Shipping - Global

USTR 301 port fee announcement & implications for shipping

Industry Overview

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Equity
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Definitions

USTR: US Trade Representative

OOIL: Orient Overseas

CEU: Car equivalent unit

Bbl: Barrel of oil

USTR port charges & what does this mean for shipping?

The US Trade Representative ("USTR") today announced its actions to target Chinese dominance of the maritime industry. The USTR actions look a substantial negative for HK/China shipowners with large port charges likely to make it difficult for them to compete for US cargos. By contrast, the action looks benign for non-HK/China owners who should be able to largely avoid the US port fees and could also gain market share. However for container shipping, the policy removes any upside squeeze risk for freight rates with the final actions unlikely to cause substantial supply disruptions.

USTR port charge looks more benign than initial proposal

The USTR has announced its US port charge actions targeting Chinese shipping dominance. Fees will be charged on Chinese-owned or Chinese-built ships calling at US ports from October 2025 with the fees ramping to April 2028. But the final action is more benign than earlier proposals by ignoring ownership of Chinese-built ships or orders at Chinese yards, and with fees set per US voyage (not per port call).

Container: COSCO/OOIL hit, lower rate squeeze risk ahead

Chinese owners COSCO and OOIL look highly impacted with estimated fees of US$600-1,500/FEU from October 2025 to April 2028. COSCO & OOIL are likely to seek subsidies or work with Ocean Alliance partners to try to somewhat mitigate the impact. And while non-Chinese liners face US port charges of an estimated US$120-250/ FEU if they sail Chinese-built ships to the USA, we see them likely avoiding port fees by shifting Chinese ships to other routes with potential market share gains (COSCO/ OOIL are 16% of transpacific). However the diluted policy removes risk of a supply-led container rate squeeze with lower risk of port congestion (multiple port calls possible for a single fee) and the 180-day window giving liners ample time to reallocate Chinese-built ships.

Dry bulk & tanker: Watch hit to HK/China owners

48% of dry bulkers are Chinese-built, and we estimate a US port fee of US$6-11/tonne for a Chinese built supramax. But Pacific Basin as a HK-headquartered company could face higher charges of up to US$17-47/tonne per supramax US voyage which could impact its model noting US Gulf to Asia all-in shipping cost is US$40/t. For crude tanker - 19% of crude tankers are Chinese-built and we estimate a US$0.8-1.6/bbl US port fee for a VLCC, but CSET could face elevated charges of up to US$2.4-6.6/bbl if it brings its ships to US ports versus typical US to China shipping cost of ~US$4/bbl.

Car carrier: Higher charges likely to be passed through

Japanese car carrier operations will face a new US$150/CEU charge from the US port fee on all arrivals excluding US-built car carriers. But the car carrier industry should be able to pass this fee through to the auto OEMs with no US-built pure car carriers in the current fleet per our checks of the Clarksons databases.

Refer to important disclosures on page 5 to 7.

USTR 301 action on Chinese shipping

The USTR has announced action targeting China's dominance of the maritime, logistics and shipbuilding industries. The port fees will commence in 180 days involving:

- **Chinese shipping owners and operators**: Fees per US voyage will be imposed based on net tonnage for Chinese shipping owners and operators. The fees will start from October 2025 and then ramp to April 2028 (see details below). The USTR defines Chinese owners and operators to include those who have their headquarters in HK or owned by HK. The port fees will be capped at five times per year per vessel but has no exclusions otherwise.

- **Chinese-built ships**: Fees per US voyage will be payable for any Chinese-bult ship with a voyage to USA at a lower rate than Chinese owned ships. Fees are set at the higher of: (1) net tonnage basis; (2) fee per container discharged and will be capped at five times per year per vessel. The Chinese-built ship fees exclude smaller ships with a capacity less than 4,000 TEU or 55k dwt.

- **Foreign built car carriers**: Fees per US voyage will be payable for foreign-built car carrier vessel from 14 October 2025 at US$150 per car equivalent unit of capacity.

- **LNG**: The USTR will also introduce restrictions on the use of US-built LNG ships to transport LNG. From 17 April 2029 the USTR will require 1% of US LNG exports to be on US built and operated ships, and this mandate will ramp to 15% of US LNG exports by 17 April 2047.

Exhibit 6: USTR 301 US ship tax fees
US ship tax fees set to ramp from October 2025 to April 2028

	Chinese owned US$/net ton	Chinese-built US$/net ton	Chinese-built container US$/FEU
17 April 2025	0	0	0
14 October 2025	50	18	120
17 April 2026	80	23	153
17 April 2027	110	28	195
17 April 2028	140	33	250

Source: USTR

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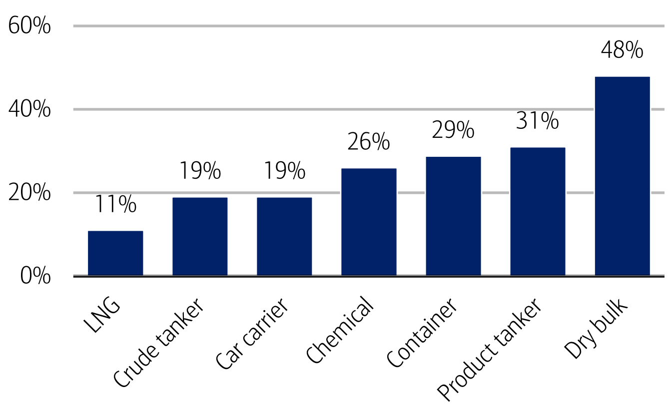
Fleet of Chinese-built ships

