy Interest" (PPI) wording, rendering the policy void under Section 4 of the UK Marine Insurance Act 1906.

High Court's Findings on Dispute 4

The Court held in favor of the defendant, that the IV policy was void due to inclusion of the PPI wording.

All in all, OCBC succeeded in its constructive total loss claim under the Hull & Machinery (H&M) policy, recovering USD 56 million. However, the IV policy was held void, and no recovery was available under that cover.

The "Teras Lyza" Case: Singapore Court Of Appeal Reversed Lower Court's Judgment In USD56M Total Loss Claim (Cont'd)

❖ Singapore Court of Appeal Decisions

Five issues were brought before the Court of Appeal to consider whether the Judge in First Instance erred in finding that:

1. OCBC had discharged its burden to prove that the loss was caused by a peril of seas;
2. OCBC had established that the Vessel was a CTL;
3. There had been no breach of warranties;
4. There had been no breach of duty of fair presentation;
5. OCBC had proved its indebtedness under the mortgage.

The Court of Appeal allowed the appeal on the first two issues. Accordingly, it was not necessary to consider the remaining issues. However, in its judgment, the Court of Appeal broadly agreed with the findings of the Judge at first instance that OCBC did not breach its warranties or its duty of fair presentation, and that its indebtedness under the mortgage had been proved.

This article focuses on Court of Appeal's reasoning and decision in Issue 1 and 2.

Issue 1: Whether OCBC had discharged its burden to prove that the loss was caused by a peril of seas

To begin with, for analysing the first instance decision, the Court set out two conventional ways an insured may prove loss by a peril of the seas on a balance of probabilities:

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❖ Singapore Court of Appeal Decisions (Cont'd)

Issue 1: Whether OCBC had discharged its burden to prove that the loss was caused by a peril of seas (Cont'd)

a) First, an insured may directly prove that the loss of the vessel was caused by a peril of the seas by identifying a cause and proving it on the balance of probabilities. In this approach, the insured must propound (i.e. advance) the cause.

b) Alternatively, an insured may rely on circumstantial proof and a rebuttable presumption that the vessel was lost by perils of the seas, if the insured establishes that the vessel was seaworthy and that it was lost in wholly unexplained circumstances. In this approach, the insured need not propound a cause.

After reviewing the reasoning of the first instance decision and relevant authorities, the Court of Appeal found as follows:

- OCBC did not discharge its burden of proof under method a). In reaching this conclusion, the Court briefed that a "peril of the seas" comprises two elements: i) it must be a fortuity; and ii) the peril which gives rise to the marine casualty must be "of the seas". OCBC proved only that the capsize of the Vessel was of a maritime nature, but did not propound a cause for seawater ingress to prove the fortuitous element.

The "Teras Lyza" Case: Singapore Court Of Appeal Reversed Lower Court's Judgment In USD56M Total Loss Claim (Cont'd)

❖ Singapore Court of Appeal Decisions (Cont'd)

Issue 1: Whether OCBC had discharged its burden to prove that the loss was caused by a peril of seas (Cont'd)

- OCBC was not entitled to rely on method b) to discharge its burden of proof. The relevant case law permits an insured to rely on the rebuttable presumption where the vessel sinks in wholly unexplained circumstances and the shipowner is unable to identify the actual cause to discharge his burden of proof. Here in this case, the Vessel only capsized and did not sink, and it was scuttled by salvors 76 days after the capsizing. The Court was not satisfied to accept the circumstances is wholly unexplainable as there was apparent availability of the Vessel for inspection. Where the loss is capable of being explained, the insured cannot invoke the presumption and claim that the cause of seawater ingress is unknown.

- The first instance Judge did not draw a distinction between the above-mentioned methods of proof (i.e. direct proof of a peril of the seas vs. circumstantial proof in reliance on the presumption).

- The first instance Judge began by addressing the insurer's defence that the Vessel was a debility, when this issue should only arise after OCBC established fortuity. In doing so, he erred by reversing the burden of proof onto insurer, and equating his rejection of the insurer's defence as an affirmation of OCBC's fortuity being established.

