Chamber of Shipping of America

Analysis

Notice of Action and Proposed Action in Section 301 Investigation of China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance

Notice of Action and Proposed Action, Request for Comments and Notice of Public Hearing

(prepublication text available at https://ustr.gov/about/policy-offices/press-office/press-releases/2025/april/ustr-section-301-action-chinas-targeting-maritime-logistics-and-shipbuilding-sectors-dominance)

COMMENTS DUE: **May 19, 2025**

HEARING SCHEDULED: **May 19 , 2025 (request to appear at hearing due May 8, 2025)**

SUMMARY

On March 12, 2024, five US national labor unions filed a petition under Section 301 of the Trade Act of 1974 alleging prohibited trade practices implemented by China targeting the maritime, logistics and shipbuilding sectors. The US Trade Representative (USTR) initiated an investigation of these claims including a public hearing and consultation with the Chinese government and issued its report on January 16, 2025 finding that the allegations in the petition support the determination that China's targeting of the maritime, logistics and shipbuilding sectors for dominance is unreasonable and burdens or restricts US commerce and is thus actionable under Section 301 of the Trade Act of 1974. After a comment period and two day hearing held on March 24 and 26, 2025 at which over 70 persons testified and the submission and review of over 600 comments to the docket, the USTR now issues this decision on April 17, 2025. Relative to the newly scheduled comment period and hearing, it appears that this is focused on receiving comments on new proposals contained in the final decision relative to proposed tariffs on ship-to-shore cranes and other cargo handling equipment (comments and hearing to address issues regarding the "proposed tariff action"). The USTR notes it will continue to monitor the effects of this decision and will consider possible modifications relative to addressing the LOGINK issue and fees on Chinese-built off-shore vessels and the recent Executive Order 14269, Restoring America's Maritime Dominance, provisions and if modifications are deemed warranted, the USTR will consider comments already submitted in response to the February 27 notice establishing the original comment period and hearing in March 2025. From our view, this text leaves it open for comments to be submitted on the full decision document including those already addressed during the previous comment period and the March 25 hearing.

SUMMARY OF DECISIONS TAKEN

Key provisions of the decisions taken are included in annexes to the Federal Register document with Annex I applying to vessel operators and vessel owners of Chinese controlled vessels, Annex II applying to vessel operators of Chinese-built vessels, Annex III applying to vessel operators of foreign built car carriers, Annex IV addressing restrictions on certain maritime transport services (vessels used for LNG exports) and Annex V applying to tariffs on ship-to-shore cranes and cargo handling equipment produced by China. While we will not reproduce these annexes here, a few points are worth noting which represent a moderation from the original USTR proposal:

- No fees would be assessed for 180 days e.g. first fees would be assessed starting October 14, 2025
- Rather than the flat and excessive port fee proposed, fees would be assessed on the net tonnage (Chinese owned/controlled) or the higher amount based on net tonnage or number of containers discharged (Chinese built vessels) on a phased in schedule.
- Fees would only be charged to a specific vessel up to five times per calendar year.
- Fees on Chinese controlled and Chinese-built vessels are assessed per US voyage and not per port call.
- Fees will not be stacked as per the original proposal so that only one fee will be assessed per US voyage.
- Fees will be suspended for up to three years for a covered vessel if proof of order of a US built vessel is provided.
- Fees will not be applied to Chinese-built ships engaged in trade to the Great Lakes, the Caribbean, shipping to/from US territories, or bulk commodity exports on ships that arrive in the US empty.
- Fees will not be applied based on fleet composition e.g. proposal would have applied a fee to a non-Chinese built vessel if the owner/operator owned Chinese built vessels in their fleet regardless of whether the Chinese built vessel called in the US.
- Fees will not be applied based on prospective orders of vessels being built in a Chinese shipyard.
- Annex I - For Chinese owned/controlled vessels the assessment schedule is as follows. Effective October 14, 2025 a fee of $50 per net ton, effective April 17, 2026 a fee of $80 per net ton, effective April 17, 2027 a fee of $110 per net ton, and effective April 17, 2028 a fee of $140 per net ton.
- Annex II - For Chinese built vessels, the assessment schedule is as follows. Effective October 14, 2025 $18 per net ton or $120 per discharged container, effective April 17, 2026 $23 per net ton or $153 per discharged container, effective April 17, 2027 $28 per net ton or $195 per discharged container, effective April 17, 2028 $33 per net ton or $250 per discharged container.
- Annex II - Fees do not apply to vessels carrying US government cargo; US owned or US flagged vessels enrolled in the Voluntary Intermodal Sealift Agreement/Maritime Security Program/Tanker Security Program/ Cable Security Program, vessels arriving empty in ballast, vessels with capacity equal to or less than 4000 TEUs/55,000 DWT/individual bulk capacity of 80,000 DWT, vessels entering a port in the continental US from a voyage of less than 2000 nm, any US owned vessel where the vessel is controlled by US persons and is at least 75% beneficially owned by US persons, specialized or special purpose-built vessels for the transport of chemical substances in bulk liquid form, vessels trading exclusively in the Great Lakes “Lakers Vessels”.
- The definition of “US built vessel” is tighter than those used in Jones Act application as it requires that the vessel is built in the US, documented under US law, all major components of the hull or superstructure are manufactured in the US and a long list of components are manufactured in the US. The components list is found in Annex II.
- Annex III – Operators of Foreign Built Vehicle Carriers – effective October 14, 2025 $150 per car equivalent unit capacity

- Annex IV – Restrictions on Certain Maritime Transport Services – applies to US exports of LNG and requires increasing percentages over time be carried on a US built LNG carrier starting at 1% from April 17, 2028 to April 16, 2029 increasing to a maximum of 15% from April 17, 2047 and beyond.
- Annex V – tariffs on Chinese bult ship-to-shore cranes and cargo-handling equipment based on specific components.

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April 18, 2025