

FEATURE ARTICLES

## Korea at the Heart of America's Maritime Statecraft



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### THE ORIGINS OF THE MARITIME STATECRAFT STRATEGY

While the United States remains the world's leading naval power, it has ceased to be a maritime power. This is unsustainable—history demonstrates that no great naval power has long endured without also being a great commercial maritime power.

This American predicament has deep roots and is self-inflicted, being the result of two foundational strategic errors committed in the 1980s and the

1990s. The first was the decision in 1981 to cut off the flawed but workable system by which the U.S. Government supported the U.S. commercial shipping and shipbuilding industries, which thereafter closed or moved abroad. The second was the decision in the 1990s to not only permit but actively encourage the consolidation of the defense industrial base. The result of these twin decisions has been the creation of a series of monopoly-monopsony relationships across every class of ship the U.S. Navy buys, the sole exceptions being

destroyers and attack submarines, which have duopolies. In the absence of either genuine market competition or a dual-use commercial and naval industrial base that healthier seapower ecosystems can draw upon to augment naval power, U.S. Naval shipbuilding performance over the past decades has predictably suffered.

Beginning in 2022, this author, together with Secretary of the Navy Carlos Del Toro and Senior Advisor to the Secretary of the Navy Steve Brock, began to conceptualize and implement a new strategy to ameliorate this situation. We came to call this strategy “Maritime Statecraft.” Our thesis: mobilizing investment in the United States by world-class commercial and naval shipbuilding firms from U.S. allies would inject much-needed competition into the U.S. shipbuilding marketplace, forcing legacy players to invest in modernizing their core enterprises rather than juicing their stock prices, while bringing new commercial and naval shipbuilding capacity online at the technological cutting edge.<sup>1</sup> With 90% of the world’s commercial ships being built in China, Korea, and Japan, the latter two being some of America’s most stalwart allies with highly capable and interoperable navies, it followed naturally that Korea and its shipbuilders would be indispensable to this effort.

It was immediately apparent to us that introducing competition to the U.S. naval shipbuilding market by simply outsourcing warship production overseas, whether to Korea or elsewhere, was not the right option, for a host of compelling reasons. Setting aside

the very real issues of technical security, longstanding prohibitions in U.S. law, and political imperatives, the foundation of the rationale against outsourcing naval shipbuilding is strategic: while Korean shipyards set the global industry standard, their geography makes their very large and highly targetable fixed facilities virtually indefensible against China, the United States’s most dangerous potential adversary. Ships win battles; shipyards win wars.<sup>2</sup> A fleet that is unable to replace its losses in combat is a spear point with nothing behind it. Every yard that would be worth outsourcing to in both Korea and Japan is ranged by China’s most plentiful and most producible classes of weaponry, with the Hudson Institute estimating in 2025 that the People’s Liberation Army can launch upwards of 2000 munitions per day against targets within 500 nautical miles of the Chinese mainland.<sup>3</sup> Not only could China destroy Korean and Japanese yards by missile fire, but it could continue striking them with repeated large salvos to ensure they remained out of action for the duration of a conflict and a considerable period thereafter—an outcome which would directly serve China’s self-evident ambition to dominate the world shipbuilding market and the global maritime transportation system.

By contrast, while China could in theory strike U.S. yards with intercontinental-range weapons, the enormous cost of these weapons would greatly reduce their availability, particularly in light of the large salvo sizes required to successfully destroy a proliferated target like a shipyard. Moreover, given the long production timelines of intercontinental-range missiles, the U.S. shipyard could conceivably

<sup>1</sup> Steve Brock and Hunter Stires, “Maritime Statecraft and its Future,” *Center for International Maritime Security*, October 21, 2025. <https://cimsec.org/maritime-statecraft-and-its-future/>

<sup>2</sup> Hunter Stires, “Don’t Give Up the Shipyards,” *Defense One*, October 28, 2025. <https://www.defenseone.com/ideas/2025/10/dont-give-shipyards/409114/>

<sup>3</sup> “America’s new plan to fight a war with China,” *The Economist*, August 14, 2025. <https://www.economist.com/international/2025/08/14/america-as-new-plan-to-fight-a-war-with-china>. Map annotated by the author for briefing, “The Maritime Statecraft Strategy: Past, Present, and Future,” April 2, 2026.

