



# IMPACT OF THE NEW TRUMP ADMINISTRATION'S PROTECTIONIST POLICY ON THE SHIPBUILDING SECTOR

## KEY TAKEAWAYS

At a time when China and the United States consider the maritime sector to be of strategic importance and no longer hesitate to disregard multilateral rules, Europe risks being rapidly sidelined if it persists in complying alone with outdated trade standards. In addition to civil ships, the markets for maritime drones and naval equipment could be affected.

There is now an urgent need to redefine an ambitious European and French industrial policy to preserve the competitiveness and strategic autonomy of the naval sector. This policy can be based on 6 strategic pillars, some of which can be implemented at national level.

1. Supply chain competitiveness and resilience
2. Strengthening maritime defence, security and resilience
3. Clean ships and maritime technologies
4. Innovation and digitalisation
5. Access to skills
6. Strengthening our market access, ensuring a level playing field and guaranteeing our economic security

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# Introduction

Since his return to the White House, President Donald Trump has introduced a series of far-reaching protectionist measures to support the US shipbuilding and maritime industry. Tougher tariffs, massive port charges on Chinese and foreign ships, incentive bills: these initiatives are explicitly aimed at restoring domestic industrial capacity, bypassing the traditional rules of the World Trade Organisation (WTO).

In the short term, shipowners operating in the United States and American consumers will bear the initial brunt of these policies. However, in the medium and long term, the US strategy could seriously undermine the French shipbuilding industry by diverting investment to the United States. The recent commitment by the French group CMA CGM to invest €18.5 billion across the Atlantic already illustrates this shift.

In addition, the fast-growing French drone market and equipment manufacturers already established in the United States risk losing competitiveness and market share as a result of the overall rise in product prices. These developments could significantly dampen the current export growth momentum of French manufacturers.

At a time when China and the United States regard the maritime sector as strategic and no longer hesitate to ignore multilateral rules, Europe risks falling rapidly behind if it persists in complying alone with outdated trade standards. It is now urgent to redefine an ambitious European industrial policy to preserve the competitiveness and strategic autonomy of the naval sector.

## Actions relating to shipbuilding

### **1/ RESTORING AMERICA'S MARITIME DOMINANCE and investigation on distortions of competition linked to Chinese government policies.**

In April 2024, the United States launched a 'Section 301' investigation into competitive distortions related to China's 'acts, policies and practices designed to dominate the maritime, logistics and shipbuilding industries. The report, published in January 2025 by the US Department of Commerce, concludes that the actions of the Chinese government warrant a reactive and proportionate response to counter the identified competitive distortions.

Based on these conclusions, on 21 February 2025 the Trump administration announced a package of measures, subject to public consultation:

- A fee of up to \$1 million per berthing in US ports for ships operated by Chinese companies.
- A fee of up to \$1.5 million per berthing for any ship built in China, regardless of ownership.

- A fee of up to \$1 million per berth, calculated on the basis of a shipowner's current orders with Chinese shipyards.

Following the public comment period, Donald Trump issued executive orders on 9 April 2025 to restore US maritime dominance, notably through a Maritime Action Plan co-constructed under the responsibility of the National Security Advisor in coordination with the Secretary of State, the Secretary of Defense, the Secretary of Homeland Security, the US Trade Representative and other federal agencies deemed necessary. This plan includes, among others:

- Security, development and resilience of the maritime industrial base: an assessment of funding capabilities to invest in and develop the maritime industrial base, including, but not limited to, investment in and development of commercial and defence shipbuilding capabilities, component supply chains, ship repair and sealift capabilities, port infrastructure and workforce.
- A needs report for the shipbuilding industry and an identification of key components in the shipbuilding value chain that should be prioritised for investment.
- The implementation of levies to counter unfair competition and the involvement of like-minded allies to align levies.
- Substantial financial support, including incentives to help shipbuilders domiciled in allied countries to partner in making equity investments in the United States to help strengthen US shipbuilding capacity. Support for domestic private investors to encourage private investment in the construction of components, parts and commercial ships, improvements to shipyards, repair facilities and dry docks through grants, loans and guarantees.
- The creation of a maritime security trust fund financed by taxes.

