



BEFORE THE

**UNITED STATES SENATE
COMMERCE COMMITTEE**

Revitalizing Commercial Shipbuilding

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TESTIMONY OF:

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On behalf of the Shipbuilders Council of America (SCA), I would like to thank Chairman Sullivan, Ranking Member Blunt-Rochester and members of the Senate Commerce Committee for the opportunity to provide testimony on reviving Commercial Shipbuilding.

I am Matthew Paxton, President of the Shipbuilders Council of America (SCA), representing more than 175 companies that own and operate shipyards across the United States and the suppliers that comprise the maritime industrial base. Our members design, build, repair, modernize, and maintain vessels of every class—from inland towboats and workboats to complex government and commercial ships—for the U.S. Navy, Coast Guard, Maritime Administration, other government agencies, allied partner nations, state and local governments, and for the 40,000-plus vessels engaged in domestic commerce under the Jones Act.

My testimony today will focus on four central points. First, the Jones Act is foundational to our maritime, industrial, and national security, providing a stable market that sustains U.S. shipbuilding capacity at no cost to the federal government. Second, domestic shipbuilding is not a preference—it is a national security necessity that preserves the highly-skilled workforce, infrastructure, and supply chains we must be able to rely upon in times of crises and conflict. Third, Congress should enact legislation like the SHIPS for America Act to set a national maritime strategy, rebuild commercial capacity, and restore resiliency across our shipyard and mariner ecosystem. Fourth, U.S. shipbuilders do not compete on a level global playing field; the disparity between the U.S. and international markets is driven by pervasive foreign industrial targeting and non-market practices, as repeatedly documented by the Office of the U.S. Trade Representative (USTR). Additionally, I will address a persistent distortion in international statistics: OECD tonnage measures omits all military vessel production and much of America’s workboat- and inland-focused output. Counting what we actually build matters—for policy, for investment, and for national defense.

The Jones Act: The Foundation of a Resilient U.S. Maritime Industrial Base

The Jones Act sustains an American merchant marine and an American shipbuilding and repair industrial base—at no cost to the federal taxpayer—by reserving domestic waterborne commerce to U.S.-built, U.S.-flagged, U.S.-owned, and U.S.-crewed vessels.

It is the bedrock that provides the stable, demand-based market required to sustain modern yards, preserve skilled craft labor, and ensure a robust supplier base capable of building and maintaining complex government and commercial fleets.

As I testified before this committee in 2019, the Jones Act is the connective tissue that binds the commercial and national security shipbuilding markets, ensuring that when the nation calls, American yards, suppliers, and mariners are there to answer.

Military leaders across administrations have consistently affirmed the Jones Act's role in national security and sealift readiness.¹ It underwrites a domestic network of shipyards, dry docks, and marine manufacturers; it supports hundreds of thousands of jobs²; and it sustains a merchant marine that serves as a naval auxiliary in times of war or national emergency.

The Jones Act also ensures that sensitive maritime operations—fuel, food, and critical commodities—move between U.S. ports on U.S. ships, operated by vetted American mariners, protected by American law, and serviced by American shipyards. Weakening or waiving the Jones Act would erode this foundation, undercut investment and financing for U.S.-built fleets, and directly harm the industrial base the nation depends on for naval readiness. Congress and the Administration should continue to uphold and enforce the Jones Act without exception.

Why Domestic Shipbuilding Is a National Security Necessity

Building ships at home is not simply an industrial preference; it is a strategic imperative.

Our national defense requires a robust commercial shipbuilding and repair sector to sustain our military fleet construction and maintenance, provide surge capacity in crises, and assure sealift and logistics in time of war.

The Navy itself has warned that the shipyard and supplier base remains fragile and could struggle to recover from another boom-bust cycle. The more we cede commercial ship construction to foreign state-backed producers, the more we hollow out the workforce, reduce competition, and raise long-term costs for defense programs.

USTR's Section 301³ investigation into China's targeting of maritime, logistics, and shipbuilding for sectoral dominance found that for nearly three decades China has executed a coordinated, non-market industrial strategy to seize market share, suppress prices, and consolidate upstream supply chains, with explicit market-share targets and sweeping five-year plans, and that these practices burden or restrict U.S. commerce.

