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Container lines begin shifting China-built ships out of US loops

The service changes will save ONE approximately $185 million in tariffs in the first year. Photo credit: Marcus Brandt/picture alliance via Getty Images.

Keith Wallis, Asia Special Correspondent | Aug 25, 2025, 2:49 PM EDT

Container lines are taking preemptive steps to reduce their exposure to hefty tariffs on Chinese-built and -operated vessels calling US ports that take effect in mid-October.

The Premier Alliance of Ocean Network Express (ONE), HMM and Yang Ming Marine Transport is revamping a trans-Pacific service to avoid the US Trade Representative's fees, and other major carriers are expected to follow suit.

Carriers say the deployment of non-China-built ships won't be the most efficient for their networks but balk at fees that will initially equate to $1 million per voyage. The savings that come from removing China-built vessels from US services could increase to ultimately more than $500 million per year by April 2028, as the severity of the tariffs ratchets up over the next three years.

Ocean Network Express and HMM have confirmed that the Asia-Mediterranean segment of the current Mediterranean Pacific South 2 (MS2) service will operate as a standalone service, renamed Mediterranean 2 (MD2), starting early next month. The trans-Pacific leg of the MS2 will be incorporated into the alliance's existing Asia Gulf Express 2 service, which will be rebranded as the Gulf Pacific South 2 (GS2) as of next week, limiting the deployment of 10 Chinese-built ONE container ships currently operating the MS2 service to the shortened MD2 route.

According to ONE service schedules, these vessels include seven 15,300-TEU ships built by Yangzijiang Shipbuilding Group, China's largest privately owned shipyard, and three built by state-controlled China State Shipbuilding Corp.

Yang Ming Marine Transport has yet to announce the changes, which stand to save ONE an estimated $185 million in tariffs in the first year after the levy is implemented on Oct. 14.

Under the USTR fee proposal, ships operated by China-based carriers or built by Chinese shipyards will be subject to fees of $50 per net ton of capacity per voyage calling at US ports in the first year of enforcement, rising to $140 per net ton in April 2028. The fees will be capped at five voyages, and China-based carriers, the USTR's primary target, will face higher levies.

With each of the MS2 deployed vessels assessed at about 74,000 net tons, ONE would face a bill of $3.7 million per ship per voyage, maxing out at $18.5 million for each of the 10 ships — a total of $185 million — after five voyages.

In announcing the MS2 service adjustment, ONE and HMM said the changes would improve connectivity and transit times to certain markets.

HMM said the new Mediterranean Service 2 (MD2) would provide an express service from western Mediterranean to Busan and central China. Similarly, GS2 — which HMM calls the Korea Middle East–Pacific South (KMP) loop — will provide direct services from Dubai to the US West Coast and the US West Coast to Dalian and Xingang, HMM said.

Contact Keith Wallis at keithwallis@hotmail.com.