

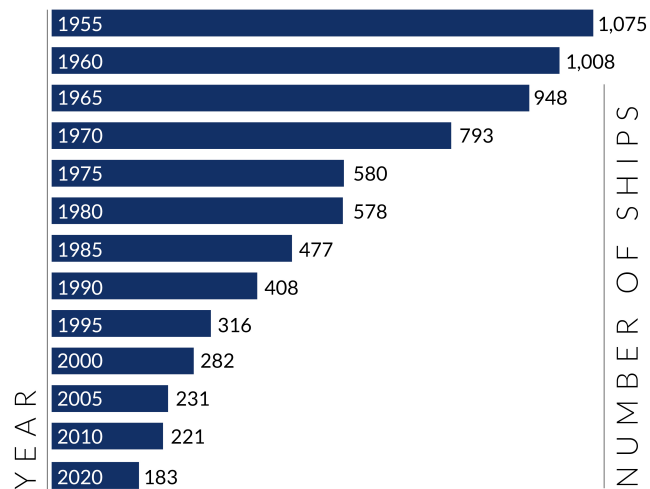


U.S. Navy Boatswain's Mate 3rd Class Keaton Lester, from Wichita Falls, Texas, signals to the fleet replenishment oiler USNS Guadalupe (T-AO 200) during a replenishment-at-sea (RAS) aboard the Arleigh Burke-class guided-missile destroyer USS Decatur (DDG 73), Jan. 11, 2023. (U.S. Navy photo by Mass Communication Specialist 2nd Class David Negron)

## Merchant Marine and U.S. Flag Fleet

*The nation can no longer deploy and sustain forces in protracted wartime operations since the 187 large oceangoing U.S.-flag ships operating in foreign and domestic trades are at least 50 ships (based on a 2017 study) short of being able to provide the pool of skilled U.S.-citizen merchant mariners to crew each commercial and government-owned reserve sealift vessel during protracted wartime operations.*

### Total U.S. Flag Ships by Year



\* Dates as of January 1, 2020; Vessels of 10,000 DWT or greater, includes Great Lakes carriers.  
Source: U.S. Maritime Administration.

## WHAT IS THE ISSUE?

There are now serious challenges to meeting the objectives of NDS 28, the National Security Directive on Sealift. As a result, it is entirely possible America will be unable to “ensure that sufficient military and civil maritime resources will be available to meet defense deployments and essential economic requirements” in accordance with the directive. From workforce challenges to aging surge sealift vessels, our ability to sustain logistics during protracted conflict is in danger. [Learn more here.](#)

## WHAT IS THE MARITIME ADMINISTRATION DOING TO ADDRESS THE ISSUE?

Section 3542 “National Maritime Strategy” of the fiscal year 2023 National Defense Authorization Act mandated a publicly available study which would inform the development of a National Maritime Strategy within a specific timeline. The language specifically calls for the maritime administrator and the Coast Guard to contract with a federally funded research and development center (FFRDC) to produce the report. The finished document could serve as a blueprint for revitalizing our entire merchant fleet. The specific language calls for MARAD and the Coast Guard to:

“conduct a study to identify the key elements needed for a national maritime strategy that is designed to—

(A) achieve the objectives described in section 50101 of title 46 United States Code (Merchant Marine Act of 1936);  
and

(B) ensure—

(i) a capable, commercially viable, militarily useful fleet of a sufficient number of merchant vessels documented under chapter 121 of title 46, United States Code (U.S.-flag);

(ii) a robust United States mariner workforce, as described in section 50101 of title 46, United States Code;

(iii) strong United States domestic shipbuilding infrastructure, and related shipbuilding trades amongst skilled workers in the United States; and

(iv) that the Navy Fleet Auxiliary Force, the National Defense Reserve Fleet, the Military Sealift Command, the Maritime Security Program under chapter 531 of title 46, United States Code, the Cable Security Program under chapter 532 of title 46, United States Code, and the Tanker Security Program under chapter 534 of title 46, United States Code currently meet the economic and national security needs of the United States and would reliably continue to meet those needs under future economic or national security emergencies.

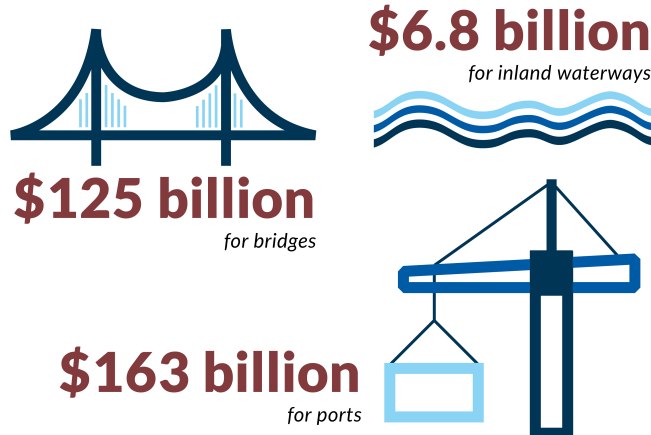
[Learn more here.](#)

