

THE U.S. SHIPBUILDING POLICY UNDER THE TRUMP 2.0 ADMINISTRATION AND STRATEGIC COMPETITION

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Abstract

This paper examines the U.S. revival of its shipbuilding industry during the Trump 2.0 administration under Realism, centered on the Executive Order “Restoring America’s Maritime Dominance” and associated executive and congressional measures. This policy shift is driven by the urgent need to rectify domestic structural fragilities, including a decaying industrial base, chronic labor shortages, and an over-reliance on foreign supply chains. Simultaneously, China’s overwhelming maritime expansion, fueled by “military-civil fusion” and leadership in digital shipyard technologies, has intensified the U.S. perception of strategic vulnerability and need for competition. The analysis suggests that these measures will fundamentally reshape the global maritime landscape, accelerating the U.S.-China naval rivalry in the Indo-Pacific and disrupting long-standing global supply chains. Within this context, Vietnam occupies a pivotal position, offering significant potential to integrate deeper into restructured value chains through investment shifts and infrastructure upgrades. However, the study cautions that without timely modernization of supporting industries and a high-quality workforce, Vietnam risks being marginalized or facing heightened geopolitical pressures. Ultimately, the paper underscores the necessity of strategic foresight for smaller countries navigating the intensifying maritime competition between global hegemonies.

Keywords: Shipbuilding, U.S. Foreign Policy, Trump 2.0, U.S.-China Competition, Global Supply Chains, Vietnam Maritime Strategy.

1. Introduction

Shipbuilding capacity has reemerged as critical components of national power amid the growing securitization of global supply chains. Far from purely commercial and industrial activity, shipbuilding holds lasting influence on military readiness and geopolitical leverage, shaping states’ ability to compete under conditions of strategic rivalry (Cucinschi 2024, 38). Additionally, China has been rapidly ascending as the world’s dominant shipbuilder, supported by military-civil fusion and advances in digital shipyard technologies (Goel 2025, 79). However, these trends have exposed limits in the U.S. maritime industrial base, along with its

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decades of industrial erosion, workforce shortages, and dependence on foreign supply chains (U.S. Navy 2026).

Within this context, the U.S. under the second Trump administration (Trump 2.0) has been promoting a shipbuilding policy overhaul. This direction is not embodied by one standalone document but can be seen via a series of efforts aiming at boosting U.S. shipbuilding capacity inside the country and shipbuilding competitiveness abroad, including the release of the Executive Order titled “Restoring America’s Maritime Dominance,” in April 2025, along with multiple corresponding policies. By recasting shipbuilding as a national security priority, the administration seeks to rebuild domestic production, reduce external dependence, and strengthen U.S. leverage in the Indo-Pacific. These efforts should be understood not only as industrial policies due to its domestic needs, but also as a strategic response to U.S.-China strategic competition, especially in maritime domain, and the changing global shipbuilding landscape.

In such a context, this article aims to examine U.S. shipbuilding policy under the Trump 2.0 administration, explore what components the policy entails, and how the policy is justified, especially with regards to strategic competition. Subsequently, the article tries to explore what strategic implications Trump policy, and the strategic competition may produce for the global shipping industry and for Vietnam. As these dynamics unfold, Vietnam can play the role of a strategically significant player, with opportunities for deeper integration stemming from supply-chain reconfiguration offers, while facing potential risks from rising big powers rivalry.

2. Literature Review

Existing literature in international affairs often examines shipbuilding as a strategic industry situated at the intersection of national security and economic development, without delegating it to China - U.S. dynamic specifically. Scholars have noted the connection between shipbuilding and sea power (Grygiel 2021, 98) or the former empire’s strategic advancement (Blachford 2021, 51). Some modern-focused writings have talked about the role of shipbuilding in increasing naval readiness and expanding warfare horizons, especially in the digital age (Cucinschi 2024, 38), but often dwelled on the technical side (Md Daud et al 2024, 105) or Western context (Lee 2021, 38).

Along that line, U.S. government and congressional analyses have consistently highlighted how limited shipbuilding capacity can be detrimental to national power, pointing out the misalignment between ship fleet expansion goals and the productivity capacity of the industrial base can result in delays, cost overruns, and declining operational availability (Congressional Budget Office 2025; GAO 2025). However, this analysis is often presented in the form of institutional reports.

Some have written on the topics of U.S. and China’s shipbuilding capacity, but these works are usually not placed in the current context of the Trump 2.0 administration or stopped short at providing commentaries or policy briefs. To be specific, some have written about China’s rise in shipbuilding, characterizing its dominance in global shipbuilding as a product of coordinated state strategy

(Blanchette 2020; USTR 2025) or cost effectiveness (Jiang et al, 2013, 39). Some have highlighted the possible structural dependency and long-term strategic vulnerability China's partners might have to face (Hellenic Shipping News 2024; Break Wave Advisors 2025), or emphasized the negative implications for competitors like the U.S. (O'Rourke 2021, 297). Some have extended beyond shipyards to ports and logistics infrastructure, where ownership and control are increasingly viewed as sources of geoeconomic leverage (Bradford 2025).

In response, U.S. commentaries on potential responses have emphasized the revival of domestic shipbuilding not as a market correction, but as a state-led response to structural dependence and industrial erosion (Mark 2025; Freling 2025). Legislative initiatives such as the SHIPS for America Act signal a shift toward strategic intervention, justified by persistent capacity constraints and labor shortages documented by federal oversight agencies (GAO 2025; Lopez 2025). Comparative studies have also suggested that shipbuilding cooperation, especially with allies, may alleviate short-term naval capacity constraints, though concerns over sovereignty and strategic autonomy remain unresolved (Dempsey, Davies, and Song 2025).

Partly due to the limited literature, *the impacts of big powers' rivalry in shipbuilding on other nations like Vietnam is a topic that academic scholars have not focused on*. Commentators have noted the gradual fragmentation of global maritime industries under geopolitical pressure. Trade restrictions, security-driven regulation, and technological transformation are reshaping shipbuilding and shipping along lines of political alignment rather than cost efficiency (Galani 2023; Soon 2025). Others have talked about how emerging economies in Southeast Asia are responding by developing indigenous maritime capacity, positioning shipbuilding as both an economic and strategic asset in an increasingly polarized system (Vietnam Briefing 2021).

To sum up, existing literature has touched upon the strategic nature of shipbuilding and connected shipbuilding to big powers' policies. However, analysis on U.S. current shipbuilding policy in a strategic competition context with China, as well as the effects of such rivalry on others, is still limited and oftentimes in commentary form. This is the gap that the article wants to partly address.

