

July 7, 2025

**VIA USTR COMMENT PORTAL**

The Honorable Jamieson Greer  
U.S. Trade Representative  
600 17<sup>th</sup> Street NW  
Washington, D.C. 20508

***RE: Notice of Proposed Modification of Action in Section 301 Investigation of China's Targeting the Maritime, Logistics, and Shipbuilding Sectors for Dominance***

Dear Ambassador Greer:

Alliance for Automotive Innovation (“Auto Innovators”) submits these comments in response to the Request for Comment on Notice of Proposed Modifications of Action in Section 301 Investigation of China’s Targeting the Maritime, Logistics, and Shipbuilding Sectors for Dominance issued by the United States Trade Representative (USTR). We appreciate and support the USTR’s proposed modifications to the trade action in connection with its Section 301 investigation. However, we respectfully urge the USTR to consider some additional modifications to help ensure parity between vehicle carriers and other vessels, avoid disproportionate impacts on the auto industry, and prevent additional price increases on consumers at a time where vehicle affordability is already a significant challenge.

Auto Innovators represents the full auto industry, including the manufacturers producing most vehicles sold in the U.S., equipment suppliers, battery producers, semiconductor makers, technology companies, and autonomous vehicle developers. Our mission is to work with policymakers to realize a cleaner, safer, and smarter transportation future and to ensure a healthy and competitive auto industry that supports U.S. economic and national security. Representing approximately 5 percent of the country’s GDP, responsible for supporting nearly 10 million jobs, and driving \$1 trillion in annual economic activity, the automotive industry is the nation’s largest manufacturing sector.

As we noted in our March 24 comments, the auto industry recognizes the importance of preserving and maintaining domestic shipping capability in the U.S. and reducing U.S. reliance on Chinese maritime, logistics, and shipbuilding sectors. While we support targeted efforts to counter unfair Chinese practices in the shipping sector and to foster U.S.-built and U.S.-operated alternatives, we are concerned that the actions outlined in the recent Notice of Action place more expansive limitations on vehicle carriers than are placed on other vessels.

We appreciate that USTR’s proposed modifications would address some inequities. Specifically, we support USTR’s proposal to modify the fee imposed on vessel carriers from one based on Car Equivalent Units capacity to one based on net tonnage. We also support the inclusion of a targeted coverage provision for U.S.-owned or U.S.-flagged vessels enrolled in the Maritime Security Program. However, we urge USTR to consider additional modifications.

First, to align with the fees imposed in Annex I and Annex II, we recommend that the vehicle carrier fees imposed in Annex III apply only to Chinese-built or Chinese-operated vehicle carriers rather than all foreign-built vehicle carriers. As the investigation undertaken by USTR was focused specifically on China's attempt to dominate shipbuilding, it makes sense for USTR to limit the response to Chinese vessels.

Second, since there is currently a scarcity of U.S.-built vehicle carriers, we reiterate our previous request that any new fees on vehicle carriers be delayed for at least 7 years. This reasonable transition period would allow for the development and implementation of a focused plan by the U.S. to promote a domestic vehicle carrier sector that can accommodate auto industry demand.

Third, we recommend that USTR implement additional targeted coverage provisions to the new vehicle carrier fees. This could include other provisions similar to those included in the "Targeted Coverage" section of Annex II, such as for vehicle carriers arriving empty. If fees on all foreign-built vehicle carriers are maintained, USTR could also consider a new targeted coverage provision for vehicle carriers from nations that form strategic security partnerships with the U.S. to reduce global dependencies on China in the maritime, logistics, and shipbuilding sectors.

Finally, we urge USTR to consider exempting from any new fees the net tonnage on a vehicle carrier that is not offloaded from the vehicle carrier for the U.S. market. In other words, rather than imposing fees on the net tonnage of the vehicle carrier entering a U.S. port, any new fees should be imposed only on the net tonnage of the vehicle carrier that is offloaded at the U.S. port.

We also seek clarification on the timing of any fees under Annex III. Annex I specifies that the vessel operator must pay the fee "on or before the entry of a vessel at the first U.S. port or place from outside the Customs territory *on a particular string* [emphasis added]." Similarly, Annex II specifies that the vessel operator must pay the fee "upon the arrival of a Chinese-built vessel to a U.S. port or point from outside the Customs territory *on a particular string* [emphasis added]." In contrast, the proposed modifications to Annex III specify that the vessel operator of the non-U.S. built vehicle carrier must pay the fee "on or before the entry...at the first U.S. port or place from outside the Customs territory." Since the "on a particular string" qualifier does not appear in Annex III, it appears that the fee on vehicle carriers is a one-time fee assessed on a vehicle carrier's first trip to a U.S. port or place from outside the Customs territory. We seek confirmation of this interpretation. If this interpretation is incorrect, and USTR intends to assess the fee on each trip, we urge USTR to align Annex III with Annex I and Annex II by limiting the fee to no more than five times per vehicle carrier annually.

We appreciate your consideration of these recommendations and our request for clarification. We also look forward to working with you and others in the Administration on focused and strategic efforts to promote a domestic shipping industry that can accommodate U.S. demand.

Sincerely,



Hilary M. Cain  
Senior Vice President of Policy