



Office of the United States Trade Representative
U.S. International Trade Commission
500 E Street SW
Washington, DC 20436

Subject: Docket Number USTR-2025-0002 - Section 301 Investigation of China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors

Dear Section 301 Committee,

1. Introduction

The Center for Liquefied Natural Gas (“**CLNG**”) is a trade association that promotes public policies advancing the use of natural gas in the United States and its export internationally. As a committee of the Natural Gas Supply Association, CLNG represents the full value chain, including LNG producers, shippers, terminal operators, and developers. This broad representation endows CLNG with a distinct vantage point on how LNG—an abundant, versatile, and clean fuel—can help meet the world’s energy needs while supporting domestic economic growth. As such, CLNG is well-positioned to provide valuable insight to the Section 301 Committee (the “**Committee**”) on the wide-ranging impacts on the LNG shipping industry of the Proposed Action in this Section 301 Investigation of China’s Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance (the “**Proposed Action**”)

At the outset, CLNG emphasizes its strong support for the Administration’s efforts to (1) achieve energy dominance by improving, among other things, processes for transportation of all forms of American energy, and (2) provide regulatory certainty for large-scale U.S. LNG export facilities. With those policies in mind, CLNG also acknowledges the U.S. Trade Representative’s findings that there is a critical need to counter Chinese dominance in the maritime, logistics, and shipbuilding sectors.

CLNG writes to inform the Committee of the distinct challenges that the LNG industry will face if the Committee were to adopt the Proposed Action and include LNG and highly customized LNG transportation vessels within its scope. In particular, as noted below, due to the specialized nature of LNG shipping, there are few available U.S.-built, U.S.-flagged vessels currently capable of transporting LNG, and building out a fleet of such vessels would take many years. If applied to transportation of LNG, the Proposed Action would also cause a cascade of commercial consequences and actions detrimental to the U.S. LNG industry. Accordingly, applying the Proposed Action to LNG transportation would undermine, rather than support the Administration’s energy dominance agenda and would allow foreign actors to capture U.S. market share.

Therefore, CLNG respectfully recommends that the Committee exempt the shipping of LNG and LNG vessels from application of the Proposed Action entirely.

2. Commercial Impacts of Proposed Action

a. There Is No Fleet of Available Alternative Vessels for Shipping LNG

To promote the transport of U.S. goods on U.S. vessels, the Proposed Action suggests the implementation of a service fee on (1) Chinese maritime transport operators, (2) maritime transport operators with fleets comprised of Chinese-built vessels, and (3) maritime transport operators with prospective orders for Chinese vessels. Additionally, the Proposed Action requires a certain percentage of U.S. products to be shipped on U.S.-flagged vessels each year. However, in the context of LNG it would be virtually impossible to comply with the requirements to ship U.S. LNG on U.S.-flagged vessels because there is not, and will not be for many years, a fleet of U.S.-made or U.S.-flagged vessels capable of exporting the quantity of LNG necessary to support current, much less, expanding global demand. Specifically, there are not currently any U.S.-built LNG ships in service, and only one ship, a 31-year-old-steam turbine driven ship, has been re-flagged as a U.S. LNG carrier in recent history.

LNG vessels must incorporate highly specialized containment systems for carrying LNG in bulk. These ships have heavily insulated, temperature-controlled tanks to keep gas in a liquid state at approximately -162°C. For this same reason, LNG vessels are not interchangeable with oil tankers or other similar vessels.

b. Limited Ability to Build New Vessels

Absent existing alternatives, the remaining option would be to build new U.S. LNG vessels. However, current shipyard infrastructure and availability present several challenges for the construction of U.S. LNG carriers. The construction of LNG vessels requires specialized equipment and technology for shipyards to facilitate building the LNG-containment systems. Shipyards must complete a qualification process to license such technology. As such, few U.S. shipyards have the equipment, technology, and qualifications necessary to build LNG vessels.

For those shipyards that have the technology and qualifications, only certain of them have docks long enough to accommodate construction of LNG vessels for international trade (approximately 1,000 feet long) without substantial improvements.¹ Even where there are docks long enough, in some cases, the shipbuilding capacity of those shipyards is full, resulting in potentially years-long wait times before construction can begin.² Industry leaders indicate that the two major shipyards are fully booked until around 2028. When added to the time for the actual construction itself, these limitations in availability could result in significantly long lead times before any U.S.-built vessels were able to transport U.S.

¹ See United States Government Accountability Office, Implications of Using U.S. Liquefied-Natural Gas Carriers for Exports, December 2015, <https://www.gao.gov/assets/gao-16-104.pdf>, at 20 (referred to herein as the “2015 GAO Report on LNG”).

² *Id.*

LNG. Representatives from two shipyards with docks long enough to build LNG carriers estimated it would take about 4 to 5 years to build an LNG carrier from the time of initial contact with a buyer.³ If construction began in 2028, the first vessel would not be available until 2032 or 2033. Additionally, those shipyards estimated that they would be able to produce only one to two large vessels per year.⁴ Based on these rates, in 2015 the U.S. Government Accountability Office (the “GAO”) estimated that it could take over 30 years to build the 100-vessel fleet potentially needed for U.S. LNG exports in the future.⁵ According to the U.S. Energy Information Administration (the “EIA”) an average of nearly 30 LNG vessels have shipped from the U.S. per week since the beginning of January 2025 alone.⁶

c. Limited Ability to Crew New Vessels

The construction and operation of U.S.-built LNG carriers will trigger potential crew challenges as well. The LNG industry requires highly specialized skills for the operation and maintenance of LNG carriers. There is a growing concern about the shortage of qualified personnel, which could impact the safety and efficiency of LNG transportation. Based on 100 U.S.-built LNG carriers, the GAO estimated 4,000-5,200 skilled mariners are needed to operate a fleet of U.S.-flagged LNG vessels. Since there are currently no U.S.-built LNG ships in service, and only one ship has been re-flagged as a U.S. LNG carrier in recent history, there are very few, if any, LNG-qualified seafarers available.⁷

