Vedder Price

Global Transportation Finance Newsletter

December 2025

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Insurance Contracts Meet Their Date with Destiny

In aviation finance transactions, insurance is often described as the one thing you cannot close a deal without. Insurance certificates offer a short-form summary of the key terms contained within the underlying policy, setting out the interests of the insured and additional insured(s). Since its inception over 30 years ago, AVN67 and its successors have played a central role in managing transaction risks by offering clear protections to lessors and financiers. Known as a "policy within a policy," this endorsement operates alongside the primary insurance policy, creating enforceable rights for elected "contract party(ies)", including allocation of total loss payments. Importantly for insurers, AVN67 standardises market practice and, in the event of a claim being made, provides certainty as to which parties are covered and how said claim is to be handled.

Recently, Willis Towers Watson plc (WTW) published an article re-evaluating certain aspects of AVN67B, the most commonly used form of the endorsement as follows:

> **Revised "Effective Date":** Traditionally, the Effective Date referred to the moment insurers were formally notified of an aircraft being added to the policy. In practice, the precise timing of coverage could be unclear, particularly when aircraft deliveries are rescheduled. WTW also notes in its article that, in reality, additions and deletions of aircraft to policies are typically automatic, and to say the Effective Date is the precise point when the insurers become aware of going "on risk" is no longer accurate. WTW proposes that the Effective Date now be defined as "the date on which the Equipment (as defined under AVN67B) becomes the insurance responsibility of the Insured in accordance with the Contracts (as defined under AVN67B)" and for novations as "the date that the [Novation Agreement] comes into effect." This clarification is intended to reduce any uncertainty surrounding timing of coverage.
>
> **Removal of "Contract" dates:** Insurance certificates often list all relevant contracts, including execution or effective dates. While intended to provide precision, this creates practical challenges when (i) contracts are amended, restated or supplemented, and (ii) insurers reviewing claims must reconcile the certificate with the operative agreements. WTW suggests that dates are now removed and that certificates identify contracts by names and parties only. This approach reduces the risk of confusion over which documents are operative and allows coverage to align with the contractual structure effective at the time of the claim.

These changes, while relatively narrow in scope, will have wider implications for lessors and financiers and their lawyers, as they aim to more accurately reflect current market practice and improve the efficiency in production of insurance certificates.

Ultimately, these proposed AVN67 updates only have practical effect to the extent that they are adopted by insurers and brokers and supported by lawyers and clients. Any change, even one aimed at increasing certainty, introduces a period of temporary uncertainty. This is especially true in aviation, where transactions can span decades, multiple jurisdictions, insurers and regulatory regimes. Differing adoption speeds, varying interpretations or pushback from parties could create temporary uncertainty, despite the intended clarity. Both law firms and clients must therefore take a proactive approach by maintaining clear records of operative contracts and engaging early with insurers.

Stepping back, WTW's proposed updates to AVN67 seek to better reflect contractual intentions and current market practice. In effect, these updates will avoid multiple iterations of insurance certificates due to dates changing and this new approach will therefore serve to save both time and costs for all professionals involved. Its efficacy will depend on consistent adoption, but the updates represent a meaningful refinement of a long-established market standard.

The full WTW article 'AVN67, its past, present and very near future!' can be found here.

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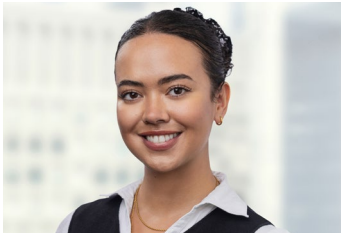

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IN THE NEWS

Clay Thomas Named to LABJ Thriving in Their 40s 2025 List

The Global Transportation Finance team is pleased to share that Shareholder Clay Thomas has been selected for the *Los Angeles Business Journal*'s (LABJ) Thriving in Their 40s 2025 list. This highly competitive list has been chosen by the publication's editorial department based on submissions that demonstrate their work and impact within the greater Los Angeles community.

Clay's practice, which focuses on complex sale, leasing, and financing transactions in the aviation and rail industries, has been recognized by multiple publications, and we are proud to see him honored on this list.

For a full list of those selected, visit the LABJ website here (subscription required).

IMO Net-Zero Factsheet and Update

After months of intense lobbying and criticism, and four days of intense debate, in a decisive vote late on a Friday afternoon in mid-October, the adoption of the International Maritime Organization ("IMO") Net-Zero Framework ("NZF") was postponed and the Marine Environment Protection Committee ("MEPC") will reconvene in October 2026, extending a period of potential uncertainty for shipowners, financiers and fuel suppliers.

What is the IMO Net-Zero Framework?

The IMO is a specialized agency of the United Nations consisting of 176 member states developing the regulatory framework for shipping. The IMO's MEPC convened in London on April 11, 2025 for its 83rd session ("MEPC 83"), a milestone session following years of negotiation for approving measures as set by the 2023 IMO strategy on reduction of GHG emissions from ships ("2023 Strategy"). The 2023 Strategy set ambitious goals, including (i) to reduce CO2 emissions by at least 40% by 2030, compared to 2008 emissions levels and (ii) to reach net-zero greenhouse gas ("GHG") emissions close to 2050.

The most notable development at MEPC 83 was the approval of the IMO Net-Zero Framework, a draft international regulation aiming at (i) reducing GHG emissions, (ii) effectively promoting the energy transition of shipping and (iii) providing the world fleet with a needed incentive to decarbonize, while contributing to a level playing field and a just and equitable transition.

The NZF was developed as a first of its kind effort to pair mandatory limits of emissions and a greenhouse gas pricing mechanism for the entire shipping industry. The proposed scheme was designed as a set of proposed amendments to Annex VI of the International Convention for the Prevention of Pollution from Ships ("MARPOL Annex VI"), an international treaty to which states housing 97% of the world's merchant shipping fleet are a party, and was intended to be adopted by member states at the MEPC session which took place in October 2025.

How does the emissions reduction mechanism work?

Member states who are parties to MARPOL Annex VI were mandated to give effect to the provisions of NZF once adopted and accepted, which would have applied to all ocean-going ships with over 5,000 gross tonnage, with enforcement carried out by port states party to MARPOL Annex VI.

The new measures propose a carbon credit trading system which assigns annual GHG fuel intensity ("GFI") targets to vessels, with a goal of vessels either reducing their annual GFI or complying through an offsetting system. Vessels would be given two annual GFI targets: (i) a base target (a minimum standard reflecting the goal to reach a 30% reduction in GHG emissions by 2035) and (ii) a direct compliance target (a higher standard, reflecting the more ambitious aim of a 43% reduction by 2035). The GFI targets would decrease over time, reflecting the intended transition to net zero, and would initially be set until 2035.

The proposal includes a two-tier pricing system for the cost of offsets where the targets are not met: (i) the cheaper tier 1 pricing for emissions over the compliance target and below the base target and (ii) the more expensive tier 2 pricing for emissions above the base target. The pricing is calculated using a well-to-wake approach, accounting for GHG emissions from the production, transportation and use of fuel on the vessel.

