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Forging a United Front to China's Maritime Threat

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Forging a United Front to China's Maritime Threat

There is a comprehensive contest playing out today with China. This societal, economic, and military contest has only in recent years been acknowledged in Washington, and it will determine the fate of free markets and democratic society. To prevail in this generational rivalry requires economic resiliency and military nimbleness that maritime dominance affords – shipping, shipbuilding and naval power. China knows this and has doggedly sought to achieve global maritime dominance, as the U.S. and its allies have looked the other way… until now.

The Communists in Beijing long ago realized they would need a more pragmatic approach to persevere and succeed where their predecessor the Soviet Union failed. After an embarrassing performance during the Third Taiwan crisis (1995-1996) and still reeling from sanctions over their 1989 brutal crackdown of peaceful protesters in Tiananmen Square, in 1998 the regime stated its goal of dominating global maritime industry.[1] Meanwhile, after decades of atrophy, today's American maritime industry cannot build nor sustain the Navy it needs to sustain deterrence, which has been ebbing against a resurgent and increasingly aggressive Chinese Peoples' Liberation Army. Blunting this threat, restoring deterrence, and winning the long-term rivalry requires a revolution in American shipping to regain global maritime industrial leadership.

Today's nascent effort to restore America's maritime strength is a threat to Beijing's bottom line as well as its strategy of displacing the U.S. from markets and allies. To this end, Beijing often fosters coercive dependencies for its exports around the world and through its control of shipping and global network of ports. While a revolution in shipping can revive American maritime innovation, it will fail to grow industrial capacity unless Chinese state-led predatory practices are neutralized. To this end, a united front of likeminded maritime allies armed with keen market and financial intelligence to wage an effective campaign to reverse China's malign influence in multinational maritime organizations, predatory trade practices, and coordinate the maturing of a new competitive maritime industrial model to regain global market share from China.

China Aims to Control the Terms of Trade

On January 1, 2017, a new Chinese law, the National Defense Transportation Law, came into effect making clear that transport and associated infrastructure was a national asset as part of civ-

[1] Takeda Jun'ichi, "China's Rise as a Maritime Power: Ocean Policy from Mao Zedong to Xi Jinping," Review of Island Studies, April 23, 2014, https://www.spf.org/islandstudies/research/a00011.html (accessed July 19, 2026), and Alexander Wooley and Lea Thome, "Why Did China Buy Up the World's Ports?" Foreign Policy, April 15, 2026, https://foreignpolicy.com/2026/04/15/china-ports-maritime-power/?fbclid=IwY2xjawTKYOJleHRuA2FlbQIxMABicmlkETFDd2ZSZHFZN0hRMTNBdTZUc3J0YwZhcHBfaWQQMjIyMDM5MTc4ODIwMDg5MgABHoyqAPWDnDX5bNt_gBzXdpmCSdsLEcImC8ywkFjJk_MzoutnycV5SZBFGPJl_aem_qtL-AP97kQ2al2GMOrPLXQ (accessed July 19, 2026).

mil fusion policies.[2] This new law built on a 2015 regulation, Outline for Training and Evaluation of National Defense Transportation Specialized Support Teams, which mandated military training of personnel in "transport support teams" for ship, rail, air, and highway transportation.[3] Naval analyst Thomas Shugart has tracked the development of Chinese civilian car ferries for a potential invasion of Taiwan, noting that China has conducted training on retrofitted ferries able to embark tanks and has practiced the deployment of amphibious assault vehicles from these ferries while at sea.[4] The reality is that Chinese commercial ships are also military assets, and so are the crews.

If there were any doubts that Chinese commercial shipping serves the Chinese Communist Party (CCP), those doubts should be put to rest now. A rare glimpse into the political life of COSCO crews was unveiled through the publication of several leaked corporate documents. These documents reflect crews attending political study sessions and corporate political training given to ship captains, and all swearing loyalty to the CCP.[5] According to these leaked documents, at least 10,000 party members and 150 senior special party cadre members are spread throughout COSCO's fleet and port operations. In fact, given troubling news of illegal overseas Chinese police stations, these documents also indicated that COSCO based 23 party members in New York and 24 in Piraeus, Greece. The implication is that far more than commercial interests are driving COSCO, and its presence overseas often serves political purposes.

Service CCP strategic interests, COSCO has embarked on a decades-long effort to become a global leader in shipping and port operations. Today it has stakes in approximately 100 ports outside China, a third of which have hosted Chinese naval vessels. In September 2021, Hamburg's Tollerort port – near a major NATO logistics hub - in Germany became the 96th port outside mainland China with a major Chinese stake.[6] The deal gave COSCO a 24.9 percent stake in the port, over the objections of Germany's foreign office and five other ministries who were ultimately overruled by Chancellor Olaf Scholz. Scholz's argument was that Chinese money would simply go to another port in Poland if not Hamburg. The lesson is that Chinese investments in ports are not only guided by economics, but by strategic-political calculations with inherent risks to host nations.

So far, the U.S. response to China's global maritime market ascendency has been muted. Instead, despite ardent support for Jones Act limitations, some U.S. shipping companies, such as Matson, spend tens of millions on maintenance for their U.S.-flagged vessels in Chinese shipyards every year. The cost advantage of employing state-owned Chinese shipyards outweighs the 50 percent ad valorem tariff on foreign yard maintenance. This is particularly egregious given the possible

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2 David Axe, "Thousands of Ships, Millions of Troops: China Is Assembling a Huge Fleet for War with Taiwan," Forbes, July 27, 2021, https://www.forbes.com/sites/davidaxe/2021/07/27/thousands-of-ships-millions-of-troops-china-is-assembling-a-huge-assault-flotilla-for-a-possible-attack-on-taiwan/?sh=4eb763c8751b (accessed July 19, 2026).

3 Lonnie D. Henley, "China Maritime Report No. 21: Civilian Shipping and Maritime Militia: The Logistics Backbone of a Taiwan Invasion," China Maritime Studies Institute, May 2022, p. 11, https://digital-commons.usnwc.edu/cgi/viewcontent.cgi?article=1020&context=cmsi-maritime-reports (accessed July 19, 2026).

4 H. I. Sutton and Sam LaGrone, "Chinese Launch Assault Craft from Civilian Car Ferries in Mass Amphibious Invasion Drill, Satellite Photos Show," USNI News, September 28, 2022, https://news.usni.org/2022/09/28/chinese-launch-assault-craft-from-civilian-car-ferries-in-mass-amphibious-invasion-drill-satellite-photos-show (accessed July 19, 2026).

5 Didi Kirsten Tatlow, "China's Stake in World Ports Sharpens Attention on Political Influence," Newsweek, October 9, 2022, https://www.newsweek.com/2022/10/14/chinas-stake-world-ports-sharpens-attention-political-influence-1749215.html (accessed July 19, 2026).

6 Erik Kravets, "When China Shanghais Your Port," The Maritime Executive, December 23, 2022, https://maritime-executive.com/magazine/when-china-shanghais-your-port (accessed July 19, 2026).

counterintelligence value and the obvious deleterious impact to domestic shipyards. Moreover, the safe and timely operation of harbors is supported by duties collected for the Harbor Maintenance Trust Fund (HMTF); financing periodic dredging is required to keep ports open as silt builds up. But the HMTF has not resulted in significant improvement of shipping access or modernized harbor infrastructure. To better enforce U.S. regulations, a relatively small $6 million infusion was planned as part of the Ocean Shipping Reform Act of 2022 for the Federal Maritime Commission (FMC) to increase its staff with up to 170 new hires as it works through 200 complaints that spiked during the post-pandemic recovery and associated shipping backups at numerous American ports.[7] Lastly, increased cargo preference (such as government-impelled cargo to U.S.-flagged carriers) has been proffered as a means of sustaining a minimum of American shipping by impelling cargo financed by the U.S. government to keep these carriers financially afloat (solvent).[8] However, such assurances distort the U.S.-flagged shipping market to gravitate further toward limited government contracts, rather than gaining a competitive advantage against foreign shippers by increasing quality, productivity, and value.

America's economy relies on shipping, domestically across the world's most expansive river and intracoastal waterway system and critically through transoceanic routes. New analysis and simulation work done by The Heritage Foundation in a project called TIDALWAVE and published in a Heritage Special Report adds significant insights into the logistics dilemma the U.S. faces.[9] While the U.S. faces a comprehensive sealift dilemma (military and commercial), it is imperative the nation revive its strategically important commercial shipbuilding sector. The criticality of a vibrant commercial maritime industry is supported by our nation's experiences in two world wars and success in the Cold War era.

In the next major war, ensuring adequate shipping will be the deciding factor in achieving victory: It nearly derailed the Allies in World War I and World War II. With fresh memories of the failure of shipbuilding and shipping in World War I, policymakers and the President in the 1930s attempted to prevent a repeat of that failure. Corrective actions made in the 1930s were critical but too modest and resulted initially in a slowdown in military operations that prolonged World War II. Had more ships been available sooner, the last world war could have ended sooner, as it was inadequate shipping that slowed the movement of troops and material to the front; delayed the build-up of insurmountable ground, naval, and air forces against the Axis powers; and slowed the delivery of resources that fed freedom's forge at home. Our leaders today struggle with the vital necessity of reviving a dormant maritime industry as a critical element in ensuring the survival of our Republic.