3. Research Methods

This article adopts a qualitative, theory-guided study of the Trump 2.0 policy. The analysis focuses on shipbuilding as a strategic industrial sector and examines how the administration has sought to employ its maritime policy tools to address challenges arising from intensifying U.S.-China competition.

To identify Trump 2.0 shipbuilding policy, which does not exist in a standalone and comprehensive document, the article conducts content analysis of primary-source documents and statements issued in 2025, from both executive and legislative branches. These include numerous presidential statements, Executive Order 14269 (Restoring America's Maritime Dominance), the SHIPS for America Act, relevant provisions of the One Big Beautiful Bill Act, and associated congressional and government reports. Based on the sources and their content, U.S. efforts are coded into two categories. The first one is efforts dealing with domestic shipbuilding capacity, encompasses initiatives related to industrial building and

repair capabilities, shipyard modernization, workforce development, technological upgrading, supply-chain resilience, and fleet expansion (for both military and commercial ships). The second deals with external positioning, including efforts to increase U.S. competitiveness vis-à-vis strategic competitors, most importantly China, and U.S. influence within the global shipping system, either by increasing access to infrastructure and logistics networks in strategic routes or by developing an allied network. This coding framework enables a systematic assessment of how shipbuilding is framed as both an industrial and geopolitical instrument, and reflects the internal and external dimensions of Realist balancing concepts.

To examine the drivers behind these policies, the article prioritizes Realist arguments, including balance of power and of threat, hegemony, and internal and external balancing. These are useful to explain why the U.S. treats shipbuilding as a strategic industrial capability under conditions of great-power rivalry. Liberalism, with its arguments about global market integration, institutionalized cooperation and non-state actors' influence in foreign policy, is useful in explaining U.S. responses to shipbuilding market changes. Additionally, the article operationalizes the three-level framework in Foreign Policy Analysis (Singer 1961), which categorizes the drivers behind Trump 2.0 shipbuilding policy into system, state, and below-state factors. At the systemic level, it examines the U.S.-China rivalry and the restructuring of global maritime production. At the state level, it analyzes domestic demands stemming from industrial decline and workforce constraints, as well as other political incentives. At the below state level, the article assesses how industrial actors might have contributed to Trump 2.0 policy. This design allows the article to connect macro-level power competition with meso-level industrial changes.

To assess the potential implications of Trump 2.0 policy, the article uses International Relations theories, mostly Realism and Liberalism, to see how the policy can alter U.S. – China power balance, international trade and shipping institutions, and the security interests of other countries like Vietnam. The causal relationships between a specific policy implementation and effects on the global shipping supply chain should be traced when possible. The effects on Vietnam's security interests, which derive from Vietnam's current shipbuilding capacity and its general national interests, will be viewed from both positive and negative perspectives.

4. Results and Discussions

4.1. U.S. Shipbuilding Policy under Trump 2.0

Since returning to office, the Trump 2.0 administration has announced multiple efforts to fulfill Trump's campaign pledge of restoring U.S. maritime strength, notably efforts related to shipbuilding. There is not a standalone shipbuilding policy, but the policy elements can be synthesized via a series of executive, legislative, and regulatory measures, with which the U.S. has sought to revive its shipbuilding industry, strengthen its maritime transportation capabilities, and reduce strategic vulnerabilities associated with China's dominance in global shipbuilding industries. Consistent with the analytical

framework outlined in the Methods section, such elements can be grouped into two categories, based on the terminological wordings found in the sources, and based on Realist arguments on internal and external balancing: (i) strengthening domestic capacity, including attracting investment for fleet expansion and industrial base upgrade, with workforce, technology and related infrastructure being a part; and (ii) enhancing external positioning, including seizing access to strategic ship routes, limiting competitors' influence, and strengthening allied network, etc.

4.1.1. Category #1: Strengthening Domestic Capacity

The first category of the policy is reflected in a series of executive actions, mostly aimed at boosting investment in industrial bases for shipbuilding. On March 4, 2025, Trump pledged to establish the United States Office of Shipbuilding under the National Security Council at the White House. On April 9, Trump signed the executive order “Restoring America’s Maritime Dominance” to revive U.S. shipbuilding and enhance the country’s maritime capabilities. The order mandates an interagency approach and sets out 15 groups of measures directly targeting shipbuilding, mostly revolving around investment, including: (i) creating a Maritime Action Plan in 210 days and a corresponding Maritime Security Trust Fund; (ii) producing comprehensive assessment of investment in industrial bases, supply chain components, shipbuilding capacity, and workforce requirements; (iii) encouraging allied shipbuilders to invest in U.S. maritime capabilities; (iv) launching a Shipbuilding Investment Incentive Program to stimulate private investment in commercial shipbuilding facilities; (v) creating Maritime Prosperity Zones to attract capital beyond traditional coastal locations, etc. The order further outlines related measures modernizing the U.S. Merchant Marine Academy, conducting a comprehensive review of the shipbuilding industry, and increasing the fleet of commercial vessels trading internationally under the U.S. flag.

The executive branch also introduced other efforts to relax regulations and expand the space for shipbuilding indirectly. Notably, at the International Maritime Organization, the U.S. consistently opposed green-shipping attempts to tax shippers based on carbon emission (Henson 2025), which could reduce extra costs for domestic shipbuilding. Inside the country, the Trump administration issued a proclamation on commercial fishing in the Pacific, urging for the removal of protective measures to increase fishing ships’ activities, which indirectly drove shipbuilding demand (Shiffman 2025). The Maritime Action Plan that Trump 2.0 called for also eased environmental compliances, including the National Environmental Policy Act and the Clean Air Act, to facilitate shipbuilding (Sadler 2025).

Second, multiple Congressional efforts reinforced this policy direction, allowing the political and financial framework for fleet expansion. On April 30, four members of both the Republican and

Democratic parties introduced the “SHIPS for America Act” (SHIPS), aiming to establish a fleet of 250 U.S.-flagged vessels over the next ten years. The bill included measures to enhance shipbuilding capacity, invest in workforce development, strengthen national security, and increase competitiveness. Viewed as complementary to President Trump’s executive orders on shipbuilding, the bill enjoys bipartisan support and has been referred to the Senate Committee on Commerce, Science, and Transportation for consideration as either a standalone bill or as part of the Fiscal Year 2025 National Defense Authorization Act (NDAA) (Mark 2025, Freling 2025). The most substantial financial commitment emerged through the “One Big Beautiful Bill Act” (OBBBA) signed on July 4, 2025, allocating a total of 29 billion USD for the development of both military and civilian shipbuilding. The OBBBA prioritized strategic investments, including 4.6 billion USD for Virginia-class submarines, 5.4 billion USD for the construction of two next-generation DDG destroyers, and 2.1 billion USD for the development and deployment of unmanned surface vessels. Additional allocations included 1.7 billion USD for workforce training at shipyards, comprehensive upgrades of production facilities, and the integration of 3D printing and AI technologies into shipbuilding processes. Specific projects involved 750 million USD for production lines and supply chain development, 250 million USD for specialized training, 500 million USD for AI integration, and hundreds of millions of dollars to expand high-tech steel plants and machinery for turbines and engines. While the act primarily focused on naval capabilities, several allocations—such as 500 million USD for modern shipyards and advanced techniques—were expected to generate spillover benefits for the broader shipbuilding sector (Marine Insight 2025).

