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March 24, 2025

Ambassador Jamieson Greer
United States Trade Representative
Office of the United States Trade Representative
600 17th Street N.W.
Washington, DC 20508

RE: Request for Comments: Proposed Action Pursuant to the Section 301 Investigation of China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance USTR–2025–0003

Dear Ambassador Greer,

The Auto Care Association appreciates the opportunity to submit comments regarding the Office of the United States Trade Representative's (USTR) Section 301 investigation into China's maritime, logistics, and shipbuilding practices. While we support the administration's goals to address unfair trade practices and strengthen U.S. economic and national security, we respectfully urge the administration to reconsider the proposed fees on Chinese maritime operators and Chinese-built ships due to their potential unintended consequences on U.S. industries and U.S. consumers.

Auto Care Industry

The Auto Care Association is a trade association representing the entire automotive aftermarket supply chain, including the manufacturing, distributing, selling of parts, and performing of vehicle repairs. We have more than 8,000 member companies representing the more than $500 billion automotive aftermarket industry in the United States. Our members rely on efficient and predictable global supply chains, including access to affordable and reliable ocean transportation, to ensure timely delivery of auto parts and products to U.S. consumers, repair shops, and businesses across the country.

We acknowledge the administration's concern regarding China's industrial targeting in strategic sectors and its implications for U.S. economic and national security. However, the remedies proposed by USTR with regards to the imposition of fees on Chinese maritime operators and maritime operators using or have pending orders for Chinese-built ships would cause immediate harm to U.S. businesses, workers and consumers. These fees will raise costs for U.S. importers and exporters, as well as U.S. consumers who rely on access to affordable parts to repair and maintain their vehicles.

U.S. Shipbuilding Constraints

We support the administration's efforts to revitalize the domestic shipbuilding industry. However, the current U.S. shipbuilding infrastructure cannot realistically achieve USTR's proposed goals within the timeline suggested.

Global competitors significantly outpace U.S. shipyards with China, Korea, and Japan building over 90% of the global ship tonnage compared to the 0.2% built by the United States. To achieve comparable capability and capacity, the U.S. shipbuilding industry would require substantial time and financial resources.[1]

As of 2023, only five U.S. shipyards possess the infrastructure necessary to construct large commercial cargo ships. The U.S. had five ships under construction in 2022, compared to hundreds of ships by China, South Korea, Japan and Europe.

Shipbuilder	2022	2021	2020
China	1,794	1,708	1,216
South Korea	734	626	441
Japan	587	612	533
Europe	319	288	284
United States	5	3	4

Table 1. Year-End Orderbook for Large Oceangoing Ships (number of ships under construction)[2]

Most U.S. shipyards build smaller vessels and lack the infrastructure to construct larger ships suitable for ocean trade.[3] Constructing a containership typically requires approximately three years under ideal conditions[4] and the limited number of shipyards capable of such projects are already operating at full capacity.

Furthermore, heavy demand from the United States Navy has placed additional constraints on the available capacity for commercial shipbuilding.[5] Despite the Department of Defense's billions of dollars in investment to support the shipbuilding industrial base, it is reported that shipbuilders have infrastructure and workforce challenges that have made the U.S. Navy's contracts to build vessels difficult to accomplish, let alone expand into commercial shipbuilding. While the Navy has reported that ship repair goals have improved in recent years, there continues to be infrastructure or workforce limitations.[6]

High pricing remains another significant barrier with U.S.-built ships costing typically four times more than comparable foreign-built vessels.[7] Operating costs for U.S.-flagged ships are also substantially higher, averaging over 2.7 times those of foreign-flagged vessels.[8] These cost