Given the specialized qualifications needed, current U.S. mariners may not be immediately available to operate LNG carriers due to these training and experience requirements. Based on requirements for obtaining necessary credentials, ensuring officers and unlicensed mariners have sufficient experience and training could take years. Thus, even if there were sufficient U.S.-flagged vessels to support the Proposed Action, there likely would not be a crew with the expertise and training necessary to operate that fleet of vessels. This further illustrates why the Proposed Action would be nearly impossible to implement in the LNG context.

d. Detrimental to Long-Term Contracts

The Proposed Action also would be detrimental to the current LNG market outside of the shipping context and could limit the U.S.’s ability to be the world’s largest LNG exporter. Many sales of LNG are pursuant to long-term contracts that are negotiated years in advance. These contracts establish timelines and pricing generally predicated on certain market conditions. Fluctuations in market conditions caused by additional regulatory burdens will

³ *Id.*

⁴ *Id.* at 21.

⁵ *Id.*

⁶ United States Energy Information Administration, Natural Gas Weekly Update, March 13, 2025, https://www.eia.gov/naturalgas/weekly/archivenew_ngwu/2025/03_13/.

⁷ See 2015 GAO Report on LNG at 17.

negatively impact LNG contracts currently in place (which could, if costs were substantially increased, be terminated or otherwise modified due to changes in circumstances or law) and LNG contracts negotiated in the future.

The Proposed Action will significantly increase the cost for purchasers taking LNG at U.S. ports. To adjust to such increased costs, foreign purchasers likely would limit the number of cargos that they are willing to (and can financially) take from U.S. LNG producers. This could potentially impact customer willingness to enter into these commercial contracts and create opportunities for non-U.S. LNG producers to capture U.S. market share. The United States was the world's largest LNG exporter in 2023, and the demand for U.S. LNG is only growing. National export data from the EIA indicates that annual LNG exports grew from less than 1.1 trillion cubic feet (TCF) in 2018 to more than 4.3 TCF in 2023, more than 400% higher in just five years.⁸ The Proposed Action will stifle that growth if applied to the U.S. LNG industry.

e. Inadvertent Punishment of Operators from the U.S. and Allied Countries

LNG carriers often have global fleets that might include few (and in some cases one) Chinese-built ship(s). Under the Proposed Action, operators with global fleets could be charged substantial fees based on one or a handful of Chinese-built ships landing in the U.S. to export LNG or based on orders (potentially already placed) for Chinese-built vessels. Under the Proposed Action, non-Chinese LNG carriers from allied countries like Japan and South Korea could be unduly punished for having even a single Chinese vessel in their fleets. Given the limited number of Chinese LNG vessels that land in the U.S. each year, applying the Proposed Action to carriers of U.S. LNG would potentially punish U.S. companies and allies, while having limited impact on Chinese dominance in the relevant sectors.

Additionally, because it is presently unclear under the Proposed Action what constitutes an "operator" for purposes of the imposition of these fees, the Proposed Action could penalize shippers who did not order or purchase Chinese-built vessels, but instead merely chartered a vessel capable of transporting their LNG. Such a result would not necessarily limit the expansion of Chinese shipbuilding dominance but would most certainly create additional cost constraints for U.S. LNG producers and their customers.

3. Damage to U.S. Energy Dominance

As noted above, the U.S. is the world's largest LNG exporter. The Proposed Action will substantially increase the costs of U.S. LNG exports to the potential detriment of the U.S. LNG market. If purchasers are unable to offtake U.S. LNG cargoes due to greatly increased

⁸ United States Energy Information Administration, Natural Gas, Liquefied US Natural Gas Exports, January 31, 2025, <https://www.eia.gov/dnav/ng/hist/n9133us2A.htm>.

costs, the U.S. could lose its position as the world's largest LNG exporter. Such a result is contrary to the energy dominance agenda championed by the Trump Administration.

A downturn in the U.S. LNG industry could also have significant effects on currently pending projects, resulting in damage to the U.S. economy. These LNG construction projects contribute to considerable economic advancement and jobs in the areas where facilities are located, and they increase business activity to generate tax receipts and meet the needs of the relevant communities. It is well established that future LNG export projects will yield economic benefits, diversify global LNG supplies, and improve energy security for U.S. allies and trading partners. As the Administration continues to pursue an America first strategy, ensuring that implemented policies do not unduly damage the industries on which the U.S. and its allies rely is essential.

4. Conclusions and Recommendations

CLNG supports the Administration's efforts to achieve U.S. energy dominance and appreciates the need for policies to combat Chinese targeting of the maritime, logistics, and shipbuilding sectors.

While the Proposed Action is an effort to address these issues, as drafted it does not account for the current commercial realities of the LNG industry. Imposition of the currently Proposed Action will have devastating impacts on U.S. LNG exports and the U.S. LNG production industry.

To ensure that the U.S. remains the global leader in U.S. LNG exports, CLNG respectfully recommends that the Committee exempt the shipping of LNG and LNG vessels from application of the Proposed Action entirely.

Respectfully,



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