International Chamber of Shipping
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London
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3 July 2025

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 PROPOSED MODIFICATION OF ACTION IN SECTION 301 INVESTIGATION OF CHINA'S TARGETING THE MARITIME, LOGISTICS, AND SHIPBUILDING SECTORS FOR DOMINANCE. DOCKET ID: USTR-2025-0013

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. ICS also appreciates the USTR's consideration of our

[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/

comments submitted on the public docket on 19 May 2025 (Comment ID: USTR-2025-0008-00113037), and 19 March 2025 (Comment ID: USTR-2025-0002-00111526). ICS Secretary-General also delivered a testimony during the Section 301 Committee hearing on 24 March 2025.

However, the Notice of Action published in April, specifically Annexes I-IV, introduce many measures which were new and not subject to full public consultation, or thorough consideration of the significant unintended consequences of these actions for the U.S.' strategic objectives and global supply chains. While we note the several positive adjustments that have been made since April, there have been limited opportunities for public input across all four annexes, which raises concerns about procedural equity and, more importantly, the adverse impacts these annexes could have on global maritime operations which serve the U.S. economy.

As emphasised in ICS's previous submissions, penalties on Chinese built vessels, and Chinese shipowners and operators would risk severely undermining the interests of U.S. industries and consumers. In the case of Annexes I and II, imposing retroactive fees on vessels already built will not reduce dependency on China's shipbuilding industry nor discourage future orders with Chinese shipyards. Penalising companies that made a business decision to place an order with a Chinese shipyard prior to the release of the Section 301 investigation fails to remedy the situation that the Section 301 investigation and actions seek to address.

With regard to Annex III and IV, while ICS appreciates the opportunity to comment on the USTR's proposed modifications to these annexes set out in the Federal Register Notice on 12 June 2025, it is regrettable that the USTR has only sought comments a narrow scope of this annex, rather than opened a docket on the entirety of Annex III, which was not included in the initial proposed actions and request for comments published on 21 February 2025.

The targeted coverage set out in USTR's proposed modifications to Annex III is a positive step, however, these do not resolve the fundamental legal and economic issues which this annex presents. As stated in ICS's previous submission dated 19 May 2025, we strongly recommend that USTR remove Annex III and IV in their entirety, as they have no nexus to the Section 301 investigation of China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance, and risks increases in costs for U.S. exporters and consumers. Revitalising the U.S. shipbuilding sector requires sustained investment and will not be achieved through the imposition of sweeping penalties and fees on foreign vessels which vitally contribute to the U.S. economy and trade.

ICS is aware of the widely reported productive discussions between the U.S. Treasury Secretary, the USTR and Chinese officials in Geneva over 10-11 May 2025, and in London over 9-10 June 2025. Based on these discussions, we suggest 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.

Notwithstanding the above points, in response to the USTR's request for comments on the proposed modifications to Annex III and IV, ICS offers the following constructive comments and requests for clarification which are critical to consider and address in avoiding potentially negative impacts on U.S. competitiveness, and ensuring effective implementation, compliance, and alignment with the objectives of the responsive actions pursuant to the Section 301 investigation.

Annex III

Vehicle carriers have a critical role in the U.S. economy. In 2024 alone, the U.S. exported approximately $60 billion in U.S. manufactured automobiles to foreign markets, half of which was seaborne trade.[2] In the same year the U.S. also exported more than $20 billion worth of construction and agricultural machinery, special purpose motor vehicles, and railway and tramway stock to foreign markets, of which approximately one-third was transported by sea.[3]

The penalties outlined under Annex III are applicable to all foreign-built vehicle carriers, not just those built in China or those owned or operated by Chinese entities. The penalties under Annex III are therefore detached from the statutory purpose of Section 301 actions, as they have no nexus 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 the 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.

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. Given the significant reliance of the U.S. agriculture, mining and heavy industry on vehicle and 'roll-on, roll-off' (RoRo) carriers for both imports and exports, the scope of the proposed fees under Annex III risks substantial harm to the U.S. trade.

Further, RoRo operators contribute to thousands of American jobs, not just directly in port terminals, but across inland logistics, processing centers, trucking, and rail. A reduction in RoRo port calls, service frequency, or vessel availability would have far-reaching consequences across the broader U.S. industrial base.

If the fees under Annex III are implemented, at the current quantum, it will be difficult for shipping companies to pass these costs onto automotive manufacturers who are

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[2] U.S. Census Bureau, International Trade: https://www.census.gov/foreign-trade/index.html
[3] Ibid.

already facing significant financial challenges from the tariffs on cars imported into the U.S. The fees under Annex III therefore risk 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.

