

Client Alert

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Executive Order “Restoring America’s Maritime Dominance”: Revitalizing the U.S. Shipbuilding and Maritime Industry

On April 9, 2025, President Trump signed an Executive Order (the “EO”) entitled *Restoring America’s Maritime Dominance*.ⁱ The EO directs the creation of a comprehensive Maritime Action Plan aimed at revitalizing U.S. maritime industries and enhancing national security and economic prosperity. Key initiatives of the EO include tariffs on Chinese maritime equipment, enforcing the Harbor Maintenance Fee, establishing a Maritime Security Trust Fund, and creating Maritime Prosperity Zones modeled after the “Opportunity Zone” concept in the tax code.

The EO sets aggressive timelines for federal agencies to propose new programs, regulatory reforms, and legislation to stimulate domestic ship production, port infrastructure, and maritime training. While largely a high-level blueprint (which charges executive branch departments with creating more detailed plans for action), the EO signals a decisive policy shift to strengthen the maritime industrial base as a matter of national security and economic prosperity.

BACKGROUND: A DECLINING MARITIME INDUSTRY AND NATIONAL SECURITY CONCERNS

The United States once led the world in commercial shipbuilding, but today it produces less than 1% of global commercial ships, while the People’s Republic of China builds roughly 50%.ⁱⁱ This dramatic imbalance has eroded the U.S. maritime industrial base.

Officials have warned that this decline poses strategic risks, and in recent years, bipartisan consensus has been building to address these vulnerabilities. For example, the SHIPS for America Act, a bipartisan bill

introduced in late 2024 which sponsors plan to re-introduce in 2025,ⁱⁱⁱ aims to expand the U.S.-flag fleet and invest in maritime security programs.

KEY PROVISIONS OF THE EO

President Trump's EO on maritime revitalization lays out a broad action plan, with specific objectives for multiple federal agencies:

Developing a Maritime Action Plan ("MAP"). The EO's centerpiece is a whole-of-government Maritime Action Plan to coordinate a long-term, multi-department effort to revitalize American shipbuilding. The EO directs the National Security Advisor to develop and submit a comprehensive MAP in collaboration with the Secretaries of State, Defense, Commerce, Labor, DoT, Homeland Security ("DHS"), and others within 210 days.

This plan will compile all actions to be taken pursuant to the EO's remaining provisions, and will outline legislative, regulatory, and budgetary measures to achieve the EO's goals. The Director of the Office of Management and Budget ("OMB") is further tasked with ensuring the MAP has the necessary funding and regulatory support.

To help inform these efforts, the Secretary of DoT must, within 90 days, deliver a comprehensive report laying out an inventory of current federal support for the maritime industry. This report will catalog all existing programs, subsidies, and laws that affect U.S. shipping and shipbuilding, and evaluate how they can be used or improved. Notably, the report will review cargo preference laws (such as the Jones Act, which requires DoT between US ports to be conducted on US-built, crewed, flagged, and owned vessels) to see if stronger enforcement or reduced waivers could drive demand for American-built vessels. It will also consider new ideas (tax incentives, regulatory relief, or new programs) to bolster the industry. This "state of the industry" assessment, encompassing everything from maritime security programs to port infrastructure grants, will guide the administration's longer-term maritime strategy.

Remaining provisions of the EO require the MAP to include plans for:

Expanding The US Shipbuilding Industry

- **Defense Department Investment & Industrial Base Expansion.** To jump-start shipyard capacity, the Department of Defense ("DoD") is directed to lead an assessment of options to expand the maritime industrial base. The EO contemplates potentially using available tools – including Defense Production Act Title III authorities and private capital – to invest in shipbuilding, repair facilities, port infrastructure, and related supply chains. DoD's new Office of Strategic Capital loan program is to be leveraged to support shipyard projects.^{iv}
- **Procurement Reforms for Federal Fleets.** To support domestic shipbuilders, the EO seeks to streamline government procurement of vessels. The EO directs the DoD, Commerce, Transportation ("DoT"), and DHS (along with the National Science Foundation) to propose within 90 days improved acquisition strategies for U.S. government ships. The proposal should recommend cutting red tape in Navy and Coast Guard ship procurement – for example, reducing layers of approval, preventing frequent design changes, and using more commercial off-the-shelf components to speed up builds. In parallel, the Department of Government Efficiency will separately review DoD and DHS vessel procurement processes to improve efficiency and eliminate waste. Finally, consistent with the administration's broader deregulation agenda, the EO instructs DoD, DoT, and DHS to identify and roll back unnecessary regulations that hinder the domestic maritime industry.^v Businesses should watch for agency announcements of deregulatory actions, as they may reduce compliance burdens or open the door for new maritime business models (e.g. faster approval of autonomous vessel operations, etc.). Alongside a parallel executive order designed to revamp DoD Procurement, this

portion of the EO signals a strong intent to increase the scale and speed with which the DoD can buy new equipment.^{vi}

