

MONTHLY REPORT for ICS**July 2025**

NOTE TO THE READER: Reference to the Federal Register may be found at <http://www.gpo.gov/fdsys/browse/collection.action?collectionCode=FR>.

References to legislation may be found at <https://www.congress.gov> at the center of the page.

Maritime Issues and the current Administration

In mid-July, it was announced that the President has closed the shipbuilding office in the White House, and the current Special Assistant for Shipbuilding has been terminated. The shipbuilding office has been moved to a separate directorate under the Office of Management and Budget (OMB) works closely with the White House, this shift appears to move this office and its future decisions one step removed from direct access to the White House. Along with this change, a number of personnel changes have also occurred within the National Security Council, the impacts of which are unknown at this time. At recent conferences, it is apparent that the Department of Defense wants the shipbuilding focus to be on military shipbuilding and is concerned that a focus on commercial shipbuilding as well will dilute the potential funds that could be used for military shipbuilding. We believe that the reinvigoration of US shipbuilding capability can and should be focused on both military and commercial capabilities since both are matters of national security.

Coast Guard Authorization Act of 2025 (HR 4275/S 524))

The Coast Guard Authorization Act of 2025 was introduced in the House on July 2, 2025. Sponsored by the Chairperson of the Transportation and Infrastructure Committee, Rep. Graves, the bill has three bi-partisan co-sponsors who are the ranking member of the Transportation and Infrastructure Committee, the Chairperson and Ranking Member of the CG and Maritime Transportation Subcommittee. The bill was referred to the Transportation and Infrastructure Committee upon introduction and was reported out of the committee on July 15, 2025. The bill passed the House on July 23, 2025 and was received in the Senate at which time it was referred to the Senate Committee on Commerce, Science and Transportation. The Senate's version of the Coast Guard Authorization Act of 2025 was passed in the Senate on March 5, 2025 and was referred to the House on March 10, 2025. While the bills are similar in content, there are some differences which will require resolution either informally or via a formal conference committee between the House and Senate which is expected to occur when Congress returns from its August recess.

While most of the bill focuses on intra-USCG issues e.g., authorities, acquisitions, the USCG Academy, there are some sections of the proposed bill that would have either direct or impact on the commercial shipping industry. A copy of the full bill text including the Table of Contents may be viewed at: <https://www.congress.gov/bill/119th-congress/house-bill/4275?q=%7B%22search%22%3A%22HR+4275%22%7D&s=1&r=1>

Relevant sections of the House bill as passed are listed below:

- Section 201 – Secretary of the Coast Guard – Given the President has indicated he is considering establishing the position of Secretary of the Coast Guard (in line with the existing Secretaries of the Army, Navy and Air Force), this section essentially creates a job description for this new position including general organizational details and responsibilities and requires Congressional input and oversight **prior to** the President appointing the new Secretary of the Coast Guard. Specifically the Commandant in coordination with the Secretary of DHS will develop a plan on the structure, feasibility of creating this new position and the impacts on reorganization and restructuring of the USCG with this plan being submitted to the Comptroller General and then to the relevant House and Senate Committees with recommendations. While the bill is silent on whether it intends to mandate Congressional approval of this new position, it is expected that Congress will at the very least provide a positive or negative decision on this initiative for consideration by the White House. As proposed, the Commandant of the USCG will report solely to the Secretary of the Coast Guard.
- Section 301 – Merchant mariner credentialing – this section requires the USCG to conduct a full review of the existing merchant mariner credentialing program including existing ratings, time in service, training, and other related areas. This review, done in conjunction with the USCG Merchant Mariner Credentialing working group, will provide recommendations to modernize the current system and ensure competency standards are maintained via regulations for improving mariner competence and vessel operational safety.
- Section 311- Grossly negligent operations of a vessel – this section redefines and establishes new penalties for grossly negligent operations where (1) grossly negligent actions that endanger the life/limb/property of a person is a class A misdemeanor and (2) grossly negligent actions that result in serious bodily injury is a class E felony which may be assessed a civil penalty of not more than \$35,000.
- Section 312 – Performance driven examination schedule – this section is the “new” version of the risk based inspection text for which the industry has been advocating for many years, particularly with regards to the Certificate of Compliance exam. This text would allow the USCG to develop a performance driven examination schedule for foreign flag