If a vessel meets the direct compliance target, it may earn credits which can be sold once, used later (valid for two years) or cancelled voluntarily. If a vessel fails to meet the targets, the owners will need to offset their excess emissions either by purchasing additional offset units (from other vessels or a central registry), use stored credit or buy them from other vessels, ensuring they purchase the applicable tier 1 and/or tier 2 remedial offset units.

An IMO Net-Zero Fund, established to collect, manage and disburse collected revenue from GHG pricing contributions, would have been used to (i) reward low-emission ships; (ii) support innovation, research, infrastructure and transition initiatives in developing countries; (iii) help companies upgrade their vessels and move to lower carbon fuels, and pay for modifications to ports; (iv) fund training, technology transfer and capacity building to support the 2023 Strategy; and (v) mitigate negative impacts on vulnerable member states (small islands and the least developed countries).

THOUGHT LEADERSHIP

Edward Gross Co-Authors "Leases" Survey in the ABA's Fall 2025 *The Business Lawyer*

Global Transportation Finance Shareholder Edward Gross co-authored a survey article on leases for the American Bar Association's 2025 Fall Issue of *The Business Lawyer.* The article reviews several 2024 cases involving disputes over equipment leases, personal property financings and related third-party claims. Read the article here (Subscription required).

Helen Biggin Publishes Article, "Are you covered?" in the November Edition of *Airport World*

Recent events at various UK and European airports have caused disruption for passengers and have significantly impacted airlines and other companies who use those airports. Vedder Price Partner Helen Biggin recently published her article "Are you covered?" in the November edition of *Airport World*, which discusses how airports can safeguard their operations from potential litigation, including protective measures and preemptive steps. Read the full article on page 38 here.

Helen Biggin Authors Article on Landmark Rulings in Aviation and Maritime Insurance for Insurance Day

Recent aviation and maritime insurance judgments again show why England remains the jurisdiction of choice for insurance claims. Vedder Price Partner Helen Biggin authored the article, "Reasonable Recovery and Grip of Peril: Landmark Rulings in Aviation and Maritime Insurance," for Insurance Day.

The article discusses how these judgments offer guidance on loss-mitigation steps and clarify the scope of the grip-of-peril doctrine, reinforcing the English Court's role in resolving high-value, complex insurance disputes.

Read the full article here. (subscription required).

Where are we now?

The MEPC met for an extraordinary session from October 14 through 17, 2025, to adopt the draft legal text which, after a decade of negotiations, had been approved by member states at MEPC 83. It was believed that the adoption of the measures would be a formality but the session ended in a year-long adjournment, placing the plans for an emissions pricing mechanism on hold, while committing to continued work on NZF implementation guidelines and further consensus-building among member states.

Nevertheless, the session concluded without adoption after a motion to adjourn for a year passed with a narrow tally of 57 countries voting in favor of delay, 49 countries voting against delaying, and 21 abstentions.[1] Several countries that had previously supported the new measures changed their votes. The EU had reiterated its support and urged adoption, but Greece and Cyprus, member states with major shipping fleets, abstained. China switched positions from supporting the measure at MEPC 83 to voting for the delay, similar to other major shipping nations; such as Singapore and Liberia, who also objected. The United States continues to reaffirm its strong opposition to the NZF.

The decision to adjourn stemmed from a consensus that the NZF contained uncertainties and concerns regarding the type of fuels that could be used to reach net-zero emissions, fuel availability, the infrastructure for new fuels, and port modernization required to achieve the NZF goals. Further, the decision made clear that clarification and additional detail were necessary to understand how the IMO Net-Zero Fund would operate and disburse funds.

The NZF's challenges

Member states raised three principal areas of criticism of the NZF:

Efficacy: Analysis from Transport & Environment shows that the current goals of the 2023 strategy are not achievable, while also being incompatible with the 1.5°C temperature goal of the Paris Agreement. Even though the NZF is estimated to be able to generate revenues of approximately $10 billion per year until 2035, analysis shows that the projected revenues may be insufficient to support the goals of the NZF. Unless additional incentives are introduced, the estimated revenues are not sufficient to scale low carbon fuels to meet demand.

Alternatives: There is a lack of sufficient supply for fuels which would meet the GFI targets. Cooking-oil derived fuels could meet the framework's targets but supply is not projected to meet demand – noting competition from other transition industries for supplies – with shipowners assuming that there is an increased risk of financial penalties. Unless the cost of producing low carbon fuels is reduced member states are faced with compliance challenges.

Equitability: Credit trading systems predominantly favour established shipping and trading companies in developed economies. Owners and regions with higher access to capital will benefit from increased cash flows, making it easier for them to comply compared to owners with older and underperforming (i.e, higher emitting) vessels, while a trading system as a means of encouraging compliance could also be seen as a way of moving money away from them.

Next steps

The relevant groups (including the Intersessional Working Group on the Reduction on Greenhouse Gas Emissions (the "Working Group"), which met from October 20 through 24, 2025, to advance NZF guidelines) continue working on developing and refining technical and implementation details and guidelines for NZF which may be presented for approval at MEPC in April 2026.

The Working Group's ongoing work is set to refine critical elements of the NZF's implementation guidance, including lifecycle assessment methodologies, fuel certification protocols, data verification processes, and the design of reward and pricing mechanisms. Member states will focus on acknowledging the geopolitical and technical complexities at play and building consensus, likely influenced by efforts of the United States to shape negotiations through trade, port, visa, and sanctions policy, until the session reconvenes in October 2026. If adopted, it's not certain when the NZF may become enforceable but industry expects that 2028 would be the first reporting year.

HONORS & AWARDS

Legal500 UNITED KINGDOM 2026

The Global Transportation Finance Team Named to *Legal 500 UK*'s Rankings 2026

The UK Global Transportation Finance team was ranked Tier 2 by the *Legal 500 UK* rankings for 2026. In addition, several Global Transportation Finance attorneys were also recognized in the guide. Gavin Hill, Neil Poland and Dylan Potter were recognized as Leading Partners. Listed as recommended were Derek Watson, Bill Gibson, John Pearson, Niovi Antoniou and Jack Goold. Read the full announcement here.

Chambers RANKED IN UK 2026

The Global Transportation Finance Team Named Named in *Chambers UK* 2026 Rankings

The Global Transportation Finance team was recognized in the *Chambers UK* 2026 rankings for transportation finance. The firm earned Band 2 ranking for Asset Finance: Aviation Finance (UK-wide). Additionally, Gavin Hill was recognized as Senior Statesperson, Neil Poland and Dylan Potter were recognized in Band 3 and Bill Gibson was recognized in Band 4. Read the full announcement here.

IMO adoption of the NZF would have triggered reviews and adjustments to EU measures governing maritime GHGs, including the Emissions Trading System and FuelEU Maritime regulations. With the NZF deferred, EU decarbonization regulations remain in force, and regional frameworks continue to evolve in the absence of unified IMO action. The delay may be advantageous for building consensus but it may also increase uncertainty for the industry, with more time for pressure from nations to abandon the scheme to build and increased risk of other regional regulations being introduced. With the path toward a unified global maritime decarbonization framework preserved, stakeholders should continue monitoring any relevant developments during this period of adjournment while considering the implications of having to comply with a future IMO mechanism.

