Billing Code 3390-F4

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Notice of Action and Proposed Action in Section 301 Investigation of China's Targeting the Maritime, Logistics, and Shipbuilding Sectors for Dominance, Request for Comments

AGENCY: Office of the United States Trade Representative (USTR).

ACTION: Notice of action and proposed action, request for comments, and notice of public hearing.

SUMMARY: The U.S. Trade Representative has determined that appropriate action in this investigation includes: certain services fees on the maritime transport services of Chinese operators and shipowners; on maritime transport services of operators using Chinese-built vessels to be applicable on a non-discriminatory basis; certain service fees on the maritime transport services of operators of foreign-built vehicle carriers to be applicable on a non-discriminatory basis; and restrictions on certain maritime transport services for U.S. Liquified Natural Gas (LNG) to be applicable on a non-discriminatory basis. In addition, the U.S. Trade Representative is proposing additional tariffs on certain ship-to-shore cranes on a non-discriminatory basis, and proposing additional tariffs on certain other cargo handling equipment of China. USTR requests written comments regarding the proposed tariff actions set forth in this notice and will convene a public hearing in relation to the proposed tariffs.

DATES:

Dates applicable to fees on certain maritime transport services are contained in Annexes I, II, and III.

Dates applicable to restrictions on certain maritime transport are contained in Annex IV.

Dates applicable to Proposed Tariffs:

April 17, 2025: Comment period opens.

May 8, 2025: To be assured of consideration, submit requests to appear at the hearing on proposed tariff actions, along with a summary of the testimony, by this date.

May 19, 2025: To be assured of consideration, submit written comments on the proposed tariff actions by this date. USTR will hold a public hearing on the proposed tariff actions in the main hearing room of the U.S. International Trade Commission, 500 E Street SW, Washington DC 20436, beginning at 10 a.m. If necessary, the hearing may continue on subsequent days.

Seven calendar days after the last day of the public hearing: Submit post-hearing rebuttal comments on the proposed tariff actions.

ADDRESSES: Submit documents in response to the proposed tariff actions in this notice, including written comments, rebuttal comments, and requests to appear through USTR's electronic portal: https://comments.ustr.gov/s/. The docket number for written comments and rebuttal comments on the proposed tariff actions is USTR–2025–0008. The docket number for requests to appear at the public hearing on the proposed tariff actions is USTR–2025–0009.

FOR FURTHER INFORMATION CONTACT: For procedural questions concerning comments or participating in the public hearing on the proposed tariff actions, contact the USTR Section 301 support line at (202) 395-5725. Direct all other questions regarding this notice to: Megan Grimball and Philip Butler, Chairs of the Section 301 Committee; Thomas Au, Associate General Counsel; or Henry Smith, Anjani Nadadur, or David Salkeld, Assistant General Counsels at (202) 395-5725.

SUPPLEMENTARY INFORMATION:

A. Background

On March 12, 2024, petitioners[1] filed a Section 301 petition regarding the acts, policies, and practices of China to dominate the maritime, logistics, and shipbuilding sectors. The petition was filed pursuant to Section 302(a) of the Trade Act of 1974, as amended (Trade Act) (19 U.S.C. 2412(a)), requesting action pursuant to Section 301(b) of the Trade Act (19 U.S.C. 2411(b)). *See* 89 FR 29424 (April 22, 2024). For additional information, the full text of the petition and accompanying exhibits are available at: https://ustr.gov/issue-areas/enforcement/section-301-investigations/section-301-china-targeting-maritime-logistics-and-shipbuilding-sectors-dominance.

On April 17, 2024, after consultations with the appropriate advisory committees and the Section 301 Committee, the U.S. Trade Representative initiated an investigation of China's acts, policies, and practices targeting the maritime, logistics, and shipbuilding sectors for dominance. *See* 89 FR 29424 (April 22, 2024).[2] The U.S. Trade Representative also requested consultations with the government of China pursuant to Section 303 of the Trade Act (19 U.S.C. 2413).[3]

Based on the information obtained during the investigation, on January 16, 2025, USTR released a public report on the investigation. The "Report on China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance" (Report) supports the determination that

[1] The five labor union petitioners are: the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO CLC (USW), the International Brotherhood of Electrical Workers (IBEW), the International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers, AFL-CIO/CLC (IBB), the International Association of Machinists and Aerospace Workers (IAM), and the Maritime Trades Department of the AFL-CIO (MTD).

[2] The notice of initiation solicited written comments. The public submissions are available at: https://comments.ustr.gov/s/, docket number USTR-2024-0005. USTR and the Section 301 Committee convened a public hearing on May 29, 2024, during which witnesses provided testimony. A transcript of the hearing is available on the USTR website at: https://ustr.gov/sites/default/files/Hearing%2005292024.pdf.

[3] The government of China declined to hold consultations regarding the investigation under this statutory framework.

China's targeting of the maritime, logistics, and shipbuilding sectors for dominance is unreasonable and burdens or restricts U.S. commerce and thus is actionable. The Report is available on USTR's website at: https://ustr.gov/sites/default/files/enforcement/301Investigations/USTRReportChinaTargetingMaritime.pdf.

As detailed in the Report, for nearly three decades, China has targeted the maritime, logistics, and shipbuilding sectors for dominance and has employed increasingly aggressive and specific targets in pursuing dominance. China's dominance severely disadvantages U.S. companies, workers, and the U.S. economy generally, through lessened competition and commercial opportunities and through the creation of economic security risks from dependencies and vulnerabilities.

Top-down industrial planning and targeting is a critical feature of China's state-led, non-market economic system. China organizes the development of its economy at a high level through broad, national-level, five-year economic and social development plans. It then employs industry-specific plans that typically align chronologically with the national five-year plans. These plans often contain detailed quantitative and qualitative targets, including for production, domestic content, and domestic and international market shares, and outline the non-market policies and practices China should use to achieve these targets. China's plans reveal its targeting of the maritime, logistics, and shipbuilding sectors for dominance.

Market share targets necessitate substitution by Chinese companies at the expense of foreign competitors—for Chinese companies to gain market share, they must displace foreign companies in existing markets and take new markets as they develop in the future. China's industrial targets have become more aggressive and sophisticated over the years.

China's targeting of these sectors for dominance has undercut competition and taken market share with dramatic effect: raising China's shipbuilding market share from less than five percent of global tonnage in 1999, to over 50 percent in 2023; increasing China's ownership of the commercial world fleet to over 19 percent as of January 2024; and controlling production of over 70 percent of ship-to-shore cranes, 86 percent of intermodal chassis, 95 percent of shipping containers, and increasing shares of other components and products.[4]

Based on the information obtained during the investigation, as reflected in the Report on the investigation, and taking into account public comments, as well as the advice of the Section 301 Committee and appropriate advisory committees, the U.S. Trade Representative determined that China's targeting of the maritime, logistics, and shipbuilding sectors for dominance is unreasonable and burdens or restricts U.S. commerce, and thus is actionable under Sections 301(b) and 304(a) of the Trade Act (19 U.S.C. 2411(b) and 2414(a)). *See* 90 FR 8089 (January 23, 2025).

In particular, the U.S. Trade Representative determined that China's targeting of the maritime, logistics, and shipbuilding sectors for dominance is unreasonable because it displaces foreign firms, deprives market-oriented businesses and their workers of commercial opportunities, and lessens competition, and creates dependencies on China, increasing risk and reducing supply chain resilience. China's targeting for dominance also is unreasonable because of China's extraordinary control over its economic actors and these sectors.

Furthermore, the U.S. Trade Representative determined that China's targeting of the maritime, logistics, and shipbuilding sectors for dominance burdens or restricts U.S. commerce by undercutting business opportunities for and investments in the U.S. maritime, logistics, and

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[4] *See*, *e.g.*, USTR's report on China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance at vii, x, 17, 49, 54, 58.

shipbuilding sectors; restricting competition and choice; creating economic security risks from dependence and vulnerabilities in sectors critical to the functioning of the U.S. economy; and undermining supply chain resilience.

On February 21, 2025, the U.S. Trade Representative proposed that action was appropriate and to take responsive action in the form of service fees against certain maritime transport services of China. USTR also proposed that certain maritime transport service fees and restrictions would be applicable on a nondiscriminatory basis. *See* 90 FR 10843 (February 27 notice). USTR proposed certain service fees on: (1) Chinese maritime transport operators, (2) maritime transport operators with fleets comprised of Chinese-built vessels, and (3) maritime transport operators with prospective orders for Chinese vessels. USTR also proposed to refund fees paid by maritime transport operators per entry of a U.S.-built vessel through which the operator is providing international maritime transport services. USTR proposed certain restrictions on international maritime transport of U.S. goods, and sought public comment on other actions to reduce the exposure and risks from China's promotion of LOGINK and similar platforms.