Financial Opportunities

- **Maritime Security Trust Fund.** To provide sustainable funding, the EO calls for the OMB Director to develop a legislative proposal establishing a Maritime Security Trust Fund. The fund would serve as a dedicated, reliable source of financing for maritime programs outlined in the MAP. New or existing tariff revenues, fines, or other fees are listed as potential funding streams. If enacted by Congress, this trust fund could operate similarly to the Highway Trust Fund^{vii} – guaranteeing a steady flow of money to support U.S. shipbuilding and fleet programs beyond annual appropriations.
- **Maritime Prosperity Zones.** The EO directs the Secretary of Commerce (with Treasury, DoT, and Homeland Security) to draft a plan for the creation of “Maritime Prosperity Zones” to spur investment in maritime-related infrastructure. These would be special economic zones explicitly modeled on the Opportunity Zones established in the 2017 tax law (known as the “Tax Cuts and Jobs Act”)^{viii}. The Opportunity Zones are designated economically distressed areas where private investments that meet certain ownership, structural, and operational requirements can qualify for significant tax incentives in the form of deferral of capital gains tax, step-up in basis, and in certain circumstances, permanent exclusion of post-investment appreciation from taxation. The EO specifies that the zones should include geographically diverse areas – not only traditional coastal shipyards, but also inland river ports and Great Lakes regions, which historically have hosted significant shipbuilding capacity. Combined with geographic diversity and regulatory relief, Maritime Prosperity Zones seek to bolster development of shipyards, repair facilities, and maritime supply chain businesses.
- **Shipbuilding Financial Incentives Program.** The EO directs the Department of DoT to propose a new financial incentive program to encourage private capital in shipbuilding. This program, if enacted by Congress, would create flexible tools like grants, loans, and loan guarantees to support construction of commercial vessels, modernization of shipyards, and expansion of ship repair facilities. The program may augment or replace existing maritime finance programs (for example, the MARAD Small Shipyard Grant Program and the Title XI Federal Ship Financing Program). The goal is to lower the high up-front cost of building ships in the U.S. by sharing risk with the government, thereby making U.S.-built vessels more commercially competitive.
- **Expansion of U.S.-Flagged Commercial Fleet.** The EO directs the Department of DoT (with DoD) to develop proposals to grow the fleet of U.S.-built, U.S.-flagged commercial vessels operating internationally. This likely involves enhancing existing programs like the Maritime Security Program or Tanker Security Program (which provide stipends to a limited number of U.S.-flagged ships) and exploring new incentives for companies to register ships under the U.S. flag.
- **Expanding the Mariner Workforce.** Beyond ships and yards, the EO recognizes the need for skilled personnel to crew and support a growing fleet. It directs a multi-agency effort to develop recommendations for expanding the U.S. maritime workforce. Additionally, the EO looks to quickly and significantly upgrade the U.S. Merchant Marine Academy by improving the infrastructure and modernizing facilities. This focus on workforce aims to ensure that an expanded fleet will have American crews and that shipyards will have a pipeline of talent, though (as discussed below) the EO’s workforce measures tilt more toward mariners than shipyard trades.

