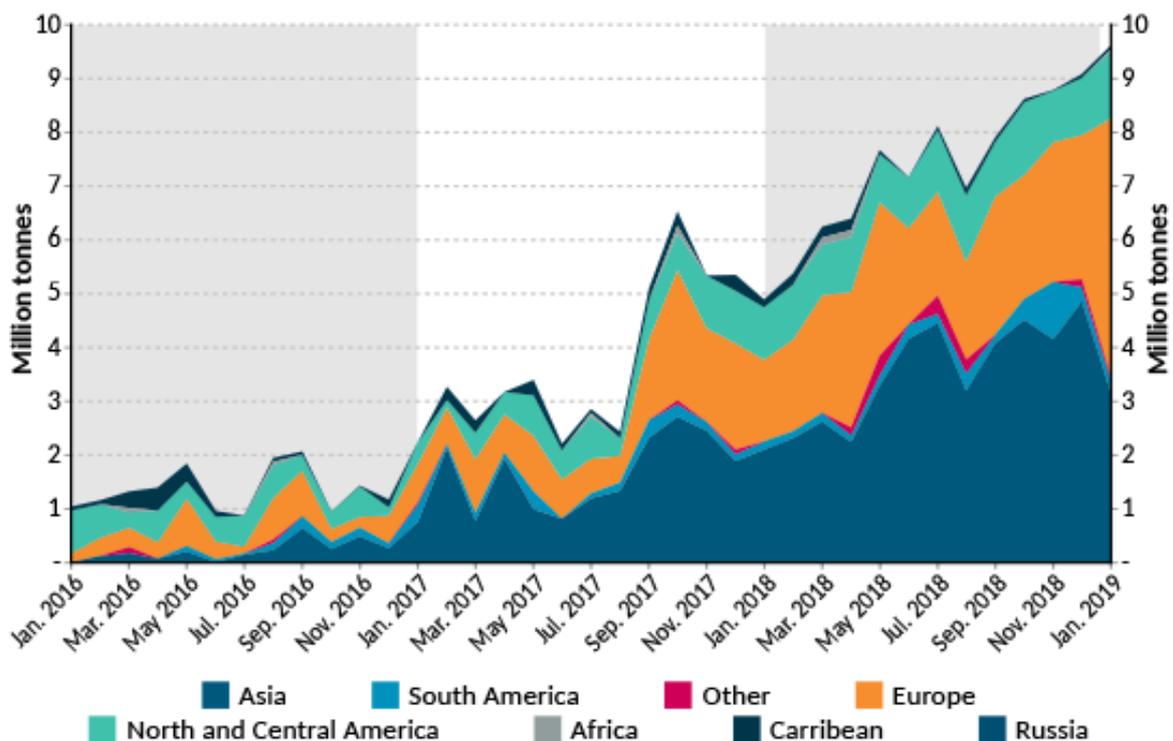


## US seaborne crude oil exports hit record high for fifth month in a row

US exports of crude oil have, since August 2018, continued to rise every month, with a new record high in January of 9.6 million tonnes. Exports rose in January on the back of increased sales to Europe, which rose from 2.7 million tonnes in December to 4.8 million tonnes in January.

A strong end to 2018 meant that volumes for the full year totalled 87.4 million tonnes, 96.7% higher than the 44.4 million tonnes exported in 2017. This is good news for the crude oil tanker sector, with an additional 143 VLCC loads (300,000 DWT) or 287 Suezmax loads (150,000 DWT) needed in 2018 compared to 2017.

### US seaborne crude oil exports in volumes 2016-2018



Source: BIMCO, US Census Bureau

In January, the Netherlands was the largest importer of US crude oil, beating Canada even when considering total and not just seaborne exports. South Korea, the biggest importer of seaborne crude oil exports in 2018, fell to fourth place in January 2019. Until the summer of 2018, China was the largest, accounting for 23.3% of all seaborne exports in the first six months of 2018, took nothing in January.