USTR requested public comments with respect to: the level of the burden or restriction on U.S. commerce arising from China's targeting of the maritime, logistics, and shipbuilding sectors for dominance; the appropriate trade to be covered by responsive actions, including the type and level; and whether the proposed fees or restrictions on services are appropriate, including the type of services to be subject to fees or restrictions, the level of fees or restrictions, the structure of any fees, restrictions, or reimbursement of fees on services. In commenting on proposed actions, USTR requested commenters specifically address whether a proposed action

would be practicable or effective to obtain the elimination of China's acts, policies, and practices.

USTR established an electronic portal to receive public comment on the proposals and held a two-day public hearing on March 24 and 26, 2025. *See* February 27 notice. USTR received nearly 600 comments in the response to the notice, and nearly 60 individuals participated in the public hearings.

On April 9, 2025, the President issued Executive Order 14269, "Restoring America's Maritime Dominance." With respect to the actions to be taken in this investigation, if any, Section 5 of the Executive Order directs the U.S. Trade Representative to: (i) coordinate with appropriate agencies to collect additional information, as appropriate and to the extent permitted by law, in support of administering such actions; and (ii) coordinate with the Attorney General and Secretary of Homeland Security to take appropriate steps to enforce any restriction, fee, penalty, or duty imposed pursuant to such actions. Additionally, as part of the actions in this investigation, Executive Order 14269 directs the U.S. Trade Representative to consider proposing: (i) tariffs on ship-to-shore (STS) cranes manufactured, assembled, or made using components of PRC origin, or manufactured anywhere in the world by a company owned, controlled, or substantially influenced by a PRC national; and (ii) tariffs on other cargo handling equipment.

Executive Order 14269 also describes additional policies to broadly address China's targeting of the maritime, logistics, and shipbuilding sectors for dominance, including the creation of a Maritime Action Plan (Section 3); the engagement of allies and partners to align trade policies, including with respect to this investigation (Section 7); efforts to reduce dependence on adversaries by recommending incentives for shipbuilders in allied nations to

undertake capital investment in the United States (Section 8); and the development of a legislative proposal for a maritime security trust fund that considers using revenue, including from this action, to establish a reliable, dedicated funding source for programs under the Maritime Action Plan (Section 9).

Executive Order 14269 is available at the following address: https://www.federalregister.gov/documents/2025/04/15/2025-06465/restoring-americas-maritime-dominance.

B. Determination of Action

On January 16, 2025, USTR issued a notice which announced the U.S. Trade Representative's determination that China's acts, policies, and practices under investigation are unreasonable or discriminatory and burden or restrict U.S. commerce, and are thus actionable under section 301(b) of the Trade Act. Section 301(b) of the Trade Act provides that upon determining that the acts, policies, and practices under investigation are actionable and that action is appropriate, the U.S. Trade Representative shall take all appropriate and feasible action authorized under Section 301(c) of the Trade Act, subject to the specific direction, if any, of the President regarding such action, and all other appropriate and feasible action within the power of the President that the President may direct the U.S. Trade Representative to take under section 301(b) of the Trade Act, to obtain the elimination of those acts, policies, or practices.

Section 301(c)(1)(B) of the Trade Act authorizes, the U.S. Trade Representative to "impose duties or other import restrictions on the goods of [the foreign country subject to the investigation] and, notwithstanding any other provision of law, fees or restrictions on the services of, [the foreign country subject to the investigation]." Sections 301(c)(3)(A) and (B) of the Trade Act provide further authority for the U.S. Trade Representative to take any of the

actions he is authorized to take under section 301(b) against any good or economic sector, on a non-discriminatory basis or solely against the foreign country concerned, and without regard to whether such goods or economic sector were involved in the act, policy, or practice under investigation.

USTR and the Section 301 Committee have carefully reviewed the public comments and the testimony from the two-day public hearing regarding the proposed actions. USTR has also considered the advice of advisory committees and consulted with the agencies which regulate the services involved. Considering the comments and advice, and pursuant to sections 301(b), 301(c), and 304(a) of the Trade Act (19 U.S.C. 2411(b), 2411(c), and 2414(a)), the U.S. Trade Representative has determined that action is appropriate, and that appropriate and feasible action in this investigation includes the actions as provided for in Annexes I, II, III, and IV to this notice. The actions are summarized below for convenience purposes.[5] The following actions are not cumulative. That is, either a vessel is subject to the fees set forth in Annexes I, II, or III, or, a vessel is subject to the requirement of Annex IV. If any fee is applied, only one fee will be applied under the terms of the respective Annex.

Fees on Maritime Transport Services

- Phased fee on Chinese vessel operators and vessel owners. This fee, based on the net tonnage of the vessel, is assessed against any vessel with a Chinese operator or owned by an entity of China, as set out in Annex I. If a vessel makes multiple U.S. entries before transiting to a foreign destination, this fee is assessed per rotation or string of U.S. port calls. The fee will be set at $0 for the first 180 days, will then be set at $50/NT, and will increase incrementally over the next three years.

[5] In the event of any conflict between the summary text and Annex I, II, III, or IV, the text of the respective Annex controls.

- Phased fee on Chinese-built vessels. This fee is based on the higher of (i) a fee based on the net tonnage of the vessel, or (ii) a fee based on per container. If a vessel makes multiple U.S. entries before transiting to a foreign destination, this fee is assessed per rotation or string of U.S. port calls. The fee will be set at $0 for the first 180 days and increases incrementally over the next three years, as described in Annex II. Certain Chinese-built vessels are not subject to the fee, including: certain vessels enrolled in certain U.S. Maritime Administration programs (e.g., the Maritime Security Program and Tanker Security Program); vessels arriving empty or in ballast; vessels below certain size or capacity thresholds; vessels engaged in short sea shipping (*i.e.*, voyages of less than 2,000 nautical miles from certain U.S. ports); certain U.S.-owned companies' vessels; and certain specialized export vessels. A vessel operator is eligible for a fee remission for up to three years if it orders and takes delivery of a U.S.-built vessel of equivalent size.
- Phased fee on vessel operators of foreign vehicle carriers. This fee is assessed on any foreign-built vehicle carrier based on its Car Equivalent Unit (CEU) capacity, as set out in Annex III. The fee will be set at $0 for 180 days, and will then be set at $150 per CEU capacity of the entering non-U.S. built vessel. An operator could receive a fee remission for up to three years if it orders and takes delivery of a U.S.-built vessel of equivalent or greater capacity within that time period. A vessel operator will be eligible for a fee remission for three years if it orders and takes delivery of a U.S.-built vessel of at least equivalent size.

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

- Restrictions on certain maritime transport. After three years, USTR would impose a restriction to require the use of U.S. vessels for the maritime transport of a certain percentage of LNG exports, as set out in Annex IV. An operator or its non-compliant LNG vessel may

be licensed to operate for up to three years as if the requirement is met, if that operator orders and takes delivery of a U.S.-built LNG vessel of equivalent or greater capacity within that time period. USTR will consult with the U.S. Department of Energy and other agencies, as appropriate, to provide notice and further technical information regarding this restriction.

Actions Directed by the President in Executive Order 14269, "Restoring America's Maritime Dominance."

Consistent with the President's direction in Executive Order 14269, "Restoring America's Maritime Dominance," the U.S. Trade Representative is proposing additional duties on STS cranes, in a manner consistent with the description in the Executive Order, and on containers and certain chassis of China, consistent with the Executive Order 14269's direction regarding other cargo handling equipment of China, to include headings and subheadings 8609.00.00, 8716.39.0090, 8716.90.30, and 8716.90.50.

C. Responses to Significant Comments Regarding the Proposed Actions

Below USTR responds to comments that raise significant issues. USTR prepared the responses below in light of the ongoing litigation regarding the applicability of the Administrative Procedure Act (APA) to certain Section 301 actions, which the United States disputes on appeal. *See In Re Section 301 Cases*, No. 21-cv-00052-3JP, at *57, *71 (Ct. Int'l Trade Apr. 1, 2022); Brief of Defendants-Appellees at 47, HMTX Indus., LLC et al. v. United States, No. 23-1891 [ECF No. 42] (Fed. Cir. Dec. 21, 2023). In preparing the responses below, USTR does not concede the applicability of the APA to Section 301 actions, nor should USTR's responses in this notice be relied upon as evidence of agency practice for purposes of the APA.

Service Fee on Maritime Transport Operators

The U.S. Trade Representative proposed a service fee on Chinese maritime transport operators at a flat rate of up to $1,000,000 per entrance of any vessel of that operator to a U.S. port, or at a rate of up $1,000 per net ton of the vessel's capacity per entrance of any vessel of that operator to a U.S. port.

