China Tariffs – Market Shock Or Just A Headache?

As the US Trade Representative's (USTR) port fees on China-linked vessels came into effect on 14 October 2025, China's Ministry of Transport (MOT) has announced a retaliatory set of tariffs aimed at US-owned, -operated, -flagged or -built ships. The structure broadly mirrors the USTR framework (including the start date) with one key distinction: USTR excludes LNG carriers, while MOT does not.

Similar to the US, there is a lack of clarity on the implementation. For example, it is not clear whether the 25% US ownership test applies to a single owner or collectively (smaller percentage owners adding to 25% or more). If its collective, US publicly listed owners are exposed. Also, it's not clear what qualifies as an 'operator'; is it the technical manager, commercial manager, or long-term charterer; and who pays. These new regulations will undoubtedly be a headache for a few LNGC owners and operators with cost implications. Under the new MOT framework, affected vessels will incur additional fees of RMB 400/Net Tonne (NT) in 2025, rising to RMB 1,120/NT by 2028, For a typical 174,000 m³ 2-stroke vessel, this translates to approximately US$ 2 million in 2025, increasing to US$ 6 million by 2028. Based on current spot rates of US$ 24,000/day (Gladstone–China RT), voyage costs (including hire and port dues only) could rise by 75%–100% this year.

Despite the costs and headaches, this will not likely be the market shock that rebalances current supply-demand fundamentals from a long-shipping market to a short one. Why?

Softer Chinese LNG Demand

First, China's LNG demand overall has eased this year, imports are ~20% lower y-o-y through Q3 2025, with no cargoes imported from the US since February 2025. Some of the loss from the US has been replaced by Qataris, increasing their share of Chinese import to ~25% in 2025, from ~19% in 2024.

Fig. 1: China LNG Imports By Origin

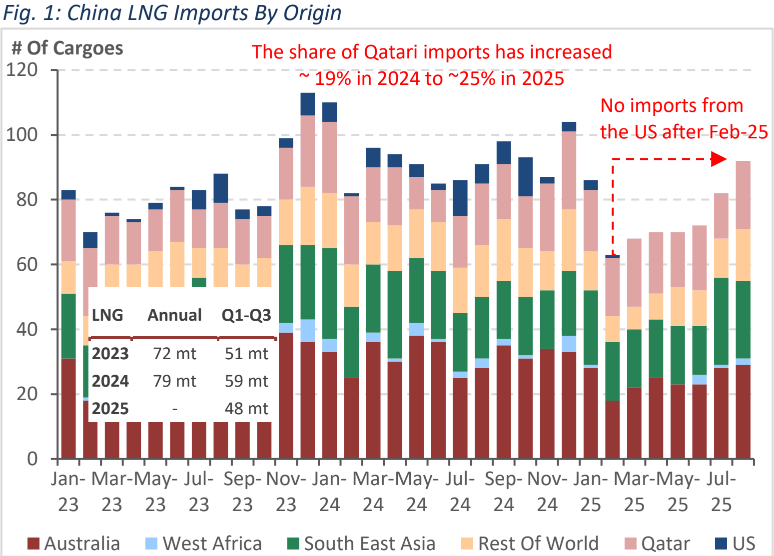
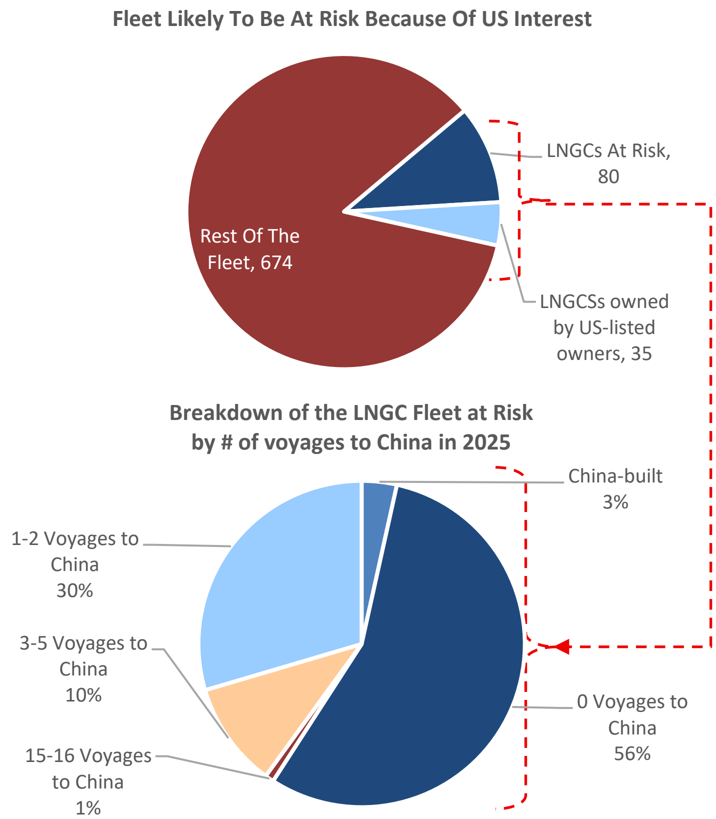


Fig. 2: Potential LNG Fleet At Risk Because Of US Ownership



How Many Ships Are Likely To Be Affected?

Second, the number of LNG vessels directly affected by this is small, especially given the current length in the shipping market. Assuming the 25% ownership threshold is applied on a non-collective basis, we identified ~80[1] existing LNGCs (~10% of the total LNG fleet) that may be affected. If we assume that US-listed companies fall under the scope of the tariffs, this adds another ~35 vessels. But, of the vessels in question (total ~115), only ~10% have called at Chinese ports more than two times in 2025. The direct exposure of US-owned vessels appears to be limited.

So, Nothing To See Here?

To be clear, we are not concluding that there is no impact. There is a cost to some and there will be a short-term reshuffling of how vessels are deployed by exposed owners/charterers. The relet market will be less efficient as well if available vessels can't be used in certain trade routes. But most exporters sending volumes to China (like Qatar) have sufficient flexibility with their respective portfolios to swap the affected ships with other vessels.

This development is unlikely to be a major market disruptor and the shipping market will remain long for the time being.

1. *Doesn't include FSU, FSRU, FLNG*

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