

ASK YOUR CONGRESSIONAL REP & SENATOR:
SUPPORT THE SHIPS ACT & INVEST \$50 BILLION IN U.S.
COMMERCIAL, NAVAL SHIPS & SHIPBUILDING !



U.S. Shipyards & Ship Repair Locations

<https://archive.epa.gov/sectors/web/html/map-11.html>



SUPPORTING THE SHIPS ACT

- ENACT SHIPS ACT WITH \$50 BILLION FOR COMMERCIAL/MILITARY SHIPBUILDINGS PLUS SHIPYARD UPGRADES & NEW SHIPYARDS
- REQUIRE NEW MILITARY SEALIFT SHIPS BE BUILT IN THE UNITED STATES-NO MORE OUTSOURCING
- AUTHORIZE \$10 BILLION TO STREAMLINE & FUND MORE MARAD TITLE XI LOAN GUARANTEES TO FAST-TRACK APPROVALS FOR DUAL USE COMMERCIAL/SEALIFT SHIPS: CONTAINER SHIPS, RO/ROS & TANKERS THAT MEANS: \$10B X 13.5 = \$135 BILLION IN LOAN GUARANTEES FOR NEW SHIPS
- AUTHORIZE \$5 BILLION FOR SHIPBUILDER AND MARINER TRAINING & EDUCATION INCLUDING GRANTS FOR VOCATIONAL TRAINING
- BUILD FOUR NEW SHIPYARDS LOCATED ON PACIFIC, GULF, ATLANTIC & GREAT LAKES IN COLLABORATION WITH KOREAN & JAPANESE BUILDERS
- FUND MARINE PROPULSION FABRICATION & CONTRACTORS
- SUPPORT METHANOL, HYDROGEN & ELECTRONIC SYSTEMS INTEGRATION TO REDUCE CREW SHORTAGE CHALLENGES & CARBON EMISSIONS

SHIPS Act

- Inspired by U.S. Senator Roger Wicker (R-MISS) who, in 2020, proposed U.S. policy to support construction of a 355-ship Navy: **“Securing the Homeland by Increasing our Power on the Seas (SHIPS) Implementation Act...”**
- The SHIPS Act seeks to replicate the \$52B CHIPS Act, which was passed to upgrade the U.S. semiconductor industry.
- Luke Lorenz, Director of Legislative Affairs, Navy League of United States says Congress is considering SHIPS Act because the U.S. needs more ships to meet challenges in the Pacific and more shipyards to build the ships.



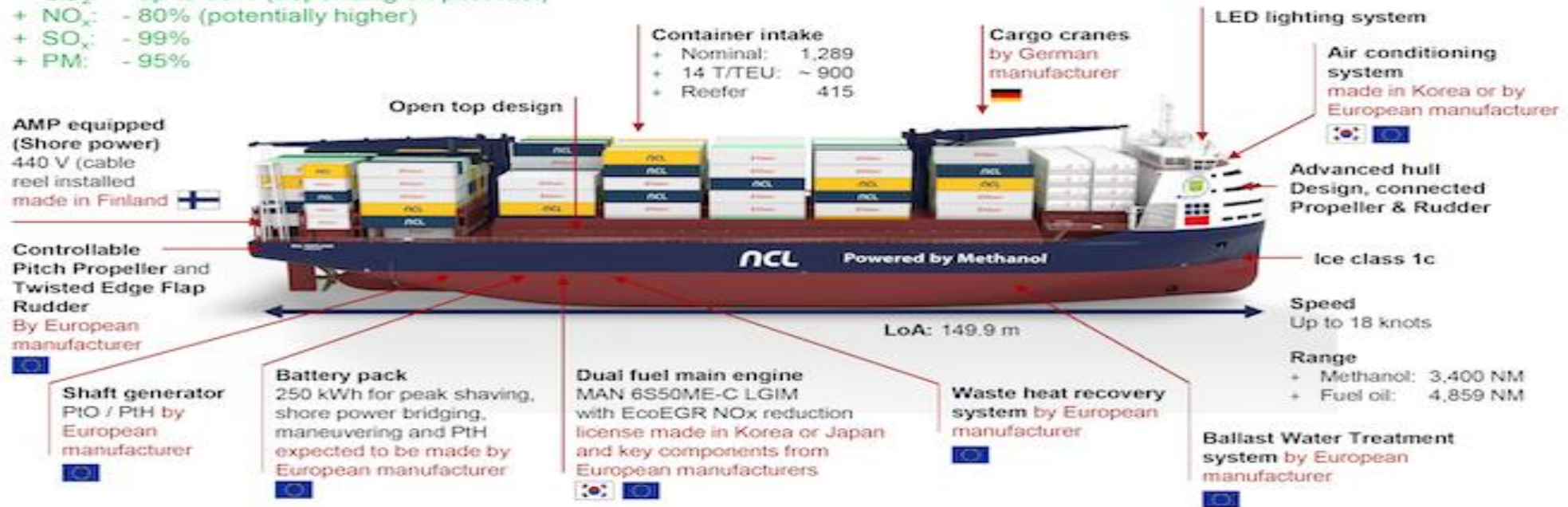
EXAMPLE: DUAL USE SELF-UNLOADING COMMERCIAL/ MILITARY SEALIFT SHIP= METHANOL POWERED 1,300 TEU CONTAINER SHIP X 100 SHIPS @ \$75M= \$7.5 B