That targeting is inseparable from national security risk. Chinese state-owned or state-supported entities have amassed extraordinary capacity and influence across shipbuilding, ports, logistics platforms, and equipment. The result is a global maritime ecosystem increasingly dependent on non-market actors whose incentives are not aligned with U.S. security interests.

¹ https://www.secnav.navy.mil/fmc/fmb/documents/19pres/longrange_ship_plan.pdf

² <https://www.maritime.dot.gov/sites/marad.dot.gov/files/2021-06/Economic%20Contributions%20of%20U.S.%20Shipbuilding%20and%20Repairing%20Industry.pdf>

³ <https://ustr.gov/sites/default/files/enforcement/301Investigations/USTRRReportChinaTargetingMaritime.pdf>

These dynamics carry concrete operational risks. The United States must maintain a sufficient U.S.-flag commercial fleet, a reliable tanker fleet, and a resilient domestic repair and conversion capacity. When we cannot meet these needs with U.S.-built ships and American yards, we become dependent on foreign construction, foreign dry docks, and foreign inputs.

That dependence is strategically and economically unacceptable. A strong domestic U.S. commercial shipbuilding base strengthens Navy and Coast Guard shipbuilding by stabilizing common supply chains, spreading overhead, and sustaining critical skills and facilities. Domestic construction also protects sensitive technologies, reduces geographic vulnerabilities in times of crisis, and ensures that industrial mobilization remains possible when the nation needs it most. And, importantly, supports tens of thousands of well-paid manufacturing jobs.

A National Strategy: Enact the SHIPS for America Act

SCA strongly supports the SHIPS for America Act with a caveat that we would like to see language around domestic ship repair strengthened.

This legislation is the right tool to turn consensus into action, providing a clear national vision with whole-of-government strategic objectives and lines of effort and providing the sustained demand signals and policy architecture our industry needs to invest in people, processes, and infrastructure. It would strengthen the commercial base that undergirds our defense shipbuilding, modernize and expand critical supplier capacity, and reinforce the mariner pipeline essential to sealift.

The Act complements ongoing executive actions and USTR's Section 301 measures that recognize the market-distorting impact of foreign non-market practices. Combined with the Trump Administration's Executive Order to Restore America's Maritime Dominance⁴ and the White House Office of Shipbuilding, this legislation is crucial to ensure the long-term viability of these efforts.

The Administration has set a clear course in its Maritime Executive Order; the President directed the development of a Maritime Action Plan (MAP) to be delivered on November 5. That plan, and the White House-led coordination behind it, explicitly aims to align trade tools with industrial strategy, strengthen domestic shipbuilding and repair capacity, and consider a dedicated funding mechanism—such as a maritime security trust fund—to support programs under the MAP. Those priorities mirror and reinforce the core aims of the SHIPS for America Act and underscore why the Congress should be receptive to these forthcoming legislative proposals.

The Section 301 investigation and supporting analyses have made clear that China's pursuit of maritime dominance is not the result of fair competition, but rather a product of

⁴ <https://www.whitehouse.gov/presidential-actions/2025/04/restoring-americas-maritime-dominance/>

top-down, state-directed industrial planning, massive non-market interventions, and a deliberate strategy to displace foreign competitors.

U.S. national defense depends on a modern and resilient domestic fleet and shipbuilding and repair industrial base. China's control over shipping lanes, port infrastructure, and logistics information systems exposes the United States to supply-chain disruptions, economic coercion, and intelligence risks. Any reliance on Chinese-built or Chinese-controlled vessels—particularly for defense-critical programs such as the Maritime Security Program (MSP) and Tanker Security Program (TSP)—creates unacceptable vulnerabilities at a time of heightened geopolitical tension.

While the MSP is indispensable to U.S. readiness and SCA remains a longstanding supporter of the program, it already benefits from substantial taxpayer support: in Fiscal Year 2024 alone, operators received \$305 million in federal stipends, and more than \$2.1 billion since FY 2017. Of the ten current MSP operators, only three are U.S.-owned; the remainder are subsidiaries of foreign parent companies.⁵

Since 2015, those foreign parents have invested more than \$9 billion⁶⁷⁸⁹¹⁰¹¹ in Chinese shipyards—funds that directly undercut U.S. shipbuilding and repair capacity.