vessels subject to inspection by the USCG after consideration of a number of factors, most reflecting the criteria evaluated in the current USCG port state control boarding matrix. Vessels not eligible for this program include those that within the last 36 months have (1) been detained by the USCG (2) has a record of violation issued by the USCG with a finding of proof or (3) suffered a marine casualty that involves the safe operation of the vessel and its overall performance. Prior to adopting a performance driven examination schedule, the USCG must conduct the assessment recommended in a GAO report concluding that a performance-driven examination schedule will provide not less than the level of protection provided by the current examination schedule and provide the results of this assessment to the relevant House and Senate committees. Annually, reports after implementation of this program are required from the Commandant to the relevant House and Senate committees. A portion of this section also recognizes the shortage of qualified marine inspectors and establishes a career incentive pay program for marine inspectors to address the current shortfall and retain qualified marine inspectors for the future.

- Section 325 – Cyber-Incident training – permits the conduct of no-notice exercises by COTPs for any facility or vessel required to maintain a security plan. Implicit in this proposal is a mandate that vessel and shore-side personnel must be adequately trained with regard to cybersecurity.
- Sections 331-340 (Subtitle D) – Matters Involving Autonomous Systems – these sections address a number of issues associated with MASS including establishment of a National Advisory Committee on Autonomous Maritime Systems, pilot programs for governance and oversight, USCG training and a National Academy of Science report on unmanned systems.
- Section 341 – Information on type approval certificates – this section addresses the current confrontation between the USCG and states on what information associated with a ballast water system’s type approval testing and process administered by the USCG is releasable and makes clear that the USCG must provide, upon request, all relevant information to the requesting state, tribe or US territory including information relating to challenge water, post-treatment water quality characteristics, biologic organism concentrations and post-treatment biologic organism concentration data.
- Section 346 – Classification Societies – this section makes slight modifications to the reciprocity language in the current statute relating to authorization of class societies as ROs by the USCG. It would permit designation to “foreign” class societies as USCG ROs if the class society has offices and maintains records in the US (no change), if the government of the foreign country in which the foreign class society is headquartered delegates similar authority to ABS or does not delegate

authority to any class society (new) and prohibits delegation of RO authority to any class society from China.

- Section 348 – Report on certain CG requirements – this section requires USCG report to relevant House and Senate committee on legislative and regulatory recommendations to “ensure the safe operation of vessels” on the US Outer Continental Shelf.
- Sections 361-366 (Subtitle F) – **American Offshore Workers Fairness Act** – these sections which would have incorporate the provisions of the American Offshore Workers Fairness Act introduced during the last two sessions of Congress were **DELETED**. These sections would have sought to tighten exemptions on foreign labor particularly focusing on offshore activities in the US EEZ. The current exemption allowing foreign flag vessels/rigs/platforms to operate on the OCS would have been modified to require that individuals employed on these vessels must be a citizen of the US, a lawfully admitted alien to the US or a citizen of the nation under which the vessel/rig/platform is registered/documented. It is not known what the Senate’s position is on this issue, but these sections may be introduced in the Senate version or in a new stand-alone bill.
- Section 401 – Vessel response plans – this section focuses on oversight and verification of the existing regulatory requirements for salvage and marine firefighting capabilities in vessel response plans and allows the USCG to conduct periodic inspection of vessels and salvage/firefighting equipment including verification of capabilities as indicated in the vessel response plan e.g. drills, review of contracts, testing of equipment, review of training. Also requires a report from the USCG to relevant Congressional committees within 270 days of enactment as to the state of salvage and marine firefighting capabilities, plan reviews and other relevant considerations relative to fires on a vessel and at waterfront facilities.
- Section 404 – Online Incident Reporting System – this section requires USCG/National Response Center (NRC) to submit a plan to Congress to design/fund/staff the NRC to develop a web-based application to which notifications of oil discharges/releases can be reported.
- Sections 501-533 (Title V) – Sexual Assault and Sexual Harassment Response – these sections create new requirements on how the USCG manages complaints relating to sexual assault and harassment. It is important to note that these sections are focused on USCG personal and not on the commercial sector. However, some of these programs could well be considered for inclusion into the existing USCG regulations relating to the commercial sector.

