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SEA CHANGE: REVIVING COMMERCIAL SHIPBUILDING

HEARING

BEFORE THE

SUBCOMMITTEE ON COAST GUARD, MARITIME, AND FISHERIES

OF THE

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION
UNITED STATES SENATE

ONE HUNDRED NINETEENTH CONGRESS

FIRST SESSION

OCTOBER 28, 2025

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SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

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SEA CHANGE:
REVIVING COMMERCIAL SHIPBUILDING

TUESDAY, OCTOBER 28, 2025

U.S. SENATE,
SUBCOMMITTEE ON COAST GUARD, MARITIME, AND FISHERIES,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The Subcommittee met, pursuant to notice, at 10 a.m., in room SR–253, Russell Senate Office Building, Hon. Dan Sullivan, Chairman of the Subcommittee, presiding.

Present: Senators Sullivan, Cruz, Young, Curtis, Moreno, Sheehy, Blunt Rochester, Cantwell, Schatz, and Baldwin.

OPENING STATEMENT OF HON. DAN SULLIVAN, U.S. SENATOR FROM ALASKA

Senator SULLIVAN. The Subcommittee on Coast Guard, Maritime, and Fisheries will now come to order, and I want to thank our witnesses today as this Subcommittee examines how to modernize, accelerate U.S. commercial shipbuilding, which, of course, will have an impact on our Navy's shipbuilding, while strengthening America's broader maritime industrial base as a foundation for economic security and national security.

This hearing could not be more timely. The state of America's commercial shipbuilding industry is not just an economic concern. It is a national security imperative that we have let slide for way too long. The scale of the challenge we face today is real, it is urgent, and I would say it is daunting. The United States builds less than one percent of the world's commercial ships. Meanwhile, our adversary, China, alone, accounts for nearly half of global production, backed by state planning, subsidies and, as always, coercive trade practices. This is not just an economic statistic. It is a dire warning. Maritime power is directly tied to our ability to project influence, support our Navy, mobilize sealift, sustain commerce, and ensure resilient supply chains in times of crisis.

Nowhere is this more evident than in the great state of Alaska. Key economic pillars of my state—the U.S. military, mining, fisheries, oil and gas, tourism—are all dependent on maritime transportation to move goods, resources, ammunition, and people. Alaska's remoteness, dependence on sea trade, and strategic position between the Pacific and Arctic theaters underscore the need to ensure stable, American-controlled supply routes connecting the continental United States with its territories and its noncontiguous states—my colleague from Hawaii, I think, would agree with that—

and to avoid reliance on foreign vessels for domestic and territorial trade, especially given Alaska's proximity to major foreign powers across the North Pacific.

We have seen what America can do when it chooses to lead. During World War II, as vividly captured in Arthur Herman's Freedom's Forge, we transformed from a nation unprepared for war into the world's industrial powerhouse, outbuilding our adversaries and our allies combined. We can do this. We have done it before. That shipbuilding surge did not happen because we were forced into it. It happened because we chose to meet the moment with purpose, coordination and urgency.

That is why the Trump administration's executive order on Restoring America's Maritime Dominance is so important. It acknowledges that this is not a problem of isolated shipyards or fragmented markets. It is a national strategic challenge. I look forward to reviewing the forthcoming Maritime Action Plan from the Administration, which is due next month. It will lay out the policies, investments and reforms needed to restore U.S. shipbuilding competitiveness and secure our maritime future.

There are three things that I think are critical for success in this town: White House leadership, appropriated dollars, and legislative action that is bipartisan. I think that we have the beginnings of all three of these on shipbuilding. Certainly, Congress has begun to act. The budget reconciliation bill, the One Big Beautiful Bill, has made historic investments in the Navy and shipbuilding—over $25 billion in the Coast Guard, over $25 billion—authorizing multiple destroyers, submarines, oilers, and nearly just $9 billion in new Arctic icebreakers. These investments are not only critical to national defense, they also provide steady demand signals to shipyards, suppliers, and workers across the country.

We are also seeing important bipartisan momentum through legislation, such as the SHIPS for America Act. I do not know if Senator Kelly is still here. There he is. And Senator Young, I am sure, will be here. The two lead co-sponsors of that. I am a co-sponsor of the SHIPS Act, which recognizes the revitalization of U.S. commercial shipbuilding must be a whole-of-nation effort. This legislation aims to strengthen domestic production capacity, incentivize innovation, and ensure that our industrial base can compete globally while advancing national security goals.

But more money will not alone solve the problem. We need smarter procurement systems, ones that reward performance, improve accountability, and avoid the delays and cost overruns that have plagued far too many Federal programs. New approaches to contracting and digital integration are showing promise. We should build on that progress and replicate it across ship types and agencies, commercial and the U.S. Navy.

Finally, this is, most importantly, in my view, about people. welders, naval architects, mariners, engineers, and apprentices. Revitalizing America's shipbuilding means investing in a workforce that can design, build, and sail the ships for tomorrow. It means restoring the American maritime trades as a source of good jobs and national pride throughout communities across our great nation.

In that regard, I do want to mention to my colleagues, I certainly hope that, when we vote for the CR once again at 11:30, we get enough Democrats to just reopen the darn government. Enough is enough. The big Federal Government union came out and said to support this. This impacts shipbuilding. This impacts FEMA.

I was back home over the weekend. We had a big typhoon. We have tons of people in the Federal Government right now working without pay. Enough is enough. So reopen the government. We will negotiate on subsidies. I think many of you know, Senator Schumer has bent the knee to the far left. Let's reopen the government and get these workers who build our ships in public yards paid as well.

With that I want to turn to my Ranking Member, Senator Blunt Rochester, for her opening statement. And I do want to thank the witnesses on this very important, and well attended hearing. Thank you very much.

STATEMENT OF HON. LISA BLUNT ROCHESTER,
U.S. SENATOR FROM DELAWARE

Senator BLUNT ROCHESTER. Thank you, Chairman Sullivan, and thank you to the witnesses for being here. I also want to thank my colleague, Senator Mark Kelly, for his leadership on these issues, these critical issues, and for taking time to even sit down with me in his office and explain why this is so important to him. And so, thank you, Senator Kelly, as well.

Reviving our Nation's shipbuilding sector would strengthen our national security, protect our supply chains, support our small businesses, and lower costs for everyday Americans. And while I agree that this is an important topic, it is unfortunate that we are holding this hearing during a government shutdown. And I would be disingenuous if I did not say that this is not normal.

Millions of Americans are about to see their health care costs skyrocket, and the loss of SNAP benefits will impact the ability of people to put food on the table. And so, to me, in this moment, we should be focused on reopening the government and making sure that this affordability crisis does not further impact American families.

Despite the President's promises to lower costs on "day one," costs are going up every day. Tariffs on steel and lumber certainly do not help our shipbuilders. And I agree with the Chairman that three things are required: the House has to be here to work, the Senate has to continue to do the strong work that we have done historically and in a bipartisan way, and we need the President to be a part of this. And so investing in our shipbuilding industry can help solve some of our affordability problems, and we are in desperate need. But the way we do it is together.

Shipbuilding is more than an industry. It is a strategic capability. It is a cornerstone of American economic and national security, providing our Nation with a skilled workforce with advanced manufacturing capacity, that can build and sustain vessels essential to both U.S. commerce and defense readiness. Yet workforce shortages, supply chain fragility, and aging infrastructure have undercut our ability to dominate in this sector. We should be ringing the alarm bells.

But again, I am deeply concerned that this critical conversation will be overshadowed by the moment that we are in. And I know that I join my colleagues in saying that the American people want us to come together, open the government, and make sure that their health care costs are not out of control.

Thank you for your continued partnership, together, on these critical issues and at this moment. I yield back and look forward to the testimony, as well as asking our questions.

Senator SULLIVAN. So again, I think the clean CR vote is at 11:30. Let's reopen the government. It has been bipartisan. Join the other Democrat Senators who have had the courage to cross Senator Schumer, because this has been all about him, right. We all know that. Everybody knows that. I talk to Senate Democrats. We all know that.

So let's reopen the government now, with the vote on the clean CR, which the Federal Employees Union wants to do, as well.

But I hope this hearing can be about shipbuilding, not about what we should be doing, which is reopening the government at 11:30. And with that I do offer Senator Cantwell, the Ranking Member, who cares a lot about shipbuilding, on this Committee, and I hope she will say a few words about shipbuilding, if you want to talk health care and the government shutdown. Again, my colleagues, please vote for the clean CR. Everybody knows it is the right thing to do. That is how you solve all these issues—SNAP, Federal workers. Boom, right now, we could solve that in an hour and a half. Pretty easy.

Senator Cantwell.

STATEMENT OF HON. MARIA CANTWELL,
U.S. SENATOR FROM WASHINGTON

Senator CANTWELL. Thank you, Chairman Sullivan, and thank you to Senator Blunt Rochester, and thank you for holding this important hearing on shipbuilding, and I appreciate our witnesses being here. Shipbuilding is a bipartisan issue, and we all agree that we need to do more to have American-built and American-crewed ships to expand global trade, protect our supply chain, and bolster national security. It was great to have the MARAD nominee before us last week who shared an enthusiastic vision of how the United States needs to regain our maritime leadership. I look forward to confirming him in this spot.

Following decades of decline, the United States constructs just 0.2 percent of the world's commercial shipping tonnage, while China, South Korea, Japan build more than 90 percent. In fact, in 2022, China had 1,794 commercial oceangoing ships under construction, South Korea had 734, Japan had 587, Europe had 319, and the United States, we were just building 5.

Our economy depends on trade. We know that in the Pacific Northwest, where about 40 percent of our state is dependent on trade, if we do not revive our shipbuilding capacity, our Nation will not be able to compete at this particular moment in the Pacific. That puts our economy at risk, it creates a dangerous weakness in our national defense, so we must continue to protect the Jones Act, expand and streamline Title XI loan guarantee programs, and modernize our infrastructure. And we must do more to maintain Amer-

ican cargo through cargo preference oversight and through support for legislation like Senator Moran's bill to move food aid to USDA.

We need to invest in the technology and training to establish cutting-edge maritime ecosystems so that our shipyards and our workers can build the most sophisticated ships in the world. In the state of Washington, the maritime sector supports 174,000 jobs through maritime logistics, shipping, ship building, seafood, maritime transportation, and associated trades. In total, the sector supports $45 billion of economic revenue and shipbuilding in particular are good family wage jobs with an average salary of $120,000—can you imagine that—an average job.

Ms. Snow is here today, representing her family's shipyard in Seattle, which has grown from 30 employees in 2020 to more than 100 employees today. As our shipbuilding and maritime economy is at a crossroads, I encourage my colleagues to listen to Ms. Snow as she speaks about the model they have developed to try to bring more talent to the shipyard. And by recruiting new talent to shipbuilding, she is meeting the demand for employees but also providing us with how this issue may be applied across the country.

Mr. Paxton, when it comes to thinking big, you represent one of the largest shipyards in the country, including Vigor, who has operated in the state of Washington, so I look forward to hearing from you about how you can boost capacity in the larger yards, including financing and your support for workforce challenges.

Mr. Vogel, as a logistics expert at TOTE, I welcome your views on construction management and how we better support the U.S. flag fleet. My colleague Senator Sullivan and I have worked on many issues, including getting the port at Anchorage fully supported and the capacity that it will take to continue to deliver important products there.

And Dr. Mercogliano, I understand you have proposed a "mariner reserve," similar to military reserves, and that is an idea I hope our Committee will consider and think about.

Thank you all for being here. I look forward to working with my two colleagues here. I think the President, I think the MARAD nominee, and I think the Secretary of Transportation have all said they want to make this maritime revival a national priority. I do too. So, I look forward to hearing the comments at today's hearing. Thank you.

Senator SULLIVAN. Thank you, Senator Cantwell. And now I also want to welcome our witnesses. Mr. Paxton, who is President of the Shipbuilders Council of America. As the President he represents more than 175 companies that own and operate shipyards across the United States and maritime industrial suppliers.

Mr. Vogel, Jeff Vogel, is the Vice President of Legal Affairs and Operations at TOTE Services, which delivers ship management, technical solutions, and vessel construction management for customers across the U.S. maritime industry.

Dr. Salvatore Mercogliano, a Professor at Campbell University, is the Chair of the Department of History, Criminal Justice, Political Science at the university. He is also a former deck officer in the U.S. Merchant Marine.

And Ms. Snow has already been introduced by Senator Cantwell. She is Talent Acquisition and Engagement Manager at Snow &

Company, Inc., which is a family owned and operated shipbuilding company in Seattle.

So with that I would like each of our witnesses, they have 5 minutes to give their opening statement. A longer statement can be submitted for the record.

Mr. Paxton, we will begin with you.

STATEMENT OF MATT PAXTON, PRESIDENT, SHIPBUILDERS COUNCIL OF AMERICA

Mr. PAXTON. Thank you very much. On behalf of the Shipbuilders Council of America I would like to thank Chairman Sullivan, Ranking Member Blunt Rochester, Senator Cantwell, Senator Baldwin, Senator Young, and Senator Kelly. Thank you for your leadership on the SHIPS for America Act. Much appreciated.

I am Matthew Paxton, President of the Shipbuilders Council of America, as you, Chairman, said. I represent over 175 companies that own and operate shipyards across the United States and suppliers that comprise the maritime industrial base. Our members build, repair, modernize, and maintain vessels of every class, from inland towboats and workboats to complex government and commercial ships, for the U.S. Navy, Coast Guard, Maritime Administration, state and local governments, and for the 40,000-plus vessels engaged in domestic commerce under the Jones Act.

My testimony today will focus on four central points. First, the Jones Act is foundational to our maritime, industrial, and national security, providing a stable market that sustains U.S. shipbuilding capacity at no cost to the Federal Government. Second, domestic shipbuilding is not a preference. It is a national security necessity that preserves the workforce, facilities, and supply chains we rely on in times of crisis and conflict. Third, Congress should enact legislation like the SHIPS for America Act to set a National Maritime Strategy, rebuild commercial capacity, and restore resiliency across our shipyard and mariner ecosystem. Fourth, U.S. shipbuilders do not compete on a global level playing field. The disparity between the U.S. and international markets is driven by pervasive foreign industrial targeting and non-market practices, as repeatedly documented by the Office of the U.S. Trade Representative, USTR.

Additionally, I will note there is a persistent distortion in international statistics. The Organization for Economic Cooperation and Development that provides global tonnage measurements omits much of what America builds in our commercial and government markets. Counting what we actually build matters, for policy, which we are going to be discussing today, for investment, and for national defense.

American shipyards build some of the most advanced vessels in the world. It is undeniable. Our men and women deliver for our Navy, our Coast Guard, and our domestic commercial markets every day. But we are contending with a global commercial market skewed by decades of foreign, non-market intervention and by international statistics that omit much of what America actually builds.

The Jones Act remains the cornerstone of our maritime security. The SHIPS for America Act is the strategic blueprint we need to restore balance, rebuild commercial capability, and secure the mar-

itime industrial base for the long term. The SHIPS Act is also complemented by, and echoed, in the President's executive order to Restore America's Maritime Dominance. At the President's directive, the White House will be releasing a Maritime Action Plan on November 5. That plan will explicitly aim to align trade tools with industrial strategy, strengthen domestic shipbuilding and repair capacity, and consider a dedicated funding mechanism such as the Maritime Security Trust Fund, to support programs under the plan.

Those priorities mirror and reinforce the core aims of the SHIPS for America Act, and underscore why the Congress should be receptive to these forthcoming legislative proposals.

This is a moment for policy clarity and national purpose. If we want credible sealift, resilient supply chains, competitive government shipbuilding, and a skilled maritime workforce ready when the Nation calls, we must build ships in America, and we must do it at scale.

SCA and its members stand ready to work with this Subcommittee and the Congress to enact the SHIPS for America Act, reinforce the Jones Act, and ensure that America's shipyards have the stable demand and strategic direction to deliver the sea change this hearing contemplates, one that revives commercial shipbuilding and strengthens our national security for decades to come.

Thank you for the opportunity to testify. I look forward to your questions.

[The prepared statement of Mr. Paxton follows:]

PREPARED STATEMENT OF MATTHEW O. PAXTON, PRESIDENT, SHIPBUILDERS COUNCIL OF AMERICA

On behalf of the Shipbuilders Council of America (SCA), I would like to thank Chairman Sullivan, Ranking Member Blunt-Rochester and members of the Senate Commerce Committee for the opportunity to provide testimony on reviving Commercial Shipbuilding.

I am Matthew Paxton, President of the Shipbuilders Council of America (SCA), representing more than 175 companies that own and operate shipyards across the United States and the suppliers that comprise the maritime industrial base. Our members design, build, repair, modernize, and maintain vessels of every class—from inland towboats and workboats to complex government and commercial ships—for the U.S. Navy, Coast Guard, Maritime Administration, other government agencies, allied partner nations, state and local governments, and for the 40,000-plus vessels engaged in domestic commerce under the Jones Act.

My testimony today will focus on four central points. First, the Jones Act is foundational to our maritime, industrial, and national security, providing a stable market that sustains U.S. shipbuilding capacity at no cost to the Federal government. Second, domestic shipbuilding is not a preference—it is a national security necessity that preserves the highly-skilled workforce, infrastructure, and supply chains we must be able to rely upon in times of crises and conflict. Third, Congress should enact legislation like the SHIPS for America Act to set a national maritime strategy, rebuild commercial capacity, and restore resiliency across our shipyard and mariner ecosystem. Fourth, U.S. shipbuilders do not compete on a level global playing field; the disparity between the U.S. and international markets is driven by pervasive foreign industrial targeting and non-market practices, as repeatedly documented by the Office of the U.S. Trade Representative (USTR). Additionally, I will address a persistent distortion in international statistics: OECD tonnage measures omits all military vessel production and much of America's workboat- and inland-focused output. Counting what we actually build matters—for policy, for investment, and for national defense.

The Jones Act: The Foundation of a Resilient U.S. Maritime Industrial Base

The Jones Act sustains an American merchant marine and an American shipbuilding and repair industrial base—at no cost to the Federal taxpayer—by reserving domestic waterborne commerce to U.S.-built, U.S.-flagged, U.S.-owned, and U.S.-crewed vessels.

It is the bedrock that provides the stable, demand-based market required to sustain modern yards, preserve skilled craft labor, and ensure a robust supplier base capable of building and maintaining complex government and commercial fleets.

As I testified before this committee in 2019, the Jones Act is the connective tissue that binds the commercial and national security shipbuilding markets, ensuring that when the Nation calls, American yards, suppliers, and mariners are there to answer.

Military leaders across administrations have consistently affirmed the Jones Act's role in national security and sealift readiness.[1] It underwrites a domestic network of shipyards, dry docks, and marine manufacturers; it supports hundreds of thousands of jobs[2]; and it sustains a merchant marine that serves as a naval auxiliary in times of war or national emergency.

The Jones Act also ensures that sensitive maritime operations—fuel, food, and critical commodities—move between U.S. ports on U.S. ships, operated by vetted American mariners, protected by American law, and serviced by American shipyards. Weakening or waiving the Jones Act would erode this foundation, undercut investment and &financing for U.S.-built fleets, and directly harm the industrial base the Nation depends on for naval readiness. Congress and the Administration should continue to uphold and enforce the Jones Act without exception.

Why Domestic Shipbuilding Is a National Security Necessity

Building ships at home is not simply an industrial preference; it is a strategic imperative.

Our national defense requires a robust commercial shipbuilding and repair sector to sustain our military &fleet construction and maintenance, provide surge capacity in crises, and assure sealift and logistics in time of war.

The Navy itself has warned that the shipyard and supplier base remains fragile and could struggle to recover from another boom-bust cycle. The more we cede commercial ship construction to foreign state-backed producers, the more we hollow out the workforce, reduce competition, and raise long-term costs for defense programs.

USTR's Section 301[3] investigation into China's targeting of maritime, logistics, and shipbuilding for sectoral dominance found that for nearly three decades China has executed a coordinated, non-market industrial strategy to seize market share, suppress prices, and consolidate upstream supply chains, with explicit market-share targets and sweeping five-year plans, and that these practices burden or restrict U.S. commerce.

That targeting is inseparable from national security risk. Chinese state-owned or state-supported entities have amassed extraordinary capacity and influence across shipbuilding, ports, logistics platforms, and equipment. The result is a global maritime ecosystem increasingly dependent on non-market actors whose incentives are not aligned with U.S. security interests.

These dynamics carry concrete operational risks. The United States must maintain a sufficient U.S.-flag commercial fleet, a reliable tanker fleet, and a resilient domestic repair and conversion capacity. When we cannot meet these needs with U.S.-built ships and American yards, we become dependent on foreign construction, foreign dry docks, and foreign inputs.

That dependence is strategically and economically unacceptable. A strong domestic U.S. commercial shipbuilding base strengthens Navy and Coast Guard shipbuilding by stabilizing common supply chains, spreading overhead, and sustaining critical skills and facilities. Domestic construction also protects sensitive technologies, reduces geographic vulnerabilities in times of crisis, and ensures that industrial mobilization remains possible when the Nation needs it most. And, importantly, supports tens of thousands of well-paid manufacturing jobs.

A National Strategy: Enact the SHIPS for America Act

SCA strongly supports the SHIPS for America Act with a caveat that we would like to see language around domestic ship repair strengthened.

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[1] *https://www.secnav.navy.mil/fmc/fmb/documents/19pres/longrange_ship_plan.pdf*

[2] *https://www.maritime.dot.gov/sites/marad.dot.gov/files/2021-06/Economic%20Contributions%20of%20U.S.%20Shipbuilding%20and%20Repairing%20Industry.pdf*

[3] *https://ustr.gov/sites/default/files/enforcement/301Investigations/USTRReportChinaTargetingMaritime.pdf*

This legislation is the right tool to turn consensus into action, providing a clear national vision with whole-of-government strategic objectives and lines of effort and providing the sustained demand signals and policy architecture our industry needs to invest in people, processes, and infrastructure. It would strengthen the commercial base that undergirds our defense shipbuilding, modernize and expand critical supplier capacity, and reinforce the mariner pipeline essential to sealift.

The Act complements ongoing executive actions and USTR's Section 301 measures that recognize the market-distorting impact of foreign non-market practices. Combined with the Trump Administration's Executive Order to Restore America's Maritime Dominance[4] and the White House Office of Shipbuilding, this legislation is crucial to ensure the long-term viability of these efforts.

The Administration has set a clear course in its Maritime Executive Order; the President directed the development of a Maritime Action Plan (MAP) to be delivered on November 5. That plan, and the White House-led coordination behind it, explicitly aims to align trade tools with industrial strategy, strengthen domestic shipbuilding and repair capacity, and consider a dedicated funding mechanism—such as a maritime security trust fund—to support programs under the MAP. Those priorities mirror and reinforce the core aims of the SHIPS for America Act and underscore why the Congress should be receptive to these forthcoming legislative proposals.

The Section 301 investigation and supporting analyses have made clear that China's pursuit of maritime dominance is not the result of fair competition, but rather a product of top-down, state-directed industrial planning, massive non-market interventions, and a deliberate strategy to displace foreign competitors.

U.S. national defense depends on a modern and resilient domestic fleet and shipbuilding and repair industrial base. China's control over shipping lanes, port infrastructure, and logistics information systems exposes the United States to supply-chain disruptions, economic coercion, and intelligence risks. Any reliance on Chinese-built or Chinese-controlled vessels—particularly for defense-critical programs such as the Maritime Security Program (MSP) and Tanker Security Program (TSP)—creates unacceptable vulnerabilities at a time of heightened geopolitical tension.

While the MSP is indispensable to U.S. readiness and SCA remains a longstanding supporter of the program, it already benefits from substantial taxpayer support: in Fiscal Year 2024 alone, operators received $305 million in Federal stipends, and more than $2.1 billion since FY 2017. Of the ten current MSP operators, only three are U.S.-owned; the remainder are subsidiaries of foreign parent companies.[5]

Since 2015, those foreign parents have invested more than $9 billion[6] [7] [8] [9] [10] [11] in Chinese shipyards—funds that directly undercut U.S. shipbuilding and repair capacity.

In data collected through FOIA requests to U.S. Customs and Border Protection (CBP) requesting copies of declarations for ship repair for Fiscal Year 2024, CBP shared heavily redacted documents that limit the information on which vessels perform ship repair overseas and the nature of those repairs; however, the documents do show the amount of ship repair declared compared to tariffs paid.

The data shows that more than $381 million in overseas ship repair was performed in one calendar year (Sept 2023—August 2024) on ships operating in domestic and government-supported trade. The effects of various Guest Worker programs, Free Trade Agreements and the Harmonized Tariff Schedule effectively reduced the tariffs paid to *5.55 percent of the work performed overseas.*

Again, the vessels being repaired overseas enjoy protected trade status and/or set-aside government cargoes under the current Maritime Security Program, Tanker Security Program and Cable Security Fleet and benefit from subsidies provided at the

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[4] *https://www.whitehouse.gov/presidential-actions/2025/04/restoring-americas-maritime-dominance/*

[5] *https://www.usaspending.gov/federal_account/069-1711*

[6] *https://www.offshore-energy.biz/cma-cgm-awards-2-6b-contract-for-lng-dual-fuel-boxships-to-chinese-shipyard/*

[7] *https://www.tradewindsnews.com/containers/maersk-and-hapag-lloyd-order-lng-fuelled-container-ships-worth-5-8bn/2-1-1731176*

[8] *https://www.reuters.com/markets/deals/hapag-lloyd-orders-24-new-container-ships-two-chinese-firms-2024-11-06/*

[9] *https://www.tradewindsnews.com/shipyards/wallenius-wilhelmsen-enters-talks-over-giant-800m-car-carrier-order-in-china/2-1-1247270*

[10] *https://www.heavyliftpfi.com/sectors/wallenius-wilhelmsen-posts-record-results-but-high-and-heavy-volumes-lag/33355.article*

[11] *https://walleniuslines.com/about-wallenius-lines/history/2010-2/*

expense of the U.S. taxpayer. The SHIPS for America Act proposes to expand those fleets and others to support the Strategic Commercial Fleet outlined in the legislation.

Under the proposed language in section 404 of the SHIPS Act, the number of vessels in the Strategic Commercial Fleet would expand to more than 200. Without parameters to require a minimum of ship repair work in U.S. shipyards, even more work could be outsourced to overseas facilities at the detriment of U.S. ship repair facilities.

Together, a national maritime strategy like that in the SHIPS for America Act and targeted trade actions can restore competitive conditions, accelerate private investment, and ensure that American shipyards, large and small, can take on more complex commercial projects alongside vital government programs.

We urge Congress to move this legislation forward with an amended section on Strategic Commercial Fleet ship repair and to pair it with stable, predictable government shipbuilding and maintenance plans, multi-year procurement where appropriate, and acquisition strategies that reward schedule discipline, design stability, and productive partnership with industry.

The Global Disparity: What the U.S. Shipbuilding Market Is Competing Against

The current global commercial shipbuilding market is not a level playing field. USTR's Section 301 report details an extensive record: for decades, China has targeted shipbuilding, shipping, and maritime logistics for dominance through top-down industrial planning, directed mergers, subsidized financing, export credits and insurance, "scrap-and-build" schemes, domestic-content mandates, and the consolidation of upstream inputs and equipment.

These non-market practices—augmented by control over global logistics, port infrastructure assets, and data platforms—have yielded global overcapacity, artificially suppressed ship prices, and serially displaced market-oriented competitors.

The consequences are visible in the data. USTR and other credible analyses have found that China's share of global commercial shipbuilding rose from single digits around the year 2000 to the largest share in the world today, with prices for certain major ship types contracted in recent years reportedly as much as tens of percent lower than comparable vessels from other countries.

At the same time, U.S. market share in global commercial shipbuilding has fallen with the U.S. building only a handful of large ocean-going commercial vessels annually, even while maintaining a strong naval shipbuilding capability.

USTR also documented steep declines in U.S. production and employment in commercial shipbuilding and in upstream equipment exports—evidence of how China's localization and market-share mandates have displaced U.S. suppliers from critical value chains.

These facts align with broader industry reporting from reputable outlets that track global orderbooks, price indices, and the decadal consolidation of global capacity in a small number of Asian shipbuilding clusters.

State-directed consolidation[12] [13] [14] [15] [16], bailouts[17] [18] [19] [20] [21] [22] [23], and recurring public financial support in multiple foreign shipbuilding markets[24] [25], alongside multi-ship and sometimes multi-dozen-ship series orders[26] [27] that lock in designs and learning curves.

No privately financed American yard can compete against the combined effect of state capital, export credit, pricing unconstrained by market return, and the scale of 20-, 30-, or 50-ship production runs. The result is a textbook case of foreign non-market behavior smothering competitive market outcomes. It is precisely why the Jones Act is vital to sustain domestic capability and why a national strategy like the SHIPS for America Act is urgently needed.

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[12] Nikkei Asia, Sept. 3, 2024, "*Chinese state shipbuilders plan merger with eye on 'strong military'*." (CSSC/CSIC-listed arms re-merger; state-directed consolidation)

[13] Reuters, Sept. 4, 2014, "*China publishes first 'white list' of 51 shipyards*." (Whitelist policy channeling finance and support to favored yards)

[14] Maritime Executive, Apr. 3, 2019, "*China Eliminates Shipyard 'White List'*." (Evolution of state-directed consolidation tools.

[15] Reuters, Mar. 2, 2019, "*China approves merger of top shipbuilders CSSC and CSIC*." (Creation of a national champion)

[16] Merics Briefing, Sept. 30, 2021, "*Cosco takes stake in Hamburg Port terminal*." (Illustrates broader state-backed consolidation across maritime value chain)

[17] The Maritime Executive, Oct. 19, 2022, "*South Korea Takes Steps to Support Shipbuilding Amidst Labor Shortage*." (Korean government support measures)

[18] The Maritime Executive, Jan. 8, 2024, "*Shipyard sale expected as Harland & Wolff is insolvent, sets administration [UK/Europe]*." (European interventions around insolvency

[19] The Maritime Executive, Feb. 2024, "*German bailout of Meyer Werft is coming together*." (German state support for major yard)

Counting What We Build: OECD Gross Tonnage vs. U.S. Shipyard Production Reality

Policy follows what we measure. International statistics that rely on gross tonnage (GT) and compensated gross tonnage (CGT) for large, self-propelled, seagoing merchant ships present an incomplete—and, for the United States, misleading—picture of shipbuilding output.

By design, OECD shipbuilding metrics emphasize ocean-going merchant vessels above certain size thresholds and defined categories. As a result, those datasets largely omit the majority of U.S. shipyard deliveries, which are concentrated in workboats and inland vessels—towboats, tugs, offshore support vessels, crew boats, ferries, smaller specialty craft—and in barges and articulated tug-barge combinations that carry an enormous share of our domestic energy and bulk cargoes.

The WorkBoat annual shipbuilding report, which cites the number of deliveries by U.S. yards for 2024[28] and 2025[29], illustrate this reality in detail, cataloging hundreds of U.S. workboat and inland vessel deliveries that are foundational to our domestic economy and homeland security but are not counted in OECD GT/CGT tabulations.

In contrast, the OECD's own methodological descriptions explain that GT and CGT calculations focus on seagoing merchant ship categories and exclude many smaller craft, inland vessels, and barges—precisely the segments where U.S. builders are most active. Additionally, the OECD does not count the numerous Navy, Coast Guard and other military vessels delivered each year. The mismatch is not a minor technicality; it systematically undercounts American production, distorts international comparisons, and hides the industrial base, skills, and supplier networks our Nation actually relies upon for commerce, disaster response, port security, dredging, coastal resilience, and, in contingency, defense support.

Congress should be clear-eyed about the consequences of relying on GT/CGT-only snapshots. When the majority of America's shipyard output is excluded by definition, it becomes too easy for critics to claim "the U.S. doesn't build ships," when in fact our yards deliver hundreds of vessels each year, sustain high-wage skilled employment, and maintain critical infrastructure for Navy and Coast Guard programs.

Incorporating documented U.S. output alongside OECD statistical series provides a more accurate picture for policymaking and underscores why a domestic commercial market—anchored by the Jones Act and reinforced by legislation the SHIPS for America Act—is indispensable.

Policy Path Forward: Aligning Strategy, Market Signals, and Industrial Capacity

Congress can take practical steps now to restore balance, rebuild capacity, and put American commercial shipbuilding and ship repair on a durable footing that supports national defense:

- Enact a modified version of the SHIPS for America Act to establish a national maritime strategy that aligns demand, workforce, infrastructure, and supply chains, and that restores industrial resiliency across commercial and government shipbuilding and repair. This should be paired with stable, predictable Navy and Coast Guard shipbuilding and maintenance plans that reward design stability, disciplined change control, and productive government-industry partnership and innovative contracting structures.
- Uphold and faithfully enforce the Jones Act to maintain the domestic market that sustains our commercial shipyards and mariner base. Ensure that agency interpretations and rulings reinforce, not erode, the law's core requirements.
- Leverage and align trade actions with industrial strategy. USTR's Section 301 findings confirm that foreign non-market practices burden U.S. commerce and suppress healthy international competition. Align responsive actions with domestic investment in yards, equipment, and suppliers, and encourage allied coordination to reduce shared dependencies and bottlenecks.
- Update how we measure output. Direct agencies to incorporate annual U.S. shipbuilding reports and other domestic datasets alongside OECD GT/CGT series in official assessments, so that appropriations, infrastructure planning, workforce pipelines, and supply-chain investments are calibrated to the full U.S. production landscape.

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[20] Nikkei Asia, Mar. 8, 2019, "*Hyundai's mega-shipbuilder plan puts China and Japan on edge*." (HHI acquisition of DSME backed by Korea Development Bank; restructuring to stabilize sector)

[21] Business Korea, Apr. 2019 (and updates), "*Government support behind DSME workout; KDB-led rescue*." (South Korea's repeated capital support to DSME)

- Stabilize acquisition practices that enable industry investment. Use multi-year procurement where appropriate, align funding profiles with realistic schedules, and adopt acquisition structures—advanced procurement, incremental funding, block buys—that provide credible, multi-year demand signals for both commercial and government programs.

These steps will expand opportunities across the full spectrum of U.S. yards—from large complex-ship builders to mid-tier and small shipyards—unlocking private investment in modernization, accelerating productivity improvements, and strengthening the supplier base that both commercial and defense customers depend on.

Conclusion

American shipyards build some of the most advanced vessels in the world. Our men and women deliver for our Navy, our Coast Guard, and our domestic commercial markets every day. But we are contending with a global commercial market skewed by decades of foreign non-market intervention and by international statistics that omit much of what America actually builds.

The Jones Act remains the cornerstone of our maritime security; the SHIPS for America Act is the strategic blueprint we need to restore balance, rebuild commercial capability, and secure the maritime industrial base for the long term.

This is a moment for policy clarity and national purpose. If we want credible sealift, resilient supply chains, competitive naval shipbuilding, and a skilled maritime workforce ready when the Nation calls, we must build ships in America and we must do so at scale.

SCA and its members stand ready to work with this Subcommittee and the Congress to enact the SHIPS for America Act, reinforce the Jones Act, and ensure that America's shipyards have the stable demand and strategic direction to deliver the "sea change" this hearing contemplates—one that revives commercial shipbuilding and strengthens our national security for decades to come.

Thank you for the opportunity to testify. I look forward to your questions.

Senator SULLIVAN. Great. Thank you, Mr. Paxton. Mr. Vogel.

STATEMENT OF JEFF VOGEL, VICE PRESIDENT—LEGAL, TOTE SERVICES, LLC

Mr. VOGEL. Good morning, Chairman Sullivan, Ranking Member Blunt Rochester, Senator Cantwell, Senator Baldwin, Senator Young. Thank you for the opportunity to testify on the urgent need to revise America's commercial shipbuilding industry.

The United States has always been a maritime nation, and the shipbuilding industry is the backbone of our national and economic security. It provides high-paying jobs and delivers on commercial and government demand for vessels. However, we face a stark reality. The U.S. produced just 0.04 percent of the world's vessels last year, while China delivered over half of the global fleet. This is not because Americans lack ingenuity or shipbuilding skill. This disparity is the direct result of foreign government market manipulations and decades of insufficient support at home to address the threat of foreign maritime dominance.

Congressional support through marquee legislation such as the Jones Act and Merchant Marine Act of 1936 has kept our industry alive, supporting over 105,000 jobs and contributing nearly $12 billion to our annual GDP. But to truly restore our shipbuilding strength our Nation must take decisive action to address heavily subsidized foreign competition and provide a clear demand signal for U.S.-built ships.

U.S. shipbuilding innovation is not our weakness. It is our strength. TOTE Services is proud to have led the way. In partnership with NASSCO Shipyard in California, TOTE delivered the world's first liquified natural gas-powered container ship, which established the international market standard. TOTE Services also

managed the construction of North America's first LNG bunker barge, supporting the demand for U.S. LNG to fuel vessels in domestic and international trade.

We also pioneered the vessel construction manager acquisition strategy for government shipbuilding. By applying commercial principles and removing bureaucratic barriers, the vessel construction manager acquisition strategy has delivered government ships from commercial shipyards on time and under budget, saving taxpayers billions, mitigating government risks, and revitalizing struggling shipyards. In doing so, we have produced the next generation of mariner training vessels, the National Security Multi-Mission Vessels, which has resulted in a stark increase in enrollment at our state maritime academies.

To rebuild our government fleet and reinvigorate our commercial shipyards Congress must expand the vessel construction manager acquisition strategy across agencies, and ensure that billions in appropriated shipbuilding funds from the One Big Beautiful Bill Act are swiftly allocated, using an experienced vessel construction manager.

In addition, Congress and the Administration can encourage private investment by modernizing regulations and supporting build charter agreements. I have outlined these proposals in my written testimony. If enacted, such changes would allow American companies to use private capital for the rapid commercial construction of non-combatant government ships that ensure our national security.

The SHIPS for America Act of 2025 and the forthcoming Maritime Action Plan are critical to implementing improvements to the shipbuilding industrial supply chain. Within this context, I urge you to support tax incentives for shipyard investment, including in U.S. territories, and ensure that alternative marine fuels are not disadvantaged by outdated tax rules. These steps will strengthen our industrial base and restore American shipbuilding dominance.

I appreciate this Subcommittee's efforts to restore our critical U.S. shipbuilding industrial base. Thank you for your leadership and commitment to this vital industry. Again, thank you for the opportunity to testify today. I am happy to answer any questions.

[The prepared statement of Mr. Vogel follows:]

PREPARED STATEMENT OF JEFF R. VOGEL, VICE PRESIDENT—LEGAL, TOTE SERVICES, LLC

Good morning, Chairman Sullivan, Ranking Member Blunt Rochester, and distinguished members of the Subcommittee. Thank you for the opportunity to testify today on the challenges and opportunities in reviving the U.S. commercial shipbuilding industrial base. The United States is a maritime nation. Since our country's inception, we have relied upon our domestic maritime industry to support our national and economic security. The commercial shipbuilding industry is the backbone of our maritime strength, constructing innovative vessels to meet the demands of our domestic trade and employing a skilled workforce to support both commercial and government shipbuilding programs. However, for decades this critical industry has been undervalued, allowing foreign competitors to seize upon comparative economic advantages and distort the market with significant government subsidies. The U.S. commercial shipbuilding industry is not subsidized; it builds vessels to meet market demands. This unfair competition has been left American commercial yards in a challenging position, with only a handful of shipyards delivering less than one percent (1 percent) of the world's fleet. I am encouraged, however, by the recent bipartisan focus on addressing this critical national and economic security vulnerability. My testimony today will highlight some of the opportunities that this

Committee and the Administration have in restoring our international shipbuilding dominance.

Current State of Commercial Shipbuilding

There is no denying that the U.S. commercial shipbuilding industry finds itself in a challenging position. According to statistics from the United Nations Trade and Development ("UNCTAD"), the U.S. produced 0.04 percent of the world's vessels delivered in 2024.[1] By contrast, China delivered 54.57 percent of the world's fleet last year. This grotesque market gap is the direct result of two forces: (1) the Chinese government's state-directed industrial planning and integration between

These challenges are not new. From the inception of our country, through the Civil War, the U.S. was a dominant force in international shipbuilding, with the cost of American-built vessels being 25 percent to 50 percent cheaper than international competitors due to our vast timber resources.[2] However, with the advent of steel vessel construction, this competitive advantage was lost and the U.S. precipitously began to lose market share to international competitors that enjoyed lower labor rates and government subsidies.

Notwithstanding these comparative economic challenges, our country has always recognized the critical importance of sustaining a robust commercial shipbuilding industry. This has led to focused legislative efforts, such as the Merchant Marine Act of 1936, which recognizes that "[i]t is necessary for the national defense and the development of the domestic and foreign commerce of the United States that the United States have a marine . . . composed of the best-equipped, safest, and most suitable types of vessels *constructed in the United States* and manned with a trained and efficient citizen personnel."[3] In a similar manner, the Jones Act has been the lifeblood of the U.S. commercial shipbuilding industry, ensuring that we have maintained a shipbuilding industrial base despite the efforts of foreign competitors to pervert the economic framework.

As a result of these focused legislative efforts, we have sustained a viable commercial shipbuilding industry, which directly provides over 105,000 high-paying jobs, $9.9 billion in labor income, and $12.2 billion in gross domestic product.[4] Currently there are 154 private shipyards in the United States, spread across 29 states and the U.S. Virgin Islands, that are classified as active shipbuilders. In addition, there are more than 300 shipyards engaged in ship repairs or capable of building ships but not actively engaged in shipbuilding.[5] From this foundation, a strong shipbuilding industrial base can be reborn if the government provides the appropriate demand signal for commercial and government vessels.

However, as highlighted by recent U.S. Trade Representative ("USTR") actions, the U.S. shipbuilding industry is facing an unprecedented challenge in the form of China's focused efforts to distort international shipbuilding markets. As established by the USTR, "[c]onsistent with its policies to support and grow the Chinese shipbuilding industry into the dominant shipbuilder in the world, the Government of China has poured hundreds of billions of dollars into its industry since 2000."[6] Through a mix of direct investment, favorable financing by government-owned banks, credit programs, tax benefits, equity infusions, and steel and supply chain distortions, the Chinese government has undertaken "acts, policies, or practices that are unreasonable and discriminatory and that burdens and restricts U.S. commerce."[7] The imposition of port fees on Chinese built and flagged vessels seeks to address this imbalance. Receipts from port fees imposed on Chinese built and flagged vessels into a specific Maritime Security Trust Fund (as envisioned by Section 201 of the SHIPS for America Act of 2025, S.1541) will support specific reinvestment into U.S. shipbuilding and have a multiplier effect towards restoring market balance.

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[22] Wall Street Journal, Dec. 10, 2013, "*China Ships Reforms to Sea*." (Cash-for-clunkers and industrial support mechanisms benefitting Chinese shipyards)

[23] Reuters, Jun. 23, 2015, "*China extends ship scrapping subsidy programme to end-2017*." (Continuation of subsidies to stimulate domestic orders

[24] SeaTrade Maritime News, Sept. 17, 2018, "*Chinese banks top lenders to shipping.*" (State finance enabling large series programs)

[25] Xinde Marine News, Nov. 25, 2022, "*China became the world's largest ship financing supplier*." (Scale of financing that underwrites multi-ship programs)

[26] gCaptain, Apr. 7, 2023, "*CMA CGM Orders 16 Large Containerships at China State Shipbuilding—Reports*." (Large series order at CSSC)

[27] Maersk Press/Industry Coverage, Jun. 26, 2023, "*Maersk orders six methanol-powered vessels*." (Standardized alternative-fuel series; learning effects)

[28] *https://s3.divcom.com/www.workboat.com/images/ 4cfa6ae94f68747b1e581182e897fe40.pdf*

[29] *https://www.workboat.com/resources/reports/construction-survey-2025*

Innovation and the Vessel Construction Manager Strategy

A constant criticism levied at the U.S. commercial shipbuilding industry is that it fails to innovate to keep pace with its heavily subsidized foreign competition. This criticism is not accurate. In 2015, TOTE Maritime Puerto Rico proudly accepted delivery of the world's first liquefied natural gas ("LNG") powered containership, the *Isla Bella,* from General Dynamic NASSCO. TOTE Services further oversaw the design and construction of the first North American LNG bunker barge, the *Clean Jacksonville.* Through these efforts, and additional investment to repower our existing vessels, TOTE's entire fleet in both the Alaska and Puerto Rico trade lanes are fueled by LNG. As usual, where U.S. innovation leads the world follows, with LNG-fueled container ships now making up over 56 percent of the entire global orderbook.[8]

In a similar manner, TOTE Services has led government shipbuilding innovation in U.S. commercial shipyards. The National Defense Authorization Act for Fiscal Year 2017 directed the Maritime Administration ("MARAD") to construct the next generation of mariner training vessels (the National Security Multi-Mission Vessel ("NSMV")) "using commercial design standards and commercial construction practices that are consistent with the best interests of the Federal Government."[9] More importantly, Congress directed MARAD to "provide for an entity other than the Maritime Administration to contract for the construction of the [NSMVs]."[10] This direction has led to a spectacular success in modern American shipbuilding—leveraging private enterprise and commercial best practices to construct government vessels more efficiently and effectively than traditional government-led approaches. TOTE Services, as the Government's first Vessel Construction Manager ("VCM"), and in coordination with TOTE Services' subcontractor Hanwha Philly Shipyard, Inc., ("HPSI") has overcome the faults of the legacy Government shipbuilding model. By removing Government bureaucracy and overseeing construction based on a commercial shipyard subcontract, TOTE Services is preparing to deliver the third NSMV on a fixed-price and on-time basis, far exceeding the results of any other Government shipbuilding program, as illustrated by Table 1.

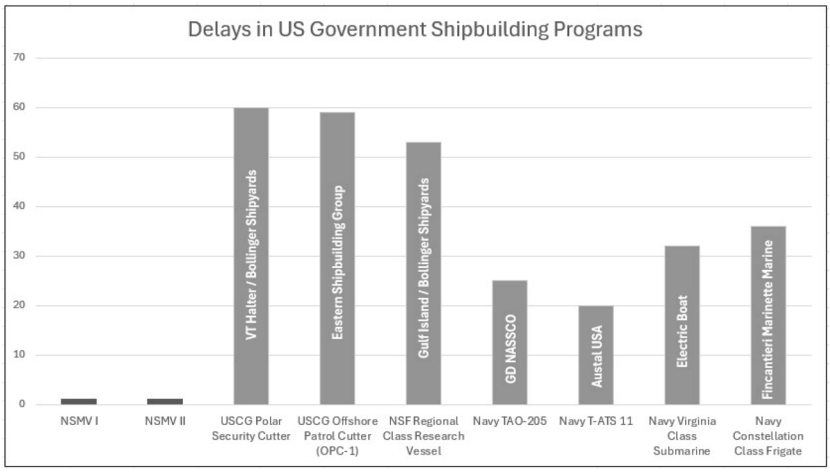

Table 1 – Delays in Government Shipbuilding Projects (by months)

The VCM was a catalyst for the revitalization of a struggling shipyard. At the time of subcontract award in April 2020, HPSI had approximately 80 employees, no order book, no government shipbuilding experience, and was on the brink of closure. By applying commercial principles, and placing non-construction responsibilities directly on the VCM, HPSI has been able to concentrate on its strength—shipbuilding. The result is that HPSI is once again a thriving commercial shipyard, with additional commercial orders from multiple customers on contract, a production work-

[7] USTR, *Report on China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance* (Jan. 16, 2025).

[8] Global Maritime Hub, *LNG-fueled Container Ships make up over half of the entire orderbook* (May 16, 2025) (*citing* Alphaliner), available at: *https://globalmaritimehub.com/lng-fueled-con-*

force of over 2,000, and a promise of billions of dollars in investment from its new ownership.

Moreover, the VCM acquisition strategy has saved the U.S. taxpayer billions of dollars, proving that U.S. shipyards can be cost-competitive when bureaucratic barriers are removed and a proper demand signal is in place. Indeed, "during the design development period, Naval Sea Systems Command experts said using Navy shipbuilding requirements and Department of Defense contracting processes to build the [NSMV] likely would result in an estimated final cost of $750 million to $1.2 billion per ship." [11] By using the VCM process, the actual delivered price per vessel is approximately, $314 million, saving taxpayers nearly $4.5 billion from NAVSEA's highest estimate. Moreover, TOTE Services has instilled discipline into the design and construction process to limit costly and disruptive design changes on the NSMV program. Post-contract changes by MARAD have increased the total program cost by only 0.38 percent, as shown in Table 2, which is unmatched in Government shipbuilding.

Vessel	Base Ship Price	Change Order Costs	Total Adjusted Ship Price	% Increase
Empire State	$348,983,965	$2,238,237	$351,222,202	0.64%
Patriot State	$309,078,096	$913,460	$309,991,556	0.30%
State of Maine	$299,006,292	$913,544	$299,919,836	0.31%
Lone Star State	$301,357,565	$927,118	$302,284,683	0.31%
Golden State	$307,072,997	$977,069	$308,050,066	0.32%
TOTAL	**$1,565,498,913**	**$5,969,428**	**$1,571,468,343**	**0.38%**

Table 2 – NSMV Post-Contract Cost Increases.

To rebuild not only the commercial shipbuilding industry, but also the aging Government non-combatant fleet, the VCM contract structure must be applied across Government shipbuilding programs for the Navy, Coast Guard, Missile Defense Agency ("MDA"), and others. TOTE Services greatly appreciates the Senate's support of the VCM model (see *supra*, note 11) and the provisions of the National Defense Authorization Act for Fiscal Year 2026, S.2296, which would direct (a) the Navy to contract with a VCM to construct the medium landing ship ("LSM") and light replenishment oiler (TAO–L), and (b) MARAD and MDA to contract with a VCM to construct two replacement missile instrumentation range safety vessels. By expanding the VCM model across agencies, Congress can ensure that non-combatant vessels will be delivered with budget and schedule stability, maximizing the output of commercial shipyards.

The Need for a Steady Demand Signal

Faulty economic analysis consistently plagues the assessment of the U.S. shipbuilding industry. False equivalences are used to compare the cost of building a single ship in the United States against the costs of building a series of dozens of ships in Korea or China. As in every industry, economies of scale result in significant price reductions and, in turn, lead to reinvestment and innovation. For decades, this demand signal has not existed in U.S. shipyards. The result is that U.S. owners of vessels engaged in international trade rely on (often heavily subsidized) foreign shipyards. The trend can change through the establishment of a steady demand for U.S.-constructed vessels.

I am encouraged by the actions of Congress under the One Big Beautiful Bill Act, Pub. L. No. 119–21, which appropriated funding for numerous shipbuilding programs, including $3.5 billion for Arctic Security Cutters, $1.8 billion for LSMs, $816 million for light and medium icebreaking cutters, and $530 million for MDA missile

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[11] Doug Burnett, *A Better Way to Build Ships,* U.S. Naval Institute Proceedings, Vol 148/1/1,427 (Jan. 2022). *See also* S. Rept. 119–39 (July 15, 2025) ("The VCM acquisition strategy, as demonstrated by the Maritime Administration's National Security Multi-Mission Vessels (NSMV) program, has yielded significant cost savings and operational efficiencies. The NSMV, built using commercial design and contracting processes, has achieved a cost of approximately $300.0 million per ship, compared to an estimated $750.0 million to $900.0 million per ship, if the Navy were to use traditional Navy shipbuilding requirements and Department of Defense contracting processes. By utilizing off-the-shelf commercial technology and streamlined contracting using a third-party entity, the VCM approach reduces bureaucratic overhead, accelerates delivery schedules, and ensures vessels meet mission requirements without the cost premiums associated with military-specific standards."

instrumentation range safety vessels. Each of these platforms can be constructed by U.S. commercial shipyards, using commercial designs and best practices that mitigate risk for the Government as the customer. Together with the proven VCM contracting structure, this funding will be a strong foundation for reinvigorating the industrial base. I urge the Administration to move swiftly in allocating these appropriated funds and awarding a contract to an experienced VCM that can quickly and effectively get U.S. commercial shipyards to work.

I also invite this Subcommittee, along with the Senate Armed Services Committee, to explore new ways to encourage private investment in the U.S. shipbuilding industrial base. Companies like TOTE, and its parent company Saltchuk, are ready to put private capital to work with the appropriate support from Congress. For example, MARAD's Ready Reserve Force ("RRF") is in desperate need of recapitalization, with an average age of over 45 years. This fleet is critical to our national security, transporting (in combination with the U.S.-flag commercial fleet) approximately 90 percent of combat unit equipment for the Army and Marine Corps during deployments. As evidenced by a recent Department of Defense Office of Inspector General report, efforts to recapitalize the fleet via the purchase of used vessels have failed, with only 5 of the 26 necessary ships being purchased, and efforts to build ships under the legacy (*i.e.,* non-VCM) Government shipbuilding methods stalled due to high estimated costs.[12] The report encourages the Government to "revise the strategy based on known limiting factors, and develop viable milestones based on those factors to ensure the Navy is capable of meeting readiness requirements in the event of a contingency." [13]

To that end, I encourage this Committee to expand MARAD's authority to enter into build-charter and contractor owned-contractor operated ("COCO") agreements (*e.g.,* by exempting the agency from the faulty capital lease scoring criteria under OMB Circular A–11, Appendix B). Revising the capital lease scoring criteria can accelerate the recapitalization of the RRF fleet, with an initial series construction of at least ten (10) roll-on/roll-off vessels. Under such a model, private companies such TOTE/Saltchuk can use private capital to construct the vessels under the commercial agreements in commercial shipyards, with security of long-term charter or operating agreements with the Government. These actions would drive down taxpayer costs, quickly deliver critical national security assets into operation, mitigate Government financial risk, and reinvigorate the U.S. commercial shipbuilding industry.

