

United States Senate
WASHINGTON, DC 20510

March 12, 2024

The Honorable Katherine Tai
600 17th Street NW
Washington, D.C. 20508

Dear Ambassador Tai,

We write to express support for the petition filed by the United Steelworkers (USW) and other unions under Section 301 of the Trade Act of 1974. We ask that you review the petition and initiate a full investigation into the actions of the People's Republic of China (PRC) in the maritime, logistics, and shipbuilding sector.

Shipbuilding has a long and proud history in the United States. After World War II, the U.S. led the world in commercial shipbuilding. Today, our nation produces fewer than one percent of the world's commercial vessels. While several factors have led to the domestic industry's decline, unfair trade practices by the PRC—now the global leader in shipbuilding—have been a leading contributor to the decimation of America's commercial shipbuilding capacity and the workers it employed. For just over two decades, the PRC has led a campaign of anti-competitive practices to dominate the global transportation supply chain. The PRC's subsidization and industrial targeting strategies have come at the expense of American shipbuilders and shipyards, as well as American manufacturers of shipbuilding equipment and materials and their workers.

According to the petition filed by USW and other unions, over the last 20 years, the United States has lost industrial capacity to produce commercial vessels and equipment at a rate that was accelerated because of the PRC's subsidized shipbuilding growth and other anti-competitive practices. Chinese state-owned enterprises and other facilities in the PRC are now capable of producing over 1,000 ocean-going vessels a year, while the United States currently produces fewer than ten. Anti-competitive, discriminatory and injurious practices by the PRC have also led to the loss of export market share of goods in the shipbuilding industry. For example, the U.S. used to export tens of millions of dollars' worth of diesel or semi-diesel marine engines to the PRC, peaking at more than 1,500 engines a year in 2007 and 2008. Exports have fallen as a result of China's unfair trade practices and U.S. manufacturers have exported fewer than 100 marine engines in the last few years.

In addition to our concerns for the domestic shipbuilding industry and U.S. jobs, we are troubled by U.S. economic and national security implications of China's unfair trade practices. Commercial shipbuilding suppliers and shipyards are vital to the U.S. economy and national security. Privately-owned shipyards, alongside thousands of suppliers, provide critical industrial capacity for building the Navy's fleet and supporting repair and maintenance. The Department of

Defense has made clear the need to grow the shipbuilding industrial base in light of the astonishing 25,000 domestic shipbuilding suppliers that have left the market over the past 20 years. The Navy's shipbuilding plan for Fiscal Year 2023 states that "sustaining and growing this vital shipbuilding base is a national security imperative that both energizes and challenges the Navy and the Nation." Indeed, in 2022 former Chief of Naval Operations, Admiral Gilday, referenced industrial capacity as one of the most significant constraints to achieving the Navy's desired number of ships.

America's renewed awareness about supply chain fragility demands that we strengthen our domestic shipbuilding and supply capabilities to protect American interests. The loss of commercial market share for domestic shipbuilding suppliers has meant that the Navy and Department of Defense have budgeted over a billion dollars to address capacity and workforce risks at key upstream suppliers. The petition further highlights the dire situation if a conflict or national emergency results in damage or loss of existing merchant marine and U.S. military vessels. Currently, U.S. shipyards and suppliers do not have the capability to replace ships lost in combat or the ability to supply our own needs, much less our friends and allies. By supporting a vibrant, domestic commercial shipbuilding industry, we can ensure that there is sufficient capacity to scale up in times of need.

Moreover, the petition raises significant security implications of PRC-based firms that control shipping companies, strategic ports, and logistics platforms. 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 gives the PRC access to sensitive information, such as the movement of military equipment through commercial ports, as well as granular information on the flow of goods across the globe.

In closing, 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 our commercial shipbuilding, transportation, and logistics sector. We appreciate your attention to this matter.

Sincerely,



Tammy Baldwin
United States Senator



Robert P. Casey, Jr.
United States Senator