Comments of Coalition for a Prosperous America in Response to Section 301 Investigation of China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance

Request for Comments on Section 301 Investigation of China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance
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The Coalition for a Prosperous America (CPA) is pleased to submit the following comments in response to USTR's request for public input regarding potential trade action in connection with the Section 301 investigation of China's targeting of the maritime, logistics, and shipbuilding sectors for dominance. CPA is the leading national, bipartisan organization representing domestic producers and workers across multiple industries. This document highlights CPA's support for five actions associated with the Maritime Action Plan from President Trump's February 27, 2025 draft executive order aimed at reinvigorating U.S. shipbuilding and maritime industries.

Investigate the PRC's Unfair Targeting of Maritime, Logistics, and Shipbuilding Sectors:

China's longstanding strategic policies to dominate global maritime industries have severely disrupted fair competition. As detailed in the *USTR Report on China Targeting Maritime Industries*, China leverages state-owned enterprises (SOEs), subsidies, and restrictive market practices to artificially lower shipbuilding costs and expand its global influence.

With specific regard to subsidies, during 2006–13, Chinese shipyards received approximately $91 billion from the government, including $23 billion in direct production subsidies that reduced shipbuilding costs by 13–20%. Additionally, Chinese shipbuilders have benefitted from preferential financing through state banks, including low-interest loans, loan guarantees, and attractive export buyer's credits that incentivize foreign orders.

China has further gained competitive advantages via indirect subsidies, such as artificially low steel prices—steel represents up to 60% of a ship's cost—due to government-backed steel production. These indirect subsidies extend to discounted land, subsidized utilities, and government-funded research and development.

These efforts artificially elevate Chinese enterprises by significantly reducing operational costs and boosting their competitiveness at the expense of foreign businesses. Consequently, foreign companies find it challenging to compete on equitable terms, leading to market displacement and eroding market shares.

Illustrating the effectiveness of these aggressive practices, China's global market share surged dramatically, from 14% in 2003 to 51% in 2023, while such shares of U.S. commercial shipbuilding declined to less than 1% during this time. Chinese shipyards now produce more ship tonnage than the rest of the world combined, creating an uneven playing field that significantly undermines U.S. shipbuilding capabilities.

At the same time, China has secured substantial control over the commercial maritime fleet, accounting for over 19% ownership globally. Moreover, China's overwhelming dominance extends to the production of shipping containers and intermodal chassis, controlling 95% and 86% of the global supply, respectively. This comprehensive dominance underscores China's strategic focus on vertically integrated supply chains, further enhancing its control over critical logistics infrastructure.

In contrast, U.S. shipbuilding support is limited primarily to defense contracts, small MARAD grants, the Jones Act, and minimal loan guarantees through the Title XI program. China's aggressive state-driven approach remains unmatched by any equivalent U.S. support program, presenting a strategic challenge for America's shipbuilding industry and national security.

CPA supports USTR's recommendation to impose tonnage-based fees on PRC-built or flagged vessels entering U.S. ports. Additionally, tariffs on PRC-manufactured port cargo handling equipment are crucial to limiting China's ability to control critical infrastructure. By also applying fees on vessels in fleets that include PRC-built ships, the United States can mitigate China's overwhelming cost advantages that harm U.S. shipbuilders and port equipment manufacturers.

Fees on Services:

CPA strongly supports the USTR's proposed implementation of targeted "fees on services" as outlined in the Section 301 proposed action. These service-based fees—ranging from per-vessel charges on Chinese maritime operators to surcharges on fleets using PRC-built vessels—are a strategic and proportionate response to China's unfair practices. Importantly, these fees both penalize PRC operators and provide financial incentives for operators to diversify their fleets away from Chinese-built ships. The proposed fee remission mechanism for operators utilizing U.S.-built vessels is a welcome provision that will encourage long-term investment in American shipbuilding. CPA views this as an innovative approach to leveling the playing field, redirecting global vessel orders, and ultimately restoring a sustainable domestic shipbuilding base. Moreover, the proposed additional fees on operators with pending Chinese vessel orders extend this strategy into the future, preemptively discouraging dependence on Chinese shipyards. These measures, taken collectively, serve both trade enforcement and industrial revitalization goals, and CPA encourages USTR to implement them in full.