The One Big Beautiful Bill Act (HR 1)

HR 1, after much confusion and political drama, was passed by the House on May 22nd. The over 1000 page bill was then sent to the Senate for action. After much debate, the Senate passed HR 1, in quite different form from the version that was passed in the House, on July 3rd. The President signed the bill on July 4th, and HR 1 is now enacted in statute. Previous sections which had a direct impact on shipping have now been removed and while the enacted version may have some indirect impacts on shipping, they are primarily in the form of tax reforms for corporations. There are significant funding provisions for shipbuilding as well as a number of funding recissions for current regulatory programs and services provided by NOAA and EPA, including programs relating to GHG (although not specific to shipping).

SHIPS for America Act (HR 3151/S 1541/S 1536)

Last month we provided a summary and status of the SHIPS for America Act including the four sections with which we had concerns. As regards status, due to a number of unexpected decisions (see above re: White House office of shipbuilding and personnel changes within the National Security Council), we believe that the July/August timeframe for hearings in the Senate and House have been pushed back to the fall of 2025 to allow time for key players in the executive and legislative branches to agree on strategies to move this bill(s) forward.

Based on discussions, we have revised the analysis on Section 701 to focus on non-discriminatory credits relative to classifying US flag vessels. We have deleted the reference to insuring US flag vessels. The new text is copied below.

Sec. 701 – United States Investment Credit – we support the general, non-discriminatory credit for building US vessels but oppose the discriminatory credits for ~~insuring and~~ classifying US flag vessels. All classification societies which are classified as ROs by the USCG should receive equal treatment under these provisions. The suggested way forward is to advocate for bonus credits that support broader, non-discriminatory policy objectives and that do not prejudice or disincentivize foreign direct investment, innovation, or competition.

USCG Final Rule Cybersecurity in the MTS

As you are aware from previous correspondence, USCG's *Cybersecurity in the Marine Transportation System* 370 page final rule went into effect on July 16, 2025. The full text of the rule is available here: [Cybersecurity in the Marine Transportation System](#)

On behalf of members, CSA submitted public comments on the NPRM, and most recently the final rule in March, advocating for a 5 year delay for the implementation period for U.S. flagged vessels (Details on page 159, Section VII and Table 1 on p13). Though USCG has not officially published a decision on the vessel delay in the Federal Register, the article in the next item below and lack of response prior to the effectiveness date, allude to the fact that there will be no delay in implementation for U.S. vessels. The release from USCG states, "this final rule is effective on July 16, 2025 for all U.S.-flagged vessels..."

Considering the above, the implementation timelines for vessels are ticking. The training requirement kicks in within 6 months of the effective date and the designation of the company Cybersecurity Officer (CySO), conducting the Cybersecurity Assessment, and the submission of the Cybersecurity Plan within 24 months of the effective date. For information, pages 5-14 provide an executive summary.

The Final Rule allows for waivers or equivalence determinations on a case-by-case basis. A waiver may be granted by USCG if the owner/operator can demonstrate the cybersecurity requirements are inapplicable due to the vessel characteristics or specific operating conditions. Equivalence determination may be granted if the owner/operator can demonstrate the vessel complies with international standards that provide an equivalent or higher level of security.

Final Rule FAQ's: Cybersecurity in the Marine Transportation System

In response to questions received from affected stakeholders, and to provide information while future guidance is considered, the Coast Guard released publication of the Cybersecurity in the MTS final rule Frequently Asked Questions (FAQ). The questions are representative of those submitted by stakeholders. For further questions/clarifications, reach out to the Coast Guard directly at MTSCyberRule@uscg.mil

[Final Rule: Cybersecurity in the Marine Transportation System Questions](#)

USCG PSC Increased Focus on Cybersecurity on Foreign Flagged Vessels

On July 16th, the effective date of the USCG Final Rule, *Cybersecurity in the Marine Transportation System*, the USCG issued the below release.

The article noted there will be an increased Port State Control focus on cybersecurity for foreign flagged vessels in U.S. ports. *"USCG will intensify Port State Control (PSC) scrutiny on indicators of poor cybersecurity practices, specifically those impacting International Safety Management (ISM) Code*

compliance on foreign flagged vessels. This elevated focus may lead to the issuance of deficiencies requiring correction, or, if circumstances warrant, result in vessel detention, denial of entry or Captain of the Port (COTP) action to control vessel movement..."

