

# Recent Developments in the Revitalization of the U.S. Maritime Industry: Application of Section 301 under the U.S. Trade Act

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## 1. Introduction

Recent developments concerning the revitalization of the U.S. maritime industry have been outlined in the following reports in Japanese by the Japan Transport and Tourism Research Institute: “Presidential Executive Order and Section 301 Measures under the Trade Act for the Revitalization of the U.S. Maritime Industry” (April 21, 2025)<sup>1)</sup>; “The SHIPS Act for the Revitalization of the U.S. Maritime Industry” (May 9, 2025)<sup>2)</sup>; and “Recent Developments in the Revitalization of the U.S. Maritime Industry: Application of Section 301 Measures under the U.S. Trade Act and other measures” (October 15, 2025).<sup>3)</sup>

Subsequently, as a result of the U.S.–China summit held on October 30, 2025, both countries agreed to suspend port-related charges and other measures that had been in effect since October 14. The pause is to last for one year, starting November 10.

This report focuses particularly on the actions taken by the Office of the United States Trade Representative (USTR) under Section 301 of the 1974 Trade Act, as there have been major developments since our latest report, which describes wider measures by the U.S. administration and congress in order to revitalize the U.S. maritime industry through executive orders, the SHIPS Act, Section 301 actions and so forth.

## 2. Origin of USTR Actions

On March 12, 2024, under the Biden administration,

five labor unions representing workers in sectors including steel and shipbuilding submitted a petition to the USTR. The petition requested an investigation under Section 301 of the Trade Act, claiming that Chinese government subsidies and export assistance had significantly undermined the competitiveness of the U.S. shipbuilding industry.

In response, the USTR launched an investigation on April 17, 2024, which was followed by a public hearing held on May 29. However, there appeared to be no visible progress for the following six months.

Following the presidential election in November 2024, the USTR released its findings on January 16, 2025,<sup>4)</sup> shortly before the inauguration of the new President. The report concluded that China had engaged in unfair trade practices in the shipbuilding and related sectors, and determined that countermeasures under Section 301 were warranted. It was four days before the inauguration of the second Trump administration.

## 3. USTR’s Proposed Countermeasures (Early Draft)

On February 21, 2025, the USTR proposed a set of countermeasures based on the findings of its investigation. Among the examples included in the draft were: imposing a fee of up to USD 1.5 million each time a Chinese-built vessel calls at the U.S., and requiring that a certain proportion of U.S. exports be transported by U.S.-flagged vessels operated by U.S. shipping companies on ships built in the United States (so-called cargo preference).

Public comments on the proposed measures were solicited until March 24, and a hearing was held on March 26.

#### 4. USTR Countermeasures (Initial Draft)

On April 17, 2025, the USTR announced its “Notice of Action and Proposed Action in Section 301 Investigation of China’s Targeting the Maritime, Logistics, and Shipbuilding Sectors for Dominance,”<sup>5)</sup> based on its February proposal and subsequent review. This action aimed to support the recovery of the U.S. shipbuilding industry while addressing China’s unfair measures, policies, and practices. The main points are summarized below.

##### (1) Port Fee on Chinese Shipping Companies (Annex I)

- Effective October 14, 2025: \$50/Net Tonnage (NT) fee, increasing to \$140/NT by 2028.
- Levied at the first U.S. port in a series of port calls within the U.S. Capped at 5 charges per vessel per year. This also applies for point (2) below.

##### (2) Port Fee on Certain Chinese-Built Vessels (Annex II)

- Effective October 14, 2025: \$18/NT or \$120 per loaded container (whichever is higher), increasing to \$33/NT or \$250/container by 2028.
- Exemptions may apply to vessels in ballast voyages, bulkers under 80,000 Dead Weight Tonnage (DWT), any vessels under 50,000DWT, and container vessels under 4,000 Twenty-foot Equivalent Units (TEU).

##### (3) Port Fee on Non-U.S.-Built Vehicle Carriers (Annex III)

- Effective October 14, 2025: \$150 per Car Equivalent Unit (CEU).

##### (4) Restrictions on Certain Maritime Transport (Liquefied Natural Gas (LNG) Exports) (Annex IV)

- Minimum U.S.-flagged and operated share of LNG exports to rise from 1% (2028) to 15% (2047).
- From 2029, vessels must also be U.S.-built. Non-compliance results in export license suspension.

##### (5) Avoidance of Overlapping Fees

- Each vessel type applies to only one annex; for Chinese-owned or operated vessels – only Annex I to be applied. Non-U.S.-built vehicle carriers – only Annex III to be applied. LNG vessels – only Annex IV to be applied. Chinese-built vessels covered by neither Annex I, III nor IV – Annex II to be applied.
- Up to 3-year fee exemption for companies that order qualifying U.S.-built ships.

##### (6) Additional Tariffs on Chinese Port Equipment (Annex V.A)

- Up to 100% tariffs on Chinese-made ship-to-shore (STS) cranes in accordance with Executive Order No. 14269.

