# FROM STRATEGY TO TONNAGE

HOW THE UNITED STATES CAN CONVERT MARITIME POLICY, ALLIED CAPITAL, AND PROTECTED DEMAND INTO INDUSTRIAL CAPACITY

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STRATEGIES

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## Executive Summary

The United States no longer lacks a maritime strategy. It lacks a production system capable of turning strategy into ships at a rate, cost, and level of reliability that matters.

China's advantage is industrial rather than merely numerical. Chinese government data report that its yards produced 56.1 percent of global shipbuilding tonnage in 2025, won 69 percent of new orders, and held 66.8 percent of the global orderbook at year-end, while the United States builds less than 1 percent of the world's new commercial ships and has only eight yards capable of constructing vessels longer than 400 feet.

America does not need to reproduce China's commercial fleet or outbuild China ship for ship. It needs enough sovereign capacity to build, repair, crew, and surge the vessels its economy and military cannot prudently outsource, supported by a production base that can improve through repetition and expand under pressure.

Federal maritime policy now includes several of the tools required for a rebuild. Executive Order 14269 and the February 2026 Maritime Action Plan establish the federal direction, the House has incorporated substantial SHIPS for America provisions into its fiscal year 2027 defense authorization bill, and the August 13 presidential memorandum creates a mechanism for transferring allied ship designs and production methods into U.S. yards. The House package is not enacted law, and the memorandum still must become acquisition plans, contracts, and industrial investments.

The immediate danger is that Washington mistakes policy activity for industrial recovery. Tax incentives, financing tools, trade measures, Maritime Prosperity Zones, workforce programs, and new authorities can support the rebuild, but none can substitute for a multiyear orderbook that gives yards, suppliers, lenders, and workers a reason to invest around a limited number of repeatable vessel families.

Hanwha's Philadelphia expansion and ten-ship medium-range tanker order provide a real commercial series. The Administration's 'Finland Model' would allow the first ships of selected classes to be built abroad only as part of a transfer that establishes U.S. facilities, trains American workers, licenses production methods, develops an American supply chain, and moves subsequent construction into the United States.

The U.S.-flag fleet must expand in parallel. MARAD counted 188 large oceangoing U.S.-flag vessels in March 2026, including 170 classified as militarily useful, while its current workforce plan carries an estimated deficit of 1,839 active and qualified unlimited-credential mariners under a sustained commercial-and-sealift scenario; reflagging can therefore add useful tonnage and billets faster than new U.S. construction, but it must remain a bridge rather than the end state.

**The next four years should be treated as a production-learning campaign. An illustrative 813 Strategies planning case would judge the first phase successful if U.S. yards deliver roughly 8 to 15 large oceangoing commercial or auxiliary ships across two or three repeatable vessel families by the end of 2030, with measurable labor-hour and schedule improvement by the fourth or fifth hull and a workforce expansion large enough to crew and sustain that growth; those figures are operating benchmarks, not forecasts or national fleet targets.**

## I. The Maritime Problem Is a Production-System Problem

The scale of China's lead can obscure the actual American requirement. Beijing's commercial shipbuilding industry is now sufficiently large that trying to close the global market-share gap directly would turn American strategy into an exercise in chasing Chinese tonnage rather than defining what the United States itself needs.

Chinese official data reported 53.69 million deadweight tons of completed shipbuilding in 2025, 107.82 million deadweight tons of new orders, and a year-end backlog of 274.42 million deadweight tons. Those figures represented 56.1 percent, 69 percent, and 66.8 percent of the corresponding global totals. They are Chinese government statistics and should be identified as such, but the direction and scale are consistent with the U.S. government's assessment that China has achieved dominant positions across shipbuilding and adjacent maritime industries.

The American position is structurally different. USTR reported in January 2025 that the United States ranked nineteenth in commercial shipbuilding and built fewer than five commercial ships annually, compared with more than 1,700 in China; the White House subsequently described U.S. output as less than 1 percent of global commercial shipbuilding.

The often-cited claim that the United States has "66 shipyards" needs more precision than it usually receives. The Maritime Action Plan uses that figure as a capacity taxonomy, then identifies only eight U.S. yards capable of building vessels longer than 400 feet, 22 repair yards with drydocking capability for large vessels, and 25 additional large-vessel topside repair yards. America still possesses numerous smaller yards building barges, tugs, ferries, workboats, patrol vessels, and specialized craft; the strategic shortage lies in repeatable large-oceangoing construction and repair capacity.

