

March 24, 2025

U.S. Trade Representative
Office of the United States Trade Representative
600 17th St., N.W.
Washington, DC 20508

RE: Docket No. USTR-2025-0003

The undersigned organizations submit this statement in response to the request for public comments on the potential trade action in connection with the Section 301 investigation of China's targeting of the maritime, logistics, and shipbuilding sectors for dominance, as requested in the February 27, 2025, edition of the *Federal Register*. These comments seek to relay information on impacts to U.S. agriculture.

Our organizations understand President Trump's efforts to make the United States a leader in maritime by investing in and rebuilding America's shipbuilding capabilities. However, the current limits on U.S. shipbuilding capacity and the need to expand and develop manufacturing facilities, train workers, and the multi-year timeline needed to build new vessels mean that agriculture exports and key agricultural inputs will be disproportionately impacted in the near and mid-term by this proposal compared to other sectors due to the heavy export dependency of United States agriculture.

Due to the importance of ports and vessels to U.S. agriculture, we desire to be part of the conversation on how to achieve USTR's trade action plans. We respectfully request an exemption for U.S. agriculture from both the proposed fees on Chinese vessels and graduated sourcing requirements for U.S. built and flagged vessels until such time as our nation's ship production can meet the requirements needed to keep U.S. agriculture competitive in the global market. Additionally, critical crop inputs and ingredients for animal, poultry, and pet feed also will be impacted by these fees and negatively impact producers. We are convinced that without this exemption our agriculture exports will not be competitive, farmers will face challenges in securing consistent and affordable supplies of crop inputs, and the trade deficit in the agricultural sector will continue to grow rather than shrink, while also increasing production costs.

The U.S. agricultural and food sectors directly support nearly 24 million jobs (over 15% of U.S. employment) and are responsible for more than \$9.6 trillion of the country's economic activity (approximately 20% of total U.S. output). Many of these jobs are in rural areas with a high reliance on agriculture's economic output. They also help to support the thousands of agricultural producers dependent on a strong rural economy and the exports needed to maintain it.

Most sectors within U.S. agriculture can be summarized as capital intensive and low margin with high levels of domestic and international competition. There are very few cases where U.S. agriculture produces products that cannot be sourced elsewhere internationally. U.S. agriculture must compete on price to penetrate and maintain access to foreign markets.

In 2024, the U.S. exported \$191 billion in U.S. agricultural and related products. More than 70 percent of the ag exports were waterborne and moved by vessels through 29 customs districts and numerous ports.

Our industry experts and market analysts share that U.S. built bulk vessels for agricultural exports currently make up 0.2% of the current global fleet with more than half of that fleet being Chinese built vessels. We cannot export U.S. agriculture bulk products without the use of bulk vessels. Additionally, the number of U.S. built vessels capable of handling containers is also limited, and we are concerned that these limits will cause U.S. container exports to be pushed out of the global market as well. Based on the sourcing requirements in the proposal, it is our understanding the U.S. would need to build vessels in the next three years totaling approximately 400 Panamax, more than 900 Handy Maxes, or a combination of the two.

In addition to agriculture exports, maritime shipping is critical to the global supply chain for fertilizers, an industry that, in addition to supplying American farmers with essential crop nutrients, contributes \$140 billion to the U.S. economy, supports nearly 500,000 jobs, and generates over \$36 billion in income for workers. Fertilizer is a global commodity, and exports and imports of fertilizer finished products, raw materials, and more are shipped across the globe. This trade ensures that U.S. farmers have access to the fertilizers needed for successful harvests while also enabling American fertilizer producers to compete in the global market. Fertilizer transportation largely occurs on dry bulk and gas carrier vessels.

While we support President Trump's effort to rebuild the United States position and power in global shipping, we are worried the current fees and timelines cannot be achieved without substantial economic harm on the farm and in rural America.

These are not idle concerns. U.S. commodity prices and agriculture exports have already been negatively impacted due to uncertainty regarding when trade actions would become effective. Vessel operators have told U.S. exporters they intend to pass on 100 percent of the cost of the port fees. Because U.S. exporters do not know when the trade actions will become effective, they are already experiencing increased costs in their export tender bids and lost export business to international competitors. Many exporters have also reported an inability to source contracts with international buyers and shipping companies beyond May.

Vessel owners already are implementing a two-tier freight approach. Under the first tier, all anticipated port fees related to vessels owned by Chinese companies and/or manufactured in China are passed onto the U.S. customer. For the second tier, U.S. customers are also charged higher freight rates for non-Chinese owned or manufactured vessels presumably because of increased demand and associated additional logistical challenges. Both tiers result in higher freight costs for U.S. agriculture. Export sales are being lost because the price margins between U.S. origin and competing international origin agricultural products are too small to absorb the added freight costs, and costs for imports essential to American agriculture are also rising.

