

JOINT STATEMENT BY

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ASSISTANT DEPUTY CHIEF OF STAFF, G-3
UNITED STATES ARMY**

AND

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PROGRAM EXECUTIVE OFFICER, AMMUNITION
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AND

**BRIGADIER GENERAL JAMES W. RAFFERTY
DEPUTY COMMANDER, JOINT MUNITIONS COMMAND
UNITED STATES ARMY**

BEFORE THE

**SUBCOMMITTEE ON TACTICAL AIR AND LAND FORCES
COMMITTEE ON ARMED SERVICES
UNITED STATES HOUSE OF REPRESENTATIVES**

ON

**SMALL CALIBER AMMUNITION PROGRAMS AND
THE ASSOCIATED INDUSTRIAL BASE**

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Introduction

Chairman Weldon, Congressman Abercrombie, distinguished members of the committee, we appreciate the opportunity, and it is our privilege today to appear before you to discuss the Army's small caliber ammunition programs and the associated industrial base. Since 9-11, our Army has been decisively engaged executing the global war on terrorism at home and abroad.

We have ongoing war fighting operations in Iraq and Afghanistan; Soldier deployments in Bosnia, Kosovo, Korea and Europe; and mobilization operations in the United States. These activities are consuming large quantities of small caliber ammunition and are putting a strain on the associated industrial base. We are here today to discuss the actions we are taking to increase the procurement of ammunition in 5.56mm, 7.62mm and .50 caliber, and to answer your questions on these actions.

Status of War Reserve Stocks for Small Caliber (5.56mm, 7.62mm, .50 caliber) Ammunition

The Army has sufficient small caliber ammunition to conduct current operations. To fight a Major Combat Operation in another theater will require the Army to impose restrictions on training expenditures, and to focus current inventory and new production on combat operations. In small caliber categories this will require adjustments to unit training authorizations and accelerated outsourcing procurement mitigators. The Army's goal is to implement increased weapons training strategies and resource these commitments over time. Ammunition programming over the Program Objective Memorandum (POM) years combined with planned small caliber industrial Facilitization efforts will allow the Army to meet training requirements and rebuild the small caliber inventory. However, the demands of current operations and the possibility of another Major Combat Operation will cause the Army to make tradeoffs between supporting full training requirements and meeting the contingency needs. We are currently in a position to make those tradeoffs without seriously impacting either training or contingency operations.

Current and Future Requirements

As the Chief of Staff-directed weapons training strategies are completely phased in, the Service's annual small caliber ammunition requirements will grow to approximately 1.5 to 1.7 billion rounds per year. This number includes other Service requirements which the Army buys in its role as the DOD Single Manager for Conventional Ammunition. Additionally, the Army is responsible for maintaining the industrial base for

conventional ammunition supplied to other Services along with supporting allied nations through Foreign Military Sales.

By the end of the POM period, Army requirements should stabilize between 1.3 and 1.5 billion rounds per year. This sustainment plateau is expected due to the diminished intensity of the Global War on Terrorism (GWOT) and replenishment of war reserve inventories.

The principal driver of the total small caliber munitions requirement is training. Small caliber training ammunition accounts for 75% – 80% of the total Service small caliber requirement. The projected expenditure for current operations accounts for only a small percentage of the total requirement. Following the attacks of September 11, 2001, the former Chief of Staff of the Army directed a comprehensive review of the Army's weapons training strategies in preparation for combat. As a result, Army small caliber requirements increased significantly. Expenditure rates, which historically have not achieved the number of rounds identified as the full requirement (for a host of reasons), are expected to increase as Army units hone their war fighting skills across combat, combat support, and combat service support formations.

Experienced and Projected Expenditures

The Army continues to support the Global War on Terrorism with small caliber ammunition. Estimated expenditures for Operation Enduring Freedom (Oct 01 thru May 04) total 21M rounds of all types of small caliber ammunition. Estimated expenditures for Operation Iraqi Freedom (Mar 03 thru May 04) total 72M rounds of all types of small caliber ammunition. Though a portion of those expenditures have been consumed in sustainment training, the bulk was consumed in combat operations. For the foreseeable future, the Army projects that in-theater

consumption will remain constant at approximately 5.5M rounds per month to support theater combat operations and sustainment training.

