Dry bulk shipping largely unaffected by USTR fees, tariffs

In dry bulk shipping USTR fees only major impact will be on Hong Kong and Chinese owners, but reciprocal tariffs on US exports could be a concern, says Maritime Strategies International (MSI).

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File photo: A bulker in portCredit: PIxabay

The fees on Chinese-built vessels by the United States Trade Representative (USTR) were considerably watered-down from the original proposals and will only be applied to dry bulk vessels of over 80,000 dwt arriving in the US with imports or on ballast. “Since the US only accounts for around 2% of world dry bulk imports, and of this 90% are on ships below 80,000 dwt, not a lot of cargo is affected,” MSI said in its latest Horizon Monthly Dry Bulk report.

However, given the level of fees MSI expects that from October any imports into the US of dry bulk commodities on vessels larger than 80,000 dwt will not on ships constructed in China.

As well as Chinese built ships fees also apply to owners in China and Hong Kong and this where MSI sees a bigger impact.

“MSI’s read on the new regulations suggests they will have a significant bearing on dry bulk shipowners that are based in China or Hong Kong and trade with the US, but will not have a significant impact on the dry bulk freight market in general.”

When it comes to the impact of US import tariffs the direct effect will be limited.

“Although the current complexities surrounding US tariffs do not directly affect the dry bulk sector (bulk commodity volumes are largely insulated from the US market) global economic sentiment remains cautious,” commented Breakwave Advisors in its latest bi-weekly report. It added that such caution is indirectly impacting the dry bulk shipping market.

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MSI noted the impact of tariffs was harder to pin down. “Again, whilst US imports are not the key concern, it is reciprocal tariffs by other countries on US exports that is the issue. For dry bulk the major route threat is soybeans from the US to China.”