Before the end of 2025, President Donald Trump by executive order had set a deadline for presenting a national Maritime Action Plan. That plan, released February 13, 2026, is intended to guide national efforts to revive America's strategically important maritime industry: shipbuilding, shipping, merchant mariners, and ports. That plan is comprehensive, but it does not

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[7] Alejandra Salgado, "How the FMC Plans to Enforce the Ocean Shipping Reform Act in 2023," Supply Chain Dive, February 7, 2023, https://www.supplychaindive.com/news/fmc-plans-to-enforce-the-ocean-shipping-reform-act-in-2023/641643/ (accessed July 19, 2026).

[8] U.S. Maritime Administration, "Cargo Preference," September 12, 2022, https://www.maritime.dot.gov/ports/cargo-preference/cargo-preference (accessed July 19, 2026).

[9] Robert Greenway and Anna Gustafson, "Tidalwave: Strategic Exploitation and Sustainment in a U.S.–China Conflict," Heritage Foundation Special Report No. 234, January 16, 2026, https://static.heritage.org/-2025/SR324_TIDALWAVE_REDACTED.pdf?_gl=1*179089m*_gcl_au*MjEzMjEwMDkzMS4xNzY0MzUzODcw*_ga*MzUxNzkyMDkzLjE2NTQ5ODczNzQ.*_ga_W14BT6YQ87*czE3NzA4MDkwNjYkbzQ1OCRnMCR0MTc3MDgwOTA2NiRqNjAkbDAkaDA

address naval shipbuilding needs or how it integrates with a national maritime revival. This is necessary because the aggressive naval vision called the "Golden Fleet," which would see battleships being built once again, has been tabled.[10] Moreover, and critically, the plan does not address how to defend against predatory and nefarious actions by the CCP to target this national maritime revival.

It is estimated that this endeavor will require growing the shipbuilding workforce by 250,000 and expanding the number of shipyards and their capacity. However, post–Cold War experience makes clear that naval shipbuilding alone will not be sufficient.[11] This report provides a commonsense approach to meeting the shipping and shipbuilding needs of the nation while navigating the many challenges the nation faces.

Analysis and tabletop exercises with industry and military experts already provide a good starting point. To mitigate today's overreliance on China-controlled shipping, the nation will need a total of 1,315 additional U.S.-flagged/U.S.-crewed vessels of six different classes: 960 container ships; 122 tankers; 33 liquefied natural gas (LNG) carriers; 77 roll-on/roll-off (RO/RO) ships; 106 bulk carriers; seven heavy lift ships (four for military damage repairs and three for cargo that can be delivered only on this class of ships); and 10 cable-laying and repair ships operating where the threat is greatest to the most critical undersea cables. This total represents a conservative estimate that still assumes significant risk of reliance on Chinese shipping and its interference. Acquiring the most critical elements of this fleet in the near term will require open market purchases, but this is not a sustainable solution and leaves the U.S. reliant on others to sustain such a fleet if nothing is done to rebuild domestic shipyards in the long-term.

Today's stark reality is that the U.S. flagged fleet of 187 ships with a combined petroleum shipping capacity of 4,945,754 barrels (the U.S. imports 8.51 million barrels per day,[12] about half of this via pipeline from Canada and Mexico combined) and a container capacity of 265,799 (in 2024, the U.S. moved over 2 million containers or 20-foot equivalent units [TEUs] per month[13]) is inadequate,[14] leaving the U.S. dependent on foreign-controlled shipping. In addition, the capacity of a ready reserve fleet intended to sustain the U.S. military in a regional conflict is questionable: A 2019 Turbo Activation exercise, for example, revealed that only 63.9 percent of 61 ships of the reserve fleet were ready for tasking within required timelines.[15] Given this poor performance, a repeat large-scale Turbo Activation exercise to assess this fleet's current

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10 Matthew Olay, "Trump Announces New Class of Battleship," U.S. Department of War, December 22, 2025, https://www.war.gov/News/News-Stories/Article/Article/4366952/trump-announces-new-class-of-battleship/ (accessed July 19, 2026).

11 Mallory Shelbourne and Sam LaGrone, "SECNAV: Shipbuilders Need to Hire 250,000 Workers Over the Next Decade for 'golden Fleet'," U.S. Naval Institute News, updated January 14, 2026, https://news.usni.org/2026/01/13/secnav-shipbuilders-need-to-hire-250000-workers-over-the-next-decade-for-golden-fleet (accessed July 19, 2026).

U.S. Department of Energy, Energy Information Administration, "Frequently Asked Questions (FAQs): How Much Petroleum Does the United States Import and Export?" last updated March 29, 2024 (preliminary data), https://www.eia.gov/tools/faqs/faq.php?id=727&t=6 (accessed July 19, 2026).

13 U.S. Department of Transportation, Bureau of Transportation Statistics, Port Performance Freight Statistics: 2025 Annual Report, January 2025, pp. 14–15, https://www.bts.gov/sites/bts.dot.gov/files/2025-03/BTS_Port-Performance-2025_Annual-Report_for%20web_20250224-1232.pdf (accessed July 19, 2026).

14 U.S. Department of Transportation, Maritime Administration, "U.S. Flagged Fleet—Dashboard," data current as of April 2025, https://www.maritime.dot.gov/data-reports/us-flag-fleet-current (accessed July 19, 2026).

15 Sal Mercogliano, "Turbo Activation—A Sealift Surge, or Just a Trickle?" gCaptain, December 31, 2019, https://gcaptain.com/turbo-activation-19-plus-a-sealift-surge-or-just-a-trickle/ (accessed July 19, 2026).

readiness is long overdue. The urgency of the need to improve and grow the existing commercial fleet has been made ever more evident by recent analysis.

Building this national commercial fleet is currently beyond the capacity of America's shipyards, the capabilities of its maritime academic institutions, and thoughtful administration by a fractured governing structure. Addressing this will require acting in concert with like-minded allies such as shipbuilding leaders Japan and South Korea and, most urgently, continue attracting capital to begin the necessary construction. Admittedly, there is a tenuous structure in place that could be useful in America's maritime revival—the so-called Jones Act fleet—but by itself it is not the solution.

China's State Malign Maritime Machine

Since declaring its strategic intent in 1998 the Chinese Communist Party has since 2008 dominated the sector and continues to run a comprehensive effort to further its control of maritime trade. This effort includes state financed investments, predatory business practices, and a willingness to use its market dominance to political ends – such as done first in 2010 against Japan and recently against the U.S. though its control of refined rare earth minerals. But the tools of the trade include more than business practices. As a national strategic priority, all tools of the state have been employed to include state intelligence agencies to collect market information, attack or discredit potential adversaries, and run influence operations through such groups as the United Front Work Department. The targets of such activities include a wide audience to include the U.S.

<u>Predatory State Sponsored Practices</u>. In 2024, section 301 complaints were begun against unfair and predatory Chinese steelmaking and shipbuilding practices. That complaint was finalized in early 2025 and serves as the basis for an array of retaliatory actions – such as fees on Chinese shipping paused till November 2026, a decision made at the November 2025 Trump-Xi summit in Buson, South Korea. The intent is to level the playing field, incentivize U.S. shipping and onshore more maritime industry to the U.S. in support of a larger domestic flagged commercial fleet. The proponents of this pause, include powerful interests here in the U.S.

To compete for shipping and shipbuilding market share with Chinese corporations, such as COSCO, will require taking on the Chinese Communist Party (CCP). China's "civ-mil" fusion blends civilian activities like shipping with military needs, which has enabled a massive growth in global shipping, shipbuilding, and port operations. The risk is not just the military use of commercial ships and ports in war, but the ability to edge out market competitors and stifle any innovation that is contrary to CCP interests. Taking on a state entity with massive financial backing will be no small feat and requires national leadership.

When it comes to shipbuilding, Chinese companies enjoy healthy government backing in addition to a regulatory environment that avoids the enormous costs of U.S. environmental, labor, and special interest regulations. Between 2010 and 2018, Chinese shipbuilders enjoyed $132 billion in direct subsidies, not including vast indirect subsidies and regulations, giving them a leg up on global competitors.[16] Favorable financing and supporting government direction enabled the massive merger of COSCO Group and China Shipping Group in 2016, and then the absorption of Hong Kong–listed Orient Overseas Container Line to become today's COSCO. Such government support has created a powerful shipbuilding market that benefits from foreign orders. Surprisingly, even Taiwan's, the CCP's arch enemy, Evergreen Marine Group purchased 44 vessels from mainland Chinese shipyards in 2019. And, between 2019 and 2021, China's four main shipyards (also producing warships) had 211 new orders of which 64 percent were from overseas buyers.

Targeting the Opposition and Enabling China's Allies. Here in the U.S. China has potential allies it can court and finance to derail efforts to revive the nation's maritime industry. Such as the bipartisan, bicameral SHIPS for America Act that too includes fees and incentives to address market distortions that benefit Beijing. By extension, these same forces push back on the current Congress' and the Trump administration's efforts as well – several executive orders and the Maritime Action Plan. Given the national security implications of the weakened state of the nation's maritime industry, exposing China's hand behind various influence efforts is required. This effort by necessity must include enhanced counterintelligence efforts to protect the industry's Captains of change leading America's maritime revival and the intellectual property that would fuel a resurgent American maritime industry – such as development of marinized Small Modular Nuclear Reactors.