Project Greenbox

LATEST ECO-DESIGN WITH HIGH-QUALITY EQUIPMENT

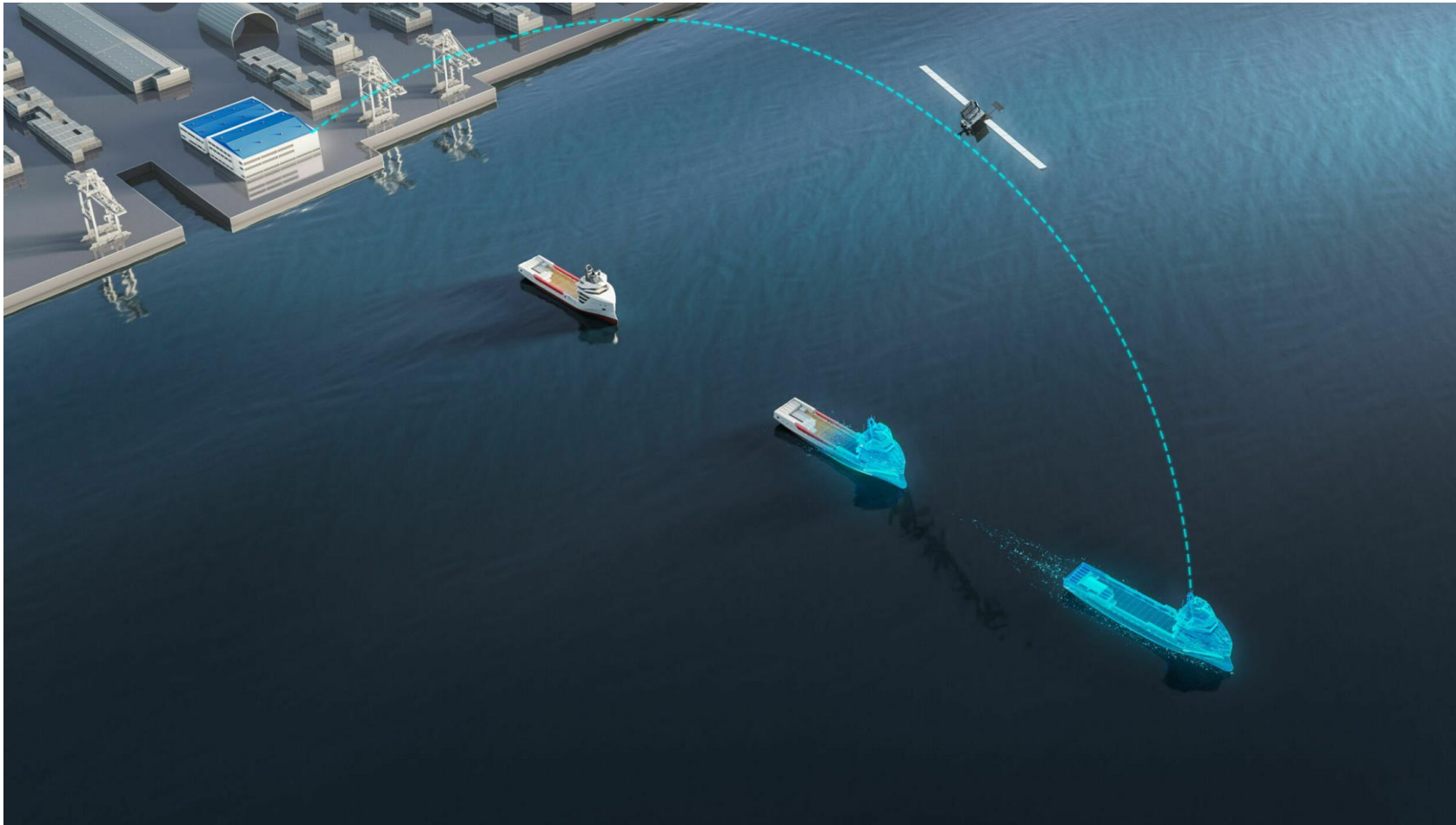
Ready for net carbon-neutral operations based on green methanol¹