U.S. congressional efforts also promoted investment for infrastructure that supported shipbuilding capacity indirectly. Notably, the Port Infrastructure Development Program (PIDP), first authorized by U.S. Congress under the Biden administration, was sustained under the Trump 2.0 era. With continued funding from the Infrastructure Investment and Jobs Act, it aimed at upgrading port projects across the U.S., enabling space for more ship access and commercial ship activities.

4.1.2. Category #2: Strengthening External Positioning

The second category of the shipbuilding policy can be seen via U.S. executive efforts in increasing its competitiveness overseas, especially vis a vis China. First, the Trump 2.0 administration expanded its access to critical maritime infrastructure and routes overseas, thereby widening the geographical scope of U.S. ship usage and incentivizing shipbuilding. For instance, in Latin America, in March 2025, a group of investors led by BlackRock acquired operating rights for 43 ports across 23 countries, including the two key ports at either end of the Panama Canal, from CK Hutchison of Hong Kong for 22.8

billion USD. Trump praised the deal as a first step toward regaining U.S. leverage over global maritime chokepoints (Bradford & Kardon, 2025). In April 2025, President Trump directed Secretary of State Marco Rubio to negotiate free passage for all U.S. military and commercial ships through the Panama Canal (The Guardian 2025), while Secretary of Defense Pete Hegseth declared that the U.S. would “eliminate China’s influence” in this critical waterway (Stewart 2025). In the Mediterranean, the Trump administration sought acquisition of various Greek ports, including the Piraeus port operated by Chinese company (Newsroom 2025).

Second, the executive branch also deployed trade and regulatory instruments to reduce China’s ship competitiveness, indirectly encouraging the usage of U.S. ships. On April 17, the U.S. Trade Representative (USTR) announced a schedule of escalating fees on vessels operated by Chinese companies and those built by China, rising from 50 USD per ton in October 2025 to 140 USD per ton by 2028. Vessels built in China but operated by non-Chinese companies faced lower rates, while shipowners could secure reductions if they demonstrated orders fulfilled by U.S. shipbuilders-thus indirectly incentivizing contracts with domestic yards. Bulk cargo vessels were exempt (LaRocco 2025). These measures were accompanied by a 55% tariff on Chinese goods and a 100% tariff on Chinese-origin cranes at U.S. ports, reflecting the administration’s broader strategy of limiting Chinese dominance across the maritime transport industry (Office of the United States Trade Representative 2025).

Third, the executive branch encouraged alliances in shipbuilding, especially the countries in the Indo-Pacific with rising shipbuilding capacity, in line with the external balancing concept in Realism. Notably, with Japan, the U.S. signed on MOU on shipbuilding with Japan, starting with a working group agenda centralized on drawing Japanese investment in U.S. maritime infrastructure, and joint dual-use shipbuilding capacity (HPS Trade Co., Ltd. 2025). With South Korea, the U.S. gave Korean shipbuilder Hanwha the maintenance, repair, and overhaul (MRO) contract to help expand U.S. naval fleet (Nemeth 2024). The two countries also institutionalized their cooperation in the 2025 partnership called “Make American Shipbuilding Great Again (MASGA) (Lee 2025), which aims to upgrade U.S. shipyards and train U.S. shipbuilders. With Australia, the Trump 2.0 administration continues to promote the AUKUS security pact, ensuring Australian investment into U.S. industrial bases conducive for shipping, while allowing the U.S. to outsource manufacturing tasks to allies, subsequently streamlining the assembly lines for domestic shipyards.

From the legislative side, U.S. Congress cemented Trump 2.0 executive measures on securing U.S. maritime infrastructure, indirectly reducing China’s comparative advantages. Particularly, the abovementioned SHIPS Act proposed penalties on international shippers that operate vessels built in China and required transportation

of specific goods to be done by U.S.-built ships. Additionally, The Committee on Foreign Investment in the United States (CFIUS), aided by U.S. Congress, increased scrutiny on foreign investment, including investment from Chinese entities, in U.S. shipyards. Along the same line, the U.S. Congress also continued to support the ban of Chinese maritime port management system LOGINK in U.S. ports from 2024, which could boost demand for U.S. alternatives.

4.2. Drivers of Trump's Policy

According to Realism, especially its arguments about the balance of power and of threat, the U.S. shipbuilding policy under the Trump 2.0 era should not be viewed as ad hoc or reactive measures, but rather as the outcome of deeper domestic and structural drivers, with a strategic vision.

These drivers could be categorized based on the multi-level analysis framework in FPA. At the above-state level, U.S. policy can be seen as a response to the broader transformations in the global shipbuilding, marked by profound restructuring of spatial distribution, production capacity, and developmental orientations among leading nations - dynamics that compel the U.S. to recalibrate its strategy to remain competitive in this shifting landscape. At the state level, the motivation was the need to sustain its great-power status, and address the relative decline of the U.S. shipbuilding, especially compared to China's expanding capabilities (in both scale and scope). From the below-state level, the policy can be influenced by the various interest groups inside the U.S..

4.2.1. Above-state Level: Changes in the Global Shipbuilding Landscape

The global shipbuilding industry is experiencing profound changes, becoming more Asian-centric, specialized, and influenced by climate change. According to Realism, these changes contribute to the shift regarding overall material power, which dictates military power, and damages U.S. hegemony. In an anarchy where self-help is needed to ensure survival, the U.S. needs to recalibrate its maritime policies, including shipbuilding, to safeguard both security and economic competitiveness, especially when the U.S. wants to preserve its global hegemony. Moreover, according to Liberalism, which promotes institutional cooperation and free market, the above changes can urge the U.S. to rely on coordination with allies and trusted partners, and intervene to ensure the increasingly specialized global shipbuilding market is not monopolized.

