

THE WHITE HOUSE
WASHINGTON

February 27, 2025

MEMORANDUM FOR

MS. LISA KENNA
Executive Secretary
Department of State

MR. TYLER BADGLEY
Executive Secretary
Department of the Treasury

MS. KELLY BULLINER ROSS
Executive Secretary
Department of Defense

MS. TANIKA HAWKINS
Director of Administration
Department of Commerce

MS. LISA HOUGH
Director, Office of the
Executive Secretariat
Department of Transportation

MS. JULIANA BLACKWELL
Acting Executive Secretary
Department of Homeland Security

MS. TRICIA SCHMITT
Deputy Associate Director for
International Affairs
Office of Management and Budget

MR. SAM MULOPULOS
Chief of Staff
U.S. Trade Representative

MR. KEVIN HASSETT
Assistant to the President and
Director of the National
Economic Council

MR. PETER NAVARRO
Senior Counselor to the
President for Trade and
Manufacturing

SUBJECT: Principals Clearance on Draft Executive Order to
Make Shipbuilding Great Again

Principals are requested to provide concurrence on the draft Executive Order to Make Shipbuilding Great Again attached at Tab B. **Please pass the attached to Principals.** Responses must be provided to NSC Records at DL.NSC.PCDCRecords@nsc.eop.gov (unclassified), PCDCRecords@nsc.eop.sgov.gov (SIPR), or PCDCRecords@eop.ic.gov (JWICS) by 12:00 p.m. on Monday, March 3, 2025. If you have any questions, please contact Robert Obayda at (202) 456-9229 or Robert.Obayda@nsc.eop.ic.gov.



Julie M. Stufft
Deputy Assistant to the President
and Executive Secretary
National Security Council

Attachments

- Tab A Paper on Draft Executive Order to Make Shipbuilding Great Again (NSC)
- Tab B Draft Executive Order to Make Shipbuilding Great Again (NSC/HSC)
- Tab C Fact Sheet: White House Announces Executive Order to Make Shipbuilding Great Again and a New Maritime Directorate

Tab A

PAPER ON DRAFT EXECUTIVE ORDER TO MAKE SHIPBUILDING GREAT AGAIN

Purpose: To seek your concurrence on a draft Executive Order (E.O.) at Tab B that recognizes the urgent need to reinvigorate the U.S. shipbuilding and maritime industries by enhancing shipbuilding capacity, investing in cutting-edge technologies, and cultivating a highly skilled workforce. These industries are vital to sustaining the growth of the United States role in the global maritime transportation system that efficiently manages over \$5.4 trillion in goods and services annually.

Background

The shipbuilding capacity and maritime workforce of the United States have been weakened by decades of neglect, contributing to a declining U.S.-flag shipping fleet to support the U.S. military during wartime. The People's Republic of China's unfair trade practices in the maritime, logistics, and shipbuilding sectors have further endangered the national security and economic prosperity of the United States. The fact sheet at Tab C describes actions directed by, and provides additional information on, this E.O.

A comprehensive approach is required to revitalize U.S. shipbuilding and maritime industries by providing consistent and predictable federal funding, making U.S.-flagged vessels commercially competitive in international commerce, rebuilding the U.S. maritime industrial base, and expanding and strengthening the recruitment, training, and retention of the adjacent workforce.

This E.O. and the actions it directs are designed to fortify our maritime infrastructure, drive economic growth, and assert U.S. leadership in global maritime affairs. Such revitalization is not only essential for the ongoing health of our economy but also critical for safeguarding our national interests and bolstering the resilience of our transportation networks against future challenges.

