ALLIANCE FOR american manufacturing

July 7, 2025

Ms. Jennifer Thornton
General Counsel
Office of the United States Trade Representative
600 17th Street NW
Washington, DC 20508

Submitted via: https://comments.ustr.gov/s/docket?docketNumber=USTR-2025-0013

Re: Alliance for American Manufacturing, Comments on Proposed Modification of Action in Section 301 Investigation of China's Targeting the Maritime, Logistics, and Shipbuilding Sectors for Dominance, Docket Number USTR-2025-0013

Dear Ms. Thornton:

The Alliance for American Manufacturing (AAM) appreciates the opportunity to submit written comments regarding the Office of the United States Trade Representative's (USTR) request for comments concerning *Proposed Modification of Action in Section 301 Investigation of China's Targeting the Maritime, Logistics, and Shipbuilding Sectors for Dominance, Docket Number USTR-2025-0013.*

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.

AAM appreciates USTR's thorough Section 301 investigation, its responsive actions to address China's targeting of the maritime, logistics, and shipbuilding sectors for dominance, and the administration's actions to restore domestic industrial capacity and capabilities across a range of critical sectors. A comprehensive trade and policy strategy is necessary to strengthen commercial shipyards, port infrastructure and technology, industrial supply chains, and the vessels themselves. Each aspect of this investigation is critical to U.S. economic and national security.

AAM provides responses to USTR's narrow questions below. In doing so, AAM urges USTR to carefully calibrate its actions to deter the purchase and utilization of Chinese-built and operated ships while fostering the restoration of domestic shipbuilding and maritime capabilities by creating meaningful demand for U.S. built, operated, and manned ships. Failing to reverse the dire state of our nation's shipbuilding and maritime capabilities will continue to present unacceptable risks to our nation.

Q. For Annex III: the potential impact of a fee based on net tons and the suggested amount of the fee, and implications of a targeted coverage provision for the Maritime Security Program and suggested duration of such targeted coverage.

AAM is concerned that the proposed modification of the fee structure to a $14 per net ton fee for arriving non-U.S. built vehicle carriers will significantly reduce its deterrent effect as compared to the originally proposed fee. For instance, the M/V Titus, a Pure Car Truck Carrier with a capacity of 5846 Car Equivalent Units (CEUs) and a net tonnage of 23033 NT, would be subject to new fee that is roughly 37 percent of the previous CEU fee.[1] Even when accounting for differences in builds and other factors that may yield variance in these calculations, the M/V Titus is not an outlier. Based on publicly available data on maritime-database.com of sixty similar vessels, the proposed modification to the fee structure appears to result in an average fee that is 69 percent less than the originally proposed fee. This represents an average reduction of nearly $600,000 per vessel. *See Appendix.* In the event that this analysis is incorrect, we welcome further clarification from USTR to better understand the differences between the originally proposed fee and the proposed modification.

Regardless, if USTR proceeds with the proposed modification and adopts a lower $14 per net ton fee, AAM urges USTR to evaluate its impacts on an annual basis. If the modified fee diminishes demand for such covered vessels from U.S. shipyards, USTR should recalibrate the fee structure in a manner that achieves the economic and national security objectives that underpin this investigation and USTR's responsive actions. As currently proposed, USTR does not appear to provide a process for adjustments to the fee structure should it fail to deliver new orders to U.S. shipyards.

Separately, AAM observes that the proposed change in fees imposed in Annex III do not apply to U.S.-owned or U.S.-flagged vessels enrolled in the Maritime Security Program (MSP) or to U.S. government vessels, which includes vessels operated for the Government by an agent or contractor, including privately owned U.S.-flag vessels under bareboat charter to the Government. AAM is concerned that this exemption appears to create a loophole, with no end date or phase out, wherein Chinese-built vessels could be ordered or purchased in the future by U.S. owners or be flagged under the United States and enrolled in the MSP program as a strategy to avoid fees. As structured, it appears that any Chinese built ships operated under these potential scenarios under the MSP would be permanently exempt from fees.

While we recognize that the MSP is subject to a statutory cap of 60 vessels, we urge USTR to avoid creating loopholes that could be exacerbated by future adjustments to the size or scope of the program. Any increase in the 60 vessel MSP cap as part of a statutory enactment should limit additional non-U.S. produced vessel from inclusion in the program.

For the sake of administrability, we do not object to "grandfathering in" existing, foreign-produced Roll-on/Roll-off vessels of the MSP. It is our understanding that no Chinese-built vessels are being utilized by existing U.S. owned or operated MSP-enrolled vehicle carriers and an outright prohibition on the utilization of such vessels should be adopted.

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[1] Previous CEU Calculation: 5846 CEUs x $150=$876,900; New NT Calculation: 23,033 x $14=$322,462

This provision should be reviewed as part of the statutorily provided Section 301 4-year review to determine whether MSP participants are making efforts to support domestic shipbuilding capabilities.

