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CSSC Books Next RMB-Currency Boxship Deal as COSCO and Wan Hai Place Orders



COSCO added to its orders with conventional ships while Wan Hai went with more methanol-fueled ships

Published Oct 28, 2024 6:31 PM by [The Maritime Executive](#)

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The rush for containership construction orders is not slowing and in a key development for China, the latest batch includes another deal denominated in its currency. COSCO signed a direct deal with CSSC for more newbuilds after a deal 10 days ago through Seaspan while Wan Hai returned to South Korea as it looks toward moving up in the rankings through expansion.

The two Asian carriers have each placed a series of orders but are taking different routes in their expansion. COSCO went with conventionally fueled vessels as its overall orders are around 1 million TEU of capacity (58 vessels). Wan Hai however is continuing its focus on alternative fuels placing two additional orders for methanol-fueled containerships following on from the two orders in August also for methanol vessels.

COSCO signed on October 28 with Hudong-Zhonghau, a subsidiary of China State Shipbuilding Corporation (CSSC) for another six vessels each with a capacity of 13,600 TEU including 2,000 reefer slots. CSSC highlights that while they are conventionally-fueled, the newbuilds will have high-efficiency main engines, energy-saving devices, shaft generators, shore power connections, and use ultra-low resistance antifouling paint and desulfurization equipment. The design however is also prepared for a future conversion to green fuel the yard notes. Work will begin in November 2025 with delivery in 2027.

The order however is especially significant for the Chinese shipbuilding industry as it is again denominated in the RMB (Yuan) currency versus the traditional use of the U.S. dollar. They highlight that it reduces currency conversion exposure which increases profit for the shipyard and lowers financing cost and exposure for the owners. It is another sign however of the Chinese state's efforts to internationalize its currency in China's competition with the U.S. and to also further strengthen its leadership in shipbuilding. Two weeks ago, Canada's Seaspan placed an order for containerships which will be chartered to COSCO which was also in the RMB currency.

China is also highlighting Hudong-Zhonghau's success with containership construction orders. According to the reports, the yard has booked 21 large containership orders in 2024 in four batches of three types with a total value of over \$2 billion. Media reports set the value of COSCO's order at \$900 million.

Wan Hai is moving aggressively with its expansion which has the potential to move the carrier into the top 10 ranking in the sector by capacity. The latest order was split between South Korea's Hyundai Samho Heavy Industries and Samsung Heavy Industries. In a stock exchange filing last Friday, October 25, the company reports it will spend \$1.6 billion for eight 16,000 TEU vessels with each yard building half the total order.

The company's prior order in August was for a total of 20 containerships. Each with a capacity of 8,000 TEU, half will also be built by Hyundai Samho while the others will come from Taiwan's CSBC yard.

Analysts continue to speculate about over-capacity while noting the orderbook remains at record highs for containerships. Alphaliner calculates that the top 10 carriers have over 6 million TEU of new capacity on order currently.