Concurrence

1. Do Principals concur with the E.O. to Make Shipbuilding Great Again as drafted?

Yes, as is: _____

Yes, with edits: _____

No: _____

Justification if providing a negative response: _____

Tab B

EXECUTIVE ORDER

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EXECUTIVE ORDER TO MAKE SHIPBUILDING GREAT AGAIN

By the Authority vested in me as President by the Constitution and laws of the United States of America, it is hereby ordered as follows:

Section 1. Purpose. Our Nation recognizes the urgent need to reinvigorate the U.S. shipbuilding and maritime industries, which are vital to growing the United States role in the global Maritime Transportation System that efficiently manages over \$5.4 trillion in goods and services annually. This system is indispensable for our national and economic security, facilitating robust trade and the seamless movement of goods across domestic and international markets. To achieve this, we will enhance shipbuilding capacity, invest in cutting-edge technologies, and cultivate a highly skilled workforce. This initiative is designed to fortify our maritime infrastructure, drive economic growth, and assert the United States' leadership in global maritime affairs. Such revitalization is not only essential for the ongoing health of our economy but also critical for safeguarding our national interests and bolstering the resilience of our transportation networks against future challenges.

Sec. 2. Background. The shipbuilding capacity and maritime workforce of the United States has been weakened by decades of neglect, contributing to a declining U.S.-flag shipping fleet to support the U.S. military during wartime. The national security and economic prosperity of the United States is further endangered by the People's Republic of China's (PRC) unfair trade practices in the maritime, logistics, and shipbuilding sectors. Foreign flag vessel owners and operators seek shelter in low or no-tax regimes to lower costs and gain competitive advantage. A comprehensive approach is required to revitalize U.S. shipbuilding and maritime industries, providing consistent and predictable federal funding, making U.S.-flagged vessels commercially competitive in international commerce, rebuilding the U.S. Maritime Industrial Base, and expanding and strengthening the recruitment, training, and retention of the adjacent workforce.

Sec. 3. Policy. 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.

Sec. 4. Maritime Action Plan. The Assistant to the President for National Security Affairs (APNSA), in coordination with the Secretaries of State, Defense, Commerce, Transportation, and Homeland Security, the U.S. Trade Representative (USTR), and heads of other departments and agencies the APNSA deems appropriate, shall submit a Maritime Action Plan ("MAP") to the President within 180 days of the date of this order to achieve the policy in Section 3 of this order. The MAP shall incorporate the following actions on the timelines in this order by law and, as necessary, include enabling legislative proposals and any appropriations necessary to fulfill the requirements of this Order.

(a) Ensure the Security and Resilience of the Maritime Industrial Base. Within 180 days the Secretary of Defense, in coordination with the Secretary of Transportation, shall use all Defense Production Act Title III authorities and the Department of Defense Office of Strategic Capital Loan program to invest in and expand the Maritime Industrial Base including, but not limited to, investment and expansion of commercial and defense shipbuilding capabilities, ship repair and marine transportation capabilities, port infrastructure, and the adjacent workforce.

(b) Investigate the PRC's Unfair Targeting of Maritime, Logistics, and Shipbuilding Sectors. Based on USTR's January 20, 2025 finding of harm under the Section 301 investigation into the PRC's targeting of the maritime, logistics, and shipbuilding sectors, USTR shall impose: 1) tonnage-based fees on PRC built or flagged vessels that dock in U.S. ports; 2) tariffs on port cargo handling equipment manufactured, assembled, or made using PRC-origin components, or manufactured anywhere in the world by a company owned or controlled by a Chinese person; 3) fees on any vessel that enters a U.S. port, regardless of where it was built or flagged, if that vessel is part of a fleet that includes vessels built or flagged in the PRC.

(c) Enforce Collection of Harbor Maintenance Tax and Other Charges. The Harbor Maintenance Tax (HMT) is a federal tax on imported goods that funds the maintenance of U.S. ports and harbors. The tax is 0.125 percent of the value of the

cargo. For years many carriers have circumvented the HMT by making port in Canada or Mexico and sending their cargo into the United States through land borders. This has led to job losses in the U.S. transportation sector and hampered U.S. ports across the country. The Secretary of Homeland Security shall take immediate action to require all foreign origin cargo to clear the Customs and Border Patrol (CBP) process at a U.S. port of entry for security and collection of all applicable customs, taxes, tariffs, fees, interest, and other charges. The Secretary of Homeland Security shall also take immediate action to ensure any foreign origin cargo clearing the CBP process at an inland location from the country of land transit (Canada or Mexico) is assessed applicable customs, taxes (including the HMT), tariffs, fees, interest, and other charges plus a 10 percent service fee for additional costs to the CBP.

