

Aircraft Carrier Supplier Base Needs Steady Shipbuilding Plan, Official Says

By Geoff Fein of *Defense Daily*

4/12/06

The aircraft carrier industrial base needs a steady shipbuilding plan, which includes commitments on numbers of ships to be built and how often, according to the co-chair of the Aircraft Carrier Industrial Base Coalition (ACIBC).

To keep a healthy, strong industrial base, suppliers need commitments on how many carriers the Navy will build and how often, Rick Giannini, president and CEO of **Milwaukee Valve Co.** and co-chair of ACIBC, told *Defense Daily* in a recent phone interview.

"The president's plan, which is the Navy's 30-year shipbuilding plan, does call for a carrier every four years starting in '08," he said. "That would be a tremendous help to the industry."

However, even though the Navy's shipbuilding plan calls for building the next generation of aircraft carriers (CVN-21) beginning in 2008 with follow-on ships in 2012 and 2016, Giannini points out that the number of active carriers will fall to 10 (in FY '13 and FY '14).

"From a national defense standpoint, dropping below 11 would be a very difficult thing for our country to manage. Taking the supplier side, which is the side I am on, we haven't had a carrier in seven years and our work force is down probably 30 to 40 percent from where it was just a few years ago," he explained.

Should Congress or the Navy move acquisition of a new carrier further to the right, it will create additional strain on the supplier base, Giannini added.

"Our company in particular, there are 15,000 valves that we supply on one carrier. When that business is gone, it puts a huge strain on [us]. Like every other business, you have to find ways to stay in business and utilize your equipment and people or you can't keep the people. It's very difficult. The vendor base is getting strained more and more every year," he said.

That's why Giannini says getting funding in the budget for construction of a new carrier every four years is one thing; actually getting it built is what really matters.

"It seems like the president's budget and the defense budget, in particular, with the ship building plan, looks pretty good, at least from early indications. We are very pleased about that," Giannini added. "But we also know when things get tight and funds get tight, something's [got to] give."

ACIBC held its second industry day breakfast last month in hopes of getting members to visit their congressional delegation to spread the word on the importance of building naval ships, Giannini said.

The Navy has a good plan and the attention shipbuilding is receiving helps, too, he added.

"[The Navy is] very supportive of the 11-carrier fleet and getting the submarines back up, and in general getting the overall ship numbers back up," Giannini said. "It does appear that the shipbuilding industry, as part of defense, is getting a little more attention than it has in the last several [years] and from our perspective, rightfully so, because the industrial base, the vendor base, has really taken a hit over the last 10 years."

While the number of vendors has been dwindling, Giannini said it necessarily isn't a bad thing unless the nation starts to lose critical mass.

"If you lose certain technologies, you can always get them back, the world is pretty resilient. But when they come back they usually take more time, they take more money and there is usually more R&D (research and development) involved in getting them back up and running and somebody has to pay for it," he said.

Early indications are that there is good support for shipbuilding, Giannini said. "Right now there are a lot of things going on in the world that make it important for America to build ships and not let its fleet decrease."

One example is an effort by China to build up its military.

"It's important that we don't show [China] we are abandoning our navy shipbuilding. They are watching and they are building," he added.

Another issue industry and the Navy must contend with is how to lower the cost of building ships. Giannini believes that knowing when new ships are going to come, timing of orders and perhaps grouping orders together so that suppliers can order materials ahead of time, will all help work toward lowering costs.

Another issue is that there is a lot of "specification work that gets written at a high level," Giannini said. And as it filters down each step, more restrictions are written in.

"By the time it gets down to us, to supply the parts, so much more testing needs to be done, new materials need to be used, special tools need to be made to make things. As a supplier we look at it and say 'what are you guys doing? We can supply you with something that will do the job for a lot less,'" he said. "We've been having a lot more conversations like that with Northrop Grumman and with the Navy standards people to try and find ways to utilize what suppliers know."

Northrop Grumman [NOC] is the sole builder of aircraft carriers for the Navy.