

The Virgin Islands Consortium

Plaskett Secures Exemption for USVI in Proposed Maritime Tariff Policy That Could Have Driven Up Shipping Costs

Plaskett secured an exemption for the U.S. Virgin Islands from new maritime service fees that could have raised shipping costs by up to 60%. The exemption protects territorial trade routes under USTR's Section 301 action targeting Chinese-built vessels.

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Plaskett during a Ways and Means Committee hearing where she urged USTR Ambassador Greer to exempt the U.S. Virgin Islands from proposed maritime service fees.

The U.S. Virgin Islands has been officially granted an exemption from a sweeping federal maritime trade policy that could have imposed new service fees of up to \$1.5 million per vessel entry and raised shipping costs across U.S. ports. According to Delegate to Congress Stacey Plaskett, the exemption spares the territory from severe economic repercussions under the U.S. Trade Representative's (USTR) latest Section 301 trade action, targeting China's dominance in the global maritime and shipbuilding sectors?.

Plaskett confirmed on Thursday that the Virgin Islands falls within a 2,000-nautical-mile exemption outlined in Annex II of the USTR's formal Notice of Action issued April 17, 2025?. That provision exempts shipping routes within that distance from new federal service fees on foreign-built vessels, including those built in China.

The fees, proposed as part of a larger U.S. strategy to reduce dependence on Chinese maritime infrastructure, would have impacted vessels regardless of flag or ownership if they were constructed in China. According to USTR documents, fees could have reached \$1.5 million per vessel entry, or included a tiered structure starting at \$18 per net ton or \$120 per container, increasing annually?.

Had the U.S. Virgin Islands not been exempted, Plaskett warned, the territory could have faced shipping cost increases of 50% to 60%, shipping delays, and reduced service to the region—deepening vulnerabilities in supply chains and raising costs for residents and businesses. "Our communities would have borne a tremendous undue cost," Plaskett stated.

The Congresswoman credited the exemption to extensive advocacy efforts, including direct testimony before USTR Ambassador Jamieson Greer during a Ways & Means Committee hearing, a formal letter to the USTR signed by Plaskett and colleagues representing U.S. territories and Pacific jurisdictions, and support from private sector stakeholders such as Tropical Shipping and Jennifer Nugent-Hill.

"USTR Ambassador Greer took my letter into serious consideration when making final arrangements of this action," Plaskett said. "I thank my colleagues, USTR Ambassador Greer, elected officials, the maritime industry, and stakeholders, particularly Tropical Shipping and Jennifer Nugent-Hill, for their support."

Under the final rule issued by USTR, vessels arriving to U.S. ports from within 2,000 nautical miles, including those arriving in the U.S. Virgin Islands, are exempt from the assessed service fees. The exemption applies alongside others for:

- U.S.-flagged or U.S.-owned vessels enrolled in sealift or security programs,
- Vessels arriving empty or in ballast,
- Vessels with small tonnage or container capacity, and
- Specialized chemical transport ships and certain Great Lakes vessels?.

The rule also targets vessels operated or owned by Chinese entities, as well as foreign-built vessels operated by any fleet with 25% or more of its ships sourced from China. Additional tariffs are being proposed on ship-to-shore cranes and cargo-handling equipment produced in or by companies linked to China, ranging from 20% to 100%?.

According to the USTR's 42-page report and Notice of Action, the trade penalties aim to respond to China's "unreasonable" and "discriminatory" acts, policies, and practices in maritime sectors that undermine U.S. commerce and supply chain security. The USTR argues that China now controls:

- Over 50% of global shipbuilding tonnage,
- Over 19% of the global commercial fleet,
- More than 70% of ship-to-shore cranes, and
- 95% of global shipping containers?.

The USTR's action follows Executive Order 14269, titled Restoring America's Maritime Dominance, which directs the USTR and other federal agencies to address China's market control and support U.S. shipbuilding capabilities through trade policy and investment incentives?.

Plaskett stressed that the U.S. Virgin Islands' exemption represents both a financial safeguard for the territory and a rare moment of unity across diverse jurisdictions. "I believe that we can work with everyone while not compromising our values and beliefs and get things done," she said. "This achievement is an example of that."

Plaskett also praised the collaborative effort across Congress, the private sector, and territorial governments. "This was a monumental achievement," she noted, highlighting the alignment between lawmakers from the Atlantic and Pacific outlying areas, who were brought together by her letter to the USTR in defense of territorial interests.

Stakeholders across U.S. port jurisdictions are being invited to submit public comments by May 19, 2025, and attend a hearing scheduled for that same day at the U.S. International Trade Commission in Washington, D.C., as federal agencies prepare to phase in the service fees and additional tariffs over the next three years.