



March 20, 2025

Office of the United States Trade Representative
Executive Office of the President
600 17th Street NW
Washington, DC 20508

Subject: Comments on Section 301 Investigation into China's Shipbuilding, Maritime, and Logistics Policies
(Docket Number: USTR-2025-0002)

To Whom It May Concern,

On behalf of Promotional Products Association International (PPAI) and our nearly 15,000 member companies in the promotional products industry, we appreciate the opportunity to submit comments on the Section 301 investigation into China's shipbuilding and logistics practices. PPAI is the world's largest not-for-profit association representing suppliers, distributors, and service providers in the promotional products industry.

While we support fair competition in global trade, and appreciate the Administration's goal in growing U.S. shipbuilding capacities, we are concerned that the proposed remedies will have unintended consequences, increasing costs for U.S. businesses, disrupting supply chains, and negatively impacting businesses of all sizes, especially small enterprises, including those in the promotional products industry.

The promotional products industry, made up of some 35,000 companies in the U.S., relies heavily on global supply chains for essential goods such as apparel, drinkware, bags, and technology-based promotional items. Ninety-eight percent our members are small and mid-sized businesses that depend on cost-efficient global shipping to remain competitive.

The proposed Section 301 remedies, particularly the fees on Chinese-built ships and maritime operators ordering from China, will:

- Increase shipping costs, raising the price of imported goods and making promotional products less affordable for businesses, marketing campaigns (for brands both big and small), and nonprofits.
- Create supply chain disruptions, leading to longer lead times and affecting the ability of promotional products distributors and suppliers to meet customer demands.
- Hurt small businesses, which make up the vast majority of our industry, by limiting access to cost-effective sourcing and fulfillment.

The promotional products industry directly supports some 500,000 American jobs, and rising shipping costs will lead to higher consumer prices, reduced business orders, and potential job losses across the supply chain.

While we recognize the need to address China's dominance in shipbuilding, the proposed trade remedies will disproportionately harm U.S. businesses and industries that depend on maritime shipping.

A forthcoming economic analysis of the proposed Section 301 remedies examines the potential impact of these policies on U.S. industries, including manufacturing, agriculture, and trade-dependent businesses. Preliminary findings indicate that the proposed measures may result in higher costs, reduced exports, and negative supply chain effects that could affect a broad range of sectors.



Early findings suggest that:

- U.S. GDP and exports will decline while the cost of imported goods will increase.
- Small and mid-sized businesses will be less competitive due to higher transportation costs.
- U.S. port operations and logistics networks may be negatively affected if shipping companies divert routes to avoid additional fees.

Given these anticipated impacts, we urge USTR to pursue alternative solutions that hold China accountable without creating unintended harm for American importers, including the promotional products industry.

PPAI urges USTR to reconsider the current Section 301 proposals and explore alternative trade strategies that protect U.S. businesses. Specifically, we recommend:

- Avoiding immediate implementation of broad tariffs and shipping fees that penalize U.S. importers while addressing concerns about China's shipbuilding subsidies through diplomatic and trade agreement negotiations.
- Investing in U.S. logistics and port infrastructure to strengthen competitiveness rather than imposing additional costs on businesses.
- Providing exemptions or carve-outs for industries like promotional products, which rely on international supply chains for their operations. American supply chains are years away from operating at the level of scale required for this industry.

PPAI strongly urges USTR to consider the unintended economic consequences of the proposed Section 301 remedies, particularly their strain on U.S. supply chains, cost structures, and business operations. While these measures are intended to support domestic shipbuilding, they risk creating higher costs for importers, disrupting logistics networks, and weakening the competitiveness of industries that rely on global trade, including promotional products.

As the world's leading association representing the promotional products industry, we appreciate the opportunity to provide input on this issue and look forward to continued engagement with policymakers to develop trade policies that support U.S. businesses without creating undue economic burdens.

I personally remain open and available to have conversations related to the prospective impacts of orders like Section 301 and openly discussing solutions and alternatives that can assist in the Administration's goals.

Thank you for your time and consideration.

Sincerely,

Drew Holmgren,
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