BEFORE THE OFFICE OF THE
UNITED STATES TRADE REPRESENTATIVE

Docket ID: USTR-2025-0002
Request for Comments Concerning Proposed Action Pursuant to the
Section 301 Investigation of China's Targeting of the
Maritime, Logistics, and Shipbuilding Sectors for Dominance

Comments of the
World Shipping Council

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I. Introduction

The World Shipping Council (WSC), the primary industry trade association representing the international liner shipping industry, respectfully submits these comments on the remedies proposed by the Office of the United States Trade Representative (USTR) in its February 27, 2025, Federal Register Notice in this matter.

WSC supports the goal of building a strong and vibrant U.S. shipbuilding and maritime sector. A strong U.S. maritime sector will have positive ripple effects across the entire maritime industry. However, WSC strongly opposes USTR's proposed port fees and requirements to export on U.S. flag and U.S.-built vessels.[1]

These proposals would cause significant harm to U.S. consumers and exporters. The requirements for exportation on U.S.-built and U.S.-flag vessels, moreover, could prove impossible to meet. Further, the proposals are disconnected from the goal of Section 301: obtaining the elimination of actionable foreign trade policies and practices. Instead, they appear designed to raise revenue and to generate the renewal of the U.S. shipbuilding industry. This falls outside of the U.S. Trade Representative's remedial authority.

Instead of trying to transform a section 301 proceeding into a vehicle to re-create a U.S. shipbuilding industry through mandates and onerous financial penalties on long-past business decisions, the Administration should work with Congress to provide the direct financial support necessary to ensure that U.S. shipyards and other market participants can offer price-competitive products, and can produce the output necessary to achieve economies of scale and meet a meaningful portion of American demand.

II. Background on WSC and the Liner Shipping Industry

The World Shipping Council (WSC) is a non-profit trade association representing ocean carriers in the liner shipping industry. WSC members operate containerships and roll-on/roll-off (RoRo) vessels, including vehicle carriers. WSC members offer cost-efficient international ocean transportation for everything from raw materials, food, and machinery to consumer goods like clothes, furniture, vehicles, and electronics.

Liner shipping is the transportation of goods and cargo between ports based on regular, pre-determined routes, in accordance with timetables and fixed schedules. Liner carriers use groups of vessels, referred to as "strings" or "loops," to make regularly scheduled (e.g., weekly) calls at pre-announced ports along major trade lanes (e.g., Asia-Europe, Transpacific). For example, on a hypothetical container service from Asia to the U.S. East Coast, each ship in the string might, after departing Asia, stop in Colon (Panama), Savannah, Charleston, Boston, and Newark, before returning to Asia to begin the route again.

[1] As during the preceding phase of this section 301 matter, WSC takes no position on China's acts, policies, and practices with respect to the maritime, logistics, and shipbuilding sectors that the Trade Representative found actionable within the meaning of Section 301 of the Trade Act of 1974, as amended.

Containerships comprise the vast majority of vessels used for liner shipping, hauling stacks of shipping containers – generally measured by twenty-foot equivalent units (TEUs). More than 60 percent of the value of goods moved internationally by sea is now moving in containers.[2] In 2024, containerships transported over $1.3 trillion in U.S. international trade. This includes over $1 trillion in imports and over $300 billion in exports.

U.S. Census Bureau, USA Trade Data (2024) – All Commodities.[3]

	Containerized Vessel Imports	Containerized Vessel Exports
Valuation (USD)	$ 1,041,081,080,105	$ 303,188,024,830
Weight (kg)	209,307,888,351	112,564,455,847

WSC's membership encompasses most of the world's largest liner container shipping companies, measured by combined owned and chartered TEU. WSC has members based in the United States and a variety of foreign countries, including Switzerland, Denmark, France, Germany, Israel, China, Japan, South Korea, and others. A list of WSC's members can be found in Appendix A.

WSC members represent approximately 89 percent of global cellular containership inventory on a TEU basis.[4] Each year, approximately 1,000 liner vessels sail on routes connecting the United States to foreign ports,[5] representing over 19,000 U.S. port calls.[6] Liner vessels transport millions of containers filled with import and export cargo to and from the United States.

WSC Members play crucial roles in the U.S. maritime sector. WSC members operate 75 percent of the U.S. Maritime Administration's Maritime Security Program (MSP) Fleet,[7] comprised of U.S. flag, commercially viable, militarily useful merchant ships active in international trade that are available to support U.S. Department of Defense sustainment sealift requirements during times of conflict or other national emergencies.[8] Additionally, WSC members operate two-thirds

[2] Theo Notteboom, Athanasios Pallis and Jean-Paul Rodrigue, Port Economics, Management and Policy, ch. 1.3(c) (New York, Routledge 2022).

[3] US Census Bureau, USA Trade Online (Exhibit 1).

[4] Alphaliner Global Cellular Containership Fleet Data (Appendix D).

[5] *Id.*

[6] United Nations Trade and Development (UNCTAD) Data Hub, "Port call and performance statistics: number of port calls, annual," https://unctadstat.unctad.org/datacentre/dataviewer/US.PortCallsArrivals (last accessed March 23, 2025).

[7] U.S. Department of Transportation, Maritime Administration (MARAD), MSP Fleet 2024-01, https://www.maritime.dot.gov/national-security/strategic-sealift/maritime-security-program-fleet-2024 (Exhibit 2)

[8] U.S. Department of Transportation, Maritime Administration, Maritime Security Program (MSP). https://www.maritime.dot.gov/national-security/strategic-sealift/maritime-security-program-msp#:~:text=The%20Maritime%20Security%20Program%20(MSP)%20maintains%20a,of%20conflict%20or%20in%20other%20national%20emergencies.

of the active U.S.-built liner vessels in operation and are responsible for all liner vessels currently on order in U.S. shipyards.[9]

III. The proposed port fees would impose massive costs on Americans.

A. To the extent that containerships subject to port fees continue calling on U.S. ports, the proposed fees would raise prices for U.S. consumers and producers, and would reduce the competitiveness of production in the United States.

To the extent that ocean carriers serve U.S. ports with vessels that incur the port fees, the fees would increase the cost of everything from consumer goods to inputs used for production of items in the United States, and they would increase the cost of exporting goods that U.S. producers hope to sell in foreign markets.

Except during brief and unusual periods associated with the Covid-19 pandemic and the Houthi crisis in the Red Sea, liner container shipping has long been a low-margin business.[10] Accordingly, new or extraordinary costs must be passed along to customers. For this reason, ocean carrier tariffs and service contracts provide for surcharges to account for numerous types of eventualities. These include increases in the price of bunker (the fuel used by large ships); low water levels that require extra maneuvering in ports; port congestion that causes delays; and recently, re-routings stemming from the risk of attacks along routes going through the Red Sea.[11] Ocean carriers cannot absorb these extra costs. Accordingly, to the extent that ocean carriers pay port fees, the fees would have downstream impacts on companies that transport goods by ocean, their customers, and their employees.

To the extent that carriers are forced to pay them, any of the fees proposed in USTR's FRN would, by itself, have a substantial impact on shipping costs. If those fees were imposed cumulatively, the impact would be even more substantial. Moreover, the nature of liner vessel routing would multiply the impact still further because liner vessels typically call on multiple U.S. ports during each voyage to the United States. Accordingly, absent routing changes, a single trip to the United States could require paying the port fees several times over.

To depict the impact that the proposed multi-million dollar per port visit fees would have, WSC provides the following examples based on current services:

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[9] Alphaliner U.S.-Built Fleet (Appendices E-1 and E-2).

[10] *See* McCown, John, "Container Shipping Sector Quarterly Financial Results: Fourth Quarter 2024," https://www.linkedin.com/pulse/158-billion-4q24-net-income-boxships-john-d-mccown-zsoqe/?trackingId=vML9pn0jH1cD0yQYgtlzKw%3D%3D, March 15, 2025 (last accessed March 17, 2025) (Exhibit 3); *see also* Alphaliner, "Weekly Newsletter 2025-11, March 12-18, 2025" (Exhibit 4).

[11] Ocean carriers publish surcharges as part of their publicly available tariffs, and generally include information on such charges on their websites as part of customer advisories. *See, e.g.*: Crowley (https://www.crowley.com/logistics/resources/rates-tariffs/stb/); Hapag-Lloyd (https://www.hapag-lloyd.com/en/online-business/quotation/tariffs/local-charges-service-fees.html); Maersk (https://www.maersk.com/support/glossaries/surcharge-definition); Swire Shipping (https://na.swireshipping.com/Resources/AncillaryCharges). The FMC maintains a database showing the locations of all common carrier tariffs. The database is available at: https://www2.fmc.gov/FMC1Users/scripts/ExtReports.asp?tariffClass=vocc.