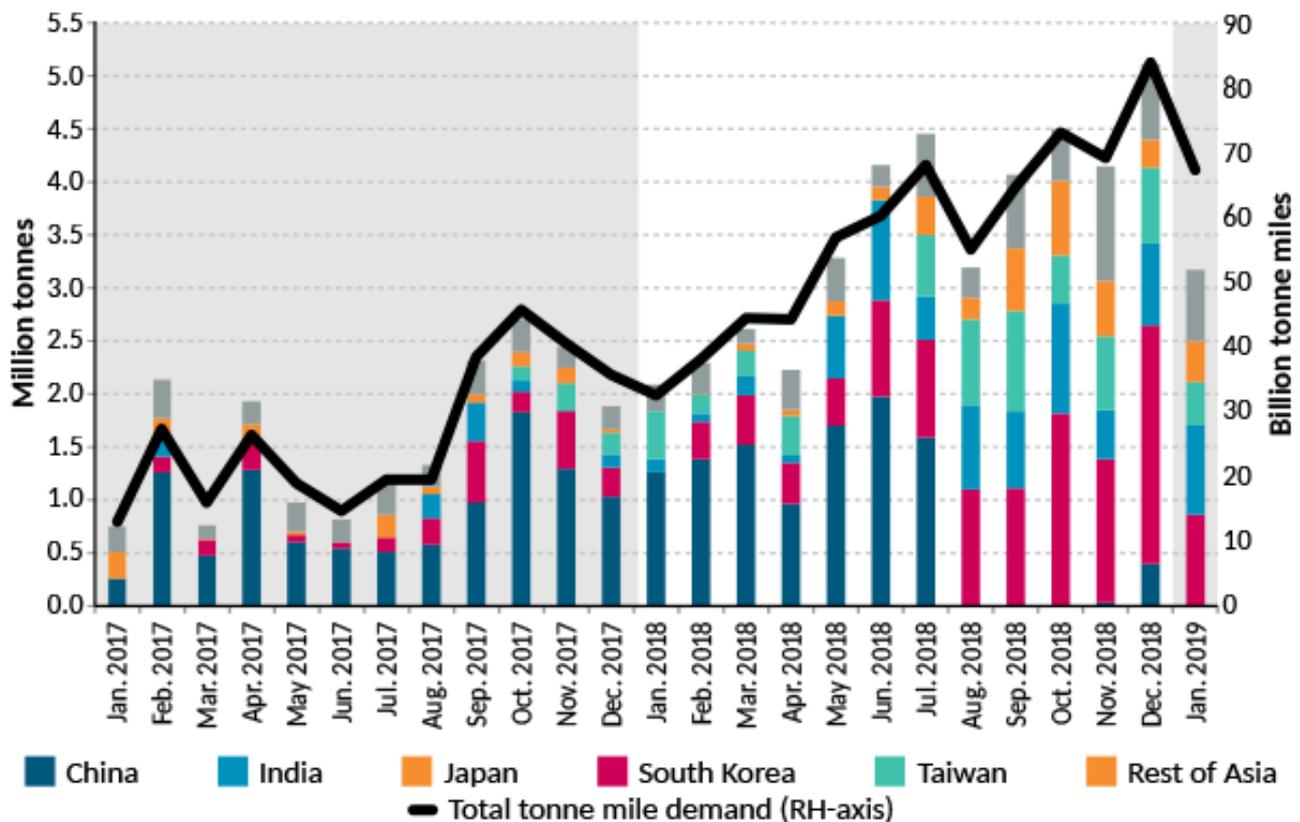
*“Although small volumes of US crude oil were sent to China in November and December, following a [three-month pause in the trade](#), BIMCO did not take this as a sign that tensions between the two countries had eased, and were therefore not surprised by the lack of exports to China in January. A positive outcome from the ongoing trade negotiations is needed if this trade is to return to levels seen before the trade war,”* says Peter Sand, BIMCO’s Chief Shipping Analyst.

## Despite record high volumes, January exports were disappointing for the shipping industry

Although volumes were record high in January, tonne mile demand dropped following a record-breaking peak in December. US seaborne crude oil volumes generated 83.8 billion tonne miles in December, falling 19.7% to 67.3 billion in January, still over twice as many as in January 2017.

A drop in the share of exports to Asia meant that average sailing distances were shorter. Exports to Asia fell from 4.9 million tonnes in December to 3.2 million tonnes in January, with a large drop from South Korea (2.3 million tonnes in December to 0.8 million tonnes in January).

### US seaborne crude oil exports to Asia 2017-2019



Note: Total tonne mile demand includes all exports, not only those to Asia.

