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BLOG

China Retaliates Against U.S. Connected Vessels

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On October 14, 2025, the U.S. Trade Representative imposed substantial fees on Chinese-built, otherwise Chinese-connected vessels, and most foreign-built vehicle carriers whether built in China or not. On the same day, the Chinese Ministry of Transport imposed retaliatory fees on "US vessels" as set forth in a "Notice of the General Office of the Ministry of Transport on the Issuance of the Implementation Measures for the Collection of Special Port Fees on US Vessels."[1] Here, we will review what is known to date on the Chinese-imposed fees.

The Chinese imposed fees apply to vessels built in the United States, vessels registered in the United States regardless of where built, and certain vessels connected to the United States. Where built and where registered are easy to ascertain – the sufficiency of the U.S. connection is not so easy to ascertain.

As translated, the Chinese notice applies to vessel "owned" or "operated" by "U.S. enterprises, other organizations, or individuals." The terms are not defined. Every vessel has a legal or registered owner which appears on its certificates issued by the applicable vessel registry – but beneficial ownership can be, and is usually, elsewhere. Most vessels are managed by third party managers, and those managers are sometimes considered to be the vessel "operator." This is the case even though vessel managers act as an agent of the vessel owner or an entity that has bareboat chartered the vessel from the owner and so has acquired most of the incidents of ownership.

The Chinese notice also applies to "vessels owned or operated by enterprises or other organizations in which U.S. enterprises, other organizations, or individuals directly or indirectly hold 25% or more of the equity (voting rights, board seats)." Although board seats at some corporate ownership level might be ascertainable, it is not clear what would be the appropriate corporate level. For example, most vessels are owned by single purpose entities. It is not clear whether the notice looks to that board alone or whether any or all boards in any potential corporate ownership chain count.

Probably the most difficult element to ascertain is the "25% or more of the equity—voting rights" aspect of the Chinese notice. For public shipping companies in the United States the problem will be particularly acute. The U.S. stock registration system is designed to permit stockholders to be anonymous unless they choose to be known to the stock issuer. Virtually all direct stockholders choose anonymity. And that aspect of the system is overwhelmed in any event by the fact that most stock is owned by funds of one kind of another which in turn have account holders which are anonymous to the stock issuer.

The problem of knowing whether stock is by U.S. persons or foreign persons to respond to the Chinese fees is analogous to issues faced by public companies seeking to comply with U.S. Jones Act citizenship requirements. In that instance, companies must be able to certify that they are owned at least 75 percent by U.S. citizens. The U.S. Coast Guard issued guidance in November 2012 that permits U.S. public companies to employ various methods for complying with that 75 percent requirement including review of public (Williams Act) ownership reports.

The Chinese notice also exempts vessels entering Chinese shipyards for repairs provided they are without cargo. Moreover, although owners are required to file a "Reporting Form of U.S.-Linked Vessel Information," that information will purportedly be verified by local port authorities.

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[1] The Ministry of Transport foreshadowed these special fees in an Announcement on October 10, 2025.

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