

Congress of the United States

Washington, DC 20510

October 18, 2024

President Joseph R. Biden, Jr.
The White House
1600 Pennsylvania Ave
Washington, DC 20500

Dear President Biden:

We write in strong support of the Office of the U.S. Trade Representative's (USTR) investigation into discriminatory and unreasonable trade practices by the government of the People's Republic of China (PRC or China) concerning the maritime, logistics and shipbuilding sectors. We urge you to reach a swift conclusion in this investigation and to consider strong and effective remedies to begin to turn the tide on our decades-long domestic shipbuilding crisis.

In the face of China's unfair, predatory and highly discriminatory practices, U.S. shipbuilding and maritime supply chain industries have been forced to compete on an uneven playing field, facing shipyards and order books that have benefited from hundreds of billions of dollars of state-directed funding. China's industry is insulated from market forces, utilizes state-owned enterprises to provide cheap inputs and cut yard production costs, and strengthens the People's Liberation Army's Navy with expansive shipbuilding, repair, and maintenance capacities. Meanwhile, U.S. shipyards have been shuttered or forced to compete for a handful of remaining contracts. While the U.S. produces fewer than 10 ocean-going vessels annually, Chinese yards churned out over a thousand.¹

China's cheating — and its resulting outsize maritime capacities in the face of our own shipbuilding crisis — has led to our nation's military leadership sounding the alarm. According to U.S. Secretary of the Navy Carlos Del Toro, China operates 13 large shipyards, with a single yard representing more capacity than all American yards combined.² Even more shockingly, the U.S. Navy estimates that China's shipbuilding capacity is roughly 232 times greater than the United States'.³

To meet the immense challenge of rebuilding U.S. maritime capabilities, we need a robust, highly-trained workforce. Tens of thousands of jobs have been lost as shipyards have closed and experienced workers have been forced out of the industrial base. The United States needs a healthy and revitalized maritime industry capable of meeting the commercial and defense needs of our nation for years to come. That will require making the investments needed to recruit, train and expand our world-class industrial workforce. Breaking the boom-and-bust cycle that has plagued U.S. shipbuilders is critical to maintaining that workforce and growing critical supply chains.

The shipbuilding sector is still enduring the aftershocks from the closure of the Avondale shipyard in Louisiana in 2014. At one time, that yard employed over 26,000 people and was one

¹ <https://crsreports.congress.gov/product/pdf/IF/IF12534>

² <https://www.cnn.com/2023/02/22/asia/us-navy-chief-china-pla-advantages-intl-hnk-ml/index.html>

³ <https://maritime-executive.com/editorials/china-s-navy-is-using-quantity-to-build-quality>

of the top employers in the state of Louisiana. With that closure, the U.S. lost a key shipyard capable of building, repairing, and maintaining large commercial and specialty vessels. That workforce and capacity loss has yet to be restored.

While U.S. workers were laid off and our capacity and know-how were lost, China's shipbuilders were capturing additional market share and extending their growing domination of the global shipbuilding industry. According to the Chinese Communist Party (CCP), in the first six months of this year, their shipyards accounted for almost 75% of the world's new orders, while holding almost 60% of existing orders on their books.⁴

Our nation has recently turned the page on decades of inaction, working to rebuild our critical infrastructure and strengthen the supply chains critical to the safety and livelihood of the American people. However, a key component of that infrastructure – our shipbuilding, repair, maintenance, and logistics sectors – has languished in the face of overwhelming efforts by the Chinese government to dominate the global maritime industry. It is time to rectify that.

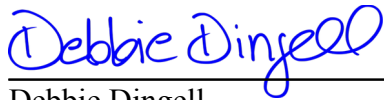
The March 2024 petition submitted by a coalition of labor unions includes potential measures to revitalize America's shipbuilding capacity through the creation of a U.S. Commercial Shipbuilding Revitalization Fund to (1) support existing U.S. government programs such as Construction Differential Subsidies, the Federal Ship Financing Program, and small shipyard grants; (2) expand the Maritime Security Program and the Tanker Security Program's enrolled vessels with a premium on enrolling U.S.-built vessels; and (3) implement measures to increase demand for U.S.-built ships including through graduated requirements to transport U.S. energy products on U.S. built, flagged, and crewed vessels; and (4) promote the revitalization of shipbuilding supply chains and invest in training and workforce development.

We hope that USTR's investigation will conclude that China's predatory actions demonstrate a clear and unambiguous intent to dominate global markets to the detriment of American workers and industry. The result of the investigation, with your help, can lead to measures being put in place to restore American capacity in these sectors.