That distinction matters because national maritime power consists of more than the physical ability to weld a hull. A large-ship production system requires design engineering, steel and plate processing, engines, gears, pumps, valves, electrical equipment, castings, forgings, propulsion systems, software, dry docks, cranes, production management, trained supervisors, skilled trades, finance, customers, and enough repeated work for all of those elements to improve together.

The Navy demonstrates what happens when large federal budgets operate without a sufficiently disciplined production system. In April 2026, the Government Accountability Office reported that Navy and Coast Guard shipbuilding programs remained billions of dollars over cost and years behind schedule. The Navy had exercised more than $3.4 billion in options for six Constellation-class frigates before completing basic and functional design; after more than three years of construction, functional design was still only 87 percent complete in September 2025, and work on four ships was terminated that November.

That record is relevant to commercial recovery because it demonstrates that money and demand alone are insufficient. The United States can fund its way into a larger backlog without funding its way into greater throughput.

The strategic objective should therefore be narrower and harder: build a maritime production system that learns. Each successive ship in a series should require fewer engineering changes, fewer labor hours, less rework, more reliable supplier performance, and a more predictable construction schedule.

China's advantage was accumulated through repetition over decades. America's fastest path back is to recover the ability to repeat.

### Illustrative 2030 Planning Case

The first phase needs quantitative gates even if the United States is not trying to match Chinese market share. The following ranges are deliberately narrow planning assumptions intended to test whether serial production, learning, and workforce growth are actually occurring; they are not forecasts and should be revised as contracts and yard data become available.

| Measure | Illustrative end-2030 benchmark | What it is testing |
|---|---|---|
| Large-ship output | 8-15 U.S.-built large oceangoing commercial or auxiliary deliveries across 2-3 vessel families; at least one family reaches a four-hull serial run. | Whether policy has created repeat production rather than isolated prototypes. |
| Learning curve | By hull 4-5 of a mature design, direct production labor hours at least 15% below the lead hull and delivery schedule variance below 10%. | Whether repetition is reducing work content and making schedules more predictable. |
| Workforce matched to growth | Roughly 500-1,000 additional active mariners and 3,000-6,000 additional direct yard/supplier production workers tied to the selected programs. | Whether the fleet, shipyards, and supplier base are expanding together rather than shifting the bottleneck. |

## II. Washington Has Moved From Diagnosis to Policy

Washington now has executive policy, trade measures, congressional legislation, military acquisition initiatives, and allied investment directed at the same industrial weakness. The remaining question is whether those instruments produce repeatable output in U.S. yards.

President Trump signed Executive Order 14269 on April 9, 2025, declaring it U.S. policy to rebuild domestic maritime industries and the maritime workforce. The order explicitly identified durable federal funding, commercially viable U.S.-flag shipping, domestic manufacturing, and workforce expansion as interconnected requirements.

USTR had already reached a related conclusion. Its Section 301 investigation found that China's targeting of maritime, logistics, and shipbuilding sectors was unreasonable and burdened U.S. commerce through displacement of market-oriented competitors, reduced competition, dependencies, and supply-chain vulnerabilities.

The February 2026 Maritime Action Plan set out a federal framework for maritime industrial policy. It proposed expanded federal financing, production-linked tax credits, a Strategic Commercial Fleet, streamlined reflagging, government cargo commitments, Maritime Prosperity Zones, allied investment, stronger cargo preference, port-security measures, workforce reforms, and a Maritime Security Trust Fund.

Congress has begun converting portions of that agenda into legislation. The House passed its fiscal year 2027 National Defense Authorization Act on July 22 after adopting a bipartisan amendment that expands

strategic sealift, domestic shipbuilding support, maritime workforce measures, federal coordination, and U.S.-flag competitiveness. The package is consequential, but it remains House-passed legislation rather than enacted law until the Senate and conference process is complete.

On August 13, a presidential memorandum directed the government to use the U.S.-Finland icebreaker arrangement as a model for as many as three additional ship classes, including acquisition plans for roll-on/roll-off vessels and Consolidated Cargo Replenishment at Sea tankers. The memorandum is executive direction rather than a completed production program. Its effect will depend on class selections, contracts, yard investments, and technology-transfer milestones.

The same memorandum also prohibited routine redesign of mature parent designs without senior approval. That provision is more important than it sounds because requirements instability has repeatedly destroyed the economic benefits of serial construction in U.S. government shipbuilding.

The current policy base is sufficient to test execution. Progress should be measured by contracts, repeat hulls, yard investment, supplier qualification, and delivered ships rather than the number of programs announced.