- + CO₂: - up to 95% (depending on pilot fuel)
- + NO_x: - 80% (potentially higher)
- + SO_x: - 99%
- + PM: - 95%



Based on MGO the Greenbox will offer a 50% slot cost reduction advantage compared to the current vessels employed on the trade

AUTOMATED & ELECTRONICS SYSTEMS INTEGRATION CAN REDUCE COSTS



Source: <https://www.var-d.com/products-and-services/seaq-remote>

THE PROBLEM: GENERAL ACCOUNTING OFFICE (GAO) GIVES FOUR U.S. NAVY SHIPYARDS 'POOR' RATING

- The Navy's four public shipyards are critical to maintaining the readiness of its fleet including aircraft carriers and submarines. However, the condition of their dry docks and facilities is poor, and their equipment is generally past its useful life.
- Further, the Navy reports that without improvements to shipyard infrastructure, it will be unable to support almost a third of the planned maintenance periods for aircraft carriers and submarines through 2040, hindering fleet readiness.
- In 2022, the Navy completed its first plan for Pearl Harbor Naval Shipyard. The Navy's estimated cost for Pearl Harbor increased significantly—from an estimated \$6.1 billion in 2018 to \$16 billion in 2022.
- The dry dock project at Portsmouth Naval Shipyard cost estimate grew from \$528 million for the baseline cost estimate to \$2.2 billion for the final amount, in part due to a lack of competition.
- SOURCE: <https://s3.documentcloud.org/documents/23864056/gao-report-on-navy-readiness-and-shipyard-improvement.pdf>

