

Trump's expansionist worldview puts US maritime interests in spotlight



US shipbuilding proponents are encouraged by President Donald Trump filling his new cabinet with three men known to have supported US shipbuilding while in Congress. (Trump pictured in 2019 on USS Wasp at Yokosuka Naval Base.) Photo credit: Brendan Smialowski / AFP via Getty Images.

Mark Szakonyi, Executive Editor | Feb 20, 2025, 7:00 AM EST

US President Donald Trump has maritime on the mind, flexing an expansionist worldview to expand regional control and limit Chinese and Russian influence in the Western Hemisphere. In just the very early days of the new administration, the White House has cited the security threat of Russian and Chinese shipping in Arctic waters as justification for Trump's designs on Greenland and Canada and has escalated pressure on Panama to push out a Hong Kong-based marine terminal operator it deems under China's sway.

The president's missives, importantly, have not impacted container shipping, but they are noteworthy, nonetheless. Commercial shipping and the extensions of military power, most visible via navies and strategic port investment such as China's Belt and

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Road, have rarely come into conflict while sharing the same waters. But increased geopolitical risks, driven largely by heightened tensions between China and the United States, are pushing the commercial and government spheres closer together.

As the US looks to strengthen its regional sphere of influence, bipartisan political attention is building to boost US shipbuilding, and thus, its ability to project power in the Arctic and reduce dependence on foreign carriers. While political interest for a US shipbuilding renaissance might be the most favorable since the Nixon administration, the challenge is daunting.

Rebuilding an industry that has been in decline since World War II would take massive and consistent multiyear investment — unlike, say, renaming a body of water shared with Mexico and Cuba. Once at more than 2,000 vessels and 300 shipyards, the US international merchant fleet now numbers approximately 80 and just 20 or so of domestic shipyards.

During a call in November with the president of South Korea, Trump expressed interest in the increased cooperation between the two countries' shipbuilding industries, according to Nikkei Asia. Hanwhan Systems and Hanwha Ocean acquired Philly Shipyard, which builds US-flag ships for Jones Act trades, in December for approximately \$100 million.

The outgoing Biden administration, which like Trump defended US Steel from Japanese buyers, blasted Chinese steel subsidies for unfairly propping up Chinese shipbuilding. Trump on Feb. 10 announced a 25% tariff on US imports of steel and aluminum, effective March 12.

US shipbuilding proponents are encouraged by Trump filling his new cabinet with three men known to have supported US shipbuilding while in Congress — former congressmen Mike Waltz and Jamieson Greer are now national security advisor and US trade representative, respectively, while ex-Sen. Marco Rubio is Secretary of State.

The Trump administration has a legislative vehicle at its disposal via the newly introduced SHIPS Act. The SHIPS Act, introduced in the Senate and House and backed by both sides of the aisle, would require all government cargoes to be shipped via the US-flag fleet. The legislation, if passed, would mandate that an annually increasing percentage of commercial goods imported from China move on US-flag ships starting in 2029, eventually reaching 10%. The legislation as of mid-February had yet to start moving through either of the respective Senate or House committees.

Panama squeeze

More immediately, the Trump administration is putting the heat on Panama's government for allowing Hong Kong-based Hutchison Port Holdings (HPH) to operate a port on either side of the Panama Canal through a long-standing concession that began in 1997 and was renewed in 2021. Louis Sola, newly tapped by Trump as chairman of the Federal Maritime Commission and a one-time Panama resident, told senators during a Jan 28 that US terminal operators did not get a fair shake in the country due to corruption in the government. US-based SSA Marine, Singapore-based PSA and Taiwan-based Evergreen Terminal also have terminals in Panama.

Panama announced on Feb. 7 that it would not renew its membership in China's Belt and Road initiative, the massive infrastructure investment designed to string ports, including Cosco Shipping's newly opened mega-terminal in Peru, like proverbial pearls. Trump has proposed a massive US sovereign investment fund, which could hypothetically aid the canal in a \$2 billion project to ensure it has enough water to fully support its locks.

CK Hutchison Group's container division, spanning 298 berths and 53 ports in 24 countries, reports that 8.9% of its revenue comes from its Panama operations, which contributes 1.3% to its global berthage, analyst John McCown of the Center for Maritime Strategy wrote.

"It is unreasonable to consider a de minimis segment of a conglomerate that actually has nothing to do with the canal to be a national security risk," McCown wrote in a Feb. 18 analysis.

Meanwhile, Senate Republicans are laying out the legal argument that the US could retake control of the canal if the neutrality has been violated. And Mauricio Claver-Carone, Trump's special envoy for Latin America, told Politico in early February that the US Army Corps of Engineers could help the canal, with the condition that the US could get a "piece of it."

Expanding the remit of the Panama Canal Authority to the management of port concessions could be one way to increase US oversight without trying to force a cancellation of HPH's concessions, which are in place until 2047, or retaking control of the waterway.

Contact Mark Szakonyi at mark.szakonyi@spglobal.com.

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