Exhibit 2: Fleet mix of Chinese built ships (%), 2025 #
23% of world's existing shipping fleet was built in China



Source: Clarksons, Linerlytica
Container based on TEU capacity

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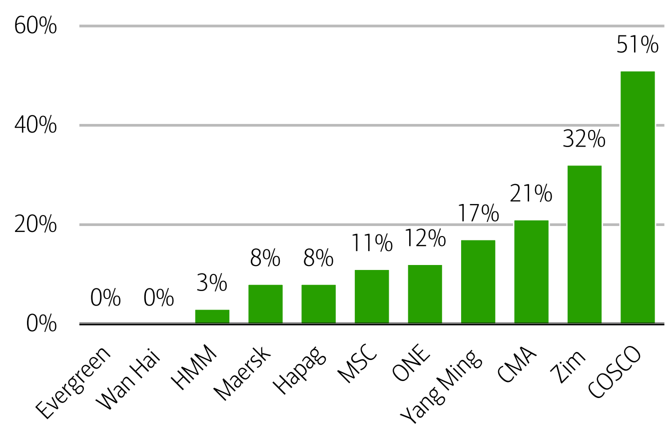
Exhibit 3: Container mix of Chinese built ships on US routes (%), 2025
17% of capacity servicing US routes are Chinese-built



Source: Linerlytica

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US port fees sector implications

Container shipping & US port charges

Below we estimate the US port charges per container box for both Chinese-owned container liner and for Chinese-built ships if they call at US ports. Our analysis is based on a 14,000 TEU container vessel with a 84,000 net tonnage. The analysis shows large container box charges for Chinese-owned container liners starting at US$600/FEU in October 2025 ramping to US$1,687/FEU by April 2028. We expect Chinese-owned liners to pivot by seeking government subsidies and also working with its Ocean Alliance partners to shift COSCO ships towards non-US trades.

Exhibit 3: Chinese container ships & US port fees – based on 14,000 TEU vessel
Chinese owned container liners face big port fees ahead

Container (14k TEU)	NT	Fee per NT	US$mn	US$/FEU
Chinese-owned				
October 2025 fee	84,334	50	4.2	602
April 2028 fee	84,334	140	11.8	1,687
Chinese-built				
October 2025 fee				120
April 2028 fee				250

Source: Linerlytica, BofA Global Research estimates

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Crude tanker and US port charges

Below we estimate US port charges on per barrel basis for both Chinese-owned and Chinese-built VLCC crude tankers arriving at the USA. The analysis shows a charge of up to US$6.6/bbl by 2028 for a Chinese owned VLCC tanker arriving at the USA which compares to the spot US to China VLCC all-in shipping cost of US$4/bbl. This could undermine CSET's (1138 HK) ability to service the US market which represents 18% of global crude oil trade.

Exhibit 4: Chinese tankers & US port fees – based on VLCC vessel
Chinese-owned tanker players face up to US$6.6/bbl on VLCC shipments to the USA

VLCC tanker	NT	Fee per NT	US$mn	US$/bbl
Chinese-owned				
October 2025 fee	94,415	50	4.7	2.4
April 2028 fee	94,415	140	13.2	6.6
Chinese-built				
October 2025 fee	94,415	18	1.7	0.8
April 2028 fee	94,415	33	3.1	1.6

Source: BofA Global Research estimates

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Dry bulk and US port charges

Below is our estimate for the per tonne port charge for both Chinese owned and Chinese built supramax bulker arriving at the USA. The analysis shows a charge starting at US$17/t for a HK/China shipping companies ramping to US$47/t by April 2028. We note that the typical all-in shipping cost for a supramax from US to China is US$40/t so we see the additional port charge as making HK/China operators uncompetitive.

Watch for a potential impact on Pacific Basin (2343 HK) noting the USTR defines companies with a headquarters in Hong Kong as "Chinese" for the purpose of the port fee charges. If Pacific Basin is indeed impacted, this could undermine its triangulation model and rate premiums to broader industry indices with 15% of its cargos in/out of North America.

Exhibit 5: Chinese bulkers & US port fees – based on 57k dwt supramax vessel
HK/China owned bulker players face port fees up to US$47/t by April 2028

Supramax bulker	NT	Fee per NT	US$mn	US$/t
Chinese-owned				

Exhibit 5: Chinese bulkers & US port fees – based on 57k dwt supramax vessel
HK/China owned bulker players face port fees up to US$47/t by April 2028

Supramax bulker	NT	Fee per NT	US$mn	US$/t
October 2025 fee	19,191	50	1.0	16.8
April 2028 fee	19,191	140	2.7	47.1
Chinese-built				
October 2025 fee	19,191	18	0.3	6.1
April 2028 fee	19,191	33	0.6	11.1

Source: BofA Global Research estimates

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