July 7, 2025

Ambassador Jamieson L. Greer
United States Trade Representative
600 17th Street NW
Washington, D.C. 20508
Docket No. USTR-2025-0013

Re: "Request for Comments Concerning Proposed Modification of Action Pursuant to the Section 301 Investigation of China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance." Docket number USTR-2025-0013

The National Foreign Trade Council (the "NFTC") is writing in response to the Office of the United States Trade Representative's ("USTR") invitation, published in the *Federal Register* on June 12, 2025, to submit comments on the "Proposed Modification of Action in Section 301 Investigation of China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance" (Docket Number USTR-2025-0013).

About NFTC

The NFTC, organized in 1914, is an association of U.S. business enterprises engaged in all aspects of international trade and investment. Our membership covers the full spectrum of industrial, commercial, financial, and service activities, accounting for over $6 trillion in revenue and employing nearly 6 million people in the United States.

Overview

Shipping is the lifeblood of the U.S. economy, enabling the movement of over $750 billion in U.S. exports annually by sea, including manufacturing sectors such as automotive, agriculture, construction and mining that rely heavily on roll-on/roll-off (Ro-Ro) trade for moving equipment and machinery.[1] The United States is also the world's largest exporter of liquefied natural gas (LNG), a rapidly growing strategic industry. According to national export data from the U.S. Energy Information Administration, LNG exports have increased by more than 400% in just five years.[2] The NFTC strongly supports the continued growth and global competitiveness of both the LNG and wider sectors. These industries and companies, many of which are net exporters,

[1] World Shipping Council. *Comments of the World Shipping Council – USTR Section 301 China Shipbuilding Subsidy Investigation.* May 23, 2024. Comments
[2] United States Energy Information Administration, Natural Gas, Liquefied US Natural Gas Exports, January 31, 2025, https://www.eia.gov/dnav/ng/hist/n9133us2A.htm.

depend on reliable, cost-effective shipping capacity to access global markets and maintain U.S. leadership in international trade.

We appreciate the opportunity to comment on the Proposed Modification of Action for the measures covered in Annex III and IV of the Section 301 remedy in the investigation concerning China's maritime and logistics sectors. The NFTC supports the Administration's strategic goal of countering China's efforts to dominate critical industries, including shipbuilding.

We also welcome specific revisions to the proposed measures, particularly: the change in the basis of "roll on-roll off" ("Ro-Ro") vehicle carrier vessels fees to net tons rather than Car Equivalent Units (CEU); provisions for vessels within the Maritime Security Program (MSP); and the removal of paragraph (j) of Annex IV, which would have introduced significant operational ambiguity to the U.S. LNG industries.

However, while some of the proposed modifications are welcome, we continue to have serious concerns about the unintended economic and logistical consequences of the remaining elements of Annexes III and IV as currently drafted. Without careful recalibration, these measures risk undermining U.S. commercial interests, exacerbating supply chain inefficiencies, and imposing new burdens on American exporters, consumers, and strategic industries.

Annex III – Vehicle Carrier/Roll On-Roll Off Vessels

Annex III imposes widespread tariff action on *all* foreign-built "roll on-roll off" ("Ro-Ro") vehicle carrier vessels serving U.S. foreign ocean trades. Automakers and heavy equipment manufacturers want to be able to use U.S.-built vessels, but there currently are only two U.S.-built Ro-Ro vessels in service today. As a result, Annex III would subject almost every operator to new fees, regardless of country of origin.

The current approach set out in Annex III raises a number of concerns:

- **Annex III Goes Beyond Focus on China**: The Section 301 investigation was initiated to address China's dominance of the maritime sector. Appropriately, the fees imposed on general cargo vessels apply to Chinese-built ships whether they are operated by Chinese or third-country shipping lines. Annex III, however, would impose fees on all non-U.S. built Ro-Ro vessels. This is a massive divergence from the objective of the 301 investigation. Imposing broad-based penalties on all operators, including U.S. allies, would do nothing to constrain China's dominance of the maritime sector and would have harmful effects on U.S. industries that rely on Ro-Ro vessels.

- **Export Disruption**: The fees imposed under Annex III would disincentivize Ro-Ro vehicle carrier operators from calling at U.S. ports, limiting available shipping capacity for U.S. vehicle and machinery exports. Current estimates have around 700 vehicle carrier vessels available worldwide compared to roughly 6,000 ocean container vessels.[3] U.S.

[3] Wallenius Wilhelmsen ASA. *2024 Annual Report*, p. 3. https://www.walleniuswilhelmsen.com/who-we-are/investors/annual-report

industries, particularly in agriculture, automotives, construction and mining, depend on cost-effective Ro-Ro capacity to source specialised equipment and machinery as well as reach overseas markets. Assessing the Annex III fee on a global basis would further compound the industrial challenges already heightened by Section 232 tariffs on steel, aluminum, automobiles and parts.

- **Vessel Sizes & Port Congestion**: Since the fee structure is based on tonnage, commercial operators would likely shift to smaller vessels to reduce cost exposure. This would increase the frequency of port calls and create operational inefficiencies in loading and unloading, exacerbating port congestion. Furthermore, many smaller vessels are not able or equipped to handle large machinery, such as mining equipment.
- **Limit on Fee Collections:** Fees on ocean container vessels are limited to a maximum of five assessments per year. Under Annex III there is no limit for Ro-Ro vessels despite the lack of available U.S.-built Ro-Ro vessels.