## WHAT IS CONGRESS DOING TO ADDRESS THE ISSUE IN THE FY2025 NDAA?

Before the FY2025 NDAA had been drafted and enacted, a bipartisan and bicameral group of four members of Congress, Senators Kelly and Rubio and Representatives Waltz and Garamendi on April 30 issued “Congressional Guidance for a National Maritime Strategy — Reversing the Decline of America’s Maritime Power.” The Guidance identifies Strategic Objectives, Associated Actions, and 10 Things Congress Can Do Right Now. [Learn more here.](#)

### Needed Investment in America’s Maritime Transportation System and Inland Waterways

*National maintenance backlog totals, according to the American Society of Civil Engineers:*



## RECOMMENDATIONS

After exhaustive research of the American maritime sector, the Navy League’s Maritime Policy Statement provides nearly two dozen actionable recommendations for Congress, shipbuilders, defense officials, and advocates. Covering everything from funding requirements and budgetary projections, to tax relief and private sector incentives, to cargo preference thresholds and militarily useful cargo ship designs, this section offers a comprehensive list of real solutions to the problems plaguing our maritime sector. [Learn more here.](#)



# U.S.-FLAG MERCHANT MARINE

## WHAT IS THE ISSUE?

The National Security Directive on Sealift, NDS 28 states, “Sealift is essential both to executing this country’s defense strategy and to maintaining a wartime economy. ... The United States’ national sealift objective is to ensure that sufficient military and civil maritime resources will be available to meet defense deployments and essential economic requirements in support of our national security strategy. ... The U.S.-owned commercial ocean carrier industry, to the extent it is capable, will be relied upon to provide sealift in peace, crisis and war. This capability will be augmented during crisis and war by reserve fleets comprised of ships with national defense features that are not available in sufficient numbers or types in the active U.S.-owned commercial industry.”

There are now serious challenges to meeting these objectives. The nation can no longer deploy and sustain forces in protracted wartime operations since the 189 large oceangoing U.S.-flag ships operating in foreign and domestic trades are at least 50 ships (based on a 2017 study) short of being able to provide the pool of skilled U.S.-citizen merchant mariners to crew each commercial and government-owned reserve sealift vessel during protracted wartime operations. The situation is worse post-COVID epidemic since many experienced mariners have retired and the industry is having difficulty recruiting and retaining new entrants to serve on ships in foreign trades. Additionally, the surge sealift fleet now totals 54 ships (all in the Ready Reserve Force) vice 61 in 2021. Action needs to be taken now to rebuild our sealift capabilities expected to operate in contested environments in support of the new National Defense Strategy that focuses on peer competitors, Russia and China. In the future, we will also need additional sealift for economic security to support our nation’s peacetime and wartime economy considering China’s aggressive economic sanctions against nations that do not support its territorial claims and policies which run counter to international norms and law. Fortunately, since the last edition of the Maritime Policy, there have been efforts to develop a new strategy to provide a roadmap for cost-effective modernization of sealift and economic security shipping capabilities that focus primarily on U.S.-flag commercial ships in domestic and foreign trade fleets (per NSD 28), and secondarily on government-owned, U.S.-built assets in reserve fleets to meet

unique national security needs at moderate risk. The sections to the right will discuss these efforts. Below is more detail on the scale and scope of the issue.

The domestic component of the U.S.-flag fleet is governed by the Jones Act, which requires vessels in domestic waterborne trade to be owned by U.S. citizens, built in the United States, U.S.-flagged, and crewed by U.S. mariners. This fleet stabilized at just over 90 ocean-going ships in recent years due to recapitalization of ships in the Hawaii and Puerto Rico trades and tankers to transport shale oil. This is about half (93 of 189 as of January 7, 2025) of oceangoing ships under the U.S. flag. Without the Jones Act, the Coast Guard and Customs and Border Protection would face the new burden of ensuring foreign mariners are properly vetted, including work permits, at hundreds of inland waterway locations to preclude homeland security incidents. The Jones Act keeps American shipping companies, shipyards, mariners, and thousands of people working.

The number of non-Jones Act U.S. vessels in international trade is (as of 7 January 2025) 96 with the recent addition of 9 (going to 10) tankers of the recently authorized Tanker Security Program. An additional 10 tankers have been authorized and should be added to the fleet in the next year or two. The total fleet is then expected to stabilize at about 200 ocean-going vessels. The Maritime Security Program (MSP) fleet of 60 follow-on surge and sealift sustainment vessels and the newly established TSP of 20 product tankers will make up about ¾ of the total U.S.-flag commercial fleet in foreign trade. This fleet is given cost-offsetting stipends to operate under the U.S.-flag. The remaining two dozen ships are supported by Government preference cargoes or long-term MSC charter arrangements. It would cost about \$10 billion in taxpayer funds to replicate vessel capacity alone without the MSP and TSP.