To be specific, first, the global shipbuilding industry's center is shifting towards East Asia. The three leading shipbuilding nations (China, South Korea, and Japan) currently account for over 90% of global output in 2024 (Hellenic Shipping News 2024), with China in a dominant position. In 2024, China alone produced 55.7% of global shipbuilding output and held 74.1% of new orders, as well as 63.1% of

all ongoing orders (Si 2024). As of January 2025, China owns 62% of global shipbuilding orders until 2033, including 80% of new container ship orders and 30% of liquefied natural gas (LNG) carriers (Break Wave Advisors 2025). China's market share, measured in compensated gross tonnage - CGT, far surpasses that of the two traditional powers, South Korea and Japan, which collectively hold 40%, and is 13 times greater than Europe's 4% share (Hellenic Shipping News 2024). Meanwhile, South Korea and Japan rank second. Additionally, in Southeast Asia, Vietnam (Vietnam Briefing 2021) and the Philippines (Gulf News 2024) are emerging as "rising stars" due to low costs, good craftsmanship, and attracting shipbuilding investment.

Table. 1 Shipbuilding orders received by countries from 2022 to 2024

Shipbuilding orders	2022	2023	2024
China	2,084	2,582	3,419
South Korea	678	680	710
Japan	657	717	688
Europe	302	302	324
Rest of the world (ROW)	237 (the U.S. -4)	279 (the U.S. -4)	327 (the U.S. -3)

Source: Compiled by the authors

The concentration of shipbuilding capacity in East Asia has broader geopolitical implications. Rather than reflecting normal market changes alone, the current distribution of production increasingly shapes patterns of strategic dependence and indicates material and military power shift to Asia. According to Realism, states that lack domestic shipbuilding capabilities may become vulnerable to external supply disruptions during crises or war scenarios, while states possessing large-scale shipbuilding industries gain additional leverage in both economic and security affairs.

Second, the shipbuilding industry is becoming increasingly specialized. In Asia, South Korea has built a robust shipbuilding industrial ecosystem with the capacity to invest in advanced shipbuilding technology from major corporations such as Hyundai Heavy Industries, Samsung Heavy Industries, and Daewoo Shipbuilding. The South

Korean government also supports this industry through financial aid policies and strategic initiatives, notably the K-Shipbuilding Super Gap Vision 2040 (Virtue Marine 2024). South Korea leads in high-end segments such as LNG carriers, liquefied petroleum gas (LPG) carriers (93% market share), and Very Large Crude Carriers (VLCCs) (Joo 2024). Meanwhile, Japan maintains its shipbuilding market share by focusing on innovation and sustainable development in line with global demand. Recently, in May 2025, the Japanese government announced a significant new important directive on shipbuilding, aimed at restoring and expanding shipbuilding facilities both domestically and internationally (NV Tech Desk 2025). Japan leads in hydrodynamic design, optimized hull forms, and green technology (alternative fuels, electric propulsion) (Virtue Marine 2024). In Europe, although the market share is modest, these nations maintain their unique manufacturing strengths due to their expertise in producing certain types of vessels, such as specialized ships and luxury cruise ships, thereby leading specific segments in the global market. Specifically, Italy, Germany, France, and the Netherlands are leading countries in building modern, luxurious, and environmentally friendly vessels. Representative shipyards include Fincantieri (Italy), specializing in naval vessels, submarines, and luxury yachts; Meyer Werft (Germany), producing cruise ships using energy-saving technology; Naval Group (France), manufacturing military vessels through the application of renewable energy; and Damen (Netherlands), specializing in the production of tugboats and patrol vessels using a fast assembly method.

According to Realism, such specialization can expose the U.S. to more vulnerability, which drives the need for domestic manufacturing of specialized ship components. Moreover, according to Liberalism, the U.S. should enhance its shipbuilding capacity, with legal and political protective frameworks, to prevent the market from being monopolized. The U.S. should also reach out to trusted allies and partners with highly specialized shipbuilding capacity, ideally through an institution, to maintain a collective edge.

Third, climate change is changing strategic maritime spaces, with the rapid melting of Arctic ice opening new shipping routes for maritime transport, while simultaneously imposing new demands on the global shipbuilding industry. The shrinking of sea ice has facilitated the formation and expansion of transport corridors such as the Northeast Passage and the Northwest Passage, with the potential to significantly shorten transit distances from Asia to Europe. These routes could become a viable alternative to the Suez Canal, offering voyages nearly 50% shorter. Data from the Automatic Identification System (AIS) shows that maritime activity in the Arctic Ocean is increasing rapidly, with longer shipping seasons throughout the year and higher vessel density concentrated in areas along the melting ice edge. Among these, fishing vessels exhibit the widest operational range, reflecting a direct

correlation between shipping routes and the extent of sea ice coverage (Rodríguez et al. 2024, Wright 2025).

However, realizing the potential of Arctic shipping routes is not merely a matter of opening pathways but also depends on the technological capabilities of the shipbuilding industry. Vessels operating in this region must meet stringent technical standards for ice-resistant hulls, propulsion systems optimized to polar environments, and specialized safety equipment (Gard 2017). In response to these requirements, the development of icebreakers, ice-class vessels, and hybrid vessels is emerging as a promising new segment for the international shipbuilding sector, while also driving a wave of technological competition and standard-setting among global maritime industrial hubs. Also in line with Realism, the U.S. needed to speed up its shipbuilding to seize these new maritime routes that can be potential domains for future competition, especially when Russia and China had been increasing their presence there.

4.2.2. State-level: The U.S. Interests and Power Balance against China

Over the past decade, China has pursued a deliberate and systematic strategy to elevate its maritime power, including its shipbuilding. Shipbuilding has been designated as a pillar industry within Xi Jinping's vision of transforming China into both a "transportation power" and a "maritime power," (Tsuchiya, 2025) supported by military-civil fusion (Funaiole et al., 2025) and state-backed consolidation of its shipbuilding giants (Ren 2024). Generous financial subsidies, industrial modernization (Blanchette, 2020), and a vast skilled labor force (Grzybowski 2024) have enabled China to produce naval and commercial vessels at a scale, speed, and cost unmatched by any competitor. This industrial capacity is closely tied to China's broader security objectives, ensuring both reliable trade logistics and the rapid expansion of a blue-water navy. As a result, the maritime balance of power has shifted dramatically.

