



March 24, 2025

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

Request for Comments Concerning United States Trade Representative's Proposed Action (USTR-2025-0002) Section 301 Investigation of China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance.

Dear Ambassador Greer:

I. Introduction

The National Stone, Sand and Gravel Association (NSSGA), and our construction materials partner associations appreciate the opportunity to provide comments on the United States Trade Representative's (USTR) proposed actions to establish fees on (i) Chinese Maritime Transport Operators;(ii) vessels built in China entering US Ports;(iii) operators with orders for Chinese built vessels; and (iv) mandate U.S. goods be exported on U.S. built and flagged vessels.

NSSGA members consist of stone, sand and gravel producers; industrial sand suppliers; and the equipment manufacturers and service providers who support them. With upwards of 9,000 locations, the aggregates industry produces 2.5 billion tons of materials used annually in the United States. Aggregates are the building blocks of our modern society and are needed to construct and maintain heavy infrastructure such as roads, railways, bridges, tunnels, data centers, warehouses, residential construction, water supply, sewers, electrical grids and telecommunications.

The Portland Cement Association represents a majority of the nation's cement manufacturers; cement is the key ingredient in the building material concrete. It is used in pipes and facilities that deliver clean water, to build the ports vital to world trade, to construct mass transit systems connecting people, and to construct the buildings we work and live in. The cement and concrete industry contribute more than \$130 billion to the U.S. economy annually and employs more than 500,000 people.

The National Asphalt Pavement Association is the lone national trade association representing asphalt producers, pavers and contractors, totaling over 1,100 member companies. The asphalt industry produces roughly 400M tons annually for our national surface transportation network from over 4,000 asphalt plants across the country. Asphalt pavements encompass over 94% of the roadway market and over 80% of the airfield market, and our mixes rely on two core raw material inputs, aggregates and asphalt binder.

NSSGA, PCA, NAPA and the National Ready Mix Concrete Association support policies that promote free trade and fair market access. We recognize and largely agree with the findings of the USTR investigation that catalog the strategic implications of China's effort to increase its Maritime Dominance. The rise of China's Maritime Dominance corresponds with the notable decline in the US Flag fleet and U.S. built tonnage that began in the early 1980s. The end of US government funding then led to a dramatic drop in US shipbuilding from 15-20 vessels per year¹ to five vessels per year on average after 1982.² From 2010 to 2023, three US commercial shipyards built 8 vessels.³

Given current U.S. shipbuilding realities, we recognize the existing Chinese Maritime Dominance cannot be remedied overnight. The needed increase of U.S. built tonnage and U.S. flagged vessels sufficient to counter China's Maritime strategies will take many years, if not more than a decade, and likely require considerable government support.

As a result, we respectfully request that USTR not seek to implement any of its proposed actions and postpone any final action. We believe the national security and economic prosperity of the U.S. will be best achieved through US policies that promote the revitalization and rebuilding of our domestic shipbuilding industries and supporting workforce, not USTR's proposed actions.

While we too lament this decline in U.S. built tonnage and U.S. flagged vessels, we believe USTR's proposed actions, including the proposed significant service fees, will have a severe and serious impact on the U.S. economy in the near and short term, especially in the Gulf of America coast region, and particularly in Florida, due to the severe reduction in the availability of aggregates, asphalt binder and cement that will inevitably result.

¹ MARAD Fact Sheet for Domestic Shipbuilding, July 2024.

² CRS Report "U.S. Commercial Shipbuilding in a Global Context", November 2023.

³ Ibid.

For the reasons set forth below, we urge USTR not to seek implementation of its proposed actions and postpone any final action until consultation with industry stakeholders on alternate solutions that will not disrupt the US economy are identified.

To the extent USTR proceeds with its proposed actions, we urge exclusion from any final action specialized self-loading/unloading dry bulk vessels specifically designed for the transportation of aggregate construction materials, or asphalt binder and cement.

II. Aggregates

The supply of essential construction materials to critical regions within the United States, including the Gulf Coast, coastal plains, and the West Coast, depend on the importation of aggregates. The importation of aggregates into the U.S. is essential because of U.S. geological and resource limitations.