Additionally, RRF vessels now average more than 44 years old even with the addition of 6 “newer” foreign-built vessels and 7 LMSRs to the fleet over the last couple of years. Without substantial increases to future shipbuilding budgets, there will not be enough funds to recapitalize these ships during the next decade when they reach the end of their expected service lives. While some of these ships can have their lives extended five or 10 years, and some can be replaced by used vessels, insufficient funds have been programmed to acquire the mix of foreign-built used vessels and new U.S.-built vessels following current law.

Even if the RRF age and readiness issues are fixed, we still cannot operate all the ships for extended periods because the commercial U.S.-flag oceangoing fleet is too small to provide the requisite crews in wartime. Seven years ago, a working group comprising members from U.S. Transportation Command, the Office of the Secretary of Defense, the Coast Guard, the Navy and MARAD, assessed that we have a shortfall of 1,839 mariners to crew all U.S.-flag commercial and government reserve sealift vessels during a full mobilization for a sustained period of more than six months. The situation is worse post-COVID due to significant retirements of experienced officers and unlicensed personnel and reduced recruitment/retention of entry-level licensed and unlicensed positions due to publicized cultural issues (SASH) and other quality-of-life issues that make sailing in international trades unattractive to Generation Z. The Military Sealift Command, the largest employer of merchant mariners, has recently (December 2024) received Secretary of Navy approval to lay-up 17 of its ships due to insufficient crews.

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) addressed in this section

and the Industrial Base section. 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 infrastructure, the U.S.-flag merchant marine and military sealift capabilities would not be capable of supporting our national and economic maritime security. The Marine Transportation System will be discussed in a separate unit.

The last time the additional U.S.-flag requirement to support the peacetime/wartime industrial base was quantified was in 1989, at the end of the Cold War, by the Commission on Merchant Marine and Defense. It recommended a U.S.-flag fleet of 650 ships for national/economic security when we had 636 ocean-going ships under U.S.-flag, more than 3 times what we have today. With the advocacy of the Navy League and other maritime organizations, language was included in the FY2023 NDAA for the administration to produce a new “National Maritime Strategy” to address these issues. It and other initiatives will be in the next section.

## WHAT IS THE MARITIME ADMINISTRATION DOING TO ADDRESS THE ISSUE?

Since the Howard Coble Coast Guard and Transportation Act of 2014 was passed, Congress has been requesting the administration submit a National Maritime Strategy that shall:

(1) identify—

- (A) Federal regulations and policies that reduce the competitiveness of United States flag vessels in international transportation markets; and
- (B) the impact of reduced cargo flow due to reductions in the number of members of the United States Armed Forces stationed or deployed outside of the United States; and

(2) include recommendations to—

- (A) make United States flag vessels more competitive in shipping routes between United States and foreign ports;
- (B) increase the use of United States flag vessels to carry cargo imported to and exported from the United States;
- (C) ensure compliance by Federal agencies with chapter 553 of title 46, United States Code (cargo preference);
- (D) increase the use of third-party inspection and certification authorities to inspect and certify vessels;
- (E) increase the use of short sea transportation routes, including routes designated under section 55601(c) of title 46, United States Code, to enhance intermodal freight movements; and
- (F) enhance United States shipbuilding capability.

Even after receiving two GAO reports investigating why a strategy had not been produced, the administration never submitted anything responsive to the request even though the Maritime Administration had prepared a response. In frustration, Congress passed Section 3542 “National Maritime Strategy” in the FY2023 NDAA that mandated a publicly available study would inform the development of the National Maritime Strategy within a specific timeline. The language specifically calls for the maritime administrator and Coast Guard to contract with a federally funded research and development center (FFRDC) to:

“conduct a study to identify the key elements needed for a national maritime strategy that is designed to—

- (A) achieve the objectives described in section 50101 of title 46 United States Code (Merchant Marine Act of 1936); and

(B) ensure—

- (i) a capable, commercially viable, militarily useful fleet of a sufficient number of merchant vessels documented under chapter 121 of title 46, United States Code (U.S.-flag);
- (ii) a robust United States mariner workforce, as described in section 50101 of title 46, United States Code;
- (iii) strong United States domestic shipbuilding infrastructure, and related shipbuilding trades amongst skilled workers in the United States; and
- (iv) that the Navy Fleet Auxiliary Force, the National Defense Reserve Fleet, the Military Sealift Command, the Maritime Security Program under chapter 531 of title 46, United States Code, the Cable Security Program under chapter 532 of title 46, United States Code, and the Tanker Security Program under chapter 534 of title 46, United States Code currently meet the economic and national security needs of the United States and would reliably continue to meet those needs under future economic or national security emergencies.

