



Senate to extend Buy American laws for Navy ships

Bryant Harris

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Senators unanimously agreed to legislation mandating that 100% of components for all Navy ships be manufactured in the U.S. by 2033.

The Senate passed the amendment from Sen. Tammy Baldwin, D-Wisc., by unanimous consent with little fanfare last week, tacking it onto the fiscal 2024 National Defense Authorization Act. Senators are still considering additional amendments to the NDAA, and a final vote is expected later this week.

“Wisconsin has a proud tradition of shipbuilding, producing world-class products made by American workers that defend our freedom at home and abroad,” Baldwin said in a statement after the amendment passed last week. “By strengthening Buy America requirements for our shipbuilding industry, we can ensure that taxpayer dollars are not only going toward keeping us safe, but also supporting American jobs, growing our economy, and maintaining a defense industrial base that is critical to our national security.”

Her bill would require that the 65% of components for all Navy ships are “manufactured substantially all from articles, materials or supplies mined, produced or manufactured” in the U.S. starting in 2026. That figure jumps to 75% in 2028 and 100% in 2033.

It would allow the defense secretary to wave those requirements under certain circumstances, including to expand production to Canada, Britain, Australia or New Zealand or if the Buy American requirements increase the total acquisition cost beyond 25%.

Baldwin is up for reelection next year in Wisconsin, a battleground state. Wisconsin is home to the Fincantieri Marinette Marine shipyard as well as Fairbanks Morse, a manufacturing company that builds engines for naval vessels.

Under Baldwin’s Buy American provision, Naval ships that use engines from countries like South Korea, Japan, Finland, Germany and Italy would eventually need to be built with engines sourced in the U.S.

Proponents of Buy American laws argue that they strengthen the industrial base by ensuring a steady stream of work for U.S. suppliers. Still, the U.S. has struggled to keep apace with its shipbuilding goals amid significant labor shortages.

Colin Grabow, a senior fellow at the libertarian-leaning Cato institute, argued that Baldwin's bill could further complicate an already constrained shipbuilding industrial base by eliminating foreign suppliers while inviting trade retaliation from U.S. allies.

'Taking away options'

"This will make naval shipbuilding more difficult and expensive," said Grabow. "We're taking away options. We're narrowing the choices and that just inevitably results in higher costs and extended options."

He suggested the U.S. could go in the "opposite direction" and integrate more with U.S. allies on shipbuilding.

"Japan and South Korea are two of the biggest shipbuilder countries in the world, and the naval vessels they're producing for their navies are a fraction of the cost of our own," said Grabow. "Maybe there are some lessons to be learned there. Maybe we should use some of their shipyards."

President Joe Biden signed a 2021 executive order during his first month in office to bolster Buy American requirements for federal contractors. The Pentagon is shielded from many of those requirements due to several exemptions, including defense trade agreements with 27 other countries.

Former President Donald Trump also emphasized Buy American policies as part of his "America First" agenda, signing his own executive actions in 2017. He toured Wisconsin's Fincantieri Marinette Marine shipyard during his failed 2020 reelection campaign.