

Ocean carrier Cosco blacklisted by US over China military ties

Carrier says listing won't affect U.S. operations "at all"

[Stuart Chirls](#)

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Photo: (Flickr/Kees Torn)

The United States this week added China's largest shipping line and two of its largest shipbuilders to a "blacklist" of companies it labeled "Chinese military companies."

In an escalation of tensions that has marked U.S.-Sino relations, the Department of Defense said China Cosco Shipping Corp. Ltd. and subsidiaries Cosco Shipping (North America) and Cosco Shipping Finance Co. Ltd. operating in the U.S. are considered part of the People's Republic of China military complex.

Blacklisting under Section 1260H of the Defense Reauthorization Act targets companies that investigations show could compromise national security. While it imposes no penalties, it can disrupt China's ability to work with U.S. partner companies, leading to compliance and cost issues as well as reputational damage.

Cosco is the world's fourth-largest container carrier, operating more than 504 box ships.

However, the Shanghai-based company, which operates a complex array of global subsidiaries, disputed the potential effects of the blacklisting in the U.S.

"Cosco Shipping Lines is not on the 1260H list and our ability to conduct business in the U.S. or its capacity to provide high-quality services will not be affected at all," Cosco said in an email.

Cosco's corporate website lists two U.S.-based offices, Cosco Shipping Lines North America Inc. of Houston and Cosco Shipping America of Long Beach, Calif.

China Shipbuilding Trading Co. and China State Shipbuilding (CSSC) also were blacklisted. China in 2024 overtook South Korea and Japan as the world's largest shipbuilder. But that was the result of unfair business practices, the U.S. announced this week.

China National Offshore Oil Corp., Beijing's oil trading subsidiary, also was added to the list, along with China's largest railcar builder, CRRC Corp., and marine container and chassis manufacturer, CIMC.

Telecom equipment maker Huawei was earlier blacklisted by the U.S. prior to formal sanctions and before the Federal Communications Commission banned sales of its products in 2022 over national security concerns. The U.S. Supreme Court is currently considering whether to side with a lower court ruling upholding a federal law requiring ByteDance, the Chinese owner of social media app TikTok, to sell its U.S. assets or face a ban.

This article was updated Jan. 16 to add comments from Cosco.

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