DOD SAYS U.S. NAVY SHIPYARDS CAN'T BUILD 3 DESTROYERS IN A YEAR



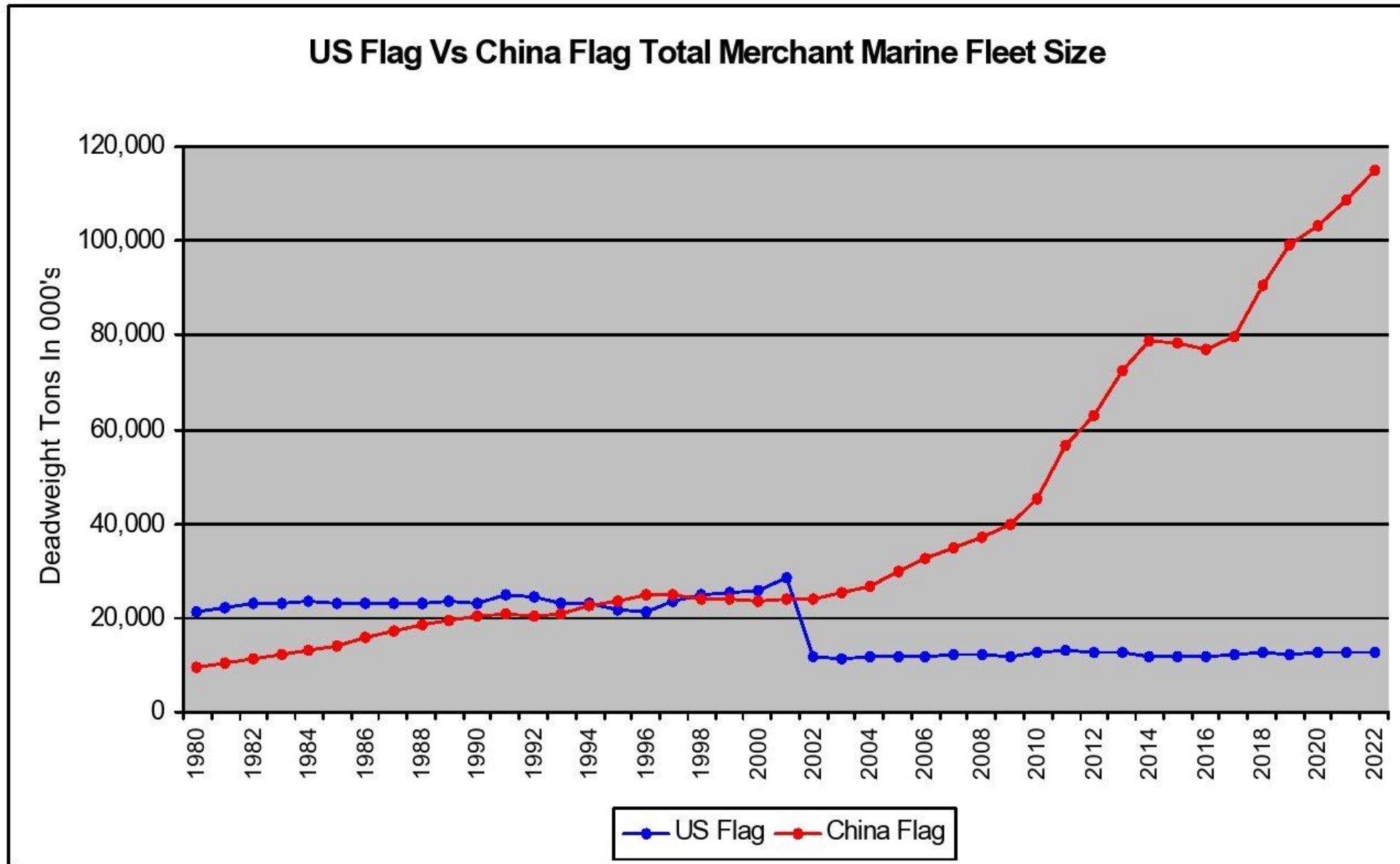
Source: <https://news.usni.org/2023/03/21/osd-comptroller-says-u-s-shipyards-cant-build-3-destroyers-a-year>