SHIPS for America Act and Maritime Action Plan

Building on this Committee's demonstrated commitment to restoring American maritime leadership, several complementary initiatives now stand poised to accelerate the revitalization of U.S. shipbuilding. The SHIPS for America Act, S.1541, together with the forthcoming release of the Maritime Action Plan ("MAP") in accordance with Executive Order 14629: *Restoring America's Maritime Dominance,* reflect the forward-thinking leadership that will revive U.S. shipbuilding and usher in a new era of industrial innovation, strengthening our national defense, driving economic growth, and reinforcing homeland security through a modern maritime industrial base. TOTE Services supports the proposed 25 percent tax credit for U.S. shipyard and component manufacturing investment and encourages this Committee to ensure that the provision includes investments in U.S. territories such as Puerto Rico and the U.S. Virgin Islands. These incentives could help accelerate much-needed reinvestment into our commercial shipyards, further aided by the envisioned Maritime Security Trust Fund, to enable receipts from the USTR's port fees to be used for shipyard investments. To further ensure that investments are made in support of innovative technologies, I further urge Congress to pass the *Maritime Fuel Tax Parity Act* (S.549/H.R. 2925, also Section 709 of the SHIPS Act), which modernizes the tax code to by putting alternative petroleum-based fuels on the same footing as traditional fossil fuels as part of an all-of-the-above energy strategy to fuel domestic vessels.

Finally, as discussed above, the VCM acquisition strategy and build-charter/COCO model directly address many of the SHIPS Act and Executive Order stated goals, including reducing foreign shipbuilding dependency and improving procurement efficiency. By using commercial solutions, many of the inefficiencies that have plagued the U.S. shipbuilding industry can be quickly resolved, restoring American shipbuilding dominance.

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[12] Department of Defense Office of Inspector General, *Evaluation of U.S. Navy Efforts to Recapitalize Surge Sealift Vessels* (Report No. DODIG–2025–116) (June 20, 2025).

[13] *Id.*

Again, thank you for opportunity to testify today. I appreciate this Subcommittee's focused efforts on restoring our critical U.S. shipbuilding industry and I am happy answer any questions of the Subcommittee members.

Senator SULLIVAN. Thank you, Mr. Vogel. Dr. Mercogliano.

STATEMENT OF SALVATORE MERCOGLIANO, PH.D., PROFESSOR, CAMPBELL UNIVERSITY

Mr. MERCOGLIANO. Good morning, Chairman Sullivan, Ranking Member Cantwell, Ranking Member Blunt Rochester, and members of the Committee. Thank you for the opportunity to testify on a subject that has defined my professional and academic career.

I am a Professor at Campbell University in Buies Creek, North Carolina. I am a graduate of the New York Maritime Academy, a former deck officer in the U.S. merchant marine, working both afloat and ashore for the U.S. Navy's Military Sealift Command. After swallowing the anchor, I earned an M.A. in Maritime History and Nautical Archaeology from East Carolina University and a Ph.D. from the University of Alabama, where my dissertation examined the role of American shipping in national defense. I also serve as an Adjunct Professor at the U.S. Merchant Marine Academy, teaching a graduate-level course in Maritime Industry Policy, and in 2021, I launched the YouTube channel, What's Going on With Shipping?

As an active participant and observer of the U.S. maritime industry, I have witnessed its long decline. The SHIPS Act is the most significant maritime reform effort since the Merchant Marine Act of 1970. Along with measures such as the U.S. Trade Representative's Section 301 port fees and President Trump's executive order on shipbuilding, this legislation represents a critical step toward transforming the United States from a purely naval power into a true maritime power with a revitalized commercial sector.

Twice in the 20th century, America launched major shipbuilding efforts. The first, led by Edward Hurley during and after World War I, produced a large fleet and inspired the Merchant Marine Act of 1920, better known as the Jones Act, which laid the foundation for the first National Maritime Strategy.

The second effort came with the Merchant Marine Act of 1936, which introduced operating and construction differential subsidies for vessels in international trade and funded the building of 500 ships over 10 years. This effort created the industrial base necessary for the Two-Ocean Navy Act and enabled the United States to transport the "Arsenal of Democracy" from the home front to the battlefront.

The SHIPS Act and related measures represent a long-overdue "Merchant Marine Act of 2025." While ambitious—especially the goal of building 250 ships in 10 years—it is essential if we hope to rebuild our maritime capacity. However, achieving these goals requires rebuilding the supporting infrastructure.

A key step is facilitating the reflagging of vessels, as seen with the container ship CMA CGM Phoenix and the LNG tanker American Progress, and promoting the benefits of American registry. This should include a careful re-examination of the Jones Act, not to repeal it, but to modernize its application.

Reflagging ships will require several complementary actions. First, the Maritime Security Program and Tanker Security Program should be expanded to offset higher U.S. operating costs. Second, consistent cargo flows must be secured through cargo preference laws, government contracts, or incentives for private shippers. For example, offering tax rebates to companies that ship goods on U.S.-flagged vessels or reducing tariffs on goods transported aboard American ships would help level the playing field. These policies would also benefit island and noncontiguous states and territories that rely heavily on Jones Act shipping.

Third, the benefits of U.S.-registry vice open registries, such as Panama, Liberia, and Marshall Islands, should be more pronounced with protection afforded by the U.S. Navy against threats like the Houthis and the providing of war risk insurance to mitigate the costs to operate in contested regions.

While large, blue-water vessels take years to construct, a near-term opportunity lies in modernizing the domestic fleet of tugboats, towboats, and ferries. Much of this fleet is outdated and aging, posing both economic and security risks to the Nation. Insufficient tug capacity, for instance, contributed to the Dali incident in Baltimore. A national program to replace and modernize these vessels could provide an immediate boost to domestic shipyards and workforce development while enhancing port safety and resilience.

Equally important is investment in advanced maritime technologies that could once again place the U.S. at the forefront of innovation. The Shipping Act of 1916 spurred adoption of oil-fired boilers, freeing U.S. ships from dependence on coaling stations and challenging British dominance. During World War II, prefabrication techniques revolutionized shipbuilding and made mass production possible. Today, the United States has an opportunity to lead again, this time through technologies, perhaps such as small modular nuclear reactors for maritime propulsion.

Finally, I strongly urge passage of the SHIPS Act to establish a Maritime Security Advisor to lead this effort, and a Maritime Trust Fund for financing. Expanding the Investment Tax Credit, Title XI loan guarantees, and Shipbuilding Finance Incentives would redirect American capital from foreign shipbuilding toward domestic production. In addition, the proposed Centers for Maritime Innovation could support research, workforce training, and policy enhancement.

Finally, reviving the U.S. maritime industry is not merely an economic or industrial challenge. It is a matter of national security and global competitiveness. The SHIPS Act provides the vision and framework needed to rebuild our shipbuilding base, reestablish a robust merchant marine, and ensure that the United States remains a maritime nation capable of sustaining its global role.

Thank you for the opportunity to discuss this issue. I look forward to your questions.

[The prepared statement of Mr. Mercogliano follows:]

PREPARED STATEMENT OF PROFESSOR SALVATORE R. MERCOGLIANO, PH.D.,
CAMPBELL UNIVERSITY

WHAT'S GOING ON WITH SHIPPING?

Chairman Sullivan, Ranking Member Blunt Rochester, and Members of the Committee, thank you for the opportunity to testify on *Reviving Commercial Shipbuilding*—a subject that has defined my professional and academic career.

I am a Professor and Chair of the Department of History, Criminal Justice, and Political Science at Campbell University in Buies Creek, North Carolina. I am also a former deck officer in the U.S. Merchant Marine, working both afloat and ashore for the U.S. Navy's Military Sealift Command. After swallowing the anchor, I earned an M.A. in Maritime History and Nautical Archaeology from East Carolina University and a Ph.D. from the University of Alabama, where my dissertation examined the role of American shipping in national defense. I also serve as an adjunct professor at the U.S. Merchant Marine Academy, teaching a graduate-level Maritime Industry Policy, and in 2021, I launched the YouTube channel *What's Going on With Shipping?*

As an active participant and observer of the U.S. maritime industry, I have witnessed its long decline. The SHIPs Act, introduced by Senators Kelly and Young, is the most significant maritime reform effort since the Merchant Marine Act of 1970. Along with measures such as the U.S. Trade Representative's Section 301 port fees and President Trump's Executive Order on Shipbuilding, this legislation represents a critical step toward transforming the United States from a purely naval power into a true maritime power with a revitalized commercial sector.

Twice in the twentieth century, America launched major shipbuilding efforts. The first, led by Edward Hurley during and after World War I, produced a large fleet and inspired the Merchant Marine Act of 1920—better known as the Jones Act, which laid the foundation for the first national maritime policy. The second effort came with the Merchant Marine Act of 1936, which introduced operating and construction differential subsidies for vessels in international trade and funded the building of 500 ships over ten years. This effort created the industrial base necessary for the Two-Ocean Navy Act and enabled the United States to transport the "Arsenal of Democracy" from the home front to the battlefront.

The SHIPs Act and related measures represent a long-overdue "Merchant Marine Act of 2025." While ambitious—especially the goal of building 250 ships in ten years—it is essential if we hope to rebuild our maritime capacity. However, achieving these goals requires rebuilding the supporting infrastructure.

A key step is facilitating the reflagging of vessels, as seen with the *CMA CGM Phoenix* and the LNG tanker *American Progress,* and promoting the benefits of American registry. This should include a careful re-examination of the Jones Act—not to repeal it, but to modernize its application. Reflagging ships will require several complementary actions. First, the Maritime Security Program (MSP) and Tanker Security Program (TSP) must be expanded to offset higher U.S. operating costs. Second, consistent cargo flows must be secured through cargo preference laws, government contracts, or incentives for private shippers. For example, offering tax rebates to companies that ship goods on U.S.-flagged vessels or reducing tariffs on goods transported aboard American ships would help level the playing field. These policies would also benefit island and non-contiguous states and territories that rely heavily on Jones Act shipping. Third, the benefits of U.S.-registry vice open registries—such as Panama, Liberia and Marshall Islands—should be more pronounced with protection afforded by the U.S. Navy against threats like the Houthis and the providing of war risk insurance to mitigate the costs to operate in contested regions.

While large, blue-water vessels take years to construct, a near-term opportunity lies in modernizing the domestic fleet of tugboats, towboats, and ferries. Much of this fleet is outdated and aging, posing both economic and security risks. Insufficient tug capacity, for instance, contributed to the *MV Dali* incident in Baltimore. A national program to replace and modernize these vessels could provide an immediate boost to domestic shipyards and workforce development while enhancing port safety and resilience.

Equally important is investment in advanced maritime technologies that could once again place the U.S. at the forefront of innovation. The Shipping Act of 1916 spurred adoption of oil-fired boilers, freeing U.S. ships from dependence on coaling stations and challenging British dominance. During World War II, prefabrication techniques revolutionized shipbuilding and made mass production possible. Today, the United States has an opportunity to lead again—this time through technologies such as small modular nuclear reactors for maritime propulsion.

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Reviving the U.S. maritime industry is not merely an economic or industrial challenge—it is a matter of national security and global competitiveness. The SHIPs Act provides the vision and framework needed to rebuild our shipbuilding base, reestablish a robust merchant fleet, and ensure that the United States remains a maritime nation capable of sustaining its global role. Thank you for the opportunity to discuss this vital issue. I look forward to your questions.

Senator SULLIVAN. Thank you. Final witness, Ms. Snow.

STATEMENT OF TUULI SNOW, TALENT ACQUISITION AND ENGAGEMENT MANAGER, SNOW & COMPANY, INC.

Ms. SNOW. Thank you. My name is Tuuli Snow. My family owns and operates one of the last independent boatbuilding companies in Seattle, Washington. In a city that used to be the home of dozens of shipbuilders, this is quite a feat. We build work boats, pilot boats, fishing vessels, and tugboats, in addition to a contract we hold to build 53 workboats for the U.S. Navy.

Last year we built the first hybrid vessel in the U.S. Department of Energy's fleet, and we are currently building a set of first-of-their-kind electric tugs for a company in Long Beach, California. Small shipyards like ours are essential to supporting the maritime economy.

Five years ago, Snow & Company had 30 employees, and this year we have just over 100. This is not par for the course in terms of hiring. Shipyards across the U.S. are struggling to attract and maintain talent for a few reasons, most of which include ignoring vast labor markets.

A lot of our growth has been due to a deeply innovative change that I have made in focusing on hiring from non-traditional avenues. We hire veterans, immigrants, refugees, individuals coming out of prison or starting work release, and seek people from communities that have traditionally been overlooked or excluded from the maritime industry.

I often say, "I play for the maritime long haul, not just for our company," investing my time and energy into building a better industry, not just a better business. Historically, in nature, and across the globe, we have seen that a more diverse ecosystem is often a more fruitful one. More sustainable, more creative, and more effective.

A great barrier to entering the maritime community is exposure. People are unaware of what is out there. Many believe that you have to go to sea in order to get a maritime job, because they don't know any other aspects of this industry. They don't realize you could be a project manager, or a naval architect, an electrical engineer, or even a nurse. This isn't a career path that was introduced to them in kindergarten, middle school, or high school. People don't see the same opportunities and career pathways as other industries. I enter communities, neighborhoods, and towns in Washington to share the great opportunities in this industry and hopefully encourage more people to join it.

There has been a huge boom in young people returning to trade school and traditional apprenticeships in the last 2 to 5 years. There is less public shame than in the recent past, where technical colleges have been viewed as less valuable than other 4-year universities. People complete these technical programs or apprenticeships with an active and applicable skill set, ready to enter the workforce, and bearing significantly less debt. In apprenticeship programs, young people are paid while learning these valuable, and necessary, skills. This is a change we greatly need but has made a gap in skills visible.

We have hundreds of maritime experts that are ready to retire and a new workforce excited to learn, but this makes our expertise an hourglass shape, heavy on entry level and heavy on expert, but less concentrated in mid-level tradespeople. Investment in our youth is absolutely vital, and this hourglass shows, so is investment in working adults. Opportunities to learn new trades and skills, opportunities to be mentored and trained, opportunities that should be granted to those we traditionally ignore.

There is a common misconception that you must speak English to have an impactful job in the United States, which I have repeatedly proved to be inaccurate. Two years ago, I had a Ukrainian refugee reach out to me via e-mail stating he could not speak English, but he could weld, and he wanted to apply at our company. I invited him in for an interview and weld test, which the hiring manager was initially very sure would not work out due to his lack of English. About 30 minutes later, after his weld test was complete, the hiring manager came back to me and said, "If I do one thing right this year, it will be hiring this man, because he is incredible." After passing his E-Verify check, we started him immediately. That individual now leads a team of Ukrainian and Russian refugee fabricators and welders. He is one of our highest paid production employees, proving to us that you do not need to speak English to work hard with exceptional results. In a time when we have immediate access to technology that can translate quickly and effectively, taking a chance on skilled non-English speakers seems like an obvious opportunity to me.

Building a good team is one thing and keeping it is another. To keep our employees happy, healthy, and present, and to attract young talent, we provide 100 percent employer-paid health insurance, with 80 percent for any dependents the employee has. Most businesses can't or just won't do this, but we see it as a necessity to build a strong team. We feel the cost is made up for and reflected in the high quality products we produce.

Shipping and shipbuilding are absolutely essential to the livelihood and strength of our country and economy. My request today, from all of you, is for an investment in the maritime industry. An investment in industrial lands to protect businesses like ours. Allocation of funds to small shipyard grants. Investment in youth and education to grow this sector for decades to come. Investment in the health and welfare of our employees. Investment in adults looking to learn new skills that will inflate our diminishing workforce. And an investment in marginalized communities that will breathe new life, creativity, and innovation into this industry.

Thank you. I look forward to your questions.

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There has been a huge boom in young people returning to trade school and traditional apprenticeships in the last 2–5 years. There is less public shame today than in the recent past, where technical colleges have been viewed as less valuable than other 4 year universities. People complete these technical programs or apprenticeships with an active and applicable skill set, ready to enter the workforce and bearing significantly less debt. In apprenticeship programs, young people are paid while learning these valuable, and necessary, skills. This is a change we greatly need but has made a gap in skills visible. We have hundreds of maritime experts that are ready to retire and a new workforce excited to learn, but this makes our expertise an hourglass shape, heavy on entry level and heavy on expert, but less concentrated in mid-level trades people. Investment in our youth is absolutely vital, and this hourglass shows, so is investment in working adults. Opportunities to learn new trades and skills, opportunities to be mentored and trained, opportunities that should be granted to those we traditionally ignore.

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Thank you.

Senator SULLIVAN. Great. Thank you very much, Ms. Snow.

Let me begin with the questioning with just a various obvious question. What went wrong? What went wrong? I mean, there are so many areas where in my view we kind of, critical minerals is the latest and greatest we are seeing. My state has incredible critical minerals, but our own Federal Government, no offense, a lot of times on the other side of the aisle, they just shut down the ability to produce any critical minerals, and we outsource all of it to China.

So we have got a big problem. China is dominating this sector like they do critical minerals, like they do. We fell asleep at the switch, and we produce less than one percent of commercial shipping. What went wrong and how do we fix it? Very tight. I know this is a dissertation, professor, but if you can keep this very tight. Some people blame the Jones Act. What went wrong? We have got a giant problem. Our main adversary is kicking our tail on this issue. What went wrong and how do we fix it? Mr. Paxton. Keep it succinct.

Mr. PAXTON. Yes, sir. We moved away from some industrial policies that we had in the 1970s. We moved away from that. We moved toward government shipbuilding, which was the right thing to do at the time, during the Cold War, 600-fleet Navy. We had the peace dividend in the 1990s. We decided that global free trade was a given, that we did not have to worry about freedom of the seas, which we know is not the case anymore. And so we went to flags of convenience, and we got a cheap product out of China, and we took it.

Senator SULLIVAN. Mr. Vogel.

Mr. VOGEL. Chairman, I would absolutely echo what Mr. Paxton said. We made the decision to move away from investing and creating that demand signal for this industry. It is impossible for a U.S. shipyard to compete on sort of a one- or two-vessel basis versus——

Senator SULLIVAN. Is that because the Chinese subsidize everything? I mean, look, the Finns produce icebreakers very efficiently. You saw the President, the President of Finland, came up with an agreement. I mean, is it just the subsidies of foreign nations, or is it something that we are doing wrong back here?

Mr. VOGEL. So I think it is a two part. I think it is both the subsidies. We are operating at a level that is similar to or above where Finland is in terms of overall output. But certainly there are challenges. The regulatory requirements that we have placed on government shipbuilding have taken commercial shipyards out of the market.

Senator SULLIVAN. So our own Federal Government's red tape, which crushes everything in this country, is a big part of the problem?

Mr. VOGEL. Yes, Chairman. And for us using something like the vessel construction manager model has helped us to remove a lot of that red tape, allow commercial shipyards to get back in. We saw the success at Philly Shipyard, taking that yard from 83 employees now to over 2,000 production employees, just by removing a lot of that bureaucratic oversight and allowing the yards to——

Senator SULLIVAN. That has major investments from a foreign shipbuilder right now. Correct?

Mr. VOGEL. That has resulted in those investments.

Senator SULLIVAN. Are you OK with that?

Mr. VOGEL. So, yes, I would love to see that be——

Senator SULLIVAN. We can learn from the Japanese and Koreans, in my view.

Mr. VOGEL. We absolutely can, and the Koreans have created an industry that faces a lot of the same challenges in terms of cost of labor. But we have better natural resources, as you have said, sir. So we should be taking those lessons, incorporating them, and I think there is a lot to be learned from our allies.

Senator SULLIVAN. And Professor, what went wrong? You are a Jones Act supporter. I have read all your materials. What went wrong, though? Why are we in this giant disadvantage, hugely dangerous disadvantage relative to our main adversary, who cheats and subsidizes. We all know that. But what went wrong?

Mr. MERCOGLIANO. Well, in 1934, 1935, we built two commercial ships each of those years. Within a 10-year span we were able to build 1,000 ships in 1943.

Senator SULLIVAN. Right.

Mr. MERCOGLIANO. At the end of World War II, we controlled 63 percent of the world's merchant fleet, and we made a conscious decision then to begin a process of rebuilding not just our allies' merchant fleets but their shipyards, and even our enemies, Japan and Germany at the time. And we decided to focus on the naval and military application. It was our decision that really led to the growth of global trade from——

Senator SULLIVAN. By the way, one point I just want to make. When people say, "Hey, in America we can't build ships," yes, really? Go look at a nuclear submarine. Pretty darn impressive. No one can build ships like we can, aircraft carriers, as well. So we can build ships.

Mr. MERCOGLIANO. Yes, sir.

Senator SULLIVAN. But on the commercial side we can't. We are not. Or we are getting out-competed. Correct?

Mr. MERCOGLIANO. We made the decision in the 1980s to kind of shift our shipyards over to building a 600-ship Navy, which at the end of the Cold War went from a 600-ship Navy to a 300-ship Navy. And so we had already sent that capability overseas to Korea, to Japan, to Europe. And now what we see is China taking that lead. Five percent of shipbuilding was in China in 1999. Today it is over 60 percent. And this is an issue that we realized, after the fact, that it is not just building Navy and military ships, but we need those commercial ships in the shipyards to provide that

residual base for shipyard workers, for capacity. You cannot do what Freedom's Forge talks about without that inherent capability, that commercial——

Senator SULLIVAN. Sorry. Sorry to interrupt, but I want to get one more question in for Mr. Vogel. I am a big supporter of the energy sector. It is a great strategic advantage for America. It certainly helps my state. It helps the whole country when we are the dominant energy producer on the planet. We export LNG all over the world. We are going to continue to do that. Should there be some kind of tie, maybe within 10 years, to say to some of our LNG producers, "Hey, if you are going to ship LNG all over the world should that be on American-built ships?" It cannot happen overnight. The oil and gas industry does not like that idea, because they do not think we can build them, quickly, efficiently, costly. What do you think? You have kind of done some of that already.

Mr. VOGEL. Yes, Chairman. I absolutely support that concept, and as we have seen from the USTR action it is certainly a critical part of balancing with both sort of the carrot and the stick. We have the capability. We have the ingenuity to build the world's best LNG fleet here in the United States. I fully support creating that cargo base, and with that demand signal we will be able to build those ships in the United States.

Senator SULLIVAN. OK. Senator Blunt Rochester.

Senator BLUNT ROCHESTER. Thank you, Mr. Chairman, and again, thank you to our witnesses. In Delaware, I was fortunate to serve as Secretary of Labor. And so for me the whole issue of jobs and people being able to live their purpose and get a great skill is vital. So I was pleased to hear that we are shifting, and people's perceptions of what great jobs are is really a focus right now. I love the focus on the trades, manufacturing.

And as former Secretary of Labor, I want to emphasize how critical our maritime and shipbuilding workforce is for our industrial base. Without the skilled men and women in these trades, we cannot build the ships, maintain the fleets, or sustain our competitiveness on the global stage.

It is interesting, as I was sitting here, my sister, who is kind of like the family historian, sent me a document from our great-grandfather, who actually worked at the Philly Navy Yard. And the document, actually, Matthew Miller, World War I registration, and he was at Merchant and Miners, Pier 24, on Delaware Avenue.

So again, I really appreciate the focus on the future of this country and our security, and I want to ask you, Ms. Snow, not that most of us here are older, but you seem to come from a younger generation. If you could talk about younger generation industry leaders who are looking at recruitment and engagement in a different way than in 1902, when my grandfather got the opportunity. Are current training and apprenticeship programs keeping pace with what the workforce needs are?

Ms. SNOW. I do not think so. Thank you for the question. I think that there could be a lot more investment in trade programs and trainings and also apprenticeships. A lot of businesses cannot afford to hire people just to teach and not be on their workforce as well. So investment in the ability for a company to have their own

internal apprenticeship program would really expedite the process of getting trade skills into our work.

Senator BLUNT ROCHESTER. If any of the other members want to answer the question about apprenticeships or workforce, I would be happy to hear.

Mr. PAXTON. Yes, Senator. I would say it is a badge of honor that a lot of our shipyards, at their own expense, implement apprenticeship programs, with no guarantee at the end of it that they will employ that person, highly competitive market for shipyard employees. And so that apprenticeship program could see that person going elsewhere. Highly trainable. Highly hirable.

And we do this on a regional basis. We work with our community colleges. We work with our trade schools. And I think it was said earlier there is a focus now on, it is not necessary to get that 4-year degree. Go to trade schools.

Senator BLUNT ROCHESTER. Thank you. Dr. Mercogliano, you have written extensively about how the U.S. maritime sector depends on foreign supply chains for key components and materials. What vulnerabilities stand out to you most in our current U.S. shipbuilding supply chain, and what steps could the Federal Government take to build more secure domestic source base? I am fortunate to work with Senators Cantwell and Blackburn on strengthening our supply chains, so I would love to hear from you on that.

Mr. MERCOGLIANO. Well, I would defer to Matt, who might be able to talk about that in a little bit more detail. I can say that my conversations with shipbuilders and looking at the supply chain is we have seen continual disruptions across the supply chain recently. And particularly, obviously, in steel and, more importantly, specific manufactured parts and specialized parts in shipping is the key that we see vulnerabilities happening.

Right now, if you look, for example, at anything from pumps to machinery, our group supply chain in the United States is very vulnerable. They are down to sometimes one small manufacturer that is building parts for both commercial and naval vessels. And we have seen that down to the third level, below the shipyards, below their suppliers. So that creates a lot of vulnerability, which means if we cannot produce it in-house, in the United States, we have got to source it from overseas. And the disruptions we are seeing in the global supply chain and competition for those resources by other shipbuilders out there—Japan, Korea, and particularly China—makes it very vulnerable for us. And it is one of the reasons why you will hear my associates here talk about creating those infrastructures here in the United States and not be depending on those foreign sources.

Senator BLUNT ROCHESTER. I know I have 8 seconds left, but again, thank you so much for taking the time. And I will follow up with many of you questions for the record. Thank you. I yield back.

Senator SULLIVAN. Thank you. We now have our Chairman, and I would like to let him say a few words and ask some questions. It is great to have the Chairman of the Committee, Senator Cruz, here. Mr. Chairman, the floor is yours.

STATEMENT OF HON. TED CRUZ,
U.S. SENATOR FROM TEXAS

Chairman CRUZ. Thank you, Mr. Chairman. I appreciate it. Welcome to each of the witnesses. I appreciate this hearing on this very important topic.

Dr. Mercogliano, let me start with you. The SHIPS Act aims to guarantee annual commercial ship production of 15 to 25 ships per year through subsidies disbursed by Maritime Security Trust Fund, which would in turn be capitalized by various revenue streams, including new tonnage taxes on international shippers bringing goods into the United States and fines on importers for failing to meet certain ship preferencing requirements. China, South Korea, Japan, meanwhile, each annually deliver hundreds of ships per year.

In the face of the advantage of economies of scale that they have and the resulting lower costs they produce, prospects for U.S. shipyards, which face a strained labor pool, high input costs, and serious technological challenges compared to East Asian competitors, the possibility of becoming internationally competitive is, at a minimum, challenging.

Should we assume that large and recurring subsidies, and by extension, annually increasing tonnage taxes and fines on importers to fund them, will need to be an enduring feature of U.S. policy to produce the kind of ship production envisioned by the SHIPS Act?

Mr. MERCOGLIANO. Historically, that is the way it has been done. If you look at the shipbuilding process in World War I and World War II it was done either through a large appropriation that was put into a corpus, a body of money to draw from, or it was through a subsidy process.

I will note that the U.S. is the fourth-largest investor in commercial shipping worldwide, even though we have the 23rd-largest merchant marine in the world. The question is how do we get U.S. money to invest in American shipping by investing in foreign shipping? And I think if we can tackle that hurdle then we would not be as dependent on government funding for shipbuilding, because we can get that investment into U.S. ships.

Chairman CRUZ. So how would you answer the questions that you just posed? How do we get U.S. money to invest in shipbuilding here at home?

Mr. MERCOGLIANO. I think we need to change and look at how Korea, Japan, and many other countries give either tax deferments or opportunities for long-term loans so that you can invest. You know, investing in a ship, you are not going to see a ship for 4 to 5 years. What can we do to offset that, especially for a shipping company, to minimize their downside, their loss capability should cargo not appear. I mean, we could do processes whereby ships could be turned back into the government if there is no business for them, put into the reserve fleet. Basically provide them a minimal loss coverage so that there is more willingness to invest in that. The key thing is getting incentives from Wall Street and venture capitalists to get into this, so that we are not relying wholly on the U.S. Government for funding.

Chairman CRUZ. So why did we lose shipbuilding to begin with? What are the challenges? What are the impediments that we face to domestic shipbuilding?

Mr. MERCOGLIANO. I think we did not lose shipbuilding. We shifted our shipbuilding. We decided to focus on naval and military and allow the commercial to go overseas, because we viewed that that naval capability was a much larger capability to have. And we assumed that there was going to be a residual left over from that. However, what we saw happen, especially in the 1980s and into the 1990s, with the end of the Cold War it went from a 600-ship Navy to a 300-ship Navy, and all of a sudden our capacity decreased. And we really did not foresee a really coordinated effort by the Chinese to take over and control shipping in a way that we really have never seen before. Some people make the comparison to the British, but China has done a pure vertical integration of all aspects of shipping in a way unlike any other country has done.

Chairman CRUZ. And let me open this up to the rest of the panel. What steps do you think are most important to reinvigorate the commercial shipbuilding industry here in the United States? Mr. Paxton, we will start with you, and I will give everyone a chance to answer.

Mr. PAXTON. Thank you, Mr. Chairman. I think it comes down to, sir, that sustained, long-term demand signal, that we are serious about owning our own global logistics. Being dependent on three shipping companies around the world for our trade makes us a client state. That is a vulnerability. We are at a national security—and we saw this during COVID, because this Committee had to work on the Ocean Reform Act because China was not taking our exports. We should own our global logistics to a certain extent, and I think this concept of a strategic commercial fleet under the SHIPS Act makes sense.

I would say, sir, there is a lot of capital sitting on the sidelines. If there was a demand signal there, I see private industry coming to the shipbuilding industry. You see it in the autonomous space with Saronic and Blue Autonomy. These things are happening, and they are happening in your state, as well, sir.

Chairman CRUZ. They are, indeed. Mr. Vogel.

Mr. VOGEL. Mr. Chairman, I would absolutely say creating that demand signal for private investment, removing the regulatory constraints that we have on commercial shipyards can work together to rebalance the international shipbuilding market.

Chairman CRUZ. When you say regulatory constraints, what, in particular, are impediments that if removed would unleash shipbuilding?

Mr. VOGEL. Mr. Chairman, I think they are twofold. As Dr. Mercogliano said, we moved into government shipbuilding. But there are a huge number of government ships that can be built on a commercial model basis, using things like vessel construction manager, getting us out of sort of the legacy shipbuilding, using all the constraints of Federal acquisition, instead relying on commercial practices and commercial suppliers in order to build up our capacity. And we need to focus on the full supply chain. We need to focus on engine manufacturers that we have, including in your

state, support them so that they can reduce their costs and ultimately reduce the cost of ships.

Companies like TOTE and our parent company, Saltchuk, are ready to put private capital to use, as well. There are platforms out there, like the roll-on, roll-off vessels, that need to be recapitalized in our ready reserve force, like the cable laying ships that we need for the Navy, that could be paid for with private capital if we had the right charter agreements in place and that right assurance of that long-term investment from the government to operate those vessels.

Chairman CRUZ. Ms. Snow, briefly.

Ms. SNOW. Allocations of funds to small shipyard grants and to training programs and apprenticeship programs across the U.S.

Chairman CRUZ. Thank you.

Senator SULLIVAN. Thank you, Mr. Chairman. Senator Cantwell.

Senator CANTWELL. Thank you, Mr. Chairman. Following up on that point, Ms. Snow, you listed a whole line of things that you guys have done, various ships. How does the Shipyard Grant boost your capacity?

Ms. SNOW. That is a great question. We are the recipient of a MARAD Small Shipyard Grant, and that allowed us to buy a deburring machine, a laser cutter, and a press break, which we would have to outsource otherwise. So we now have made 15 to 20 more jobs within our business. We have also expanded the number of things that we can do and build. So we can be open for 16 to 20 hours a day instead of 8 hours a day, because we have an entirely new element to our business.

Senator CANTWELL. So boosting those MARAD Small Shipyard Grants is huge capacity building?

Ms. SNOW. Yes.

Senator CANTWELL. How many jobs would you say that helped?

Ms. SNOW. For just this one specifically we hired 15 to 20 more people, and then it has changed the track of other people's career paths, where they get to learn more and new diverse things. It also would allow us to, if we received another, would allow us to create our own in-house apprenticeship program, where we could allocate those funds specifically just for a teacher and educator.

Senator CANTWELL. Thank you. Mr. Paxton, do we have the capacity to build icebreakers?

Mr. PAXTON. I do think we have that capacity. And you do not have to take my opinion on that. An RFI went out asking the question. MARAD asked, "Would you bid on the icebreaker contract?" and seven shipyards came back and said they did. In fact, two entities, unsolicited, put proposals in that could deliver an icebreaker within the 4-year period of this Administration.

Senator CANTWELL. So we do not have to outsource to another country?

Mr. PAXTON. I do not think we do.

Senator CANTWELL. Thank you for that. Everybody has mentioned the finance program. Should we make a finance Title XI or something like it apply to fishing vessels since they are not eligible under Title XI? Mr. Vogel or Mr. Paxton.

Mr. VOGEL. Absolutely, Senator. The fishing industry is a critical customer for our commercial shipyards. Title XI can help to really

invigorate and accelerate the investments that are made by commercial fishing companies in building new capacity. A lot of our fleet is quite aged at this point and needs to be recapitalized. Things like Title XI, providing the loan guarantee, can really help to accelerate that recapitalization.

Senator CANTWELL. So you would just put fishing in there?

Mr. VOGEL. I would absolutely support expanding the Title XI authorization to include fishing, Senator.

Senator CANTWELL. Great. Great. That is good to hear. And then, you know, back to this price signal thing, you talked about incentives, various tax incentives. Does somebody have a viewpoint there of what needs to happen?

Mr. VOGEL. Yes, Senator. I think there are two great aspects of the SHIPS for America Act, and it has a separate focus, really, on tax incentives. One, a 25 percent tax credit for investment in shipyards can accelerate much of the reinvestment that we need in commercial shipyards. And then the fuel parity tax aspects, to ensure that companies that are making investments in the newest technology are not unfairly disadvantaged in competing in our domestic trades.

Senator CANTWELL. Thank you. Well, that has been our traditional tool, at the Federal level, so I am glad to see that people want a demand signal. That was our goal with CHIPS and Science, as well, to say that there is a demand signal to innovate in the United States of America because of those incentives.

Here we have a larger challenge to get that infrastructure right and move forward. And Dr. Mercogliano, you mentioned that shipping is national defense. Do you think that we need to do more to integrate—I am not sure I heard many people say anything about AI or blockchain technology—but isn't there a way for the United States to move even faster? I see, Ms. Snow, you shaking your head—to move faster on new innovation technology to help with shipping logistics?

Mr. MERCOGLIANO. I think so. Technology is the one advantage that the United States has consistently brought to bear that allows us to propel ourselves past competition. And if we can incorporate that, I always argue that the greatest innovation in shipping came from somebody outside the shipping industry, Malcolm McLean, who came up with containerization. So AI, you know, anything we can do to assist that I think is key for us maximizing. The question is how do we integrate it into the shipping aspect right now. Because again, a lot of AI and a lot of those developers do not know anything about it, and we are not doing a great job in bringing that technology into it.

Senator CANTWELL. That is what I see in my state, and I do not know, Ms. Snow, if you have a comment. My time is running out. But I have seen the blockchain people come to the sector with ideas, but then you have to get somebody in the sector. I do think maybe a program that helps propel that along would be something that people would take advantage of as opposed to just kind of standing still when they hear about it. Right? We need these two things to be married together.

Thank you very much, Mr. Chairman.

Senator SULLIVAN. Senator Young.

STATEMENT OF HON. TODD YOUNG,
U.S. SENATOR FROM INDIANA

Senator YOUNG. Thank you, Chairman. Thank you for prioritizing this important topic. Mr. Chairman, I ask for unanimous consent to enter into the record 51 statements from 64 organizations, spanning industry, labor, and the broader maritime community, expressing support for the SHIPS for America Act. These statements reflect the broad bipartisan and nationwide support for rebuilding U.S. shipbuilding capacity, expanding our U.S.-flagged, oceangoing commercial fleet, and ensuring the American workers remain at the heart of our maritime strength.

Senator SULLIVAN. Without objection.

Senator YOUNG. Thank you, sir.

[The information referred to follows:]

PREPARED STATEMENT OF JESSE VECCHIONE, REGIONAL BUSINESS DEVELOPMENT LEADER, AMERICAS, WEATHERNEWS, INC.

Dear Chair, Ranking Member, Members of the Committee:

Thank you for the opportunity to submit this statement in support of the SHIPS for America Act.

Who We Are

Weathernews Inc. is the world's largest commercial weather services company supporting the maritime industry". Since we are publicly listed on the Tokyo Stock Exchange Market. supporting the maritime industry. Headquartered in Japan, with 930 maritime customers across 32 offices in 21 countries, we provide weather intelligence for approximately 84,000 voyages annually.

Weathernews has maintained operations in the United States since the 1990s, now headquartered on the University of Oklahoma Research Campus in Norman, OK. Our U.S. team of more than +70 professionals works closely with NOAA, the National Weather Service, and the National Hurricane Center. We support dozens of American commercial shipping companies, energy firms, and port authorities.

Why We Have Standing

Our experience serving the global maritime industry gives us direct insight into what makes nations competitive in maritime operations. We see firsthand how American operators compete against international counterparts, what tools and services they need, and where U.S. maritime infrastructure—both public and private—must strengthen to ensure American leadership.

Our Position

Weathernews strongly supports the SHIPS for America Act. This legislation is essential for revitalizing domestic shipbuilding, enhancing national security, and supporting the skilled maritime workforce upon which American competitiveness depends.

The Foundation for Maritime Excellence

As a Japanese company with deep connections with the American maritime industry, Weathernews has firsthand insight into how Japan has built maritime dominance. President Trump's visit this week underscores the strategic importance of our relationship with Japan. Japan's maritime successes rest on a proven model: robust government infrastructure combined with thriving private sector innovation. Japanese shipyards, supported by strong public meteorological services and maritime policy, have built competitive advantages that benefit the entire economy. America can achieve the same through the right combination of policy and partnership.

Weathernews does not compete with NOAA, NWS, and NHC—we complement them. Government agencies provide foundational observational data, forecast models, and public good services. Private companies add specialized capabilities, 24/7 operational support, and targeted innovation. Strong government infrastructure creates the foundation upon which private innovation thrives, and private sector competition drives excellence in service delivery. The SHIPS for America Act strengthens this entire ecosystem by revitalizing domestic commercial maritime, creating the

foundation for both public services and private innovation to deliver maximum value to American operators.

Our Recommendations

We strongly suggest the Committee to:

- Pass the SHIPS for America Act expeditiously to signal America's sustained commitment to maritime revitalization
- Ensure sustained funding for maritime workforce development programs—skilled mariners, naval architects, and shore personnel are the foundation of operational excellence
- Maintain and strengthen support for NOAA, NWS, and NHC as the public infrastructure that enables the private sector to innovate and serve maritime stakeholders effectively
- Encourage public-private partnerships that leverage government capabilities and private sector specialization to maximize safety, efficiency, and American competitiveness

Conclusion

The SHIPS for America Act positions American maritime to reclaim global leadership through the combination of advanced technology, strong public infrastructure, and a skilled workforce. These elements reinforce one another. Without domestic shipbuilding capacity, we lose operational expertise. Without workforce investment, we lose the human judgment that makes technology powerful. Without robust public services, private innovation cannot flourish.

Weathernews is committed to supporting American maritime revitalization as an industry partner that values both strong government services and private sector innovation working together in service of American interests.

We urge the Committee to promptly pass the SHIPS for America Act.

Respectfully submitted,

JESSE VECCHIONE,
Regional Business Development Leader, Americas
Weathernews, Inc.

PREPARED STATEMENT OF DUSTIN WALPER, CEO, VALSTAD SHIPWORKS

Chair Sullivan, Ranking Member Blunt, and Members of the Committee:

Thank you for the opportunity to submit a statement.

My name is Dustin Walper, and I'm the CEO and founder of Valstad Shipworks. We are a venture-backed startup focused on the application of AI, robotics, and advanced manufacturing to the problem of American shipbuilding.

Our goal is to build a dual-use "Gigafactory for Ships", applying technologies from the automotive and aerospace industries to rethink the way America builds ships for both commercial and military use.

Our position

Our organization strongly supports the SHIPS for America Act because it recognizes the existential threat to U.S. maritime interests posed by China.

We believe that strengthening the maritime industrial base is one the most important challenges we face in an era of renewed great power competition, impacting not only U.S. shipbuilding and workers but also our ability to conduct commerce and project power in waters near and far.

Analysis

I will be blunt: China poses the most serious maritime threat we have ever faced as a nation.

The evidence for this is overwhelming:

- Measured by deadweight tonnage (DWT), China's share of global shipbuilding in 2024 was estimated at 53.3 percent[1]. It also holds 67.3 percent[2] of the orderbook for new orders, suggesting increasing global dominance at the expense of allies like Japan and South Korea.

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[1] *https://www.csis.org/analysis/china-dominates-shipbuilding-industry*

[2] *https://www.marineinsight.com/shipping-news/chinas-shipbuilding-sector-sees-significant-growth-with-rise-in-vessel-deliveries-and-new-orders/*

- China's shipbuilding capacity is estimated to be 232 times[3] that of the United States, with a merchant fleet of 7,838 vessels vs. 185 US-flagged vessels[4]. The Chinese merchant fleet can be repurposed to provide sealift capacity in the event of a conflict over Taiwan.
- China has been rapidly expanding both shipbuilding capacity and capability, with new shipyards like Xinneng Shipbuilding[5] demonstrating integration of industrial robots, computer vision, AI planning, and autonomous mobile robots like those used in Amazon warehouses. Xinneng's website claims they can produce 400+ inland vessels per year at their new 1,757 acre facility.

On these and other measures, China is far ahead on ships.

If we do not act now—and act decisively—we believe we could see a reorienting of alliances in the Asia-Pacific region away from "Pax Americana" towards a sinister new "Pax Sinica".

Recommendations

We applaud the administration's efforts to attract allied nations like South Korea and Japan to invest in the U.S. maritime industrial base.

We also believe that American innovators like Tesla and SpaceX prove that domestic companies—including startups like ours—are capable of truly astounding feats of reindustrialization.

Our recommendations are as follows:

- *Expand funding to explicitly include new shipyard development.* The U.S. has not built any major new shipyards in decades, and in our view this must change—yards designed specifically to make use of modern manufacturing automation are the fastest, best way to significantly increase shipbuilding capacity.
- *Invest heavily in automation & new technology.* Ships made in U.S. yards are significantly less labor-efficient than comparable ships built in South Korea. To increase our total output without placing unrealistic demands on the labor supply, we must embrace automation and reduce labor hours required per compensated gross ton (CGT).
- *Provide dedicated funding and/or supports for new domestic entrants.* We should incentivize private capital to invest in the future "SpaceX" or "Tesla" of American shipbuilding. Solutions that only focus on existing shipyards or foreign shipbuilders risk neglecting the world-beating power of our entrepreneurial ecosystem.
- *Accelerate the development of autonomy guidelines for US-flagged ships.* The future of America's maritime industry need not look like the past. A clear mandate for commercial vessel autonomy would drive rapid adoption of innovative technologies and create new export opportunities for U.S. companies.

Conclusion

We urge the committee to pass the SHIPS for America Act without delay. China is continuing to advance rapidly, and that capabilities gap will only widen if we do not act immediately.

American dynamism is one of the most powerful forces for good the world has ever seen. We have every confidence that, with the right incentives and supports, the American people can rise to the occasion and address the threat from China head-on.

PREPARED STATEMENT OF UNITED STEEL, PAPER AND FORESTRY, RUBBER, MANUFACTURING, ENERGY, ALLIED INDUSTRIAL AND SERVICE WORKERS INTERNATIONAL UNION (USW) AND THE INTERNATIONAL ASSOCIATION OF MACHINISTS (IAM UNION)

Chairman Sullivan, Ranking Member Blunt Rochester, and Members of the Subcommittee, thank you for holding this important hearing today.

We want to take this opportunity to express our strong support for the bipartisan, bicameral SHIPS for America Act (S. 1541/H.R. 3151), legislation that would help revitalize the U.S. shipbuilding and maritime industry. We would also like to thank

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[3] *https://www.twz.com/alarming-navy-intel-slide-warns-of-chinas-200-times-greater-shipbuilding-capacity*

[4] *https://cimsec.org/break-chinas-grip-on-shipping-with-the-multilateral-maritime-alliance/*

[5] *https://xinneng-shipbuilding.com/*

Senator Young and Senator Kelly, and Representative Kelly and Representative Garamendi, for crafting and introducing it.

For years, our members have been ringing the alarm while the American shipbuilding sector eroded in the face of China's use of unfair trade practices and five-year plans designed to dominate the global maritime sector. As U.S. shipyards have shuttered, tens of thousands of jobs have been lost, and highly trained dedicated workers have been pushed out of a supply chain that is critical to the future economic and national security of the Nation. The SHIPS for America Act reflects a sorely needed dedication to rebuilding American shipbuilding and the trained workforce required to meet the challenges of the future.

Collectively, organized labor supporting this effort represents tens of thousands of hard-working union members in the shipbuilding and maritime sector. Our unions represent workers making commercial vessels and working in naval shipyards, as well as in the production of steel, engines, boilers, propulsion systems, glass, cables, pipes, fittings, pumps, and other machinery, supplies, materials and components used on commercial and military vessels. Our members work in the ports and on our ships.

From Maine to Virginia to Mississippi to California and Hawaii, our unions and their membership supply, build, maintain, repair and man our Nation's vessels, and work at the ports and logistics facilities.

We know that the Chinese Communist Party (CCP) has directed over a hundred billion dollars in state support to Chinese shipbuilding companies, mandated preferences for ships built in China, discriminated against non-Chinese ships, and created a global web of ports and terminals owned by, or affiliated with, Chinese firms. Meanwhile, U.S. shipyards have been devastated. Tens of thousands of jobs have been lost as shipyards have closed and highly trained expert workers have been forced out of the U.S. defense industrial base.

In the face of the CCP plans to dominate global shipbuilding, logistics and maritime sectors, several unions jointly filed a petition with the U.S. Trade Representative (USTR) under Section 301 of the Trade Act of 1974, seeking an investigation into the CCP's strategic conduct[1]. We are proud that we created the spark that has fueled attention to, and action on, these critical issues.

In April 2024, USTR initiated an investigation and subsequently issued its report concluding that China engages in non-market-economy practices to dominate the maritime, logistics, and shipbuilding sectors and that China's behavior is unreasonable and actionable given the destructive effects and challenges it poses to U.S. interests[2]. We support USTR's findings, which align with the allegations in the petition, finding that the CCP's actions not only restrict U.S. commerce but have had massive negative impacts for American workers and the shipbuilding sector, logistics and maritime sectors.

We commend the USTR and the Administration for acting on behalf of American workers in the U.S. shipbuilding sector. USTR has subsequently proposed a set of strong relief measures aimed at leveling the playing field against the CCP's unfair trade practices and creating a path to the restoration of our Nation's maritime capacity. These measures will begin to rebalance the global market for the American shipbuilding sector and its existing thousands of workers across the economy. They will also lay a foundation for revitalizing our capacity in the critical sectors covered by these measures.

We also support the Administration's Executive Order announced on April 9, 2025 on Restoring America's Maritime Dominance[3]. The order and the Maritime Action Plan and support for a Maritime Security Trust Fund contained within are designed to address our growing dependence on China to meet basic shipping and logistics needs.

The SHIPS for America Act will create the statutory framework needed to rebuild and maintain American shipbuilding and maritime manufacturing long into the future, when combined with the USTR 301 remedies and the actions laid out in the President's executive order.

All three vectors—Section 301, the Administration actions and the SHIPS for America Act are vital to restoring our maritime strength.

By investing in workforce development while incentivizing the construction of commercial vessels in U.S. shipyards, supported by an upgraded robust maritime in-

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[1] *https://ustr.gov/sites/default/files/Section%20301%20Petition%20-%20Maritime%20Logistics%20and%20Shipbuilding%20Sector.pdf*

[2] *https://ustr.gov/sites/default/files/enforcement/301Investigations/USTRReportChinaTargetingMaritime.pdf*

[3] *https://www.whitehouse.gov/presidential-actions/2025/04/restoring-americas-maritime-dominance/*

frastructure, the SHIPS for America Act, and the Maritime Security Trust Fund which it creates, will help revitalize the U.S. shipbuilding industry, provide stability to a sector plagued by boom-and-bust cycles and create thousands of jobs while enhancing our Nation's economic and national security. It also recognizes the critical need to expand our mariner workforce to ensure the U.S. has skilled workers on our ships and are not dependent on other nations to meet commercial and military needs. Indeed, more than eighty percent of U.S. military cargo transits on commercial vessels and these U.S. flagged ships are critical to meeting our Nation's needs.

We support the SHIPS for America Act and will continue to encourage its swift consideration and passage. This legislation is vital to the future of the industry and the workers we represent. We believe that with the right policies in place, U.S. shipbuilding and maritime capabilities can thrive, and the American people can benefit from a newly restored position of American maritime leadership.

We look forward to continuing to partner with you and your colleagues to promote the interests of U.S. workers and industry in shipbuilding, industrial supply chains, and the maritime sector. We urge you to consider and advance this critical legislation quickly. We stand ready to work with Congress and the Administration as the process unfolds.

PREPARED STATEMENT OF USA MARITIME

This statement is submitted on behalf of USA Maritime, the coalition representing the U.S.-Flag international sailing fleet, made up of ship operators, trade associations and labor organizations owning, operating, crewing and advocating on behalf of the United States Merchant Marine in international commerce.

Our members own, operate, crew or represent most of the U.S.-Flag vessels currently operating in foreign commerce, including all ships in the Maritime Security and Tanker Security Programs.

This hearing could not come at a more significant time in America's maritime history. After decades of allowing the foreign competition to overtake our maritime industry, especially the shipyard industrial base, the attention of the American people and our government seems to have finally been drawn back to its roots.

There is no more American industry than the maritime industry. From the founding of the Republic, America has been a nation of the sea, surrounded by water and dependent on trade for our wealth and well-being. Despite that history, the last two hundred years of maritime policy has struggled to find a consistent means of ensuring that America's merchant marine remains afloat.

As we look around the world today, the need for a robust U.S.-Flag international fleet capable of carrying a significant portion of our waterborne commerce and to serve our national interests is paramount. America faces numerous challenges abroad and at home that demand our ability to move cargo over our oceans and inland waterways. And time and history have proven that we cannot rely on foreign carriers to meet our needs. Whether it's the supply chain issue we saw over the last few years, or when foreign carriers have balked at moving cargo into dangerous waters, we have ample evidence to confirm we cannot put our faith in the idea that foreign carriers with foreign crews and ships will always be there when we need sealift.

Now, more than ever, America needs to develop and implement programs and plans, as well as provide the critical funding necessary to fuel the renewal of our international sailing fleet.

This hearing is about reviving commercial shipbuilding. Our shipbuilding industry is a vital national asset that we absolutely must revive if we are to remain a first-class power in the world in the future. Yet we must never forget that the building of a ship is the first step in the process—it is not the end goal, it is the beginning.

Once that ship is built, it needs a crew to sail it, and it needs cargo to move. Without a crew and without cargo, a ship is useless—an unmoving, unprofitable, mass of steel that serves no purpose. If we are to revitalize our shipbuilding industry, we must look at our entire maritime industry, because each part works together to form a coherent whole. Building ships that go nowhere and do nothing is pointless and a waste of resources.

Thus, as we work to revitalize shipbuilding, we must work to ensure that once those ships are built, they will have something to do.

USA Maritime remains a committed supporter of the bipartisan and bicameral SHIPS for America Act. We look forward to working with Congress as this legislation works its way through the legislative process, and we hope to work with the sponsors and co-sponsors to make it even better.

We have been pleased with the level of support and the level of commitment demonstrated by the Trump Administration when it comes to maritime. Their statements and quick action, including an Executive Order on maritime, have put maritime at the forefront of our policy debates. The President, Vice President and the rest of the Administration have our sincere thanks.

The Administration has been focused on working to level the playing field between America and our competition overseas. We support the steps being taken by the Administration to combat unfair shipbuilding practices by China. As the Trade Representative continues to work on these issues, we urge the Administration that whatever steps they take do not damage our existing maritime capabilities as we pursue the goal of increasing our fleet and our percentages of global trade.

We must ensure that any steps we take to rectify China's unfair policies do not have the unintended consequences of damaging existing U.S.-Flag carriers and capabilities. We also urge that the government take advantage of all the tools currently at its disposal to promote and support our maritime industry. The traditional tools government has used—cargo preference, foreign food aid, the Maritime Security and Tanker Security programs—must be funded fully and administered properly.

Furthermore, the Federal government must follow its commercial first policy where the active fleet of vessels are used to carry government cargoes before U.S. government vessels are used. Using government vessels to carry government cargoes is short-sighted and weakens the privately owned fleet that is essential to national defense.

To be clear, various programs that currently exist represent the bare minimum needed to keep our ships and mariners afloat and sailing. Without full funding for MSP and TSP, we risk the ships and jobs that we currently have in the industry. Without a Food for Peace program that is actively moving cargo, ships that are currently within the U.S.-Flag fleet will either go into long-term layup, putting their crews out of work, or worse—those companies will be forced to leave the U.S.-Flag, and those ships will likely never return. We urge the administration to use the funding provided to the Food for Peace program to ensure sufficient cargo is available to keep our existing fleet sailing.

The Food for Peace issue highlights the most critical need for our maritime industry: cargo. A ship without cargo is like a car without a motor—not moving.

If you want to promote shipbuilding in the United States, you must focus like a laser on the question of commercial cargo and how to get it back on American ships. Do that, and most of the issues we face become surmountable. Demand for ships driven by an abundance of commercial cargo that wants to move on American ships will do as much, if not more, for revitalizing American shipbuilding as any government program could.

And it solves other problems, too. The more cargo our ships have to move, the more ships we have and can sustain, and the more ships we have and sustain means more jobs and an easier way of recruiting men and women to go to sea.

