

ABSTRACT

The SHIPS Act is a key initiative to rebuild and modernize America's naval shipbuilding industry after decades of underinvestment and rising global competition. It focuses on upgrading infrastructure, advancing innovation, and expanding shipyard capacity to strengthen defense, protect supply chains, and grow a skilled workforce. Supporting the SHIPS Act safeguards national security, boosts the economy, and preserves U.S. leadership in an era of maritime competition.

INTRODUCTION

The United States currently holds minimal shares in the maritime and shipbuilding industry, being surpassed by numerous countries worldwide in ships used, built, and flagged. Through our research, we found that subsidizing workforce training and infrastructure upgrades are the most critical steps for achieving the SHIPS Act's goals, as they directly support both national security and long-term economic resilience.

BACKGROUND

At the conclusion of World War II, the United States boasted the largest flag fleet in the world, consisting of 4446 ships that carried 57% of U.S. trade (Maritime Administration 2024 Factsheet). However, the state of American shipbuilding has declined immensely in the decades following 1945, with few slight upturns, to the present day. In the wake of this decline of both American and European maritime preeminence, new Asian powers have come to fulfill the role of maritime powerhouses. In the latter half of the 20th century, South Korea and Japan rose to be the top two shipbuilders in the world thanks to innovation, low cost production, heavy government support, and an emerging market (Hong, Park, et. al 2024). Now an even greater emerging power in the industry, China, has been gaining breakneck speed since the early 2000s. Thanks to improvements in its maritime infrastructure and extensive government backing, China today constitutes the greatest share of shipbuilding orders in the industry. These shifts in maritime affairs have all come at great expense to American participation in the industry, as well as causing increasing dependence on foreign entities for American shipping needs.

INFRASTRUCTURE UPGRADES

The SHIPS Act underscores how outdated U.S. maritime infrastructure limits shipbuilding growth. While foreign shipyards produce thousands of vessels, the U.S. builds only a few, leaving the Navy and Department of Defense struggling to meet production goals, such as Virginia's submarine program, which remains behind schedule at only 60% capacity. (GAO, 2025) Investments from Korea and Japan in U.S. shipyards highlight the potential for growth (Guevara, 2025), but without major upgrades to facilities, workforce, and supply chains, the U.S. risks falling further behind global shipbuilding powers.

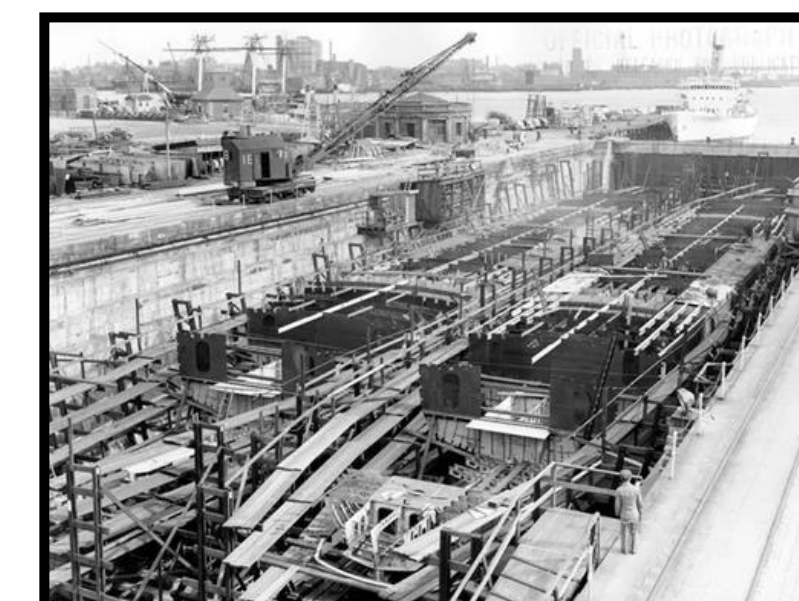


Figure: Charleston Navy Yard, 1938
<https://www.nps.gov/articles/the-boston-navy-yard-during-world-war-ii.htm> National Park Service