In addition, fees collected under Annex III should be allocated specifically to support the development and construction of vessels through the suggested Maritime Security Trust Fund for covered vessel types.

Q. For Annex IV: the potential impact of eliminating the term providing for suspension of export licenses in paragraph (j); applying data collection requirements under paragraph (k) to vessel operators or owners, and if not, what entity is appropriate; and applying Annex IV restrictions to vessel owners or operators, and if not, what entity is appropriate.

Under Annex IV, USTR proposes replacing a suspension of LNG export licenses if the terms of paragraph (f) are not met and replaces it with a requirement for vessel operators to report to the Department of Energy (DOE) the amount of maritime LNG exports they are carrying on U.S.-built and U.S.-operated vessels and the amount of LNG carried on foreign-built and foreign-operated vessels over time. Section (f) of Annex IV stipulates that starting on April 17, 2027, one percent of LNG exports must be carried on U.S.-flagged and U.S. operated vessel. This percentage rises over time to require that 13 percent of U.S. LNG exports be carried on U.S.-flagged and U.S.-operated vessels by April of 2047.

To incentivize increasing utilization of U.S. builds for LNG exports, USTR should consider imposing a fee that increases over time should the requirements under Annex IV (f) not be met in future years. Additionally, as part of the development and negotiation of Agreements for Reciprocal Trade, we recommend that USTR seek commitments from signatories that any agreed upon purchases of LNG and/or energy exports be carried on U.S.-built vessels with an appropriate phase-in period that recognizes the need to expand U.S. capacity to produce such vessels.

Additional Concerns.

While not specifically within the scope of the requested comments, AAM is also concerned that the “Targeted Coverage” exemptions that exist under Annex II of USTR’s Notice of Action may create similar loopholes. Annex II covers “Service Fee on Vessel Operators of Chinese-Built Vessels.”

Under the Targeted Coverage exemptions of Annex II(i) it appears that container vessels of any size could be ordered from China and permanently exempted from fees provided they are U.S.-owned or U.S.-flagged and enrolled in the Voluntary Intermodal Sealift Agreement (VISA), the Maritime Security Program (MSP), the Tanker Security Program (TSP), or the Cable Security Program (CSP). Under Annex II(v) a similar permanent fee exemption appears to exist for “U.S.-owned vessels, where the U.S. entity owning the vessel is controlled by U.S. persons and is at least 75 percent beneficially owned by U.S. persons.”

To discourage future purchase of Chinese-built vessels, these exemptions should not exist for future orders. Annex II should also not allow for enrollment of already-existing Chinese vessels in the future. Chinese-built vessels already enrolled in the VISA, MSP, TSP or CSP programs and grandfathered in could be exempt from fees for an amount of time but subject to a rising fee after that time or a modest flat fee in the future to discourage their use. Separately, fees collected under Annex II should be allocated specifically to support the development and construction of vessels through the suggested Maritime Security Trust Fund for covered vessel types.

AAM appreciates the opportunity to provide comments on this matter.

Sincerely,

Scott N. Paul
President
Alliance for American Manufacturing

ALLIANCE FOR american manufacturing

Appendix

Analysis of Service Fee Modification from CEU to NT for Sixty Vessels Using Data Available on maritime-database.com

Average Reduction: 69 Percent or $590,559

Vessel	Built	CEUs	Net Tonnage	Original Fee	New Fee	% Reduction in Fee
ENDURANCE	1996	4395	26188	$ 659,250.00	$ 366,632.00	44%
ARC INTEGRITY	2008	7500	34059	$ 1,125,000.00	$ 476,826.00	58%
ANIARA	2008	7620	33513	$ 1,143,000.00	$ 469,182.00	59%
CITY OF STPETERSBURG	2010	1500	6342	$ 225,000.00	$ 88,788.00	61%
ASIAN CAPTAIN	1998	6460	26779	$ 969,000.00	$ 374,906.00	61%
DONG A METIS	2010	6700	27647	$ 1,005,000.00	$ 387,058.00	61%
DON JUAN	1995	5648	23033	$ 847,200.00	$ 322,462.00	62%
TITUS	2018	5,846	23,033	$ 876,900.00	$ 322,462.00	63%
AQUARIUS ACE	1998	3027	10985	$ 454,050.00	$ 153,790.00	66%
CATTLEYA ACE	2011	5196	18848	$ 779,400.00	$ 263,872.00	66%
ARC DEFENDER	2008	6524	23559	$ 978,600.00	$ 329,826.00	66%
CARNATION ACE	2011	5196	18548	$ 779,400.00	$ 259,672.00	67%
GLORIOUS ACE	2010	5219	18159	$ 782,850.00	$ 254,226.00	68%
BRAVERY ACE	2000	4518	15683	$ 677,700.00	$ 219,562.00	68%
DONG-A GLAUCOS	2011	7600	26226	$ 1,140,000.00	$ 367,164.00	68%
CENTAURUS LEADER	2004	5427	18659	$ 814,050.00	$ 261,226.00	68%
CAPRICORNUS LEADER	2004	5415	18557	$ 812,250.00	$ 259,798.00	68%
ASIAN EMPEROR	1999	6402	21868	$ 960,300.00	$ 306,152.00	68%
CASSIOPEIA LEADER	1999	5066	17237	$ 759,900.00	$ 241,318.00	68%
IRIS ACE	2011	4064	13113	$ 609,600.00	$ 183,582.00	70%
ASIAN VISION	1997	6460	20732	$ 969,000.00	$ 290,248.00	70%