be repaired faster than China could produce a new salvo of weapons with which to reattack. As such, we reached the conclusion that “if we cannot and should not build ships in the world-class shipyards of our allies, we must bring our shipbuilding allies to us.”<sup>4</sup>

*A fleet that is unable to replace its losses in combat is a spear point with nothing behind it ... Ships win battles; shipyards win wars.*

This led us to the question of how to incentivize those players to invest in the United States. Investment dollars, like water, generally flow downhill, from high-cost markets to lower-cost ones. This means there is essentially no “natural” underlying economic business case for a world-class player from Korea to invest in the United States absent some other source of incentive or U.S. negotiating leverage. That incentive and source of U.S. leverage comes in the form of access to the very large U.S. Government shipbuilding market, which is restricted by law to shipyards in the United States. The U.S. Government market is a substantial carrot to attract investment: upwards of \$30 billion per year and the last shipbuilding market segment not yet dominated by the major global players in China, Korea, and Japan.

Given the underlying economic realities and the substantial costs inherent to shipyard investments, agreeing to open up access to the U.S. Government

market overseas would destroy the incentive for a global shipbuilder to follow through on investing in America. Why would a shipbuilder who already has a world-class shipyard at home expend the time, money, and effort to invest in a U.S. shipyard in the hope of gaining U.S. Government business tomorrow if the U.S. Government were to give its business overseas for nothing concrete in return today? Under these conditions, investment and outsourcing work at cross purposes, making compromise approaches illusory—if the United States wants investment, it cannot agree to outsource; if it agrees to outsource, it will not get investment, because the investment dollars will flow to lower-cost, higher-profit markets—which is to say anywhere and everywhere but America. The only way to ensure incentives are appropriately aligned so companies follow through on their investment commitments is to stand firm on the negotiating position that America builds its warships only in America, while holding the door open wide for world-class players from Korea and elsewhere to bring their talents to U.S. shores as quickly as possible. This is the essence of the approach we put into action, with robust results.

## THE U.S. OPENING TO SOUTH KOREA

After messaging our intent across a series of speeches by Secretary Del Toro at Columbia University, Harvard University, and a series of major U.S. naval conferences, the first step in implementing the Maritime Statecraft strategy was to make direct contact with the leaders of Korea’s leading shipbuilding firms.<sup>5</sup> We arranged for these

<sup>4</sup> Brock and Stires, “Maritime Statecraft and its Future.”

<sup>5</sup> Secretary of the Navy Carlos Del Toro, “A Maritime Nation: American Naval Primacy to Meet the Challenges of the 21st Century,” Speech at Columbia University, December 8, 2022. Text: [https://www.navy.mil/Press-Office/Speeches/display-speech/Article/3240877/secnav-delivers-remarks-at-columbia-](https://www.navy.mil/Press-Office/Speeches/display-speech/Article/3240877/secnav-delivers-remarks-at-columbia-university/)

[university/](https://www.youtube.com/watch?v=UH_wLu1KkME). Video:

[https://www.youtube.com/watch?v=UH\\_wLu1KkME](https://www.youtube.com/watch?v=UH_wLu1KkME). Secretary of the Navy Carlos Del Toro, “Naval Diplomacy in an Era of Great Power Competition: A Renaissance in Maritime Statecraft,” Speech at the Harvard Kennedy School, September 26, 2023. Text: <https://www.navy.mil/Press->

engagements to take place during Secretary Del Toro's official visit to Korea in February 2024. We prioritized the CEOs of firms that both set global industry standards in commercial shipbuilding while also building respected warships—a small competitive set. In Korea, this led us to Dong Kwan Kim of Hanwha and Kisun Chung of HD Hyundai. Secretary Del Toro met with these leaders immediately upon landing in Seoul, and followed up by touring each company's principal shipyard two days later. The message conveyed was a straightforward one: invest in America.<sup>6</sup>

The response was swift. In May 2024, just a few months after Secretary Del Toro's visit, Hanwha announced it had reached a \$100 million deal to purchase the Philly Shipyard, a transaction it successfully closed in December 2024. Hanwha declared its intention to invest \$5 billion to modernize the yard's facilities with its cutting-edge technologies and more than double the workforce to increase production from less than two ships per year to as many as twenty ships per year, serving both commercial and naval markets.<sup>7</sup> This is exactly what we hoped would happen. Hanwha also took a 19.9% stake in Austal, a U.S. and Australian naval

shipbuilder with several significant naval contracts across both surface ship and submarine programs.<sup>8</sup> Integrating Hanwha's globally industry-leading capabilities into Austal's operations will almost certainly offer valuable benefits to that shipbuilder, both in the United States and Australia.

