



AMERICAN
COMPASS

American Compass
300 Independence Avenue SE
Washington, DC 20003

www.americancompass.org

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The Honorable Jamieson Greer
U.S. Trade Representative
Office of the United States Trade Representative
600 17th Street NW
Washington, DC 20508

Dear Ambassador Greer:

American Compass is a policy think tank that was established in 2020 to restore an economic consensus that emphasizes the importance of family, community, and industry to the nation's liberty and prosperity. To that end, American Compass submits the following comment in support of the Office of the U.S. Trade Representative's (USTR) proposed efforts to counter China's acts, policies, and practices targeting the maritime, logistics, and shipbuilding sectors for dominance.

Shipbuilding is a major component of any nation's economic security. Rather than continuing to rely on military procurement alone to support U.S. shipbuilding capacity, the United States must pursue a broader strategy¹ to restore a viable U.S. shipbuilding industry and wider industrial base. This should include the use of commercial port service fees on Chinese ships and phased in requirements for increased use of U.S. built and operated ships, as proposed by the current administration.

As Michael Lind recently argued in *Commonplace*, "[T]hroughout history, naval powers have gone to great lengths to supplement the fighting ships of their navies with a flourishing 'merchant marine,' consisting of civilian ships built in national shipyards with national owners and national crews that can be conscripted to reinforce the nation's navy during times of war and international tension."² This strategy was adopted by the United States throughout most of the 20th century, with the U.S. building the largest modern fleet in the world at over 2,300 ships by 1922 under the Emergency Fleet Corporation.³ Continual support for this fleet was granted under the Merchant Marine Acts of 1920, 1928, and 1936, which offered various subsidies, competitive price supports, and federal training programs for the U.S. shipping industry. Before entering World War II, these programs allowed the United States to support the Allied powers through the Lend-Lease program; after entering the war, it formed the basis for the largest civilian navy in world history, which continued to fuel American naval efforts throughout the Cold War.

¹ <https://commonplace.org/2025/02/06/big-stick-economics/>

² <https://commonplace.org/2025/03/13/trumps-shipbuilding-imperative/>

³ <https://www.maritime.dot.gov/history/historical-documents-and-resources/maritime-administration%E2%80%99s-first-100-years-1916-%E2%80%93-2016>

When these programs were gutted in the early 1980s, U.S. shipbuilding plummeted. American commercial ships on order dropped from 77 in 1975 to only eight in total from 1987 to 1992.⁴ In 2023, the U.S. had only five commercial ships on order compared to China's 1,749.⁵

New market protections are needed to restore the U.S. shipbuilding sector. While America may have embraced free market dogma at the expense of its shipbuilding industry, other nations did not. China and others have spent decades subsidizing their commercial shipping industries and have almost completely cornered the market at America's expense.⁶ Chinese ships now carry over half of the world's tonnage (51%), Korean ships 28%, and Japanese ships 15%. Worldwide, U.S. commercial ships carry a mere 0.1% of gross tonnage.⁷

Chinese shipbuilding, in particular, has benefited from non-market interventions at the expense of its rivals, including deliberate subsidies, suppressed wages, and the integration of civil and military shipbuilding resources under China's "Military-Civil Fusion" strategy. These policies and their market effects have been well documented by USTR⁸ and CSIS.⁹

China's strategy has been effective. Its share of world shipping tonnage capacity skyrocketed from 5% in 1999 to over 50% in 2023,¹⁰ including 81% of container ships, 75% of bulk carriers, and 48% of liquefied petroleum gas carriers.¹¹ Last year, China built more commercial ships by tonnage in a single year than the U.S. has produced in total since World War II.¹² This rise was not due to some new, miraculous "comparative advantage." On the contrary, one study estimates that China's shipbuilding industry operates at an 82% loss when all government costs are considered.¹³

China has also expanded its shipping and logistics networks, buying and controlling more than a hundred ports across continents and commercial regions and installing its LOGINK ship-tracking software.¹⁴ It has even made investments in port infrastructure in Los Angeles and Seattle.¹⁵ China is also already using commercial fleets, including fishing boats, to assert dominance in the South China Sea against the Philippines, Taiwan, and other nations in the region.¹⁶