A significant portion of the United States, particularly Florida and the Gulf of America region, coastal plains, and the West Coast, lacks the necessary geological formations to produce high-quality aggregate materials. These materials, primarily crushed stone, are fundamental components of concrete, asphalt, and road base, vital for infrastructure construction and maintenance. Due to these inherent geological limitations, these regions are heavily reliant on imported aggregates to meet their infrastructure and construction demands.

There are no viable, economically feasible alternative sources for these aggregates within the United States or from international providers that utilize U.S.-built ships. This leaves the affected regions entirely dependent on the non-U.S. built specialized vessels currently being used.

III. Specialized Vessel Dependence and Lack of Domestic Manufacturing

These specialized vessels are critical for the efficient and cost-effective transport of aggregates. They feature advanced self-loading and unloading capabilities, enabling rapid turnaround times and minimizing port congestion. Critically, the United States currently lacks the shipbuilding capacity to produce these specialized vessels. Consequently, U.S. companies have been compelled to source these vessels from international manufacturers, primarily in China.

Based on our current knowledge, there is a single belt unloading vessel operator serving the aggregate market in the U.S. with its vessels being mostly, if not entirely, Chinese built. We are concerned that the imposition of proposed fees could lead to drydocking of industry-essential vessels, such as belt-unloading bulk carrier ships, or premature demolition. Once capacity is lost, replacing these specialized vessels can take several years due to long lead times in the shipbuilding process, installing shipbuilding capacity, and shipyard priorities.

IV. Logistical and Transportation Challenges

The sheer volume of aggregate materials, cement and asphalt binder required for infrastructure projects necessitates efficient, and low-cost transportation. Traditional methods such as trucking and rail are simply not viable in many U.S. locations given the heavy weight to product value ratio of aggregates. The immense distances involved, coupled with the high volume of materials, render trucking economically and logistically impractical. It becomes impractical to truck aggregates more than 25-50 miles from their source.

Existing U.S. rail infrastructure is operating at or near capacity, making it impossible to accommodate the substantial volume of aggregate shipments needed to replace supplies being transported to the U.S. via ship. Therefore, specialized self-loading/unloading dry bulk vessels are the only feasible and reliable means of transporting the necessary aggregates.

For most aggregates' companies, their shipping contracts are long-term in nature and cannot be changed without significant penalties. Moreover, many U.S. aggregates companies have allocated significant CapEx dollars to assemble a fleet of ships serving long-term contracts. Implementation of USTR's proposed actions would implement significant fees that would penalize U.S. companies' multi-year investments in reliable shipping transportation and import capabilities. U.S. shippers could not logistically cease to use their existing transportation investment even if they wanted to do so as there are simply no viable U.S. ship alternatives.

V. Economic Impact and Inflationary Pressures

Aggregates are a high-volume, low-margin commodity. The imposition of across-the-board, per-ship service fees will drastically increase the cost of these essential materials. This will have a cascading effect, leading to significant increases in the cost of infrastructure projects, including roads, bridges, and buildings, causing delays or cancellations of critical infrastructure projects.

It is estimated that these service fees will increase the cost of aggregates by 2 to 3 times, resulting in a significant increase in the cost of a typical highway construction project or new home. We project that these increased costs will result in the loss of construction jobs across the affected regions. For example, a \$1 million service fee on a ship hauling 40,000 tons of aggregates will result in a service fee per ton of \$25/ton. Given that aggregates typically sell for \$20-\$30 per ton in many locations, it is easy to see how the cost of aggregates will effectively (at least) double if these service fees take effect.

VI. Impact on Asphalt, Cement, Concrete

These estimated cost increases will also raise the cost and availability of cement, asphalt and concrete used in all types of construction projects and increased inflation, impacting both public and private sector construction.

Similar to aggregates, asphalt is ubiquitous when it comes to roadway pavements and highway construction, but unfortunately some markets have limited, or zero, local availability of the necessary raw material inputs to our products. While 100% of all asphalt used in the United States is produced domestically, certain markets of the country must rely on raw materials from local trade partners; for instance, the United States lacks the refining capacity needed to meet demand in markets like the Northeast, Upper Midwest, Pacific Northwest and West Coast – utilization of maritime vessels for efficient asphalt binder transport for these areas is required.