DOD: ONLY 40% OF READY RESERVE SHIPS COULD SET SAIL IN 2020

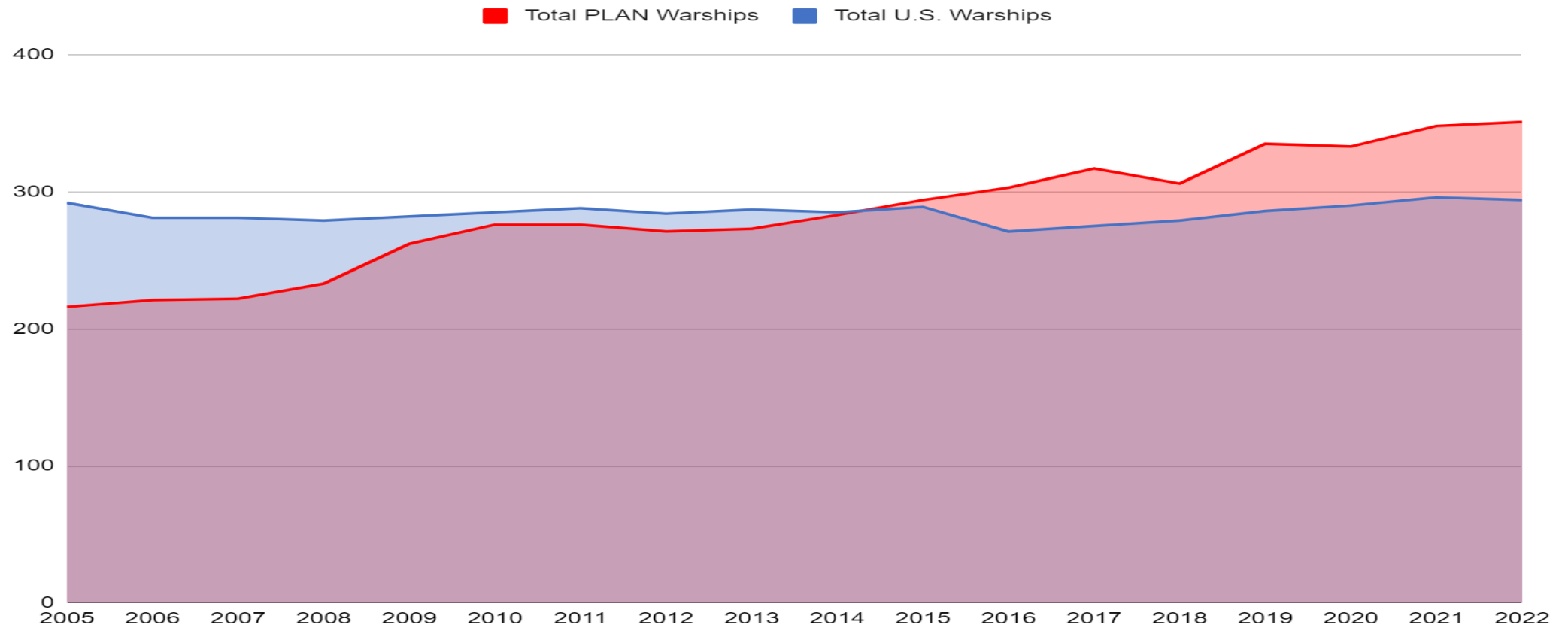
Source: <https://news.usni.org/2020/01/16/test-of-ready-reserve-force-exposes-need-for-newer-ships-more-people>



CHINA LEADS THE UNITED STATES



CHINA BUILDS MORE WARSHIPS THAN U.S.



CHINA LEADS WITH MODERN MASS-PRODUCING SHIPYARDS



CHINESE SHIPYARDS CAN BUILD AN AIRCRAFT CARRIER (L) & CONTAINER SHIPS (R) AT THE SAME TIME



Photo: <https://features.csis.org/china-shadow-warships/#:~:text=New%20research%20by%20the%20Center,from%20companies%20around%20the%20world.>

