
# Chemical Tanker Outlook 2026

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## Introduction

The chemical tanker market approaches 2026 in a climate defined less by recovery than by recalibration. Global trade momentum has weakened materially following the front-loaded surge of 2025, with world merchandise trade growth now expected to slow to just 0.5% in 2026, while chemical production expansion has been downgraded to approximately 2.0%, reflecting persistent overcapacity and fragile downstream demand. This subdued backdrop is further complicated by ongoing geopolitical disruption, with Red Sea instability continuing to impose structural inefficiency, adding 30–70% more sailing days on key Asia–Europe corridors and artificially supporting tonne-mile demand in an otherwise tepid volume environment.

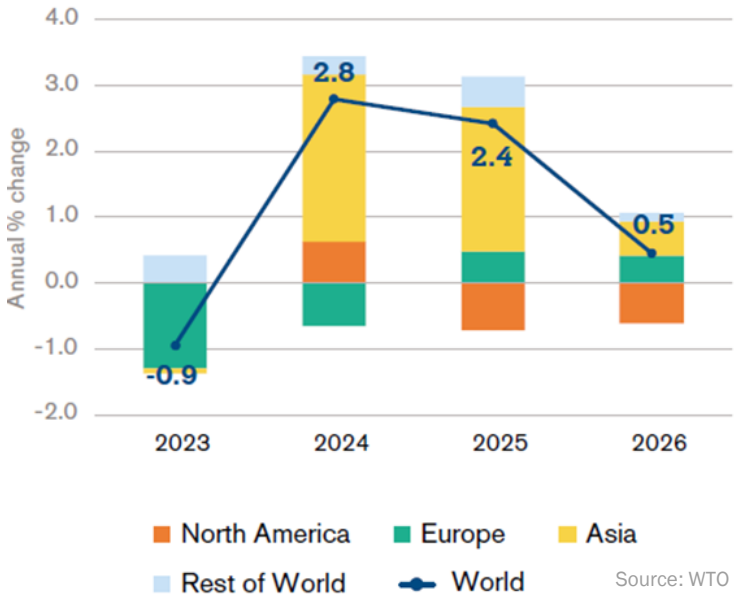
Against this backdrop, the outlook for chemical tankers is increasingly shaped by trade redistribution, voyage inefficiency and selective structural growth pockets, rather than by any broad-based cyclical upswing. Utilization has become dependent on distance distortion and fragmentation, setting the stage for a market where performance in 2026 will be driven more by dislocation than by genuine demand expansion.

## Macro Environment

The global trade environment heading into 2026 is shaping up to be materially weaker than the momentum observed in early 2025, with WTO economists now forecasting world merchandise trade volume growth of just 0.5% for 2026, a sharp downgrade from the 2.5% expected earlier this year. This slowdown follows a front-loaded surge in 2025, where trade was temporarily inflated by tariff-driven stockbuilding and accelerated AI-related procurement, leaving the subsequent unwinding phase to weigh heavily on industrial flows across bulk commodities and non-containerized segments. The cumulative growth for 2025–26 is now projected at only +2.9%, underscoring how much of the recent resilience has been borrowed forward rather than structurally earned.

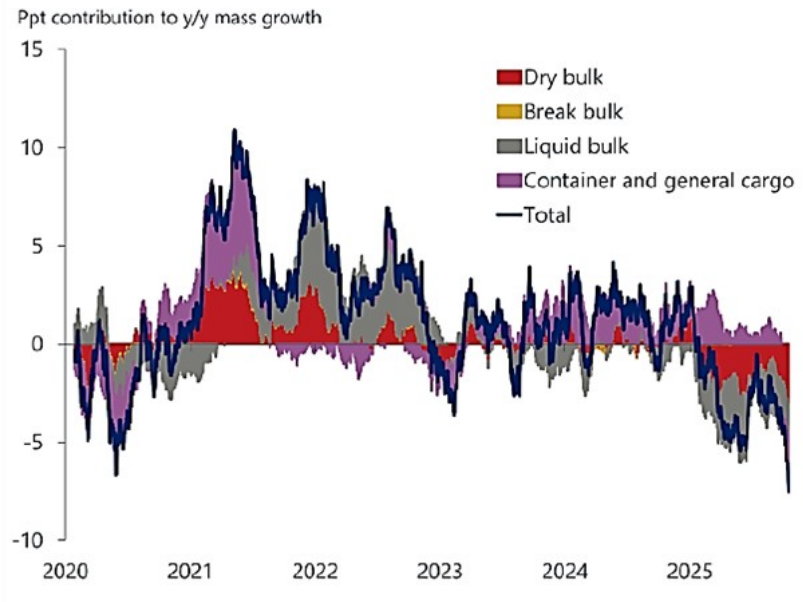
Within the chemical sector, the narrative remains one of prolonged adjustment. After initially projecting global chemical production growth at 3.5%, forecasts have been steadily revised lower, with output now expected to rise by only 2.0% in 2026, positioning the sector firmly near the bottom of its capital and demand cycle. The outlook can be characterized as one dominated by persistent overcapacity, weak end-market demand and heightened uncertainty, with US chemical production volumes alone forecast to contract by 0.2% in 2026 following two years of subdued performance. Operating rates and margins continue to face structural pressure, particularly in basic chemicals, where surplus capacity has become increasingly entrenched rather than cyclical in nature.

Co Contributions to Trade Volume Growth by Region




Source: WTO

Global Maritime Trade Index




Source: TradePrism

**Liquid bulk trade lacks volume to fuel growth**

At the same time, trade patterns remain distorted by geopolitics and logistics inefficiencies. Red Sea disruptions continue to impose structural friction on chemical supply chains, with rerouting around the Cape of Good Hope adding approximately 30-70% more sailing days from Asia or Middle East to Europe. These detours, while offering partial tonne-mile support, are increasingly acting as a counterbalance to otherwise tepid cargo growth, reinforcing a market where utilization is being sustained more by distance than by genuine volume ex-

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# Chemical Tanker Outlook 2026

## Macro Environment

From a regional perspective, the expected cooling of North American trade flows — forecast to make a negative contribution to global trade growth in 2026 — further constrains the outlook for Atlantic Basin chemical movements, while Asia's contribution, though still positive, is set to moderate materially. Europe remains structurally fragile, with elevated energy costs and limited industrial competitiveness continuing to undermine domestic chemical production and curtail meaningful recovery, even as import dependency persists.

