

US port fees could hit Chinese ships under Trump trade proposal



The US Trade Representative also outlined plans that call for phasing in greater use of US fleets for the handling of export cargoes. Photo credit: Sheila Fitzgerald / Shutterstock.com.

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The Trump administration is looking to raise billions in tariffs on the back of the container shipping industry through a proposed port usage fee on Chinese-built and -operated ships calling on the US. Exporters, too, face the risk of higher costs if new mandates requiring the use of US fleets go into effect.

The proposals, if implemented, threaten to raise costs for US shippers and upend the economics of the global containerized supply chain.

The proposed port usage fee takes direct aim at China's ocean carriers but would also penalize the global maritime industry that relies on China's shipbuilders.

The US Trade Representative (USTR) said Friday its year-long investigation of China's shipbuilding and maritime logistics industry concluded China "has employed increasingly aggressive and specific targets in pursuing dominance."

The investigation — initiated during the Biden Administration after it received a petition from a group of US manufacturing unions — laid out how China's state support brought the country's share of the global shipbuilding industry from less than 5% in 1999 to over 50% in 2023. Chinese companies now control about one-fifth of the world's shipping fleet, the USTR said.

"China has largely achieved its dominance goals, severely disadvantaging US companies, workers, and the US economy generally," the USTR said.

The USTR, which will soon be led by Trump appointee Jamieson Greer, laid out a series of penalties and remedies as part of its investigation. Those are now open for public comment through March 24.

Among the USTR's proposals are a \$1 million fee for each US port call of a Chinese-operated ship, or a \$1,000-per-net-ton fee applied on the ship's carrying capacity.

For all other ocean carriers, the USTR proposes a sliding port entrance fee of up to \$1.5 million per Chinese-built vessel based on the percent of the carrier's fleet built in China. Likewise, an additional fee of \$1 million per vessel could also be assessed based on the percent of the carrier's newbuild order book at Chinese shipyards.

The USTR said ocean carriers could receive a \$1 million refund for each call by a US-built vessel at a port. US-based ocean carriers will also get cargo preference under the USTR's proposal that an increasing share of exports move on US fleets.

The USTR would require an increasing percentage of US exports, starting at 1%, moved on US-flagged vessels in the first two years of its proposed actions. Starting in the third year, the proposal also requires that an increasing percentage of exports move on US-built and US-flagged ships.

Once public comments are received, the USTR will also hold a public hearing on its proposed actions, which could go into effect up to six months later.

While affected parties can ask for waivers on the new fees and the proposed actions could be postponed through a trade deal, they would hit every container shipping company outside of the US.

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