The Maritime Executive
INTELLECTUAL CAPITAL FOR LEADERS

Port Fees for Chinese Ships May Prompt Genco to Leave US Market

File image courtesy Bernard Spragg / public domain

Published Apr 1, 2025 9:01 PM by **The Maritime Executive**

Smart shipowners are getting prepared to pass any extra U.S. fees for Chinese ships onwards to their charterers, insulating the owner from the impact of millions of dollars in extra regulatory cost per port call. Special new charter party clauses will ensure that U.S. exporters and importers - not shipowners - will bear the extra near-term cost, says Genco CEO John Wobensmith.

Genco is the largest U.S.-headquartered bulker operator, and has a substantial number of Chinese-built vessels in its fleet. As such, it is exposed to the proposed port fees on Chinese tonnage, written by the Office of the U.S. Trade Representative (USTR). If the fee structure is adopted as written, Chinese-built ships - and any global operators who use Chinese-built ships elsewhere - would have to pay millions of dollars for every port call in the United States. Exporters would also be required to ship an increasing percentage of their goods on U.S.-flagged tonnage, and eventually on scarce U.S.-built tonnage, raising costs for export shipments and creating new employment options for U.S. mariners.

Multiple shipowners have described deep changes to their business if the fees go into effect. U.S.-based ro/ro liner ACL says that it will go out of business in the United States, and multiple ocean carriers have said that they will narrow their port calls down to a few major gateways to minimize fees. Genco's Wobensmith told Bloomberg that he shares USTR's goal of strengthening American shipping, but in the near term, his firm has two options: exit the U.S. market and focus on the rest of the world, which accounts for 90 percent of its business; or pass the extra U.S. costs on to the end user.

It's already using the latter strategy. To ensure that it does not get caught bearing unexpected new costs, Genco's charter parties now include clauses that require the charterer to pay for any new U.S. port charges, whatever they happen to be.

In reality, these two strategies (leave or pass on charges) are closely linked. The extra expense of the port fees will make some ag commodities "uncompetive" compared to foreign producers, Wobensmith said, as American farming interests have previously warned. Soy exports "will come almost to a grinding halt," he said. For these cargoes, the extra pass-on charges may end the market, requiring shipowners with Chinese tonnage to leave.

Top image courtesy Bernard Spragg / public domain