

# Congress of the United States

Washington, DC 20515

April 10, 2024

The Honorable Katherine Tai  
United States Trade Representative  
600 17<sup>th</sup> Street NW  
Washington, D.C. 20508

Dear Ambassador Tai:

We write to express support for a petition filed in March 2024, under Section 301 of the Trade Act of 1974, requesting that USTR undertake an investigation into potentially unfair trade practices by the government of the People's Republic of China (PRC or China) concerning the maritime, logistics, and shipbuilding sector. We strongly support the petition filed by the United Steelworkers (USW) for USTR to investigate China's unreasonable and discriminatory policies in these sectors under the Section 301 process. We urge USTR to conduct a full review of the allegations in the petition and initiate a full investigation in a timely manner.

The PRC's unfair state-sponsored policies and programs have contributed to a loss of America's domestic commercial shipbuilding capacity. In the last 22 years, the PRC has led a campaign of subsidization, strategic targeted investment, and other related policies with the aim of dominating global shipping and advancing the goals of the Chinese Communist Party (CCP)<sup>1</sup>. This effort to dominate global shipping has resulted in the PRC's shipbuilding industry increasing from less than 10 percent of global shipbuilding capacity to nearly 50 percent in the year 2024<sup>2</sup>. Several PRC policies, including anticompetitive practices, preferential loans from China's state banks, the provision of subsidized steel, and additional financing from PRC have fueled China's current capacity and increased the global market dependencies on PRC industry for shipbuilding and maritime transport of goods at the expense of the United States and our allies.

Over the last 20 years, the PRC's overall policy support for its state-owned enterprises in shipbuilding and supplying industries have increased the PRC's production capacity to over 1,000 ocean-going vessels a year, while the United States' share of the market continues to decrease. The PRC's anti-competitive practices directing mergers among the largest state-owned steel and shipbuilding firms encourages PRC monopolization of the commercial shipbuilding industry and have led to the loss of export market share of goods used in commercial shipbuilding. For example, U.S. exports of diesel and semi-diesel marine engines dramatically decreased over the last two decades and U.S. manufacturers have exported fewer than 100 marine engines to China in 2021 and 2022.

Commercial shipping is also a significant transportation mode for American exports and global commerce. Forty percent of U.S. international trade by value and seventy percent by trade weight is moved by commercial ships<sup>3</sup>. Additionally, ninety percent of U.S. military equipment and materiel travel by sea<sup>4</sup>. Since the COVID-19 pandemic impacted every sector of the economy, Americans' focus on supply chain fragility has made it even more clear that our nation must strengthen our domestic shipbuilding and supply capabilities to protect

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<sup>1</sup> United States Department of Defense – Military and Security Developments Involving the People's Republic of China – 2023 Annual Report to Congress

<sup>2</sup> Seavy, 2024

<sup>3</sup> United States Department of Transportation – Bureau of Transportation Statistics

<sup>4</sup> United States Military Sealift Command

American interests.

Due to the loss of our domestic shipbuilding infrastructure, U.S. shipyards and suppliers do not have the capacity to replace ships lost in combat or the ability to supply our own needs, much less those needs of our friends and allies. A vibrant domestic commercial shipbuilding industry will allow our country to ensure that a resilient supply chain remains available in times of need.

In addition to the threats to commercial shipbuilding, PRC-based firms who control shipping companies, strategic ports, and logistics platforms raise several national security concerns. For example, the CCP supported LOGINK logistics platform collects and combines data from a variety of government and private sector sources to create significant concentrated knowledge of the inflows and outflows of goods from ports across the world. The data collected allows the PRC and CCP to access sensitive information such as the movement of military equipment moving through commercial ports.

The need for an investigation into the PRC's shipbuilding, transportation and logistics policies is clear. We urge you to expeditiously initiate a full Section 301 investigation and consider the relief measures identified in the petition to address the injury that the PRC's policies and actions have had on interests.


Thank you for your attention to this sensitive matter.

