Client Alert

International Trade

USTR Requests Comments By March 24 On Its Section 301 Proposal For Fees On Chinese Vessels And Promotion Of The Use Of U.S. Vessels

FEBRUARY 24, 2025

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USTR has scheduled a hearing for March 24 concerning the "proposed Section 301 actions" to combat China's unfair actions in the maritime, logistics, and shipbuilding sectors. Requests to appear at the hearing must be filed by March 10.

On February 21, 2025, the Office of the U.S. Trade Representative ("USTR") released a Notice inviting comments from the public on the Administration's proposed Section 301 actions to eliminate China's acts, policies, and practices targeting the maritime, logistics, and shipbuilding sectors for dominance. As explained in greater detail below, USTR has proposed (1) significant service fees on Chinese maritime transport operators – as well as other operators with current fleets of Chinese-built vessels or prospective orders of such Chinese vessels – when they dock at U.S. ports, and (2) requirements and thresholds for the increased use of U.S. vessels to carry U.S. goods in coastwise and international transport from U.S. ports.

On March 12, 2024, five national labor unions petitioned USTR to investigate Chinese efforts to target the maritime, logistics, and shipbuilding sectors for dominance.

USTR issued its public findings on January 16, 2025, finding that China's targeting of these sectors is unreasonable and burdens U.S. Commerce, as required for USTR to take action under Section 301 of the Trade Act of 1974. In particular, USTR noted that China has unfairly displaced foreign firms (depriving businesses and workers of market-driven commercial opportunities), lessened competition, and created unreasonable dependencies on China that risk and jeopardize supply chain resiliency. USTR found that the Chinese government's targeting of these sectors burdens or restricts U.S. commerce because it undercuts business opportunities and investments for the U.S. maritime, logistics, and shipbuilding sectors, restricting competition and choice and creating economic security risks due to the dependency and vulnerabilities this creates in sectors critical to the functioning of the U.S. economy (while also undermining supply chain resilience). These findings provide the basis for the actions that USTR is now proposing to take. More specifically, USTR has proposed the following fees and restrictions on services:

Fees on Services

- Service Fee on Chinese Maritime Transport Operators:

    (a) $1,000,000 per vessel entrance to a U.S. port; or

    (b) $1,000 per net ton of the vessel's capacity per entrance to a U.S. port.

- Service Fee on Maritime Transport Operators with Fleets Comprised of Chinese-Built Vessels:

    (a) a $1,500,000 per vessel entrance fee for the international maritime transport;

    (b) a fee based on the percentage of Chinese-built vessels in an operator's fleet; or

Amount of Fee (per vessel entrance)	Percentage of Fleet Comprised of Chinse-Built Vessels
$1,000,000	50 percent or greater
$750,000	Between 25 and 50 percent
$500,000	Between 0 and 25 percent

    (c) a $1,000,000 "additional fee" based on an operator's fleet comprised of 25 percent or greater Chinese-built vessels.

- Service Fee on Maritime Transport Operators With Prospective Orders for Chinese Vessels:

    (a) an "additional fee" based on the percentage of vessels ordered from Chinese shipyards; or

Amount of Fee (per vessel entrance)	Percentage of Vessel Orders in Chinese Shipyards or Vessels Expected to be Delivered by Chinese Shipyards Over the Next 24 Months
$1,000,000	50 percent or greater
$750,000	Between 25 and 50 percent
$500,000	Between 0 and 25 percent

    (b) a fee up to $1,000,000 per vessel entrance if 25 percent or more of the total number of vessels ordered by the operator, or expected to be delivered to the operator, are ordered or expected to be delivered by Chinese shipyards over the next 24 months.

- USTR also noted that the additional fees may be refunded, on a calendar-year basis, in an amount up to $1,000,000 per entry into a U.S. port of a U.S.-built vessel through which the operator is providing international maritime transport services.

Restrictions on Services to Promote the Transport of U.S. Goods On U.S. Vessels

- The international maritime transport of all U.S. goods, such as capital goods, consumer goods, agricultural products, and chemical, petroleum, or gas products, must comply with the following schedule:

"As of" Effective Date	Percentage of U.S. Products, Per Calendar Year, Exported By Vessel Restricted to Export on U.S. Flagged Vessels By U.S. Operators
Date of action	At least 1 percent
2 years following the date of action	At least 3 percent
3 years following the date of action	At least 5 percent, of which 3 percent must be U.S.-flagged, U.S.-built vessels, by U.S. operators
7 years following the date of action	At least 15 percent, of which 5 percent must be U.S.-flagged, U.S.-built vessels, by U.S. operators

- U.S. goods are to be exported on U.S.-flagged, U.S.-built vessels, but may be approved for export on a non-U.S.-built vessel provided the operator providing international maritime transport services demonstrates that at least 20 percent of U.S. products, per 9 calendar year, that the operator will transport by vessel, will be transported on U.S.-flagged, U.S.-built ships.

USTR further noted that the proposed action includes recommending that relevant U.S. agencies investigate alleged anticompetitive practices from Chinese shipping companies, restricting China's Transportation and Logistics Public Information Platform ("LOGINK") or other similar platforms' access to U.S. shipping data, or banning or continuing to ban terminals at U.S. ports and U.S. ports from using LOGINK software.

KEY TAKEAWAYS

USTR is seeking comments and will conduct a public hearing to develop information that could shape the types of remedies that USTR will put into place to address China's extensive efforts to dominate the maritime, logistics, and shipbuilding industries, as USTR found in its 182-page report last month. The proposed remedies could have significant impacts on shipping fees while aiming to promote additional use of U.S. vessels. Thus, it will be important for interested persons to comment and or testify about any nuances from the proposed remedies that could affect their businesses.