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RECENT SPEAKING ENGAGEMENTS

December 2, 2025

John Imhof Moderates U.S. Government Initiatives, Programs and Policies Panel at 2025 Marine Money Finance Forum – New Orleans

Global Transportation Finance Shareholder **John Imhof** moderated a panel at Marine Money's 2025 Marine Finance Forum —New Orleans. John's panel session titled "U.S. Government Initiatives, Programs and Policies to Bolster the Maritime Industries — Let's Go!" discussed the new opportunities for investment in U.S. shipyards and the U.S.-flag fleet being generated by the proposed SHIPS for America Act, the projected expansion of the U.S. Tanker Security Program and $3.5 billion in upcoming small-vessel awards.

November 20, 2025

Anthony Renzi Gives Guidance on Investing at Marine Money Ship Finance Forum New York

Shareholder **Anthony Renzi** spoke on investing at Marine Money's 2025 Ship Finance Forum NYC. He moderated the session "Global Allocation: How to Invest in Today's Robust Market," covering investment topics such as metrics and methodologies for assessing risk vs. return, the future of consolidation among public companies and more.

November 6, 2025

David Hernandez and Eddie Gross Moderated Panels at Corporate Jet Investor Miami

Global Transportation Finance Shareholders **David Hernandez** and **Eddie Gross** moderated panels at Corporate Jet Investor (CJI) Miami. David moderated the session, "WhatsApp in the skies – jet sharing issues," which discussed the problems with private group chats and whether charter passengers care if it's illegal. Eddie moderated the panel "Oklahoma! Where the FAA goes registering the planes," which covered the decline in attractiveness of the N-Reg and the balance between privacy and practicality.

UK Court Won't Entertain Unspecific Defences

The High Court[1] recently granted summary judgment in favour of two aircraft lessors in a dispute arising from the leasing of two ATR 72-600 aircraft, ultimately subleased to an Indian airline called "FlyBig", pursuant to a head-lease / sub-lease structure. Under the documents, the defendant airline operated the aircraft and provided direct contractual indemnities in favour of the claimant lessor, who also benefitted from security assignments of the sub-leases. Following sustained non-payment of rent, the leasing of the aircraft was terminated, and the lessor subsequently sought recovery of outstanding amounts.

After seeking recovery from the lessee without success, the lessors applied for summary judgment in respect of unpaid rent, supplemental rent, late payment charges and indemnified costs, totalling just over USD 1.1 million. The defendant initially failed to respond to a claim form, before responding with a witness statement that indicated agreement with much of the lessors' position, before then attempting to submit new defences, served late, on multiple grounds, including:

- challenges to the effectiveness of the assignments;
- arguments that the lessee should have been joined to the proceedings (as assignor under the security assignments);
- alleged non-compliance with the Cape Town Convention (in particular the requirement of commercial reasonableness on termination);
- claims that late payment charges amounted to unenforceable penalties; and
- assertions of set-off against security deposits.

The court did not look kindly on the delays by the defendant but in any event found that none of the proposed defences had a realistic prospect of success. Relief from sanctions imposed for late submission of defences was refused, with the court emphasising the absence of a good reason for the delay and the lack of materiality of the late evidence. Taking each of the proposed defences in turn, the court held that joinder of the lessee was unnecessary, that undisputed payment defaults defeated any Cape Town Convention defence, and that the contractual charging and indemnity provisions were enforceable in accordance with their terms.

As a result, summary judgment was entered for the lessors, together with interest and costs under the terms of the indemnity provisions of the agreements.

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November 5, 2025

Cameron Gee Discussed Pre-Delivery Payment Financing Transactions During Airline Economics' Growth Frontiers Asia Pacific – Singapore

Global Transportation Finance Shareholder **Cameron Gee** spoke during the Future Global Leaders Academy, as part of Airline Economics' Growth Frontiers Asia Pacific – Singapore. He discussed the ins and outs of pre-delivery payment (PDP) financing transactions during his session.

October 27, 2025

Eddie Gross Presented on the Future of Equipment Finance at the ELFA Annual Convention

Global Transportation Finance Shareholder **Eddie Gross** presented on the future of equipment finance at the 64th Annual ELFA Convention in Marco Island, Florida. He was part of the panel, "Risk, Regulation, and Innovation: What's Next for Equipment Finance." He and his panelists spotlighted the biggest legal and regulatory changes on the horizon for equipment finance and shared strategies to stay compliant, competitive and ready for what's next.

October 14, 2025

Kevin MacLeod Moderated a Session at Ishka Aviation Investival: North America

Global Transportation Finance Shareholder **Kevin MacLeod** moderated a session during the Ishka Aviation Investival: North America in New York. At this event, key players in aviation finance met to discuss the latest developments, challenges and opportunities in the influential North American market. Kevin moderated the session entitled "Trading: How to Manage (or Exceed) Investor Expectations," which explored how increased capital is reshaping the aviation market, the shift to a buyer's market, emerging deal caveats, evolving portfolio trends and strategies for mitigating policy risk.

Port-Entry Fees on Pause: The USTR Suspends Section 301 Fees on China-Linked Vessels

On November 9, 2025, following the White House announcement on November 1, 2025, of a broad agreement on trade between the United States and the People's Republic China[1], the United States Trade Representative (the "USTR") officially suspended[2] the U.S. port-entry fees on China-linked vessels that had gone into effect on October 14, 2025, pursuant to the USTR's Section 301 Action on China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance (the "April 2025 Action")[3] as modified. The suspension stays the Section 301 fees on China-linked vessels and non-U.S. built vehicle carriers and the additional duties on the import of China-linked ship-to-shore ("STS") cranes and cargo handling equipment for one year commencing on November 10, 2025.[4]

The port-entry fees, which were first proposed pursuant to the USTR's Proposed Action in Section 301 Investigation of China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance on February 21, 2025 (the "February 2025 Proposed Action"),[5] were modified after two days of public hearings and hundreds of written comments[6] and published as part of the April 2025 Action on April 17, 2025, and were modified again on October 10, 2025, pursuant to the USTR's Notice of Modification and Proposed Modification of Section 301 Action: China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance (the "October 2025 Modification").[7]

The April 2025 Action and October 2025 Modification are the result of the USTR's year-long investigation, begun under the Biden Administration, and the USTR's resulting determination pursuant to Sections 301(b) and 304(a) of the U.S. Trade Act of 1974, as amended (the "Trade Act" or "Act"),[8] that China's targeting of the maritime, logistics, and shipbuilding sectors for dominance is actionable under Section 301(b) of the Act because it is unreasonable and burdens or restricts U.S. commerce.[9]

The February 2025 Proposed Action and April 2025 Action were the subject of articles published by the author and Jaime L.K. Rosenberg in the April 2025 and September 2025 editions of this Newsletter.

I. The USTR's October 2025 Modifications, Clarifications and Proposed Modifications

The April 2025 Action is largely composed of five Annexes: Annex I (Service Fee on Chinese Vessel Operators and Vessel Owners of China), Annex II (Service Fee on Vessel Operators of Chinese-Built Vessels), Annex III (Service Fee on Vessel Operators of Foreign-Built Vehicle Carriers), Annex IV (Restriction on Certain Maritime Transport Services) and Annex V (Tariffs on Ship-to-Shore (STS) Cranes and Cargo Handling Equipment of China).

