US tanker trades – anything but business as usual

Although the original plans of the USTR for US tanker trades have been watered down, they still raise a discomforting level of uncertainty.

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File photo: CMB.TECH tanker OrionCredit: CMB.TECH

The Office of the United States Trade Representative (USTR) has rowed back on the scale of port fees that are to be levied on tankers owned or built in China calling at US ports from October this year, following a two-day period of consultation in mid-April. Various exclusions have eased the pressure on tanker owners but, says New York broker Poten & Partners in its latest market report, it is possible that the USTR rules could change again.

The original draft of the rules would have raised the price of US energy trade by sea because most of the country's imports and exports are shipped in foreign-flagged tonnage, much of which has some form of connection with China.

Poten points out that exclusions in the revised draft now include the removal of the cumulative factor that would have clobbered foreign owners with some Chinese-built ships in their fleets, or with ships on order at Chinese yards. The requirement to build tankers to ship an increasing volume of the country's oil exports in US yards has also been removed.

Other exemptions in the revised draft, Poten notes, include a waiving of fees if a tanker is at least 75% US-owned; arrives at a US port empty or in ballast; is smaller than 80,000 dwt; has travelled less than 2,000 nautical miles; or is enrolled in certain US Maritime Administration programmes.

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Port Fees: Chinese Built Vessels (1,000 USD)					
	$/NT:	$18	$23	$28	$33
Net Tons (NT)		*14-Oct-25*	*17-Apr-26*	*17-Apr-27*	*17-Apr-28*
107,500	VLCC	$1,935	$2,473	$3,010	$3,548
52,000	Suezmax	$936	$1,196	$1,456	$1,716
32,500	Aframax	$585	$748	$910	$1,073
22,000	Panamax	Exempt	Exempt	Exempt	Exempt
14,000	MR	Exempt	Exempt	Exempt	Exempt

Source: Poten, USTR

Poten is concerned, nonetheless. The broker notes 'imprecise or expansive definitions', and asks what exactly is a Chinese owner/operator, for example. Furthermore, other shipping sectors including car carriers, container ships, LNG and LPG carriers are likely to be more dramatically affected, possibly leading to another change in the USTR proposals.

The impact of escalating port fees on larger Chinese-built tankers in the future (see table) is a concern because close to half of the tanker orderbook today is to be built in Chinese yards. Meanwhile, Poten notes that bipartisan legislation will be introduced this coming week in both houses of Congress to regenerate the building of ships in US yards.

The 'SHIPS for America Act' is intended to drive development in the US maritime industry generally as well as promote a significant revival and expansion of domestic shipbuilding capacity. Some experts are concerned, however, that merchant ships built in US yards will be much more expensive than those available today, generating a new inflationary driver in the US economy.

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