International Chamber of Shipping
Walsingham House
35 Seething Lane
London
EC3N 4AH

The Honorable Jamieson Greer
United States Trade Representative
Office of the United States Trade Representative
600 17th Street NW
Washington, DC 20508
USA

Dear Ambassador Greer,

RE: NOTICE OF ACTION AND PROPOSED ACTION PURSUANT TO THE SECTION 301 INVESTIGATION OF CHINA'S TARGETING OF THE MARITIME, LOGISTICS, AND SHIPBUILDING SECTORS FOR DOMINANCE. DOCKET ID: USTR-2025-0008

I am writing on behalf of the International Chamber of Shipping (ICS), the principal global trade association representing shipowners and operators, which enjoys good relations with MARAD, the State Department, the Federal Maritime Commission and the United States Coast Guard.

ICS membership comprises national shipowners' associations in the Americas, Asia, Africa and Europe, in more than 40 countries including the Chamber of Shipping of America which represents U.S. shipowners and operators. Around 90% of global trade is transported by sea, and ICS represents over 80% of the world merchant fleet. Our member national associations' members comprise shipping companies from all sectors and trades, including dry bulk carriers (transporting iron ore, coal and grain), oil tankers, chemical tankers, gas carriers, containerships, roll-on roll-off vessels, general cargo ships, offshore service vessels, and passenger ships; all vessel types which service U.S. international trade, carrying approximately 59% of total U.S. imports/exports by value ($2.2 trillion; $746 billion of exports and $1.4 trillion imports)[1] including vital components, raw materials and minerals needed for the manufacture of U.S. goods for domestic and export markets.

ICS welcomes President Trump's objective to revitalise U.S. shipbuilding capacity as additional commercial tonnage strengthens the global maritime sector's efficiency and competitiveness. In response to the previously proposed actions pursuant to the

[1] *International Freight Gateway*, Bureau of Transportation Statistics, U.S. Department of Transport, available at: https://data.bts.gov/stories/s/International-Freight-Gateways/4s7k-yxvu/

outcome of the Section 301 investigation, ICS submitted comment on the public docket on 19 March 2025 (Comment ID: USTR-2025-0002-00111526) and ICS Secretary-General delivered a testimony during the Section 301 Committee hearing on 24 March.

ICS greatly appreciates USTR's consideration of ICS's comments and the adjustments which have been reflected in the revised policy set out in the Notice of Action (Notice) published on 23 April 2025. However, the Notice still contains provisions which will negatively impact vessels serving the U.S., and therefore, negatively impact the U.S. economy, U.S. businesses and ultimately, the U.S. consumer.

Based on the productive discussions between the U.S. Treasury Secretary, the USTR and Chinese officials in Geneva over 10-11 May 2025, resulting in at least a 90-day delay in imposing significant tariffs by both the U.S. and China, we believe the USTR should stay its final decision on this issue until such time as the U.S./China trade negotiations are finalized. We believe it would be counter-productive to impose any of the proposals in the current Notice due to the significant impact on ships which are the very transportation conveyances used to move the goods/products on which the tariff reduction negotiations are based. Free and fair trade is in the best interests of both countries; therefore, we believe the U.S. position on reducing the impact of tariffs should be taken in conjunction with equal regard for reducing the impacts of the USTR proposal, on the U.S. economy and international maritime trade.

If this position is not agreed by the USTR, ICS offers the following constructive comments and requests for clarification on several aspects of the Notice of Action, which are critical to ensuring effective implementation, compliance, and alignment with the objectives of the responsive actions pursuant to the Section 301 investigation. These comments and requests for clarification are outlined below and summarised in the table in Annex A for ease of reference and providing clarification responses.

Annexes I and II

ICS welcomes the revised provision set out in the Notice which determines assessment on fees under Annexes I and II, based on rotation or string of U.S. port calls, rather than per port call.

We also welcome the removal of the previously proposed fees on vessel operators with prospective orders of vessels from Chinese shipyards. However, ICS reiterates the importance of removing the retained provision which applies fees on *existing* vessels built in Chinese shipyards. As outlined in detail in our previous written comments, the service fees on existing vessels built in China could significantly damage U.S. export competitiveness and raise prices for U.S. consumers.

In relation to the various provisions and terms contained in Annexes I and II, many of these have generated significant confusion amongst the international shipping and trade community, and a large volume of questions and issues which require clarification to ensure effective implementation and compliance. Assuming U.S. Customs and Border Protection (CBP) is tasked with administering the fees set out in the Notice, ICS requests that USTR or CBP establish a dedicated point of contact or information service which members of the international trade community can reach out to with questions regarding implementation and interpretation of, and compliance with, the provisions set out in the final USTR determination. A dedicated point of contact or information service, could also provide an efficient way for impacted parties to obtain clarity on issues and questions that may arise periodically.

Definition of vessel owner and vessel operator in relation to payment liability

It is understood as per the Federal Register Notice, that the term “vessel operator” and “vessel owner” means the entity which is identified as the operator of the vessel or the owner of the vessel, and whose name would appear as such on the Vessel Entrance or Clearance Statement (U.S. CBP Form 1300) or its electronic equivalent.