The October 2025 Modification made several modifications and clarifications and proposed further modifications to the April 2025 Action that as a result of the USTR's suspension will now go into effect on November 10, 2026.

A. Annex I: Service Fees on Chinese Vessel Operators and Vessel Owners of China

The October 2025 Modification does not modify Annex I, which subject to the one-year suspension effective November 10, 2025, requires "Chinese vessel operators" and the operators of vessels owned by "vessel owners of China" to pay port-entry service fees beginning October 14, 2025.

The October 2025 Modification does clarify some of the circumstances in which Annex I will not apply. One clarification provides that a vessel that is only transiting the Panama Canal (including receiving bunkers or facilitating a crew change, but without exchanging cargo or passengers) is not subject to the requirements for entry from a foreign port.[10]

The October 2025 Modification also proposes a new modification to Annex I that would create a targeted coverage exception as of October 14, 2025. This modification would treat certain LPG carrier vessels or other liquified gas carrier vessels that are ordered before April 17, 2025, and that are in service and entered into a long-term time charter agreement (that is, 20 years or more) prior to December 31, 2027, as being owned and operated by the charterers.[11] In these circumstances, the time charterer of the carrier vessel would be considered its owner and operator.

B. Annex II: Service Fees on Vessel Operators of Chinese-Built Vessels

The October 2025 Modification also does not modify Annex II of the April 2025 Action, which subject to the one-year suspension effective November 10, 2025, requires the operators of "Chinese-built vessels" to pay port-entry service fees beginning October 14, 2025.

The October 2025 Modification makes some important clarifications to Annex II. The same clarification to Annex I regarding the Panama Canal applies to Annex II.[12] The October 2025 Modification also

October 12, 2025

David Hernandez Presented on Aircraft Agreements at 2025 NBAA Tax, Regulatory & Risk Management Conference

Global Transportation Finance Shareholder **David Hernandez** presented at the 2025 NBAA Tax, Regulatory & Risk Management Conference in Las Vegas. David was part of the session "Understanding the Paperwork," which delved into key provisions in three of the most prevalent operating aircraft agreements and provided a comprehensive roadmap for identifying and mitigating potential risks.

identifies what types of containerships, liquid and dry bulk carriers, and other vessels may be eligible for the targeted coverage exception in paragraph (iii) of Annex II for "vessels with a capacity of equal to or less than: 4,000 Twenty-Foot Equivalent Units, 55,000 deadweight tons, or an individual bulk capacity of 80,000 deadweight tons"[13] and the targeted exception in paragraph (vi) of Annex II for "specialized or special purpose-built vessels for the transport of chemical substances in bulk liquid forms."[14] The October 2025 Modification also clarifies that the targeted coverage exception in paragraph (iv) of Annex II for a vessel "entering a U.S. port in the continental United States from a voyage of less than 2,000 nautical miles from a foreign port or point" will be assessed based on the distance actually traveled from the vessel's furthest foreign port call.[15]

The October 2025 Modification also includes proposals for further modifications to Annex II, including a proposal that would eliminate the targeted coverage exceptions in paragraph (ii) of Annex II for vessels arriving empty or in ballast, in paragraph (iii) for vessels with a capacity of equal to or less than: 4,000 Twenty-Foot Equivalent Units, 55,000 deadweight tons, or an individual bulk capacity of 80,000 deadweight tons, and in paragraph (iv) for vessels entering a U.S. port in the continental United States from a voyage of less than 2,000 nautical miles from a foreign port or point, unless the vessel is loading cargo destined for a port outside of the United States, Canada, or Mexico, or offloading cargo that was loaded at a port outside of the United States, Canada, or Mexico.[16]

C. Annex III: Service Fees on Vessel Operators of Foreign-Built Vehicle Carriers

The most significant modifications made by the October 2025 Modification are to Annex III of the April 2025 Action, which subject to the one-year suspension effective November 10, 2025, requires the operators of "non-U.S. built vehicle carriers" to pay port-entry service fees beginning October 14, 2025.

These modifications include changing the unit of measurement for the assessment of port-entry service fees in respect of any entering non-U.S. built vehicle carrier vessel from car-equivalent unit ("CEU") capacity to the net tonnage of the entering vehicle carrier vessel,[17] changing the fee from US$150 per CEU capacity to US$46 per net ton of the entering non-U.S. built vehicle carrier vessel,[18] clarifying that the fee would be payable upon the vehicle carrier vessel's first U.S. port or place from outside the customs territory on a particular string,[19] and making the fee payable no more than five times per calendar year, per vessel.[20] The October 2025 Modifications also create a targeted coverage exemption expiring on April 18, 2029, for U.S.-owned or -flagged vessels enrolled in the U.S. Maritime Security Program[21] and a targeted coverage exemption for vessels "owned by the U.S. government and operated directly by the Government or for the Government by an agent or contractor, including a privately owned U.S.-flag vessel under bareboat charter to the Government."[22]

The October 2025 Modification also provides that the clarification to Annexes I and II regarding the Panama Canal also applies to Annex III[23] and clarifies that vehicle carrier vessels subject to fees pursuant to Annex III may include roll-on/roll-off vessels.[24] The USTR had proposed a version of this clarification on June 6, 2025, pursuant to its Notice of Proposed Modification of Action in Section 301 Investigation of China's Targeting the Maritime, Logistics, and Shipbuilding Sectors for Dominance (the "June 2025 Proposed Modification").[25]

The October 2025 Modification also includes a proposal that would create an additional targeted coverage exemption for U.S.-flag vessels of up to 10,000 deadweight tons that would apply as of October 14, 2025, and expire on April 18, 2029.[26]

D. Annexes IV & V: Restriction on Certain Maritime Transport Services Involving the Export of U.S. LNG and Tariffs on Ship-to-Shore Cranes and Other Cargo Handling Equipment

The October 2025 Modification also modifies Annex IV of April 2025 Action, which requires that an increasing percentage of liquified natural gas ("LNG") exported by ship from the United States to be exported on U.S.-built, U.S.-flagged and U.S.-built ships, and imposes additional duties on China-linked STS cranes and cargo-handling equipment similar to those proposed by the USTR as Annex V in its April 2025 Action.

As proposed by the USTR in the June 2025 Proposed Modification, the October 2025 Modification deletes, as of April 17, 2025, paragraph (j) of Annex IV, which would have authorized the USTR to direct the suspension of LNG export licenses for violations of Annex IV.[27] The requirements of Annex IV, without paragraph (j), are scheduled to go into effect on April 17, 2028, and are unaffected by the suspension.[28]

The October 2025 Modification also implements, with modifications, the additional duties on China-linked STS cranes and cargo handling equipment proposed by the USTR in its April 2025 Action. One of these modifications removes China-linked intermodal shipping containers from the cargo handling equipment on which the USTR had proposed imposing additional duties.[29] The additional duties went into effect on November 9, 2025, but were suspended almost immediately for one-year commencing November 10, 2025.[30]

DEAL CORNER

Global Transportation Finance Team Represents Windstar Cruises in Fleet Expansion Transaction

The Global Transportation Finance team assisted Miami-based Windstar Cruises in its purchase and delivery of the Star Seeker, the company's newest all-suite yacht.