HD Hyundai moved to create valuable technical and educational exchanges, most notably through a partnership we brokered between HD Hyundai, Seoul National University, and the University of Michigan, the latter being the last major research university in the United States that teaches naval architecture from undergraduate through post-doctorate levels.<sup>9</sup> HD Hyundai has moved more deliberately in approaching a possible shipyard investment, preferring the prospect of taking a minority ownership position in conjunction with a majority U.S. owner while serving as the primary operational partner in a shipyard. Though a minority stake with a primary operational role would minimize HD Hyundai's expenditure of its own capital, and an 80.1% U.S. ownership would eliminate the requirement for review by the Committee on Foreign Investment in the United States (CFIUS), HD Hyundai's proposed structure

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Office/Speeches/display-speech/Article/3538420/secnav-delivers-remarks-at-harvard-kennedy-school/ Video: <https://www.youtube.com/watch?v=ujPrMssETwI>. Secretary of the Navy Carlos Del Toro, Keynote Address, Surface Navy Association 36<sup>th</sup> National Symposium, January 10, 2024. Text: <https://www.navy.mil/Press-Office/Speeches/display-speech/Article/3641949/secnav-del-toro-delivers-remarks-at-the-surface-navy-association-36th-national/>. Secretary of the Navy Carlos Del Toro, Keynote Address, WEST Conference February 15, 2024. Text: <https://www.navy.mil/Press-Office/Speeches/display-speech/Article/3677940/secnav-del-toro-delivers-keynote-address-at-west-2024/>

<sup>6</sup> "Secretary of the Navy Del Toro Meets with Leaders of HD Hyundai and Hanwha in the Republic of Korea, Tours Shipyards," *Department of the Navy Press Release*, February 28, 2024. <https://www.navy.mil/Press-Office/Press-Releases/display-pressreleases/Article/3690336/secretary-of-the-navy-del-toro-meets-with-leaders-of-hd-hyundai-and-hanwha-in-t/>

<sup>7</sup> "Hanwha announces \$5 billion Philly Shipyard investment as part of South Korea's commitment to US shipbuilding growth," August 27, 2025.

<sup>8</sup> Han Ye-Na, "Hanwha Secures 19.9% Stake in Austal, Becomes Top Shareholder," *Chosun Daily*, December 12, 2025. <https://www.chosun.com/english/industry-en/2025/12/12/SPZAT3PLJJAHHJOG36MD7QBSUM/>

<sup>9</sup> Nicole Panyard, "Trilateral Partnership to Train U.S. Shipbuilding Experts," University of Michigan Department of Naval Architecture and Marine Engineering press release, July 23, 2024. <https://name.engin.umich.edu/2024/07/23/trilateral-partnership-to-train-u-s-shipbuilding-experts/> Secretary of the Navy Carlos Del Toro, Farewell Address to the Naval War College, January 17, 2025. <https://www.navy.mil/Press-Office/Speeches/display-speech/Article/4033695/secnav-nwc-farewell-address/>

is more complex than the considerably more straightforward 100% ownership structure Hanwha pursued for its investment into the Philly Shipyard—which was cleared by CFIUS in the first 45-day review period. In this case, the simpler arrangement moved forward with speed while the more complex approach still has yet to materialize.

### CONTINUITY AND CHALLENGE IN U.S. MARITIME STATECRAFT

Maritime Statecraft has demonstrated notable staying power across the political transition, with the second Trump administration adopting and continuing most of the major elements of the strategy created by its predecessor. The second Trump administration's executive orders on shipbuilding have consistently emphasized the core precepts of the Maritime Statecraft strategy, namely injecting market competition into the U.S. shipbuilding industry through foreign direct investment by world-class shipbuilders in the United States, while curbing the abusive practices of incumbent U.S. players of investing in stock buybacks and dividends instead of their core businesses at a moment when their major programs are underperforming. As the saying goes, the mark of a good idea in Washington, DC is when the other political party joins in claiming that idea as its own. Likewise, both the United States and Korean governments built on the accomplishments of the Maritime Statecraft strategy in crafting the Make American Shipbuilding Great Again proposal in recent tariff negotiations, with a nominal commitment of \$150 billion in Korean investment into the U.S. shipbuilding industry.

