

# USTR port fee proposal can be enhanced to achieve shared goals and avoid unintended consequences

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The Chamber of Marine Commerce (CMC) advanced recommendations today at U.S. Trade Representative (USTR) hearings in Washington regarding a recent proposal to establish new port fees. In summary, the USTR is proposing to put in place multiple stacking levies that can cumulatively cost multiple millions of dollars on Chinese-made ships when they arrive at American ports. These fees are intended to reduce China's global dominance with respect to shipbuilding and maritime logistics and encourage the development of U.S. shipbuilding. They would apply even on vessels that were manufactured elsewhere if they are operated by carriers whose fleets include just one Chinese made ship.

"The CMC welcomes the concept of a stronger U.S. based shipbuilding industry, and is keen to help the U.S. Government achieve its intended goals of protecting Americans from excessive foreign influence while growing the economy through enhanced shipbuilding," noted Bruce Burrows, President and CEO of the Chamber of Marine Commerce. "As part of our offer to help, we recommend that the USTR proposal be refined to better achieve its intended goals while avoiding any unintended outcomes. The best way to do that is to add language that protects in-land and coastal shipping - a critical link in the integrated American supply chain, at least while domestic shipbuilding capacity ramps up. Doing so will help avoid any unnecessary negative outcomes for American businesses and consumers in the near term that could spur negative public sentiment, and thus complicate efforts to strengthen domestic shipbuilding."

The "laker fleet" that is represented within the CMC's membership is comprised of specialized vessels uniquely designed to navigate the Seaway locks found throughout the Great Lakes and St. Lawrence Seaway system. These short and narrow self-unloading vessels are purpose-built to carry bulk cargoes that are foundational to American's quality of life at the lowest possible cost. Such cargoes include grain, iron ore, concrete, and road salt. The expertise and capacity needed to make these purpose-built laker vessels currently exists overseas, and it is likely that these unique vessels operating exclusively in coastal, inland, and arctic waters were not contemplated within the more familiar context of larger, trans-oceanic container vessels. However, if language is not added to the USTR proposal to protect them, they would be subject to fees that would either rapidly drive up the cost of living to unsustainable levels, or make vital cargoes suddenly and entirely unavailable.

Through research provided by independent expertise, the CMC has determined that without additional language protecting inland and coastal marine shipping, the USTR proposal as currently worded would put at risk:

- \$4 Billion in economic activity;
- 26,000 US jobs;
- 30 million tonnes of cross-border trade; and
- Activity at U.S. Great Lakes ports, as importers can be expected to reduce their use of some ports, and instead ship into Mexico and Canada and then use trucks and rail to deliver into the U.S.

“The main takeaway we hope to leave with the USTR after these hearings is that our marine shipping industry wants to take full advantage of the opportunity presented by this proposal,” noted Burrows. “However, to do that we need to engage in partnership that maximizes domestic benefits and prevents serious and avoidable negative outcomes. Chamber of Marine Commerce members would be the clients and primary stakeholders in the growth of U.S. shipbuilding, so we simply ask the U.S. Government to work with the intended customer base to achieve mutual success.”

### **Key Facts**

The marine industry on the Great Lakes and St. Lawrence Seaway plays a vital role in maintaining and growing economic prosperity by enabling efficient trade within North America and around the world.

As the safest, most efficient, and environmentally sustainable method of carrying bulk freight, it is clear that increased use of the laker fleet alleviates highway congestion, reduces greenhouse gas emissions, and supports jobs and stronger supply chains.

In July of 2023, an independent study by Martin Associates was released, confirming the tremendous importance of marine shipping on the Great Lakes and St. Lawrence Seaway and coastal and arctic regions to the North American economy. The study revealed that the industry:

- made a total annual contribution of \$50.9 Billion USD in economic activity across North America,
- supported almost 360,000 jobs across the continent, and
- generated \$23 Billion USD in wages and \$9.8 Billion USD in taxes.

The study was released with the endorsement of the U.S. Secretary of Transportation and the Minister of Transport Canada, and was developed at the mutual request of The Chamber of Marine Commerce, The Lake Carriers’ Association, The American Great Lakes Ports Association, The Shipping Federation of Canada, and the U.S. and Canadian management organizations that oversee Seaway operations.