The significance of these developments lies not only in China's quantitative expansion but also in the changing relationship between industrial capacity and military power. Historically, great-power competition has depended on the ability to mobilize economic resources into military capabilities (Kennedy 1987). China's shipbuilding dominance provides precisely such an advantage, enabling the rapid production of both commercial and naval platforms while simultaneously supporting maritime logistics and overseas influence. For the U.S, the challenge is therefore not simply that China possesses more shipyards or produces vessels at lower cost. Rather, China's maritime industrial base increasingly functions as a strategic asset capable of generating long-term military and economic advantages. This perception, in line with the Realism argument about threat perception

and the need to balance against threats, helps explain why the Trump 2.0 administration wanted to promote shipbuilding.

To be specific, first, on the military dimension, the Chinese Navy is surpassing the U.S. in multiple aspects. The Pentagon currently identifies China as the “primary strategic competitor” in U.S. national defense planning. Secretary of Defense Pete Hegseth noted in an internal memorandum that the rise of the Chinese military - particularly the potential use of force to seize Taiwan - constitutes the central scenario the U.S. must prepare to address.

The expansion of the Chinese Navy (PLAN) has raised particular concern for the U.S.. PLAN has already surpassed the U.S. in the number of warships and continues to commission new vessels at an unprecedented pace. Through its “civil-military integration” strategy, China has leveraged the immense capacity of its commercial shipbuilding sector to serve defense needs. Meanwhile, U.S. shipyards are increasingly falling behind, both in scale and technology. During his first term, President Trump warned of China’s surpassing in this sector and committed to expanding the U.S. fleet to 350 vessels in order to restore global maritime dominance (Grunwald 2017). U.S. military leaders have cautioned that without rapidly accelerating shipbuilding, the U.S. Navy will be unable to maintain its advantage in a large-scale conflict in the Western Pacific. President Trump expressed a similar view, stating that the U.S. had “sat idle for too long” while China advanced, and that the “current naval weakness is truly shameful.” He emphasized the urgent need to rebuild U.S. naval power, both in quantity and quality.

Even the Arctic region is viewed through the lens of U.S.-China competition. Pentagon reports indicate that China, in coordination with Russia, is increasingly active in the Arctic, from investing in ports, deploying reconnaissance vessels, to constructing logistical infrastructure. The goal is to assert control over newly accessible shipping routes emerged by melting ice. This compels the U.S. to reinvest in icebreaker fleets, Arctic naval capabilities, and maritime security presence in the polar region.

On the contrary, with the U.S., although the planned U.S. Navy shipbuilding budget for 2025 is 46% higher than the average expenditure over the past five years (Congressional Budget Office 2025), shipbuilding capacity remains insufficient to meet strategic deployment needs. Most current shipbuilding programs are facing delays and cost overruns. For instance, the Virginia-class Block V nuclear attack submarine project is 40% behind schedule, incurring an additional USD 530 million for the first two vessels. The Columbia-class submarine program, a critical initiative to maintain strategic nuclear deterrence, is also delayed by at least one year, with the potential for hundreds of millions of dollars in additional costs (U.S. Government Accountability Office 2025). The U.S. is not only falling behind in new construction but also faces significant challenges in fleet maintenance and operational readiness. According to the Government Accountability Office (GAO),

routine maintenance, repair, and overhaul (MRO) activities are frequently delayed, preventing the U.S. Navy from deploying sufficient vessels in emergency situations and thereby diminishing its ability to respond effectively to potential conflicts (Carroll & Cook, 2025).

Second, on the economic dimension, the U.S. should aim to reduce dependence on China-controlled maritime transport networks while strengthening domestic capacity to operate supply chains independently both in peacetime and during crises. The COVID-19 pandemic and the ensuing global supply chain crisis exposed the U.S.'s dangerously high reliance on China, particularly in the maritime sector. Currently, China accounts for over 50% of global shipbuilding output, whereas the U.S. produces only around 0.1% of new vessels worldwide.

Once a global shipbuilding hub in the 20th century, the U.S. now contributes less than 0.1% of global ship production (Adams 2025). In nearly all aspects, China significantly surpasses the U.S. in shipbuilding capabilities, as reflected in three key dimensions. In terms of output, U.S. Naval Intelligence estimates China's current production capacity at approximately 23.25 million tons - 232 times higher than the U.S.'s under 0.1 million tons - demonstrating a clear strategic disparity. According to the Center for Strategic and International Studies (CSIS), in 2024 alone, a single Chinese company built more commercial vessels than the entire U.S. shipbuilding industry has since World War II (Tang 2025). Regarding cost, U.S.-built vessels may be up to six times more expensive than Chinese-built vessels of the same type. For example, constructing a 3,600 TEU container ship costs approximately USD 333 million in the U.S., compared to only USD 55 million in China (Shuming 2025). In terms of speed and production capacity, China has shortened the container ship construction cycle from 28 months to roughly 13 months through digitized production lines, high automation, and modular integration. By contrast, the U.S. typically requires 24-36 months to complete a comparable vessel, using 40–60% more labor hours to achieve similar results.

On the other hand, Chinese state-owned enterprises control numerous major shipping companies, strategic seaports, as well as container handling equipment (cranes) and global maritime transport software. In terms of cranes, China produces 70% of the world's supply, with production costs of approximately 15 million USD per unit, several million lower than other manufacturers, such as Konecranes (Finland) and Liebherr (Germany) (Berger 2025). From the Suez Canal to the Panama Canal, and from Gwadar Port in Pakistan to Hambantota Port in Sri Lanka, China is extending its "tentacles" to dominate strategic maritime infrastructure networks.

Third, regardless of China's shipbuilding dominance, the U.S. has the endogenous needs in shipbuilding due to its interests in hegemony in maritime domain, from both military and economic perspectives. From the military angle, the decline of U.S. shipbuilding capacity has raised concerns over the sustainability of the U.S. maritime dominance. During World War II, U.S. shipyards produced over half of the world's tonnage,

but by the early twenty-first century their share had fallen to less than 1%. The decline stems from entrenched domestic constraints, from both technical and political domains. Outdated infrastructure limits expansion, with many military shipyards still operating under traditional models, slow to adopt digital and modular methods, leaving them inflexible in meeting urgent demands (U.S. Government Accountability Office 2025). By 2025, the U.S. has become increasingly reliant on foreign shipyards in China, South Korea, and Japan for commercial vessels, parts, and repair services (Dempsey et al., 2025). The lack of integration between civilian and military shipbuilding further deepens vulnerabilities, as the loss of a strong civilian base since World War II forces the Navy to depend almost exclusively on overstretched contractors, leaving the industrial ecosystem with little autonomy and shallow supply chain depth. Workforce shortages compound these weaknesses: despite relatively high wages, harsh conditions and skill requirements kept employment below 200,000 workers in 2025 (Federal Reserve Bank of St. Louis 2025), while productivity remained only one-third that of Japan (Lopez 2025). Policy barriers such as the Jones Act (Fritteli 2019), with fewer than 100 ships meeting its strict criteria, inflate costs and limit flexibility (U.S. Department of Transportation 2023). Finally, political fragmentation erodes competitiveness, as the traditional coalition of the Navy, Congress, and industry (Carroll 2024) has weakened, and partisan polarization has stymied coherent policymaking, leaving U.S. shipbuilding ill-prepared for long-term strategic demands (Konrad 2023).