Potential consequences include:

- A reorganisation of the shipbuilding market: orders could be redirected to countries with alternative capacities (South Korea, Japan).
- Effects on equipment suppliers: a reorganisation of the value chain could affect equipment manufacturers, particularly in Europe.
- Effects on French and European shipbuilders, who could be encouraged in the short term to invest in the United States, triggering a flight of European know-how. Similarly, a loss of competitiveness vis-à-vis the United States cannot be ruled out.

A further assessment will be needed to measure the extent of the reallocation of investment and the impact on the global maritime ecosystem.

Finally, according to Reuters, a draft decree from the White House calls on the United States to 'urge its allies and partners' to adopt similar taxes, with a risk of retaliation for allies and partners who do not support the United States.

## **2/ Shipbuilding and Harbor Infrastructure for Prosperity and Security for America Act « SHIPS for America »**

In parallel with the protectionist measures recently announced, the United States is preparing new legislation designed to strengthen its domestic shipbuilding industry: the 'SHIPS for America Act' (Shipbuilding and Harbor Infrastructure for Prosperity and Security for America Act).

This bill aims to:

- expand the US-flag fleet;
- stimulate demand for new construction and repairs in domestic shipyards;
- maintain the existing protectionist provisions of the Jones Act.

However, the bill includes a derogation provision:

- foreign-built ships could temporarily join the US fleet by reflagging, provided that they are gradually replaced by US-built ships or are subject to long-term operating agreements;
- This waiver would be valid until fiscal year 2029.

## **3/ Supporting American flags**

In February 2025, the US Secretary of Commerce made some worrying criticisms of foreign-flagged ships, particularly in the cruise and supertanker sectors. He accused shipowners of using foreign flags to avoid US taxes and regulatory obligations.

US flag constraints: in practice, it is extremely difficult for cruise ships and supertankers to fly the US flag, due to the strict requirements of the Jones Act, which requires:

- construction of the ship in the United States
- ownership by an American company
- American nationality for all officers;
- 70% of the crew must be permanent residents of the United States.

Consequences of the Jones Act :

- disappearance of civil shipbuilding: these constraints led to the gradual closure of American civil shipyards, resulting in the loss of industrial skills and production capacity;

- systemic blockage: without a revival of the civil shipbuilding industry, it will be difficult to apply the requirements of the Jones Act to the cruise sector and modern supertankers;
- increased trade tensions: the anti-foreign ship rhetoric could lead to new protectionist measures targeting international shipowners.

## The impact of these statements on European and French shipbuilding

Donald Trump's announcements primarily affect shipowners operating in the United States, as well as American consumers. The fees imposed on ships entering US ports will necessarily be reflected in the final price of imported goods, leading to higher costs for consumers and increased pressure on their purchasing power.

By circumventing the classic mechanisms of international trade, in particular the regulations linked to customs codes, Donald Trump is able to target measures according to where the ships are produced.

By also including orders in progress placed by shipowners, he aims to limit the possibilities of circumvention by economic operators, making his strategy more difficult to circumvent in the short term. These measures are part of a strategic response to China's aggressiveness in the maritime sector, with the stated aim of protecting American industry and the American economy. For the time being, the impact on European and French shipbuilding remains limited. In the absence of sufficient production capacity in the United States, some shipowners could temporarily turn to European shipyards to build their vessels.

In the medium and long term, however, the consequences could be more serious for French industry, particularly due to the higher cost of equipment exported to the United States, which would lead to a loss of competitiveness for French manufacturers.

By creating an incentive environment for industrial relocation, the Trump administration is attracting new investment to the United States. The day after the announcements concerning royalties on ships built in China, the CMA CGM group announced an investment of 18.52 billion euros in the United States, intended for the development of infrastructures and logistics terminals for maritime transport. This decision was accompanied by a commitment to increase the number of US-flagged vessels. This massive investment by a major European player represents resources that will not benefit the European shipbuilding industry.