The team worked with Windstar to navigate all aspects of the transaction related to the purchase contract, financing, delivery and registration. The 224-guest yacht is the first new build in Windstar's Star Class and marks a major milestone in the small ship cruise line's ongoing fleet expansion.

The team was led by Shareholder Hoyoon Nam and included Solicitor Niovi Antoniou and law clerk Ruby Hersch.

Global Transportation Finance Team Advises Initial Purchasers in $827 Million Aviation Loans ABS

The Global Transportation Finance team represented PK AirFinance with an $827 million aviation loan ABS by PK AirFinance, a leading aviation lending platform and affiliate of Apollo ("PKAIR 2025-2"). PK ALIFT LOAN FUNDING 7 LP issued four classes of notes with $697 million aggregate principal amount and borrowed $130 million pursuant to a secured loan facility. The proceeds of the notes and the loan are being used by the Issuer to acquire the rights to the economics of a portfolio of 107 senior secured aviation-related loans spanning 42 obligors through the acquisition of 100 percent of a series of limited partnership interests of a loan origination vehicle managed by PK AirFinance. BNP Paribas, Mizuho and Redding Ridge acted as co-structuring agents.

PKAIR 2025-2 represents PK's largest ABS transaction to date and marks the fourth issuance in the PK ALIFT program, having issued approximately $2.8 billion of cumulative aviation loan ABS transactions over the past 15 months.

The team was led by Shareholders Jeffrey Veber, Kevin MacLeod and Clay Thomas with Associates Jill Musa, Sarah Branch and Ryan Murray.

II. U.S. Customs and Border Protection Guidance on Port-Entry Fees

Annexes I, II and III of the April 2025 Action contemplate that U.S. Customs and Border Protection ("CBP") is responsible for determining and collecting the port-entry service fees imposed on the operators of China-linked vessels and non-U.S. built vehicle carriers[31] and define many of the terms used to determine whether these fees are payable by reference to the information inserted by a vessel's master or agent on the vessel's Vessel Entrance or Clearance Statement (Form CBP 1300) upon the vessel's entry to a U.S. port, point or place.[32]

Form CBP 1300 does not contain blanks for the insertion of all the information needed determine whether a fee is payable, so to address this issue, CBP published a Cargo Systems Messaging Service Bulletin on October 3, 2025, announcing the Section 301 Fee Payment Form that the CBP will use for the reporting and payment of the port-entry service fees payable by vessel operators pursuant to the April 2025 Action as modified.[33] CBP also announced that vessel operators, not CBP, would be responsible for calculating the fees.[34]

On October 3, 2025, CBP also issued a Trade Information Notice ("TIN") in relation to the Area Port of New Orleans,[35] followed by a very similar TIN for Area Port Houston/Galveston on October 6, 2025.[36] Both TINs provide that, for the purpose of Annex I, vessel owners will be determined by the vessel's registry, and vessel operators will be verified through review of the vessel's Certificate of Financial Responsibility consistent with the definition of "vessel operator" on Annex I and the instructions for the completion of CBP Form 1300. The TINs also provide that ports may request other verifiable agreements like a Bridge Letter or Continuous Synopsis Record in relation to a vessel operator. Vessel-build information for the purpose of Annex II will also be determined by reference to the vessel's registry, and the TINs also provide guidance on the calculation of net tonnage for Annexes I and II and the number of containers discharged for Annex II. Portions of the New Orleans and Houston/Galveston TINs were superseded by the subsequent October 2025 Modification.

III. The USTR's One-Year Suspension of Port-Entry Service Fees and Additional Duties

While the USTR one-year suspension of fees on operators of China-linked vessels and non-U.S. built vehicle carriers entering U.S. ports and the additional duties on the importation of China-linked STS cranes and cargo handling equipment is seen as welcome relief by many involved in and who rely on international shipping, the suspension has also been criticized by others who see the April 2025 Action and October 2025 Modification as necessary steps in combatting China's dominance and restoring America's strength in global maritime, logistics and shipbuilding.[37] The USTR has indicated that it is continuing to monitor the issues uncovered by its investigation into China's actions, policies, and practices pursuant to Section 301 of the Trade Act, and will consider whether China's efforts to negotiate a solution that adequately addresses these issues make it appropriate to continue the suspension or to take other action in advance of the expiration of the suspension on November 10, 2026.[36] Those likely to be impacted by the USTR's port-entry service fees and additional duties, including the operators of Chinese-owned or -built vessels that call on U.S. ports and do not qualify for a targeted coverage exemption, now have additional time to consider how to react to the fees and additional duties if the suspension is not extended and the fees and additional duties are not lifted.

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Net Zero CORNER

"Could the Clock Restart? CORSIA Deadlines Amid EU ETS Pressure"

Vedder Price Partner John Pearson contributed the article "Could the Clock Restart? CORSIA Deadlines Amid EU ETS Pressure" to this week's issue of *Air Cargo Week*. The article discusses possible implications for the aviation industry if they do not meet the current period for CORSIA compliance, ending in early 2028. If this happens, the EU could subject flights to the EU ETS, resulting in higher and uncertain costs while there is growing demand. Limited supply of emissions units may also drive price volatility, pressuring operators to secure long-term offsets despite their inexperience with carbon markets. Read the full article on page 5 of *Air Cargo Week* here.

Ahead of the publication by "impact on sustainable aviation" of its Practitioners Guide, John Pearson and Helen Biggin are providing feedback on the integration of the milestones concept into finance agreements and concerns regarding greenwashing claims.

Aircraft Trading 101: Don't Wing It – A Strategic Introduction to Aircraft Trading

With aircraft trading having surged post-pandemic, this Aircraft Trading 101 guide distils the essentials of aircraft acquisitions and disposals looking at title transfers, aircraft positioning, airline negotiations, due diligence, novations and timed closings; even a "simple" sale can quickly become a strategic exercise.

1. Two Main Sale Structures: Metal vs BI Transfers

The majority of aircraft trades are documented by way of a metal sale — a full transfer of legal and beneficial title in the aircraft, comprised of:

- a sale and purchase agreement;
- a bill of sale and accompanying acceptance certificate;
- a novation agreement with the operating lessee with an effective time notice; and
- the termination and replacement of ancillary leasing documents.

Trades are also undertaken by way of a beneficial interest transfer ("BI Transfer"). These occur where title to the aircraft is already held in a trust structure and legal ownership remains with the owner trustee (which is usually an independent trust provider), with only the beneficial interest in the aircraft transferred from seller to buyer. BI Transfers are typically documented with:

- a beneficial interest sale agreement;
- an assignment of beneficial interest; and
- a lessee notice and acknowledgement and/or lease amendment.

Why are BI Transfers popular?

Trading parties want speed and fewer documents; because the legal owner (the trustee) does not change:

- no tripartite novation is required;
- there is no need to recreate quite so many ancillary lease documents;
- the workload for the airline is significantly lighter; and
- certain financing structures, particularly ABS transactions, have come to use trusts as a prime vehicle for purchases.

Some level of lessee engagement will still be required as there is usually a requirement for the lessor under the aircraft lease to notify the lessee of any transfer in the beneficial owner, and the lessee will usually need to procure updated insurances and acknowledge new financing arrangements.