This erosion threatens the U.S. Navy's ability to maintain a modern fleet and generate surge capacity in wartime, as naval strategy since Alfred Thayer Mahan has emphasized maritime supremacy as the foundation of global power. The Pentagon has repeatedly warned of a "sealift gap", pointing to the inadequacy of current sealift resources to support sustained expeditionary operations. In this sense, the endogenous need lies in ensuring that the U.S. retains an industrial base capable of supporting its own naval requirements, without overdependence on foreign shipbuilders.

From the economic angle, commercial maritime trade constitutes the need to enhance U.S. shipbuilding. Maritime transport accounts for 78.6% of U.S. trade volume and 44.6% of trade value, among which, trade activities with Asia represent 61% of maritime transport value (data from 2022) (Office of the United States Trade Representative 2025). Meanwhile, the U.S.-flag merchant fleet has declined dramatically, representing only 0.2-0.4 percent of global shipping tonnage in 2022. For policymakers, rebuilding shipbuilding capacity is thus not only a matter of security protection or strategic competition, but also of U.S. own economic development.

4.2.3. Below-state Level: Influence from Interest Groups

From Liberalism's view, Trump 2.0 shipbuilding policy was not just formulated at state level but was also influenced by non-

governmental actors, especially in a democratic policy making process. These actors constantly used their resources, or in Constructivism, their speech acts and socialization (with the framing of national security or patriotism), to shape the discourse on shipbuilding. Efforts such as the 2025 Executive Order and the Maritime Action Plan could be seen as a balance of multiple interests from various actors, including Trump and his Republican party, industrial lobby groups, or local authorities and businesses.

First, Trump's party interests, in the U.S. political economy context, provided a significant endogenous rationale for U.S. shipbuilding policy. Trump's investment in shipyards, port infrastructure, and workforce training was presented as a program of industrial revival, resonating strongly with his "Make America Great Again" narrative that appealed to his voters. By targeting resources at major shipbuilding states such as Virginia, Mississippi, and Wisconsin, the administration tied maritime strategy to the creation of skilled jobs in key electoral battlegrounds. Moreover, Trump consistently invoked the nation's past maritime glory - when over 300 shipyards operated and the U.S. dominated the oceans with "beautiful American-flagged vessels worldwide." The reconstruction of the maritime sector was therefore viewed as a symbol of national revival. In this sense, maritime policy served not only as a response to external competition but also as a domestic political project aimed at restoring his constituents' confidence in U.S. industrial foundations and his administration, ensuring the support for the MAGA fraction and the Republican party beyond the Trump presidency.

Second, U.S. interest groups might have shaped Trump 2.0 shipbuilding policy via their lobbying influence. Interest groups, such as the American Maritime Partnership (AMP) and the Shipbuilders Council of America (SCA), used their resources to exert their preferences on a more protectionist and nationalistic version of shipbuilding policy, notably with per. This direction could be seen via the following mechanisms, whose results were reflected in the abovementioned Trump 2.0 policy lines of efforts: (i) the groups defended the sustenance of the Jones Act, requiring vessels moving goods between U.S. ports to be American made, using the national security justification (Grabow 2025), which is in line with the self-help solution in Realism. Even with ; (ii) the groups supported the levy on Chinese goods and ships accessing the U.S., and attributed capacity issues in U.S. shipyard to Chinese involvement (Grabow 2025); (iii) the groups supported the investment of capital into U.S. shipbuilding workforce and industrial based (Glass 2025), which was embodied in the SHIPS Act and the OBBBA.

4.3. Implications of Trump 2.0 Shipbuilding Policy

With the above policy directions, the Trump administration is moving to materialize them into concrete measures across specific sectors to revive the

U.S. shipbuilding industry. The policy can be expected to have a broad impact. Under Realism, as the policy is a manifestation of U.S. – China competition, it can change the balance of maritime power between the two. Under Liberalism, which focuses on institutions and free market, the policy can lead to the emergence of new coalitions in the shipbuilding sector, and the reshaping of global supply chains and international trade, as well as the restructuring of global shipping routes and maritime transportation systems. This process will also present Vietnam, a coastal country with desires to balance the influences from big powers, and to develop its own shipbuilding capacity, with both opportunities and challenges, considered Vietnam’s national interests.

4.3.1. Implications for Global Shipbuilding and U.S. – China Power Balance

If successful, the policy could shift the long-term balance of relative maritime power back toward the U.S., in both military and non-military terms. First, U.S. internal shipbuilding capacity can be improved with newly drawn in investments, eased legislation, and allied support. Second, the policy directly targets China's asymmetric advantage, with new fees and technological barriers potentially diminishing the return for China's fleet expansion, and widened route access driving up demand for U.S. ships or related logistical solutions (Funaiolo, Hart, and Powers-Riggs 2025). If the U.S. develops advanced shipbuilding capabilities, allied nations may choose to purchase U.S.-built ships over Chinese-built ones, opening new export opportunities for the U.S. shipbuilding sector, particularly in defense and strategic transport.

The shift will also lead to heightened strategic competition in the maritime domain, as Realism predicts. With a strengthened Navy, the U.S. is likely to expand its presence in key geostrategic locations - particularly the Indo-Pacific - bolstering cooperation with allies and re-establishing strategic balance in the regional maritime domain. This expansion will enhance deterrence against China, especially in hotspots such as the South China Sea, the Taiwan Strait, and the Korean Peninsula; reassure allies such as Japan, Australia, and the Philippines, who are increasingly concerned about China’s aggressive actions; and accelerate the implementation of multilateral alliances such as AUKUS (U.S.-UK-Australia), for example, by ensuring the on-schedule transfer of nuclear-powered submarines to Australia. However, a naval arms race could prompt strong reactions from China, such as: (i) accelerating the construction of military bases on artificial islands in the South China Sea; and (ii) deploying additional anti-ship missiles, radar systems, and fast-attack craft in disputed waters.

