Transition – A Presidential Change Update

April 2025

White House Issues Executive Order on Restoring America's Maritime Dominance

On April 9, 2025, President Trump issued an Executive Order (EO) aimed at revitalizing the domestic maritime industries and workforce to strengthen national security and the U.S. economy. The EO directs the Assistant to the President for National Security Affairs (APNSA) to coordinate with multiple federal agencies and submit a Maritime Action Plan (MAP) by November 5, 2025. The EO outlines 17 specific actions—each with varying timelines—designed to reverse decades of decline in domestic shipbuilding, where the U.S. now produces only 0.2% of the world's ships compared to China's 74%. The EO seeks to spur public and private investment in shipbuilding and waterfront development, streamline regulation and procurement inefficiencies that impede the growth of a robust domestic maritime industry, counter China's unfair trade practices in the maritime and logistics sector, and promote the U.S. maritime workforce.

Maritime Industrial Base

By October 6, 2025, the Secretary of Defense, in coordination with the Secretaries of Commerce, Transportation, and Homeland Security (DHS), must assess public and private capital resources for investment in the Maritime Industrial Base. This action item is specific to investing and expanding commercial and defense shipbuilding capabilities, component supply chains, ship repair and marine transportation, port infrastructure, and workforce development. The Secretary of Defense is also tasked with considering using the Office of Strategic Capital loan program and identifying and prioritizing supply chain elements in an effort to rebuild and expand the Maritime Industrial Base. These recommendations must be based on clear, projected returns on investment capital for U.S. taxpayers, commercial and defense capability increases, economic growth, and workforce benefits.

USTR Section 301 Actions

The EO references the U.S. Trade Representative's (USTR) Section 301 Proposed Actions, regarding the People's Republic of China's (PRC) targeting of maritime, logistics, and shipbuilding sectors. It calls on the USTR to coordinate with other agencies to implement final actions, including enforcing fees, penalties, and restrictions to address China's unfair trade practices. The EO also directs the USTR to consider enacting tariffs on cargo-handling equipment—including cranes—manufactured, assembled, or containing components of PRC origin, or made by companies controlled by PRC nationals.

Harbor Maintenance Tax

The EO also directs the Secretary of DHS to require foreign-origin cargo (including from Canada and Mexico) to clear Customs and Border Patrol (CPB) at a U.S. port of entry and to assess all applicable customs, duties, taxes, fees, and interest, including the Harbor Maintenance Fee (HMF). Additionally, a 10% service fee will be imposed on such cargo arriving first by vessel to North America, unless it has been substantially transformed before entering the U.S. The CPB will determine what qualifies as "substantially transformed" cargo. This provision is intended to prevent cargo carriers from circumventing the HMF by using Canadian or Mexican ports via rail or truck as entry points for U.S.-bound goods.

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By July 8, 2025, the USTR must also engage with "like-minded" countries regarding HMF enforcement on foreign-origin cargo and China's maritime trade practices.

U.S. Shipbuilding Incentives

The EO directs the Secretary of Commerce to identify and recommend incentives for allied-nation shipbuilders to invest in U.S. shipbuilding. The EO also instructs the Director of the Office of Management and Budget (OMB) to consult with the Secretary of Transportation and propose a Maritime Security Trust Fund, which would provide more reliable and dedicated funding for MAP initiatives, potentially using tariff revenue, fines, fees, or taxes.

Maritime Prosperity Zones

By July 8, 2025, the Secretaries for Commerce, Treasury, and Transportation must deliver a plan to the White House outlining opportunities to incentivize and facilitate domestic and allied investment in U.S. maritime industries and waterfront communities by establishing Maritime Prosperity Zones. Modeled after the opportunity zones referenced in section 13823 of the Tax Cuts and Jobs Act of 2017 (Public Law 115-97, 131 Stat. 2054), these zones will include stipulations for appropriate regulatory relief to establish these zones and identify zones that are outside traditional coastal shipbuilding and ship repair centers.

Rebuilding the Maritime Workforce

By July 8, 2025, the Secretary of Transportation, in consultation with other agency heads, must submit a Report on Maritime Industry Needs to the OMB Director and APNSA. The report must identify existing federal programs that support U.S. shipping, shipbuilding, training, and supply chains—including programs that aid the State Maritime Academies and apply cargo preference laws. It must also analyze the costs and benefits of raising cargo preference rates and increasing compliance with shipping procurement requirements to meet urgent military needs for maritime vessels.

The Secretary of Transportation must propose legislation to incentivize private investment vessel construction of commercial components, parts, vessels, and improvements to commercial vessel shipyards and repair facilities through loan guarantees compliant with the Federal Credit Reform Act.

Also, by July 8, 2025, the Secretaries of State, Defense, Labor, Transportation, Education, and DHS, must submit a workforce strategy report to the White House. The report must include recommendations for strengthening maritime educational institutions and workforce transitions. The Secretaries must consult with industry stakeholders, identify the current number of credentialed mariners, estimate the additional credentialed mariners needed to meet EO objectives and assess the impact of establishing new and expanding existing merchant marine academies to educate, train, and certify additional credentialed merchant mariners.

Government Vessel Forecasting

The Secretaries of Defense, Commerce, Transportation, and DHS, along with the Director of the National Science Foundation, must develop a proposal by July 8, 2025, to improve acquisition strategies for U.S. government vessels. The proposal must focus on providing American shipbuilders with market forecasts to justify investments in infrastructure, workforce, and intellectual property. The proposal must also include reforms to improve federal vessel procurement, such as using private sector acquisition and design practices to reduce complexity, prevent frequent changes to ship designs, and eliminate excessive requirements of ship design and acquisition.

National Security

By October 6, 2025, the Secretaries of Transportation and Defense must propose legislation to the White House that is consistent with the conclusions in the Report on Maritime Industry Needs to allow a sufficient number of U.S.-flagged commercial vessels to be called upon in times of crisis and provide incentives to grow U.S-built, crewed, and flagged vessels to serve in times of national security. The legislation must also provide incentives to increase the participation of United States commercial vessels in international trade and enhance existing subsidies to incentivize the commercial shipping industry to operate militarily useful ships that trade internationally under the flag of the U.S.

Arctic Waterways

The EO directs the Secretaries of Defense, Transportation, and DHS, along with the Commandant of the U.S. Coast Guard, to develop a strategy to secure Arctic waterways by July 8, 2025. The strategy will be included in the overall MAP.

Shipbuilding Participation

By May 24, 2025, the Secretaries of Defense, Commerce, Transportation, and DHS must review shipbuilding programs for U.S. government use and recommend ways to increase the number of participants and competitors within United States shipbuilding, reduce cost overruns, and prevent production delays across surface, subsurface, and unmanned ship programs.

Deregulation

By May 9, 2025, the Secretaries of Defense, Transportation, and DHS must review existing maritime regulations regarding the domestic commercial maritime fleet and maritime port access, to identify opportunities for deregulation within the framework of EO 14192 of January 31, 2025 (Unleashing Prosperity Through Deregulation).

Reserve Fleet

By July 8, 2025, the Secretary of Defense must review and issue guidance on the funding, retention, support, and mobilization of an inactive reserve fleet.

Efficiency Review

Also, by July 8, 2025, the Department of Government Efficiency will conduct an independent review of the Department of Defense and DHS vessel procurement processes and submit proposed recommendations to improve their efficiency and effectiveness.

FOR MORE INFORMATION

If you have any questions regarding the Executive Order or its impact on your business, please contact:

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