March 21, 2025

The Honorable Jamieson Greer
United States Trade Representative
600 17th Street NW
Washington, DC 20508

Reference: Docket Number USTR-2025-0002

Dear Ambassador Greer,

The Pacific Northwest Waterways Association (PNWA) respectfully urges the Office of the United States Trade Representative (USTR) to reconsider its proposed tariffs aimed at countering Chinese dominance in global shipbuilding. Instead of broad, sweeping measures, we recommend a more strategic approach that minimizes unintended economic consequences. As currently formulated, the proposed tariffs will raise costs for businesses and consumers, divert cargo to Canadian and Mexican ports, fail to reduce international shipping's reliance on Chinese shipyards, and harm U.S. exports, especially agricultural products.

Of particular concern to PNWA members is the impact on coastal and inland ports throughout the Pacific Northwest. By imposing fees on each port call, the proposal would incentivize ocean carriers to concentrate traffic at the nation's largest ports, sidelining the dozens of small and medium-sized ports in our area. This shift would disrupt supply chains, leading to congestion and causing economic harm to smaller ports, including secondary inland ports along the Columbia Snake River system as far inland as Lewiston, Idaho.

Multimillion-dollar fees per port call would drive cargo to Canadian and Mexican ports, where lower fees and faster processing times already create stiff competition. This shift would have several negative consequences:

- Reduced work for American longshoremen, lowering wages for blue-collar communities.
- Less capital for port infrastructure upgrades, weakening U.S. competitiveness.
- Higher costs for consumers, as more goods rely on costly and inefficient truck and rail transport.

PNWA has Port members in Washington, Oregon, and Idaho. Washington state ports encompass many of the activities that are important to the Northwest and national economy. Washington State is the most trade-connected state in the nation, and the third highest exporting state in the United States. Forecasters predict that international trade through Washington ports will increase 4-5% each year for the next 20 years. Ports in Washington also support over 71,000 direct and 175,000 indirect and induced jobs. Washington has 11 deep-draft ports, a tremendous asset for the state's economy. Seven of these ports are in the Puget Sound and one on the Washington coast. Together, these ports create a seamless network that sends our goods to a global market, and import goods from other countries, bound for Washington stores.

Oregon coastal ports are critical to the economic survival of their communities. A 2014 State of Oregon study shows that the Oregon coastal ports contribute 15,759 direct/indirect jobs and $904 million to the state GDP annually. The international trade taking place out of these facilities is more important to the economic health of coastal port communities than ever before.

In Idaho, the Port of Lewiston, is a critical economic hub for the Inland Northwest, particularly for agriculture, transportation, and trade. As the furthest inland seaport in the United States, it serves as a key link between Idaho, Montana, and eastern Washington to global markets via the Columbia-Snake River System. The port enables the export of regional agricultural products, including wheat, barley, and legumes. It supports barge transportation, which is a cost-effective alternative to rail and truck freight, reducing shipping costs for farmers. The port supports hundreds of direct and indirect jobs in transportation, logistics, and warehousing. For these and other American ports to compete globally, we must not make either import or export business here in the U.S. more expensive.

The Tariff's Unintended Consequences

PNWA supports strengthening the American maritime industry, including domestic production of heavy-lift port equipment. However, the proposed tariffs are overly broad, impacting not only vessels built in China, but also those from non-Chinese shipyards, if operators have any Chinese-built vessels in their fleets. This sweeping categorization would affect much of the world's fleet, undermining the tariff's intended goal of weakening China's shipbuilding industry.

Furthermore, these actions will do little to revive American shipbuilding, which requires significant investment in infrastructure, workforce development, and innovation. U.S. shipyards are already operating at or near capacity, and imposing tariffs alone will not expand domestic production.

The proposal also distorts market incentives for efficient cargo movement. Most vessels currently make multiple port calls in the U.S. to distribute cargo near final destinations and key transportation hubs. Under the proposed policy, some vessels could face fees of up to $3.5 million per port call, leading carriers to limit their stops to a single port. This would:

- Overburden major ports, causing delays and congestion.
- Harm regional economies, as small and medium-sized ports lose business.
- Increase reliance on truck and rail transport, adding strain to U.S. highways and railways.

Such disruptions would be especially harmful to exporters who depend on regional ports to access global markets. To aid U.S. port competitiveness, PNWA would encourage the USTR and Administration to close the land border loophole and impose the Harbor Maintenance Tax (HMT) on foreign cargo and certify that carriers offloading foreign cargo in Mexico or Canada pay the relevant HMT charges and fees to support Customs and Border Protection (CBP) needed to clear the cargo.

Impact on American Exports

These tariffs will make once-profitable American exports—such as oil, natural gas, coal, and agricultural products—noncompetitive in the global market. Currently, our efficient transportation network allows U.S. commodities to reach buyers worldwide at competitive prices. However, if each shipment incurs multimillion-dollar fees, buyers will turn to alternative suppliers. Nations that currently rely on American natural gas and grain will be forced to source from other countries, reducing demand for U.S. exports and harming domestic industries.

PNWA is a member of the American Association of Port Authorities (AAPA). AAPA collaborated on a study by Trade Partnership Worldwide, LLC to analyze the potential impacts of Section 301 fees on the American port and logistics industry. Commissioned by a broad coalition of stakeholders, including retail, agriculture, manufacturing, and transportation sectors, the study's preliminary findings are alarming. Full implementation of USTR's proposal could result in a 2–6% decline in U.S. exports, with

agricultural products hit especially hard. This would be felt acutely in the Pacific Northwest as the Columbia Snake River System exports 60% of the U.S. wheat. The ports along the Columbia Snake River System (CSRS) are major exporters of U.S. goods, particularly agricultural products. As the enclosed Fact Sheet demonstrates, the CSRS is #1 for U.S. wheat exports, west coast wood products, west coast mineral exports, and west coast auto exports. It is also #2 for U.S. corn and soy exports. Rising export costs would hinder American competitiveness, while GDP losses and supply chain disruptions would further strain the economy.

The Issue of STS Crane Tariffs

While the current proposal does not specifically address heavy-lift cargo handling equipment like ship-to-shore (STS) cranes, PNWA urges USTR to reconsider the 25% tariff on STS cranes from China imposed by the Biden Administration. With no domestic STS crane manufacturers, this tariff effectively functions as a tax on port development. Ports have no choice but to purchase Chinese cranes—now at a significant markup—diverting resources away from expansion and efficiency improvements. These tariffs should be rescinded to support U.S. port growth and economic competitiveness.

PNWA's Recommendations

Ports are critical to the U.S. economy, and any policy aimed at strengthening American manufacturing and maritime industries must consider their needs. Simply imposing new fees on port development and maritime trade will not revive domestic shipbuilding or bring back American jobs. PNWA stands ready to collaborate with USTR, the White House, and Congress to develop a more effective strategy. To that end, we support:

- A production tax credit for American-made STS cranes to encourage domestic manufacturing.
- The SHIPS for America Act, introduced by National Security Advisor Mike Waltz in 2024, which aims to bolster U.S. shipbuilding.

We appreciate the opportunity to provide input and look forward to discussing these issues further at the upcoming hearing.

Respectfully submitted,

Neil Maunu
Executive Director
Pacific Northwest Waterways Association