FACT SHEET: USTR Takes Action to Bolster U.S. Shipbuilding

ENDING CHINESE SHIPBUILDING DOMINANCE: Today, the Office of the United States Trade Representative took action on the Section 301 Investigation of China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance to eliminate China's acts, policies, and practices targeting the maritime, logistics, and shipbuilding sectors for dominance. These actions balance the need for action and the importance of limiting disruption for U.S. exporters.

- This investigation found that China's acts, policies and practices are unreasonable and burden or restrict U.S. commerce.
- Through its increasingly aggressive and specific targeting of these sectors, carried out through a wide range of unfair and anti-competitive non-market practices, China has largely achieved its dominance goals, severely disadvantaging U.S. companies, workers, and the U.S. economy.
- Ships and shipping are vital to U.S. economic security and the free flow of commerce. Globally, more than 80 percent of goods are transported by sea. By value, ships move 61 percent of U.S. international goods trade with Asia and 45 percent of U.S. international goods trade with Europe.
- These responsive actions will disincentivize the use of Chinese shipping and Chinese-built ships, thereby providing leverage on China to change its acts, policies, and practices, and send a critically needed demand signal for U.S.-built ships.
- This decision is based on the Section 301 investigation which included a two-day public hearing, nearly 600 comments from the public, consultations from other government agency experts, and USTR cleared advisors.
- Seven Members of Congress participated in the hearing: the Chair and Ranking Member of the China Select Committee, Rep. Moolenaar (R-MI) and Rep. Krishnamoorthi (D-IL); Sen. Baldwin (D-WI), Rep. DeLauro (D-CT), Rep. Deluzio (D-PA), Rep. Dingell (D-MI), and Rep. Norcross (D-NJ).

TARGETED AND PHASED ACTION TO REVERSE CHINESE DOMINANCE AND TO RESTORE AMERICAN SHIPBUILDING: These actions are designed to precisely target the underlying issues, while mitigating potential disruptions to global shipping and U.S. exports and accounting for the specific concerns of U.S. workers, farmers, and companies. These actions will occur in two phases over a reasonable period of time to allow businesses to adjust. For the first 180 days, applicable fees will be set a zero.

- In the first phase actions, after 180 days:
    - Fees on vessel owners and operators of China based on net tonnage per U.S. voyage, increasing incrementally over the following years - the fee would start at $50/NT in 180 days and increases by $30/NT per year over the next three years;
    - Fees on operators of Chinese-built ships based on net tonnage or containers, increasing incrementally over the following years - the fee would start at $18/NT

or $120 per container in 180 days, and would increase by $5/NT per year, or the same proportional yearly amount per container (e.g., in year 2, to $154 per container), over the next three years; and
    - To incentivize U.S.-built car carrier vessels, fees on foreign-built car carrier vessels based on their capacity - the fee would start at $150 per Car Equivalent Unit (CEU) capacity of the entering non-U.S. built vessel in 180 days.
- The second phase actions will not begin for 3 years:
    - To incentivize U.S.-built liquified natural gas (LNG) vessels, limited restrictions on transporting LNG via foreign vessels. These restrictions will increase incrementally over 22 years.

Furthermore,

- Fees on Chinese vessel operators and owners and Chinese-built ships are assessed per U.S. voyage, not per port call. These fees are imposed on a given ship no more than five times per year.
- Fees are not "stacked," meaning only one fee will be assessed per U.S. voyage.
- Upon proof of order of a U.S.-built vessel, fees or restrictions on an equivalent non-U.S.-built vessel are suspended for up to three years.
- Fees on Chinese-built ships effectively do not cover Great Lakes or Caribbean shipping, shipping to and from U.S. territories, or bulk commodity exports on ships that arrive in the United States empty.