When Congress proposed its bipartisan and widely supported SHIPS for America Act in December 2024 (and again in April 2025), naval shipbuilders and retailers took notice. Building on a U.S. Trade Representative 301 complaint begun under the Biden Administration because of Chinese unfair maritime practices, President Trump instituted fees on Chinese shipping—a proposal included in the SHIPS for America Act.[17] This was a threat to continued cheap shipping of Chinese textile imports aboard foreign-flag ships and triggered a concerted and well-funded lobbying effort to kill the SHIPS for America Act and stall President Trump's efforts to level the playing field for America's maritime industry. Groups representing American companies paid the World Shipping Council $50,000 to kill fees on Chinese shipping, the National Retail Federation spent $2.27 million lobbying against the maritime revival effort, and the American Apparel and Footwear Association and Travel Goods Association together spent $238,819 lobbying lawmakers not to support the effort to kill such fees.[18] The SHIPS for America Act's focus on growing the number of American based shipbuilders has also had American naval shipbuilders on edge.

At issue for naval shipbuilders was access to labor, but a contract dispute with dockworkers beginning in summer 2024 exposed bigger concerns. This was illustrated by the contentious dispute between the politically potent International Longshoremen's Association (ILA), which controls labor across East Coast ports, and the U.S. Maritime Alliance (USMX) representing

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[16] Jude Blanchette et al., "Hidden Harbors: China's State-Backed Shipping Industry," Center for Strategic and International Studies, July 8, 2020, https://
www.csis.org/analysis/hidden-harbors-chinas-state-backed-shipping-industry (accessed February 20, 2023).

[17] Press release, "USTR Section 301 Action on China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance," Office of the U.S. Trade Representative, April 17, 2025, https://ustr.gov/about/policy-offices/press-office/press-releases/2025/april/ustr-section-301-action-chinas-targeting-maritime-logistics-and-shipbuilding-sectors-dominance (accessed July 19, 2026).

[18] Zach Williams, "American Retailers Oppose Funding Plan to Expand US Shipbuilding," Bloomberg Government, December 9, 2025, https://news.bgov.com/bloomberg-government-news/american-retailers-oppose-funding-plan-to-expand-us-shipbuilding (accessed July 19, 2026).

East and Gulf Coast ports. That dispute was inserted into the presidential elections in the fall of 2024, with both candidates ostensibly siding with labor over concerns that automation would kill union jobs.[19] Had the ILA workers walked out, American ports through which 91 percent of America's generic pharmaceuticals,[20] 60 percent of its fruits, and 40 percent of its vegetables[21] passed would have shuttered, triggering inflationary pressures at a politically delicate time. On January 8, 2025, the ILA and USMX reached a tentative deal that left questions about how to modernize America's woefully underperforming ports without killing union port jobs unresolved.[22]

This makes the presence of Chinese state-owned enterprises represented in the earlier ILA–USMX negotiations surprising. USMX is comprised of numerous foreign shippers and port operators with interests and assets in the U.S., but it is the presence of Chinese state-owned enterprise COSCO Shipping and Hong Kong–based OOCL that stands out.[23] Their presence in the negotiations gives Beijing the ability to influence any agreement with implications for America's economic security. Unsurprisingly, in November 2025, the ILA joined with representatives from over 60 countries in a Global Maritime Alliance to work against automation in dock work; it is unclear whether there is a Chinese presence in this body.[24] If China sees a revived American maritime industry as a threat—and it does—then its presence in such negotiations will prove problematic.

However, modernization of American ports does not come without a security risk in the absence of commensurate strategy. In recent years, the discovery of unknown modems and serendipitous communications from port cranes to Chinese manufacturers has exposed the threat of cyber intrusions that could shut down American trade at the pier.[25] It clearly would be in China's interest to retain insight into and, potentially, control of U.S. port operations through modern port equipment.

U.S. financial institutions have – until recently – increasingly been pressured by progressive interest groups to adopt Environmental, Social, and Governance (ESG) policies, such as net-zero

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19 Denis A. Daggett, "The ILA's Fight Against Automation: Preserving Jobs, Securing National Security, and Defending the Future of Work," International Longshoremen's Association, December 2, 2024, https://ilaunion.org/the-ilas-fight-against-automation-preserving-jobs-securing-national-security-and-defending-the-future-of-work/ (accessed July 19, 2026).

20 Jeff Ferry, "Surge in Pharmaceutical Imports Threatens U.S. National Security as India/China Dominance Grows," Coalition for a Prosperous America, March 21, 2024, https://prosperousamerica.org/surge-in-pharmaceutical-imports-threatens-u-s-national-security-as-india-china-dominance-grows/ (accessed July 19, 2026).

21 Steven Zahniser, "Imports Make up Growing Share of U.S. Fresh Fruit and Vegetable Supply," U.S. Department of Agriculture, Economic Research Service, Charts of Note, July 31, 2023, https://www.ers.usda.gov/data-products/charts-of-note/chart-detail?chartId=107008 (accessed July 19, 2026).

22 John Drake, "ILA and East Coast Ports Reach Tentative Labor Agreement: What You Need to Know," U.S. Chamber of Commerce, updated January 8, 2025, https://www.uschamber.com/employment-law/unions/dock-workers-could-strike-again-what-you-need-to-know (accessed July 19, 2026).

23 United States Maritime Alliance, Ltd., "About USMX: Members," https://usmx.com/members (accessed July 19, 2026).

24 International Longshoremen's Association, "With Global Maritime Alliance Success Achieved in Lisbon, Portugal, Harold J. Daggett Cements His Legacy as Most Effective and Influential President in ILA History," November 9, 2025, https://ilaunion.org/with-global-maritime-alliance-success-achieved-in-lisbon-portugal-harold-j-daggett-cements-his-legacy-as-most-effective-and-influential-president-in-ila-history/#:~:text=LISBON%2C%20PORTUGAL%20(November%209%2C,return%20from%20active%20military%20duty (accessed July 19, 2026).

25 Brent D. Sadler, "Securing America's Maritime Security: A National Maritime Initiative to Regain American Maritime Competitiveness," testimony before the Subcommittee on Coast Guard and Maritime Transportation of the Committee on Transportation and Infrastructure and the Subcommittee on Transportation and Maritime Security of the Committee on Homeland Security at joint field hearing, Port Safety, Security, and Infrastructure Investment, April 5, 2024, pp. 3–5, https://www.congress.gov/118/meeting/house/117058/witnesses/HHRG-118-HM07-Wstate-SadlerB-20240405.pdf (accessed July 19, 2026).
See also joint field hearing, Port Safety, Security, and Infrastructure Investment, Subcommittee on Coast Guard and Maritime Transportation, Committee on Transportation and Infrastructure, and Subcommittee on Transportation and Maritime Security, Committee on Homeland Security, U.S. House of Representatives, 118th Congress, 2nd Session, April 5, 2024, pp. 42–50 and 63–65, https://www.congress.gov/118/chrg/CHRG-118hhrg57417/CHRG-118hhrg57417.pdf (accessed July 19, 2026).

emission policies.[26] This pressure has disincentivized investment in relatively clean, reliable, and affordable American energy production in favor of allegedly "clean" renewables.[27] In fact, China largely controls many renewables, including markets in battery production, solar cell fabrication, and wind turbine construction.[28] ESG is also affecting firms residing in treaty allies overseas, combining into a potential disaster that undermines U.S. foreign and national security policies.[29] ESG policies are increasing dependence on China for renewables, undermining attempts at U.S. energy independence, and weakening America's economic resilience. Combined, ESG policies are further opening America to Chinese economic coercion, and delays modernization of a commercial fleet over uncertainty regarding fuel standards previously set by the International Maritime Organization.[30]

Opaque and Nefarious Business Practices. Finally, Beijing since 2013 has devoted significant resources into the Belt and Road Initiative. This effort has focused on building infrastructure like ports at key strategic locations – sources of key resources like petroleum, along vital sea lanes, and shipping chokepoints like the Panama Canal. As of July 2026, China has spent over $82 billion via 59 Chinese entities at 145 port projects around the world.[31] Often China's agents use tactics of elite capture, opaque financing and nefarious business dealings to mask concessions granted it in maritime dealings abroad.[32]

China's strategy has centered around massive infrastructure projects, elite capture through graft, predatory lending, and lopsided trade deals. However, this approach often alienates the local community, which benefits only rarely from China's presence as local political leaders bow for short-term Chinese favors. Africa has seen many such efforts fail, has suffered under debt

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[26] For an example of how ESG special-interest groups pressure businesses, see letter from Brad Lander, New York City Comptroller, to Laurence D. Fink,
Chief Executive Officer, BlackRock Inc., "Re: BlackRock Inc.'s Commitment to Net Zero Emissions," September 21, 2022, https://comptroller.nyc.gov/wp-content/uploads/2022/09/Letter-to-BlackRock-CEO-Larry-Fink.pdf (accessed July 19, 2026).