The language calls for the study to be completed within a year after enactment of the act and include input from relevant federal departments and agencies; nongovernmental organizations; United States companies; maritime labor organizations; commercial industries that depend on United States mariners; domestic shipyards regarding shipbuilding and repair capacity, and the associated skilled workforce, such as the workforce required for transportation, offshore wind, fishing, and aquaculture; providers of maritime workforce training; and any other relevant organizations. In carrying out the study, which is to be made available on a Department of Transportation website after completion, the FFRDC is to consult with the secretaries of Transportation (MARAD), Defense and Homeland Security (USCG), the NOAA administrator and heads of other relevant agencies in the identification and evaluation of:

(A) incentives, including regulatory changes, needed to continue to meet the shipbuilding and ship maintenance needs of the United States for commercial and national security purposes, including through a review of—

- (i) the loans and guarantees program carried out under chapter 537 of title 46, United States Code, and how the development of new offshore commercial industries, such as wind energy, could be supported through modification of such program or other Federal programs, and thus also support the United States sealift in the future;
- (ii) the barriers to participation in the loans and guarantees program carried out under chapter 537 of title 46, United States Code, and how the program may be improved to facilitate additional shipbuilding activities in the United States;
- (iii) the needed resources, human and financial, for such incentives; and
- (iv) the current and anticipated number of shipbuilding and ship maintenance contracts at United States shipyards through 2032, to the extent practicable;

(B) incentives, including regulatory changes, needed to maintain a commercially viable United States-  
documented fleet, including—

- (i) an examination of how the preferences under section 2631 of title 10, United States Code, and chapters 531, 532, 534, and 553 of title 46, United States Code, should be used to further maintain and grow a United States-  
documented fleet;
- (ii) an identification of other incentives that could be used that may not be authorized at the time of the study;
- (iii) an estimate of the number and type of commercial ships needed over the next 30 years; and
- (iv) estimates of the needed human and financial resources for such incentives;

- (C) the availability of United States mariners, and future needs, including—
- (i) the number of mariners needed for the United States commercial and national security needs over the next 30 years;
  - (ii) the policies and programs (at the time of the study) to recruit, train, and retain United States mariners to support the United States maritime workforce needs during peace time and at war;
  - (iii) how those programs could be improved to grow the number of maritime workers trained each year, including how potential collaboration between the uniformed services, the United States Merchant Marine Academy, State maritime academies, maritime labor training centers, and the Centers of Excellence for Domestic Maritime Workforce Training under section 51706 of title 46, United States Code, could be used most effectively; and
  - (iv) estimates of the necessary resources, human and financial, to implement such programs in each relevant Federal agency over the next 30 years; and
- (D) the interaction among the elements described under subparagraphs (A) through (C).

This study is to inform the production of a National Maritime Strategy (initially and updated every five years and posted on a Department of Transportation website) that is to be submitted by the secretary of Transportation, in consultation with the secretary of the department in which the Coast Guard is operating and the commander of United States Transportation Command, to Congress that is to include:

“(1) An identification of—

- “(A) international policies and Federal regulations and policies that reduce the competitiveness of United States documented vessels with foreign vessels in domestic and international transportation markets; and
- “(B) the impact of reduced cargo flow due to reductions in the number of members of the United States Armed Forces stationed or deployed outside of the United States.

“(2) Recommendations to—

- “(A) make United States-documented vessels more competitive in shipping routes between United States and foreign ports;
- “(B) increase the use of United States-documented vessels to carry cargo imported to and exported from the United States;
- “(C) ensure compliance by Federal agencies with chapter 553;
- “(D) increase the use of short sea transportation routes, including routes designated under section 55601(b), to enhance intermodal freight movements;
- “(E) enhance United States shipbuilding capability;
- “(F) invest in, and identify gaps in, infrastructure needed to facilitate the movement of goods at ports and throughout the transportation system, including innovative physical and information technologies;
- “(G) enhance workforce training and recruitment for the maritime workforce, including training on innovative physical and information technologies;
- “(H) increase the resilience of ports and the marine transportation system;

“(I) increase the carriage of government-impelled cargo on United States-documented vessels pursuant to chapter 553 of title 46, section 2631 of title 10, or otherwise; and

“(J) maximize the cost effectiveness of Federal funding for carriage of non-defense government impelled cargo for the purposes of maintaining a United States flag fleet for national and economic security.

Furthermore, the language requires that not later than six months after the submission of a national maritime strategy or update, the secretary of Transportation, in consultation with the secretary of the department in which the Coast Guard is operating and the secretary of Defense, shall make publicly available on an appropriate website an implementation plan for such strategy or update.

While this language is far more prescriptive than what had been passed eight years previously, Congress still felt it needed even more teeth and passed language in the 2024 NDAA regarding mandatory status reports on the strategy’s implementation plan. Specifically, in Section 3537, “Accountability for National Maritime Strategy,” Congress mandated it be given biannual briefings by the maritime administrator, in consultation with the National Security Council, the secretary of State, the secretary of Transportation, and the secretary of Homeland Security, and with the participation of the chief of naval operations, the commandant of the Marine Corps, and the commandant of the Coast Guard, on the status of establishing the type of national maritime strategy required under 2023 NDAA’s Section 3542 described above.

The administrator is directed to use these briefings to augment and influence the national maritime strategy discussion with national security-focused stakeholders across the administration until an updated strategy is published and endorsed by the President of the United States.