[USCG Article: Final Rule: Cybersecurity in the Marine Transportation System – Implementation Timeline](#)

USTR Petition Section 301 Status

There are no new developments on this issue at this time. After several discussions with USTR staff, we understand that the final decision is being discussed internally; however, no timeline for publication of the final decision has been made public. CSA attended an online seminar hosted by Blank Rome in late July and the uncertainty as to when the final decision will be issued was confirmed. Several other points were identified:

- USTR has confirmed that CBP will be finalizing guidelines on implementation of the final decision hopefully clarifying the many issues identified in comments to the docket which need further definition including issues associated with the definition of owner and operator, specifics related to the various exemptions contained in the five annexes and the process by which the fees will be assessed and paid.
- The current delays in issuing the final decision may be a result of ongoing negotiations between the US and China on the broader tariff issues in which port fees on Chinese built and/or Chinese operated vessels may be a negotiating point.
- There appears to be the potential for integrating the port fees issues in other bi-lateral negotiations on tariffs whereby the port fees could be reduced or eliminated entirely as part of the final agreement in particular relative to vessels registered under these countries' flags that were built in China.
- Future litigation is expected when the port fees enter into effect on a number of issues but particularly on Annexes III (car carriers) and IV (LNG exports) where many comments argued that these annexes are outside the scope of USTR jurisdiction on issues related to the Chinese violations of Section 301.

**Federal Maritime Commission – Order of Investigation and Request for
Comments into Flags of Convenience and Unfavorable Conditions
Created by Certain Flagging Practices**

FR May 22, 2025 – pgs 21926 – 21929

(text available at <https://www.regulations.gov/document/FMC-2025-0009-0001>)

As reported in our previous update, the Federal Maritime Commission (FMC) has announced its intent to initiate a nonadjudicatory investigation into whether vessel flagging laws, regulations, or practices of foreign countries, including so-called flags of convenience, or competitive methods employed by the owners, operators, agents, or masters of foreign flagged vessels are creating unfavorable shipping conditions in the foreign trade of the United States.

As a reminder, comments are due on August 20, 2025.

**EPA Reconsideration of 2009 Endangerment Finding and Greenhouse
Gas Vehicle Standards (Proposed Rule and Request for Comments; to
be published in Federal Register on August 1 2025)**

In late July, the EPA Administrator issued a proposed rule requesting comments on its proposal to rescind the 2009 Greenhouse Gas Endangerment Finding. Comments are due by September 15, 2025. A virtual public hearing will be held on August 19 and 20, 2025.

The endangerment finding was the legal basis that EPA has used in the past to regulate GHG emissions from a number of sources, with a focus on onroad motor vehicles. The proposed rule here is focused on motor vehicle emissions; however, there is potential for expansion of this policy to other GHG emissions including marine vessels. A rescission of this finding would mean that EPA would no longer have the legal authority to regulate GHG emissions arguably from any source. EPA has stated in its proposed rule that it intends to retain, without change, current regulations relative to criteria, pollutants, and other areas. A link to relevant information and documents may be found at:

<https://www.epa.gov/regulations-emissions-vehicles-and-engines/proposed-rule-reconsideration-2009-endangerment-finding#rule-summary>

Stepping outside the box in spite of this onroad motor vehicle focus, it is worth asking the question as to whether this is an opportunity to argue against the US applying new GHG regulations applicable to marine vessels noting that any comments submitted to the docket in support or opposition must be based on the science used to make the initial determination and not on why particular sources should not be regulated.