USTR received several comments in response to the proposals. Many of the comments agreed with the U.S. Trade Representative's determination that some form of responsive action was required in light of measures taken by China to dominate the maritime, shipbuilding and logistics sector. The comments generally urged revisions to the proposed fee schedule in order to lessen disproportionate economic impact, and also urged delays in the imposition of fees. For example, several comments noted that the proposed fee schedule (particularly as it relates to the amount of the fee, a flat-rate versus tonnage fee, and a fee assessed per rotation or string of U.S. port calls), would disproportionately impact certain U.S. commodity exports, especially those using bulk carriers for international transport, short-sea shipping routes, and imports to certain U.S. territories. These comments asserted that any fee assessed per single port of call would disproportionately impact smaller ports, and thus negatively impact local maritime jobs, as vessel operators may seek to mitigate fee impact by visiting fewer ports or visiting only major U.S. ports. Some comments sought clarity on how a "Chinese operator" and "Chinese-built vessel" would be defined for purposes of the final action.

USTR also received a number of comments asserting that the proposed fee would exert more leverage on China, and thus be more effective at obtaining the elimination of China's practices, if fees were directed at vessel owners, rather than operators. These comments assessed that vessel operators would be more likely to pass along any fee to importers and that, as result, a

fee directed at operators would likely be ineffective in changing operator behavior in procuring Chinese vessels for international transport.

Considering the public comments, the U.S. Trade Representative has made certain adjustments to the proposed fee on maritime transport to include any vessel operated by Chinese crew, or any vessel owned by an entity of China, as set forth in Annex I. In response to public comments regarding the amount of the fee, the U.S. Trade Representative has determined to assess the fee on a net tonnage basis, with the initial fee set at $0 for the first 180 days from the date of determination (that is, until October 14, 2025). This fee will then increase to a rate of $50 per NT and will increase on an annual basis for three years. In consideration of potential impacts to small ports if a fee were to be assessed at each port of call, the U.S. Trade Representative has determined to assess the fee upon entry at the first U.S. port or place from a foreign destination per rotation or string of U.S. port calls. The fee will be assessed at the first U.S. port within the customs territory of the United States. The U.S. Trade Representative has determined that any such fee would be charged per rotation or string of U.S. port calls, and no more than five times a year on an individual vessel.

In response to comments regarding the effectiveness of a fee on Chinese operators, the U.S. Trade Representative has determined to assess the fee on any Chinese vessel operator and on any vessel owned by a Chinese entity. Imposing a fee on a vessel owner may more directly influence purchasing decisions and exact more financial pressure on Chinese shipbuilders, thus providing an even more significant source of leverage to encourage China to eliminate the investigated practices. The U.S. Trade Representative has also determined to implement the initial proposal to assess a fee on a Chinese operator to further disincentivize use of Chinese shipping services.

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

The U.S. Trade Representative proposed a flat fee of up to $1,500,000 per vessel entry of a Chinese-built vessel to a U.S. port. The U.S. Trade Representative also proposed escalating fees per vessel entry to a U.S. port based on the percentage of Chinese-built vessels in the operator's fleet. The U.S. Trade Representative also proposed a flat fee of up to $1,000,000 per vessel entry to a U.S. port when an operator's fleet is comprised of 25 percent or more Chinese-built vessels.

In response to the proposals, several comments expressed concerns that the proposed fees would result in higher prices and shortages for American importers and consumers. Comments also expressed concerns that the proposals would cause U.S. exports, particularly bulk cargo exports, to be more expensive. Some commenters stated that the proposed fees and attendant increased costs of imports and exports would put them out of business. Commenters argue that the fees should be aimed at Chinese state-owned operators, rather than non-Chinese operators. Some comments noted the lack of capacity of U.S. shipbuilders and questioned whether the proposed fees would do anything to address the cost advantage enjoyed by Chinese shipbuilders. Comments also claimed that the proposed fees would likely result in fewer port calls at smaller ports, leading to a loss of jobs and exports at these smaller ports.

A few comments agreed with the proposals, noting that the proposed fees would address trade imbalances, enhance national security, support investment in the American maritime industrial base, and promote higher environmental and labor standards. One commenter suggested that the proposed fees be captured in a U.S. shipbuilding and mariner compensation trust fund to be expended each year for reviving the U.S. merchant marine. Some comments suggested that care should be taken so as to not allow for circumvention of the proposed fees by

transshipment of cargo through Canada or Mexico. If the proposed fees were to be imposed, some commenters requested a phased-in approach, a per tonnage or per container fee that is capped, a per-voyage rather than per-entry fee, and that fees only apply to future-built vessels and not existing vessels. Some comments requested an exemption for vessels carrying U.S. agriculture, coal, or other commodity exports; others requested an exemption for "short sea," Great Lakes, or Caribbean shipping; one commenter requested an exemption for Hong Kong-registered vessels and operators. Some comments suggested alternatives to a fee-based system, such as tax credits for ordering U.S.-built ships or other investments in the U.S. shipbuilding industry.

Considering the public comments and the advice of the Section 301 Committee, the U.S. Trade Representative has determined not to impose any fee based on fleet composition at this time. The U.S. Trade Representative has determined instead to impose a fee on maritime transport using any Chinese-built vessels. This fee is applied on a non-discriminatory basis. This fee will be assessed on a per tonnage or per container fee basis, whichever fee is higher.

In response to comments regarding a phase-in or transition period, the fee on Chinese-built vessels will be set at $0 for the first 180 days from the date of determination (that is, until October 14, 2025), to be increased on an annual basis according to the schedule and provisions set forth in Annex II. In response to comments regarding the potential for disproportionate economic impact on certain U.S. interests or industries, the following vessels as set forth in Annex II will not be subject to the scope of the fee: (1) U.S. vessels enrolled in certain U.S. Maritime Administration programs; (2) vessels arriving empty or in ballast; (3) smaller vessels; (4) vessels engaged in short sea shipping; (5) U.S.-owned companies' vessels; and (6) specialized export vessels. In making this determination, the U.S. Trade Representative

balanced the need to impose a service fee to disincentivize the use and purchase of Chinese-built ships, as a counter to China's dominance, with concerns raised in the comments regarding the effect that such a fee would have on shipping costs and the U.S. economy.

The U.S. Trade Representative did not determine to limit the scope of the fees to exclude vessels based on an export commodity basis, in light of the fee in Annex II is not applicable to vessels below certain size thresholds, vessels arriving empty or in ballast, and short sea shipping. In order to incentivize domestic production, which may help create leverage for the elimination of the investigated acts, policies, and practices or otherwise to mitigate the burden or restriction, the U.S. Trade Representative has determined that, upon order and until delivery of a U.S.-built vessel of equal or greater capacity, the fee may be eligible for suspension on an equivalent size Chinese-built vessel, for a period not to exceed three years. *See also* discussion of comments on service fee remission below.

Service Fee on Maritime Transport Operators with Prospective Orders for Chinese Vessels

The U.S. Trade Representative proposed an additional fee on vessel operators based on the percentage of vessels ordered from Chinese shipyards, either escalating based on percentage of vessel orders in or expected to be delivered by Chinese shipyards over the next 24 months, or a flat fee on vessel operators with 25 percent or more vessels ordered by that operator, or expected to be delivered to that operator, are ordered or expected to be delivered by Chinese shipyards over the next 24 months.

Some commenters expressed support for this proposal. Other commenters made recommendations, including phase-in periods, grandfathering of previously ordered ships, reduced fees or imposition of fees per Twenty-Foot Equivalent Units (TEU) or cargo value, and allowing waivers, among others.

A number of commenters expressed concerns about the potential impact on shipping to and from the United States due to insufficient domestic alternatives, including increases in shipping costs for exporters (including farmers and coal companies) and consumers, as well as concerns about port diversion or consolidation. Alternatives suggested by commenters included sliding scale fees, incentives, credits, grants, or regulatory reform to encourage U.S. shipbuilding investment, taxes on Chinese-flagged ships to be added to a commercial shipbuilding revitalization fund, and a fee on inbound containers.

Considering the public comments and the advice of the Section 301 Committee, the U.S. Trade Representative has determined not to impose a fee based on prospective orders of Chinese vessels at this time. The U.S. Trade Representative currently considers that the initial fees being implemented in this Notice, along with the proposed tariff actions, may provide sufficient leverage to encourage China to eliminate its acts, polices, and practices, or otherwise mitigate the burden or restriction from China's market dominance.

