

# An Agenda for Regaining American Maritime Competitiveness and Naval Power

## THE ISSUE

For too long, the U.S. Navy has not kept pace with the growing threat from China. Recent incidents and numerous war games have cast doubt on whether the Navy can still sustain peace or win in war. Making matters worse, private-sector shipping and shipbuilding entities that support the Navy have atrophied to a sad state. They would be unable alone to sustain the military in a long war, let alone keep a wartime industry functioning. Yet, the U.S. has advantages over China, including innovative capacity, partners around the world, and a compelling, prosperous democratic model. Acting on these advantages requires a broad maritime approach to win the New Cold War. To reverse the decline of the U.S. Navy, the Congress and individual U.S. states can play an active part in regaining competitiveness in the jobs-intensive, top-tier maritime industrial sector.

## FIVE ACTIONS THAT CONGRESS AND STATES SHOULD TAKE TO PARTICIPATE IN A NATIONAL MARITIME AGENDA

In order to implement a national maritime agenda, Congress and the states should:

- 1. Create maritime prosperity zones.** Congress can support states by enacting regulations and initiatives to incentivize investment in the maritime industry and waterfront communities, including encouraging defense treaty allies, such as Japan and South Korea, to invest in U.S. shipyards.
- 2. Establish a maritime innovation incubator.** Congress, working with states, should focus on maturing maritime capabilities applicable for shipping (such as small modular nuclear reactors, robotic ships, drones and dirigibles useful for moving cargo at sea), and on training the next generation of naval architects and shipyard workers to operate and maintain these new systems.
- 3. Train more mariners.** Congress, working with states, can expand existing merchant marine academies, such as the U.S. Merchant Marine Academy, or establish new state merchant marine academies to educate and certify more merchant mariners. Congress and states can also prioritize existing educational and technical training grants for special skills critical to shipbuilding, such as naval architects and welders.
- 4. Incentivize mariners to maintain certification.** Congress and states can attract American merchant mariners with favorable tax incentives and personal subsidies, who remain in the maritime sector while sustaining U.S. Coast Guard mariner certifications.
- 5. Create a naval guard.** Congress should support states in expanding their National Guard with a naval component that will participate in the State Partnership Program. Through this federal program, states can both benefit from support for maintaining the proficiency of state naval guards in coastal policing and natural disaster responses, while contributing to Department of Defense maritime security capacity building in key maritime partner nations.

This paper, in its entirety, can be found at <https://report.heritage.org/fs270>

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## THE CURRENT NATIONAL MARITIME SECTOR IS A STRATEGIC RISK

China is spending significantly more on its defense than the \$229 billion in 2022 reported in the annual defense report on China. Reality is likely above \$700 billion, according to comments made by Alaska Senator Dan Sullivan following an intelligence briefing. This spending has funded a massive decades-long Chinese military build-up and modernization campaign that has created the largest modern navy in the world. China's government-directed and -supported shipping and shipbuilding companies have also grown to dominate the global maritime sector.

- Today, more than a third of U.S. nuclear submarines must wait for maintenance before they return to sea. This is unacceptable, as these nuclear submarines are a vital part of today's fleet for deterring a Chinese onslaught in Asia. Fixing this situation requires more than modernizing the four public shipyards that America maintains today. The U.S. Commander of Fleet Forces stated in January 2023 that two additional public shipyards were needed to address shortfalls in nuclear shipyard capacity.
- Of the more than 80,000 ships arriving at American ports for international trade, fewer than 200 are U.S.-flagged, -owned, and -crewed. The Department of Defense's U.S. Transportation Command estimates that regulatory costs, mandates, and labor costs render U.S.-produced ships 26 times more expensive than sourcing overseas, which must be recouped via higher shipping rates, estimated to total \$9.8 billion per year.
- Commercial shipyards and naval shipbuilders alike have faced endemic workforce shortages. These shortages are driven by several factors, such as uncompetitive wages,

too few young workers willing to work in the challenging conditions of America's antiquated waterfronts, and too few Americans with the requisite technical skills (including those of naval architects, welders, and pipe fitters).

- Too few American merchant mariners are available to serve, and in the event of war, the U.S. is too reliant on foreign sealift to meet military operational needs while sustaining a wartime economy. A 2017 study released by the U.S. Maritime Administration pointed out an estimated deficit of 1,839 certified and fit-for-service mariners in a war scenario—the actual deficit is unknown and likely higher, as the 2017 estimate was to support military operations and not to sustain a wartime economy. As the existing merchant mariner population retires (in 2021 the average American merchant mariner was 47 years old) and the nation's need for sealift grows proportionally to a potential war with China, the problem will become much worse.
- For almost a decade, the Navy, Congress, and three different Administrations have supported the goal of a fleet of 355 warships. Since 2016, when the Navy had 275 warships, however, the fleet has regressed rather than risen to the looming threat and, according to the President's latest long-range plan, will shrink to 285 when the threat from China is greatest.

### THINK GLOBALLY, ACT LOCALLY

For America to restore its naval power it must revitalize its maritime sector. This will not be possible without congressional and state-level action to encourage creation of new maritime technologies and to produce a highly skilled workforce for expanded and modern shipyards.