U.S. Chamber of Commerce

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July 7, 2025

The Honorable Jamieson Greer
United States Trade Representative
Office of the United States Trade Representative
600 17th Street, N.W.
Washington, D.C. 20508

RE: Notice of Proposed Modification of Action in Section 301 Investigation of China's Targeting the Maritime, Logistics, and Shipbuilding Sectors for Dominance (USTR–2025–0013)

Dear Ambassador Greer:

The U.S. Chamber of Commerce ("Chamber") appreciates the opportunity to comment on the U.S. Trade Representative's ("USTR") proposed modification of action in connection with the Section 301 investigation into China's targeting of the maritime, logistics, and shipbuilding sectors for dominance. We commend USTR for the proposed modifications to Annexes III and IV, which partially ease the unintended impacts of USTR's actions on American companies. However, these modifications do not materially address the challenges created by the actions adopted by the USTR in this investigation, providing only limited relief to some of the country's largest export sectors, namely transportation and energy, as we detail in these comments.

According to the U.S. Department of Commerce International Trade Administration ("ITA"), the United States exports an estimated $60 billion in motor vehicles annually. Approximately half of these exports are transported by sea, with about two-thirds carried on non-containerized vehicle carriers, commonly known as roll-on/roll-off ("ro-ro") ships. These ships transport cars, trucks, construction equipment, heavy machinery, and military equipment worldwide. As global demand for these products continue to grow, the imposition of these fees create more costs for American companies exporting their products, running counter to the administration's broader goals of reducing trade deficits and creating U.S. jobs.

The United States is the leading global producer of liquified natural gas ("LNG"), exporting approximately 123 billion cubic meters per year in 2024, or 12 billion cubic feet per day, according to the Department of Energy. Since 2016, LNG exports have contributed more than $400 billion to U.S. GDP and supported hundreds of thousands of high-paying American jobs. Currently, the U.S. accounts for 22% of the global LNG supply and has the potential for continued rapid growth over the next two decades. In fact, it is expected to double its footprint by 2040—potentially tripling its GDP contribution and nearly doubling domestic employment—assuming economic conditions and policies continue to support this growth. The standards USTR is proposing, however, will threaten to curb the exports of LNG and impede the administration's aim to boost American energy dominance globally.

China's dominance in global shipbuilding is fueled by decades of state-driven efforts, including significant subsidies and non-market practices allow Chinese shipbuilders to undercut competition and secure market share from the other major shipbuilding markets in Japan and the Republic of Korea ("ROK") – both of which have benefitted from years of significant government financial support.

As we detail below, the fees and requirements USTR plans to implement would have an unfavorable impact on U.S. exports. While USTR's investigation began last year with the goal of addressing China's discriminatory practices that burden or restrict U.S. commerce, the actions currently under consideration by USTR will not deter China's ambitions.

USTR Fees Will Impede U.S. Exports

The global fleet consists of nearly 800 roll-on/roll-off ("ro-ro") ships, with only 16.7% built in China. This trend is shifting, as over 90% of the current vehicle carrier orderbook is attributed to Chinese shipyards. The remaining orders are primarily fulfilled by Japan and ROK—reliable trade and defense partners—due to the lack of technical capacity at other shipyards to build these specialized vessels.

Since 2010, only one ro-ro ship has been built in the United States, where the cost of shipbuilding can be up to five times higher than in Asian countries. Consequently, U.S. car and machinery manufacturers have no way to avoid the fees if they are imposed on all foreign-built ro-ro ships, which could restrict U.S. exports. Such actions do not deter China but instead negatively impact U.S. companies.

While USTR's proposed modification from Car Equivalent Units ("CEU") capacity to net tonnage is a positive change, the fee will still result in millions of dollars in additional voyage costs for vessel operators. For a typical 6,500-CEU car carrier, weighing about 19,000 net tons, the USTR-imposed fee would be approximately $270,000 for a single trip. For vehicles, it potentially adds an extra $300 to their sticker price. This cost increase is further compounded by tariff-engendered price hikes on imports of autos, auto parts, steel, and aluminum, which are already driving up the cost of finished goods for manufacturers.

USTR fees would also likely incentivize vehicle carriers to reduce routes due to these extra costs, resulting in fewer vessels available to transport American goods. Some ro-ro carriers are already experiencing a decrease in high-and-heavy volumes due to a lack of global demand for heavy equipment. New fees could reduce available cargo capacity and undermine the industry's competitive cost structure—imposing additional burdens on U.S. businesses and consumers.

Reduced routes would reduce access for exporters. The goods carried on ro-ro ships require specific transit routes and ports. As one Chamber member noted, companies target specific ports to optimize inland costs to and from ports, ensuring the best service for customers. If a single port network is removed from the equation, it could lead to new costs associated with longer transit times, altered routes, or even a lack of truck or rail solutions available for oversized cargo to a new port location.

This scenario would significantly impede the efficiency of business. Altering transit routes or adjusting to reduced availability of ro-ro ships will lower cargo velocity and frequency. Transit times would lengthen as cargo waits longer to be loaded on a vessel, which could also have implications on goods quality. Waiting to transit to a single port and load onto a single vessel will reduce companies' ability to deliver finished goods to their customers on time.