No one wants to join a dying industry, wondering if the time and money they spend on training and education will ever end up paying off. But a thriving industry, one that has a future, is an industry that can recruit and retain the best people. While we have made significant strides in fixing our current mariner shortage, we cannot assume that the problem will be solved. The best way to ensure we have enough mariners to meet all our needs and to crew an even larger fleet is for there to be sufficient cargo to generate the ships and the jobs needed to keep those ships sailing.

At sea jobs are difficult and demanding, but they are also some of the most rewarding, and our mariners get the best training and strong support at home. These are solid, middle-class jobs that pull people out of poverty, give them a chance at a good life, with a meaningful career that makes a difference in their lives, their families lives, and the lives of their fellow Americans.

The government has the power to help increase the amount of cargo available for U.S.-Flag vessels to carry. The foremost step would be the establishment of a tax incentive provided to shippers who move their products on U.S.-Flag ships. In whatever form that comes, whether as an enhanced deduction or as a tax credit, by providing an incentive to ship American, Congress can help ensure sufficient cargo exists to keep the new ships and crew envisioned in the President's Executive order and the SHIPS for America Act moving.

The use of bilateral and multilateral trade agreements to secure access to cargo for American ships is recommended. All too often, our trade agreements have ignored maritime transportation. Including maritime in our trade agreements can reserve a portion of the trade between the two contracting states for American vessels—something we used to do but have not done in far too long.

Finally, as the government has pivoted from free trade to fair trade, we hope that any tariff policy adopted by the Federal government includes provisions that provide a benefit to shippers who opt to use American ships with American crews.

As we noted earlier, the best way to revive American shipbuilding is to ensure there are customers to order those ships, men and women to crew them, and cargo for them to move. Absent all of those things, America's shipbuilding industry will remain in its present condition.

Doing nothing is, unfortunately, the easiest thing to do, and something America has become particularly good at. But we cannot afford to continue doing the same things we've always done and hope for a different outcome.

To be clear—if we do nothing, America's ability to maintain its merchant marine will continue to slowly erode until we become fully and completely dependent on foreign interests to move our cargo and supply our warfighters. This is an untenable situation, and one we cannot allow to happen. Passage of the SHIPS Act, the continued full funding of our maritime programs, the proper administration and usage of our Food Aid programs and, most importantly, government action to increase the cargo base will help keep the merchant marine afloat.

As always, the members of USA Maritime look forward to working with Congress and the Administration as we all strive to protect American national and economic security through trade on the sea.

PREPARED STATEMENT OF THE TRANSPORTATION INSTITUTE

Chair Sullivan, Ranking Member Rochester, and Members of the Committee,

Thank you for holding a hearing on the state of commercial shipping, a critically important issue for our nation, and for the opportunity to comment in support of this effort to strengthen American commercial shipbuilding. The bipartisan, bicameral SHIPS for America Act takes our Nation in the right direction of strengthening our commercial capacity.

Transportation Institute has, for nearly sixty years, worked for a strong American maritime capability. Transportation Institute closely monitors the workings and decisions of the U.S. Congress and the wide range of administrative agencies of the Federal and state governments as they affect waterborne transportation. The Institute staff conducts research and study projects on all maritime-related issues.

Transportation Institute issues a number of publications and other materials designed to inform the public, the Congress, and the government of important merchant marine matters.

Transportation Institute was established in 1967 as a Washington-based, nonprofit organization dedicated to maritime research, education, and promotion. The Institute companies participate in all phases of the Nation's deep-sea, foreign and domestic shipping trades, and barge and tugboat operations on the Great Lakes and on the 25,000-mile network of America's inland waterways. All our member companies are of U.S. registry—crewed by American citizens operating under the world's highest safety standards and proudly flying the American flag.

Transportation Institute supports the bipartisan effort of this Congress and the Administration to restore the U.S.-flag merchant marine and also our overall maritime industrial base through public forums like this hearing and the SHIPS for America Act. The maritime industry plays a unique role in the American ecosystem, affecting national security, supply chain resilience, workforce, and trade. America is a maritime nation, and both our national security and economic prosperity are tied to our waterways and ability to engage in trade freely across the global commons. American industry thrived because it could move its goods worldwide and won wars on the strength of its ability to deliver the goods to project power abroad. American merchant fleets have been critical our Nation since its founding.

To strengthen commercial shipbuilding for international trade, first must come increased cargo on U.S.-flag vessels. The 40,000 vessels operating in the domestic trade, and the incredible innovations made by American shipbuilders, shows that with fair conditions to compete for cargo, American shipping companies can thrive. Businesses will invest in American-built commercial vessels when they know that is the right long-term decision; vessels are expensive, lasting assets. To build ships for international market, fair access to compete for cargo must be assured through legislation and other government actions.

A number of factors, including inertia, unfair foreign competition, and the loss of government support has led to the steady and unrestrained decline of the size of the international-trading U.S.-flag fleet, which has depressed workforce participation, made American businesses vulnerable to supply-chain disruption, and affects military readiness.

American businesses had a preview of a world without assured access to shipping during the supply chain crisis following the pandemic. American exports were left rotting on piers, as contracted, foreign flag carriers abandoned their commitments to chase more profitable shipments, as rates increased as much as 1,000 percent along some routes. Meanwhile, U.S.-flag shippers, according to a study by EY, committed to their routes.[1]

The military understands the importance of a strong U.S.-flag merchant marine. In every American conflict, the United States merchant marine, and American mariners, have delivered the goods, sailing into danger to support their fellow countrymen so ensure they had what they needed to win the fight. U.S. Transportation Command (USTRANSCOM), which manages the military's logistics, pays close attention to the state of the commercial U.S.-flag international trading fleet, as they are dependent on public-private partnerships, like the Maritime Security Program and the Voluntary Intermodal Sealift Agreement, to deliver the goods These vessels are upgraded and maintained by the vessel owners, American companies thoroughly vetted by appropriate background checks.

Not only do the actual vessels matter, but these companies also provide access to their entire intermodal networks, which proved critical to supplying material to troops in Afghanistan, when USTRANSCOM had to find a way to deliver critical defense material to our brothers and sisters in Afghanistan.[2] Most significant to Transportation Command and Military Sealift Command are the mariners. The people who crew both these commercial vessels and government-owned sealift vessels must be American mariners. Their bravery, devotion to duty, and patriotism means that they are always willing to sail into harms way to deliver what we need, unlike some allies we have depended upon in the past.[3] American mariners are proud to be called the "fourth arm of defense", as President Franklin Roosevelt called them. Not only that, but the material these mariners move, and where it moves to, are often national security secrets. Not just anyone can crew these vessels for obvious reasons—it must be American mariners, all devoted to our country. However, for these mariners to be available to work when the military needs them—trained, ready, and with the appropriate licenses—they must have regular, peacetime work as well, on board commercial vessels.

Of course, nobody wants these vessels to be fully dependent on government cargoes for peacetime work, so these companies must be commercially viable in an international market. The international shipping market is a challenging place to compete, as high American regulatory standards and state-supported shipping companies like COSCO distort the market. Therefore the role the government must play is twofold: to create conditions in which shippers are incentivized to use U.S.-flag vessels and to reduce regulatory burdens on U.S.-flag vessels. The SHIPS Act does exactly that, all while ensuring that we make the right investments into the workforce now so that enough people are training and ready to work when the United States truly restores its American maritime dominance.

There are many opportunities for this Nation to rebuild our maritime power, in addition to passing the SHIPS Act and implementing the President's Executive Order. Congress can include U.S.-flag requirements on trade deals. Tariffs could include exemptions for goods moved on U.S.-flag vessels. Shippers who choose to use U.S.-flag should be financially incentivized to and widely celebrated for Shipping American, just as Buy American is a source of pride for many. These long term actions would create the appropriate conditions for shippers to commit to booking their cargo on U.S.-flag vessels, and give vessel owners the right signal to invest in American shipyards.

Congress's continued support for the Jones Act and to fully funding the Maritime Security Program, Tanker Security Program, and Cable Security Program, create a strong foundation from which to rebuild America's maritime strength and ultimately strengthen commercial shipbuilding for international trade.

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[1] *https://dredgewire.com/new-ey-study-jones-act-shipping-more-affordable-and-reliable-delivery-for-puerto-rico/*

[2] *https://lexingtoninstitute.org/northern-distribution-network-revolutionizes-afghanistan-wars-logistics/*

[3] According to *Global Reach,* there are 13 documented cases of foreign-flag vessels refusing to sail into the Persian Gulf War. Herberger, Vice Adm. A.J., Gualden, Kenneth C., and Marshall, Cdr. Rolf. *Global Reach: Revolutionizing the Use of Commercial Vessels and Intermodal Systems for Military Sealift, 1990–2012.* (2015). Naval Institute Press. p. 109.

STEEL MANUFACTURERS ASSOCIATION
October 28, 2025

Hon. DAN SULLIVAN,
Chairman,
Subcommittee on Coast Guard,
Maritime, and Fisheries,
United States Senate,
Washington, DC.

Hon. LISA BLUNT ROCHESTER,
Ranking Member,
Subcommittee on Coast Guard,
Maritime, and Fisheries,
United States Senate,
Washington, DC.

RE: Hearing on Sea Change: Reviving Commercial Shipbuilding

Dear Chairman Sullivan and Ranking Member Blunt Rochester:

The Steel Manufacturers Association (SMA) appreciates the opportunity to submit a statement for the record for the hearing entitled, "Sea Change: Reviving Commercial Shipbuilding."

SMA represents electric arc furnace steelmakers, which account for more than 70 percent of domestic steel capacity. Our members have a nationwide geographic footprint and range in size from America's largest publicly traded steel producers down to single facility, privately-owned family businesses. They make essential products for America's infrastructure, national security, and energy and manufacturing sectors, including materials used in shipbuilding.

Once a leader in shipbuilding, the U.S. maritime industrial base has atrophied—our country now produces only 0.1 percent of global ships[1]. Meanwhile, China produces more than half of global commercial ship tonnage, benefitting from state-sponsored technology and infrastructure as typified by the state-owned China State Shipbuilding Corporation[2]; and its global network of ports continues to grow.[3] This severe imbalance threatens the supply chains on which Americans depend, as well as our national security. A strong domestic shipbuilding capability is essential to securing the U.S. maritime industrial base and strengthening the merchant marine fleet.

Steel manufacturers strongly support the SHIPS for America Act and related efforts to revitalize U.S. shipbuilding. The American steel industry has more than enough capacity to produce and supply any growth in demand for key shipbuilding inputs like steel plate. SMA's members include longstanding suppliers of steel plate for both military and commercial shipbuilding applications. These capabilities have only expanded in recent years, as steel companies in America have invested billions of dollars in new and expanded facilities, some of which have been designed specifically to increase supply for shipbuilding applications. The SHIPS for America Act will strengthen and enhance the entire shipbuilding supply chain, which is critical to our national security, while restoring critical manufacturing and supporting American workers. We stand ready to supply American-made steel that will help reestablish U.S. maritime dominance.

SMA thanks the Subcommittee for holding this important hearing and urges support for the SHIPS for America Act to reestablish the U.S. as a global leader in shipbuilding. Thank you for your consideration.

Sincerely,

BRANDON FARRIS,
Vice President, Government Affairs,
Steel Manufacturers Association.

CALIFORNIA FOREVER
October 28, 2025

Chairman Sullivan, Ranking Member Blunt, and Members of the Committee,

Thank you for the opportunity to submit a statement for the record.

Over the past decade, California Forever has invested more than a billion dollars in acquiring over 100 square miles of property in Solano County, California. As part of this acquisition, we have secured exclusive control of 6.5 miles of strategically-located waterfront with direct deep-water access to the Pacific Ocean. Through public-private partnerships with the U.S. Government and maritime industrial base

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[1] *https://www.csis.org/analysis/are-us-policies-eroding-chinas-dominance-shipbuilding*
[2] *https://features.csis.org/hiddenreach/china-shipyard-tiers/*
[3] *https://www.bloomberg.com/graphics/2025-china-ports/?cmpid=BBD102125_TRADE&utm_medium=e-mail&utm_source=newsletter&utm_term=251021&utm_campaign=trade*

stakeholders, we hope to build one of the world's largest and most modern maritime industrial complexes, working at a scale that America's international rivals will struggle to match.

California Forever strongly supports the SHIPS for America Act. Coupled with the White House's April 9, 2025, Executive Order, "*Restoring America's Maritime Dominance,*" the Act can strengthen domestic shipbuilding, bolster national security, and support American workers. In aggregate, these measures will help secure the economic future of our nation, help tens of thousands of unemployed workers in the region find good jobs, and activate waterfront land that has long been reserved for industrial development.

The SHIPS for America Act enables the big waterfront investments America needs. Our nation's commercial shipbuilding capability has languished while global rivals have expanded. Consider the example of Changxing Island in China: a national shipbuilding center that last year launched more vessels than the United States has produced in the past 75 years. The proposed Solano Shipyard would be more than double the size of that facility in land footprint (7,500 acres at full buildout for Solano Shipyard, versus Changxing's ~3,200 acres). If our Nation decides to undertake a next-generation "Manhattan Project" for shipbuilding, no location is better suited for this effort than the Solano Shipyard.

Big waterfront investments require political leaders willing to support new approaches to tough problems. California Forever is proud to note that our greenfield shipyard is located in Solano County, near California's 8th Congressional District, the home district for SHIPS for America Act Sponsor, John Garamendi.

We hope that the Senate, in its hearing today, will emphasize that the SHIPS for America Act, by building demand for new vessels, providing funds for workforce development, and opportunities for regulatory relief, supports both new and old shipyards alike.

New, greenfield shipyards like ours are unconstrained by prior development, past pollution, technological obsolescence, and residential encroachment. Modern, purpose-built facilities allow maritime innovators and shipbuilders to fully exploit current technologies, building new ships with far greater efficiency than aged, often contaminated turn-of-the-century shipyards can permit.

While America's rivals have built on West Coast-based industrialist Henry Kaiser's World War II shipbuilding lessons, combining large greenfield, mass-production-oriented shipyards with an integrated regional supply chain and local workforce, the United States has failed to follow suit.

Until now.

With a nearly 7,500-acre shipyard reservation on the Sacramento River, backed by a new city and an advanced manufacturing core, California Forever offers America a new place to chart a new century in the global maritime, combining affordable, modern housing and a trained local workforce with the latest vessel manufacturing-oriented AI systems and robotics technology.

The only thing missing is sustained demand for new U.S.-built ships, and the SHIPS for America Act provides that—it gives shipbuilders and U.S. government sponsors confidence that American orders for new cargo ships will offset the cost of large investments they must make in the U.S. waterfront.

With help from the SHIPS For America Act, California Forever can start building a shipyard complex quickly—potentially as early as 2026. The tax credit for the construction of shipyard facilities (Section 48.G) is a critical enabler for development, and we respectfully urge that the legislation explicitly support the construction of both new and existing shipyards.

During World War II, shipbuilding projects in Solano County spanned the river basin. Critical Dry Dock components were built in both Solano County and San Joaquin County. Ship modules for escort vessels were built and then shipped in for assembly on the Solano County waterfront.

Modern shipbuilding is typically a regionally distributed effort that integrates shipyards, module fabrication facilities, supply chain vendors, workforce training hubs, and maritime logistics nodes. To this end, SEC. 1400Z–3. TREATMENT OF MARITIME PROSPERITY ZONES AS OPPORTUNITY ZONES should explicitly state that the Maritime Administrator can designate a set of regionally interlinked census zones as a single Maritime Prosperity Zone. This would facilitate regional planning and development of the integrated waterfront infrastructure America needs, rather than a mosaic of isolated and unviable "special projects".

For example, in Northern California, a single Maritime Prosperity Zone could encompass new and existing shipbuilding sites in Solano County and throughout the adjoining counties of Contra Costa, Sacramento, and San Joaquin, enabling development of America's first integrated regional shipbuilding complex.

We respectfully request that the Senate:

- Pass the SHIPS for America Act without delay, to provide the demand signal and regulatory support needed to start building the U.S. merchant fleet of tomorrow.
- Ensure that the tax-credit provision (Section 48.G) explicitly supports both the new build-out of greenfield shipyards and the modernization of existing yards.
- Amend Section 1400Z–3 to authorize MARAD to prioritize the designation of regionally interconnected Maritime Prosperity Zones.
- Recognize that greenfield shipyards such as ours offer the most efficient platform for deploying advanced manufacturing technologies and achieving scale productivity—and that this investment must be matched by policy, workforce, and procurement commitments.

Sincerely,

JAN SRAMEK,
Founder & CEO.
CRAIG HOOPER,
Director, Defense Industrial Base.
JUSTIN ESCH,
VP Business Development.

PREPARED STATEMENT OF ROBERTO LLAMES, PRESIDENT,
SMART DEVELOPMENT INSTITUTE (SDI)

Dear Chairman SEN Dan Sullivan; Ranking Member SEN Lisa Blunt Rochester; and Members of the Subcommittee:

Thank you for the opportunity to submit this Statement for the Record in support of the *SHIPS for America Act.* I commend the Subcommittee for its leadership in strengthening our Nation's maritime industry and advancing policies that restore America's shipbuilding capacity.

I am *Roberto Llames,* President of the *SMART Development Institute (SDI),* a nonprofit organization dedicated to building sustainable and resilient communities through workforce and technology innovation. SDI's mission is to align talent and innovation with national priorities that promote economic growth and security. SDI's *Shipbuild Talent Hub* initiative was established to help revitalize the U.S. shipbuilding and maritime sectors by connecting American shipyards with global engineering, technical, and training talent. This is not merely an economic initiative—it is a matter of *national security* and industrial readiness.

The *SHIPS for America Act* represents a decisive step toward revitalizing America's maritime base. It aligns directly with the *April 9, 2025 Executive Order, " America's Maritime Dominance,"* which called for a modernized shipbuilding workforce to meet the demands of national security and economic growth.

The Workforce Challenge

The *Government Accountability Office (GAO)* recently reported that "U.S. shipbuilders remain over budget and behind schedule due to worker shortages for meeting the Navy's demands," noting that shipyards continue to struggle to recruit and retain staff with the technical skills needed for construction and repair. These workforce and capacity constraints threaten the timely execution of national shipbuilding goals and highlight the urgent need for a coordinated strategy to expand training and strengthen technical capacity across the maritime industrial base.[1]

The challenge facing America's shipbuilding industry is not just about infrastructure or capital—it is fundamentally a workforce problem. As the *U.S. Naval Institute* observed, *"while the physical plant and financial capital hold great importance, human capital determines the survival or collapse of a shipyard."*[2] As shipyards invest in modernization, physical assets can be rebuilt; a skilled workforce cannot be reconstituted overnight. Furthermore, a recent *McKinsey & Company* analysis underscores this same point, noting that America's shipyards "face myriad challenges—from talent gaps to outdated operating models" and that increasing output

[1] U.S. Navy Shipbuilding Is Consistently Over Budget and Delayed Despite Billions Invested in Industry, GAO, April 8, 2025, *https://www.gao.gov/blog/u.s.-navy-shipbuilding-consistently-over-budget-and-delayed-despite-billions-invested-industry#:~:text=The%20Navy%20initially%20planned%20to,at%20blog@gao.gov*.

[2] Tylet Pitrof, The Shipyard Shortage Is a People Problem, U.S. Naval Institute, September 2024, *https://www.usni.org/magazines/proceedings/2024/september/shipyard-shortage-people-problem*

will require addressing "the strained supply of skilled-trade and engineering talent."[3]

Workforce Development and Augmentation

The domestic pipeline alone cannot meet the near-term demand for skilled labor or instruction. Workforce development is constrained by a shortage of qualified teachers who can train welders, machinists, and other essential trades. To accelerate capacity building, the United States must complement domestic training with workforce augmentation that brings in experienced trainers and technical specialists from allied nations.

These professionals can help sustain shipyard operations while transferring knowledge to new American workers, strengthening the long-term workforce base. This approach supports national security priorities, fulfills congressional intent to revitalize the maritime industry, and ensures that investments in training and modernization deliver measurable results.

Policy Barriers: H–1B and National Interest Exception Requirements

Recent Executive Action imposing a *$100,000 application fee per H1B visa* has significantly hindered the ability of shipyards, training centers, and technical institutes to access the specialized expertise needed to strengthen America's shipbuilding capacity. This *decapitating setback* places the United States at a disadvantage just as Congress considers the *SHIPS for America Act* for passage. While the Executive Action included a *National Interest Exception (NIE)* provision to be administered by the *Department of Homeland Security (DHS),* it has been hindered by the ongoing government shutdown. *The shipbuilding industry must be granted an NIE as a matter of national security and economic necessity.*

Unless the $100,000 H1B application fee is rescinded and an NIE established for shipbuilding, even if Congress passes the SHIPS for America Act, its goals will remain constrained. Allowing allied nation experts and instructors to contribute legally and securely will accelerate workforce development, protect production timelines, and advance America's national security.

Conclusion

The SHIPS for America Act offers a path to restore America's shipbuilding strength, but legislation alone cannot rebuild the Nation's industrial capacity. Its success depends on a workforce that is skilled, supported, and ready to deliver. *Congress must act decisively to pass the Act, establish a National Interest Exception for the shipbuilding industry, and remove the $100,000 H1B application fee that blocks access to essential technical expertise.* These actions will ensure that America's shipyards, maritime training centers, and allied partners can work together to achieve the goals of this vital national initiative and protect our Nation's enduring security interests. Thank you again to the Subcommittee for the opportunity to submit this Statement for the Record and for your continued leadership in advancing America's maritime strength and national security.

PREPARED STATEMENT OF GARY AUCOIN, PRESIDENT, SCHOTTEL, INC.

Chairman Sullivan, Ranking Member Blunt Rochester, and Members of the Committee, thank you for the opportunity to submit a statement for the record and express our support for the SHIPS for America Act to revitalize the U.S. commercial maritime industrial base. My name is Gary Aucoin, and I serve as the president of SCHOTTEL, INC.

SCHOTTEL first began to operate in the United States in 1961, it is a subsidiary of the German-based SCHOTTEL Group and is a leading provider of marine propulsion systems and services to the U.S. maritime industry. We are dedicated to our mission of enhancing vessel efficiency, safety, and sustainability through innovation, domestic partnerships, and workforce development. With facilities in Houma, Louisiana, and support operations across the United States, SCHOTTEL is committed to supporting American shipyards, vessel operators, and the broader maritime workforce through the supply of advanced propulsion technology.

SCHOTTEL works closely with U.S. shipbuilders and operators across commercial, government, and defense markets. We are deeply invested in the revitalization and longevity of our domestic maritime industrial base and believe that the SHIPS for America Act is a necessary catalyst.

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[3] Charting a new course: The untapped potential of American shipyards, McKinsey & Company, June 5, 2024. *https://www.mckinsey.com/industries/aerospace-and-defense/our-insights/charting-a-new-course-the-untapped-potential-of-american-shipyards*

SCHOTTEL strongly supports the SHIPS for America Act and its objectives to rebuild domestic shipbuilding capacity, modernize maritime infrastructure, and strengthen the Nation's supply chain resilience. We recognize that a vibrant and technologically advanced domestic maritime industry is crucial to U.S. national security and economic competitiveness. This bill is a necessary investment in the future of American shipbuilding. Our belief is strong in the face of mounting challenges for the maritime industrial base.

Competition worldwide from highly subsidized shipbuilding industries, particularly in China, has and continues to erode the U.S. market share. In addition to the implications of ever-increasing global competition, the U.S. must address its aging maritime infrastructure and declining shipyard capacity. The nation's ability to meet commercial and defense needs is constrained by a variety of factors that the SHIPS for America Act would address.

As the maritime sector moves toward lower emissions and greater efficiency, SCHOTTEL is playing a leading role in introducing hybrid and electric propulsion systems for U.S.-built vessels. Federal support for ship construction and modernization will accelerate the adoption of these efficient technologies in the United States rather than overseas. SCHOTTEL represents the kind of advanced manufacturing presence that the SHIPS for America Act seeks to sustain and grow.

SCHOTTEL is proud to stand with American shipbuilders, mariners, and maritime supporters in strong support of this legislation. SCHOTTEL urges the committee to promptly pass the SHIPS for America Act to ultimately strengthen our domestic shipbuilding sector. We thank the Committee for the opportunity to share our perspective.

Respectfully,

GARY AUCOIN,
President,
SCHOTTEL, Inc.

PREPARED STATEMENT OF BILLY THALHEIMER, CO-FOUNDER AND CHIEF EXECUTIVE OFFICER, REGENT CRAFT, INC.

Chairman Sullivan, Ranking Member Blunt Rochester, and Members of the Committee,

Thank you for the opportunity to submit this statement for the record in strong support of the *SHIPS for America Act.* REGENT Craft is a Rhode Island based maritime company developing next-generation seagliders. Seagliders operate over the water and provide high-speed, low cost coastal transportation to commercial and defense markets. REGENT's mission is to revolutionize maritime mobility while strengthening the U.S. industrial base, expanding economic opportunity, and enhancing national and homeland security.

The United States has long relied on its maritime industrial base as a cornerstone for global commerce, national defense, and economic resilience. Yet decades of underinvestment have left America's shipbuilding and repair capacity diminished, with critical supply chains increasingly dependent on foreign sources.

REGENT is part of a new generation of American shipbuilding innovators rebuilding domestic maritime capabilities. Our company employs hundreds of skilled workers and partners with U.S. suppliers, shipyards, and fabrication facilities to design and produce advanced vessels that complement traditional maritime fleets. Our work directly supports shipyard modernization, workforce training, and component manufacturing, which are central tenants of the *SHIPS for America Act.*

As the CEO and co-founder of REGENT Craft, I strongly supports the SHIPS for America Act and commends Congress for recognizing the urgent need to revitalize U.S. shipbuilding capacity, maritime innovation, and workforce development. Investment in the maritime industrial base is critical for our economic and national security.

This legislation represents a critical step toward ensuring that the United States can design, build, and maintain vessels within its own manufacturing base. It creates pathways for advanced technologies, like electric and hybrid propulsion, modular vessel construction, and automation, to enter the domestic fleet.

The Act's focus on shipyard revitalization and apprenticeship programs aligns with REGENT's workforce development partnerships, where we are working alongside state governments to establish training pipelines and create durable, high-wage maritime jobs. Sustained investment through this legislation will ensure that these efforts scale nationally and that the next generation of American shipbuilders, technicians, and engineers are trained in emerging maritime technologies.

By expanding domestic shipbuilding capacity and incentivizing the use of U.S.-built hulls and components, the SHIPS for America Act directly supports strategic sealift readiness and maritime defense logistics. REGENT's Seagliders, which use maritime infrastructure and operate under Title 46 vessel classification, can play a vital role in distributed logistics, coastal mobility, and humanitarian response, complementing defense and commercial fleets.

The Act's inclusion of programs for advanced propulsion and vessel efficiency mirrors the innovation happening at REGENT and across the maritime sector. Federal support for these technologies will not only accelerate U.S. competitiveness but also position the United States as a global leader in Advanced Maritime Mobility.

I urge the Committee to ensure sustained funding for workforce training and shipyard modernization programs under the Act, prioritize incentives for the integration of emerging maritime technologies, including hybrid & electric propulsion, and wing-in-ground-effect craft, and strengthen collaboration between the Department of Defense, MARAD, and the Department of Transportation to align SHIPS for America Act implementation with the National Maritime Strategy and the Coast Guard's innovation agenda.

I applaud the Committee's leadership in advancing the *SHIPS for America Act* and urges swift passage of this essential legislation. Rebuilding America's maritime industrial base will strengthen our national security, revitalize coastal economies, and ensure that innovation in shipbuilding and vessel design remains a hallmark of American ingenuity.

Thank you for your consideration and for your continued commitment to the U.S. maritime sector.

Billy Thalheimer.
REGENT Craft, Inc.

PREPARED STATEMENT OF THE PASSENGER VESSEL ASSOCIATION (PVA)

Chairman Sullivan, Ranking Member Blunt Rochester, and members of the Subcommittee: The Passenger Vessel Association (PVA) appreciates the opportunity to submit testimony in strong support of efforts to strengthen and expand America's shipbuilding capacity. PVA represents more than 500 operators of U.S.-flagged passenger vessels and their supporting shipyards, naval architects, suppliers, and vendors. Our members operate ferries, excursion vessels, dinner boats, and overnight cruise vessels that carry more than 200 million passengers to and from U.S. ports annually along the coast, on the Great Lakes, and on our Nation's rivers and harbors.

The Role of Small and Mid-Sized Shipyards

U.S. flagged passenger vessels are designed and built almost entirely in small and medium-sized U.S. shipyards, many of them family-owned businesses that are vital to regional economies and workforce development. Within the PVA membership, there are nearly 39 shipyards in 17 states. These yards construct all types of passenger vessels that fly the U.S. flag and are eligible for coastwise service; they also build other types of American vessels. In addition, PVA boasts 15 naval architects in nine states that envision and design vessels. See the attached list of PVA members that are shipyard and naval architects.

PVA supports the *Jones Act and the Passenger Vessel Services Act.* These laws ensure that American shipyards can produce a steady stream of U.S. passenger and other types of vessels for the coastwise trades. This segment of the commercial U.S. shipbuilding industry is thriving. Because of these laws, the Administration does not face the uphill battle to restore shipbuilding capability for small and medium yards, as it does yards that build oceangoing vessels in international trade.

The *Small Shipyard Grant Program,* administered by the Maritime Administration, has been helpful in sustaining this network. By providing modest but strategic investments in equipment, training, and infrastructure, the program has allowed small U.S. shipyards to modernize facilities, improve efficiency, and retain skilled workers.

The Small Shipyard Grant program leverages Federal support for local economic growth. Every Federal dollar invested generates many more in private capital and sustained employment. PVA urges Congress to continue and expand the Small Shipyard Grant Program to meet rising demand, address inflationary costs, and ensure that small builders remain part of America's shipbuilding future.

Ferry Construction as a Force Multiplier

In addition to shipyard grants, several Federal programs directly support the construction of U.S. built passenger ferries—an essential link in America's maritime transportation network.

- The *Federal Transit Administration's three ferry grant programs (the Passenger Vessel Ferry Grant Program, the Ferry Service for Rural Communities Program, and the Electric or No-Emitting Ferry Pilot Program)* have enabled communities across the Nation to build new vessels and terminals that are modern, efficient, and fully compliant with the Buy America Act. These ferries not only expand public transportation but also sustain high-quality shipyard jobs and create repeat orders that keep skilled welders, electricians, and engineers employed.
- The *Federal Highway Administration's Ferry Boat Program,* which provides formula funding to states for ferry construction and improvement, remains another key element in sustaining small and mid-sized shipyards. Many states rely on this consistent source of support to maintain vessel replacement schedules and ensure safe, reliable service for rural and island communities.

Together, these programs ensure that shipbuilding activity occurs across the United States—not just in the major naval yards, but in the smaller regional facilities that are the backbone of our domestic maritime capability.

Strengthening America's Maritime Workforce

Rebuilding U.S. shipbuilding capacity is inseparable from developing a robust maritime workforce. PVA members partner with vocational schools and maritime academies to create career pathways for welders, machinists, marine engineers, and captains. Continued support for Federal shipyard and ferry programs sustains this talent pipeline and ensures that American workers—not foreign competitors—will build and operate the vessels that keep our economy moving.

Conclusion

The Passenger Vessel Association commends Chairman Sullivan and the Subcommittee for focusing national attention on the future of U.S. commercial shipbuilding. The Small Shipyard Grant program, the FTA's three ferry promotional grant programs, and the FHWA Ferry Boat Program are proven, effective tools that expand domestic industrial capacity, create good-paying American jobs, and enhance national resilience.

We encourage Congress and the Administration to preserve the Jones Act and the Passenger Vessel Services Act and to fully fund and strengthen these grant programs as part of the broader effort to "Make Shipbuilding Great Again" and ensure that America maintains a competitive, secure, and sustainable maritime industry.

PREPARED STATEMENT OF ROBERT SHEEN, PRESIDENT AND COO, OCEAN SHIPHOLDINGS, INC.

Chair Sen. Dan Sullivan, Ranking Member Sen. Lisa Blunt Rochester and Members of the Committee,

We wish to thank the Chairman, Ranking Member and Members of the Committee for the opportunity to submit a statement in support of the SHIPS for America Act, which we believe is vital not only to our national defense, but to the survival of the U.S. Merchant Marine and our shipbuilding infrastructure.

Ocean Shipholdings, Inc., is a U.S. flag ship operator based in Houston, TX, currently operating 17 vessels for the U.S. Navy's Military Sealift Command and the Dept of Transportation's Maritime Administration. We have operated both commercial and government owned vessels under the U.S. flag since 1981. These vessels employ U.S. citizen Merchant Mariners and support U.S. Navy operations worldwide as well as provide the sealift required in the event of a national emergency or activation in support of U.S. national interests.

We very strongly believe that the sealift resources of the United States, both commercial and government owned are, in many cases, antiquated and in desperate need of upgrade, refurbishment and/or replacement. As strong supporters of the Jones Act, we believe in U.S. built and operated vessels; however, the capability and number of U.S. shipyards available to build new tonnage, the number and experience of trained mariners to man our ships as well as the opportunity for employment of U.S. mariners is severely restricted and not in proportion to the foreign built and operated vessels which employ foreign mariners and call every day at U.S. ports.

Our company strongly supports the SHIPS for America Act because it strengthens domestic shipbuilding, enhances national security and supports American workers. The U.S. shipbuilding industry and U.S. flagged merchant fleet are currently on a downward spiral and soon there will not be enough vessels to support national security or to provide employment for U.S. shipbuilders and mariners.

Approximately 90 percent of the goods imported into the United States are carried on ships. The U.S. is a maritime nation, in spite of the fact that it has a minimal merchant fleet. At one time, U.S. flagged merchant ships could be found everywhere on the planet, sadly, this is no longer the case. The U.S. does not have sufficient ships to carry U.S. goods overseas or to bring foreign goods back to the country. In the event of a national crisis that requires sealift, there are insufficient vessels and mariners to provide adequate support.

The U.S. has relied upon its merchant fleet since the beginning of our country to support our national interests, support our allies and provide experienced personnel to the U.S. Navy when such is required. Currently, there is severe doubt that there will be enough shipyards, ships, shipbuilders and mariners to support our national interests in a crisis contingency. For example, and per the Bureau of Transportation Statistics, in 2000 there were 282 commercial vessels over 1,000 Gross Tons and excluding non-merchant types and/or U.S. Navy-owned vessels. By contrast, in 2025, there are only 188 such vessels, a loss of nearly 100 vessels.

The U.S. Ready Reserve Fleet needs recapitalization, new U.S. flag merchant ships need to be constructed in order to support our national interests, both commercial and security related. The U.S. Navy has identified that it requires a large number of tank vessels to support fleet operations in the Pacific region should hostile operations commence. This is troubling as there are very few commercial U.S. flag tankers available to support the Navy as well as support the Jones Act requirements along our coasts.

Similarly, the military has previously relied upon afloat prepositioned vessels to store and provide military equipment and supplies that would be needed in the event of hostilities. Currently, the U.S. Army and Marines are shifting to a shore-based system for prepositioning material, which has a fatal flaw in that they need ships to deliver the material where it would be required. Without sufficient U.S. bottoms to carry this material, it would be of very limited use to the armed forces and could place our forces in extreme jeopardy.

Only through legislation such as the SHIPS for America Act, could American shipyards be revitalized and expanded, new, modern, more capable ships be built and jobs be created to support U.S. mariners. The expansion of U.S. shipbuilding, U.S. flagged vessels and increased shipbuilder and mariner jobs will directly support U.S. interests nationally and internationally.

It is critical that the United States has a creditable merchant fleet capable of supporting American commerce as well as providing support for the Armed Forces when called upon to do so. The U.S. needs shipbuilders and merchant mariners, but only through the building of new ships and the creation of new jobs would a strong and resilient merchant fleet be created.

Because of the critical condition of the U.S. Merchant Fleet, which we view with concern, we are making the following recommendations:

1) We urge the Committee to ensure sustained funding for shipbuilding workforce development programs.
2) We urge the Committee to support amendments that incentivize the use of U.S. built vessels.
3) We urge the Committee to consider programs to publicize the opportunities available for young people in the Merchant Marine throughout the United States—these are high paying positions with strong benefits and educational opportunities.
4) We urge the Committee to strongly endorse existing laws and regulations which mandate government sourced cargo carriage onboard U.S. flag ships.
5) Finally, we urge the Committee to recognize the effect on national security of a healthy, fully engaged merchant fleet capable of supporting national interests in times of crises and conflict and to understand the effects should that not be the case.

In conclusion, we strongly urge the committee to promptly pass the SHIPS for America Act.

Sincerely,

ROBERT SHEEN,
President and Chief Operating Officer,
Ocean Shipholdings, Inc.

OCEANTIC NETWORK
October 28, 2025

Chairman DAN SULLIVAN,
U.S. Senate Committee on Commerce, Science, and Transportation Subcommittee on Coast Guard, Maritime, and Fisheries,
Submitted electronically via e-mail

Re: Oceantic Comments for the Record of the "Sea Change: Reviving Commercial Shipbuilding"
Hearing on October 28th, 2025 in Support of the SHIPS for America Act

Dear Chairman Sullivan, Ranking Member Blunt Rochester, and Esteemed Members of the Subcommittee,

On behalf of myself, my colleagues at the Oceantic Network, and our more than 400 members, thank you for the opportunity to submit this statement for the record in support of the SHIPS for America Act (SHIPS Act).

The *Oceantic Network* is a 501(c)(3) nonprofit organization dedicated to advancing the offshore energy market and building a strong, locally driven supply chain. Since 2013, Oceantic Network has connected businesses and governments to support policies that drive industry growth while equipping companies with the education, tools, and connections needed to succeed. With over 400 supply chain members—including shipyards, vessel owner/operators, naval architects, engine and component manufacturers, steel mills, and maritime colleges—the Oceantic Network's mission is to ensure offshore wind and other maritime renewable energy development strengthens the economy, expands domestic manufacturing, enhances national security, and delivers reliable, affordable clean energy to the American citizenry.

Offshore wind energy is already becoming one of the foundational energy sources that coastal states depend upon, and maximizing the economic benefits it offers—including economic development and enhancing national security through stronger steel and maritime sectors—coincides with the spirit of the SHIPS Act. For the past four years, the U.S. offshore wind industry has been a major market for new commercial oceangoing support and construction vessels, despite its relative infancy. At present, 6 GW of power generation is under construction, creating a demand for more than 70 newbuild and retrofit vessels—a demand worth more than $1.8 billion in shipyard activity. This is just a fraction of the overall market, with another 50+ GW currently leased to private companies ready to begin development activity, and with total demand from states exceeding 116 GW. The pursuit of that full buildout and the harnessing of the subsequent economic opportunity for vessel demand by new and/or expanded shipyards falls directly in line with the established goals of the SHIPS Act and President Trump's April 9th, 2025 Executive Order titled "Restoring America's Maritime Dominance" [1].

Oceantic Network supports the SHIPS Act because the fleet of Jones Act-certified vessels is essential to building the energy infrastructure needed to meet rising AI-driven power demand and ensure a stable, affordable grid for American citizens. At our current rate, the Department of Energy[2] anticipates the U.S. will require additional power capacity demand to increase by 132 GW, driven primarily by the rise in AI and data centers. Offshore wind is a proven, reliable energy source that can scale easily to meet this demand with 6 GW of capacity under construction and another 10 GW shovel-ready. Last year in its first full year of operation, America's first commercial-scale project, South Fork Wind (132 MW) demonstrated baseload energy generation ability by staying online 92 percent of the time and achieved a 53 percent capacity factor in the first half of 2025[3]—on par with traditional energy sources[4]. This reliable performance is achieved while also driving down ratepayer costs in New England[5] and Virginia[6].

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[1] The White House "Restoring America's Maritime Dominance", April 9, 2025 (*https://www.whitehouse.gov/presidential-actions/2025/04/restoring-americas-maritime-dominance/*)

[2] Department of Energy/Berkley Lab 2024 Data Center Energy Usage Report, December 20, 2024 (*https://escholarship.org/uc/item/32d6m0d1*)

[3] Ørsted "One year of South Fork Wind" (*https://us.orsted.com/renewable-energy-solutions/offshore-wind/south-fork-wind-report*)

[4] U.S. Energy Information Administration "Natural gas combined-cycle power plants increased utilization with improved technology", November 20, 2023 (*https://www.eia.gov/todayinenergy/detail.php?id=60984*)

[5] CT Dept of Energy & Environmental Protection (*https://portal.ct.gov/deep/news-releases/news-releases—2025/deep-stoppage-of-revolution-wind-project-will-increase-costs-for-ct-and-new-england-ratepayers-make*)

[6] Dominion Energy Q2 2025 earnings call, August 1, 2025 (*https://s2.q4cdn.com/510812146/files/doc_financials/2025/q2/2025-08-01-DE-IR-2Q-2025-earnings-call-slides-vTCII.pdf*)

Offshore Wind Has a Proven Record of Creating Shipbuilding Demand

Oceantic Network, by way of its in-house database Offshore Wind Market Dashboard[7] tracks contracts, investments, and jobs tied to offshore wind vessel construction and operations. These figures are collected from publicly available records or disclosed directly from our members. The following are top-line numbers from the Dashboard:

- Since 2020, more than $1.8 billion worth of domestic vessel orders and shipyard upgrades has been kindled by U.S. offshore wind development.
- More than 170 U.S.-flagged, Jones Act-compliant vessels can be documented as having performed work related to the U.S. offshore wind industry.
- Twenty-five shipyards in 14 states have built new or retrofitted 43 vessels for the U.S. offshore wind industry with a further 18 vessels under construction, on order, or optioned.
- More than 3,500 shipbuilding jobs have been supported by offshore wind vessel construction at only 6 of the above-mentioned 25 shipyards, those where information was publicly available or disclosed to Oceantic.
- Four of the vessels launched this summer used a combined 30,000 tons of U.S. steel from Alabama, North Carolina, Texas, and West Virginia.

The above facts are conservative to only what Oceantic can accurately and independently verify. The 170 US-flagged vessels do not include dozens of harbor tugs and port tenders, private research vessels, or fishing vessels chartered for scouting and safety. The shipbuilding jobs represent just some of the shipyards that have worked in the industry, and many of those where Oceantic was unable to verify figures are small, independent shipyards. Additionally, Oceantic cannot accurately quantify upstream jobs at the U.S. steel mills and component manufacturers across 30 states which feed shipyard supply chains, nor can we accurately define the hundreds of jobs performed by U.S. mariners aboard these vessels currently working at offshore wind projects. A map is included at the end of this document visualizing shipyards and steel that provided vessels for the offshore wind projects currently under construction.

These figures represent the flurry of actively largely based on just 6 GW of power generation; however much larger potential exists. A 50+ GW pipeline could bring the long-term demand needed to incentivize investments in larger, nearly $1 billion dollar installation vessels. A 2022 National Renewable Energy Laboratory report[8] suggests that efficient and effective buildout will require five U.S.-flagged Wind Turbine Installation Vessels (WTIVs), four U.S.-flagged cable lay vessels (of which there are currently zero), and two U.S.-flagged scour protection vessels (of which there is only one, launched this year). To put context to the demand, this year there were nine foreign-flagged WTIVs and comparable Heavy Lift Vessels (HLVs) operating in the U.S. market to complete the 6 GW buildout against only Dominion Energy's *Charybdis,* delivered from its Brownsville, TX shipyard in August[9]. In 2024, approximately 64 percent of the vessels operating at U.S. offshore wind projects were U.S.-flagged, with the majority of capital-class vessels being foreign-flagged solely because the U.S. does not possess these kinds of vessels[10]. The demand for vessels will grow with the increasing industry, and developers will turn either to our domestic shipbuilders, or the opportunities will be lost to foreign entities. As/if the U.S. produces more of the necessary vessels, as listed above, the reliance on foreign-flagged vessels will diminish, and the benefits will remain in the United States.

A Healthy Offshore Wind Market Supports the Offshore Oil and Gas Market

Offshore wind utilizes much the same technology and supply chain as the offshore oil & gas market. Yet, the demand for O&G-dedicated vessels has entirely dried up and offshore wind has helped Gulf shipyards and vessel operators weather the lapse in demand. Between 2022 and April 2025, there were zero U.S.-flagged Platform Support Vessels (PSVs) built for the oil & gas industry[11], whereas in that time no fewer than 10 of these very vessels—or rough equivalents—received upgrades to work for U.S. offshore wind, including three complete retrofits; another three of

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[7] Oceantic Network Offshore Wind Market Dashboard (*https://oceantic.org/market-dashboard/*)

[8] NREL 2022, "The Demand for a Domestic Offshore Wind Energy Supply Chain (*https://docs.nrel.gov/docs/fy22osti/81602.pdf*)

[9] Maritime Executive 2025, (*https://maritime-executive.com/article/first-u-s-built-wtiv-charybdis-arrives-in-virginia-to-begin-installations*)

[10] Clarksons presentation at Oceantic's International Partnering Forum (IPF), April, 2025

[11] Clarksons IPF presentation, April, 2025

these vessels are currently under retrofitted. Two newbuild offshore wind-dedicated Service Operations Vessels (SOVs), which are comparable to large PSVs, were launched in this time as well, with a third expected to launch in the next few months.[12]

At a time when an increasing number of offshore O&G-dedicated vessels are entering dry (read: long-term) storage as operators are finding maintaining them in active fleets is too expensive for the vessels' owners[13], offshore wind is providing an extremely lucrative revenue stream for Gulf operators. For example: last year at Revolution Wind—the project most recently targeted with a Federal Stop Work Order—the revenue for vessel operators exceeded $500 million across 50 vessels[14]. Oceantic anticipates growing demand in the offshore wind sector as construction accelerates across three new projects and projects already under construction enter the long-term operations & maintenance phase[15]. At only 704 MW, Revolution is small compared to incoming projects, with at least one project off New York and a few off New Jersey expected to exceed 3,000 MW in size. If/when oil & gas's demand for vessels returns, those vessels built for the offshore wind industry can easily turn around and perform work for that industry. The SHIPS Act is propagated on the backbone of industry demand, and the U.S. offshore wind industry offers the clearest long-term demand signal in the offshore energy space while heavily supporting a dual-usage future.

Chinese Competition Threatens to Suffocate U.S. Shipbuilders

There is significant demand from the U.S. offshore wind industry for newbuild, American vessels. The limiting factors are 1.) permitting certainty, 2.) cost, and 3.) shipyard availability, two of which the SHIPs Act proposes to tackle. At present, a vessel owner cannot justify building WTIVs and other capital-class vessels in the United States. For the same cost to build one vessel here in five years[16], a vessel owner could receive two WTIVs from Chinese shipyards, completed in three years[17] [18]. Developers want to use U.S.-flagged vessels, but the lack of WTIVs means they are themselves unable to justify the cost of delay in queueing for Charybdis without risking cost overflow. For example: *Charybdis,* crewed by Americans, was supposed to install turbines at Revolution Wind and Sunrise Wind[19]. Instead, delays meant it was unavailable[20], and developer Ørsted had to look internationally to stay on time and on budget.[21]

Oceantic supports creating a Maritime Security Trust Fund with $250 million annually for oceangoing vessel construction and $100 million per year for small shipyards. Targeted cost relief, paired with predictable schedules, is essential to de-risk orders and keep construction onshore.

The international backdrop underscores the urgency to support American shipyards. In 2023, Chinese yards accounted for roughly 90 percent of global WTIV builds (33 of 37)[22]—during that time U.S. was in the middle of constructing one—completely outpacing Western shipyards. In 2024, a report by the U.S. Naval Institute identified 20 large Chinese yards and 140 drydocks. Oceantic Industry knowledge and a 2021 MARAD report "The Economic Importance of the U.S. Private Shipbuilding and Repairing Industry" identify that there are only a few U.S. ship-

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[12] OSW Market Dashboard
[13] Clarksons IPF presentation, April, 2025
[14] Clarksons IPF presentation, April, 2025
[15] Clarksons e-mail to Oceantic, October, 2025
[16] Offshore Engineer, "First US-Built Wind Turbine Installation Vessel Starts Sea Trials," (*https://www.oedigital.com/news/522592-first-us-built-wind-turbine-installation-vessel-starts-sea-trials*), February 2025
[17] Offshorewind.biz, "First Steel Cut for Cadeler's Third A-Class Wind Foundation Installation Vessel," (*https://www.offshorewind.biz/2025/07/16/first-steel-cut-for-cadelers-third-a-class-wind-foundation-installation-vessel/*), July 2025
[18] Cadeler, "Cadeler Takes Delivery of First A-Class Vessel and Enters New Strategic Chapter in Offshore Foundation," (*https://www.cadeler.com/news/cadeler-takes-delivery-of-first-a-class-vessel-and-enters-new-strategic-chapter-in-offshore-foundations*), September 2025
[19] Ørsted, "Dominion Energy, Ørsted and Eversource Reach Deal on Contract to Charter Offshore Wind Turbine Installation Vessel," (*https://us.orsted.com/news-archive/2021/06/contract-to-charter-offshore-wind-turbine-installation-vessel*), June 2021
[20] CT Examiner, "Ørsted-Eversource Partnership Announces Cancellation of Agreement for Charybdis (Updated)," (*https://ctexaminer.com/2024/05/22/orsted-eversource-partnership-announces-cancellation-of-agreement-for-charybdis/*), May 2024
[21] Heavy Lift News, "Cadeler's Wind Scylla installs first wind turbine for Revolution Wind Offshore Wind Farm in the US," (*https://www.heavyliftnews.com/cadelers-wind-scylla-installs-first-wind-turbine-for-revolution-wind-offshore-wind-farm-in-the-us/*), September 2024
[22] Hellenic Shipping News, "Chinese Shipyards See Demand for Offshore Wind Installation Vessels," November 2023, (*https://www.hellenicshippingnews.com/chinese-shipyards-see-demand-for-offshore-wind-installation-vessels/*)

yards producing oceangoing commercial vessels, and only a fraction of those shipyards is capable of producing a vessel like a WTIV[23]. Most of America's drydocks are in yards that exclusively work on Navy contracts. The General Dynamics NASSCO shipyard in San Diego is the only shipyard that has enough docks and produces commercial vessels[24], but it restricts itself to container ships and tankers in between its contracts for the Navy. Herein lies the purpose of the SHIPS Act, as exemplified by offshore wind's difficulty. The industry demand for large capital-class vessels was both an opportunity and a challenge for shipyards like Seatrium AmFELS shipyard (now Karpowership) in Brownsville and Hanwha Philly Shipyard in Philadelphia, the latter of which built the U.S.'s only subsea rock installation vessel—the second largest vessel in the fleet after *Charybdis.* Furthermore, even if it wanted to build a WTIV, NASSCO's largest drydock is 174 feet wide, while *Charybdis* is 184 feet wide[25], an additional compound on the scarcity.[26]

There are also broader strategic considerations. Large offshore wind vessels are highly capable platforms with potential dual-use value across energy infrastructure and national security. The jack-up technology present in *Charybdis* is the same displayed by Chinese amphibious assault landing barges first reported in January of this year[27]. As previously stated, in the time that the United States built one of these vessels, the Chinese completed 33, with more on order. Many of these vessels are Chinese owned and operated—84 in total capable of installing turbines[28].

China's expanding domestic fleet has contributed to its own offshore wind buildout. To date, the Chinese have installed 42.7 GW of offshore wind energy generating capacity, more than half of the offshore wind for the entire world[29]. This additional grid space allows them to fuel their own AI development. If America wants to compete with a severely advantaged Chinese AI sector, then we must close the vessels gap and build the offshore wind industry. Otherwise, we will be racing with our shoelaces tied together.

The Next Generation American Workforce

Building the offshore wind merchant marine provides transferable skills to mariners and shipwrights alike. Union workers aboard heavy lift vessels, transport vessels, or support vessels can transfer their abilities to the oil & gas industry and the commercial shipping industry. Welders, carpenters, millwrights, and electricians building America's fleet can easily adapt from shipyards to construction, infrastructure, and more. Oceantic supports the modernized workforce development provisions in the SHIPS Act, because we believe a highly skilled American maritime workforce is both exportable and demandable. In 2024, the first cohort of U.S. offshore wind workers—members of Pile Drivers Local 56—were exported for work at projects in Europe aboard DEME's installation vessel *Orion*[30] These men are examples of the international demand for skilled offshore workforce, one that the U.S. can provide if prioritized.

The standards imposed by the offshore wind industry are the highest in the maritime sector. As offshore wind's buildout builds the domestic workforce, not only do more Americans have access to above-medium-household-income jobs but also the skills necessary to reach beyond this sector. A modernized workforce is a competent one, and a competent workforce builds both the infrastructure demanded of it and

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[23] MARAD "The Economic Importance of the U.S. Private Shipbuilding and Repairing Industry", March 30, 2021 (*https://www.maritime.dot.gov/sites/marad.dot.gov/files/2021-06/Economic%20Contributions%20of%20U.S.%20Shipbuilding%20and%20Repairing%20Industry.pdf*)

[24] General Dynamics NASSCO Company Information (*https://nassco.com/about-us/company-overview/company-information/*)

[25] London Maritime Academy "Virginia Welcomes the First American-Built WTIV Charybdis to Start Installations", September 23, 2025 (*https://www.lmitac.com/news/virginia-welcomes-the-first-american-built-wtiv-charybdis-to-start-installations*)

[26] General Dynamics NASSCO Company Information (*https://nassco.com/about-us/company-overview/company-information/*)

[27] Naval News "China Suddenly Building Fleet Of Special Barges Suitable For Taiwan Landings", January 10, 2025 (*https://www.navalnews.com/naval-news/2025/01/china-suddenly-building-fleet-of-special-barges-suitable-for-taiwan-landings/*)

[28] Bloomberg "There Aren't Enough Ships to Install Giant Turbines Across Asia", February 1, 2023 (*https://www.bloomberg.com/news/articles/2023–02–01/asia-faces-shortage-of-ships-to-install-offshore-mega-wind-farms?sref=lDgLmqjg*)

[29] Global Energy Monitor "China's solar and onshore wind capacity reaches new heights, while offshore wind shows promise" July, 2025 (*https://globalenergymonitor.org/report/chinas-solar-and-onshore-wind-capacity-reaches-new-heights-while-offshore-wind-shows-promise/#:~:text=China's%20coastal%20provinces%20collectively%20outlined,the%20country's%20total%20offshore%20capacity.*)

[30] E&E News "In a first, U.S. offshore wind workers install turbines in Europe", March 14, 2024 (*https://www.eenews.net/articles/in-a-first-us-offshore-wind-workers-install-turbines-in-europe/*)

the next generation of competent workers, with the effects compounding continuously.