Asphalt producers need supply chain certainty for their production and NAPA anticipates costs increasing at least 15%-25% on binder alone – notwithstanding the aforementioned potential aggregate price increases – and in specific markets, the costs will become much higher as local binder is transported almost exclusively by maritime vessels. In fact, certain markets in the Upper Midwest have no alternatives, and asphalt binder maritime transportation accounts for roughly 80%-90% of all binder used for their road construction. The same is applicable for asphalt binder and aggregate inputs necessary to build and maintain the road network throughout Hawaii, where local asphalt producers must rely on maritime vessels

The cement industry will be affected because of the lack of American-made, American-flagged vessels as well. In 2023, about 100 million metric tons of cement were produced in the U.S. to construct housing, build roads and bridges, seal oil wells, and construct drinking and wastewater infrastructure. Unfortunately, our domestic industry relies on foreign cement imports because of disruptive regulatory red tape that bars our industry from bringing additional domestic cement production capacity online or upgrading our members' facilities to produce more. Our members are interested in establishing increased domestic supply to close the gap in our domestic demand but need the Administration's help to do so.

Additionally, our industry needs the Administration's assistance to maintain a consistent cement supply for the American market until domestic capacity expands to meet demand. The United States consumes all the cement that is manufactured within our borders. Based on United States Geological Survey (USGS) data, 120 million metric tons (MMTs) of cement were consumed in the United States in 2023, of which a minority, 22%, was imported to meet domestic demand.

Considering the limitations on domestic cement manufacturers for production, and thus must import cement to fulfill demand, the industry depends on shipping. Domestic manufacturers are captive to the available maritime shipping services just as our construction materials colleagues.

Concrete is the most used product in the world, after water, and is comprised primarily of a combination of coarse and fine aggregates, cement or cementitious materials, and water. Concrete is a wholly domestic product and must be consumed within 60-90 minutes of being mixed. The United States produces and consumes approximately 400,000 million cubic yards of concrete annually.

Materials comprise approximately 55% of the cost of producing a yard of concrete, including the cost of transporting materials – primarily aggregates and cement – to the concrete plant. Both aggregates and cement are heavily dependent on maritime transportation for their supply chain and increases in the cost of transportation will necessarily be reflected in retail cost of concrete.

Concrete is used in every commercial, residential and public works project in the United States, and any increase in the cost of maritime transportation will result in increased costs of housing, commercial construction, and taxpayer funded projects.

VII. Distribution of Cost on Bulk Carriers

The proposed service fee creates a significant cost versus value disparity, disproportionately burdening bulk carriers of low-margin commodities. A \$1 million fee applied to a container ship carrying diverse, high-value consumer goods worth tens of millions, translates to a negligible per-item cost increase.

Conversely, the same fee levied on a bulk carrier transporting heavy low-value, high-volume commodities like aggregates results in a substantial percentage increase in their overall cost, often more than doubling their cost. Using again the numbers from the example above, a ship holding 40,000 tons of aggregates typically will be carrying \$800,000 to \$1.2 million of aggregates in total. Contrast the effect of a \$1 million fee on the aggregates shipment versus a container ship carrying \$20 million to \$30 million worth of consumer goods, whereby rather than doubling the cost of the aggregates, each good increases less than 5% in total cost.

VIII. Disaster Preparedness Implications

The availability of construction materials is crucial for national emergency preparedness, particularly in regions prone to natural disasters. The ability to rapidly rebuild after events like hurricanes, fires or earthquakes is contingent upon a reliable supply of aggregates. These service fees will severely impede disaster recovery efforts, placing communities at increased risk.

IX. Conclusion

In conclusion we strongly urge that the USTR not seek to implement its proposed actions and engage impacted construction materials stakeholders to learn about the current state of shipping for our products and our transportation logistical requirements.

The National Asphalt Pavement Association

The National Ready Mixed Concrete Association

The National Stone, Sand & Gravel Association

Portland Cement Association