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C-17 Swap Could Extend Production

By MARCUS WEISGERBER

WASHINGTON — Unless Boeing can sell a few more C-17 transports to international customers or strike a novel deal with the US Air Force to swap old planes for new ones, the company will end production of the giant cargo plane in 2015 after a more than 20-year run.

Trading old C-17s for new ones — akin to what the service does with its Lockheed Martin C-130Js — could extend the line several years, sources and analysts said. Rather than retiring the aircraft, like the Air Force does with its older C-130s, the service could return its early C-17s to Boeing, which would refurbish them for sale on the international market.

It is unclear in the current fiscal environment as global defense spending shrinks if a trade-out concept is even tenable. Over the past two decades, Boeing has successfully extended C-17 production six years, but this time the Pentagon is facing another \$52 bil-



US AIR FORCE

Keeping Them Going: Boeing has announced it will shutter its production line for C-17 transports in 2015, but a plan to swap aircraft and sell refurbished planes overseas could keep the assembly line humming.

lion cut to its upcoming budget.

The oldest Air Force C-17s, many of which reside in the Air National Guard and Air Force Reserve, were built in the early 1990s and have logged thousands of flight hours.

Boeing on Sept. 18 said it would close the C-17 final assembly plant in Long Beach, Calif., in 2015, after completing 22 aircraft for international customers.

The company will begin reduc-
See C-17 SWAP, Page 8

Turkey's Fighter Plans Could Bust Budget

By BURAK EGE BEKDIL

ANKARA — Turkish ambitions to develop and build the first ever made-in-Turkey fighter aircraft and at the same time buy a new-generation, multinational combat jet may go beyond the country's financing capacity, industry sources and experts said.

They said Turkey could face a US \$50 billion bill in the next few decades if it decides to go ahead with maturing plans to build an indigenous fighter jet and order scores of the US-led, multinational F-35 joint strike fighters in a parallel move.

"The [local] fighter program has not yet won the final green light from the government, but if it does, Turkish budget planners will have to sit down and find ways to finance both this ambition and the JSF program," one senior Western aerospace official said.

Procurement officials earlier said Prime Minister Recep Tayyip Erdogan would make the final decision on whether Turkey should skip to a next level in its pre-conceptual design work for the Turkish fighter, a program dubbed the TF-X.

See FIGHTER BILL, Page 6



LOCKHEED MARTIN

Bills Adding Up: In addition to an indigenous fighter under development locally, Turkey plans to buy 100 F-35A fighter jets similar to these US Air Force test aircraft.

Sequestration Drives Firms To Push DoD Industry Policy

By ZACHARY FRYER-BIGGS

WASHINGTON — Few in the US national security arena are supportive of the defense cuts tied to sequestration, but now that those cuts appear to be here to stay, industry is pushing the Defense Department to take the next step: Manage its vast network of contractors to protect critical industrial capabilities that give the US its technological edge.

In particular, contractors are looking for a defense industrial base strategy, a clearly articulated outline of what DoD's priorities are and how it intends to direct its money. That guidance would in turn help companies make investment decisions so they have the capacity in the right areas when the government comes calling.

Making those kinds of decisions will inevitably lead to winners and losers, but industry is willing to accept those kinds of divisions for the sake of clarity, said Christian Marrone, the Aerospace Industries Association's vice president for national security and acquisition policy.

"Invariably china will be broken," he said. "It ultimately does come down to service vs. service, program vs. program. But you have to prioritize somewhere. If you make everything a priority, nothing is a priority."

And despite the contractors' continued concerns about sequestration cuts, planning how to manage limited resources is crucial, Marrone said.

See INDUSTRIAL BASE, Page 8

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InBrief

DoD To Shrink JIEDDO, Realign ISR Task Force

By **MARCUS WEISGERBER**

WASHINGTON — The Pentagon plans to shrink its organization tasked with defeating roadside bombs and reorganize other quick-reaction task forces born out of more than a decade of counterinsurgency operations in Afghanistan and Iraq.

The decision by senior US Defense Department officials to truncate the Joint Improvised Explosive Device Defeat Organization (JIEDDO) and realign the Intelligence Surveillance and Reconnaissance (ISR) Task Force comes after a year of debate over how to institutionalize these entities.

The reorganizations were set in motion by Deputy Defense Secretary Ashton Carter in a memo earlier this month.

DoD officials had been contemplating three options for JIEDDO's future: Eliminate the organization,

break up its duties among the military services through a process called disaggregation or restructure JIEDDO into a smaller office within the Office of the Secretary of Defense (OSD).

JIEDDO's mission will continue to evolve, a defense official said. The organization's "evolution will continue to support DoD efforts to retain a flexible and an agile force and also the ability to respond to urgent warfighter needs as they may arise."

Defense officials are still determining the specifics of the downsizing, and the final path forward is still to be determined and pending the budget review process.

Senior JIEDDO officials, during a recent visit to Afghanistan, said the organization will be smaller but should maintain some of its most important capabilities, according to a DoD press article.

"If you look at the mission statement for JIEDDO, it's to defeat the



ADEK BERRY/AGENCE FRANCE-PRESSE

Defeating IEDs: Smoke from the controlled detonation of improvised explosive devices rises behind a US Marine Corps mine-resistant, ambush-protected vehicle in Afghanistan.

IED as a weapon of strategic influence," Maj. Gen. Patrick Higgins, JIEDDO's deputy director, said in the article. "Now I'm not ready to come out yet and say 'mission accomplished,' but if you look at the work over the last decade of war, what we have done in Iraq and what we are in the process of doing here, that is demonstratively proven."

JIEDDO officials must submit a drawdown plan to OSD in the their 2015 budget proposal. JIEDDO should reach its lower staff level in 2017.

As for the ISR Task Force, Michael Vickers, the undersecretary

for intelligence, must submit a plan to align the organization as a "permanent entity" within his directorate.

"The transitioned organization will be staffed appropriately to enable rapid fielding of new ISR capabilities in support of global warfighter requirement," Carter wrote in a memo.

In addition, Pentagon Comptroller Robert Hale and the head of the Joint Rapid Acquisition Cell have been tasked with institutionalizing the funding process for urgent battlefield needs. □

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On **DefenseNews.com**

House-passed Short-term CR 'Not Good' for Defense

The US House passed a measure Sept. 20 that would fund the federal government through mid-December, but its controversial health care provision raised odds for a government shutdown.

