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May 19, 2025

**Via Regulations.gov**

The Honorable Jamieson Greer  
United States Trade Representative  
Office of the United States Trade Representative  
600 17th Street NW  
Washington, DC 20006

**Re: Proposed Action in Section 301 Investigation of China's Targeting the Maritime, Logistics, and Shipbuilding Sectors for Dominance, Request for Comments (Docket No. USTR– USTR-2025-0008)**

Dear Ambassador Greer,

The Retail Industry Leaders Association (RILA) appreciates the opportunity to provide comments in response to the Office of the U.S. Trade Representative's (USTR) proposed action in its "Section 301 Investigation of China's Targeting the Maritime, Logistics, and Shipbuilding Sectors for Dominance." We are concerned that USTR's proposed country of origin test set forth in Annex V, which deviates from traditional rules for determining country of origin, will set a precedent for future trade actions and negotiations, leading to confusion and administrative burdens for both stakeholders and the government.

RILA is the U.S. trade association for leading retailers. We convene decision-makers, advocate for the industry, and promote operational excellence and innovation. Our aim is to elevate a dynamic industry by transforming the environment in which retailers operate. RILA members include more than 200 retailers, product manufacturers, and service suppliers, which together account for more than \$2.7 trillion in annual sales, millions of American jobs, and hundreds of thousands of stores, manufacturing facilities, and distribution centers domestically and abroad.

On April 23, 2025, USTR issued its determination of action in this section 301 investigation as well as proposed tariffs ranging from 20-100 percent on certain cargo handling equipment from China, including STS cranes, containers, and certain chassis. USTR indicated that the proposed action was "[c]onsistent with the President's direction in [Executive Order 14269](#), 'Restoring America's Maritime Dominance.'"<sup>1</sup> That Order specifically tasked USTR with considering whether to impose tariffs on certain cargo handling equipment from China, including "ship-to-shore cranes manufactured, assembled, or made using components of PRC origin, or manufactured anywhere in the world by a company owned, controlled, or substantially influenced by a PRC national."

In Annex V of the April 23<sup>rd</sup> proposed action, USTR proposes to tariff ship-to-shore cranes manufactured by a "company or other entity that is owned or controlled by a Chinese person," to include not simply

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<sup>1</sup> 90 Fed. Reg. 17114, 17117 (Apr. 23, 2025).

state-owned enterprises, but any “natural person who is a citizen of the People's Republic of China.”<sup>2</sup> We have serious concerns about this novel approach for determining country-of-origin because of the precedent-setting nature it could have on future tariff actions and negotiations with trading partners. While USTR’s proposed action appears in keeping with the Executive Order, that same Order does not appear to require that USTR adopt such a restrictive and complicated test for country-of-origin purposes, and we urge it not to do so.

Under traditional customs rules, country of origin means “the country of manufacture, production, or growth of any article of foreign origin entering the United States.”<sup>3</sup> If a good does not come entirely from a single country, “the internationally recognized legal principle of substantial transformation is used to determine the origin of the good.”<sup>4</sup> Substantial transformation occurs when a good “underwent a fundamental change in form, appearance, nature, or character. This fundamental change normally occurs as a result of processing or manufacturing in the country claiming origin.”<sup>5</sup> While origin rules may differ for free trade agreement (FTA) partners, these are the traditional tests used to determine the origin of a product. That origin, in turn, triggers other obligations that an importing party has with respect to marking, duty liability, and other entry requirements such as reporting whether the product is subject to antidumping (AD) and countervailing (CVD) duties. Each of these obligations is tied to the product’s country of origin.

Here, USTR proposes to change well-established origin tests and adopt an expansive definition that requires importers of ship-to-shore cranes to exclude from its sourcing operations any business that may be owned by a Chinese national. While we are supportive of efforts to protect U.S. national security and to ensure that U.S. supply chains are diverse and resilient, we are deeply concerned that this novel test could set a precedent for future actions or negotiations with trading partners. This would create additional burdens and administrative challenges for businesses trying to make sourcing determinations around the globe, as well as create confusion and impede their ability to meet other customs obligations. It is also likely to pose enforcement challenges for U.S. Customs and Border Protection (CBP), which would be required to administer different origin rules for the same product that is subject to tariff measures, AD or CVD orders, and traditional marking rules.

Given these complexities and the precedent this action could set, we urge USTR to reconsider the country-of-origin test included in Annex V for ship-to-shore cranes. If USTR intends to go down this path of expanding origin determination to include Chinese nationals for future actions or negotiations, which we strongly urge against, it is imperative that it consult extensively with stakeholders to ensure it understands the full implications of such a drastic change. It is also imperative that USTR provide ample time for transitioning to these rules, as well as clear guidance as to how varying customs rules will interact so that importers can meet their compliance obligations.

Thank you for the opportunity to provide input on behalf of our membership.

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<sup>2</sup> Id. at 17125.

<sup>3</sup> 19 C.F.R. 134.1(b).

<sup>4</sup> Determining Origin: Substantial Transformation, International Trade Administration, <https://www.trade.gov/rules-origin-substantial-transformation> (last visited May 15, 2025). We also acknowledge that different origin rules may apply under U.S. free trade agreements.

<sup>5</sup> Id.



Sincerely,

*Blake Harden*

Blake Harden  
Vice President, International Trade  
Retail Industry Leaders Association