As the national maritime strategy relates to national security, each briefing is to include the following:

- (1) Recommendations for a whole-of-government approach to orchestrating national instruments of power to shape all elements of the maritime enterprise of the United States, domestic and international, on the high seas or domestic waterways.
- (2) An assessment of great power competition in the maritime domain, to include opportunities for increased cooperation with allied and partner global maritime industry leaders to improve national shipbuilding and shipping, while promoting the international rules-based maritime order.
- (3) An analysis of existing shipyards to build and capitalize on the virtuous cycle between commercial and military shipbuilding and repair, including areas of improvement.
- (4) An analysis of opportunities for private or public financing to increase the capacity, efficiency, and effectiveness of United States shipyards, including infrastructure, labor force, technology, and global competitiveness.
- (5) An analysis of potential improvements to national or cooperative arrangements for sealift capacity and shipping, including for contested logistics.

**Current Status:** The Maritime Administration awarded the study to inform the NMS to the Center for Naval Analyses in 2023 and the study has been completed and is expected to be released sometime in 2025.

In summary, Congress has made clear it wants the administration to produce an NMS and an associated implementation plan that will rejuvenate the maritime industry —U.S.-flag shipping, U.S. shipbuilding and maritime labor—to support national and economic security and will not accept the status quo. However, Congress isn’t willing to just sit and wait; it has taken further initiatives as discussed in the next section.

## WHAT IS CONGRESS DOING TO ADDRESS THE ISSUE IN THE FY2025 NDAA?

Before the FY2025 NDAA had been drafted and enacted, a bipartisan and bicameral group of four members of Congress, Senators Kelly and Rubio and Representatives Waltz and Garamendi on April 30 issued “Congressional Guidance for a National Maritime Strategy — Reversing the Decline of America’s Maritime Power”:

[congressional\\_guidance\\_for\\_a\\_national\\_maritime\\_strategy.pdf](#)

The guidance has the following strategic objectives and associated actions:

### ACHIEVE MARITIME PROSPERITY

- Strengthen America’s maritime workforce and the Jones Act Fleet — the backbone of our sea services, industry, and maritime transportation system.
- Invest and innovate in domestic shipbuilding and U.S.-flag shipping capabilities and capacity to advance the power and influence of America's maritime industry.
- Revitalize the U.S.-flagged international fleet through targeted incentive programs and regulatory reforms to make the fleet competitive with international carriers.
- Drive modern business and manufacturing approaches: innovative maritime logistics, fuels, and advanced nuclear energy, human-machine teaming, additive manufacturing, and other advanced technologies.
- Survey and evaluate conditions of critical maritime infrastructure to invest in America’s marine highways, guiding public and private investments to the most high-impact projects.
- Leverage existing, unused authorities to speed the flow of taxpayer resources toward U.S.-flag shipping and domestic commercial shipbuilding.

### ENSURE MARITIME SECURITY

- Ensure U.S. and allied naval forces can effectively defend global freedom of navigation on the high seas, including against the People’s Republic of China’s coercive maritime insurgency in the South China Sea and beyond, as well as emerging asymmetric adversaries such as the Islamic Republic of Iran in the Strait of Hormuz, Iranian-backed Houthis in the Red Sea and Gulf of Aden, and ongoing piracy in critical chokepoints around the world.
- Confront rapidly emerging challenges by immediately accelerating polar, seabed warfare, and undersea warfare capabilities.
- Encourage public outreach to demonstrate how American shipbuilding and U.S.-flag shipping are critical to national security, and that maritime workers are essential.
- Harden critical maritime infrastructure and networks, enforce the new federal ban on the use of the People’s Republic of China’s Ministry of Transportation’s National Transportation and Logistics Public Information Platform, commonly referred to as “LOGINK,” and incrementally replace Chinese-built cranes in American ports with domestically manufactured ones.
- Attract private investment into U.S.-flag shipping and domestic shipbuilding while restricting cash flow into the People’s Republic of China’s maritime shipping and shipbuilding industries.

### SEEK ALLIED AND PARTNER COOPERATION

- Prepare for resource competition in the Indo-Pacific and polar regions with like-minded allies and partner

countries. Review vulnerabilities to international maritime regulation, enforcement systems, and critical maritime infrastructure for global commerce.

- Support a strong U.S. commercial maritime industry — both domestic and internationally — to leverage global supply chains the United States can access in peacetime, crisis, and war.
- Establish allied and partner arrangements for combined presence operations to share the burden of providing freedom of navigation on the high seas, conducting maritime security operations, protecting ocean resources in critical regions, and potentially establishing green corridors and maritime opportunity zones.
- Seek mutually beneficial relationships with treaty allies, exploring comparative advantages to lower cost, time, and the complexity of rebuilding America’s domestic shipping and shipbuilding industry.
- Share the burden for critical maritime parts and projects, applying best practices from other industry supply chain models to the maritime sector.

