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Implications of the Reintroduced SHIPS for America Act for Foreign Shipowners

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The SHIPS for America Act (the Act) was reintroduced on April 30, 2025. The Act is a bipartisan U.S. legislative proposal designed to rebuild and expand the U.S.-flagged commercial fleet, strengthen the domestic maritime industry, and reduce reliance on foreign shipping, particularly from geopolitical rivals like China. The Act currently contains a number of elements that could affect shipowners.

Liability exposure increase

The Act proposes significant amendments to the current law governing a shipowner's limitation of liability. Under current law, vessel owners, regardless of nationality, could limit their liability for maritime incidents to the post-incident value of the vessel and its pending freight. This limitation applies to various claims, excluding personal injury, wrongful death, and seamen's wage claims. The Act introduces a pivotal change for foreign vessel owners: their liability for claims (excluding personal injury, wrongful death, and wage claims) would be capped at five times the value of the vessel and its pending freight. U.S.-flagged vessels would retain the existing limitation, with liability capped at one times the value of the vessel and its pending freight. It is important to note that the Act does not modify the liability limits established in the Oil Pollution Act of 1990.

About the Author

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Port and tariff provisions

One of the most immediate operational impacts would be in U.S. ports, where the Act mandates priority berthing for U.S.-flagged vessels. This change could result in longer wait times and scheduling delays for foreign-flagged ships. Additionally, a new 10% tariff surcharge would be applied to goods imported aboard foreign-flagged vessels unless rates between U.S. and foreign carriers are shown to be equivalent. These measures are intended to give U.S.-flagged carriers a competitive advantage and could generate delays and increase shipping costs for foreign operators.

Tonnage tax penalties

A key financial deterrent embedded in the legislation is the introduction of tonnage tax penalties for vessels linked to countries designated as "foreign entities of concern," such as China, Russia, Iran, and North Korea. The penalties are tiered based on the extent of a fleet's connection to these countries' shipyards. A \$5.00 per net ton fee would be levied on vessels linked to foreign entities of concern or those with at least half their fleet sourced from adversary shipyards. Fleets with 25% to 49% of vessels sourced from such countries would face a \$3.50 per net ton fee, while an additional \$1.25 per net ton would apply to existing vessels where 25% or more of the fleet was constructed or repaired (with the exception of emergency repairs) in these shipyards. These charges would significantly raise the cost of doing business in U.S. waters for many foreign owners.

Tax and financial incentives

To support U.S.-based operators and shipbuilders, the Act introduces substantial tax and financial incentives. Chief among them is a 33% tax credit available to companies that build and operate U.S.-flagged vessels. Additional credits are also offered for using U.S.-based insurers and classification societies for those U.S.-built and -flagged vessels, further encouraging investment in the domestic maritime ecosystem.

Cargo preferences and mandates

The Act also imposes stricter cargo preference requirements, mandating that 100% of U.S. government cargo be transported on U.S.-flagged vessels, up from the previous 50% requirement. For shipowners, this change may mean fewer opportunities to carry government cargo unless they invest in U.S.-flagged ships or establish joint ventures with U.S. operators. This requirement could enter into force as soon as early 2026, subject to the timing of the Act's passage. Adapting to this requirement may involve significant capital outlay or structural changes to existing fleets.

Mandatory carriage of certain imports

Another provision that would directly impact foreign shipowners, especially those involved in U.S.-China trade, is the mandatory carriage requirement for certain imports. Beginning in 2029, at least 1% of cargo from China would need to be transported on U.S.-flagged vessels, with the mandated share increasing by one percentage point annually until it reaches 10%. Shipowners operating along U.S.-China routes would need to comply with this requirement, possibly by acquiring U.S.-flagged tonnage or forming alliances with American carriers.

Conclusion:

broader implications for shipowners

Taken together, the provisions of the SHIPS for America Act represent a significant shift in U.S. maritime policy. Non-U.S. shipowners, and particularly those with ties to foreign shipyards of concern, would face a growing array of operational hurdles, from increased port delays and tariffs to restricted access to cargo and higher tonnage-based fees. These pressures are likely to disrupt the chartering market and reshape decision-making around vessel construction, repair, and route planning. In the long term, shipowners may be driven to diversify their supply chains, rethink procurement strategies, and consider closer alignment with U.S. maritime interests to remain viable players in the U.S. shipping market.

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