The Maritime Executive
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White House Wants Chinese Ships to Pay $1 Million for Every Port Call

Courtesy Port of Charleston

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Following a union complaint about unfair Chinese competition in shipping and shipbuilding, the Trump administration's trade representative has proposed unprecedented access fees for Chinese-operated and Chinese-built ships - fees large enough to change the economics of container shipping in the U.S. market.

China's state-led shipbuilding sector dominates the global market for new tonnage, and China is the leading shipowning nation (by some metrics). Decades of preferential funding and government support have allowed Chinese shipyards to deliver useful tonnage at prices that other international competitors cannot match.

The USTR's action has been coming since at least last year. The White House's office of the U.S. Trade Representative began looking at ways to deploy Section 301 of the Trade Act of 1974 to counter China's shipping dominance strategy in 2024. The Act gives the president broad authority to take action against foreign nations that engage in unfair trade practices. It has been used extensively in the past to counter Chinese exporters' practice of selling goods below cost to gain market share.

"The U.S. Trade Representative determined that China's targeting of the maritime, logistics, and shipbuilding sectors for dominance is unreasonable and burdens or restricts U.S. commerce, and thus is actionable," the USTR wrote in a Federal Register notice Friday.

The proposed fee structure is complex and steep, and the register notice contains several policy alternatives. All would be quite costly for the operator:

- Each U.S. port call for any vessel operated by Chinese interests will be subject to a fee of either a) $1 million per ship for any size vessel, from tugboats up to VLCCs; or b) $1,000 per deadweight tonne - a far lower price.

- Each U.S. port call for each vessel built in China, but operated by non-Chinese interests, will be subject to a fee of up to $1 million, depending on the proportion of Chinese-built ships in that operator's fleet.

- Operators who have newbuilds on order in China will face additional fees of up to $1 million per port call.

- If an operator owns a U.S.-built vessel, each port call of that vessel in the U.S. could generate a refund in an amount of up to $1 million per entry. Specifics for minimum vessel size, cargo volume, voyage distance or port call duration were not provided.

The proposal also includes an ambitious proposal to require that an increasing percentage of U.S. exports be carried on U.S.-flagged tonnage. The schedule would ramp up fast with a one-percent U.S.flagged quota effective immediately, followed by three percent by 2027, five percent by 2028, and 15 percent by 2032. A parallel quota requiring exports on U.S.-built vessels would take effect beginning in 2028, ramping up to an ambitious five percent by 2032.

The USTR did not specify whether the percentage of U.S. export cargo would be measured by tonnage or by dollar value.