Federal policy should be judged by whether it causes a ship to be delivered sooner or lowers the cost and schedule risk of the next hull. Programs that do not create durable production capacity should not count as industrial progress.

## III. Demand Is the First Industrial Policy

A shipyard will not spend hundreds of millions of dollars modernizing a panel line, adding a dry dock, recruiting several thousand workers, or localizing a supplier network because Washington has declared shipbuilding important. It will do so when management believes enough vessels will be ordered to recover that investment.

That makes predictable demand the first constraint to solve. Capital, workforce, technology, and suppliers become easier to mobilize when the orderbook is credible; without it, every one of those investments becomes a wager on future policy.

GAO's review of existing Maritime Administration financing programs illustrates the problem. During the five years preceding June 2025, the Title XI Federal Ship Financing Program executed only two loan guarantees for two vessel owners, totaling nearly $400 million and supporting 22 vessels. GAO also found that MARAD lacked measurable performance goals capable of demonstrating whether its four shipbuilding financial-assistance programs were actually increasing national shipbuilding capacity.

The offshore-wind vessel market provides something close to a natural experiment in maritime industrial policy. GAO reported in March 2026 that demand associated with U.S. offshore-wind projects had produced 50 new vessels delivered, under construction, or on order from American shipyards, involving nearly 20 yards across roughly a dozen states. Yet GAO also found that weakened expectations for future offshore-wind construction made additional vessel orders unlikely, exposing the industrial vulnerability created when a specialized production boom is not supported by durable demand.

The lesson reaches beyond offshore wind. An orderbook creates capacity; uncertainty destroys it.

Federal policy should therefore consolidate projected demand across the Maritime Administration, Navy auxiliaries, Military Sealift Command, Coast Guard, Army watercraft, National Oceanic and Atmospheric Administration, other government fleets, cargo-preference programs, and commercially required

strategic shipping. The output should be a rolling ten-year national maritime orderbook identifying vessel families, approximate quantities, delivery windows, military utility, and the contracting vehicle available to support serial production.

This should not become a centrally planned fleet in which Washington selects every commercially desirable ship. Its purpose is to expose where government demand already exists, combine compatible requirements, and turn scattered one-off procurements into production runs large enough to change private investment decisions.

The Maritime Action Plan reaches in this direction by calling for a government-wide shipbuilding plan, multiyear demand signals, guaranteed cargo or procurement commitments, and a Strategic Commercial Fleet. Those concepts should be treated as the center of the rebuilding program rather than as individual items inside a larger menu of policy ideas.

Cargo preference belongs in the same framework. Increasing the share of government-impelled cargo carried by U.S.-flag vessels creates revenue certainty for operators, but expanding preference faster than the fleet can supply suitable tonnage can produce higher freight costs, waivers, or nominal requirements that are impossible to fulfill.

The correct sequence is to publish the future cargo requirement, make the revenue stream sufficiently predictable to support financing, and then contract for the vessels necessary to carry it. Cargo becomes industrial policy when a shipowner can take the expected revenue to a lender and order a ship.

## IV. Build the Bridge Fleet Before the Perfect Fleet

The United States faces two different maritime shortages on two different timelines. It needs more ships under American control and more American mariners relatively quickly, while restoring economical large-ship construction inside U.S. yards will take longer.

The Maritime Action Plan now recognizes this explicitly. It states that foreign-built vessels can be brought under the U.S. flag as a temporary measure while large-oceangoing domestic construction capacity is rebuilt, with U.S.-built vessels replacing that bridge as capacity returns.

That sequence should be embraced rather than treated as an embarrassing exception to industrial policy. A non-Chinese allied-built ship placed under the U.S. flag can create American mariner billets, expand commercial capacity, participate in national sealift arrangements, provide operating experience, and enlarge the customer base for U.S. repair yards years before a new domestic production line reaches maturity.

The March 2026 MARAD fleet dashboard shows the scale of the existing base. It counted 188 large oceangoing U.S.-flag vessels: 75 tankers, 58 containerships, 22 vehicle carriers, 18 general-cargo vessels, six combination container/roll-on-roll-off ships, five roll-on/roll-off ships, and four dry-bulk vessels. MARAD classified 170 of the 188 as militarily useful.

Those numbers argue against defining success solely as U.S.-built hulls delivered. Reflagged vessels can produce immediate strategic value while domestic production expands, provided the bridge does not become a permanent excuse for importing ships that were supposed to migrate into American construction.

