

# **MUNITIONS INDUSTRIAL BASE TASK FORCE PERSPECTIVE ON AMMUNITION INDUSTRIAL BASE**

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# AMMUNITION INDUSTRIAL BASE

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- Still Has Many Unresolved Issues But...
  - Considerable Progress Has Been Achieved In Foundation Building
    - Army PEO Ammo
    - Joint Munitions Command
    - Increased Industry – Services' Dialog
    - Improved Ammunition Readiness Reporting
    - Increased Inter-Service Coordination On Industrial Base Issues

# TRANSFORMATION

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- Poses Both Opportunities And Risks For U.S. Industry
  - Considerations
    - Production Is Necessary To Maintain Our Industry's Unique Skills and Capabilities
    - Skills And Capabilities Required For Legacy Munitions Are Also Needed For New Munitions, Smart Or Otherwise
    - Increasing Number of Single Sources For Critical Components
    - Many Senior Level DOD And Service Resource Decision Makers Are Not Knowledgeable About The Munitions Industry
    - Munitions Appear To Be An Afterthought In Ongoing Transformation

# TRANSFORMATION

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## – Conclusions

- Transition From Legacy Munitions To Future Munitions Must Be Carefully Managed By DOD Ammunition Professionals Or High Risk That Skills/Capabilities Will Be Lost
- DOD's Munition Plans Should Be Transparent And Known To Industry To Prompt Industry:
  - IRAD
  - Capital Investments
  - Resource Allocation

# GLOBALIZATION

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- Poses Both Opportunities And Risks For U.S. Industry
  - Considerations
    - U.S. Defense Market Is Attractive To Other Countries' Industries
    - Section 806 Preserves U.S. Skills/Capabilities While Allowing Acquisition Of Best Worldwide Technology And Cooperative Development
    - U.S. Industry Perceives It Is Often Treated Unfairly By Friendly Countries
    - Protection Of Domestic Capabilities Is Paramount Consideration Of Many Countries
    - U.S. Defense Industry Operates Under More Stringent Export Controls Than Most Countries
    - U.S. Defense Industry Operates Under Disadvantageous Tax System For Exports

# GLOBALIZATION

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## – Conclusions

- Globalization Must Be Carefully Managed Or High Risk That Skills/Capabilities Will Be Lost
- Interservice Cooperation/Coordination Is Absolutely Necessary
- U.S. Industry Deeply Concerned That Globalization May Become One-Way Street

# AMMUNITION DEMILITARIZATION

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## – Considerations

- Budget More Than Doubled Over Six Years From \$44M (FY93) To \$106M (FY98)
- Industry Saw Potential For Long Term Profits And Committed To Program
- During Subsequent Five Years Budget Steadily Decreased
  - FY03 Budget Of \$50M Is Less Than FY93 Budget In Constant Dollars
- OMA Ammunition Budget Also Under Funded
  - Inspections/Surveillance Deficient

# AMMUNITION DEMILITARIZATION

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## – Conclusions

- Industry Commitment To Demil Program Directly Tied To DOD Commitment To Fund Demil Program
- Both Commitments Are Weakening
- Demil Stockpile Will Continue To Grow Unless Funding Trend Is Reversed
- Potential For Self-Cleansing Incidents Will Increase As Stockpile Ages And OMA Under Funding Continues
- Unattended Stockpile Could Mask Real Munitions Availability Issues



# MIBTF PERSPECTIVE

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- What's Needed Next To Move Forward?
  - ... A Comprehensive, Well Thought Out Munitions Strategic Plan That:
    - Considers Input From All Stakeholders
    - Provides A Well Understood Framework And Direction To Coherently And Steadily Resolve The Issues Confronting Our Community
    - Has The Commitment Of DOD And Industry To Implement, Fund, And Execute