

GAO Highlights

Highlights of [GAO-25-107304](#), a report to congressional committees

Why GAO Did This Study

Concerns over the state of U.S. commercial shipbuilding have grown in recent years. Such concerns are particularly related to the nation's capacity to meet government shipbuilding and repair needs that are critical to national defense.

The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023 includes a provision for GAO to review efforts to support the U.S. commercial maritime industry. This report addresses, among other topics, (1) the use of the Maritime Administration's programs to encourage or improve U.S. shipbuilding and the extent to which they follow leading practices and (2) ideas identified by selected stakeholders to address challenges facing the maritime industry.

GAO reviewed Maritime Administration documents and compared its four financial assistance programs with leading practices for performance management. GAO also surveyed domestic vessel owners and operators and shipbuilding or repair companies. GAO also visited selected shipyards and interviewed government officials and 31 industry stakeholders selected to provide a range of perspectives on the Maritime Administration's programs and the maritime industry's ability to contribute to national defense.

What GAO Recommends

GAO is making seven recommendations, including that the Maritime Administration develop measurable goals for, and assess the performance of, its four financial assistance programs.

DOT agreed with our recommendations.

For more information, contact Andrew Von Ah at VonAha@gao.gov.

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COMMERCIAL SHIPBUILDING

Maritime Administration Needs to Improve Financial Assistance Programs

What GAO Found

Under coastwise laws, U.S. vessel owners and operators engaged in domestic trade generally must use U.S.-built vessels. The construction of vessels in U.S. shipyards helps to support the U.S. maritime industry, which plays a vital role in national defense.

Because U.S.-built vessels generally cost more than foreign-built ones, the Maritime Administration has four financial assistance programs to encourage or improve U.S. shipbuilding. The **Federal Ship Financing Program** generally offers loan guarantees for vessel construction at U.S. shipyards. In the last 5 years, the program executed two loan guarantees for two vessel owners totaling nearly \$400 million. The two tax deferral programs, the **Construction Reserve Fund Program** and the **Capital Construction Fund Program**, allow vessel owners or operators to defer paying tax on certain eligible deposits that are placed into an account and can be used to fund projects at U.S. shipyards. In 2024, seven vessel owners or operators had a Construction Reserve Fund program account, and 137 vessel owners or operators had a Capital Construction Fund Program account. Finally, the **Small Shipyard Grant program** provides grants to small shipyards for equipment or training. In fiscal year 2024, this program had \$8.75 million in available funds and had 78 grant applications from shipbuilding or repair companies requesting just under \$50 million.

These four financial assistance programs have provided some support for vessel owners or operators and shipyards, but the programs' administration does not follow leading practices for assessing program performance. For example, the Maritime Administration cannot determine to what extent the programs are effective in growing the U.S. maritime fleet because it has not established measurable goals for, or assessed the performance of, these programs. Doing so would allow the Maritime Administration to identify any changes that could better increase the nation's shipbuilding capacity to promote national security and economic prosperity. An April 2025 Executive Order established United States policy to revitalize and rebuild domestic shipbuilding and requires certain actions to grow the U.S. maritime fleet.

In addition, the 31 industry stakeholders GAO interviewed identified challenges facing vessel owners or operators and shipyards competing within the U.S. domestic maritime industry. They also had ideas to address those challenges (see table).

Selected Industry Stakeholders' Ideas to Address Challenges Facing Domestic Vessel Owners or Operators and Shipyards

Challenge	Ideas
Domestic vessel owners or operators face competition with other modes of transportation, such as trucks.	Encourage the use of domestic vessels to carry cargo along rivers or between coastal ports.
Shipyards face workforce challenges from "boom-and-bust" cycles created by fluctuating demand for new vessel construction.	Smooth the workflow through economies of scale, such as through large, consistent federal vessel procurements.
Shipyards face challenges with aging infrastructure.	Expand the Small Shipyard Grant program, and encourage foreign investment.

Source: GAO analysis of 31 stakeholders' statements. | GAO-25-107304