

March 20, 2025

Honorable Jamieson Greer
United States Trade Representative
600 17th Street NW
Washington, DC 20508

Submitted via <https://comments.ustr.gov/s/docket?docketNumber=USTR-2025-0002>

RE: Alliance for American Manufacturing Written Comments Concerning the United State Trade Representative's (USTR) Proposed Action Pursuant to the Section 301 Investigation of China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance, docket number USTR-2025-0002

Dear Ambassador Greer:

The Alliance for American Manufacturing (AAM) appreciates the opportunity to submit written comments regarding the Office of the United States Trade Representative's request for comments concerning proposed action pursuant to the Section 301 investigation of China's targeting of the maritime, logistics, and shipbuilding sectors for dominance (Docket Number USTR-2025-0002).

About the Alliance for American Manufacturing (AAM)

The Alliance for American Manufacturing (AAM) is a non-profit, non-partisan partnership formed in 2007 by some of America's leading manufacturers and the United Steelworkers (USW). Our mission is to strengthen American manufacturing and create new private-sector jobs through smart public policies. We believe that an innovative and growing manufacturing base is vital to America's economic and national security, as well as to providing good jobs for future generations. AAM achieves its mission through research, public education, advocacy, strategic communications, and coalition building around the issues that matter most to America's manufacturers and workers.

China's Targeting of the Global Maritime, Shipbuilding, and Logistics for Domination Harms U.S. Economic and National Security

From our earliest days as a nation, the United States has sought to develop and maintain a robust shipbuilding capability to keep our nation safe, project our strength, and grow our trade. The maritime strength of the United States helped to boost prosperity across the globe and support well-paying jobs here at home. More than 80 percent of global trade occurs via oceangoing shipping.¹ Just as critically, shipyard and shipbuilding capacity translate directly to our nation's maritime fleet, naval production, maintenance, and operational capacity, holding the key to supply chain resiliency and sustained power projection throughout the world.

In the 21st century, however, China has implemented industrial planning and delivered massive state support and direction designed to bolster its own domestic shipbuilding capabilities for global dominance at the expense of others.

¹ UN Trade & Development Review of Maritime Transport 2021. Link: <https://unctad.org/publication/review-maritime-transport-2021>

Recognizing the threat to U.S. economic and national security, as well as direct and indirect shipbuilding jobs in the United States, in March 2024 a coalition of labor organizations, including the United Steelworkers (USW),² filed a nearly 5,000-page Section 301 petition asking USTR to investigate these concerns and take decisive action.

The petition identified various forms of unfair practices and economic policies designed to dominate and control the maritime, logistics, and shipbuilding sectors. This includes loans from state-owned banks, equity infusions and debt-for-equity swaps, the provision of steel plate from state-owned steel producers at below market prices, tax preferences, grants, and financing from China's state-owned export credit agencies. The petition identified well over \$100 billion in Chinese Communist Party (CCP) support for shipbuilding between 2010 and 2018; it highlighted concerns about foreign capital and technology flowing into Chinese dual-use shipyards, which contribute to both civilian and military shipbuilding capabilities; and it warned of technology being used and stolen to bolster China's naval capabilities.

The largest obstacles to shipbuilding in the United States are the unreasonable, burdensome, and restrictive economic practices of China. While no nation should be faulted for seeking to develop maritime capabilities, Beijing's ambitions go well beyond that. China's shipbuilding capacity has been turbocharged through a series of efforts aligned with Five-Year Plans dating back more than two decades. Most recently, shipbuilding was identified as a pillar industry in the Made in China 2025 scheme. Beijing seeks nothing short of dominating global commerce.

China's Domination at the Expense of U.S. Deterioration

The deterioration of U.S. shipbuilding capacity is almost as staggering as China's rapid expansion, made possible by CCP support and direction intended to dominate capacity at the expense of others.

According to USTR, "China's targeting of these sectors for dominance has undercut competition and taken market share with dramatic effect: raising China's shipbuilding market share from less than 5 percent of global tonnage in 1999, to over 50 percent in 2023; increasing China's ownership of the commercial world fleet to over 19 percent as of January 2024; and controlling production of 95 percent of shipping containers and 86 percent of the world's supply of intermodal chassis, among other components and products."

