



A Board Resolution Submitted by the City of Duluth, MN



MAINTAINING ROBUST MARITIME COMMERCE ACROSS THE GREAT LAKES-ST. LAWRENCE REGION WHILE STRENGTHENING NORTH AMERICAN SHIPBUILDING

January 2026

WHEREAS domestic and international maritime shipping across the Great Lakes-St. Lawrence Seaway (Seaway) is of vital importance to the economic prosperity of the Canadian and U.S. communities spanning the Great Lakes and St. Lawrence River Region, as well as the national security of both Canada and the United States.

AND WHEREAS such maritime shipping annually moves more than 135 million tons of cargo valued at \$26.1 billion USD / \$33.9 billion CAD, supports more than 240,000 jobs and generates \$36 billion USD / \$46.8 billion CAD in economic activity in Canada and the United States, according to “Economic Impacts of Maritime Shipping in the Great Lakes-St. Lawrence Region,” a study published in July 2023 by a binational coalition of maritime organizations.

AND WHEREAS maritime shipping on the Seaway is a primary mover of certain bulk commodities essential for municipal operations and thriving local economies, including aluminum, cement, grains, iron ore, road salt, steel and sugar.

AND WHEREAS Section 301 of the Trade Act of 1974, as amended, authorizes the Office of the U.S. Trade Representative (USTR) to investigate and respond to unfair foreign trade practices.

AND WHEREAS on March 12, 2024, the United Steelworks and four other labor unions filed a petition to USTR seeking an investigation into Chinese dominance of the maritime, logistics and shipbuilding sectors.

AND WHEREAS on January 16, 2025, the results of USTR’s investigation determined China’s dominance in these sectors to be restrictive of U.S. commerce and therefore actionable under Section 301 of the Trade Act, with China’s shipbuilding market share surpassing 50 percent of global tonnage.

AND WHEREAS on February 21, 2025, USTR proposed a multitude of fees under Section 301 Annex II that apply to Chinese-built vessels that dock at a U.S. port on an international maritime route, including a fee of up to \$1.5 million USD per port entrance and additional fees based on operators' overall fleet composition and ongoing business with Chinese shipyards.

AND WHEREAS significant concern from over 300 maritime and trade organizations prompted USTR to issue a Notice of Action in the Federal Register on April 17, 2025, including new targeted coverage provisions that both implicitly (Article iv) and explicitly (Article vii) exempted Seaway maritime operations from Annex II fees.

AND WHEREAS on October 10, 2025, USTR issued a proposed modification that would directly reverse all exemptions previously granted to Great Lakes vessels under Annex II but maintain such exemptions for all other U.S. regions, subjecting Canadian operators of Chinese-built vessels to a fee structure starting at \$18 USD per ton (increasing to \$33 USD per ton by 2028) or \$120 USD per container (increasing to \$250 USD per container by 2028) to be charged five times per year per vessel calling on a Great Lakes U.S. port.

AND WHEREAS if implemented, the proposed port fees would be at the expense of North American companies and their customers, leading to a significant spike in dry bulk shipping costs increasing yearly and putting our regional economy at a competitive disadvantage compared to other U.S. regions.

AND WHEREAS the resulting economic impacts of such fees are expected to increase shipping rates by 70-150 percent and the price of goods by 25-75 percent, unintentionally penalizing U.S. agricultural and industrial producers and jeopardizing nearly 147,000 U.S. jobs tied to regional shipping and port activity, according to the American Great Lakes Ports Association.

AND WHEREAS on November 1, 2025, the White House announced a one-year suspension of all responsive actions taken against China pursuant to said Section 301 investigation, beginning on November 10, 2025 but continued public outreach proceedings with the intention of rendering a decision on the proposed revisions to Annex II as negotiations continue with the Chinese government

AND WHEREAS the Cities Initiative submitted a public comment on November 12, 2025, urging USTR to reconsider the October 10 proposed revisions to Annex II and ensure Great Lake operators receive the same treatment as vessels docking along other U.S. coasts.

NOW THEREFORE BE IT RESOLVED THAT:

- USTR should rescind the October 10 proposed revisions to Annex II, specifically removing Article (vii) with no replacement text introduced to ensure the existing exemptions that currently apply to other American ports remain in place for Seaway operations.
- The U.S. and Canadian federal governments should work as partners to identify and execute coordinated, long-term strategies for countering Chinese dominance of the maritime, logistics and shipbuilding sectors, reshoring shipbuilding capabilities to North America and incentivizing procurement of North American-built vessels by North American operators.
- The Cities Initiative will continue to work with our members and regional stakeholders to support robust maritime commerce across the Seaway, which is an indispensable driver of the economic prosperity of our region and the national security of both Canada and the United States.

AND FURTHER BE IT RESOLVED THAT copies of this resolution will be distributed to: USTR Ambassador Jamieson Greer; Canadian Minister of International Trade; U.S. Secretary of Transportation Sean Duffy; Canadian Minister of Transport; J.M. “Mike” McCoshen, Administrator of the Great Lakes St. Lawrence Seaway Development Corporation and Jim Athanasiou, President and Chief Executive Officer of the St. Lawrence Seaway Management Corporation.