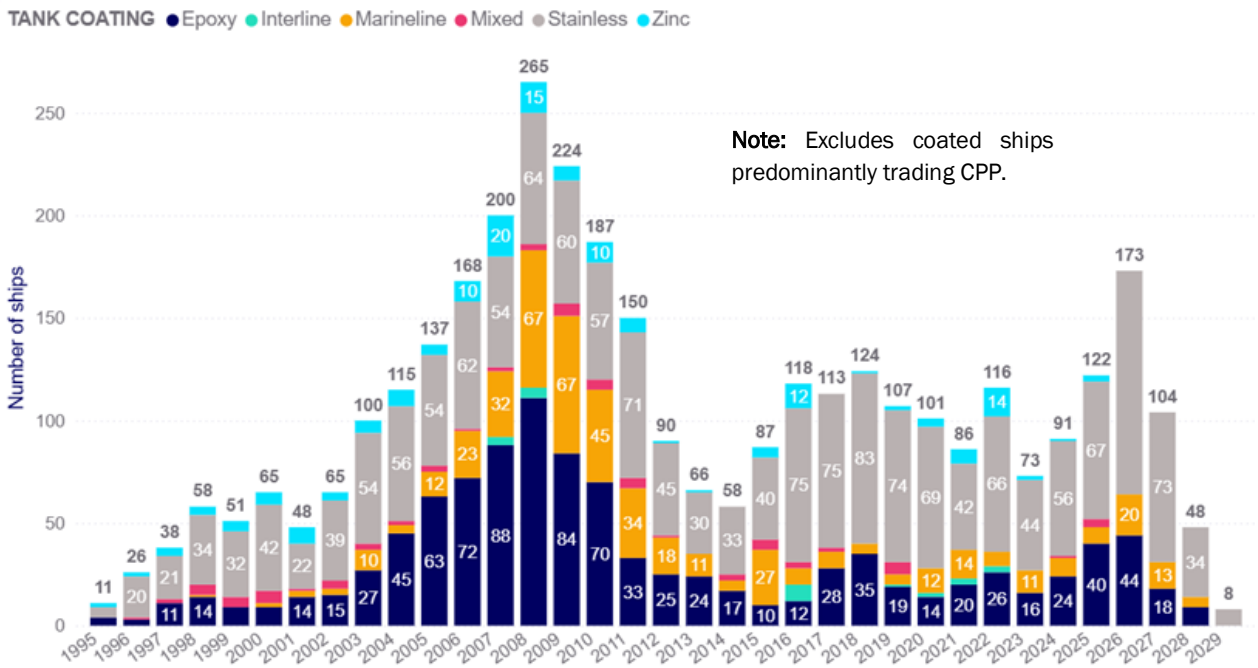
For the chemical tanker market, this environment points towards a year defined more by structural inefficiency than by cyclical expansion. With trade growth stalling near zero and chemical production rising only marginally, the support for freight markets in 2026 is likely to be derived predominantly from extended voyage distances, geopolitical friction and increasingly fragmented supply chains, rather than any sustained uplift in underlying chemical demand.

## Chemical Tanker Fleet

The IMO fleet continued expanding in 2025, reaching more than 5,200 ships with about 132 million dwt capacity. Out of these, the chemical portion of the fleet consists of about 3,270 ships with combined capacity of about 53 million dwt – an addition of just about 73 ships and about 0.6 million dwt during the whole year. The average age of the chemical fleet is above 14.5 years, but about 9% of the whole fleet is older than 25 years, with the majority of these old ships being stainless steel tankers.

About 46% of the orderbook in the chemical fleet will be delivered in 2026. This will undoubtedly put the market under intense pressure.

**Additions by Year in the Chemical Tanker Fleet between 1,000—55,000 dwt**




Source: SSY, CKB Fleet

Ship recycling remained quite limited in 2025 with just about 15 ships with less than 300,000 dwt capacity, thus helping grow the relative share of the oldest portion of the chemical fleet to more than 300 ships by Jan next year. But with the expected weaker trade volumes and deteriorating freight markets next year, perhaps a considerable part of this elderly tonnage will head to the scrapyards. *By our conservative estimates for retiring the oldest 5% of the fleet aged 25 years and above, the overall chemical fleet will barely grow in 2026 with just 0.2%. However, if market conditions worsen sufficiently and more aggressive scrapping occurs, this would mean a negative fleet growth – something that has happened only 3 times over the last 25 years—with positive implications for the rates.*

**Projected growth 2026 -2029:**

**Note:** Projections are based on scrapping the oldest 5% of the chemical fleet aged 25 years and above, in line with recent years. Coated ships trading mostly CPP are excluded.

| 0.2% | -0.6% | -0.0% | -3.1% |
|---|---|---|---|
| Growth % 2026 | Growth % 2027 | Growth % 2028 | Growth % 2029 |

Source: SSY, CKB Fleet

## Petrochemicals: Long-Haul Exposure in a Slower, Over-Supplied Cycle

The petrochemicals segment enters 2026 against a backdrop of muted demand growth, persistent overcapacity and increasingly regionalized trade patterns. Global chemical production is now expected to expand by only around 2% in 2026, with the bulk of commodity petrochemicals operating at subdued utilization levels and margins constrained by structurally weak downstream consumption. While seaborne movement remains substantial, the dominant theme is not expansion but redistribution — with tonnes increasingly chasing fewer, more volatile arbitrage opportunities.

### Glycols (MEG/DEG)

The glycol market remains caught between slowing structural demand growth and sustained capacity expansion. China, which accounts for over half of global MEG consumption, has been steadily moving toward self-sufficiency, with domestic capacity additions progressively narrowing its import requirement. While China continues to import significant volumes — still measured in the tens of millions of tonnes annually — the growth trajectory has flattened markedly compared with the 2010–2020 period.