The United States must answer China's strategy with a shipbuilding strategy of its own. Levying port service fees on Chinese vessels would counter the unfair advantage such ships receive from

⁴ <https://enotrans.org/article/decline-u-s-shipbuilding-industry-cautionary-tale-foreign-subsidies-destroying-u-s-jobs/>

⁵ <https://www.forbes.com/sites/lorenthompson/2024/02/08/the-us-commercial-ship-industry-has-collapsed-fallout-for-national-security-could-follow/>

⁶ https://www.dsir.gov.in/sites/default/files/2019-11/9_7.pdf

⁷ <https://www.voronoiaapp.com/economy/-China-Built-51-of-the-Worlds-Merchant-Ships-in-2023-2689>

⁸ <https://ustr.gov/sites/default/files/enforcement/301Investigations/USTRReportChinaTargetingMaritime.pdf>

⁹ [https://csis-website-prod.s3.amazonaws.com/s3fs-public/2025-](https://csis-website-prod.s3.amazonaws.com/s3fs-public/2025-03/250311_Funaiole_Ship_Wars.pdf?VersionId=rr_4IH5jXertzgZLdS.ke07oFmgWTHnIM)

[03/250311_Funaiole_Ship_Wars.pdf?VersionId=rr_4IH5jXertzgZLdS.ke07oFmgWTHnIM](https://csis-website-prod.s3.amazonaws.com/s3fs-public/2025-03/250311_Funaiole_Ship_Wars.pdf?VersionId=rr_4IH5jXertzgZLdS.ke07oFmgWTHnIM)

¹⁰ <https://www.dw.com/en/donald-trump-us-china-trade-protectionism/a-71814384>

¹¹ <https://www.cNBC.com/2025/03/11/trump-pursues-new-trade-war-on-seas-targeting-china-containerships.html>

¹² [https://csis-website-prod.s3.amazonaws.com/s3fs-public/2025-](https://csis-website-prod.s3.amazonaws.com/s3fs-public/2025-03/250311_Funaiole_Hill_Brief.pdf?VersionId=4uV8bQKr.gSN2MUgqjGE1u94IDQ9OrsG)

[03/250311_Funaiole_Hill_Brief.pdf?VersionId=4uV8bQKr.gSN2MUgqjGE1u94IDQ9OrsG](https://csis-website-prod.s3.amazonaws.com/s3fs-public/2025-03/250311_Funaiole_Hill_Brief.pdf?VersionId=4uV8bQKr.gSN2MUgqjGE1u94IDQ9OrsG)

¹³ <https://gbfinancemag.com/industrial-policy-lessons-from-shipbuilding/>

¹⁴ <https://asiapowerwatch.com/chinas-logink-platform-as-an-economic-weapon/>

¹⁵ <https://www.rfa.org/english/china/2025/02/13/china-usa-port-panama-security-threat/>

¹⁶ https://www.wsj.com/world/china/china-expansion-taiwan-himalayas-146aff72?mod=djemMoneyBeat_us

subsidies and other government interventions designed to steal world market share. Such fees would also raise significant revenues that should be used to offset new investments in redeveloping shipbuilding capacity in the United States, including increased funding for port infrastructure, industrial scaling, skill training, and research and development. To that end, the administration should establish a maritime security trust fund, national development bank, or similar vehicle that uses funding from tariff revenues to draw private investment toward wider economic priorities like shipbuilding. Phasing in requirements for use of U.S. built and manned commercial ships would also ensure that the United States increases its own market share instead of merely increasing reliance on Japan and South Korea, who also have a history of subsidizing their shipbuilding industries.

China's predatory strategy to dominate shipbuilding can no longer be rewarded by an acquiescent world market. The United States should pursue the administration's proposed strategy of levying port fees on Chinese built, manned, or flagged ships carrying goods into the United States, regardless of where their tonnage originates. It should also phase in requirements for U.S. goods to be transported on U.S. built and operated vessels to ensure the United States maintains a basic market share and a viable shipbuilding industry into the future.

Sincerely,



Mark A. DiPlacido
Policy Advisor
American Compass