[27] According to congressional testimony by Diana Furchtgott-Roth, U.S. energy production is cleaner, and CO2 emissions have trended downwards since 2005. See Diana Furchtgott-Roth, Director, Center of Energy, Climate, and Environment, The Heritage Foundation, prepared statement for hearing, Growing the Domestic Energy Sector Supply Chain and Manufacturing Base: Are Federal Efforts Working? Subcommittee on Oversight and Investigations, Committee on Energy and Commerce, U.S. House of Representatives, May 23, 2023, https://www.congress.gov/118/meeting/house/116005/witnesses/HHRG-118-IF02-Wstate-Furchtgott-RothD-20230523.pdf (accessed July 19, 2026).

[28] Sarah Ladislaw, Ethan Zindler, Nikos Tsafos, Logan Goldie-Scot, Lachlan Carey, Pol Lezcano, Jane Nakano, and Jenny Chase, "Industrial Policy, Trade, and Clean Energy Supply Chains," Center for Strategic and International Studies and Bloomberg NEF, February 2021, pp. 10–14, https://csis-website-prod.s3.amazonaws.com/s3fs-public/publication/210224_Ladislaw_Industrial_Policy.pdf?DRja.V6axwyBE_PV6Chmdi5k2VqOq33n (accessed July 19, 2026).

[29] Eric Ng, "Climate and Sustainability: How Impending EU Laws on ESG Disclosures Will Be a Matter of Survival for Asian Suppliers," South China Morning Post, February 14, 2023, https://www.scmp.com/business/article/3210126/climate-and-sustainability-how-impending-eu-laws-esg-disclosures-will-be-matter-survival-asian (accessed July 19, 2026).
A Deloitte survey of 300 publicly owned companies with a minimum annual revenue of $500 million USD indicated that 50 percent have already implemented ESG policies and controls. Jon Raphael and Kristen Sullivan, "Sustainability Action Report: Survey Findings on ESG Disclosure and Preparedness," Deloitte & Touche LLP, December 2022, pp. 4, 15, and 18, https://www2.deloitte.com/content/dam/Deloitte/us/Documents/audit/us-survey-findings-on-esg-disclosure-and-preparedness.pdf (accessed July 19, 2026).

[30] Lisa Baertlein, Valerie Volcovici and Enes Tunagur, "US to retaliate against IMO members that back net zero emissions plan," Reuters, August 12, 2025, https://www.reuters.com/sustainability/climate-energy/us-retaliate-against-imo-members-that-back-net-zero-emissions-plan-2025-08-12/ (accessed July 19, 2026).

[31] Zongyuan Zoe Liu, "Tracking China's Control of Overseas Ports," CFR, July 2026, https://www.cfr.org/articles/china-overseas-ports (accessed July 19, 2026).

[32] Alexander Wooley, Lea Thome, Sheng Zhang, Rory Fedorochko, Sarina Patterson, and Seth Goodman, "Anchoring Global Ambitions: Beijing's Ports Financing and the Race for Maritime Dominance," AidData, March 2026, https://docs.aiddata.org/reports/anchoring-global-ambitions/full-report.html (accessed July 19, 2026).

diplomacy, and has seen its natural resources exploited. One notable example is Uganda's renegotiating the tough terms of a 2015 deal with China to expand and modernize its Entebbe Airport for $200 million.[33] Latin America is not far behind.

In June 2025, China's state-owned COSCO started operations at Chancay Port in Peru, a $3.5 billion Chinese project to build a modern, highly automated shipping hub.[34] Construction continues despite local concerns about labor and environmental impacts. It has long been suspected that these ports projects are being used for nefarious purposes. Christopher Hernandez-Roy of the Center for Strategic and International Studies, for example, raised this concern in a September 2023 article titled "Are Chinese Ports in Latin America Preferred by Organized Crime?"[35]

China's influence goes beyond trade and big infrastructure projects. Its fishing fleets often poach in places like the Gulf of Guinea, around the Galapagos Islands, and off the coast of Argentina.[36] In June 2025, Argentine forces blocked about 300 Chinese fishing boats from entering Argentina's exclusive economic zone (EEZ) where Argentina, like other coastal states, retains the right to all of the natural resources within it, including the seabed.[37] This ongoing standoff has become a regular occurrence and led to the sinking of a Chinese trawler in 2016 and the firing of warning shots by Argentine forces again in 2019.[38] Africa has faced challenges from a predatory Chinese fishing fleet in its waters as well. The effect is to bankrupt local fishing fleets and impoverish fishermen, and in so doing make global fish markets reliant on Chinese fishing fleets.

Recent Wins and Cautionary Tales

Shutting Off Beijing's Illicit Petroleum Supply. The early January 2026 toppling of the Maduro narco-regime in Venezuela has begun to unravel illicit petroleum networks and to spur more actions against the dark fleet.[39] This Caribbean success fed into a confrontation now playing out over Iran's nuclear ambitions, which shuttered shipping through the Strait of Hormuz—imperiling 25 percent of the world's energy shipments.[40] These events are also creating a cascading effect that is seeing former Latin American partners of China teetering, such as the

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[33] Bradley C. Parks, Ammar Malik, and Alex Wooley, "AidData Publishes a Controversial $200m Chinese Loan Contract for Uganda's Main Airport," AidData, The First Tranche Blog, February 27, 2022, https://www.aiddata.org/blog/aiddata-publishes-a-controversial-200m-chinese-loan-contract-for-ugandas-main-airport (accessed July 19, 2026).

[34] "Shippers Flock to China-Backed High-Tech Port in Peru," Nikkei Asia, September 8, 2025, https://kr-asia.com/shippers-flock-to-china-backed-high-tech-port-in-peru (accessed July 19, 2026).

[35] Christopher Hernandez-Roy, "Are Chinese Ports in Latin America Preferred by Organized Crime?" Center for Strategic and International Studies Commentary, September 23, 2024, https://www.csis.org/analysis/are-chinese-ports-latin-america-preferred-organized-crime (accessed July 19, 2026).

[36] Office of Naval Intelligence, Foreign Governments' Use of Their Distant Water Fishing Fleets as Extensions of Their Maritime Security Forces and Foreign Policies, June 2021, pp. 6–7, https://www.oni.navy.mil/Portals/12/reading_room/20210616_Congressional%20Report_Final%20-%20%2019AUG21.pdf (accessed July 19, 2026).

[37] Avery Schmitz, Isaac Yee, Yong Xiong, and Betiana Fernández Martino, "Why Argentina's Military Is Deploying to Surveil Hundreds of Chinese Fishing Boats off Its Coast," CNN, updated March 10, 2025, https://www.cnn.com/2025/03/10/americas/argentine-military-hunts-chinese-fishing-vessels (accessed July 19, 2026).

[38] James Francis Whitehead, "Maritime Conflict Heats up as China's Fishing Fleet Goes Dark in Argentine Waters," Courthouse News Service, January 28, 2022, https://www.courthousenews.com/maritime-conflict-heats-up-as-chinas-fishing-fleet-goes-dark-in-argentine-waters/ (accessed July 19, 2026).

[39] Michael Ruiz, "Maduro Arrest Sends 'Clear Message' to Drug Cartels, Allies and US Rivals, Retired Admiral Says," Fox News, January 7, 2026, https://www.foxnews.com/us/maduro-arrest-sends-clear-message-drug-cartels-allies-us-rivals-retired-admiral-says (accessed July 19, 2026).

[40] International Energy Agency, "Strait of Hormuz: Factsheet," updated February 2026, https://www.iea.org/about/oil-security-and-emergency-response/strait-of-hormuz (accessed July 19, 2026).

communist Cuban regime facing collapse with the loss of easy energy from its one-time socialist Venezuelan ally.[41] The net effect is a strategic shock to Beijing, which has created gas lines like those seen in 1970s America during the Organization of the Petroleum Exporting Countries (OPEC)–driven energy crises.[42] For Beijing, assuring timely shipments via unavoidable maritime chokepoints to meet its energy needs is no longer just a Malacca dilemma, but a Hormuz and Panama dilemma.[43] In total, China imported 4.4 percent more petroleum than in 2024, amounting to over 11 million barrels a day in 2025 that include "petro-laundering" illicit petroleum shipments by commingling them in third-party storage sites then reclassifying the source, such as suspected in Malaysia. This illicit energy network has enabled China to secure more than 22 percent of its energy needs from Iran (1.38 million barrels/day), Venezuela (0.389 million barrels/day), and Russian dark fleet tankers (0.8 million barrels/day); an additional 0.9 million barrels/day arrive from Russia via pipelines.[44] Chinese shipping options are further being constrained ashore.