At the same time, Europe's glycol industry remains under structural cost pressure, driving further rationalization and reinforcing reliance on imports. As a result, long-haul flows from the Middle East and the US Gulf continue to underpin trade, particularly into Europe and Northeast Asia. However, with polyester demand growth now tracking closer to 1–3% per annum rather than historical mid-single digits, the volume outlook for 2026 remains modest, placing pressure on freight rather than supporting it.

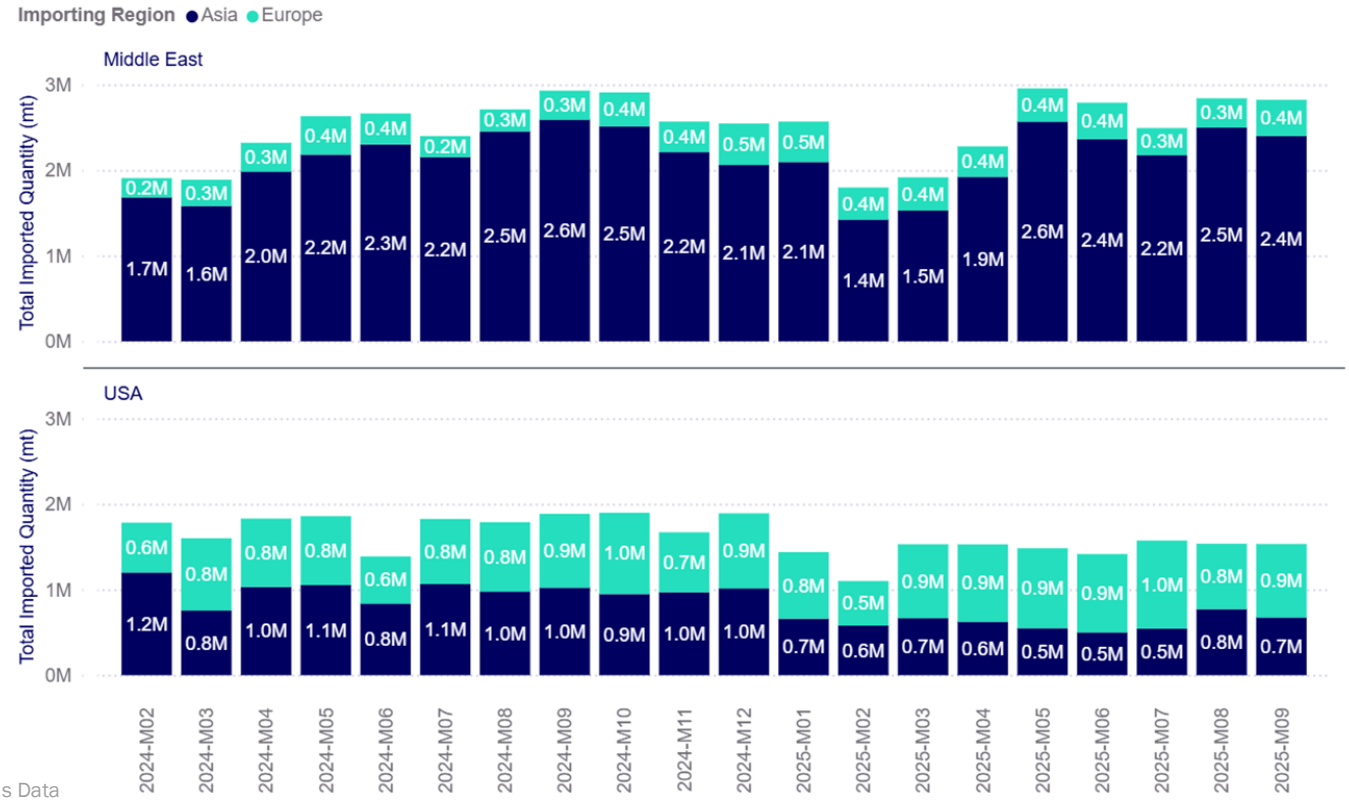
### Methanol

Methanol continues to exhibit one of the largest seaborne footprints in the chemical tanker market, yet it too is entering a phase of constrained growth. Global methanol capacity additions of more than 15 million tonnes between 2023 and 2026 have reinforced oversupply conditions, while downstream derivatives demand remains tepid.

China's ongoing expansion of coal-based methanol production and slower growth in MTO (Methanol-to-Olefins) demand have reduced incremental import needs, while traditional markets in Europe and North America remain tied to subdued construction and industrial activity. Long-haul trades from the Middle East, Trinidad and the US Gulf to Asia and Europe remain structurally important, but cargo growth is increasingly volatile and price-driven rather than demand-led.

Where upside exists, it is concentrated in emerging energy-related usage, with methanol as a marine fuel generating new, albeit still niche, trade flows. However, these volumes remain insufficient to materially offset the softness in the core petrochemical chain.

**Petrochemical Exports from the Middle East and USA**




Source: Customs Data

## Petrochemicals: Long-Haul Exposure in a Slower, Over-Supplied Cycle

### MTBE

MTBE continues to sit at the intersection of petrochemical and refined fuel markets, making it heavily exposed to gasoline consumption trends. With OECD gasoline demand broadly flat and vehicle efficiency gains continuing, MTBE trade remains highly cyclical.

Asia and the Middle East retain the bulk of export capacity, while Latin America and selected European markets remain the primary import destinations. However, with global gasoline demand growth now largely confined to emerging Asia and Africa, and overall trade volumes softening, MTBE in 2026 is better characterized as a stability commodity rather than a growth driver.

### Aromatics & Styrene

The aromatics and styrenics complex remain one of the clearest examples of structural rebalancing. European capacity continues to contract under sustained pressure from energy costs, carbon pricing and weak profitability, driving deeper reliance on imports. By contrast, state-backed and integrated producers in the Middle East and Asia continue to increase supply.

As a result, long-haul movements from the US Gulf and the Middle East into Europe are becoming increasingly entrenched, even as overall demand growth in end-markets such as packaging, automotive and construction remains muted. Styrene trade, in particular, is increasingly shaped by Europe's shrinking production base and the need to source volume externally.