The impacts on producers and rural America are not minimal. In the grains and oilseeds sector the increased cost for bulk vessels is estimated at between \$.50/bushel and \$1.25/bushel depending on the port and size of vessel impacted. It is also estimated the cost could double for container exports of agricultural commodities, including grains, oilseeds, produce, dairy, meats, and spirits, along with the import of important crop inputs and ingredients used for U.S. production of feed for livestock, poultry and pets.

The export of by-products is also impacted including soymeal, oils, ethanol, and DDGs. In many instances, the U.S. has already become the residual supplier in global markets due to current pricing. These increases will make it more difficult to export the bounty of U.S. agriculture and the domestic market is unable to absorb these lost exports without a substantial negative impact on both prices received by producers and rural jobs.

Our organizations would like to work with USTR and the Trump Administration on their development of trade actions to revitalize the U.S. maritime industry without harming export dependent industries such as U.S. agriculture. We respectfully request consideration of our recommended exemption for agricultural exports and imports of key inputs until such time as the requirements of this proposal for U.S. sourced vessels can be met.

Thank you for your consideration of these concerns and recommendations. We stand ready to work with you to improve the rural and maritime economies of America.

Sincerely,

National Associations

Agricultural and Food Transporters Conference
 Agricultural Retailers Association
 Agriculture Transportation Coalition
 American Farm Bureau Federation
 American Feed Industry Association
 American Pulse Association
 American Soybean Association
 American Sugar Alliance
 Corn Refiners Association
 Council of Producers & Distributors of Agrotechnology
 CropLife America
 Edible Oil Producers Association
 Farm Credit Council
 Forest Resources Association
 Growth Energy
 International Dairy Foods Association
 International Fresh Produce Association
 Meat Institute
 National Aquaculture Association
 National Association of State Departments of Agriculture
 National Association of Wheat Growers
 National Corn Growers Association
 National Council of Farmer Cooperatives
 National Farmers Union
 National Grain and Feed Association
 National Milk Producers Federation

National Pork Producers Council
 National Potato Council
 National Sorghum Producers
 National Turkey Federation
 North American Export Grain Association
 North American Renderers Association
 Peanut and Tree Nut Processors Association
 Pet Food Institute
 Renewable Fuels Association
 Southeastern Grain & Feed Association
 Soy Transportation Coalition
 Supply Chain Federation
 The Fertilizer Institute
 USA Dry Pea and Lentil Council
 U.S. Apple Association
 USA Rice
 U.S. Dairy Export Council
 U.S. Grains Council
 U.S. Meat Export Federation
 U.S. Pea and Lentil Trade Association
 US Rice Producers Association
 U.S. Wheat Associates
 Waterways Council Inc.

State/Regional Associations

Agribusiness Association of Iowa
 Agribusiness Council of Indiana
 Colorado Association of Wheat Growers
 Colorado Wheat Administrative Committee
 Florida Sugar Cane League
 Georgia-Florida Soybean Association
 Grain and Feed Association of Illinois
 Idaho Grain Producers Association
 Idaho Wheat Commission
 Illinois Corn Growers Association
 Illinois Soybean Growers
 Indiana Corn Growers Association
 Indiana Soybean Alliance
 Iowa Corn Growers Association
 Iowa Soybean Association
 Kansas Agribusiness Retailers Association
 Kansas Association of Wheat Growers
 Kansas Grain and Feed Association
 Kansas Sorghum Producers
 Kansas Soybean Association

Kentucky Soybean Association
Michigan Agri-Business Association
Michigan Soybean Association
Midsouth Grain Association
Minnesota Association of Wheat Growers
Minnesota Corn Growers Association
Minnesota Grain and Feed Association
Minnesota Soybean Growers Association
Mississippi Soybean Association
Missouri Agribusiness Association
Missouri Soybean Association
Montana Grain Growers Association
Nebraska Corn Growers Association
Nebraska Soybean Association
New York Corn & Soybean Growers Association
North Dakota Agricultural Association
North Dakota Grain Dealers Association
North Dakota Soybean Growers Association
Northeast Agribusiness & Feed Alliance
Ohio Corn & Wheat Growers Association
Ohio Soybean Association
Pacific Northwest Grain and Feed Association
Rocky Mountain Agribusiness Association
South Carolina Corn and Soybean Association
South Dakota Agri-Business Association
South Dakota Corn Growers Association
South Dakota Soybean Association
Texas Grain & Feed Association
Texas Wheat Producers Association
TN Feed & Grain Assn
Washington Association of Wheat Growers
Washington Grain Commission
Wisconsin Agri-Business Association
Wisconsin Soybean Association
Wyoming Ag Business Association
Wyoming Wheat Marketing Commission