Final U.S. Trade Representative Chinese ship fees provide relief for Canadian shipowners

May 29, 2025

On April 17, 2025, the Office of the United States Trade Representative (USTR) issued its long-anticipated Notice of Action and Proposed Action setting out the fees that would be levied on Chinese-built vessels calling at American ports, among other trade measures targeting the People's Republic of China. While there was another hearing on May 19, 2025, it only concerned further proposed tariffs on Chinese ship-to-shore cranes and cargo-handling equipment.

Discussions and speculation surrounding these measures had fuelled concerns from shipping industry actors worldwide, including Canadian shipowners and operators, charterers, and shippers.

Many Canadian shipowners operate Chinese-built ships due to their availability on the market and relatively low cost. The initially proposed fees of US$1 million per port call would have had a significant negative impact on shipowners and charterers, especially smaller operators in the Great Lakes and on the East and West coasts, whose ships frequently call on U.S. ports. The costs would likely be passed on to charterers or cargo owners, and ultimately to consumers, creating a ripple effect through the supply chain.

However, in response to comments received from various stakeholders, the USTR softened the proposed measures. Most importantly for Canadian shipowners, there are significant exemptions for ships engaged in the Great Lakes trade or short-sea shipping, as well as smaller ships.

The Chinese ship fees

Annex II of the Notice of Action establishes a service fee payable by operators of Chinese-built vessels that call at U.S. ports. Upon the vessel's arrival in the U.S., the operator must pay a fee corresponding to the higher of two calculation methods, based on net tonnage or on the number of containers discharged at the port. Both formulas include a $0 grace period until Oct. 14, 2025, after which the fees will increase yearly until 2028. The fees are as follows:

Date	Fee per net ton (US$)	Fee per container discharged (US$)
April 17, 2025	$0	$0
Oct. 14, 2025	$18	$120
April 17, 2026	$23	$153
April 17, 2027	$28	$195
April 17, 2028	$33	$250

For vessels that are calling on several U.S. ports in succession, **the fee will only be applied to the first port call for the entire string** or rotation. Furthermore, **the fee will only be charged a maximum of five times per year, per vessel**.

The exemptions

The Notice of Action provides a number of exemptions to the imposition of the Chinese ship fees, including broad exemptions that should lead many Canadian shipowners to breathe a sigh of relief.

First, **the Notice of Action excludes relatively smaller vessels** with a capacity of up to 55,000 deadweight tons (DWT), or an "individual bulk capacity" of up to 80,000 DWT. Presumably, this means that bulk carriers of up to 80,000 DWT are exempt, while the maximum capacity for other vessels (for instance, tankers or heavy lift ships) is of 55,000 DWT. This exemption covers the vast majority of the Canadian bulk carrier fleet.

Second, **the fees are not applied to ships engaged in short-sea shipping** — that is, those arriving at a U.S. port after a voyage of less than 2,000 nautical miles (nm) from a foreign port. For example, this exclusion would apply to a direct voyage from Montréal to New York, or from Vancouver to Los Angeles. Also, as the fees only apply at the first port in a string of U.S. port calls, virtually all Canada-U.S. coastal and Great Lakes trade is covered by this exemption.

Third, **the fees exclude ships identified as "Lakers Vessels,"** meaning ships that trade primarily on the Great Lakes. This exemption would appear to be redundant, considering the 2,000 nm exemption described above, but it reinforces that the USTR intends not to affect Great Lakes shipping with these measures.

These broad, overlapping exemptions should reassure Canadian shipowners, considering the disastrous potential that the proposed fees held before they were implemented in their final, revised form.

There are also various other exemptions for:

- vessels arriving empty or in ballast – that is, only loading in the U.S. for export;

- specialized chemical tankers;
- U.S. government cargo;
- U.S.-owned or U.S.-flagged vessels enrolled in various government sealift programs; and
- U.S.-owned vessels (where the U.S. entity owning the vessel is controlled by U.S. persons and is at least 75 per cent beneficially owned by U.S. persons).

Contact us

While these measures have largely spared Canadian shipowners, the United States' trade measures remain fluid and unstable. BLG's International Trade and Maritime Shipping groups continue to monitor the situation closely. Should you have any question about the applicability of these or other measures to your ships, please reach out to one of our lawyers below.

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