[1] Congressional Research Service, "U.S. Commercial Shipbuilding in a Global Context", Nov. 15, 2023, https://www.congress.gov/crs-product/IF12534. ("CRS U.S. Commercial Shipbuilding in Global Context")
[2] Id.
[3] Id.
[4] Chokshi, Niraj, "How Giant Ships are Built", The New York Times, June 17, 2020, https://www.nytimes.com/interactive/2020/06/17/business/economy/how-container-ships-are-built.html.
[5] U.S. Congressional Budget Office, "An Analysis of the Navy's 2025 Shipbuilding Plan", Jan. 2025, https://www.cbo.gov/publication/61155#_idTextAnchor014.
[6] U.S. Government Accountability Office, "Shipbuilding and Repair: Navy Needs a Strategic Approach for Private Sector Industrial Base Investments", Feb. 27, 2025, https://www.gao.gov/products/gao-25-106286#summary_recommend.
[7] CRS U.S. Commercial Shipbuilding in Global Context.
[8] Congressional Research Service, "Shipping Under the Jones Act: Legislative and Regulatory Background", Nov. 21, 2019, https://www.congress.gov/crs-product/R45725.

disparities are further compounded by rising prices for steel and aluminum, key shipbuilding materials, due to Section 301 tariffs on imports from China, Section 232 tariffs on imports of steel and aluminum, expanded 232 measures, and ongoing antidumping and countervailing duties.

Given these limitations, achieving a globally competitive U.S. shipbuilding sector in seven years is not realistic. Prematurely imposing fees and restrictions would reduce available shipping capacity and further raise costs.

Economic Harm to U.S. Importers and Exporters

A March 2025 analysis[9] conducted by the Trade Partnership found that in every remedy as proposed by the USTR (individually or in aggregate), U.S. GDP would be negatively impacted and the overall U.S. trade deficit would likely worsen. It is estimated that USTR's proposed fees will increase container shipping costs by at least 25% ($600 to $800) per container.

It is reported that all major global ocean carriers utilize Chinese-built vessels in their fleet or have orders for Chinese-built vessels in the next 24 months, meaning all ocean carriers would be subject to the proposed fees. For the auto care industry, which is reliant on containerized shipping of auto parts and components to and from the United States, the increased costs will inevitably be passed on from U.S. businesses down onto American consumers.

Restricting U.S. exports to U.S.-flagged and U.S.-built ships significantly raises shipping costs and limits shipping options. This limitation would place U.S. exporters at a disadvantage and undermine competitiveness of U.S. goods in global export markets compared to international competitors who have access to more cost-effective and flexible shipping solutions, ultimately leading to decreased U.S. export volumes, lower revenues, and a worsening trade deficit.

According to Trade Partnership Worldwide's economic analysis of the proposed actions, both imports and exports would decline under the new fees and restrictions, undermining broader goals of economic growth and job creation.

Impact on U.S. Ports, Jobs, and Logistics Networks

Implementing the proposed fees would likely prompt ocean carriers to consolidate service at major U.S. ports and reduce or eliminate service to many smaller U.S. ports. This would place additional strain on already burdened trucking and rail infrastructure, which is not equipped to handle large-scale redistribution of containers from consolidated port calls. The result would be increased congestion, bottlenecks, and delays throughout the domestic logistics network. Smaller, secondary U.S. ports that support communities would see job losses directly at the port and in related industries such as warehousing, intermodal transport, and logistics services.

In addition, some carriers may choose to divert cargo and reroute to ports in Canada or Mexico where we may see delays related to inland transportation. These disruptions would ripple across

[9] "The Economic Effects of Proposed Action in the Section 301 Investigation of China's Maritime, Logistics, and Shipbuilding Policies and Practices" conducted by Trade Partnership Worldwide, LLC, March 2025. See Attachment.

supply chains, leading to reduced reliability, higher transportation costs, and delayed delivery of goods, affecting both imports and exports.

Recommendations

Given these challenges, the Auto Care Association respectfully urges the USTR to reconsider its proposed remedies and avoid implementing measures that negatively impact U.S. industries and U.S. consumers. We urge a strategic long-term approach with planned investments in infrastructure and workforce development to strengthen U.S. competitiveness in shipbuilding and maritime logistics.

We appreciate the opportunity to provide these comments. We look forward to continuing this dialogue and welcome the Trump administration to contact us with any questions.

Respectfully submitted,

Bill Hanvey,
President and CEO
Auto Care Association