Among the port access fee measures outlined in items (1) through (4), the most directly affected parties were Chinese shipping companies (item (1)). In contrast, for many non-Chinese shipping companies, the initial impact was considered limited. This was due to the delayed implementation of item (4), the presence of certain exemptions under item (2), and the fact that most companies already operated at least some non-Chinese-built vessels.

However, regarding item (3)—the port access fee on non-U.S.-built vehicle carriers—the situation was significantly different. Since U.S.-built vehicle carriers are virtually

nonexistent in the international shipping market, the measure posed a major burden for vehicle carrier operators serving U.S. ports.

According to media reports, the cost per large vessel could exceed USD 1 million. This raised particular concern for Japan's maritime industry, which holds a significant global market share in this sector, as the measure could substantially affect business operations.

In response, industry groups such as the International Chamber of Shipping (ICS), representing the global shipping community, submitted statements opposing the USTR's measures.

## 5. USTR Countermeasures (Second Draft)

On June 6, 2025, the USTR released a partial revision of the countermeasure proposal<sup>6)</sup> originally announced in April, reflecting the public comments received up to that point. A new round of public comments was solicited, with a deadline set for July 7.

The main revisions are summarized below. Notably, there was no change to the substantive implementation start date.

### (1) Revision to Vehicle Carrier Fee (Annex III)

- Fee changed from \$150/CEU to \$14/NT  
→ burden reduced by 1/3.
- Exemptions for Maritime Security Program (MSP) vessels, U.S. government vessels, and cargo carriers.

### (2) Revision to LNG Export Restrictions (Annex IV)

- Deleted clause suspending export license for non-compliance with U.S.-built requirement.

## 6. Delay in Final Announcement

As noted earlier, although the USTR published a revised proposal/draft concerning vehicle carriers and related measures in June and invited public comments, it did not

announce any final decisions until shortly before October 14, the scheduled date of enforcement of the measures under Annexes I–III. This created growing anxiety and confusion among stakeholders.

Some began to speculate that Annex III—which imposes port fees on non-U.S.-built vehicle carriers and is not directly related to unfair trade practices in China's maritime sector—might be withdrawn altogether.

Amid this uncertainty, on October 3, the U.S. Customs and Border Protection (CBP), the agency responsible for the practical implementation of the port fee measures, issued a notice via its Cargo Systems Messaging Service (CSMS).<sup>7)</sup> The contents appeared to reflect the provisions of the second draft proposal released in June.

- Port fees under Annexes I–III to start October 14.
- \$14/NT to be levied by vehicle carriers.
- LNG vessels to be exempt from Annex I-III.
- Shipping companies (not CBP) bear responsibility for fee determination.

## 7. Final Version of USTR Countermeasures (Third Draft)

On October 10, USTR finally published a revised (final) version<sup>8)</sup> with key updates:

### (1) Annex III (Vehicle Carriers)

- Raised from \$14/NT to \$46/NT (substantially, comparable to original burden published in April, 2025).
- Limit: max 5 fees per vessel per year.
- Maintains June exemptions for MSP vessels, etc.
- Proposes a new exemption and deferred payment until December 10 for U.S.-flagged vehicle carriers under 10,000 DWT.

### (2) Annex IV (LNG Exports)

- Reaffirms removal of export license suspension clause.

(3) **Annex V.A (Port Equipment)**

- 100% tariff effective November 9 on Chinese-made STS cranes, chassis, etc.

(4) **Annex V.B (Proposed Tariffs)**

- Up to 150% proposed tariffs on mobile gantry cranes, straddle carriers, terminal tractors.

(5) **Deadline for Public Comment concerning new proposal:** November 10, 2025.

**8. China’s Countermeasures**

On October 10, China announced its own countermeasures,<sup>9)</sup> effective October 14, 2025, mirroring the U.S. actions. These included “Special Port Charges” on:

- U.S.-flagged or U.S.-built vessels
- Vessels owned/operated by U.S. entities or individuals
- Vessels controlled by entities with 25%+ U.S. ownership or board presence