Taking Back the Panama Canal. Under pressure from President Trump and significant debt of Chinese port operator CK Hutchinson, Panama refused to renew any port operations in the Canal Zone with China.[45] While the Panama Canal is not currently a major thoroughfare for Chinese energy products, its control by friendly U.S. operators places the more than 20 percent of total Canal capacity in cargo and refined petroleum products that China does ship there under scrutiny.[46] The net effect is a potential reordering of China's energy imports and strategic calculations in a conflict with the United States as it pursues military ties and market access across Latin America, Africa, and the Middle East. On January 30, 2026, Panama's Supreme Court ruled unconstitutional the concession under which Hong Kong-based CK Hutchison's subsidiary had operated the Balboa and Cristobal terminals at either end of the Panama Canal for nearly three decades. Beijing denounced the ruling, and within weeks Chinese port authorities began detaining Panama-flagged vessels at a pace far exceeding historical norms: nearly 70 detentions since March 8 alone, according to Lloyd's List Intelligence figures monitored by the Federal Maritime Commission.[47] Tokyo MOU inspection data show that in March 2026, roughly 75 percent of all vessels detained in Chinese ports were Panama-linked.[48] Panama operates one

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[41] U.S. Department of State, "Secretary Rubio's Message to the Cuban People on Their Independence Day," Media Note, May 20, 2026, https://www.state.gov/releases/office-of-the-spokesperson/2026/05/secretary-rubios-message-to-the-cuban-people-on-their-independence-day (accessed July 19, 2026).

[42] Eunice Yoon, "China Sees Long Lines at the Gas Pump as Mideast Turmoil Hits," CNBC, March 23, 2026, https://www.cnbc.com/2026/03/23/long-lines-at-the-gas-pump-in-china-as-mideast-turmoil-hits-.html (accessed July 19, 2026).

[43] Ian Storey, "China's 'Malacca Dilemma,'" China Brief, Vol. 6, No. 8, Jamestown, April 12, 2006, https://jamestown.org/chinas-malacca-dilemma/ (accessed July 19, 2026).

[44] Erica Downs, "Where China Gets Its Oil: Crude Imports in 2025 Reveal Stockpiling and Changing Fortunes of Certain Suppliers, Including Those Sanctioned," Center on Global Energy Policy, January 29, 2026, https://www.energypolicy.columbia.edu/where-china-gets-its-oil-crude-imports-in-2025-reveal-stockpiling-and-changing-fortunes-of-certain-suppliers-including-those-sanctioned/ (accessed July 19, 2026), and Jeb Bush and Mark D. Wallace, "Malaysia Must Stop Enabling Iran's Sanctions Evasion," The Diplomat, November 4, 2025, https://thediplomat.com/2025/11/malaysia-must-stop-enabling-irans-sanctions-evasion/ (accessed July 19, 2026).

[45] Anniek Bao, "Panama Cancels China-Linked Port Deal, Hands Canal Terminals to Maersk, MSC," CNBC, February 23, 2026, https://www.cnbc.com/2026/02/24/panama-officially-voids-annuls-ck-hutchison-contracts-interim-control-maersk-msc-canal-dispute.html (accessed July 19, 2026).

[46] U.S. Energy Information Administration, "World Oil Transit Chokepoints," March 3, 2026, https://www.eia.gov/international/analysis/special-topics/world_oil_transit_Chokepoints (accessed July 19, 2026), and Shawn Yuan, "Does China 'Operate' Panama Canal, as Trump Says?" BBC, January 22, 2025, https://www.bbc.com/news/articles/c1km4vj3pl0o (accessed July 19, 2026).

[47] Reuters, "China's Detentions of Panama-Flagged Vessels Raise Concerns, Rubio Says," April 2, 2026, citing Lloyd's List Intelligence and the Federal Maritime Commission. Panama's Supreme Court issued its ruling on the Balboa and Cristobal concessions on January 30, 2026.

[48] Tokyo MOU port state control data reported in Sourcing Journal, April 3, 2026. In March 2026, 93 of 125 vessels detained in Chinese ports, roughly 75 percent, were Panama-linked.

of the world's largest ship registries, and FMC Chair Laura DiBella has stated that the intensified inspections were carried out under informal directives, appear intended to punish Panama, and could carry significant commercial and strategic consequences for U.S. shipping because Panama-flagged ships carry a "meaningful share of US containerized trade."[49] The FMC has said it is not aware of any other country in recent history conducting safety inspections and detentions in a punitive manner.[50] Secretary of State Rubio's April 2 statement framed the detentions as economic coercion against a sovereign partner and the court ruling as an affirmation of transparency and the rule of law, and pledged deeper U.S. economic and security cooperation with Panama. In late April, the United States and six regional allies issued a joint statement condemning the detentions as targeted economic pressure. Beijing has also summoned Maersk and MSC, whose subsidiaries took over interim operation of the terminals, for high-level discussions, while CK Hutchison pursues arbitration seeking more than $2 billion from Panama. This is a live case study in how Beijing weaponizes port state control and market access for political retaliation. Port state control exists to keep unsafe ships off the water; China converted it into an instrument of coercion against a canal that handles roughly 5 percent of global maritime trade.[51] A country that will punish the one of the world's largest flag states over a domestic court ruling will not hesitate to use its shipyard, container, and crane dominance the same way in a larger crisis.

Section 301 Upheld but Fees Paused… for now. In 2025, Chinese yards delivered 53.69 million deadweight tons of shipping, 56.1 percent of everything built on Earth, and captured 69 percent of new orders and two thirds of the global order backlog.[52] Clarksons data tell the same story from the demand side: of roughly 2,500 ships ordered worldwide last year, more than 1,500 went to China, while runner-up South Korea won about 10 percent.[53] The United States builds less than 1 percent of the world's commercial tonnage. In 2000, China built less than 5 percent; the transformation took one generation. The U.S. Trade Representative's Section 301 investigation, launched in April 2024 and concluded in January 2025, formally determined that China targeted the maritime, logistics, and shipbuilding sectors for dominance through unreasonable acts, policies, and practices that burden U.S. commerce.[54] Those practices include massive direct subsidies, below-market financing through state banks, and market-share targets that by design displace foreign competitors. The dominance is also dual-use: China State Shipbuilding Corporation builds commercial vessels and warships in the same industrial complex, so foreign

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[49]FMC Chair Laura DiBella, remarks reported by Al Jazeera, "US, Latin America countries criticize China's retaliation over Panama Canal," April 29, 2026.

[50] FMC Chair Laura DiBella, statement reported by Newsweek, April 3, 2026.

[51]UN Trade and Development (UNCTAD) Data Hub, world fleet statistics, 2026: Liberia, Panama, and the Marshall Islands host the world's largest ship registers. The Panama Canal handles roughly 5 percent of global maritime trade (Reuters, April 2, 2026).

[52]Ministry of Industry and Information Technology (PRC) data, reported in "China's shipbuilding sector maintains global lead in 2025," english.www.gov.cn, February 1, 2026. Output of 53.69 million DWT equaled 56.1 percent of the global total; new orders equaled 69 percent and the order backlog 66.8 percent of global market share.

[53]"China Continued Shipbuilding Dominance in 2025, Raking In Most Orders," The Maritime Executive, February 4, 2026, citing Clarksons data compiled by eWorldShip. Of roughly 2,500 ships ordered worldwide in 2025, more than 1,500 went to Chinese yards; South Korea ranked second with roughly 10 percent.

[54]Office of the U.S. Trade Representative, Report on China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance, January 16, 2025.

commercial orders effectively subsidize the modernization of the People's Liberation Army Navy.[55] China manufactures roughly 96 percent of the world's shipping containers and about 80 percent of ship-to-shore cranes.[56] The crane monopoly is a security problem, not just a commercial one. State-owned ZPMC supplies nearly 80 percent of the ship-to-shore cranes at U.S. ports, and a joint House investigation found undocumented cellular modems installed on ZPMC cranes, repeated requests by ZPMC for remote access, and, in 2021, FBI-discovered intelligence-gathering equipment aboard a vessel delivering ZPMC cranes to the Port of Baltimore.[57] USTR imposed port service fees on Chinese operators, Chinese-built vessels, and foreign vehicle carriers effective October 14, 2025. Following the November 2025 trade framework between President Trump and President Xi, USTR suspended the fees for one year, through November 9, 2026; China suspended its reciprocal fees on U.S. vessels for the same period.[58] The suspension is a pause, not a repeal. USTR retains authority to extend, modify, or reinstate the fees, and the Annex IV restrictions on LNG transport remain scheduled to begin phasing in during 2028.[59]

Curtailing the Dark Fleet. Today, Beijing's overseas energy reliance overwhelmingly is moved by shipping that is vulnerable to U.S. naval interference, as demonstrated by increasing incidents of dark fleet seizures. However, tardy commitments, and, in July 2026, the absence of allied naval presence to secure shipping in the Strait of Hormuz, demonstrate nagging limitations of NATO and America's Asian allies to act in an effective manner to protect shipping vital to an American war effort. In April, conflict with Iran seemed to be winding down with a ceasefire agreement, but for weeks, Western allies like France and Japan, despite having nearby naval forces, failed to commit those forces to clear mines or escort neutral shipping through the Strait of Hormuz.[60] Despite this, actions taken against the dark fleet and China's sanctioned sources of energy are presenting a new reality that will force tougher choices on China. In the interim, China will likely have to pay more for petroleum while seeking new petroleum sources—most likely in the Gulf of Guinea and Middle East. In both cases, the loss of assured access through the Panama Canal and increased international scrutiny and capture of dark fleet ships will compel increased Chinese energy shipments through the Indian Ocean. This loss cannot be adequately mitigated given limited Russian pipeline capacity and seasonal pack ice along the Northern Sea Route that blocks access to Russia's Yamal petroleum terminal which China draws

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[55] Sens. Warren and Kelly, letter to Ambassador Jamieson Greer, June 7, 2026 (citing Reuters and USTR); Matthew Funaiole, Brian Hart, and Aidan Powers-Riggs, "Ship Wars: Confronting China's Dual-Use Shipbuilding Empire," Center for Strategic and International Studies, March 2025.