Figure 1. Asia-U.S. West Coast Service

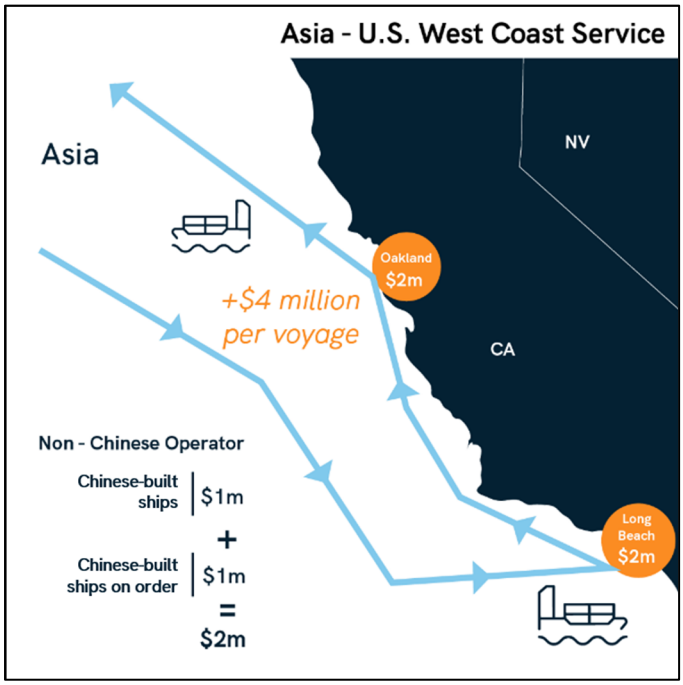


Figure 2.: Asia-U.S. Gulf Coast Service

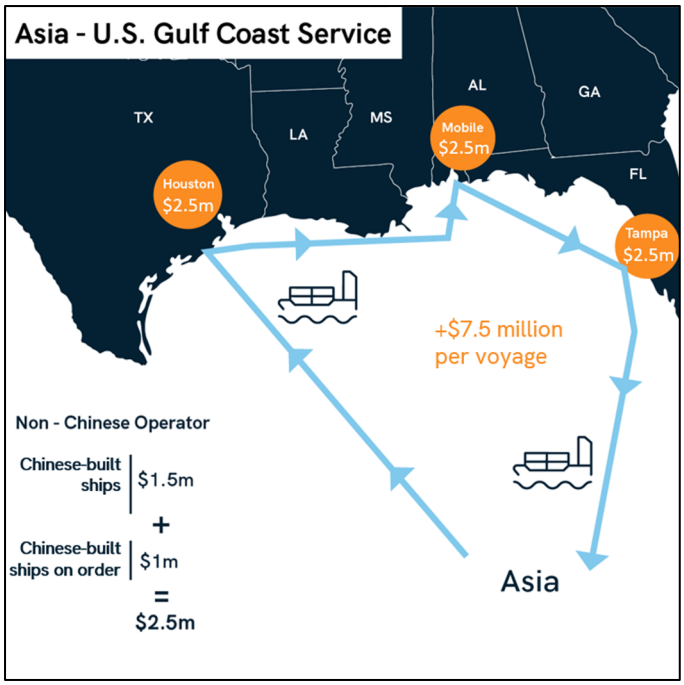
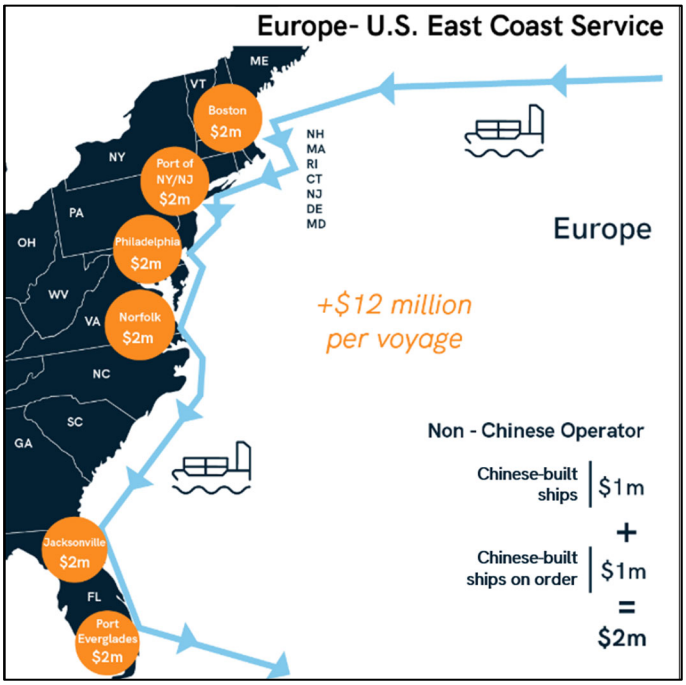


Figure 3: Europe-U.S. East Coast Service



These fees would have a significant impact on a per-container basis. The average containership calling on U.S. ports is only 6,623 TEU.[12] The cost per 40-foot (2 TEU) container of ship capacity, assuming a 6,623 TEU Chinese-built vessel that is *not* considered to be operated by a Chinese operator, for a voyage involving multiple port calls, could be as follows:

	"Up to" Amounts In Proposal Options	**Cost per 40-ft. Container (2x1 TEU) of ship capacity 2 Port Calls 6623 TEU vessel**	**Cost per 40-ft. Container (2x1 TEU) of ship capacity 4 Port Calls 6623 TEU vessel**	**Cost per 40-ft. Container (2x1 TEU) of ship capacity 6 Port Calls 6623 TEU vessel**
Chinese-Built Vessels	(a) $1.5M; or (b) $500,000 - $1.0M; or (c) $1M	(a) $905.93 (b) $301.98-$603.96 (c) $603.96	(a) $1,811.87 (b) $603.96-$1,207.91 (c) $1,207.91	(a) $2,717.80 (b) $905.93-$1,911.87 (c) $1,811.87
Operator's Orders at	(a) $500,000 - $1M; or	(a) $301.98-$603.96	(a) $603.96-$1,207.91	(a) $905.93-$1,811.87

[12] Alphaliner U.S. Container Services Data (Appendix C).

Chinese Shipyards	(b) $1M	(b) $603.96	(b) $1,207.91	(b) $1,811.87
Potential Total	$1M - $2.5M per port call	$603.96-$1,509.89 per 2 port call voyage to the United States	$1,207.91-$3,019.78 per 4 port call voyage to the United States	$1,811.87-$4,529.67 per 6 port call voyage to the United States

The fees would stack even higher if the vessel in question is operated by an operator that *is* considered to be a Chinese operator.[13]

$4,529.67, the high-end fee impact per container of ship capacity for a 6-port call, non-Chinese-operated, voyage on a 6,623 TEU vessel, is an astronomical amount when compared against current spot rates for transportation on major trade routes to and from the United States.

- 535% of the current spot rate from New York to Rotterdam
- 196% of the current spot rate from Rotterdam to New York
- 170% of the current spot rate from Shanghai to Los Angeles
- 645% of the current spot rate from Los Angeles to Shanghai

$4,529.67 would represent 135% of the sum of the inbound and outbound rates between Shanghai and Los Angeles or 143% of the sum of the inbound and outbound rates between Rotterdam and New York. Per container impacts of the fees would rise higher if the vessel in question is considered to be operated by a Chinese operator and thus subject to the additional Chinese-operator fee not reflected in the above-calculations.[14]

Even a $604 fee impact per container of ship capacity for a 2-port call, non-Chinese-operated, voyage on a 6,623 TEU vessel would represent a very significant percentage of current spot rates for transportation on major trade routes to and from the United States.

- 71% of the current spot rate from New York to Rotterdam
- 26% of the current spot rate from Rotterdam to New York
- 23% of the current spot rate from Shanghai to Los Angeles
- 86% of the current spot rate from Los Angeles to Shanghai

[13] For a 6,623 TEU vessel, adding a $1M per port call Chinese operator fee would add $603.96 per 40-foot container of ship capacity for a 2 port call voyage; $1,207.91 per 40 foot container of ship capacity for a 2 port call voyage; and $1811.88 per 40 foot container of ship capacity for a 6 port call voyage.

[14] Adding $1,812 in Chinese operator fees (1M per port call for a 6-port call voyage) to the $4,529.67 above would result in $6,341 per container of ship capacity in fees for a 6-port call voyage with a 6,623 TEU vessel. That would amount to 274% of the current spot rate from Rotterdam to New York; 750% of the current spot rate from New York to Rotterdam; 239% of the current spot rate from Shanghai to Los Angeles; and 903% of the current spot rate from Los Angeles to Shanghai. It would represent 201% of the sum of the inbound and outbound rates between Rotterdam and New York and 189% of the sum of the inbound and outbound rates between Shanghai and Los Angeles.

$604 would represent 18 percent of the sum of the inbound and outbound rates between Shanghai and Los Angeles or 19 percent of the sum of the inbound and outbound rates between Rotterdam and New York.

Moreover, the figures above fail to account for the fact that containerships do not always travel full, and the cost of the fee would need to be spread over the actual TEU carried (i.e., below 100% capacity), not the containership's total capacity. In fact, on transatlantic and transpacific routes departing North America, containerships often travel less than half full.[15] This would further increase the "per container" impact of the fees proposed in this proceeding.

Even if the fee were to be imposed only once each time a liner vessel travels to the United States – regardless of how many port calls the vessel makes – the impact would still be substantial. Assuming a 6,623 TEU Chinese-built vessel that is *not* considered to be operated by a Chinese operator, the impact would be as follows:

	"Up to" Amounts in Proposal Options	**Cost per Standard 40-foot Container (2 x 1 TEU) of ship capacity Single U.S. Port Call 6623 TEU vessel**
Chinese-Built Vessels	(a) $1.5M; or (b) $500,000 - $1.5M; or (c) $1M	(a) $453 (b) $151-453 (c) $302
Operator's Orders at Chinese Shipyards	(a) $500,000 - $1M; or (b) $1M	(a) $151-302 (b) $302
Potential Total	$1M - $2.5M	$302-755

$755 would represent:

- 89% of the current spot rate from New York to Rotterdam
- 33% of the current spot rate from Rotterdam to New York
- 28% of the current spot rate from Shanghai to Los Angeles
- 108% of the current spot rate from Los Angeles to Shanghai

$755 would represent 22% of the sum of the inbound and outbound rates between Shanghai and Los Angeles or 24% of the sum of the inbound and outbound rates between Rotterdam and New York.

[15] Drewry Container Forecaster (Quarter 4, December 2024) (Appendices H-1 and H-2).

When liner carriers are forced to pay these fees, the resulting increases in shipping costs will, when passed along, impact the prices of imported goods paid by U.S. consumers. Coming at a time when consumers are already impacted by high inflation, the fees could further stretch consumers' wallets and place more goods out of reach for more Americans.

Shipping cost increases would not be an issue only for consumers. Ocean carriers transport countless inputs used in U.S. manufacturing, and these inputs would cost more if the Trade Representative were to impose port fees. For goods made with significant numbers of foreign inputs, fee-related increases in input costs could require difficult choices between decreased profit margins and increased sales prices, with resulting decreases in the competitiveness of the U.S.-made product as compared to alternative products.