Additional Recommendations for the SHIPs Act

The SHIPS Act should be expanded to include added incentives for Heavy-Lift Vessels (HLVs) and Anchor Handling Tug Supply (AHTS) vessels. Oceantic recommends an additional 10 percent tax credit and government loan priority for these dual-use vessels. Dual-use vessels are those that can perform both commercial services and military missions.

HLVs, for example, can commercially carry monopiles or offshore oil & gas drilling rigs, and in military service they also can transport a battle-damaged destroyer[31] or submarine out of theater or transport multiple barges or landing craft into theater. To qualify for dual-use incentives, an HLV should be semi-submersible to at least 40 ft (12 m) of water over the deck and have minimum dimensions of 770 ft (235 m) overall length, beam of 180 ft (55 m), and molded depth of 50 ft (15 m).

Likewise, oceangoing AHTS vessels capable of towing and installing floating turbine platforms can also deploy, recover, and relocate mobile drilling units and floating production, storage and offloading (FPSO) vessels commercially used in the offshore oil & gas industry, and military FPSOs as might be used to support forward basing and joint logistics over the shore. AHTS vessels also can be used to tow damaged capital ships, and they typically are equipped with equipment to fight fires at sea and act as standby vessels during offshore operations. To qualify for dual-use incentives, an AHTS vessel should have a minimum bollard pull of 242 to 275 short tons (220 to 250 metric tons) and a back deck area of at least 8,000 to 8,600 square feet (750 to 800 square meters).

By further incentivizing construction of these dual-use vessels, not only does the SHIPS Act promote more strongly the buildout of our commercial offshore energy resources; it also advances our Navy's expeditionary warfare and humanitarian aid capabilities.

Conclusion

The U.S. offshore wind industry is on a clear and deliberate path toward a strong, self-sufficient domestic supply chain. It has a quantifiable demand that has already sparked significant investment in U.S. commercial shipbuilding, and its vessels are adaptable to every other maritime need. The SHIPS Act will support this service. A strong offshore wind merchant marine must be established for both national energy and military security, and to do so requires Federal kindling into the Nation's shipyards. America must capitalize on the opportunity.

Sincerely,

SAM SALUSTRO,
Senior Vice President of Market and Policy Strategy,
Oceantic Network.

PREPARED STATEMENT OF BRAD FORD, EXECUTIVE VICE PRESIDENT, PLATE AND STRUCTURAL PRODUCTS, NUCOR CORPORATION

Chair Wicker, Ranking Member Schatz, and Members of the Committee, thank you for the opportunity to submit this statement on an issue of vital importance to the American economy, American national security, and the American steel industry. I am Brad Ford, Executive Vice President for Plate and Structural Products at Nucor Corporation ("Nucor"). With approximately 33,000 teammates at 300 locations throughout North America, Nucor is the largest and most diversified steel producer in the United States.

As a major supplier of steel to both civilian and military shipbuilding customers, Nucor understands the critical links between robust civilian shipbuilding capacity and the ability to produce sufficient tonnage for military applications in the event of a conflict. Nucor has supplied steel plate for both large commercial vessels and for some of the most advanced military shipbuilding and maritime applications. This includes steel plate for multiple Ford class aircraft carriers, Virginia and Columbia class submarines, guided missile frigates, and amphibious assault ships.

Unfortunately, in recent decades, the U.S. position in the global shipbuilding industry has been whittled away by competition from heavily subsidized, state-led in-

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[31] U.S. Transportation Command "MV Blue Marlin to lift, move USS Cole", October, 2000 (*https://www.ustranscom.mil/cmd/panewsreader.cfm?ID=28888CAE-5056-A127-59 DCA60757A 43E07&yr=2000#:~:text=WASHINGTON%20(USTCNS)%20%2D%2D%2D%20Heavy%20lift,rise %20to%20meet%20the%20destroyer.*)

dustries in countries like China. The United States Trade Representative recently conducted an investigation under Section 301 of the Trade Act of 1974 into China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance. It found that, as a result of numerous unfair acts, policies, and practices,

China's market share in the global shipbuilding industry increased from just 5 percent in 1999 to more than 50 percent as of 2023, while deliveries from U.S. shipyards all but disappeared.[1] This has had ripple effects throughout the supply chain, including in the steel industry, which has lost a significant source of downstream demand as domestic shipbuilding capacity closed down.

The American steel industry, however, remains capable of supplying the steel required to support a reversal of trends in American shipbuilding. In recent years, Nucor has been undertaking a $14 billion investment plan to ensure that it can produce the steel needed for any application, anywhere in the American economy. These investments include a $1.7 billion state-of-the-art plate mill in Brandenburg, KY, and a $280 million modernization of Nucor's plate mill in Tuscaloosa, AL. Along with our plate facility in Hertford County, NC, Nucor has the combined capacity to produce 3.5 million tons per year, all of which is made from start to finish in the United States by American workers. As noted above, these mills have long supplied plate for both civilian and military shipbuilding, including large commercial vessels and some of the Navy's most advanced warships.

According to data collected during the U.S. International Trade Commission's recent sunset review, the American industry had around 8.3 million tons of steel plate production capacity in 2021, while operating at less than 70 percent capacity utilization.[2] This means that it could supply around three million additional tons per year. While these numbers are several years old, they are still a reasonably accurate snapshot of the industry's position today. If anything, they underestimate the domestic industry's capabilities because they do not include Nucor's Brandenburg mill, which began operations in 2022.

As a critical link in domestic shipbuilding supply chains, Nucor has previously expressed its support for both the SHIPS for America Act and for the U.S. Trade Representative's actions in response to China's unfair acts, policies, and practices. We reiterate that support here. Concerted government action to incentivize American shipbuilding capacity will be needed to revitalize domestic shipbuilding supply chains. While the steel industry has sufficient capacity to support these efforts, building resilience throughout the supply chain requires ensuring that new shipbuilding demand is supplied by American steel producers. This means tying, to the greatest extent possible, any incentives for new shipbuilding capacity to the use of steel that is melted and poured in the United States.

Thank you for the opportunity to submit this statement for the record. Nucor is prepared to submit any additional information that the Subcommittee may require.

PREPARED STATEMENT OF THE NAVY LEAGUE OF THE UNITED STATES

Chair Sullivan, Ranking Member Rochester, and Members of the Committee,

Thank you for the opportunity to submit this statement for the record on this important hearing on the state of the American commercial shipbuilding industry. The Navy League of the United States appreciates the Subcommittee's leadership on strengthening the U.S. maritime industrial base.

The Navy League of the United States is a nonprofit, civilian organization that supports strong, well-equipped U.S. sea services (the Navy, Marine Corps, Coast Guard, and U.S.-flag merchant marine) and a robust maritime industrial base. Our membership includes active-duty and retired military and maritime professionals, industry leaders, shipbuilders, maritime policy experts, and patriotic citizens who share a deep commitment to America's sea services. We regularly engage with workforce, industrial base, and sealift-readiness issues that affect national security and economic resilience, publishing a Maritime Policy Report to fulfill our mission to support the services, educate the public on the need for strong sea services, and advocate to national leaders on the needs of the services. Our fundamental belief is that the United States is a maritime nation whose national security and global prosperity depend on assured access to the global commons, the seas.

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[1] *Report on China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance,* Section 301 Investigation, U.S. Trade Representative (Jan. 16, 2025) at vii.

[2] *Carbon and Alloy Steel Cut-to-Length Plate from Austria, Belgium, Brazil, China, France, Germany, Italy, Japan, South Africa, South Korea, Taiwan, and Turkey,* Inv. Nos. 701–TA–560–561 and 731–TA–1317–1328 (Review), USITC Pub. 5399 at C–9 (Table C–1).

We are grateful that our national leaders have decided to seriously consider the health of our maritime industrial base. The Navy League strongly supports the efforts of the President's Executive Order and the bipartisan SHIPS for America Act because it reinvests in domestic shipbuilding capacity, improves surge sealift and sustainment resilience, and preserves skilled American maritime jobs. Revitalizing the commercial maritime industrial base is critical to national security, economic competitiveness, and supply chain stability.

A healthy commercial shipbuilding and repair sector provides the robust industrial base that the Department of Defense and Department of Homeland Security need during crises. Most shipyard jobs are dedicated to government shipbuilding or the domestic Jones Act market. The foundation of Jones Act shipyard jobs, which the Navy League has long supported, must be built upon to restore our commercial shipbuilding for international trade.

Domestic yards and a trained workforce shorten mobilization timelines for surge shipbuilding and repair. Decades of underinvestment and inconsistent funding for military shipbuilding have reduced the pool of skilled shipfitters, welders, naval architects, and marine engineers. Targeted investment in apprenticeship programs, community-college partnerships, and tuition support will restore capability more quickly and cost-effectively than rebuilding lost skills later. The Navy League is proud of its support for the Sea Cadets, as exposing youth to the importance of the sea services and the maritime industry creates a lifelong interest in maritime careers. The SHIPS Act makes multiple investments in workforce development.

Shipyards anchor regional economies and sustain supplier networks that produce gear and components critical across defense and commercial sectors. Assured cargo and incentives for U.S.-built commercial vessels will generate private-sector confidence to invest in retooling, automation, and workforce training.

Most significantly, dependence on foreign-built tonnage and components increases strategic risk. Incentivizing U.S. construction and domestic sourcing for critical components (hull sections, propulsion, navigation/electronics) reduces exposure to geopolitical disruption. The time to act is now: since the 1960s, 14 U.S. shipyards that constructed ships for the Navy have closed, and three have left the defense industry. Only one new shipyard has opened. As a result, just eight shipyards, owned by five prime contractors, build large Navy warships and Coast Guard cutters today.

The commercial shipbuilding industrial base also has similar concerns. Several of the larger classes of surface combatant and auxiliary ships have been built in only one or two shipyards. As a result, price and technical competition are limited, and the ability to increase production to meet future requirements is constrained without major infrastructure investments. Low throughput rates have also caused major cost increases from domestic suppliers, which also may need financial support to ensure domestic or allied sources of critical components and weapon systems.

The ship repair industrial base presents its own set of problems. The Navy's four government-owned shipyards are incapable of keeping up with the current nuclear ship repair demand, and they need major capital investments to upgrade infrastructure and modernize workflows. Also, additional drydocks are needed, and some must be upgraded to accommodate the large Virginia payload module and Columbia-class submarines. To address these deficiencies, the Navy established the Submarine Infrastructure Optimization Program (SIOP), initially programming $21B in expenditures over 20 years. However, recent bids indicate that much more funding will be needed, and the likelihood of increased submarine production will require acceleration of this effort. The movement of some nuclear ship repairs to commercial yards has not gone as planned, and it will require additional time and expense before they can accommodate the additional workload. The lack of dry-dock facilities has hampered conventional ship maintenance and repair. Investment to expand such capabilities will require new acquisition strategies that ensure stable workloads to justify such expenditures. All shipbuilding is related; a wider industrial base like that created by the SHIPS Act will have benefits for government shipbuilding.

This situation calls for a new maritime transportation strategy that generates future sealift requirements and capabilities to support the new National Defense Strategy focused on peer competition with Russia and China. That strategy also must generate sufficient U.S.-flag shipping to provide economic security during peacetime economic competition and during wartime conflict in a contested environment where attrition is inevitable. It also needs to include domestic commercial shipbuilding/repair to address wartime attrition of commercial and Naval vessels, battle damage repair, and maritime labor issues, shipyard and shipboard. It must encompass all other aspects of the U.S. maritime industry, the U.S. Marine Transportation System from port infrastructure to maritime cybersecurity in support of U.S. national and economic security. Without this domestic supporting infrastruc-

ture, the U.S.-flag merchant marine and military sealift capabilities would not be capable of supporting our national and economic maritime security.

Per our Maritime Policy Strategy, the Navy League recommends:

- Fully supporting the immediate passage of the SHIPS for America Act. Many of its provisions are fully aligned with the recommendations provided below.
- Administration promptly releasing the National Maritime Transportation Strategy as called for in the FY2023 National Defense Authorization Act and including implementing policies and funding in future budget submissions if not included in the SHIPS for America Act.
- Maintaining and defending the Jones Act. Weakening the law would negatively impact national and economic security by diminishing the seafaring and shipbuilding industrial bases.
- Robust support for the Maritime Security Program. Congress should authorize and appropriate increased funding to account for post-COVID–19 inflation to keep these 60 ships under the U.S. flag.
- Full funding to account for actual costs and COVID–19 inflation for at least the authorized 20 vessel Tanker Security Program (more depending on TRANSCOM requirements included in the yet to be released Center for Analysis study produced to inform MARAD's forthcoming National Maritime Strategy) and for a two-ship Cable Security Program.
- Full funding for the RRF to match combatant commander readiness and capacity requirements as specified by reports that are called for in the FY 2026 NDAA bills.
- Strong U.S. cargo-preference laws. We support increasing the requirement to 100 percent of all government funded cargoes to be carried on U.S.-flag ships (additional bulk ships legislatively permitted to accommodate the requirement) to increase the number of U.S.-flag ships and the mariners needed to operate them, as well as enactment of the Energizing American Shipbuilding Act for the carriage of domestic sources of LNG and crude oil. (Both included in the SHIPS for America Act).
- Building dual-use vessels. The Navy and MARAD should work rapidly on recapitalizing the RRF by operationalizing the dual-use vessel concept on AMH (commercially owned and operated U.S.-flag, U.S.-built militarily useful ships operating on the U.S. coastwise trades) or propose another viable alternative such as allowing the operation of ships built under the currently authorized 10-ship sealift vessel program in the coastwise domestic trades where there is no existing commercial service. These active RRF alternatives should be included in the SHIPS for America Act.
- Full funding for RRF recapitalization, a responsibility that Congress shifted from Navy to MARAD, using best commercial practices for both new construction and used ship acquisitions to meet USTRANSCOM/Navy wartime requirements.
- Full authorized funding of the U.S. Merchant Marine Academy and six state maritime academies to meet the operational, maintenance and capital improvements requirements, including expanding the Student Incentive Program to fully meet demand.
- Providing dedicated funding for the authorized Maritime Centers of Excellence, including graduate studies, to attract new entrants into the maritime industry and to provide funding for K–12 programs to help attract, educate and train the next generation of mariners.
- Increasing the size of the maritime workforce by funding new education, recruitment, development and retention programs that will attract all population segments and ages.
- Ensuring a strong strategic sealift officer component in the U.S. Navy Reserve. This ensures critical skills and experience are retained to support Navy and sealift transportation and to provide a backup pool of licensed mariners.
- Implementation of a robust military-to-mariner program. This facilitates the transition of former Army, Navy and Coast Guard Sailors/Mariners to certificated/licensed merchant mariner positions to help address projected shortfalls.
- Updating the mariner availability study (drafted more than seven years ago) to determine the adequacy of the current STCW-qualified ocean-going workforce to crew surge sealift ships for initial activation and protracted periods of operation.

- Use of National Defense Features on other vessels. Navy funding of such features on both U.S.-and foreign-built onboard TSP and MSP vessels (*e.g.,* TSP CONSOL systems) is needed to enhance their military utility in support of contingency operations.
- Increased funding for marine highway corridors, connectors, and state freight systems as part of the National Freight Strategic Plan to improve infrastructure and developing AMH vessels to expand the use of coastal waterways for freight and passengers.
- Funding MARAD's energy conservation programs with resources to promote sustainability throughout the MTS, including research and technology in areas such as ballast water, alternate fuels, small nuclear reactors, and energy management.
- Funding Title XI: At least $30 million is needed now, followed by about $30 million in annual appropriations to keep up with the potential demand, including replacement Jones Act tankers and other vessels recently announced to be constructed for foreign trades.

The SHIPS for America Act is a timely, strategic investment in national security, economic resilience, and American workers. The Navy League urges the Committee to advance the bill with the recommendations above to ensure a sustained, modern commercial maritime industrial base capable of meeting 21st-century security and economic demands.

The views expressed are those of the Navy League of the United States and do not necessarily reflect the views of any individual member or affiliate.

MIKE STEVENS,
Chief Executive Officer,
13th Master Chief Petty Officer of the Navy (Ret.),
Navy League of the United States.

PREPARED STATEMENT OF NATHAN SANDEL, DIRECTOR OF EDUCATION AND COMMUNITY DEVELOPMENT, NAUTICUS

Chair Sullivan, Ranking Member Rochester, and Members of the Committee,

Thank you for the opportunity to submit this statement for the record. We are honored to contribute to this important conversation on the future of America's maritime workforce and the role the SHIPS for America Act can play in revitalizing it.

Introduction

My name is Nathan Sandel, and I serve as the Director of Education and Community Development at Nauticus, a maritime discovery center and educational institution located in Norfolk, Virginia. We exist to benefit our community through education, impactful experiences and by sharing access to maritime resources. We serve thousands of students annually through hands-on STEM and maritime workforce development programs.

We are on the front lines of maritime education, working with students from diverse backgrounds, many of whom have never considered a future in the maritime industry. I submit this statement to highlight a critical gap in our national workforce strategy: the need to reach both underserved and gifted students before high school, or risk losing them to other industries or losing them entirely from the workforce.

Statement of Position

Our organization strongly supports the SHIPS for America Act as it strengthens domestic shipbuilding, enhances our national security, and supports American workers. This legislation is a critical investment in our future. The maritime industrial base depends not only on ships and infrastructure, but on the people who will build, operate, and lead them.

Analysis

Each year, thousands of high-paying, STEM-rich jobs in shipbuilding, seamanship, port operations, and naval architecture go unfilled. Yet two groups of young people who could fill this gap are being overlooked:

1. *Underserved students* from urban and rural communities, who rarely see maritime careers as accessible-or even know they exist.

2. Gifted students who are funneled toward traditional elite paths, with little exposure to maritime science, engineering, or leadership opportunities.

Both groups represent untapped talent. Unless we reach them before high school, we risk losing them forever.

Recommendations

1. *Invest in Early Maritime Exposure (Grades K–8)*
   - ○ Fund maritime STEM programming in elementary and middle schools.
   - ○ Invest in maritime based afterschool programs.
2. *Position Maritime as Elite STEM*
   - ○ Target gifted programs and magnet schools with messaging that frames maritime as intellectually rigorous and globally significant.
   - ○ Highlight careers in naval architecture and engineering.
   - ○ Make maritime visible and aspirational, like aviation and space have done.

Conclusion

America's maritime workforce future depends on talent we are currently overlooking. By reaching underserved students who don't see themselves in maritime, and gifted students who are not told it's for them, we can build an equitable, resilient, and elite workforce pipeline.

The time to act is now. We urge the Committee to pass the SHIPS for America Act and ensure that workforce development, especially early, inclusive outreach is a core component of its implementation.

Thank you for your leadership and for the opportunity to contribute to the record.

NATHAN SANDEL,
Director of Education and Community Development,
Nauticus.

PREPARED STATEMENT OF NEW AMERICAN INDUSTRIAL ALLIANCE

Dear Chairman Sullivan, Ranking Member Blunt Rochester, and Members of the Committee:

I write on behalf of the New American Industrial Alliance, an association of more than seventy companies and institutional investors focused on strengthening the U.S. industrial base. Our members represent sectors ranging from aerospace and defense to nuclear energy, maritime industry, critical minerals, machine tools, auto supply chains, medical manufacturing, and beyond, along with investors active in multiple asset classes.

We strongly support the SHIPS for America Act and the need to revitalize the commercial maritime industrial base. In addition to this proposed legislation's direct positive impact on America's maritime industry, we encourage the Committee to also consider the importance of a healthy commercial shipbuilding industry to a broad array of manufacturing supply chains and innovation ecosystems. A strong shipbuilding sector provides demand for and foundational support to other critical industries, such as machine tools, robotics, advanced manufacturing technologies, including AI for manufacturing, fabrication, critical minerals processing, and more.

A 2021 U.S. Maritime Administration (MARAD) *report* found that the U.S. private shipbuilding and repairing industry generated approximately $30 billion of GDP and over 276,000 jobs through indirect impacts, even though only three oceangoing commercial ships were produced in the United States in that year. A stronger commercial shipbuilding sector could, therefore, produce significant benefits throughout the economy, and particularly in manufacturing sectors.

At the same time, however, shipbuilding is a capital-intensive, cyclical business subject to intense competitive pressure from government-subsidized foreign rivals. Every major shipbuilding nation provides billions of dollars in subsidies to shipbuilders. A recent USTR Section 301 Investigation *report* details hundreds of billions of subsidies provided by China, in particular. China's commercial shipbuilding capacity now exceeds U.S. capacity by a factor of more than 200 to 1.

The decline of U.S. shipbuilding represents a major national security risk. It also represents the loss of jobs, workforce capabilities, process knowledge, forgone technological innovation, and reduced opportunities across U.S. manufacturing and manufacturing technology sectors.

For these reasons, we strongly urge the committee to pass the SHIPS for America Act, a critical step to strengthen U.S. shipbuilding capacity, enhance national security, and support the revival of America's broader industrial base. Thank you for your consideration.

Sincerely,

JULIUS KREIN,
President,
New American Industrial Alliance.

PREPARED STATEMENT OF MARINE ENGINEERS' BENEFICIAL ASSOCIATION, AFL–CIO (M.E.B.A.)

Chairman Sullivan, Ranking Member Blunt Rochester, and Members of the Subcommittee, thank you for the opportunity to submit this statement for the record on behalf of the Marine Engineers' Beneficial Association (M.E.B.A.). M.E.B.A. is the Nation's oldest maritime labor union, proudly representing the licensed deck and engineering officers who crew the U.S.-flag commercial fleet—men and women who serve as the backbone of our Nation's merchant marine.

Today's hearing titled "Sea Change: Reviving Commercial Shipbuilding?" arrives at a pivotal moment for America's maritime future. For decades, the United States has witnessed the slow erosion of its commercial shipbuilding base and the decline of its U.S.-flag fleet, once the envy of the world. At the end of World War II, the United States commanded over 5,500 oceangoing commercial vessels flying the American flag, representing nearly sixty percent of the world's merchant tonnage. Today, that number has fallen to less than two hundred ships, representing less than just one percent of the world's shipping capacity. The consequences of this decline are profound as each lost ship means fewer skilled mariners, diminished shipyard capacity, and weakened national readiness.

By contrast, China has over the years developed a shipbuilding industry that overshadows the rest of the world. Backed by massive governmental subsidies, state-owned enterprises, and a national strategy to dominate global logistics, shipping, and shipbuilding, China has created a maritime ecosystem that now builds, finances, insures, and operates the majority of the world's vessels. This dominance has not occurred by accident—it has been carefully constructed to secure China's control over nearly every aspect of global commerce. As a result, America's dependency on foreign-flagged ocean carriers, particularly those operating under foreign "flags of convenience" pose not only an economic risk, but a clear threat to our national security.

The global pandemic made this reality impossible to ignore. When COVID–19 disrupted international trade, more than one hundred ships idled off American ports, exposing the fragility of supply chains dominated by foreign carriers. The bottlenecks that followed rippled through every sector of the U.S. economy, driving up costs for consumers, small businesses, and farmers alike. It is now abundantly clear that the United States cannot depend on foreign shipping interests to move the goods that sustain our economy. Rebuilding America's maritime industrial base—including our shipyards, merchant fleet, and pool of mariners—demands a decisive and unified "whole of government" approach. As such, Congress and the Administration must develop and execute a robust national maritime strategy that aligns U.S. industrial policy, defense readiness, trade competitiveness, and workforce development with one clear objective: to restore American maritime dominance.

That is why this hearing is so important. Reinvigorating U.S. shipbuilding cannot succeed unless we simultaneously strengthen the economic foundations that support it. Without policies that *foster access to commercially imported and exported cargoes made available for U.S.-flag carriers,* we may build as many ships as possible, but we would still have no cargo for them to move.

Simply put, we must build a demand signal.

The bipartisan SHIPS for America Act introduced by Senators Mark Kelly (D–AZ) and Todd Young (R–IN) represents a commendable first step toward restoring American shipbuilding capacity, expanding shipyard and mariner employment, and strengthening the U.S. merchant marine. M.E.B.A. applauds the leadership behind this legislation and the recognition it has received from both Congress and the Administration. Subsequently, President Trump's recent *Executive Order on "Restoring American Maritime Dominance"* and the U.S. Trade Representative's *Section 301 investigation into China's targeting of the maritime, logistics, and shipbuilding sectors* underscore a renewed commitment to maritime policy at the highest levels of government. Together, these initiatives signal a turning point in our national policy:

an acknowledgment that a strong American maritime industry are foundational to our economic and military strength.

While these measures lay important groundwork, they do not yet address the central obstacle preventing U.S.-flag vessels from competing in global commerce: cost. The average total cost of operating an American vessel in foreign commerce is approximately 2.7 times higher than a foreign-flag equivalent. This is largely driven by foreign exploitation of labor costs, circumvention of U.S. taxes, skirting of safety and environmental standards, and the heavy subsidies foreign competitors receive from their respective governments. If we are to close this gap, Congress and the Administration must consider policies that directly level the playing field for U.S.-flag carriers.

One of the most promising approaches is a *"Ship American"* tax deduction, modeled on the analysis conducted by the American Maritime Congress (AMC) earlier this year. That study, prepared by Price Waterhouse Cooper (PwC), evaluated the economic and revenue effects of allowing U.S. importers and exporters to claim a 200 percent deduction for shipping expenses associated with the use of U.S.-flag vessels. The results were striking. The proposal would reduce the after-tax cost of shipping on an American vessel by roughly twenty-five percent, effectively erasing much of the cost differential between U.S.-flag and foreign-flag carriers. The study estimated that such a policy could increase demand for U.S.-flag shipping by approximately twenty percent—an equivalent to adding 18 to 20 new vessels to the U.S.-flag fleet over ten years.

This kind of incentive-based policy would not only make U.S.-flag shipping more competitive but would also strengthen American manufacturing and logistics networks. Much like the "Buy American" and "Build American" provisions that sustain domestic production, a "Ship American" tax incentive would encourage major shippers (*i.e.,* retailers, agricultural exporters, and industrial producers, etc.) to voluntarily move more cargo on American ships. By leveraging the U.S. tax code to reward companies that invest in the national interest, Congress can generate real, market-based demand for American shipping, creating the commercial foundation necessary to sustain U.S.-built vessels, American shipyards, and American mariners. Constructing ships without providing incentives for cargo is akin to building trains without tracks, or creating cities that are inaccessible. Establishing cargo incentives via legislation for U.S.-flag vessels will serve as a definitive demand signal, indicating to the world that the American maritime industry is open for business and poised for future growth.

Ultimately, the health of the American maritime industry cannot be restored through a single executive order or piece of legislation. It requires a comprehensive, long-term national maritime strategy that ties together shipbuilding, workforce development, port infrastructure, and commercial competitiveness for U.S. shipping lines. It requires that we produce maritime policy not as a niche industrial concern, but as a cornerstone of national strength. America's ability to project power, deliver military and humanitarian aid, and control its domestic supply chains is based upon its ability to move goods and sustain global trade under its own flag.

Thank you once again for convening this important hearing and for your continued, bipartisan support of the American maritime industry. We urge the Committee to consider a legislative markup for the SHIPS for America Act as the Trump Administration develops a Maritime Action Plan (MAP) this year. But we must go even further. We must ensure that U.S.-flag ships can compete for the world's cargoes *so that* American shipyards can have the contracts to build, that will ultimately expand future opportunities for our maritime workforce. Only by generating sustained commercial demand and leveling the global playing field can we restore America's rightful place as a maritime leader.

M.E.B.A. and its members stand ready to work with Congress, the Administration, and our maritime industry partners to revitalize U.S. shipbuilding, strengthen our maritime workforce, and ensure that the United States is no longer dependent on foreign interests to move its own goods and commerce. Thank you for the opportunity to share our views ahead of the hearing.

PREPARED STATEMENT OF REAR ADMIRAL JAMES WATSON (USCG, RET.), ON BEHALF OF THE MARITIME ACCELERATOR FOR RESILIENCE (MAR) AND THE AUTHORS OF *Zero Point Four*

Dear Chairman Sullivan, Ranking Member Blunt Rochester and members of the Committee,

We thank the Committee for the opportunity to submit a statement. On behalf of the Maritime Accelerator for Resilience (MAR) and the authors of *Zero Point*

Four, we offer these comments to encourage a harmonized approach to maritime industrial policy—one that aligns trade, national security, and shipbuilding revitalization goals. Our organization strongly supports the SHIPS for America Act to provide a coherent framework for a revised National Maritime Strategy.

The Need for a new Strategic Maritime Policy

The United States has taken important steps in recent months to reassert maritime competitiveness and resilience. The bipartisan SHIPS for America Bill, Executive Orders to address U.S. dependence on Chinese Maritime Supply Chains, and bipartisan recognition of maritime vulnerabilities all point toward the same imperative: *rebuilding industrial capability for the construction and maintenance of commercial and military-relevant vessels.*

Our national maritime security includes national security, economic security, food and energy security, climate security and American workforce security. Currently our Nation's maritime leaves us with vulnerabilities in all these areas. This legislation begins to address our weakened state of having less than 200 seagoing U.S. flagged commercial ships compared to the 55,000+ global foreign owned, foreign crewed, foreign government controlled ships (0.4 percent). Enacting the SHIPS for America Act will motivate U.S. private investment and public focus to capture enormous untapped opportunities and improve our maritime competitiveness.

Near-term recommendations of *Zero Point Four*

The SHIPS Act and the *Zero Point Four* framework both call for a revitalization of U.S. maritime manufacturing through targeted, long-term incentives. For example:

- *Recommendation #12 of* ***Zero Point Four*** encourages reforming MSP to give preference to newer vessels and to ships built in the U.S. or by allied nations.
- *Recommendation #22* highlights the power of regulatory preferences to de-risk private capital and spur new shipyard investment.
- *Recommendation #38* calls for reducing dependence on adversarial build, finance, and flag arrangements in the U.S. sealift system.

Modernization of the MSP Fleet: A Timely Opportunity

Currently, 48 of the 60 vessels in the MSP fleet are more than 15 years old and are likely to be replaced within the next 2–3 years. This replacement cycle presents a unique opportunity to shift toward newer, more capable ships built in the U.S. or allied shipyards. However, if exemptions are not time bound or appropriately structured, program participants may opt to replace aging tonnage with more affordable—but strategically misaligned—Chinese-built vessels.

We recognize the concern that limiting eligibility to U.S.-built (or allied-built) vessels may increase costs to the government in the short term. However, the magnitude of these increases is manageable when contextualized:

- A Chinese-built vessel may cost approximately $60 million, while a U.S.-built equivalent could be in the $180–200 million range.
- This represents a capital cost differential of ~$120–140 million per ship, but when amortized over a 20-year lifecycle, it equates to an annualized cost of ~$6–7 million per ship.
- For the 8 Chinese-built vessels currently in MSP, the additional cost over 3 years is roughly $168 million, or ~$56 million/year.
- However, these same vessels already receive $127 million in subsidies over the same period under MSP, suggesting that the marginal cost of shifting to U.S.-built ships is relatively modest and can be further mitigated with phased procurement.

Moreover, incorporating U.S. allies such as South Korea and Japan into the eligibility framework can serve as a practical bridge—offering more competitive pricing than U.S.-built ships while still reinforcing secure supply chains.

Strategic Commercial Fleet: 250 Vessels in International Commerce

We support Title 4 of the SHIPS for America Act that proposes creating a Strategic Commercial Fleet.

There were about 80,000 foreign vessel port calls into U.S. ports last year involved in $1.9 trillion of traded goods and commodities. Assuming that involved about 3,000 distinct ships, then increasing the U.S. flag fleet to 450 ships (200 plus 250 Strategic Commercial Fleet ships) making regular U.S. port calls could be about 15 percent of the port calls. Although that would not be enough capacity to support the U.S. economy, it's reasonable to assume that no more than half of the normal for-

eign flag fleet would abandon the U.S. trade in favor of a strategic competitor, therefore the import/export trade might only be reduced by 33 percent instead of 50 percent.

Beyond our own economy, the United States national security depends on deterrence and free trade. The UN Convention on the Law of the Sea, implemented in 1982, has provided the framework for the peaceful, shared use of the high seas for over 40 years. In 1982, the U.S. negotiators of UNCLOS would likely have assumed the U.S. would maintain around 800 U.S. flagged and crewed commercial ships (the fleet number at that time) to assist the USN and USCG to monitor compliance and benefit from the convention. Rebuilding that fleet back to at least 450 ships via the Strategic Commercial Fleet provision of the SHIPS for America Act would begin to reverse the deteriorated national security expectations of UNCLOS that we are currently experiencing. Finally, we point to the disparity between U.S. flag international commercial aircraft and U.S. flag international commercial ships. Both go hand in hand supporting the U.S. economy and strategic logistics. Yet, whereas U.S. flag international commercial aircraft are 10 percent of all international aircraft, U.S. flag seagoing commercial ships are 0.4 percent of international seagoing ships.

Recommendations

We encourage the Committee to pursue the revival of vibrant shipbuilding industrial base and workforce. The pathway to success is embedded in the SHIPS for America Act. We particularly recommend the following as presented in detail in the book *Zero Point Four:*

- *Launch a public awareness campaign* in partnership with key industry, academic and public organizations (MARAD, DoD, and DHS). Increase the general understanding about shipping, highlight the security risks of a weak U.S. maritime sector, and attract new career-minded workers to the industry.
- *Invest in a sustainable U.S. economic security plan* to increase the amount of U.S.-controlled, ocean-going tonnage, engaged in international trade. This recommendation is reflected in the various sections of the SHIPS for America Act.
- *Create a network of maritime innovation hubs* to pool co-invested capital from government and industry for competitive maritime technology advancements. This recommendation is reflected in Subtitle C of the SHIPS for America Act.
- *Establish the U.S. as the leader in small modular reactors* for international commercial ships. The U.S. is in a unique position to pioneer the integration of nuclear propulsion into the global commercial fleet. Other countries may supply the hulls and superstructure, but the U.S. can completely control the engine room.

These and other recommendations published in *Zero Point Four* would provide the necessary clarity and runway for fleet operators, shipyards, and investors to act and achieve the sorely needed principles of maritime security for the United States.

Conclusion

The U.S. maritime industrial base will not revitalize itself through one-time deals, tax incentives or subsidies dependent on one appropriation. It requires *coherent, aligned, and predictable policy signals* across the regulatory and trade landscape. By passing the SHIPS for America Act, we can achieve national resilience goals in a way that is both affordable and strategically sound.

We stand ready to support further consultations and thank the Committee for their consideration to advance these goals.

REAR ADMIRAL JAMES WATSON (USCG, RET.)
On behalf of the Maritime Accelerator for Resilience
and the authors of *Zero Point Four*

Attachment: Bios of MAR/Zero Point Four co-authors

AUTHORS

Rear Admiral James Watson (USCG, Ret.)

James Watson is currently an independent consultant providing business development services to maritime clients. He previously held the position of Senior Vice President of American Bureau of Shipping Global Government Services, where he was responsible for the government market sector across the four ABS divisions and technology. Before becoming Senior VP of Global Government Services, Watson was President and COO for the Americas Division where he was responsible for all operations of the American Bureau of Shipping in the Western Hemisphere. Prior to joining ABS, Watson served as Director of the Bureau of Safety and Environmental

Enforcement at the U.S. Department of Interior. In this role he provided regulatory oversight for energy exploration and production on the U.S. Outer Continental Shelf. Before becoming BSEE Director, Watson served as the U.S. Coast Guard's Director of Prevention Policy for Marine Safety, Security and Stewardship, where his responsibilities included commercial vessel safety and security, ports and cargo safety and security and maritime investigations. He was also designated as the Federal On-Scene Coordinator for the government-wide response to the Macondo incident in the Gulf of Mexico. Watson earned a Bachelor's of Science in Marine Engineering from USCGA in 1978. He received his Master of Science in Naval Architecture and his Master of Science in Mechanical Engineering from the University of Michigan in 1985. Watson earned an additional Master of Science in Strategic Studies at the National Defense University in 2001.

Carleen Lyden Walker

Carleen Lyden Walker is the Chief Evolution Officer of SHIPPINGInsight, leveraging off her experience as a marketing and communications professional in the commercial maritime industry with over 40 years of experience. She specializes in identifying, developing and implementing strategic programs that position SHIPPINGInsight as the most effective forum for shipowners and solution providers to advance optimization and innovation in the maritime sphere. In 2015, Ms. Lyden Walker was appointed a Goodwill Maritime Ambassador by the International Maritime Organization (IMO). She is a member of WISTA (Women's International Shipping and Trading Association), the Connecticut Maritime Association, WIMAC (Women in Maritime Association, Caribbean) and is a Past-President of the Propeller Club Chapter of the Port of NY/NJ. She was also elected to the Board of the New Era Academy (Baltimore Harbor School). Ms. Lyden Walker is also CEO of Morgan Marketing & Communications, Co-Founder/CEO of NAMEPA, and Founder of both CARIBMEPA and the Consortium for International Maritime Heritage. In 2010 she was awarded the Certificate of Merit by the United States Coast Guard, and in 2014 a Public Service Commendation for her work on World Maritime Day and AMVER, respectively. In 2023, the USCG presented her with the Distinguished Service Medal.

Rich Mason

A 25+ year veteran of technology titans such as AT&T, Lucent Technologies' Bell Labs, and Honeywell International, Rich Mason possesses deep expertise in the fields of cyber security, physical security, and enterprise resilience. His last corporate post was as Honeywell's Global Vice President and Chief Security Officer (CSO). Prior to that, he held the role of Chief Information Security Officer (CISO). Honeywell is a Fortune 100 conglomerate with a market cap exceeding $130B. Honeywell Global Security, a converged unit within Honeywell that provided cyber, physical, product, and classified security services, achieved a number 1 global ranking in the Industrial and Manufacturing sector during his tenure (Security Magazine, Security 500 Report). Rich now leads Critical Infrastructure LLC, a boutique Virginia-based consultancy, where he combines his unique experience, a Honeywell Operating System (HOS) and Six Sigma mindset, and a relentless focus on innovation, trust, and resilience as business enablers. His visioneering approach enables startups, venture capital firms, corporate boards, and think tanks to challenge assumptions, positively disrupt markets and digitally transform the world. An engaging communicator, demonstrated practitioner and creative thinker, Rich is well-respected among his peers in the cyber, information, and physical security domains. He is vocal about how the practical application of theory should be present at all layers of an organization, and passionately challenges the idea of 'tick box' (vs actual) security. Mason is a is an active member of the George Mason University's National Security Institute (NSI) Cyber and Technology Center, a contributor within a U.S. maritime security accelerator coalition, a former member of the Secret Service's New York Electronic Crimes Task Force, a graduate of the FBI's Executive Academy, and a retired member of the FBI's National Security Business Alliance Council (NSBAC) and Domestic Security Alliance Council (DSAC). An Alumni with honor from Michigan State University, Mason received his Criminal Justice bachelor's degree with a specialization in Security Management.

Jonathan Kempe

Jonathan Kempe is an entrepreneur, founder, and technology strategist with over 23 years of professional experience across a broad array of disciplines. Jonathan has held a number of diverse roles over his working life: From senior positions in large corporations, founding and running several small businesses, holding trusted roles in nationally accredited NFPs and NGOs, and providing technical services to the Australian Defense Force sector. When running Sydney-based Verifai, Jonathan de-

veloped deep experience in global supply-chains, including the implementation of unique security solutions—involving PhySec, CyberSec, IoT, biometrics, and a range of communication standards—to solve practical problems related to theft and cargo tampering, and to provide tracking services for product provenance. Jonathan is well connected within the Australian and New Zealand business communities, has lectured in universities, and spoken at conferences across the world, and regularly contributes to industry advocacy efforts through the provision of unique insights, research and ideation. Jonathan now leads Source Consulting, an innovative strategic consultancy, based in New Zealand. He is passionate about solving global problems, loves to work alongside like-minded individuals, and is dedicated to building impactful solutions that positively transform the world.

Nishan Degnarain

Nishan Degnarain is a Harvard-educated Development Economist working on addressing sustainability with fast-growing technologies. He is currently co-founder and Managing Partner of *The ExO Organization,* a leading Silicon Valley technology and sustainability advisory firm. He has given keynote addresses to Governments, various United Nations agencies, the IUCN, World Bank and IMF, and has worked with some of the biggest technology companies on breakthrough innovations for the ocean. In 2017, he launched the World Economic Forum's Center for the Fourth Industrial Revolution in San Francisco to harness the power of technology to address some of the world's most pressing environmental problems. Since 2013, Nishan has chaired the World Economic Forum's Global Agenda Council on the Ocean, a group of leading ocean experts from around the world that meet at Davos each year. He sits on several boards, and was previously on the Monetary Policy Committee of the Central Bank of Mauritius and helped establish the National Ocean Council for their newly created Ministry of Ocean Economy. Prior to this, Nishan worked at McKinsey and Company, the World Bank, the UK Prime Minister's Strategy Unit under Tony Blair, and as a broadcast journalist for the BBC. Nishan holds an undergraduate degree from the University of Cambridge and a postgraduate degree from Harvard University's Kennedy School of Government in International Economic Development. He is the author of *Soul of the Sea in the Age of the Algorithm* (2017), on how exponential technologies can heal our oceans, and has won several international awards, such as being recognized as a Young Global Leader by the World Economic Forum and winning the Economist's Ocean Economy Innovation Prize.

Captain Anuj Chopra

Captain Anuj Chopra is an international executive, enterprise risk manager, and an ESG champion who has successfully forged client relationships in the maritime industry for more than three decades. He co-founded *ESGPlus LLC,* an international consulting firm focused on bringing sustainability, resiliency, efficiency, and independent board advisory to clients invested in a sustainable global maritime supply chain. Before his time at ESGPlus, Captain Chopra spent nearly a decade as a Vice President Americas of *RightShip,* negotiating high-level due diligence and compliance agreements in developing business across Americas. Prior to his time at RightShip, he served as the President of Anglo-Eastern Houston, with direct oversight of vessels visiting U.S. ports, risk evaluation, and government relations. Captain Chopra began his seafaring career as a deck cadet, working his way up to Captain. He has commanded large bulk carriers and tankers and holds a Commonwealth Extra Masters Certificate of Competency, Shipping Management from the Indian Institute of Management, Ahmedabad, India, and ACUE Certification. Captain Chopra currently serves as a Fellow of The Nautical Institute (Chairperson of the U.S. Gulf Branch), is on the Board of Directors at the Houston International Seafarers Center, Member of NOAA FACA HSRP, Advisory Board member of Houston Maritime center, and is an Adjunct Professor for the Supply Chain & Logistics Technology program at the University of Houston, where he has served as a lecturer and teacher for more than 32 years.

ABOUT ZERO POINT FOUR

Dive into *"Zero Point Four,"* a compelling collaboration by six maritime, ocean and security experts, led by U.S. Coast Guard veteran Rear Admiral James Watson, as they illuminate the alarming decline of the U.S. maritime industry. The United States, a maritime nation, is on a precipice. Where once over half the world's ocean-bound vessels flew the U.S. flag after WW2, today, U.S.-flagged ships amount to less than 0.4 percent. This staggering decline threatens America's National Security, Economic Security, Energy and Food Security, Climate Security, and Workforce Security.

In this groundbreaking book, the authors introduce the ZP4 Framework, evaluating the U.S. maritime industry's importance through five lenses. From the scarcity of military support vessels to threats against U.S. dollar-denominated trade, and from the shortage of U.S. mariners and vessels for energy and food security, to the urgent need for climate-resilient maritime operations, the book meticulously dissects America's maritime vulnerabilities.

The authors don't just identify problems; they present a visionary 57-point Action Plan to revolutionize the U.S. maritime sector within a decade. This plan, vetted by experts and industry leaders, offers bold proposals for a new and holistic U.S. National Maritime and Blue Economy Strategy.

As the world grapples with uncertainty—pandemics, conflicts, and climate crises—America's reliance on a robust maritime sector has never been more crucial. The authors passionately argue that the ZP4 Framework isn't just a call to action; it's a roadmap to a more secure, preeminent, and viable United States.

Join the authors on this urgent mission to strengthen America's maritime destiny. The seas beckon, and the security of a nation hangs in the balance. With practical solutions within reach, "*Zero Point Four*" is a rallying cry for business, workforce, public and military leaders to safeguard America's maritime interests and secure its future.

LAKE CARRIERS' ASSOCIATION
Westlake, OH, October 21, 2025

Hon. TED CRUZ,
Chairman,
Committee on Commerce, Science, and Transportation,
Washington, DC.

Hon. MARIA CANTWELL,
Ranking Member,
Committee on Commerce, Science, and Transportation,
Washington, DC.

Dear Chairman Cruz and Ranking member Cantwell:

The Lake Carriers' Association (LCA) supports the enactment of S.1541, the SHIPS for America Act of 2025.

Since 1880, LCA has represented the U.S.-flag Great Lakes fleet, which today can move more than 90 million tons of cargos annually that are the foundation of American industry, infrastructure, and energy: iron ore, stone, coal, cement, and other dry bulk materials such as grain, salt, and sand. Our largest Lakers are over 1,000 feet long and can carry 70,000 tons of cargo.

Now more than ever, our national and economic security depends on a reliable and resilient Great Lakes maritime transportation system. To compete with the rise of China and its rapidly growing Navy, the United States needs not only a larger and more capable Navy, but also a more robust merchant fleet to move goods needed by the American people and our Armed Forces. Building more ships requires a lot of steel, most of which is manufactured in Great Lakes States using raw materials also obtained from Great Lakes States. LCA's member companies are proud to transport the raw materials needed to produce that steel.

The U.S. has already taken some steps to increase the resiliency of the Great Lakes industry supply chain, such as the U.S. Army Corps of Engineers (Corps) project to build a new navigation lock at Sault Ste. Marie, MI, and increased Corps maintenance of the Great Lakes Navigation System. Other key support elements of Great Lakes shipping are under stress and require increased attention from the Maritime Administration and the U.S. Coast Guard (USCG).

U.S.-built, U.S.-flagged Lakers compete for trade between the United States and Canada with Chinese-subsidized and built, Canadian-flagged vessels. The USCG Great Lakes icebreaker fleet is too small and too old to keep the Great Lakes Navigation System open during the winter, which can put the steel industry's winter stockpile of iron ore at risk. U.S.-flagged Lakers don't leave the Great Lakes, so they depend on Great Lakes shipyards to repair and maintain them, however, there are few U.S. Great Lakes shipyards and those yards struggle to retain qualified workers and reinvest in infrastructure. U.S.-flagged Laker crews are highly qualified and work hard in one of the coldest operating environments in the U.S. merchant fleet, but like any workforce, they age out and new crew members must be attracted to the industry, trained and qualified.

The SHIPS for America Act would improve programs that can assist with many of these challenges. The shipbuilding financial incentive provisions in Title V of the bill and the workforce development programs in Title VI of the bill are especially applicable to supporting the U.S. Great Lakes maritime industry. For this reason,

LCA supports Senate Commerce Committee approval of the SHIPS for America Act of 2025.

Sincerely,

JAMES H. I. WEAKLEY,
President,
Lake Carriers' Association.

PREPARED STATEMENT OF RYAN LYNCH, PRESIDENT AND CEO, HANWHA SHIPPING

Chairman Sullivan, Ranking Member Blunt Rochester, and distinguished members of the Subcommittee,

Thank you for the opportunity to submit this statement for the record on behalf of Hanwha Shipping, a global maritime logistics company committed to advancing the competitiveness, resilience, and security of allied commercial shipping networks. We appreciate the Subcommittee's leadership in convening this critical hearing on the future of American shipbuilding and the broader maritime ecosystem that supports it.

Introduction and Background

Hanwha Shipping operates across global trade routes, linking energy, defense, and industrial supply chains that underpin the prosperity and security of allied nations. We view the revitalization of America's commercial maritime base as inseparable from its national security posture. Ships are not just instruments of commerce; they are the backbone of logistics, deterrence, and wartime surge capability.

The United States once led the world in shipbuilding and global shipping presence. Today, dominance has shifted abroad, not because of a lack of ingenuity or workforce quality, but because of an eroded demand signal and fragmented policy environment. The passage of the SHIPS for America Act would be a long-overdue turning point.

Statement of Position

Hanwha Shipping strongly supports the SHIPS for America Act and broader policies aimed at restoring American maritime strength. Rebuilding U.S. maritime dominance is not simply about revitalizing shipyards; it requires restoring the sustained demand signal and mariner workforce that give a nation true maritime power.

This is not a purely commercial challenge. The same mariners and ships that power trade in peacetime form the logistics surge margin in wartime. America's adversaries, particularly China, understand this principle deeply. The People's Republic of China has perfected and deployed a model of civil-military fusion in the maritime domain, using commercial fleets and shipyards to project strategic power while maintaining global market dominance. The United States must reclaim that balance through smart, sustained investment.

Recommendations

Passing the SHIPS for America Act will help address multiple interlocking vectors necessary for maritime revitalization:

1. *Establishing a Strategic Commercial Fleet (SCF)*
   The SCF is essential to creating predictable, long-term demand for U.S. shipyards and to bridging the cost delta between international and American construction and operation. The more vessels ordered under this framework, the more economies of scale will drive down that delta and strengthen domestic capacity.
2. *Leveraging U.S. Energy Dominance*
   Energy cargo preference policies can turn America's position as the world's leading energy exporter into a maritime advantage. Ensuring U.S.-flag and U.S.-built ships transport our LNG and other critical cargoes protects national and economic security. The alternative, allowing adversaries to dominate LNG transport capacity, creates a critical vulnerability to the U.S.'s burgeoning LNG export market by allowing a scenario where China could, in effect, "turn off" America's energy exports at will. That outcome would fulfill one of Beijing's long-stated strategic objectives and provide the PRC with leverage to wield against the U.S. for decades to come.
3. *Investing in Mariner Training*
   A modern commercial fleet is useless without skilled mariners to crew it. Sustained investment in training pipelines, licensing, and career mobility is essen-

tial. Without it, we risk losing the human infrastructure required for any meaningful maritime surge.

4. *Creating a Maritime Trust Fund*
Aviation and surface transportation have long benefited from revolving trust funds that ensure steady infrastructure investment. Maritime has not. Establishing a Maritime Trust Fund would provide predictable, long-term financing for shipyard modernization, port upgrades, and logistics resilience—closing a critical policy gap.

Reviving American shipbuilding cannot be achieved by focusing solely on the shipyard gates. It requires rebuilding the entire ecosystem—ships, mariners, cargoes, and capital.

The SHIPS for America Act is a decisive step toward restoring the maritime balance between the United States and its competitors.

As I have said within our company and to our partners across the industry:

> "No great naval power has ever existed without a great commercial fleet behind it. The United States can and must reclaim that foundation."

Hanwha Shipping stands ready to work with this Subcommittee and Congress to make that vision a reality. Thank you for your leadership and for including this statement in the hearing record.

RYAN C. LYNCH,
President and CEO,
Hanwha Shipping.

PREPARED STATEMENT OF DAVID KIM, CEO, HANWHA PHILLY SHIPYARD

Chairman Sullivan, Ranking Member Blunt Rochester, and distinguished members of the Subcommittee, Thank you for the opportunity to submit this statement for the record on behalf of Hanwha Philly Shipyard.

We commend the Subcommittee's focus on the policies and investments necessary to rebuild U.S. shipbuilding capacity and revitalize the Nation's maritime industrial base.

Introduction and Background

Hanwha is one of the world's leading shipbuilders, with a long track record of delivering technologically advanced vessels to global markets. Through Hanwha Philly Shipyard, our goal is to bring that same standard of excellence to the United States by transforming the Philadelphia shipyard into a world-class facility—expanding capacity, modernizing infrastructure, and integrating the best of Hanwha's global shipbuilding expertise with the innovation and skill of the American workforce.

This partnership between world-class Korean shipbuilding capability and American industrial strength is designed to strengthen the U.S. maritime workforce, industrial resilience, and national security. However, this transformation depends on a sustained demand signal and targeted government investment to restart the commercial industry that has been allowed to atrophy.

While the defense industrial base has received consistent support for decades, the commercial shipbuilding industry has not. Since the 1980s, support has waned, and the United States has seen its once-dominant position in the global shipbuilding market collapse. What remains is a domestic industry surviving on limited coastwise trade that, while critical, cannot alone sustain the ambitions America should have as a maritime power. The SHIPS for America Act can change that.

Statement of Position

Hanwha Philly Shipyard strongly supports the SHIPS for America Act as the policy foundation necessary to restore the competitiveness and capacity of U.S. commercial shipbuilding. The combination of predictable demand, infrastructure investment, and workforce revitalization can catalyze a true rebirth of the American shipbuilding enterprise.

Recommendations

- *Stable Demand Signal:*
A strong and predictable pipeline of ship orders is the single most important factor in restoring competitiveness. The Strategic Commercial Fleet program can provide this foundation. As order volume increases, economies of scale and specialization drive efficiency, reducing the cost delta between U.S. and foreign ship construction. Consistent demand also justifies long-term investments in facilities, tooling, and workforce expansion.