The "Teras Lyza" Case: Singapore Court Of Appeal Reversed Lower Court's Judgment In USD56M Total Loss Claim (Cont'd)

❖ Singapore Court of Appeal Decisions (Cont'd)

Issue 2: Whether OCBC had established that the Vessel was a CTL

The Court of Appeal held that OCBC did not establish the Vessel was a CTL, principally because the documents OCBC sought to rely on were found not admissible under the Evidence Act. Nevertheless, the Court also addressed that, even if without any flaws in the evidence aspect, the CTL documents would not have been sufficient to prove CTL.

- There was one commercial quote amounting to USD56 million for a wholesale replacement. However, there was no explanation as to why a wholesale replacement (as opposed to a repair) was necessary.
- Another commercial proposal quoted SGD46 million, but it was issued prior to the dive inspection reports and other technical reports, which means the quotation was premised on a set of assumptions without taking into account the Vessel's actual condition and the specific damage identified.
- Dive inspection report and Special Casualty Representative Situation Reports mainly addressed the damages sustained to the Vessel, but there was no expert evidence linking the Vessel's condition to the quantum of repair costs.
- OCBC argued that insurer effectively admitted the figure of repair by stating in an email that "an allowance of even USD25 million for repairs could be very generous…". OCBC then added an estimated USD 24 million for salvage costs and contended that the total repair and salvage costs amounted to approximately USD 40–45 million. The Court held that, properly construed, the insurer's statement did not amount to an admission that the repair costs could be at least USD 25 million. Further, the Court held that salvage costs formed a substantial component of SCOPIC, which should not be taken into account when calculating CTL.

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❖ Comments

- The Court reviewed various case laws and concluded that the insured bears the burden of proving fortuity, and therefore must exercise reasonable diligence in investigating the circumstances of loss. Where the insured seeks to rely on the rebuttable presumption that the vessel was lost by perils of the seas, the Court will scrutinise whether the vessel is seaworthy and whether the loss occurred in wholly unexplained circumstances. This is not a low threshold: if the loss is capable of explanation (or there was a realistic opportunity to investigate), the presumption could not be lightly invoked.

- In establishing a CTL claim, the insured should take reasonable steps to support the assessment of repair costs. This typically includes carrying out inspections, consulting surveyors, obtaining relevant quotations, and engaging with the technical basis for the reasonable repair methods, rather than relying on rough figures that are detached from the vessel's actual condition.

- Before the Court of Appeal, OCBC argued that it was merely a mortgagee, not the shipowner, and therefore could not be expected to carry out the same level of investigation. The Court rejected this, and held that in the context of the marine insurance policy where a mortgagee is co-assured, he stands in the shoes of the shipowner for its claim. Co-assured mortgagees should therefore anticipate that the Court will apply the same criteria or evidential standard governing burden of proof—without special indulgence.

In A Nutshell: Key Risks and Considerations In Back-To-Back Charterparties

A back-to-back charterparty usually refers to an arrangement where a party charters in a vessel from a head owner in one charterparty contract, and sub-charters the vessel out under another charterparty contract. The contractual terms in the two charterparty mirror each other, with the aim of passing liabilities and obligations seamlessly up or down the chain.

In practice, however, minor inconsistencies often arise within a charterparty chain that is intended to be back-to-back. This article focuses on the common mismatched clauses and key risks, mainly in the context of time charter-in and time charter-out arrangement.

● Port / Berth Safety Warranties

Safe port or berth warranties are commonly found in time charterparties, though their wording can vary. Some clauses impose only a duty of due diligence, while others create strict liability. Where the head charterparty contains a strict-liability warranty but the sub-charterparty requires only due diligence, the intermediate charterer may be exposed to unsafe port claims without effective contractual recourse.

What if the charterparty contracts does not include express safe port / berth warranty?

- Time Charterparty: If the charterparty does not expressly include a safe port or berth warranty, courts may, in certain circumstances, imply such a term. This is because the charterer controls the vessel's employment, and implying the warranty may be necessary to give the contract business efficacy.
- Voyage Charterparty: In contrast, where the voyage charterparty specifies the loading and discharging ports, a safety warranty is less likely to be implied. Unless there is an express undertaking, courts generally avoid implying such a term—particularly when multiple operative ports are stipulated, as this allows owners to assess safety considerations themselves.

● Bunker Specification and Quality

Bunker disputes can escalate quickly. To reduce risk, bunker specification clauses (e.g. ISO 8217 compliance, MARPOL Annex VI sulphur limits, and machinery suitability) should be consistent across all charterparties.