Further, vessels calling on U.S. ports don't just bring imported goods, they take U.S. exports to destinations around the globe. Importantly, there is no separate U.S. import and export system in liner shipping. The import and export system is one continuous loop, with the same ships, containers and equipment that carry U.S. imports being used to carry U.S. exports. In 2024, containerships transported over $303B in U.S. exports. The value of all U.S. exports transported by water in 2024 was $746B.[16] Not all of the cost of a port fee would be borne by shippers sending goods to the United States. The fee would also translate to higher shipping costs for companies exporting U.S.-produced goods. The increase in the cost of shipping U.S. exports would render those exports less competitive on the global market. This would translate into lost sales, reduced U.S. production, and reduced U.S. employment at businesses dependent on export markets. The adverse impact could be particularly severe for businesses with low profit margins and foreign competition. With competition preventing the exporter from passing increased costs to foreign customers, the U.S. exporter could be forced to shoulder the cost, reducing or eliminating profitability. U.S. producers in these circumstances could face pressure to close or to relocate production.

Agricultural exporters could be particularly impacted by shipping cost increases. Many U.S. agricultural exports have low profit margins and compete with fungible agricultural products from other countries. As foreign producers would not face the same increase in shipping costs, U.S. agricultural exporters would have difficulty passing along increased transportation costs to their customers. Producers of low-margin agricultural export products could take a significant hit to their profitability.

B. In addition to their direct adverse impact on U.S. businesses and consumers, the proposed port fees could have several harmful indirect impacts.

The proposed port fees could have additional adverse impacts on U.S. businesses and consumers.

First, the proposed port fee could adversely affect port-related employment in the United States by diverting cargo to ports in Mexico and Canada. Chinese-built ships could land in Mexican

[16] U.S. Bureau of Transportation Statistics, "U.S.-International Freight Trade by Transportation Mode," https://www.bts.gov/browse-statistical-products-and-data/freight-facts-and-figures/us-international-freight-trade (last accessed March 17, 2025) (Exhibit 5).

and Canadian ports without paying port fees, and goods could be easily transported overland from many ports in these countries to a range of destinations in the United States. Shipping customers could choose to have their goods shipped into Mexican or Canadian ports, increasing demand for transportation into these ports and decreasing demand for transportation into U.S. ports. Carriers could in turn increase calls into Mexican and Canadian ports and decrease calls on U.S. ports – particularly with Chinese-built vessels. Diversion of cargo from U.S. ports to Canadian and Mexican ports would reduce employment at U.S. ports and the countless businesses around these ports that are linked to port operations, from warehouses storing goods to restaurants serving truckers who come to the port to deliver and collect cargo.

Second, a port fee could reduce competition along certain liner routes serving U.S. ports. Carriers with higher numbers of Chinese-built vessels could choose to stop serving routes involving U.S. ports and divert focus to other routes, leaving U.S. routes to carriers with higher numbers of non-Chinese-built vessels. This could result in a contraction of the number of carriers connecting certain U.S. ports with foreign ports. Reduced competition could allow remaining carriers to raise shipping prices, which, as noted above, could affect prices of both imports and of U.S. exports.[17]

Third, the proposed port fees could lead to port congestion at major ports and decreased service to smaller ports, as carriers adjust schedules to minimize the impact of fees. As explained above, carriers would face incentives to have any vessels subject to the fees call on only one or two U.S. ports on each trip to the United States. Carriers would likely select larger ports with concentrated demand. Carriers would also face pressure to use larger vessels when subject to the fees in order to minimize the per-container cost of the fees. This too would drive traffic to larger ports and away from smaller ports. With increased vessel traffic at larger ports, these ports could see increased congestion, resulting in delays that impact the ability of importers and exporters to move their goods in the timeframes they require – a problem that could be particularly acute for exporters of perishable agricultural commodities. By contrast, reduced traffic at mid-sized and smaller ports could adversely impact the economic ecosystems that surround and rely on those ports. Mid-sized and smaller ports provide additional capacity and service in close proximity to U.S. manufacturers, consumers and farmers. Large U.S. ports not only lack the capacity to take on this additional volume, they will not be able to provide the geographic proximity that mid-sized and smaller-sized ports offer to the manufacturers, consumers and farmers in many regions.

IV. Satisfying the proposed requirements to ship on U.S.-built and U.S. flagged vessels will be impossible, and imposing these requirements will damage the economy.

USTR has proposed new, expansive requirements for the use of U.S.-flag and U.S.-built vessels for exports of U.S. products. Under one proposal, the percentage of U.S. exports that would be required to be carried on such vessels would increase rapidly, reaching a requirement that 15 percent of U.S. goods be restricted to export on U.S.-flag vessels, of which 5 percent must be U.S.-built, in just seven years after the date of the action.[18] Another proposal involves a

[17] Ocean carriers would make their own pricing decisions independently, but this hypothetical presents one potential outcome.

[18] 90 Fed. Reg. at 10845.

"restriction" that would require operators to export U.S. goods on only U.S.-built, U.S.-flag vessels, but that would permit goods to be approved for export on non-U.S.-built vessels of operators that use U.S.-built vessels to ship 20 percent of the U.S. exports they ship each year.

These proposals would be impossible to comply with because they do not reflect the realities of the U.S.-flag and U.S.-built fleets and of existing U.S. shipyard capacity.

A. The current U.S.-built containership fleet is small, aging, and lacks spare vessels that could be used for international routes.

As of March, 2025, there are 30 U.S.-built containerships operating in maritime trade. That number amounts to 0.5% of the total global fleet in operation, a figure that becomes even starker when considering the relatively small size of these vessels. The fleet of U.S.-built containerships accounts for just 61,089 *cumulative* TEU. By contrast, some *individual* non-U.S.-built vessels currently operating in international trade exceed *20,000* TEU. Many of these larger containerships operate on key trade lanes, such as between Asia and the U.S. West Coast, and, due to operational efficiencies, can allow carriers to offer lower freight rates. On average, there are roughly 1,000 vessels on liner services calling U.S. ports, with an average capacity of 6,623 TEU.[19]

Of the 30 U.S.-built containerships, 25 (83%) operate solely in domestic U.S. routes, primarily due to the Jones Act.[20] The five (5) remaining U.S.-built containerships effectively operate in the same domestic-focused trade. These vessels, which account for 16,156 TEU, operate on the Asia-U.S. West Coast trade, and are used so that they can, as part of their route, offer *domestic* service between Hawaii and California – a service that requires Jones Act Vessels. Therefore, in practice, there are no U.S.-built containerships available for use in international trade other than Jones Act Vessels. Repurposing a U.S.-built containership for international service would deprive the United States of one of its few containerships available for use in domestic Jones Act service.

Further, the average age of a U.S.-built containership is approximately 24 years.[21] The typical lifespan of such a vessel is 20-30 years.[22] Accordingly, many of these U.S.-built containerships will require replacement in the near future. Thus, to the extent that U.S. shipyards produce containerships in the coming years, much of the production will need to go to replacing existing U.S.-built vessels, and therefore would not result in an expansion of the U.S.-built fleet.

The United States exported 11,194,740 TEUs worth of containerized goods by sea in 2024.[23] Assuming that the volume of U.S. exports remains flat, which would be contrary to the historical

[19] Alphaliner U.S. Container Services Data (Appendix C).

[20] *See* 46 U.S.C. § 55102.

[21] Alphaliner U.S.-Built Vessels (Appendix E-2).

[22] Alphaliner Average Scrapped Containership Age (Appendix F).

[23] PIERS, S&P Global via Journal of Commerce Gateway (last accessed March 21, 2025) (Appendix G).

trend of increasing U.S. exports over time,[24] the following TEU volumes would be needed in order to meet, for containerships, the requirements proposed by USTR for use of U.S.-built vessels for exports:

Percent Required to be Exported on U.S. Built Vessels	TEU volume to be carried on U.S.-Built Vessels	Estimated U.S.-Built TEU Capacity Needed – Assuming 6 Round Trips/Year	# 6000 TEU Vessels Needed	# 3000 TEU Vessels Needed
3% (proposed for 3 years after action)	335,842	55,973	10	19
5% (proposed for 7 years after action)	559,737	93,289	16	32
20% per operator	2,238,948 (cumulative)	373,158	63	125

As the chart above demonstrates, even the U.S.-built TEU volume necessary to export three percent of current U.S. exports would be nearly the amount of the entire fleet of U.S.-built containerships currently operating on either domestic or international routes – and that is based on the aggressive assumptions that U.S.-built containerships in international commerce would make six round trips per year and would always leave the United States full. (In fact, transatlantic slot utilization departing North America over 2023 and the first 3 quarters of 2024 was under 50 percent, and transpacific slot utilization departing North America over the same period hovered between 25 and 31 percent.[25]) Even assuming full slot utilization, shipping 20 percent of U.S. exports on U.S.-built vessels would require over 6 times the TEU volume of U.S.-built vessels currently in operation on domestic or international routes. Even when U.S. shipyards have capacity to produce containerships (which as discussed below, they do not have the ability to produce at scale) and there are no delays, it takes approximately three years, including design and planning time, to build a commercial ship.[26] The proposed requirements for use of U.S.-built vessels are simply not realistic.

[24] U.S. Census, "Trade in Goods with World, Not Seasonally Adjusted," https://www.census.gov/foreign-trade/balance/c0015.html (last accessed March 17, 2025) (Exhibit 6).

[25] Drewry Container Forecaster (Quarter 4, December 2024) (Appendices H-1 and H-2).

[26] Chokshi, Niraj and Payne, Christopher, "How Giant Ships Are Built," THE NEW YORK TIMES, at 8, https://www.nytimes.com/interactive/2020/06/17/business/economy/how-container-ships-are-built.html (June 17, 2020). (Exhibit 7)

B. U.S. shipyards lack capacity to produce commercial containerships at scale

U.S. shipyards are not capable of rapidly producing large numbers of containerships. Only 10 containerships were built and delivered in the United States between 2010 and 2025, with none delivered since 2023.

