

# The Maritime Executive

INTELLECTUAL CAPITAL FOR LEADERS

## As Boxship Owners Hunt for Yard Slots, One Sues to Get Out of 10-Ship Deal



File image courtesy Yangzijiang Shipbuilding

Published Oct 23, 2024 7:40 PM by [The Maritime Executive](#)

Shipowners have been scrambling to place orders for new boxships in China, but one owner wants compensation after exiting a billion-dollar order - and leading private Chinese yard Yangzijiang is fighting an arbitral case to prevent it. Chinese news outlet Xinde now [reports](#) that the owner in the suit may be Greek company Costamare.

In a regulatory filing on October 12, Yangzijiang informed its shareholders that it is in arbitration over the cancellation of a 10-ship, \$900 million set of orders placed in late 2021. In 2022, months after the ink was dry, the unidentified shipowner moved to terminate the contracts and began arbitration proceedings against three Yangzijiang subsidiaries, seeking \$835 million for "loss of bargain, loss of profits and refund of the payments." The total payments made before cancellation came to just \$3.3 million, according to Yangzijiang.

The shipbuilder said that on the advice of its counsel, it believes that the former client's claims are "highly improbable to succeed." It does not expect the case to have an effect on its 2024 earnings.

Yangzijiang is doing quite well in all events: its order backlog extends to 224 vessels and more than \$20 billion worth of business, making a \$900 million deal a comparatively small part of its portfolio.

The shipbuilder did not name the owner involved in the lawsuit, but Chinese outlet Xinde believes that it has identified at least one involved firm as Greek tonnage provider Costamare. Among other lines of evidence, Costamare ordered at least eight ships on the same timeframe as the deal in question - late 2021 - and announced the cancellation of eight orders on the same timeframe, early 2022.

Neither firm has confirmed Xinde's report on the identity of the shipowner involved in the arbitral case.

In mid-2022, about the same time as the order cancelation, Costamare's CFO told analysts that - in general - the company considered current newbuilding prices [too high](#), and preferred to wait for a countercyclical opportunity to order.