(d) Investigate the National Security Impacts of Foreign Influence on Maritime, Logistics, and Shipbuilding Sectors. Within 90 days of the date of this order, the Secretary of Commerce shall initiate a Section 232 investigation and submit a report with recommendations, as appropriate, in accordance with Section 232 of the Trade Expansion Act of 1962, 19 U.S.C. §1862, regarding the effects on national security of imports related to the PRC's targeting of U.S. domestic maritime, logistics, and shipbuilding sectors.

(e) Engage Allies and Partners to Align Trade Policies. Within 90 days of the date of this order, the Secretary of State, in coordination with USTR, shall engage treaty allies, partners, and other like-minded countries around the world to impose similar measures to those in Sub-Sections 4(b), (c), and (d) of this order to counter the PRC's unfair trade policies in maritime industries or risk U.S. retaliation. The Secretary of State shall deliver an engagement plan and progress report on these engagements to the President.

(f) Launch a Maritime Security Trust Fund. As the leading economic and geopolitical power in the world, the United States needs a flexible funding source - akin to but distinct from a sovereign wealth fund - that is capable of underwriting our affirmative vision. Within 90 days of the date of this order, the Director of the Office of Management and Budget (OMB) shall, in coordination with the Secretary of Transportation, deliver a legislative proposal

to the Congress that establishes a Maritime Security Trust Fund that is financed by new or existing tariff or tax revenue and serves as a dedicated funding source for domestic shipbuilding and other maritime capability acquisition, sustainment, and operational programs. As part of the proposal, the OMB Director shall identify an initial amount to capitalize the fund and a consistent mandatory revenue stream.

(g) Establish a Shipbuilding Financial Incentives Program. Within 90 days of the date of this order, the Secretary of Transportation, in coordination with the OMB Director, shall, through the APNSA, deliver a legislative proposal to the Congress to establish a financial incentives program with broad flexibility to invest in capitalization and construction of commercial vessels, shipyards, and ship repair facilities through grants, loans, or other financial instruments. The program should be funded annually from 2025 to 2034 with proceeds from the Maritime Security Trust Fund.

(h) Nuclear Shipyard Productivity. Within 60 days of the date of this order, the Secretary of Defense shall modify contracts of nuclear ship construction projects to fund annualized service and support costs for shipbuilder wages, modernized infrastructure, new technology, critical material, and transportation.

(i) Establish Maritime Prosperity Zones. Within 90 days of the date of this order, the Secretary of Commerce, in coordination with the Secretary of Transportation, shall deliver a plan to the President that identifies opportunities to incentivize and facilitate domestic and allied investment in U.S. maritime industries and waterfront communities through establishment of maritime prosperity zones. These maritime prosperity zones are to model the Trump Administration's previous opportunity zones and include stipulations for appropriate regulatory relief. Beyond traditional coastal shipbuilding and ship repair centers, these maritime prosperity zones shall be geographically diverse and include river regions as well as the Great Lakes.

(j) Grow Demand for U.S. Shipping. Within 90 days of this order, the Secretary of Transportation, in coordination with the Secretary of Homeland Security and other agency heads as appropriate, shall deliver a plan to the President

to sustain and grow the demand of U.S. shipping and shipbuilding through tax and regulatory relief, Maritime Administration (MARAD) programs such as the Tanker, Cable, and Maritime Security Programs, and other available means. In addition, the Secretary of Transportation, in coordination with the National Security Council, will implement increased cargo preference including on liquid cargo carriers, on tankers, and on military useful vessels, and direct open market procurement of shipping to meet urgent military needs in tankers and cable laying/repair vessels.