Enforce Collection of Harbor Maintenance Tax and Other Charges:

China's manipulation of global shipping routes has facilitated widespread circumvention of U.S. tariffs and import taxes. Many foreign carriers reroute through Canadian and Mexican ports to evade the Harbor Maintenance Tax (HMT), undercutting American transportation sectors and reducing government revenue for port improvements. CPA fully supports Homeland Security's mandate to require all foreign-origin cargo to clear U.S. Customs at a U.S. port of entry before further inland transport. Further, the proposed 10% service fee on shipments entering the U.S. via Canadian or Mexican land borders ensures fair cost distribution while deterring tax avoidance strategies. The policy aligns with CPA's mission to strengthen domestic infrastructure funding while restoring competitive parity for American ports.

National Security Impacts of Foreign Influence on Maritime, Logistics, and Shipbuilding Sectors:

The national security risks posed by China's infiltration into U.S. maritime logistics and shipbuilding demand urgent action. Specifically, China's use of advanced digital platforms—such as the National Transportation and Logistics Public Information

Platform (LOGINK)—is aimed at consolidating its control over global maritime information systems to enhance its dominance over international logistics networks.

The LOGINK platform, facilitated and promoted by the Chinese state, centralizes vast amounts of global logistics data, potentially enabling Chinese shipping companies to employ anti-competitive practices by leveraging this information asymmetrically. Such data control grants Chinese firms substantial competitive advantages, enabling them to engage in manipulative practices like predatory pricing or strategic withholding of crucial logistical information from competitors.

Additionally, the expansion and widespread adoption of LOGINK pose significant cybersecurity and economic security threats. The potential exploitation of sensitive commercial and logistics data underscores the strategic risks associated with China's pursuit of comprehensive control over the maritime logistics ecosystem. The deployment and mandatory integration of LOGINK software in Chinese-operated international ports further exacerbate these security vulnerabilities, presenting direct risks to global commerce.

A Section 232 investigation, as proposed, is essential to evaluating threats from Chinese-backed investments in U.S. ports and shipyards. China's aggressive foreign direct investment strategies target key maritime assets to expand strategic control. In response, CPA urges a full assessment of foreign-owned port operations, shipbuilding partnerships, and logistical software dependencies such as China's LOGINK platform. Restricting PRC influence in these sectors will safeguard U.S. naval readiness, domestic supply chains, and critical infrastructure.

Engage Allies and Partners to Align Trade Policies:

A multilateral approach is essential to counteract China's dominance in maritime trade. CPA supports diplomatic efforts by the Department of State and USTR to align allied trade policies with the proposed U.S. maritime restrictions. Encouraging treaty allies to implement reciprocal tonnage fees, import duties on Chinese maritime goods, and restrictions on PRC-backed port investments will collectively reduce China's global leverage. Additionally, the U.S. should leverage existing trade agreements to require a percentage of Chinese goods entering the U.S. to be transported via U.S.-flagged vessels. This measure, aligned with the SHIPS for America Act, will stimulate domestic shipbuilding while limiting China's stranglehold on global freight logistics.

Launch a Maritime Security Trust Fund: To ensure long-term stability in U.S. shipbuilding, CPA strongly endorses the establishment of a dedicated Maritime Security Trust Fund. Drawing revenue from tariffs, port fees, and taxation of PRC-related maritime activities, the fund will finance shipbuilding programs, domestic infrastructure improvements, and strategic vessel acquisitions. Predictable multi-year funding streams are necessary to support U.S. commercial and naval shipbuilders. The proposal also aligns with Defense Production Act investments in shipyard modernization, reinforcing national security interests and economic resilience.

Conclusion:

The acts, policies, and practices enacted by China in the maritime, logistics, and shipbuilding sectors are inherently unreasonable, discriminatory, and systematically undermine fair trade principles. The extensive reliance on state-driven mechanisms for global market dominance significantly disadvantages American firms, severely restricting commercial opportunities and undermining the economic and strategic security of the United States.

The proposed maritime trade measures are essential to counteracting China's targeted economic aggression in the shipbuilding and logistics industries. CPA urges the USTR and relevant agencies to swiftly implement these provisions, ensuring that U.S. shipbuilders, port operators, and logistics providers regain competitive footing. Protecting American industry from unfair foreign practices will not only bolster domestic manufacturing but also enhance national security and long-term economic growth.

Respectfully submitted,

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