U.S. Shipyard Construction of Large Commercial Cargo Ships (2010-23)[27]

U.S. Shipyard	Location	Commercial Ships Built
Philly Shipyard	Philadelphia, PA	16 tankers 2 containerships
General Dynamics NASSCO	San Diego, CA	12 tankers 4 containerships
Bollinger Shipyards	Pascagoula, MS	2 containerships 1 roll-on/roll-off
Keppel AmFELS	Brownsville, TX	2 containerships
BAE Systems	Mobile, AL	1 tanker (2012
Fincantieri Bay Shipbuilding	Sturgeon Bay, WI	1 dry bulk "laker"

The most recent orderbook for all U.S. shipyards shows an additional three (3) commercial containerships to be delivered across 2026-2027, with each carrying just 3,620 TEU.[28]

U.S. shipyards are generally already operating at or near their peak capacities as a result of existing contracts and orders. Lloyd's list recently quoted the CEO of a major shipowner who asked a U.S. shipyard about building a vessel and reported that: "The US yard wanted close to $500m but couldn't build anything for seven years as they had a backup of US naval ship orders."[29] Replacement of existing Jones Act vessels and, crucially, military orders, leave essentially no bandwidth for additional production of commercial vessels aimed at developing a fleet of U.S.-built vessels for international commerce. Military orders will likely continue to occupy a substantial amount of U.S. shipyard capacity over the short and medium term in light of the U.S. Navy's need to replace much of its fleet as well as the Navy's goal to significantly

[27] Congressional Research Service, "U.S. Commercial Shipbuilding in a Global Context," at 1, https://crsreports.congress.gov/product/pdf/IF/IF12534, Nov. 15, 2023 (Exhibit 8).

[28] Alphaliner U.S. Container Services Data (Appendix C).

[29] Willmington, Rob, Lloyd's List, "Is Trump's Obsession with a U.S. Shipbuilding Renaissance Laudable, or a Futile Quest?" at 4, https://www.lloydslist.com/LL1152775/Is-Trumps-obsession-with-a-US-shipbuilding-renaissance-laudable-or-a-futile-quest, March 5, 2025. (Exhibit 9).

enlarge that fleet over the next 30 years.[30] This alone will strain the capacity of U.S. shipyards even if there is no increase in demand for U.S.-built commercial vessels. Therefore, even if demand for U.S.-built ships were to surge immediately, U.S. shipyards would lack the capacity to meet that demand in light of their existing schedules and contracts.[31]

C. Rapid expansion of U.S. shipyard capacity in order to rapidly produce additional commercial vessels is not realistic.

Shipyards are expensive and cannot be built on a dime. Moreover, many existing shipyards face physical constraints, and some have optimized their facilities to build U.S. Navy vessels instead of commercial vessels such as containerships or vehicle carriers.[32] Even if the United States were to make the massive financial investment needed to expand nationwide shipyard capacity to the point that the United States could produce the volume of commercial vessels needed to meet USTR's proposed new requirements, it would likely take many years to achieve the necessary shipyard expansion, let alone to produce the number of vessels required to handle existing export volumes in accordance with those requirements.

Moreover, U.S. shipyards face a significant shortfall of U.S. workers trained in necessary trades for shipbuilding.[33] Currently, many shipyards are attempting to recruit and retain thousands of skilled laborers just to meet current shipbuilding contract requirements.[34] In fact, the U.S. Government has identified a need for 174,000 new skilled laborers nationwide just to keep pace with U.S. Navy shipbuilding goals, let alone any increase in commercial shipbuilding work.[35] While various entities at the federal, state, and local levels have undertaken efforts to increase the number of skilled workers available for U.S. shipbuilding, those efforts will likely take years, if not longer, to come to fruition – far longer than would be necessary to produce enough vessels

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[30] U.S. Navy, "Report to Congress on the Annual Long-Range Plan for Construction of Naval Vessels for Fiscal Year 2025" at 9, March 2024 (Exhibit 23); *see* Congressional Research Service, "Navy Force Structure and Shipbuilding Plans: Background and Issues for Congress" at 3, https://sgp.fas.org/crs/weapons/RL32665.pdf, Sept. 24, 2024. (Exhibit 10); Congressional Budget Office, "An Analysis of the Navy's 2025 Shipbuilding Plan" at 6, https://www.cbo.gov/publication/61155, January 2025 (Exhibit 11).

[31] Government Accountability Office, "Shipbuilding and Repair: Navy Needs A Strategic Approach for Private Sector Industrial Base Investments" at 12, 48, https://www.gao.gov/products/gao-25-106286, February 2025 (Exhibit 12); Grady, John, "GAO tells Senate Panel U.S. Shipyards are Major Readiness Concern," US Naval Institute News, https://news.usni.org/2024/05/07/gao-tells-senate-panel-u-s-shipyards-are-major-readiness-concern, May 7, 2024 (Exhibit 13).

[32] *See* Government Accountability Office, "Shipbuilding and Repair: Navy Needs A Strategic Approach for Private Sector Industrial Base Investments" at 19, https://www.gao.gov/products/gao-25-106286, February 2025. (Exhibit 12).

[33] *See* Congressional Research Service, "Navy Force Structure and Shipbuilding Plans: Background and Issues for Congress" at 13, https://crsreports.congress.gov/product/pdf/RL/RL32665/412, May 30, 2024. (Exhibit 10).

[34] *See* Lagrone, Sam, "It's Never Going to Be Easy," U.S. Naval Institute, https://news.usni.org/2024/10/14/its-never-going-to-be-easy, Oct. 14, 2024 (Exhibit 14); Hampton Roads Global Commerce Council & Old Dominion University, "Labor Shortages in the Virginia Ship Repair Industry, https://hrgcc.org/wp-content/uploads/HRGCC-White-Paper-Labor-Shortages-in-the-VA-Ship-Repair-Industry.pdf, Nov. 21, 2019 (Exhibit 15).

[35] Government Accountability Office, "Shipbuilding and Repair: Navy Needs a Strategic Approach for Private Sector Industrial Base Investments" at 20, February 2025 (Exhibit 12).

to satisfy the rapid-onset requirements for exportation on U.S.-built vessels proposed by USTR in its FRN.[36,37]

D. Requirements to export on U.S.-built vessels would have adverse economic impacts.

The proposed U.S.-built vessel export requirements would have significant adverse impacts on the U.S. economy.

As discussed above, the United States does not have adequate vessels or shipyard capacity to meet the proposed U.S.-built vessel export requirements in the timeframe proposed by USTR. Under the apparent terms of the proposals, a shortage of U.S.-built vessels capable of carrying exports could require a reduction in export volumes so that the required percentages of exports are carried on U.S.-built vessels. To the extent that U.S. exports get restricted by the combination of the proposed requirements and lack of U.S.-built vessels to meet them, this would generate significant adverse impacts on the U.S. producers who cannot export. Some might shift to more expensive modes of transportation, such as air, while others might be unable to export at all. Reduced export volumes would reduce profit and employment in the United States, creating a downward drag on the economy.

The requirements could create pressure to repurpose U.S.-built vessels from domestic routes to international trade. This in turn would leave a shortage of vessels qualified under the Jones Act to operate on domestic routes. Prices of transportation on these routes would increase due to reduced supply. This would adversely impact people reliant on domestic waterborne transportation, such as those in Hawaii, Puerto Rico, and other places with no land connections to the mainland United States.[38]

Further, even if the United States were to develop shipyard capacity to produce additional U.S.-built containerships, those vessels would be costly. For instance, CNBC reported that in 2022, a U.S. company that operates domestic routes subject to the Jones Act ordered U.S.-produced 3,600 TEU vessels for $330 million each, while at about the same time, a European shipping company ordered Chinese-built 24,000 TEU vessels for $240 million to $250 million each. In other words, the U.S.-built vessels were one-third more expensive, despite being less than one-

[36] *See* Congressional Research Service, "Navy Force Structure and Shipbuilding Plans: Background and Issues for Congress" at 13, 18-20, https://crsreports.congress.gov/product/pdf/RL/RL32665/412, May 30, 2024. (Exhibit 10)

[37] Even legislative proposals to enhance the U.S. maritime industry implicitly recognize the impossibility of obtaining a large volume of new U.S.-built commercial vessels over the short run. For instance, the SHIPS for America Act (SHIPS Act), S. 5611, 118th Cong. (introduced Dec. 19, 2024), called for the creation of a new Strategic Commercial Fleet Program comprised of 250 U.S.-*flag* vessels operating in international commerce, which would include vessels outside the containership sector such as tankers, with a timeline stretching out over 20-30 years. In recognition of the lack of U.S.-built vessels, the SHIPS Act allowed for foreign-built vessels to be brought into the Strategic Commercial Fleet Program, provided they re-flag to the U.S.

[38] For similar reasons, fee remissions for use of U.S. built vessels in international commerce may have adverse economic impacts on areas reliant on Jones Act vessels for the transport of goods (such as Hawaii and Puerto Rico). By incentivizing use of the small number of U.S.-built ships for international commerce, the fee remissions could drive up the price of Jones Act-compliant domestic maritime transportation, which could in turn drive up the cost of U.S. products in areas reliant on such transportation.

sixth the size.[39] According to BRS Shipbuilding Report, around the same time as the abovementioned U.S.-built ships were ordered, the price for 5,500 TEU ships (i.e., vessels larger than the 3600 TEU U.S.-built ships) was $70 million in China and $77 million in South Korea or Japan – about 21 and 23 percent, respectively, of the cost of the 3,600 TEU U.S.-built ships.[40] For 2,700 TEU ships (slightly smaller than the 3600 TEU U.S.-built ships), the cost was $40 million in China and $45 million in South Korea or Japan – about 12 and 14 percent, respectively, of the cost of the 3,600 TEU U.S.-built ships.[41] These statistics suggest that a vessel operator would have to pay $250 million to $260 million more for a U.S.-built 3,600 TEU vessel than for a comparable vessel made in either China or in South Korea or Japan. For a vessel with a 20-30-year lifespan, this amounts to approximately $10 million per year. For a vessel making six round trips per year between the United States and Europe or the United States and Asia,[42] this amounts to approximately $1.6 million in extra cost per round trip.

