

Shipbuilding Investment: The Policy Proposals and Political Environment in Washington



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Since American shipbuilding peaked during WWII, the production of U.S.-flagged vessels has dropped precipitously despite American imports rising at a similarly steep rate. The text of the recently introduced SHIPS for America Act of 2025 illustrates the dire state of American shipbuilding through several alarming statistics.

Although 80% of goods imported to the U.S. arrive by sea, fewer than 1.5% of the ships carrying them are American. This percentage is surprisingly low, but the number of U.S.-flagged vessels in operation is even more startling: approximately 80 American ships

are engaged in international commerce. Without intervention, that figure is unlikely to see any significant increase given the weakened state of the shipbuilding industry and its infrastructure. Only a handful of U.S. shipbuilders can produce large ocean-going vessels. In 2023, these shipyards received just five orders for oceangoing ships, most of which engage in domestic trade. As it stands, American shipbuilding capacity is so diminished that even the most concerted efforts to expand it could take years to produce results. That is why Congress needs to start addressing the problem now.

Ramping up production of U.S.-flagged ships is imperative to America's maritime security, and doing so will require the government to invest in all aspects of the shipbuilding industry. China's shipbuilding capacity already outpaces that of the United States by an order of magnitude. Still, Congress and the president have yet to enact legislation providing the consistent funding to close that gap. Lawmakers are late to address this problem, but the political will to do so is steadily growing.

In congressional committee hearings, many lawmakers recognize the dire state of America's shipbuilding and Merchant Marine. Speaking to Dr. Kurt Campbell in a May 15 House China Committee hearing, Rep. Ritchie Torres (D-New York) remarked that "one Chinese shipyard has more capacity than all our shipyards combined. China's shipbuilding capacity is over 23 million deadweight tons. The United States has less than 100,000 deadweight tons. The difference is a multiple of 230." In an April 10 Senate Armed Services INDOPACOM posture hearing, Sen. Roger Wicker (R-Mississippi) observed, "we need a drastic improvement in our shipbuilding. The risk is simply too high for us to avoid making these changes." In nomination, posture and budget hearings across Congress, many other legislators have echoed these statements.

Two major legislative developments this Congress are indicative of the growing support for shipbuilding in Congress: the House passage of a reconciliation spending bill providing for millions in shipbuilding investment and the introduction of the bicameral and bipartisan SHIPS for America Act. This month's Washington Report will explore the bills' potential impact and lawmakers'

responses to them so far.

The 'One Big Beautiful Bill Act'

Commercial and Military Shipbuilding Provisions

The House-passed reconciliation bill promises landmark investment in military and commercial shipbuilding as well as Coast Guard operations and facilities. Many shipbuilding funding allocations in the bill, or H.R.1, the "One Big Beautiful Bill Act," align with the Navy League's legislative recommendations. However, the Navy League advocates that Congress provide consistent funding through the annual budget process, not only reconciliation spending bills.

H.R.1 provides \$2.6 billion in funding to improve military shipbuilding capacity and technology. The bill also allocates \$2.4 billion to expand and modernize the commercial shipbuilding industrial base. Most notably, Section 20002 of H.R.1, "Enhancement of Department of Defense Resources for Shipbuilding," promises \$28 billion in funding for naval ship construction, technology, maintenance and repair, and autonomous systems. Although the investment is less remarkable in comparison, it bears noting that the bill also includes \$100 million for the procurement of commercial logistic ships and \$700 million for the lease and purchase of ships under the National Defense Sealift Fund.

Section 20009 of the reconciliation bill, "Enhancement of Department of Defense Resources to Improve Capabilities of United States Indo-Pacific Command," also allocates \$9.7 billion for INDOPACOM operations and infrastructure. Of that funding, INDOPACOM would receive \$35 million for additive manufacturing capabilities and \$19 million for the development of naval small craft capabilities. Under Section 20010, "Enhancement of Department of Defense Resources for Improving the Readiness of the Armed Forces," the DoD can expect \$2 billion in funding for Navy depot and shipyard modernization and capacity enhancement, as well as \$241 million for the production and integration of Marine Corps amphibious vehicles. H.R.1 would provide the DOD with \$13 billion

to build 16 warships. When combined with the proposed annual budget, the reconciliation bill's passage would result in a \$33.8 billion shipbuilding budget

However, the \$13 billion plus-up provided by the reconciliation bill is only for 2026, leaving \$20.8 billion as the starting point for shipbuilding in 2027. H.R.1 promises the shipbuilding industry a historic one-time influx of investment. But shipbuilders and shipbuilding component manufacturers will expect demand to drop back down in 2027 when funding from the reconciliation bill ends. If the maritime industry cannot expect consistently elevated funding from an increased annual budget, manufacturers will be wary of making the long-term investments crucial to expanding American shipbuilding capacity.

