US targets Chinese ships and terminal investments

Sam Chambers

February 24, 2025

Changhong International

The US is considering slapping huge fees on Chinese-built ships calling at its ports, while also clamping down on Chinese ownership of terminals on home soil.

The United States Trade Representative (USTR) has finally outlined the ways it feels Washington DC can fight back against the dominance China has in maritime, and particularly shipbuilding after a months-long investigation instigated by the Joe Biden administration. Now Biden's successor at the White House, Donald Trump, must deliberate whether to enact what the USTR has suggested.

The USTR calls for US port fees for Chinese-built ships of up to $1.5m for every call. The wording of the proposal could impact any ship operator that has even just one Chinese-built ship in its fleet or on order.

The USTR report cites artificially suppressed labour costs, forced technology transfer and intellectual property theft among a raft of accusations levelled at Beijing.

A spokesperson for China's Ministry of Commerce in Beijing commented: "The US measures will not only fail to revitalise its shipbuilding industry but will also raise shipping costs on related routes, exacerbate its domestic inflation, reduce the global competitiveness of US goods, and hurt the interests of its port operators and dockworkers."

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The US has been engaging with Korean and Japanese shipbuilders in a belated bid to bolster its faded shipbuilding sector, while one of Trump's first acts back in power was to enact a blanket 10% tariff on Chinese imports.

Other suggestions floated by the USTR to claw back some maritime control call for greater use of American-flagged ships. The trade office is calling for 1% of US export products to be moved on US-flagged vessels by US operators, increasing this figure to 5% within three years, and 15% by year seven.

"If the intention is to drastically increase costs for US importers and make US exports uncompetitive, this proposal is likely to do the job," commented Lars Jensen, the head of container advisory Vespucci Maritime, via LinkedIn.

The president will now have to decide whether to carry out the USTR's recommendations.

Another White House executive order filed last week could see Chinese investment in American ports come to an end. The new America First Investment Policy published by the Trump administration states that US should not allow China to take over US critical infrastructure, including shipping terminals.

China's state-run COSCO, the world's largest shipping company, has port interests in Long Beach via its subsidiary OOCL.

Last month, in the last couple of weeks of the Biden administration, COSCO, was among a host of Chinese shipping-related names added to a list of companies the US Department of Defense views as having links to the People's Liberation Army. While being on the Pentagon's blacklist carries no specific penalties, it discourages US firms from dealing with these companies that Washington views as military entities.