LNG Requirements will Undermine U.S. Industry Dominance

The U.S. LNG industry has emerged over the past decade as a vital and growing part of the U.S. economy. With an export value of $34 billion, LNG now surpasses U.S. corn and soybean exports, more than doubles U.S. movie and television exports, and accounts for nearly half the value of U.S.

semiconductor exports. These exports strengthen the U.S. balance of trade and represent 16% of America's trade deficit with the European Union. It is clear that LNG exports are in the national interest and serve strategic global interests, particularly for our European allies seeking to reduce dependence on Russian gas. For this reason, the Chamber applauds the Trump Administration's policies that have supported LNG export expansion and reinforced U.S. energy leadership on the global stage.

Thanks to these efforts, U.S. LNG exports are positioned to deliver even greater benefits in the years ahead. A recent study conducted by S&P Global and supported by the Chamber projects that LNG will contribute $1.3 trillion to the U.S. economy by 2040, creating nearly 500,000 new jobs and generating $166 billion in tax revenues. At the same time, abundant and affordable U.S. natural gas helps maintain the competitiveness of domestic manufacturing by keeping input costs low.

We commend USTR for rescinding the provision in Annex IV that would have allowed for suspension of an LNG exporter's license. However, we urge further revisions to avoid unintended harm to this fast-growing, strategically important, and trade deficit-reducing sector. While we recognize and support USTR's goal of reducing reliance on Chinese-built and operated LNG vessels, the requirements outlined in Annex IV are unrealistic and, under current conditions, effectively impossible to meet.

If implemented, these requirements would render U.S. LNG less competitive in global markets. They would significantly increase costs for U.S. exporters, potentially making new projects unfinanceable and uneconomical. As the world's leading LNG exporter, the United States could lose market share to global competitors that face fewer restrictions. Moreover, experts agree that developing a domestic LNG shipbuilding industry capable of meeting these requirements would take decades and require investments well beyond the capabilities of existing U.S. shipyards.

The rules also overlook how the LNG industry functions. Most U.S. LNG is sold under long-term contracts, which are essential to securing the financing needed to build multi-billion-dollar export facilities. Importantly, it is the long-term customers—not U.S. exporters—who procure the vessels and operate the fleets that transport LNG cargoes. As a result, U.S. exporters do not control shipping decisions and cannot realistically be expected to comply with U.S.-flagged, -built, and -crewed vessel requirements.

Moreover, the U.S. lacks the industrial base to support such a mandate. No LNG carriers have been built in the United States since the 1970s. Current U.S. shipyards are already fully booked with orders for other types of ships and generally lack the large docks and specialized infrastructure needed to construct LNG vessels. Building such capacity would require extensive capital investment, licensing of foreign containment technology, mock-ups, testing, and certification—all of which would take many years to complete. Even if this were achievable, the vast majority of specialized components used in LNG shipbuilding would still need to be sourced from foreign suppliers, which cannot be rapidly substituted with domestic alternatives.

Bolstering Economic and Global Competitiveness

As the administration works to stimulate domestic manufacturing and bolster America's energy dominance, it should prioritize policies that enable American companies to become more—not less—competitive.

In its explanation for modifying Annex III, USTR cites its authority to modify actions under Section 307 of the 1974 Trade Act and states, "[A]ctions may no longer be appropriate if they may result in impairments to other key U.S. interests; may not reduce dependencies on China in the maritime, logistics, and shipbuilding sectors; or may present administrability concerns." These fees will impair key U.S. interests, particularly by hindering U.S. exports. In addition, the application of fees in Annex III targeting all foreign-built vessels is inconsistent with the preceding annexes. This detracts from the overarching goal to rebalance global shipbuilding, instead imposing unnecessary financial burdens on exporters with no viable option other than paying fees to ship American-made goods.

USTR fees on ro-ro ships are also inconsistent with Annexes I and II in their proposed enforcement. The preceding annexes require operators pay fees "upon the arrival… to a U.S. port or point from outside the Customs territory on a particular string." Annex III proposes a different structure, which causes confusion and uncertainty. It is unclear why USTR would suggest a different construct for ro-ro ships or how this action aligns with the intent of the Section 301 investigation.

Until viable options for new ro-ro shipyards are established in the U.S., imposing fees on foreign-built carriers is impracticable. Instead, a multifaceted approach is needed to address the decline of the U.S. shipbuilding industry and its global competitiveness writ large. Investing in port infrastructure and workforce development at U.S. ports and shipyards will create opportunities to grow shipbuilding capacity within the United States. The administration should bolster our strategic alliances and collaborate with allied countries in the shipbuilding industry to invest in supply chain resilience and U.S.-based shipbuilding opportunities to deter the purchases of Chinese-made vessels.

Given the LNG realities outlined above, the Chamber urges USTR to exempt LNG shipping and LNG carriers from the proposed Annex IV requirements. Instead, we recommend that USTR collaborate with the Department of Energy and engage in a comprehensive dialogue with energy producers, exporters, shipbuilders, and other stakeholders to develop durable, practical policies. These policies should protect U.S. economic and strategic interests by preserving the nation's leading role in LNG exports while thoughtfully addressing the risks associated with reliance on Chinese-built vessels versus targeting the U.S. LNG industry.

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The U.S. Chamber appreciates the opportunity to share these comments and looks forward to further discussion to address these important issues.

Sincerely,

John Drake
Vice President
Transportation, Infrastructure,
and Supply Chain Policy
U.S. Chamber of Commerce