The GOP-crafted \$986 billion continuing resolution narrowly passed the lower chamber by a 230-189 vote, with two Democrats voting in favor and one Republican against. The vote moved Washington one step closer to a government shutdown on Oct. 1.

For the Pentagon and US defense sector, a shutdown would mean the DoD and other security agencies could not award new contracts.

INTERCEPTS

The best from our blog, blogs.defensenews.com/intercepts

Attendees at this year's Air Force Association-sponsored conference outside Washington have heard from generals, analysts and even a few colonels.

But there was one inside-the-Beltway faction from which attendees did not hear as they enjoyed the majestic views of the Potomac River in National Harbor, Md.: Members of Congress.

There were no House or Senate Armed Services Committee members on the agenda, nor an Appropriations Committee leader to provide that so-often titled on defense conference agendas "View From Capitol Hill."

twitter

@AaronMehta

Lesson of the week: Gen. [Mike] Hostage really, really wishes he had more F-22s. Like, he'd build them himself if he was allowed.

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FOR THE RECORD

Netherlands Selects F-35

The Netherlands has selected the F-35 joint strike fighter as the replacement for its fleet of F-16s, a major international sale for the fifth-generation fighter.

The selection completes a 15-year long odyssey that has seen the Netherlands waver between strong support and serious concerns over whether the F-35 is the right choice for its military.

"The F-35 is a well-considered choice for a high-tech, future-oriented air force," according to an official Dutch government statement. "From a military operational perspective, the F-35 offers the greatest number of options. It is also the most future-proof option."

The purchase will be for 37 of the F-35A conventional-take-off-and-landing variants, which will be the most widely produced model of the jet. The US Air Force intends to purchase more than 1,700 F-35As.

Turkish-Saudi Accord Ratified

Turkey and Saudi Arabia have ratified a defense industry cooperation agreement.

According to the agreement, which took effect Sept. 11, Turkey and Saudi Arabia "aim to increase cooperation in the defense industry by improving the industry capabilities of both countries through more effective collaboration on the development, production and procurement of goods and services in the defense industry and the related technical and logistical support fields."

The agreement had been signed in May and was pending parliamentary approval.

The agreement will remain in force for five years, and it should be extended automatically for successive one-year periods.

Finland To Cut Procurement

The proposed \$67 million reduction in procurement spending contained in the Finnish government's latest austerity budget for 2014 is certain to bring greater challenges

and funding headaches for Armed Forces Command (AFC) chiefs.

The proposed budget means the AFC will once again be compelled to find new savings in its operating costs, as the cut in the equipment acquisition allocation reduces the procurement budget in 2014 to \$628 million.

In real spending terms, the defense budget for 2014 is \$167 million lower compared with the 2013 allocation. Finland's defense spending, as a proportion of its gross domestic product (GDP), has been falling steadily since 2008. It currently stands at 1.47 percent, but will fall to 1.36 percent of GDP in 2014.

Elbit-KBR Tapped for Trainer

Three fixed-wing aircraft types are set to train British military pilots following the selection of a team involving Elbit Systems and KBR to supply and support the platforms, according to executives familiar with the competition.

The executives said the team,

known as Affinity, had emerged as the winning bidder and had been selected for further negotiations by Ascent, the Lockheed Martin-Babcock partnership running a 30-year deal with the British Defence Ministry to manage pilot and crew training for the UK armed forces.

Beechcraft's T-6C turboprop basic trainer, modified Embraer Phenom 100 light business jets for multi-engine pilot training and the Grob 120TP elementary flying trainer were all included in the Affinity bid.

The 15-year availability deal will see Affinity provide and support the fixed-wing flying training element of the UK Military Flying Training System program.

The contract is expected to be worth in excess of £500 million (US \$805 million) to Affinity. It is not clear whether the decision has to be ratified by the MoD and others in the British government.

Contract signature is scheduled to take place by 2015, assuming Affinity and Ascent successfully conclude negotiations. □



WorldNews

GOP-White House 'Grand Bargain' Talks Collapse, Democrats' Input Sought

By JOHN T. BENNETT

WASHINGTON — Senior Republican US senators say talks with the White House about a sequester-addressing fiscal deal have broken down, and they say any future talks must include Democrats.

Sen. Bob Corker, R-Tenn., was the first among a group of GOP senators with whom senior White House officials had been talking all summer about a "grand bargain" fiscal deal to reveal those talks had stalled. Corker told reporters the White House has lost credibility with Republican senators on several issues, including pursuit of a big fiscal deal.

"I don't think there's one of the eight senators who participated in those [grand bargain] meetings who feels like they were being credible on what they were doing," Corker said. "The way it ended, the way they portrayed it to Democratic senators" was inaccurate.

Several participants confirmed efforts with the White House to strike a deal that would lessen or void sequestration have been scuttled, and signs of hope for a Pentagon and defense sector eager to avoid more cuts to planned military spending began to recede.

One of them, Sen. Lindsey Graham, R-S.C., told reporters last

week the talks "are certainly on hold."

Such a big fiscal deal has proven elusive for several years. Republicans and Democrats remain far apart on the contents of a grand bargain. The former want more federal spending cuts and deep cuts to domestic entitlement programs; the latter want some spending cuts, new tax revenues on wealthy earners and protection for most entitlement programs.

"If you talk to the White House, they would say we were not serious enough about some aspects of it," Sen. John McCain, R-Ariz., said during a brief interview. "And we'd say they weren't serious enough about changes to entitlements."

GOP senators also became frustrated with the White House's approach, telling Defense News that administration officials were focused on short-term fixes.

"I think something that would help is more urgency on the debt," McCain said. "One of the factors was this reduction in the debt to get some short-term relief, but long-term, it was still the same."

A White House official referred a reporter to comments President Barack Obama made Sept. 18 before the Business Roundtable.

"I have presented a budget that deals with — continues to deal



GETTY IMAGES

Graham: S.C. senator, others confirmed discussions of a fiscal deal are "on hold."

with — our deficit effectively. I am prepared to work with Democrats and Republicans to deal with our long-term entitlement issues," Obama said. "And I am prepared to look at priorities that the Republicans think we should be promoting and priorities that they think ... we shouldn't be promoting."