In data collected through FOIA requests to U.S. Customs and Border Protection (CBP) requesting copies of declarations for ship repair for Fiscal Year 2024, CBP shared heavily redacted documents that limit the information on which vessels perform ship repair overseas and the nature of those repairs; however, the documents do show the amount of ship repair declared compared to tariffs paid.

The data shows that more than \$381 million in overseas ship repair was performed in one calendar year (Sept 2023 – August 2024) on ships operating in domestic and government-supported trade. The effects of various Guest Worker programs, Free Trade Agreements and the Harmonized Tariff Schedule effectively reduced the tariffs paid to **5.55% of the work performed overseas.**

⁵ https://www.usaspending.gov/federal_account/069-1711

⁶ <https://www.offshore-energy.biz/cma-cgm-awards-2-6b-contract-for-lng-dual-fuel-boxships-to-chinese-shipyard/>

⁷ <https://www.tradewindsnews.com/containers/maersk-and-hapag-lloyd-order-lng-fuelled-container-ships-worth-5-8bn/2-1-1731176>

⁸ <https://www.reuters.com/markets/deals/hapag-lloyd-orders-24-new-container-ships-two-chinese-firms-2024-11-06/>

⁹ <https://www.tradewindsnews.com/shipyards/wallenius-wilhelmsen-enters-talks-over-giant-800m-car-carrier-order-in-china/2-1-1247270>

¹⁰ <https://www.heavyliftpf.com/sectors/wallenius-wilhelmsen-posts-record-results-but-high-and-heavy-volumes-lag/33355.article>

¹¹ <https://walleniuslines.com/about-wallenius-lines/history/2010-2/>

Again, the vessels being repaired overseas enjoy protected trade status and/or set-aside government cargoes under the current Maritime Security Program, Tanker Security Program and Cable Security Fleet and benefit from subsidies provided at the expense of the U.S. taxpayer. The SHIPS for America Act proposes to expand those fleets and others to support the Strategic Commercial Fleet outlined in the legislation.

Under the proposed language in section 404 of the SHIPS Act, the number of vessels in the Strategic Commercial Fleet would expand to more than 200. Without parameters to require a minimum of ship repair work in U.S. shipyards, even more work could be outsourced to overseas facilities at the detriment of U.S. ship repair facilities.

Together, a national maritime strategy like that in the SHIPS for America Act and targeted trade actions can restore competitive conditions, accelerate private investment, and ensure that American shipyards, large and small, can take on more complex commercial projects alongside vital government programs.

We urge Congress to move this legislation forward with an amended section on Strategic Commercial Fleet ship repair and to pair it with stable, predictable government shipbuilding and maintenance plans, multi-year procurement where appropriate, and acquisition strategies that reward schedule discipline, design stability, and productive partnership with industry.

The Global Disparity: What the U.S. Shipbuilding Market Is Competing Against

The current global commercial shipbuilding market is not a level playing field. USTR's Section 301 report details an extensive record: for decades, China has targeted shipbuilding, shipping, and maritime logistics for dominance through top-down industrial planning, directed mergers, subsidized financing, export credits and insurance, "scrap-and-build" schemes, domestic-content mandates, and the consolidation of upstream inputs and equipment.

These non-market practices—augmented by control over global logistics, port infrastructure assets, and data platforms—have yielded global overcapacity, artificially suppressed ship prices, and serially displaced market-oriented competitors.

The consequences are visible in the data. USTR and other credible analyses have found that China's share of global commercial shipbuilding rose from single digits around the year 2000 to the largest share in the world today, with prices for certain major ship types contracted in recent years reportedly as much as tens of percent lower than comparable vessels from other countries.

At the same time, U.S. market share in global commercial shipbuilding has fallen with the U.S. building only a handful of large ocean-going commercial vessels annually, even while maintaining a strong naval shipbuilding capability.

USTR also documented steep declines in U.S. production and employment in commercial shipbuilding and in upstream equipment exports—evidence of how China’s localization and market-share mandates have displaced U.S. suppliers from critical value chains.

These facts align with broader industry reporting from reputable outlets that track global orderbooks, price indices, and the decadal consolidation of global capacity in a small number of Asian shipbuilding clusters.

State-directed consolidation¹²¹³¹⁴¹⁵¹⁶, bailouts¹⁷¹⁸¹⁹²⁰²¹²²²³, and recurring public financial support in multiple foreign shipbuilding markets²⁴²⁵, alongside multi-ship and sometimes multi-dozen-ship series orders²⁶²⁷ that lock in designs and learning curves.

