Congress of the United States

Washington, DC 20515

March 24, 2025

The Honorable Jamieson Greer Ambassador Office of the U.S. Trade Representative 600 17th Street NW Washington, DC 20508

Dear Ambassador Greer:

As part of the Office of the United States Trade Representative's (USTR) ongoing Section 301 investigation, we write in support of swift and decisive action to address unfair and predatory practices by the Chinese government in the shipbuilding, maritime, and logistics sectors that jeopardize the United States' national security and defense industrial base.

In January 2025, USTR published a report pursuant to its almost yearlong investigation into the Chinese government's involvement in the shipbuilding, maritime, and logistics sectors. USTR found that for nearly 30 years, China has systematically targeted these sectors for dominance and has employed aggressive tactics to do so, ranging from extensive state subsidies for its domestic industry to restricting and displacing non-Chinese shipbuilders.¹

China's discriminatory practices and cheating have forced U.S. shipbuilders, their suppliers, and workers to compete on an uneven playing field and have contributed to the decline of the U.S. shipbuilding industry. While China has poured hundreds of billions of dollars of state funding into its shipbuilding industry to insulate it from market forces, too many U.S. shipyards were forced to close their doors or compete for the few remaining contracts. As a result, the U.S. Navy estimates China's shipbuilding capacity at roughly 232 times that of the United States, with U.S. businesses shipping products "on vessels made in China, financed by state-owned Chinese institutions, owned by Chinese shipping companies, and reliant on a global maritime and logistics infrastructure increasingly dominated by China." This arrangement poses obvious risks for U.S. national security and supply chains, and our dependence on Chinese ships and shippers imposes unacceptable costs and risks in terms of critical domestic manufacturing capacity and job losses.

We are therefore glad to see that on February 27, USTR proposed several important and effective remedies to address China's predatory approach in the shipbuilding industry,³ including:

• Service Fees on Chinese Operators: Proposal to charge Chinese shipping operators a fee of up to \$1,000,000 per entrance of any of their vessels to a U.S. port or a fee of \$1,000 per ton of vessel capacity, with additional measures to deter acquisition and utilization of Chinese-built ships.

¹ https://ustr.gov/sites/default/files/enforcement/301Investigations/USTRReportChinaTargetingMaritime.pdf

² https://ustr.gov/sites/default/files/Section%20301%20Petition%20-%20Maritime%20Logisitics%20and %20Shipbuilding%20Sector.pdf

³ https://www.federalregister.gov/documents/2025/02/27/2025-03134/proposed-action-in-section-301-investigation-of-chinas-targeting-of-the-maritime-logistics-and

- Export Requirements to Promote U.S. Shipbuilding: Proposing that an increasing share of U.S. goods exports must be shipped on U.S.-flagged and built vessels.
- Restrictions of Chinese Logistics Platforms: Proposed actions to reduce exposure to China's National Transportation and Logistics Public Information Platform (LOGINK) and other similar platforms which pose risks to our economic and national security.
- **Potential Multilateral Coordination:** Proposals for multilateral engagement with allies and partners to coordinate action to combat China's dominance of this sector.

Finally, the administration must ensure that fees collected under these proposals will be reinvested to support shipbuilding capacity and strengthen our maritime industrial base. These investments will incentivize new builds and investment, support good-paying jobs and worker programs, update critical port infrastructure, and increase the competitiveness of U.S.-flagged vessels. Additionally, as USTR considers relief measures, we support efforts to prevent circumvention of fees by companies diverting cargo through Canada or Mexico and that do not deter ships from making multiple U.S ports of call.

We strongly urge USTR to actively pursue strong actions in a swift and decisive manner. Action should also be durable to provide shipbuilders, shipyards, suppliers, and workers the confidence to invest in capacity, skills, and the future. Additionally, we urge you to work with Congress in a bipartisan manner where statutory support is needed to strengthen the remedies and strategic investments that will help restore the United States' shipbuilding capacity and workforce. A bold response from the United States to China's unfair dominance in the shipbuilding sector will send a clear signal: the United States will not stand for discriminatory trade and economic practices, particularly when they harm U.S. workers, businesses, and our national and economic security.

Sincerely,

Rosa L. DeLauro Member of Congress

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John Garamendi Member of Congress Val Hoyle

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