Where responsibilities or dispute resolution procedures differ, intermediate charterers risk exposure without clear pathway to recover losses.

Stevedore Damage and Third-Party Injury

Standard time charter forms typically place responsibility for cargo handling (loading, stowing, securing, discharging) on charterers. As a result, charterers are generally liable for damage to cargo or the vessel caused by stevedores, as well as for personal injury to stevedores.

To avoid gaps in liability, these provisions on stevedore responsibilities, damage reporting, and conduct must be mirrored in sub-charterparties. Without alignment, intermediate charterers risk liability under the head charterparty without recourse downstream. Exposure can be significant, particularly in jurisdictions where personal injury claims fall under strict liability and attract high damages.

Clause Paramount and Time Bars

The Clause Paramount incorporates the Hague or Hague-Visby Rules into a charterparty, ensuring the carrier's rights, obligations, and liabilities for cargo loss are governed under these regimes, including the one-year time bar for cargo claims. If included in one charterparty but omitted in another, conflicting time-bar provisions may arise, leaving parties exposed to inconsistent liability risks.

Inter-Club Agreement (ICA)

The ICA is essential for apportioning cargo claims under time charters. Vague clauses such as "claims to be settled as per ICA" are insufficient. Charterparties should expressly incorporate the latest ICA version (currently ICA 2025) and confirm its precedence over conflicting provisions. Failure to do so can create disputes over liability allocation and even challenge the enforceability of the ICA.

Voyage charterparties typically exclude ICA provisions, meaning cargo claims may fall outside the ICA's framework. Particular care is needed when a voyage charter follows a time charter containing an ICA clause.

Governing Law and Jurisdiction Clauses

Discrepancies in law and arbitration clauses can cause procedural complications and costly parallel proceedings. For example, disputes under a head charter may fall under English-law arbitration, while related disputes under a sub-charter could be heard in a foreign court under a different legal regime.

To avoid this, parties should ensure alignment of dispute resolution provisions across the charter chain, including clarity on arbitration forums, applicable law, number and qualifications of arbitrators, and applicable time bars.

● Hold Cleanliness, Speed & Performance, Force Majeure

Operational clauses often differ in wording, scope, and standards. If the contracts contain varied hold cleanliness requirements (e.g. grain vs. "hospital clean"), speed and performance warranties, and force majeure definitions, such can cause confusion and disputes which cannot pass through the charter chain.

Common issues include cargo delivery disputes due to inconsistent cleaning standards or inspection protocols, conflicting off-hire or laytime calculations, and unclear demurrage entitlements.

● Financial Exposure

○ Cost Exposure

Costs awards in charterparty arbitrations can leave intermediate charterers vulnerable. Even if successful in one arbitration, they may be unable to recover costs incurred or those awarded against them in another.

Before commencing proceedings up or down the line, charterers should carefully assess their options. Full-scale sub-arbitrations are not always necessary and may result in significant unrecoverable costs, even where the charterer bears no apparent fault.

○ Financial Risk from Defaults

Beyond procedural risks, the financial stability of parties in the chain is critical. A head charterer's default—through insolvency or breach—can trigger termination or suspension of the entire chain.

However, intermediate charterers may still remain bound under sub-charter contract, leading to serious consequences such as unpaid hire, damages claims for non-performance, or prolonged idle time.

● Conclusion

Parties as intermediate charterer should have a clear understanding of liability flow and ensure symmetry on key clauses across all charterparty contracts in the chain, including liability, time bars, performance standards, and governing law.

They should also be watchful to avoid vague references in the contractual terms, to make sure the contracts are aligned and enforceable.

Market Snapshot

How The Strait Of Hormuz Crisis Is Reshaping The Bulker

- The Strait of Hormuz crisis has disrupted the bulker market in 2026, stranding 192 carriers totaling 11.7 million DWT among 1,005 vessels. Capesize earnings rose on tighter supply, while Panamax, Supramax, and Handysize segments suffered from cancelled grain and fertilizer shipments and reduced Gulf port activity.
- Newbuilding slowed after a strong start: 45 contracts in January and 40 in February, but only 25 in March versus 85 last year, with none reported through late April. Still, Capesize newbuilding prices climbed 1.27% to USD 76.87 million, reflecting confidence in asset values. Large vessels dominate, with 40% of 2026 contracts being Capesize or Newcastlemax.
- Earnings diverged. Capesize spot rates peaked in late March–early April, supported by doubled bunker costs and supply tightening. Ceasefire news lifted sentiment and forward freight agreements, though one-year timecharter rates stayed stable. Smaller vessels saw weaker utilization.
- Secondhand sales also slowed: 94 deals in January, 95 in February, but only 60 in March, and just 15 by late April.