Vessel operators would be forced to pass these costs on to their customers. And indeed, as explained above, extra costs of this size could have significant impacts on the shipping costs paid by both exporters and importers, increasing prices paid by American consumers and decreasing the competitiveness of U.S. products in export markets.[43]

E. Mariner shortages make large-scale U.S. reflagging unrealistic, and proposals to require exportation on U.S.-flag vessels could therefore severely damage the U.S. economy.

The United States faces a shortage of U.S. mariners qualified to operate large containerships, and the United States will not be able to resolve this shortage in the short run. U.S.-flag vessels require mariners who are U.S. citizens and U.S. credentialed. Requirements to rapidly increase use of U.S.-flag containerships would accordingly be impossible to implement in the short-run. Attempting to implement them could lead to severe shortages in containership capacity available for exportation, de facto limitations on the quantity of U.S. products that could be exported, and massive increases in ocean freight rates.

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[39] Lori Ann LaRocco, "Biden promise to rival China on shipbuilding faces a big economic problem," CNBC, https://www.cnbc.com/2024/04/25/bidens-plan-to-rival-china-shipbuilders-has-a-big-economic-problem.html, April 25, 2024. (Exhibit 16).

[40] BRS Report 2024 Annual Edition, "Shipping and Shipbuilding Markets" at 39, https://it4v7.interactiv-doc.fr/html/annual_review_2024_668/ (last accessed March 17, 2025). (Exhibit 17).

[41] *Id*.

[42] In fourth quarter 2024, the average global transit time for containers was 68 days from initial booking to clearing the gate at the final port. Average transit times for North America-Europe and North America-Asia were similar: (i) North America-Europe – 57 days; (ii) Europe-North America – 56 days; (iii) North America-Asia – 85 days; and (iv) Asia-North America – 68 days. *See* E2open Shipping Index, "Q4 2024 Report" at 4-9. (Exhibit 18). These figures suggest that a liner container vessel traveling between the United States and Europe, or the United States and Asia, would likely make fewer than 6 round trips per year.

[43] Requirements to export on U.S.-flag vessels would also add cost. A 2011 MARAD report found that it costs twice as much to operate a U.S.-flag vessel as a foreign flag vessel. Congressional Research Service, "Cargo Preferences for U.S.-Flag Shipping" at 8-9, https://www.congress.gov/crs-product/R44254, Oct. 29, 2015 (citing MARAD, "Comparison of U.S. and Foreign-Flag Operating Costs," September 2011 at 1) (Exhibits 19 and 20).

The maritime industry already faces a significant shortage of U.S. mariners qualified to operate large containerships. A study released by the U.S. Department of Transportation's Maritime Administration (MARAD) in 2017 indicated that simultaneous operation of the existing commercially-operated U.S.-flag fleet, and MARAD's 50-vessel Ready Reserve Force, would require over 1800 (or 15.6%) more U.S. mariners with unlimited credentials than were qualified.[44] In 2024, the U.S. Navy's Military Sealift Command drafted a plan to mothball 17 support ships due to a shortage of qualified civilian mariners to operate them.[45] Mariner shortages are so acute that the House of Representatives held a hearing on the subject in 2023.[46]

Training and qualifying mariners to operate containerships cannot happen overnight. These jobs require extensive skills and training, as well as government credentialing, which includes medical and criminal record reviews.[47] Given the training and credentialing involved, rapidly reversing the U.S. mariner shortage and expanding the pool of U.S. mariners to handle a much larger U.S.-flag fleet is not feasible. Accordingly, even if vessel operators were interested in reflagging vessels under the U.S. flag to serve the U.S. export market, they would likely not be able to find the crews to operate the reflagged vessels.

If USTR were to require U.S. exports to be shipped on U.S.-flag vessels, as one USTR proposal appears to require, a massive imbalance would quickly develop between exporter demand for ocean transportation and available U.S.-flag containership space. Many products would simply be unable to be exported due to the shortage of available crews, and hence of operable U.S.-flag vessels. The shortage would lead to skyrocketing freight prices as exporters compete for limited space on those vessels that can find the crews necessary to sail under a U.S. flag. Some products now exported by sea would be shipped through more expensive air cargo transportation (the price of which would itself likely skyrocket due to increased demand). And, many U.S. exports would be shipped overland to Canada and Mexico for exportation from their ports. The increased costs and unintended consequences would likely wreak havoc on the U.S. economy and supply chains.

Though framed as a requirement affecting exports, in practice, such a requirement would also have large impacts on prices for transportation of imports. Non-U.S.-flag vessels bringing imports to the United States would have to leave the United States without collecting U.S. exports for the return trip. Operators would likely need to increase prices for inbound transportation in order to compensate.

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[44] Statement of Ann C. Phillips, Hearing On "Shortage of U.S. Mariners and Recruitment and Retention in the United States Coast Guard," Committee on Transportation and Infrastructure Subcommittee on Coast Guard and Maritime Transportation, U.S. House of Representatives (May 11, 2023), https://www.transportation.gov/assessing-shortage-united-states-mariners-and-recruitment-and-retention-united-states-coast-guard (Ex. 21).

[45] Lagrone, Sam, "Navy Could Sideline 17 Support Ships Due to Manpower Issues," USNI News, https://news.usni.org/2024/08/22/navy-could-sideline-17-support-ships-due-to-manpower-issues, Aug. 22, 2024. (Exhibit 22).

[46] Hearing On "Shortage of U.S. Mariners and Recruitment and Retention in the United States Coast Guard," Committee on Transportation and Infrastructure Subcommittee on Coast Guard and Maritime Transportation, U.S. House of Representatives (May 11, 2023).

[47] 46 C.F.R. Part 10.

When an operator successfully finds a U.S. crew and switches a vessel to U.S. flag, this too would result in increased cost. The daily operating cost of a U.S.-flag vessel is double that of a non-U.S.-flag vessel.[48] This too would raise prices for shipping customers. U.S. consumers would pay more for imports, and U.S. exporters would have to charge more for their products, rendering them less competitive.

Even the proposal to phase in a requirement to export on U.S.-flag vessels would, if applied to containerships, run into the obstacle of crew shortages and impose cost increases on importers and exporters. Indeed, in the short run, it would likely be difficult to find qualified U.S. mariners to staff even small numbers of additional commercial containership crews. If USTR were to require fixed percentages of containership exports to occur on U.S.-flag vessels, the requirement could result in an effective limit on the volume of total U.S. exports by containership.

WSC strongly supports efforts to expand the pool of U.S. mariners qualified to operate containerships. However, requiring the use of U.S.-flag vessels when there are inadequate U.S. mariners to operate them will only serve to create severe disruption to the U.S. economy.

V. The proposed port fees and U.S.-flag/U.S.-built export requirements would exceed USTR's authority under section 301 because they are not reasonably capable of securing the elimination of the acts, policies, and practices found actionable.

A. Section 301 remedies are supposed to be designed to secure the elimination of the actionable foreign trade policies and practices.

Section 301(b)(2) of the Trade Act of 1974 defines a specific purpose of the remedial action to be ordered by the U.S. Trade Representative following a determination that a foreign act, policy, or practice is actionable under Section 301(b): "to obtain the elimination of th[e] act, policy, or practice" that was found to be actionable.[49] Indeed, in litigation over Section 301 duties on Chinese goods, the U.S. Court of International Trade has confirmed that Section 301(b) remedies are "statutorily required to be designed to lead to the elimination of the unfair acts, policies, and practices." *In re Section 301 Cases*, 570 F.Supp.3d 1306, 1332 (Ct. Int'l Tr. 2022).

The statutorily defined purpose of Section 301 remedies results in boundaries on the range of actions the U.S. Trade Representative can order after a Section 301 investigation identifies actionable foreign acts, policies, and practices. The Trade Representative cannot order remedies that would not incentivize or otherwise cause "the elimination of th[e] act, policy, or practice." The 301 statute was not designed to achieve other purposes, including the development or redevelopment of particular U.S. industries or the punishment of businesses that might have in the past saved money as a result of foreign trade practices that are the subject of an investigation. Moreover, the 301 statute is not intended as a vehicle to raise revenue, whether for subsidizing a U.S. industry or for any other purpose. And it is not intended as a means of encouraging or mandating the use of domestic products.

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[48] Congressional Research Service, "Cargo Preferences for U.S.-Flag Shipping" at 8-9, https://www.congress.gov/crs-product/R44254, Oct. 29, 2015 (citing MARAD, "Comparison of U.S. and Foreign-Flag Operating Costs," September 2011 at p. 1) (Exhibits 19 and 20).

[49] 19 U.S.C. § 2411(b)(2).

The proposed port fees and U.S.-flag/U.S.-built export requirements are not plausibly designed to secure the elimination of the acts, policies, and practices found actionable. Indeed, as discussed below, they appear designed to achieve other purposes which, as a matter of law, are impermissible. Accordingly, these remedies should not be imposed.

B. Fees connected to prior purchases or orders cannot incentivize changes to China's actions, policies, and practices.

USTR's proposal includes the possibility of port fees on, or based on a vessel operator's ownership of, vessels already constructed in Chinese shipyards. By definition, fees on already-produced vessels will not impact where purchasers of newbuild vessels place their orders. And accordingly, such fees will not impact China's incentives with respect to shipyard subsidization – or anything else. Currently circulating vessels have already been built, and whether or not the process involved subsidies, a port fee cannot change the past. Fees on already-circulating vessels do not change China's incentives with respect to subsidization of vessels to be constructed in the future, or with respect to any other trade-related decision that China might undertake. The same is true with respect to new vessels that have not yet been delivered, but for which purchasers have signed binding purchase contracts. Because the contract is already in place, changes in the purchaser's cost of using the vessel could not alter China's incentive structure with respect to its policies. Applying fees on, or based on a vessel operator's ownership of, vessels that have already been produced, or for which purchasers already have binding purchase contracts, would serve to raise revenue but not "to obtain the elimination of th[e] act, policy, or practice."[50]

C. Even as applied to newly constructed Chinese-built containerships, port fees on Chinese-built vessels won't lead to order decreases for Chinese shipyards, and hence won't provide an incentive for China to change its practices.

As discussed in WSC's submission during the first phase of the proceeding,[51] a port fee on containerships built in Chinese shipyards in the future would likewise lack the requisite ability to obtain the elimination of the acts, policies, and practices at issue.