While the proposed modifications to Annex III include an exemption for vessels enrolled in the Maritime Security Program (MSP), these vessels are an integral part of the commercial network of vehicle carriers that would be impacted by network inefficiencies resulting from the introduction of the proposed fees. Reduced access to a competitive car carrier fleet, consisting of MSP-enrolled vessels as well as non-MSP enrolled vessels, would directly impact U.S. military readiness and lead to materially higher rates for all cargo segments, including military cargo.

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

Should USTR decide to impose fees on vehicle carriers, we recommend the USTR open a new docket to allow for full comments on the entirety of Annex III.

ICS also wishes to emphasise that any fees under Annex III should remain within the scope of the Section 301 investigation, and ensure proportionality and parity with other vessel segments, with careful consideration of the constructive comments and clarification requests outlined below.

Net tonnage application

Without prejudice to our overall position, ICS appreciates USTR's shift from the previous proposed measurement of Car Equivalent Unit (CEU), which has no clear or uniform definition, however ICS also urges caution as USTR considers the appropriate fee to charge per net ton, as vehicle carriers are uniquely designed with large, enclosed spaces to protect its cargo, resulting in naturally larger net tonnage than other vessel types.

Further, the proposed modifications appear to systematically equate all ro-ro vessels with 'vehicle carriers', which disregards their technical features and actual commercial use. Unlike dedicated car carriers, multipurpose ro-ro vessels transport a wide variety of goods beyond cars, as part of mixed cargo transports. The use of net tonnage to calculate the fee on ro-ro vessels would not take into account the actual freight transported, therefore would be disproportionate to actual commercial use and the nature of the traffic involved. This risks significant market distortion and negative impacts on containerized goods carried on ro-ro vessels, undermining the competitiveness of U.S. vehicle exports and U.S. manufacturing without achieving the objectives of the Section 301 actions.

The classification of these multipurpose vessels by reference to the vessel type code used on the CBP Form 1300 would not be appropriate, as this form provides limited guidance on how such vessels should be classified. This also highlights the risks of implementing Annex III without a full comment process or input from industry. ICS strongly recommends that the USTR consult with classification societies and wider maritime industry stakeholders to appropriately define ‘vehicle carriers’ for the purpose of objective technical criteria under these regulations.

Clarification requested: Government cargo

In relation to the proposed modification which exempts U.S. government cargo from fees under Annex III, ICS would appreciate clarification as to how this exemption will be applied.

Contrary to other segments where a charterer typically charters a whole vessel for a period of time (time charter) or a specific voyage (voyage charter), it is common in the vehicle carrier segment for shippers to charter ‘space’. When chartering space, vehicles will be shipped alongside other types of cargo. As the fees imposed by the USTR are applied on vessels rather than cargo, we would appreciate clarification as to whether the exemption for U.S. government cargo should be interpreted to apply to all vessels carrying this cargo.

Annex IV

While ICS welcomes the removal of clause *(j) Suspension of Export Licences*, under Annex IV, **we reiterate our previous recommendation from our previous submission, to remove Annex IV in its entirety from the USTR’s final determination of action** based on it having no nexus to Chinese acts, policies and practices investigated under Section 301, and the risks it poses to 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.

Other comments and clarification requests

ICS recognises that the current request for comments is exclusively in relation to the proposed modifications to Annexes III and IV, however, the global shipping industry is increasingly concerned about preparations for compliance with the other aspects of the USTR actions due to take effect from 14 October and require detailed implementation guidance to assist them with this process.

We would greatly appreciate USTR's attention to the requests for clarification which ICS submitted on 19 May 2025, which have been reattached at the end of this document for reference.

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. However, in light of the concerns outlined above, we respectfully request the USTR to carefully evaluate these systemic issues and provide the opportunity for public comment on all aspects of Annexes I-IV which were not included in the original Notice of Action.

To ensure effective and fair implementation of actions relevant to the Section 301 investigation outcomes, we would also 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,

Thomas A. Kazakos

Secretary General

International Chamber of Shipping

Annex A – ICS requests for clarification on other aspects of USTR determination

ICS request for clarification	
Annex II	
1.	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).
2.	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?
Exemptions	
1.	Annex II of the Notice of Action 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: i. 4,000 Twenty-Foot Equivalent Units or 55,000 deadweight tons for cargo ships; or ii. Dry or liquid bulk capacity of 80,000 deadweight tons for tankers and dry bulk vessels.
Procedural timeline	
1.	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.