One major difference in this latest try: Senior officials such as White House Chief of Staff Denis McDonough; Rob Nabors, deputy White House chief of staff for policy; and Office of Management and

Budget Director Sylvia Matthews Burwell negotiated solely with GOP senators.

The White House and Senate leaders need a dozen or so Republicans to vote with Democrats in order for the upper chamber to pass a grand bargain bill and create pressure on the Republican-controlled House to do the same.

That strategy failed, and some participants say it's time to try the old strategy. Again.

"There weren't any Democrats in the room. And because you've got the unspoken side — suppose we had reached an agreement, and the Democrats had rejected," McCain said. "I think it might have been somewhat flawed from the beginning."

Democrats said that including members of their caucus should improve prospects for a fiscal deal.

"I think there needs to be collaboration, whether it's physically in the room or another way," said Senate Armed Services Committee member Sen. Richard Blumenthal, D-Conn. "Collaboration is always good."

Blumenthal said he remains "very hopeful" a deal that addresses sequestration will be reached.

Senate Armed Services Committee Chairman Sen. Carl Levin, D-Mich., agreed, describing tactics a

baseball manager might use in search of a spark for his ballclub: Try one lineup, then another, then another until one clicks.

"I think we've got to try any different combination, variety, approach — we've got to try everything we can to replace sequestration," Levin told Defense News, throwing his hat into the ring as a candidate for the Democratic delegation. "Anything that might work, I'm willing to support or participate."

Asked if he believes there are other members of his caucus he believes would be well-suited for the job, Levin replied: "There are. But I wouldn't dare name them."

Democrats from states with a large defense-sector presence are eager to find a way to turn off the next round of cuts to planned defense spending. That will require White House officials to meet with Republicans and Democrats.

Restarting the grand bargain talks could prove tricky, however. That's because lawmakers are set to battle in coming weeks over a government shutdown, raising the nation's borrowing limit and Obama's health care law.

"This year the biggest complication is that the budget fight isn't really about the budget: It's about Obamacare, and that makes it hard to see what kind of arrangement will garner enough votes to avoid the kind of shutdown and debt ceiling disasters that have been only narrowly averted the past few years," federal budget expert Stan Collender said. □

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At AFA, Last Year's Warnings Are This Year's Reality

By AARON MEHTA

WASHINGTON — One year ago, top US Air Force and industry leaders gathered at the Air Force Association's Air & Space Conference to warn of the dangers of sequestration. Speeches were focused on the drastic impact of across-the-board spending cuts and the thin hope that Congress would avert the disaster.

Last week, there was a sense of acceptance that the cuts are here to stay, and that tough choices are no longer just a theoretical necessity, but a new way of life. The overarching message coming from the Air Force was that in the new budget reality,

something will have to give — and it will likely be single-role legacy platforms.

"If we go into [fiscal 2014] with sequestration still in effect, and we need to achieve those savings, you have to look at cuts," said Acting Air Force Secretary Eric Fanning. "You can't get your money out of installations because they won't support [base realignment and closure]. You can't get money out of people fast enough. It takes about a year to get savings out of people. If you try to fence off some of your priority programs, it puts a lot of pressure on that small part of the wedge.

"You can't get savings of the magnitude necessary by reducing all of your fleets. You have to take out some fleets entirely in order to get the whole tail that comes with it, in

terms of savings," he said.

Chief of Staff Gen. Mark Welsh told reporters during the conference at National Harbor, Md., that he expects to operate under a continuing resolution for at least part of the year and expects sequestration to continue. Cuts to legacy platforms will be necessary.

"If you want to create savings with a 'b' instead of an 'm,' you need to get rid of a fleet," Welsh said, referring to billions and millions of dollars. "Everything is on the table."

Added Gen. Mike Hostage, head of Air Combat Command: "The only way you really save money is making entire weapon systems go away."

While preferring not to choose between capacity and future capability, Hostage said single-role platforms face cuts.

"In a perfect world, I would have 1,000 A-10s," Hostage said. "I can't afford the fleet I have now. If I cut the fleet in half, do I save enough to get through this problem?"

"My view is, while I don't want to do it, I would rather lose the entire fleet and save everything I do in the infrastructure."

By comparison, Hostage indicated he would fight to maintain at least part of the F-15C fleet. "I don't have enough air superiority capability as it is, so I'd be desperately in trouble if I got rid of an entire fleet of F-15Cs. So that's probably not likely," he said. At the same time, "I'm not saying that we wouldn't get rid of some."

Cuts need to be done in a strategic fashion to thread the needle between saving money and destroying capacity. Gen. Paul Selva, head of Air Mobility Command, held up potential KC-10 cuts as an example.

The KC-46 tanker replacement program is designed to replace the service's fleet of KC-135 aerial refueling planes. But if the decision is made to cut the KC-10 entirely, one option would be to use the new KC-46 to replace the tanker plane.

"You could envision an option where as the KC-46 delivers, the KC-10 retires," Selva said. "Most of these are not binary decisions." □

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WORLD NEWS

Citing Delivery Delays, Canada Might Cancel Cyclone Helicopter

By DAVID PUGLIESE

VICTORIA, British Columbia — Frustrated by delays in the delivery of new maritime helicopters from Sikorsky Aircraft, Canadian officials are considering canceling the contract and purchasing aircraft from AgustaWestland instead.

Sikorsky has fallen five years behind in delivering an operational Cyclone helicopter to the Royal Canadian Air Force (RCAF). The first fully equipped Cyclone helicopter in the CAN \$5 billion (\$5 billion) project was supposed to be delivered in November 2008, and all 28 helicopters were to be delivered by early 2011.

But Sikorsky has sent only four “interim” helicopters to Canada. The Canadian government has allowed RCAF crews to conduct some training on those Cyclones, but it refuses to accept the interim aircraft as they are not fully outfitted with their mission systems.

It is unclear when Sikorsky plans to deliver the first fully compliant helicopter.

The Cyclones were to replace Sea King helicopters, which Canada has been flying since the 1960s.

Amber Irwin, a spokeswoman for Public Works Minister Diane Finley, said Canada is looking at other helicopters it might purchase.

“The government is considering other options for the maritime helicopter project,” she said. “We are conducting an analysis of price and availability of other aircrafts manufactured by other vendors.”

Irwin did not specify which other companies or helicopters were being considered.

But industry and military sources have said that RCAF officers recently visited the United Kingdom to examine the Royal Navy’s Merlin Mk2 helicopter. The Merlins are upgraded variants of the AgustaWestland AW101.

