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# How an effort to revive domestic shipbuilding could shake up ag export routes

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By Oliver Ward ([/authors/684-oliver-ward](#))

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(Photo by Bernard Spragg)

New policy proposals to spur domestic shipbuilding could increase export costs and reconfigure U.S. agriculture export routes, analysts warned on Friday, sparking a cross-industry opposition effort.

The Office of the U.S. Trade Representative this week unveiled a menu of proposals (<https://www.federal-register.gov/documents/2025/02/27/2025-03134/proposed-action-in-section-301-investigation-of-china-targeting-of-the-maritime-logistics-and>) to revive U.S. shipbuilding and reduce China's stranglehold on the industry. Among the measures under consideration are a surcharge of up to \$1.5 million for any Chinese-built vessel that docks at a U.S. port and a proposal to phase in a requirement that up to 15% of all U.S. exports move on U.S.-flagged vessels, with at least 5% on U.S.-built vessels.

The proposals have U.S. ag exporters worried.

"I'll tell you, U.S. maritime labor costs a lot more than the labor on ships now with a Filipino captain and a Bangladeshi crew. They don't get paid quite as much as the U.S. maritime labor," Peter Friedmann, executive director of the Agriculture Transportation Coalition said during a panel at the Agriculture Department's Agricultural Outlook Forum.

Although the proposals have landed in the opening weeks of the Trump administration, they build on work carried out under his predecessor, Joe Biden. Just days before President Donald Trump took office, USTR published a 182-page report charting the rise of China's market share in global shipbuilding – from just 5% in 1999 to more than 50% in 2023.

The study, initiated under Section 301 of the Trade Act of 1974, found China had provided its shipbuilding and maritime sectors with extensive domestic support that had hurt U.S. commerce and recommended the next administration take corrective action.

Instituting a requirement to carry a share of exports on U.S.-made vessels or imposing hefty fines on Chinese operators, however, is "a bigger challenge and threat to the U.S. importers and exporters than it is to the Chinese shipbuilders," Friedmann argued.

If the proposals are implemented, Friedmann added, more U.S. ag exporters would likely ship more grain via train to Canadian ports, where an international – likely Chinese-made – vessel would move the products more cheaply.

"There's some solutions there," Friedmann said, "and none of them are good for the U.S. economy."

USTR is gathering public comments on the proposals and has a public hearing slated for March 24. But Friedmann said a coalition of affected industries is already voicing their opposition to the proposal.

During Friday's panel, Cary Davis, the president and CEO of the American Association of Port Authorities, a trade association, said he was "in lockstep" with Friedmann on the issue.

"I think you're spot on. Cargo will be diverted to Canada and Mexico if there's a tax on these Chinese ships," Davis added. "It hurts American businesses."

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Friedmann said that the AgTC has heard similar concerns from representatives in the retail, footwear and apparel sectors.

"We're all working to right-size this to let our shipyards know that they cannot stymie global commerce and the agriculture exports in a way that their proposal would result in," Friedmann said.

The proposal pits U.S. agriculture and other industries' interests against shipbuilders and unions. The United Steelworkers union, AFL-CIO and the Maritime Trades Department, among other unions, filed the Section 301 petition with USTR last March that triggered the investigation.

Following this week's Federal Register notice outlining the proposed measures, USW insisted that (<https://usw.org/press-release/usw-chinese-attacks-on-shipbuilding-industry-require-strong-remedies/>) Chinese efforts to undermine the U.S. shipbuilding industry require "strong remedies."

Plenty of lawmakers also support the notion that the U.S. needs to take steps to reverse China's dominance of the global maritime industry. Last week, five Democratic Senators, including Senate Agriculture Committee ranking member Amy Klobuchar, D-Minn., wrote to President Trump to urge him to act on USTR's findings in its Section 301 report. They argued measures are necessary to protect U.S. economic and national security interests.

But they did not endorse any specific policy outcomes.

The president himself has also expressed an interest in reviving U.S. shipbuilding. Days before he took office, he lamented the decline of U.S. shipbuilding on the Hugh Hewitt show.

"We used to build a ship a day. We don't build ships any more," Trump said, according to a transcript. (<https://hughhewitt.com/president-elect-donald-trump-on-one-big-beautiful-bill>) "We want to get that started."

Lawmakers from agricultural states and districts, Friedmann noted, could be essential for generating pushback and raising awareness within the administration of the possible impacts of the proposals.

"We are facing a global change," Friedmann said, "and transportation is really the key element of whether U.S. agriculture remains competitive with other emerging sources – and that's our challenge."

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