Small Caliber Ammunition Program

Since 9/11 the Army has adjusted its priorities to support the GWOT. With respect to small caliber ammunition, this change in priorities includes the training necessary to ensure that deploying units are proficient with individual and crew-served weapons. It also covers projections of operational expenditures, which have exceeded initial projections. The Army plans to use supplemental funding to replenish those expended inventories.

The Army's production program for small caliber ammunition is comprised of numerous types and quantities of rounds. The primary calibers are 5.56mm, 7.62mm and .50 caliber ammo. Variations within calibers include ball, tracer, linked and unlinked, armor-piercing and blank rounds to support the various types of training and operational needs that the Army has or anticipates. The small caliber program supports scheduled annual training, mobilization training, and operational requirements. The Army recently approved new training strategies that will go into effect in FY05 that significantly increase ammunition requirements for individual and crew served weapons that use small caliber ammunition. The FY05-09 budget reflects those increased requirements. Operational expenditures in support of Operation Enduring Freedom, Operation Iraqi Freedom, Operation Joint Forge and Operation Joint Guardian were not known at the time the FY 04/05 program positions were established.

In order to increase production above what was programmed for training, the Army applied supplemental funding to the small caliber

programs to reach the required levels. The Army has also taken steps to ensure that production levels are maintained by prioritizing small caliber programs in the FY06-11 POM. Additional dollars will be required from supplemental funding in order to replenish operational expenditures in a timely manner and rebuild the Army's war reserve inventories. We will be asking Congress for help with supplemental funding to execute this strategy.

Acquisition strategy (Current and Future)

The Army has addressed the near-term inventory trends of small caliber ammunition by increasing the production rate at Lake City Army Ammunition Plant (LCAAP). This is the sole Government Owned, Contractor Operated (GOCO) small caliber production facility within DOD. We have also expanded our procurement contracts with private industry. These actions give the Army more flexibility to manage production and inventory against known requirements and expenditures. It also provides the first steps toward facilitating an expanded surge capacity in the industrial base.

The PEO Ammunition has instituted several actions to increase Lake City's capacity to 1.5B rounds per year. In July 2004, actual production at the Lake City plant is expected to achieve an annual rate of 1.2B rounds per year.

In addition to the GOCO production, the Army has procured ammunition from other sources. The Army conducted worldwide market surveys seeking sources capable of producing Small Caliber Military Specification ammunition within the urgent delivery schedules. Contracts were awarded to companies that had the capability to deliver in the required timeframe and meet the mil spec for the ammunition. To date,

US companies that responded to the market surveys that could meet the mil spec and delivery schedules, got contracts. To fulfill the urgent requirement for ammunition, some contracts have been awarded to foreign sources. The Army is under contract for 5.56mm and 7.62mm ammunition from Olin-Winchester and Israel Military Industries (IMI). Another contract for 7.62mm ammunition is in final negotiations. The Army has now begun acceptance of 5.56mm ammunition from Olin and IMI following their first deliveries last month. Additionally, to meet very near term requirements, the Army is purchasing from UK Ministry of Defense (MOD) stocks, a quantity of 5.56mm and 7.62mm ammunition. This will provide a buffer against immediate ammunition requirements.

Beginning in FY 05, the Army will employ a systems integration contractor to develop secondary sources for small caliber procurements. This strategy offers at least three intuitive advantages from a military perspective: (1) a reliable network of commercial second sources could provide for a portion of the Service's small caliber requirements at commercially competitive prices; (2) the relief of burden on Lake City capacity allows for a government-owned surge capacity; and (3) the nature of a well developed set of geographically distributed commercial facilities is a hedge against the potential disruption in production caused by natural disaster or terrorist action.

Summary

The Army believes it is accepting minimal risk with its small arms strategy. While there is a current gap between the total annual requirement and the available inventory in small arms, it does not impact on current operations or our ability to ramp-up to a Major Combat Operation. The Army has expanded Lake City production requirements from approximately 300 million rounds in 1999 to nearly 1.2 billion rounds

by July 2004. In the near-term, balancing training requirements with current operational needs is a manageable risk mitigation strategy. The Army does not want to repeat its history of building capacity during wartime only to dismantle the capacity in peacetime. It is costly to create excess organic capacity. Thus, the Army desires to leverage commercial industry to meet short-term requirements to fill the gap between our organic base and current needs.