The new announcements of 9 April 2025 also specify a strengthening of relations with allied countries. French and European shipbuilders would be encouraged to invest in the United States, ultimately creating a drain on investment, European know-how and our technological superiority. Ultimately, this would make the United States a major competitor for European shipbuilders.

Beyond their economic impact, these measures reflect a major political shift. Like the Chinese

government, the US administration now considers the maritime sector and shipbuilding to be strategic. By freeing himself from the frameworks of the World Trade Organisation (WTO) and the Organisation for Economic Cooperation and Development (OECD), Donald Trump is putting an end to a system based on multilateral rules that his main competitors have never respected. Against this backdrop, Europe seems increasingly isolated, continuing alone to defend trade principles that have become largely obsolete in the face of new geopolitical realities.

### **A risk for cruise ship construction?**

Even today, all cruise ships are built in Europe, but the companies operating them are often American. Some French shipyards, such as Chantiers de l'Atlantique, build cruise ships for American shipowners such as Royal Caribbean. However, these ships are registered under foreign flags for tax, regulatory and operational reasons.

In February 2025, the US Secretary of Commerce made some worrying criticisms of this practice, targeting foreign-flagged ships in particular. He accused US shipowners of using it to avoid US taxes and regulatory obligations. If this position is translated into concrete measures, it could indirectly affect French shipbuilders working for American customers.

### **Impact of customs duties on the UAV sector and equipment manufacturers**

Customs duties are having an impact on naval systems and equipment produced by the supply chain. A particular point to note is that of maritime drones.

In 2023, French equipment and drone manufacturers exported €14 million worth of products to the United States. In the case of drone manufacturers in particular, their exports tripled between 2022 and 2023, demonstrating strong growth momentum towards the US market.

The drone sector is an emerging market, and the French ecosystem boasts several manufacturers in the segment, including SeaOwl, EXAIL, Marine Tech, SeaProven and SIRENHA. Calls for tenders are multiplying, particularly in the United States, suggesting strong growth potential in the years ahead.

What's more, several French industrial equipment manufacturers already have a solid foothold in the US market. GE Energy Power Conversion France, for example, has been exporting around 25% of its production to the United States for the past four years.

However, the measures announced by Donald Trump could put the brakes on this growth dynamic, both for the rapidly expanding drone industry and for equipment manufacturers already well established in the US market. There are also indirect effects, such as an increase in the price of French solutions, which could make them less competitive due to an overall rise in the cost of the product.

# Our strategic recommendations

Implement a European industrial strategy to support the competitiveness of European shipyards and encourage shipowners to place orders in Europe.

## 1/ **Competitiveness and resilience of the supply chain**

- ⚓ Support investment to develop the projects and capacities of shipyards and the maritime manufacturing industry.
- ⚓ Encourage Member States to implement national funding programmes to modernise shipyard facilities and maritime manufacturing processes.
- ⚓ Require Member States to reinvest a fair share of maritime revenues from the Emissions Trading Scheme in shipyards and maritime equipment manufacturers for projects that advance the decarbonisation of the maritime sector.
- ⚓ Design and implement a new Important Project of Common European Interest (IPCEI) to support the manufacture and on-board integration of clean maritime technologies in Europe.
- ⚓ Apply the Industrial Decarbonisation Acceleration Act and the EU Affordable Energy Action Plan to maritime manufacturing.

## 2/ **Strengthening maritime defence, security and resilience**

- ⚓ Consider ships as key infrastructure for military mobility and operations at sea.
- ⚓ Strengthening the protection of Europe's essential maritime and submarine infrastructures.
- ⚓ Cultivate dual technologies through cross-fertilisation and appropriate budget allocation.

## 3/ **Clean ships and maritime technologies**

- ⚓ Stimulate demand for low-emission and digitalised ships (for new construction and modernisation) through voluntary incentives for shipowners and public procurement, subject to European preference criteria.
- ⚓ Encourage fleet renewal and modernisation, subject to European preference criteria.
- ⚓ Apply sustainability, resilience and minimum European content requirements in public procurement, licensing and auctions for strategic maritime projects.