Sellers and buyers should consider transferring aircraft into trusts (noting that some jurisdictions do not recognise trusts, e.g. Germany) in order to facilitate future trades, internal restructurings or financing transactions. Lease amendments relating to such transfers can be fairly straightforward and primarily relate to the identity of the new beneficiary and its related parties.

2. Due Diligence: What to Review and How to Streamline It

Due diligence is usually conducted from a legal, technical and tax perspective by the buyer with some parties engaging an insurance advisor to review the insurance-related provisions in the underlying lease documents and any relevant insurance certificates. The due diligence process can be quite a timely and costly exercise, but several strategies can help streamline it:

- Sellers highlighting known issues (physical or documentary) early in the marketing materials or LOI.
- Disclosure in clean, organised form, with lease documents, ancillaries and bills of sale grouped and chronologically listed.
- Identifying sisterships early so buyers don't waste time repeating identical reviews.
- If third-party technical teams are involved, using mutually agreed advisors, and all parties using virtual data rooms to collate, track and resolve due diligence findings efficiently.

Linking due diligence and documentation

A common tension is that sellers want sale agreements signed quickly, whereas buyers prefer to wait until their diligence is complete. Whilst the sale agreement can specify timelines and outcomes for unsatisfactory findings, it is typically less complicated for the parties to only execute the sale agreement once the due diligence process is complete. If unresolved issues remain, these can be dealt with by:

- addressing them as express specific condition precedent items to be satisfied prior to delivery of the relevant aircraft; or
- agreeing and documenting amendments in the lessee-facing documents (i.e. novation or lease amendment).

Buyers adopting the latter approach may insist on a blanket CP that the buyer shall have received each of the applicable documents in form and substance satisfactory to it, while sellers may prefer specific CPs, in particular on larger portfolio transactions.

3. Documentation Strategy and Transaction Timing

On single-aircraft deals, metal or BI Transfers are usually documented individually while multi-aircraft trades may require:

- separate metal and BI sale agreements, potentially linked by way of (i) a CP to ensure one can't take place without the other and/or (ii) a cross-default provision; or
- a combined sale agreement for all aircraft covering both types of transfer, if necessary.

If either party is an special purpose company or owner trust, the relevant counterparty may request a guarantee, letter of comfort or other support from an entity of substance related to such SPC/owner trust to stand behind such party's obligations under the sale documentation.

Many parties are negotiating novation and lease amendment documents in parallel with the sale agreement. The advantages are:

- airlines can be engaged early;
- buyers focus their due diligence and address any findings in the lessee-facing documents as soon as possible; and
- the timeline to closing potentially shortens.

The downside is a risk of rushed review, with findings not addressed appropriately in the sale documentation, making it vital that the buyer ensures that the sale agreement includes a resolution process and/or termination right in the case of unsatisfactory due diligence findings. Additionally, sellers may be hesitant to engage lessees prior to their buyers being contractually committed under a sale agreement.

Forms of novation

Parties typically base the initial drafts on either:

- a precedent novation entered into by the relevant seller and lessee — this should accelerate the lessee's review, but buyers should ensure it is not entirely off-market before agreeing to use this as a base; or
- the AWG standard form — a solid baseline, but typically requiring buyer's counsel to update it to ensure that any open due diligence items related to the lease documents and/or lessee are addressed (usually by way of representations, factual confirmations or amendments to the underlying lease documents).

In BI Transfers, no standard form exists; a simple lessee notice and acknowledgement or lease amendment is normally sufficient.

4. Keeping the Airline Onside

Lessee engagement is typically one of the biggest pacing factors, with transfers sitting low on most airlines' priority lists. Although leases usually require the lessee to cooperate, this is often subject to reasonableness — a standard few lessors would want to enforce.

Strategies to keep airlines cooperative include:

- using existing leverage – e.g., if a lessee has a request in with a lessor for a lease extension for a sistership;
- favouring a BI Transfer – sometimes resulting in reduced volume of paperwork and requirement for lessee resources;

- notification of upcoming sales as soon as possible – particularly where the aircraft will need to be positioned in a certain jurisdiction at closing;
- considering the counterparties' relationships – being aware of airlines' preferred lessor counterparties when selecting between similar bids;
- avoiding buyer asks at LOI stage that the seller already knows the airline will reject (based on previous trades); and/or
- making any transfer fee conditional on reasonable cooperation within agreed timelines.

5. Addressing Recent Legal Developments

As part of the novations and lease amendments, buyers should ensure the any recent legal developments are addressed including:

- the removal or replacement of LIBOR references, which may be relevant in the context of floating rate rent, default interest or interest on deposits;
- the inclusion of a "No Russia/No Belarus" clause; and
- updates to unilateral jurisdiction clauses.

Lessees may resist such changes based on the "no greater obligations" condition that usually applies on lessor transfers, but lessors must still ensure that leases remain enforceable and compliant with applicable law.

6. Closing Mechanics: Avoiding Turbulence at the Finish Line

Given that aircraft are mobile assets, and it's not uncommon for titled engines to be off-wing, and parties are often sensitive to delivery location requirements, parties may try to avoid live closings, where funds move only once all CPs are met particularly if there are very tight closing windows. As a result, parties often turn to:

- escrow arrangements – an independent escrow agent holds the purchase price on account from the buyer ahead of closing, which occurs upon delivery and release of an instruction to the escrow agent to release such funds to the seller; or
- refund letters – the buyer pre-positions the purchase price with the seller entity ahead of closing, subject to agreed protections requiring prompt refund if the sale does not complete.

Both mechanisms require clear allocation of any fees (for the escrow agent), refund timing and authority to issue payment or release instructions — especially where financing sources are involved.

7. Pulling It Together: Why Good LOIs Matter

Well-run aircraft trades can begin at the LOI phase, with parties agreeing to key variables (structure, CPs, airline requirements, diligence scope, trust arrangements, closing mechanics), with counsel input as necessary, helping deals progress more smoothly, cheaply and quickly.

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Marine Insurance in Ship Finance Transactions: How Insurance Structure Affects Risk

Marine insurance in ship finance transactions is often discussed in broad terms of coverage types, premiums or exposure to geopolitical concerns in high-risk trading regions. While these issues are important, a set of technical insurance mechanics that can materially affect lenders, shipowners, operators and other transaction parties also need to be considered as part of the story.

Misunderstanding how marine insurance actually works—how coverage attaches, who is insured, how proceeds are allocated, and how security is perfected—can result in uninsured exposure, delayed claims or impaired lender security. This third article in our series focuses on those mechanics, including vessel classification, policy exclusions, insured status, insurance assignments, claims allocation and insurance continuity during ownership transitions.

We continue our discussion with Molly McCafferty, Senior Vice President of the American P&I Club, whose more than 25 years of experience in marine insurance provides practical insight into how these issues arise in ship finance transactions and how they are addressed in practice.

Classification as the Foundation of Insurability

A vessel's classification status is the starting point for both insurability and financeability. Classification societies establish and monitor the technical standards governing a vessel's design, construction and ongoing maintenance through regular inspections and surveys, confirming whether a vessel continues to meet those standards.

For insurers, classification is a core risk indicator and a prerequisite to coverage as Hull & Machinery underwriters rely heavily on class to assess seaworthiness and reliability. Failure to maintain class, or loss of class altogether, may lead to exclusions, cancellation of coverage or denial of claims.

