

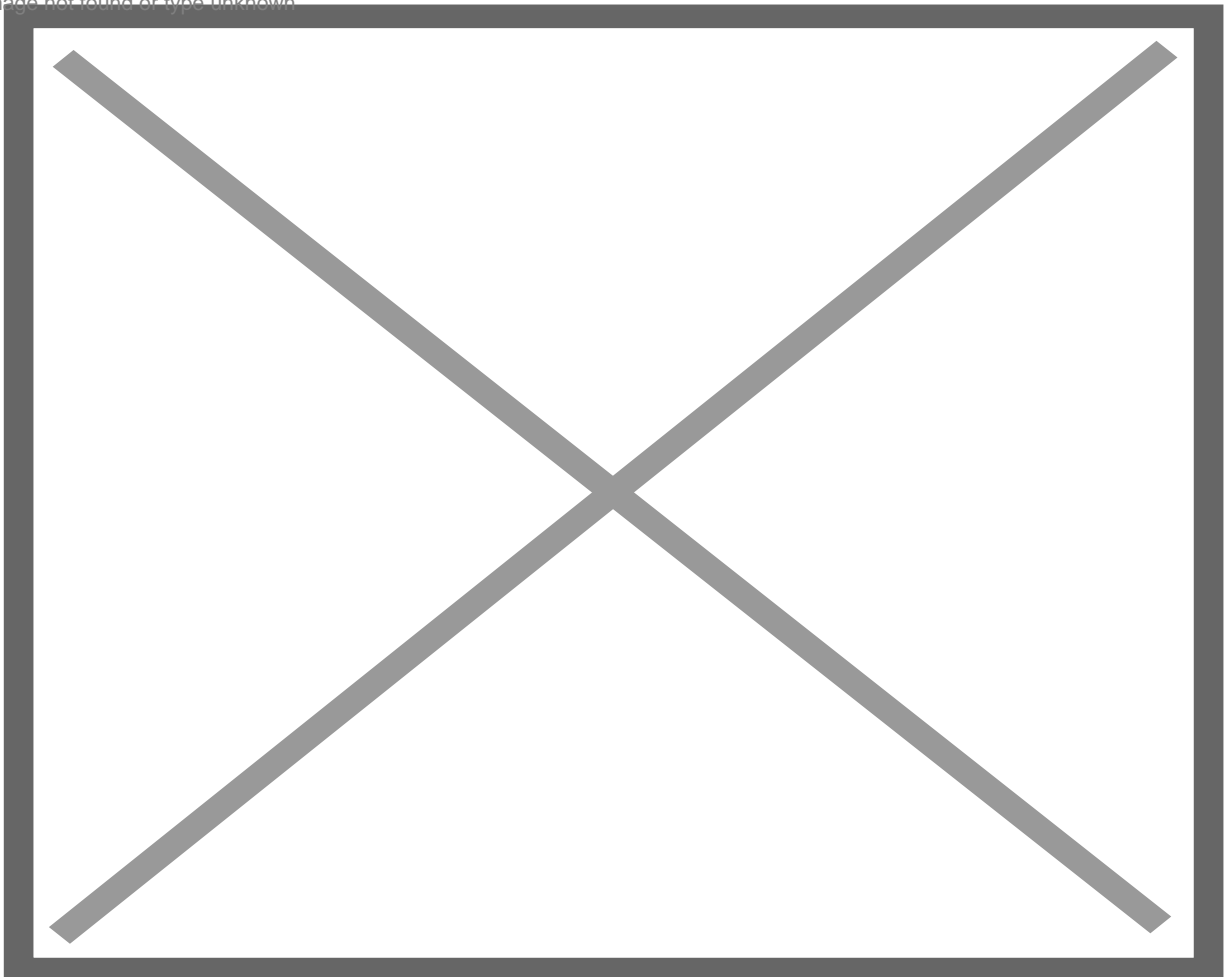
U.S. Tariff on Chinese-Built Ships Threatens Shipping Costs in USVI and Wider Caribbean

A proposed \$1 million fee on Chinese-built ships docking in U.S. ports could raise shipping costs by thousands per TEU. Tropical Shipping and V.I. Port Authority say the tariff could cripple regional trade and push Caribbean import costs even higher.