To align Annex III with the intent of Section 301, remedy approaches provided for ocean cargo vessels, and avoid irreparable harm to U.S. exporters, we recommend:

- Narrowing the scope of the proposed action to Chinese-built vessels only and imposing fees more broadly only if it proves necessary once U.S.-built vessels are available;
- Extending the five times per year limit on fee payments to Ro-Ro vessels; and
- Extend exemptions to the fees outlined in Annex III for Ro-Ro vessels operating empty or in ballast, which do not contribute to the alleged unfair advantage targeted by this action, and serve only to further U.S. exports.
- Design and implement, in close partnership with Congress, proactive policies aimed at expanding U.S. Ro-Ro shipbuilding capabilities, investment and workforce development, particularly in support of automotive, agricultural, construction and mining sectors.

NFTC supports U.S. national security objectives and ensuring the production of Ro-Ro vessels in the United States. There are many factors that affect the lack of current production of these vessels. To fully address the supply of these vessels, the Administration needs to be working closely with the U.S. shipbuilding industry to ensure there is a detailed, concrete plan and timeline for building and making Ro-Ro vessels in the United States. Current U.S. shipbuilding capacity and delivery timetables make a dramatic increase in the number of U.S. built Ro-Ro vessels in the near term challenging.

Annex IV – LNG Transport Restrictions

USTR's proposed removal of paragraph (j) of Annex IV, which allows for the revocation of an LNG export license issued by the Department of Energy (DOE), would be a welcome improvement and removes a direct and immediate harm to the U.S. LNG industry.

While the proposed changes are an improvement, there are still concerns with the requirements of Annex IV and their impacts on the U.S. LNG industry. The remaining elements of Annex IV will negatively impact the competitiveness of the U.S. LNG industry and are virtually impossible to comply with given the current state of the U.S. shipbuilding industry.

There are currently no U.S.-made or U.S.-flagged vessels capable of supporting current volumes of U.S. LNG exports. Consequently, the restrictions outlined in Annex IV would effectively restrict this key export industry. While we understand the motivation to strengthen domestic shipbuilding capacity, such a provision is functionally unworkable in the current market context. As currently drafted, Annex IV would introduce:

- **Severe Export Constraints**: The U.S. lacks the current industrial base to build the specialized LNG carriers required for international trade. Most shipyards in the U.S. do not have docks large enough (approximately 1,000 feet long) nor the specialised equipment to build and maintain LNG carriers. The Government Accountability Office (GAO) estimated in 2015 that building a fleet of just 100 LNG vessels could take over 30 years given domestic shipyard capacity and current throughput. Given that there are currently no U.S.-built LNG ships in service, there are very few, if any, LNG-qualified seafarers available.[4]

- **Contractual Disruption**: Many LNG export contracts span up to 20 years, agreed in advance, and predicated on a shared understanding of forecasted pricing. Imposing restrictive vessel requirements now would jeopardize those agreements, deter future investment, and hamper growth in a much-celebrated strategic sector.

- **Unfair Targeting**: The Proposed Modification would penalize shippers and LNG carriers who operate global fleets with only a handful of Chinese-built ships. Furthermore, many shippers do not directly order or purchase Chinese-built vessels, but instead merely charter vessels capable of transporting their LNG. Annex IV as it stands will stifle LNG exports and hit shippers with little to no influence on the availability of U.S.-built vessels.

Accordingly, to maintain the continued strength and global competitiveness of the U.S. LNG industry and its contribution to U.S. energy leadership, we recommend that USTR to:

- Remove Annex IV in its entirety. While strengthening U.S. shipbuilding is a valid strategic objective, the LNG sector is uniquely constrained by technical and market realities that make this provision commercially unviable; and

- Extend exemptions to the fees outlined in Annex II for ships that arrive empty or in ballast, and for specialized vessels for the transport of chemical substances in bulk liquid forms.

---

[4] United States Government Accountability Office, Shipbuilding and Repair: Navy Needs a Strategic Approach for Private Sector Industrial Base Investments, February 2025, GAO-25-106286, SHIPBUILDING AND REPAIR: Navy Needs a Strategic Approach for Private Sector Industrial Base Investments.

- Design and implement, in close partnership with Congress, proactive policies aimed at expanding U.S. shipbuilding capabilities, investment and workforce development, particularly in support of LNG sectors.

The NFTC appreciates the Administration's efforts to address unfair trade practices in the maritime and shipbuilding sectors. However, in their current form, Annexes III and IV impose disproportionate costs on U.S. businesses and undermine strategic priorities unrelated to Chinese industrial policy. We urge USTR to refine the scope of these actions to ensure they remain narrowly tailored, commercially viable, and consistent with the core objectives of the Section 301 statute.

We thank you for providing the opportunity to comment. As ever, we would welcome continued dialogue on ways to improve the Section 301 process while ensuring key national security objectives are met. I would be happy to respond to any questions or provide further comment, and can be reached at: tsmith@nftc.org.

Sincerely,