Ocean carriers would have options in responding to a U.S. port fee on Chinese-built vessels. Carriers whose vessel mix allowed them to do so could move Chinese-built vessels onto routes not serving the United States while moving non-Chinese-built vessels onto routes serving the United States. If necessary, in order to do so, carriers could adjust the composition of their fleets by chartering different vessels or by selling Chinese built-vessels to operators serving non-U.S. routes and buying non-Chinese-built vessels now used on non-U.S. routes. Over the long run, carriers could be expected to make these adjustments. Alternatively, or in combination with vessel redeployments, the fee associated with continuing to use Chinese-built vessels could be passed along to customers, increasing shipping costs (as discussed above). Such an approach

[50] Sec. 301(b)(2), 19 U.S.C. § 2411(b)(2).

[51] Comments of the World Shipping Council, May 22, 2024, Docket ID USTR-2024-0005-00106761-CAT-3702-Public Document. (Exhibit 24). The comments of the World Shipping Council submitted on May 22, 2024 during the earlier phase of this section 301 proceeding are Exhibit 24 to the present comments, and the Exhibits to the May 22, 2024, comments are Exhibit 25 to the present comments. Both should be considered an integral part of the World Shipping Council's comments and exhibits during the present phase of the proceeding.

could be expected to be more common in the short run. Regardless of which options vessel availability and economics make appropriate at particular times for particular routes, the availability of a substantial pool of non-Chinese-built vessels would, over the long-term, enable use of such vessels on U.S. routes, and there would be ample non-U.S. routes on which carriers could use current and future Chinese-built capacity. Because carriers would be able to make these adjustments over the long run, the proposed fees on port calls by Chinese-built vessels would be ineffective as a means of reducing the market for Chinese-built vessels, and thus as an incentive for China to change its acts, policies, and practices.

Vessel substitution would be possible because existing container vessels produced or on-order in third countries would suffice to serve U.S. routes far into the future. As of March 2025, there were over 6,400 container vessels, representing approximately 31.5 million TEU in capacity, in the global cellular containership fleet.[52] Only 38 percent of global cellular containership inventory (2,428 vessels) is Chinese built, representing just 29 percent of total global cellular containership TEU inventory (about 8.97M TEU).[53] Thus, 62 percent of container vessels (4,042 vessels) and 71 percent of TEU capacity (about 22.49M TEU) could be used for U.S. routes without implicating a port fee on Chinese-built vessels. This far exceeds the amount necessary to handle routes to and from the United States.

As of March 2025, 988 container vessels, representing approximately 6.5 million TEU in capacity, operated on routes connecting U.S. and foreign ports.[54] In fact, around 28 percent of container vessels (278) operating on routes between U.S. and foreign ports are Chinese built, representing 22.2 percent of total TEU operated on such routes.[55] This underscores that non-Chinese-built container vessels could easily be substituted for Chinese-built vessels in routes involving U.S. ports. Moreover, the small percentage of global capacity used on U.S. routes means that even as new Chinese-built container vessels enter into service in the coming years, operators will be able to place them into service on non-U.S. routes, using non-Chinese-built vessels for U.S. routes.

Because there is a pool of non-Chinese-built containerships that could be used for U.S. routes, fees on U.S. port calls by Chinese-built vessels would not be expected to meaningfully impact the market for newly built Chinese container vessels. Accordingly, application of a fee on port calls by container vessels produced in Chinese shipyards (even those contracted for and produced in the future) would not affect China's incentives to continue or discontinue the acts, policies, and practices found actionable, and would constitute an inappropriate remedy under Section 301(b)(2) of the Trade Act.

[52] Alphaliner Global Cellular Containership Fleet Data (Appendix D).

[53] Alphaliner Global Cellular Containership Fleet Data (Appendix D).

[54] Alphaliner U.S. Container Services Data (Appendix C).

[55] Alphaliner U.S. Container Services Data (Appendix C).

D. Applying port fees to an operator's non-Chinese-built vessels based on the operator's ownership of Chinese-built vessels, or based on the operator's order book at Chinese shipyards, also would not provide an incentive for China to change its acts, policies, and practices.

Just as vessel operators can shuffle schedules so Chinese-built vessels avoid U.S. ports, vessel operators can, over the medium to long-run, readily purchase and sell vessels and adjust corporate structures. This ensures that, even though vessel operators may pay these fees in the short-run, raising shipping costs and hence prices for imported U.S. consumer goods and for U.S. exports, over the long run, fees based on the number of Chinese-built vessels in the same fleet as a vessel serving a U.S. port, or based on the number of orders that a vessel's operator has pending at Chinese shipyards, will not serve to incentivize changes in China's acts, policies, and practices.

Ship ownership is not difficult to transfer. Sales or charters can be easily exchanged between companies, such that Chinese-built ships are held by entities that have no vessels serving U.S. routes. Likewise, business entities can easily alter their corporate structures. While vessel sales and corporate restructurings take time and legwork, if fees are imposed at a level that makes vessel sales and corporate restructurings rational, they would be expected to occur. While ownership of Chinese-built vessels and orders at Chinese shipyards may over time become limited to entities not serving the U.S. market, as discussed above, the market for Chinese-built vessels will continue to exist, meaning that the U.S. fees will not affect China's incentives.

In fact, the fees could actually serve to *enhance* the position of China's maritime sector, to the detriment of other countries' maritime sectors. Chinese-owned operators are likely to become a significant portion of the companies that choose to hold Chinese-built ships while avoiding U.S. routes. This is especially likely if USTR imposes port fees on vessels of Chinese operators. Should USTR impose a fee structure that incentivizes third-country vessel operators to sell to unrelated entities that have no plans to serve U.S. ports, that could result in below-market-value sales of Chinese-built vessels to Chinese operators. If USTR were to impose a fee structure that helps Chinese operators to accumulate existing vessels at a low cost, that would leave China in a *more* dominant position in the global maritime sector. Thus, the remedy would accomplish the opposite of its supposed goal.

E. Fee remissions for use of U.S.-flagged or U.S.-owned ships don't incentivize changes in China's practices.

USTR's remedy proposal also includes the possibility of remitting fees imposed on Chinese international maritime transport operators, on Chinese-built vessels, or on operators with orders at Chinese shipyards, based on the number of port calls made by a U.S.-built vessel that the operator uses for international maritime transport services.

This proposal appears designed to provide an incentive for operators to purchase U.S.-built vessels and to use them for international maritime transport services. However, it is not designed to incentivize China to alter any acts, policies, or practices. Indeed, there is no discernable reason why remitting fees would incentivize China to do anything.

As noted above, section 301 does not authorize USTR to take actions for the purpose of incentivizing the purchase or use of domestic products. Section 301 actions must be targeted at securing removal of the actionable foreign act, policy, or practice. Because fee remissions do not serve this purpose, they are not an authorized action under Section 301.

F. Requirements to transport goods on U.S.-flagged and U.S.-built vessels also don't incentivize changes in China's acts, policies, and practices.

Like fee remissions, requirements to transport U.S. exports on U.S. flagged or U.S.-built vessels would not incentivize changes to China's acts, policies, and practices.

First, because a vessel built anywhere can be reflagged under the U.S. flag, U.S. flag requirements do not impact China's incentives with respect to shipbuilding. Moreover, because there will continue to be an ample worldwide market for transportation on non-U.S.-flag vessels, the U.S. requirements would provide no meaningful incentive for any operators with Chinese-flagged vessels to reflag those vessels. In practice, the requirements would likely prompt some vessels flagged in third countries to reflag in the United States – something that may be beneficial for U.S. mariners, but that does not impact China's incentives with respect to its acts, policies, and practices.

Second, while requirements to export goods on U.S.-built vessels may help to generate a market for U.S.-built vessels, such requirements provide no incentive for China to alter any practices. Indeed, given the countless shipping routes around the globe that do not touch the United States, the global market would have ample capacity to absorb Chinese-built ships even if the U.S. government implements requirements to export on U.S.-built ships.

As noted above, Section 301 does not authorize the U.S. Trade Representative to take actions for the purpose of generating a market for U.S. products. Action may be taken under the statute only to secure the elimination of the actionable foreign trade act, policy or practice. Accordingly, requirements to export any amount of U.S. commerce on U.S.-built or U.S.-flag vessels are not authorized Section 301 actions.

G. Fees on Chinese operators also are unable to incentivize elimination of China's acts, policies and practices.

Port fees on vessels of Chinese operators are also unlikely to result in the elimination of China's acts, policies, and practices. As discussed above, corporate structures are highly variable, and trade routes can be served by many different operators. Some Chinese operators could restructure to enable servicing of U.S. routes by entities not subject to fees. Others could abandon U.S. routes to non-Chinese operators while focusing on non-U.S. routes that non-Chinese-operators deprioritized to serve U.S. routes. Regardless of which approach individual Chinese operators take, there would remain countless non-U.S. routes available for them to serve. With this alternate business readily available, the Chinese government would have little incentive to change policies in order to unlock U.S. routes for Chinese operators. Accordingly, the fees would be unable to serve the statutory purpose: eliciting the elimination of the acts, policies, and practices found actionable.

VI. Certain proposed remedies exceed USTR's authority for additional reasons.

Many of the remedies proposed by USTR are not contemplated by Section 301(c) of the Trade Act and therefore appear to be beyond the authority of the Trade Representative to impose.[56]

Requirements to export products on U.S.-built or U.S.-flag vessels are not actions provided for under Section 301(c) of the Act. Under that section, the Trade Representative can withdraw trade agreement or preference program concessions, and can "impose duties or other import restrictions on the goods of, and, notwithstanding any other provision of law, fees or restrictions on the services" of the targeted country. Notwithstanding USTR's characterization of its proposed U.S.-built and U.S.-flag export requirements, they are fundamentally mandates for use of domestic services and services provided using U.S. products (vessels), not "[r]estrictions on services" of China, or even of foreign countries generally. Indeed, it appears that even U.S. providers of ocean transportation services would be affected by the proposed mandate for exportation using U.S.-built vessels. Given that the purpose of section 301 actions is to secure elimination of identified unreasonable foreign trade policies and practices and not to develop domestic industries, it is unsurprising that domestic use requirements are not contemplated by the statute.

