

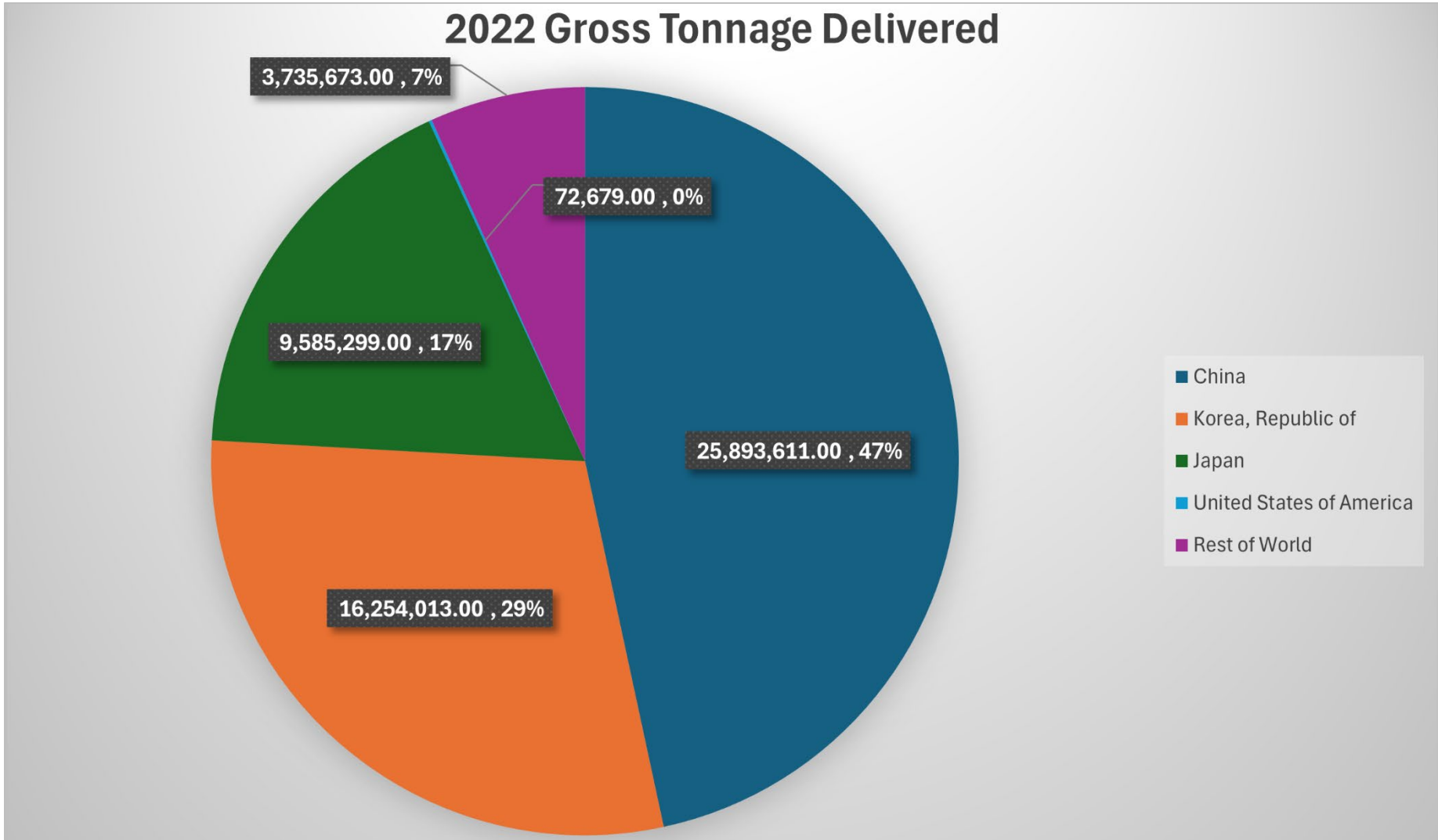
Government Influence on Naval Shipbuilding