The active search for a potential replacement for the Cyclone is further indication the troubled helicopter program could be reaching a head, and that Canada is serious about canceling its contract with Sikorsky, if necessary, say industry sources and defense analysts.

Irwin said the public works minister has also retained the services of an external consultant to provide advice on the viability of the Cyclone program. A review will look at whether Sikorsky’s schedule for the delivery of a fully compliant maritime helicopter fleet is achievable, given the actual work remaining on the program and the company’s technological capability.

Also to be examined is the level of confidence that Canada can have in Sikorsky’s delivery schedule and the viability of the project, she added.

“Upon completion, the government will carefully consider the recommendations,” Irwin said.

She did not say when the consultant’s review would be completed.

AgustaWestland, for its part, is positioning itself to step in with a deal if the Sikorsky contract is canceled.

The company, part of Italy’s Finmeccanica group, would offer the latest generation of the AW101 helicopter, which it has determined exceeds the original statement of requirements for the Canadian maritime

helicopter program, said Jeremy Tracy, AgustaWestland’s head of region for Canada.

He said the AW101 would have considerable commonality with the RCAF’s Cormorant search-and-rescue (SAR) helicopters, which are variants of the AW101.

Delivery of the new AW101s could begin 14 months to two years after a contract has been signed.

SAR Resurrection

The RCAF also is looking to improve its helicopter availability by determining whether it can make airborne the VH-71 presidential helicopters it purchased in 2011 from the US.

It originally purchased the nine airframes and spare parts inventory to use as spare parts for its 14 Cormorant SAR helicopters. The VH-71, like the Cormorant, is a variant of the AW101.

The US military planned to purchase a fleet of VH-71s as presidential and VIP transport helicopters. Thanks largely to requirements creep, however, the cost to develop and buy the helicopters soared from US \$6.1 billion in 2005 to \$11.2 billion three years later.

A few months after taking office in January 2009, President Barack Obama pulled the plug on the effort, and the production run ended at nine airframes. Canada paid CAN \$164 million for the nine helicopters, spare parts and test equipment.

An RCAF spokesman, Lt. Col. Dave Devenney, said Canada’s Department of National Defence has conducted a preliminary assessment of whether the presidential heli-

copters can be brought to flight status.

“This assessment has determined that further detailed studies are required to determine whether to incorporate this potential capability into the RCAF SAR rotary-wing fleet,” he added.

Getting the presidential aircraft airborne would bolster the existing Cormorant fleet but provide little relief for the country’s aging Sea Kings.

Sikorsky spokesman Paul Jackson said the Stratford, Conn., company continues to make progress on the Cyclone program.

“Sikorsky’s singular focus remains on working closely with the Canadian government to deliver a world-class maritime helicopter,” he said.

Initial training for Canadian Cyclone pilots and maintainers has started on the East Coast, he noted. The training will allow the pilots and maintainers to gain basic familiarization with the Cyclone and its capabilities, and enable the preliminary start of the operational testing and evaluation phase of the program, Jackson said.

In addition to the four Cyclone aircraft at the Canadian military base in Shearwater, Nova Scotia, five more are housed at a secure facility in Plattsburgh, N.Y., awaiting movement to Canada, Jackson said. Another two aircraft are in flight testing, and the remaining helicopters comprising the 28-aircraft fleet are all progressing on the assembly line, he said.

Sikorsky was awarded the Cyclone contract in 2004, but delays surfaced shortly after work began because of technical issues.

Canada agreed to renegotiate the delivery schedule and under a new deal pay Sikorsky CAN \$117 million extra for improvements to the Cyclone, as well as changes to the long-term in-service support package for the aircraft.

The improvements included more powerful engines as well as upgrades to various onboard computers. □

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FIGHTER BILL

From Page 1

Turkey’s ultimate decision-maker on procurement, the Defense Industry Executive Committee, chaired by Erdogan, is expected to make a decision this year.

Industry sources took a ministerial statement on a civilian project as an indication of a positive decision on the TF-X.

Transport Minister Binali Yildirim told reporters Sept. 3 that a plan for the design, development and production of a Turkish civilian aircraft, with 60 to 120 seats, had been submitted to the cabinet for approval.

Defense industry officials estimate that building eight prototypes to be produced under the TF-X would cost Ankara over \$10 billion.

“Any figure in the range of \$11 [billion] to \$13 billion would be realistic,” an aviation official said.

His guess for the final Turkish or-



TURKISH AEROSPACE INDUSTRIES

Cost Unknown: Turkey has discussed three possible designs for the TF-X, pictured in this concept from Turkish Aerospace Industries, the local prime contractor for the effort to produce the all-Turkish fighter aircraft.

der if the entire program succeeded is nearly 200 aircraft.

“We target \$100 million per aircraft,” he said. “I think 200 is a realistic figure given our aging fleet of aircraft that will phase out in the decades ahead.”

That means Turkey will have to

spend \$31 billion to \$33 billion for the Turkish fighter it hopes to design, develop and manufacture. But independent analysts say this can be an overly optimistic calculation.

“We know that Turkey’s plans do not include developing an engine

for the Turkish fighter,” a London-based Turkey analyst said. “Moreover, I think \$100 million per aircraft is too optimistic given Turkey’s technological constraints, its high-cost industry and the fact that a newcomer [into the fighter industry] like Turkey would always suffer setbacks and trials and errors during the entire process.”

Turkey has been in talks with Sweden’s Saab for pre-conceptual design work for the country’s first national fighter jet. Saab is the maker of the JAS 39 Gripen, a lightweight single-engine multirole fighter. It was designed to replace the Saab 35 Draken and 37 Viggen in the Swedish Air Force. The Gripen uses the Volvo-Flygmotor RM12 engine, a derivative of the General Electric F404, and has a top speed of Mach 2.

Turkey hopes that under the TF-X program, it can fly the Turkish fighter by 2023, the centennial of the republic. Turkey’s aerospace powerhouse, Turkish Aerospace

Industries, has been debating three designs.

Meanwhile, Turkey, whose present fighter fleet is made up of US-made aircraft, also plans to buy the F-35 joint strike fighter, a next-generation, multinational program also led by the US.

