SHGSIC Begins Construction of Container Ship and LR2 Tanker for Overseas Owners

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By the Numbers

This story cites quantities or scale figures such as 110,000 and 20,000. They give a sense of magnitude that a headline alone usually leaves out.

Scale / volume: 110,000 LR2 tankers are Long Range 2 product carriers, typically in the range of 110,000 deadweight tonnes, designed to haul clean petroleum products such as gasoline, diesel, and jet fuel.

Scale / volume: 20,000 Container ships, by contrast, serve the box trade, and their size can vary dramatically—from small feeders of a few thousand TEU to ultra-large vessels exceeding 20,000 TEU.

Global shipbuilding activity continues to accelerate as owners seek to modernize fleets and meet tightening environmental standards. The latest development comes from

China, where SHGSIC has commenced construction of a container vessel and an LR2 product tanker for international buyers. The move adds to a growing wave of newbuilding orders that has reshaped shipyard backlogs across Asia.

Scope of the Newbuilding Project

Freight Images (14)

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The project encompasses two distinct vessel types: a container ship and an LR2 tanker. Both are destined for overseas shipping companies, though SHGSIC has not publicly named the owners. LR2 tankers are Long Range 2 product carriers, typically in the range of 110,000 deadweight tonnes, designed to haul clean petroleum products such as gasoline, diesel, and jet fuel. Container ships, by contrast, serve the box trade, and their size can vary dramatically—from small feeders of a few thousand TEU to ultra-large vessels exceeding 20,000 TEU. Without detailed specifications from the yard, the exact capacity of the container ship remains unknown, but the order signals confidence in sustained global trade flows.

Market Drivers Behind the Orders

Freight Images (15)

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Shipowners have been placing orders at a rapid clip, drawn by strong freight markets and the need to replace aging tonnage. Environmental regulations set by the International Maritime Organization (IMO), including the Carbon Intensity Indicator (CII) and Energy Efficiency Existing Ship Index (EEXI), are pushing operators toward modern, fuel-efficient designs. In the tanker segment, LR2 newbuilds have attracted interest

because of their versatility and relatively lower emissions profile compared to older vessels. Container ship orders, meanwhile, have been fueled by the desire for economies of scale and readiness for alternative fuels like LNG and methanol. SHGSIC’s latest project fits squarely within these trends, though the yard has yet to disclose any alternative-fuel capabilities for these particular hulls.

Shipyard Capabilities and Industry Standing

SHGSIC is among a group of Chinese shipbuilders that have expanded their order intake in recent years, leveraging competitive pricing and improved construction standards. The yard’s decision to build both a container ship and an LR2 tanker simultaneously underscores its manufacturing flexibility and capacity to handle diverse vessel types. While no delivery schedule has been made public, typical construction periods for such ships range from two to three years from steel-cutting to handover. This timeline assumes stable supply chains and no major disruptions—factors that have challenged yards globally since the pandemic.

Implications for Charter Markets and Fleet Renewal

Newbuilding deliveries will eventually add capacity to the global fleet, influencing charter rates and asset values. In the product tanker market, a wave of LR2 newbuilds arriving over the next few years could moderate earnings if tonne-mile demand does not keep pace. Conversely, container ship deliveries are already projected to push fleet growth above demand growth in some trade lanes, potentially easing the extreme spot rates seen during the pandemic era. For the owners behind these SHGSIC hulls, the timing of delivery will be critical in capitalizing on current market conditions or locking in long-term charters.

Stakeholders to Watch

The immediate stakeholders are the undisclosed overseas owners, who stand to gain modern tonnage that should offer operating cost advantages and regulatory compliance. Shipbuilders like SHGSIC benefit from a healthier orderbook, supporting employment and supply chain activity in their regional clusters. Charterers and cargo interests may see shifts in available capacity, while seafarers and technical managers will ultimately require training and familiarization with any new technologies aboard the vessels. Classification societies and flag states will also play a role as the ships move from construction to commissioning.

Why This Matters

The commencement of construction underscores continued investment in shipping tonnage despite economic uncertainties, reflecting confidence in long-term seaborne trade growth. For charterers and shipowners, each newbuilding order reshapes future fleet supply and has the potential to influence freight rates across the container and clean product tanker markets.

FAQ

Who is SHGSIC?

SHGSIC is a Chinese shipbuilding group that constructs a variety of commercial vessels, including container ships and tankers. While the company does not always publicly disclose its project partners, it has secured orders from international shipping lines in recent years.

What types of vessels are being built?

The project includes one container ship and one LR2 tanker. LR2 tankers are Long Range 2 product carriers typically around 110,000 dwt, used for moving clean petroleum products. The exact size and capacity of the container ship have not been released.

Why is this newbuilding order significant?

It reflects ongoing demand for modern, fuel-efficient tonnage as fleet renewal and environmental regulations reshape the shipping industry. The order adds to a growing orderbook and signals confidence in global trade, particularly in the container and product tanker segments.

When will the vessels be delivered?

The shipyard has not announced a delivery timeline. However, standard construction periods for such vessels generally range from two to three years, depending on design complexity and supply chain conditions.

Sources

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