US SHIP DISPARITY

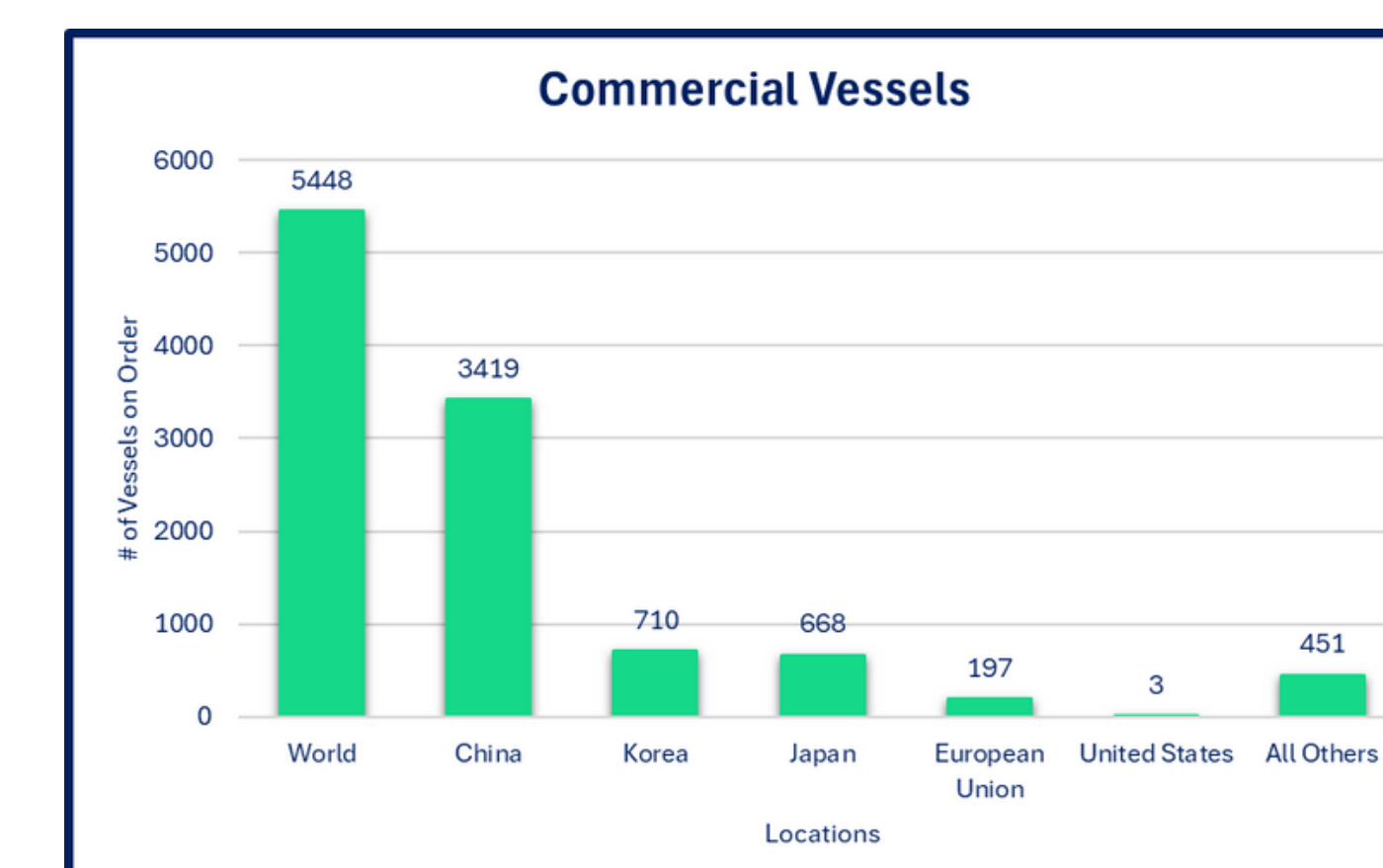
The United States lags dangerously behind in commercial shipbuilding, producing just three of the 5,448 large commercial vessels on order worldwide in 2024, a stark contrast to China's 3,419 and the combined 1,378 from South Korea and Japan. (Gresser, 2025) This decline stems from decades of underinvestment, industrial disrepair, and cost disadvantages, as U.S. yards haven't built significant cargo vessels in some 70 years, their global share has fallen from around 2% in the 1960s and 1970s to under 1% since the late 1980s.

GROWTH OF WORKFORCE

Recently, the United States experienced an increase in labor shortage, which led to the instability of infrastructure. Some generations refuse to work in the labor industry, while skilled labor workers are aging or retiring. High school primarily prepares students for college, enabling them to achieve their goals for a white-collar job. (Crawford, 2024) In contrast, the decline in participants in vocational school or labor causes a decline in the labor workforce. To address the issue, many employers now offer vocational classes with paid tuition or reimbursement. The increase in their minimum wages allows them to shift to the trading industry.