Most of Turkey’s fleet of F-16 fighters, being modernized by Lockheed Martin, and the planned F-35s are open to US technological influence. Only its older F-4 aircraft, modernized by Israel, and its oldest F-16s, being modernized by Turkey itself, are free from this influence. But these older aircraft are expected to be decommissioned around 2020.

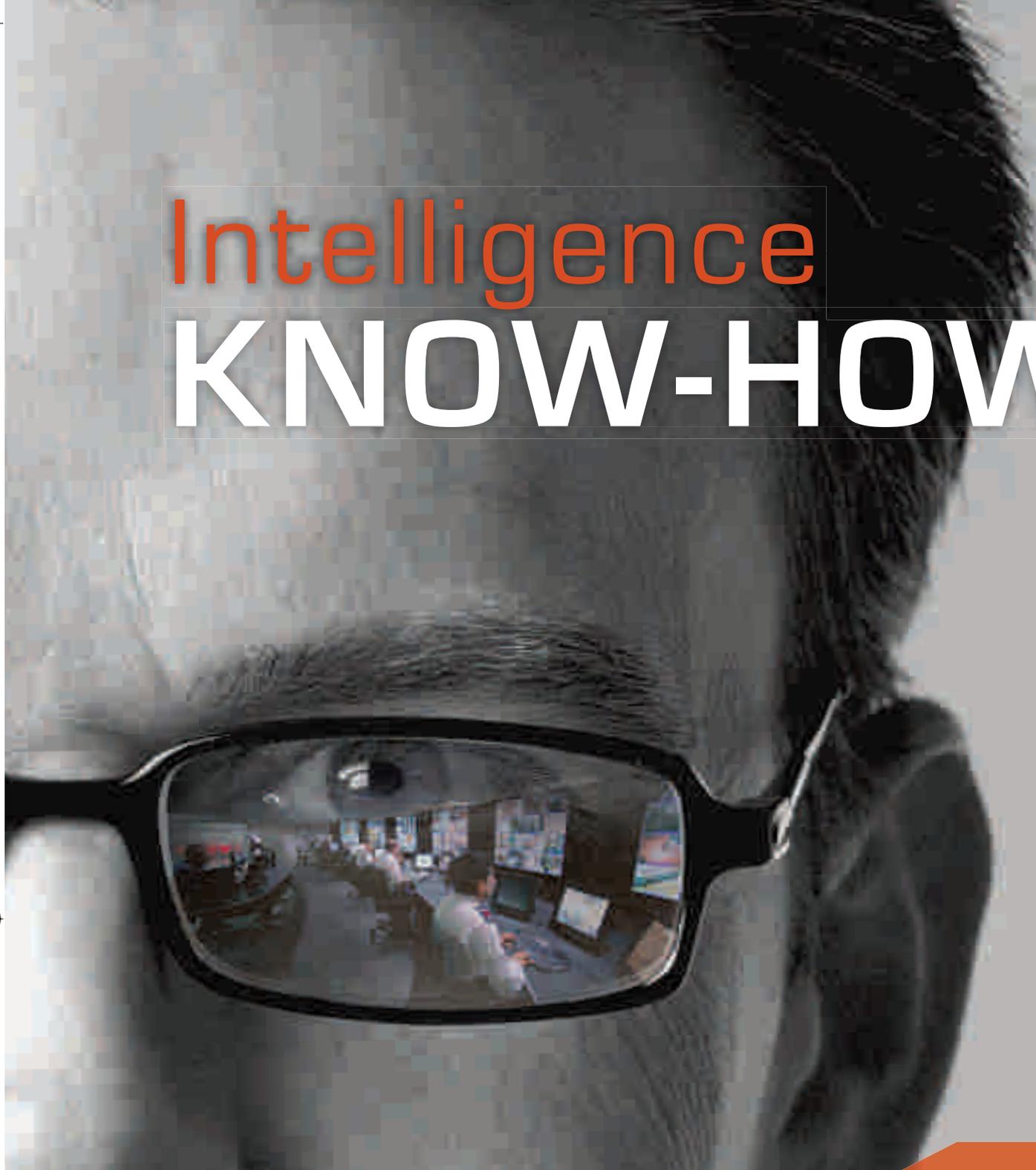
Turkey’s defense procurement officials have said that Ankara intends to buy about 100 F-35s. Defense analysts estimate the cost of the entire JSF program to Turkey to be around \$16 billion, bringing Turkey’s fighter budget up to \$50 billion together with the TF-X. □

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WORLD NEWS

C-17 SWAP

From Page 1

ing its workforce in 2014. In all, 3,000 people at facilities in California, Arizona, Missouri and Georgia work on the C-17. When the supply chain is factored in, about 20,000 people support the C-17 program.

Of the 22 aircraft still to be built, 13 are not on "firm order," said Nan Bouchard, Boeing's C-17 program manager.

"We expect those [13] to go to a mix of new and existing customers," she said.

Six nations in addition to the US Air Force fly the C-17: Canada, Australia, the UK, Qatar, India and United Arab Emirates. A consortium of 12 countries — 10 NATO members and two partner nations — also jointly operate three aircraft.

But international orders have come mostly in small quantities.

"There's a lot of interest out there, but timing of the orders just didn't line up for us," Bouchard said. "We've been protecting the production line with long-lead funding."

The C-17 is the only wide-body military transport in production in the US. Lockheed builds the smaller C-130J in Marietta, Ga., and is

also upgrading the mammoth C-5 Galaxy transport.

"We're kind of in uncharted territory here, because there had never been an export market for a plane of this class before the C-17," said Richard Aboulafia, an analyst with the Virginia-based Teal Group consultancy. "It's a clever idea, but unlikely to be successful. They've managed to pull off a miracle by stretching production with international orders this far. But what can they do when the only customers they do have aren't coming through in time, like Saudi Arabia? Remember, the other 13 planes are being built on spec."

The company said it would produce an additional 13 planes that have not yet been sold before shuttering the production line. Aboulafia said he believes those planes could end up with India, South Korea and Saudi Arabia. India has already purchased a previous order of C-17s; the latter two countries have been named for some time as potential buyers.

It is always possible that the existing user pool could see this as last call and tack on extra orders before the line closes. Countries such as the UAE, Kuwait and potentially Qatar could make that move, Aboulafia said. Another potential participant could be Japan, whose domestic C-2 program has

developed slowly.

Whether this opens up market opportunities for the Airbus A400M, seen as the C-17s largest competitor, is unclear.