[56] White House, Fact Sheet accompanying Executive Order 14269, "Restoring America's Maritime Dominance," April 9, 2025.

[57] House Committee on Homeland Security and House Select Committee on the Strategic Competition Between the United States and the Chinese Communist Party, joint investigative report on ZPMC ship-to-shore cranes, September 2024; U.S. Coast Guard estimate of ZPMC share reported by CNN, March 7, 2024.

[58] Federal Register, "Notice of Modification of Section 301 Action: China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance," 90 FR 50947, November 13, 2025.

[59] Skuld P&I Club, "USTR Notice of Action 301: China's targeting of maritime, logistics, and shipbuilding," updated November 2025. Annex IV restrictions on LNG transport services remain scheduled to phase in beginning in 2028.

[60] John Leicester, "What to Know About the Demining and Escort Mission that US Allies Want for the Strait of Hormuz," AP News, June 16, 2026, https://apnews.com/article/hormuz-france-iran-trump-macron-energy-shipping-80c149a4367dd31c6e85e9b25daa4129 (accessed July 19, 2026).

from. In the immediate future, the effect will be an increase in strategic value of the Arabian Sea to China as a source of energy, its growing African trade, and with markets further West.[61]

Global Shipping Avoiding the Red Sea. Maritime shipping accounts for 95 percent of China's exports, and the Red Sea is one of the principal trade arteries upon which it relies to ship its goods to Europe. The cost of shipping goods to Europe has more than doubled since December 2023. High shipping prices come at a time when China is trying to boost its exports to offset the effects of a real estate crisis on its economy. In Egypt, Red Sea disruptions have affected "the daily influx of $25 [million] to $30 million collected through fees from ships and additional services provided by the Suez Canal Authority."[62] This further stresses Egypt's troubled economy, already straining under a staggering 33.3 percent inflation rate as of March 2024 in addition to a weakening currency and historically elevated debt-to-GDP ratio of 88.97 percent.[63] Lost revenue deepens Cairo's long-running currency shortage and puts pressure on President Abdel Fattah El-Sisi to make key structural reforms.[64] In March, after its currency plummeted, Egypt announced three economic deals: an $8 billion dollar deal with the International Monetary Fund (IMF); a $35 billion investment deal with the Emirati Sovereign Wealth Fund (ADQ); and an $8.06 billion aid deal with the European Union.[65] These deals provide the necessary influx of cash to buy time for Cairo. Any instability in Egypt could further exacerbate Red Sea disruptions and make the movement of U.S. naval forces between the Indian Ocean and the Mediterranean through the Suez Canal more difficult.

So far, the Red Sea attacks have not seriously affected Chinese trade.[66] If Beijing managed to convince the Houthis to stop attacks in the Red Sea, something Iran is agitating be resumed in late July 2026, the result could be to justify China's naval buildup and global port investments across strategic trade routes. For now, the Chinese are benefitting by letting the situation play out because their ships are not targeted by the Houthis or Iran.[67] This "protection" gives Beijing a shipping advantage over the United States and its European partners as its trade sails through uninhibited.

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[61] Segun Adeyemi, "China Discovers Faster Shipping Routes to Africa as $6.3bn Trade Surge Signals New Economic Shift," Business Insider: Africa, April 28, 2026, https://africa.businessinsider.com/local/markets/china-discovers-faster-shipping-routes-to-africa-as-dollar63bn-trade-surge-signals/8le3g0n (accessed July 5, 2026), and Fatima Abo Alasrar, "How China Turned the Red Sea into a Strategic Trap for the US," Atlantic Council, May 5, 2025, https://www.atlanticcouncil.org/blogs/menasource/how-china-turned-the-red-sea-into-a-strategic-trap-for-the-us/ (accessed July 19, 2026).

[62] Theo Anderson, "Egypt Faces Economic and Security Challenges as Shipping Giants Suspend Suez Canal Operations," Isranomics, December 19, 2023, https://isranomics.com/economy/egypt-faces-economic-and-security-challenges-as-shipping-giants-suspend-suez-canal-operations/ (accessed July 19, 2026).

[63] Middle East Monitor, "Egypt's Inflation Slows to 33.3% in March," April 8, 2024, https://www.middleeastmonitor.com/20240408-egypts-inflation -slows-to-33-3-in-march/ (accessed May 6, 2024), and International Monetary Fund, "Egypt Datasets," International Monetary Fund, October 2023, https://www.imf.org/external/datamapper/profile/EGY (accessed July 19, 2026).

[64] Nadine Awadalla and Farah Saafan, "Sisi Tells Egyptians to Bear the Economic Pain, Says Mega-Projects Provide Jobs," Reuters, January 24, 2024, https://www.reuters.com/world/africa/sisi-tells-egyptians-bear-with-economic-pain-says-mega-projects-provide-jobs-2024-01-24/ (accessed July 19, 2026).

[65] Al Jazeera, "EU Announces $8bn Package for Egypt as Part of Deal to Check Migration," March 17, 2024, https://www.aljazeera.com/news/2024/3/17/eu-announces-8bn-package-for-egypt-as-part-of-deal-to-check-migrant-flows#:~:text=The%20European%20Union%20has%20announced,been%20criticised%20by%20rights%20groups (accessed July 19, 2026), and Al Jazeera, "Egypt Strikes Expanded $8bn Deal with the IMF," March 6, 2024, https://www.aljazeera.com/news/2024/3/6/egypt-strikes-expanded-8-billion-deal-with-the-imf?traffic_source=KeepReadin (accessed July 19, 2026).

[66] Chayut Setboonsarng, Liangping Gao, and Trevor Hunnicutt, "Top U.S., Chinese Officials Talk Taiwan, Iran in Bangkok," Reuters, January 27, 2024, https://www.reuters.com/world/chinas-wang-says-taiwan-issue-biggest-threat-sino-us-ties-2024-01-27/#:~:text=Reuters%20reported%20on%20 Friday%20that,citing%20Iranian%20and%20other%20sources (accessed July 19, 2026).

[67] New Arab Staff, "Houthis Grant 'Safe Passages' for Russian, Chinese Vessels Amid Red Sea Chaos," The New Arab, January 19, 2024, https://www.newarab.com/news/russia-china-ships-granted-safe-passage-yemens-houthis (accessed July 19, 2026).

Beijing's hopes seem to be dashed for a repeat in the Strait of Hormuz of the same Red Sea dynamics that benefited its shipping through the Strait of Hormuz. The blockade of Iranian ports by the U.S. Navy, and interdiction of dark fleet shipments has disabused them of this; Russia has been forced to begin escorting its commercial fleet to protect against Ukraine attacks as well as nationally flag their dark fleet ships exposing these shippers to regulatory scrutiny and sanction. The cost to European allies and the U.S. has largely adjusted with minimal impact to their economies since the Houthis began attacking shipping in ate 2023, and a resumption in July 2026 of these attacks will likely have little impact aside from U.S. naval transits through the Bab-el-Mandeb Straits that the Houthis threaten.

Chokepoints and Limited Assured Shipping Still Impacting the Navy. In recent years, the U.S. Navy has had combat operations impacted by threats or physical impairment of man-made canals – a vulnerability China is aware. The first was when Suez Canal operations were suspended March 23–29 due to the grounding of a container ship, which created a 360-ship traffic jam. The *Eisenhower* Carrier Strike Group (CSG) transited the canal April 2 and arrived on station in the Arabian Sea 10 days later. If the *Eisenhower* CSG had had to circumnavigate Africa, the trip would have taken about three weeks. Then in April 2026, aircraft carrier *George H. W. Bush* sailed around the Cape of Good Hope avoiding the Suez Canal and threats from the Houthis at the Bab-el-Mandeb Strait on its way to join combat operations against Iran.[68] Longer transits and combat operations equates to intense fuel needs, that the Military Sealift Command (MSC) is responsible for meeting. All told, the MSC struggles to meet the day-to-day needs of the military, and recent unexpected events have further exposed its inadequacy. The most recent example came in September 2024 when the *Big Horn*, a fleet replenishment oiler, ran aground off the coast of Oman. In the wake of its grounding, the aircraft carrier *Abraham Lincoln* was left without a reliable fuel supply during combat operations in the Red Sea. The Navy had to scramble to find a commercial tanker capable of supplying its air wing and escort ships with fuel.[69] In the wake of this event, the need for a Strategic Commercial Fleet is more apparent.