Coast Guard Funding

In addition to large investments in the military and commercial shipbuilding industries, the reconciliation bill also promises \$14.6 billion in funding for Coast Guard offshore patrol cutters, fast response cutters, polar security cutters, and Arctic security cutters. Section 100001, "Coast Guard Assets Necessary to Secure the Maritime Border and Interdict Migrants and Drugs," allocates \$3.2 billion for Coast Guard shoreside infrastructure, \$1.3 billion for all facility depot maintenance and \$180 million for autonomous maritime systems providing maritime domain awareness. The \$20 billion that H.R.1 allocates to the Coast Guard mirrors the \$20 billion budget recommended by the Navy League but still does not offer the commercial and military shipbuilding industries the reliable investment of an increased annual budget.

The SHIPS Act

Introduction and Impact

At the beginning of May, Sens. Mark Kelly of Arizona and Todd Young of Indiana and Reps. Trent Kelly of Missouri and John Garamendi of California reintroduced legislation colloquially referred to as the SHIPS for America Act in their respective chambers of Congress. Kelly and Young initially introduced two

bills, splitting the House version of the SHIPS Act into one piece of legislation with tax policy provisions and another with the remaining proposals for increasing American shipbuilding.

The 2025 SHIPS for America Act includes the policies proposed in the original 2024 legislation, such as implementing a National Maritime Strategy under an executive branch Maritime Security Advisor and creating a 250-ship fleet of “commercially operated, U.S.-flagged, American crewed, domestically built merchant vessels” referred to as the Strategic Commercial Fleet. In addition to these original provisions, the 2025 bill has a few notable updates. For one, the original bill introduced a Maritime Security Trust Fund that would “reinvest duties and fees paid by the maritime industry into maritime security programs and infrastructure supporting maritime commerce.”

Along with those duties and fees, the updated SHIPS Act would also supply the Maritime Security Trust Fund with fines resulting from the U.S. Trade Representative’s April 2025 Section 301 investigation into China’s illegal shipbuilding trade practices. The other new provisions in the 2025 SHIPS Act similarly tighten restrictions on activity hindering the expansion of America’s shipbuilding industry.

Barriers to Passage

Although support for shipbuilding legislation is growing, the budget reconciliation bill may prevent Congress from acting on the SHIPS Act for some time. President Trump and Speaker of the House Rep. Mike Johnson (R-Louisiana) have publicly aimed to push the One Big Beautiful Bill Act through the Senate and onto the President’s desk by the Fourth of July. If the Senate passes the legislation, current speculation indicates it will likely be a revised version. Congressional Republicans may not be able to debate and vote on the revised bill in time to meet the July 4 deadline to which they previously agreed.

Whether Congress passes the reconciliation bill by Independence Day, senior lawmakers will be busy trying to finalize committee budget bills throughout July before their summer recess begins at

the end of the month. With budget deadlines quickly following Congress' return from recess in September, activity on the SHIPS Act could be stalled until mid-fall, assuming the appropriations process runs on schedule. While this timeline is entirely speculative, it illustrates how the upcoming congressional calendar could impede the timely passage of the SHIPS Act. To push the bill through Congress, advocates for its passage will need to capture lawmakers' attention during the busiest working period of this Congress.

The State of Support

The current political climate and growing support for shipbuilding in Washington are promising indicators the SHIPS Act will continue to gain traction in Congress. Sen. Kelly, one of the bill's original sponsors, was optimistic about its reception in Washington during an April 30 press conference. "I'm glad that my colleagues in Congress – Republicans and Democrats in both the House and the Senate – and the administration see this challenge too and are ready to do something about it," he said.

Kelly's observations are borne out by the number of sponsors for the 2025 SHIPS for America Act legislation. In addition to its sponsors, the 2025 bills now boast a combined total of 38 Republican and 32 Democratic co-sponsors. Supporters like Sen. Lisa Murkowski (R-Alaska) have been enthusiastic about the bills' benefits for their states.

"Because of our vast geography, the maritime industry is uniquely vital to Alaska, with many of our coastal communities relying on a strong U.S.-flagged fleet for everything from everyday logistics, to commercial fishing and homeland defense," Murkowski said. "I am proud to cosponsor the SHIPS Act, which advances common-sense solutions that will invest in the workforce and revitalize our nation's shipbuilding, increasing Alaska's resilience and security."

Other legislators, such as Sen. John Fetterman (D-Pennsylvania), have expressed support for the bill's international and local impacts, saying, "not only will this [bill] strengthen our

national security, but it'll also grow our local economies and support working families right here in Pennsylvania. I'm proud to support this commonsense, bipartisan legislation that will help us build more ships in America and stand up to China."

Alongside lawmakers, several prominent maritime organizations have also publicly backed the SHIPS for America Act. Among the most notable of these supporters are several state maritime academies, USA Maritime, American Maritime Partnership, United Steelworkers, AFL-CIO, Marine Machinery Association, Transportation Institute, National Defense Transportation Association and Shipbuilders Council of America.

Still to Come

Congressional activity on the One Big Beautiful Bill Act may not indicate very much about legislators' attitudes toward shipbuilding investment. However, the bill's inclusion of such significant funding for the commercial maritime industry, new warships and the Coast Guard signals there may be enough political will to push shipbuilding bills, like the SHIPS for America Act, through Congress. Many members of Congress have come to understand a shipbuilding investment is a necessary element of safeguarding America's economic and national security future. Now that lawmakers have become aware of the dire state of American shipbuilding, it remains to be seen how committed they are to improving it.

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