Annex II

ICS requests clarification on which entity is liable for payment upon arrival of a Chinese-built vessel to a U.S. port. Paragraph (a) under Annex II ‘*Collections, supplemental payments, and refunds’*, specifies that ‘a vessel operator that is not a vessel operator of China…must pay the higher of these two fee calculation methods’, while paragraph (c) under this same section, states that the ‘vessel owner must pay all accumulated fees for which that entity is liable as determined by CBP’.

Vessel operator is the entity defined under Annex II; therefore, we assume that the vessel operator is the entity responsible for payment of the fee set out under this section, unless contractually agreed between vessel owner/operator and time or voyage charterer.

ICS would appreciate confirmation from USTR that for the purpose of Annex II, the ‘vessel operator’ responsible for payment is the party with commercial responsibility (i.e. the party responsible for commercial directions, trading routes and decisions to call at U.S. ports).

Annexes III and IV

The USTR Notice of Action released pursuant to the remit of the Section 301 investigation of China’s Targeting the Maritime, Logistics, and Shipbuilding Sectors for Dominance should not address other issues related to rebuilding the U.S. shipbuilding sector (Annexes III and IV), which do not have a nexus to Chinese acts, policies and practices identified by the Section 301 investigation.

The penalties on foreign-built vehicle carriers and restrictions on liquified natural gas (LNG) carriers outlined under these annexes’ risks undermining the shipbuilding capacity of U.S. allies and raises concerns about U.S. national security, while China's relative competitiveness in these segments continues to grow. While ICS welcomes the objective of increasing U.S. shipbuilding capacity, the liability periods outlined in the Notice risks hindering the expansion of U.S. exports of automobiles, construction machinery, heavy equipment and LNG, as it will take considerable time before vessels with adequate specifications can be built at competitive prices in the U.S.

Annex III

The penalties outlined under Annex III are applicable to all foreign-built vehicle carriers (some of which are U.S. flagged), not just those built in China or those owned or operated by Chinese entities. The penalties under Annex III are therefore not relevant to Chinese acts, policies and practices investigated under Section 301 and will not directly incentivize an increase in U.S. shipbuilding capacity, but risk detrimental consequences for U.S. national security and global security role, and the U.S. car export industry, including construction and heavy machinery such as bulldozers, backhoes and cranes.

The U.S. agriculture, mining and heavy industry are all largely reliant on vehicle and 'roll-on, roll-off' carriers for both imports and exports. As nearly all vehicle carriers serving the U.S. are foreign built, this would mean nearly all these vessels would be subject to the fees outlined under Annex III, subsequently deterring vehicle carrier operators away from serving the U.S. market and increasing costs for U.S. exporters and consumers.

The existing fee structure risks severe disruption to automotive supply chains including lower utilisation and reduced network efficiency on U.S.-linked services, fewer voyages leading to increased factory to dealer lead times, and volume surges that could strain loading/unloading, terminal space and inland logistics. This could directly impact U.S. car exports by increasing transport costs and reducing service levels as fewer vehicle carriers call at U.S. ports.

Foreign-built vehicle carriers also represent important strategic assets for U.S. interests, including U.S. flagged vessels carrying U.S. military cargo (which for practical reasons cannot be carried in containers), as part of both the U.S. Maritime Security Program and NATO's European contingency planning. This fleet, therefore, plays a crucial role for the U.S. contingency fleet deployed worldwide, and the fees currently contained under Annex III of the Notice risk negatively impacting U.S. national security and military presence.

Therefore, for the reasons outlined above, ICS opposes Annex III in its entirety and recommends its removal from the USTR's final determination of action.

Foreign-built vehicle carriers should be subject to the same exemptions and fee caps as those provided in Annex II, to ensure parity. ICS also wishes to highlight that the method for calculating fee liability under Annex I and II (based on net tonnage), would not be an appropriate measure for vehicle carriers and could result in a disproportionate impact to these specialised vessels servicing the U.S. The current term used in Annex III – Car Equivalent Unit (CEU) – does not have a clear definition and needs clarification if it were to be applied. Any method for calculating fee liability for vehicle carriers should ensure parity and fair competition with other vessel segments.

Notwithstanding ICS' opposition to Annex III and request for its removal, we recommend that in order to ensure full consideration of the unique aspects of the vehicle carrier segment, the USTR enables full public comment on any adjustments to the proposed fees on these carriers, as Annex III was not part of the USTR's notice of proposed action in February 2025 and did not benefit from meaningful public consultation.

Annex IV

Similarly, the restrictions on the maritime transport of LNG outlined under Annex IV are not relevant to Chinese acts, policies and practices identified in the Section 301 investigation. In addition to exceeding the remit of Section 301, the restrictions also risk negative impacts on the U.S. LNG export industry which is currently one of the fastest growing U.S. exports.

There are currently no U.S. flagged LNG carriers trading internationally, and it takes approximately 4 years on average to build an LNG vessel, one of the most complex vessel types to construct in any shipyard. Taking into consideration the realities of U.S. yard capacity, lack of seafarers licenced in accordance with IGC Code, and technological constraints, the likelihood of being able to implement and enforce the restrictions under Annex IV seems implausible.

