

United States Imposes Substantial Fees on Chinese-Built and Other Vessels



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On April 17, 2025, the U.S. Trade Representative imposed a series of fees on Chinese-owned and -operated vessels, Chinese-built vessels, and foreign-built car carriers starting in October 2025. The USTR also proposed additional duties on Chinese-manufactured ship-to-shore cranes and certain cargo handling equipment. The range of fees, the application of the fees to car carriers not connected with China, and the crane fees are all new and did not appear in the USTR's February 2025 proposal.

All the fees are imposed pursuant to section 301 of the Trade Act of 1974, which gives the USTR authority to counteract any foreign country act which "is unjustifiable and burdens or restricts United States commerce." The fees are the result of a process that started in the Biden Administration.

On March 12, 2024, seven U.S. labor unions petitioned the USTR to investigate China's policies in the maritime, logistics, and shipbuilding sector. They alleged that China was seeking to dominate world maritime trade and that such domination was the "biggest obstacle" to the United States energizing its shipyards. The petitioners requested several types of relief, including the assessment of a per-vessel per-port fee that would be collected and deposited in a newly created "U.S. Commercial Shipbuilding Revitalization Fund" to support U.S. shipbuilding.

USTR held a hearing on May 29, 2024, and received about 75 public comments. Many of the comments pointed out that the growth of the Chinese-built world fleet had come at the expense of South Korean, Japanese, and other shipbuilders and not U.S. shipbuilders.

On January 16, 2025, the USTR issued its report concluding that China had in fact targeted and was targeting the maritime, logistics, and shipbuilding sectors for domination and that such targeting met the section 301 standard for responsive action. On February 21, the USTR proposed several fees, including a \$1 million per port call fee for Chinese-built vessels and a graduated port call fee for vessel "operators" with Chinese-built vessels in their fleets.

USTR also proposed increasing fees for owners of fleets of vessels depending on how many Chinese-built vessels they owned, extra fees for vessels ordered from China, and a percentage commercial cargo reservation for U.S.-built/U.S.-flag vessels.

Another comment period was opened – this time drawing almost 600 comments, with the vast majority being in opposition to the imposition of such fees although most comments did not dispute USTR's China dominance

findings. Besides general opposition based on burdening U.S. international trade, comments were also submitted noting that vessels arriving in U.S. waters often make multiple port calls in a single voyage and that it was unfair to require the payment of the fee for each port call. Many comments were submitted pointing out that certain trades would be especially harmed by the proposed fees, such as trade between the U.S.-and the Caribbean and U.S. exports with vessels arriving in U.S. ports empty (“in ballast”). Virtually all the comments sought better definition of the terms the USTR was employing, such as vessel “operator.” Legal arguments were also made, such as that the fees exceeded USTR’s 301 authority and violated the export clause in the U.S. Constitution.

In its April 17 notice, the USTR rejected the policy and legal arguments but did make substantial changes in the February proposal. In particular, the fees are modified and delayed until October, and the fleet composition fees, the vessel-ordered fees, and U.S. commercial cargo preference requirement were all deleted. USTR addressed the multiple port issue by making the applicable fee payable on first entry “on a particular string [of ports].” The fees are also assessed on either net vessel tonnage (a measurement of vessel internal cargo capacity) or on each “container discharged,” except in the case of car carriers where the fee is based on car equivalent unit (ceu) vessel carrying capacity.

No proposal was made with respect to a “Shipbuilding Revitalization Fund.” The creation of such a fund where the fees imposed pursuant to the notice would be deposited was addressed in the April 9 Executive Order titled “Restoring America’s Maritime Dominance.” Such a fund was also included in the “SHIPS for America Act” introduced in December 2024 and is likely to be reintroduced in the next few weeks.

With respect to car carriers, the USTR notice would impose a fee on all foreign-built car carriers, including vessels built in South Korea and Japan, of \$150 per ceu. This fee was not included in the February notice for public comment and so there are no public comments on utilizing a China investigation to impose fees on vessels not connected with China. The April 17 notice does not explain the turnabout. Unlike with respect to Chinese-built vessels, there is also no exception provided for U.S.-flag foreign-built carriers, including ones enrolled in the U.S. government’s Maritime Security Program (there are 20 such vessels) which routinely transport U.S. Department of Defense cargoes.

The USTR also proposed a different commercial cargo preference requirement applicable to liquified natural gas (LNG) tank vessels, rising over time from one percent to 15 percent.

Many of the near shore issues were handled by providing an exception for Chinese-built vessels with a capacity of less than 4,000 twenty-foot equivalent (teu) units or less or if the vessel weighs less than 55,000 deadweight tons (DWT). Other vessels are also carved out such as specialized chemical tanker vessels and vessels arriving in ballast. Here is a summary of the proposed fees, including newly announced additional duties on Chinese-manufactured cranes and cargo handling equipment:

<i>ANNEX</i>	<i>GENERAL CATEGORY</i>	<i>APPLICABILITY</i>	<i>FEE</i>	<i>EXCEPTIONS</i>
I	Chinese Vessel Operators and Vessel Owners of China	Entities legally or beneficially owned by Chinese citizens, other Chinese entities, or Chinese government entities	Starting at \$50/net ton rising to \$140/net ton up to 5 times a year per port string	None other than US-build replacement
II	Vessel	Chinese-built		

	Operators of Chinese-Built Vessels	vessels	<ul style="list-style-type: none"> Higher of – (a) \$18/net ton rising to \$33/net ton; or (b) \$120/container rising to \$250/per container Up to 5 times a year 	<ul style="list-style-type: none"> VISA-enrolled Arriving empty Vessels less than 4,000 teu, 55,000 DWT, or “individual bulk capacity of 80,000” DWT Voyages less than 2,000 NM Qualified U.S. citizen-owned vessels Chemical tankers Lakers
III	Foreign-Built Vehicle Carriers	Any foreign-built vehicle carrier – not limited to Chinese-built	\$150 per ceu	None other than US-build replacement
IV	“Certain Maritime Transport Services” - LNG	LNG exports	One percent in US-flag vessels April 2028-April 2029; from then, one percent in US-built vessels rising to 15 percent in 2047	None other than US-build replacement
V	Chinese Ship-to-Shore Cranes and Cargo Handling Equipment	Listed tariff schedule numbers	A range of additional duties of between 20 percent and 100 percent	None

The USTR dealt with definitional issues by including a description of what constitutes Chinese ownership which draws on legal title, beneficial ownership, and effective control concepts. USTR did not define vessel “operator” other than to point to a U.S. Customs and Border Protection form (number 1300) which does not define that term.

The USTR has also opened the door for more public comment due on May 19 and to hold an in-person public hearing on that same day. Requests to speak at the public hearing must be submitted by May 8.

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