Similarly, the port fee proposals put forward here appear to be beyond USTR's authority because the proposed fees appear to be neither on a good nor on a service. Port fees are not duties or import restrictions because the vessels subject to them are not imported. Similarly, while USTR characterizes its port fee proposals as fees "on the international maritime transport" provided by the vessels in question, the fees appear to be disconnected from any maritime transportation provided by the vessel. Indeed, the proposed fees appear to be disconnected from the amount of cargo actually carried by the vessel and do not even appear to be contingent on the vessel carrying cargo. The proposed fees accordingly appear to be fees on an act, entering port, and not on any good or service. Section 301 has no language authorizing such fees.

Finally, as WSC noted in the first phase of this proceeding, the Trade Representative may only take actions to restrict a service sector access authorization if the authorization was granted, or the application was pending, on or after the date that the petition seeking the Section 301 investigation was filed. Section 301(c)(2)(B)(i). A port fee imposed on vessels of currently-operating liner carriers would, to the extent it is a fee on services provided by the vessels, amount to a restriction on the access enjoyed by those carriers.[57] Carriers must meet FMC-administered requirements to establish and maintain their authorization under the Shipping Act to provide services on routes involving U.S. ports, and carriers meeting these requirements therefore enjoy an "other authorization," conditionally granted by Congress in the Shipping Act and subject to oversight by the FMC, within the meaning of Section 301(d)(6) of the Trade Act,

[56] Under the statute, the remedies imposed under Section 301 must be ones specified in Section 301(c) of the Trade Act, or they must be actions within the power of the President and directed by the President. There would not appear to be any discernable independent Presidential authority to impose the port fees and U.S.-flag/U.S.-built export requirements proposed by USTR.

[57] 46 U.S.C. § 40101 et. seq.; 46 C.F.R. Parts 515-545.

to access the ocean shipping services market.[58] The proposed port fee would amount to a restriction on the access that currently-operating carriers are authorized to have because the carriers would need to use vessels not subject to the fee or to pay the fee as a condition of providing continued service. This restriction on access enjoyed by the carriers since before the filing of the petition would be contrary to Section 301(c)(2)(B)(i) of the Trade Act, as amended. Accordingly, a port fee on vessels of currently operating liner carriers would not be a permissible remedy under Section 301.

VII. Use of vague terms is problematic.

USTR's proposed actions are set out in ways that leave significant uncertainty about precisely what is being proposed. While it is clear that the proposal contemplates various port fees and requirements to export goods on U.S. flagged and U.S. built vessels, the scope of what is being proposed is unclear in many other respects.

For instance, the proposal contemplates fees based on where an "operator" has acquired or ordered its vessels. USTR also proposes requiring each "operator" to carry 20 percent of the volume of U.S. exports that it ships on U.S.-built vessels. However, the proposal leaves unclear what an "operator" is. Likewise, the USTR has proposed fees based on the percentage of "Chinese-built" vessels in an operator's "fleet." Yet the proposal leaves unclear what constitutes a "Chinese-built" vessel, or what vessels comprise the operator's "fleet."

Ambiguities in the proposal's terminology raise several concerns. First, these ambiguities deprive participants of meaningful opportunity to comment on the specifics of the proposals – as commentors do not know the full contours of what is being proposed. Second, if unaddressed, these ambiguities will leave maritime industry participants unsure of when they owe fees and of what requirements they need to comply with. Industry participants do not want to become ensnared by vague requirements.

Third, industry participants need operational certainty in order to plan their business activities. Ambiguities in any final determination will leave industry participants unsure of how to proceed or plan. The final determination should precisely and narrowly define any key terms used in setting out remedial actions. This will avoid exacerbating the adverse impacts of any remedy adopted.

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[58] Ocean liner carriers operate their U.S. services as FMC-regulated common carriers (46 U.S.C. § 40101 et. seq.; 46 C.F.R. Parts 515-545.), and they must meet FMC-administered requirements to establish and maintain their authorization under the Shipping Act to provide services on routes involving U.S. ports. Before commencing service into the United States, liner carriers must publish their rates and file information with the FMC – including the location of those rates. 46 U.S.C. § 40501; 46 C.F.R. § 520.3. Carriers must file with the FMC any service contracts that they enter into with shippers committing to a specified rate and service schedule; this enables the FMC to review the contracts to ensure compliance with the Shipping Act. 46 U.S.C. § 40502; 46 C.F.R. Part 530. Those who operate liner carrier services without meeting these requirements can face civil penalties, and common carriers who operate services not in accordance with published rates and charges or valid service contracts can have their tariffs suspended, thereby effectively preventing the carrier from operating as an ocean common carrier. 46 U.S.C. §§ 41107 & 41108. By contrast, carriers that maintain compliance with the applicable requirements and whose tariffs have not been suspended remain authorized to provide ocean liner transportation services to and from the United States.

VIII. Conclusion

The World Shipping Council fully supports the administration's stated goal of revitalizing the U.S. maritime and shipbuilding industry. WSC is keen to work with the Administration and Congress on constructive ways to achieve that goal. WSC members comprise a significant component of the U.S. maritime industry, and they have considerable expertise in shipbuilding and operations. WSC and its members are eager to share their collective expertise and to contribute to the development, outside of this section 301 proceeding, of thoughtful plans to make this revitalization happen.

Unfortunately, USTR's proposed port fees and restrictions on carriage of exports fail as a matter of policy and law. These proposed remedies would cause serious harm to wide swaths of the U.S. economy. Moreover, they appear designed to achieve objectives – such as raising revenue and spurring demand for U.S.-built ships – other than the statutorily authorized objective of section 301 actions. By contrast, these proposed actions will not incentivize China to remove the acts, policies, and practices found actionable in the section 301 investigation. Accordingly, the proposed port fees and restrictions on carriage of exports should not be imposed.

The path to revitalizing the U.S. maritime industry is forward, and not backward through the imposition of retroactive fees that amount to ex post facto punishments on ocean carriers who, in good faith, purchased vessels fit to serve the U.S. trade at the best market prices, in order to provide U.S. consumers, businesses and farmers with low cost international ocean transportation to global markets.

As some of the largest carriers in the U.S. maritime industry and trade, WSC member lines stand ready to lend their considerable expertise to assist the Administration in its goal of revitalizing the U.S. maritime industry and shipbuilding.

Appendix A

WSC Member Companies

WSC Member	Headquarters/Base of Operations
AP Møller-Maersk	Denmark
China COSCO Shipping Corporation	People's Republic of China
CMA CGM Group	France
Crowley	USA
Evergreen Marine Corporation	Taiwan
Hapag-Lloyd AG	Germany
HMM Co, Ltd.	Republic of Korea
Independent Container Line	USA
Kawasaki Kisen Kaisha Ltd.	Japan
Matson, Inc.	USA
Mediterranean Shipping Company	Switzerland
Mitsui O.S.K. Lines Ltd.	Japan
NYK Line	Japan
Ocean Network Express	Singapore
Orient Overseas Container Line	Hong Kong
Pacific International Lines	Singapore
Swire Shipping	Singapore
Wan Hai Lines Ltd.	Taiwan
Wallenius Wilhelmsen	Norway
X-Press Feeders	Singapore
Yang Ming Marine Transport Corporation	Taiwan
Zim Integrated Shipping	Israel

Appendix B

Spot Freight Rates (March 20, 2025)

As assessed by Drewry Supply Chain Advisors

Route	Average Spot Freight Rate (40-foot container)
New York - Rotterdam	$846
Rotterdam - New York	$2,316
Shanghai - Los Angeles	$2,658
Los Angeles - Shanghai	$702

Appendix C

U.S. Liner Services – Vessel Statistics (as of March 2025)

Statistics prepared from Alphaliner Service Search, U.S. Active services, ships deployed and Alphaliner Vessel Search

	Count	Percentage
US International Trades Inventory		
Total Vessels	988	
Total TEU	6,536,899	
Total Vessels Average TEU	6,623	
Total Chinese-built Vessels	278	28%
Total Chinese-built TEU	1,452,022	22%
Chinese-built Average TEU	5,242	
Total Non-Chinese-Built Vessels	710	72%
Total Non-Chinese-Built TEU	5,084,877	78%
Non-Chinese-built Average TEU	7,162	

Appendix D

Global Cellular Containership Fleet Statistics (as of March 2025)

Statistics prepared from Alphaliner, global active cellular containership inventory

	Count	Percentage
Global Cellular Containership Inventory		
Total Vessels	6,470	
Total TEU	31,459,682	
Global Average TEU	4,863	
Total Chinese-built Vessels	2,428	38%
Total Chinese-built TEU	8,968,670	29%
Chinese-built Average TEU	3,694	
Total Non-Chinese-built Vessels	4,042	62%
Total Non-Chinese-built TEU	22,491,012	71%
Non-Chinese-built Average TEU	5,566	

Global WSC Member Cellular Containership Inventory		
	Count	**Percentage**
Total Vessels	4,297	66%
Total TEU	28,013,764	89%

Appendix E-1

U.S.-Built Active Liner Vessels (as of March 2025)

Statistics prepared from Alphaliner

Operators	Vessel Count
Crowley Liner Services	4
Matson	16
Pasha Hawaii Transport Lines	6
TOTE Maritime	4
Grand Total	**30**

Appendix E-2 U.S.-Built Active Liner Vessels (as of March 2025)