Fig 3. How many types of cargo ships are there? (Nova Express Shipping)



https://it4v7.interactiv-doc.fr/html/annual_review_2025_digital_668

CONCLUSION

The SHIPS Act represents a vital opportunity to rebuild America's maritime strength. By boosting shipyard capacity, upgrading infrastructure, and investing in skilled labor, the Act supports both national security and long-term economic growth. Collaborative efforts with allies like Korea and Japan also signal strong international confidence in U.S. shipbuilding. Ultimately, the SHIPS Act reduces reliance on foreign production, secures critical supply chains, and helps reestablish the United States as a global leader in maritime commerce and defense. By modernizing infrastructure, expanding the skilled workforce, and growing both existing and new shipyards, the U.S. can move closer to achieving the SHIPS Act's goal of building 250 U.S.-flagged and crewed ships by 2035.

SOURCES



Fig. 1: Growth of US Merchant Fleet 1945, World War II Museum & Dylan Utley
<https://www.nationalww2museum.org/war/articles/operation-magic-carpet-1945>

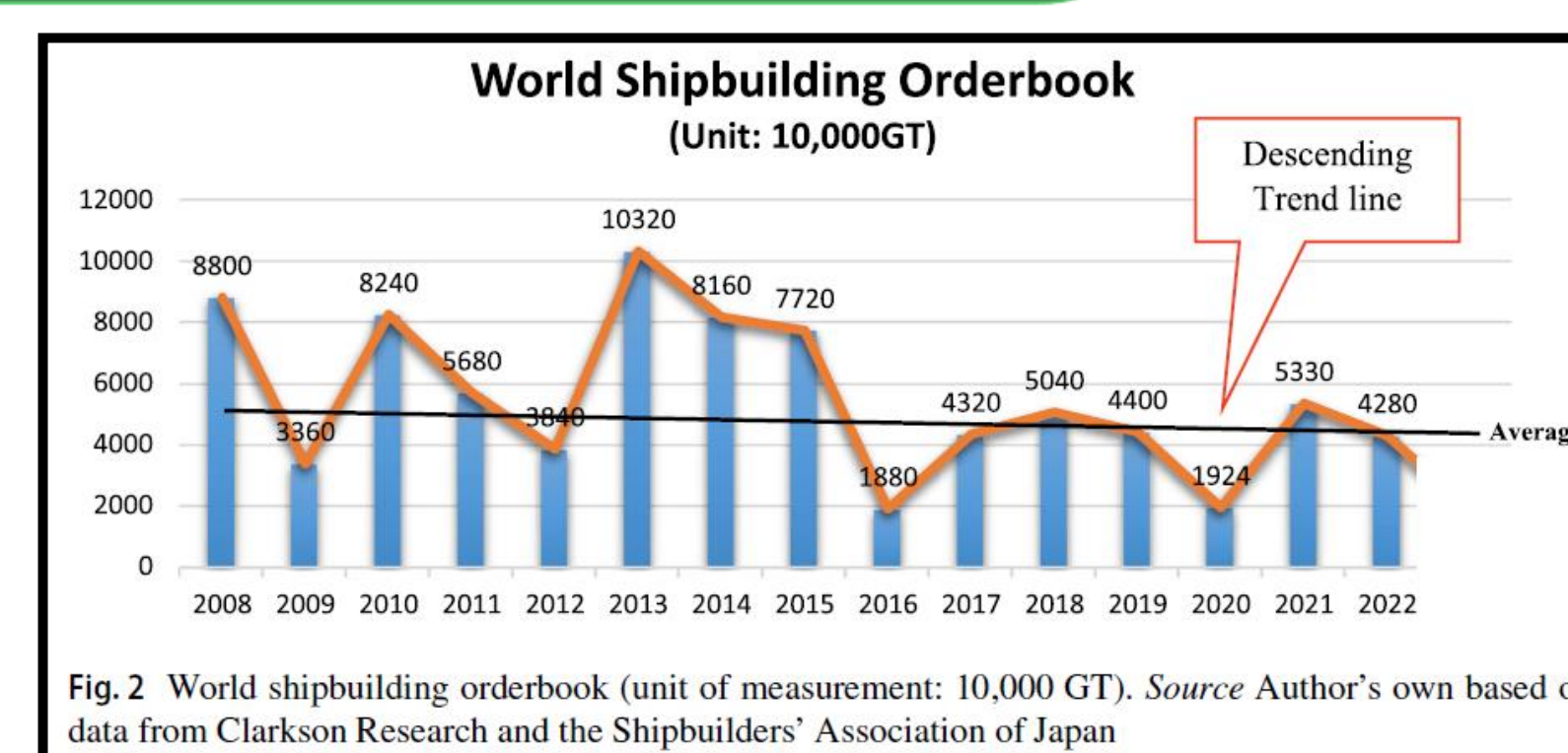


Fig. 2 World shipbuilding orderbook (unit of measurement: 10,000 GT). Source: Author's own based on data from Clarkson Research and the Shipbuilders' Association of Japan

US MARITIME GROWTH

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