Second, the policy will continue to drive the realignment of international trade. Regarding supply chain, the “decoupling” policy and high tariffs imposed on Chinese goods have already accelerated adjustments to global production linkages. Efforts to restore domestic

production capacity will drive capital and factories away from China, though the U.S. will still need to depend on other Asian countries such as Japan, South Korea, and India to revive its shipbuilding industry. While this relocation process may increase costs in the short term, it is expected to enhance resilience and diversify global supply chains over the long run (Galani, 2023). In the immediate term, companies will face higher costs, port congestion, and surging freight rates as goods are rushed into the U.S. before the new policy takes effect. Over time, multinational corporations are likely to relocate production to “safe” or “U.S.-friendly” countries such as India, Vietnam, Mexico, and Indonesia. Maritime shipping routes will also be reconfigured: the China-U.S. route will see reduced traffic, while Vietnam-U.S., India-U.S., and Mexico-U.S. lanes will expand sharply. Maritime transport costs will rise significantly, as building ships in the U.S. costs three to four times more than in China or South Korea (Signal Ocean 2025)

Third, the policy can reduce the reshaping of multilateral institutions. Liberalism argues that global institutions can create stable, predictable rules for global commerce. Trump 2.0 policy, which relies more on unilateral protectionism-prone measures and minilateral groupings with trusted allies and partners, can create new rules for global shipping, diminishing the role of multilateral institutions. Moreover, Trump 2.0 policy can counter the regulatory influence of multilateral institutions like the International Maritime Organization (IMO). To promote U.S. shipbuilding, the policy may: (i) prioritize speed over environmental compliance, resulting in new ships using outdated, high-emission fuels; (ii) refuse to adhere to IMO emission standards, creating regulatory conflicts with the rest of the world; and (iii) force carriers to choose between U.S. standards and those of China/IMO, leading to market fragmentation (Hand 2025).

4.3.2. Implications for Vietnam

To gauge the impacts of Trump 2.0 policy on Vietnam, the assessment foundation needs to be addressed first, which include Vietnam’s national interests and current shipbuilding capacity.

The first foundation is Vietnam’s long-lasting national interests (Đảng Cộng sản Việt Nam 2026), recently restated in the 14th National Party Congress, which can be summarized in three points (Lê 2021), all of which are related to shipbuilding. First, Vietnam wants to preserve its independence and sovereignty, which could be demonstrated via its strategic space for autonomy in maritime domain, including in shipbuilding. Second, Vietnam aims to maintain an environment conducive for economic development, including the aim of becoming a maritime economy, as expressed in Resolution 36-NQ/TW on the Strategy for the Sustainable Development of Vietnam’s Marine Economy (Communist Party of Viet Nam 2018). Shipbuilding and its related services are a major component of this maritime economic

approach. Third, Vietnam seeks to enhance its international standing, reinforcing its image as a responsible and active stakeholder in international affairs and promoting the rule of law and multilateralism, which could deal with shipbuilding, especially in the South China Sea.

The second foundation is Vietnam's current shipbuilding landscape. From the positive side, its industry, though troubled by the legacy of the Vinashin crisis (Liên Hà Thái 2024), still retains structural strengths and latent advantages that provide the basis for future development. In terms of industrial scale, Vietnam currently has approximately 88 sea-going shipbuilding facilities and 411 inland waterway vessel construction facilities, including around 120 enterprises capable of constructing and repairing vessels over 1,000 tons. These facilities are concentrated primarily in maritime hubs such as Hai Phong, Quang Ninh, Da Nang, and Ba Ria - Vung Tau, thereby forming industrial clusters with access to ports, logistics services, and a skilled labor base. Major enterprises continue to sustain operations despite past disruptions, including the Vietnam Shipbuilding Industry Corporation (SBIC, formerly Vinashin), PetroVietnam's affiliated yards, defense shipyards such as Z189 Hong Ha under the Ministry of National Defense, and the Pacific Shipbuilding Factory.

Table. 2 Top 10 Shipbuilding Nations - Share of Orders (million GT), 2024

No.	Country	Million GT	Number of ships	Share (%)
1	China	175,4	3.454	62,42%
2	South Korea	60,1	687	21,39%
3	Japan	24,8	651	8,83%
4	Italy	3,8	42	1,35%
5	Vietnam	2,8	120	1,00%
6	Philippines	2,5	61	0,89%
7	Russia	1,5	65	0,53%
8	Germany	1,2	13	0,43%
9	France	1,0	20	0,36%
10	Finland	0,8	4	0,28%
Total Global Orders		281	5.735	

Source: (Break Wave Advisors 2025)^[58]

Note: GT (Gross Tonnage) refers to the total internal volume of a vessel.

From a production perspective, Vietnam has established a meaningful foothold in the global shipbuilding market. Output capacity ranges from 2.6 to 3.5 million DWT annually, ranking seventh worldwide and accounting for roughly 0.6-0.9% of global market share. According to 2024 figures, Vietnam holds the fifth position in terms of gross tonnage (GT) on order, at 2.8 million GT and about 120 vessels, representing 1% of the world's shipbuilding market. While small compared to giants like China, South Korea, and Japan, this level of participation underscores Vietnam's status as a recognized shipbuilding nation. Production is primarily geared toward domestic demand but also extends to more than 40 international markets, including ASEAN members, African countries, and several states in Eastern Europe, thereby demonstrating the industry's ability to export across a diverse range of destinations.

From the negative side, a central weakness is the persistently low value-added in production. Most domestic shipyards primarily engage in assembly or processing using imported materials, equipment, and components, with steel and specialized ship systems sourced mainly from China, South Korea, and Japan. This heavy dependence underscores the absence of a strong supporting industry and prevents Vietnam from developing a fully integrated and self-reliant shipbuilding ecosystem. As a result, Vietnamese shipbuilders often compete on cost rather than technological sophistication, restricting their competitiveness in higher value-added segments such as LNG carriers, cruise ships, and environmentally advanced vessels.

The inadequacy of shipbuilding infrastructure further compounds these constraints. While Vietnam possesses a relatively large number of facilities, many are outdated and lack investment in modern equipment. The absence of large-scale dry docks, specialized piers, and advanced shipbuilding technologies limits the country's ability to undertake large, complex, or technologically demanding projects. Consequently, Vietnam struggles to match the productivity and efficiency of leading shipbuilding nations such as China, South Korea, and Japan, where cutting-edge infrastructure and digital shipbuilding practices are already the industry norm.