The first large-hull production programs should also be chosen for repetition rather than symbolism. The strongest near-term candidates are vessel classes for which strategic demand already exists and mature allied or commercial designs can be adapted with minimal engineering risk.

Medium-range product tankers now have a real commercial series in Philadelphia. The August presidential memorandum specifically orders development of acquisition plans for Consolidated Cargo Replenishment at Sea tankers and roll-on/roll-off vessels using the Finland Model. Those classes should receive priority because demand, military utility, and a route to serial production are already visible.

Cable ships, logistics vessels, government service vessels, feeder or multipurpose cargo ships, and selected auxiliaries can follow where an operator, cargo source, or federal requirement supports a series. Large liquefied natural gas carriers may provide valuable technology transfer and demonstrate high-end capability, but their complexity makes them a poor foundation for the entire recovery strategy.

### Priority Vessel Families for the First Serial Runs

The first vessel families should be ranked by existing demand and design maturity rather than by prestige. Programs with a mature parent design, a real customer, and a credible multihull requirement provide the best chance to create a learning curve before requirements growth overwhelms it.

| Priority | Vessel family | Strategic demand already visible | Design / allied parent maturity | Military utility | Commercial offtake | Engineering risk |
|---|---|---|---|---|---|---|
| 1 | Medium-range product tanker | 10-ship Hanwha order; Jones Act renewal | High | High | High | Low-Med |
| 2 | Roll-on/roll-off sealift | Presidential acquisition direction; aging sealift requirement | High | Very high | Medium | Medium |
| 3 | CONSOL / replenishment tanker | Presidential acquisition direction; fleet-logistics demand | Med-High | Very high | Low-Med | Medium |
| 4 | Multipurpose, cable, and logistics ships | Agency, defense, and commercial niche demand | High | High | Medium | Low-Med |

Smaller yards remain essential. Tugs, barges, ferries, dredges, offshore-support vessels, patrol craft, and harbor vessels sustain a large American maritime workforce and supply chain, but building more small craft does not automatically recreate the facilities, engineering, supplier network, or block-production expertise required for large oceangoing tankers and roll-on/roll-off vessels.

The distinction should shape federal spending. Small-vessel programs should reinforce existing strengths while a deliberate large-vessel program rebuilds the capabilities America has actually lost.

## V. The Allied Bridge Is No Longer Theory

South Korea has moved from being an obvious potential partner to the clearest current test of whether allied shipbuilding expertise can be transferred successfully into U.S. production.

Hanwha completed its acquisition of Philly Shipyard in late 2024. In August 2025, it announced a $5 billion plan for two additional docks, three additional quays, potential block-assembly capacity, automation, and

smart-yard technology, while setting a long-term target of increasing production from fewer than two ships annually to as many as 20. That figure is a corporate target rather than demonstrated capacity and should be treated accordingly.

More important than the target is the orderbook. Hanwha Shipping ordered ten medium-range oil and chemical tankers, with the first expected by early 2029, and exercised an option for a second LNG carrier. The yard is also executing the five-ship National Security Multi-Mission Vessel program and was selected in July 2026 with TOTE Services to build new Missile Range Instrumentation Vessels using an existing production line and vessel-construction-management model.

This is what an allied bridge looks like when it begins to become industrial rather than diplomatic. The foreign partner brings capital, production systems, experienced managers, commercial designs, digital tools, supplier knowledge, and a large home-yard learning base; those capabilities are then used to increase output from an American facility with an American workforce.

The August 13 presidential memorandum converts that approach into a national procurement model. Its most important requirement is not permission to build the first two vessels abroad. It is the compulsory transfer of productive capacity that follows: U.S. facilities, American workers, licensed methods, a domestic supply chain, and subsequent construction in the United States.

This model should govern future allied cooperation. Foreign construction should purchase time and knowledge at the same time.

The design-transfer requirement is equally significant. America has repeatedly attempted to adapt mature foreign or commercial designs and then changed so much of the vessel that the economic value of the parent design disappeared. The Administration's new restriction on iterative redesign recognizes that a mature design has value precisely because somebody has already paid for the mistakes.

The United States should still preserve the ability to make changes that are genuinely necessary for safety, military mission, law, or interoperability. Every optional change should face a much higher burden: identify the operational value, construction delay, engineering hours, supplier disruption, and lifecycle cost before approval.

