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Printed By **Matthew Rajendra**

Geopolitical uncertainty and shipbuilding in focus for BW LPG

- *Geopolitical uncertainties around US port fees could see initial rise in TCEs as vessel operators redeploy fleets*
- *Tariff impacts will have more significance than port fees in VLGC market*
- *More newbuildings are expected to hit waters globally in the coming years, capable of shipping ammonia and LPG*

22 Sep 2025 | **INTERVIEWS**

by **Matthew Rajendra** | matthew.rajendra@lloydslistintelligence.com

Flows from the US to China would be largely unaffected if tariff rates are reasonable, BW LPG chief financial officer Samantha Xu says in an interview with Lloyd's List ahead of Marine Money Week Asia



XU: A REASONABLE TARIFF 'COULD BE ABSORBED' BECAUSE LPG IS 'PRICED TO BE CLEARED'.

Source: BW LPG

PRESIDENT Trump's impending tariff decision on China, looming US port fees and rising liquefied petroleum gas carrier freight rates have kept LPG shipping players on their toes.

But BW LPG chief financial officer Samantha Xu is also keeping a watchful eye amid current volatilities. Speaking in an interview with Lloyd's List ahead of ship financing conference Marine Money Week Asia in Singapore, she

said LPG shipping was driven by three key factors.

The first two are the locations of demand and supply hubs. LPG production mainly takes place in the US and the Middle East. But demand mainly comes from the east of Suez, with 80% of LPG produced ending up there.

This creates a need to ship LPG from the US to Asia. And this in turn makes players heavily reliant on the Panama Canal, creating the third key driver: inefficiencies around the canal.

Managing these three drivers has been crucial in attaining strong financial results for the firm.

BW LPG has delivered a 26% annualised dividend yield since 2013, when it listed on the Oslo bourse. It also listed on the New York Stock Exchange last year.

It has paid out 75% of its earnings since the IPO, paying \$0.22 per share in this year's second quarter.

Looking ahead, Xu sees geopolitics adding uncertainties to the LPG business.

On tariffs, Xu said that a reasonable tariff "could be absorbed" because LPG as a commodity is a byproduct of crude oil and natural gas production. It has the nature of being "priced to be cleared".

LPG demand from the east of Suez will likely stay firm in the coming years. India's residential demand has kept flows coming from the Middle East, with the Modi administration continuing to subsidise LPG imports.

India will also be adding its first propane dehydrogenation plant this year, lending further support to import demand.

China is also a key buyer of LPG. Its slate of new PDH plants has been increasing, with more capacities due to start up in the coming years, bolstering Chinese LPG imports.

But issues around US tariffs could be a challenge for Chinese PDH producers who require US LPG because of its richer propane content. The current 10% tariff on US LPG imports into China is still manageable. But significantly higher rates could make US imports unfeasible as PDH producers' margins get drastically eroded.

US port fees are also another concern, though not as significant for BW LPG. Xu said that these were less impactful to very large gas carriers as the vessels ballast into the US and the tonnage is out of scope.

BW LPG estimates that 55 out of the 410 very large gas carriers operating globally are Chinese-controlled. These would likely be redeployed from US routes to others, supporting time charter equivalents for US-Asia routes initially, with fewer vessels available.

Xu also expects ships financed in the Chinese leasing market to be affected as Chinese leasing houses are seen as the ultimate owners of the vessels.

LPG freight rates soar as Sino-US tariff truce fuels Asian buying spree

By Matthew Rajendra

18 Sep 2025

Residential and commercial sectors will both be crucial in supporting Asian demand for LPG. This will help in keeping freight rates firm

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Shipping poised to profit from rapidly fragmenting system of global trade

By Greg Miller

17 Sep 2025

The highly efficient system of world trade that prevailed a decade ago is in tatters. Navigating an increasingly confrontational and regionalised world is more complicated, but for shipping, it is

“We don’t know exactly how many ships this covers, but we believe the number is significant,” she said.

In the long term, BW LPG sees 111 newbuildings hitting the waters between 2026 and 2028. Most of these are very large ammonia carriers, which are also capable of transporting LPG.

To cushion this, the company has taken on more term contract coverage for the next one to three years. The aim is to have a time charter coverage of 35%-40% to manage spot volatilities.

BW LPG has also refinanced its loans, lowering its cash breakeven to \$24,800 per day for 2025 and further reducing it to \$20,000 per day in 2027 after term contracts in vessels are redelivered and drydock programmes end.

also more profitable, said executives speaking at the Capital Link forum in London

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