For lenders, classification is equally fundamental with loss of class potentially triggering breaches of loan covenants and accelerate default remedies, often at a time when the vessel's value is already impaired. Maintaining class is not just a technical requirement; it is a critical insurance and financing safeguard that underpins asset value and, accordingly, lender security.

What Marine Insurance Is—and Is Not—Designed to Cover

Even where a vessel is properly classed, marine insurance is designed to cover fortuitous events and unforeseen casualties but does not typically protect against losses that are predictable, avoidable or within the control of the insured.

Standard Hull & Machinery policies typically exclude losses arising from routine wear and tear, poor maintenance, intentional damage, illegal acts or breaches of maritime regulations. War risks, terrorism, nuclear or radioactive damage and cyber-related losses are also commonly excluded unless separately insured.

These exclusions are particularly important for lenders because they can leave gaps in protection. If a casualty occurs as a result of inadequate maintenance or regulatory non-compliance, insurance may not respond. This explains why loan documentation places such strong emphasis on technical management standards, maintenance regimes and compliance obligations.

Who Is Insured: Loss Payee, Additional Insured and Co-Assured

Marine insurance policies often name more than one party, but the capacity in which a party is insured has significant legal and financial implications.

A loss payee is entitled to receive insurance proceeds following a covered loss. Lenders are typically named as loss payees so that proceeds are paid directly to them in the event of a total loss or significant damage.

An additional insured benefits from limited protection under the policy, usually for specified risks, but does not automatically receive insurance proceeds.

A co-assured shares full rights and obligations under the policy with the shipowner. In mutual insurance arrangements, such as P&I Clubs, this can include responsibility for premiums, supplementary calls or claims contributions.

For this reason, lenders typically seek to be named as loss payees or, in some cases, additional insureds, while avoiding co-assured status. Financing documents typically include “no loss / no liability” language to ensure the lender’s interest is protected without exposing it to operational or financial obligations associated with vessel ownership.

Insurance Assignments and Perfection of Lender Security

Naming a lender in the policy is only part of the security package with lenders normally requiring a collateral assignment of the vessel’s insurance. This assignment gives the lender enforceable rights to insurance proceeds if the vessel is damaged or lost.

However, an assignment is only effective if it is properly perfected. Perfection typically requires written notice of the assignment to insurers, preferably with written acknowledgment from insurers, and policy endorsements expressly noting the lender’s interest. In some jurisdictions, additional filings may also be required.

Without proper perfection, a lender’s entitlement to insurance proceeds may be challenged, particularly in an insolvency scenario or where competing creditors assert claims.

Allocation of Insurance Proceeds Following a Casualty

Where multiple parties are insured under a marine policy, entitlement to insurance proceeds must be clearly defined.

Loan agreements typically address this by providing that, in the event of a total loss, insurance proceeds are paid to the lender up to the outstanding loan amount. In the case of a partial loss, proceeds are usually paid to the owner to fund repairs, subject to lender consent and agreed thresholds.

Insurance During Vessel Sales, Charters and Transfers at Sea

Insurance risk increases during periods of transition, particularly when a vessel is sold, chartered or transferred while at sea. These events introduce uncertainty regarding responsibility, coverage attachment and timing.

Buyers and charterers must ensure that insurance is in place at the precise moment ownership or risk transfers. Sellers, meanwhile, must maintain coverage until delivery is complete. Charter arrangements further complicate matters, as responsibility for insurance depends on whether the charter is bareboat, time or voyage based.

The Protocol of Delivery and Acceptance (PDA) plays a critical role in this process. By recording the exact date and time of delivery, the PDA establishes when control and responsibility change hands. Insurers rely on this document to determine which policy responds if a casualty occurs.

Even where technical management remains unchanged, insurance policies should always be reviewed to ensure they accurately reflect ownership or charter changes.

Fleet Policies: Portfolio-Level Risk Considerations

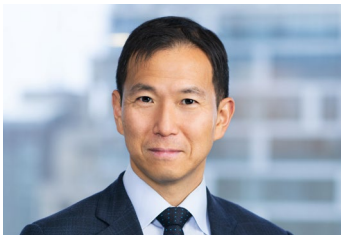
Fleet insurance policies, covering multiple vessels under a single program, can offer administrative efficiencies and cost savings. From a lender’s perspective, they may also simplify risk assessment across a portfolio.

However, fleet policies can introduce shared risk. A major claim involving one vessel may affect premiums, deductibles, or coverage terms for the entire fleet. Lenders should therefore understand how fleet policies operate and consider whether cross-exposure among vessels aligns with their risk appetite and security expectations.

Insurance as a Core Pillar of Ship Finance

Marine insurance is not merely a compliance requirement in ship finance transactions. It is a central tool for allocating risk and protecting vessels, cash flow, and lender security.

Seemingly technical details—classification status, policy exclusions, insured roles, perfected insurance assignments, ownership timing and claims allocation—often determine whether insurance responds when a loss occurs. As shipping risks continue to evolve, careful attention to these insurance mechanics remains essential for shipowners, lenders and operators seeking to preserve asset value, maintain revenue continuity and safeguard financial security.



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Endnotes

IMO Net-Zero Factsheet and Update

1. In April 2025, the NZF had been approved with the support of 63 member states, 16 countries against, and 24 countries abstaining. However, due to the complex rules of the IMO, that vote had to be reaffirmed at the October 2025 meeting.

UK Court Won't Entertain Unspecific Defences

1. MSN 1364 Leasing Ltd & Anor v Big Charter PVT Ltd [2025] EWHC 3154 (Comm)

Port-Entry Fees on Pause: The USTR Suspends Section 301 Fees on China-Linked Vessels