(k) Expand Mariner Training and Education. A vibrant maritime workforce is critical to the United States, its national security and economic prosperity. Within 90 days of the date of this order, the Secretaries of Defense, Labor, Transportation, Education, and Homeland Security shall deliver a report with recommendations to the President to address workforce challenges in the maritime sector through maritime educational institutions and workforce transitions. The report's recommendations shall: 1) determine the number of additional credentialed mariners required to support the policies described in this order; 2) address establishing and expanding new and existing merchant marine academies to meet this goal by educating, training, and certifying merchant mariners; 3) validate that the requirements for credentialing are necessary, sufficient, and not unduly burdensome; 4) prioritize existing educational and technical training grants to colleges and vocational-technical training institutions for critical shipbuilding specialties; 5) establish national maritime scholarships to send promising maritime experts abroad to learn cutting edge techniques; and 6) offer scholarships to maritime experts from allied countries to teach at U.S. institutions. The Secretary of Transportation also shall take immediate action to hire the necessary facilities staff to execute existing modernization plans and effect urgent repair work at the U.S. Merchant Marine Academy within 30 days.

(l) Improve Procurement Efficiency. The Secretaries of Defense, Transportation, and Homeland Security and the National Science Foundation shall develop an improved contract solicitation process for United States Government vessels. The objective should be to provide American shipbuilders with the market forecasting needed to justify investments in infrastructure, workforce, and IP to meet

U.S. demand. Additionally, the Secretaries of Defense and Homeland Security shall deliver a proposal to the President within 90 days for a reformed staff structure and innovated contracting vehicles. The reforms should reduce the layers of approval needed to execute, build, and improve the vessel acquisition process by utilizing commercial acquisition and modular design practices that reduce complexity and prevent frequent changes to ship designs. The proposal should eliminate excessive requirements, including the number of government reviews and onerous regulations that add to ship design and acquisition delays. Further, the proposal should consider use of broad industry standards and readily available, commercial off-the-shelf components to drive up production volume while shrinking the iterative design-change process, which historically has led to delays and cost increases. Growing our U.S. Army, Navy, and Coast Guard fleets efficiently is the goal.

(m) Improve Government Efficiency. Within 90 days of the date of this order, the Department of Government Efficiency shall begin a separate review of the Department of Defense and Department of Homeland Security procurement processes and deliver a proposal to the President to improve the efficiency and effectiveness of these processes.

(n) Establish a Strategic Commercial Fleet Program. The readiness of the U.S. sealift capacity is down to 40 ships, from over 400 sealift vessels during the First Gulf War, with an average age of 45 years, without the capacity to properly crew or surge these vessels during annual no-notice exercises. Within 60 days, the Maritime Administrator (through the Secretary of Transportation), in coordination with the Secretary of Defense, shall deliver a legislative proposal to Congress, through the APNSA, for a U.S. built, crewed, and flagged vessel fleet that: 1) participates in international commerce; and 2) serves as an "on call" asset for national security purposes. The proposal to deliver these vessels shall include coverage of certain construction or operational costs of each registered vessel. The purpose of this program is to ensure adequate cubed footage of U.S.-flagged commercial vessels that can be called upon in times of crisis.

(o) Invest in Critical Infrastructure Abroad. Within 60 days of the date of this order, the United States International Development Finance Corporation, in coordination with the Secretary of State, and other

department and agency heads as appropriate, shall deliver a plan to the President to organize the United States Government's efforts and prioritize investments in maritime infrastructure abroad - alongside other aligned sources of public and private capital - to secure U.S. access to critical markets and supply chains and to ensure the United States and its allies are free from foreign coercion and undue influence, particularly from the PRC.

(p) Ensure the Security and Leadership of Arctic Waterways. Within 90 days, the Secretary of Defense, in consultation with the Secretary of Homeland Security and the Commandant of the Coast Guard, shall, via the APNSA, develop a strategy that identifies the vision, goals, and objectives necessary to secure arctic waterways and enable American prosperity in the face of evolving arctic security challenges and associated risks.

(q) Shipbuilding Review. Within 45 days of the date of this order, the Secretaries of Defense and Homeland Security shall conduct a shipbuilding review and submit a report to the President with recommendations to increase competition and commerciality within American shipbuilding, and to scale to reduce cost overruns and production delays for surface, subsurface and unmanned programs. This report must include separate itemized and prioritized lists of recommendations for both the U.S. Army, Navy, and Coast Guard.