Technology transfer should be treated as a contractual production outcome, not a statement of intent. Each Finland Model class should operate under a single configuration-control board with a high threshold for changes after the parent design is selected; U.S.-specific legal, classification, safety, interoperability, and mission requirements should be identified and frozen before the first American production block begins, while knowledge-transfer milestones such as complete digital data packages, U.S. supervisor certification, supplier qualification, production work instructions, and yard-system integration should be tied to payment or incentive milestones. If either of the first two U.S.-built hulls exceeds a pre-agreed normalized cost or schedule variance threshold - for example, 15 percent after separating unavoidable U.S.-specific requirements from production performance - the program should trigger an independent root-cause review before authorizing further customization or expansion.

The first successful allied programs should then become templates rather than isolated projects. A Korean production system that improves Philadelphia should create transferable lessons for other yards; a Finnish icebreaker process that works should inform additional vessel families; allied propulsion, automation, and component suppliers should be encouraged to establish U.S. manufacturing where recurring demand justifies it.

America does not need autarky to regain maritime sovereignty. It needs control over the industrial capabilities whose loss would prevent the country from operating, repairing, or expanding its own fleet during a prolonged crisis.

### The Supplier Bottlenecks to Clear First

The Finland Model's domestic-supply-chain requirement should be concentrated on the components most capable of stopping a serial line. The objective is not immediate domestic content in every low-value item; it is to eliminate single points of failure in long-lead, high-consequence categories before the orderbook expands.

| Category | Why it can stop the line | Near-term industrial priority |
|---|---|---|
| Propulsion and powertrain | Main engines, reduction gears, propellers, and machinery controls are long-lead, integration-heavy items with limited qualified sources. | Qualify U.S. or trusted-allied second sources early and place long-lead orders before construction start. |
| Heavy components | Castings, forgings, valves, pumps, shafts, and related components face fragile single/sole-source markets, quality constraints, and nondestructive-testing bottlenecks. | Expand qualified capacity, fund second sources, and use additive manufacturing only where qualification and economics support it. |
| Marine electrical and controls | Generators, switchgear, power distribution, automation, and machinery-control systems can become late integration and software risks. | Freeze vendor standards across the series, use land-based testing where practical, and avoid redesigning proven systems without a mission requirement. |
| Certified plate and block fabrication | Large-vessel production depends on reliable plate availability, specialty grades, cutting/forming capacity, and block throughput. | Use multiyear material commitments and develop regional block-fabrication partners that can absorb work outside the final-assembly yard. |
| Auxiliary ship systems | HVAC, refrigeration, reverse-osmosis units, cranes, anchors/chains, and pumps are numerous early-order items that can create cascading delays. | Create common equipment catalogs across vessel families and use bulk or multiship buys where standardization is feasible. |
| Digital production stack | CAD/PLM data, manufacturing execution systems, robotics, automated inspection, and supplier interfaces determine whether parent-yard methods actually transfer. | Require trusted vendors, interoperable data standards, cyber controls, and measurable transfer milestones before U.S. serial construction begins. |

## VI. Productivity Is the Strategic Variable

The central economic weakness in American large-ship construction is cost. Protection, tax credits, operating subsidies, cargo preference, and federal procurement can make high-cost vessels financially possible, but a strategy that never narrows the underlying productivity gap becomes permanently dependent on larger transfers.

The objective should therefore be to buy down the cost penalty over successive hulls. That requires measuring the production process with the same seriousness that government currently measures program funding.

Modernization matters where it changes throughput. Automated and robotic welding, panel lines, modular block construction, digital engineering, production-management software, automated material movement, integrated supplier scheduling, three-dimensional work instructions, and advanced inspection

can reduce labor hours and rework when integrated into a stable production line. The Maritime Action Plan itself emphasizes modern dry docks, cranes, panel lines, material handling, modular production, and digital engineering as capacity investments.

Technology cannot compensate for unstable design. A robot welding the wrong block more efficiently does not improve shipbuilding.

The Constellation experience provides the clearest current warning. The Navy committed billions of dollars before design maturity, began construction while functional design remained incomplete, and eventually abandoned most of the contracted class. GAO's broader finding that the eleven most recent Navy lead ships cost at least $8 billion more than originally planned shows that the problem is systemic rather than confined to one program.

Commercial reconstruction should use the opposite model. Complete the design, qualify the principal suppliers, establish configuration control, build the first ship, measure where it went wrong, and then preserve enough design stability for the second and third ships to capture the learning.

Federal support should be conditioned on evidence of that learning. A yard receiving substantial public financing should report labor hours by hull, schedule variance, engineering changes after production start, rework, major supplier delays, block-outfitting completion before erection, worker retention, and capital-equipment utilization.