Human capital represents another critical bottleneck. Although Vietnam has a relatively abundant workforce, the overall quality and technical skills of shipbuilding labor remain insufficient. The collapse of Vinashin and the downturn exacerbated by the COVID-19 pandemic significantly weakened the sector's educational pipeline. Many universities discontinued programs in naval architecture and marine engineering, while the Vietnam Maritime University's shipbuilding faculty currently admits only about 100 students annually, with relatively low entrance scores. Training programs exist but are fragmented and poorly coordinated among enterprises, educational institutions, and government agencies. As a result, the industry faces an acute shortage of skilled engineers, technicians, and workers who can meet the stringent requirements of modern shipbuilding, especially

considering the International Maritime Organization's (IMO) increasingly strict environmental and safety standards. This skills gap is particularly problematic as the global industry transitions toward green and digital maritime technologies.

Finally, governance and financial capacity remain weak points that hinder the industry's recovery and competitiveness. More than a decade after the Vinashin crisis, restructuring efforts have been slow and only partially successful. Initiatives such as equitizing SBIC, attracting foreign investment, and forming international joint ventures have delivered modest gains but have failed to generate the transformative breakthroughs needed to reposition Vietnam's shipbuilding sector. Many enterprises continue to face difficulties in accessing long-term financing, with limited access to bank guarantees or stable sources of credit. This lack of capital prevents investment in modernizing technology and infrastructure, thereby perpetuating a cycle of low productivity and limited market share. Without significant reforms in financial governance and industrial policy, Vietnam's shipbuilding sector risks stagnating in low-value segments and missing the opportunity to capitalize on the structural growth of global maritime demand.

Given the above national interests and current strengths and limitations in shipbuilding of Vietnam, Trump 2.0 shipbuilding policy can present the country with both potential opportunities and challenges.

Considering Vietnam's interest in sovereignty, autonomy and influence, increased U.S. maritime engagement with an extended fleet, especially in the Indo-Pacific, may contribute to a more favorable balance of power for smaller regional states like Vietnam, especially within the South China Sea disputes context (Sabellon and Galang 2023). First, U.S. ship presence in the South China Sea can act as a deterrence against China's potential detrimental actions against other claimants. Second, U.S. championing of the rule of law and freedom of navigation attached to its naval presence, despite its inconsistent applications, can contribute to maintaining stability at sea and UNCLOS, while ensuring the smooth flow of international shipping lanes. Third, the U.S. allied network in shipbuilding could also help retain the strategic focus on the Indo-Pacific and the South China Sea, enabling the space for further partnerships between Vietnam and its partners.

However, Vietnam will have to navigate so as not to be drawn into the geostrategic rivalry between the two superpowers. First, there will be more pressure from the U.S. to "decouple from China" in its shipbuilding supply chains, limiting Vietnam's space for autonomy. If forced to take a side, Vietnam can also be reliant on one power's production chain, technology or standards. Second, the security situation in the South China Sea will continue to be complex as a stronger U.S. presence may also intensify militarization on the ground, pushing the region in a heightened security dilemma or an arms race, as Realism suggests. China might also respond to U.S. fleet expansion with further

naval modernization and “gray zone” deployments, leading to further security risks for other South China Sea claimants. Third, the U.S. allied network in shipbuilding centralized on mini groupings, as mentioned above, could be detrimental to existing multilateralism that Vietnam uses as a platform for influence enhancement. The U.S. policy potentially bypassing IMO regulations can also weaken the rule of law that Vietnam wants to champion.

Considering Vietnam’s interest in economic development, the restructuring of the global shipbuilding supply chain can be beneficial to Vietnam. First, the potential shift of manufacturing out of China could create opportunities for Vietnam to attract additional investment and shipbuilding technology. Vietnam also has the chance to upgrade its maritime industrial bases conducive to shipbuilding, including maritime ports, as the U.S. and its partners seek to diversify supply chains. Second, Vietnam can utilize its strategic location to promote logistical services related to shipbuilding, including repair services (especially for the bigger number of U.S. vessels passing through the region), and become a transshipment hub for goods to the U.S.. Vietnam could replace Hong Kong or Guangzhou as a transshipment center (Zhang et al., 2015).

Nevertheless, risks might occur in both the short and long term. In the short term, Vietnamese exports to the U.S. could incur higher costs if the U.S. imposes tariffs and fees on cargo vessels of Chinese origin, or if the routes must be rearranged. This is even more critical to Vietnam as Vietnam has been negotiating with the Trump 2.0 administration over the alleged transshipment of goods from China. Moreover, the nationalist faction inside the U.S. might not push for ship services in Vietnam.

In the long term, China’s response to Trump 2.0 policy, as seen in the amended China’s International Maritime Transport Regulations, might be more resolute, leading to more costs for ships from countries that do not support China. Moreover, shipbuilding competition poses a risk of making supply chains less stable and more unpredictable. The fragmentation of the global market into smaller groups, with different standards, could undermine the overall efficiency of maritime trade. Besides, if the U.S. abandons green shipping standards, others might follow suit, which indirectly harms the sustainable development approach Vietnam wants to uphold.

5. Conclusions and Recommendations

U.S. shipbuilding policy under the Trump 2.0 administration, which does not exist in a standalone format but is embodied via a series of 2025 documents, statements and measures, from both the executive and legislative branches, marks a comprehensive overhaul. The policy’s elements can be synthesized into two categories based on their wording, in line with Realist arguments on internal and external balancing: (i) strengthening domestic capacity, including attracting investment for fleet expansion and industrial base upgrade, with workforce,

technology and related infrastructure being a part; and (ii) enhancing external positioning, including seizing access to strategic ship routes, limiting competitors' influence, and strengthening allied network, etc.

This policy reflects deep endogenous pressures within the U.S. political economy - ranging from naval readiness and commercial resilience to domestic industrial revival, electoral considerations and group interests. More importantly, through the lens of Realism and Liberalism, it can be seen as a response to China's overwhelming dominance in global shipbuilding and maritime logistics, as well as global shifts in the shipbuilding sector. These factors can be laid out in the multi-level analysis framework commonly used in Foreign Policy Analysis.

The policy might lead to an expansion of U.S.-flag vessels, which can create changes in the U.S.-China power balance and the global shipbuilding landscape, marked by increasing fragmentation in supply chain and diminished multilateralism. For Vietnam, the restructuring of global shipbuilding and shipping under U.S.-China competition creates new space for investment, technology transfer and cooperation. However, these opportunities are accompanied by strategic risks, including pressure to take sides and a more militarized and prone-to-conflict South China Sea, and by economic risks, including exposure to higher economic costs and conflicting standards.

Overall, Trump 2.0's shipbuilding policy underscores a broader transformation in the international maritime order. As shipbuilding becomes a barometer of strategic power rather than purely economic efficiency, states like Vietnam must navigate carefully between opportunity and constraint, aligning industrial development with strategic autonomy while avoiding entanglement in great-power rivalry.

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