1. *See* The White House, Fact Sheet: President Donald J. Trump Strikes Deal on Economic and Trade Relations with China (Nov. 1, 2025) (https://www.whitehouse.gov/fact-sheets/2025/11/fact-sheet-president-donald-j-trump-strikes-deal-on-economic-and-trade-relations-with-china/).
2. *See* Notice of Modification of Section 301 Action: China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance, 90 Fed. Reg. 50947 (Off. U.S. Trade Rep., Nov. 13, 2025) ("Notice of Suspension"); see also Office of the U.S. Trade Representative, USTR Suspension of Action in Section 301 Investigation of China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance (Nov. 9, 2025) (https://ustr.gov/about/policy-offices/press-office/press-releases/2025/november/ustr-suspension-action-section-301-investigation-chinas-targeting-maritime-logistics-and).
3. *See* Notice of Action and Proposed Action in Section 301 Investigation of China's Targeting of the Maritime, Logistics, and Shipbuilding Sections for Dominance; Request for Comments, 90 Fed. Reg. 17114 (Off. U.S. Trade Rep., Apr. 23, 2025) ("Notice of Action"); see also Office of the U.S. Trade Representative, USTR Section 301 Action on China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance (Apr. 17, 2025) (https://ustr.gov/about/policy-offices/press-office/press-releases/2025/april/ustr-section-301-action-chinas-targeting-maritime-logistics-and-shipbuilding-sectors-dominance).
4. *See* Notice of Suspension, 90 Fed. Reg. 50947, 50948.
5. *See* Proposed Action in Section 301 Investigation of China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance, 90 Fed. Reg. 10843 (Off. U.S. Trade Rep., Feb. 27, 2025); see also Office of the U.S. Trade Representative, USTR Seeks Public Comment on Proposed Actions in Section 301 Investigation of China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance (Feb. 21, 2025).
6. These comments are available for public review by visiting the USTR's docket portal at https://comments.ustr.gov/s/docket?docketNumber=USTR-2025-0002.
7. *See* Notice of Modification and Proposed Modification of Section 301 Action: China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance, 90 Fed. Reg. 48320 (Off. U.S. Trade Rep., Oct. 16, 2025) ("Notice of Modification"); see also Office of the U.S. Trade Representative, USTR Modifies Certain Aspects of Section 301 Ships Action and Proposes Further Modifications to the Action (Oct. 10, 2025).
8. 19 U.S.C. §§ 2411(b) and 2414(a).
9. *See* Notice of Action at 17115; see also Notice of Determination Pursuant to Section 301: China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance, 90 Fed. Reg. 8089 (Off. U.S. Trade Rep., Jan. 23, 2025), and Office of the U.S. Trade Representative, Section 301 Investigation: Report on China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance (Jan. 16, 2025) (https://ustr.gov/sites/default/files/enforcement/301Investigations/USTRReportChinaTargetingMaritime.pdf).
10. *See* Notice of Modification, 90 Fed. Reg. 48320, 48322-23 (Off. U.S. Trade Rep., Oct. 16, 2025).
11. *See id*. at 48327-28.
12. *See id.* at 48322-23.
13. *Id.* at 48323.
14. *Id.*
15. *See id.*
16. *See* Notice of Modification, 90 Fed. Reg. 48320, 48328 (Off. U.S. Trade Rep., Oct. 16, 2025).
17. *See id.* at 48325.
18. *See id.*
19. *See id.*
20. *See id.*
21. *See id.*
22. Notice of Modification, 90 Fed. Reg. 48320, 48325 (Off. U.S. Trade Rep., Oct. 16, 2025).
23. *See id.* at 48322-23.

24. *See id.* at 48323.

25. *See* Notice of Proposed Modification of Action in Section 301 Investigation of China's Targeting the Maritime, Logistics, and Shipbuilding Sectors for Dominance, 90 Fed. Reg. 24856, 24859 (Off. U.S. Trade Rep., Jun. 12, 2025).

26. *See* Notice of Modification at 48323.

27. *See id.* at 48325.

28. *See* Notice of Suspension, 90 Fed. Reg. 50947, 50948 (Off. U.S. Trade Rep., Nov. 13, 2025).

29. *See* Notice of Modification at 48322.

30. *See* Notice of Suspension at 50948.

31. *See* Notice of Action, 90 Fed. Reg. 17114, 17122-17123 (Off. U.S. Trade Rep., Apr. 23, 2025).

32. *See, e.g., id.* at 17122 (definitions of "Chinese-built vessel," "vessel operator" and "vessel owner" for the purpose of fees to be assessed on "vessel operators of China" and operators of vessels owned by "vessel owners of China" pursuant to Annex I and the operators of "Chinese-built vessels" for the purpose of fees to be assessed on the operators of Chinese-built vessels for the purpose of Annex II).

33. *See* U.S. Customs and Border Protection, Cargo Systems Messaging Service CSMS # 66427144 – Section 301 Vessel Fees (Oct. 3, 2025) (https://content.govdelivery.com/bulletins/gd/USDHSCBP-3f59908?wgt_ref=USDHSCBP_WIDGET_2). Versions of the payment form briefly appeared in test and live form at the U.S. government payment portal Pay.gov before the USTR suspended assessment of the Section 301 service fees.

34. *See* U.S. Customs and Border Protection, Cargo Systems Messaging Service CSMS # 66427144 – Section 301 Vessel Fees (Oct. 3, 2025).

35. *See* U.S. Customs and Border Protection, Trade Information Notice (TIN) # 66426145, Area Port of New Orleans, Subject: Implementation of New Section 301 Vessel Fees on Certain Vessels Arriving at U.S. Ports (Oct. 3, 2025) (https://content.govdelivery.com/bulletins/gd/USDHSCBP-3f59521?wgt_ref=USDHSCBP_WIDGET_C62).

36. *See* U.S. Customs and Border Protection, Trade Information Notice (TIN) # 66448963, Area Port Houston/Galveston, Subject: Implementation of New Section 301 Vessel Fees on Certain Vessels Arriving at U.S. Ports (Oct. 6, 2025) (https://content.govdelivery.com/bulletins/gd/USDHSCBP-3f5ee43?wgt_ref=USDHSCBP_WIDGET_C62).

37. *See, e.g.*, Notice of Suspension, 90 Fed. Reg. 50947, 50948 (Off. U.S. Trade Rep., Nov. 13, 2025).

38. *See id.* at 50947-48.

Global Transportation Finance Team Holiday Dinner

The Global Transportation Finance team gathered for our annual holiday dinner at Sparks Steak House in New York City. The evening offered time to connect and to acknowledge the work completed throughout the year.

We're honored to continue a tradition of more than 20 years that brings our colleagues and clients together each December. Here's to the milestones made in 2025 and to the goals ahead in 2026.

Global Transportation Finance Team Women's Reception in Singapore

Shareholders Justine Chilvers, Simone Riley, Helen Biggin along with Singapore Associates Benavon Lee and Christy Ho, hosted a women's happy hour during the Airline and Economics Growth Frontiers Asia Pacific Singapore conference. It was an inspiring evening that gave space for women across the aviation finance industry to connect, share and support one another.

Thank you to all that attended, and we look forward to seeing you at our next event!

Global Transportation Finance Team Marine Money Dinner

Steakhouse in connection with Marine Money's Ship Finance Forum NYC. It was a fantastic evening of building connections across the maritime industry.

Thank you to all that joined and we look forward to seeing you at our next event!

Global Transportation Finance Women's Holiday Reception

The Global Transportation Finance team hosted a holiday networking reception for women in aviation finance in partnership with Avolon, Azorra, Castlelake, Natixis Investment Managers and Sun Country Airlines. The gathering took place at the Park Hyatt in New York City. The event brought professionals together to connect, exchange perspectives and support increased representation across the aviation finance sector.

Global Transportation Finance Team Reception in Singapore

The Global Transportation Finance team hosted an extraordinary reception at CÉ LA VI Singapore, during the Airline Economics Growth Frontiers Asia Pacific Singapore conference. The scenic venue was a great location for cultivating collaborations with professionals across the aviation finance industry.

Thank you to everyone who joined us and helped make the event a success. We look forward to building on these connections and continuing to strengthen relationships across our industry.

The New York Aviation Professionals Networking Event

The Global Transportation Finance team, in partnership with Walkers, co-hosted the New York Aviation Professionals (NYAP) networking event in New York City during the ISHKA and Airline Economics conferences in October. The evening brought together leaders from across the aviation industry for engaging discussions and meaningful connections.

We appreciate everyone who joined us and contributed to a successful event. Vedder Price values the opportunity to support NYAP and strengthen relationships within the aviation finance community.

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