## **PRIORITIZE AMERICAN VALUES, MARITIME INDEPENDENCE, FREEDOM OF THE SEAS, AND THE RESILIENCE OF OUR OCEANS, SEAS, AND INLAND WATERWAYS**

- Promote American values for quality of life, worker safety, freedom of navigation, and environmental stewardship.
- Create energy innovation incubators that bring military, commercial, and civil stakeholders together to research, test, and deploy advanced nuclear and other alternative propulsion power to improve the range of maritime vessels.
- Support the study of how rising sea levels and receding polar ice may affect the marine domain to inform how the U.S. should secure our political, economic, and military interests as the People’s Republic of China increases its presence in the Polar regions.
- Advocate to protect fisheries in nations threatened by the illegal and unregulated fishing operations of the People’s Republic of China.
- Create coherent, consistent, and predictable policy in support of reliable, affordable, and stable access to valuable oceanic resources like energy, ensuring a thriving maritime sector domestically, and globally competitive in the international maritime trades.

### **To achieve these Strategic Objectives, the Guidance delineates 10 Things that Congress Can do Now:**

1. Speed development of a long-term National Maritime Strategy for incremental implementation, including state and local policy options. Establish a presidentially appointed position to synchronize all national maritime affairs and policy. Establish a National Maritime Council, led by the President’s maritime appointee, to monitor and report on the implementation of the national maritime strategy.
2. Take all measures possible to expand, develop, and protect the domestic maritime workforce, fully funding and reinvigorating the Maritime Administration, U.S. Coast Guard, Federal Maritime Commission, and other federal agencies that protect, regulate, and support the U.S. maritime industry. Commission a national marketing campaign, implement workforce accelerators, including through international personnel exchanges, and champion the domestic maritime workforce, the U.S. Merchant Marine Academy, and our state maritime academies.
3. Grow domestic shipbuilding capacity and demand modern performance expectations. Provide the authorities and funding to support domestic shipbuilding. Explore treaty ally collaboration to expand

domestic shipbuilding opportunities and insource capabilities to the U.S. market.

4. Grow U.S.-flagged shipping capacity and guarantee U.S. government cargo during peacetime. Establish new programs leveraging a range of tools such as tax incentives, enhanced cargo preference, operational subsidization, and federal financing to incentivize companies to ship their products via U.S.-flagged vessels, with the aim of growing the U.S.-flagged international fleet's size and carrying capacity.
5. Urge investment in America's Maritime Transportation System and inland waterways. Address the national maintenance backlog, which according to the American Society of Civil Engineers, amounts to \$125 billion for bridges, \$163 billion for ports, and \$6.8 billion for inland waterways.
6. Create innovation incubator programs partnered with industry to lead the world in innovative and advanced nuclear energy solutions for the maritime sector. Fund modern design and production approaches, automation advances with human teaming, and applied research for materials, fuels, and energy.
7. Conduct assessments of economic, political, and military factors that threaten U.S. interests in the rapidly changing polar regions. Prepare and plan for potential competition for resources that may result from increased activity by U.S. adversaries in the polar regions, while respecting the rule of law and national sovereignty.
8. Provide the resources necessary to ensure our naval forces can defend the freedom of the seas. Prioritize forward presence, readiness, and combat logistics. Provide multi-year authorizations for critical maritime programs and identify dedicated revenue sources to support critical maritime security and naval shipbuilding support programs.
9. Implement rules, policies, and resource decisions to de-risk the U.S. maritime sector from our strategic competitors. Evaluate and mitigate ways in which the U.S. has dependencies on strategic competitors and prioritize domestic capabilities.
10. Consistent with the U.S. National Security Strategy, advance the rule of law, allies and partners, trade, quality of life, and universal access to the global commons, all unalienable American values. Express dedication to these fundamental principles by securing extended authorizations and appropriations for vital maritime programs that are crucial to both our economic and national security via maritime strength.

The last action item's sentence is the most important in executing any strategy--providing the ways and means to achieve the strategic objectives. Furthermore, Congressman Waltz and Senator Kelly have drafted proposed legislation to implement these proposed action items and it was introduced as the SHIPS for American Act on 19 December 2024 by Sen. Kelly, Sen. Young, Rep. Kelly and Rep. Garamendi. The titles associated with the latest draft very closely align with the Strategic Objectives and 10 near-term action items:

TITLE I—OVERSIGHT AND ACCOUNTABILITY

TITLE II—MARITIME SECURITY TRUST FUND

TITLE III—SEALIFT CAPABILITY

TITLE IV—VESSELS OF THE UNITED STATES IN INTERNATIONAL COMMERCE

Subtitle A—Strategic Sealift Programs

Subtitle B—Cargo Preference

Subtitle C—Regulatory Reform

## TITLE V—SHIPBUILDING

Subtitle A—Shipbuilding Financial Incentives

Subtitle B—Department of Defense Programs

Subtitle C—Shipbuilding Innovation and Infrastructure

## TITLE VI—WORKFORCE DEVELOPMENT

Subtitle A—Workforce Incentives

Subtitle B—Workforce Pipeline

Subtitle C—U.S. Merchant Marine Academy and State Maritime Academies

Subtitle D—Maritime Credentialing Modernization

## TITLE VII—AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1986

It is expected that the SHIPS for America Act will be reintroduced early in 2025. These recent bipartisan and bicameral Congressional actions indicate that Congress is serious about addressing the critical shortfalls and deficiencies in our current maritime industrial base and the Navy League fully supports its passage since it would, if passed, be the first major maritime legislation in 55 years to reinvigorate the U.S. merchant marine and shipbuilding industrial base. The recommendations in the section below are fully supportive of these efforts.