The purpose is not to micromanage private yards from Washington. It is to distinguish capacity that exists on paper from capacity capable of producing another vessel.

Shipyard modernization grants should follow the same rule. A new dry dock tied to a contracted series of ships is industrial capacity; a new dry dock with no foreseeable customer is expensive waterfront infrastructure.

## VII. The Fleet Cannot Grow Faster Than Its Mariners

Shipyard workers and merchant mariners are often grouped together as a single "maritime workforce" problem. They are different labor markets, and each can become a binding constraint independently.

Shipyards need welders, shipfitters, pipefitters, electricians, machinists, engineers, planners, supervisors, quality personnel, crane operators, and production managers. The hardest problem is frequently retention rather than initial recruitment because a yard loses the economic benefit of training when workers depart before they become proficient.

Workforce subsidies should therefore be measured past enrollment. Programs should report apprenticeship completion, one-year retention, three-year retention, advancement into skilled classifications, supervisor development, absenteeism, and the production hours required to deliver each successive vessel.

The mariner problem is more directly tied to fleet size. MARAD's current workforce strategy states that a 2017 analysis estimated 13,607 unlimited-credential mariners would be required to operate the commercial fleet and sustained military sealift concurrently, while its most recent estimate identified 11,768 active and qualified mariners. Even that estimated 1,839-person deficit assumes every qualified mariner is available and willing to sail.

The same MARAD plan identifies the feedback loop that makes the problem difficult. A smaller U.S.-flag fleet means fewer jobs at sea, fewer opportunities for junior mariners to accumulate experience and advance, and eventually fewer senior officers and engineers available for commercial or surge operations.

That makes reflagging part of workforce policy. Every additional commercially active U.S.-flag vessel creates billets that keep mariners sailing and maintain the proficiency needed for a national activation.

Training institutions still require investment, but expanding school capacity without expanding maritime employment can produce credentials that leave the industry. Fleet policy and workforce policy should therefore use the same growth schedule.

The federal government also needs a better real-time picture of who can actually sail. A credential is not the same as recent sea service, medical readiness, willingness to mobilize, or qualification for the billet required on a particular ship.

MARAD's own strategic plan calls for improved tracking of credentialed, actively sailing, and emergency-available mariners. That should become a core readiness metric before a much larger Strategic Commercial Fleet is authorized or contracted.

## VIII. Financing Must Be Durable, Not Speculative

The Universal Fee on Foreign-Built Vessels should not be treated as the financial foundation of the rebuild unless Congress establishes the rate, exemptions, methodology, economic treatment, and use of revenue. The proposal could provide dedicated revenue, but its current design is not settled enough to support long-term industrial commitments.

The Maritime Action Plan proposes a fee based on imported cargo weight aboard foreign-built commercial vessels. Its illustrative examples range from approximately $66 billion over ten years at one cent per kilogram to nearly $1.5 trillion at 25 cents per kilogram. Because those estimates differ by more than an order of magnitude, expected revenue depends heavily on the final rate and methodology.

The separate China-focused Section 301 vessel fees provide another reason for caution. USTR imposed responsive measures in 2025 but suspended them from November 10, 2025 through November 9, 2026 following the U.S.-China trade agreement, while negotiations continue.

Trade measures can alter the economics of foreign shipping and make domestic construction relatively more attractive. They can also be modified through diplomacy, provoke retaliation, change routing, or raise transportation costs, which makes them less dependable than a statutorily dedicated revenue stream for financing 20- or 30-year industrial investments.

A Maritime Security Trust Fund remains sound policy if its financing is diversified and legally durable. The original SHIPS for America legislation contemplated a broader funding architecture rather than a single universal access fee, while the House's 2026 maritime package creates a trust-fund framework but leaves important funding decisions unresolved during the ongoing legislative process.

Federal financing should use different tools for different projects. Direct appropriations fit government purchases; Title XI guarantees and standardized credit structures fit financeable commercial series; production-linked incentives can reward additional delivered vessels; cargo and charter commitments can support private debt; and private or allied equity can fund yard expansion. Dedicated maritime revenues can supplement those tools if Congress establishes them.

Title XI needs particular attention because its problem is no longer conceptual. GAO found that some offshore-wind vessel owners abandoned the program for private financing after confronting application timing and risk-review requirements, even though their vessels were ultimately constructed in the United States.

A modernized Title XI program should operate on commercial time. Repeated vessel classes with qualified yards, mature designs, known operators, and predictable charters should move through standardized underwriting rather than start from zero on each application.

