

Drewry says California wildfires will drive demand for building materials

by [Stas Margaronis](#) 16 hours ago

The aftermath of the recent wildfires in Los Angeles is expected: “To drive up import demand for bulk and breakbulk commodities in the U.S. ... Rebuilding the region will aid the need for construction materials, generating demand for bulk and multi-purpose shipping,” according to a Drewry Maritime Research analysis.

In a January 23rd report entitled “Los Angeles wildfires-A catalyst for breakbulk shipping demand amid rebuilding efforts,” Anurag Kumar, Senior Research Analyst at Drewry wrote: “As an aftermath, the region will need massive reconstructions, which will increase the cargo imports considerably at the west coast of the U.S. especially at the Los Angeles and Long Beach ports.”

The Drewry report says that some of the imported building materials that will be required for reconstruction include: iron, steel, plastering materials, lime, cement and machinery.

Uncertainty to Rebuild Strategy

There are many uncertainties as to the strategy for rebuilding areas of Los Angeles that were devastated by the recent wildfires. While many homeowners would like to quickly rebuild in the same areas destroyed by the fires, analysts and policy-makers are cautioning that rebuilding in fire prone areas risks running a repeat of the devastation in a fire of the future.

One Southern California banker told AJOT that the logistics of transporting debris from the fire impacted communities to landfills could take months and require a huge mobilization of trucking. According to Southern California media reports, California officials have not yet identified where all the fire rubble, waste and other debris will be taken after it is all collected. In past disasters, however, it has gone to landfills, recycling centers and lumber yards.

Even so, the overall needs for construction materials will still be required as the Drewry analysis explains.

Costs Could Rise With Tariffs

A big problem could be higher costs due to new tariffs.

The Drewry report warns that the Trump Administration’s plans for increasing tariffs from Canada and Mexico could dramatically increase the costs of building materials being imported from those two countries: “Additionally, Trump’s plan to impose a 25% tariff on imports from Canada and Mexico, starting 1 February, will inflate import costs. If tariffs are slapped, it could lead to two scenarios:

- Import costs from neighboring countries will rise
- Shipping costs will also expand if the U.S. decides to source construction materials from farther destinations

Both scenarios will lead to higher overall import costs, putting pressure on businesses and consumers. On a positive note, increased tonne miles will boost the demand for bulk and breakbulk shipping.”

In conclusion, the Drewry report states: “We anticipate difficulties for exports and imports due to logistical challenges and the need for reconstruction work. Imports of construction materials will surge, while exports of timber and forest products are likely to face obstacles. Key countries such as China, Japan, and South Korea may face challenges related to timber imports. In contrast, Canada,

Vietnam and Mexico will need to ramp up production to meet the increasing demand for construction materials during the rebuilding phase.”

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