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USTR – A new compliance front for ship managers

ITIC Circular

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The United States Trade Representative (USTR) has announced new measures targeting Chinese maritime and shipbuilding sectors. These measures, effective from 14th October 2025, introduce significant compliance and financial risks for ship managers, including tiered service fees and trade restrictions. Outlined below are the key points.

Fee structure:

The USTR framework applies a tiered system of fees to vessels operated or owned by Chinese entities.

Example: A handysize bulk carrier of 10,000 net tonnes could incur a fee of US\$50 per net tonne per U.S. port call, capped at five charges per year, potentially amounting to US\$2.5 million annually.

Liability risks:

Entities listed as vessel operator and owner on the vessel entrance or clearance statement (CBP Form 1300) are liable for these fees.

Ship managers may inadvertently be listed as operators or COFR (Certificate of Financial Responsibility) holders, exposing them to significant financial risk.

Two main risks identified:

Inadvertent exposure: If Chinese or Hong Kong ISM managers are mistakenly entered as vessel operators this could “infect” non-Chinese owners or charterers with USTR liability.

Deliberate circumvention: Chinese owners may request non-Chinese ISM managers to register as the vessel operators to obscure the vessel's Chinese connection.

Uncertainty:

It remains unclear whether ship managers could face USTR penalties simply by being named as the COFR entity, even without commercial control over the vessel.

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Recommendations for ship managers

- Awareness: Ship managers need to ensure they are not listed as the COFR entity or vessel operator on the CBP Form 1300 unless the implications are fully understood.
- Engagement: Work closely with owners and charterers to clarify roles and responsibilities under the USTR framework. Update contractual language as needed to allocate liability appropriately.
- Monitoring: Stay informed about further developments and guidance as the USTR measures evolve.
- Integrity: Resist any pressure to act as a shield for owners seeking to avoid USTR scrutiny.

For more information, please contact your ITIC account executive.

Please note that this circular is intended for general information only and does not constitute legal advice. You should seek professional guidance or specialist advice before taking, or refraining from, any action based on the content herein.

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