While the FY2025 NDAA that was signed into law on 23 December 2023

[https://docs.house.gov/billsthisweek/20241209/RCP\\_HR5009\\_xml%5b89%5d.pdf](https://docs.house.gov/billsthisweek/20241209/RCP_HR5009_xml%5b89%5d.pdf) does not specifically include any of the provisions in the SHIPS for America Act, it does have a few provisions that relate to sealift and the maritime industry overall.

1. SEC. 539A. MARITIME WORKFORCE PROMOTION AND RECRUITMENT which requires the Secretary of the Navy, in coordination with the heads of such other Federal agencies, to enter into a contract within a year, for the establishment a targeted campaign to educate and recruit potential workers regarding careers in the maritime sector, including by— (1) promoting maritime workforce in the United States including careers in the maritime industry afloat, including in the United States Merchant Marine, sailing in the Military Sealift Command, and related positions in the maritime sector; and (2) promoting the United States shipbuilding industry and highlighting the critical need to attract skilled workers in the shipbuilding and related maritime sectors.
1. SEC. 1022 MODIFICATION OF AUTHORITY TO PURCHASE USED VESSELS UNDER THE NATIONAL DEFENSE SEALIFT FUND authorizes a maximum of 10 used ships to be acquired for the recapitalization of the Ready Reserve Force and provides \$204,949,000 for acquisition of two ships. Congress in earlier NDAA's has authorized funding for the design of a class of 10 new sealift ships to be built in U.S. shipyards as the long term approach for RRF recapitalization.
1. SEC. 1068. MOBILITY CAPABILITY REQUIREMENTS STUDY requires that within a year that the Commander of the United States Transportation Command, in coordination with the Chairman of the Joint Chiefs of Staff, the Secretaries of the military departments, and the commanders of the combatant commands, shall conduct a study of the end-to-end, full-spectrum mobility requirements to fulfill the National Defense Strategy (NDS) to include each of the following:

- (1) An assessment of the ability of the programmed airlift aircraft, tanker aircraft, sealift ships, fuel tanker vessels, patient movement forces, and key mobility enablers to meet the integrated strategic and theater mobility requirements in expected strategic environments, as defined by the guidance in such NDS,
- (2) An identification, quantification, and description of the associated risk-to-mission defined by Chairman of the Joint Chiefs of Staff to fulfill such strategy, including—
  - (A) an assessment of risk-to-mission associated with achieving strategic and operational objectives using the programmed airlift aircraft, tanker aircraft, sealift ships, fuel tanker vessels, patient movement forces, and key mobility enablers; and
  - (B) a description of the combinations of airlift aircraft, tanker aircraft, sealift ships, fuel tanker vessels, patient movement forces, and key mobility enabler requirements and capabilities that provide low, moderate, significant, and high levels of risk-to-mission to fulfill such strategy; and
  - (C) an evaluation of non-mobilized mobility forces to sustain daily competition activities and achieve necessary readiness to fulfill the national defense strategy.
- (3) An identification of any mobility capability gaps, shortfalls, overlaps, or excesses, including—
  - (A) an assessment of associated risks with respect to the ability to conduct operations; and
  - (B) recommended mitigation strategies where possible.
- (4) The articulation of all key assumptions and decisions made and excursions examined in conducting the study with respect to—
  - (A) risk;
  - (B) programmed forces and infrastructure;
  - (C) the availability of commercial airlift and commercial United States sealift and fuel tanker vessel capabilities and resources, when applicable;
  - (D) aircraft usage rates, aircraft mission availability rates, aircraft mission capability rates, aircrew ratios, aircrew production, and aircrew readiness rates;
  - (E) readiness, crewing, and activation rates for sealift ships and fuel tanker vessels;
  - (F) prepositioning, forward stationing, seabasing, engineering, and infrastructure;
  - (G) demand signals used to represent missions described in the national defense strategy for 2022, in competition and wartime;
  - (H) concurrency and global integration of demand signals;
  - (I) integrated global presence and basing strategy;
  - (J) host nation or third-country support;
  - (K) adversary actions to degrade and disrupt United States mobility operations;
  - (L) adversary actions that threaten freedom of navigation on international waterways, including attacks on foreign ships and crews;

- (M) aircraft being used for training or undergoing depot maintenance or modernization or ships undergoing depot maintenance;
  - (N) patient movement and mobility enabling forces availability, readiness, and use;
  - (O) logistics concept of operations, including any maneuver and sustainment support concepts, methods, combat support forces, and combat service support forces, that are required to enable the projection and enduring support to forces both deployed and in combat for each analytic scenario;
  - (P) anticipated attrition rates for the assessed force structure; and
  - (Q) such other matters as the Commander determines appropriate. Such other elements as the Commander determines appropriate.
- (5) Such other elements as the Commander determines appropriate.