"The problem with the A400M is we just don't know what the price is going to be," Aboulafia said. "There will be some kind of export market, but it's not clear if it's the same as the C-17s. This isn't a question of price point, but politics and whether you can afford the capability at all. Consider that there haven't been any new A400M sales outside the consortium that developed the plane, other than Malaysia.

"What Boeing needs now is time. Time to see if the Saudis come through. Time to see what happens to Japan's indigenous cargo plane program, the C-2. Time for the US to realize it's throwing away a valuable industrial capability it will miss in five years."

If the Air Force swapped out its older aircraft, it could likely acquire the new ones at a deep discount from the airlifter's \$225 million sticker price, sources said.

The new aircraft would also include more modern features not installed on the older C-17s. The older aircraft must go through a separate overhaul process to receive these upgrades. Boeing holds an Air Force support con-

tract and upgrades the aircraft in San Antonio. That contract runs through 2017 and has options through 2021.

The aircraft is expected to continue flying in the US and abroad for "many decades to come," Bouchard said.

Boeing believes its modernization and sustainment programs will help the company retain the intellectual know-how to compete for future military transport projects in the 2020s, Bouchard said. She said the company is not planning a lobbying effort to keep the production line open.

If the Air Force traded in its older aircraft, it raises the prospect of international sales. Boeing could sell the aircraft on the international market at a lower price and more directly competing with the Airbus Military A400M.

A C-17 is powered by four Pratt & Whitney jet engines, while the A400M is powered by four Europrop turboprop engines.

While the Air Force is said to find the deal attractive, federal US budget cuts will likely prevent the service — which has a host of higher acquisition priorities, namely the Boeing KC-46A tanker, the Lockheed F-35 joint strike fighter and a new long-range bomber — from signing on to the plan. That means Congress would need to legislate

the move, which seems unlikely in the current budget climate.

Several members of California's House delegation signaled that, in the sequestration era, Congress is unlikely to reverse the Air Force's decision.

House Armed Services Committee Chairman Howard "Buck" McKeon, R-Calif., said he has not studied the issue in any depth.

But he did sarcastically utter a telling quip when asked about the Air Force plan to end C-17 manufacturing: "You mean keep all production lines open forever?"

And California Democratic Rep. John Garamendi — also a member of the Armed Services Committee — said he supports the service's plans.

"The Air Force has completed its purchases of C-17," he said during an interview.

Asked if he believes the US has enough Globemasters, Garamendi replied: "Yes. Unless you've found another several billions dollars lying around some place."

Boeing in 2006 began taking measures to close the C-17 production line in 2009, but Congress added dozens of Air Force aircraft and numerous international orders were also placed. □

John T. Bennett and **Aaron Mehta** contributed to this report.

INDUSTRIAL BASE

From Page 1

"There will never be acceptance that this is the new normal, but you have a business to run," he said. "You don't have the luxury to plan for budgets that won't be implemented. There's a reality to this."

Senior industry executives said that in their conversations with DoD officials, there is an appetite for creating a clear industrial base policy, although they don't believe such a policy will be completed in the immediate future given the ongoing budget process and continued tensions surrounding Syria.

Asked whether the US should have an industrial base policy, Rep. Randy Forbes, R-Va., provided a succinct answer.

"Absolutely," he said.

The US wouldn't be the first country to have such a policy, and Forbes said the US needs one to remain competitive.

"Some of our peers are doing that," he said. "If you go to China, I guarantee you that they have a strategy; they know what they're doing with the industrial base. So I think we need to at least have created that strategy and asked that question."

But what makes that process difficult for DoD is that it doesn't have an ownership stake in its contractors, unlike most other nations. That situation creates both a necessary separation and a resulting intelligence gap exacerbated by a complex supply chain that can include dozens of companies for a single system.

Since any strategy would be created chiefly to protect design and production capabil-

ities in critical areas, knowing when a company is at risk or a capability is eroding is the first step.

"From an industrial policy standpoint, first and foremost, I think it's going to be really important to have situational awareness in understanding what's happening in our supply chain so that we can collectively intervene," said Wes Bush, CEO of Northrop Grumman, during a speech Sept. 16.

That awareness isn't just for DoD but also for companies to intervene themselves, he said. "Sometimes that needs to be done by government, sometimes it needs to be done by industry."

A new Center for Strategic and Budgetary Assessments (CSBA) report, released Sept. 18, makes the case that gaining that data is a necessary prerequisite for any strategy, and that DoD is only beginning to gather that kind of intelligence.

"Drilling down into defense supply chains to identify unique, fragile or niche capabilities requires detailed data," the report, called "Sustaining the US Defense Industrial Base as a Strategic Asset," read. "Only in recent years has the Defense Department begun to map the sectors and tiers of the US [defense industrial base] to this degree of detail."

The chief tool that the agency is using to find out more is the Sector by Sector, Tier by Tier review, known as the S2T2. The review consists surveying companies in an effort to map out the broader supply chain and assess potential stress points.

But the S2T2 has had difficulties, Marrone said.

"The S2T2, I think everyone agreed with it,



Critical Need: The aircraft carrier George H.W. Bush is shown under construction at Northrop Grumman Shipbuilding in Newport News, Va. Contractors are seeking a US defense industrial base strategy that would protect critical industrial capabilities that supply the US military.

but it demonstrated a lack of understanding of the industrial base," he said. "Even the way that it was done showed a lack of understanding of the industrial base. There were companies that received multiple copies of the surveys sent to the same companies because DoD didn't realize that they'd merged."

For its part, the CSBA report attempts to lay out several general areas where the US must focus its attention: precision strike, nuclear capabilities, power projection, access to the global commons, integrated combined-arms campaigns, the cryptologic enterprise and realistic training.

"The time for the Defense Department to take a long-term, strategic approach to managing the US defense industrial base is now, while the Pentagon still has the opportunity

to preserve its core elements," CSBA's Barry Watts wrote. "The alternative is to risk losing them to recurring bouts of short-term, across-the-board budget cutting."

Speaking at an event marking the release of the paper, DoD's acting industrial base chief, Elana Broitman, said the agency is working on the problem.

"I'm happy to report that DoD's leadership and this report really aren't that far apart," she said. "The department's leadership clearly recognizes that there are tough choices, and is working to make those choices."

There still remains concern, however, because of the lack of coordination with industry, Marrone said.