Various reports indicated that China's domination of global orders is only growing. One report indicates that 71 percent of global orders in 2024 went to China's shipyards³ and another indicates that China's monopolistic ambitions have driven their annual orderbook to encompass nearly 60 of the world's shipbuilding. Meanwhile, the United States accounts for just 0.1 percent of market share.⁴ In 2023, the United States produced fewer than ten oceanic commercial vessels, while China produced over 1,000. Another report indicates that in 2023 China

² The United Steelworkers joined with the International Brotherhood of Electrical Workers (IBEW), International Association of Machinist and Aerospace Workers (IAM), the Maritime Trades Department, and the International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers (Boilermakers) in filing a Section 301 petition with the United States Trade Representative (USTR) to investigate the People's Republic of China's (PRC) maritime, logistics, and shipbuilding sector.

³ <https://www.msn.com/en-xl/news/other/china-dominates-global-shipbuilding-in-2024-capturing-71-of-orders/ar-AA1xUk2S>

⁴ CSIS: https://csis-website-prod.s3.amazonaws.com/s3fs-public/2025-03/250311_Funaiole_Ship_Wars.pdf?VersionId=rr_4IH5jXertgzLdS.ke07oFmgWTHnlM

outnumbered the United States in ships built, with a count of 2,415 to 4⁵. China has more than 5,500 flagged merchant vessels in oceangoing service and the U.S. has fewer than 80. And a briefing slide by the U.S. Navy reveals that China's shipbuilding capacity is 232 times greater than our own.⁶

National Security at Risk

The implications for our national security are deeply troubling. The U.S. Merchant Marine currently consists of about 175 vessels that are 30 years old on average. This ageing fleet, coupled with our dependence on foreign shipbuilders, puts our broader supply chain at risk. Things are so bad that our own Navy must rely on Chinese-made dry docks in certain circumstances to repair and maintain U.S. naval vessels. The U.S. Government is enrolling Chinese-made ships to meet the operational demands of the U.S. Maritime Administration's Tanker Security Program. Ships acquired for this program will be used to supply the U.S. military with fuels during times of conflict or national emergency. China has surpassed the United States and now operates the world's largest maritime fighting force, operating 234 warships to the U.S Navy's 219.⁷

Logistics Networks at Risk

The vulnerabilities related to China's domination and control over nearly every aspect of global shipping, port infrastructure, and shipbuilding are potentially devastating. Ports and port equipment are the physical points of entry and exit and facilitating equipment for maritime transfers. This is critical U.S. infrastructure essential to our economic and national security. The CCP wants to dominate all facets of transportation and maritime logistics systems, including the technology that tracks, coordinates, and arranges shipments.

Goods are shipped around the world in containers that are almost exclusively manufactured in China. Those containers are loaded onto container ships using ship-to-shore cranes, 70-80 percent of which are manufactured by a single CCP-controlled company. The container ship itself is likely built in China and, all-too-often operated by a state-owned shipping firm. China is now the global leader by tonnage and second largest fleet owning country by cargo capacity.⁸

Commercial ships may very well communicate with the port of disembarkation via the Chinese Ministry of Transportation's LOGINK data platform, which collects shipping and port data. Critically, LOGINK is already installed in the critical infrastructure of over 20 ports outside of China, including 14 of the world's largest, and has been identified by the U.S.-China Economic and Security Review Commission (USCC) as posing commercial and strategic risks to the United States. The risks from LOGINK prompted the Department of Transportation's Maritime Administration to issue an advisory in 2023 of the potential vulnerabilities associated with LOGINK along with other Chinese-supported technologies.

Impact on Maritime Supply Chains

⁵ BRS Shipbrokers, *2024 Annual Review*, https://it4v7.interactiv-doc.fr/html/annual_review_2024_668/

⁶ <https://www.hellenicshippingnews.com/china-dominates-global-shipbuilding-industry-in-h1-2023/>

⁷ *Unpacking China's Naval Buildup* – CSIS, June 5, 2024

⁸ <https://maritime-executive.com/article/greece-and-china-compete-as-dominate-ship-owning-nations>

China's targeting of these sectors has had a devastating impact on U.S. shipbuilding capacity, as well as the domestic supply chain of manufacturers and America's workers who serve this vital sector. As shipyards close, demand drops for U.S.-produced steel, aluminum, cables, glass, forged products, maritime engines, springs, anti-skid grating material, paint and other items needed to construct modern container ships and tankers. The deterioration of that supply chain further undermines our commercial shipbuilding sector, which is vital to the health and stability of our national security suppliers.

