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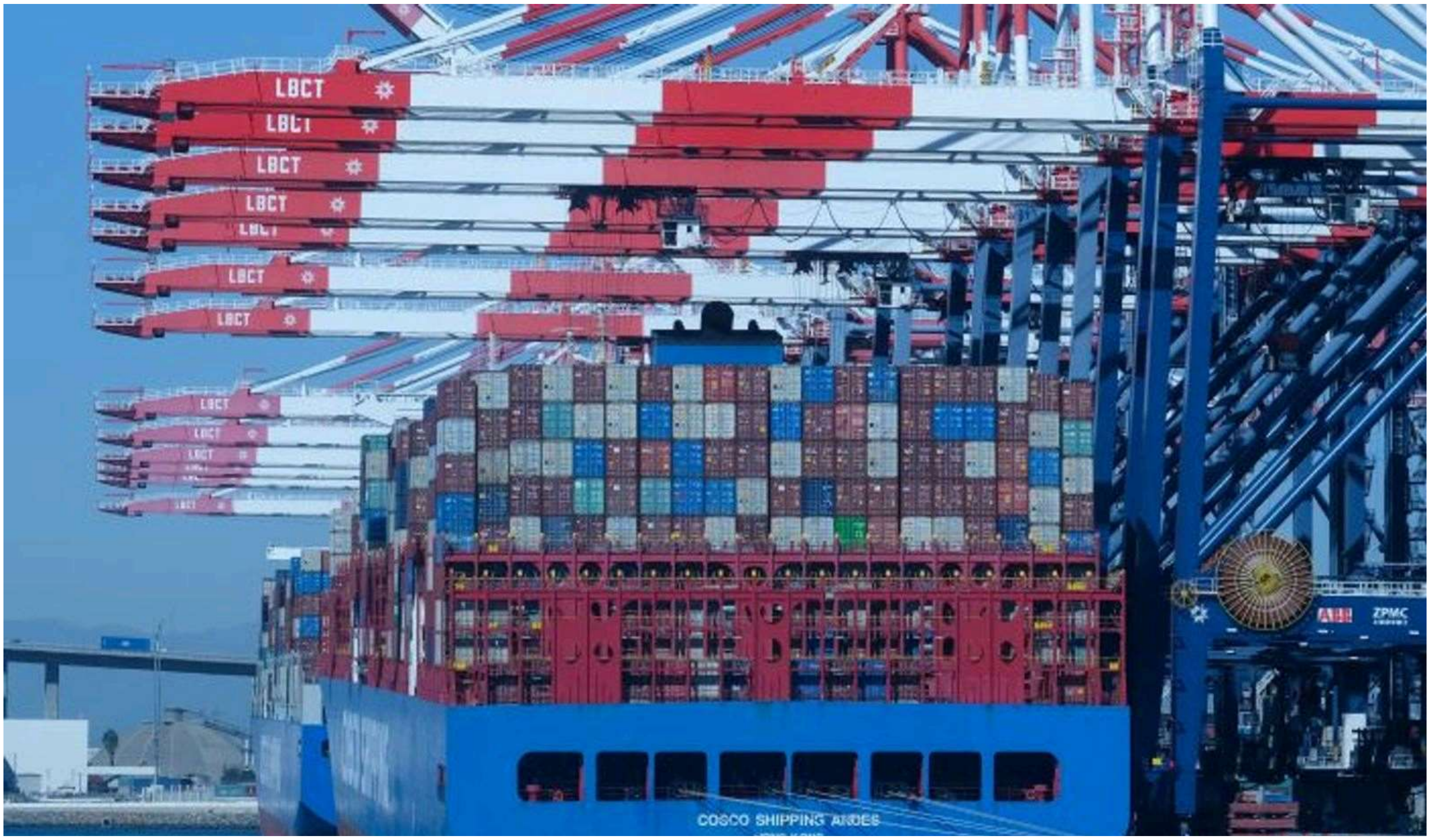
US port tax would scramble ocean services, raise shipper costs: Drewry



A few ocean carriers might escape the brunt of the proposed Trump administration fees, but most container lines serving US markets would face a hit. Photo credit: Ringo Chiu / Shutterstock.com.