"There's a one degree of separation between some of our acquisition policy and our industrial base," he said. "You can't have a policy-making regime that is completely uninformed by what's happening with your acquisition system and in the industrial base. They're linked so closely together that you can't divorce those."

Even if a policy is articulated, making sure that the agency can protect the areas it wants to preserve will remain a challenge. Having the immediate knowledge of what is happening to every one of thousands of companies in the supply chain is a gargantuan task. And the agency likely won't have the resources to step in in every situation it might want to.

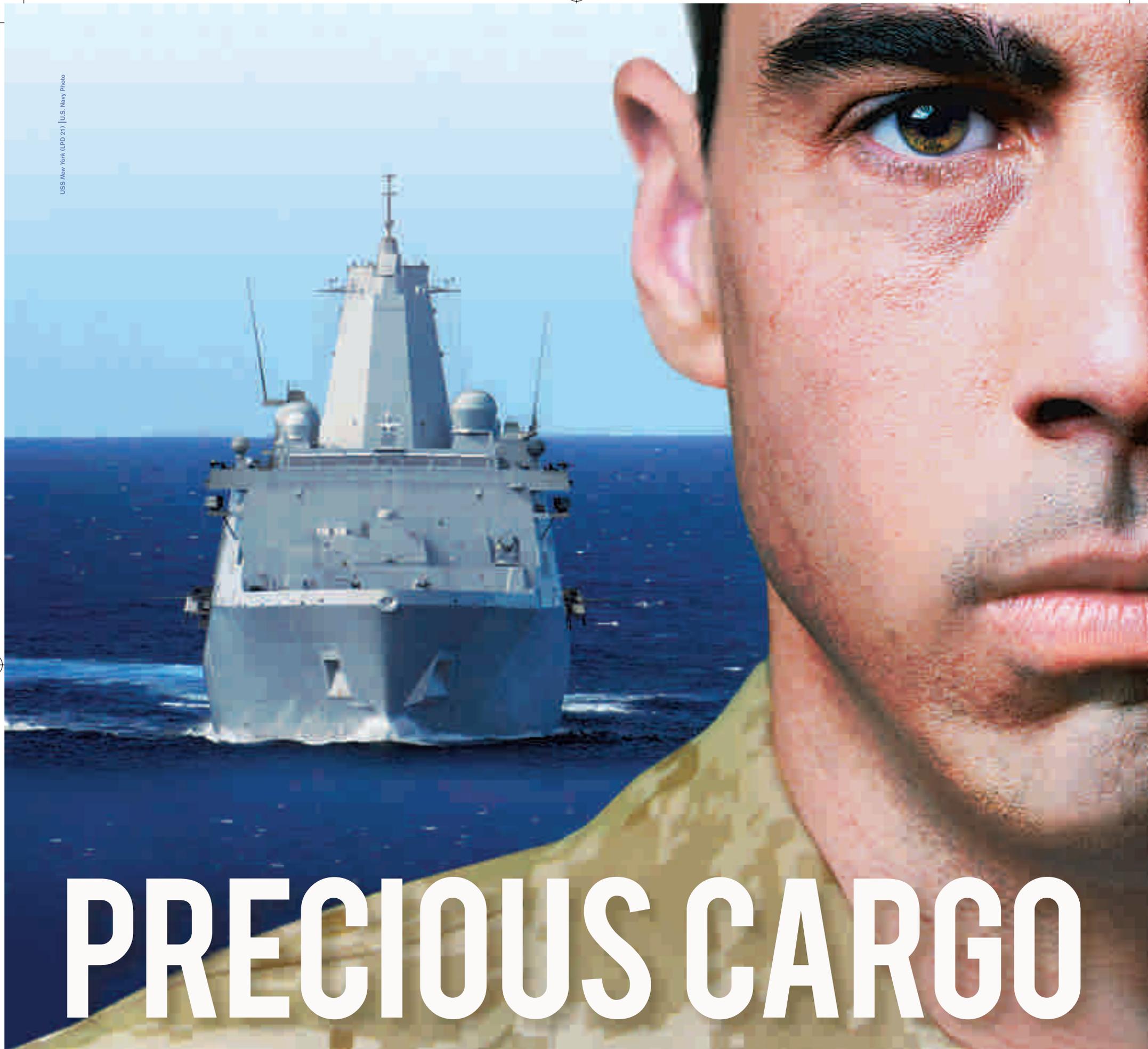
"When you're developing a strategy, it's really not that complex in terms of the architecture," Forbes said. "Implementation is the tough part." □

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USS New York (LPD 21) | U.S. Navy Photo



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US NAVY

Ship-to-Shore: The US Marine Corps' amphibious assault vehicles have a top speed in the water of about 9 miles per hour. After one aborted attempt to develop a speedier amtrac, the Corps is trying again with the Amphibious Combat Vehicle.

Slow Going

Marines Tread Carefully in Search for New Amphibious Vehicle

By PAUL McLEARY

WASHINGTON — This past spring, the US Marine Corps quietly asked some well-known names in the defense industry to start working on six-month trade studies that would help define requirements for its

Amphibious Combat Vehicle (ACV), the follow-on to its \$3 billion Expeditionary Fighting Vehicle (EFV) failure.

The trade studies were recently extended by another six months, Defense News has learned, as the Corps struggles to replace its 40-year-old Amphibious Assault Vehi-

cle (AAV) with a cost-effective, speedier alternative.

The Corps is being exceedingly careful about the ACV for several reasons, not the least of which is the infamous flame-out of its EFV, which was canceled in 2011 after chewing through \$3 billion in development costs.

There is also the fact that budgets in coming years won't be what they were during the first decade of this young century.

"I'm only going to get one bite at this apple — I don't want to mess this up," Marine Corps Commandant Gen. Jim Amos told reporters in June in a direct nod to the lim-

ited patience that Congress and Pentagon budget makers now have for programs that eat up too much time and money.

Under current, pre-sequester plans, the Marines say they want the ACV to enter service between fiscal 2020 and 2022, with the Corps acquiring 573 of the amtracs. Since trade studies are ongoing, no cost estimates are available either from the Corps or industry, sources contacted for this story said.

The Marine Corps did not re-

See ACV, Page 14

INSIDE

GLOBAL CHALLENGE Corps Aims For Multi-Theater Readiness **12**





US Marines Strive To Maintain Global Readiness

By PAUL McLEARY

WASHINGTON — As the US and other nations push for chemical-weapons disarmament in Syria, where government forces are accused of killing more than 1,000 civilians in a sarin attack and the US has threatened military strikes, American warships await orders in nearby waters.