BISHU HIGHWAY	2009	6135	19665	$ 920,250.00	$ 275,310.00	70%
ALLIANCE NORFOLK	2007	6100	19535	$ 915,000.00	$ 273,490.00	70%
ALLIANCE ST LOUIS	2005	6100	19535	$ 915,000.00	$ 273,490.00	70%
GEORGIA HIGHWAY	2007	6135	19643	$ 920,250.00	$ 275,002.00	70%
ASIAN TRUST	1999	6478	20734	$ 971,700.00	$ 290,276.00	70%
GARNET LEADER	2008	6600	21037	$ 990,000.00	$ 294,518.00	70%
FREEDOM	1997	5890	18750	$ 883,500.00	$ 262,500.00	70%
CITY OF ROTTERDAM	2011	2000	6342	$ 300,000.00	$ 88,788.00	70%
BOSPORUS HIGHWAY	2009	6237	19244	$ 935,550.00	$ 269,416.00	71%
BRASILIA HIGHWAY	2009	6237	19244	$ 935,550.00	$ 269,416.00	71%
FREMANTLE HIGHWAY	2013	6220	19152	$ 933,000.00	$ 268,128.00	71%
DIGNITY ACE	2010	6500	19972	$ 975,000.00	$ 279,608.00	71%
ADRIA ACE	2009	6237	19103	$ 935,550.00	$ 267,442.00	71%
ADRIATIC HIGHWAY	2008	6237	19103	$ 935,550.00	$ 267,442.00	71%
AEGEAN HIGHWAY	2008	6237	19090	$ 935,550.00	$ 267,260.00	71%
DOVER HIGHWAY	2011	6215	19006	$ 932,250.00	$ 266,084.00	71%
DREAM DIAMOND	2007	4113	12498	$ 616,950.00	$ 174,972.00	72%
EASTERN HIGHWAY	2006	3893	11827	$ 583,950.00	$ 165,578.00	72%
CITY OF OSLO	2010	2000	6062	$ 300,000.00	$ 84,868.00	72%
GLOBAL LEADER	2002	5100	15397	$ 765,000.00	$ 215,558.00	72%
APOLLON HIGHWAY	2017	7625	22890	$ 1,143,750.00	$ 320,460.00	72%
DONINGTON	2017	7429	22257	$ 1,114,350.00	$ 311,598.00	72%
HARMONY LEADER	2011	6697	19972	$ 1,004,550.00	$ 279,608.00	72%
GAIA LEADER	2011	6331	18808	$ 949,650.00	$ 263,312.00	72%
BRILLIANT ACE	2011	6172	18296	$ 925,800.00	$ 256,144.00	72%
APHRODITE LEADER	2007	6333	18772	$ 949,950.00	$ 262,808.00	72%

ARTEMIS LEADER	2008	6333	18772	$ 949,950.00	$ 262,808.00	72%
CLOVER ACE	2008	6287	18543	$ 943,050.00	$ 259,602.00	72%
AQUAMARINE ACE	2008	6334	18575	$ 950,100.00	$ 260,050.00	73%
SILVER MOON	2010	4900	14315	$ 735,000.00	$ 200,410.00	73%
BANGKOK HIGHWAY	2009	5036	14680	$ 755,400.00	$ 205,520.00	73%
BALTIMORE HIGHWAY	2009	5036	14679	$ 755,400.00	$ 205,506.00	73%
BLUE RIDGE HIGHWAY	2009	5036	14679	$ 755,400.00	$ 205,506.00	73%
ARABIAN SEA	2010	4900	14264	$ 735,000.00	$ 199,696.00	73%
LAKE SUPERIOR	2007	4900	14264	$ 735,000.00	$ 199,696.00	73%
ALTAIR LEADER	2011	6341	18447	$ 951,150.00	$ 258,258.00	73%
FREEDOM ACE	2005	6354	18465	$ 953,100.00	$ 258,510.00	73%
EQUULEUS LEADER	2005	6501	18717	$ 975,150.00	$ 262,038.00	73%
CAPE TOWN HIGHWAY	2011	6200	17561	$ 930,000.00	$ 245,854.00	74%