- ⚓ Apply sustainability, resilience and minimum European content requirements in public and private procurement for essential clean maritime technologies.
- ⚓ Establish a legal framework for ship lifecycle management.

#### **4/ Innovation and Digitalisation**

- ⚓ Support investment in the industry of the future at construction sites and the digitalisation of the sector.
- ⚓ Increase support for industry investment in research, development and innovation.
- ⚓ Accelerate the deployment of maritime drones for civil and military operations.

#### **5/ Access to skills**

- ⚓ Support the upgrading and retraining of the maritime industry's workforce.
- ⚓ Establish a European network of vocational training centres.
- ⚓ Ensure mutual recognition of training and qualifications in the maritime industry.

#### **6/ Strengthening our access to the market, ensuring fair conditions of competition and guaranteeing our economic security**

- ⚓ Create a maritime economic security office within the European Commission.
- ⚓ Create a trade task force for the maritime manufacturing industry.
- ⚓ Protect European shipyards and maritime equipment manufacturers from unfair competition.

## Conclusion

The revival of the US maritime industry is not a political accident, but a strategic choice taken on board by the Trump administration. Faced with a conquering China and an increasingly fractured international trading system, the United States intends to become a full maritime power once again by re-insourcing its naval production and consolidating its fleet under the American flag.

In this new environment, Europe can no longer afford to be naive. By continuing alone to defend multilateral principles that its main competitors have abandoned, it runs the risk of losing its industrial capacities, its logistical autonomy and its economic sovereignty over the long term.



It is therefore imperative that the European Union rapidly develops a strong industrial response: reinforced support for its shipyards, preference clauses in public contracts, an offensive trade policy and protection against distortions of competition. Otherwise, Europe risks becoming a mere spectator in a global competition in which the rule is now to defend its strategic interests with determination.

## Further information: details of certain US equities

### **Section 301 Investigations: the main conclusions**

- ⚓ 'China's targeting of the maritime, logistics and shipbuilding sectors for dominance displaces foreign companies, deprives market-oriented companies and their workers of business opportunities, and reduces competition.
- ⚓ China's targeting of the maritime, logistics and shipbuilding sectors for dominance creates dependencies on China, increasing risk and reducing supply chain resilience.
- ⚓ China's targeting of the maritime, logistics and shipbuilding sectors is unreasonable given China's extraordinary control over its economic actors and these sectors.
- ⚓ China's targeted dominance burdens or restricts U.S. trade because it reduces trade opportunities and investment in the U.S. maritime, logistics and shipbuilding sectors.
- ⚓ China's targeted dominance burdens or restricts US trade by limiting competition and choice.
- ⚓ China's targeted dominance burdens or restricts U.S. trade because it creates economic security risks due to dependence and vulnerabilities in sectors critical to the functioning of the U.S. economy.
- ⚓ Targeting China for dominance burdens or restricts US trade by undermining supply chain resilience.

### **SHIPS for America Act : the main measures**

- ⚓ Appointment of a White House Maritime Security Advisor to coordinate national maritime policy and lead an interagency Maritime Security Council.
- ⚓ Goal of increasing the US-flagged international fleet by 250 ships in 10 years through the Strategic Commercial Fleet programme, which promotes US-flagged, US-crewed and US-built vessels.
- ⚓ Require that, within 15 years, 10% of all goods imported into the U.S. from China be imported on U.S.-flag vessels.

- ⚓ U.S.-flag ships to be given priority at all U.S. ports, ahead of waiting foreign ships.
- ⚓ 200% tariff on all repairs to U.S.-flag vessels performed in shipyards located in affected foreign countries (i.e. China).
- ⚓ Maritime Safety Trust Fund to reinvest maritime industry fees and royalties in safety programs and infrastructure.
- ⚓ A 25% tax credit for shipyard investment and a shipbuilding financial incentive programme (\$250 million per year) to support the construction and repair of innovative domestic vessels.
- ⚓ U.S. Center for Maritime Innovation to accelerate U.S. leadership in next-generation ship design, manufacturing processes and ship energy systems.
- ⚓ Maritime and shipbuilding recruitment campaign, including a merchant marine career retention programme.