Michael Angell, Senior Editor | Feb 27, 2025, 4:36 PM EST

The container shipping industry is weighing the potential cost of the Trump administration's proposal to tax Chinese-built and -operated ships calling US ports, with many seeing US shippers ultimately bearing those costs. Similar to other tariffs, the port tax sets up winners and losers in the industry, depending on fleet composition and how they operate.

On the conclusion of an investigation initiated during the Biden administration into anti-competitive practices of China's shipbuilding industry, the US Trade Representative (USTR) last week released its suggested remedies, including fees up to $1 million for Chinese-operated ships calling US ports.

Operators outside of China could face sliding scale fees of up to $1.5 million per port call for Chinese-built ships, depending on factors such as the carrier's current fleet and orders at Chinese shipyards. Other proposed remedies call for fees based on a ship's net tonnage and an export cargo preference requirement for US-based fleets.

While ships of Chinese origin comprise about one-third of the global container fleet, consultancy Drewry Shipping estimates that 80% of the ships calling the US could get hit with the fee due to their Chinese origin, operation or the carrier's order book.

China's Cosco Shipping and its Hong Kong-based OOCL subsidiary would take the most direct hit from the proposed new fees. The two carriers had a combined 1,379 US port calls over the previous 12 months according to Sea-web, a sister company of the *Journal of Commerce* within S&P Global, translating into over $1 billion in port taxes under the Trump plan.

Drewry said South Korea's HMM and Taiwan's Evergreen Marine might avoid the worst of the tariffs due to the large number of South Korean, Japanese and Taiwanese ships in their fleets. Niche US-based carriers such as Matson would also be exempt but risk retaliation from China due to their port calls there, Drewry added.

Other carrier fleets also include a mix of ships from South Korean and Japanese shipyards that would be exempt from the tax. They could likewise redeploy Chinese-built ships to non-US trade lanes.

However, it will be tough to entirely avoid the fees due to the high number of new ships that will come from China over the next two years. Sea-web data shows that Chinese shipyards account for 5.6 million TEUs of new container ship orders — two-thirds of all newbuilds.

With most carriers having some Chinese-built ships in their fleet and on order, Drewry estimates that ocean carriers generally could be on the hook for $2 million to $3 million in fees for each US voyage based on multiple port calls. Shippers could face added costs of $450 to $1,000 per standard container, Drewry added.

'Draconian' fee

If enacted, the World Shipping Council (WSC) said the "draconian" fee proposal would cause ocean carriers to make major adjustments to their service networks, including reducing US port calls while increasing costs for shippers.

"USTR's proposed draconian $1 million-plus per US port visit fees, if carried forward, would cause broad economic harm across all sectors of the US supply chain," the WSC said in a statement. “The fees would result in fewer US port calls, higher prices for US consumers, and severe impacts for exporters.”

While the new fees aim to incentivize the US shipbuilding industry, the National Retail Federation (NRF) questioned whether that goal can be reached. The NRF, in a response last year to the Biden administration’s investigation of China, said it would require a $5 million fee per port call to offset the estimated $50 billion cost for adding US shipyard capacity.

“This is much too high for the shipper to absorb,” the NRF said in its comments. “The fee will be passed on to the owners of the freight: American importers, and ultimately, their customers: American farmers, manufacturers and families.”

The Trump proposal’s cargo preference requirement for US fleets to carry US exports would also do little for trade, the Agriculture Transportation Coalition (AgTC) said in a briefing to its members. The higher freight costs of US-crewed ships would make it too expensive to ship low-margin farm goods across the globe, according to the group.

“Nothing we produce in agriculture or forest products here in the US cannot be sourced from a foreign country,” AgTC said. “If we cannot deliver to our overseas customer affordably and dependably, they will find alternative sources, and US ag loses that market.”

More tariffs coming

The proposed port fees would compound the immediate cost increases that shippers face under the Trump administration.

President Donald Trump on Thursday posted a social media message saying he intends to add another 10% levy on Chinese imports, citing what he says is that country’s role in the illegal drug trade. Those tariffs, which go into effect March 4, would be on top of an initial 10% tariff on Chinese goods that Trump announced at the start of February.

Trump’s post also said he will impose the threatened 25% tariffs on imports from Canada and Mexico next week due to what he called “unacceptable levels” of illegal drugs coming from both countries into the US. The tariffs were delayed when first announced in February after Canada and Mexico agreed to enhance their border security.

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