

Carrier Industry Mounts Budget Defense

By Roxana Tiron of *The Hill*

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The aircraft-carrier industry is intensifying pressure on Congress to prevent cuts to the president's 2007 budget request for Navy shipbuilding.

The Aircraft Carrier Industrial Base Coalition, a grassroots lobbying arm that was formed only a year ago, is on a drive to build on the base of 200 member companies it has already amassed.

The industry is not limited to the builders of the massive platforms. There are thousands of suppliers across the country, and they fear that carriers, which are extremely expensive, could be an easy target for lawmakers looking to check spending and stop Pentagon costs from skyrocketing further.

The president's 2007 budget request came as a relief to the 2,000 companies in 46 states that constitute the industry and provide design, material, construction and maintenance for carriers. The request included \$784 million for advance procurement for the long-delayed next generation of carrier, the CVN-21. Advance procurement includes continued design work, material purchases and some construction.

Bush's request also would give the carrier industry a lifeline by requiring the Navy to start building a new CVN-21 every four years. Construction on the first will start in 2008. All carriers are built by Northrop Grumman Newport News in Virginia.

The first ship in the CVN-21 class is projected to cost more than \$13 billion, a price tag that forced the Navy to cancel plans for a 2007 start to construction.

"Our biggest concern is maintaining a constant shipbuilding stream," said Rick Giannini, president and CEO of the Milwaukee Valve Co., a supplier for Navy carriers. He is also the co-chairman of the Aircraft Carrier Industrial Base Coalition.

The industry and its suppliers have been struggling with a seven-year dry spell during which only one carrier, the George H.W. Bush, has been built. The ship will be ready for launch in 2008.

These lean years have already had an impact on the industry's base, which was forced to shrink or refocus its expertise. Giannini said the trend began 20 years ago.

"A real concern for the industry is that, if they do not build enough ships, the suppliers have to find something else to do and the technology and skills to build ships won't be there forever," he said. "It is [also] difficult for us to reduce the cost of our manufacturing when we have no idea when a ship is going to be built."

The carrier coalition is intensifying its lobbying on Capitol Hill. Member companies are showing lawmakers the potential consequences of shipbuilding reductions in their states and districts.

The coalition wants to increase membership and “get the word out [on] how important the carriers are for national security and the industrial base,” Giannini said.

“The supplier base and shipyards can’t survive, and you can’t resurrect them and maintain that expertise,” he said.

The Navy also decided to go from a 12-carrier fleet to an 11-carrier fleet by retiring the USS Kennedy earlier than projected. There also will be a two-year gap when the Navy will only have 10 carriers until it receives the first CVN-21, as another carrier is slated for retirement around 2013. An 11-carrier fleet requires quadrennial delivery of new carriers, Giannini argued.

Even though the coalition is “cautiously optimistic” about the 2007 budget, its task could prove formidable because lawmakers are already questioning the cost of the Navy’s plan to expand from 280 ships to 313.

The Navy argues that the plan requires \$14.4 billion annually for new ship construction, but the Congressional Budget Office calculates that \$20 billion would be the annual cost, nearly twice the Navy’s current request.

Sen. John McCain (R-Ariz.), vice chairman of the Armed Services Committee, said that if cost inflation continues “you’ll never see another 313-ship Navy, and that saddens me.”

A strong supporter of shipbuilding, Rep. Jo Ann Davis (R-Va.), said that without raising the top-line number in the Navy’s budget the industry won’t be able to build the number and quality of ships necessary. But she acknowledged that raising the top line “is almost impossible.”