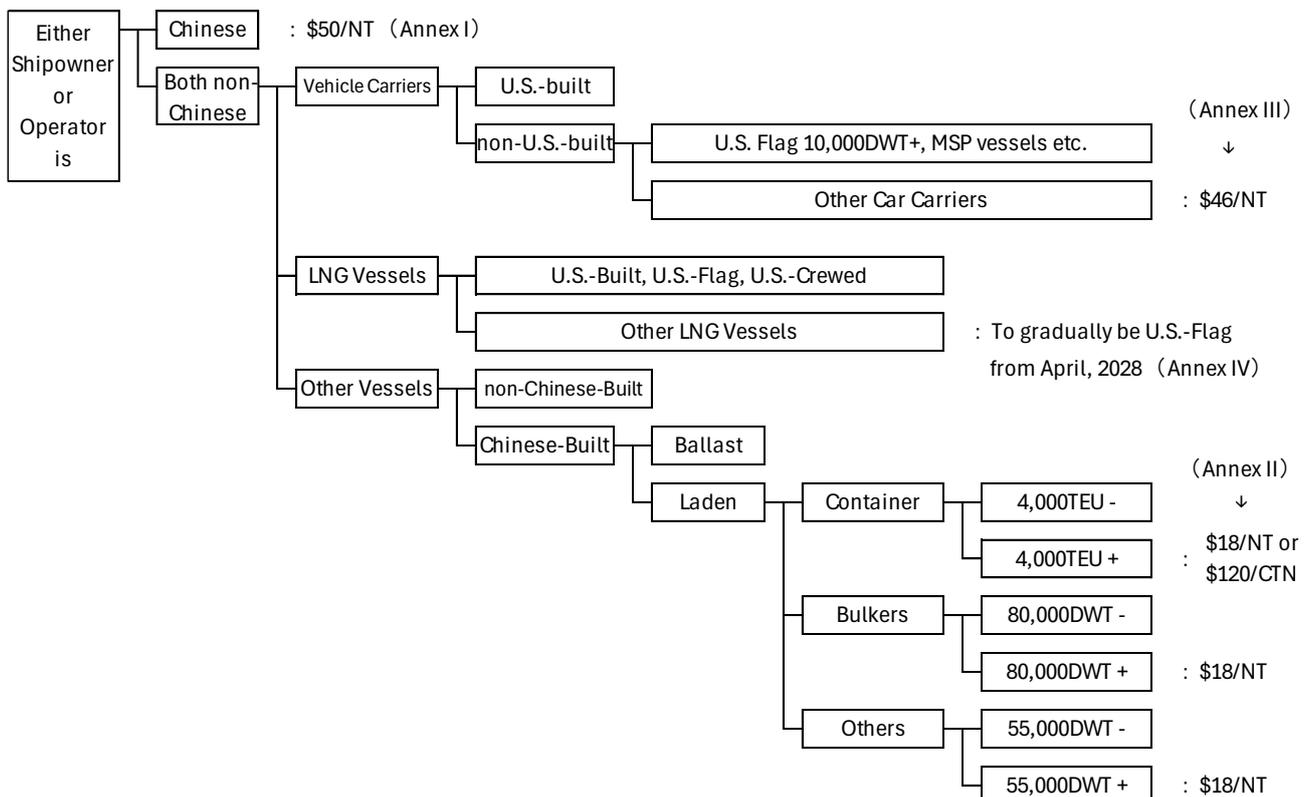
**9. U.S.–China Summit**

At the U.S.–China summit held in South Korea on October 30, the two countries reached an agreement to suspend the port fee measures for one year starting November 10, alongside other arrangements including the reduction of additional tariffs and enhanced export controls on narcotics and related substances.

A summary of the agreement<sup>10)</sup> was officially announced by the White House on November 1. Subsequently, on November 6, the USTR published a proposal to suspend for one year, starting November 10,<sup>11)</sup> the previously announced countermeasures targeting:

- Vessels owned or operated by Chinese shipping companies (Annex I),
- Chinese-built vessels (Annex II),
- Non-Chinese-built car carriers (Annex III), and
- Certain Chinese-manufactured port equipment, such as STS cranes (Annex V.A).

**Port Fees by Section 301 Measures under the Trade Act ( Applied on Oct. 14, 2025)**



The USTR set a public comment deadline of 5:00 p.m. on November 7, the day after the proposal was published. As a result, citing strong support for the suspension in the submitted comments, the USTR announced late at night on November 9<sup>12)</sup> that the suspension would take effect as proposed, beginning at 12:01 a.m. on November 10.

In response to the U.S. move, the Ministry of Transport of the People's Republic of China also issued a notice on November 10,<sup>13)</sup> stating that the measures it had announced on October 10 would be suspended for one year, effective 1:01 p.m. Beijing time on November 10 (equivalent to 12:01 a.m. Eastern Standard Time in the United States).

As a result, a one-year moratorium was established on the port access fee measures imposed by the world's two largest trading nations—a development with significant implications for Japan's maritime and trade sectors.

## 10. Future Outlook and Conclusion

The USTR's port fee-based countermeasures have followed an unusual trajectory, including a substantial increase in fee levels just before enforcement, followed by suspension approximately one month later. This remains the situation as of December 13.

However, the measures have not been withdrawn, and there remains a real possibility that they may be reinstated within the one-year suspension period, or resumed after its expiration, depending on future developments in U.S.–China relations.

At the same time, both the Presidential Executive Order issued in April 2025 and the SHIPS Act Bill explicitly designate tariffs and port fees as funding sources for the revitalization of the U.S. maritime industry. Given this, the recent wave of lawsuits in the U.S. challenging additional tariffs, as well as the temporary suspension of the port fees, could potentially undermine those revenue sources.

Amid evolving U.S.–China dynamics (such as

implementation of the summit agreement) and domestic conditions in the United States (including budgetary demands), the situation remains unstable for the time being.

In this context, our institute will continue to closely monitor developments and carry out ongoing research and analysis on this issue, which may have significant implications for Japan.

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