Service Fee Remission for Maritime Transport via U.S.-Built Vessels

To promote the acquisition and use of U.S.-built ships by operators, the U.S. Trade Representative proposed a service fee remission in the form of a refund on the additional fees charged to an operator providing international maritime transport services in an amount up to $1,000,000, per entry into a U.S. port of a U.S.-built vessel.

A large number of comments, both supporting and opposing the proposed fee remission, highlighted the lack of capacity of U.S. shipbuilders. Several comments opposing the proposal noted that it would take years for operators to take advantage of the refund or that, given the lack of capacity, the proposed remission would be unlikely to provide much benefit. One comment noted that the proposal failed to address underlying capacity constraints.

To address the lack of capacity of U.S. shipbuilders, comments supporting the proposal provided suggestions to broaden the eligibility of the proposed fee remission to more ships. These included allowing fee remission to ships produced in third countries and to ships that are made available to sealift command.

A number of comments provided alternatives to the proposed fee remission. One comment suggested that a better approach might be to phase in the assessed fees. A few comments suggested incentives for U.S. ships in the form of grants and tax credits. Other suggested alternatives included certain exemptions to the fees. Suggested exemptions included industries that rely on international supply chains, ships used for exports of agriculture products, and ships used for regional shipping.

Considering the public comments and the advice of the Section 301 Committee, the U.S. Trade Representative has determined to adjust the proposed service fee remission. The U.S. Trade Representative has determined to allow for suspending the fee on an equivalent size Chinese-built vessel, for a period not to exceed three years, upon order and until delivery of a U.S.-built vessel of equal or greater size within that time period. Additionally, as discussed above, considering the comments regarding the proposed service fee remission, the U.S. Trade Representative has determined to adjust the service fees so that they are phased in over time.

To further promote the acquisition of U.S.-built ships, and address capacity constraints, the U.S. Trade Representative has also determined to phase in a service fee on vessel operators of foreign-built vehicle carriers on a non-discriminatory basis. As outlined in Annex III, the fee will be set at zero for the first 180 days, and will apply to vessel operators of all vehicle carriers that are non-U.S. built vessels. This fee may also be eligibility for remission for a particular foreign-built vessel for a period not to exceed three years if the vessel owner orders

and takes delivery of a U.S.-built vessel of equivalent or greater car-equivalent unit (CEU) capacity within that time period.

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

The U.S. Trade Representative proposed a restriction on maritime services with escalating requirements over a seven-year period for U.S. operators to increase the percentage of U.S. products on U.S.-flagged ships and the percentage of U.S. products on U.S.-flagged, U.S.-built vessels. The U.S. Trade Representative also proposed that U.S. goods may be approved for export on a non-U.S.- built vessel, provided that 20 percent of what the operator transports by vessel is transported on U.S.-flagged, U.S.-built ships.

In response, several comments expressed concern that the proposals would only punish U.S. exporters. Some asserted that the proposals would lead to a decrease in U.S. exports and would ultimately divert ships from U.S. ports. Several comments noted that the timelines for the proposals are too aggressive and not achievable. Most of these comments noted that there is currently insufficient capacity of U.S. ships and one comment noted a lack of U.S. mariners. A number of comments asserted that, rather than provide an incentive for using more U.S. ships, the proposals would lead to operators consolidating shipments, visiting fewer and larger ports, and causing harm to smaller ports. One comment noted that rather than provide an incentive for using U.S. ships, the proposals would force companies to focus on larger ports. Several comments asserted that the proposals would cause particular harm to certain products, including agriculture products, bulk products, and coal.

Some comments agreed with the proposals, noting that an escalating percentage of U.S. products to be exported every year on U.S. flagged ships would help curb the use of Chinese built ships, drive demand for domestically produced ships, and provide benefits to

upstream domestic industries, including steel. A number of comments supported the proposal, but expressed concern regarding the lack of capacity on U.S. ships. One comment asserted that the U.S. would need at least 15 years to build sufficient capacity.

With respect to LNG ships, one comment noted there are no U.S.-built vessels and only one U.S.-flagged LNG vessel. To address the capacity constraints, multiple comments provided suggestions for mitigating the fee, including: a delay in implementation; exemptions for specific products; exemptions for non-Chinese operators with Chinese ships already on order; and an exemption for ships built by U.S. allies. Several comments noted possible harm to regional trade and requested that that the proposals be limited to trans-oceanic vessels. Finally, some comments noted that they needed additional information and clarification as to how the proposals would be implemented and enforced.

Considering the public comments and the advice of the Section 301 Committee, the U.S. Trade Representative has determined to limit the scope of the proposed restrictions to U.S. LNG exports, with restrictions on maritime transport of LNG to begin on April 17, 2028, and gradually increasing thereafter for a period in total of 22 years. *See* Annex IV. The U.S. Trade Representative has further determined that an operator or its non-compliant LNG vessel may be licensed to operate for up to three years as if the requirement is met, if that operator orders and takes delivery of a U.S.-built LNG vessel of equivalent or greater capacity within that time period.

Other Actions: Actions to Reduce Exposure to and Risks from LOGINK or Similar Platforms

The U.S. Trade Representative requested comments on other actions to reduce exposure to and risks from China's promotion of the National Transportation and Logistics Public Information Platform (LOGINK) or other similar platforms. In response, some

commenters expressed support for U.S. efforts to restrict LOGINK and its access to shipping data or to ban U.S. ports from using LOGINK.

Considering the public comments and the advice of the Section 301 Committee, the U.S. Trade Representative intends to continue to explore responsive actions as to Chinese digital logistics platforms (*e.g.,* LOGINK).

A number of commenters addressed additional issues in response to USTR's narrowly scoped request for comments on "other actions" with respect to LOGINK. USTR took note of these comments, including suggestions that the United States reinvest in or incentivize U.S. shipbuilding and commercial fleets, including through fees being directed to a trust fund to support domestic shipyards, skilled workforce training, technology development, the addition of a land border fee and fee on Chinese-built offshore vessels, and expanding access to U.S. cabotage trade for U.S. stakeholders and European tonnage and shipbrokers.

Response to Legal Arguments Raised in the Comments

Section 301(b) of the Trade Act gives broad authority to the U.S. Trade Representative to take action to obtain the elimination of an unreasonable acts, policies, and practices of foreign country that burden or restrict U.S. commerce. Section 301(b) further provides that actions may be taken that are within the power of the President with respect to trade in any goods or services, or with respect to any other areas of pertinent relations with the foreign country. Section 301(c) further describes specific action the U.S. Trade Representative is authorized to take.

Despite the broad grant of authority in the 301 statute, some comments assert that the proposed actions are *ultra vires,* otherwise illegal, or unconstitutional. USTR responds to these comments below.

A few comments assert that the proposed actions are inconsistent with World Trade Organization (WTO) rules, and the U.S.-China Agreement on Maritime Transport. With respect to WTO rules, some comments argue that the service fees on Chinese operators and owners and operators of Chinese-built ships are a discriminatory importation charge that is inconsistent with the WTO's multilateral dispute resolution mechanism. USTR notes that Section 301(b) of the Trade Act authorizes the actions proposed in the investigation, which are in response to numerous findings of unreasonable acts, policies, and practices of China that burden or restrict U.S. commerce. Moreover, as detailed in USTR's Report, the myriad of acts, policies and practices deployed by China in pursuit of its goals for global dominance of the maritime and logistics sectors cannot be appropriately addressed through recourse to WTO dispute settlement proceedings.

In response to comments that the proposed actions violate the U.S.-China Agreement on Maritime Transport,[6] USTR notes that the agreement does not contain any provision which would prohibit the U.S. Trade Representative from taking the proposed actions, especially in light of acts, policies, and practices by China which are inconsistent with China's commitment to market principles in shipping and intermodal services.

In response to comments that USTR's proposed service fees imposed on non-Chinese operators are *ultra vires*, USTR notes that the plain language of section 301(c) of the Trade Act. Section 301(c)(1)(B) authorizes the U.S. Trade Representative to impose restrictions on services of the investigated foreign country, notwithstanding any other provision of law. Section 301(c)(3)(A)-(B) provides additional authority for the U.S. Trade Representative to take action authorized by Section 301(b) against any goods or economic sector, on a nondiscriminatory basis

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[66] Agreement on Maritime Transport between the Government of the United States of America and the Government of the People's Republic of China, Signed at Washington on 8 December 2003.

or solely against the foreign country under investigation, and without regard to whether or not such goods or economic sector were involved in the acts, policies or practices that are the subject of the investigation. Together, these provisions authorize services fees to be applied against China as well as on a nondiscriminatory basis.