There is, however, one critical area of divergence which could run the whole enterprise aground. A small, but well-placed faction within the second Trump Administration has begun pushing the idea of a “bridge strategy,” which proposes to “temporarily” outsource the first few ships in a multi-ship block buy in exchange for a promise to invest in a U.S. shipyard to “onshore” production later.<sup>10</sup> Despite their high stations, the proponents of this idea consistently fail to grasp that their proposed structure surrenders, at the outset of a deal, the U.S. Government's best leverage to ensure a global shipbuilder actually follows through on that subsequent investment commitment—investments that the U.S. Government would be actively taking steps to disincentivize—leaving the U.S. Government totally dependent on the continuing goodwill of the foreign partner to carry forward an expensive and difficult endeavor. Indeed, their proposed structure actually incentivizes a foreign shipbuilder to renege on their promises.

In endeavors of this magnitude, contractual commitments are far less important than ensuring incentives are aligned such that all parties fulfill their commitments because they themselves want to. As it would be far more profitable for a global shipbuilder to serve the U.S. market from their world class yards at home, the Trump administration's proposal to outsource the first two ships of a block buy in exchange for a promise of investment in the United States would create a situation in which a shipbuilder's lowest cost, highest profit option would be to say whatever they would need to say to get the block buy order, build the first two ships profitably at home (setting up a hot production line in the process), and then either slow-walk the U.S.

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<sup>10</sup> Tweet by @russvought, August 18, 2026: <https://x.com/russvought/status/2089831370323537960?s=20>.  
Tweet by @HunterStires, August 18, 2026:

<https://x.com/HunterStires/status/2089886194771345679?s=20>

investment or genuinely try to invest and fail, before presenting the U.S. Government with a classic “offer it can’t refuse” to build all of the ships in the block order overseas. No contract structure can inoculate the U.S. Government against this risk: it is impossible to force someone to persist in an expensive and long-term investment that they wish to exit. The United States would thus be left even worse off than it started, having incentivized capital to flow into shipyards abroad while squandering valuable time and having potentially suffered a further shipyard failure at home.

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However, Congress as an institution is smarter and more strategically minded than it is often given credit for. Accordingly, the Trump administration’s outsourcing proposals have run into robust resistance in the Legislative Branch. In June 2026, the Republican-controlled House Armed Services Committee voted overwhelmingly to adopt a Democratic amendment to the National Defense Authorization Act that would prohibit the use of funds to procure battle force ships from shipyards outside the United States, with the Senate Armed Services Committee embracing a similar measure. Likewise, in August 2026, Senator Susan Collins, the Republican chair of the powerful Senate Appropriations Committee, came out publicly and

forcefully against the Trump administration’s proposals of outsourcing naval shipbuilding under the guise of a bridge strategy.<sup>11</sup> With three of the four major committees in the defense legislative process taking positions against outsourcing naval shipbuilding and the Trump administration’s broader political power and popularity on the wane across the board, it is highly unlikely that this ill-considered proposal will get far.

Importantly, none of this should be read as a lack of appetite for investment by world-class shipbuilders in the United States. On the contrary: the longevity of the Maritime Statecraft strategy across two administrations of very different political persuasions should be read as a sign that the United States is committed to creating an American maritime renaissance over the long haul. For Korean shipbuilders, this means there is ample opportunity to deepen shipyard and secondary supplier investments in the United States, which will be energetically encouraged by future administrations of both parties. Korean policymakers and industrial leaders would be wise to orient their strategies around making dual-use naval and commercial shipyard investments in the United States as quickly as they can and working with the U.S. government to develop and implement an appropriate mix of financial incentives, commercial subsidies, and naval contracts that will help ensure the long-term economic viability of these ventures.