Tanker Market All Eyes On Hormuz Strait

- The Strait of Hormuz crisis continues to disrupt tanker trade, with the IRGC closing the Strait after briefly reopening it under ceasefire coordination. Several vessels were forced to turn back, and at least two came under fire.
- Middle East Gulf crude and clean freight premiums remain elevated, though largely theoretical given the absence of physical trade. In the Atlantic basin, freight levels spiked, supported by US SPR releases, Asian demand to replace lost Middle Eastern barrels, and arbitrage flows. US Gulf crude exports to Asia rose over 30% in March, with further gains in April. Latin America and West Africa also posted strong increases in exports to Asia.
- VLCCs are most exposed, with over 60% of their trade tied to the Middle East. Early April saw record eastbound ballasters into the Atlantic. Clean tanker segments showed mixed exposure: MR rates strengthened on long-haul demand, with US Gulf and Europe to Asia trade more than doubling, while shipments to Africa quadrupled.

War Turns Sulphur Market Toxic In Acid Supply Shock

- Global sulphur trade has plunged as the Strait of Hormuz closure slashed Persian Gulf exports. March 2026 loadings fell to 1.5m tonnes, down 31% month-on-month and 46% year-on-year, with Q1 volumes at 5.9m tonnes, a 25% decline. The Gulf, which supplies over half of global seaborne sulphur, saw exports collapse to 400,000 tonnes, a 75% drop.
- Shipping exposure is concentrated in geared bulkers, with 90% of sulphur cargoes carried on supramaxes, handysizes, and ultramaxes.
- Industrial fallout is spreading quickly. Copper producers in the Democratic Republic of Congo and nickel producers in Indonesia face soaring costs, with nickel at $18,655 per tonne and copper above $13,000 per tonne.
- Agriculture, which absorbs two-thirds of global sulphur demand, is being prioritized. China and Turkey have banned sulphuric acid exports, while India considers similar restrictions. Around 24% of global bulk fertilizer supply is stranded in the Gulf, estimated at 833,800 tonnes, mostly urea.
- Even if Hormuz reopens, analysts warn competition between agriculture and industry will intensify, with fertiliser likely to take precedence, keeping industrial users under pressure.

Global Orderbook Hits 17-Year High

- By Q1 2026, the global shipping orderbook surged to a 17-year high of 191m compensated gross tonnes (CGT), equal to 17% of the global fleet. This growth was fueled by record crude tanker contracting and rebound LNG tanker demand. Newbuilding contracting rose 40% year-on-year to 17.6m CGT, with tankers making up 32% of orders—their highest share since 2017. However, contracting fell 17% quarter-on-quarter due to weaker dry bulk activity.
- Throughout the 2020s, contracting has averaged 47% higher than the 2010s, driven by larger fleets, stronger markets, and renewal needs. Shipyard lead times have lengthened, with 57% of 2026 orders scheduled beyond 2028. Sector ratios highlight heavy investment: crude tankers at 22%, product tankers 19%, containers 37%, and LNG 40%. Aging tanker fleets reinforce renewal, while container and LNG sectors anticipate demand growth.
- China dominated shipbuilding with 70% of Q1 orders, Korea secured 20%—boosted by LNG—and Japan fell to just 1%. Analysts warn swelling orderbooks, high prices, and supply chain bottlenecks, especially in dual-fuel engine production, could slow future contracting despite institutional confidence in the ongoing shipyard supercycle.