For decades, America's workers have been trusted with building some of the nation's most sensitive, advanced, capable, and strategically critical Naval vessels. But in addition to building Naval vessels, they make the steel that goes into both naval and commercial ships, the specialized paint that stands up to the rigors of the sea, the cabling that connects all these systems, the engines and propellers that power the vessels and a myriad of other critical products. A single commercial ship can require approximately 13,000 tons of structural steel, 60,000 gallons of paint, 130 miles of electrical cable, and many other products.

Impact on U.S. Workforce

Over time, the economic impacts of China's trade and economic practices and our own shrinking share of global shipbuilding have contributed to the devastating loss of more than 70,000 shipbuilding jobs in the United States,⁹ and many more indirectly, as well as the stunning exit of 20,500 domestic shipbuilding suppliers over the past several decades.¹⁰

As U.S. shipyards have shuttered, workforce capabilities and skills have been undermined. The Avondale shipyard in Louisiana at one time employed over 26,000 workers and was one of the top employers in the state¹¹. With its 2014 closure our nation lost not only the physical capacity to build, repair, and maintain large commercial and specialty vessels, but also the accompanying workforce.

The loss of commercial shipbuilding has direct ramifications for U.S. military shipbuilding. At the end of 2022, the U.S. Navy was short roughly 1,200 workers at our nation's four public shipyards. Chief of Naval Operations Michael Gilday testified to the Senate Armed Services Committee in April 2023 that the Department's budget has a "focus on increasing capacity and retaining highly skilled labor."

Decisive Action is Necessary for U.S. Economic and National Security

AAM applauded USTR for conducting a thorough investigation and releasing a comprehensive report in January 2025 which found that responsive action is necessary. In its report, USTR

⁹ According to a publication of Princeton University, "Total private shipyard employment increased from about 120,000 in 1960 to almost 180,000 in 1980..." Link: <https://www.princeton.edu/~ota/disk3/1983/8302/830206.PDF>. And, according to a March 2021 publication of MARAD, "In 2019, the U.S. private shipbuilding and repairing industry directly provided 107,180 jobs..." Link: <https://www.maritime.dot.gov/sites/marad.dot.gov/files/2021-06/Economic%20Contributions%20of%20U.S.%20Shipbuilding%20and%20Repairing%20Industry.pdf>

¹⁰ According to a September 2018 Department of Defense publication, "Since 2000, these industries experienced a combined decline of over 20,500 establishments in the U.S." <https://s3.documentcloud.org/documents/4956533/ASSESSING-and-STRENGTHENING-the-MANUFACTURING.pdf>

¹¹ Greater New Orleans Inc, Regional Economic review, 2018, <https://gnoinc.org/news/gno-inc-jedco-celebrate-new-ownership-of-icnic-avondale-shipyard-site/>

found that China's targeting of the maritime, logistics, and shipbuilding sectors for dominance is unreasonable for the following reasons:

- It displaces foreign firms, deprives market-oriented businesses and their workers of commercial opportunities, and lessens competition;
- It creates dependencies on China, increasing risk and reducing supply chain resilience; and
- China exerts extraordinary control over its economic actors and these sectors.

USTR also found that China's targeting of the maritime, logistics, and shipbuilding sectors for dominance burdens or restricts U.S. commerce for the following reasons:

- It undercuts business opportunities for and investments in the U.S. maritime, logistics, and shipbuilding sectors;
- It restricts competition and choice; and
- It creates economic security risks from dependence and vulnerabilities in sectors critical to the functioning of the U.S. economy.

AAM agrees with USTR's findings that Beijing's actions and ambitions are unreasonable and burden or restrict U.S. commerce and we strongly support taking immediate and decisive actions in response to China's targeting of the maritime, logistics, and shipbuilding sectors for dominance.