Vulnerable American Supply Chains. Until recently, the United States has not had to worry about its overseas trade being held at risk, save from Somali pirates, Al Qaeda terrorists, or renegade Houthis. Such threats posed no real threat to the viability of our international trade lines. In recent years, however, more serious threats have emerged. Focusing on a shortlist of five strategic materials, a picture begins to form regarding important trade relationships and vulnerabilities regarding the Navy. The following five materials were chosen because of their impact on the Navy's supply chain, difficulty in onshoring production, and reliance on overseas sources: microprocessors (i.e. microelectronic logic circuits), precision machine tools, tungsten (i.e. electron tubes), titanium, and high-performance aluminum.[70] This is not an exhaustive list to be sure, and consideration was given to LCD and OLED displays used across naval platforms and aircraft, as well as rare earth elements (i.e. neodymium-iron boron permanent magnets). In

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[68] Mallory Shelbourne, "Carrier USS George H. W. Bush Operating Off Southern Africa as Iranian Blockade Begins," USNI News, April 13, 2026, https://news.usni.org/2026/04/13/carrier-uss-george-h-w-bush-operating-off-southern-africa-as-iranian-blockade-begins (accessed July 19, 2026).

[69] U.S. Navy, Military Sealift Command, "Ships of MSC," April 2026, https://sealiftcommand.com/about-msc/ships-msc (accessed April 11, 2026), and U.S. Navy, "Military Sealift Command 2025 in Review," and Maritime Administration, "United States-Flag Privately-Owned Merchant Fleet Report," December 2025, https://www.maritime.dot.gov/sites/marad.dot.gov/files/2026-02/DS_USFlag-Fleet_2025_DEC.pdf (accessed July 19, 2026).

[70] Brent Sadler, "America's Strategic Materials Problem," The Heritage Foundation, Mar 4, 2021, https://www.heritage.org/defense/commentary/americas-strategic-materials-problem

2018, President Donald Trump, to protect the U.S. industry from predatory practices, exercising the authority granted by the Trade Expansion Act of 1962, imposed duties on aluminum imports from China. That decision was based on findings of the Commerce Department that China had been dumping imports, causing harm to the nation's security. The Trump administration subsequently expanded those anti-dumping duties to an additional eighteen countries.[71] The growth of domestic production has been notable in rare earths. As mentioned, China's 2010 rare earth export shock stimulated a host of congressional actions to shore up domestic production that continue today—notably, grants and tax incentives to encourage domestic production; i.e. IBAS.[72] The Defense Production Act (Title III) has been used to sustain a range of critical industrial resources and has aided in the production of rare earths.

COVID Shocks and Zero-day Chinese Backdoors. The COVID pandemic awakened Americans to the danger of relying on Chinese-sourced goods like antibiotics, medical gear, and rare earth elements vital to the tech and defense industries. During the recovery phase of the pandemic, supplies became scarce under COVID-zero policies in China that disrupted global shipping operations.[73] That reality remains true today, and two recent events underscore the need to diversify and seek non-Chinese critical industrial components. In February 2024, after years of warnings that Chinese built ship-to-shore cranes, a mainstay in container shipping port operations, had known cyber vulnerabilities, the U.S. Coast Guard (USCG) finally began to issue warnings.[74] More alarming was the March 26, 2024, collision of the Singapore-flagged container ship Dali with the Baltimore Harbor's Francis Scott Key Bridge, killing six construction workers when the bridge collapsed. A June 2024 investigation update indicated that electrical circuit breakers opened unexpectedly, causing the ship to lose power.[75] While this could have been caused by improper fuel tank shifting, it also could have been the result of a cyber-attack. This possibility was never publicly addressed by investigators, but a report issued in 2021 by the Office of the Director of National Intelligence revealed that Chinese-sourced electrical grid circuit breakers have known cyber vulnerabilities.[76] Until the Dali investigation is completed, the cause of that deadly incident remains to be determined, and with the Dali arriving in China's Huadong Shipyard in January 2025 for repairs, the possibility of Chinese cyber-attacks via

[71] Nathan Bomey, "Trump Administration Imposes Aluminum Tariffs on $2B Imports From 18 Countries," USA Today, October 9, 2020, https://www.usatoday.com/story/money/2020/10/09/aluminum-tariffs-trump-administration-commerce-department/5938522002/ (accessed July 19, 2026).

[72] "An Overview of Rare Earth Elements and Related Issues for Congress," Congressional Research Service, November 24, 2020, https://www.everycrsreport.com/files/2020-11-24_R46618_6639173333b5877128b3af8449e1c1d88a16f327.pdf (accessed July 19, 2026).

[73] Stella Yifan Xie, Yang Jie, and Dan Strumpf, "China COVID-19 Lockdowns Hit Factories, Ports in Latest Knock to Supply Chains," The Wall Street Journal, January 11, 2022, https://www.wsj.com/world/china/china-covid-19-lockdowns-hit-factories-ports-in-latest-knock-to-supply-chains-11641918247 (accessed July 19, 2026).

[74] See U.S. Department of Homeland Security, Coast Guard, "Issuance of Maritime Security (MARSEC) Directive 105-4; Cyber Risk Management Actions for Ship-to-Shore Cranes Manufactured by People's Republic of China Companies," Notice of Availability, February 21, 2024, Federal Register, Vol. 89, No. 37 (February 23, 2024), pp. 13726–13727, https://www.govinfo.gov/content/pkg/FR-2024-02-23/pdf/2024-03822.pdf (accessed July 19, 2026), and U.S. Department of Homeland Security, Coast Guard, "Issuance of Maritime Security (MARSEC) Directive 105-5; Cyber Risk Management Actions for Ship-to-Shore Cranes Manufactured by People's Republic of China Companies," November 13, 2024, Federal Register, Vol. 89, No. 223, pp. 91413–91414, https://www.govinfo.gov/content/pkg/FR-2024-11-19/pdf/2024-26896.pdf (accessed July 19, 2026).

[75] National Transportation Safety Board, "Contact of Containership Dali with Francis Scott Key Bridge and Subsequent Bridge Collapse," updated March 20, 2025, https://www.ntsb.gov/investigations/Pages/DCA24MM031.aspx (accessed July 19, 2026).

[76] Anna Ribeiro, "Chinese Transformers in Critical Electric Sector Confirmed by Two US Administrations," Industrial Cyber, November 16, 2021, https://industrialcyber.co/threats-attacks/chinese-transformers-in-critical-electric-sector-confirmed-by-two-us-administrations/ (accessed July 19, 2026); Office of the Director of National Intelligence, National Intelligence Council, National Intelligence Estimate: Climate Change and International Responses Increasing Challenges to US National Security Through 2040, NIC-NIE-2021-10030-A, https://www.dni.gov/files/ODNI/documents/assessments/NIE_Climate_Change_and_National_Security.pdf (accessed July 19, 2026).

manipulated hardware during repairs or construction remains a serious concern.[77] The consequences of such attacks were made evident with the loss of lives and the billions of dollars it will take to replace the Key Bridge, not to mention disruptions of national supply chains and industrial activity.

Mandate for Action

Name an interagency maritime coordinator responsible to the President. The President should not wait for the SHIPS for America Act to reach his desk to name a Maritime Security Advisor. Given the intertwined equities of economic and national security in a national maritime effort, the maritime coordinator should be co-equal with the National Security Advisor and the Director of the National Economic Council. This would include formally reviving a reformulated maritime industrial team in the National Security Council.[78] Given the intertwined equities of economic and national security in a national maritime effort, the Maritime Advisor should be co-equal to the National Security Advisor and the Director of the National Economic Council. This could be done by reviving a reformulated maritime industrial team formally in the National Security Council. Building on the existing executive orders, the advisor's first task would be to form an interagency framework for executing a national maritime action plan to be complete by the end of 2025 as stipulated in President Trump's April 2025 executive order "Restoring America's Maritime Dominance."[79] Regaining America's global competitiveness in shipping and shipbuilding is a generational effort and will likewise require meeting current military needs and mitigating commercial shipping vulnerabilities. Such an endeavor is complex and requires coherent multiagency execution to be effective and timely, which underscores the importance of a special advisor to ensure that the President's intentions are being implemented. To make his intentions clear, an associated updated Presidential directive is recommended like the National Security Directive (NSD-28) on Sealift signed by President George H. W. Bush in October 1989.[80]

Strengthen U.S. ability to combat unfair Chinese maritime business practices and incentivize U.S. shipping. The President must direct policy changes and seek increased resourcing to agencies combating harmful Chinese maritime business practices at home and abroad. For instance, the Federal Maritime Commission, established to protect American shippers from unfair foreign practices, should be resourced to expand its workforce to better monitor and enforce U.S. regulations. The Federal Maritime Commission (FMC) continues to update its list of "controlled carriers" that are subject to greater scrutiny and regulation to include state-controlled Chinese shipping,[81] and on January 7, 2025, the U.S. Department of Defense added

77 Marcus Hand, "Baltimore Bridge Disaster Ship Dali Completes Repairs in China," Seatrade Maritime News, January 14, 2025, https://www.seatrade-maritime.com/accidents/baltimore-bridge-disaster-ship-dali-completes-repairs-in-china (accessed July 19, 2026).

78 Reuters, "Trump's Shipbuilding Push Falters as NSC Maritime Office Gutted," gCaptain, July 16, 2025, https://gcaptain.com/trump-nsc-shipbuilding-office-shakeup/ (accessed July 19, 2026).

79 Trump, Executive Order 14269, Sec. 3, April 9, 2025, https://www.whitehouse.gov/presidential-actions/2025/04/restoring-americas-maritime-dominance/ (accessed July 19, 2020).

