



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

Further Suspension of Section 301 Action: China's Targeting of the
Maritime, Logistics, and Shipbuilding Sectors for Dominance

Docket Number USTR-2026-0694

October 30, 2026

The National Milk Producers Federation (NMPF) and the U.S. Dairy Export Council (USDEC) appreciate the opportunity to present their views in response to the Request for Comments on Further Suspension of Section 301 Action: China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance (USTR-2026-0694).¹

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 approximately two-thirds 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 130-plus member companies are supported by staff in the United States and overseas in Mexico, South America, Asia, Middle East and Europe.

USDEC and NMPF thank the Trump Administration for proposing to further suspend the responsive actions in this investigation through January 9, 2027, and commend the Administration for its continued engagement with China to eliminate the acts, policies and practices at issue. The additional two months provide important relief to U.S. dairy exporters and provide an opportunity to negotiate a lasting solution that will not lead to additional costs for dairy exporters already operating on thin margins.

Exports are indispensable to the U.S. dairy industry. Last year the United States exported \$9.6 billion in dairy products, with roughly 17 percent of U.S. milk production reaching international customers in the form of cheese, milk powders, whey proteins and other dairy ingredients.² Over two thirds of U.S. dairy exports shipped overseas move by intermodal container on oceangoing vessels, making reliable shipping lanes and predictable freight costs of paramount importance to American dairy producers and processors.

USDEC and NMPF recognize the strategic value of a robust U.S. shipbuilding industry and support the Administration's initiatives to revitalize American shipbuilding and grow the U.S. commercial fleet. However, USDEC and NMPF urge the Administration to pursue a solution that ensures that agricultural and dairy exporters do not end up footing the bill should new fees on Chinese-owned, -operated or -built oceangoing vessels be imposed under this action.

USDEC estimates that the fees could increase shipping costs by as much as \$500 per container transiting on Chinese-owned and -operated vessels, and by an additional \$120 per

¹ Office of the United States Trade Representative, Request for Comments on Further Suspension of Section 301 Action: China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance, FR Doc. 2026-21755

² U.S. Department of Agriculture, Foreign Agricultural Service, Global Agricultural Trade System (GATS), <https://apps.fas.usda.gov/gats/>

container on Chinese-built vessels after a three-year phase-in period.³ While some carriers have indicated they do not intend to pass these fees directly on to shippers, nothing prevents vessel operating common carriers (VOCCs) from incorporating them into broader general rate increases, new surcharges or other line items on the freight invoice. Carriers have shown little hesitation in raising rates: even amid excess vessel capacity, several major carriers proposed general rate increases earlier this year. Whatever form they take, the fees would not be absorbed by the foreign carriers they target. They would be borne by American exporters already operating on thin profit margins.

In a normal market, additional fees on certain carriers would encourage dairy and other exporters to select alternatives, including U.S.-flagged carriers. Unfortunately, that option is not available. The U.S.-flagged oceangoing fleet represents only 2.3 percent of global shipping capacity by deadweight tonnage,⁴ and U.S. dairy shipments to Asia, Oceania, Latin America and the Middle East are almost entirely dependent on foreign-owned carriers, most of which operate within three large alliances. Avoiding Chinese-built vessels is increasingly unrealistic as well: over one-fifth of international carrier vessels calling on American ports were Chinese-made, and over 50 percent of global vessel orders in 2025 went to Chinese shipbuilders.⁵ With few carriers to choose from and limited vessel options, U.S. dairy exporters would have little leverage to resist pass-through charges and would likely be left to assume responsibility for the fees.

The global dairy market is intensely competitive. Other major dairy suppliers, namely the European Union and New Zealand, would not face similar charges on their shipments, and many already benefit from tariff advantages in key growth markets. Higher shipping costs on U.S. product would push international buyers toward those alternative suppliers, putting at risk market share that American exporters have worked hard to rebuild since the pandemic-era supply chain crisis. These losses would not stop at the port. Export sales help support the price farmers receive for their milk, so added freight costs and lost sales would ultimately be felt in the milk checks of America's dairy farm families.

Predictability matters as well. Dairy export sales are frequently negotiated well ahead of shipment, and the prospect of fees returning on January 10, 2027 complicates pricing for exporters contracting for deliveries in the new year. A permanent resolution would give U.S. exporters the certainty they need to compete.

Further, U.S. dairy exporters are eager to capitalize upon the outstanding work invested by USTR in negotiating new dairy market access opportunities in a series of Agreements on Reciprocal Trade around the world. Imposing new fees on the oceangoing vessels required to reach overseas markets just as implementation begins would risk removing the tariff and nontariff parity or competitive advantage that the hard-won negotiations are poised to yield.

³ Testimony of Tony Rice, Senior Director of Trade Policy, U.S. Dairy Export Council and National Milk Producers Federation, before the Subcommittee on the Administrative State, Regulatory Reform, and Antitrust of the House Committee on the Judiciary, "Pier Pressure: Regulation and Competition in Maritime Shipping" (March 17, 2026).

⁴ U.N. Trade and Development, Review of Maritime Transport 2023, Tables 2.5 & 2.6.

⁵ Office of the United States Trade Representative. (2025). Report on China's targeting of the maritime, logistics, and shipbuilding sectors for dominance

<https://ustr.gov/sites/default/files/enforcement/301Investigations/USTRReportChinaTargetingMaritime.pdf>

USDEC and NMPF urge USTR to adopt the proposed further suspension and to use this additional time to secure a durable outcome with China that permanently eliminates fees likely to be passed along to U.S. exporters. Should any fees ultimately take effect, USDEC and NMPF urge the Administration to carefully evaluate their effects on U.S. agricultural exporters and to work with the Federal Maritime Commission to monitor whether carriers pass these costs on to American shippers through rate increases or surcharges.

The U.S. dairy industry continues to support meaningful investment in U.S. shipbuilding capacity as the most effective way to expand shipping options for American exporters, and the organizations encourage a balanced approach that strengthens the U.S. commercial fleet while safeguarding dairy and agricultural exporters. USDEC and NMPF appreciate the opportunity to provide comments and welcome continued dialogue with USTR and other relevant agencies to address these critical trade and shipping concerns.

Point of Contact:

Tony Rice
Senior Director of Trade Policy
National Milk Producers Federation & U.S. Dairy Export Council
2107 Wilson Blvd, Suite 600
Arlington, VA 22201
Email: trice@nmpf.org