Comments by the
National Milk Producers Federation and the U.S. Dairy Export Council

Proposed Action in Section 301 Investigation of China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance

Docket Number USTR-2025-0002

March 24, 2025

Our organizations submit the following comments in response to the Request for Comments on Concerning Proposed Action Pursuant to the Section 301 Investigation of China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance (USTR-2025-0002).[1] The National Milk Producers Federation (NMPF) and the U.S. Dairy Export Council (USDEC) appreciate the opportunity to present their views on this important issue.

NMPF develops and carries out policies that advance the well-being of dairy producers and the cooperatives they own. The members of NMPF's cooperatives produce the majority of the U.S. milk supply, making NMPF the voice of dairy producers on Capitol Hill and with government agencies. NMPF provides a forum through which dairy farmers and their cooperatives formulate policy on national issues that affect milk production and marketing. NMPF's contribution to this policy is aimed at improving the economic interests of dairy farmers, thus assuring the nation's consumers an adequate supply of pure, wholesome, and nutritious milk and dairy products.

USDEC is a non-profit, independent membership organization representing the global trade interests of U.S. dairy farmers, dairy processors and cooperatives, dairy ingredient suppliers and export trading companies. Its mission is to enhance U.S. global competitiveness and assist the U.S. industry to increase its global dairy ingredient sales and exports of U.S. dairy products. USDEC and its 100-plus member companies are supported by staff in the United States and overseas in Mexico, South America, Asia, Middle East and Europe.

The resilience of global supply chains is paramount for the U.S. dairy industry, which last year exported close to $8.3 billion worth of dairy products, representing roughly 18% of milk solids production in the United States. Nearly 40% of all dairy exports leave the United States as containerized, waterborne freight, exceeding 121,000 twenty-foot equivalent units (TEUs) in 2024. [2] These exports support thousands of jobs throughout the industry and the export supply chain, a significant contribution underscoring not only the vital role of international markets in sustaining U.S. dairy farms, processors and exporters, but also the importance of a reliable ocean shipping services to reach foreign customers.

USDEC and NMPF recognize the strategic value of a robust U.S. shipbuilding industry. A strengthened U.S. commercial fleet would provide American exporters with additional options to move their products in what has become an increasingly consolidated industry. However, as these policy deliberations advance, our organizations strongly caution policymakers against taking measures that will counterproductively hurt American farmers and workers who rely heavily on export access for their products.

[1] 90 Fed. Reg. 10,843 (February 27, 2025)
[2] U.S. Dairy Export Council | USDA Global Agricultural Trade System | USDA Agricultural Marketing Service

The U.S. Trade Representative's (USTR) proposed remedy under the Section 301 investigation, which includes imposing additional service fees on Chinese maritime transport operators and Chinese-built vessels, raises significant concerns for U.S. dairy exporters. Fees of up to $1.5 million per port entry would substantially increase the cost of dairy exports, placing American dairy producers and exporters at a sharp disadvantage in global markets:

1. Increased Costs and Eroded Competitiveness

Additional fees on Chinese-owned or operated vessels will likely be passed down to shippers, increasing the cost burden on U.S. dairy exporters.[3] Given the thin profit margins in dairy exports, these costs could force exporters to either absorb the additional financial burden or risk losing international customers. Meanwhile, foreign competitors, particularly in the European Union and New Zealand, already benefit from tariff advantages in key growth markets, further skewing the competitive landscape.

2. Potential Loss of Market Access

Higher shipping costs may drive international buyers toward alternative suppliers that are not subject to these fees. Losing market share in key regions would have long-term implications for the U.S. dairy industry, potentially reversing hard-earned export gains and harming the communities reliant on dairy exports. The covid-driven supply chain challenges still reverberate throughout the industry as American exporters seek to recoup lost markets. Additional congestion and disruptions would be a significant step backward.

3. Exacerbation of Port Congestion and Supply Chain Disruptions

The imposition of additional duties could lead to a decline in vessel availability for U.S. exports, creating further bottlenecks in an already strained supply chain. Reduced access to shipping options may result in delayed shipments, product spoilage, and increased logistics uncertainty for dairy exporters, undermining the reliability of U.S. dairy as a global supplier.

To support a balanced approach that strengthens the U.S. commercial fleet while safeguarding dairy and agricultural exporters, we urge USTR to explore policy measures that promote domestic shipbuilding without disproportionately disadvantaging U.S. exporters—including by reviewing existing laws and regulations that hamper movement toward a more competitive and efficient shipbuilding industry. We appreciate the opportunity to provide our comments and welcome continued dialogue with USTR and other relevant agencies to address these critical trade and shipping concerns.

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[3] https://tradepartnership.com/reports/the-economic-effects-of-proposed-action-in-the-section-301-investigation-of-chinas-maritime-logistics-and-shipbuilding-policies-and-practices-2025/