Sec. 5. Coordination. The plans, reports, reviews, and recommendations that are required to be submitted to the President by this order shall be developed through interagency coordination in accordance with National Security Presidential Memorandum (NSPM) 1-2025, or its successors, and submitted through the APNSA.

Sec. 6. Severability. If any provision of this order, or the application of any provision to any person or circumstance, is held to be invalid, the remainder of this order and the application of its provisions to any other persons or circumstances shall not be affected thereby.

Sec. 7. General Provisions.

(a) Nothing in this order shall be construed to impair or otherwise affect: i) the authority granted by law to an executive department or agency, or the head thereof; or ii)

the functions of the OMB Director relating to budgetary, administrative, or legislative proposals.

(b) This order shall be implemented consistent with applicable law and subject to the availability of appropriations.

(c) This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.

THE WHITE HOUSE,

Tab C

FACT SHEET: White House Announces Executive Order to Make Shipbuilding Great Again and a New Maritime Directorate

The Trump-Vance Administration is prioritizing the revitalization of the U.S. maritime industry to strengthen the nation's security and economy as part of their America First Agenda. The United States has always been a maritime nation, but today China's shipbuilding sector has established a position of dominance in the global market through unfair non-market practices, creating over 200 times the capacity of the U.S. shipbuilding industry. This is unacceptable. To address this problem, the White House is standing up an office at the National Security Council to lead a whole-of-government effort to strengthen the maritime industrial base. Today we are issuing an Executive Order calling on Departments and Agencies to:

- Establish **Maritime Opportunity Zones** to incentivize and facilitate domestic and allied investment in the U.S. maritime industrial and waterfront communities.
- Establish a **Maritime Security Trust Fund** as a dedicated source of funding that is capable of underwriting our affirmative vision.
- Utilize **Defense Production Act III authorities** to invest in U.S. commercial shipbuilding, shipping, infrastructure, and workforce development.
- Apply **301 tariffs** to cargo coming into the United States on Chinese built vessels and Chinese built cranes and heavy lift equipment by an amount **that would create a new revenue stream for investment** in Americas domestic maritime industries.
- Launch a **232 Investigation** into China's acts, policies, and practices targeting maritime, logistics, and shipbuilding sectors and develop a national security-focused tariff regime that protects the United States from Chinese non-market practices.
- Ensure cargo entering the United States from Canada and Mexico is treated the same as cargo entering U.S. ports by enforcing the **Harbor Maintenance Tax** on imported goods; and by applying **applicable tariffs** from the country of land transit (Canada or Mexico) for any foreign origin cargo clearing U.S. customs at an inland location.
- Utilize **bilateral and multilateral alliances** to advance Western interests by collectively pushing back against Chinese non-market practices.

- Establish a **Shipbuilding Incentives Program** using tax credits, grants, loans, and other financial instruments to support U.S. industry and the construction of vessels, shipyard improvements, and other domestic maritime infrastructure.
- Develop **cargo preference and favorable tax policies** for U.S.-flagged vs. non-U.S. flagged vessels.
- Establish a **mariner training and education** program using existing and new educational and technical grants and programs.
- Direct a **new Arctic Strategy** that identifies goals and objectives to secure arctic waterways and enable American prosperity in evolving arctic security challenges.
- Invest in **Critical Infrastructure Abroad** via the United States International Development Finance Cooperation to access U.S. maritime infrastructure abroad.
- Direct **DOGE to review** existing government procurement processes, specifically unaccountable Navy requirements officers.
- Increase **wages for nuclear shipyard workers** through innovative contract changes using existing funds.
- Reform the **U.S. Government procurement process** to make America a better buyer and to drive more cost-effective methods and market predictability.
- Establish a **U.S. Strategic Commercial Fleet** goal of additional U.S. flagged vessel capacity for national security.
- Secure **U.S. access to critical supply chains** around the world through investments in key maritime infrastructure assets.
- Conduct a **45 Day Shipbuilding Review** to provide recommendations to increase efficiency, increase commerciality in future programs, and reduce cost overruns and production delays for surface, subsurface, and unmanned programs.

The President's full EO can be found [here](#).