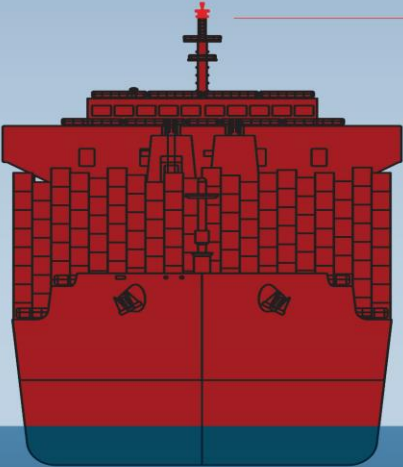
CHINA'S NAVY IS BIGGER THAN THE U.S. NAVY



CHINESE GOVERNMENT SUPPORT FOR CHINESE SHIPPING & SHIPBUILDING = \$132 BILLION BETWEEN 2010 and 2018: CSIS

China's Shipping Industry Rises with Ocean of State Support

2010-2018



Direct Subsidies \$5B

China provides a wide variety of cash payments and rebates to its enterprises to offset costs, boost revenue, encourage the adoption of new technology, and aid ailing firms. Examples include subsidies for exports, insurance, research and development, employment, and loan interest, as well as value-added tax rebates, income tax exemptions, and reduced port fees.

State Financing \$127B

China's state banks have taken a dominant role in the shipping sector through lending and leasing to both domestic and international firms. This funnels new orders to Chinese shipbuilders and expands China's ownership of the world's merchant fleet.

OTHER STATE SUPPORT

State Fundraising

The Chinese government directs SOEs to support each other through a variety of means, including low-interest loans with preferential terms, debt forgiveness, government-mandated equity infusions, and low-interest bond issuance.

Indirect Subsidies

China provides subsidies and non-monetary support to adjacent industries (e.g., steel, oil, electricity, and real estate) that translate into reduced costs for shipping and shipbuilding companies.

Barriers for Foreign Firms

China deters foreign firms from competing with or supplying Chinese shipping and shipbuilding companies through domestic input requirements, import substitution, and export restrictions.

Consolidation Policies

China consolidates its SOEs to promote global dominance in strategic industries. In 2015, for example, the government approved a merger to give it the largest shipping and logistics company in the world.

Forced Tech Transfer & IP Theft

Foreign firms are required to transfer technology in order to secure market access, while state-sponsored hacking and commercial espionage have targeted foreign intellectual property (IP), including maritime technology.

Source: Authors' original research.

U.S. NEEDS NEWER SHIPYARDS



SHIPS ACT WOULD SUPPORT NAVY LEAGUE'S PROPOSAL FOR U.S. BUILDING DUAL USE COMMERCIAL & MILITARY SEALIFT SHIPS



U.S. SHIPBUILDING GENERATES OVER 100,000 JOBS

- In 2019, the U.S. private shipbuilding and repairing industry directly provided 107,180 jobs
- \$9.9 billion in labor income, and \$12.2 billion in gross domestic product, or GDP,
- Nationwide basis, total economic activity associated with the industry reached 393,390 jobs, \$28.1 billion of labor income, and \$42.4 billion in GDP in 2019.

SOURCE: U.S. MARITIME ADMINISTRATION

SHIPS ACT CAN CREATE NEW SHIPBUILDING JOBS



393,390 U.S. JOBS WERE IMPACTED BY U.S. SHIPBUILDING IN 2019



SHIPS ACT WILL SUPPORT TRAINING NEXT GENERATION MARINERS



Between 1942-1945, the US Maritime Commission directed the construction of 2,700 Liberty and Victory ships helping the U.S. to win World War II: Women and African-Americans supported the shipbuilding surge: It can be done!



CONCLUSION:

\$50B SHIPS ACT = NEW U.S. SHIPBUILDING, SHIPS & JOBS

- U.S. closes shipbuilding gap with China
- New MARAD Title XI funding for ships = more ships, shipbuilding, modernization, training and new jobs
- Increased shipbuilding funding & new shipyards = higher U.S. shipbuilding productivity + lower costs for U.S. ships & U.S. Navy
- New support jobs in steel fabrication, maritime propulsion & systems integration
- New mariner jobs and maritime professional possibilities
- New marine highway ships can reduce highway congestion and speed up deliveries = new business for ports & cargo-handling
- New modern low/zero emission engines for commercial & military sealift ships
- New funding for maritime schools, trade schools = new opportunities for high school and maritime school grads

SUPPORT THE SHIPS ACT!

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