However, demand growth across the complex is now best described as marginal, with most projections implying expansion rates well below 2% per annum. This leaves the segment structurally important for tankers in terms of distance, but not volume acceleration.

### Acetic Acid

Acetic acid presents a similar profile: significant trade exposure combined with subdued growth prospects. Asia continues to expand production capacity, while Europe and parts of Latin America remain structurally dependent on imports. The key derivative sectors — vinyl acetate monomer, PTA and solvents — are growing slowly and remain vulnerable to industrial softness.

With global balances loose and production increasingly concentrated in Asia and the US, seaborne flows into Europe and Latin America remain a core element of the chemical tanker trade. Yet, the overall growth trajectory is modest, and 2026 is likely to be characterized by frequent shifts between oversupply and arbitrage-driven tightness rather than sustained demand-led expansion.

### Implication for Chemical Tankers

Across the petrochemical spectrum, 2026 is shaping up as a year where trade remains long-haul but fundamentally fragile. Volumes are supported more by structural rebalancing and regional production decline — particularly in Europe — than by genuine expansion in end-user demand. For shipowners, this translates into continued exposure to volatile freight conditions, where utilization is increasingly a function of trade displacement and inefficiency rather than systemic growth.

In essence, petrochemicals remain central to tonne-mile generation but no longer offer the volume momentum that historically underpinned the long-haul chemical tanker market during the previous supercycle.

Price arbitrage and blending economics are likely to remain the key determinants of trade volume, reinforcing episodic rather than structurally expanding flows.

## Inorganic Chemicals: Ample Supply, Fragile Demand and Regional Rebalancing

The inorganic chemicals segment enters 2026 characterized by comfortable supply, modest demand growth and a trading environment increasingly shaped by regional imbalances rather than global expansion. While these products remain fundamental to fertilizer production, metals processing and basic industrial activity, their seaborne profile over the coming year is expected to be one of stability rather than momentum, with volumes driven more by arbitrage and logistical dislocation than by sustained demand acceleration.

### Caustic Soda

The caustic soda market remains structurally long, with global installed capacity continuing to expand, led by Asia. China alone now accounts for more than 50% of global caustic soda capacity, with total capacity estimated in excess of 55 million dry metric tonnes, and further incremental additions anticipated through 2026. This capacity growth, set against only marginal demand expansion, continues to reinforce surplus conditions across most major regions.

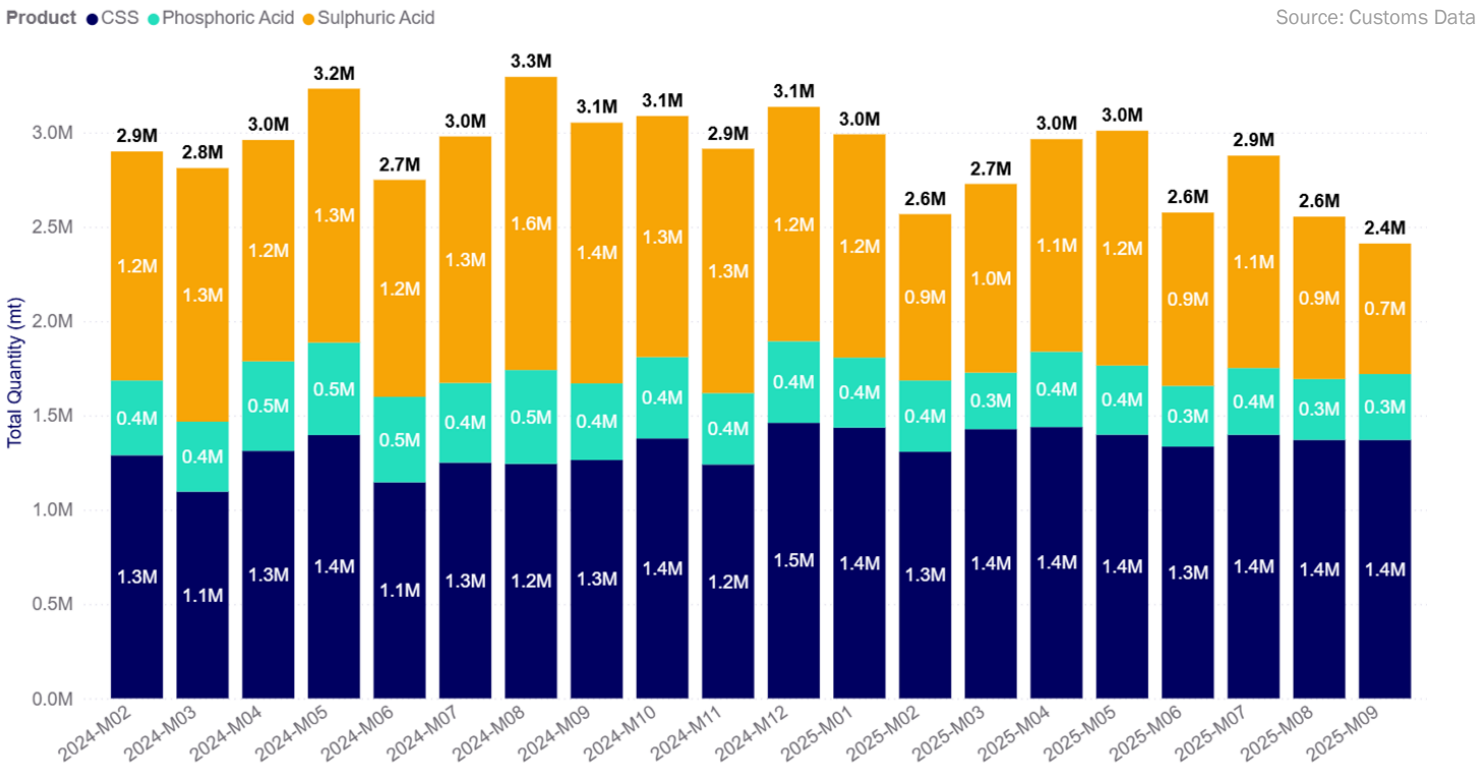
On the demand side, consumption remains closely tied to alumina refining, pulp and paper production, detergents, water treatment and metals processing. Alumina alone accounts for approximately 30–35% of global caustic soda demand, making the sector a key

## Inorganic Chemicals: Ample Supply, Fragile Demand and Regional Rebalancing

determinant of volume trends. However, slower aluminium production growth, weaker construction-linked metal demand and softer industrial output are expected to temper any meaningful upside in caustic consumption during 2026. While demand from detergents, water treatment and hygiene-related uses remains relatively resilient, it is insufficient to materially tighten the broader market balance.