In response to comments that USTR's proposed restriction to promote the transport of U.S. goods on U.S. ships does not constitute a fee or a duty or a restriction on a service, USTR notes that the proposal to restrict the international maritime transport of certain U.S. goods is, by its very terms, a restriction of a service. USTR does not consider the restriction on services in Annex IV to be taken with respect to any prior service sector authorization because this action creates a new restriction on the provision of maritime transport services.

USTR does not consider that the proposed fees contravene the Export Clause of the U.S. Constitution, nor does USTR consider the fees to be sufficiently closely related to the export process. The proposed fees are fees on maritime transport services payable upon entrance of a covered vessel at arrival at a port in the customs territory of the United States from a foreign destination, rather than on export from a state of the United States.

USTR disagrees with novel arguments that the proposed actions may amount to a regulatory taking without just compensation or that the proposed actions are unconstitutional under the Excessive Fines Clause of the Eighth Amendment. Assuming for the sake of response that a service fee could provide a basis for a constitutional takings claim, the fee structure in the final actions has been recalibrated in response to public comments in order to diminish severe adverse economic impacts on U.S. industries. The fees also reflect an amount that would be sufficiently meaningful to change commercial behavior and potential market responses. Coupled with the limited scope of the fees and extended lead times, USTR finds no basis for an assertion

of an unconstitutional takings claim. USTR considers that the Excessive Fines Clause of the Eighth Amendment would be inapplicable to USTR's proposed actions as service fees or restrictions are not themselves fines or penalties.

D. Proposed Action

In accordance with the President's direction, the U.S. Trade Representative has considered whether to propose additional duties on certain ship-to-shore cranes and other cargo handling equipment. The U.S. Trade Representative has determined that it is appropriate to do so considering, as discussed in USTR's Report, China's overwhelming production share of ship-to-shore cranes, intermodal chassis, and shipping containers, and China's increasing shares of other components and products.

Specifically, the Report issued by USTR in this investigation highlights the vulnerabilities arising from over-reliance on Chinese production of ship-to-shore cranes and other maritime components and equipment, noting that such over-reliance may create opportunities for China to manipulate the supply of critical components or materials essential to U.S. maritime infrastructure. USTR's report highlights that China's targeting of the maritime sectors for dominance has severely undercut competition, leading to China overwhelming controlling global production of STS cranes, intermodal chassis, and shipping containers, among others. Consistent with the President's direction in Executive Order 14269, the U.S. Trade Representative finds that proposing 301 duties on these products is an additional and appropriate source of leverage to encourage China to eliminate the investigated acts policies and practices.

The U.S. Trade Representative has determined to propose the following:

- Additional duties of up to 100 percent on STS cranes manufactured, assembled, or made using components of Chinese origin, or manufactured anywhere in the world by

a company owned, controlled, or substantially influenced by a Chinese national, as described in Annex V, and

- Additional duties of up to 100 percent on certain cargo handling equipment of China, as specified in Annex V to this notice.

In order to give effect to the President's direction, the U.S. Trade Representative proposes that action with the respect to STS cranes be taken on a non-discriminatory basis. For informational purposes, Annex V contains a list of the tariff subheadings and product descriptions covered by the tariff action.

E. Request for Public Comments

In accordance with Section 307(a)(2)(b) of the Trade Act (19 U.S.C. 2414(b)), and consistent with specific direction of the President, USTR invites comments from interested persons with respect to the proposed tariff actions as provided in Annex V to this notice.

USTR requests comments with respect to the following considerations in relation to proposed tariff actions:

- The specific products to be subject to increased duties, including whether the tariff subheadings and product descriptions listed in the Annex V should be retained or removed, or whether tariff subheadings not currently on the list should be added.
- The level of the increase, if any, in the rate of duty.
- Whether the increased duties should take effect in 180 days, or over a phase-in period of 6 to 24 months.

In commenting on the proposed tariff actions, USTR requests that commenters specifically address whether the action would be practicable or effective to obtain the elimination of China's acts, policies, and practices.

To be assured of consideration, you must submit written comments on the proposed action by May 19, 2025, and post-hearing rebuttal comments seven calendar days after the last day of the public hearing.

F. Hearing Participation

The Section 301 Committee will convene a public hearing in the main hearing room of the U.S. International Trade Commission, 500 E Street SW, Washington DC 20436, beginning at 10 a.m. on May 19, 2025 regarding the proposed tariff action. To be assured of consideration, you must submit requests to appear at the hearing by May 8, 2025. The request to appear should include a summary of the testimony, and may be accompanied by a pre-hearing submission.

To participate in the hearing, you must submit a request to appear at the hearing using the appropriate docket on the electronic portal at https://comments.ustr.gov/s/. You will be able to view docket number USTR–2025–0009 entitled 'Request to Appear at the Hearing on Proposed Action in the Section 301 Investigation of China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance'. Requests to appear must include a summary of testimony, and may be accompanied by a pre-hearing submission. Remarks at the hearing are limited to five minutes to allow for possible questions from the Section 301 Committee. All submissions must be in English.

VII. Procedure for Written Submissions

You must submit written comments and rebuttal comments using docket number USTR–2025–0008 on the electronic portal at https://comments.ustr.gov/s/. To submit written comments, use the docket on the portal entitled 'Request for Comments on Proposed Action in the Section 301 Investigation of China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance.'

You do not need to establish an account to submit comments. The first screen of each docket allows you to enter identification and contact information. Third party organizations such as law firms, trade associations, or customs brokers, should identify the full legal name of the organization they represent, and identify the primary point of contact for the submission. Information fields are optional; however, your comment or request may not be considered if insufficient information is provided.

Fields with a gray Business Confidential Information (BCI) notation are for BCI information which will not be made publicly available. Fields with a green (Public) notation will be viewable by the public.

After entering the identification and contact information, you can complete the remainder of the comment, or any portion of it by clicking "Next." You may upload documents at the end of the form and indicate whether USTR should treat the documents as business confidential or public information.

Any page containing BCI must be clearly marked 'BUSINESS CONFIDENTIAL' on the top of that page and the submission should clearly indicate, via brackets, highlighting, or other means, the specific information that is BCI. If you request business confidential treatment, you must certify in writing that disclosure of the information would endanger trade secrets or profitability, and that the information would not customarily be released to the public.

Parties uploading attachments containing BCI also must submit a public version of their comments. If these procedures are not sufficient to protect BCI or otherwise protect business interests, please contact the USTR Section 301 support line at (202)395-5725 to discuss whether alternative arrangements are possible.

USTR will post attachments uploaded to the docket for public inspection, except for properly designated BCI. You can view submissions on USTR's electronic portal at https://comments.ustr.gov/s/ by entering docket numbers USTR–2025–0008 and USTR–2025–0009 in the search field on the home page.

The U.S. Trade representative will continue to monitor the effects of the trade action and the progress made toward resolution of this matter. Additionally, the U.S. Trade Representative will continue to consider the proposed actions and possible actions, including actions to address LOGINK and fees on Chinese-built off-shore vessels. In considering possible modifications, the U.S. Trade Representative will also consider the progress of policies under Executive Order 14269 (Restoring America's Maritime Dominance), including coordination with allies and partners regarding the actions taken in this investigation and efforts to reduce dependencies on adversaries through capital investments in U.S. shipbuilding and the establishment of a reliable funding source for programs under the Maritime Action Plan. If modification to the action may be appropriate, the U.S. Trade Representative will consider the comments received in response to the February 27 notice.

Jennifer Thornton

General Counsel,

Office of the United States Trade Representative.

In all cases the formal language in Annexes I, II, III, and IV govern the terms of the respective actions. The fees and requirements of the following Annexes are not cumulative. A vessel, as defined in 19 C.F.R. § 4.0(a), will be subject to either: (a) one of the three fees directed under Annex I, II, or III; or (b) a requirement under Annex IV.

The fees and requirements are assessed in the following order:

(1) A vessel that is specially designed for the international maritime transport of liquified natural gas (LNG), is subject to Annex IV. A vessel subject to Annex IV is not subject to the fees in Annexes I, II, or III.
(2) A vessel properly identified as a "Vehicle Carrier" on U.S. Customs and Border Protection Form 1300, or its electronic equivalent, will be subject to Annex III.
(3) A vessel that meets the conditions of Annex I, *e.g.*, a vessel operated by a Chinese entity or owned by a Chinese entity, will be subject to the fee imposed under Annex I.
(4) A vessel may be subject to Annex II when Annex I and Annex III do not apply.

Annex I: Service Fee on Chinese
Vessel Operators and Vessel Owners of China.

For the purposes of this Annex:

(a) Vessel. The term "vessel" has the meaning defined in 19 C.F.R. § 4.0(a).

(b) U.S. port. The term "U.S. port" has the meaning defined in 19 C.F.R. § 101.3(b)(1).