Foreign Protections

- **Investigation of Chinese Unfair Practices (Section 301).** A key motivation for the EO is countering China's maritime ascendancy. The EO links with an ongoing United States Trade Representative ("USTR") Section 301 investigation into China's targeting of maritime, logistics, and shipbuilding sectors,^{ix} and instructs the USTR to coordinate with the rest of the federal government on enforcement of any trade actions— for example, implementing tariffs or penalties. In particular, the EO directs the USTR to consider new tariffs on Chinese-made ship-to-shore cranes and other cargo-handling equipment used in U.S. ports. These technologies have long been a bipartisan national security concern due both to their ubiquity as well as their potential for use as espionage platforms^x. These measures aim to protect strategic port infrastructure from Chinese control.
- **Enforcement of Harbor Maintenance Fees ("Cargo Loophole").** The EO seeks to prevent the circumvention of U.S. Harbor Maintenance Fees, which some firms may seek to avoid by routing cargo through Canada or Mexico. It directs DHS Customs and Border Protection ("CBP") to ensure all foreign-origin cargo bound for the U.S. is first entered at a U.S. port of entry, rather than entering through land borders. If cargo is offloaded in a Canadian or Mexican port and then brought over land into the U.S., it will now be subject to all applicable U.S. customs duties, taxes, and fees – including the Harbor Maintenance Fees plus an added 10% surcharge for the extra CBP processing. This provision is designed to discourage "port shopping" and the import of goods overland, recapturing revenue for U.S. harbor maintenance.
- **Arctic Waterways Strategy.** Acknowledging the growing strategic importance of the Arctic, the EO calls for the DoD (with input from DoT, DHS, and the Coast Guard) to develop a comprehensive strategy for Arctic waterways within 90 days. This strategy will set goals for securing Arctic shipping routes and protecting U.S. interests as polar ice melts and traffic increases. It will be included in the MAP. As new sea lanes open in the Arctic, this provision signals an intention for the U.S. to assert leadership and prevent adversaries from dominating high-north maritime routes. Businesses involved in Arctic shipping, energy, or infrastructure may see increased support or coordination from the U.S. government under the forthcoming strategy.

ANALYSIS: OPPORTUNITIES, OMISSIONS, AND CHALLENGES

The EO has a potentially far-reaching scope, but leaves many questions open to further implementation by agencies, or, in some instances, dependent on acts of Congress. Moreover, some important areas are not even mentioned by the EO. **Corporate stakeholders should be aware of these nuances when formulating their response strategies.** Key analytical points include:

- **Tension with Tax Reform.** Many financial incentives described in the EO require Congressional appropriations or enacting additional laws, especially the proposal to introduce Maritime Prosperity Zones. This year, many of the key tax benefits enacted in the Tax Cuts and Jobs Act are set to expire unless they are renewed. The Administration wants to pass a large tax bill this year that preserves many of these benefits, and that grants further tax cuts. Expenditures and incentives described in the EO will need to compete with other Administration and Congressional priorities in order for a final bill to pass. Some or all of the EO's financial incentives may ultimately not see passage as a result.
- **Skilled Shipyard Labor Shortage – An Unaddressed Bottleneck.** A critical challenge facing any shipbuilding surge is the shortage of skilled tradespeople in U.S. shipyards. Decades of industry decline have led to a diminished workforce of welders, pipefitters, naval architects, and other specialists. New Navy Secretary John Phelan recently warned that "*a serious shortage in our shipbuilding workforce*" is already

delaying ship delivery schedules and straining the Navy's existing fleet.^{xi} The EO, while emphasizing workforce development for mariners and calling for reports on training, does not directly tackle the need to rapidly expand the shipyard labor force. There are no immediate provisions for vocational training programs or immigration measures to fill skilled trade gaps.

- **Limited Focus on Advanced Shipbuilding Technology.** The EO's directives concentrate on boosting output and capacity, but give little attention to next-generation maritime technologies such as green propulsion, automation, and vessel digitization. Modern global shipbuilding is not just about quantity—it also involves innovation in areas like alternative fuels (e.g. LNG, hydrogen), autonomous navigation systems, and carbon-efficient ship design. New entrants to the shipbuilding industry are touting next-generation shipyard designs focused on the production of unmanned vessels.^{xii} Other than a brief reference to training mariners in “innovative maritime logistics, clean fuels and advanced nuclear energy” as part of a scholarship program, the EO does not outline any R&D initiatives or incentives for technological modernization of U.S. shipyards and vessels.
- **Reliance on Allied Partnerships Due to U.S. Capacity Limits.** The EO explicitly directs outreach to allied nations for support: it calls for engaging treaty allies and partners to align trade policies (e.g. encouraging them to impose similar tariffs or restrictions against Chinese maritime dominance) and it seeks to entice shipbuilders from allied countries to invest in U.S. shipyard projects. By encouraging allied stakeholders to partner in U.S. maritime projects, the administration is taking a practical approach to overcome domestic limitations. This emphasis suggests new joint venture opportunities may emerge for companies – for instance, a U.S. shipbuilder might partner with a Korean or European firm to modernize a yard or build a series of ships with shared technology and know-how. However, such partnerships will need to navigate U.S. laws and regulatory requirements like the Jones Act, antitrust, and CFIUS review. Overall, the focus on allied involvement underlines that reviving U.S. maritime dominance will be a global effort, and companies should be open to international collaboration as a means to accelerate growth.
- **Interaction with Other Maritime Initiatives:** The EO works in tandem with concurrent legislative and administrative efforts while also marking some departures. The EO's objectives closely align with the bipartisan SHIPS for America Act introduced in December 2024 (and which sponsors plan to re-introduce). The SHIPS Act seeks to revitalize U.S. shipbuilding, bolster the U.S.-flag commercial fleet, and grow the mariner workforce. In fact, the EO explicitly builds on many principles of the SHIPS Act, directing measures (like a Maritime Action Plan and proposals for shipbuilding financing and a maritime trust fund) that mirror that bill's approach to strengthening the U.S. maritime industry.

