MUNITIONS INDUSTRIAL BASE TASK FORCE
PERSPECTIVE ON AMMUNITION INDUSTRIAL BASE

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M. S. Wilson
President, General Dynamics Ordnance And Tactical Systems
AMMUNITION INDUSTRIAL BASE

- 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

• 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

– 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

• 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

– 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

– 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

– 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

• 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