Maritime Prosperity Zones can complement this capital stack. The Maritime Action Plan proposes 100 zones with ten-year designations covering traditional coastal yards as well as river systems, the Great Lakes, Alaska, Hawaii, territories, suppliers, training institutions, and advanced manufacturing.

The number of zones should not become the performance metric. A zone without a credible orderbook, industrial tenant, infrastructure project, workforce pipeline, or customer is simply a tax preference wrapped around geography.

Priority should go to projects where a public incentive changes a real investment decision. Examples include an additional dock required for a contracted vessel series, a supplier plant needed to replace a foreign single source, a fabrication facility that expands block production, or a training center tied directly to hiring commitments from nearby yards.

Capital follows cash flow more reliably than it follows policy branding. The federal government's highest-value financing intervention is therefore to make the future revenue of strategic maritime projects believable.

## IX. The Jones Act Is a Floor, Not a Maritime Strategy

The Jones Act remains an important component of American maritime sovereignty. Coastwise laws preserve a protected market for U.S.-built vessels and domestic maritime employment that would otherwise face the same foreign construction economics that eliminated most U.S. participation in large international commercial shipbuilding.

Repealing that protection while simultaneously trying to rebuild American yards would send contradictory economic signals. Investors asked to finance new domestic construction would have to price the possibility that the protected customer base could instead purchase substantially cheaper foreign-built ships.

Preserving the Jones Act does not mean pretending it has solved the industrial problem. The protected market has existed throughout the period in which U.S. large-vessel construction became expensive, irregular, and concentrated.

The policy should therefore be judged by renewal of the fleet it protects. The goal is a coastwise market that sustains serial orders, healthy operators, competitive yards, trained mariners, and a supplier base capable of supporting national needs.

The March 2026 fleet data show 92 large oceangoing U.S.-flag vessels classified by MARAD as Jones Act eligible. That protected demand is strategically valuable, but the limited large-ship orderbook demonstrates why legal protection must be paired with productivity, finance, and predictable replacement cycles.

Jones Act policy should also be separated analytically from the international U.S.-flag problem. A vessel can provide substantial sealift and mariner value under the American flag without being built domestically or eligible for coastwise trade, which is why reflagging provides a useful near-term bridge.

Over time, those two objectives should converge as U.S. construction becomes capable of supplying a larger share of the internationally trading fleet. Trying to force that convergence before the yards exist risks making the desired fleet unaffordable; never forcing it allows the bridge to become permanent.

## X. Ports Are Part of the Industrial Base – and the Attack Surface

The maritime system ends at the port rather than at the shipyard gate. A larger American fleet provides limited resilience if the terminals handling it depend on equipment, control systems, software, and data architectures that create concentrated foreign vulnerabilities.

The Coast Guard reported that approximately 80 percent of ship-to-shore cranes in U.S. ports were manufactured by China's Zhenhua Heavy Industries, or ZPMC. Coast Guard cyber teams had not observed active malicious cyber activity involving those cranes at the time of its report, but the agency identified the possibility that remote or unauthorized access could disrupt equipment and port operations.

That distinction is important. Dependence is a verified structural vulnerability; a current Chinese cyber operation through those cranes is not an established fact.

Federal policy has already moved beyond diagnosis. The Coast Guard's Marine Transportation System cybersecurity rule took effect July 16, 2025, required initial workforce training by January 12, 2026, and requires covered owners and operators to designate cybersecurity officers, conduct cybersecurity assessments, and submit cybersecurity plans by July 16, 2027.

The next step should be risk-based replacement rather than a politically satisfying purge with no supply alternative. Strategically important ports should identify equipment whose disruption could affect military mobilization, major container flows, energy movements, or national distribution networks and sequence replacement around credible U.S. or trusted-allied manufacturing capacity.

Software should receive the same treatment as steel. Terminal operating systems, remote maintenance, equipment telemetry, cargo data, identity systems, autonomous yard equipment, and cloud infrastructure can create persistent dependencies even after a Chinese-made crane is replaced.

Shipyard modernization creates a parallel cyber problem. Digitally connected yards become more productive because design, inventory, robotic systems, work instructions, procurement, and production schedules share data; that same integration makes intellectual property and production systems valuable cyber targets.

The objective should be trusted control over maritime operational data and the ability to continue operating when external networks fail. Rebuilding hull production while leaving the digital production stack exposed would recreate the same strategic dependency in a less visible form.

## XI. The 2030 Test

A ten-year maritime plan can become an excuse for deferring judgment for ten years. The American rebuild should show unmistakable evidence of industrial learning well before 2030.

