Transportation Update

April 2025

USTR Finalizes Fees on Chinese-Built Vessels and Proposes New Tariffs on Chinese-Built Maritime Equipment

Key Notes:

- USTR finalizes fees on Chinese owned, operated, and built vessels to combat unfair trade practices in the maritime, logistics, and shipbuilding sectors.
- Fees will also be assessed on foreign-built car carrier vessels per Car Equivalent Unit to incentivize U.S. built car carrier vessels.
- The fees will commence in October 2025 and increase over time but will not be cumulative.
- Beginning in April 2028, an increasing percentage of LNG exports must be carried on U.S. flagged, operated, and built vessels.
- Public comments may be filed regarding additional tariffs proposed to apply to ship-to-shore cranes and other handling equipment of Chinese origin.

On April 17, 2025, the Office of the U.S. Trade Representative (USTR) announced final actions to counter China's dominance in the maritime sector. The measures include new service fees on the maritime transport services by Chinese shipowners and vessel operators, operators of Chinese-built vessels, and operators of foreign-built vehicle carriers. The finalized fees—scaled back from the USTR's original proposals—will be phased in over time, will not be cumulative, and include certain exemptions.

To incentivize the use of U.S.-built vessels for liquefied natural gas (LNG) exports, the USTR also adopted restrictions that will take effect in three years, requiring a gradually increasing percentage of LNG exports to be transported on U.S.-built vessels.

In addition, the USTR proposed new tariffs on ship-to-shore cranes and other cargo handling equipment from China. Public comments on these proposed tariffs are due by May 19, 2025.

Background

The service fees stem from a March 12, 2024 petition filed by five labor unions requesting action against China's growing control over the maritime, logistics, and shipbuilding sectors. Following a detailed investigation, the USTR issued a report on January 25, 2025, concluding that China has deliberately targeted the maritime, logistics, and shipbuilding sectors over the past 30 years. According to the report, China's market share in shipbuilding rose from under 5% to over 50% by 2023. Chinese entities now own more than 19% of the global commercial fleet and control over 70% of ship-to-shore cranes, 86% of intermodal chassis, and 95% of shipping containers. The USTR found that these practices undercut global competition, restrict opportunities for U.S. businesses and workers, and pose risks to economic security and supply chain resilience.

On February 21, 2025, the USTR proposed actions in response to these findings and sought public input. The USTR proposed service fees on: (1) Chinese maritime transport operators, (2) maritime transport operators with fleets comprised of Chinese-built vessels, and (3) maritime transport operators with prospective orders for Chinese vessels. The USTR received nearly 600 comments and heard from over 60 individuals during the public hearing.

On April 9, 2025, the President issued Executive Order 14269 (EO 14269), aimed at revitalizing the domestic maritime industries and workforce to strengthen national security and the U.S. economy. The order directs the Assistant to the President for National Security Affairs (APNSA) to coordinate with multiple federal agencies and submit a Maritime Action Plan (MAP) by November 5, 2025. The EO outlines 17 specific actions—each with varying timelines—designed to reverse decades of decline in U.S. shipbuilding, which currently represents only 0.2% of global production—compared to China's 74%. The EO seeks to spur public and private investment in shipbuilding and waterfront development, streamline regulation and procurement inefficiencies that impede the growth of a robust domestic maritime industry, counter China's unfair trade practices in the maritime and logistics sector, and promote the U.S. maritime workforce.

Service Fees

Based on its findings and review of the public comments and participation in the hearings, the USTR now proposes service fees on maritime transport services performed by Chinese shipowners and operators, fees on Chinese-built vessels, and fees on vessel operators of foreign vehicle carriers. The USTR also proposes restrictions on certain maritime transportation of LNG exports.

Specifically, the service fees will be imposed over the course of two phases:

Phase 1: The first phase will start after 180 days. (Effective October 14, 2025)

- **Chinese-Owned or Operated Vessels:** A fee assessed per U.S. voyage based on net tonnage, starting at $50/net ton and increasing to $140/net ton by April 17, 2028.
- **Chinese-Built Vessels:** Fees based on net tonnage or container volume, whichever is higher. The fees will be set at $0 for the first 180 days, after which the fee will begin on October 14, 2025, and increase incrementally over a three-year period until April 17, 2028, as follows: (1) $18/net ton, increasing up to $33/net ton, or (2) $120 per container, increasing up to $250 per container. This fee is assessed per each rotation or string of U.S. port calls.

  The USTR has exempted U.S. government cargo from the fees, as well as Chinese-built vessels that are included in certain U.S. maritime programs, arrive empty, involve specialty vessels or cargo, or that meet certain limited capacity and voyage thresholds.
- **Foreign-Built Vehicle Carriers:** A fee of $150 per Car Equivalent Unit, assessed upon first U.S. port entry. To incentivize U.S. built car carrier vessels, the USTR did not limit this fee to only vessels built in China but has applied the fee more broadly to any foreign-built car carrier vessel. If the owner of a non-U.S. built vessel carrier orders and takes delivery of a U.S. built vessel of the same or greater capacity, it can obtain remission of fees paid for up to three years.

Phase 2 (Effective April 17, 2028):

- **LNG Exports:** New requirements mandate a growing percentage of LNG to be transported on U.S. flagged, operated, and built vessels will commence and increase incrementally over 19 years. To incentivize U.S.-built liquified natural gas (LNG) vessels, beginning April 17, 2028, 1% of LNG exports must be carried on U.S. flagged and operated vessels. This same amount of LNG must be exported on U.S. built, flagged, and operated vessels as of April 17, 2029, which amount will increase incrementally each year up to 15% by April 17, 2047.

New Proposed Tariffs on Ship-to-Shore Cranes and Equipment

The USTR is also imposing additional tariffs on Chinese-built ship-to-shore cranes and other handling equipment, based on China's overwhelming production of ship-to-shore cranes, intermodal chassis, shipping containers, and other components and products.

Specifically, the USTR proposes the following:

- **Ship-to-Shore Cranes:** Additional duties of up to 100% on cranes manufactured in China or with Chinese components, or by companies owned, controlled, or substantially influenced by Chinese nationals. Components triggering the duty include the boom, trolley, spreader, cabin, legs, power systems, wheels, and IT hardware. Importers must certify the crane is not produced by a Chinese-owned entity to avoid tariffs.

- **Other Equipment:** Duties of up to 100% on certain handling equipment of Chinese origin.

The USTR will deem a ship-to-shore crane as being from China if an importer cannot attest that the ship-to-shore crane is *not* manufactured by a company owned or controlled by a Chinese person.

The USTR is seeking public comment regarding the proposed tariffs on the ship-to-shore cranes and other cargo handling equipment by May 19, 2025. The deadline to request an appearance at the public hearing is May 8, 2025.

The hearing will be held at the U.S. International Trade Commission, 500 E Street SW, Washington DC, 20436 on May 19, 2025, in the main hearing room.

FOR MORE INFORMATION

For assistance with preparing comments, participation in the hearing, or additional questions concerning the USTR's proposal, please contact:

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