Panama Canal Traffic Climbs As Officials Downplay Congestion Fears

- Panama Canal traffic has climbed in early 2026, though officials continue to downplay congestion concerns, stressing that operations remain stable and transits are flowing smoothly.
- Between October 2025 and March 2026, the Canal recorded 6,288 transits, up 224 year-on-year, with cargo volumes rising 5% to 254 million PC/UMS tons. Daily averages reached 34 vessels in January and 37 in March, with peak days exceeding 40. Container shipping and LPG cargoes showed strong growth, while energy shipments are playing a larger role in overall volumes.
- Auction prices for last-minute slots surged, averaging $385,000 in March–April compared with $135,000–$140,000 before the conflict. Some bids exceeded $1 million, reflecting demand spikes rather than systemic congestion. Officials emphasized that most ships transit under advance booking systems, including Long-Term Slot Allocation and LNG reservations.
- Water levels remain favorable. Heavy dry-season rainfall kept Gatún and Alhajuela lakes at maximum capacity, restoring the full 50-foot Neopanamax draft and normalizing transit capacity. El Niño risks are being monitored, but authorities expect no major disruptions through year-end.

Port Of Long Beach Outpaces Rivals As Tariffs And War Risks Cloud Outlook

- The Port of Long Beach led U.S. container volumes in Q1 2026, handling nearly 2.39 million TEUs, despite a modest decline compared to last year. March throughput reached 774,935 TEUs, down 5.2% year-on-year, with imports slipped 1.6%, to 374,412 TEUs, exports edged up 0.5% to 104,554 TEUs, whilst empty containers dropped 11.1% to 295,970 TEUs.
- By comparison, the Port of Los Angeles processed 752,520 TEUs in March, down 3% year-on-year, and 2.39 million TEUs in Q1, broadly in line with its five-year average.
- Volumes are holding steady for now, but risks are mounting. Tariffs, inflation, and rising bunker costs linked to Middle East conflict are clouding the outlook.
- Global supply chain pressures are intensifying. Higher fuel costs tied to the conflict are feeding into new surcharges and operational changes across the supply chain. Retailers are adjusting by reducing discounts, raising free-shipping thresholds, and extending delivery timelines.

Hormuz Squeeze Meets The LNG Buildout: Oil Flows Drop, U.S. LNG Expands

- Global energy shipping is facing a split reality: LNG is expanding rapidly with new U.S. export capacity, while oil flows are plunging due to the Strait of Hormuz crisis.
- LNG continues to ride a wave of growth. In late 2025, global LNG supply rose 7% year-on-year, driven largely by North America. Multiple projects, including Louisiana LNG, Corpus Christi Trains 8 & 9, CP2 Phase 1, Rio Grande LNG Train 4, and Port Arthur Phase 2, are reaching final investment decisions. Analysts project U.S. market share will rise from 25% in 2025 to 33% by 2030, cementing its role as a global leader.
- A milestone came in April 2026, when the Golden Pass LNG terminal in Texas shipped its first cargo. Backed by QatarEnergy and ExxonMobil, the USD10 billion project will eventually export 18 million tonnes per annum. Golden Pass not only boosts U.S. supply but also provides diversification outside the Gulf, reducing reliance on Hormuz.
- This LNG expansion contrasts sharply with oil markets. Since the Iran war began, global seaborne crude shipments fell 16%, dropping 7.6 million barrels per day to 38.4 mbpd. Nearly 9.5% of expected global crude production has failed to reach markets. Persian Gulf exports collapsed to 12.7 mbpd.
- Some offset has come from regional adjustments. The UAE increased exports east of Hormuz by 0.7 mbpd, while Saudi Arabia boosted Red Sea shipments by 3.0 mbpd. Yet these gains remain insufficient to balance the Gulf's losses. Outside the region, Venezuela added 0.4 mbpd and Russia 0.8 mbpd, but global flows are still constrained.
- Shipping markets are feeling the strain. VLCCs, heavily reliant on Gulf crude, have seen ballast movements surge into the Atlantic, disrupting freight balance. Clean tanker segments show mixed resilience: MR tankers benefit from long-haul demand, while LR1s and LR2s remain exposed to Gulf disruptions.
- Meanwhile, LNG shipping is buoyed by long-haul demand to Asia and Europe. Its cleaner profile -- 30% less CO_2 than heavy fuel oil and near-zero sulfur oxides -- adds momentum as governments push for greener energy.
- Looking ahead, LNG's trajectory appears robust, with U.S. projects like Golden Pass reinforcing supply chains. Oil markets, however, remain clouded by Hormuz disruptions, naval blockades, and infrastructure damage.

Happy Reading, See You In May!

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Acknowledgments

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