- *Infrastructure and Modernization:*
  The transformation of Hanwha Philly Shipyard depends on modern docks, cranes, and fabrication facilities capable of handling the next generation of commercial and dual-use vessels. A Maritime Trust Fund, modeled after successful transportation sector programs, would provide the sustained capital necessary for shipyard modernization. These investments will ensure that American yards can build efficiently at scale and compete globally.
- *Workforce Development:*
  Revitalizing American shipbuilding requires a blue-collar renaissance. These are family-sustaining, high-skill jobs that can anchor communities for generations. Federal and state governments should invest not only in training and apprenticeship programs but also in shifting cultural attitudes—encouraging young Americans to see trades and manufacturing careers as paths of pride and prosperity.
- *Technology Transfer and Supply Chain Co-Production:*
  Hanwha is committed to partnering with U.S. industry to facilitate the transfer of technologies and capabilities that currently exist entirely outside the United States. This includes advanced LNG carrier production, integrated digital design systems, and next-generation propulsion technologies. These partnerships must be structured around clear plans to bring these capabilities onshore, strengthening the domestic supply chain and creating high-value American jobs.

Conclusion

The SHIPS for America Act represents a generational opportunity to rebuild American shipbuilding from the ground up. With stable demand, modern infrastructure, skilled workers, and global technology partnerships, the United States can once again become a nation that builds the ships that power and protect its prosperity.

As we often say at Hanwha:

> "Shipbuilding is not just about steel and cranes; it is about national capacity. A strong shipyard builds more than ships—it builds sovereignty."

Hanwha Philly Shipyard stands ready to partner with Congress and industry to make that future a reality.

DAVID KIM,
Chief Executive Officer,
Hanwha Philly Shipyard.

PREPARED STATEMENT OF HEARTLAND FABRICATION, LLC, ON BEHALF OF HEARTLAND FABRICATION

Chair Sullivan, Ranking Member Rochester, and Members of the Subcommittee:

Heartland Fabrication appreciates the opportunity to submit this statement for the record for the subcommittee hearing "Sea Change: Reviving Commercial Shipbuilding" to strongly voice our support of the Shipbuilding and Harbor Infrastructure for Prosperity and Security (SHIPS) for America Act. We commend Congress for advancing the most comprehensive Federal effort in a generation to rebuild the U.S. commercial shipbuilding base and maritime workforce. The Act's combination of durable financing through a new Maritime Security Trust Fund, robust tax incentives, strategic fleet commitments, and workforce development programs provides the foundation necessary to restore American shipbuilding capacity, competitiveness, and long-term national resilience.

Heartland Fabrication LLC, located on the Monongahela River in Brownsville, Pennsylvania, carries forward more than a century of shipbuilding heritage at its site. The company employs over 400 skilled workers in good-paying, family-sustaining careers and is evaluating capacity expansion that would add more than 100 new jobs. Since 2005, Heartland has modernized and expanded operations with advanced fabrication, blasting, and coating capabilities using American-made steel. We invest over $30 million annually in salaries and benefits, supporting both our employees and the regional economy. Our state-of-the-art training center, located onsite, allows us to train and pay employees as they develop their craft, ensuring a steady pipeline of skilled tradespeople ready to meet national shipbuilding needs.

Heartland builds inland river hopper and deck barges that are vital to the movement of bulk agricultural commodities, energy products, steel, and other goods. These vessels transport cargo efficiently, safely, and with a fraction of the environmental impact and cost of alternative modes of transport.

Our workforce includes skilled welders, fitters, painters, and machine operators, who we consider among the best in the country and the heart of America's inland maritime industry. As part of a vertically integrated group of affiliated Heartland companies, operations extend beyond vessel construction to leasing, management, and maintenance of inland marine assets, providing end-to-end support for the inland waterway fleet. This combination of domestic production, workforce expertise, and integrated asset management enables rapid response to operational needs while reinforcing supply chain reliability, industrial capacity, and national security.

Heartland Fabrication exemplifies the critical role inland, or "brown-water," shipyards play in the U.S. maritime industrial base. By sustaining a skilled American workforce, producing vessels domestically from American steel, and supporting the inland waterway fleet that underpins commerce and strategic transport, Heartland demonstrates why brown-water shipbuilding must be explicitly recognized and supported under the SHIPS for America Act.

The SHIPS for America Act presents a historic opportunity to revitalize the U.S. shipbuilding industrial base. If implemented with stable revenues, timely rulemaking, and clear administrative guidance, the Act could meaningfully shift the economics of U.S. ship construction and repair over the next decade. However, one essential component of the national shipbuilding industrial base risks being unintentionally excluded—the inland or "brown-water" shipyards that build and maintain the barges, towboats, and workboats operating on America's rivers and intracoastal waterways.

Inland shipyards are the backbone of the domestic maritime economy. More than 200 small and medium-sized shipyards across 38 states employ tens of thousands of skilled workers—welders, fitters, machinists, and marine electricians—who construct and maintain the vessels that move over 500 million tons of bulk commodities each year, including grain, petroleum, steel, chemicals, and aggregates. The inland waterway system is essential to national supply chain resilience and economic security. Without these yards and the vessels they sustain, blue-water ports and export terminals could not function.

Several provisions of the SHIPS for America Act—such as the 25 percent Shipyard Investment Tax Credit, the Shipbuilding Financial Incentives Program, and the Small Shipyard and modernization grant programs—are drafted broadly enough to cover shipyards that construct or repair inland vessels.

However, many of the Act's signature initiatives focus explicitly on oceangoing vessels or international trade. Without further clarification, these inland yards may be ineligible for the Act's principal tax, financing, and modernization incentives.

To ensure that the SHIPS for America Act supports all components of the U.S. shipbuilding industrial base, Congress should adopt technical clarifications and modest structural adjustments to ensure inland shipyards are fully eligible for its programs. Specifically:

1. Define "shipyard" in statute to include facilities engaged in the construction, repair, or modernization of inland barges, towboats, and other vessels used in domestic commerce to remove any interpretive ambiguity that inland facilities are covered.
2. Establish a modest funding set-aside—for example, 10 to 15 percent of Trust Fund and shipyard grant resources—to ensure inland and brown-water shipyards have equitable access to assistance.
3. Clarify workforce eligibility so that training and apprenticeship grants may support inland trades such as towboat engineering, barge fit-up, and marine welding.
4. Incorporate inland vessel modernization and environmental upgrades, including low-emission repowering and hull-life extension projects, into eligible activities.

These provisions are straightforward, cost-neutral, and consistent with the Act's stated objectives of strengthening America's shipbuilding base, protecting supply chains, and creating family-wage maritime jobs. The inland waterway system moves freight at one-tenth the fuel cost per ton-mile of trucks, reducing congestion, emissions, and logistics costs nationwide. Supporting inland shipyards advances both economic and environmental goals while reinforcing U.S. transportation resilience.

Inland shipyards are America's quiet maritime infrastructure—often out of sight, but indispensable. They are an integral part of the shipbuilding ecosystem that the SHIPS for America Act seeks to restore. A clear statutory definition and modest funding allocation will ensure that inland and brown-water facilities are not unintentionally excluded during implementation and that the benefits of this historic legislation extend across the full U.S. maritime industrial base.

As a working example of the inland shipbuilding industrial base, Heartland Fabrication stands ready to expand production, train the next generation of skilled maritime tradespeople, and continue supporting the inland waterway fleet that is critical to U.S. commerce and supply chain resilience. By ensuring that inland shipyards like Heartland are explicitly included in the SHIPS for America Act, Congress will reinforce the full maritime industrial ecosystem and help secure American shipbuilding leadership for decades to come. Congress should ensure that inland shipyards and the brown-water fleet are explicitly included in the SHIPS for America Act's eligibility definitions and funding mechanisms.

For these reasons, Heartland Fabrication urges Congress to ensure that inland shipbuilders are fully included in any national shipbuilding revitalization strategy or legislation. The inland maritime sector is an indispensable component of the U.S. maritime industrial base and merits equitable recognition and support alongside coastal and blue-water shipyards.

Respectfully submitted,

TED STILGENBAUER,
President and Chief Operating Officer,
Heartland Fabrication.

PREPARED STATEMENT OF FRASER INDUSTRIES LLC

On behalf of Fraser Shipyards, Lake Assault Boats and Northern Engineering, wholly owned subsidiaries of Fraser Industries, I am pleased to express our strong support for the SHIPS Act. Fraser Industries is unique among North American shipyards. We have over 100 acres available for immediate expansion as well as an under-employed maritime workforce ready to go to work. We can IMMEDIATELY begin repairing in our two (2) underutilized graving docks the backlogged U.S. Navy vessels awaiting repair, and IMMEDIATELY begin constructing additional new vessels, additive to our existing four (4) United States Navy contracts and numerous police and fire boats currently under construction and delivered across the United States and globally.

Fraser Industries strongly supports the SHIPS for America Act because it strengthens domestic shipbuilding, enhances national security, and supports American workers. The SHIPS Act helps realize the full commercial and military maritime potential at Fraser Industries and other shipyards across the United States. We ask your support by signing on as cosponsor of the Ships Act and to attend the

Sincerely,

PATRICK KELLY,
Chief Executive Officer,
Fraser Industries LLC.

PREPARED STATEMENT OF DAN THOROGOOD, PRESIDENT AND CEO, FAIRWATER

Chair Cantwell, Ranking Member Cruz, and Members of the Subcommittee:

Thank you for the opportunity to submit this statement for the record in support of the SHIPS for America Act and the Subcommittee's efforts to strengthen the U.S. commercial maritime industry.

Fairwater is a leading provider of petroleum and chemical transportation solutions under the Jones Act and Tanker Security Program. Our company operates along every U.S. coastline and plays a critical role in the safe movement of energy that reliably fuels American communities and industries 365 days a year. With deep experience across the U.S. maritime sector, we understand the strategic importance of a robust Jones Act industry, flourishing U.S.-flag fleet internationally and a strong U.S. shipbuilding and repair base.

We are heartened that Congress is taking long-overdue steps to revitalize the Nation's maritime policy through the SHIPS for America Act. Fairwater supports this legislation, which will increase the number of U.S.-flag tankers in international trade, expand job opportunities for American mariners and strengthen national and energy security. By rebuilding commercial shipbuilding capacity and promoting U.S.-flag participation in international trade, this legislation will help ensure that critical maritime expertise and infrastructure remain under American control.

We urge the Committee and Congress to advance and enact the SHIPS for America Act to restore U.S. maritime strength and reaffirm our Nation's leadership on the world's oceans.

Thank you for your consideration and continued commitment to America's maritime future.

DANIEL J. THOROGOOD,
CEO.

PREPARED STATEMENT OF ELIZABETH KENNEDY,
DIRECTOR OF GOVERNMENT RELATIONS, ACTIVATE

Chair Cruz, Ranking Member Cantwell, Subcommittee Chair Sullivan, Ranking Member Blunt Rochester, and Members of the Subcommittee:

Activate appreciates the opportunity to submit this statement for the record in support of the SHIPS for America Act and the broader bipartisan, bicameral effort to rebuild America's maritime industrial base.

Founded in 2015, Activate is a 501(c)(3) nonprofit organization that enables scientists and engineers to bring their critical research to market through a two-year fellowship program. Activate has supported nearly 300 fellows leading to nearly 250 startup companies across industries of national importance including advanced manufacturing, robotics, energy, and materials science in more than 25 states, which have raised more than $5 billion total in follow-on funding and created over 3,000 jobs. Our partners include the U.S. Department of Energy (DOE), the National Science Foundation (NSF), the Defense Advanced Research Projects Agency (DARPA), and the Department of Commerce through the CHIPS R&D Office.

Today, the United States builds roughly 0.1 percent of the world's commercial ships, down from about 5 percent in the 1970s. This dramatic decline has eroded U.S. shipyard capacity, supply chain expertise, and maritime workforce development posing serious risks to both national and economic security. The SHIPS for America Act seeks to reverse this trajectory by proposing approximately $20 billion in strategic investments to modernize shipyards, rebuild maritime infrastructure, and catalyze innovation across the sector. We are thankful for the strong bipartisan support for this legislation and the shared vision of restoring U.S. leadership in shipbuilding through cutting-edge science and technology. We are particularly supportive of the $50M included for a national maritime innovation accelerator supporting new innovation in ship-building and systems.

Modern shipbuilding is no longer defined by steel and dry docks alone. It is increasingly dependent on advanced materials, electronics, and sensors: domains where U.S. innovators excel but where early-stage support remains limited. Developing domestic technologies across these fields is critical to protecting the Nation's warfighters, ensuring supply chain independence, and maintaining a technological advantage over global adversaries. An example from the Activate network is Enertia Microsystems Inc., an Activate company developing the world's most precise MEMS inertial sensors, offering over 1,000x greater accuracy than conventional MEMS sensors. These sensors are vital for next-generation navigation systems across ships, submarines, and autonomous maritime platforms. Innovations like this illustrate how investing in the early-stage R&D ecosystem strengthens the industrial base that underpins U.S. maritime dominance.

The *SHIPS for America Act* thoughtfully provides direct resources for maritime innovation programming, the incubation of new technologies, and a diverse array of public private partnerships to better harness the American industrial base. Once passed, Activate and our peers look forward to connecting our innovation networks into this new, critical infrastructure for shipping innovation.

America's maritime leadership has always been rooted in innovation. The SHIPS for America Act represents a once-in-a-generation opportunity to rebuild our shipbuilding capacity, restore industrial resilience, and secure our technological edge at sea. Activate stands ready to support Congress, the Administration, and the maritime community in achieving this goal, ensuring that the ships of the future are designed, built, and powered in the United States.

Thank you for the opportunity to submit this statement.

ELIZABETH KENNEDY,
Director of Government Relations,
Activate.

CORPUS CHRISTI REGIONAL ECONOMIC DEVELOPMENT CORPORATION
Corpus Christi, TX, October 27, 2025

Hon. DAN SULLIVAN,
Chairman, Subcommittee on Coast Guard, Maritime, and Fisheries,
Committee on Commerce, Science, and Transportation,
United States Senate,
Washington, DC.

Re: Statement for the Record—"Sea Change: Reviving Commercial Shipbuilding" Hearing before the Subcommittee on Coast Guard, Maritime, and Fisheries October 28, 2025

Dear Chairman Sullivan and Members of the Subcommittee:

On behalf of the *Corpus Christi Regional Economic Development Corporation (CCREDC),* I respectfully submit this statement for the record in support of the Subcommittee's hearing titled *"Sea Change: Reviving Commercial Shipbuilding.* "We commend the Subcommittee for its leadership in examining policies to strengthen and modernize the United States' commercial shipbuilding and maritime industrial base.

The *Corpus Christi region is one of America's most strategically significant coastal hubs,* serving as the Nation's largest energy export gateway and a center for heavy industry, maritime logistics, and defense activity. Our port complex and industrial corridor are integral to U.S. economic security and national resilience, with growing capacity to support ship repair, fabrication, and advanced manufacturing operations that complement the Nation's broader maritime goals.

Revitalizing commercial shipbuilding presents an extraordinary opportunity to *align national defense priorities with regional economic development.* The Gulf Coast-and particularly South Texas-is uniquely positioned to advance this effort due to its deepwater infrastructure, industrial workforce, and access to key supply chains for steel, energy, and fabrication. Targeted Federal investment in domestic shipyard capacity, workforce development, and innovation incentives would yield measurable returns in employment, industrial productivity, and national security readiness.

In partnership with *Del Mar College, Texas A&M University-Corpus Christi, and the Port of Corpus Christi,* CCREDC is working to expand workforce pathways in maritime technology, ship systems engineering, and industrial trades. These programs are directly responsive to the needs of a revitalized shipbuilding ecosystem and can serve as models for regional collaboration in support of Federal maritime goals.

We commend the Subcommittee-particularly Chairman Sullivan and Senator Cruz-for advancing a national dialogue on the future of American shipbuilding. The Corpus Christi Regional Economic Development Corporation stands ready to collaborate with Federal and industry partners to ensure that the Gulf Coast remains a cornerstone of America's maritime resurgence.

Thank you for your consideration of this statement and for your continued leadership on this critical issue.

Respectfully submitted,

MIKE CULBERTSON,
President and CEO.
Corpus Christi Regional Economic Development Corporation.

PREPARED STATEMENT OF DNV USA INC.

CRAIG KOEHNE, REGIONAL MANAGER, DNV MARITIME REGION AMERICAS AND STEVEN SAWHILL, DIRECTOR, U.S. GOVERNMENT AND PUBLIC AFFAIRS

Chairman Sullivan, Ranking Member Blunt Rochester, and Members of the Committee, thank you for holding this hearing and for the opportunity to submit a statement on this most important and timely topic—reviving commercial shipbuilding in the United States, renewing the U.S. merchant fleet, and reinvigorating the maritime industry across the country.

About DNV—DNV is an independent global assurance and risk management company and the world's leading maritime classification society.[1] DNV was established in Norway in 1864 and has been operating in the United States for more than 125 years, since 1898. Today, DNV USA is headquartered in Houston, Texas, with 36 offices across 22 states. DNV USA is an integral and contributing member of U.S. society and the U.S. maritime sector, employs some 1700 Americans, and pays millions in U.S. Federal and state corporate income taxes. A recognized and approved classification society by the U.S. Coast Guard, DNV has delegated statutory certification authorities for U.S.-flag vessels under 46 CFR Parts 2 and 8, and is a trusted maritime technical service provider to the U.S. Departments of Defense, Homeland Security, and Commerce (Navy, Military Sealift Command, Army Corps of Engineers, Coast Guard, NOAA).

Position statement—DNV supports the bipartisan resolve of the Congress and the Administration to revitalize the United States' maritime industry with programs and policies that enable the growth of U.S. shipyards and the maritime industrial base, expand the U.S. maritime workforce, and rejuvenate the international fleet of vessels of the United States. DNV *agrees this requires a comprehensive strategy* that includes securing consistent, predictable, and durable Federal funding, and *commends the sponsors and cosponsors* of the *SHIPS for America Act* (H.R. 3151 and S.1541) and the *Building Ships in America Act* (S.1536) for the proposals they have put forward to do so.

The Administration has also emphasized the need to look to the United States' allies and partners and facilitate contributions from companies domiciled in allied nations—such as DNV—to help strengthen the shipbuilding capacity of the United States (EO 14269, *Restoring America's Maritime Dominance*). *DNV agrees and offers suggestions* to improve the bills' ability to ensure their active and beneficial participation.

Shipyard and ship-building incentives—Among various incentives to expand and establish shipyards and build ships in the United States, the bills propose to create a new Credit for Construction of Shipyard Facilities in § 48G of the Internal Revenue Code (Ref: H.R. 3151 § 706 and S. 1536 § 7) and a new United States Vessel Investment Credit in § 48F of the Internal Revenue Code (Ref. H.R. 3151 § 701 and S. 1536 § 2).

These provisions take a similar approach to energy investment, production, and advanced engineering project credits, which have been successful in incentivizing investment and employment in their associated sectors for many years. The 25 percent Shipyard Facility Credit and the 33 percent Vessel Investment Credit are good examples of incentivizing, non-discriminatory measures to promote American shipbuilding; *DNV supports them.*

However, the bills also propose an additional bonus tax credit of 2 percent if a newly built American vessel is classified by the American Bureau of Shipping—one of seven global maritime classification societies currently recognized and approved by the U.S. Coast Guard and to which it delegates statutory certification authorities for U.S.-flag vessels.[2]

As currently proposed, the vessel classification credit is discriminatory and will hinder foreign direct investment, competition, and innovation—all to the detriment of the SHIPS for America Act's intentions of revitalizing the U.S. maritime industry and all in contravention of the policy objectives in the President's maritime executive order.

This bonus credit will drive monopolization in the U.S. maritime classification market. Monopolization will not only increase the cost of shipbuilding in the United States, it will also deny the U.S. maritime industry the wealth of international knowledge, expertise, and innovation that all approved classification societies have to offer, and all of which the industry needs to truly revitalize and reconstitute itself as a force on the global stage.

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[1] A *maritime classification society* is a non-governmental organization that establishes and maintains technical standards for the construction and operation of ships and offshore structures. Classification societies certify that ships are designed, built, and maintained according to specific standards, which helps ensure safety and reliability at sea. This certification is often required for ship registration and obtaining marine insurance, and it is mandatory under current international regulations for ships trading in international commerce.

[2] Congress gave ABS a statutory monopoly for providing classification services to U.S. Government vessels in 46 USC § 3316(a), but not for U.S. commercial vessels or offshore facilities, for which they authorized the Coast Guard to delegate statutory certification authorities to ABS *and* foreign classification societies (§§ 3316(b) and (d)).

Position—

- *DNV supports* the general, non-discriminatory § 48F Vessel Investment Credit and § 48G Shipyard Facility Credit in S.1536, §§ 2 and 7.
- *DNV opposes* the discriminatory bonus credit for classifying U.S. ships in S.1536, § 2.

Recommendation—

- Congress should strike the 2 percent vessel classification credit from S.1536 § 2 and reprogram it by increasing the general Vessel Investment Credit from 33 percent to 35 percent.
- Congress should ensure that any classification-related incentives are available to all classification societies recognized and approved by the U.S. Coast Guard.

Ship classification in the United States today

The U.S. Coast Guard delegates certain statutory authorities to recognized ship classification societies, allowing them to conduct vessel inspections, surveys, and certifications on behalf of the Coast Guard under programs such as the Alternate Compliance Program (ACP). These delegations are governed by Federal regulations (notably 46 CFR Parts 2 and 8), and only societies that meet rigorous standards for experience, technical capability, and international standing are approved.

There are seven classification societies currently recognized by the U.S. Coast Guard: the American Bureau of Shipping (ABS), Bureau Veritas (BV), Det Norske Veritas (DNV), Indian Register of Shipping (IRS), Lloyd's Register (LR), Nippon Kaiji Kyokai (NK), and Registro Italiano Navale (RINA). They provide classification services to a global market where they are globally competitive, with the four largest societies—ABS, DNV, LR, and NK—having global market shares from 15.2 to 17.2 percent with respect to commercial vessels in international trade.[3]

These delegations benefit the U.S. maritime industry by leveraging the global expertise, technical standards, and resources of these independent organizations. This arrangement streamlines regulatory compliance, promotes international best practices, and enhances safety and innovation in ship design and operation. By allowing multiple qualified societies to participate, the Coast Guard ensures competition, which helps control costs, fosters technological advancement, and supports the competitiveness of U.S. shipyards and vessel operators in the global market.

Conclusion—The Building Ships in America Act (S.1536) should be revised to ensure all classification societies recognized and approved by the U.S. Coast Guard can contribute to the revitalization of the U.S. maritime industry on a competitive, non-discriminatory basis. Bipartisan antitrust principles emphasize that competition protects innovation, resilience, and consumer interests, and both current and previous administrations have challenged monopolistic practices, especially where market fairness and consumer choice is at stake.

Chairman Sullivan, Ranking Member Blunt Rochester, and Members of the Committee, thank you again for holding this hearing and for the opportunity to submit our statement. DNV has been part of the U.S. maritime industry for more than a century; we look forward to working together with you and your colleagues to ensure it can grow and thrive into the next century.

PREPARED STATEMENT OF DAVID LEVY (AUSTIN, TX), SOFTWARE EXECUTIVE, MARITIME TECHNOLOGY SECTOR

Chair Cruz, Ranking Member Cantwell, and Members of the Subcommittee:

Thank you for the opportunity to submit this statement in support of the SHIPS for America Act. I write as a software executive in the maritime technology sector with seven years of experience at one of the world's most prominent vessel performance optimization companies, working daily with shipowners and operators to improve efficiency and reduce emissions.

I strongly support the SHIPS for America Act. This legislation represents a critical investment in both economic security and national security through the revitalization of America's commercial maritime industrial base.

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[3] Class market share (by gross tonnage) of commercial vessels of 100 gross tons or more, with certificates for international trade; includes non-ship structures such as mobile offshore drilling units, and excludes vessels that are non-self-propelled, non-commercial, or class unknown (S&P Global, August 2025).

Economic and National Security Imperative

The decline of U.S. shipbuilding capacity is not merely an economic concern—it is a national security vulnerability. A robust domestic maritime industry ensures that America can build, maintain, and operate the vessels critical to both commerce and defense. Countries that dominate shipbuilding today—China, South Korea, and Japan—understand what we have forgotten: maritime capability is foundational to economic and military power.

From my perspective in maritime technology, I witness daily how vessel operators worldwide invest in modern, efficient ships while America's commercial fleet ages and our shipyards struggle. The SHIPS for America Act would reverse this trend, creating the conditions necessary for American shipbuilders to compete and for American operators to invest in U.S.-built vessels.

Creating Pathways for Young Americans

This legislation should be understood as a job creation act—one that will produce tens of thousands of well-paying, skilled jobs. Shipbuilding and maritime operations offer exactly the kind of careers that young men and women need: work that is tangible, meaningful, and builds real capability.

Young men in particular are struggling to find their place in the 21st-century economy. The maritime sector offers a solution: careers in welding, engineering, operations, logistics, and technology that provide purpose, dignity, and economic security. These are not jobs that can be outsourced. They are American jobs that build American strength.

Revitalizing U.S. shipbuilding means creating apprenticeships, technical training programs, and career pathways for a generation that needs opportunity. This is an investment in people as much as in ships.

Recommendation

I urge the Committee to pass the SHIPS for America Act without delay. This legislation addresses a strategic weakness that grows more acute with each passing year. Rebuilding America's maritime industrial base is not optional—it is essential to our economic competitiveness, our national security, and our ability to offer meaningful work to the next generation.

Thank you for your consideration of this critical legislation and for your leadership in strengthening American maritime capability.

Respectfully submitted,

DAVID LEVY, AUSTIN, TX,
Software Executive,
Maritime Technology Sector.

PREPARED STATEMENT OF DAVE MATSUDA, FOUNDER,
SMALL SHIPYARD GRANT COALITION

The Small Shipyard Grant Coalition, representing U.S. vessel construction and repair facilities as well as U.S. shipyard equipment manufacturers, strongly supports the SHIPS for America Act. This visionary legislation strengthens America's maritime industrial base by investing in our country's small shipyards, helping ensure the U.S. remains competitive in shipbuilding and repair.

By proposing increased funding for the Small Shipyard Grant Program to $1 billion over the next ten years, the SHIPS for America Act builds on the success of a proven, efficient public-private partnership model. The model uses Federal grants to incentivize investments in U.S.-manufactured shipyard equipment as well as worker training programs. Since 2008, the program has worked to modernize U.S. shipyards, support good paying jobs and promote the success of America's workboat operators, including operators of government and commercial boats.

The SHIPS Act recognizes the efficiency of the Small Shipyard Grant Program addresses the one major challenge the program has faced: lack of funding. We are grateful to Senators Kelly and Young, and Congressmen Garamendi and Kelly, for their leadership in championing this critical initiative.

Proven Success and High Demand

The Small Shipyard Grant Program is among the most efficient Federal programs supporting industrial modernization. Since its inception, developed by legislation proposed by the U.S. Senate Committee on Commerce, Science and Transportation, MARAD has successfully administered 17 rounds of grants, awarding more than 380 grants across 34 U.S. states and territories and in every maritime region of the country. Agency staff have fine-tuned the program to quickly get funding on

projects, while making fair allocation decisions and ensuring that funding directly supports shipyard productivity improvements.

The program's success relies upon:

- *Discretionary, shipyard-driven projects:* Every shipyard is different, and the program allows each to propose projects that reflect their own efficiency and modernization priorities.
- *Simplified application process:* Only essential technical and statutory information is requested, minimizing administrative burden.
- *Rapid evaluation:* The program's short, 60-day evaluation period minimizes cost uncertainty and allows applicants to be able to make timely capital decisions whether they receive a grant award or not.
- *Proactive environmental review:* Agency staff are available to provide pre-application consultations to assist applicants in identifying potential environmental risks before application submission; this helps prevent delays and budget overruns.
- *Targeted project types:* MARAD encourages projects with high likelihood of rapid completion and measurable operational benefits, including acquisition of proven U.S.-built equipment and worker training programs, while discouraging high-risk, long-duration projects.
- *Minimized reporting burden:* Project updates are only required during the grant period, and closeout reporting is typically completed within one year.

The program's track record demonstrates tangible benefits: funded projects are completed quickly, grant funds are spent efficiently, and shipyards achieve measurable operational improvements that support both commercial and national security needs.

Importance of Increased Funding

As documented in a *recent study by the Government Accountability Office (p. 28, GAO–25–107304),* the Small Shipyard Grant Program is consistently over-subscribed, with many meritorious projects unable to receive funding under current levels, which have historically maxed out at $20 million per year. The SHIPS for America Act, consistent with the President's FY2026 budget proposal, would provide $100 million—five times the recently appropriated maximum—and provide dedicated funding through a multi-year trust fund. This reliable source of increased funding is essential to growing America's maritime industrial base.

Operating a commercial shipyard requires costly investment in waterfront infrastructure that inland industrial facilities do not have to face. But, unlike larger shipyards, small shipyards often do not have access to capital to continuously modernize the facility and equipment. This hurts their competitiveness. Further, these small shipyards face the challenge of competing in the same labor market with larger shipyards and inland industrial facilities, putting pressure on their competitiveness through higher labor costs, as well.

Small shipyards rely on targeted investments from the Small Shipyard Grant Program to produce significant results, some of which can be transformative. Accomplishing transformative changes at larger shipyard facilities often involve complex projects requiring significantly higher investments. The proposed increase in funding will allow the program to fully leverage its proven efficiency and deliver transformative impact in many parts of the U.S. maritime industrial base that do not have access to other Federal programs.

Conclusion

The Small Shipyard Grant Program is a model of success for the rapid modernization of a key part of the U.S. maritime industrial base. The SHIPS for America Act proposal ensures that small shipyards can continue to modernize efficiently, remain competitive globally, and support national security interests through job creation, supply chain resilience, and enhanced efficiency and capabilities. Increased funding is not just desirable—it is urgently needed to meet the proven demand for these critical investments.

DAVE MATSUDA,
Founder,
Small Shipyard Grant Coalition.

Disclaimer: the view expressed in this statement are those of Mr. Dave Matsuda—founder of the Small Shipyard Grant Coalition and 17th U.S. Maritime Administrator—and do not necessarily reflect those of each individual Coalition member or participant. The Small Shipyard Grant Coalition is an informal coalition sponsored by Matsuda & Associates, LLC.

PREPARED STATEMENT OF SEAN KLINE, PRESIDENT AND CEO, CHAMBER OF SHIPPING OF AMERICA (CSA)

Chairman Sullivan, Ranking Member Rochester, and Members of the Committee:

Thank you for the opportunity to submit this statement of the Chamber of Shipping of America's support for the SHIPS for America Act.

CSA represents 37 U.S. based companies that own, operate or charter oceangoing tankers, container ships, car carriers, special purpose and other merchant vessels engaged in both the domestic and international trades, as well as other entities that maintain a commercial interest in the operation of such oceangoing vessels. CSA's members own and operate U.S. flag and non-U.S. flag vessels.

For over 100 years, CSA has represented shipowners in a variety of areas including the U.S. legislative process, the U.S. regulatory process and at the International Maritime Organization (via our participation on the delegation of the United States and the International Chamber of Shipping) and the International Labor Organization.

CSA's goal and mission to our members is to represent the shipowners interests in the development of effective and comprehensive safety and environmental legislation, regulation and international instruments. Our obligation to members is to advise them on current and future requirements which will be applied to their vessels to ensure full compliance with these legal requirements. We provide a voice of the maritime industry operating in the U.S. to support sound public policy through legislative and regulatory initiatives.

The Chamber of Shipping of America is proud to support the SHIPS for America Act because it enhances national security, strengthens the maritime transportation system, and supports American opportunity and maritime jobs. The concepts included in this legislation will ensure the reinvigoration of the U.S. flag fleet trading internationally and our domestic shipbuilding industry which is critical for our national security and economic wellbeing. This comprehensive approach, which will establish national oversight and consistent funding for the U.S. maritime industry, is essential to rebuilding the U.S. maritime industry to a level which can support our national security and economic needs, including ensuring supply chain security.

We advocate for the Committee to ensure sustained funding for the U.S. commercial maritime industry which has been long overlooked, and to support amendments that incentivize our maritime industry. We thank the sponsors for their efforts and stand ready to provide additional comments and urge the committee to promptly pass the SHIPS for America Act.

CSA appreciates the opportunity to submit this statement and would be pleased to answer any questions related to the SHIPS for America Act or stimulated by our comments.

Sincerely,

SEAN KLINE,
President and CEO.

PREPARED STATEMENT OF MIKAL BØE, CHAIRMAN AND CEO, CORE POWER

Dear Chairman Sullivan, Ranking Member Rochester, and Members of the Subcommittee,

Thank you for the opportunity to submit this statement for the record for the hearing titled "Sea Change: Reviving Commercial Shipbuilding." CORE POWER commends the Subcommittee's leadership in holding this important hearing on revitalizing America's commercial shipbuilding industry and strengthening its maritime competitiveness.

CORE POWER is a privately-owned technology company that is a pioneer in developing next-generation nuclear systems specifically for maritime environments. At the center of our efforts is the Molten Chloride Fast Reactor (MCFR), which is being jointly developed by TerraPower and CORE POWER for maritime use. When integrated into floating applications like nuclear-propelled commercial vessels, the MCFR will enable clean, continuous, and cost-competitive power.

We continue to endorse and strongly support the SHIPS for America Act of 2025, which represents a pivotal, bipartisan opportunity for the U.S. to reestablish its maritime leadership through innovation, investment, and commitment to advanced shipbuilding technologies. Moreover, we believe advanced nuclear technology is the catalyst that will lead to enhanced maritime capabilities.

The technological edge the SHIPS for America Act will advance through its support of U.S.-flagged, large civil nuclear-powered ships will allow America to regain global maritime leadership. Moreover, it will strengthen American supply chains,

shipyards, and workforce development, benefitting both the private maritime sector and the U.S. Navy. Passing this bill will unlock significant private investment into shipbuilding and U.S.-built civil nuclear technologies which America needs to power a globally competitive maritime fleet of the future.

CORE POWER respectfully urges the Committee to:

1) Advance the SHIPS for America Act to provide a pathway for U.S.-built, civil nuclear-powered ships and supporting infrastructure.
2) Provide sustained Federal investment in shipyard modernization and nuclear workforce development to ensure the U.S. can have the world-leading maritime nuclear industry.
3) Build on the September 2025 U.S./UK Technology Prosperity Deal by calling for the timely completion of international civil liability agreements to facilitate commercial insurance of nuclear-powered ships.
4) Foster interagency coordination (*e.g.,* among the U.S. Coast Guard, Maritime Administration, and Nuclear Regulatory Commission) to streamline regulatory processes and accelerate deployment of maritime nuclear technology as the U.S. is facing strong competition from Russia and China.

We urge the Committee to promptly pass the SHIPS for America Act and enable the U.S. to be the global leader in nuclear-powered shipping. CORE POWER thanks the Subcommittee for its leadership and for including this statement in the hearing record.

PREPARED STATEMENT OF COLONNA'S SHIPYARD, INC.

Chair Sullivan, Ranking Member Blunt Rochester, and Members of the Subcommittee:

Colonna's Shipyard appreciates the opportunity to submit this statement for the record as part of the committee's effort to examine how to modernize and accelerate U.S. commercial shipbuilding while strengthening America's broader maritime industrial base. To that end, we write in strong support of the SHIPS for America Act, and in particular Section 501—Shipbuilding Financial Incentives.

Founded in 1875 and headquartered in Norfolk, Virginia, Colonna's Shipyard is the oldest continuous family-owned shipyard in the United States. For 150 years, we have supported our Nation's maritime readiness and economic vitality by maintaining and modernizing commercial and government vessels, training a skilled workforce, and investing in U.S. shipbuilding infrastructure.

Section 501 of the SHIPS for America Act represents a vital investment in the sustainability and competitiveness of small and mid-sized shipyards across the Nation. The Small Shipyard Grant Program has been instrumental in helping shipyards like Colonna's modernize facilities, acquire advanced equipment, and enhance workforce training programs—directly strengthening America's maritime industrial base and national security.

Continued and expanded support under Section 501 will:

- Enhance industrial capacity and modernization: enabling small shipyards to upgrade drydocks, cranes, and fabrication technology to meet the evolving needs of both commercial and government fleets.
- Bolster workforce development: ensuring a pipeline of skilled tradespeople—welders, fitters, machinists, and marine electricians—who are essential to sustaining the U.S. maritime sector.
- Improve regional economic resilience: supporting good-paying jobs and strengthening local economies that depend on maritime industry vitality.

These investments are not abstract—they directly translate into ship repair and maintenance capacity that supports the U.S. Navy, Coast Guard, and the commercial maritime sector. They ensure that critical vessels remain operational, safe, and mission ready.

Colonna's Shipyard urges Congress to enact the SHIPS for America Act and fully fund Section 501 to continue empowering small shipyards to contribute to our Nation's economic and national security.

Thank you for your leadership in advancing this important legislation and for your ongoing commitment to American shipbuilding.

Respectfully submitted,

JORDAN WEBB,
President and General Manager,
Colonna's Shipyard, Inc.

PREPARED STATEMENT OF AUSTIN GRAY, CO-FOUNDER, BLUE WATER AUTONOMY

Chair Sullivan, Ranking Member Blunt Rochester, and Members of the Subcommittee,

Thank you for the opportunity to submit this statement in support of the SHIPS for America Act and the Committee's work to rebuild America's commercial maritime strength.

My name is Austin Gray, and I am the Co-Founder of Blue Water Autonomy, a shipbuilding and technology company developing highly autonomous, mission-flexible ships to expand the capacity, resilience, and lethality of our Nation's navy tonight and serve key commercial maritime industries tomorrow. Our team includes engineers, veterans, and shipbuilders who believe that America's maritime power is inseparable from its industrial base. Technology, when paired with policy foresight, can help both thrive again.

Why This Bill Matters

The SHIPS for America Act is more than an industrial policy; it is a generational commitment to restore America's maritime competitiveness. It recognizes what many of us working in the field already know: that innovation, workforce, and industrial capacity must rise together if we are to maintain leadership at sea.

Blue Water Autonomy strongly supports this bill's provisions that:

- Incentivize innovation through R&D and technology programs, which enable startups like ours to prototype and test advanced ship systems here in the United States.
- Offer tax credits for domestic ship construction and modernization, which directly lower the barriers for small and emerging builders to compete and partner with established yards.
- Invest in workforce development and apprenticeships, ensuring that the next generation of American shipbuilders can build both steel and software with equal mastery.

These measures do not just help our company; they help sustain the ecosystem we depend on: naval architects, small suppliers, coastal communities, and the shipyards that once defined our national strength.

A Vision for Renewal

We see this bill as part of a larger story—one where America rediscovers how to build. Not just ships, but confidence that we can once again make hard things here at home, faster and better than anyone else.

At Blue Water Autonomy, we are building unmanned vessels that reduce operational risk, lower lifecycle costs, and multiply naval presence. But we cannot succeed in a vacuum. We need welders as much as coders, shipfitters as much as AI engineers. The SHIPS for America Act recognizes that by pairing twenty-first century technology investment with twentieth century industrial muscle.

This legislation does not only benefit innovators like us; it strengthens the whole foundation—from legacy yards to next-generation startups—that keeps America's maritime capability alive.

Conclusion

We urge the Committee to move swiftly on this bill. The SHIPS for America Act is not just sound policy; it is a signal of national resolve. It tells every engineer, welder, and sailor that America still builds, and that we intend to lead the seas not just with the best ships, but with the best ideas.

Thank you for your leadership and for including the perspectives of emerging companies like ours in this vital discussion.

Very respectfully,

AUSTIN GRAY,
Co-Founder, Chief Strategy Officer,
Blue Water Autonomy.

PREPARED STATEMENT OF BAYONNE DRY DOCK & REPAIR CORP.

Chairman Sullivan, Ranking Member Blunt Rochester, and Members of the Subcommittee:

Bayonne Dry Dock & Repair Corp. appreciates the opportunity to submit this statement in strong support of the SHIPS for America Act and the Subcommittee's focus on reviving the U.S. maritime industrial base. Bayonne Dry Dock & Repair is a privately operated ship repair facility in the Port of New York and New Jersey. We boast one of the Nation's Largest Graving Docks (1092' LOA) and Highest-Capacity Mobile Boat Hoists ("Travel-Lift") at 1280 Metric Tons. For decades we have supported Military Sealift Command (MSC), Maritime Administration (MARAD), and United States Coast Guard (USCG) vessels, providing dry-docking, complex repairs, and readiness support in a critical port region. Our skilled workforce including welders, machinists, electricians, and coatings professionals, anchors a capability that is difficult and costly to reconstitute once lost.

We support the SHIPS for America Act's approach. A credible national strategy must pair new-build incentives with stable, modern repair and maintenance capacity, the practical backbone of fleet availability and logistics readiness. Today, unpredictable Federal repair awards can leave high-capacity dry docks and their workforce idle despite a well-documented maintenance backlog. On the East Coast, the number of large commercial dry docks capable of handling federally utilized ships is limited; aging infrastructure can idle an entire node of capacity for months. Access infrastructure matters as well: strategic ports require reliable channels and in-yard systems to keep vessels on schedule. Finally, workforce retention rises and falls with demand stability

Recommendations to maximize the bill's impact and implementation

1. Treat repair and overhaul as co-equal with new builds. In implementation plans and oversight (Title I), ensure MSC/MARAD treat repair predictability as a readiness metric and align with the bill's sealift objectives (Title III, Part H).
2. Stabilize Federal repair pipelines. Direct transparent schedules, timely awards, and advanced notice of changes to allow qualified yards to plan and staff efficiently (Title III—sealift policy, prioritization, and reports).
3. Modernize critical yard infrastructure and enable critical projects via:
   - Assistance for Small Shipyards enhancements (Title V, Subtitle A),
   - Shipbuilding Financial Incentives/Title XI modernization (Title V, Subtitles A & C), and
   - DoD/Industrial Base coordination, including a DPA plan of action (Title V, Subtitle B).
4. Fund port access where authorized. Encourage USACE to initiate feasibility/design (PED) for navigation improvements that unlock repair throughput in strategic ports and prioritize such work in Corps planning (Title V, Subtitle C—Marine Infrastructure Readiness assessment; coordination with Energy & Water appropriations).
5. Grow and retain the workforce. Expand targeted apprenticeships and training grants, leveraging the bill's workforce pipeline and incentives (Title VI, Subtitles A–D), with periodic reporting on backlog reduction and private-yard utilization.

America cannot achieve maritime dominance if ships are unavailable due to lack of timely repair. SHIPS for America is an important step, paired with predictable repair pipelines, targeted modernization, improved access, and sustained workforce investment, it can deliver the reliable industrial base our national security and economy demand. Bayonne Dry Dock & Repair stands ready to assist the Subcommittee and to execute this mission on the East Coast.

Submitted by:

RYAN PATRICK WOERNER,
Executive Vice President and General Counsel,
Bayonne Dry Dock & Repair Corp. (Bayonne, NJ)

PREPARED STATEMENT OF ASSOCIATION FOR UNCREWED VEHICLE SYSTEMS INTERNATIONAL (AUVSI)

Chairman Sullivan, Ranking Member Blunt Rochester, and Members of the Subcommittee:

On behalf of the Association for Uncrewed Vehicle Systems International (AUVSI) and our members, we would like to express our gratitude for holding this important hearing on the critical need for revitalizing the U.S. commercial shipbuilding industry to support the safe and efficient integration of uncrewed maritime systems (UMS) into the Nation's maritime transportation system (MTS). This hearing is timely, and we applaud you for conducting this important oversight.

AUVSI is the world's largest industry association representing over 400 corporations and 8,000 professionals across more than 60 allied countries in industry, government and academia. Our members span the defense, civil, and commercial sectors. Today, we submit testimony to the Subcommittee on Coast Guard, Maritime, and Fisheries representing our UMS members, including uncrewed surface vehicles (USVs) and uncrewed underwater vehicles (UUV) maritime operations.

Maritime security and efficiency demand vigilance, innovation, and progress. We must address two key questions:

1. How do we modernize shipbuilding to meet current and future challenges?
2. How can autonomy enhance safety, efficiency, and resilience in the maritime ecosystem? The solutions require urgency and purpose.

We are at a pivotal moment, with UMS unlocking benefits in safety, technological leadership, economic activity, and workforce opportunities. Supporting the advanced maritime and autonomy industry must be a national priority to expand the economic and safety benefits for the commercial shipping industry, as well as extending the operational reach of our U.S. Navy and U.S. Coast Guard. We also must consider geopolitical and global economic considerations. Today, the United States has fewer than 80 oceangoing ships in international commerce and limited shipbuilding capacity, while People's Republic of China has both the largest commercial shipping and naval battle force, and commands over 50 percent of global shipbuilding and over 70 percent of new orders. This is a concerning metric for national security and economic competitiveness that demands urgent attention and significant, ongoing investment.

AUVSI and our members are prepared to help address this challenge. The UMS industry delivers cost-effective solutions for commercial shipping, environmental monitoring, offshore energy, fisheries, infrastructure assessments, defense, and beyond. These systems transform vessel design, propulsion, sensors, and navigation, unlocking innovative capabilities for coastal and open-ocean operations while enhancing productivity and safety. U.S. companies are investing in high-rate production facilities, generating thousands of manufacturing jobs across numerous congressional districts and states. However, while the U.S. shipbuilding industry supports initial UMS adoption, scaling these technologies demands revitalization. Key barriers—aging infrastructure, outdated construction methods, and workforce shortages—must be addressed to fully realize the potential of UMS and strengthen U.S. maritime leadership.

The U.S. has an opportunity to lead in this space, recapitalizing our domestic fleet and becoming a global exporter of UMS technology, but to do so, sustained investment into domestic capacity is required. Additionally, the U.S. must make meaningful progress on regulations for digital navigation, commercial, and civil use of UMS.

To revitalize the maritime industry, Congress must:

1. *Pass the SHIPS for America Act.* AUVSI and our maritime members staunchly support the passing of this legislation to expand the U.S.-flag fleet, rebuild the industrial base, and provide incentives like tax credits. AUVSI encourages garnering as many bipartisan cosponsors possible to expeditiously move the SHIPS for America Act through the legislative process.
2. *Increase Federal investment in UMS.* Fund research, development, and deployment of UMS to enhance maritime domain awareness, automation, and digitalization for both commercial and defense applications.
3. *Develop collaborative UMS traffic management.* Create safe, efficient traffic management systems for UMS in coastal and open-ocean settings, avoiding restrictive regulations that hinder innovation in uncrewed maritime technologies.
4. *Expand workforce training programs.* Invest in technology-driven training to address skilled labor shortages, equipping workers with expertise in UMS manufacturing, operation, and maintenance.

5. *Implement innovation-friendly regulations.* Adopt flexible, risk-based UMS regulations that ensure safety while fostering innovation and testing of novel uncrewed maritime systems. Avoid overregulation that stifles commercial growth, essential for U.S. global leadership and national security.
6. *Incentivize automation and digital tools.* Encourage industry adoption of cost-saving automation and digital technologies that uphold safety standards.
7. *Advance AI-driven navigation and data systems.* Support investment in AI-powered navigation, real-time data sharing, and crewed-uncrewed coordination to enhance operational efficiency.
8. *Strengthen workforce development.* Fund specialized UMS training, recruitment, and education programs to build a future-ready maritime workforce.

A revitalized industry is key to UMS potential, ensuring safety, efficiency, and economic vitality. AUVSI is ready to collaborate with Congress, U.S. Federal agencies, and industry stakeholders to advance the SHIPS for America Act and build a resilient, future-ready maritime ecosystem.

Thank you for your leadership and consideration. We look forward to working with the Subcommittee for realizing the transformative benefits of UMS for all stakeholders.

PREPARED STATEMEMT OF ROGER CAMP, PRESIDENT AND CEO, AMERICAN SHIPBUILDING SUPPLIERS ASSOCIATION

Dear Chairman Sullivan, Ranking Member Rochester and Members of the Committee

Thank you for the opportunity to submit a statement on behalf of the members of the American Shipbuilding Suppliers Association (ASSA). ASSA is a member driven, national organization, advocating for the American Shipbuilding Supplier Base to the U.S. Congress, Navy, Coast Guard and shipbuilders to ensure the long-term stability of the U.S. national maritime industry.

Our members are involved in this issue because we represent thousands of American citizens who rely on the domestic shipbuilding suppliers industry to provide for their families and protect the national security of this Nation. Our members have expertise in the field as manufacturers of the systems and components needed to build Navy and Coast Guard ships and we have decades of experience to serve as a resource to this committee.

ASSA applauds Congress' intent to include participants from the maritime industrial base in the governing organizations which will guide implementation of the National Maritime Strategy. The decades of industry leadership on the waterfront and in the factories will provide valuable insights for the government-led efforts.

Our organization strongly supports the SHIPS for America Act because it strengthens domestic shipbuilding, enhances national security and supports American workers. We believe strongly that every effort should be made to ensure that this act does in fact *include language that protects the U.S. Shipbuilding suppliers.*

In the United States, there are but a few shipyards focused on building Navy and Coast Guard ships, and a far fewer number focused on building ocean-going vessels for commercial use. At the shipbuilding supplier level, we have many components that are provided by a manufacturer who may be one of the few, if not the sole, remaining means of production. Such is the case of Lister Chain, the last manufacturer of anchor chain in the United States. Fairbanks Morse Defense and Thrustmaster of Texas are other examples of the remaining single source domestic manufacturers.

As noted in the SHIPS Act, American industry must work with our industrial partners in NATO and Allied nations but also invest in our American workforce and capabilities. The elements of Buy America legislation incorporated in this Bill are important to reaching this goal.

Importantly, the SHIPS for America Act provides resourcing for small shipyards from the Maritime Security Trust Fund for over a decade. As noted by the drafters, a sustained demand signal and resourcing is necessary for many of the small and mid-size businesses, which are the backbone of the industrial base, to operate successfully, deliver their contribution to shipbuilding and repair, and provide pay and benefits to their workforce.

The SHIPS for America Act goes beyond giving a sense of priority and importance, and on into concrete ways the U.S. can grow our shipbuilding, leading to an increased fleet of commercial vessels, from high visibility programs like Strategic Sealift, the Cable Security Fleet, and the Tanker Security Fleet, all the way down to

how we make an impact on the future mariners and workforce through resourcing the Merchant Marine Academies and the U.S. Naval Sea Cadet Corps.

However, any legislation/policy that provides increased business to the U.S. shipyards without providing some assurances for U.S. shipbuilding suppliers will fall short of the national mission to revive the entire U.S. shipbuilding industrial base. ASSA is requesting consideration in the SHIPS Act that will help to sustain critical U.S. shipbuilding suppliers.

Some of the problems we face are as follows:

- The March 2023 Annual Industrial Capabilities Report to Congress highlights a 70 percent decline of shipbuilding suppliers over the last three decades (*i.e.,* 17,000 suppliers in the 1980s to approximately 5,000 in 2021), which has ". . . . created supply chain bottlenecks and reduced supplier capacity and capability that have not been offset by new sources of supply or a commercial industrial base that might be converted to defense production" This exposes a serious risk for U.S. national security.
- During the 1980s the U.S. had a strong commercial shipbuilding industry, which additionally benefited the construction of U.S. naval vessels. With the proposed buildup of a 600 ship Navy the Reagan administration ended in 1981 the Construction Differential Subsidy (CDS) program, which had been in place since 1936. This in turn led to a significant decline in the U.S. commercial shipbuilding industry.
- Typically, U.S. shipbuilders will work with U.S. suppliers in the design stage then often replace them with less expensive competitors after design and performance requirements have been identified. U.S. suppliers spend millions of dollars on Government programs only to be changed out at the last step, creating excess cost and a huge issue of distrust.
- A recent survey conducted by the Amphibious Warship Industrial Base Coalition (AWIBC) found that only 10 percent of amphibious warship suppliers are operating at full capacity. For the top 25 major components on amphibious warships, 81 percent are single or sole source providers.

Some examples of problem areas are as follows:

1. Early in the Polar Security Cutter (PSC) program, an engine manufacturing company and ASSA members, worked for 3 years with the shipyard on the propulsion system design. This supplier spent millions of dollars on this sales campaign, performing free design work for the shipyard (which is necessary to gain the contract). At the last moment, the shipyard switched to a cheaper foreign-made engine that fit the same envelope, although with poorer fuel consumption and higher life-cycle costs. The foreign manufacturer then announced the closure of their German plant, making it necessary for the Coast Guard to expedite buying three ship sets of engines (total of 18)—still yet to be used. The foreign manufacturer reported that they could not complete the required ABS Naval Vessel Rules (NVR) qualification, so the Coast Guard then waived those testing requirements that are critical to demonstrating performance, which is of particular importance when operating in the harsh and isolated polar regions. Those engines now sit in a warehouse at great expense to the Government, and once installed it is questionable whether they will be supported over the life-cycle of the ships.
2. While the Polar Security Cutter (PSC) was under design at the original shipyard, the program was significantly delayed in large part due to the complete distrust between the shipyard and the suppliers (see above example). The design agent for the ship was unable to progress the design because suppliers would not share their data (VFI or "Vendor Furnished Information") without some assurance of a contract. The shipyard could not receive funding to get suppliers under contract due to insufficient design maturity, resulting in a circular no-win situation and causing unresolvable delay. *Three years after contract award the shipyard only had less than 5 percent of suppliers under contract.*

Some recommended long-term solutions are as follows:

ASSA recommends policy and/or legislation that would strengthen the entire U.S. shipbuilding supply chain. We recommend adoption of the model used within the automotive industry, as follows:

- Global auto manufacturers do not recompete components with each new year model.

- They instead develop long-term partnering agreements with preferred suppliers with the expectation that suppliers will improve delivery schedules, cut costs and drive innovation.
- Auto manufacturers actively manage their supply chains, using scorecards and long-term contracts.
- In exchange the suppliers have predictability in multi-year contracts, which then allows them to invest in R&D, workforce development, infrastructure improvements and innovation.

This is a much more efficient method, as several foreign shipyards have discovered and refined as a means of ensuring efficiency and minimizing wasted time and money.

Several foreign shipbuilders have a similar model of partnership with suppliers.