Trade flows therefore remain active but fragile. Traditional export corridors from the US Gulf and Northwest Europe into Latin America and Africa continue to provide baseline tonne-miles, while intra-Asian movements — particularly from China into Southeast Asia — are expected to grow in relative importance. Overall, however, caustic soda trade is likely to remain characterized by modest volumes, predominantly short-to-medium haul movements and heightened sensitivity to shifts in alumina production economics and regional pricing disparities.

### Trade Volumes of the Major Inorganic Chemicals




### Sulphuric Acid

Sulphuric acid continues to be dominated by smelter-based production, which accounts for approximately 80–85% of global traded supply. Seaborne trade is estimated at around 15–16 million tonnes per annum, with only limited growth expected into 2026 as mining and fertilizer demand struggle to break materially higher in a subdued global industrial environment.

A notable structural development is emerging in the Atlantic Basin. As Moroccan producer OCP continues to expand its sulphur-burning capacity, imports of sulphuric acid into Morocco are declining. This reduction, however, is being partially offset by higher exports of acid to alternative destinations, resulting in a gradual reshaping rather than a contraction of Atlantic trade flows. In parallel, key mining markets such as Chile and Peru remain structurally reliant on long-haul sulphuric acid for copper extraction, preserving a base level of tonne-mile demand despite the absence of strong volume growth.

Overall, sulphuric acid retains its role as a stable foundation cargo within the chemical tanker market, but one whose trade patterns are increasingly shaped by regional capacity adjustments and supply rebalancing rather than broad-based demand expansion. Freight volatility is therefore likely to remain episodic, driven by smelter operating cycles, refinery outages and fertilizer production schedules, rather than by any structural uplift in consumption.

## Inorganic Chemicals: Ample Supply, Fragile Demand and Regional Rebalancing

### Phosphoric Acid

Phosphoric acid presents a relatively more resilient profile within the inorganic complex, underpinned by its critical role in fertilizer production and its growing relevance in battery-related applications. Global seaborne trade is estimated at around 6–7 million tonnes annually, with incremental growth expected as fertilizer demand continues to track population and agricultural output trends.

Trade flows remain centered on exports from North Africa and the Middle East, with India, Brazil and Southeast Asia forming the core importing regions. While underlying demand fundamentals remain supportive, volume expansion continues to be shaped by regional trade policies, anti-dumping measures and agricultural subsidy frameworks, all of which inject a degree of structural unpredictability into the market.

As with other inorganic trades, 2026 growth is expected to remain modest, with pricing and flow patterns influenced as much by regulatory and geopolitical considerations as by classical demand dynamics.

### Implication for Chemical Tankers

Across the inorganic complex, 2026 is likely to offer continuity rather than uplift. These cargoes remain essential to global industrial and agricultural value chains, yet their trade profile lacks the momentum required to materially strengthen tonne-mile demand. Growth, where it occurs, is expected to be selective and uneven, concentrated primarily in fertilizer-linked flows and emerging battery supply chains.

For chemical tanker operators, inorganic chemicals will continue to provide core utilization and voyage stability, but with limited upside potential. Freight performance will remain exposed to regional arbitrage opportunities and episodic market tightness, rather than benefitting from any broad-based expansion in global consumption.

## Specialty Chemicals: Targeted Growth and Increasing Trade Complexity

The specialty chemicals segment enters 2026 as a relative outperformer within an otherwise constrained chemical cycle, delivering selective growth and sustained trade relevance despite ongoing macroeconomic headwinds. While volumes remain modest compared to bulk petrochemicals, the sector continues to play an increasingly strategic role in global supply chains through its disproportionate contribution to value, margin and shipping complexity.

Global specialty chemical consumption is projected to grow by approximately 3–4% in 2026, exceeding the broader chemical industry's estimated growth of around 2%, with total global trade volumes for specialty liquids estimated in the region of 45–55 million tonnes annually. These flows are highly fragmented and distributed across thousands of product categories, but several identifiable geographic patterns continue to emerge.

### Trade structure and key flow corridors

Asia remains the dominant production hub, accounting for an estimated 45–50% of global specialty chemical output, with China, South Korea, Japan and increasingly Southeast Asia at the center of supply. These nations export a broad range of high-value intermediates and performance chemicals into Europe and North America, particularly in electronics, coatings, automotive components and battery supply chains.

The principal long-haul routes include:

- Northeast Asia to Europe: electronics chemicals, additives, resins and formulation intermediates
- Asia to North America: performance plastics, battery precursors and specialty solvents
- Europe to Asia: pharmaceutical intermediates, high-end additives and process chemicals

Europe, despite ongoing deindustrialization pressures in commodity petrochemicals, remains a net exporter of certain high-technology specialties, particularly from Germany, the Netherlands, Belgium and France, supporting two-way parcel flows across the Eurasian trade corridor.

North America continues to function as both a consumption-driven importer and selective exporter, particularly of specialty polymers and advanced materials into Latin America and parts of Asia. However, US trade volumes have plateaued amid more conservative industrial investment patterns and heightened scrutiny of capital deployment.

## Specialty Chemicals: Targeted Growth and Increasing Trade Complexity

### Emerging supply and demand centers

The next phase of specialty chemical trade is being shaped by regionalization and nearshoring trends, particularly in:

- India, where domestic capacity is expanding rapidly across dyes, additives and formulation chemicals, increasingly exporting into Africa, the Middle East and Southeast Asia.
- Southeast Asia, where Vietnam, Thailand and Malaysia are scaling specialty production to support regional manufacturing ecosystems.
- Eastern Europe and Turkey, which are emerging as secondary hubs for formulation and blending, generating incremental intra-Med and Black Sea movements.