(c) Vessel operator. The term "vessel operator" means the entity which is identified as the operator of the vessel and whose name would appear on the Vessel Entrance or Clearance Statement (U.S. Customs and Border Protection (CBP) Form 1300) or its electronic equivalent.

(d) Vessel owner. The term "vessel owner" means the entity which is identified as the owner of the vessel and whose name would appear on the Vessel Entrance or Clearance Statement (CBP Form 1300) or its electronic equivalent.

(e) Vessel owner of China. A vessel owner of China means any entity:

(1) whose country of citizenship is identified as the People's Republic of China (PRC), Hong Kong, or Macau on the Vessel Entrance or Clearance Statement or its electronic equivalent;

(2) whose headquarters, parent entity's headquarters, or parent entity's principal place of business is the PRC, Hong Kong, or Macau;

(3) is owned by, or controlled by, a citizen or citizens of the PRC, Hong Kong, or Macau;

(4) is owned by, controlled by, or subject to the jurisdiction or direction of the PRC, Hong Kong, or Macau. An entity is owned by, controlled by, or subject to the jurisdiction or direction of the PRC, Hong Kong, or Macau where:

(A) the entity is a national or resident of the PRC, Hong Kong, or Macau;

(B) the entity is organized under the laws of or has its principal place of business in the PRC, Hong Kong, or Macau;

(C) 25 percent or more of the entity's outstanding voting interest, board seats, or equity interest is held directly or indirectly by any combination of the governments of the PRC, Hong Kong, or Macau;

(D) 25 percent or more of the entity's outstanding voting interest, board seats, or equity interest is held directly or indirectly by any combination of the persons who fall within subparagraph (e)(4)(A)-(C) of this Annex;

(5) is owned by, or controlled by, an entity listed as a Chinese Military Company pursuant to Section 1260H of the William M. ("Mac") Thornberry National Defense Authorization Act for Fiscal Year 2021 (Public Law 116-283); or

(6) is an ocean common carrier, as defined in 46 U.S.C. § 40102(7), that is, or whose operating assets are, directly or indirectly, owned or controlled by the government of the PRC or any of its political subdivisions, with ownership or control by a government being deemed to exist for a carrier if:

(A) a majority of the interest in the carrier is owned or controlled in any manner by the government of the PRC, an agency of the government of the PRC, or a public or private person controlled by the government of the PRC; or

(B) the government of the PRC or any of its political subdivisions has the right to appoint or disapprove the appointment of a majority of the directors, the chief operating officer, or the chief executive officer of the carrier.

(f) Vessel operator of China. A vessel operator of China means any entity that is a vessel operator that meets one or more of the conditions of subparagraphs (e)(1)-(6) of this Annex.

Collections, supplemental payments, and refunds –

(g) ***Time and place of liability.*** Subject to the exemptions and special rules of this Annex, on or before the entry of a vessel at the first U.S. port or place from outside the Customs territory on a particular string, the vessel operator must pay:

Effective as of April 17, 2025, a fee in the amount of $0 per net ton for the arriving vessel.

Effective as of October 14, 2025, a fee in the amount of $50 per net ton for the arriving vessel.

Effective as of April 17, 2026, a fee in the amount of $80 per net ton for the arriving vessel.

Effective as of April 17, 2027, a fee in the amount of $110 per net ton for the arriving vessel.

Effective as of April 17, 2028, a fee in the amount of $140 per net ton for the arriving vessel.

The fee will be charged up to five times per year, per vessel.

(h) ***Reporting.*** The vessel operator is responsible for calculating this fee and providing supporting documentation, upon request.

(i) ***Fee payment.*** The vessel operator must pay all accumulated fees for which that entity is liable as determined by CBP. Payment may be made using existing government methods to the extent possible, as determined by CBP.

Annex II: Service Fee on Vessel Operators of Chinese-Built Vessels.

For the purposes of this Annex:

(a) Vessel. The term "vessel" has the meaning defined in 19 C.F.R. § 4.0(a).

(b) Entry of a vessel. The phrase "entry of a vessel" has the meaning provided in 19 C.F.R. § 4.3.

(c) U.S. port. The term "U.S. port" has the meaning defined in 19 C.F.R. § 101.3(b)(1).

(d) Vessel operator. The term "vessel operator" means the entity which is identified as the operator of the vessel and whose name would appear on the Vessel Entrance or Clearance Statement (U.S. Customs and Border Protection (CBP) Form 1300) or its electronic equivalent.

(e) Chinese-built vessel. A Chinese-built vessel is a vessel that was built in the People's Republic of China, consistent with the definition of place of build in CBP and U.S. Coast Guard (USCG) regulations and would be so identified on the Vessel Entrance or Clearance Statement (CBP Form 1300) or its electronic equivalent.

(f) Container. The term "container" means a container as defined in 19 CFR § 10.41a, which references the definitions used in the *Customs Convention on Containers*.

Collections, supplemental payments, and refunds –

(a) ***Time and place of liability.*** Subject to the coverage and special rules of this Annex, upon the arrival of a Chinese-built vessel to a U.S. port or point from outside the Customs territory on a particular string, a vessel operator that is not a vessel operator of China (as defined in Annex I, paragraph (f)) must pay the higher of these two fee calculation methods:

(1) *Effective as of* April 17, 2025, a fee in the amount of $0 per net ton for the arriving vessel.

Effective as of October 14, 2025, a fee in the amount of $18 per net ton for the arriving vessel.

Effective as of April 17, 2026, a fee in the amount of $23 per net ton for the arriving vessel.

Effective as of April 17, 2027, a fee in the amount of $28 per net ton for the arriving vessel.

Effective as of April 17, 2028, a fee in the amount of $33 per net ton for the arriving vessel.

or:

(2) *Effective as of:* April 17, 2025, a fee in the amount of $0 for each container discharged.

Effective as of: October 14, 2025, a fee in the amount of $120 for each container discharged.

Effective as of: April 17, 2026, a fee in the amount of $153 for each container discharged.

Effective as of: April 17, 2027, a fee in the amount of $195 for each container discharged.

Effective as of: April 17, 2028, a fee in the amount of $250 for each container discharged.

The fee will be charged up to five times per year, per vessel.

(b) ***Reporting.*** If the per container fee is assessed, the vessel operator must report to CBP the total number of containers discharged at a U.S. port, or discharged with an ultimate destination in the Customs territory of the United States.

(c) ***Fee payment.*** The vessel owner must pay all accumulated fees for which that entity is liable as determined by CBP. Payment may be made using existing U.S. government methods to the extent possible as determined by CBP.

(d) ***Suspension of Fee.*** CBP will suspend this applicable fee on a particular vessel for a period not to exceed three years if the vessel owner orders and takes delivery of a U.S.-built vessel of equivalent or greater net tonnage. Owners will be eligible for the remission upon order of, and until delivery of, a U.S.-built vessel, as defined under paragraph (e) of this section. An equivalent non-U.S. built vessel means a vessel with a net tonnage capacity of equal to or less than the U.S.-built vessel ordered in this paragraph. If a prospective vessel owner does not take delivery of the U.S.-built vessel ordered within three years, the fees will become due immediately. Proof of the order must be provided on demand, and may include information such as order and contract information related to the order.

(e) ***Requirements for U.S.-Built Vessels***. A U.S.-built vessel meets the requirements described in this Annex if:

(1) the vessel is built in the United States;

(2) the vessel is documented under the laws of the United States;

(3) all major components of the hull or superstructure of the vessel are manufactured (including all manufacturing processes from the initial melting stage through the application of coatings for iron or steel products) in the United States; and

(4) the components of the vessel listed in paragraph (f) of this section are manufactured in the United States.

(f) ***Components***. The components of a U.S.-built vessel for purposes of subparagraph (e)(4) of this section are the following:

(1) Air circuit breakers.

(2) Welded shipboard anchor and mooring chain.

(3) Powered and non-powered valves in Federal Supply Classes 4810 and 4820 used in piping.

(4) Machine tools in the Federal Supply Classes for metal-working machinery numbered 3405, 3408, 3410 through 3419, 3426, 3433, 3438, 3441 through 3443, 3445, 3446, 3448, 3449, 3460, and 3461.

(5) Auxiliary equipment for shipboard services, including pumps.

(6) Propulsion equipment, including engines, propulsion motors, reduction gears, and propellers.

(7) Shipboard cranes.

(8) Spreaders for shipboard cranes.

(9) Rotating electrical equipment, including electrical alternators and motors.

(10) Compressors, pumps, and heat exchangers used in managing and re-liquefying boil-off gas from liquefied natural gas.