Foreign shipyards—especially in major shipbuilding nations like China, South Korea, and Japan—operate through highly structured and vertically integrated supply chains, as follows:

1. *Tiered Supplier Systems*—Shipyards in these nations often use a tiered supplier system, similar to the automotive industry, where Tier 1 suppliers provide major components and Tier 2 and Tier 3 suppliers provide subcomponents, raw materials, or services (*e.g.,* steel plates, valves, pipes).
2. *Long-Term Strategic Partnerships*—these foreign shipyards often establish long-term partnerships with key suppliers, especially for complex or high-value components. This allows for coordinated R&D efforts, improved quality control, reduced lead times and price stability.
3. *Modular Construction and Just-In-Time Delivery*—Shipbuilding in the example nations is highly modular. Suppliers deliver prefabricated modules or kits to shipyards for final assembly. This requires high-precision coordination, Just-in-Time (JIT) logistics, and advanced project management systems. This system has been adopted by at least one U.S. shipyard.
4. *Digital Integration and Supply Chain Management*—These non-US shipyards increasingly share digital platforms to integrate suppliers into their design and production systems.
5. *Government and Industry Support*—In countries like China, suppliers often receive state support to align with national shipbuilding goals (*e.g.,* dual-use technology for military and civilian vessels). This can include subsidies, mandated sourcing, and centralized R&D initiatives.
6. *Competitive Pressure and Cost Management*—In nations with free market economy-based commercial model, shipyards expect suppliers to compete aggressively on price, quality, and delivery speed. Many conduct regular benchmarking and audits.

One near-term consideration could be as follows:

- In 1991, when Congress created the National Defense Sealift Fund (NDSF) as a fix to the previous difficulties in funding sealift and auxiliary mission ships, they recognized the need to help preserve critical shipboard suppliers on government programs that were more commercial in nature, and more susceptible to foreign encroachment.
- ASSA's proposed language is not a new requirement but rather would ensure the restoration of a nearly 25-year policy initially put into law through the FY 1991 NDAA and subsequently amended through the establishment of the National Defense Sealift Fund (*e.g.,* Section 814 of the FY95 NDAA). This policy helps to preserve critical U.S. manufacturing capabilities.
- Absent further direction from Congress, future Sealift and Ready Reserve Force ships will not be subject to the statutory requirement for U.S. manufacture of components that had successfully been included within the NDSF statute and that has been restated in every annual appropriations bill since the NDSF establishment. Several Japanese and South Korean firms have invested in U.S. Shipbuilding and suppliers with the assumption that the laws will continue to promote U.S. shipbuilding content.

ASSA's Legislative Ask for the SHIPS ACT

- As an interim step towards a stronger U.S. shipbuilding supply chain, ASSA is asking for a return to legislation that has been successfully used for decades.
- Proposed language: Within Section 501 of the Ships for America Act, § 53801, "Shipbuilding financial incentives", add the following to (c)(2)(A):

"(iv) agree to prohibit any of the following components if these components are not manufactured within the United States;

I. Air circuit breakers.

II. Welded shipboard anchor and mooring chain.

III. Powered and non-powered valves in Federal Supply Classes 4810 and 4820 used in piping.

IV. Machine tools in the Federal Supply Classes for metal-working machinery numbered 3405, 3408, 3410 through 3419, 3426, 3433, 3438, 3441 through 3443, 3445, 3446, 3448, 3449, 3460, and 3461.

V. Auxiliary equipment for shipboard services, including pumps.

VI. Propulsion equipment, including engines, propulsion motors, thrusters, reduction gears, and propellers.

VII. Shipboard cranes.

VIII. Spreaders for shipboard cranes.

IX. Rotating electrical equipment, including electrical alternators and motors."

We urge the Committee to ensure sustained funding for shipbuilding workforce development programs, and to support amendments that incentivize the use of U.S. built vessels.

We urge the committee to promptly pass the SHIPS for America Act. Thank you for your consideration.

Respectfully,

ROGER CAMP,
President and CEO,
American Shipbuilding Suppliers Association.

PREPARED STATEMENT OF ASSOCIATION FOR MATERIALS PROTECTION AND PERFORMANCE (AMPP)

Chair Sullivan, Ranking Member Blunt Rochester, and Members of the Subcommittee:

Thank you for the opportunity to submit this statement on behalf of the Association for Materials Protection and Performance (AMPP) in support of the SHIPS for America Act of 2025. We commend the Committee's leadership in considering this bipartisan legislation to rebuild the U.S. shipbuilding and maritime industrial base as vital to our Nation's economic and national security.

About AMPP

AMPP is the leading global authority on corrosion control, coatings, and materials performance, representing more than 38,000 professionals in over 150 countries. Our members design, maintain, and protect the infrastructure that underpins U.S. maritime operations.

AMPP's mission is to protect infrastructure, ensure asset integrity, and extend the life of materials critical to public safety and economic resilience. Our expertise is directly relevant to the long-term success of the SHIPS for America Act.

Position

AMPP strongly supports expeditious consideration and passage of the SHIPS for America Act of 2025. The legislation's focus on domestic shipbuilding, port modernization, and workforce development will strengthen America's maritime resilience, sustain skilled industrial jobs, and reduce dependence on foreign shipyards.

Rationale

The problem—

The number of U.S.-flagged oceangoing vessels in international trade has dropped from more than 1,000 in the 1950s to fewer than 90 today, according to the U.S. Maritime Administration. Meanwhile, China and South Korea now build over 95 percent of large commercial ships. Reinvigorating domestic shipyards is essential to maintaining the capability to design, build, and repair ships in times of crisis or conflict.

How AMPP Membership figures in—

Corrosion costs the U.S. maritime sector an estimated $20 billion annually[1] Our membership extends vessel life, improves performance, and significantly reduces long-term maintenance costs. Through applied research, standards development, and hands-on inspection training, our community delivers proven methods that improve safety, sustainability, and lifecycle reliability across fleets and facilities.

How AMPP figures in—

The maritime industrial base faces acute workforce shortages in the skilled trades, particularly among certified corrosion professionals like coating applicators, inspectors, and corrosion technicians. The SHIPS Act's workforce provisions align with AMPP's training and certification programs, which prepare hundreds of thousands of skilled workers annually in materials protection and asset integrity.

Big Picture—

Revitalizing domestic shipyards supports good-paying American jobs, strengthens supply chains, and re-affirms the United States as the international maritime leader.

Recommendations

1. *Sustain Workforce Investments:* AMPP supports Federal efforts to modernize, expand, and maintain funding for technical training and certification programs vital to the maritime industrial base. Additionally, AMPP encourages the adoption of modern workforce strategies that prioritize innovative operating models, skill-based hiring, skill acceleration, and technology-enabled workforce augmentation. AMPP also stresses the value of innovative recruitment approaches that increase workforce participation, close severe workforce gaps, and create alternate entry points into corrosion-related trades through apprenticeships, industry partnerships, community initiatives, and veteran transition programs.
2. *Align Standards and Certification Requirements:* AMPP advocates for greater alignment among Federal shipbuilding programs, naval maintenance facilities, and commercial shipyards to ensure consistent training, certification, and quality standards. Harmonizing these requirements will bolster the industrial base, minimize redundancy, and enhance quality assurance and safety across the U.S. fleet.
3. *Maritime Materials Performance:* AMPP believes the Center for Maritime Innovation, found in Sections 521 & 522, should prioritize materials performance, including life cycle cost calculations which fully account for corrosion protection. Such an initiative would foster collaborative research and development of advanced, sustainable marine materials, coatings, and corrosion prevention methods while standardizing testing and data sharing between industry (including AMPP), academia, and government.

Conclusion

The SHIPS for America Act of 2025 presents a timely opportunity to restore U.S. shipbuilding capacity, reinforce national security, and create sustainable, high-skilled employment. AMPP, and our diverse, talented membership stand ready to contribute technical expertise and workforce training to advance these goals.

We respectfully urge the Committee to advance and pass the SHIPS for America Act of 2025. Thank you for your attention and commitment to strengthening America's maritime future.

ALAN THOMAS,
CEO,
Association for Materials Protection and Performance (AMPP).

PREPARED STATEMENT OF AMERICAN MARITIME PARTNERSHIP

The American Maritime Partnership (AMP) is the largest maritime industry legislative coalition ever, representing all elements of the U.S. domestic maritime industry including shipping companies, mariners, shipyards, pro-defense organizations, and others. AMP's sole focus is the Jones Act, the fundamental law of the U.S. domestic maritime industry.

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[1] U.S. Government Accountability Office, Department of Defense—Additional Corrosion Prevention Measures Could Enhance Readiness, GAO–19–39 (Washington, DC: GAO, 2018), *https://www.gao.gov/products/gao-19-39.*

AMP appreciates the Subcommittee's decision to hold a hearing addressing the important issue of how to accelerate U.S. commercial shipbuilding while strengthening America's broader maritime industrial base. During Chairman Sullivan's questioning of the panel, he asked about what went wrong with commercial shipbuilding in the United States. Thank you for the opportunity to share our thoughts on this important subject.

The Jones Act is the essential foundation of America's maritime industry that ensures U.S. control of our supply chain, maritime domain awareness, and a critical mass of mariners and shipbuilding capability. U.S. shipyards have pioneered innovations like Articulated Tug Barges (ATBs), LNG-fueled containerships, and other cutting-edge technologies. As a result, the United States has over 45,000 U.S.-owned, U.S.-built, and U.S.-crewed vessels that enable us to meet our needs for domestic maritime transportation on America's waterways, oceans, and coasts safely, securely, and efficiently.[1]

This framework supports an annual economic impact of more than $150 billion and approximately 650,000 U.S. jobs. This is a testament to the strength and vitality of American maritime commerce.

While we agree with the panel that there are challenges facing U.S. commercial shipbuilding, the Jones Act is *not* the cause of these challenges. In fact, exactly the opposite is true: the United States maintains a thriving presence in the commercial shipbuilding market *because of* the Jones Act. Countries around the world that have removed or weakened their own cabotage requirements, such as the United Kingdom, have seen their merchant fleets significantly decrease and shipyards become uncompetitive.[2] The Jones Act, by contrast, has preserved and strengthened America's domestic maritime capability. Looking to the rest of the world, 105 countries accounting for 85 percent of the world's coastline have cabotage laws similar to the Jones Act, a number that has increased over the last seven years, showing other countries understand the importance of maintaining a national fleet.[3]

When critics discuss the diminishment of the U.S.-flag fleet, they are often referring to large, oceangoing ships active in international trade. Shipbuilders Council of America President Matthew Paxton identified this misconception in his written testimony to the esteemed members of this committee.[4] These vessels are not required to be built in the United States. In the U.S. domestic fleet, where the Jones Act governs, America enjoys a strong and growing fleet of tens of thousands of vessels.

Where we do have a gap is in U.S.-built vessels trading internationally, where U.S. shipyards must compete with heavily subsidized foreign shipyards both from our friends and our foes. This is the real challenge facing American shipbuilding competitiveness in the global market.

Furthermore, the Jones Act serves as a critical stabilizer for shipyards that also work on government ships. Take the Hanwha Philly Shipyard, for example. While the government's order of five National Security Multi-Mission Vessels (NSMVs) from that shipyard in 2020 certainly played a leading role in its revitalization, the Philly Shipyard could not survive on government orders alone. Two large Jones Act-qualified companies filled the gaps, ordering four vessels for construction over a period of six years. This public-private synergy demonstrates how the Jones Act strengthens our entire shipbuilding ecosystem.[5]

As Steve Carmel, the nominee for the position of Maritime Administrator, stated this week in front of the full Committee, the Jones Act (along with the Maritime Security Program and cargo preference laws) is critical to sustaining our fleet. While these programs are not on their own going to solve the U.S.-flag international trade issues, they are "critical to making sure we don't go backwards."

We welcome the leadership of the Trump Administration, the bipartisan sponsors of the SHIPS for America Act, and the bipartisan leadership of this Committee in helping us build on the foundation of the Jones Act and make American Maritime

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[1] Bureau of Transportation Statistics, U.S. Flag Vessels by Type and Age, available at: *U.S. Flag Vessels by Type and Age* | Bureau of Transportation Statistics.

[2] *See* The Guardian, *How Britain sank its shipping industry by waiving the rules* (August 2016).

[3] Seafarers Rights International, *Cabotage Laws of the World* (September 2025), available at: *https://seafarersrights.org/seafarers-subjects/cabotage/*.

[4] *See* Testimony of Matthew O. Paxton, President Shipbuilders Council Of America, available at: *https://www.commerce.senate.gov/services/files/ECC43D59-8557-45A1-9B33-04C145048528*

[5] *See also* Coalition for a Prosperous America, *How to Solve America's Shipbuilding Crisis* (September 2025), available at *https://prosperousamerica.org/wp-content/uploads/2025/10/CPA-Economic-Report-How-to-Solve-Americas-Shipbuilding-Crisis.pdf* (stating "Without the Jones Act—and without Navy contracts—the U.S. would likely have no shipbuilding industry left today.")

Great Again in the international trades. Commercial shipbuilding in this country benefits extensively from the Jones Act, and with the right policies to address international competition, we can expand American maritime excellence to global markets while maintaining the strong domestic foundation the Jones Act provides.

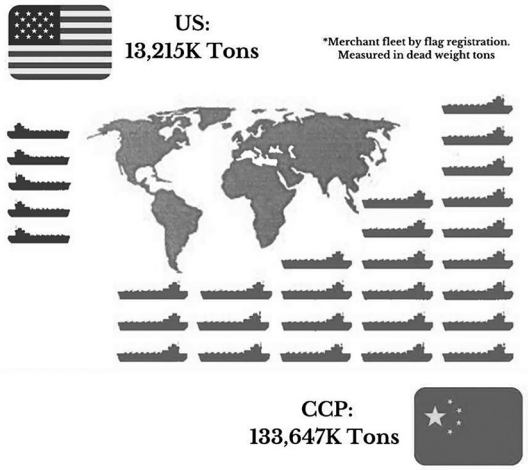
PREPARED STATEMENT OF AMERICAN MARITIME CONGRESS

Chairman Sullivan, Ranking Member Blunt Rochester, and Members of the Subcommittee: American Maritime Congress (AMC) sincerely appreciates the opportunity to submit this statement for the record. In its nearly fifty years of advocating for the United States Merchant Marine, AMC has never seen a time more promising for revitalizing America's maritime dominance than the present.

AMC's membership is made up of twelve U.S.-flag internationally trading carriers, all of which are crewed by American mariners and owned by American companies, as well as the oldest maritime union in the nation, the Marine Engineers' Beneficial Association. For decades, AMC has proudly served in an educational capacity for virtually every major piece of maritime-related legislation considered by the Federal Government.

America's maritime sector has long been fundamental to our national and economic security. From the Merchant Marine that carried our forces to victory in World War II to the vessels that sustain our global supply chains today, our maritime strength has always reflected our national strength. Yet over the past several decades, that foundation has weakened. Today, fewer than 200 U.S.-flag ships operate in international trade, accounting for ***less than one percent*** of global shipping capacity. Each vessel lost means fewer jobs for American mariners, reduced economic activity in our ports, and a diminished capacity to advance and protect U.S. interests abroad.

Meanwhile, foreign competitors such as the People's Republic of China have undertaken deliberate and coordinated action over decades to unfairly dominate global shipping and shipbuilding. Through a combination of targeted industrial policy, long-term state investment, and close coordination between government, military and industry, China has built a maritime system intended to permeate and control every facet of the world's commerce. This has left the United States increasingly dependent on foreign carriers and crews to move its own goods and sustain its economic security and preserve its supply chain. America must not rely on others to deliver the goods and materials that keep our economy and military strong. We must restore the capacity to move our own commerce under the U.S. flag.



Comparison of U.S. Merchant Fleet to the CCP's as of 2024 U.N. Data

Strengthening the Entire Maritime Industry

Rebuilding U.S. maritime capability requires a comprehensive approach that supports not only shipbuilding, but also mariner training, port infrastructure, ship repair, logistics, and perhaps most importantly: policies that foster cargo for U.S. ships. Ships, shipyards, mariners, and cargo are mutually dependent; strengthening one element without the others will not restore America's maritime resilience.

The American Maritime Congress strongly supports the bipartisan *SHIPS for America Act,* introduced by Senators Todd Young (R–IN) and Mark Kelly (D–AZ). This legislation represents an important and timely step toward renewing the U.S.-flag fleet and ensuring that American seafarers, shipyards, and carriers return to their status as global leaders in the maritime industry. The *SHIPS for America Act* recognizes that rebuilding this industry requires sustained commitment and partnership between government and the private sector. By fostering long-term operational capacity and investment, the bill lays the groundwork for a true national maritime renaissance. Of particular importance within the *SHIPS Act,* is Subtitle B focused on bringing more cargo to the U.S.-flag fleet, including Section 422: the promotion of a specific organization or entity that will develop incentives for U.S. shippers to foster increased use of U.S. ships for their cargo.

Congress must also consider low-cost tax proposals to incentivize private U.S. exporters and importers to choose U.S.-flag vessels for their commercial cargo. An initiative as simple as expanding the current tax deduction that U.S. shippers employ for shipping cargo on foreign carriers to an increased level if U.S. ships are used would drastically increase the demand for U.S. ships. An August, 2025 PwC analysis of such an enhanced deduction found that nearly eliminates the cost differential between the use of foreign-flag vessels and U.S.-flag vessels, and would increase the demand for U.S.-flag vessels by approximately 20 percent.

Table 1.—Shipping Costs for Foreign- and U.S.-Flag Vessels, Present Law and Proposal

		Foreign-Flag Vessel	U.S.-Flag Vessel under Present Law	U.S.-Flag Vessel under Proposal
A	Pretax Shipping Cost	$100.00	$136.00	$136.00
B	Tax Deduction Allowed	$100.00	$136.00	$272.00
C = B * 21%	Value of Tax Deduction @ 21%	$21.00	$28.56	$57.12
D = A – C	After-Tax Shipping Cost	$79.00	$107.44	$78.88

Impact of increasing current shipper tax deduction by 200 percent on overall cost of shipping, U.S. vs. foreign-flag carriers, PwC 08–25

A targeted "Ship American" deduction would align economic incentives with national interests, encourage the use of U.S.-flag carriers in global trade, and create a stronger commercial foundation for our shipyards, operators, and mariners. The following example illustrates the basic operation of the proposal.

Every major trading nation treats maritime capability as a cornerstone of its economic and national security strategy. The United States cannot afford to be the only maritime power without a fully capable fleet to call its own. The *SHIPS for America Act,* together with renewed bipartisan support from Congress and the Trump Administration, provides a rare opportunity to rebuild America's maritime capability. This effort must include investment in shipyards, active collaboration between government and industry to grow commercial shipping, and a long-term maritime strategy that aligns America's trade, defense, and workforce goals.

Reviving American shipbuilding and increasing the size of the U.S. flag commercial fleet is not only an industrial challenge but a strategic necessity. The ability to move goods, materials, and military cargo under the U.S. flag is fundamental to both our economic independence and national defense.

The American Maritime Congress applauds the Subcommittee's leadership in convening this hearing and urges swift, bipartisan action to advance policies that strengthen the entire maritime industry. Thank you for the opportunity to share the views of the American Maritime Congress and for your continued commitment to advancing America's maritime interests. Restoring America's maritime dominance will require determination, investment, and vision. It begins with a clear commitment: America must once again build, crew, and ship American.

PREPARED STATEMENT OF KEVIN M. DEMPSEY, PRESIDENT AND CEO, AMERICAN IRON AND STEEL INSTITUTE

Chairman Sullivan, Ranking Member Blunt Rochester and Members of the Subcommittee:

On behalf of the American Iron and Steel Institute (AISI), below please find comments for the subcommittee hearing entitled "Sea Change: Reviving Commercial Shipbuilding." AISI appreciates the subcommittee holding today's hearing and for its focus on the commercial shipbuilding and maritime sector, which plays an essential role in our defense industrial base, and as such, our national and economic security.

AISI serves as the voice of the American steel industry in the public policy arena and advances the case for steel in the marketplace as the preferred material of choice. AISI's membership is comprised of integrated and electric arc furnace (EAF) steelmakers, steel pipe and tube manufacturers and steel processors and fabricators, reflecting the production and distribution of both carbon and stainless steels. These steels are critical to America's national and economic security, including roads and bridges, buildings, the electrical grid, defense applications, cars and trucks and all clean energy technologies. AISI also represents associate member companies who are suppliers to or customers of the steel industry.

Reviving U.S. shipbuilding capabilities has the potential to create tens of thousands of jobs at U.S. shipyards and within the entire shipbuilding supply chain at manufacturing operations that produce key inputs across the Country. The American steel industry is one of the primary suppliers of critical raw materials to America's shipbuilding industry. Steel, especially steel plate, is a critical and irreplaceable material used for construction of commercial and military ships. The U.S. has significant steel plate production, including specialty plate for shipbuilding applications, which is currently substantially underutilized. In fact, the U.S. International Trade Commission, in a recent trade remedy proceeding, found that capacity utilization in the cut-to-length (CTL) plate sector was an average of 67.8 percent over the period examined.[1] Since that case, domestic CTL plate capacity has only increased, with additional new capacity coming online. U.S. steel producers are fully prepared to meet the steel needs of shipbuilders as they increase their build rates.

In order to maximize the benefits of revitalizing our shipbuilding, industry including for suppliers to the sector, Congress and the Administration must institute policies that incentivize utilization of *domestic* supply chains, not just final assembly.

AISI strongly supports policy efforts to revitalize domestic shipbuilding. In particular, we have endorsed S. 1541, the Shipbuilding and Harbor Infrastructure for Prosperity and Security (SHIPS) for America Act of 2025 introduced by Senators Mark Kelly and Todd Young. This bipartisan legislation would enable a comprehensive approach to revitalize the United States shipbuilding and commercial maritime industries. We appreciate the leadership of Senators Kelly and Young on this key legislation, as well as the Senate cosponsors of the bill. The work of Representatives John Garamendi and Trent Kelly to advance the SHIPS for America Act in the U.S. House of Representatives is also critical. AISI endorses this key domestic shipbuilding legislation and looks forward to working with the broad coalition of supporters to enable its passage in both houses of Congress.

AISI and our member companies look forward to continuing to work with Congress to create and implement policies that will increase the demand for domestic steel products that are essential for a revitalized American-made shipbuilding industry.

PREPARED STATEMENT OF SCOTT N. PAUL, PRESIDENT, ALLIANCE FOR AMERICAN MANUFACTURING (AAM)

Chair Sullivan, Ranking Member Blunt Rochester, and Members of the Subcommittee:

The Alliance for American Manufacturing (AAM) appreciates the opportunity to submit this statement for the hearing record in strong support of the SHIPS for America Act (S. 1541/H.R. 3151). We commend the subcommittee for convening this timely hearing to address the urgent need to strengthen America's commercial shipbuilding capacity, a cornerstone of our economic and national security that has been eroded by both neglect and the predatory policies of the People's Republic of China.

[1] Carbon and Alloy Steel Cut-to-Length Plate from Austria, Belgium, Brazil, China, France, Germany, Italy, Japan, South Africa, South Korea, Taiwan, and Turkey, Inv. Nos. 701–TA–560–561 and 731–TA–1317–1328, USITC Pub. 5399 (Jan. 2023) at C–9 (Table C–1).

AAM is a non-profit, non-partisan partnership formed in 2007 by some of America's leading manufacturers and the United Steelworkers. Our mission is to strengthen American manufacturing and create new private-sector jobs through smart public policies. We believe that an innovative and growing manufacturing base is vital to America's economic and national security, as well as to providing good jobs for future generations. AAM achieves its mission through research, public education, advocacy, strategic communications, and coalition building around the issues that matter most to America's manufacturers and workers.

AAM strongly supports the bipartisan, bicameral *SHIPS for America Act,* introduced by Senators Kelly (D–AZ) and Young (R–IN) and Representatives Kelly (R–MS) and Garamendi (D–CA). This landmark legislation provides the strategic framework and resources necessary to rebuild U.S. commercial shipbuilding, expand the U.S.-flag fleet, and revitalize the maritime industrial base and workforce. The *SHIPS for America Act* complements the ongoing Section 301 trade action targeting China's unfair practices in shipbuilding and maritime logistics. Together, these measures represent a coordinated national strategy to restore America's maritime power and to ensure that our commercial and defense needs are met by America's workers, shipyards, and supply chains.

A strong domestic shipbuilding and maritime sector is indispensable to U.S. national security, economic resilience, and industrial independence.

- *National Defense:* More than 90 percent of U.S. military equipment and supplies moves by sea, underscoring the indispensable role of domestic shipbuilding in sustaining strategic sealift capacity. Strategic sealift capacity depends on having shipyards, suppliers, and mariners capable of producing, maintaining, and operating vessels under the U.S. flag. Without a viable commercial shipbuilding base, we cannot sustain naval readiness or scale logistics in a major conflict.
- *Economic and Supply Chain Security:* Over 80 percent of global trade moves via ocean shipping. The United States must break its dependence on foreign shipbuilding, particularly that of China. Moreover, our capacity to independently produce ships, ship-to-shore cranes, port equipment, data systems, and other maritime infrastructure necessary to move critical cargoes stands at a critical juncture.
- *Jobs and Industrial Strength:* U.S. shipbuilding supports over 400,000 jobs across steel, advanced manufacturing, logistics, and maritime operations. These are high-skill, high-wage positions that sustain entire regional economies. A single commercial ship can require 13,000 tons of steel, 60,000 gallons of paint, and 130 miles of cable—all products that can and should be made by America's workers.

America's commercial shipbuilding industry has suffered a dramatic collapse. According to the USTR's January 2025 report on China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance, the U.S. now builds fewer than five commercial vessels annually, while China produces over 1,700 per year—marking a major reversal from the mid-1970s when the U.S. led the world with over 70 ships on orderbooks annually. The U.S.-flag international fleet has dwindled to fewer than 80 merchant vessels, while China operates over 5,500. More than 70,000 shipbuilding jobs and 20,500 suppliers have disappeared from our industrial base.

Meanwhile, China's global shipbuilding expansion is part of a deliberate, state-directed campaign to control critical supply chains. It produces 95 percent of shipping containers and 80 percent of ship-to-shore cranes. Its LOGINK platform operates in over 20 major ports worldwide, gathering sensitive logistics information that can be weaponized against the United States and its allies. Many Chinese shipyards serve both civilian and military production, directly bolstering the People's Liberation Army Navy (PLAN), now the world's largest by ship count with more than 370 ships and submarines in service compared to the U.S. Navy's approximately 292 ships.

The good news is that the Federal government has begun taking decisive steps to remedy these alarming trends. In March 2024, a coalition of labor unions—including USW, IAM, IBEW, and IBB—filed a Section 301 petition documenting China's maritime industrial targeting. USTR concluded in January 2025 that China's actions are unreasonable and discriminatory, burdening U.S. commerce and threatening our national security. The Trump administration has seamlessly continued taking the steps necessary to revive U.S. shipbuilding. In April 2025, President Trump signed the Executive Order on Restoring America's Maritime Dominance, calling for a Maritime Action Plan (MAP) that will soon be released. And, most recently, USTR began implementing responsive actions called for under the Section

301 action, including port fees on Chinese-built ships, restrictions on LOGINK, and benchmarks for U.S. energy exports on U.S.-flagged vessels.

For its part, a bipartisan group of members in both the House and Senate have introduced the *SHIPS for America Act,* which provides the long-term investment framework and Federal leadership necessary to sustain these efforts. The legislation establishes a national goal to build 250 U.S.-flagged commercial vessels over ten years, incentivizing construction and operation of U.S.-built ships. Critically, the bill would codify the establishment of a Maritime Security Trust Fund financed through user fees and Section 301 collections to sustain investments in shipyard modernization, infrastructure, and workforce development. While it is imperative that we strengthen U.S. shipyards and the health of our supply chains, we must not overlook mariner recruitment, retention, and training programs to rebuild a skilled maritime workforce.

For decades, the U.S. has watched its shipbuilding industry decline due to foreign state intervention and policy neglect. The *SHIPS for America Act* offers a historic opportunity to rebuild this vital sector, restore the U.S.-flag fleet, and secure our maritime future. AAM urges swift passage of the *SHIPS for America Act* and robust implementation of complementary Section 301 and executive actions.

Thank you for holding this hearing and for the opportunity to share our views.

PREPARED STATEMENT OF BLUE SKY MARITIME COALITION (BSMC)

The Blue Sky Maritime Coalition (BSMC) is pleased to provide this submission to the Senate Committee on Commerce, Science, and Technology's Subcommittee on Coast Guard, Maritime, and Fisheries for consideration in the hearing entitled "Sea Change: Reviving Commercial Shipbuilding." The Blue Sky Maritime Coalition (BSMC) appreciates the opportunity to submit this statement for the record regarding the critical topic of reviving commercial shipbuilding in the United States.

INTRODUCTION TO BSMC

The Blue Sky Maritime Coalition (BSMC) appreciates the opportunity to submit this statement for the record regarding the critical topic of reviving commercial shipbuilding in the United States. BSMC is a non-profit, strategic alliance launched in June 2021 to accelerate the transition of waterborne transportation in the United States and Canada toward net-zero greenhouse gas emissions. With over 100 member organizations, BSMC brings together industry, community, government, academia, and other stakeholders across the maritime value chain to pursue projects that remove barriers, encourage innovation, and promote policies supporting zero emissions.

STATEMENT

The maritime sector is responsible for delivering more than 80 percent of traded goods globally, yet it often receives less attention compared to other transportation modes. BSMC does not take a specific position on the SHIPS Act but wishes to highlight the importance of research and development, particularly Section 521, which expands the United States Center for Maritime Innovation program. This Center exemplifies the value of public-private partnerships in accelerating the commercial development of fuels and integrated supply chains, supporting a sustainable and competitive maritime industry.

BSMC also emphasizes the importance of workforce development for the future of the maritime industry. Sections 611, 613, and 617 of the SHIPS Act present significant opportunities to provide funding, training, and infrastructure to support the next generation of mariners and ensure the continued growth of sustainable pathways for the industry.

The Coalition was established to unite all parties involved in the North American waterborne value chain and collaboratively develop a roadmap to net-zero greenhouse gas emissions by 2050. This includes identifying and removing barriers to decarbonization through demonstration projects and other initiatives.

We urge careful consideration of the total system impacts of legislation such as the SHIPS Act to ensure that the energy and focus on maritime issues establish a framework supporting a sustainable future for the entire maritime value chain.

Respectfully submitted,

DAVID H. CUMMINS,
President & CEO,
Blue Sky Maritime Coalition.

PREPARED STATEMENT OF RYE BARCOTT, CO-FOUNDER AND CEO, WITH HONOR ACTION

Chairman Sullivan, Ranking Member Blunt-Rochester, and Members of the Subcommittee,

With Honor Action is pleased to submit this statement for the record, and appreciates the subcommittee for recognizing this consequential issue of maritime security and for holding today's hearing. We are a bipartisan, nonprofit organization that strives to strengthen democracy and fight polarization in Congress through principled veteran leadership. This includes endorsing legislative solutions to our Nation's most pressing threats, connecting Members across the aisle to forge bipartisan bonds, and building coalitions of like-minded organizations to demonstrate overwhelming support for commonsense policies. With Honor works with the 37 members of the For Country Caucus in the House of Representatives, all of whom are military veterans, and have taken our pledge of integrity, civility, and courage. We also work closely with our 11 Senate allies, which includes the leaders of the SHIPS for America Act, Senators Todd Young (R–IN) and Mark Kelly (D–AZ), both military veterans. These Congressional leaders leverage their military experience and leadership to build support for and pass legislation in the national security, national service, and veterans spaces. The issue of maritime security and our maritime industrial base is just one area where we have worked on a bipartisan basis to drive support for much-needed legislation.

With Honor Action strongly supports the SHIPS for America Act because it strengthens domestic shipbuilding, enhances our national security, and revitalizes our industrial base. This legislation has strong bipartisan and bicameral support with over 110 House cosponsors and 9 Senate cosponsors. Senators Young and Kelly, both military veterans, and both from states without a history of shipbuilding, have championed the SHIPS Act not for political gain, but because it is the right thing to do for our country.

In the United States, commercial shipbuilding has receded to an all time low. In the last 10 years, China has built 6,765 commercial ships, Japan has built 3,130 commercial ships, South Korea has built 2,405 commercial ships while the U.S. has only produced 37 commercial ships.[1] Gaps between the United States' and China's shipbuilding capacities surpass a simple overreliance on Chinese manufacturing-it is society-wide. According to the Congressional Research Service, in 2022, there were 1,794 ships under construction at Chinese shipyards, compared to only five in the U.S.[2] In terms of "gross tons," or the measure of a ship's volume, China, Korea, and Japan build over 90 percent of the world's tonnage, compared to the United States' 0.2 percent.[3]

The United States' minuscule market share of global shipbuilding predates China's ascension to the majority of the market. The last time America was a leader in peacetime global shipbuilding was during the early 1800s, when ships were still made of wood. Ship manufacturing exploded during the World War era, but these cargo ships were soon sold to private merchants and replaced with more efficient foreign-manufactured ships.

There is finally an issue of worldwide overcapacity. Despite being enormous companies (the three largest shipbuilding firms in China, Korea, and Japan, nine in total, account for 75 percent of global shipbuilding capacity), firms in Korea and Japan often operate at a loss, requiring government bailouts or relying heavily on subsidies.[4] They alternatively may be a part of a large conglomerate (*e.g.,* Samsung and Hyundai) where profit margins in more profitable areas of the company help weather losses in shipbuilding. In China, 36 of the 100 largest shipyards are owned by the national government, 10 by local governments, and 54 are privately owned.[5] The government-owned yards accounted for 64 percent of ship tonnage built in China in 2021.[6] The United States' commercial maritime industry simply cannot compete on such an unfair playing field.

Our policy makers and industry leaders need to work together to develop innovative solutions to bring back commercial shipbuilding to the United States. With

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[1] "USW Continues to Lead Drive to Rebuild Shipbuilding Industry—United Steelworkers." United Steelworkers, 13 Aug. 2025, usw.org/news/usw-continues-to-lead-drive-to-rebuild-shipbuilding-industry.

[2] Frittelli, John. "U.S. Commercial Shipbuilding in a Global Context." Congressional Research Service, 15 Nov. 2023, www.congress.gov/crs-product/IF12534.

[3] Ibid.

[4] Ibid.

[5] Ibid.

[6] Ibid.

Honor Action applauds the efforts of Senators Young and Kelly as well as Congressmen Kelly and Garamendi.

With Honor Action urges the Committee to ensure sustained funding for the shipbuilding workforce development programs, and to support amendments that incentivize the use of U.S.-built vessels. We thank the Committee for holding today's hearing and for their consideration of this vital legislation. By supporting this legislation, we are demonstrating that we view maritime capacity not as a relic of the past, but as a strategic asset for the future. With Honor Action is a strong supporter of the SHIPS for America Act and we urge Congress to pass this important national security legislation as soon as possible.

PREPARED STATEMENT OF MICHAEL ROBERTS, SENIOR FELLOW, HUDSON INSTITUTE AND DIRECTOR, AMERICAN MARITIME SECURITY INITIATIVE

Chairman Sullivan, Ranking Member Rochester and Members of the Subcommittee—

My name is Michael Roberts and I am a Senior Fellow at the Hudson institute and director of its American Maritime Security initiative. *American Maritime Security Initiative* | Hudson Institute. I write to emphasize three primary points:

- *Because America all but abandoned its maritime industrial base, our country is at extreme risk in preparing for and deterring major conflict with China.* Our commercial shipbuilding industry is far too small, which impacts our on-going naval shipbuilding capabilities and our ability to scale up in a conflict. America has almost no control over the maritime supply chains that feed our economy, while China has more control over those supply chains than any other country. And our fleet of American ships is too small even to supply our own troops if deployed in a major overseas conflict.
- *We do not have very much time or resources to fix this problem.* Even under the best of circumstances it will take years to restore America's maritime self-sufficiency let alone achieve maritime dominance. Some amount of smart government investment will be needed. Yet as important as this is, government resources and other priorities limit the amount that can be invested to address this priority. Such investment must be deployed wisely to achieve realistic and important objectives.
- *The SHIPS For America Act is excellent legislation and should be enacted this year.* It is comprehensive legislation that reflects a cogent strategy designed to grow and modernize the American maritime industry, using government and private sector investment. It will halt the decline in America's shipbuilding industrial base and provide a platform for technology-led growth. It will close the gap in America's sealift capacity and help secure our maritime supply chains. Because of the strategic approach it follows, the costs to taxpayers would be a small fraction of what might be expected—and those costs would be fully covered by the penalties imposed on Chinese ships calling at American ports.

We cannot afford to spend years groping for consensus or fine-tuning legislation. This may be the last opportunity to begin to rebuild America's maritime strength. I urge you to pass the SHIPS Act this year.

Background

Before joining the Hudson Institute at the beginning of 2022, I spent a full career involved in the American commercial maritime industry. From 1984 to 1991, I was an attorney in private law practice focused on maritime, aviation and other transportation matters. I joined the Washington office of Crowley Maritime Corp. in 1991 as counsel to its liner shipping division and was promoted to VP Government Relations in 1994. I left Crowley in 2000 and returned to private practice but continued to represent the company on legislative and other matters. I returned to Crowley in 2008 as Senior VP and General Counsel and remained in that role until leaving the company at the end of 2021. I was also President and Chairman of the American Maritime Partnership (AMP), the largest coalition of American maritime interests, for a two-year term in 2020–2021.

From 1994 forward I was actively involved in the formulation and drafting of American maritime policy and legislation. This included the Maritime Security Act of 1996 (creating the Maritime Security Program (MSP) and the Voluntary Intermodal Sealift Agreement implementing the MSP), as well as the container shipping deregulation bill in 1998, Coast Guard Authorization Acts and other matters.

Discussion

Throughout my work in the industry, I have been keenly aware of the challenges faced by America's commercial maritime industry. The international shipping industry is a textbook example of free trade economics. Ships serving American import-export trades can be built anywhere in the world, owned and operated by businesses anywhere and crewed by citizens of any country. This means that *because American shipping and shipbuilding companies are based on American soil and operate in American waters according to American standards,* they face much higher costs to build and operate ships as compared to competitors in the rest of the world. They can and do compete vigorously with each other within US domestic markets where all must comply with US rules. But the massive cost disadvantages American maritime companies face in international markets led most of them eventually to make rational business decisions to abandon those markets.

Congress last reset the policies for supporting America's shipping and shipbuilding industry during the post-Cold War euphoria of the 1990s. The world was at peace. America was the world's only superpower, and the general belief was that it would remain so indefinitely. The world embarked on one of the most ambitious free trade experiments in history with the creation of the World Trade Organization in the mid-90's and the eventual accession of China into the WTO in 2001. Despite the key role played by America's maritime dominance in winning World War II, most Americans simply had no understanding of the maritime industry. Very few people in the 1990's believed that maintaining a substantial American shipping and shipbuilding capability would ever again be important to our national security.

Beginning in the mid-2010's I became increasingly aware of the threat to American interests posed by China's growth and geopolitical ambitions, and by its increasing dominance of the commercial maritime industry. Where America had all but abandoned its maritime industry, China was moving in precisely the opposite direction, deploying a whole-of-government strategy in support of its maritime industry. As President of AMP, I had the opportunity to host podcast interviews with senior experts on China and maritime matters, including Adm. James Stavridis, National Security Advisor Robert O'Brien, Author Michael Pillsbury, Rep. Mike Gallagher and others. The basic message in each of these interviews was the same. America was no longer the world's only superpower, as China presents a formidable competitor with explicit designs to displace America as the global leader. And industrial strength—particularly shipping and shipbuilding capabilities—is a key element of China's strategy.

Because these facts contradict the most basic assumptions underlying US maritime policies since World War II, and most certainly since the 1990's, I believed that a review of those policies was in order. I joined the Hudson Institute at the beginning of 2022 and began to dig into the key questions: How do the maritime industries of the US and China compare? What risks to American national and economic security are created by China's growing dominance of the maritime industry? How and to what extent can America rely on support from allies—particularly Korea and Japan—to cover for America's relatively weak maritime industrial base? And what realistic policies could America adopt to turn around its own shipping and shipbuilding industries to compete more effectively with China?

The Hudson Institute published the results of this analysis in three monographs: *Rewriting the Future of America's Maritime Industry to Compete with China | Hudson Institute; Staying Afloat: Why America Needs the Jones Act to Compete with China and What to Do Next | Hudson Institute;* and *Shoring Up the Foundation: Affordable Approaches to Improve US and Allied Shipbuilding and Ship Repair | Hudson Institute* (with Bryan Clark). Other recent writings include *America's maritime wake-up call: Competing with China at sea* (Washington Examiner) and "Why Budget Hawks Should Support the SHIPS Act" (LinkedIn post October 21, 2025).

The massive gap between America's and China's maritime industries is by now well known, although it is worse even than many suggest. China's maritime dominance means it can threaten America's maritime supply chains and grow its navy three times faster than America can. America's commercial fleet is far too small, lacking even the ability to resupply American troops deployed overseas in a conflict involving China. America can and should work with allies to secure the vessels needed to close current gaps in maritime deterrence and to modernize America's commercial shipbuilding industry. But working with allies is only a partial answer, as America must become self-sufficient in building and operating the vessels it will need in the event of serious conflict.

In developing possible solutions, the starting place was to consider the existing programs. In particular, the MSP is conceptually sound and proved to be very effective in supporting the Pentagon through the Persian Gulf wars. Under MSP the government pays the cost to "Americanize" the operation of a small number of commer-

cial ships operating in international trades. The owners, operators and American citizen crews of those ships agree to collaborate with the Pentagon in planning and providing maritime logistics services in the event of conflict. Use of MSP vessels saved US taxpayers tens of billions of dollars in prosecuting the Persian Gulf wars as compared to what it would have cost to have the military itself provide those services.

The MSP is inadequate, however, to meet the maritime challenges we face with China. The number of US flag ships in the program is far too small. Conservative estimates, including by former Maritime Administrator and Commander of the Military Sealift Command Mark Buzby, set the requirement at about 250 ships, almost three times the number of US flag ships currently in international trade. This reflects the far greater challenges in providing maritime logistics in a Western Pacific scenario, with massive fuel transport requirements, much greater distances and contested air and sea environments as compared to the Persian Gulf conflicts.

It is not as simple as just expanding the MSP, however, because the economic model underpinning MSP does not scale. Revenues needed to incentivize participation in MSP include three components—ordinary commercial freight charges; freight charges to carry government preference cargo; and stipends in amounts set by statute. The size of the US flag fleet thus depends in part on the volume of government preference cargo. Many in government and industry indicate that there is not enough government preference cargo today to sustain the existing MSP fleet (including tankers under the Tanker Security Program), let alone a fleet three times larger.

A third concern with MSP in context of the China threat is that it does nothing to support the US shipbuilding industry. This reflects a grudging willingness in the context of the 1990's to provide only operating support for US flag ships and not support to build those ships in the United States. Responding to China's maritime dominance requires not only a larger US flag fleet, but also a much larger American shipbuilding industrial base. The fleet of US flag ships supporting our sealift needs provides an obvious source of demand to help restore our shipbuilding industry.

Finally, MSP was arguably flawed from its inception in that participants receive what are essentially permanent slots in the program rather than long term contracts that are periodically recompeted. This has precluded many qualified American companies from participating in the program.

The recommendation made in my first report (Ch. 5 of "Rewriting. . .") was thus based on adapting MSP, which was very effective in providing the needed support to deal with a regional threat in Iraq, to the new paradigm dealing with a peer competitor in China. It would expand the US flag fleet to 250 ships. It would phase in a requirement that those ships be built in US shipyards, with specifications that may include any number of advanced technologies. And it would require that participation in the new program be based on competitive bidding by teams that could include US and foreign shipping companies, shipbuilders, technology companies and others. Rather than have stipends set by statute, those bidders would indicate the amounts of support they would need to build their ships in America and operate them in international trades under the US flag. Proposals that offer the best value to the government would be awarded seven-year contracts, with participation recompeted at the end of each seven-year term. The SHIPS For America Act has adopted and modified this proposal and included it as the Strategic Commercial Fleet Program (SCF), Section 401 of the bill.

The primary objective of the SHIPS Act must be to grow the American maritime industry, and the SCF is arguably the most significant aspect of the bill in providing a path for growth. A fleet of 250 US flag ships will close sealift gap and provide the Pentagon with more capacity that it could use to resist Chinese gray zone tactics. American shipbuilders will be presented with consistent demand for eventually twenty ships each year under the program. This is twice as many ships as were delivered by US shipyards in the single highest year in recent history. It is enough demand to drive government and private sector investment to grow and modernize the industry, and to build up the workforce and supply chains needed for long-term success.

The goal to restore America's maritime strength cannot realistically be to match China hull-for-hull, which would cost hundreds of billions of dollars with doubtful outcomes. Rather, the goal should be to grow and reposition America's maritime industry to increase its presence in international trades and provide a platform for modernization rather than continued decline. The SCF would do exactly that. The estimated costs for the SCF would not be tens or hundreds of billions of dollars, but $11 billion over ten years, or an average of $1.1 billion annually. That amount would be fully covered by the funds generated by the USTR Section 301 penalties on Chinese ships.

The proposed SHIPS Act includes many other provisions that are intended to grow the industry and update the entire American maritime ecosystem. Together they reflect a depth of thought that takes seriously the challenges we face in restoring America's maritime industry and the steps needed to meet those challenges. I urge you to move forward with this legislation.

Thank you very much for your attention.

Sincerely,

MICHAEL G. ROBERTS.

PREPARED STATEMENT OF PATRIOT MARITIME

Chairman Sullivan, Ranking Member Blunt-Rochester, and Members of the Subcommittee:

Patriot Maritime appreciates the opportunity to submit this statement for the record. As one of the Nation's leading U.S.-flag shipping and logistics operators supporting the Department of Defense, Military Sealift Command (MSC), and the Maritime Administration (MARAD), and as U.S. owned small-business, Patriot strongly supports the bipartisan SHIPS for America Act (S.1541) and commends the Subcommittee for its leadership in restoring America's maritime strength.

Patriot Maritime: Trusted to Deliver. Ready to Respond.

Patriot Maritime is a shipping and vessel management company managing a diverse fleet of over twenty U.S.-flagged vessels sustaining readiness and logistics around the world as well as commercial trade. Our ships include ten Ready Reserve Force vessels for MARAD, eight Watson-class and two Bob Hope-class Large, Medium-Speed Roll-on/Roll-off ships for MSC, the training ship for California State University Maritime Academy, one MR tanker for Federated Maritime, and the *Haina Patriot,* a shallow-draft chemical/oil products tanker owned by Patriot. Over more than 25 years, Patriot has successfully executed more than 100 on-time vessel activations supporting both exercises and real-world operations such as Operation Enduring Freedom and Operation Iraqi Freedom.

America's Strategic Maritime Deficit

For decades, the United States has allowed its commercial maritime base—shipbuilding, repair, and the U.S.-flag fleet—to erode. Today, fewer than 200 U.S.-flag ships operate in international trade, while China's state-controlled fleets dominate global shipping and ship construction. The United States is increasingly dependent on foreign-flag carriers and shipyards to move its own commerce and defense materials—a vulnerability that undermines both economic security and military readiness.

Reviving U.S. Commercial Shipbuilding Requires Cargo Preference

Rebuilding U.S. shipbuilding and the maritime workforce depends on a single essential factor: cargo. When there is steady cargo moving under the U.S. flag, investment follows—shipyards expand, mariners train, and private operators commit capital. The SHIPS Act's cargo preference provisions are therefore indispensable. They ensure that U.S.-government cargoes and taxpayer-funded exports are carried on U.S.-flag vessels, strengthening the very foundation of our maritime industrial base.

Cargo preference, properly administered, creates the demand signal that drives private ship orders, provides the employment base for trained U.S. mariners, and sustains the Nation's commercial sealift capability. The more cargo reserved for U.S. ships, the greater the incentive for private investment in U.S. yards and crews—and the stronger our Nation becomes.

Building on Proven Programs

Patriot strongly supports the Maritime Security Program (MSP) and Tanker Security Program (TSP), public-private partnerships that provide critical readiness capacity for U.S. Transportation Command. These programs have proven that commercial operators can deliver reliability and efficiency in both peacetime and contingency operations. Congress must continue to fully fund these programs and expand them as new ship construction and emerging cargo opportunities come online.

Likewise, full enforcement of cargo preference laws, combined with the creation of modest but meaningful tax incentives—such as a "Ship American" deduction for companies that use U.S.-flag carriers—would substantially reduce the cost differential between U.S.-and foreign-flag service. Such steps align economic incentives with national interests and would produce immediate benefits for U.S. mariners, shipyards, and operators.

The SHIPS Act: A Generational Opportunity

The SHIPS for America Act recognizes that shipbuilding revival cannot occur in isolation. Its comprehensive approach—pairing workforce development, industrial expansion, and cargo preference—is the most significant maritime policy initiative in a generation. Subtitle B's focus on ensuring sustained cargo for U.S.-flag vessels is especially vital. Without it, newly built ships will have no work; with it, we can sustain an expanding fleet, employ more American mariners, and reestablish the United States as a true maritime power.

Conclusion

Patriot Maritime commends the Subcommittee and bill sponsors for their leadership in addressing the decline of the U.S.-flag fleet. Reviving America's maritime capability is not just an industrial goal—it is a national security imperative. The SHIPS for America Act offers a path to restore the balance between government partnership and private investment that built and operated the greatest merchant marine in history.

Patriot urges Congress to enact this legislation swiftly and to reaffirm the principle that American cargo should sail on American ships, crewed by American mariners, built in American shipyards. This is how we rebuild the fleet, strengthen our economy, and secure our Nation's future.

Thank you for the opportunity to share the views of Patriot Maritime.

PREPARED STATEMENT OF MATTHEW GARNER, PRESIDENT, TAI ENGINEERS, LLC

Chair Sullivan, Ranking Member Rochester, and Members of the Committee,

Thank you for the opportunity to submit a statement for the record regarding the *SHIPS for America Act.* We believe this is an important piece of legislation deserving the full attention of Congress.

TAI Engineers, LLC (TAI) is one of the few U.S. companies exclusively dedicated to full-ship design, engineering, and integration—providing essential services to the U.S. maritime industrial base. TAI's vision is to provide "*Solutions that Enhance Value.*" Our business focus encompasses all aspects of ship design integration, program and ship construction management from concept through detailed design, incorporating operational innovation, optimization, risk mitigation, and best-value tradeoffs through production, testing, delivery, and the operational life cycle. Our goal is to develop and sustain true Naval Architecture and Integrated Logistics expertise in the United States.

Our team of 150 maritime professionals—predominantly engineers, specialized designers, and drafters—has served as the design agent for thousands of vessels since 1993. We began in commercial ship design, supporting small U.S. shipyards. Working primarily on commercial vessels, we built the knowledge, skills, and abilities that enabled us to successfully transition to government work as commercial shipbuilding declined. Every ship design contract supports dozens of high-skill engineering jobs and hundreds of follow-on production jobs at U.S. shipyards and suppliers.

Over the past decade, TAI has delivered design contracts for the U.S. Navy's LAW/LSM, NGLS/T–AOL, and MSV(H) programs as a prime contractor, as well as numerous designs for shipyard partners. We have successfully executed Vessel Construction Manager prime contracts for six design-and-construction programs for the U.S. Army, the U.S. Army Corps of Engineers, and the National Park Service.

Our organization strongly supports the *SHIPS for America Act* and the urgent need to revitalize the commercial maritime industrial base. It should be recognized that the maritime industrial base includes not only shipyards and suppliers, but also the naval architects and marine engineers who design and engineer ships in the United States. Our experience assisting shipyards in the commercial maritime industry strengthens our technical capabilities and positioned us to successfully support government programs. We are a clear example of how a healthy commercial shipbuilding and engineering sector directly benefits the government. Commercial shipbuilding strengthens engineering talent, which strengthens government programs.

Robust naval architecture efforts lead to more mature designs that support efficient production, minimizing construction costs and delays. The U.S. commercial maritime industry will benefit greatly from a strong naval architecture community capable of delivering mature designs. Mature designs have been shown to reduce risk and cost in shipbuilding programs, as documented by GAO–24–105503. We support revitalizing commercial shipbuilding because it sends a strong demand signal for more naval architects and marine engineers—a signal necessary to attract new talent into the field.

We recognize the importance of maintaining a vibrant national shipbuilding infrastructure, as our Nation's shipyards are critical national security assets. We also believe that U.S. ship design and maritime engineering capabilities have not been adequately prioritized in recent years. This workforce is essential to solving emerging maritime challenges, strengthening U.S. commercial maritime capacity, supporting national emergencies, and providing high-quality STEM careers for both high school and college graduates. The United States has a long history of leadership in ship design, and continued advancement of this skillset is critical to our maritime future—particularly in large-volume ship design.

As part of the *SHIPS for America Act's* workforce development pillar, we recommend several additional actions to strengthen U.S. naval architecture and marine engineering capabilities:

1. *Invest in Education and Scholarships.* Reduce barriers to entry through expanded scholarship programs—ideally a naval architecture–specific equivalent to the DoD SMART program—with guaranteed internships and post-graduation employment. Fully fund tuition and living expenses for B.S., M.S., and Ph.D. students in naval architecture and marine engineering.
2. *Modernize Digital Engineering Infrastructure.* Adopt and support advanced digital tools, including modeling, simulation, and digital twin technologies, to enhance productivity and collaboration. The government can accelerate adoption by funding shared digital engineering infrastructure and software licenses for qualified partners; sponsoring training and certification in tools such as MBSE, CAD/CAE, and PLM; and requiring open digital standards in new acquisition programs to ensure interoperability.
3. *Raise the Profession's Visibility.* Launch a national awareness campaign featuring real ship design projects and young engineers' stories. Sponsor guest speakers, ship visits, and media content that highlight the critical role of naval architects.
4. *Strengthen University Programs.* Provide grants to ABET-accredited NA&ME schools to hire faculty, upgrade facilities, expand distance learning, and develop industry certifications. Establish two to three Centers of Excellence in Naval Architecture.
5. *Build a High School Pipeline.* Fund STEM outreach programs in shipbuilding regions. Create summer design camps at partner universities and sponsor national high school design competitions judged by government and industry naval architects and marine engineers.
6. *Incentivize Career Entry and Retention.* Offer sign-on bonuses or student loan repayment for naval architects and marine engineers. Fund rotational fellowships across Navy labs, government and commercial shipyards, and design firms. Support continuing education, Professional Engineer exam preparation, and advanced degrees.
7. *Leverage Public–Private Partnerships.* Expand collaborative internships and co-op programs tied to the commercial maritime industrial base. Form industry consortia—modeled after the National Shipbuilding Research Program—to co-develop workforce initiatives. Use OTAs and other flexible funding tools to launch pilot programs quickly.
8. *Support Ship Design Companies.* Ensure that firms like TAI remain fully engaged on meaningful projects, allowing them to maintain and grow the Nation's design expertise.

