

## **Congress Must Pass SHIPS Act to Revitalize U.S. Maritime Industry, Increasing American Jobs & Enhancing National Security**

Federal lawmakers recently introduced the bipartisan and bicameral Shipbuilding and Harbor Infrastructure for Prosperity and Security for America Act of 2025 (SHIPS Act). This bill represents the most comprehensive effort by Congress to revitalize our nation's maritime supply chains in decades and will deliver policy solutions to encourage investment in the U.S. shipping industry and rebuild America's maritime capability. As America's largest transportation labor federation, TTD strongly endorses this bill, which will institute reforms long sought by labor to strengthen America's maritime workforce and our national and economic security.

### **Shipbuilding and Expanding America's Fleet**

The U.S. commercial fleet has been in decline for decades due to several factors, including the U.S. government's lack of investment compared to other countries that directly subsidize their shipbuilding industries. The SHIPS Act aims to address this by establishing a new Strategic Commercial Fleet Program (SCFP). SCFP would incentivize a fleet of U.S.-flagged, U.S.-built, and U.S.-crewed vessels in international commerce that are militarily useful and commercially viable, with the aim of growing the U.S.-flagged fleet by 250 ships. Additional provisions include tax credits for investments aimed at expanding the U.S.-flagged fleet. Such tax incentives would cover the construction of oceangoing vessels and rebuilding shipyards in the United States. The bill also creates incentives for moving import and export cargo on U.S.-flagged vessels and to reform outdated regulations that undermine the competitiveness of the U.S.-flagged fleet.

Furthermore, the bill authorizes \$250 million annually for the next 10 years for domestic shipbuilding projects and expands the Assistance for Small Shipyards grants to \$100 million annually. It also establishes a financial incentive program to support investments in U.S. shipbuilding, shipyards, and critical supply chain facilities. Lastly, the bill proposes essential reforms to the Title XI Federal Ship Financing Program to ensure that America's shipbuilding industry not only survives but can viably compete in the global market.

### **Strengthening U.S. Cargo Preference**

To further strengthen the U.S.-flag fleet, the SHIPS Act would increase the percentage of U.S. government cargo that must sail on U.S.-flagged vessels to 100 percent. The new Maritime Security Trust Fund would reimburse U.S. agencies for the differential in transportation costs when they exceed market rates for utilizing U.S.-flagged vessels to transport international food aid. The bill would also require a new commercial cargo preference standard to be established, requiring that 10 percent of all cargo imported to the United States from China be carried via U.S.-flagged vessels. Furthering the advantage for shippers to use U.S.-flag vessels, this bill

would also establish that U.S.-flagged vessels shall be given priority over waiting foreign vessels at any U.S. port. By standing firm on extending policy preference to the U.S. fleet, important gains can be made in expanding and strengthening our domestic maritime capacity.

### **Investing in the U.S. Maritime Workforce**

The domestic maritime industry is in dire need of more mariners to operate U.S.-flagged ships, which are essential for supporting Department of Defense missions and transporting American troops deployed worldwide. The U.S. Maritime Administration (MARAD) estimated in 2017 that more than 1,800 additional mariners would be needed to sufficiently support the United States in a sustained military crisis, and that gap has likely increased over the past several years. American mariners are indispensable to our national economy and international trade; however, their relatively low numbers make up one component of America's declining influence in global maritime commerce and pose a risk to U.S. national security.

The SHIPS for America Act would institute several labor-backed workforce development reforms for the industry. This legislation would allow U.S. merchant mariners to be eligible for the Public Service Loan Forgiveness Program and provide fuel funding for training ships used by State Maritime Academies. The bill would also make credentialed mariners with more than 10 years of experience and who have received a mariner medal eligible to receive educational assistance under the GI bill. It would also reward merchant mariners for their service by extending federal employment hiring preference to mariners who have served more than 10 years on a U.S. vessel.

America's merchant mariners are highly skilled and credentialed. This bill makes important investments in the education pipeline for this workforce as well, including running public recruitment campaigns, funding Centers of Excellence for Domestic Maritime Workforce Training and Education, identifying opportunities for retiring military service members to transition to a maritime career, modernizing infrastructure and facilities at the U.S. Merchant Marine Academy, and providing dedicated funding to State Maritime Academies.

### **Missing Tax Incentives for U.S. Shippers**

As our industry is forced to compete against foreign companies who refuse to play by the same set of rules, Congress must pursue a renewed national maritime policy that enables U.S.-flagged vessels to better compete in international commerce. While we strongly support the SHIPS Act, Congress and the Administration should seek to leverage the U.S. tax code to incentivize "big box" American retailers, agricultural exporters, and other businesses that import and export commercial goods to utilize U.S. flag ships and deliver goods to customers. To facilitate this, Congress should enact certain changes to the U.S. tax code permitting private shippers to deduct a larger portion of their business expenses associated with contracting with U.S.-flag vessels. This change would incentivize private shippers to utilize U.S.-flagged vessels as a viable option

for moving consumer and manufacturing goods in international commerce. Ultimately, such tax incentives would substantially increase cargo transported on American-owned vessels and maintain the commercial viability needed for U.S. vessel operators in the face of unfair foreign competition.

Transportation labor appreciates the recent actions of Congress, as well as the Administration's Executive Order, to restore America's maritime competitiveness in recognizing the urgent challenges facing the American maritime and shipbuilding industries. We must continue to advocate for and support the American mariners and shipyard workers who are ready, willing, and able to restore American maritime independence, bolstering our economic security and national security at home and at sea. **The SHIPS for America Act of 2025 offers a comprehensive and coordinated strategy to revitalize our domestic maritime industry, and Congress must act swiftly to pass this legislation.**

**Policy Statement No. F25-05**

**\*ADOPTED 7.26.25\***