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Section 301 and China: Shipping and Shipbuilding Issues

Title III of the Trade Act of 1974 (§§301-310, 19 U.S.C. §§2411-2420, referred to as “Section 301”) is one of the principal statutory means by which the United States enforces U.S. rights under trade agreements and addresses “unfair” foreign barriers to U.S. exports (**text box**). It grants the U.S. Trade Representative (USTR) a range of authorities to investigate foreign trade acts, policies, and practices and to impose trade sanctions on foreign countries found to have violated U.S. trade agreements or to have engaged in acts that are “unjustifiable,” “unreasonable,” or “discriminatory” and burden or restrict U.S. commerce.

In 2024, USTR initiated an investigation into efforts by the People’s Republic of China (PRC, or China) to dominate in the maritime, logistics, and shipbuilding sectors. In 2025, USTR determined that such efforts were actionable and imposed remedies of port equipment tariffs and port entry fees. The PRC declined USTR’s request to consult under Section 301; the two sides raised shipping issues in broader trade talks after the PRC countered with port duties on vessels owned or operated by an entity with 25% or more direct/indirect U.S. ownership. In November 2025, both sides suspended their port fees (and the U.S. suspended the tariffs it had enacted) for one year.

This was the second of six Section 301 cases involving China since 2017. In 2018, USTR investigated [PRC technology transfer, intellectual property \(IP\), and innovation policies](#) and imposed tariffs; in 2020, it negotiated the Phase One trade deal. In 2025, USTR determined PRC semiconductor policies to be “actionable” and proposed a 0% tariff rate until 2027; USTR also initiated an investigation of China’s implementation of the Phase One deal. In [2026](#), USTR initiated an investigation into excess manufacturing capacity/production in the PRC and other markets. USTR also imposed a 12.5% tariff on the PRC after determining the PRC failed to prohibit imports made with forced labor.

Congress is considering ways to counter China’s role in global shipping, including [legislation to revitalize the U.S.-flag shipping and shipbuilding industries](#) (H.R. 3151/S. 1541, H.R. 2125, and S. 1536) and related sectors (e.g., steel). Some Members say capacity shortfalls in these sectors affect U.S. defense posture. Other Members have sought to restrict the use of PRC ship-to-shore (STS) cranes, counter China’s development of integrated maritime supply chains, and thwart [PRC efforts to project maritime power globally](#). Congress enacted provisions in the National Defense Authorization Act for Fiscal Year 2024 (P.L. 118-31) to prohibit the U.S. military from using any global port that uses the National Transportation Logistics Public Information Platform (LOGINK), a PRC state-owned and controlled logistics data management platform. The act bans federal funding for ports that use LOGINK.

USTR’s Section 301 Investigation

While U.S. industry represents only 1.9% of world fleet ownership by capacity and 0.04% of global shipbuilding tonnage ([Figure 1](#)), USTR can use Section 301 to address the effects of PRC policies and practices on U.S. industry because Congress in 1979 amended Title III of the Trade Act of 1974 through legislation (P.L. 96-39) to address concerns about the decline of the U.S. shipbuilding industry. The amendment (19 U.S.C. §2411(d)(2)) allows USTR to invoke Section 301 in response to the effects of PRC policies and practices on U.S. maritime trade. It made actionable, per Section 301, the use of subsidies by foreign governments to construct commercial oceangoing vessels that transport goods between the United States and other countries. In 2024, ships moved 42.4% of U.S. global goods trade by value (\$2.2 trillion) and 79.2% of U.S. global goods trade by weight (1.7 billion tons).

Section 301 Process

Investigations: Investigations may be requested by an interested person (petitioner) or initiated by USTR. [Section 301](#) generally requires that USTR conclude investigations and make determinations within 12 months.

Negotiations: USTR must, at the initiation of an investigation, request consultations with the foreign government to seek a mutually acceptable outcome. For cases involving trade agreements, USTR is required to use such agreements’ dispute process.

Consultations: During an investigation and prior to determining whether to take action, USTR must consult with the petitioner, provide an opportunity for public comment, and seek advice from private sector advisory representatives. It may also request the views of the U.S. International Trade Commission (ITC) concerning how a proposed retaliatory action could impact the U.S. economy.

Remedies: If a settlement is not obtained, and USTR finds the alleged practices actionable under Section 301, USTR may determine whether to take action to eliminate those practices that will affect the foreign country’s goods and services, at a level equivalent to the estimated U.S. economic losses incurred. Section 301 authorizes USTR to

- impose duties or other import restrictions;
- withdraw or suspend trade agreement concessions;
- enter into a binding agreement with the foreign government to either eliminate the conduct (or burden to U.S. commerce) in question or compensate the United States with satisfactory trade benefits; or
- restrict terms and conditions or deny licenses and permits that allow access to the U.S. market.

The executive branch’s invocation of Section 301 authorities does not require congressional approval. Provisions authorize the President to take any action “with respect to trade in any goods or services, or with respect to any other area of pertinent relations with the foreign country” to address the policy or practice under investigation.

In 2024, five major U.S. labor unions filed a Section 301 petition requesting that USTR investigate PRC acts,

policies, and practices that sought dominance in the global maritime, logistics, and shipbuilding sectors. USTR investigated and determined that PRC policies and practices displaced foreign firms; undercut business opportunities and investments in the U.S. maritime, logistics, and shipbuilding sectors; restricted competition; and created dependencies in sectors critical to the U.S. economy. USTR noted the extraordinary control the PRC government has over its firms in vertically integrated value chains for shipbuilding/shipping, construction, and inputs (e.g., steel and equipment). It found that PRC industrial plans and state support advanced China's global role in shipbuilding—including marine equipment, maritime engineering equipment, and high-technology ships—as well as shipping and logistics/port operations. PRC industrial plans set production, domestic content, and market share targets.