Source: BIMCO, US Census Bureau

After China stopped buying US crude oil when the two nations' relationship soured, South Korea bought much of the crude oil that would otherwise have gone to China. Exports to South Korea rose by 318% compared to 2017, making it the largest buyer of seaborne crude oil in 2018. This limited the impact of the trade war on tonne mile demand for the crude oil tanker market.

*"The importance of Asia cannot be underestimated when considering how US crude oil exports impact the shipping industry. In 2018, 71.5% of tonne mile demand generated by US crude oil exports originated from exports to Asia. The sudden drop in exports to Asia in January was therefore particularly harmful to the crude oil tanker shipping industry."*

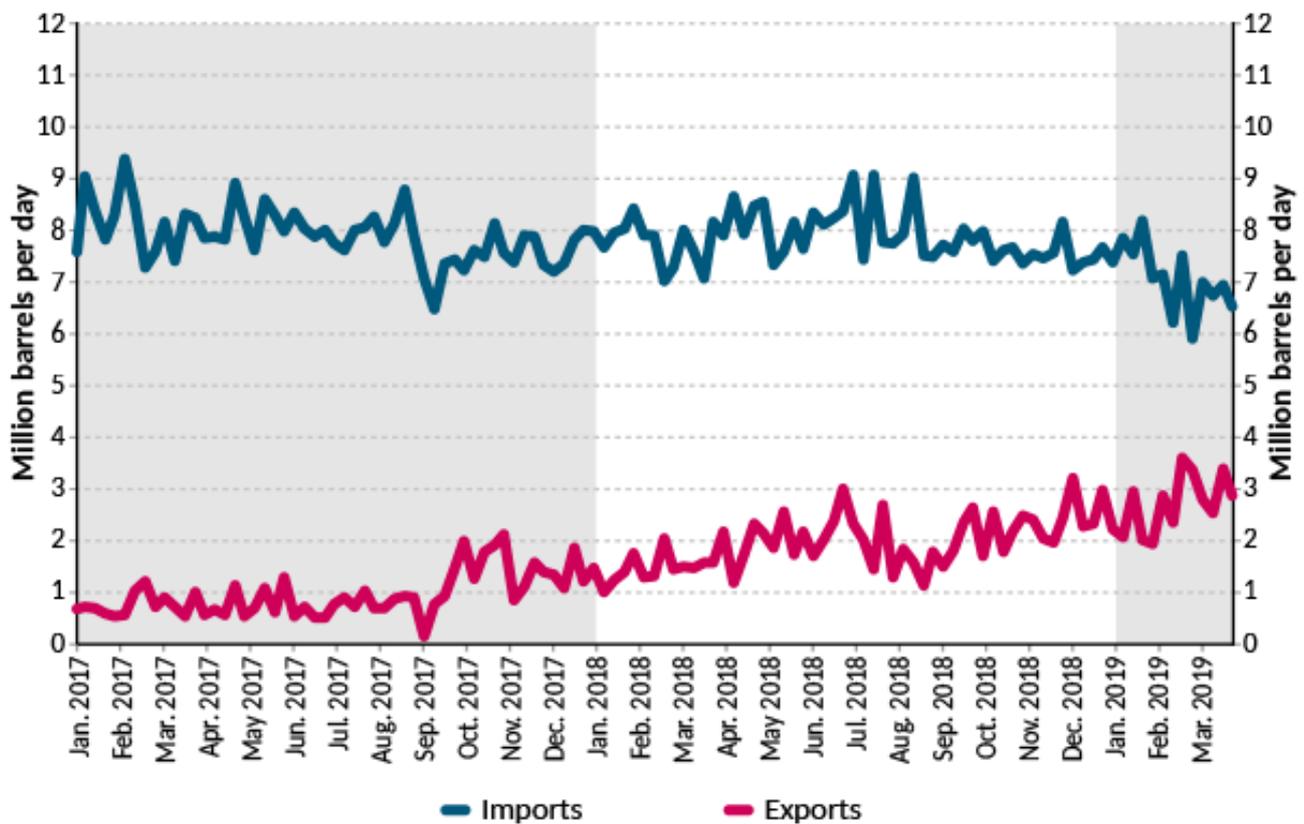
*VLCC earnings rose to 53,121 USD per day in November, when vessels are being fixed for the following month, before falling again in January when tonne mile demand dropped,"* says Peter Sand.