The first test is whether the Administration and Congress can convert the current policy architecture into a small number of executable industrial commitments within the next 18 months. Each item below has a

visible completion condition so that progress can be judged by what has actually been put under contract, financed, measured, or scheduled.

## Next 18 Months: Priority Actions

| Priority action | Primary lead | Proof of completion within 18 months |
|---|---|---|
| Settle durable funding architecture | Congress; OMB; Treasury; DOT | Enacted multiyear authorities and appropriated or dedicated accounts that can support serial vessel and yard commitments beyond a single fiscal year. |
| Publish the government-wide orderbook | OMB; MARAD; Navy; Coast Guard | A rolling 10-year demand plan showing priority vessel families, approximate quantities, delivery windows, and the contracting or cargo mechanism behind each requirement. |
| Lock the first Finland Model classes | Department of War; Navy; OMB | At least two class acquisition packages with mature parent designs, U.S. yard commitments, configuration controls, and measurable technology-transfer milestones. |
| Standardize Title XI for serial programs | DOT; MARAD; OMB | Published underwriting standards and process for repeat vessel series, with at least one serial-vessel financing reaching commitment under the revised approach. |
| Establish a real mariner readiness baseline | MARAD; Coast Guard | A current census distinguishing credentialed, medically qualified, actively sailing, and surge-available mariners by credential and billet, with an annual refresh mechanism. |
| Complete strategic port-equipment risk tiering | DHS; Coast Guard; DOT; Commerce | A national priority list for cranes, control systems, and maritime digital infrastructure whose disruption would materially affect military mobilization or major cargo flows, paired with a funded replacement sequence. |

The design requirement should be particularly strict. No federally supported production series should enter construction with major functional design work incomplete except where an urgent national-security requirement justifies the added cost and delay.

The second test arrives between 2028 and 2030. America should begin seeing repeat deliveries from the same vessel families, more production blocks completed with outfitting already installed, fewer engineering changes after construction begins, shorter supplier lead times, higher worker retention, and a larger U.S.-flag fleet supported by enough active mariners to crew it.

Hanwha's first medium-range tankers are currently expected from 2029. Those ships, the continuing National Security Multi-Mission Vessel series, the new Missile Range Instrumentation Vessel program, any roll-on/roll-off and replenishment-tanker procurements created under the August memorandum, and future allied-transfer programs will provide real evidence of whether the emerging model works.

The third test is economic. The unit cost of American construction should begin moving toward foreign benchmarks rather than simply being offset by larger federal subsidies.

No realistic policy will erase the cost gap in several years. Direction matters: the second ship should be easier to build than the first, the fifth easier than the second, and the yard receiving its next order should need less public support per unit of useful capacity than it required at the beginning.

The final test is strategic. The United States should be able to identify which yards can build large oceangoing ships, which designs can enter production without years of engineering, which suppliers can expand under surge conditions, how many qualified mariners are actually available, where repair capacity exists, and how quickly additional commercial tonnage can be placed under American control.

That is mobilization capacity. Ship count is only one output of it.

## Conclusion

The maritime crisis is no longer difficult to diagnose. China dominates global commercial shipbuilding, the American large-ship production base is shallow, the U.S.-flag fleet and mariner pool have little evident surge margin, and decades of naval acquisition failures show that federal spending by itself does not produce efficient shipbuilding.

The United States now has an executive maritime strategy, House-passed bipartisan maritime legislation awaiting final congressional action, Korean investment in an American large-ship yard, a developing commercial orderbook, and a presidential procurement model designed to transfer industrial knowledge while relocating production into the United States. The remaining question is whether those instruments become durable contracts and production capacity.

A broad policy menu can still fail if spending is dispersed across grants, zones, taxes, offices, technologies, custom designs, and capacity targets that do not produce ships. The relevant test is whether each major intervention creates usable industrial capacity or reduces the cost, time, or risk of the next hull.

The alternative requires discipline. Create demand that lasts long enough to justify investment, select mature designs and stop changing them, use allied production to compress the learning curve, reflag useful vessels while domestic capacity catches up, tie finance to deliveries, expand mariner employment with the fleet, and measure whether successive hulls become easier to produce.

America does not need to recreate the shipbuilding industry of 1945 or the economics of contemporary Chinese shipbuilding. It needs a modern production system capable of building and sustaining the ships national independence and military power require, with more useful ships leaving American yards at greater frequency and predictability while the industrial system behind them becomes capable of doing it again. That is the transition from maritime strategy to maritime power - from strategy to tonnage.