USTR criticized PRC market barriers, policies to merge firms and facilitate technology transfer and IP theft, state-led investments, and procurement practices. It found that the PRC provided subsidies and state financing to reach targets. Some studies estimate PRC government support for China's industry was \$91 billion (2006-2013) and \$132 billion (2010-2018). USTR noted the PRC government's control of digital logistics services and a lack of labor rights. It judged that shipbuilding gains would support PRC naval capabilities. USTR proposed banning LOGINK's access to U.S. shipping data and investigating PRC anticompetitive shipping practices (e.g., directing mergers and controlling freight rates and cargo space allocations).

Remedies (Delayed Until Nov. 10, 2026)

In 2025, USTR imposed tariffs on PRC STS cranes and chassis (100%) and PRC port-handling equipment (up to 150%), and entry fees to U.S. ports for PRC carriers and carriers using PRC-built vessels. In response to comments, USTR simplified, reduced, and capped fees on a vessel to five times annually. **PRC owned/operated vessels** will pay \$50 per net tonnage (NT) with annual increases up to \$140 per NT by 2028. **Foreign carriers using PRC vessels** will be assessed at \$46 per NT or \$120 per container (**Table 1**).

Table 1. Top Eight Global Shippers' Fleets, 2025

Carrier	Non-PRC-Built Ships	PRC-Built Ships
MSC (Europe)	221	679
Maersk (Europe)	182	527
CMA-CGM (Europe)	265	392
COSCO (PRC)	262	212
Hapag-Lloyd (Europe)	69	235
ONE (Japan)	71	187
Evergreen (Taiwan)	44	187
Wan Hai (Taiwan)	31	114

Source: CRS; data from UN Trade and Development (UNCTAD).

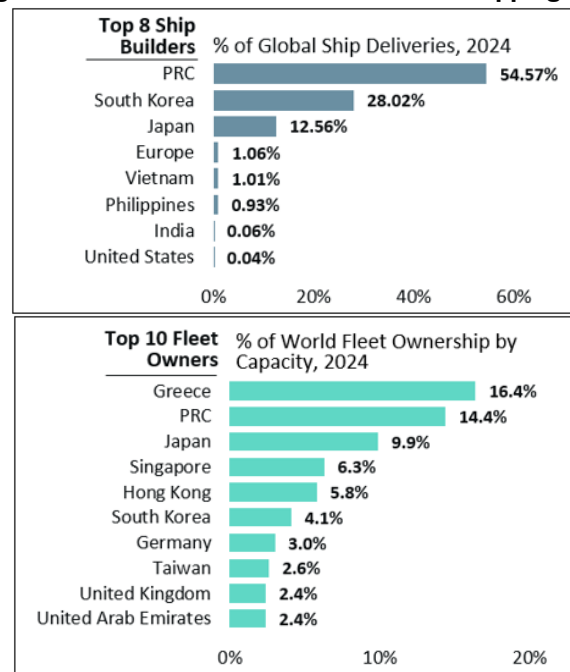
USTR exempted the use of PRC-built vessels that (1) arrive empty or in ballast; (2) have a capacity of equal to or greater than 4,000 twenty-foot equivalent units, 55,000 deadweight tons (DWT), or an individual bulk capacity of 80,000 DWT; (3) are U.S.-flagged vessels of up to 10,000 DWT (expires 2029); (4) are intermodal shipping containers or ethane and liquefied petroleum gas (LPG) carriers in use and under a long-term charter by 2027; (5) are U.S.-owned or -flagged vessels enrolled in the Maritime Security Program (expires 2029); (6) call at Great Lakes ports and load or unload cargo from or for a North American port; (7) enter a continental U.S. port from a

voyage less than 2,000 nautical miles from a foreign port or point; or (8) are U.S.-owned vessels controlled by U.S. persons and in which 75% or more beneficial ownership is held by U.S. persons.

China's Global Market Share

China's shipbuilding market share grew from less than 5% of global tonnage in 1999 to 54.6% in 2024. PRC (and Hong Kong) ownership of global commercial fleets rose to 20.2% in 2024 (**Figure 1**). In 2025, PRC shipbuilders had about 71% of global ship orders by gross tonnage, up from 57% in 2023. (90% of the ships they made in 2025 were for export). By 2024, China led production of all categories except gas carriers. China makes 95% of global shipping containers, 86% of intermodal chassis, and over 70% of STS cranes. PRC firms (many state-owned) own or operate one or more terminals at 96 overseas ports.

Figure 1. China's Global Market Share in Shipping



Source: CRS; data from UNCTAD and Clarksons Research Services.

Options for Congress

Congress may confer with USTR on its use of Section 301 and effects on U.S. stakeholders. U.S. tariffs and fees alone are unlikely to fully address U.S. industry gaps and PRC practices. Congress also may consider whether to

- offer preferences for non-PRC shipbuilding and key inputs (e.g., steel) used in U.S. shipbuilding;
- counter PRC anticompetitive practices, including efforts to influence corporate acquisitions;
- act on USTR's proposal to ban PRC shipping equipment and data systems in the U.S. market;
- oversee U.S.-foreign shipbuilding partnerships;
- develop U.S. allied efforts to counter PRC actions and incentivize non-PRC ship purchases; and
- direct the ITC to assess the effects of exemptions and delays in imposing tariffs and port fees on orders and use of PRC vessels and equipment.

Karen M. Sutter, Specialist in Asian Trade and Finance

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