We strongly believe that a robust commercial maritime industry enables a strong government maritime industry by expanding the overall market and providing greater opportunities across the sector. We urge the Committee to promptly pass the *SHIPS for America Act.* America's maritime strength relies not only on shipyards, but also on the specialized professionals who conceive, design, and integrate the ships we build. We urge the Committee to ensure that the *SHIPS for America Act* explicitly includes investments in U.S. ship design, engineering, and digital infrastructure—without which revitalizing shipbuilding will not be sustainable. Without targeted investment in workforce, tools, and partnerships, the U.S. risks losing a capability that takes decades to develop and only years to erode. By acting now, Congress can ensure that America retains the capacity to design the ships that will safeguard its future.

We appreciate the opportunity to comment on such an important topic for the United States. We thank the committee for your consideration.

PREPARED STATEMENT OF CARLEEN LYDEN WALKER, CEO, SEATRAIN TECHNOLOGY

Dear Members of the Committee:

Thank you for addressing the critical position of our maritime security. For too long, our Nation has made the decision to ignore the role that our maritime industry plays in our daily lives, and has outsourced that responsibility to other nations, some of whom are no longer working in our best interests.

At the end of World War II, the U.S. Flag flew on 50 percent of the world's ships—today that number has been reduced to 0.4 percent. This loss has opened up vulnerabilities for our Nation that include national security, energy and food security, economic security, and workforce development.

The SHIPS for America Act will put us on the path to recovery as we recommit our Nation to this vital industry. I would urge this committee, though, to not just agree to throw money at the problem, but to take an intentional view as to how we get the maximum benefit from our resources.

SHIPS

The Act's goal of 250 ships by 2035 will not be realized if we persist in building the same ships. We cannot compete with China in this realm. Why not overpower them by launching a new design: SeaTrain Technology's remotely operated submersible cargo vessels suitable for commercial, energy and defense applications (*https://seatraintech.com/*). We could effectively have 250 SeaTrain gliders operational within 3 years and solve for the shipyard and mariner challenges.

SHIPYARDS

Our shipyards need to be overhauled and modernized to be effective, if not competitive, with Asian yards. Let us invest in technologies that will support this industrial advancement and springboard our shipyards into the 21st century.

SeaTrain Technology takes a page out of both Henry Ford's book on assembly line manufacturing and Asian yards' practices by creating a "series building" platform that maximizes efficiency and productivity.

MARINERS

We are all aware there is a mariner shortage today and in the foreseeable future. Further, more and more of our current mariners are seeking a work/life balance that doesn't exist in today's deep sea shipping world. SeaTrain Technology offers experienced mariners shoreside positions monitoring and guiding SeaTrain's gliders from variable control centers, thus mitigating time at sea and away from families.

In conclusion, SeaTrain Technology strongly supports the SHIPS for America Act, and hopes that it will provide us with the opportunity to demonstrate how we can rapidly answer the needs of our country for maritime dominance in the most efficient and effective way possible.

Thank you for your consideration,

CARLEEN LYDEN WALKER,
CEO,
SeaTrain Technology.

PREPARED STATEMENT OF CARLEEN LYDEN WALKER, CHIEF EVOLUTION OFFICER (CEO), SHIPPINGINSIGHT

Dear Members of the Committee:

Thank you for addressing the paucity of maritime assets the United States currently deploys. While the U.S. once boasted 50 percent of the world's maritime tonnage, that number is now 0.4 percent.

The Spanish philosopher, George Santayana once wrote: Those who cannot remember the past are condemned to repeat it. To wit,

- China: Maritime power until 1421.
- Portugal: Maritime power in the 15th and 16th centuries.
- Spain: Maritime power until mid-17th century.
- Netherlands: Maritime power until mid-18th century.
- Great Britain: Maritime power until mid-20th century.
- United States: Maritime power at the end of World War II. (50 percent of the world's tonnage)
- China: has returned as the maritime power in the 21st century

With all due respect to our European allies, their role as global powers is over. Do we want to see the United States suffer the same fate?

I am writing to urge you to support the SHIPS for America Act. Our nation is a world leader in so many arenas; it is imperative that we reclaim our position as a maritime power.

Key reasons why we need to restore our maritime pre-eminence:

- 90 percent of the world's goods and energy are transported on ships-"The Engine of Global Trade"
- Backbone of a nation's economy and security
- Most environmental and efficient mode of transporting bulk goods
- Of vital importance to supporting military efforts

I urge you to restore our maritime might.

Thank you for your consideration.

CARLEEN LYDEN WALKER,
Chief Evolution Officer,
SHIPPINGInsight.

PREPARED STATEMENT OF THE AMERICAN MARITIME OFFICERS, INTERNATIONAL ORGANIZATION OF MASTERS, MATES & PILOTS, MARINE ENGINEERS' BENEFICIAL ASSOCIATION, MARINE FIREMEN'S UNION, MARITIME TRADES DEPARTMENT, AFL–CIO, SAILORS' UNION OF THE PACIFIC, SEAFARERS INTERNATIONAL UNION, TRANSPORTATION TRADES DEPARTMENT, AFL–CIO

Chairman Sullivan, Ranking Member Blunt Rochester and Members of the Subcommittee:

This statement is submitted by the American Maritime Officers, the International Organization of Masters, Mates & Pilots, the Marine Engineers' Beneficial Association, the Marine Firemen's Union, the Maritime Trades Department, AFL–CIO, the Sailors' Union of the Pacific, the Seafarers International Union, and the Transportation Trades Department, AFL–CIO. Collectively, our unions represent the ships' masters, licensed deck officers, licensed engineers, and unlicensed merchant mariners working aboard all types of U.S.-flag commercial vessels, including all those enrolled in the Maritime Security Program and the Tanker Security Program.

The development, implementation and funding of programs and policies that promote, support and grow the U.S.-flag fleet, enhance its economic viability, and increase its ability to compete for and secure a larger share of America's commercial commerce are extremely important to the jobs of the men and women our organizations represent. The jobs that American merchant mariners perform, and the ships that they crew, are a vital component of America's economic and military security. They provide the commercial sealift readiness capability needed by the Department of Defense and, as history has demonstrated, are always ready, willing and able to put themselves in harms' way to support American troops deployed throughout the world. Consequently, we are grateful that this hearing is being held and we appreciate the opportunity to submit our statement.

At the outset, we wish to reiterate our strong support for the bipartisan and bicameral SHIPS for America Act. We thank the sponsors of this legislation for their leadership in introducing this legislation and we thank all those who have cosponsored this legislation for their commitment to revitalize America's commercial maritime capability. We assure you that America's seafaring labor organizations look forward to working with you and your colleagues to enact the provisions in the SHIPS for America Act relating to maritime manpower as well as the other far reaching and innovative proposals to achieve a stronger maritime industry.

We also wish to acknowledge the support for our industry expressed by President Trump, Vice President Vance, Secretary of Transportation Duffy, and others in the Administration. Their statements demonstrate a clear recognition at the highest level of our government that the United States needs and must have a stronger and larger U.S.-flag maritime industry. Our organizations agree wholeheartedly.

In addition, as reflected in the SHIPS for America legislation and the actions taken by the Administration, the international shipping arena is not a level playing field where all vessels operate under the same set of rules and comply with the same operational, manning and tax requirements. Rather, U.S.-flag vessels are forced to compete against foreign state owned and controlled vessels and other flag of convenience vessel operations, as well as those vessels receiving significant tax

related and other economic incentives that help them secure larger amounts of the world's foreign trade.

The same holds true for the American shipbuilding industry and our labor colleagues who work in America's shipyards or in related service and supply industries. We support the steps being taken by the Administration to respond to unfair shipbuilding practices by China and urge the Administration to ensure that such steps reflect the importance of both domestic shipbuilding and U.S.-flag vessel operations to the economic and military security of our Nation.

It is for these reasons why we strongly urge Congress to consider as expeditiously as possible the SHIPS for America legislation. Without the critically important initiatives contained in this legislation, vessels may be forced to leave the U.S.-flag. This will not only reduce the commercial sealift capability available to the Department of Defense but result in an outsourcing of critically important American maritime jobs causing a dangerous reduction in the number of American mariners available to crew the surge and sustainment vessels needed to support American troops overseas.

In fact, when we lose U.S.-flag vessels and the shipboard billets they provide, trained and experienced American mariners lose their jobs, their income, their health and other benefits, and their ability to provide for their families. When this happens, they have no choice but to leave our industry and find employment someplace else. For our government, and particularly the Department of Defense, this means that a sufficient number of American mariners will no longer be there—will no longer be working in our industry—the next time the need to support American troops and America's interests abroad arises.

It is also extremely important to emphasize that it takes many years for an individual to gain the sea-time necessary to obtain Coast Guard-issued licenses and endorsements. Simply put, it will take a long time for our country and our industry to recover from the further downsizing of our fleet and the outsourcing of American maritime jobs. Rather, Congress, the Administration and our industry need to work together to achieve the goals and objectives contained in the Declaration of Policy in the Merchant Marine Act, 1936: namely, that "It is necessary for the national defense and development of its foreign and domestic commerce that the United States shall have a merchant marine (a) sufficient to carry a substantial portion of the water-borne export and import foreign commerce of the United States. . ."

Today, U.S.-flag commercial vessels today carry less than 2 percent of America's commercial foreign commerce, clearly not a "substantial portion". However, the simple fact is that the key element in the revitalization of the U.S.-flag shipping industry and its ability to protect the international shipping supply chain is to increase the share of commercial cargo carried by U.S.-flag vessels in international commerce. Without cargo, ships don't sail and if ships don't have the cargo they need to operate, then the American merchant mariners who crew these vessels will not have work and may in fact be forced to leave the industry, reducing the critically important maritime manpower pool.

To this end, we support the increase in U.S.-flag cargo preference shipping requirements to 100 percent as contained in the SHIPS for America legislation. We believe very strongly that U.S.-flag vessels and their U.S. citizen crews should be responsible for the carriage of all U.S. taxpayer financed government cargoes.

At the same time, it is important for Congress and the Administration to understand that simply increasing the share of government cargo to be carried by U.S.-flag vessels will not result in the increase in the number of U.S.-flag commercial vessels envisioned by the SHIPS for America legislation. It is essential that provisions be included that result in the carriage of a greater portion of America's foreign trade on American ships.

Congress should, for example, consider the establishment of a tax credit provided to the shippers or owners of the cargo as an incentive to utilize American ships in response to the economic advantages enjoyed by foreign flag and foreign crewed ships. In addition, we would encourage Congress to consider which tax-related incentives currently available to foreign flag vessels should be made applicable to U.S.-flag vessels and their American crews. Many nations, for example, exclude the income earned by their mariners from their income tax, a provision that reduces operating costs to the vessel owner. In fact, this foreign source income exclusion is currently available to other American workers employed outside the United States pursuant to section 911 of the Internal Revenue Code but not to American mariners working aboard U.S.-flag vessels operating in the foreign trades.

We also believe that section 421 in the SHIPS for America Act that allows duties on imported cargo to be adjusted if carried on U.S.-flag vessels should be utilized and that such incentives should be a part of bilateral and multilateral trade negotiations.

In short, if we do nothing and our industry is expected to respond on its own without the support of the United States government to constantly changing conditions in the international shipping arena, the stability necessary for the U.S.-flag shipping companies to attract the investments they need and the opportunity for maritime labor to recruit and retain the mariners our country needs will not be there. Most importantly, the failure to act means that the Department of Defense will no longer have the certainty that the privately-owned U.S.-flag commercial industry will be there to provide the commercial sealift capability it needs; will no longer be able to undertake the long-term planning necessary for an effective sealift strategy; and will be forced to dedicate a significant portion of its limited resources to the commercial sealift functions presently provided by the U.S.-flag merchant marine at a fraction of what it would cost the government to do it all itself.

In conclusion, we stand ready to do whatever we can to help put in place the programs and policies that result in the operation of a greater number of commercial vessels under the United States-flag, that create new job opportunities for American mariners, and that increase the share of America's foreign trade carried by U.S.-flag vessels.

PREPARED STATEMENT OF CAPTAIN JAMES TOBIN, PRESIDENT AND CEO, U.S. MERCHANT MARINE ACADEMY ALUMNI ASSOCIATION AND FOUNDATION

On behalf of more than 13,000 living graduates of the United States Merchant Marine Academy, I thank Senators Todd Young and Mark Kelly for their bipartisan leadership in advancing the SHIPS for America Act and for keeping America's maritime strength squarely on the national agenda.

As the maritime threat from China becomes clearer by the day, America must focus on regaining and sustaining dominance of the seas. In any future major-power conflict, our Nation's ability to project and sustain power across the Pacific will depend on the reliability of military sealift—and on the men and women trained to operate it.

More than 80 percent of the U.S. Navy's Strategic Sealift Officers are service-obligated graduates of the U.S. Merchant Marine Academy (USMMA), whose mission is to educate and train the licensed officers who command our commercial fleets in peacetime and, in wartime, transport the armaments, fuel, and supplies required for victory.

The SHIPS for America Act rightly emphasizes rebuilding the industrial base—shipyards, vessels, and the skilled workforce that sustains them. But a true maritime resurgence also requires rebuilding the human base—specifically, the licensed, militarily obligated Merchant Marine Officers trained at USMMA who will crew those ships in times of war.

To ensure a ready cadre of sealift-qualified officers, Congress established the U.S. Merchant Marine Academy at Kings Point, New York, more than eight decades ago. Today, its 1940s-era campus must be modernized to meet 21st-century security demands. Recognizing this urgent need, the SHIPS for America Act provides for the modernization of the USMMA's infrastructure—a critical link in the chain of America's maritime readiness.

This bipartisan support in the Senate aligns with efforts at the Department of Transportation (DOT), which is advancing a comprehensive Campus Modernization Plan consistent with the requirements specified in the SHIPS for America Act

This is government at its best: Congress, the Administration, and DOT all pulling in the same direction to strengthen both the maritime industrial base and the human base—the licensed, militarily obligated Merchant Marine Officers who will carry the load when it matters most.

If the United States is serious about maritime resurgence, it must invest not only in ships and shipyards, but also in the service obligated midshipmen training at USMMA who will command them into contested waters.

Respectfully submitted,

CAPTAIN JAMES F. TOBIN.
President and CEO,
Merchant Marine Academy Alumni Association and Foundation.

Senator YOUNG. Dr. Mercogliano, thanks so much for being here. You know, it has been said by a number of our witnesses today that American shipbuilding has ebbed and flowed, and you have each spun I think very related and complementary narratives about why right now we have a shipbuilding infirmity in this coun-

try. And I agree with, I think, Mr. Paxton's assessment that it was market forces that led us to chase value, you know, the same quality or even better quality at lower cost. And we delivered that to the taxpayers, but we lost sight of the fact that it is important for us policymakers to be baking into the price of certain critical goods, strategic goods, a national security or economic security premium.

So it is time we updated our economics. If we learned anything over the course of a global pandemic, with semiconductors and other valuable products, it is that we need to do our work up here on the Hill.

So this hearing is really important, sir. Our industrial capacity, as you have intimated, has cratered since the 1970s, with respect to some of these key strategic products. So we are in a bind.

We are a maritime nation. Alfred Thayer Mahan, a name you are familiar with, talked not just about naval power but more broadly about sea power. And could you unpack that a little bit, explain what that means to be a nation of sea power, and explain how the SHIPS Act and the President's Maritime Action Plan can get us back on the right course as a sea power nation?

Mr. MERCOGLIANO. I would be happy to, Senator Young, and I want to thank you and Senator Kelly for your leadership on the SHIPS Act. It has been absolutely essential for us.

A friend of mine, Nicholas Lambert, wrote a fantastic book, "Neptune Factor", which talks about Alfred Thayer Mahan, in looking at this as economics. And that is what he understood. He understood sea power to be not just the application of military force but economic force. It is trade. It is commerce. The whole reason to have a Navy is to ensure that the economics and trade is moving and flowing for a nation.

We shifted our focus. We have gone kind of back and forth between being a continental and a maritime nation and now we are obviously a maritime nation, based on our imports and exports. And we have seen, since 2021, with Ever Given getting stuck in the Suez, we have seen it with incidents along the coast of the United States, Dali in Baltimore. We have seen how vulnerable our supply chain can be to disruptions, both being caused naturally and by other forces, outside forces, the Houthi, for example, in the Red Sea.

So I think the importance here is that we have kind of gotten away from that lesson, but since 2021, it has been brought home numerous times through the supply chain crisis.

Senator YOUNG. Right. So thank you, sir. And just to put a fine point on it, I am quoting Mr. Paxton a lot today, but he did say earlier, and I wrote it down, "Maritime dependency makes us a client state." So Doctor, what would happen if tomorrow China said, "We are no longer going to allow our vessels, our merchant vessels, to stop in U.S. ports," and how might the SHIPS for America Act offer a solution to that challenge?

Mr. MERCOGLIANO. Well, as you know, less than 2 percent of our imports/exports are on U.S. ships, and a nation like China, which has a Chinese overseas shipping company, a major shipping firm, can cause disruptions to us. I mean, just by simply ordering their ships to slow down and come in two days late would cause disruptions to us.

By having a SHIPS for the United States we provide us with that reservoir, that backlog, so that we are not dependent on it. It was the thing that created, actually, the Jones Act in 1920, when we found out that 11 percent of our international trade was only carried on American ships. It is much lower today.

Senator YOUNG. Right. And that legislation, perhaps it can be improved in various ways. We want to keep this coalition together around the SHIPS for America Act. But it was designed to change the cost structure, right, a very similar motivation that we are seeking today with the SHIPS for America Act.

Mr. Paxton, as my time comes to a close here, there are some who doubt that America's shipbuilding industry is capable of responding to the enormity of this threat of supply chain interruption and all the rest. What do you say to that?

Mr. PAXTON. I categorically disagree. We have shipyards that are building large, oceangoing vessels right now, as we speak, up at Philly, at NASSCO, many other shipyards. We have the capability and capacity, sir. What we do not have is the demand signal your legislation will produce. That would open up more capacity in existing infrastructure and probably end up opening more shipyards.

Senator YOUNG. Thank you. Thank you all.

Senator SULLIVAN. Senator Schatz.

STATEMENT OF HON. BRIAN SCHATZ,
U.S. SENATOR FROM HAWAII

Senator SCHATZ. Thank you, Chairman and Ranking Member. Thank you to all the members and all the testifiers for your commitment to this issue.

Mr. Vogel, in interacting with Senator Kelly's shop, my understanding is that this Act is at least partly designed to sort of look at some of the success stories in individual shipyards and scale them up. Just for the record, can you tell us what is going right in the Philly shipyard and how we can sort of replicate that across the country?

Mr. VOGEL. Yes. Thank you, Senator. So much has gone well with the National Security Multi-Mission Vessel Program, by removing those regulatory constraints that are in typical government shipbuilding. We awarded that contract to the Philly Shipyard in April 2020, right at the start of the COVID–19 impact. At that time, they had about 80 employees in the shipyard. Despite those challenges, we have been able to successfully deliver three of the five vessels on time, on budget. We have seen growth at 0.38 percent of the original budget. That is compared to often 20, 30, 40, a multitude more, percent in terms of growth.

Senator SCHATZ. Why? I get it. So what did you do?

Mr. VOGEL. So having the vessel construction manager fully integrated, we have been able to identify issues before they have really arisen. We have removed that sort of gotcha mentality of traditional government shipbuilding, where you have inspectors in the yard who are trying to bring back sort of the demonstration of their value. Instead, we are working hand-in-hand with the shipyard, identifying issues, identifying things like supply chain, how can we identify the right American supply chain and help them to buildup that capacity.

Senator SCHATZ. And are there specific Federal regulatory barriers, or is it mostly like a sort of staffing structure, where the old school was you would come in and you would sort of post audit or prove to the shipyard that they were doing something wrong? Is that what you are talking about, or is there separately a set of regulations that need to be gotten rid of?

Mr. VOGEL. Yes, it is both, Senator. So the Federal Acquisition Regulation places numerous burdens. We have been able to reduce that by using a commercial model, minimizing the slowdowns. One of the keys for us, too, was to be able to sort of break that privity between the government and the shipyard, snap that chalk line so that when the design was done we were able to move out. Historically, government shipbuilding has been plagued by change orders, constant changes to the design. By eliminating all of that we have been able to instruct Philly to move out on a design that was agreed on, back in 2019 and 2020, and execute upon that to get ships in the water.

Senator SCHATZ. Should I understand this sort of like value engineering? Is that kind of what we are talking about?

Mr. VOGEL. Absolutely, Senator.

Senator SCHATZ. OK. I got it. OK.

Mr. Paxton, talk to me broadly about the workforce. I mean, if we send the demand signal, that is great, but as we have seen markets are not perfect, and there are pipeline issues and retention issues. So how do we address that sort of concurrently with the other stuff that we are working to do?

Mr. PAXTON. Yes. Thank you, Senator. I think our workforce is sometimes a reflection of kind of the boom-and-bust cycles we go through in shipbuilding, both commercial and government. When the work is there and we have that long series construction, our workforce knows they have a career in that shipyard, not a job. So having the work, being able to plan, being able to hire up your workforce, that happens because you have that long run of work.

I know it sounds simple, sir, but in these shipyards that are privately held and publicly traded, they are making investments based on the best information they have, and they cannot keep a workforce employed if they see a strategic pause or a reduction in the work.

Senator SCHATZ. OK. Got it. So you need to send a big demand signal to kind of establish a foundation for all this.

Mr. PAXTON. Yes, sir.

Senator SCHATZ. What else?

Mr. PAXTON. I think we have been doing a good job with trying to go down to the middle schools, to the elementary schools, to explain that this is a career that you can pursue, and it is changing. We are talking about AI. We are talking about robotics. We are talking about new technologies coming into our shipyards. So the education, Senator, of making sure that this is an understood profession as opposed to you have got to go get that standard 4-year degree.

Senator SCHATZ. Thank you very much.

Senator SULLIVAN. Thank you. Just a real quick point on that. A lot of the budget reconciliation bill, the One Big Beautiful Bill, does a lot for this, to jumpstart Navy, commercial. But on the

workforce side, one of the really understated provisions here that has not gotten a lot of attention, the Pell Grants funding, which is a lot of Federal money, now is able to go to certificate programs, for registered apprenticeships, and 529 program that go to these registered apprenticeship programs for training. Just what you were talking about, Mr. Paxton. I just wanted people to know that is a really good part of the program. Senator Curtis.

STATEMENT OF HON. JOHN CURTIS,
U.S. SENATOR FROM UTAH

Senator CURTIS. Thank you, Chairman. I would like to begin by giving a shoutout to my colleagues, Senator Kelly and Senator Young, for their work on this, for their leadership, and I look to them as important leaders on this, so thanks for their work.

Dr. Mercogliano, if there was a theme for this hearing it would be where did we go wrong. That seems to summarize all of my colleagues' questions. But it was also my question. I will not bore down too much into that, but I would like to specifically look at China the last 20 years. Yes, we know of subsidies. We know the way the Chinese government works. Are there other things that we should be learning from the Chinese, innovations, and what else should we learn from this? And then kind of a follow up to that question is, what could go wrong with China dominating? You talked a little bit about that, but I would like you to bore down on that a little bit more, the problem with China being so dominant?

Mr. MERCOGLIANO. Thank you, Senator Curtis. China's dominance has been absolutely fascinating to watch. Again, I will not quote CSIS again, but what has been interesting is how China has gone from small, little shipyards to consolidating their shipyards into much larger entities. They took very disparate shipyard capability and have built it up into these huge conglomerates. Consolidation is the issue we see in shipping in almost all areas. And it is that vertical integration I think is really the most disturbing that you see in them.

Obviously, China has the ability to, you know, low labor, a lot of money that is freely available to them, not a lot of overhead. We talk about the subsidies, the direct and indirect subsidies. From 2010 to 2018, they received about $132 billion in subsidies. Our Title XI grants during that same period was $77 million. So, I mean, it is just proportionally different.

But they control other aspects. I mean, they are building almost every container in the world and leasing them out. They are building the trailers that they carry on. We see Chinese mariners becoming much more dominant. The Chinese merchant ships are built with military capability in them. One of the things that we need to understand, the more military capable you build a commercial ship, the less commercially viable it tends to be. But the Chinese can do that because they do not have to worry about the net profit in the end. So a Chinese overseas shipping company can have commercial ships, roll-on, roll-off ships, that can carry military capability.

In many ways, to go back to what Senator Young was talking about, China has swallowed Alfred Thayer Mahan and really un-

derstand it in a way that other countries have not. So they have embraced that.

The other issue, too, is that China, Japan, and Korea are in a three-way war out there in shipbuilding. If you look over the past three years, China's share of shipbuilding has increased by 16 percent. That is the exact amount that Japan and Korea have lost. It is one of the reasons why you are seeing Japan and Korea so interested in investing in the U.S. And one of my concerns about the SHIPS for America Act is we do not become a SHIPS for Korea Act. We need to make sure that we focus it here in the United States. So it is a very coherent program put out by the Chinese.

Senator CURTIS. Thank you. It is very insightful and enlightening. I saw a lot of heads shaking up and down as you were speaking.

Let me go to the U.K. for a minute, because U.K. is a close ally. A lot of policies would be similar. While we have declined, they have not. What could we learn from the U.K.?

Mr. MERCOGLIANO. Well, the U.K. has gone through their peaks and troughs too, I would mention. They have had issues with their shipbuilding. I would argue that if you look at a lot of European shipyards, if I can expand out just a little bit——

Senator CURTIS. Sure.

Mr. MERCOGLIANO.—you know, one of the things that we saw with specialization in shipyards, so if you go to the Dutch, for example, they are building small craft. They are doing dredges, very specialized. Germany, you know, realized that they cannot do quite the shipbuilding they do, but they produce propellers and diesel engines, much more specialized. The Italians, Fincantieri building cruise ships. Finland building icebreakers. So the realization that specialization came in.

I do get concerned if we try to get into a shipbuilding competition against China they are going to out-compete us all the time. If you look at where China is building today, they are number one in all categories of ships, except for cruise ships and liquified natural gas carriers, but they are growing in that. I think we need to really focus and target in certain areas where we need to fill our strategic commercial fleet.

Senator CURTIS. Thank you. Thanks to all the witnesses. I yield my time.

Senator SULLIVAN. Thank you. I don't know if you mentioned, Dr. Mercogliano, that we helped finance that too, you know, unfortunately. Our Wall Street guys are always helping China, which is another challenge of ours. Senator Baldwin.

STATEMENT OF HON. TAMMY BALDWIN,
U.S. SENATOR FROM WISCONSIN

Senator BALDWIN. Thank you, Mr. Chairman. Thank you to all of our witnesses today.

Representing a state in the Great Lakes I want to focus a little bit to start with Great Lakes shipbuilding. For nearly two centuries, Wisconsin workers have built world-class vessels and ships for moving goods to market and also to power our Navy. Wisconsin workers in our shipbuilding companies can compete with anyone in the world, but they need a level playing field to do it. We talked

a bit about China. As I have been saying for years, China has gotten away with cheating the system and undermining our workers, and it is long overdue that we stand up to them.

Prioritizing efforts to revitalize our domestic shipbuilding and repair sector is a matter of both economic and national security. I was proud to stand with workers to push President Biden and now President Trump to do right by these workers. Earlier this year, the Administration announced penalties on China for the unfair trade practices in shipbuilding.

I also strongly support passage of the SHIPS for America Act, our bipartisan and comprehensive legislation to revitalize the United States shipbuilding and commercial maritime industry, and I urge all of my colleagues to review and support this legislation.

Mr. Paxton, so far this year China has made 717 large commercial vessels and the United States has made just 1. Wisconsin stands ready to play a key role in revitalizing the country's shipbuilding capacity. How does the shipbuilding industry see the need to better utilize the Great Lakes workforce to meet the needs of the commercial maritime and Navy shipbuilding demands?

Mr. PAXTON. Thank you, Senator, for the question. I know we focus on large, oceangoing vessels, and we should, because they are important. I would point out last year we delivered 964 ships of all shapes and sizes, some of them built on the Great Lakes. This year we delivered 750 of those ships. So we should not just throw away the fact that those are smaller ships and specialized vessels. They are being built all over the United States, inland waterways, and the Great Lakes. So we do have ship capability that is really important. We have got to speak to that.

I do think, going forward, if we are doing something like the SHIPS Act, you are going to see something that they are calling now distributed shipbuilding, where you see modules and structural assemblies being built in non-traditional areas, in not your normal coastline shipyard areas. So that is a good thing, trying to get that entire industrial base in on it. Where we can parse out pieces and modules, that is a good way to utilize our industrial base.

Senator BALDWIN. Great. I wanted to add to previous questions about the Small Shipyard Grant Program. This is something that I have championed for years, the funding for that Small Shipyard Grant Program. Small shipyards are often the lifeblood of coastal communities, and the grant program provides resources for smaller shipyards to upgrade equipment and support worker training programs. Companies in Wisconsin, including Marinette Marine Corporation, Fraser Shipyards, Fincantieri, and Marine Travel Lift have all benefited tremendously from this program.

Mr. Paxton, can you speak to the importance of small shipyards in America's maritime industrial base and why continued and increased investment in the Small Shipyard Grant Program is critical?

Mr. PAXTON. Yes, it was a program that was authorized right in this Committee, and it has a long history, and its history is one of, it has always been over-subscribed, meaning when there is $100 million in there, there is $1 billion in demand. So what we know about the Small Shipyard Assistance Grant Program is that it is

absolutely utilized the right way and it is always over-subscribed. SCA fully supports it. We like the SHIPS Act putting $100 million authorization in there for sustained investment in the program.

Senator BALDWIN. Thank you. Ms. Snow, thank you for your remarks. I appreciate you mentioning the value of apprenticeships and technical colleges. It is critical that we support the growth of a maritime workforce concurrent with efforts to support the shipbuilding and repair industry. If there are no workers available to build ships, these efforts are pretty meaningless.

There are successful programs underway in my home state of Wisconsin. Northeast Wisconsin Technical College provides specialized training through a longstanding partnership with Fincantieri Marinette Marine to provide career paths through good-paying union jobs and a pathway to the middle class. The college has expanded this partnership to Fincantieri Bay Shipbuilding at their Sturgeon Bay campus.

How can industry work better with technical colleges and entities like labor unions to grow the maritime workforce?

Ms. SNOW. Thank you for the question. I think that their creating a pipeline from technical schools directly to businesses is actually a vital solution to a lot of these workforce problems. I would go as far to say as introducing them earlier, though. I have created a pipeline with our Seattle Public Schools Skills Center, which is a high school program, where their final that they take in high school in their welding program is our weld test that you take to interview. So if they have passed this class in high school, they are automatically set up for success at our business. So I would encourage other companies to take the personnel leap to go and make those pipelines.

Senator BALDWIN. Thank you.

Senator SULLIVAN. Senator Moreno.

STATEMENT OF HON. BERNIE MORENO,
U.S. SENATOR FROM OHIO

Senator MORENO. Thank you, Mr. Chairman, for holding this hearing. I will start with you, Mr. Paxton. You have been, from the background materials here, doing and advocating for shipbuilding in America for 18 years. What is different today that gives you hope versus the last 18 years, where we have continued to see inaction by Congress and actually competing in shipbuilding?

Mr. PAXTON. Thank you, Senator, for the question. One of the things we have always advocated for was just a simple thing, having a National Maritime Strategy. We have these things for defense. We have them for other transportation modes. We do not have it for the maritime industry.

I would say over the last 18 years, a little bit earlier than that, that is when we saw China enter the WTO, and we thought capitalism would take down communism. It did not happen, and China did their 5-year plans and grew.

Senator MORENO. Just let me interrupt you real quick. So that was 25 years ago. You would agree, I think all of us should agree, that that vote 25 years ago was a catastrophic disaster.

Mr. PAXTON. They have played the long game.

Senator MORENO. We played the dumb game.

Mr. PAXTON. Well, I will not speak to that, sir. But I will say that that had a bad impact on all global shipbuilding, because it has all declined since that moment happened.

Senator MORENO. Right. But you would agree, and Dr. Mercogliano, you would agree, energy policy does also matter, right. To build ships here at scale in America, you need affordable, abundant, reliable energy. Would you both agree on that?

Mr. MERCOGLIANO. Yes, sir. I think we need not just energy but an entire strategy dealing with an industry in all aspects of it, to really promote shipping.

Senator MORENO. So a shipbuilding facility run by solar panels is decently unrealistic today?

Mr. MERCOGLIANO. I do not think you are going to be able to generate enough power for it.

Senator MORENO. But 94 percent of all new power generation, under the Biden administration, was wind and solar. So energy policy matters. Regulatory policy matters, right? That is a big hindrance to our industry, to private industry, when you have regulatory policy that strangles the private sector. Would you agree?

Mr. MERCOGLIANO. It is very difficult in the maritime sector right now. You see that issue with just manning ships and the regulations that U.S. merchant mariners fall under in regard to licensing, and even the number of crew on board ships makes us very uncompetitive in that way.

Senator MORENO. How about tax policy, meaning when you have inconsistent tax policy, when you have corporate tax rates that are very high, you have a disincentivizing of investment, that also makes a difference. Correct?

Mr. MERCOGLIANO. I agree, Senator. One of the comments I had earlier was Americans are the fourth-largest investors in shipping, just not in American shipping. They are putting their money offshore.

Senator MORENO. And then workforce policies matter. I think all of you have talked about that, the importance of trade schools, investing in that, expansion of Pell. All of that happened in the One Big Beautiful Bill. Every single thing that I just mentioned was fixed in the One Big Beautiful Bill. Do you think, and I will ask just a quick yes or no, was the One Big Beautiful Bill helpful in getting more shipbuilding in America? Yes or no.

Mr. PAXTON. Generational, yes.

Senator MORENO. So a huge yes.

Mr. VOGEL. Absolutely, Senator, and we look forward to the funding that has been provided and appropriated to be placed on contract quickly.

Mr. MERCOGLIANO. Yes, sir. We have never seen this level of interest and effort being put into shipping in over 50 years.

Senator MORENO. Ms. Snow.

Ms. SNOW. I do not have an answer for this right now, but I can submit a written answer. I am here to talk about workforce development.

Senator MORENO. OK. The good news is we can thank the Vice President of the United States for casting the tiebreaking vote on that bill, I guess.

How about tariffs? Doctor, how do tariffs play into this equation? Should we allow China to continue to go unchecked, or do tariffs matter?

Mr. MERCOGLIANO. I mentioned, sir, that I think one of the efforts we can do to promote cargo on U.S. ships is to give a benefit to hauling cargo onto U.S. ships and maybe waive tariffs on that. We need to do something to incentivize putting cargo onto U.S. ships. Building ships will do no good if we cannot generate funds for them, even in the Maritime Security Program, Tax Security Program. That money does not provide enough for our ships to be competitive and operate out there. And I would think we need a tariff strategy to assist in that.

Senator MORENO. Perfect. And then last question for you, Mr. Paxton. Senator Baldwin mentioned the Great Lakes. I will point out that the first entry from the ocean to the Great Lakes runs through Ohio. How important is it to keep the St. Lawrence Seaway open 12 months a year?

Mr. PAXTON. I think it is critical. I would just also echo, Senator, we need to do more shipbuilding in more places, and we can do that if we had that demand signal. You see it happening, honesty, with the SIB, the submarine industrial base, where they are putting modules and structures in other places, nontraditional places. We should be building in those places, as well.

Senator MORENO. Yes, let me just be clear. Unlike the East Coast and West Coast, Ohio is open for business. If there is somebody watching that is in the shipbuilding industry, come to Ohio. We will make it quick, we will make it easy, and we will not absolutely torture you or put you through the wringer.

Thank you, Mr. Chairman.

Senator SULLIVAN. Thank you, Senator Moreno. Great questions, by the way. I think the generational answer that Mr. Paxton mentioned on the One Big Beautiful Bill, it is a really important point.

By the way, there is shipbuilding now going on in Alaska. There is a good company in Cleveland——

Senator MORENO. Don't forget your family is from Ohio.

Senator SULLIVAN.—called American Tank and Fabricating Company that is doing good shipbuilding in Cleveland. So it is happening all over the country.

I want to go to this issue of financing. One thing that drives me crazy is how much our American financers still are addicted to financing China's rise, including in their military. Fortunately, we have a provision in this year's NDAA that requires transparency. If you are an American investment bank or private equity company and you are investing in Chinese shipbuilding or weapons or manufacturing or software development or chip manufacturing, we need to know about it.

So Dr. Mercogliano, you say, hey, we have this small fleet now, but we are big investors. Has American capital been the key to the Chinese shipbuilding rise?

Mr. MERCOGLIANO. I think we definitely assisted in that in both the use of finances and even some industrialization. And we have seen that just recently where Italian company, Fincantieri, helped them construct their first passenger liner, which is going to be a competition for the Europeans.

I think there is always the urge that China seems like the emerging behemoth, and so people want to join in on that.

Senator SULLIVAN. Yes. We have got to get our Wall Street guys off the addiction of funding the rise of our adversary. They have been doing it for 40 years. Quite frankly, it is un-American, and we are starting to push back on that.

Mr. Vogel, I have a request for you. You made a really good point on this vessel construction manager model, but also the gotcha approach of our own Federal Government with red tape and the mentality of catching you as opposed to supporting you. Can you give us, for the record, a very detailed list of unnecessary regulations from our own Federal Government that are inhibiting shipbuilding domestically, both on the DoD side and the commercial side? Can we get that from you, for the record, a homework assignment?

Mr. VOGEL. Happy to provide that, Mr. Chairman.

Senator SULLIVAN. You have made a really good point on that, and I think we need to make the case.

I had a great opportunity to sit down with the former Secretary of the Navy, John Lehman, under President Reagan, who is the father of the 600-ship Navy, which was quite an accomplishment. And I asked him, "What was the secret sauce? How did you do that?" He was a 38-year-old Secretary of the Navy when he started, pretty remarkable guy. The one key thing he said was, "No change orders." They put the pencils down. They told the industry, "We are going to do 40 of these destroyers, and then if we find something better, for Block 2, or Block B, or Block Bravo, we will do a change order." But is that something we need also?

Mr. VOGEL. Yes, Mr. Chairman. That is really the key, and that has been the key to the success of the National Security Multi-Mission Vessel is limit the change orders. Once the government has a design, let's move out and build it a commercial standard.

Senator SULLIVAN. Good. Senator Cantwell mentioned this idea of AI and software development. We actually, once again, in the budget reconciliation bill—there is so much good stuff in this, by the way, Pell Grants for apprenticeships—there is $450 million for software and AI deployment in U.S. shipyards, in that bill. What impact do you believe software and AI could have in increasing the transparency of building schedules and supercharging the existing constrained workforce? Dr. Mercogliano, do you have a view on that, or any other witnesses?

Mr. MERCOGLIANO. I would probably defer over to Mr. Paxton on that, sir.

Senator SULLIVAN. Mr. Paxton. You have been given this one from your fellow panelist.

Mr. PAXTON. Absolutely. Look, we are trying to look at all technology advancements. In fact, that is one of the things we have been doing, Mr. Chairman, with our allies, strategic collaboration on the best practices in advanced technology. So I do think AI is going to play an important part.

Senator SULLIVAN. So let me just conclude with kind of an important question. You know, when you have this kind of momentum, bipartisan support, the President leading the One Big Beautiful Bill, putting billions—and I mean billions, just the Coast Guard's $25 billion investment, $29 billion for shipbuilding, these other pro-

visions that are important—what are some of the near-term initiatives that the Congress should prioritize, such as small shipyard grants, these regulatory reforms, workforce training programs, to start to try to get momentum. We have dug a giant hole. We have all asked the same question—how the heck did this happen? But there is momentum, there is bipartisan support, there is a lot of money, right, being put into this sector, both in the DoD military side, Coast Guard side, but commercial side. What do you think, just very quickly, kind of the quick hits that we can do in the next 1 to 3 years to show progress? It is going to take a long time to dig out of this hole.

Mr. PAXTON. Acquisition reform.

Senator SULLIVAN. So what Mr. Vogel has been talking about?

Mr. PAXTON. That, but also some of the things you have been working on with the FoRGED Act and the SPEED Act, things where we can really get at our acquisition.

Senator SULLIVAN. OK. I am going to task you, too, Mr. Paxton. How about a list of those, as well? Is that all right——

Mr. PAXTON. Yes, sir.

Senator SULLIVAN.—for the record here? OK, Mr. Vogel, you are going to say regulations.

Mr. VOGEL. Absolutely, Mr. Chairman, regulations. And I would also say the Congress needs to focus on those platforms that need to be replaced immediately and can be built in commercial shipyards. Things like our Missile Defense Agency sensor vessels that are over 60 years old. They are a critical part of the Golden Dome protection of this country. Things like the roll-on, roll-off vessels for our ready reserve force, critical to national defense, can be built with simple commercial designs, cost effective construction through a commercial model.

Senator SULLIVAN. Dr. Mercogliano.

Mr. MERCOGLIANO. I would say leadership, sir. Both in World War I and World War II we had that leadership, Edward Hurley and then Emory S. Land. Who is going to direct this? Where is that National Maritime Security Advisor going to be? Because there are a lot of moving parts here, and my fear is we get past it and we are not cutting steel any time in the near future.

Senator SULLIVAN. OK. Ms. Snow.

Ms. SNOW. I would say education exposure as well as the protection of industrial lands.

Senator SULLIVAN. OK, great. Senator Young, I am going to give you the final.

Senator YOUNG. Well, thank you, Senator Sullivan. There is certainly excitement around the SHIPS for America Act and the Maritime Action Plan that we have a flyover, it seems, going on right now.

This has been a great Subcommittee hearing, so I thank all our witnesses. Just a couple of things I wanted to follow up on before we depart. One, Mr. Vogel, a number of questions have been lobbed at you about the regulatory burden of the Federal Government as it relates to shipbuilding, and your consistent response has been this vessel construction manager program and how effective it has been. As I understand it, this is effectively a project manager that sits between the private sector shipbuilders and Federal Govern-

ment, and once the Federal Government signs off on a contract for specs, there are not changes. There are not change orders. You give private sector flexibility and best-in-class project management tools to that manager, and they go to work and drive costs down.

Is that accurate? Is that a fair description?

Mr. VOGEL. Yes, Senator. That is a perfect summary.

Senator YOUNG. OK. And this would overcome, as we think about regulatory burden, the regulatory burden associated with procurement and change orders. That is, by far, the biggest regulatory burden with shipbuilding. Is that accurate?

Mr. VOGEL. That is correct, Senator. Those pieces are what have really hampered our legacy government shipbuilding.

Senator YOUNG. OK. And if there is any witness who disagrees in regards to another source of regulatory burden to be greater, if you would raise your hand right now. But I think that is probably a shared belief. OK, great.

When we think of regulatory burden up here on Capitol Hill, many of us would say especially Republicans tend to associate that with OSHA, or the EPA, or these sorts of regulatory burdens. But instead we are talking about a procurement process and multiple changes. And I just think it is real important to bear that in mind.

So I would say publicly here, if Senator Sullivan's subcommittee gets your list of regulatory burdens that we should address, and any of them are not addressed, it is certainly my desire, and I know Senator Kelly, the other lead on this legislation, to accommodate those concerns as it relates to regulatory burdens. No pride of authorship here.

And then the last point that I would like to sort of elicit from some of you is the amazing workforce opportunities that might be realized, up and down the value chain but also geographically in this country. Because as someone who has spent a little time studying this issue, there is a tight labor market near many of our existing shipyards. So in some circles there are doubts. There is certainly uncertainty about our ability to unlock further labor to come and work at those shipyards. So not only do we want to see the modernization, and perhaps expansion, in some of those shipyards, we want to unlock fallow capacity or brand-new capacity, potentially in the coastal state of Indiana, the shores of the heartland.

But could anyone speak to these opportunities? And to put a little flourish on it, this again is not unlike semiconductors. I would describe that as, you know, we are facing novel challenges as a country, and this broader problem set of economic security is one we policymakers are struggling to deal with. And the way I like to describe it is, if we play our cards right we have an opportunity to become a better version of ourselves, a more resilient version of ourselves, to avoid conflict through deterrence, but also to ask rank-and-file Americans to play a meaningful role in this generational, multigenerational project.

So with that, I will ask any of you to speak to this topic?

Mr. PAXTON. Senator, I will just say if we do this right, the SHIPS Act, and other things that would come with a National Maritime Strategy, as I mentioned distributed shipbuilding means you can build these things, pieces, parts of them, anywhere. And we

should be focusing on Middle America and some of the places where traditionally we have not built ships. Because I think if we get it right, that is what is going to happen.

The last thing I will say, Jeffboat, which was an amazing little shipyard, that shipyard used more steel than some of our large Navy shipbuilders combined over the course of a year, because they would pump out a barge and a half every day. And when that yard closed, it hurt our steel industry and it hurt the overall industrial base.

So we have got to make sure we stay focused on the fact that Jeffboat was an important contributor to the shipyard industrial base, and when it went away it caused a lot of pain.

Senator YOUNG. I am so glad you mentioned Jeffboat. With the Chairman's indulgence I am going to give the other witnesses an opportunity to respond. But a little flourish about my state. Right down the river, the Ohio River, from Jeffboat you have Evansville, Indiana. This was, at the end of World War II, the leading inland shipbuilder in the country. They produced four LSTs per day. Up north we have got major steel production. We have got auto component manufacturers who could pivot to some marine production. We have Cummins Engine and even a Caterpillar presence. Large marine engines are already in production. So lots of opportunity for what was once considered flyover America. Mr. Vogel.

Mr. VOGEL. I would absolutely agree, Senator. When we think about the work that is actually being done at the shipyard, in many ways it is just assembly of sort of components, and there is no requirement for those components to be coming from the same location as the shipyard.

We were recently visiting a shipyard down in the Gulf, and we were looking at the development of cable spools, you know, miles and miles of cable required for each of these ships, and those spools were being developed there onsite. And I was thinking about states like Indiana, and that those cable spools could have been developed up there, creating great, high-paying jobs in Indiana, transporting those down to the yard. That allows the yard to use that space, that waterfront space that is so limited, to really focus on generating new shipbuilding opportunities.

Senator YOUNG. Thank you, sir. Doctor.

Mr. MERCOGLIANO. As a graduate of a state maritime academy I basically went to a 4-year trade school. And so I learned very quickly not just that I had a college degree but how to go out into the industry. And I think one of the things we need to focus and we need to task MARAD, the Maritime Administration, to do in their mission to promote the merchant marine is to educate our college instructors, our universities out there of the opportunities out there in shipyards. We just talked about the use of AI and a whole batch of new technologies that we can be drawing more population into.

I think it is important what Mr. Paxton said. We have got to get down to the lower level to get our younger generation involved, but also the potential for careers out there in this field is not being at all touching those graduates of universities, where they can make good money very quickly, deal with student debt.

Senator YOUNG. Well, as a fellow trade school graduate, thank you. Ms. Snow.

Ms. SNOW. I would double down on exactly the same thing. I think investment in education, especially in education of adults, and there are a lot of adults that want to change their track and maybe just do not know the source to go to. I also think an investment in time and energy into even younger than colleges. I think that maritime should be introduced as a valid career path in kindergarten, just like a doctor or a lawyer.

Senator YOUNG. Great stuff. Chairman.

Senator SULLIVAN. Thank you. Thank you, Senator Young. Thank you for your passion here. I could not agree more on this whole idea, what I have been referring to as our Nation as a shipyard. And we had legislation last Congress, the ENSIGN Act, that my team wrote, that was very focused on that, primarily on Navy shipbuilding. But it is a great point. We have got the JAG Shipbuilding company up in Alaska doing this, as well. But you are right. All over the country.

And I think we have got a really good jumpstart, as Mr. Paxton said, a generational advantage with the One Big Beautiful Bill, the budget reconciliation bill. It does focus a lot on training. So it is an exciting time.

The key from my perspective of those whole hearing, the Federal Government has got to help, not like stop. You know, we have got big challenges, and the Federal Government, for decades, especially in Alaska, came up and said, "How can we crush you? How can we stop you? How can we prevent you from doing anything that is going to help your constituents or America?" We have got to change that mentality. So Mr. Paxton, Mr. Vogel, I am looking forward to getting your list of things where the Feds can help us, not continue to hurt us.

But again, I want to thank everybody. This was a really, really good, informative hearing, good start on an issue that is very bipartisan, we need to address. Let's get on it, right? We have the leadership from the President and his team, Senators like Senator Young and his legislation, which is very bipartisan. Money—we have got some pretty good money right now in the One Big Beautiful Bill.

So with that I want to thank the witnesses. Senators may continue to submit questions for the record for the next week on this hearing, and upon receipt we ask the witnesses respectfully to submit their written answers to the Committee by the close of business on November 18. Give you a little bit of time to do your homework.

And again, I want to thank everybody for an excellent hearing today. This hearing is now adjourned.

[Whereupon, at 11:48 a.m., the hearing was adjourned.]

A P P E N D I X

RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. DAN SULLIVAN TO MATT PAXTON

Question 1. Opponents of the Jones Act often argue that it raises consumer prices in noncontiguous U.S. regions such as Alaska, Hawaii, and Puerto Rico because those areas rely heavily on ocean transport and have no practical alternatives. From your perspective, to what extent do you believe the Jones Act materially increases shipping or consumer costs in these regions—and if those costs are real, do you see them as an unavoidable trade-off for the national-security and industrial-base benefits you describe, or are there specific policy tools that could mitigate them without weakening the Act's core protections?

Answer. The Jones Act is the foundation of America's maritime security and industrial base. It sustains U.S.-built, U.S.-flagged, U.S.-owned, and U.S.-crewed fleets that carry our domestic commerce, underpin sealift readiness, and support a nationwide network of shipyards and suppliers—at no direct Federal cost. Opponents often attribute higher costs in noncontiguous trades to the Act, but the drivers are multifactorial: long sea distances, small and variable volumes, backhaul imbalance, port and landside constraints, and the unique vessel characteristics required for those routes. The premise that costs are solely a function of the U.S.-build requirement overlooks these structural factors and the significant national-security insurance that the Act provides.

Even so, Congress has tools to improve affordability without eroding the law's core. First, stable, series-based ordering of Jones Act vessels—supported by credit enhancements, accelerated depreciation, or targeted tax incentives—can lower build prices through learning-curve effects and bulk material buys. Additionally, aligning Federal cargo preference, MSP/TSP participation, and domestic repair requirements to reward U.S. shipyard utilization will strengthen the industrial base that serves these routes. Finally, financing tools that lower capital costs—loan guarantees, maritime bonds, or risk-sharing mechanisms for series construction—can bring down the hurdle rates carriers face when renewing fleets, especially for specialized ships in thin trades.

These measures preserve the core protections—U.S.-build, U.S.-flag, U.S.-ownership, U.S.-crew—while pragmatically addressing cost drivers. Importantly, weakening the Jones Act would undermine the very shipyard and mariner capabilities that the Nation must have in crisis, increasing strategic dependence on foreign state-backed fleets. The better course is to sharpen policy to capture economies of scale, accelerate fleet renewal on common designs, and reduce logistics frictions—delivering affordability through competitiveness, not by eroding national security.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. BRIAN SCHATZ TO MATT PAXTON

Workforce

Question 1. We've seen proposals, such as the SHIPS Act, which recognize that we need a sustainable talent pipeline to support U.S. maritime interests. Where are areas of opportunity to not only grow, but also retain a strong maritime workforce?

Answer. The Jones Act is the foundation of America's maritime security and industrial base. It sustains U.S.-built, U.S.-flagged, U.S.-owned, and U.S.-crewed fleets that carry our domestic commerce, underpin sealift readiness, and support a nationwide network of shipyards and suppliers—at no direct Federal cost.

The opportunities that are most impactful to the workforce are those that convert "episodic" demand into reliable multi-year pipelines for jobs, training, and capital investment. Congress can help support predictable demand for commercial and government work, which is the indispensable precondition for recruitment and retention. Where programs provide visible backlogs, shipbuilders hire apprentices, expand training cohorts, and invest in productivity-enhancing equipment with con-

fidence. Second, modernizing and scaling registered apprenticeship and pre-apprenticeship pathways—tied to industry-validated skills frameworks—will expand throughput in critical trades such as welders, fitters, pipefitters, electricians, and marine machinists. Third, aligning Federal workforce tools with industry needs matters. Targeted support for community and technical college partnerships, competency-based training, portable industry credentials, and supportive services such as childcare, transportation, and relocation assistance will increase completion and retention. Fourth, investments that reduce non-productive time and improve quality—standardized designs, disciplined change control, and stable funding profiles—translate into better schedule performance and more attractive, higher-earning jobs that keep workers in the industry. Finally, recognizing and measuring the full spectrum of U.S. shipyard output—not only large ocean-going tonnage—improves Federal resource allocation for training and helps sustain core skills across the inland, workboat, and repair segments that are the spine of the industrial base.

Strategic Commercial Fleet Program

Question 2. The Strategic Commercial Fleet program phases in a U.S. build requirement. How would a phased in requirement support demand signals for U.S. shipyards?

Question 3. The Strategic Commercial Fleet program has a process to allow one shipyard and carrier to bring multiple vessels into the fleet, and is structured to recapitalize every 21 years. What certainty would that provide for U.S. shipyards?

Question 4. What economies of scale could be created if we provide incentives to have carriers order multiple vessels at once?