The EO is also bolstered by the newly established White House *Office of Maritime and Shipbuilding Policy* (within the National Security Council) announced in early 2025 dedicated to coordinating shipbuilding initiatives across federal agencies.

CONCLUSION

This EO represents one of the most ambitious federal maritime revitalization efforts in decades, addressing everything from trade policy and finance to training and infrastructure. If fully implemented, these measures could significantly reshape the operating landscape for U.S. shipbuilders, ship owners, ports, and marine manufacturers. For companies in shipping, shipbuilding, and related sectors, the EO's directives, if fully implemented, could unlock significant funding and incentives.

Many of the EO's initiatives are plans and proposals, not immediate changes. The order launches studies, strategy documents, and legislative recommendations – which, while significant, means that results will unfold over time. Potential hurdles include political opposition, budget constraints, legal challenges, and supply chain and workforce bottlenecks. Translating the EO's ambitious goals into tangible results will therefore depend on follow-through: Congress will need to enact funding (e.g. for the trust fund or incentive programs), agencies will need to implement the recommended reforms, and private companies will need to engage in collaboration with the Government.

This EO is not being released in isolation: key executive branch initiatives, including the newly-launched Office of Maritime and Shipbuilding Policy, and ongoing maritime-related investigations by the USTR as well as bipartisan Congressional efforts to re-introduce the SHIPS for America Act, all signal a long-term and broad focus on revitalizing the American maritime industry.

King & Spalding attorneys continue to monitor the developing maritime landscape and its potential impact on government contracting, international trade, and tax.

ABOUT KING & SPALDING

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This alert provides a general summary of recent legal developments. It is not intended to be and should not be relied upon as legal advice. In some jurisdictions, this may be considered "Attorney Advertising."

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ⁱ <https://www.whitehouse.gov/presidential-actions/2025/04/restoring-americas-maritime-dominance/>.

ⁱⁱ As of 2025, only about 80 large vessels in international trade fly the U.S. flag, compared to 5,500 under China's flag, leaving U.S. commerce and military logistics heavily reliant on foreign shipping. Allies and competitors alike can build ships at a fraction of U.S. costs, thanks to greater economies of scale and government support abroad.

ⁱⁱⁱ <https://news.usni.org/2025/04/10/new-white-house-executive-order-sets-stage-for-u-s-shipbuilding-action-plan>

^{iv} These same tools are highlighted within the Trump Administration's recent Executive Order on Increasing American Minerals Production, highlighting both their flexibility and the DoD's centrality to efforts to shape the emerging industrial base. <https://www.kslaw.com/news-and-insights/new-executive-order-on-immediate-measures-to-increase-american-critical-mineral-production>.

^v Under the January 31, 2025 executive order *Unleashing Prosperity Through Deregulation*. <https://www.whitehouse.gov/presidential-actions/2025/01/unleashing-prosperity-through-deregulation/>.

^{vi} <https://www.whitehouse.gov/presidential-actions/2025/04/modernizing-defense-acquisitions-and-spurring-innovation-in-the-defense-industrial-base/>.

^{vii} <https://taxpolicycenter.org/briefing-book/what-highway-trust-fund-and-how-it-financed>.

^{viii} <https://www.irs.gov/credits-deductions/businesses/opportunity-zones>.

^{ix} <https://ustr.gov/issue-areas/enforcement/section-301-investigations/section-301-chinas-targeting-maritime-logistics-and-shipbuilding-sectors-dominance>.

^x <https://homeland.house.gov/2024/03/12/wtas-joint-investigation-intoccp-backed-company-supplying-cranes-to-u-s-ports-reveals-shocking-findings/>.

^{xi} <https://www.nationaldefensemagazine.org/articles/2025/4/9/new-navy-secretary-vows-to-revitalize-us-shipbuilding#:~:text=%E2%80%9CWe%20are%20facing%20a%20serious,and%20overstretched%20crews%2C%E2%80%9D%20he%20said>.

^{xii} <https://breakingdefense.com/2025/02/startup-saronic-to-build-port-alpha-next-gen-shipyard-focused-on-autonomous-vessels/>.