No privately financed American yard can compete against the combined effect of state capital, export credit, pricing unconstrained by market return, and the scale of 20-, 30-, or 50-ship production runs. The result is a textbook case of foreign non-market behavior smothering competitive market outcomes. It is precisely why the Jones Act is vital to

¹² Nikkei Asia, Sept. 3, 2024, “[Chinese state shipbuilders plan merger with eye on ‘strong military’](#).” (CSSC/CSIC-listed arms re-merger; state-directed consolidation)

¹³ Reuters, Sept. 4, 2014, “[China publishes first ‘white list’ of 51 shipyards](#).” (Whitelist policy channeling finance and support to favored yards)

¹⁴ Maritime Executive, Apr. 3, 2019, “[China Eliminates Shipyard ‘White List’](#).” (Evolution of state-directed consolidation tools)

¹⁵ Reuters, Mar. 2, 2019, “[China approves merger of top shipbuilders CSSC and CSIC](#).” (Creation of a national champion)

¹⁶ Merics Briefing, Sept. 30, 2021, “[Cosco takes stake in Hamburg Port terminal](#).” (Illustrates broader state-backed consolidation across maritime value chain)

¹⁷ The Maritime Executive, Oct. 19, 2022, “[South Korea Takes Steps to Support Shipbuilding Amidst Labor Shortage](#).” (Korean government support measures)

¹⁸ The Maritime Executive, Jan. 8, 2024, “[Shipyard sale expected as Harland & Wolff is insolvent, sets administration \[UK/Europe\]](#).” (European interventions around insolvency)

¹⁹ The Maritime Executive, Feb. 2024, “[German bailout of Meyer Werft is coming together](#).” (German state support for major yard)

²⁰ Nikkei Asia, Mar. 8, 2019, “[Hyundai’s mega-shipbuilder plan puts China and Japan on edge](#).” (HHI acquisition of DSME backed by Korea Development Bank; restructuring to stabilize sector)

²¹ Business Korea, Apr. 2019 (and updates), “[Government support behind DSME workout; KDB-led rescue](#).” (South Korea’s repeated capital support to DSME)

²² Wall Street Journal, Dec. 10, 2013, “[China Ships Reforms to Sea](#).” (Cash-for-clunkers and industrial support mechanisms benefitting Chinese shipyards)

²³ Reuters, Jun. 23, 2015, “[China extends ship scrapping subsidy programme to end-2017](#).” (Continuation of subsidies to stimulate domestic orders)

²⁴ SeaTrade Maritime News, Sept. 17, 2018, “[Chinese banks top lenders to shipping](#).” (State finance enabling large series programs)

²⁵ Xinde Marine News, Nov. 25, 2022, “[China became the world’s largest ship financing supplier](#).” (Scale of financing that underwrites multi-ship programs)

²⁶ gCaptain, Apr. 7, 2023, “[CMA CGM Orders 16 Large Containerships at China State Shipbuilding – Reports](#).” (Large series order at CSSC)

²⁷ Maersk Press/Industry Coverage, Jun. 26, 2023, “[Maersk orders six methanol-powered vessels](#).” (Standardized alternative-fuel series; learning effects)

sustain domestic capability and why a national strategy like the SHIPS for America Act is urgently needed.

Counting What We Build: OECD Gross Tonnage vs. U.S. Shipyard Production Reality

Policy follows what we measure. International statistics that rely on gross tonnage (GT) and compensated gross tonnage (CGT) for large, self-propelled, seagoing merchant ships present an incomplete—and, for the United States, misleading—picture of shipbuilding output.

By design, OECD shipbuilding metrics emphasize ocean-going merchant vessels above certain size thresholds and defined categories. As a result, those datasets largely omit the majority of U.S. shipyard deliveries, which are concentrated in workboats and inland vessels—towboats, tugs, offshore support vessels, crew boats, ferries, smaller specialty craft—and in barges and articulated tug-barge combinations that carry an enormous share of our domestic energy and bulk cargoes.

The WorkBoat annual shipbuilding report, which cites the number of deliveries by U.S. yards for 2024²⁸ and 2025²⁹, illustrate this reality in detail, cataloging hundreds of U.S. workboat and inland vessel deliveries that are foundational to our domestic economy and homeland security but are not counted in OECD GT/CGT tabulations.