This study is a total update of mobility capability requirements study that was completed in 2020 and could significantly impact the amount and type of sealift required to support the National Defense Strategy in effect during the conduct of the study. The section calls for an unclassified summary which will not likely be released until late 2025 or 2026.

1. SEC. 3512. ASSESSMENT OF UNITED STATES SEALIFT CAPABILITY requires not later than March 1, 2026, that the Secretary of Transportation, in consultation with the Secretary of Homeland Security, the Secretary of Commerce, and the Secretary of Defense, shall submit a report that includes each of the following:
  - (1) An assessment of the readiness and sufficiency of the United States maritime infrastructure, shipping industry, and shipbuilding industry, and United States-flagged, owned, and operated fleets to meet strategic sealift requirements during peace, crisis, and war and operate in a contested environment.
  - (2) An assessment of ocean-going trade opportunities and challenges with respect to the economy of the United States.
  - (3) An assessment of critical infrastructure in the United States maritime transportation system, including ports, shipyards, repair yards, inland waterways, and the domestic fleet, and foreign investment in maritime infrastructure.
  - (4) An evaluation of foreign investment, ownership, and control in maritime infrastructure, including ports, terminals, and other related infrastructure.
  - (5) Recommendations for—
    - (A) improving the critical shipbuilding infrastructure, workforce recruitment, development, and retention, and critical supply chains of the United States, including for critical repair parts; and
    - (B) addressing any risks identified in the above paragraphs as necessary to protect and strengthen the United States maritime transportation system.

Additionally this section calls for (1) an assessment of arrangements and agreements with treaty allies for access to the global maritime transportation infrastructure such as ports, harbors, and waterways, (2) an assessment of existing assurances, arrangements, and agreements with treaty allies to augment United States sealift capabilities and meet sealift requirements during peace, crisis, and war, and (3) recommendations for updating such

arrangements and agreements to reflect the global security environment. It also calls for a report on public-private partnership opportunities to maintain, improve, or grow the Maritime Security Program, Tanker Security Program, and the Ready Reserve Force over the next decade and finally for USTRANSCOM in conjunction with MARAD to conduct an assessment to identify any additional operational criteria or infrastructure enhancements necessary to ensure that alternate seaport facilities meet strategic seaport facility standards; and any infrastructure enhancements to strategic seaport facilities to ensure such facilities continue to meet readiness requirements, and provide recommendations and a plan for the implementation of the improvements identified under subparagraphs (A) and (B) to ensure that alternate seaport facilities are fully prepared for use as strategic seaport facilities if required.

This FY2025 NDAA section will need to be coordinated with the ongoing efforts regarding the development of a National Maritime Strategy and the forthcoming Mobility Capabilities Requirements Study.

## NAVY LEAGUE RECOMMENDATIONS REGARDING THE MARITIME INDUSTRY.

- Fully supporting the SHIPS for America Act legislative proposal that will, when enacted, reinvigorate the U.S. Maritime Industry so that it can fully support economic and national security of the United States.
- Administration promptly completing the National Maritime Strategy as called for in the FY2023 National Defense Authorization Act and including implementing policies and funding in future budget submits.
- 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 of 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 an anticipated USTRANSCOM publicly released requirement from the 2021 Tanker Requirements Study) and for a two ship Cable Security Program.
- Full funding for the RRF to match combatant commander readiness and capacity requirements as specified by the updated MCRS in a yet to be released Unclassified Executive Summary.
- Strong U.S. cargo-preference laws. We support increasing the requirement to 100% for all non-DOD government cargoes, including Food for Peace 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.
- 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.
- Transferring RRF recapitalization responsibility from the Navy to MARAD, using best commercial practices for both new construction and used ship acquisitions with requisite appropriations 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.
- 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 attractiveness of the merchant marine profession through increased diversity of the workforce resulting from cultural changes such as the MARAD EMBARC program.
- Adjusting budgetary and legislative measures that preclude capital and operations-related changes in the application of U.S. tax laws. This is to counter Internal Revenue Service advice that land components of intermodal transport activities do not qualify as “qualified shipping activities” under the tonnage tax law and that MSP payments are subject to regular corporate rates of taxation, which could seriously impact the cost to operate vessels under the U.S. flag, jeopardizing their economic viability.
- Repealing current Internal Revenue Code language so ~~that~~ Capital Construction Fund deposits and earnings are treated the same way for purposes of the corporate alternative minimum tax as they are under the regular corporate income tax, helping to expand U.S. shipping by making the financing of U.S. ship construction less expensive.
- 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 “green” programs, with resources to promote sustainability throughout the MTS, including research and technology in areas such as ballast water, port and vessel emissions, alternate fuels, 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 Jones Act ships in support of the offshore wind industry.