80 President George H. W. Bush, National Security Directive on Sealift (NSD-28), October 5, 1989, https://irp.fas.org/offdocs/nsd/nsd28.pdf (accessed July 19, 2026).

81 Federal Maritime Commission, "Controlled Carriers Under the Shipping Act of 1984," Notice, filed April 17, 2025, Federal Register, Vol. 90, No. 74 (April 18, 2025), p. 16528, https://www.govinfo.gov/content/pkg/FR-2025-04-18/pdf/2025-06665.pdf (accessed July 19, 2026).

Chinese shipping companies COSCO and CNOC to a growing list of commercial shipping tied to the People's Liberation Army that threatens our national security.[82] These critical "protective" maritime tools are mostly encapsulated in an April 9, 2025, executive order that has not yet been fully implemented.[83] Once these efforts begin in earnest, coordinated execution will be critical and will need be sustained across various agencies (the FMC, Department of Commerce, Office of the U.S. Trade Representative, National Security Council, and U.S. Department of Homeland Security) to be successful. Additionally, there is a need for maritime intelligence analysts focused on commercial maritime industrial activity; shipping and its cargo, port investments, shipbuilding. Specifically, the Department of Commerce should establish a maritime financial forensics team to monitor for market manipulations and trends, while the wider Intelligence Community establishes dedicated teams focused on monitoring commercial shipping and shipbuilding primarily concerned with national security and economic resiliency. Corroborated malign activities harmful to the U.S. maritime industry should then be shared with the FMC and the U.S. representative at the International Maritime Organization for action. Furthermore, Congress should update existing laws for preferential sequencing port access and services for all U.S.-flagged vessels in U.S. ports and waive port fees for these U.S. vessels.

Secure stronger foreign assurances of wartime shipping and provision of fuel to the military. The Secretary of State and Secretary of Commerce should pursue agreements with important crude oil–producing and refined petroleum–producing nations to ensure energy supplies during conflict. Currently, the Defense Logistics Agency has memoranda of understanding with several nations regarding the provision of petroleum products to the military,[84] and these should be reviewed with an eye to raising them to the status of treaty obligations. In concert with this effort, agreements are needed with key shipping firms and their parent governments to ensure delivery during conflict.

Expand the education and certification capacity of merchant mariners, civilian maritime nuclear power users, and naval architects. To this end, the Maritime Administrator should direct the creation of a mariner and naval architecture panel to propose and oversee the revival of associated training and make legislative recommendations. The need for mariners just to sustain today's too-small Navy is dire. In 2024, the MSC announced that it was sidelining 17 ships because too few merchant mariners were available.[85] If the nation is to regain global maritime market share and a healthy maritime industrial base, it must expand existing merchant marine academies such as the U.S. Merchant Marine Academy. This should include state institutions that also train unlicensed crew, such as Calhoon College in Maryland, which was established in 1966 as part of the Licensed Engineers Apprentice Program (LEAP) to address a critical shortage

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82 S&P Global, "US Blacklists China's State Shipping Company COSCO, CNOOC's Global Oil Trading Arm," January 7, 2025, https://www.spglobal.com/commodity-insights/en/news-research/latest-news/lng/010725-us-blacklists-chinas-state-shipping-company-cosco-cnoocs-global-oil-trading-arm (accessed July 19, 2026).

83 President Donald J. Trump, Executive Order 14269, "Restoring America's Maritime Dominance," April 9, 2025, Federal Register, Vol. 90, No. 71 (April 15, 2025), pp. 15635–15641, https://www.govinfo.gov/content/pkg/FR-2025-04-15/pdf/2025-06465.pdf (accessed July 19, 2026).

84 Per response from Defense Logistics Agency Information Operations in email dated February 23, 2023.

85 Mallory Shelbourne, "Navy Will Sideline 17 Support Vessels to Ease Strain on Civilian Mariners," U.S. Naval Institute News, November 21, 2024, https://news.usni.org/2024/11/21/navy-will-sideline-17-support-vessels-to-ease-strain-on-civilian-mariners (accessed July 19, 2026)

of marine engineers during the Vietnam War.[86] In tandem with this, to bolster our own maritime education, which produces about a dozen American naval architects a year, options for allied nations to send instructors to American institutions and federal academies (the U.S. Merchant Marine Academy and U.S. Naval Academy) should be pursued. Institutions like the U.S. Merchant Marine Academy must again lead the world in commercial maritime innovation as was the case with commercial nuclear propulsion in the 1950s.[87] At the same time, there is a need to infuse American maritime education and industry with the best practices and engineering processes from around the world. Already included in draft legislation is the establishment of a new International Scholarship for Mariner and Naval Architecture focusing on graduate-level education.[88]

Establish a Maritime Group of Nations (MGN). The President should establish an MGN modeled on the G7 to coordinate regulatory and commerce policies informally with key partner nations. The initial meeting of the MGN should be held in the United States with invitations for representatives from like-minded maritime nations. Potential agenda items for the initial meeting could include assurances of access to shipping in crisis and regulation of small nuclear reactors in commercial shipping. Administratively, this effort would be led by the Secretary of Transportation and supported by inter-agency subject-matter experts. Initial membership should include South Korea and Japan given their treaty alliances with the United States and large competitive shipbuilding industries. The Philippines and Vietnam—with their tens of thousands of experienced mariners—should also be included as should Germany, Greece, the Netherlands, Norway, and Singapore with their thousands of large commercial ships.

Final Thoughts: America's Maritime Revival Requires Neutralizing Predatory Chinese Efforts and Rallying Likeminded Maritime Allies

The atrophied state of U.S. maritime logistics contributes to ongoing deindustrialization and abets significant, intensifying national security risks. Returning to America's roots as a maritime nation and manufacturing powerhouse and assisting the necessary innovations to do so in the modern era will be pivotal. Fostering an American revolution in shipping can energize a lethargic industrial sector critical to the nation's defense and render it able to sustain a wartime economy. All this is antithetical to the CCP, which will expend much energy and take risks to derail – the nation needs to become a harder target to their interference.

A stronger and globally competitive maritime sector serves as a deterrent against Chinese economic coercion and military adventures. With it, American trade can proceed unimpeded and with confidence that the U.S. military can sustain combat operations on U.S.-flagged vessels. In addition to serving American security needs, this revolution in shipping has the potential to mitigate environmental impacts, to promote domestic production, and expand American exports

[86] Calhoon MEBA [Marine Engineers' Beneficial Association] Engineering School, "School History," https://www.mebaschool.org/about-us/school-history (accessed July 19, 2026).

[87] Jeffrey L. Cruikshank and Chloë G. Kline, In Peace and War: A History of the U.S. Merchant Marine Academy at Kings Point (Hoboken, NJ: John Wiley & Sons, Inc., 2008), pp. 260 and 273–276.

[88] H.R. 10493, Shipbuilding and Harbor Infrastructure for Prosperity and Security for America (SHIPS for America) Act of 2024, 118th Congress, introduced December 18, 2024, Title VI, Subtitle B, Sec. 618, https://www.congress.gov/bill/118th-congress/house-bill/10493/text/ih (accessed July 19, 2026).

to global markets, which can spur wider job growth and advance technological innovation in the U.S.

While it might seem counterintuitive given the growth of trade in recent years, the fact is that global shipbuilding capacity has declined by almost 40 percent in tonnage since a peak in 2011.[89] At the same time, the global maritime industry is on the cusp of a reversal in demand for ships. It is expected that, to feed modern industry's growing appetite for rare earth elements and energy, demand for bulk cargo will surge by upwards of 50 percent over today's capacity and that shipping to move energy will nearly double by the middle of the 2030s.[90] Should these predictions prove true, the demand for new shipbuilding will be increase accordingly. Already, as reported at a recent Marine Money conference of maritime investors, the early signs are here that shippers are beginning to place more orders to meet this surging demand – a 4% growth in orders for new ships after years of relatively flat orders.

This situation presents the U.S. with an opportunity to develop itself as a major commercial maritime force founded on revolutionary techniques and designs in shipbuilding and as a leader in implementing a novel approach to multi-modal shipping. Seizing this opportunity will require investing in the future of shipping and shipbuilding today and setting the conditions for a revolution in shipping that can endow America with first mover advantages. At the same time, clear and present dangers warrant action now to secure shipping to mitigate today's national security risks.

America needs a national program of maritime rejuvenation that is founded on the goal of nurturing an enduring American comparative advantage in the global maritime marketplace. Existing decades-old approaches have not paced the threat—the state-directed Goliath that is China's maritime industry. Nor have conventional approaches produced a competitive American maritime industry. It is time to regain the mantle of global maritime leader, which can be done only by creating a favorable business environment at home in concert with like-minded allies guided by national leadership informed by a vision of a new multi-modalism.

[89] ShipNerd News, "Shipyard Output Reaches a New 7-Year High," May 13, 2024, https://shipnerdnews.com/shipyard-output-reaches-a-new-7-year-high/ (accessed July 19, 2026).

[90] G. Allen Brooks, "America Gets Serious About Shipping," The Maritime Executive, March 14, 2025, https://maritime-executive.com/magazine/america-gets-serious-about-shipping (accessed July 19, 2026).