For the reasons outlined above, ICS suggests that the restrictions currently outlined under Annex IV should also be removed from the USTR's final determination.

<u>Exemptions</u>

Annex II of the Notice includes the following exemption under Targeted Coverage:

> *(iii) vessels with a capacity of equal to or less than: 4,000 Twenty-Foot Equivalent Units, 55,000 deadweight tons, or an individual bulk capacity of 80,000 deadweight tons;*

While the definition of 'individual bulk capacity' has not been included in the Notice, ICS has interpreted the above provision as equivalent to the below and requests confirmation of this interpretation:

> Vessels with a capacity of equal to or less than:
>
> (a) 4,000 Twenty-Foot Equivalent Units or 55,000 deadweight tons for cargo ships; or

(b) Dry or liquid bulk capacity of 80,000 deadweight tons for tankers and dry bulk vessels.

If the current drafting of clause (iii) above is only intended to exempt dry bulk vessels equal to or lesser than 80,000 DWT, the unintended consequence of this could be reduced availability of long-range product tankers (which are between 55,000 and 80,000 DWT) for the shipment of U.S. exports of clean petroleum products (CPP). These products would need to be shipped by smaller, more expensive medium-range product tankers (of 40,000-55,000 DWT), effectively increasing freight costs for U.S. CPP exports by approximately 20%, reducing competitiveness and negatively impacting the U.S. petroleum industry.[2]

Notwithstanding the above comment, ICS proposes the threshold figures contained in the exemptions of the final determination of action, refer to the actual capacity of the specific trade or the volumes of cargo loaded or discharged, as opposed to the capacity of the vessel, to reflect actual deliverables and operational realities.

Annex V

The proposed tariffs on shipping containers built in China under Annex V are likely to lead to significant negative impacts on U.S. industries and consumers, and would not likely incentivize changes in China's acts, policies and practices. With China producing the majority of the world's shipping containers, tariffs on Chinese-built containers are likely to increase the costs of the domestic transportation of goods in the U.S., as many containers are imported for the purposes of domestic intermodal shipping.

Further, the current drafting of Annex V does not differentiate between containers used for ordinary cargo (freight containers) and containers used for transporting gear necessary for the shipment of cargo (logistical containers). Therefore, proposed tariffs could have a particularly negative impact for products (such as pulp rolls) transported by certain dry bulk vessels where containers are used for the displacement of gear or purely for logistical use, rather than the transport of cargo.

Procedural timeline

ICS requests further detail on the timeline and process for finalising the USTR's determination of action, and any supporting documents with clear and concise information to assist with compliance planning.

Based on the assumption that CBP is to be the implementing agency, further detail on the plan for implementation and enforcement for the international trade community, will be essential to ensure compliance by impacted entities.

[2] Industry estimates.

Conclusion

ICS welcomes President Trump’s initiative to increase U.S. shipbuilding capacity, which will strengthen capacity the global maritime sector’s efficiency and competitiveness. We are greatly appreciative of the adjustments that have been made to the initial proposed actions, which capture many of the comments submitted by ICS and wider industry stakeholders.

To ensure effective and fair implementation of actions relevant to the Section 301 investigation outcomes, we would be grateful for clarification of the elements outlined above and consideration of our constructive comments and suggestions.

ICS remains committed to working with USTR and the White House Shipbuilding Office to help ensure that practicable policies are developed and implemented, which can deliver on the President’s ambitious vision for U.S. shipbuilding, without harming U.S. industries and consumers.

We remain at your disposal for further clarification of the above.

Yours sincerely,

Mr Guy Platten

Secretary General

International Chamber of Shipping

Annex A – ICS requests for clarification

<table>
<tr><th colspan="2">ICS request for clarification</th></tr>
<tr><td colspan="2">Annex II</td></tr>
<tr><td>1.</td><td>Clause (a) Time and place of liability under Annex II ‘Collections, supplemental payments, and refunds’, specifies that ‘a vessel operator that is not a vessel operator of China…must pay the higher of these two fee calculation methods’, while clause (c) under this same section, states that the ‘vessel owner must pay all accumulated fees for which that entity is liable as determined by CBP’.

ICS requests clarification on how the above clauses are reconciled and implementable in practice.

Vessel operator is the entity defined under Annex II; therefore, we assume that the vessel operator is the entity responsible for payment of the fee set out under this section, unless contractually agreed between vessel owner/operator and time or voyage charterer.

ICS would appreciate confirmation from USTR that for the purpose of Annex II, the ‘vessel operator’ responsible for payment is the party with commercial responsibility (i.e. the party responsible for commercial directions, trading routes and decisions to call at U.S. ports).</td></tr>
<tr><td>2.</td><td>In relation to clause (a)Time and place of liability under section ‘Collections, supplemental payments, and refunds’, would this mean that when discharging one container at a U.S. port, that a vessel operator will automatically become liable for payment of $18 per net ton for the arriving vessel, as this will be higher than the $120 applicable for the one container being discharged?</td></tr>
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