Answers:

i) A phased U.S.-build requirement creates an investable demand curve. By sequencing initial tranches and ramping domestic content and U.S.-construction over time, carriers and yards receive a forward signal strong enough to underwrite hiring, apprenticeships, and yard modernization, while giving suppliers time to expand capacity. Well-specified phase-in schedules, combined with design discipline and procurement structures that enable series production, drive learning-curve efficiencies, reduce unit costs, and de-risk capital commitment. Importantly, a build requirement anchored to multi-year fleet recapitalization prevents the "boom-bust" cycles that erode workforce and supplier viability.

ii) Allowing a single yard-carrier team to bring multiple vessels into the SCF under a predictable 21-year recapitalization horizon provides precisely the certainty America's shipyards and suppliers need to invest at scale. A known refresh cadence, combined with portfolio ordering, allows for block buys, advanced procurement, and incremental funding that align material purchase, production planning, and workforce growth. It also incentivizes common hull forms, modularization, and configuration control across a class, increasing throughput and quality. For suppliers, assured series volumes justify investments in capacity, tooling, and domestic substitution of components that have migrated offshore, directly strengthening U.S. industrial resilience.

iii) Ordering multiple vessels at once, or in a block buy, unlocks the classic learning-curve effects—repeatable work packages, bulk material buys, and standardized quality processes. For complex assemblies, series production reduces marginal costs significantly and shortens cycle times, while enabling investments in automation and advanced machining including welding, cutting, and outfitting technologies. Incentive structures that reward on-time delivery, design stability, and performance improvements can be shared along the supply chain. The result is a virtuous cycle: lower per-unit costs, better schedule adherence, and stronger balance sheets that support reinvestment in people and facilities

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RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. TAMMY DUCKWORTH TO MATT PAXTON

Question Topic: Surge Production Capacity for Auxiliary Ships

Question 1. What is your assessment of the capacity of U.S. shipyards to build new auxiliary vessels for the U.S. military at the scale and speed necessary to sustain a maritime conflict?

Answer. The United States retains substantial latent capacity across more than one hundred private shipyards spanning the coasts, Gulf, Great Lakes, and inland waterways. While only a handful currently build large naval combatants, many mid-

tier and smaller yards are actively fabricating drydocks, submarine modules, berthing barges, tugs, auxiliary oilers, and other government and commercial craft, often as subcontractors to the large yards. This distributed network, if provided with standardized auxiliary designs, disciplined requirements, and multi-year block orders, can be mobilized to produce auxiliary hulls, barges, and mission support platforms at scale. The principal constraints are not physical space alone; they are predictable work, long-lead materials and government-furnished equipment, timely approvals, and workforce throughput. With stable funding, early material authorization, and portfolio contracting aligned to production reality, U.S. yards can increase throughput markedly for auxiliaries, particularly where designs emphasize common hulls and modular outfitting.

I would note that recent independent oversight has highlighted shortfalls in the Navy's execution of auxiliary and sealift recapitalization that directly suppress demand signals to U.S. yards. The Department of Defense Inspector General reported that from 2018 to 2025 the Navy, working with USTRANSCOM and MARAD, extended the service life of only 6 of 31 planned Ready Reserve Force vessels, acquired only 7 of an estimated 26 used vessels, and *did not initiate any new construction after ending the Common Hull Auxiliary Multi-Mission Platform effort because of cost concerns—leaving no auxiliary/sealift new-build program underway.*[1] The IG further noted the absence of an annually reviewed, milestone-driven recapitalization plan and kept its recommendation open when the Navy disagreed. These gaps translate into uneven backlogs, design churn, and delayed government-furnished equipment—precisely the conditions that limit throughput and workforce retention in U.S. shipyards. By addressing these failings and locking in predictable, series production of auxiliaries, Congress can unlock the latent capacity described above and put it to work for national readiness.

Question 2. What would be the most impactful authority or policy Congress could pass to increase our shipyards' capabilities and capacity to accelerate production of these kinds of vessels that enable lift of our forces?

Answer. The single most impactful step is to pair disciplined, government-owned baseline designs with multi-ship, multi-year procurement that enables block buys and advanced procurement for materials. Congress should authorize portfolio-based awards for auxiliary classes with firm configuration control and a defined change discipline. This should be coupled with accelerated approvals and streamlined oversight that align decision rights with accountability for cost and schedule. Acquisition tools such as incremental funding, block buys, and advance appropriations for long-lead components would de-bottleneck material availability and allow suppliers to scale. Finally, ensuring that domestic repair and lifecycle support are captured in the contracting strategy will sustain workload between new construction peaks, stabilizing the workforce.

Question Topic: Workforce Skills for Building Auxiliary Ships

Question 1. Based on your conversations with shipyards, repair facilities and suppliers, what skills gaps do you assess are the most critical to fill to ensure that we can build auxiliary vessels for our U.S. military in the event of the need to surge production capacity at scale?

Question 2. What steps are being taken to fill these skills gaps and what can Congress do to help?

Answer. Across the country, shipyards are expanding apprenticeship cohorts, creating pre-apprenticeship bridges with high schools and community colleges, and investing in simulators, training cells, and instructor capacity. Many are reorganizing production to improve flow and reduce non-productive time, which increases effective workforce capacity. Congress can amplify these efforts by funding industry-linked registered apprenticeships; enabling equipment and instructor grants for high-need trades; supporting mobility stipends where regional talent must relocate; and tying workforce grants to multi-year program backlogs that give trainees confidence in long-term employment. Additionally, aligning immigration pathways for experienced maritime trades where domestic supply is insufficient can provide a targeted bridge without displacing U.S. workers.

The U.S. shipyard industry is fully capable of building auxiliary vessels without significantly increasing the skill sets of the existing shipyard industry workforce.

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[1] *Evaluation of U.S. Navy Efforts to Recapitalize Surge Sealift Vessels (Report No. DODIG–2025–116) > Department of Defense > DoD OIG Reports*

Question Topic: Workforce Exchanges

Question 1. Investing in the U.S. workforce is one of my top priorities, but in the interim, there may be opportunities to leverage the knowledge of our international partners to overcome the gap in domestic shipbuilding capacity.

What is your view of workforce exchanges or training exchanges with international shipbuilding companies—either in the United States or abroad—to help expand skill-building for U.S. shipbuilders and shipyard workers?

Answers. Well-structured, time-bound workforce exchanges can accelerate skill-building, particularly in lean ship production, outfitting sequence optimization, and design-for-production. Any exchanges should occur under strict safeguards that protect U.S. intellectual property, exclude adversarial state-backed entities, and prioritize trusted allies. Equally important is reciprocity: techniques brought home must be translated into curriculum and embedded in U.S. yard production systems. The goal is not dependence on foreign capacity, but the rapid diffusion of modern methods that increase U.S. throughput and quality while we expand domestic training pipelines.

It is also critical that beyond workforce exchanges, is that the U.S. shipyard workforce needs to have *work* to utilize the skills learned in these potential exchanges. Consistent and stable demand from our government and commercial customers is the most significant factor in developing our workforce capability and capacity.

Question Topic: Workforce Growth

Question 1. If you could change just one thing at the Federal level to make it easier for shipyards to recruit and retain skilled workers—whether that's a new incentive, a funding stream or a policy change—what would it be?

Answer. Stable and consistent demand for the workforce that exists.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. DAN SULLIVAN TO JEFF VOGEL

Question 1. Opponents of the Jones Act often argue that it raises consumer prices in noncontiguous U.S. regions such as Alaska, Hawaii, and Puerto Rico because those areas rely heavily on ocean transport and have no practical alternatives. From your perspective, to what extent do you believe the Jones Act materially increases shipping or consumer costs in these regions—and if those costs are real, do you see them as an unavoidable trade-off for the national-security and industrial-base benefits you describe, or are there specific policy tools that could mitigate them without weakening the Act's core protections?

Answer. The Jones Act's core protections—U.S. build, ownership, crewing, and control of domestic maritime transport—are essential to national security and the maritime industrial base. These protections ensure that the United States retains merchant mariners, shipbuilding and repair capability, and a domestic fleet available in contingencies, while supporting over 100,000 high-paying jobs and billions in GDP across the private shipbuilding and repairing sector. While shipping is one input into delivered cost for noncontiguous regions, the retail price impacts are frequently overstated and can reflect multiple confounding variables beyond freight—such as energy costs, local taxes, real estate, and distribution dynamics. Moreover, in lanes such as Alaska and Puerto Rico, U.S.-flag carriers have invested heavily in modern, fuel-efficient vessels, LNG propulsion, and integrated logistics that drive reliability and resiliency—benefits that become salient when global shocks disrupt foreign-flag networks.

Any incremental cost concerns can be mitigated through targeted policy tools without weakening the Jones Act. Congress should consider corrections to the outdated tax code through the bipartisan Maritime Fuel Parity Tax Act (S.549/H.R. 2925) to ensure that operators can modernize the domestic fleet with cleaner, more efficient propulsion and hull forms, improving fuel economy and reliability. In addition, Congress must continue to invest in port infrastructure and landside intermodal connectors in noncontiguous regions to reduce dwell, improve turn times, and lower effective logistics cost. These measures preserve the Jones Act's strategic value while acting directly on cost drivers and service reliability, which is a better policy path than eroding core protections that underpin our security and industrial capacity.

Question 2. In-Hearing Question from Senator Sullivan: Government shipbuilding programs have been plagued by inefficiency. In your view, what regulatory and bureaucratic hurdles need to be removed from government shipbuilding programs to increase efficiency, reduce costs, and increase speed of delivery?

Answer. Three categories of hurdles consistently impair efficiency: requirements overreach, fragmented accountability, and change-instability. Requirements overreach occurs when non-combatant ships are burdened with military-unique specifications that add cost and delay without commensurate mission value. The remedy is to adopt commercial design standards and commercial construction practices for eligible platforms, as Congress directed for National Security Multi-Mission Vessels, and to enforce early requirements discipline that resists customization not tied to clear, risk-justified outcomes. Fragmented accountability arises when multiple government entities share technical, commercial, and integration authority, elongating decision cycles and diluting responsibility. The Vessel Construction Manager (VCM) model addresses this by consolidating non-construction responsibilities under a single, accountable manager with authority over schedule, supplier integration, and change control, while the shipyard concentrates on production. Finally, change-instability—frequent, late-arising design or scope changes—erodes cost and schedule performance. Fixed-price VCM contracts, which break the contractual privity between the Government and shipyard, with rigorous configuration control and measured gates for change requests reduce churn and keep production stable.

Over the past few decades, Congress has imposed several new regulations and directives that apply to numerous shipbuilding programs, across the Navy and Coast Guard. These regulations are often borne out of failed programs and/or repeated mistakes that come at the expense of the taxpayer. While well-intentioned, the cumulative effect of these directives results in an acquisition approach that takes years to execute, discourages competition, stifles innovation, increases cost, limits commercial flexibility, and jeopardizes mission readiness when ships are not delivered on time.

To allow our shipbuilding industry to thrive and compete on a global scale, Congress should immediately remove the barriers outlined below to support the rapid construction of non-combatant vessels. The term "non-combatant" refers to any vessel that can be built to commercial standards and can apply the American Bureau of Shipping (ABS) rules and regulations. This includes, but is not limited to, the following programs:

- T-Ships: Including Fleet Replenishment Oilers, Dry Cargo Ships, Expeditionary Fast Transport Vessels, Hospital Ships, Crane Ships, Cable Laying Ships, Towing and Salvage Ships, Command and Control Ships, Missile Range Instrumentation Ships, and Oceanographic Research Ships
- Landing Ships: Including Landing Ship Medium (LSM) and Landing Craft Utility (LCU) Vessels
- U.S. Coast Guard Vessels: Including icebreakers and other cutters.

Domestic Content Requirements:

For non-combatant programs, prime contracts should impose a preference for domestic content, but the thresholds imposed by Congress should be eliminated.

Under DFARS Subpart 225.70:

- 225.7004–2: Restrictions on acquisition of foreign-made components for naval vessels (*e.g.,* gyrocompasses, propulsion control systems, welded shipboard anchor chain) unless manufacturer is part of the U.S. national technology & industrial base.

Provisions in the FY 2024/2025 version of the National Defense Authorization Act (NDAA) proposed a change to the "Buy American" content thresholds for Navy shipbuilding. The changes begin in January 2026 and require components to be "manufactured substantially" in the U.S. at a threshold of 65 percent cost for components, scaling up to 100 percent by January 1, 2033.

This requirement could shift significant risk into non-combatant shipbuilding programs. Rather than leveraging proven, commercial-off-the-shelf (COTS) equipment that could be procured from allied nations, the increased thresholds will force prime contractors to procure prototype machinery and equipment from domestic suppliers, which often adds significant cost, schedule, and performance risk to the program. U.S. suppliers are generally not well equipped to manufacture and test this certain equipment. For example, on the National Security Multi-Mission Vessel (NSMV) program, TOTE Services procured the 4,500 kW electric propulsion motors from a reputable manufacturer in France, as similar electric motors had been recently produced by this company, and there were no domestic equivalents available.

Recommended Solution: Allow contractors and the acquisition authorities to negotiate thresholds for domestic content on a program-by-program basis. Depending on the type of vessel, some programs are better suited for increased domestic content requirements. There should be an achievable minimum threshold, with additional

targets that would trigger incentives for the prime contractor. This would allow the prime to make commercial trade-off decisions and assume a reasonable amount of risk.

Congressional Phase Gates:

Congress requires agency reporting or certification of certain milestones (design maturity, functional design completion, workforce mandates, etc.) before subsequent contract awards or construction can begin. Again, these directives were initiated following several combatant shipbuilding programs that were mismanaged and exceeded cost and schedule goals. While aimed at reducing risk to the Government and the taxpayer, non-combatant shipbuilding programs should be excluded from these requirements, which will delay procurement and construction by negatively impacting the efficient execution of commercial shipbuilding processes.

For example, under a commercial Vessel Construction Manager (VCM) model, the VCM is the prime contractor and assumes nearly all cost, schedule, and performance risk on the program. The VCM would not allow the shipyard to procure long lead time materials (LLTM) or begin construction unless/until the design is sufficiently mature to mitigate risk, while keeping the program on-schedule. The VCM should not be subject to Government-imposed phase gates.

In the Senate Report for NDAA FY 2025 (S. Rept. 118–188) the committee recommended a "Limitation on the construction of the Landing Ship Medium (sec. 123)". The language would prohibit awarding a contract for construction until basic and functional design are certified complete. Not only does this impose additional reporting requirements and oversight burdens that are unnecessary for this class of ship, but it will also delay the total build duration. This text limits the prime contractor's ability to leverage concurrent engineering approaches and overlapping design/construction activities that are commonly employed by commercial shipbuilders, often with little risk to the Government.

Recommended Solution: Congress should clarify that phase gates and certifications are not required for non-combatant programs, particularly those managed by an experienced VCM, to avoid delay and disruption on these commercial programs.

Timely Appropriations and Full Funding:

Demand signal is a key factor that will support the growth of our domestic shipbuilding industry and establishment of a skilled and qualified workforce. Congress can support this demand signal by providing full funding (vice incremental funding) and timely appropriations for non-combatant shipbuilding programs.

Of course, we understand Congress must make difficult decisions and balance multiple priorities when determining where to allocate money and which programs to fund. However, procuring one ship at a time and/or incrementally funding a program limits the prime contractor's ability to leverage economies of scale and efficiently construct a fleet of ships.

On the NSMV program, which is a 5-ship program, MARAD had sufficient funding for two (2) ships at the time of VCM contract award to TOTE Services. When negotiating the construction contract with Philly Shipyard, TOTE Services established "series" and "non-series" pricing for hulls 3–5 with specified cutoff dates for the timing of the Delivery Orders for follow-on ships. Because the Congress provided timely funding for hulls 3–5 prior to the cutoff date, TOTE Services could offer MARAD the "series" price for these ships, saving the taxpayer $55 million.

Recommended Solution: For non-combatant shipbuilding programs, Congress should provide sufficient appropriations to fully fund at least the first two (2) ships in the series and maintain these funding lines each year until the program of record is complete.

Contracting Rules, DFAR Flow Downs, and Oversight Burdens:

Contracting rules and regulatory flow downs, whether imposed by the Congress or the individual agencies, stifle progress and have negative cost and schedule consequences for our non-combatant shipbuilding programs. For example, the current price for a T–AO (Oiler) at General Dynamics NASSCO is $800 million per ship, while a similarly sized commercial tanker could be built at the same shipyard for roughly $350 million per ship. This cost difference is not attributable to increased capabilities or performance of the Oiler, but rather the regulations, contract requirements, and oversight requirements imposed on the shipbuilder.

- The volume and complexity of procurement regulations (FAR/DFARS) increase overhead costs, negatively impact contracting timelines, and discourage non-traditional government shipbuilders from entering the space.

- Earned Value Management (EVM) reporting is unnecessary for non-combatant vessels that are built to commercial standards. A milestone-based approach with an appropriate Integrated Master Schedule (IMS) is sufficient and aligns with commercial best practices.
- Excessive oversight by the Supervisors of Shipbuilding (SUPSHIP) is common throughout Navy and USCG construction programs. The oversight teams can range from 80—120 government personnel, some of which have little-to-no shipbuilding experience. A commercial VCM would manage the same program with less than 20 people. Excessive oversight requires the builder to employ equally sized and capable staff to manage and respond to government personnel, needlessly increasing overhead costs.

Recommended Solution: Employing a VCM acquisition strategy allows the shipyard subcontract to be established on commercial paper, with FAR/DFARS flowdowns limited to those mandated for commercial items subcontracts as provided by FAR 52.212–5(e) and those that an experienced VCM deems necessary to get the vessels in the water as quickly as possible, while mitigating the Government's risk. In addition, Congress should ensure that agencies fully adopt the VCM model, instead of looking to use half measures. Removing government inspection regimes and allowing an experienced VCM to efficiently oversee inspections, with permissible Government attendance at testing, is critical to ensuring success. Accordingly, when directing the use of a VCM, Congress should look to codify what has made the NSMV program a success, rather than leaving interpretation up to the agencies and allowing traditional government shipbuilding practices to erode the VCM benefits.

Tax Policy:

The U.S. shipbuilding industry is challenged by rising costs and prolonged delivery timelines driven by regulatory complexity, fragmented oversight, and the absence of modern economic incentives. While structural reforms can streamline processes, the lack of targeted tax policy compounds inefficiencies by discouraging investment in innovative, cost-effective technologies, such as the utilization of liquified natural gas (LNG) as a maritime fuel. Current law creates a price disadvantage for alternative fuels compared to diesel, and uncertainty around long-term incentives undermines confidence in capital-intensive retrofits and new builds. Without corrective action, these barriers will continue to stifle innovation, limit commercial flexibility, and jeopardize America's ability to maintain a competitive, resilient maritime fleet.

Recommended Solution: To complement structural reforms, Congress should leverage tax policy as a strategic tool to lower costs and incentivize domestic shipbuilding. Modernizing the tax code will remove economic barriers that currently discourage investment in more efficient propulsion systems and advanced fuel technologies. Two targeted measures stand out as critical steps to create a level playing field, reduce lifecycle costs, and enable rapid adoption of next-generation vessels:

1. Maritime Fuel Tax Parity Act (H.R. 2925/S.549)—Current law exempts diesel from Federal excise taxes but penalizes LNG and other alternative fuels, creating a cost disadvantage for cleaner technologies. Aligning tax treatment through parity removes this distortion, reducing lifecycle operating costs and encouraging broader use of LNG and other advanced fuels. This not only improves environmental performance but also supports an all-of-the-above energy strategy that strengthens domestic supply chains and accelerates delivery timelines by making alternative-fueled vessels economically viable.
2. Alternative Fuel Tax Credit (AFTC)—Reinstatement of the AFTC [Section 6426(d) of the Internal Revenue Code], which expired on December 31, 2024, would incentivize investment in alternative fuel infrastructure and dual-fuel technologies for new builds and retrofits. By lowering fuel costs and supporting modernization, this credit helps shipyards and operators offset upfront capital expenses, enabling faster adoption of cleaner propulsion systems without compromising schedule or affordability. The AFTC functions as an end-user incentive to encourage the adoption of alternative fuels throughout the transportation sector, including maritime use cases. The credit supports alternative fuel dispensing infrastructure and lowers overall costs for fleets, encouraging continued investment in modernization of the industry. Necessary retrofits and new ship-builds demand substantial time and upfront investment, making continued long-term tax incentive certainty essential to support the innovations that will drive the next generation of maritime vessels. The AFTC played a critical role in enabling continued investment in cleaner fuel technologies and infrastructure by helping offset the substantial upfront costs of building new alternative-fueled ships or converting existing diesel-powered vessels to dual-

fuel engines, beginning with the world's first LNG-fueled container vessel put into service in 2015. Ongoing support for the use of alternative fuels for maritime would allow companies to make critical investments in next generation ships and accelerate offtake markets for LNG and other alternative fuels.

Together, these measures complement regulatory streamlining by lowering total ownership costs, improving predictability for shipbuilders, and creating the economic conditions necessary for fleet renewal.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. BRIAN SCHATZ TO JEFF VOGEL

Workforce

Question 1. The National Security Multi-Mission Vessel (NSMV) program at the Hanwha Philly Shipyard has led to workforce growth. Can you describe how the NSMV contract helped generate that workforce growth, and what lessons we can apply from that experience to future commercial ship programs, such as those envisioned under the SHIPS for America Act?

Answer. The NSMV program catalyzed a rapid and durable workforce expansion at Hanwha Philly Shipyard (HPSI) by combining several reinforcing elements: a clear multi-hull demand signal, a commercial-style contracting approach, and disciplined scope control under the Vessel Construction Manager (VCM) model. At subcontract award in April 2020, HPSI had approximately 80 employees, limited prospects, and no recent government new-construction experience. Under TOTE Services' VCM structure, the shipyard concentrated on core production while the VCM assumed non-construction responsibilities, such as vessel outfitting and procurement, and applied commercial best practices. This alignment enabled recruitment, training, and retention at scale, growing HPSI's production workforce to more than 2,000 employees and securing additional third-party orders—outcomes that restored the yard's health and validated the power of predictable workstreams paired with streamlined execution. The VCM construct also supported workforce stability by limiting post-contract change growth to approximately 0.38 percent, protecting production cadence and planning while avoiding avoidable disruptions that otherwise drive attrition and cost escalation.

The successful VCM approach can be replicated throughout the government, with programs that lend themselves to commercial designs for rapid construction at U.S. commercial shipyards. Such platforms include the Navy's Landing Ship Medium, hospital ships, command and control ships, light replenishment oilers and cable-lay vessels, the Coast Guard's National Security Cutters (domestic icebreakers), the Maritime Administration's Ready Reserve Force roll-on/roll-off fleet, and the Missile Defense Agency's missile instrumentation range safety vessels. Each of these programs requires multi-vessel series production to address the Government's aging (or non-existent) fleets to increase our national security. Execution of these multi-vessel programs through a VCM model will allow our shipyards to concentrate on the development of shipbuilding skills and workforce growth, instead of misapplying their time on bureaucratic oversight and government-driven change orders as occurs under the traditional government shipbuilding model. In this manner, the shipyards can focus on craft development and specialization and growing shipyard worker recruitment and education through apprenticeship programs. Supportive policy tools in the SHIPS for America Act—such as targeted tax incentives for shipyard capital improvements and a Maritime Security Trust Fund—will amplify and sustain these workforce investments through market cycles.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. TAMMY DUCKWORTH TO JEFF VOGEL

Question Topic: Workforce Exchanges

Question 1. Investing in the U.S. workforce is one of my top priorities, but in the interim, there may be opportunities to leverage the knowledge of our international partners to overcome the gap in domestic shipbuilding capacity.

What is your view of workforce exchanges or training exchanges with international shipbuilding companies—either in the United States or abroad—to help expand skill-building for U.S. shipbuilders and shipyard workers?

Answer. Structured workforce and training exchanges can be an effective accelerant to domestic capacity when they are narrowly tailored, time-bound, and focused on transferable production practices that complement U.S. safety, quality, and security requirements. Exchanges centered on production system design, outfit-

ting sequence optimization, modular construction techniques, welding automation, digital work-package integration, and supply-chain synchronization can shorten the learning curve for U.S. yards while protecting proprietary data and national security. An exchange framework should include clear scopes of work, robust technology and data safeguards, alignment with U.S. certification standards, and joint curricula with domestic labor and training institutions to ensure skills are institutionalized stateside.

Critically, exchanges are most impactful when married to a stable domestic demand signal and modernized contracting models. The Vessel Construction Manager approach magnifies the utility of skills transfers by embedding commercial discipline into program execution, which allows imported best practices to take root in production rather than being diluted by change churn or bureaucratic delay. Pairing exchanges with VCM-led series production provides the repetition and schedule stability required to translate training into durable workforce capability. This ensures the benefits of exchanges accrue to American workers and the U.S. industrial base, while safeguarding strategic technology and supply chains.

Question Topic: Vessel Construction Manager

Question 1. In your opening statement, you wrote "the VCM acquisition strategy has saved the U.S. taxpayer billions of dollars, proving that U.S. shipyards can be cost-competitive when bureaucratic barriers are removed and a proper demand signal is in place." What specific bureaucratic barriers did TOTE Services remove by serving as VCM?

Answer. The VCM construct removes or mitigates several recurring bureaucratic failure points associated with legacy government shipbuilding approaches. First, it decouples commercial production from protracted government-specific requirements development by using commercial design standards and practices, thereby avoiding costly tailoring that does not add mission value for non-combatant vessels. Second, it streamlines decision authority and reduces cycle times on technical, schedule, and commercial matters—placing configuration control and change discipline under the VCM to limit scope creep. Third, it consolidates non-construction responsibilities—such as procurement coordination, supplier qualification, logistics, and program integration—under a single accountable VCM, so that shipyards can focus on building ships rather than navigating multiple contracting and bureaucratic lanes. Fourth, the VCM structure supports firm-fixed-price contracting aligned with commercial norms, curbing the incentive for open-ended modifications and facilitating predictable cost and schedule performance.

These process improvements have demonstrated quantifiable benefits. The NSMV program has achieved delivered pricing on the order of roughly $314 million per vessel, in stark contrast to prior projections using legacy requirements and contracting methods that ranged from approximately $750 million to $1.2 billion per ship. Just as importantly, post-award change growth has been limited to well under one percent, mitigating the constant change order process that has hampered traditional government shipbuilding programs. By institutionalizing commercially proven disciplines while maintaining appropriate government oversight of the VCM prime contractor, the VCM model translates directly into savings, schedule adherence, and industrial-base health.

Question 2. In your opinion, what concrete steps should we take to scale the VCM model to address other gaps in our ability to build ships for the military?

Answer. Congress and the Administration can scale the VCM model across non-combatant and auxiliary platforms through several practical measures. First, direct agencies with substantial non-combatant portfolios—the Navy, Coast Guard, Maritime Administration (MARAD), and Missile Defense Agency (MDA)—to utilize VCM contracting for eligible platforms. Such platforms include the Navy's Landing Ship Medium, hospital ships, command and control ships, light replenishment oilers and cable-lay vessels, the Coast Guard's National Security Cutters (domestic icebreakers), the Maritime Administration's Ready Reserve Force roll-on/roll-off fleet, and the Missile Defense Agency's missile instrumentation range safety vessels. Second, codify a VCM playbook that codifies commercial design baselines, change-control thresholds, schedule governance, performance reporting, and integrated supply-chain practices to enable rapid stand-up across multiple yards.

Critically, there are no half measures. A "VCM light" or similar concept that allows Government agencies to retain control and inspection oversight will lead to the same failures as traditional government shipbuilding. Third, align appropriations with multi-hull series buys where practical, providing the demand stability that enables workforce expansion, vendor qualification, and capital investment in facilities and automation. Fourth, apply complementary fiscal tools—tax credits for shipyard modernization and creation of fuel parity incentives, targeted funding via a Mari-

time Security Trust Fund, and streamlined capital-lease scoring for privately-funded build-charter models—to support private investment and reduce government risk. Finally, ensure interagency coordination and early requirements discipline to resist non-value-adding customization and keep non-combatant vessels on commercial standards wherever feasible. These actions will replicate NSMV outcomes—on-time, fixed-price delivery with minimal post-award changes—across priority recapitalization programs while strengthening the domestic industrial base.

Question Topic: Workforce Growth

Question 1. If you could change just one thing at the Federal level to make it easier for shipyards to recruit and retain skilled workers—whether that's a new incentive, a funding stream, or a policy change—what would it be?

Answer. Establish a sustained, multi-year, multi-hull demand signal for non-combatant vessels executed through VCM-led, commercially grounded programs. While training incentives and grant funding are valuable, no policy lever is more decisive for recruiting and retention than predictable, repeatable work that supports apprenticeship pipelines, craft specialization, and learning-curve efficiencies. Multi-vessel series buys—anchored by commercial standards and rigorous change control—enable shipyards to hire and train with confidence, justify capital investment in automation and facilities, and maintain high retention by offering stable, family-wage careers. This demand clarity is the foundation upon which all other workforce initiatives become durably effective.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. JOHN FETTERMAN TO JEFF VOGEL

Tote & VCM Model

Question 1. Mr. Vogel, you discussed in your testimony how Tote has pioneered innovative and cost-effective ways of building vessels faster. Could competitive bid programs like the Strategic Commercial Fleet help reward models like the VCM model you've used at Philly Shipyard?

Answer. When deploying the Strategic Commercial Fleet (SCF) envisioned by the SHIPS for America Act, it will be critical for the Government to evaluate competition based on total life-cycle cost beginning at the construction phase, and to consider schedule reliability and shipbuilding industrial-base outcomes. Evaluating bids that demonstrate construction and vessel delivery performance, change order discipline, and cost control would inherently elevate and reward offers that integrate VCM structures and series production. In effect, this type of SCF procurement framework would favor the methods that have already yielded substantial cost avoidance and schedule adherence under the established VCM model. Incorporating evaluation factors to consider an applicant's history of delivering commercial and government vessels while minimizing post-contract-award change growth and schedule deviation would further reinforce the alignment between the SCF program goals and VCM-led execution.

Workforce

Question 1. Mr. Vogel, through the National Security Multi-Mission Vessel (NSMV) program at Philly Shipyard, now Hanwha Philly Shipyard, the shipyard has been brought back to life—growing its workforce and putting hundreds of skilled tradesmen and women back on the job. Can you describe how the NSMV contract helped generate that workforce growth, and what lessons we can apply from that experience to future commercial ship programs, such as those envisioned under the SHIPS for America Act?

Answer. The NSMV contract generated workforce growth by sequencing production around a standardized, multi-hull design and embedding commercial execution discipline under a Vessel Construction Manager (VCM). This model created the planning certainty needed for targeted hiring and training in structural fabrication, piping, electrical, and outfitting trades; it also supported apprenticeship scalability and craft progression within stable, repetitive work packages. The VCM's role in supplier integration and schedule control minimized bottlenecks and change-induced rework, which often drive morale issues and attrition. In addition, having a flexible commercial shipyard subcontract—as opposed to a rigid government prime contract—allowed TOTE Services to establish financial discipline in the subcontract, such as restricting dividends to parent companies and instead requiring the shipyard to reinvest profits into workforce growth efforts. As a result, HPSI expanded from roughly 80 employees at subcontract award to more than 2,000 skilled work-

ers, while securing additional third-party commercial work that further stabilized employment.

The core lesson for future commercial ship programs is that workforce development follows dependable demand and disciplined execution. The SHIPS for America Act can embed these lessons by structuring multi-hull awards, directing agencies to use VCM-led commercial standards for non-combatant vessels, and supporting shipyard modernization with targeted incentives. When combined, those measures enable sustained hiring, structured training pathways with labor and educational partners, and continuous improvement practices that lock in cost and schedule gains over successive hulls.

Question 2. Mr. Vogel, you mentioned how the NSMV program helped rebuild the workforce at Philly Shipyard. Could you expand on how Tote and the shipyard partnered with labor unions, local training programs, or technical schools to recruit and train those workers? And how might similar partnerships be encouraged or scaled to ensure we have a ready workforce for future commercial shipbuilding projects?

Answer. Effective workforce rebuilding at HPSI relied on close collaboration with labor partners, community colleges, and regional training organizations to create clear on-ramps into shipbuilding careers. The VCM structure provided stable, forecastable work packages and multi-year demand, which allowed unions and schools to tailor curricula, expand cohorts, and align certifications with production needs. Practical components included pre-hire bootcamps focused on foundational safety and basic craft skills; apprenticeships synchronized with hull milestones and outfitting sequences; upskilling modules in digital work instructions, precision measurement, and weld procedures; and concurrent supervisor development to sustain quality and throughput. The predictability afforded by the VCM and series production was essential to scaling these pipelines and retaining graduates.

To expand these partnerships nationally, Federal programs should prioritize multi-hull awards that enable long-term training commitments; encourage standardized curricula aligned to commercial standards; and incentivize regional partnerships among shipyards, labor, secondary schools, and technical colleges. These partnerships translate into a ready, resilient, and mobile maritime workforce that can surge across programs while anchoring high-quality employment in shipbuilding communities.

RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. DAN SULLIVAN TO DR. SALVATORE MERCOGLIANO

Question 1. Opponents of the Jones Act often argue that it raises consumer prices in noncontiguous U.S. regions such as Alaska, Hawaii, and Puerto Rico because those areas rely heavily on ocean transport and have no practical alternatives. From your perspective, to what extent do you believe the Jones Act materially increases shipping or consumer costs in these regions—and if those costs are real, do you see them as an unavoidable trade-off for the national-security and industrial-base benefits you describe, or are there specific policy tools that could mitigate them without weakening the Act's core protections?

Answer. When the Jones Act was passed in 1920, the cabotage provision—Article 27—was a single component of a larger national maritime strategy that included the regulation of international shipping rates, protection for American mariners, support to shipbuilding, dispensing the World War One built fleet, and ensuring American presence on key shipping routes. Historically, the United States has always faced higher wages for its mariners and shipyard workers.

Cabotage does not just impact Americans in the noncontiguous United States. To move cargo by sea from American ports along the East, Gulf and West coasts require ships that meet the build, ownership, registry, and crewing requirement, as demonstrated on the Great Lakes. In the contiguous 48 states, the creation of the Federal Interstate Highway and Pipeline systems alleviated the majority of the cargo and need for coastal shipping that once existed; and with the deregulation of the trucking industry, the cost to move goods by road became the cheapest, fastest, and easiest method to deliver goods. In 2023, the United States moved

12,975,000,000 tons of cargo by trucks.[1] That is greater than the total global amount of goods moved by sea—12,292,000,000 tons in 2023.[2]

The higher costs to move goods by sea experienced in Alaska, Puerto Rico and Hawaii is a burden that should be addressed; however, I don't believe repeal of the Jones Act is the proper measure. The Jones Act, in its entirety in 1920, was intended to ensure that the United States had a requisite merchant marine, shipbuilding and maritime infrastructure to address its domestic and national security needs. This was tested in the Second World War and with the amendments from the Merchant Marine Act of 1936, the U.S. was able to construct and operate the largest merchant marine in the world, capable of delivering the Arsenal of Democracy from the home front to the war front.

It was in the post-World War Two-era that the United States adopted policies that fostered international competition, ensured that our allies and previous enemies could rebuild their fleets, and create new entities to lower the transportation costs for goods around the world. As we did for the world, we should aim to do the same for our citizens today.

As the United States dismantled the provisions of the Merchant Marine Act of 1920, the cabotage requirement maintained a residual of a domestic shipbuilding base. It was never intended to support and sustain an industry that can compete against the likes of China who provides direct and indirect subsidies to their shipbuilding corporations.

Provisions should be adopted that allow Americans, who ship cargo on U.S. ships, particularly those in the cabotage trade, to be eligible for tax abatements or deferments to offset the higher transportation costs. The Congress should look at measures to fully support and fund programs through the Maritime Administration to finance the construction of new coastal trading ships and identify such vessels and national security assets and participate in an active reserve force in time of war or national emergency.

The Maritime Administration in the Department of Transportation, along with the Departments of Commerce and others, should examine and identify key trading routes both within and along the United States and overseas and prioritize the support for new vessel construction and replacement.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. TAMMY DUCKWORTH TO DR. SALVATORE MERCOGLIANO

Question Topic: Workforce Exchanges

Question 1. Investing in the U.S. workforce is one of my top priorities, but in the interim, there may be opportunities to leverage the knowledge of our international partners to overcome the gap in domestic shipbuilding capacity.

What is your view of workforce exchanges or training exchanges with international shipbuilding companies—either in the United States or abroad—to help expand skill-building for U.S. shipbuilders and shipyard workers?

Answer. The connection with American shipyards to foreign companies is extensive. NASSCO in San Diego has worked with Korean shipyards in the past on the construction of tankers in the mid-2010s. Fincanterri in Wisconsin has a connection to its parent company in Italy and Austal in Alabama is a subsidiary of an Australian firm.

Workforce exchanges and training will be essential to re-establishing an American presence in deep draft, blue water ship construction. But it will not just be skills that need to be adopted but management techniques and philosophies.

American shipyards have been dealing with a single customer for a while, specifically the U.S. government. Construction of government vessels, in particular, ships for the U.S. Navy have an enormous burden placed upon the yards due to oversight, restrictions and regulations placed on them from the Naval Sea Systems Command (NAVSEA). The construction of commercial ships will not have this, as experienced in the Hanwha yard in Philadelphia building the National Security Multi-Mission Vessels through a Vessel Construction Manager (VCM) contract.

In some ways, restarting commercial shipbuilding in the United States, will allow the United States to adopt new practices and policies, while training new personnel to meet the needs in the new shipyards. In several American shipyards, they have worked with local community colleges to train new workers. It may be possible to

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[1] U.S. Department of Transportation, Bureau of Transportation Statistics, *Transportation Statistics Annual Report 2024,* 3–5.

[2] United Nations Conference on Trade and Development, *2024 Review of Maritime Transport,* 3.

expand this idea to a 'study abroad' style of operation where Americans can go to foreign yards and learn the requisite skills and bring them back.

Question Topic: China Shipbuilding

Question 1. What are your views on the national security risks of the Chinese dominating the shipbuilding market and the commercial shipping market?

Answer. In the 1980s, the United States made the policy decision to end the construction and operational differential subsidies for the American international trading fleet. This led to the offshoring of American ship construction to Europe, Japan, and Korea. At the time, this was not viewed as a concern as they were Allies, and the United States shifted its private shipyards to support the construction and support of a 600-ship Navy.

The end of the Cold War, meant a reduction to a 300-ship Navy, but with no threat on the world's oceans, and commercial ships providing low cost transportation due to construction overseas, open registries that provided lower operating costs for ships and crews, and new technologies—such as containerization and super tankers, all developed by Americans—there was little concern for American imports and exports sailing in foreign bottoms.

At the turn of the century, with the United States focused on wars in the Middle East, China began its rise in shipbuilding. From constructing five percent of the world's ships in 1999, they have risen to 51 percent in 2024. While many criticized the build quality of Chinese ships, today they are the industry standard.

While some have compared Chinese domination of shipping to that of the British Empire in the eighteenth and nineteenth centuries, their current policies are much more elaborate. Today, besides China dominating shipbuilding, with their percentages growing, they also build most of the world's containers and control their leasing. They sell and lease most of the container trailers, along with the ship-to-shore cranes in terminals. Chinese mariners are the second largest segment sailing the world today. China has an interest in ports around the world, and they have the third largest fleet in terms of registry (including the ship of Hong Kong). They are also a major owner and investor in ships; with the Chinese Overseas Shipping Company being the largest shipping line in the world.

China's control in so many aspects of global shipping give them the means to influence trade and economy through a variety of mediums. In many ways this is returning China back to its central position in trade it held in the past.

Question 2. How would the average American be harmed by allowing China to dominate the shipbuilding and commercial shipping markets?

Answer. Average Americans have little visibility or concern how the goods they purchased are transported to the United States. Their concern is affordability and availability. As the United States relies more on Chinese operated and owned ships, this could allow China to constrict the flow of goods and material to the United States.

The Chinese Overseas Shipping Company (COSCO) is one of the largest container lines in the world and they make regular port calls in the United States. Should China decide to slow down or restrict the sailing of these ships, this could cause disruptions in American ports and impact the global supply chain.

By investing in more American ships, currently U.S.-flag ships only transport approximately two percent of its imports and exports, it provides some cushion, and reserve should there be a disruption in the flow of goods.

Question 3. How could China use their control of the maritime industry to harm the U.S. economy, especially if we're in a scenario where China invades Taiwan and wants to pressure the U.S. to stay on the sidelines?

Answer. China's dominance in the maritime industry provides them with leverage that can be used to exert influence that could hinder and disrupt the United States' ability to support Taiwan. As noted in the previous question, since Chinese owned and built ships transport a large portion of American imports, any delays or disruptions could have an impact on American port operations, the supply chain, and manufacturing as material and goods arrive late.

Perhaps the most disturbing aspect is how China has taken the lessons of nineteenth-century American naval philosopher Alfred Thayer Mahan to heart and have combined together naval power with commercial shipping to be a true maritime power.

One example would be in their influence in Panama Canal. While China does not own or operate the canal, they do have terminals at each end. Plus, they have invested heavily in the country, and their ships are a major user of the canal. Should China decide to exercise leverage against Panama, in a Taiwan scenario they could persuade Panama to prohibit the passage of American ships. This would have a direct impact on the U.S. ability to transport forces across the Pacific as the Atlantic

Fleet and two-thirds of all the surge sealift ships in the Ready Reserve Force are located on the wrong side of the canal. This would necessitate longer sea voyages and delay deployments.

China's investment in countries and projects around the world could also limit American access to fuel and supplies for its fleet, particularly with the closing of the Red Hill facility in Hawaii. Add to this, China's extensive network of ports, shipping, fishing fleet and maritime militia, provide a real time surveillance and visibility of global shipping. Chinese-built ship-to-shore cranes, with hidden Internet connectivity, could be instructed to damage themselves thereby reducing the number of available loading/unloading capabilities in U.S. ports.

Chinese ships also provide the feeder service (local movement of goods) for many countries around the world, and the removal or disruption of these ships could have large economic impact on these nations. This could allow China to economically coerce nations toward their side.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. JOHN FETTERMAN TO DR. SALVATORE MERCOGLIANO

Industrialization & Executive Orders

Question 1. Dr. Mercogliano, in President Trump's executive order, Restoring America's Maritime Dominance, there is a clear mandate for new regulatory and tax relief programs to support the industry [Section 12]. Are there proposals circulating within the industry that would advance these goals?

Answer. One of the major efforts of the SHIPs Act should be to encourage the investment in American shipping. According to the United Nation's Review of Maritime Transport, Americans are the fourth largest investors in shipping (by value). Americans are willing to invest in ships, but their focus is overseas due to the favorable tax situations and returns.

The SHIPs Act does contain a Shippers' Tax Incentive which can be expanded to encourage further investment in the U.S. flag. With the one-year postponement of U.S. Trade Representative port fees for Chinese-owned and flagged ship, there will be less money for the Ship Trust Fund. The American Maritime Congress has looked at this in a study, and this would shift investment toward the domestic fleet.

There have also been suggestions to waive tariffs or port fees for cargo shipped on U.S.-flagged ships, thereby incentivizing their use. Similarly, tax rebates, deferments or incentives can be provided to Americans to ship on U.S.-flag ships, which would not only benefit international shipping, but also the closed, cabotage trade.

Question 2. Dr. Mercogliano, you stated in your testimony that there are near-term opportunities to modernize our domestic fleet of tugboats, towboats, and ferries. Can you provide more specific proposals that Congress should consider in helping achieve this goal?

Answer. Any deep-draft ship construction initiated will take years before we see the results afloat. The U.S. does possess many small and medium shipbuilding capacity, but it can be expanded faster than the larger shipyards. Currently, many of our Nation's ferries, in particular the Washington State system, and our tugboats in our harbors,, our towboats along the Mississippi and other inland waters, and the Great Lakes are extremely old, outdated and need replacement.

The recent NTSB hearing on the allision between MV Dali and the Francis Scott Key Bridge noted that the ship sailed out of the harbor without a tug escort. Such an escort, which is required in many ports around the world, particularly those with narrow channels or of such high value that the concern is the closure of the waterway, was not provided due to regulations, but also cost and availability of modern tugboats.

The Maritime Administration should be detailed to provide a study that identifies ports that are in danger of similar accidents as occurred with Dali. Such high risk ports, particularly those which are the busiest in the U.S., such as Los Angeles, Long Beach, Houston, Savannah, and New York/New Jersey may be designated to require escorts for portions of ship voyages. The Maritime Administration can then develop a Vessel Construction Manager system, like the National Security Multi-Mission Vessel, to be construction of a standardized design tugboat for use in U.S. harbors and lease them to commercial firms to operate to meet the new demands. They could also be fitted with firefighting capability to strengthen the responses in ports.

On the Great Lakes, MV Mark W Barker was the first new U.S.-flagged freighter built in forty years. The Maritime Administration, along with the Commerce Department, should look at a vessel replacement program for the aged fleet operating

on the Great Lakes and ways that American shipping can be expanded. An expansion of Title XI loans and the use of low-interest long term government financing could help encourage the further replacement of ships on America's fourth coast.

Question 3. Dr. Mercogliano, as Congress considers proposals to revitalize commercial shipping, what role(s) can you envision our Great Lakes shipyards, like the shipyard in Erie, PA, playing in advancement of this national goal?

Answer. On the Great Lakes, MV Mark W Barker was the first new U.S.-flagged freighter built in forty years. The Maritime Administration, along with the Commerce Department, should look at a vessel replacement program for the aged fleet operating on the Great Lakes and ways that American shipping can be expanded. An expansion of Title XI loans and the use of low-interest long term government financing could help encourage the further replacement of ships on America's fourth coast.

China

Question 1. Dr. Mercogliano, we've seen how China has used its massive commercial fleet not just for trade, but as a strategic asset—blurring the line between civilian and military operations. Their so-called 'shadow fleet' plays a key role in gray-zone activity, supporting their ambitions in the South China Sea and potentially around Taiwan. Meanwhile, the United States has only a fraction of that capacity under the U.S. flag. The SHIPS for America Act would begin to close that gap by rebuilding our commercial shipbuilding base and expanding our U.S.-flag fleet. From your perspective, how important is it that we take this step now—both to ensure economic security and to be prepared for the kinds of hybrid or gray-zone maritime challenges that China is already using its commercial fleet to pursue?

Answer. The emergence of the 'shadow fleet' is a disturbing trend in global shipping. Sanctions against Iran and Venezuela gave birth to a fleet of ships that are designed to evade sanctions. They do this, by registering in countries with little oversight—true flags of conveniences. They may or not have classification societies inspecting them or insurance. This has been expanded by the Russians in their attempts to evade G7/EU price caps and specific sanctions against companies and ships.

China has utilized its commercial fleet as a naval auxiliary, along with their massive fishing and maritime militia to scout the world's oceans and provide real-time intelligence. These ships could also pose threats to ships and ports if they deploy underwater, surface or aerial uncrewed vehicles, akin to what we see being used between Russia and Ukraine in the Black Sea.

U.S. flag ships represent not just a commercial interest on the high seas, but sovereign American territory that can also assist in the support of our national economy, but also the military in time emergency or national defense. The greater the scope of our shipping, the more difficult it will be interdict. However, as has been shown by the Houthis in the Red Sea, just the threat and the increase cost of insurance is enough to force shipping to divert and raise the cost to move goods. What makes the U.S.-flag unique is the added protection afforded by the U.S. Navy, but that relationship needs to be strengthened, exercised and practiced to counter any hybrid or gray-zone challenges.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. LISA BLUNT ROCHESTER TO DR. SALVATORE MERCOGLIANO

Question Title: U.S.-Flagged Ships

Question 1. Dr. Mercogliano, during the hearing you stated that the U.S. must incentivize private shippers to use U.S.-flag vessels to move their cargo. What type of incentives could Congress implement to encourage shippers to choose the U.S.-flag?

Answer. The current situation for U.S.-flag shipping is they either operate in the closed cabotage trade, or they participate in international trade and receive a stipend through the Maritime or Tanker Security Programs. Yet, the stipends are not enough to ensure that the ships are profitable and they require cargo, which is provided through either government cargo preference or some of the operators have agreements with larger foreign shipping lines.

The incentives that I would propose, would build on those currently in the SHIPs Act that provide a 25 percent investment tax credit, transform Title XI Federal Ship Financing into a revolving fund and establishing a Shipbuilding Financial Incentives Program. The American Maritime Congress has proposed expanding the Shipper's Tax Incentive which would encourage the shift in American shipping in-

vestment (of which the U.S. is fourth in the world in terms of value) from foreign hulls to U.S.

I contend that waiving tariffs and port fees on cargo shipped on U.S.-flagged ships could also encourage a shift of cargo into American bottoms. We should look to provide tax rebates, relief, or incentives to American businesses to use U.S.-flagged shipping as they would not only encourage international shipping but also provide relief for the domestic cabotage trade of goods.

We also do more to encourage the rapid reflagging of ships into the U.S. registry, as we have seen with the CMA CGM Phoenix and American Energy. We should examine expansion of the Maritime and Tanker Security Program, requiring a percentage of American exports in key commodities to be on American ships through cargo preference, work with the State Department to incorporate reciprocal trade agreements concerning the use of American ships, and discuss measures to waive certain restrictions to bring ships into aspects of the American trade while new vessels are being constructed.

The key today is increasing the number of American ships, as this will increase the job market for mariners and the need for ship repair facilities and workers. We should support the construction of tug and ferry replacement program to jump start small and medium ship construction and start building our shipyard workforce. Then we begin the programs that will lead to deep draft ship construction and reverse the downward trend and prevent China from being the dominant player in shipping.

RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. DAN SULLIVAN TO TUULI SNOW

Question. Opponents of the Jones Act often argue that it raises consumer prices in noncontiguous U.S. regions such as Alaska, Hawaii, and Puerto Rico because those areas rely heavily on ocean transport and have no practical alternatives. From your perspective, to what extent do you believe the Jones Act materially increases shipping or consumer costs in these regions—and if those costs are real, do you see them as an unavoidable trade-off for the national-security and industrial-base benefits you describe, or are there specific policy tools that could mitigate them without weakening the Act's core protections?

Answer. The Jones Act does not relate to the cost of delivery or ocean transportation. Geography, market size, population, remoteness, and the inflation of everyday products raise the cost of delivery to places such as Alaska, Hawaii, and Puerto Rico. The Jones Act ensures reliable, dedicated service to the markets it serves as well as boosting our industrial bases and benefiting our national security. A good example of this was visible during the Covid Pandemic. We saw the cost of internationally delivered goods fluctuate immensely, but those fluctuations were not reflected in domestic delivery.

The cost of shipping is often a percentage of the cost of cargo. If the costs are rising it is due to the cost of products rising. Ocean freight does not drive up consumer costs. We would not recommend change to The Jones Act.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. TAMMY DUCKWORTH TO TUULI SNOW

Question Topic: Workforce Exchanges

Question 1. Investing in the U.S. workforce is one of my top priorities, but in the interim, there may be opportunities to leverage the knowledge of our international partners to overcome the gap in domestic shipbuilding capacity.

What is your view of workforce exchanges or training exchanges with international shipbuilding companies—either in the United States or abroad—to help expand skill-building for U.S. shipbuilders and shipyard workers?

Answer. I believe we lose a very valuable labor market by not allowing more people into the United States, every day. Lowering barriers for people to immigrate and become citizens would greatly boost our workforce. There is terrific value in learning from other cultures and countries in all respects, including manufacturing. As I spoke about at the Senate hearing on the 28th, there is a huge gap in skilled trades people at the mid-career level. Investing in youth is vital, but it does not solve this labor problem in the present, only the future. Allowing more skilled trades people to come work in shipbuilding from other parts of the world is a great solution to this issue.

Question Topic: Workforce Growth

Question 1. If you could change just one thing at the Federal level to make it easier for shipyards to recruit and retain skilled workers—whether that's a new incentive, a funding stream, or a policy change—what would it be?

Answer. Single payer healthcare. A single payer healthcare system would put all employers on a level playing field. Physical health is absolutely essential to maintain a robust workforce, especially in manufacturing, and we see it as a mandatory benefit. It is repeatedly, statistically, proven that employee satisfaction is the key driver in employee retention and a robust benefits package is the highest requested elements of a new position. Per the Society for Human Resource Management 68 percent of job seekers prioritized healthcare benefits over anything else in 2024. It is absolutely a key factor in my ability to recruit at the capacity I can.

Just this year, our health care rates rose 39 percent putting us from around $600,000 to over $1,000,000 dollars annually. If this rise continues, as a small business, this could push us to ruin.

RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. JOHN FETTERMAN TO TUULI SNOW

Workforce

Question 1. Ms. Snow, during the hearing you spoke about the need to bring new people into the workforce and the parallel challenge in making sure the workers we already have can keep up with new technologies and evolving industry needs. From your perspective as a talent acquisition manager, how important is upskilling—continuous training and professional development—for retaining workers and keeping our shipyards competitive? And what more could be done to support that effort?

Answer. Incredibly important. Many people are driven by opportunities for growth and if those opportunities do not present themselves, employees will go somewhere else to learn them. I would always prefer to offer an employee the chance to learn something new if possible. This not only benefits them, but our business as well. The more multifaceted an employee, the better. We will also see a spike in need of continuous development as we welcome a large, new workforce over the next few years. This could be supported by grants for learning and training or government funded trades trainings.

RESPONSE TO WRITTEN QUESTION SUBMITTED BY HON. BRIAN SCHATZ TO TUULI SNOW

Workforce

Question 1. If you could change just one policy at the Federal level to improve recruitment and retainment of skilled workers, what would it be?

Answer. Lowering taxes for small businesses like ours would even out the costs we incur in other places, like healthcare, and the rise in cost of material. Lowering costs across the board for small businesses and making more grants available is vital. Sales and use tax on materials and equipment that may already be affected by fluctuating tariffs can make business arduous. The MARAD grant we acquired this year has already allowed us to expand our business, opening 5–10 new positions with the potential for more. There is also the opportunity for a swing shift, which would double our available production hours. Allocations of funds to small shipyards make it possible to send employees to trainings and acquire equipment we may not otherwise be able to afford. Grants like these create jobs for new candidates and upskill current employees, adding value to their personal skill set as well as our business.

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