Statistics prepared from Alphaliner

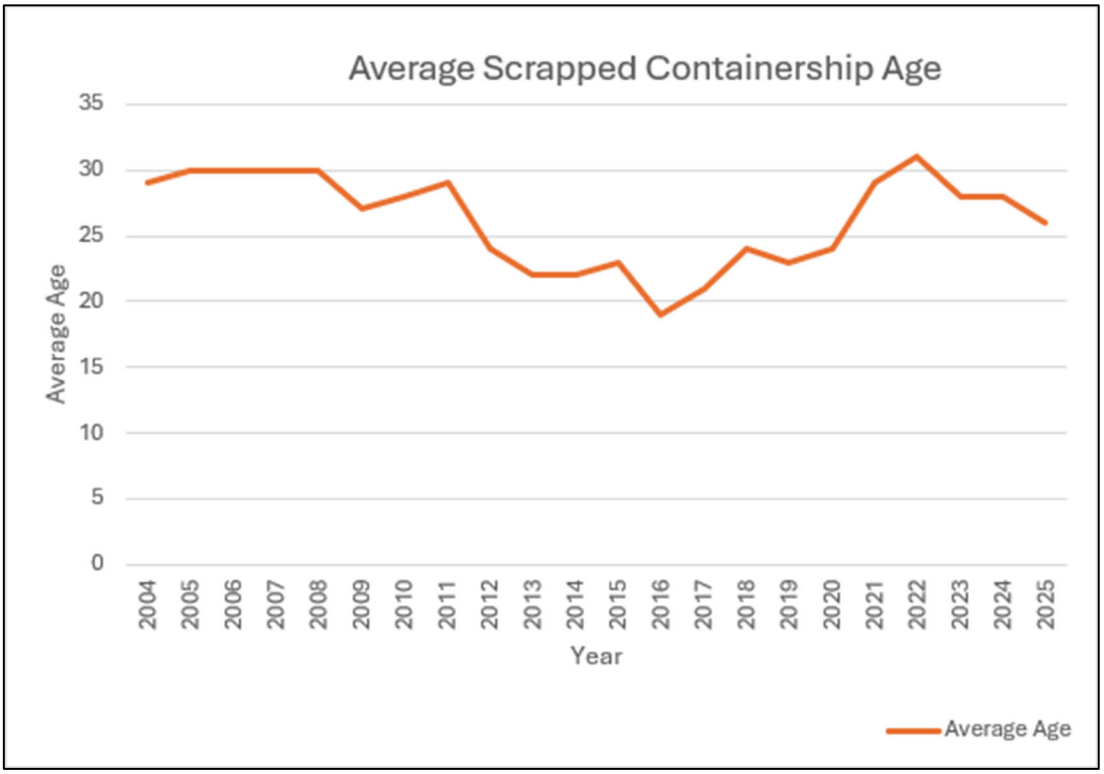
Name	TEU	Build Year	Flag	Shipyard	Shipyard Country	Operator	Route
455-3	720	2007	USA		USA	Crowley Liner Services	US DOMESTIC
DANIEL K INOUYE	3620	2018	USA	Philadelphia Shipyard & successors	USA	Matson	FE-N AMERICA
EL COQUI	2400	2018	USA	Halter Marine	USA	Crowley Liner Services	US DOMESTIC
GEORGE II	2400	1980	USA	Avondale Shipyard	USA	Pasha Hawaii Transport Lines	US DOMESTIC
GEORGE III	3200	2022	USA	Keppel AmFELS	USA	Pasha Hawaii Transport Lines	US DOMESTIC
HALEAKALA	335	1984	USA		USA	Matson	US DOMESTIC
HORIZON SPIRIT	2653	1980	USA	Avondale Shipyard	USA	Pasha Hawaii Transport Lines	US DOMESTIC
ISLA BELLA	3100	2015	USA	NASSCO	USA	TOTE Maritime	US DOMESTIC
JANET MARIE	3200	2023	USA	Keppel AmFELS	USA	Pasha Hawaii Transport Lines	US DOMESTIC
JEAN ANNE	50	2005	USA	Halter Marine	USA	Pasha Hawaii Transport Lines	US DOMESTIC
KAIMANA HILA	3620	2019	USA	Philadelphia Shipyard & successors	USA	Matson	FE-N AMERICA
LURLINE	3500	2019	USA	NASSCO	USA	Matson	FE-N AMERICA
MAHIMAHI	2824	1982	USA	Avondale Shipyard	USA	Matson	US DOMESTIC
MANOA	2824	1982	USA	Avondale Shipyard	USA	Matson	US DOMESTIC
MANULANI	2890	2005	USA	Philadelphia Shipyard & successors	USA	Matson	FE-N AMERICA

MARJORIE C	1400	2015	USA	Halter Marine	USA	Pasha Hawaii Transport Lines	US DOMESTIC
MARTY J	720	2007	USA		USA	Crowley Liner Services	US DOMESTIC
MATSON ANCHORAGE	1668	1987	USA	Bay SB	USA	Matson	US DOMESTIC
MATSON KODIAK	1668	1987	USA	Bay SB	USA	Matson	US DOMESTIC
MATSON TACOMA	1668	1987	USA	Bay SB	USA	Matson	US DOMESTIC
MAUNA LOA	335	1984	USA		USA	Matson	US DOMESTIC
MAUNAKEA	379	1988	USA		USA	Matson	US DOMESTIC
MAUNALEI	2526	2006	USA	Philadelphia Shipyard & successors	USA	Matson	FE-N AMERICA
MAUNAWILI	2890	2004	USA	Philadelphia Shipyard & successors	USA	Matson	US DOMESTIC
MIDNIGHT SUN	380	2003	USA	NASSCO	USA	TOTE Maritime	US DOMESTIC
MOKIHANA	1994	1983	USA	Avondale Shipyard	USA	Matson	US DOMESTIC
NORTH STAR	380	2003	USA	NASSCO	USA	TOTE Maritime	US DOMESTIC
PERLA DEL CARIBE	3100	2016	USA	NASSCO	USA	TOTE Maritime	US DOMESTIC
R.J. PFEIFFER	2245	1992	USA	NASSCO	USA	Matson	US DOMESTIC
TAINO	2400	2018	USA	Halter Marine	USA	Crowley Liner Services	US DOMESTIC

Appendix F

Average Scrapped Containership Age (as of March 2025)

Statistics prepared from Alphaliner



Appendix G

U.S. Export/Import TEU (2024)

Data sourced from Piers, S&P Global via Journal of Commerce

Month	**Export TEU**	**Import TEU**	**Export Utilization (Export TEU / Import TEU)**
Jan-24	857,180	2,220,000	38.61%
Feb-24	930,480	2,080,000	44.73%
Mar-24	1,010,000	2,150,000	46.98%
Apr-24	963,120	2,090,000	46.08%
May-24	978,290	2,130,000	45.93%
Jun-24	920,160	2,290,000	40.18%
Jul-24	933,410	2,470,000	37.79%
Aug-24	985,030	2,500,000	39.40%
Sep-24	928,900	2,520,000	36.86%
Oct-24	837,960	2,480,000	33.79%
Nov-24	937,600	2,360,000	39.73%
Dec-24	912,610	2,310,000	39.51%
Total	**11,194,740**	**27,600,000**	**40.56%**

Appendix H-1

Drewry Container Forecaster (Quarter 4, December 2024) – Excerpts

Table 5.3 Transpacific supply-demand position (kteu) (page 65)							
		Net capacity*		**Cargo demand**		**Net slot utilization**	
		E/b	*W/b*	*E/b*	*W/b*	*E/b*	*W/b*
2021	1Q	6,017	5,252	5,887	1,758	97.8%	33.5%
	2Q	6,391	5,560	5,880	1,699	92.0%	30.6%
	3Q	6,976	6,039	6,609	1,541	94.7%	25.5%
	4Q	6,846	5,915	6,418	1,439	93.8%	24.3%
	Total	**26,231**	**22,767**	**24,793**	**6,437**	**94.5%**	**28.3%**
2022	1Q	6,612	5,713	6,080	1,506	92.0%	26.4%
	2Q	7,140	6,187	6,082	1,586	85.2%	25.6%
	3Q	6,770	5,859	5,812	1,486	85.8%	25.4%
	4Q	6,322	5,436	4,920	1,426	77.8%	26.2%
	Total	**26,845**	**23,194**	**22,894**	**6,004**	**85.3%**	**25.9%**
2023	1Q	5,968	5,106	4,689	1,558	78.6%	30.5%
	2Q	6,896	5,977	5,261	1,509	76.3%	25.2%
	3Q	6,669	5,827	6,112	1,520	91.7%	26.1%
	4Q	6,667	5,817	5,933	1,600	89.0%	27.5%
	Total	**26,200**	**22,727**	**21,995**	**6,188**	**84.0%**	**27.2%**
2024	1Q	6,574	5,705	5,599	1,678	85.2%	29.4%
	2Q	6,901	5,963	6,156	1,624	89.2%	27.2%
	3Q	7,171	6,144	6,926	1,540	96.6%	25.1%

Appendix H-2

Drewry Container Forecaster (Quarter 4, December 2024) – Excerpts

Table 5.14 Transatlantic supply-demand position (kteu) (page 83)							
		Net capacity		Cargo demand		Net slot utilization	
		W/b	*E/b*	*W/b*	*E/b*	*W/b*	*E/b*
2021	1Q	979	874	810	516	82.8%	59.0%
	2Q	987	877	878	529	88.9%	60.3%
	3Q	1,015	897	920	489	90.7%	54.5%
	4Q	1,024	894	877	443	85.7%	49.6%
	Total	**4,004**	**3,542**	**3,485**	**1,976**	**87.0%**	**55.8%**
2022	1Q	1,004	902	785	469	78.1%	52.0%
	2Q	1,128	984	880	495	78.0%	50.3%
	3Q	1,115	1,019	912	461	81.8%	45.3%
	4Q	1,110	1,051	845	433	76.1%	41.2%
	Total	**4,358**	**3,956**	**3,421**	**1,859**	**78.5%**	**47.0%**
2023	1Q	1,170	1,104	733	485	62.7%	43.9%
	2Q	1,269	1,203	740	467	58.3%	38.8%
	3Q	1,197	1,202	805	425	67.3%	35.3%
	4Q	1,152	1,103	774	423	67.2%	38.3%
	Total	**4,788**	**4,612**	**3,052**	**1,800**	**63.7%**	**39.0%**
2024	1Q	1,136	1,050	764	494	67.3%	47.0%
	2Q	1,089	994	778	476	71.4%	47.9%
	3Q	1,062	933	844	455	79.4%	48.8%