

President Signs Executive Order to Revitalize US Maritime Industry

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On April 9, the President signed an [executive order](#) titled “Restoring America’s Maritime Dominance” (the Order), a comprehensive initiative aimed at reversing decades of decline in the U.S. maritime industry. Citing national security concerns and economic imperatives, the Order outlines a bold strategy to rebuild the nation’s commercial shipbuilding capacity, strengthen its maritime workforce, and reduce dependence on foreign competitors, particularly China, which currently dominates global ship production. The Order follows the U.S. Trade Representative’s (USTR) February 21 [Notice of Proposed Action](#) to impose substantial fees on vessels operated by Chinese companies built in China that call on U.S. ports, alongside cargo preference measures aimed at countering China’s dominance in global maritime trade.

Addressing a Critical Decline

The decline of the U.S. maritime industry over the past several decades has been stark and measurable. In 1951, the U.S. boasted more than 1,200 large, privately owned merchant vessels flying the U.S. flag; today, that number has dwindled to fewer than 180 — a reduction of more than 85%. Similarly, U.S. shipbuilding has suffered a sharp downturn: as of 2023, American shipyards built only eight large commercial ships, while China produced more than 1,000 at a fraction of U.S. costs. In terms of global market share, the U.S. now accounts for less than 1% of the world’s commercial ships, compared to China’s dominance at nearly 50%. The concern is that such erosion has not only weakened the nation’s industrial base but has also created vulnerabilities in national security, supply chain resilience, and economic independence — areas the Order now seeks to reclaim.

A Comprehensive Maritime Action Plan

At the heart of the Order is the creation of a Maritime Action Plan (MAP), to be developed within 210 days by the Assistant to the President for National Security Affairs, in coordination with key agencies, including the Departments of Defense, Commerce, Transportation, and Homeland Security. The MAP will serve as a blueprint to achieve the policy goal of revitalizing U.S. maritime industries for national security and economic prosperity. The Office of Management and Budget will oversee legislative, regulatory, and fiscal assessments to ensure the plan’s feasibility.

Key Provisions of the Executive Order

The Order outlines a multifaceted approach to strengthen the maritime sector, with specific actions assigned to various federal agencies:

1. **Securing the Maritime Industrial Base:** Within 180 days, the Department of Defense, in collaboration with other agencies, will assess options to bolster the Maritime Industrial Base. This includes leveraging authorities like the Defense Production Act and encouraging private capital investment in shipbuilding, supply chains, port infrastructure, and workforce development. The Office of Strategic Capital loan program will be utilized to support these efforts, with a focus on prioritizing critical components and ensuring a strong return on investment for taxpayers.
2. **Countering China's Dominance:** The USTR is tasked with advancing a Section 301 investigation into China's unfair practices in maritime, logistics, and shipbuilding sectors. Potential actions include tariffs on China-origin ship-to-shore cranes and other cargo-handling equipment to level the playing field for U.S. manufacturers. The USTR will also engage allies to align trade policies, encouraging them to adopt similar measures.
3. **Strengthening Revenue Collection:** To prevent circumvention of the Harbor Maintenance Fee, the Department of Homeland Security will propose measures ensuring that foreign-origin cargo arriving by vessel clears U.S. ports for security and fee collection. Cargo entering via Canada or Mexico will face additional fees unless substantially transformed, which is intended to capture revenue lost from imports that enter the U.S. by land following ocean transport from abroad.
4. **Incentivizing Investment:** The Order introduces innovative financial mechanisms, including a Maritime Security Trust Fund to provide consistent funding for maritime programs and a Shipbuilding Financial Incentives Program to support private investment in vessel construction and shipyard upgrades. Additionally, Maritime Prosperity Zones, modeled after opportunity zones, are intended to incentivize investment in maritime communities, including non-coastal regions like the Great Lakes and river systems.
5. **Workforce Development:** The Order mandates a report within 90 days to address training and education challenges within the existing U.S. maritime workforce. Recommendations will include expanding support for merchant marine academies, reforming credentialing requirements, and offering scholarships for maritime studies, both domestically and internationally. The U.S. Merchant Marine Academy will undergo modernization, addressing needed maintenance and a long-term capital improvement plan.
6. **Streamlining Procurement and Deregulation:** To enhance efficiency, agencies will propose reforms to vessel acquisition processes, reducing bureaucratic delays and adopting commercial standards. The Department of Government Efficiency will conduct a separate review to optimize procurement. Additionally, a deregulation review will identify and eliminate regulations deemed to hinder innovation and cost-effectiveness.
7. **Expanding the U.S.-Flagged Fleet:** The Order seeks to increase the number of U.S.-built, crewed, and flagged vessels in international trade. A legislative proposal will incentivize the growth of this fleet, ensuring it can support national security needs during crises while enhancing commercial competitiveness.
8. **Securing Arctic Waterways:** A strategy to secure Arctic waterways will be developed within 90 days, addressing emerging security challenges and promoting American prosperity in the region.
9. **Shipbuilding and Reserve Fleet Reviews:** A 45-day review will recommend ways to increase competition in government shipbuilding, reducing costs and delays. Separately, the Department of Defense will issue guidance

on maintaining a robust inactive reserve fleet to ensure readiness.

Impact on the Industry

The Order is intended to reshape the U.S. economic and trade landscape by revitalizing the domestic maritime industry and altering import dynamics. The scale of the proposed overhaul is significant, however, and it remains to be seen how comprehensively the targeted reforms and incentives will be deployed. For businesses, if properly funded and implemented, it could create new opportunities in shipbuilding, logistics, and infrastructure, supported by federal investment and financial incentives, particularly if the result is a more streamlined, efficient federal financing process. By contrast, the Order would likely have a compounding effect in light of recent tariffs on foreign-flagged maritime operators, and could lead to higher costs for importers due to stricter enforcement of harbor fees and reduced reliance on foreign shipping routes, prompting supply chain adjustments. While the Order's aims to restore global competitiveness by expanding the U.S.-flagged fleet, modernize shipyards, and invest in workforce development to position the industry for long-term growth and strategic advantage are undoubtedly welcome news for the U.S. Flag maritime industry, the tasks ahead are not insignificant and will require comprehensive reforms, significant federal financial investment, market certainty for private investors, and bipartisan legislative support to effect the transformation that the Order seeks.

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