Sincerely,



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Joe Courtney  
Member of Congress




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Donald Norcross  
Member of Congress




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John Garamendi  
Member of Congress



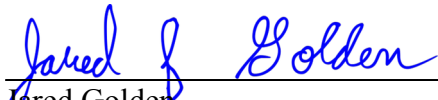
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Debbie Dingell  
Member of Congress



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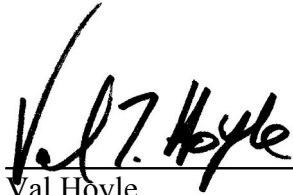
Ro Khanna  
Member of Congress



Jared Golden  
Member of Congress



André Carson  
Member of Congress



Val Hoyle  
Member of Congress



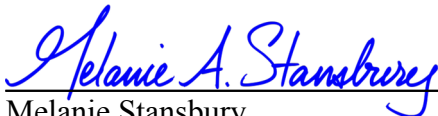
Eric Swalwell  
Member of Congress



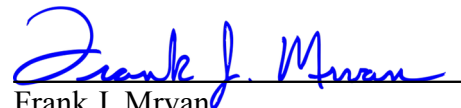
Donald G. Davis  
Member of Congress



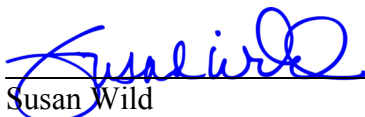
Chris Deluzio  
Member of Congress



Melanie Stansbury  
Member of Congress



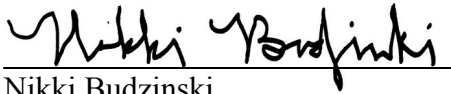
Frank J. Mrvan  
Member of Congress



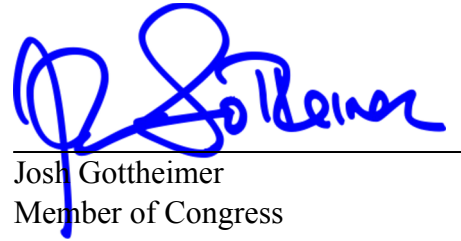
Susan Wild  
Member of Congress



Paul D. Tonko  
Member of Congress



Nikki Budzinski  
Member of Congress



Josh Gottheimer  
Member of Congress



Katie Porter  
Member of Congress



Eleanor Holmes Norton  
Member of Congress



Barbara Lee  
Member of Congress



Julia Brownley  
Member of Congress



Mary Gattler Peltola  
Member of Congress



Brendan F. Boyle  
Member of Congress



David J. Trone  
Member of Congress



Marcy Kaptur  
Member of Congress



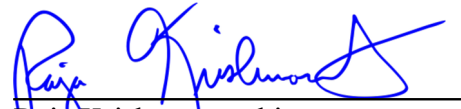
Haley M. Stevens  
Member of Congress



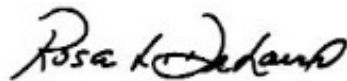
Elissa Slotkin  
Member of Congress



Robert C. "Bobby" Scott  
Member of Congress



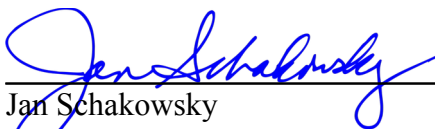
Raja Krishnamoorthi  
Ranking Member  
Select Committee on the CCP



Rosa L. DeLauro  
Member of Congress



Chrissy Houlihan  
Member of Congress



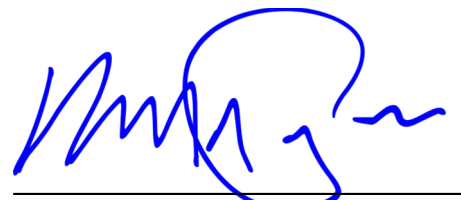
Jan Schakowsky  
Member of Congress



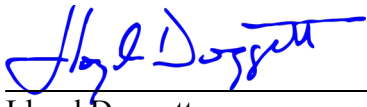
Andrea Salinas  
Member of Congress



Mary Gay Scanlon  
Member of Congress



Mark Pocan  
Member of Congress

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Lloyd Doggett  
Member of Congress

A handwritten signature in blue ink, reading "Terri A. Sewell", positioned above a horizontal line.

Terri A. Sewell  
Member of Congress

A handwritten signature in blue ink, reading "James P. McGovern", positioned above a horizontal line.

James P. McGovern  
Member of Congress