BACKGROUND

- EPA's endangerment finding took into account both CO/GHG and criteria pollutant emissions (SOx, NOx, PM) so any decision could open up considerations to withdrawal these existing regulations although note per above EPA has stated they do not intend to withdraw these regulations as they apply to motor vehicles. It can be assumed their position would be the same as regards similar regulations relating to marine emissions.
- It should be noted that the US has already agreed to Annex VI amendments relating to SOx/NOx/PM, emission control areas (ECAs) including the North American ECA, energy efficiency, SEEMP and CII but has reserved its position (not agreed) to the GHG reduction measures agreed to at MEPC 83 which will be up for final adoption at the upcoming extraordinary session of MEPC in October 2025.
- The US position even back into the Biden Administration was to NOT apply the new Annex VI requirements (including the GHG decisions both current and future) to the US domestic/Jones Act fleet. If this position still holds, the new GHG requirements would obviously not apply and rescission of the EPA endangerment finding would really have no impact on these requirements, although the current SOx, NOx and PM requirements already implemented by EPA could be subject to removal if the recession is widely applied notwithstanding EPA's stated intention to retain these requirements of motor vehicles.
- Most if not all fleets (US flag domestic/Jones Act and non-US flag trading to the US) have already complied with the North American ECA requirements and the SOx, NOx, PM requirements (IMO and US EPA) and while it would have been nice to avoid these when they were first proposed, most if not all shipowners have already made the investments to comply. I think our focus should now be on what impact this issue would have on future Annex VI amendments relative to GHGs.

IMPACTS ON SPECIFIC FLEETS OF FUTURE ANNEX VI AMENDMENTS INCLUDING THE GHG PROPOSALS (ASSUMING IMO AGREES TO THESE PROPOSALS ON GHGS AT THE EXTRAORDINARY SESSION OF MEPC IN OCTOBER 2025)

- US Flag Domestic/Jones Act fleet – no impact if current position to not apply Annex VI to the US domestic fleet is maintained
- US Flag International Trading Fleet – impact in all scenarios
- Non US Flag Fleet Calling in US ports – impact in all scenarios

**IMPACTS OF ANNEX VI AMENDMENTS ON SPECIFIC FLEETS IF THE EPA
ENDANGERMENT RULING IS RESCINDED AND IS EXTENDED TO MARINE
VESSEL REGULATIONS (FUTURE GHG ANNEX VI AMENDMENTS)**

- US Flag Domestic/Jones Act fleet – no impact if current position to not apply Annex VI to the US domestic fleet is maintained
- US Flag International Trading Fleet – impact when vessels trading internationally and calling in foreign waters/ports; no impact while in US waters/ports
- Non US Flag Fleet Calling in US ports – impact in all scenarios except no impact while in US waters/ports

At this time, CSA does not intend to provide comments since the current proposal is focused on motor vehicles but welcomes comments on whether CSA should/should not submit comments at this time keeping in mind that comments supporting the rescission must address the scientific basis for the initial endangerment finding.

**Emergency Regulation on Ballast Water Management in Certain
California Ports – California State Lands Commission (CSLC)**

Effective June 18, 2025, a new emergency ballast water regulation was put into effect in certain California ports. This new rule requires vessels to use its ballast water treatment system (per existing regulations) and conduct a ballast water exchange at least 50 nm from land to ensure the ballast water discharged is at or above 30 ppt salinity. The vessels to which this emergency rule applies must meet all three of the following conditions:

- Arrival at a fresh or brackish water California port in San Francisco Bay area east of, and including, the port of Rodeo and extending to the ports of Sacramento, Stockton, and Carquinez area ports;
- Discharging ballast water into California waters in one of the above three port areas; and
- Is carrying ballast water taken onboard from waters with a salinity of less than 18 ppt.

This emergency rule will be effective for 180 days from June 18, 2025; however, CSLC may extend the rule for two additional 90 day periods (a total of 365 days from June 18, 2025).

The justification for this emergency is the detection of the golden mussel in the port of Stockton in October 2024, a first detection of this species in any port in North America. Given the potential invasive species threat of this species, it is expected that during the period in which the emergency rule is in effect, CSLC will begin work on a new permanent regulation which will address these concerns.

Information related to all CSLC marine invasive management regulations, including this emergency rulemaking, may be reviewed at:

<https://www.slc.ca.gov/marine-invasive-species-program/information-for-vessels-arriving-at-california-ports/>

U.S. Maritime Alerts and Advisory

[U.S. Maritime Security Alert 2025-003A-Arabian Gulf, Strait of Hormuz, Gulf of Oman, and Arabian Sea-Retaliatory Strikes by Iranian Forces](#)

[U.S. Maritime Alert 2025-002A-Strait of Hormuz, Arabian Gulf, Gulf of Oman, and Arabian Sea-Potential Retaliatory Strikes by Iranian Forces](#)

[U.S. Maritime Advisory 2025-008 -Gulf of Guinea-Piracy/Armed Robbery/Kidnapping for Ransom](#)