Collectively, these regions are contributing to stronger intra-Asia and intra-Mediterranean flows, gradually reducing reliance on single-source intercontinental trades while adding complexity to tanker deployment patterns.

While individual parcel sizes remain small, typically ranging from 1,000–5,000 tonnes per lot, the cumulative effect of specialty chemicals represents a critical utilization pillar for stainless steel and high-spec coated vessels. These cargoes are often moved in combined multi-stop voyages, increasing turnaround times but enhancing freight value density. Cargo diversity and strict quality requirements ensure that specialty flows remain less price-elastic but more service-sensitive, reinforcing stable employment for operators capable of maintaining high operational standards.

### Implication for Chemical Tankers

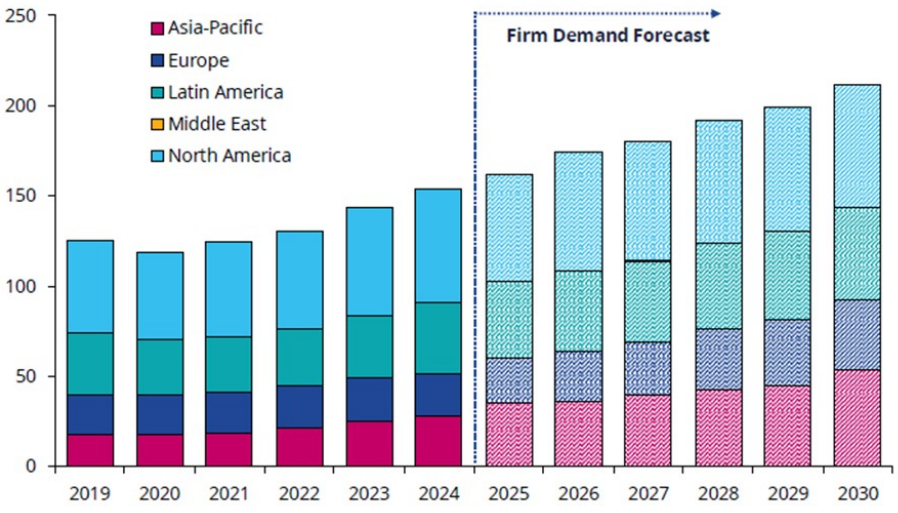
Despite its relatively stronger growth profile, the specialty segment remains vulnerable to broader economic fragility. Demand from construction-linked and discretionary consumer applications continues to soften, while technology-driven segments retain stronger momentum. Ultimately, the market is becoming increasingly polarized between high-value innovation-led flows and legacy applications subject to stagnation.

For the chemical tanker sector, specialty chemicals will not materially drive tonne-mile expansion, yet their role in underpinning utilization, supporting premium earnings and diversifying voyage portfolios remains structurally important. As traditional bulk petrochemicals struggle to regain momentum, specialty trades offer resilience, complexity and a measure of defensiveness within an otherwise uncertain trading environment.

## Biofuels & Edible Oils: Structural Growth Anchors in a Fragile Trade Cycle

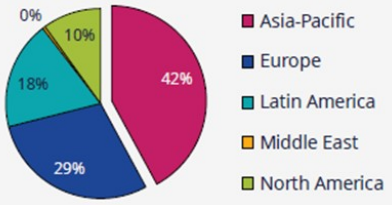
In contrast to the muted outlook across much of the petrochemical and inorganic spectrum, biofuels and edible oils remain among the most structurally resilient segments of the liquid bulk trade heading into 2026. Driven primarily by policy mandates, energy transition strategies and demographic consumption growth, these cargoes continue to provide one of the few consistent sources of volume expansion and long-haul tonne-mile support in an otherwise soft trade environment.

### Global Biofuels Demand by Region (mn t)




**~70mn t of growth**
for total biofuels (including SAF, Renewable Diesel* (RD), biodiesel and ethanol.

**Share of Global Demand Growth (2024-2030)**




Source: Argus

## Biofuels & Edible Oils: Structural Growth Anchors in a Fragile Trade Cycle

### Biodiesel & SAF

Global biodiesel demand continues to trend upward, underpinned by tightening blending mandates and decarbonization targets. Worldwide biodiesel and renewable diesel consumption is estimated to exceed 65 million tonnes in 2025, with growth of 3–5% per annum projected through the latter part of the decade. Europe remains the largest single demand center, accounting for roughly 30–35% of global consumption, while the US and parts of Asia continue to expand capacity under energy-security and climate-driven policies.

In parallel, the Sustainable Aviation Fuel (SAF) segment is transitioning from pilot scale to commercial relevance. Global SAF production remains relatively modest, estimated at around 1.5–2.0 million tonnes in 2025, yet output is expected to accelerate steadily as new facilities come online and airline decarbonization commitments intensify. Asia, particularly Singapore, Malaysia and Thailand, is emerging as a key production hub, with increasing volumes targeting export markets in Europe and North America where regulatory frameworks and carbon obligations are most stringent.

From a shipping perspective, this has translated into structurally expanding long-haul flows, notably Southeast Asia to Europe for biodiesel, HVO and SAF components and Latin America to Europe and US Atlantic Coast for renewable diesel feedstocks.

These trades have become among the most distance-intensive liquid bulk routes, increasingly absorbing coated IMO II/III tonnage in the 20–45,000 dwt range and providing a critical pillar of utilization for the chemical tanker fleet.

### Ethanol

Ethanol represents a more mature but still strategically significant element of the global biofuels complex. Global fuel ethanol production is estimated at approximately 110–115 million tonnes per annum, with the US and Brazil accounting for close to 80% of total output. While the majority of ethanol is consumed domestically within its producing regions, seaborne trade remains substantial, estimated at 10–12 million tonnes annually and increasingly relevant to chemical tanker deployment patterns.

The primary long-haul trade remains from Brazil and the US Gulf to Europe and Asia, where blending mandates and supply shortfalls continue to support imports. Europe alone imports in excess of 3 million tonnes per year, largely to meet transport fuel blending requirements, while Asia's demand base, particularly in markets such as South Korea and the Philippines, continues to expand gradually.