We commend the administration for proposing responsive measures to deter the acquisition and utilization of Chinese-built ships, to increase the share of goods exported on U.S.-built vessels, to reduce exposure to China's LOGINK platform, and to engage other countries to achieve shared goals. If fully implemented, these remedies will help to restore American economic security, push back against China's unfair trade practices, and revitalize shipbuilding in America. To ensure that these measures are successful, it will be necessary that they be implemented in a robust manner that achieves real outcomes. China's history of circumventing U.S. trade enforcement makes it crucial for USTR to fully implement these actions and carefully consider the details of how they will be administered.

Service Fees

AAM supports the proposed "dockage fee" to be assessed on Chinese operators and Chinese-built ships entering a U.S. port. For this tool to meaningfully deter acquisition and utilization of Chinese vessels, it must be carefully calibrated to address the scope of China's overall policies. It will be necessary to closely monitor these outcomes and improvements may be necessary to address any loopholes or implementation issues that arise. We must serve clear notice to those seeking to acquire or utilize China's vessels that there will be a meaningful, additional costs imposed for entry at a U.S. port. In addition, we urge you to include measures to prevent circumvention of fees by companies diverting cargo through Canada or Mexico.

Exports on U.S. Built Vessels

AAM also supports the proposed benchmarks for U.S. goods to be shipped on U.S.-flagged and -built vessels. While the details are limited in the USTR's proposal, the Section 301 petition filed

in March 2024 identifies measures to stimulate demand for the utilization of U.S.-built vessels. For example, energy exports (LNG, oil, and petroleum products) shipped pursuant to a trade agreement or deal should be transported on U.S. bottoms that are U.S. flagged and U.S. manned. Meanwhile, the Phase One trade deal with China required that they procure billions of dollars of U.S. energy products. Those shipments should not be delivered on Chinese-produced vessels. Rather, our companies and workers, from extraction to delivery, should be the beneficiaries.

Logistics Platforms

Logistics platforms, such as LOGINK, and physical equipment produced by Chinese firms must be carefully assessed and, where needed, ripped and replaced. Funds should be provided, and measures imposed, to protect U.S. security and to enhance capacity to rebuild our own production capabilities for this equipment and advance the technology platforms to ensure safe and secure logistics support.

Cooperation with Allies

It is necessary to continue working with its allies to address global concerns about China's practices. After all, China's policies have spurred other nations to support their own producers. Japan and South Korea also subsidize their shipbuilders and, while the scope of their approaches does not match that of China's, our capabilities and national interests are put under further pressure.

Investing in U.S. Capabilities and Workforce

Critically, these actions should be paired with concurrent actions to support shipbuilding capacity, our maritime industrial base, and America's workers. While not part of USTR's Section 301 jurisdiction, AAM strongly urges the administration to direct the proceeds of the fees collected to support the expansion of U.S. shipbuilding, bolster training and workforce support measures, and to strengthen the maritime industrial base. Where appropriate, the administration and Congress should work together in a bipartisan manner to pair this action with strategic investments in U.S. shipbuilding capacity and a stronger workforce.

Conclusion

AAM looks forward to working with USTR and the administration to advance Section 301 actions to address China's targeting of the maritime, logistics, and shipbuilding sectors for dominance.

When push comes to shove, on a level playing field, America's workers can out-compete any workforce on the planet. America's working men and women have stepped up time and time again to meet the challenges facing our country. But we cannot expect our companies or our workers to compete against countries. And we cannot allow our national defense to be undermined and attacked by non-market policies and practices. U.S. shipbuilding production has declined as artificially low prices of ships flood the market. China's unfair production practices have made it impossible for American shipbuilders to compete on an even playing field.

The need to take these actions is clear. For decades, China has carried out a comprehensive strategy to achieve global domination of these critical sectors at the expense of the United States (and our allies) – threatening both our economic and national security. As a result, our nation has fallen frighteningly behind China in shipbuilding, and any hope of rebuilding this sector requires immediate and decisive action. AAM applauds the administration for advancing the Section 301 investigation and proposing remedies to address China’s domination of this sector and to incentivize U.S. shipbuilding. If fully implemented, these remedies will begin the process of restoring American economic security, pushing back against China’s practices, and revitalizing shipbuilding in America.

Thank you for your consideration of AAM’s views on this matter.

A handwritten signature in black ink, appearing to read "Scott N. Paul". The signature is fluid and cursive, with a large initial "S" and a long, sweeping tail.

Scott N. Paul
President
Alliance for American Manufacturing