

Statement by Carl W. Bentzel

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National Association of Waterfront Employers (NAWE)

“Revitalizing Shipbuilding and the Maritime Industrial Base,”

Joint Hearing of the Seapower and Projection Forces and the Coast Guard and Maritime
Transportation Subcommittees

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Thank you, Chairmen Kelly and Ezell and Ranking Members Courtney and Carbajal, for holding this important and timely joint hearing on the state and future of American ship building and equally important consideration of our nation’s investment in the maritime industrial base.

As the leadership and membership of Armed Services and Transportation & Infrastructure Committee move forward with the consideration of President Trump’s Restores America’s Maritime Dominance Executive Order and the ensuing Maritime Action Plan (MAP), and House legislation implementing the MAP recommendations, the National Association of Waterfront Employers (NAWE) would like to highlight policy objectives that will have a lasting impact on our maritime industry and our nation’s supply chain.

NAWE is a non-profit trade association whose member companies are both public and private marine terminal operators (MTOs), stevedores and other U.S. waterfront employers. NAWE’s member companies engage in business at major U.S. ports on the Atlantic and Pacific coasts, the Gulf of Mexico, the Great Lakes, and Puerto Rico. Accordingly, NAWE’s members operate the critical connection between global commerce and our Nation’s economy. We are committed to keeping America’s international trade and commerce flowing, while maintaining an unwavering dedication to workplace safety for our waterfront workers.

With over 60 members, NAWE’s membership handles over 90% of the nation’s containerized trade, a substantial portion of the nation’s breakbulk trade, and a majority of the nation’s cruise ship passengers. NAWE members are in the business of managing and running our nation’s ports and handling the nation’s supply chain. We believe that we can be a major building block in the revitalization of the U.S. maritime industrial base.

Specifically, the NAWE membership would like to work with both the House Armed Services and Transportation and Infrastructure Committees to help implement the legislative vision currently embodied in H.R. 3151, the SHIPS Act.

The MAP, in part, calls for the Administration to deliver a “legislative proposal to establish a Maritime Security Trust Fund funded by new or existing tariff or tax revenue to serve as a dedicated funding source to build back shipbuilding and the U.S. maritime industrial base.” Such an effort is long overdue. Given the events impacting worldwide shipping in the

Persian Gulf, it is readily apparent to me that action by the United States is hampered by the depleted state of the nation's maritime industrial base.

I would urge the Committee to aggressively consider the implementation of a Maritime Security Trust Fund that could incentivize and expand all aspects of the maritime industrial base. I worry that without a system of dedicated funding, the entire industrial base will struggle to provide what should be the nation's next generation system of sealift, underpinning the nation's strength and jeopardizing our economic and strategic national security.

NAWE will continue to work with the Administration and Congress to support the legislative endeavor to capitalize on President Trump's Executive Order and the MAP and would urge the Administration to vigorously support the bi-partisan legislative activities of your Committees.

As legislative details are considered and finalized, NAWA would recommend:

- 1) that revenues designated to offset legislative costs remain off budget but subject to Appropriation, modeled after the Highway Trust Fund. Such a structure will allow industry to re-capitalize at a much faster pace commensurate with national security requirements, and consistent with a dedicated need for serious upgrade.
- 2) NAWA recognizes that the proposed fee structure will increase shipping costs and place additional pricing pressure on marine terminal operators and related service providers. In light of these impacts, any new fees should be carefully structured to minimize disproportionate burdens on lower-margin cargo segments. We urge Congress to pursue complementary measures to offset industry costs, including through traditional grant funding, enhanced investment in harbor maintenance and modifications, and more efficient federal project and permitting processes.

One of the proposed objectives in creating the maritime trust fund has been to jump start the country's shipbuilding industry and capabilities. NAWA supports these efforts and objectives. However, we emphasize that the strengthening of the U.S. port and marine terminal industry and the service industries supporting our industry cannot be overlooked or undervalued. A strong national maritime industrial base must be in place to sustain our country's shipbuilders, U.S.-flag carriers, and system of logistics supporting movement through our ports.

Trade actions commenced by USTR on Chinese government impelled market dominance in an effort to eliminate utilization of Chinese manufactured ship-to-shore cranes (STS) and Large Yard Marine Equipment (LYHE) will require an in-country market rebuild. Driving the renewal of the U.S maritime industrial base could be the U.S manufacturing of STS and LYHE. NAWA strongly supports federal investment in this market, and failure to provide terminal operators with a path forward to invest in STS/LYHE that cannot already be serviced by U.S. or non-Chinese sources, will ultimately degrade safety and the competitiveness of U.S. ports.

NAWE has provided your Committees with an outline of a proposal that will assist with the onshoring of STS manufacturing that could utilize the resources of a new maritime trust fund as well as funding from the Defense Production Act (DPA). (Proposal is included with the statement.)

NAWE also strongly supports expanding MARAD's successful Capital Construction Fund for U.S.-flag operators for the construction of U.S.-built ships to be expanded to include marine terminal operators for the construction of U.S.-built cargo handling equipment. Allowing MTOs to establish tax-deferred accounts to reinvest earnings into infrastructure improvements, new equipment, or debt reduction would accelerate modernization, improve production efficiency, and expand capacity. Importantly, it would also strengthen demand for domestically manufactured cargo handling equipment and help the industry adapt to shifts in global supply chains.

Finally, U.S. ports are straining against challenges in modernizing infrastructure at our ports and terminals. Much of the space traditionally available for port and terminal expansion is no longer available because of public interest mitigating against heavy use industrial waterfront development. Ensuring that federal port infrastructure grants are protected under trust will facilitate and allow the industry to invest appropriately to maximize our nation's logistics network.

Chairmen Kelly and Ezell and Ranking Members Courtney and Carbajal thank you. This is a critical juncture in the development of whether as a nation we can project U.S. national determination without having to rely on outside interests or foreign allies or continue to outsource this business and hope for the best. I sincerely hope that we can move forward to redevelop our nation's position as a pre-eminent maritime power.