Unlike biodiesel and HVO, ethanol demand growth is more incremental and less tightly linked to premium decarbonization frameworks such as SAF. However, it remains an essential compliance fuel and a key stabilizing cargo within the broader biofuels trade. For chemical tankers, ethanol offers relatively steady, policy-supported volume flows, particularly across the Atlantic Basin, though growth in 2026 is expected to remain modest and increasingly sensitive to domestic production economics and tariff regimes.

### Palm Oil

Palm oil remains the most extensively traded vegetable oil globally, with total production estimated at 75–80 million tonnes per annum, but the geographic profile of supply is gradually evolving. While Indonesia and Malaysia continue to dominate, accounting for roughly 85% of global output, Colombia has firmly established itself as the world's fourth-largest producer, with annual production now exceeding 1.8 million tonnes, and is increasingly emerging as a relevant exporter to North America and parts of Europe. Other Central American producers, including Guatemala, Honduras and Costa Rica, are likewise expanding their footprint, contributing to a slow but discernible diversification of global supply sources and adding incremental Atlantic Basin liquidity to what has historically been a Southeast Asia–centric trade.

From a policy perspective, a key inflection point is expected in 2026 with Indonesia's planned implementation of the B50 biodiesel mandate, which would raise domestic blending requirements from 35% to 50%. Should this be fully enacted, it could divert an additional 4–6 million tonnes per year of palm oil into the domestic biofuel chain, materially tightening export availability. This is likely to constrain Indonesia's seaborne export volumes and may redirect incremental demand towards alternative suppliers, including Malaysia and the emerging Central American producers, slightly reshaping long-haul trade patterns.

At the same time, the US policy environment for biofuels has entered a more cautious phase. Recent shifts under the current administration, including reduced enthusiasm for aggressive expansion of mandates and greater scrutiny over food-versus-fuel dynamics, have softened the outlook for incremental vegetable oil imports into the US. While flows remain active, particularly into the renewable diesel sector, growth is now expected to be more measured and increasingly sensitive to policy recalibration rather than driven

## Biofuels & Edible Oils: Structural Growth Anchors in a Fragile Trade Cycle

by structural mandate expansion.

From a shipping perspective, palm oil continues to generate substantial tonne-mile demand across core corridors such as Southeast Asia → India, China and Europe. However, the combination of tighter Indonesian export availability, greater participation from Latin and Central American producers and a more restrained US biofuel uptake introduces a more complex and regionally fragmented trade outlook for 2026. Volumes remain resilient, but the composition and direction of flows are likely to evolve, reinforcing a dynamic rather than static market landscape.

### Soybean Oil

Soybean oil remains a strategically important feedstock within the global edible oils and renewable fuels complex, yet its production and trade outlook for 2026 is increasingly shaped by climate volatility and shifting policy dynamics. Global soybean oil production currently stands at approximately 60 million tonnes per annum, with the Americas — led by Brazil, the US and Argentina — accounting for the vast majority of exportable surplus. However, more erratic weather patterns, including drought cycles in Argentina and irregular rainfall in Brazil linked to El Niño and La Niña phenomena, are introducing greater variability to yields, reinforcing a more episodic and price-sensitive trade environment.

At the same time, the US biofuels policy landscape has entered a more cautious and less expansionary phase. While renewable diesel and HVO capacity expansion continues, recent adjustments by the current administration — including a more restrained approach to mandate escalation and heightened scrutiny over food-versus-fuel trade-offs — have moderated the pace of incremental vegetable oil demand. As a result, US consumption of soybean oil for biofuels, previously expected to accelerate sharply, is now likely to stabilize at around 10–12 million tonnes per annum rather than continue its earlier steep upward trajectory.

This dynamic is subtly reshaping global flows. While the US remains both a major producer and consumer, tighter domestic balances and a more disciplined policy environment are reducing the likelihood of aggressive import-driven expansion. Instead, export growth from South America into Europe and Asia is increasingly driven by regional supply shortfalls and decarbonization policies outside the US, rather than by US-led demand pull.

From a shipping perspective, soybean oil continues to generate structurally long-haul movements, notably from Brazil and Argentina into Europe and Northeast Asia, as well as periodic flows from the US Gulf when arbitrage incentives align. However, as climate variability adds supply-side uncertainty and US policy signals become more conservative, the segment's growth profile is expected to become more volatile and increasingly reliant on regional imbalances rather than steady structural expansion.

### Implication for Chemical Tankers

Across biofuels and edible oils, 2026 stands out as one of the few segments offering structural support to the liquid bulk shipping market. While overall global trade growth remains subdued, these cargoes benefit from policy-driven demand, geographically concentrated supply and long-haul trade patterns.

For chemical tanker operators, this block provides a rare combination of volume resilience and distance durability. The continued expansion of biodiesel, SAF and ethanol flows, alongside resilient consumption of palm and soybean oil, reinforces its status as a critical utilization pillar, particularly for coated IMO II tonnage on Asia–Europe and Atlantic Basin routes.

Nevertheless, this resilience is increasingly dependent on regulatory stability, climatic consistency and political direction. As such, the sector embodies both opportunity and embedded volatility, positioning it as one of the most strategically consequential components of the chemical tanker trade in the approach to 2026.

## Wild Cards: Low-Probability Events with Disproportionate Tonne-Mile Impact

While the base-case outlook for 2026 points to a subdued and structurally fragile chemical tanker market, a series of low-probability developments retain the potential to materially alter the balance between supply, demand and voyage distance. In a market already sustained more by inefficiency than expansion, these wild cards represent the principal sources of upside — and downside — risk to tonne-mile demand.

### Geopolitical Normalization or Escalation of Shipping Corridors

A rapid stabilization of the Red Sea and wider Middle East shipping environment would compress voyage distances across the Asia-

## Wild Cards: Low-Probability Events with Disproportionate Tonne-Mile Impact

Europe and Middle East–Europe corridors, potentially eroding tonne-mile demand by 15–25% on affected routes as vessels revert from Cape diversions to Suez transits. Such an adjustment would disproportionately impact long-haul petrochemical and bulk acid trades currently benefitting from extended routing.