Targeted Coverage

The fees imposed in this Annex do not apply to U.S. government cargo.

The fees imposed in this Annex do not apply to the following Chinese-built vessels:

(i) U.S.-owned or U.S.-flagged vessels enrolled in the Voluntary Intermodal Sealift Agreement, the Maritime Security Program, the Tanker Security Program, or the Cable Security Program;

(ii) vessels arriving empty or in ballast;

(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;

(iv) vessels entering a U.S. port in the continental United States from a voyage of less than 2,000 nautical miles from a foreign port or point;

(v) U.S.-owned vessels, where the U.S. entity owning the vessel is controlled by U.S. persons and is at least 75 percent beneficially owned by U.S. persons;

(vi) specialized or special purpose-built vessels for the transport of chemical substances in bulk liquid forms; and

(vii) vessels principally identified as “Lakers Vessels” on CBP Form 1300, or its electronic equivalent.

Annex III: Service Fee on Vessel Operators of Foreign-Built Vehicle Carriers.

For the purposes of this Annex:

(a) Vessel. The term "vessel" has the meaning defined in 19 C.F.R. § 4.0(a).

(b) U.S. port. The term "U.S. port" has the meaning defined in 19 C.F.R. § 101.3(b)(1).

(c) Vessel operator. The term "vessel operator" means the entity which is identified as the operator of the vessel and whose name would appear on the Vessel Entrance or Clearance Statement (U.S. Customs and Border Protection (CBP) Form 1300) or its electronic equivalent.

(d) Vehicle carrier. A vessel principally identified as a "Vehicle Carrier" on CBP Form 1300, or its electronic equivalent. For information only, a vessel is normally principally identified as a vehicle carrier when the vessel is designed for wheeled or tracked cargo that can load itself on-board. Cargo generally drives onto the vessel through decks via ramps, rather than being lifted through hatches.

(e) Non-U.S. built vessel. The term "non-U.S. built vessel" means any vessel that does not meet the requirements of paragraph (f) of this section.

(f) ***Requirements for U.S.-Built Vessels***. A U.S.-built vessel meets the requirements described in this Annex if:

(1) the vessel is built in the United States;

(2) the vessel is documented under the laws of the United States;

(3) all major components of the hull or superstructure of the vessel are manufactured (including all manufacturing processes from the initial melting stage through the application of coatings for iron or steel products) in the United States; and

(4) the components of the vessel listed in paragraph (g) of this section are manufactured in the United States.

(g) ***Components***. The components of a U.S.-built vessel for purposes of subparagraph (e)(4) of this section are the following:

(1) Air circuit breakers.

(2) Welded shipboard anchor and mooring chain.

(3) Powered and non-powered valves in Federal Supply Classes 4810 and 4820 used in piping.

(4) Machine tools in the Federal Supply Classes for metal-working machinery numbered 3405, 3408, 3410 through 3419, 3426, 3433, 3438, 3441 through 3443, 3445, 3446, 3448, 3449, 3460, and 3461.

(5) Auxiliary equipment for shipboard services, including pumps.

(6) Propulsion equipment, including engines, propulsion motors, reduction gears, and propellers.

(7) Shipboard cranes.

(8) Spreaders for shipboard cranes.

(9) Rotating electrical equipment, including electrical alternators and motors.

(10) Compressors, pumps, and heat exchangers used in managing and re-liquefying boil-off gas from liquefied natural gas.

Collections, supplemental payments, and refunds –

(h) ***Time and place of liability.*** Subject to the coverage and special rules of this Annex, on or before the entry of a non-U.S. built vessel at the first U.S. port or place from outside the Customs territory, the vessel operator must pay:

Effective as of April 17, 2025, a fee of $0 on the entering non-U.S. built vessel.

Effective as of October 14, 2025, a fee in the amount of $150 per Car Equivalent Unit (CEU) capacity of the entering non-U.S. built vessel.

(i) ***Reporting.*** The vessel operator is responsible for calculating this fee and providing supporting documentation, upon request.

(j) ***Fee payment.*** The vessel operator must pay all accumulated fees for which that entity is liable as determined by CBP. Payment may be made using existing government methods to the extent possible as determined by CBP.

(k) ***Suspension of Fee.*** CBP will suspend this applicable fee on a particular vessel for a period not to exceed three years if the vessel owner orders and takes delivery of a U.S.-built vessel of equivalent or greater CEU. Owners will be eligible for the remission upon order of, and until delivery of, a U.S.-built vessel, as defined under paragraph (f) of this section. An equivalent non-U.S. built vessel means a vessel with a CEU capacity of equal to or less than the U.S.-built vessel ordered in this paragraph. If a prospective vessel owner does not take delivery of the U.S.-built vessel ordered within three years, the fees will become due immediately. Proof of the order must be provided on demand, and may include information such as order and contract information related to the order.

Annex IV: Restriction on Certain Maritime Transport Services.

For the purposes of this Annex:

(a) Vessel. The term "vessel" has the meaning defined in 19 C.F.R. § 4.0(a).

(b) Exportation. The term "exportation" has the meaning defined in 19 C.F.R. § 101.1.

(c) U.S. port. The term "U.S. port" has the meaning defined in 19 C.F.R. § 101.3(b)(1).

(d) Vessel operator. The term “vessel operator” means the entity which is identified as the operator of the vessel and whose name appears on the Vessel Entrance or Clearance Statement (U.S. Customs and Border Protection (CBP) Form 1300).

(e) Vessel owner. The term “vessel owner” means the entity which is identified as the owner of the vessel and whose name appears on the Vessel Entrance or Clearance Statement (CBP Form 1300).

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Notwithstanding any other provision of law, exports of liquified natural gas (LNG) shall be transported on vessels that receive a license consistent with this Annex and meet the requirements as described below on an annual basis.

(f) ***Schedule of Restrictions.*** For all LNG intended for exportation by vessel in a calendar year, the following percentage must be exported by a U.S.-built vessel that meets the requirements described as follows:

(1) From April 17, 2025, to April 16, 2026: no restrictions.

(2) From April 17, 2026, to April 16, 2027: no restrictions.

(3) From April 17, 2027, to April 16, 2028: no restrictions.

(4) From April 17, 2028, to April 16, 2029: one percent on U.S.-flagged and U.S.-operated vessels.

For every subsequent year, the following percentages are exported by U.S.-built, U.S.-flagged, and U.S.-operated vessels:

(5) From April 17, 2029, to April 16, 2030: one percent.

(6) From April 17, 2030, to April 16, 2031: one percent.

(7) From April 17, 2031, to April 16, 2032: two percent.

(8) From April 17, 2032, to April 16, 2033: three percent.

(9) From April 17, 2033, to April 16, 2034: three percent.

(10) From April 17, 2034, to April 16, 2035: four percent.

(11) From April 17, 2035, to April 16, 2036: four percent.

(12) From April 17, 2036, to April 16, 2037: six percent.

(13) From April 17, 2037, to April 16, 2038: six percent.

(14) From April 17, 2038, to April 16, 2039: seven percent.

(15) From April 17, 2039, to April 16, 2040: seven percent.

(16) From April 17, 2040, to April 16, 2041: seven percent.

(17) From April 17, 2041, to April 16, 2042: nine percent.

(18) From April 17, 2042, to April 16, 2043: nine percent.

(19) From April 17, 2043, to April 16, 2044: eleven percent.

(20) From April 17, 2044, to April 16, 2045: eleven percent.

(21) From April 17, 2045, to April 16, 2046: thirteen percent.

(22) From April 17, 2046, to April 16, 2047: thirteen percent.

(23) From April 17, 2047: fifteen percent.

The percentage of LNG in paragraphs (f)(1)-(23) of this Annex is determined based on the prior calendar year's total LNG, expressed in cubic feet, that was exported by maritime transport as reported by the U.S. Department of Energy. The percentage value, expressed in cubic feet, will be controlling until such annual calculation is reported by the U.S. Department of Energy.

(g) ***Requirements for U.S.-Built Vessels***. A U.S.-built vessel meets the requirements described in this Annex:

(1) with respect to the requirements of paragraph (f)(1) through (f)(4) of this Annex:

(A) if:

(i) the vessel is documented under the laws of the United States; and

(ii) with respect to any retrofit work necessary for the vessel to export natural gas:

(aa) such work is done in a shipyard in the United States; and

(bb) any component of the vessel listed in section (c) of this Annex that is installed during the course of such work is manufactured in the United States; or

(B) if:

(i) the vessel is built in the United States;

(ii) the vessel is documented under the laws of the United States;

(iii) all major components of the hull or superstructure of the vessel are manufactured (including all manufacturing processes from the initial melting stage through the application of coatings for iron or steel products) in the United States; and

(iv) the components of the vessel listed in section (h) of this Annex are manufactured in the United States; and

(2) with respect to the requirements of paragraph (f)(5) through (f)(22) of this Annex, if the vessel meets the requirements of subparagraph (g)(1)(B) of this Annex.