We strongly urge you to swiftly conclude this investigation and to implement resolute measures to remedy decades of unfair and discriminatory policies by the CCP that have harmed our workers and the economic and national security of the United States. The remedies must be commensurate in scope and magnitude to the large-scale harm caused to U.S. industry over the past several decades. We look forward to joining you as we commit to a brighter future for the U.S. shipbuilding, maritime, and logistics sector.

Sincerely,

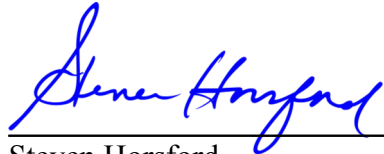
⁴ *China's shipbuilding surges as innovation, new quality productive forces fuel first-half boom* – Fan, Feng. Global Times (PRC State Media). July 16, 2024. <https://www.globaltimes.cn/page/202407/1316147.shtml>
<https://maritime-executive.com/article/china-s-yangzijiang-shipyard-rides-the-shipbuilding-boom#:~:text=With%20Korean%20and%20Japanese%20yards,not%20just%20bulk%20and%20tankers.>



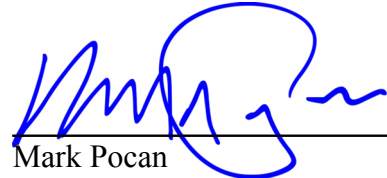
Debbie Dingell
Member of Congress
Co-Chair, Congressional
Labor Caucus



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Member of Congress
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Co-Chair, Congressional
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Joe Courtney
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Jared Golden
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Stephen F. Lynch
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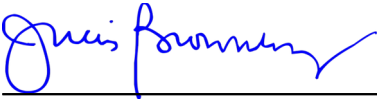
Eleanor Holmes Norton
Member of Congress



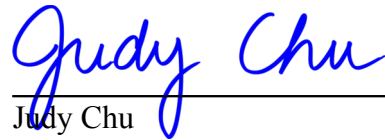
David J. Trone
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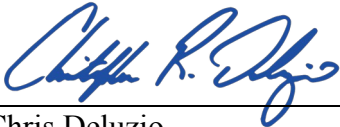
John Garamendi
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Julia Brownley
Member of Congress



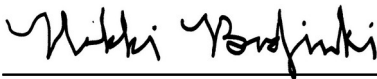
Judy Chu
Member of Congress



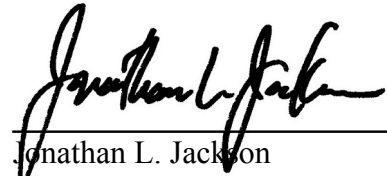
Chris Deluzio
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Nikki Budzinski
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Jonathan L. Jackson
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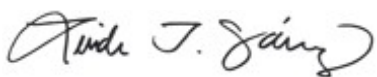
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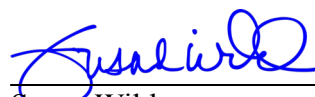
Lloyd Doggett
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Maxine Waters
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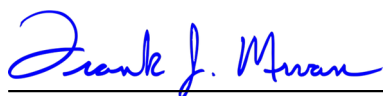
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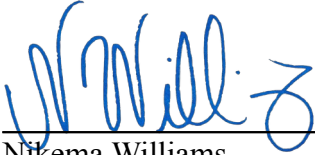
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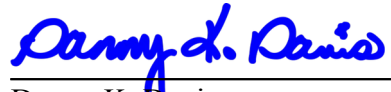
Thomas R. Suozzi
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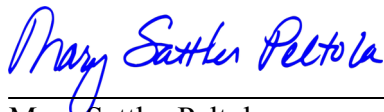
Andre Carson
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Nikema Williams
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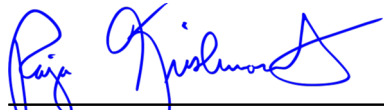
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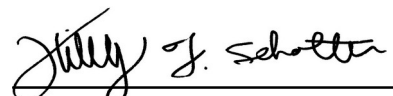
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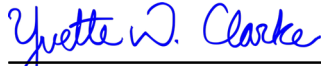
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Scott H. Peters
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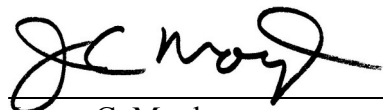
Dwight Evans
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Yvette D. Clarke
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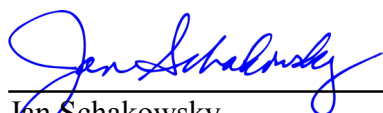
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James C. Moylan
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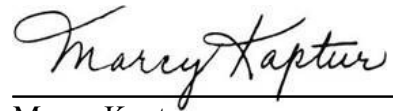
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Jan Schakowsky
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Dina Titus
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Robert C. "Bobby" Scott
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Ro Khanna
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Grace Meng
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Brad Sherman
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