

**Oral Testimony of Scott N. Paul  
President of the Alliance for American Manufacturing  
At the March 24, 2025, Public Hearing  
Concerning the United States Trade Representative's  
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**

Our nation has fallen frighteningly behind China as the result of decades of CCP policies aimed at dominating sectors, like shipbuilding, with clear economic and military applications.

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.

In the 21<sup>st</sup> century, the People's Republic of China's approach to bolstering its own domestic shipbuilding capabilities threatens this prosperity, as well as the remaining shipbuilding jobs in the United States.

China's shipyards secured a staggering 71 percent of global orders in 2024. In 2023, the United States produced fewer than ten oceanic commercial vessels, while China produced over 1,000. A briefing slide by the U.S. Navy reveals that China's shipbuilding capacity is 232 times greater than our own.

This has significant implications for our national security. The U.S. Merchant Marine currently consists of about 175 vessels that are 30 years old on average. This aging fleet, coupled with our dependence on foreign shipbuilders, puts our broader supply chain at risk.

Investing in our domestic commercial fleet and in manufacturing more broadly would help to shore up our economic security and bolster our naval and national security capabilities. To do this, we must first respond to China's policies.

The largest obstacles to shipbuilding in the United States are the unfair trade and 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. Some of the support for Chinese industry identified in the Section 301 petition include policy 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. Shipbuilding was identified as a pillar industry in the Made in China 2025 scheme. Beijing sought nothing short of dominating global commerce.

There are also valid concerns about foreign capital and technology flowing into Chinese dual-use shipyards. China sought this transfer of technology, sometimes through means that are unfair or illegal, such as intellectual property theft, to help bolster its naval buildup, a goal laid out in the Thirteenth National Five-Year Plan of 2016. Things are so bad that our own Navy must rely on Chinese-made dry docks in certain circumstances.

The practices I referenced have allowed China to capture a massive portion of global shipbuilding orders and to further its control over nearly every aspect of global shipping, port infrastructure, and maritime logistics networks. This dominance in the market continues to have a detrimental effect on shipbuilders in other countries, including the United States.

Over time, the economic impacts of these unfair trade practices and shrinking share of global shipbuilding in America include the devastating loss of more than 70,000 shipbuilding jobs in the U.S. and many more indirectly.

Any hope of rebuilding these strategically significant sectors requires decisive action. For all these reasons, AAM strongly supports the relief measures proposed in the United States Trade Representatives' Section 301 investigation into China's maritime, logistics, and shipbuilding sector.

The USTR's recommendations include deterring the acquisition and use of Chinese-built ships, increasing exports on U.S.-built vessels, reducing exposure to LOGINK, and engaging with allies. We support the proposed "dockage fee" on Chinese operators and ships entering U.S. ports that aims to deter reliance on Chinese vessels, and the requirements to increase the utilization of U.S.-built and -crewed vessels to carry U.S. exports.

We urge that fees collected from these measures be directed towards building American shipbuilding capacity, supporting the U.S. shipbuilding supply chain, and dramatically scaling up workforce training. These strategic investments in shipbuilding capacity and workforce development are essential to rebuilding our maritime capabilities and breaking free from the CCP's domination of the global industry.

We are pleased that this administration has proposed strong measures to end our victimization by the CCP's predatory domination of a sector critical to U.S. economic and national security.

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