(h) ***Components***. The components for purposes of subparagraph (g)(1)(A)(ii)(BB) or subparagraph (g)(1)(B)(iv) of this Annex are the following:

(1) Air circuit breakers.

(2) Welded shipboard anchor and mooring chain.

(3) Powered and non-powered valves in Federal Supply Classes 4810 and 4820 used in piping.

(4) Machine tools in the Federal Supply Classes for metal-working machinery numbered 3405, 3408, 3410 through 3419, 3426, 3433, 3438, 3441 through 3443, 3445, 3446, 3448, 3449, 3460, and 3461.

(5) Auxiliary equipment for shipboard services, including pumps.

(6) Propulsion equipment, including engines, propulsion motors, reduction gears, and propellers.

(7) Shipboard cranes.

(8) Spreaders for shipboard cranes.

(9) Rotating electrical equipment, including electrical alternators and motors.

(10) Compressors, pumps, and heat exchangers used in managing and re-liquefying boil-off gas from liquefied natural gas.

(i) ***Suspension of Restriction.*** Paragraph (f) of this Annex will not apply to a particular vessel for a period not to exceed three years if the vessel owner orders and takes delivery of a U.S.-built vessel of equivalent or greater LNG capacity, measured in cubic feet. Vessel owners will be eligible for licensing upon order of, and until delivery of, a U.S.-built vessel, as defined under paragraph (g)(1)(B) of this Annex. An equivalent non-U.S. built vessel means a vessel with an LNG capacity measured in cubic feet capacity of equal to or less than the U.S.-built vessel ordered in this paragraph. Proof of the order must be provided on demand, and may include information such as order and contract information related to the order.

(j) ***Suspension of Export Licenses***. If the terms of paragraph (f) of this Annex are not met, then USTR may direct the suspension of LNG export licenses until the terms of paragraph (f) of this Annex are met.

(k) ***Reporting.*** Beginning in the third year (April 16, 2028), the LNG terminal must report to DOE the LNG shipments, and percentage of LNG shipped, on U.S.-flagged, U.S.-built, and U.S.-operated vessels consistent with this Annex.

Annex V: Tariffs on Ship-to-Shore (STS) Cranes and Cargo Handling Equipment of China

The U.S. Trade Representative (USTR) proposes to assess additional duties on the following products of China at the proposed levels:

Item	HTSUS	Proposed Rate
Containers	HTSUS 8609.00.00	20% to 100%
Chassis	HTSUS 8716.39.0090	20% to 100%
Chassis parts	HTSUS 8716.90.30	20% to 100%
Chassis parts	HTSUS 8716.90.50	20% to 100%
Ship-Ship-to-shore gantry cranes, configured as a high- or low-profile steel superstructure and designed to unload intermodal containers from vessels with coupling devices for containers, including spreaders or twist-locks	provided for in subheading HTSUS 8426.19.00	100%

USTR proposes to assess these additional duties in addition to duties assessed under other authorities, including related to national security, national emergency, Column 1 of the HTSUS, or anti-dumping or countervailing duties (AD/CVD).

I. USTR proposes to apply duties to STS cranes that satisfy the following conditions:
   (1) That are products of China; or
   (2) Where one or more of the following components, assembly, or sub-assembly thereof, in the ship-to-shore crane are products of China:
      a. the main boom,
      b. the trolley,
      c. the spreader,
      d. the cabin,
      e. the legs,
      f. the cable reel,
      g. the power supply,
      h. the bogie set and wheels, and
      i. any information technology equipment; or,

   (3) Where an importer cannot attest that the subject ship-to-shore crane was not manufactured by a company owned or controlled by a Chinese person, then the article would be declared as a crane of China for these purposes. To satisfy this requirement to fall, an importer would have to prepared to demonstrate, if required by U.S. Customs and Border Protection, that
      a. The ship-to-shore crane(s) that was/were entered into the customs territory of the United States at entry were not manufactured, assembled, or made

using parts or components from China;

b. The ship-to-shore crane(s) were not manufactured by a company or other entity that is owned or controlled by a Chinese person or legal entity, or subject to the effective control of a Chinese person or legal entity;
c. No component or assembly of the ship-to-shore crane(s) transited through, or was stored in, any territory of the People's Republic of China, including any free trade zone; and
d. No component, sub-assembly, or assembly of the ship to shore crane(s) will be installed by an employee or contractor of a company or other entity that is owned or controlled by a Chinese person or legal entity, or subject to the effective control of a Chinese person or legal entity.

II. For these purposes of this Annex, the following meanings apply:

A "company or other entity that is owned or controlled by a Chinese person" means:

(1) an entity or instrument of the People's Republic of China, (including the Government of the People's Republic of China);
(2) A natural person who is a citizen of the People's Republic of China;
(3) A partnership, association, corporation, organization, or other combination of persons organized under the laws of or having its principal place of business in the People's Republic of China;
(4) An entity organized under the laws of the United States or any other jurisdiction that is subject to the ownership, control, or direction of another entity that qualifies under subparagraphs II.(1)-(3) of this section. An entity is "subject to the ownership, control, or direction of" another entity if:
    (A) 25 percent or more of the entity's board seats, voting rights, or equity interest are cumulatively held by that other entity, whether directly or indirectly via one or more intermediate entities; or
    (B) the entity has entered into a licensing arrangement or other contract with another entity (a contractor) that entitles that other entity to exercise effective control over the manufacturing or assembly (collectively, "production") of a ship-to-shore crane, its components, or other materials that would be attributed to the entity.

"Government of the People's Republic of China" means:

(a) A national or subnational government of the People's Republic of China;
(b) An agency or instrumentality of a national or subnational government of the People's Republic of China;
(c) A dominant or ruling political party (*e.g.,* Chinese Communist Party (CCP)) of the People's Republic of China; or

(d) A current or former senior foreign political figure of the People's Republic of China.

"Senior foreign political figure" means

(a) a senior official, either in the executive, legislative, administrative, military, or judicial branches of the People's Republic of China (whether elected or not),
(b) a senior official of a dominant or ruling foreign political party (*e.g.* CCP), or
(c) an immediate family member (spouse, parent, sibling, child, or a spouse's parent and sibling) of any individual described in (a) or (b) of this definition.

In order to be considered "senior," an official should be or have been in a position of substantial authority over policy, operations, or the use of government-owned resources.

"Indirect control." For purposes of determining whether an entity indirectly holds board seats, voting rights, or equity interest in a tiered ownership structure:

(a) If a "parent" entity that qualifies under subparagraphs II.(1)-(3) of this section directly holds 50 percent or more of a "subsidiary" entity's board seats, voting rights, or equity interest, then the parent and subsidiary are treated as equivalent in the evaluation of control, as if the subsidiary were an extension of the parent. As such, any holdings of the subsidiary are fully attributed to the parent.

(b) If a "parent" entity that qualifies under subparagraphs II.(1)-(3) of this section directly holds less than 50 percent of a "subsidiary" entity's board seats, voting rights, or equity interest, then indirect ownership is attributed proportionately.

"Effective control." For purposes of determining whether an entity has effective control, an entity that qualifies under subparagraphs II.(1)-(3) of this section that has a contractual relationship to determine the quantity or timing of production; to determine which entities may purchase or use the output of production; to restrict access to the site of production to the contractor's own personnel; or the exclusive right to maintain, repair, or operate equipment that is critical to production, is deemed to have effective control over an entity."

Note: The product descriptions that are contained in this Annex are provided for informational purposes only, and are not intended to delimit in any way the scope of the action. In all cases, the formal language in Annex A governs the tariff treatment of products covered by the action. Any questions regarding the scope of particular HTS subheadings should be referred to U.S. Customs and Border Protection.

HTSUS subheading or statistical reporting number	Product Description
8609.00.00	Containers (including containers for the transport of fluids) specially designed and equipped for carriage by one or more modes of transport
8716.39.0090	Trailers and semi-trailers; other vehicles, not mechanically propelled; and parts thereof; other; other
8716.90.30	Trailers and semi-trailers; other vehicles, not mechanically propelled; and parts thereof, castors, other than those of heading 8302
8716.90.50	Trailers and semi-trailers; other vehicles, not mechanically propelled; and parts thereof, other parts
8426.19.00	Ship-to-shore gantry cranes, configured as a high- or low profile steel superstructure and designed to unload intermodal containers from vessels with coupling devices for containers, including spreaders or twist-locks