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Abstract

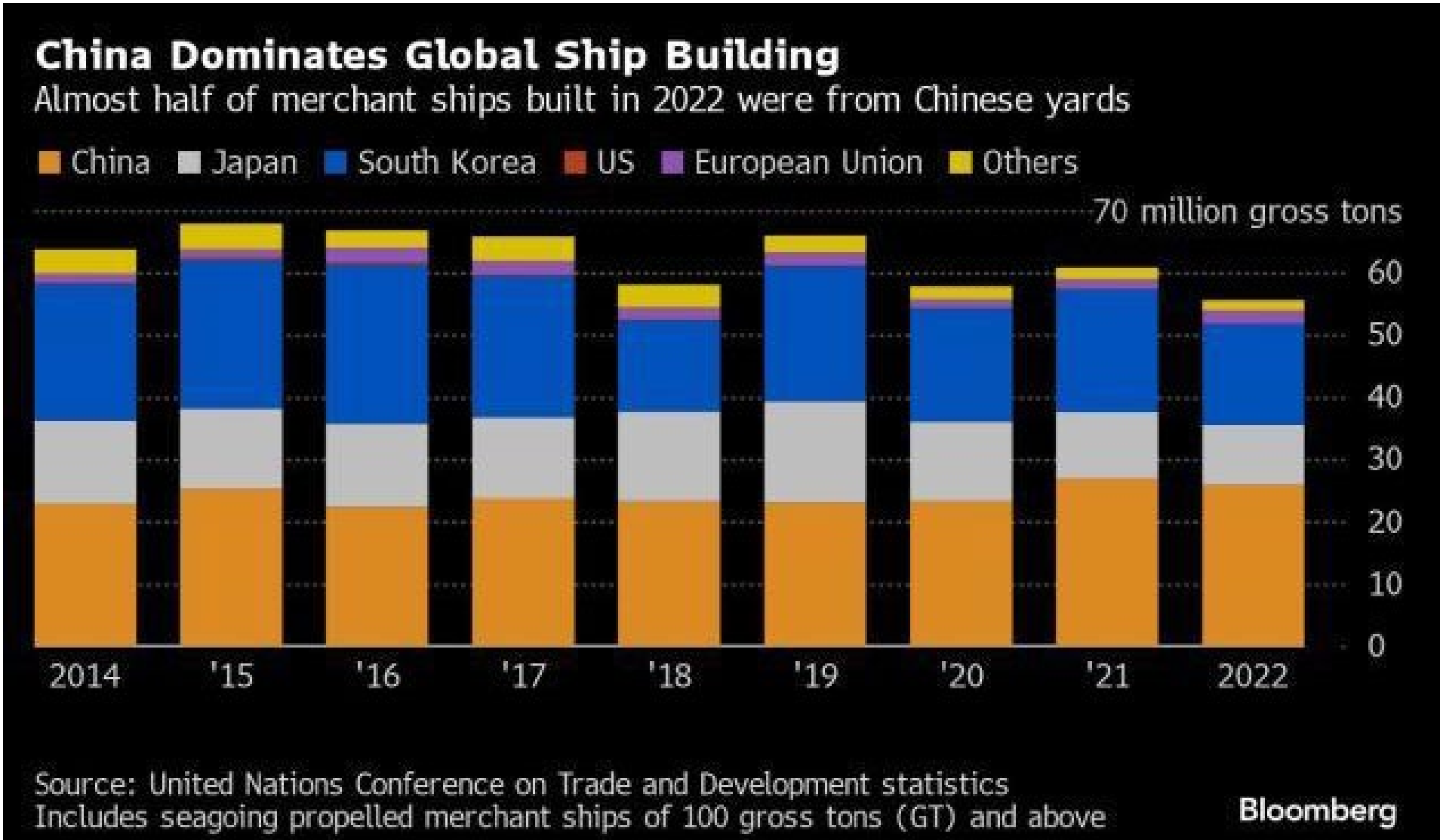
Government-imposed regulations in the United States, Europe, and Asia have a profound impact on the industrial base’s ability to maintain and compete in the global shipbuilding industry. The purpose of this thesis is to explore a framework for government subsidies and regulations that would invigorate the U.S. shipbuilding industry. To this end, this thesis analyzed the ebb and flow in the demand for shipbuilding preceding World War II through the present day, the current government policies that are hindering the shipbuilding industrial base, and developed a suggested framework that may be implemented to invigorate the U.S. shipbuilding industry.



Adapted From UN Trade and Development (2023).

Methods

This study utilized an extensive review of government reports, academic journals, books, news articles, and economic theories to build a comprehensive background on the US shipbuilding industry and events that impacted it. Following this background, a literature review of impactful government laws and regulations from the US, European Union, and Asian markets was conducted. Subsequently, a qualitative cause-and-effect analysis will be employed to address the research questions concerning the impacts of subsidies and regulations on the shipbuilding industry. This analysis will also assist in formulating recommendations for a future regulatory framework aimed at revitalizing the industry



Source: American Journal of Transportation (2024)

Results & Their Impact

- Substantial government assistance in the Asian markets both in shipbuilding and complementary industries have allowed these countries to manufacture commercial ships at a lower comparative cost to the U.S. and EU.
- The EU’s strategy to pivot into the niche market of complex shipbuilding has permitted European shipbuilders to capture a larger portion of market share while ensuring continual innovation.
- Current U.S. regulations have limited nearly all ship deliveries to tugs, barges, drill support, and DOD because of the high relative costs of manufacturing in the U.S.

93% of global shipbuilding by gross tons occurred in China, the Republic of Korea and Japan in 2022

Source: UNCTAD Merchant Fleet (2023)

Projected Recommendations

- Expand Cabotage to include trade partners Mexico, Canada, Japan, South Korea, Australia, and UK
- Ratify OCED Agreement
- Regulation sunset clauses
- Repeal the Merchant Marine Act and replace

