

**OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE**

**Notice of Determination Pursuant to Section 301: China's Targeting of the  
Maritime, Logistics, and Shipbuilding Sectors for Dominance**

**AGENCY:** Office of the United States Trade Representative (USTR).

**ACTION:** Notice of determination.

**SUMMARY:** The U.S. Trade Representative has determined that China's targeting of the maritime, logistics, and shipbuilding sectors for dominance is actionable under Section 301.

**FOR FURTHER INFORMATION CONTACT:** Megan Grimball and Philip Butler, Chairs of the Section 301 Committee, Associate General Counsel Thomas Au or Assistant General Counsel Henry Smith, 202.395.5725.

**SUPPLEMENTARY INFORMATION:**

**I. Summary of the Petition**

On March 12, 2024, five labor unions<sup>1</sup> filed a Section 301 petition regarding the acts, policies, and practices of China to dominate the maritime, logistics, and shipbuilding sector.<sup>2</sup> The petition was filed pursuant to Section 302(a)(1) of the Trade Act of 1974, as amended (Trade Act) (19 U.S.C. 2412(a)(1)), requesting action pursuant to Section 301(b) (19 U.S.C. 2411(b)).

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<sup>1</sup> The five petitioners are the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, AFL-CIO CLC (USW), the International Brotherhood of Electrical Workers (IBEW), the International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers, AFL-CIO/CLC (IBB), the International Association of Machinists and Aerospace Workers (IAM), and the Maritime Trades Department of the AFL-CIO (MTD).

<sup>2</sup> For additional information, the full text of the petition and accompanying exhibits are available at: <https://ustr.gov/issue-areas/enforcement/section-301-investigations/section-301-petition-china-maritime-logistics-and-shipbuilding-sector>.

Petitioners allege that China targets the maritime, logistics, and shipbuilding sector for dominance and engages in a wide range of unreasonable or discriminatory acts, policies, and practices that provide unfair advantages across maritime industries, such as shipbuilding, shipping, and maritime equipment. The petitioners also aver that China threatens to discriminate against U.S. commerce and disrupt supply chains. Petitioners allege that China's acts, policies, and practices burden or restrict U.S. commerce in various manners. *See* 89 FR 29424 (April 22, 2024).

## **II. Proceedings in the Investigation**

On April 17, 2024, after consultation with the appropriate advisory committees and the Section 301 Committee, USTR initiated an investigation regarding the issues raised in the petition pursuant to Section 302(a)(2) of the Trade Act (19 U.S.C. 2412(a)(2)). The notice of initiation solicited written comments on, *inter alia*: China's acts, policies, and practices targeting the maritime, logistics, and shipbuilding sectors for dominance; whether China's acts, policies, and practices targeting the maritime, logistics, and shipbuilding sectors for dominance are unreasonable or discriminatory; China's efforts to dominate the global maritime, logistics, and shipbuilding sectors, including the upstream and downstream supply chain, as well as shipping services; information on other acts, policies, and practices of China relating to the maritime, logistics and shipbuilding sectors; whether China's acts, policies, and practices burden or restrict U.S. commerce, and if so, the nature and level of the burden or restriction.

Interested persons filed over 40 written comments. USTR and the Section 301 Committee convened a public hearing on May 29, 2024, during which witnesses provided testimony and responded to questions. The public submissions are available at

<https://comments.ustr.gov/s/> in docket number USTR-2024-0005, and a transcript of the hearing is available on the USTR website.

On April 17, 2024, the U.S. Trade Representative requested consultations with the government of China pursuant to Section 303 of the Trade Act (19. U.S.C. 2413). The government of China has declined to hold consultations under the statutory framework regarding the investigation.

Based on information obtained during the investigation, including the public submissions and the public hearing, USTR and the Section 301 Committee have prepared a report on the acts, policies, and practices under investigation. The report supports a determination that China's targeting of the maritime, logistics, and shipbuilding sectors for dominance is unreasonable and burdens or restricts U.S. commerce and thus is actionable. The report is available to the public on the USTR' website.

### **III. China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance**

For nearly three decades, China has targeted the maritime, logistics, and shipbuilding sectors for dominance and has employed increasingly aggressive and specific targets in pursuing dominance. 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.

Top-down industrial planning and targeting is a critical feature of China's state-led, non-market economic system. China organizes the development of its economy at a high level through broad national-level five-year economic and social development plans.

It then employs industry-specific plans that typically align chronologically with the national five-year plans. These plans often contain detailed quantitative and qualitative targets, including for production, domestic content, and domestic and international market shares, and outline the non-market policies and practices China should use to achieve these targets. China's plans reveal its targeting of the maritime, logistics, and shipbuilding sectors for dominance.

Market share targets necessitate substitution by Chinese companies at the expense of foreign competitors - for Chinese companies to gain market share, they must displace foreign companies in existing markets and take new markets as they develop in the future. China's industrial targets have become more aggressive and sophisticated over the years.

China's targeting of these sectors for dominance has undercut competition and taken market share with dramatic effect: raising China's shipbuilding market share from less than 5 percent of global tonnage in 1999, to over 50 percent in 2023; increasing China's ownership of the commercial world fleet to over 19 percent as of January 2024; and controlling production of 95 percent of shipping containers and 86 percent of the world's supply of intermodal chassis, among other components and products.

#### **IV. Determination on the Acts, Policies, or Practices Under Investigation**

Based on the information obtained during the investigation, as reflected in the public report on the investigation, and taking account of public comments, as well as the advice of the Section 301 Committee and advisory committees, the U.S. Trade Representative has made the following determination under Sections 301(b) and 304(a) of the Trade Act (19 U.S.C. 2411(b) and 2414(a)): China's targeting of the maritime,

logistics, and shipbuilding sectors for dominance is unreasonable and burdens or restricts U.S. commerce, and thus is actionable under Section 301(b) of the Trade Act.

In particular, China's targeting of the maritime, logistics, and shipbuilding sectors for dominance is unreasonable because: it displaces foreign firms, deprives market-oriented businesses and their workers of commercial opportunities, and lessens competition; and it creates dependencies on China, increasing risk and reducing supply chain resilience. China's targeting for dominance also is unreasonable because of China's extraordinary control over its economic actors and these sectors.

Furthermore, China's targeting of the maritime, logistics, and shipbuilding sectors for dominance burdens or restricts U.S. commerce by: undercutting business opportunities for and investments in the U.S. maritime, logistics, and shipbuilding sectors; restricting competition and choice; creating economic security risks from dependence and vulnerabilities in sectors critical to the functioning of the U.S. economy; and undermining supply chain resilience.

These findings provide a basis for finding that responsive action is appropriate to obtain the elimination of the acts, policies, or practices covered in the investigation.

## **V. Further Proceedings**

Sections 301(b) and 304(a)(1)(B) of the Trade Act provide that if the U.S. Trade Representative determines that an act, policy, or practice of a foreign country is unreasonable or discriminatory and burdens or restricts United States commerce, the U.S. Trade Representative shall determine what action, if any, to take under Section 301(b). These matters will be addressed in subsequent proceedings.

**Juan Millan,**

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