

United States Senate
WASHINGTON, DC 20510

February 20, 2025

The President
The White House
1600 Pennsylvania Ave. NW
Washington, D.C. 20500

Dear Mr. President,

We write to you about the People's Republic of China's (PRC)'s actions in the maritime, logistics, and shipbuilding sector and urge you to act on the results of the investigation that has confirmed China's unfair trading practices are undercutting American shipbuilding and workers and undermining our economic and national security.

Last year, the United Steelworkers (USW) and other unions filed a petition under Section 301 of the Trade Act of 1974. The United States Trade Representative's (USTR) responded by initiating an investigation and determined "China has largely achieved its dominance goals, severely disadvantaging U.S. companies, workers, and the U.S. economy generally through lessened competition and commercial opportunities and through the creation of economic security risks from dependencies and vulnerabilities." USTR found that China's unfair trade practices in maritime, logistics, and shipbuilding are "actionable," and we therefore urge your Administration to identify and implement appropriate relief measures and partner with Congress as needed. Enacting strong measures to address the PRC's actions will be a critical step towards promoting our domestic industrial base, growing America's economy, creating good-paying jobs in these important sectors, and protecting our national security.

After World War II, the United States led the world in commercial shipbuilding. Over the last twenty years, the PRC has executed a comprehensive strategy to significantly diminish the shipbuilding industry in the United States and to become the dominant shipbuilding force globally. The PRC can now produce over 1,000 ships per year, while the United States only has the capacity to produce fewer than ten ocean-going vessels per year. America has lost 25,000 domestic shipbuilding suppliers over the last two decades. This drastic difference in capacity is a result of the PRC's anti-competitive practices to gain an advantage in shipbuilding through unfair and discriminatory tactics, such as government subsidies and favorable loans from PRC-operated banks. According to USTR's report, the non-market excess capacity in China's steel sector significantly contributes to the price competitiveness of PRC-made vessels, and there are instances where Chinese steel intended for vessels in Chinese shipyards has been sold at a lower rate than Chinese steel intended for market economies. To give the American shipbuilding industry a more level playing field and the opportunity to grow, China's harmful, market-distorting practices should be addressed immediately by this Administration.

The PRC's dominance in the shipbuilding industry has dire consequences for America's economic security and national security. It is essential that the United States prioritizes scaling up our shipbuilding

capacity, to both guard against the economic harms felt by loss of jobs at shipyards and suppliers, and because privately-owned shipyards provide essential help to build and maintain the Navy's fleet. To allow the PRC to control the global transportation supply chain is to open the United States and our allies to immeasurable risks, from supply chain shortages to severe national security concerns. USTR's report describes the dangers of the PRC's Maritime Silk Road initiative, including a Chinese government-sponsored logistics platform, LOGINK. LOGINK is used in ports around the world and collects information that could easily be manipulated to disrupt supply chains, allow Chinese companies to reduce prices and undermine competitors, and provide details about the movement of sensitive equipment through commercial ports. The PRC cannot be allowed to continue to expand this intelligence network unchecked, or the United States will experience additional economic harm and threaten our national security.

Our states are home to companies that specialize in shipbuilding and repair for both the Navy and commercial vessels, as well as suppliers of necessary inputs to build ships. Throughout the country, these sites are major employers in their communities that provide a pathway to the middle class and ensure the knowledge and ability to build vessels used for military purposes and their retention allows U.S. carriers to transport goods across the world stay with supply chains producing products made in America. A shipyard closing or reducing their number of employees, or a supplier shifting their operations overseas, means local economies lose good-paying, often union, jobs, and America takes another step back in the competition with the PRC. To stand up for the hardworking Americans employed in the shipbuilding industry, those who serve in the military branches that need these vessels, and those who live in communities supported by these jobs, we must act quickly to hold China accountable and reverse the decimation of our maritime strength and capacity inflicted over the last two decades.

As we strive to grow the American economy, compete with the PRC, strengthen our ability to engage in international commerce and ensure the American military has the resources necessary to succeed, we urge your Administration take action regarding the PRC's actions in the maritime, logistics, and shipbuilding sectors. USTR's determination concludes the PRC's targeting is unreasonable, burdens or restricts U.S. commerce, and that "responsive action is appropriate to obtain the elimination of the acts, policies, or practices covered in the investigation." The United States must take action expeditiously to address the PRC's unfair, harmful, and discriminatory practices. Thank you for your attention to this most important matter.

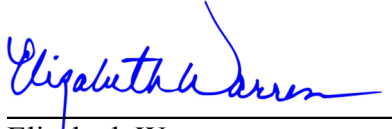
Sincerely,



Tammy Baldwin
United States Senator



John Fetterman
United States Senator



Elizabeth Warren
United States Senator



Elissa Slotkin
United States Senator



Amy Klobuchar
United States Senator