In contrast, the OECD’s own methodological descriptions explain that GT and CGT calculations focus on seagoing merchant ship categories and exclude many smaller craft, inland vessels, and barges—precisely the segments where U.S. builders are most active. Additionally, the OECD does not count the numerous Navy, Coast Guard and other military vessels delivered each year. The mismatch is not a minor technicality; it systematically undercounts American production, distorts international comparisons, and hides the industrial base, skills, and supplier networks our nation actually relies upon for commerce, disaster response, port security, dredging, coastal resilience, and, in contingency, defense support.

Congress should be clear-eyed about the consequences of relying on GT/CGT-only snapshots. When the majority of America’s shipyard output is excluded by definition, it becomes too easy for critics to claim “the U.S. doesn’t build ships,” when in fact our yards deliver hundreds of vessels each year, sustain high-wage skilled employment, and maintain critical infrastructure for Navy and Coast Guard programs.

Incorporating documented U.S. output alongside OECD statistical series provides a more accurate picture for policymaking and underscores why a domestic commercial market—anchored by the Jones Act and reinforced by legislation the SHIPS for America Act—is indispensable.

²⁸ <https://s3.divcom.com/www.workboat.com/images/4cfa6ae94f68747b1e581182e897fe40.pdf>

²⁹ <https://www.workboat.com/resources/reports/construction-survey-2025>

Policy Path Forward: Aligning Strategy, Market Signals, and Industrial Capacity

Congress can take practical steps now to restore balance, rebuild capacity, and put American commercial shipbuilding and ship repair on a durable footing that supports national defense:

- Enact a modified version of the SHIPS for America Act to establish a national maritime strategy that aligns demand, workforce, infrastructure, and supply chains, and that restores industrial resiliency across commercial and government shipbuilding and repair. This should be paired with stable, predictable Navy and Coast Guard shipbuilding and maintenance plans that reward design stability, disciplined change control, and productive government-industry partnership and innovative contracting structures.
- Uphold and faithfully enforce the Jones Act to maintain the domestic market that sustains our commercial shipyards and mariner base. Ensure that agency interpretations and rulings reinforce, not erode, the law's core requirements.
- Leverage and align trade actions with industrial strategy. USTR's Section 301 findings confirm that foreign non-market practices burden U.S. commerce and suppress healthy international competition. Align responsive actions with domestic investment in yards, equipment, and suppliers, and encourage allied coordination to reduce shared dependencies and bottlenecks.
- Update how we measure output. Direct agencies to incorporate annual U.S. shipbuilding reports and other domestic datasets alongside OECD GT/CGT series in official assessments, so that appropriations, infrastructure planning, workforce pipelines, and supply-chain investments are calibrated to the full U.S. production landscape.
- Stabilize acquisition practices that enable industry investment. Use multi-year procurement where appropriate, align funding profiles with realistic schedules, and adopt acquisition structures—advanced procurement, incremental funding, block buys—that provide credible, multi-year demand signals for both commercial and government programs.

These steps will expand opportunities across the full spectrum of U.S. yards—from large complex-ship builders to mid-tier and small shipyards—unlocking private investment in modernization, accelerating productivity improvements, and strengthening the supplier base that both commercial and defense customers depend on.

Conclusion

American shipyards build some of the most advanced vessels in the world. Our men and women deliver for our Navy, our Coast Guard, and our domestic commercial markets every day. But we are contending with a global commercial market skewed by decades of foreign non-market intervention and by international statistics that omit much of what America actually builds.

The Jones Act remains the cornerstone of our maritime security; the SHIPS for America Act is the strategic blueprint we need to restore balance, rebuild commercial capability, and secure the maritime industrial base for the long term.

This is a moment for policy clarity and national purpose. If we want credible sealift, resilient supply chains, competitive naval shipbuilding, and a skilled maritime workforce ready when the nation calls, we must build ships in America and we must do so at scale.

SCA and its members stand ready to work with this Subcommittee and the Congress to enact the SHIPS for America Act, reinforce the Jones Act, and ensure that America's shipyards have the stable demand and strategic direction to deliver the "sea change" this hearing contemplates—one that revives commercial shipbuilding and strengthens our national security for decades to come.

Thank you for the opportunity to testify. I look forward to your questions.