<sup>11</sup> Tweet by @SenatorCollins, August 14, 2026:  
<https://x.com/SenatorCollins/status/2088347602060538084?s=20>

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#### THE NEXT CHAPTER IN U.S. MARITIME STATECRAFT: MULTILATERAL DIPLOMACY

Looking ahead, a key opportunity for government involvement will be in the diplomatic realm. A major factor in China's naval rise has been its rapid expansion in global commercial shipbuilding market share at the expense of Korea and Japan, backed by Beijing's extensive state subsidies.<sup>12</sup> Some of the largest purchasers of Chinese-built ships are European shipping firms, which rely on the freedom of the sea guaranteed by U.S. and allied naval power for their businesses to operate. Ironically, these European shipowners are increasingly under pressure from Chinese shipping firms, which are now their fastest-growing competitor in the container shipping market. A central focus of our engagements with European shipping firms during our implementation of the Maritime Statecraft strategy was bringing their attention to the connection between these two phenomena—that whatever discount Chinese shipyards were offering European shipowners relative to Korean or Japanese shipyards, Chinese shipyards were almost certainly offering a bigger discount to Chinese shipowners. As

such, the European shipping firms were and are directly fueling the rise of their largest and fastest-growing competitors in the global shipping market. This, in turn, is fueling the rise of the People's Liberation Army Navy and the China Coast Guard, which now pose the principal threat to U.S. and allied naval mastery and the freedom of the sea today.

The United States identified a possible solution to this situation when it implemented port fees on Chinese-built ships, which would impose commensurate costs on Chinese shipbuilding and raise revenue that would finance rebuilding the U.S. maritime industry that had been harmed by China's anticompetitive practices. Notably, China appears to have viewed these U.S. port fees as sufficiently threatening as to be worthy of a concerted response. Not only did it respond with its own reciprocal port fees on U.S. commercial ships, but Beijing also raised the issue to the level of head-of-state diplomacy at a bilateral meeting between President Trump and Chairman Xi at Busan in late 2025. Xi offered, and Trump astonishingly accepted, a mutual one-year "pause" on their respective port fee regimes, despite the gross disparity between the number of affected ships on each side—with China in effect offering to stop taxing a U.S. commercial fleet numbering in the low hundreds of ships while the United States agreed to stop taxing over ten thousand Chinese-built and flagged ships. While Trump's assent to such a lopsided agreement is almost inexplicable, the remarkable diplomatic effort Beijing expended to dispose of the U.S. port fees is indicative of their potency, particularly if implemented by an international coalition. Implemented by the United States unilaterally, these fees would principally serve to encourage global shippers to redeploy their

<sup>12</sup> "Report on China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance," Office of the U.S. Trade Representative, January 16, 2025.

<https://ustr.gov/sites/default/files/enforcement/301Investigations/USTRRReportChinaTargetingMaritime.pdf>  
Brock and Stires, "Maritime Statecraft and its Future."

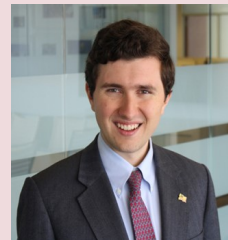
Chinese-built ships to trade lanes that did not call U.S. ports, most notably the China-Europe trade. But if implemented as a multilateral regime that included the European Union and key democratic maritime allies among its parties, the port fees would raise revenues for all to invest into their shipping and shipbuilding industries, thus wresting back market share at China's own expense.<sup>13</sup>

A step further would be a multilateral agreement among the United States, its major shipbuilding and seafaring democratic allies in Korea, Japan, the Philippines, and Australia on the front lines of the Chinese naval threat, and the European Union—home to most of the world's major shipowners—to ban purchases of new construction merchant ships from Chinese shipyards by their respective citizens and firms. Just as it would have been heretical for a Western shipowner to purchase a ship from a yard in the Soviet Union as that country menaced the security of the Western alliance during the Cold War, so too should it be unthinkable, and perhaps formally illegal, for a Western shipowner to purchase a ship from a yard in China as that country menaces the security of the United States and its democratic allies at sea today. Naturally, Korea, Japan, and the Philippines would be the most immediate beneficiaries of such a measure. While a unilateral diplomatic approach to the European Union along these lines by any one country would likely be rebuffed as self-serving, a multilateral approach would deliver leverage and opportunity greater than the sum of its parts.

Korea, like the United States, is functionally an island power. Each of our countries' relationship with the

sea is foundational. The sea is fundamental to our respective geography, our history, our economy, and our security. For Korea and America, maritime power is our birthright. Working together, the nations that produced Yi Sun Sin and Alfred Thayer Mahan can respectively safeguard and reclaim their birthright from the continental dictators who seek to take it away.

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<sup>13</sup> Hunter Stires, "America Should Stick to its Guns on Port Fees for Chinese Ships," Center for Maritime Strategy *The MOC*, November 12, 2025.

<https://centerformaritimestrategy.org/publications/america-should-stick-to-its-guns-on-port-fees-for-chinese-ships/>