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BLOG

Ground-Breaking U.S. Merchant Marine Executive Order Issued

APRIL 10, 2025

On April 9, 2025, President Trump signed an Executive Order entitled "Restoring America's Maritime Dominance." The EO directs a range executive actions – mainly executive reports to outline further action and to propose new legislation – all to promote the U.S. merchant marine including U.S. shipbuilding.

Although the EO does not acknowledge it, the United States has had a national merchant marine policy since the Merchant Marine Act, 1920. That Act stated, for the first time in U.S. law, that "it is necessary for the national defense and for the proper growth of its foreign and domestic commerce that the United States shall have a merchant marine." The 1920 Act also rejected government- owned U.S.-flag vessels in favor of privately owned U.S.-flag vessels.

The intended size of the fleet in 1920 was to be "sufficient to carry the greater portion" of U.S. commerce and be available to support the Nation "in time of war or national emergency." Today, that same official policy exists in the U.S. code, although it has been watered down over time. The current objective is to have a fleet sufficient to carry "a substantial part" of U.S. oceangoing foreign commerce. The U.S.-flag fleet engaged in international trade numbering less than 100 vessels falls way short of that "substantial part" goal.

This overall policy is also enshrined in National Security Directive 28 issued by President H.W. Bush on October 5, 1989 which provides that "sealift is essential both to executing this country's forward defense strategy and to maintaining a wartime economy," and "the US-owned commercial ocean carrier industry, to the extent it is capable, will be relied upon to provide sealift in peace, crisis, and war."

The other closest analogous Presidential action is a "Directive" issued by President Kennedy in April 1962 directing full compliance by U.S. executive agencies with U.S. cargo preference laws. Those laws reserve a certain percentage of U.S. government impelled cargoes to privately owned U.S.-flag vessels. The Kennedy directive also reiterated the 1920-enacted statutory policy. Notably, no other Presidential directive or executive order has been issued since these 1962 and 1989 actions.

The April 9 EO builds on this foundation by announcing that "it is the policy of the United States to revitalize and rebuild U.S. domestic maritime industries and workforce to promote national security and economic prosperity." The EO requires that an umbrella "Maritime Action Plan" be submitted to the President within 210 days developed by National Security Adviser Michael Waltz in conjunction with relevant departments and agencies.

The EO calls for a range of overlapping reports on different timelines that will be subsumed within the Action Plan – several of which must be prepared within 90 days including reports on –

- "Maritime Industry Needs" to inventory current programs such as the Maritime Security Program and how they might be expanded or improved;
- "Mariner Training and Education" "to address workforce challenges in the maritime sector through maritime educational institutions and workforce transitions"; and
- On engaging and cooperating with allies "to Align Trade Policies" and to "Reduce Dependence on Adversaries through Allies and Partners."

The EO also directs the preparation of a comprehensive report on the "Maritime Industrial Base" to be produced within 180 days to include identification of key supply chain maritime components and recommendations for public and private investment in that supply chain.

With respect to coordinating with the U.S. Congress, the EO directs that the executive branch seek legislation to create, among other things, a "Maritime Security Trust Fund," a "Shipbuilding Financial Incentives Program," and measures to expand the commercial U.S.-flag fleet trading internationally.

Action is also directed to enforce collection of the Harbor Maintenance Fee, create "Maritime Prosperity Zones," and modernize the U.S. Merchant Marine Academy. Collection of the 0.125 percent Harbor Maintenance Fee is directed to cargo diversions through Canada or Mexico. "Maritime Prosperity Zones" are to be modeled on similar opportunity zones established in 2017. The Kings Point provisions include an immediate direction to hire staff and reprogram financial resources to address urgent deferred maintenance at the academy.

The legislative initiatives overlap with the "Shipbuilding and Harbor Infrastructure for Prosperity and Security for America Act" – known as the "SHIPS for America Act" or just "SHIPS Act." That Act was introduced in the 118th Congress on December 19, 2024.

The original co-sponsors were Senators Mark Kelly (D-AZ) and Todd Young (R-IN) and Representatives Trent Kelly (R-MS) and John Garamendi (D-CA). Before he was nominated to be National Security Advisor, Rep. Michael Walz had indicated he would be a co-sponsor of that Act. Over 75 organizations have indicated their support for the SHIPS Act which is expected to be reintroduced in this 119th Congress this spring.

The EO also overlaps with an ongoing docket opened by the U.S. Trade Representative pursuant to section 301 of the Trade Act of 1974 to investigate "China-Targeting the Maritime, Logistics, and Shipbuilding Sectors for Dominance." The USTR determined on January 16, 2025 that China's actions have in fact been unreasonable and burden and restrict U.S. commerce. The USTR proposed on February 21, 2025 the imposition of direct and indirect substantial fees on Chinese-built vessels engaged in U.S. commerce and then held hearings concluding on March 26.

It is expected that the USTR will announce some action soon. The EO notes the 301 process and directs that the USTR consider also taking steps to apply tariffs to Chinese-manufactured ship-to-shore cranes and cargo handling equipment in addition to Chinese-built vessels.

Finally, although the EO notes U.S. cargo preference laws and potentially utilizing them better to support the U.S.-flag fleet, it does not direct any immediate action to either reserve more cargoes to U.S.-flag vessels or reduce waivers permitting the use of foreign-flag vessels.

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