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A brewing trade dispute led by President Donald Trump has set off alarm bells across the United States and the Caribbean, as the U.S. Trade Representative (USTR) gears up to impose a hefty \$1 million port fee on Chinese-built vessels docking at American ports. This tariff, part of a Section 301 proposal expected to be adopted via executive order within the next month, could reshape shipping costs, disrupt supply chains, and hit consumers hard—especially in regions like the Caribbean that rely heavily on maritime imports.

The tariff targets any vessel constructed in China, a move that could carry a massive financial burden since most ships serving the Caribbean region hail from Chinese shipyards. Tropical Shipping, a major player in the region, has sounded the alarm, warning that ocean freight rates from Florida could jump by thousands of dollars per TEU (twenty-foot equivalent unit) if the fee goes into effect. The company has been vocal in its opposition, urging customers and businesses to speak out against the measure before it's finalized. In a letter to its customers, Tropical noted the ripple effects this could have on American exporters and Caribbean markets alike.

Tropical President and CEO Tim Martin laid out the stakes in a direct appeal to the USTR. "Based on Tropical Shipping's years of experience and deep understanding of relevant market dynamics, the Proposed Action will: Adversely impact American shipping companies and American exporters, reduce competition for American-owned ocean cargo transportation and shift U.S. port business to other parts of the world," he said.

It would also "adversely impact American workers in U.S. port operations, warehousing, trucking, and all other aspects of logistics," and "raise the cost of good exported from the United States to the Caribbean, which would cause a shift in the USD \$92.3 billion export business away from the United States to other countries." It would further "increase shipping costs for U.S. exporters, and decrease the competitiveness of American shipping companies and producers of products in the United States," Mr. Martin said. Tropical Shipping is encouraging its customers to submit letters of concern to the USTR.

In the U.S. Virgin Islands, where Tropical Shipping plays a pivotal role in importing goods, officials are alarmed. V.I. Port Authority Executive Director Carlton Dowe described the tariff as "insurmountable." "It's not even that the consumer is going to pay, it's that they won't be able bring these containers to the territory, period." Dowe confirmed that the Port Authority plans to back Tropical's stance with official communication and noted that Caribbean nations are mobilizing for a meeting in Washington in the coming weeks to tackle the issue head-on.

Delegate to Congress Stacey Plaskett also voiced concerns, stating that the proposed fees could significantly increase shipping costs, particularly affecting island communities like the Virgin Islands that rely heavily on maritime imports. "The impacts will be felt across most industries," she noted, predicting price hikes at grocery stores, gas stations, and hardware stores nationwide. "The price increases will be directly passed on to consumers in the Virgin Islands, and across our nation. If imposed, USTR's proposal will have drastic consequences on Americans."

Ms. Plaskett said she is rallying support, collaborating with the shipping industry and fellow lawmakers—especially those from regions dependent on maritime commerce—to push back against the tariff. "My office has been working with the shipping industry and members of Congress, particularly in those areas that have large shipping industries and primarily rely on maritime commerce," Plaskett explained. "We are urging the Trump Administration to heed the feedback of elected officials, the maritime industry, and stakeholders before imposing these actions that will have radically negative consequences for our corner of the American experience."

The shipping industry has reacted strongly to the USTR's proposal. Analysts warn that the fees could lead to increased shipping rates and contribute to inflation. The proposal has also prompted some shipping companies to reconsider their operations, with reports indicating that firms are moving operations out of Hong Kong and re-flagging vessels to avoid potential U.S. sanctions amid escalating U.S.-China tensions. ?

The USTR is currently accepting public comments on the proposed action until March 24. Stakeholders, including businesses and consumers who could be affected by increased shipping costs, are encouraged to submit their concerns. A public hearing is scheduled for May 29, to further discuss the implications of the proposed tariffs.

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