Conversely, any escalation or prolonged instability could entrench Cape routing as the structural norm, adding approximately 3,500–4,000 nautical miles per round voyage and lifting tonne-mile demand by 10–20% even in the absence of volume growth, providing artificial freight support in an otherwise weak demand cycle.

### Biofuel Policy Shock

Biofuels represent the most policy-sensitive driver of tonne-mile demand. An aggressive expansion of EU or US blending mandates could generate an additional 5–8 million tonnes per annum of long-haul biodiesel, SAF and feedstock flows, particularly from South-east Asia and Latin America into Europe. This would deliver one of the most powerful upside impulses for coated IMO II/III tonnage.

By contrast, any regulatory slowdown or political pivot towards food-security prioritization could sharply weaken the very trade segment currently acting as the primary growth anchor for chemical tankers, reversing recent ton-mile gains and exposing fleet utilization to renewed pressure.

### China's Export Strategy Shift

China's response to its petrochemical overcapacity remains a critical wildcard. A policy-driven push to export surplus output could inject 10–15 million tonnes per annum of additional cargoes into the seaborne market across methanol, glycols, aromatics and acetic acid, redirecting flows into Europe, Africa and Latin America and materially lifting tonne-mile demand.

Alternatively, tighter export control or self-consumption strategies would constrict supply, forcing importers to source from more distant regions such as the Middle East and the US Gulf, potentially raising tonne-miles despite flatter cargo volumes.

### European Industrial Shock

An accelerated wave of European chemical plant closures, driven by energy costs or regulatory tightening, could transform Europe into an even more import-dependent basin. A displacement of just 5–8% of regional chemical production could translate into several million tonnes of additional long-haul imports, primarily from the US Gulf and Middle East, strengthening transatlantic and ME–Europe trade lanes.

While positive for tonne-mile demand, this would also entrench structural deindustrialization, reinforcing volatility and external reliance.

### End of the War in Ukraine

A negotiated settlement or stabilization of the conflict could normalize Black Sea exports, increasing availability of fertilizers and edible oils but shortening trade routes into Europe and the Mediterranean. While global volumes may rise, average voyage distances would likely contract, diluting tonne-mile demand relative to the current distorted trade environment.

### Climate Disruption

Extreme weather events impacting soybean and palm oil production — such as drought in Brazil or flooding in Southeast Asia — could remove 2–4 million tonnes of supply from global markets in a single season, forcing substitution sourcing from more distant regions and reshaping tonne-mile flows, albeit in a highly volatile and unpredictable manner.

### Shipping Regulation Shock

Tighter enforcement of EEXI/CII regulations or accelerated carbon pricing could effectively sideline part of the ageing fleet. A functional reduction of even 5–7% of effective capacity through speed restriction or early scrapping would materially tighten vessel availability, creating rate support even under flat cargo demand conditions.

## Wild Cards: Low-Probability Events with Disproportionate Tonne-Mile Impact

| Summary Table of the Wild Card Events | | | |
|---|---|---|---|
| **Wild Card Event** | **Probability** | **Impact on Tonne-Miles** | **Key Implication** |
| EU / US biofuel mandate expansion (Biodiesel + SAF) | Medium | Structural | +5–8 million tpa incremental long-haul flows |
| China petrochemical export surge | Medium | Structural | +10–15 million tpa new export volumes |
| Large-scale European chemical deindustrialisation | Low–Medium | High | Forces heavy reliance on distant imports |
| Shipping regulation shock (CII / carbon pricing) | Medium | High | Removes 5–7% of effective fleet capacity |
| Climate disruption to oilseed production | Medium | Moderate | Reroutes 2–4 million tonnes of veg oils |
| End of war in Ukraine | Medium | Moderate (mostly negative for ton-miles) | Shortens trade distances despite volume gain |
| Sudden Red Sea normalisation | Low | High (negative) | Removes 15–25% tonne-mile distortion |
| Biofuel policy reversal / dilution | Low | Structural (negative) | Removes core growth driver |
| Fragmentation of global trade / sanctions shock | Low–Medium | High | Forces inefficient rerouting |

## Conclusion: A Market Sustained by Dislocation Rather Than Demand

Taken in aggregate, the 2026 chemical tanker outlook reflects a sector operating in a structurally constrained environment, where freight resilience is derived not from expanding cargo volumes but from inefficiency, rerouting and the geographic reshaping of trade flows. Across all four product blocks, the dominant narrative is one of subdued growth, regional imbalance and heightened sensitivity to external shock.

Petrochemicals remain central to tonne-mile generation but increasingly lack volume momentum. Oversupply, weak end-use demand and rising regional self-sufficiency have confined growth to arbitrage-driven and displacement-led flows rather than structurally expanding trade. Inorganics continue to provide baseline employment but offer limited upside, functioning primarily as stabilizing cargoes rather than engines of growth. Specialty chemicals stand out as relative outperformers, delivering complexity and revenue density, yet lack the scale to materially shift overall utilization trends.

Only biofuels and edible oils offer credible structural growth potential, underpinned by policy mandates and energy transition dynamics. However, even this resilience remains highly exposed to regulatory recalibration and climate volatility, reinforcing the fragility of what is otherwise the most constructive segment of the liquid bulk landscape.

On the supply side, fleet dynamics offer little natural support. With newbuilding deliveries heavily concentrated in 2026 and scrapping levels uncertain, the market's balance hinges increasingly on demolition, reintroducing capacity pressure at a time of weak trade fundamentals.

The wild card landscape adds further complexity. From Red Sea normalization and China's export strategy to biofuel policy volatility and climate disruption, the market remains acutely vulnerable to exogenous shocks capable of rapidly shifting tonne-mile demand in either direction. This reinforces an environment where volatility, rather than stability, becomes the defining characteristic of the period ahead.

Ultimately, 2026 is shaping up as a year of strategic navigation rather than cyclical recovery. For chemical tanker owners, competitive advantage will be defined by flexibility, exposure to structurally resilient trades and the ability to monetize inefficiency. In a market increasingly sustained by dislocation rather than demand, performance will depend less on scale and more on positioning, selectivity and operational agility.

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