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ALERT

USTR Announces Final Action in Section 301 Investigation into China's Shipbuilding/ Logistics Practices

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Authors

On April 17, 2025, the Office of the U.S. Trade Representative (USTR) issued its final notice of action in its investigation into China's unfair practices affecting the shipbuilding and maritime logistics sectors. According to the agency's draft *Federal Register* notice and accompanying press release, the United States will begin charging fees on Chinese-owned, -operated, and -built vessels arriving in U.S. ports. There will be two phases of action.

The first phase will begin in 180 days (October 14, 2025). At that point, the United States will begin to charge:

- *Fees on vessels with Chinese operators or owners.*
  - The fees will be based on net vessel tonnage, increasing incrementally over time.
  - Fees will begin at $50 per net ton of the arriving vessel and will move up to $140/net ton over the course of three years.
  - Fees will be collected based on the first U.S. port call of affected vessels on a particular string.
- *Fees on Chinese-built ships*. These fees will be based on net tonnage or containers, increasing incrementally over the following years; and
  - Fees accrue to vessel operators that do not otherwise qualify as Chinese vessel operators/owners.
  - Fees will begin at $18 per net ton of the arriving vessel and will move up to $33/net ton over the course of three

years.

    - Alternatively, fees will be charged based on containers discharged, starting at $120 per container, and increasing to $250 per container.
    - The higher of the two fees is the one owed.
    - Fee remissions are available for vessel operators that order and take delivery of a U.S.-built vessel with equal/ greater capacity within a three-year time period.
    - Fees will be collected based on the first U.S. port call of affected vessels on a particular string.
    - Certain vessels will be exempted from the fees, such as empty/ballast vessels, vessels with U.S. beneficial ownership of at least 75%, small vessels, vessels on short-haul voyages, and specialized vessels for the transport of liquid, bulk chemicals.
- *Fees on foreign-built car carrier vessels based on their capacity.*
    - These fees will be set at $150 per car equivalent unit capacity, but operators can receive fee remissions if they order and take delivery of a U.S.-built vessel with equal/ greater capacity within a three-year time period.

The second phase will begin three years from now. In that phase, the United States will implement restrictions on transporting liquefied natural gas via foreign vessels. The restrictions will increase incrementally through 2047.

USTR is also seeking a new round of comments on proposed tariffs on ship-to-shore cranes and other cargo handling equipment, consistent with the President's April 9, 2025 Executive Order, "Restoring America's Maritime Dominance." Comments are due by May 19. USTR will also conduct a hearing in conjunction with this comment solicitation. Requests to appear at the hearing are due by May 8.

Wiley has robust International Trade, Supply Chain, and Customs practices with extensive experience helping clients navigate Section 301 and broader trade issues. Should you have any questions, please contact one of the listed attorneys.

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