From Houston to the Netherlands, a ship has to sail around 5,000 nautical miles, while a trip from Houston to South Korea is around 15,500 nautical miles, tripling the distance and employing crude oil tankers for much longer.

**The US is set to become a net exporter of crude oil**

Having for many years been a net importer of crude oil, in its latest *Short-Term Energy Outlook*, the EIA forecasts that in the fourth quarter of 2020, the US will become a net exporter by 0.9 million barrels per day. This means that in the full year, the US will average net exports of 0.1 million barrels per day. In 2018, the US imported an average of 7.7 million barrels per day and exported 2 million barrels per day.

**Weekly US crude oil imports and exports**  
2017 - March 2019



Source: BIMCO, EIA

US exports of crude oil have grown exponentially since the ban on exporting crude oil was lifted in December 2015. In 2016, Saudi Arabia exported 24 times as much crude oil by sea than the US, but in 2018 Saudi Arabian exports were only 4 times as high as US exports.

*“Much of the growth in total seaborne crude oil exports comes from the US, where a massive increase in exports overshadows the more modest growth and even declines experienced by the established crude oil exporting countries.”*

## Infrastructure investments needed for continued growth in US exports

In 2018, the US Gulf exported 97.9% of total US seaborne crude oil exports. Houston overtook Corpus Christi as the biggest crude oil export port, exporting 26.9 million tonnes and 23.3 million tonnes in 2018 respectively. Together, these two ports accounted for 50.2% of all US seaborne crude oil exports in 2018.

There is currently only one facility in the US capable of fully loading a VLCC, the Louisiana Offshore Oil Port (LOOP), which was recently refurbished so that it could offload as well as load crude oil tankers, thereby catering to the growing demand for crude oil exporting facilities in the US Gulf.

Further investments into the US Gulf to ensure its ability to meet the new demands, include terminals able to cater to VLCCs in Corpus Christi, expected to be ready by the end of 2020. Five other projects are being discussed, all designed to meet the requirements to cater to VLCCs and spread across Louisiana and Texas.

*“It is unlikely that all of these projects will see the light of day, but for the US to continue to increase its crude oil exports, these types of infrastructure investments, whether into onshore or offshore facilities, are needed,”* says Peter Sand.

**See you soon:** [Upcoming BIMCO events 2019](#)

**Contact BIMCO:** [pr@bimco.org](mailto:pr@bimco.org) or +45 44 36 68 36

**Social links:** <https://www.linkedin.com/company/bimco>

<https://twitter.com/BIMCONews>

<https://www.bimco.org/news-and-trends/multimedia>

[https://twitter.com/BIMCO\\_PS](https://twitter.com/BIMCO_PS)

<https://www.linkedin.com/in/peter-sand-0983084/>

## Our most recent shipping market overview and outlook reports on related issue

[BIMCO’s market analysis team launch new multimedia page \(20/02/19\)](#)

[Tanker Shipping: Geopolitics and overall fleet growth are the main drivers \(20/02/19\)](#)

[Macroeconomics: Trade tensions and rising risks lead to slowing growth \(19/02/19\)](#)

## About us and our members

BIMCO is the world’s largest international shipping association, with around 2,000 members in more than 120 countries. Our global membership includes shipowners, operators, managers, brokers and agents.

**Our vision:** To be the chosen partner trusted to provide leadership to the global shipping industry.

**Our mission:** To be at the forefront of global developments in shipping, providing expert knowledge and practical advice to safeguard and add value to our members’ businesses

## Our values:

Trusted | Knowledgeable | Relevant | Proactive | Caring

## Our core service areas

BIMCO's four core service areas provide value and trusted support to our members:

1. **Our products** include BIMCO's world leading standard contracts and clauses for the shipping industry and our contract editing tool SmartCon. We also run the BIMCO Shipping KPI System which can be used to benchmark ships' operational performance.
2. **Regulation:** BIMCO takes an active role on behalf of shipowners during discussions and decisions with global and regional regulators. We work towards a level playing field for shipping – including fair trade and open access to markets.
3. **Information and advice:** we deal with 10,000 member queries every year on many issues and see over three million page views on our website each year. Our staff share their expert knowledge with members, giving practical advice to safeguard and add value to their businesses.
4. Our **training** activities include face-to-face courses, webinars and tailor-made courses for companies.