In the region, aboard the amphibious assault ship Kearsarge, the amphibious transport dock San Antonio and the amphibious dock landing ship Carter Hall, are the 2,200 Marines of the 26th Marine Expeditionary Unit (MEU), who deployed from Camp Lejeune, N.C., in March.

While there is almost no chance that the Marines will go ashore in Syria or any neighboring country, they remain a credible threat as the United States' global quick-reaction force.

It's a role that the Corps has always trained for, relished and promoted, but it's also one that has received little attention as the grunts have slugged it out in the deserts of Iraq and the mountains and

Taliban-infested farmlands of Afghanistan for the past 12 years.

The 26th MEU deployed with Marine Medium Tiltrotor Squadron 266 (Reinforced), from Marine Corps Air Station New River, N.C. With its MV-22B Osprey tilt-rotor aircraft, the squadron gives the force the ability to move inland fast and hard to perform rescue operations, just as the MEU did to spirit out two downed American pilots in Libya in 2011.

And in response to the killing of the American ambassador and three other US citizens in Benghazi on Sept. 11, 2012 — and the inability of the US to get a response team to the site in time — the Corps has also been ordered to station a special-purpose Marine air-ground task force at Moron Air Base in Spain, with another small detachment placed at Naval Air Station Sigonella in Italy. The units are tasked with responding quickly to any crisis that may arise in the Mediterranean.

The Marines in Spain consist of a reinforced infantry company with six Ospreys and two KC-130J tankers for refueling on long missions.



SGT. CHRISTOPHER Q. STONE/US MARINE CORPS

Rapid Response: An MV-22B Osprey lands aboard the amphibious assault ship Kearsarge on Sept. 15. The tilt-rotor aircraft gives Marines the ability to move inland fast to perform rescue operations.

At a time when the White House and the Defense Department are working to shift the nation's diplomatic and military focus from the Middle East to the Pacific region — as much as this is feasible — the Marines are looking to recapture the “global force in readiness” mission and are staying involved in both theaters.

“We cannot be engaged everywhere, nor can we commit ourselves to protracted interventions all the time,” said Frank Hoffman, a senior research fellow at National Defense University and former senior director of naval capabilities and readiness in the Department of the Navy. “We need

freedom of maneuver — the ability to deter aggression and respond promptly when the president needs options. That's what amphibious forces give our leaders.”

This past summer, the Corps announced that it is sending another battalion to Australia in 2014, bringing the total number of Marines deployed there on rotation to 1,150. It's part of a plan to perform more partnering exercises with Australian forces, and will also give the Corps a shorter hop to the increasing number of military-to-military programs it's conducting with other emerging allies in the region.

The deployments will increase in

coming years as a 2,500-strong Marine air-ground task force will begin deploying to Australia on six-month rotations starting in 2016.

While the US Army continues to promote its own “pivot” to the Pacific and its engagement with partners there, it has been less of a shift for the Marines and Navy because they have always been active in the region.

But when it comes to the continuing requirements in the Middle East, Hoffman said “one cannot ignore the real world nor our global responsibilities, so there will always be events that pull on our shirt sleeves and demand more attention. The trick is to keep our eye on the main thing or our vital interests and not get distracted by secondary interests.”

In an event that would have been unthinkable a few decades ago, in June, US Marines and Japanese soldiers took part in an amphibious exercise off the California coast that featured US Marine Ospreys landing on Japanese ships and 1,000 Japanese soldiers, along with troops from New Zealand and Canada storming ashore on Southern California beaches.

The commander of the 1st Marine Expeditionary Brigade, Brig. Gen. John Broadmeadow, told reporters that such partnerships are likely to become the norm.

“We are hitting a lot of [US Southern Command's] objectives” in the exercise, he said. “This isn't a one-way partnership between us and the Japanese. This is a broad coalition that looks at our pivot to the Pacific from a more global perspective, and that our South American partners are as important in that coalition as our traditional Pacific partners.” □

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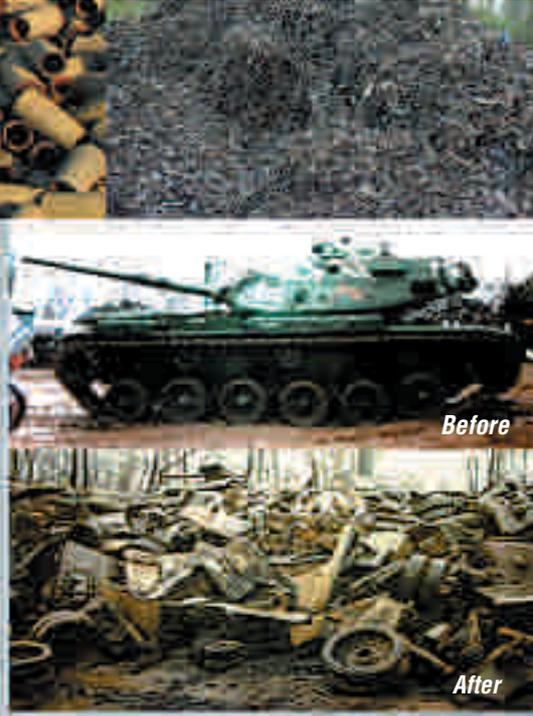
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ACV

From Page 11

spond to requests for comment.

The caution that the Corps' leadership is practicing with this program can be seen not only in the extended trade studies but also in the fact that the request for proposal widely expected to be released last fall doesn't appear to be coming any time soon, given that the latest trade study still has months to go.

But it could also be that the Marines are having difficulty in deciding exactly what they want, and what they can afford.

"It's possible they need a second trade study because someone didn't like the answers in the first trade study," said James Hasik, a senior fellow at the Brent Scowcroft Center for International Security at the Atlantic Council.

In January, Amos predicted that the Corps would be able to issue a request for proposal "over the next couple of months because we're anxious to get money in the budget that we're working on right now, the [2015] budget."

Nine months later, the Corps is still conducting trade studies.

Given the Marines' always-constrained resources and the looming sequester cuts, there is some



LOCKHEED MARTIN

On Hold: Lockheed Martin's Havoc was among the vehicles proposed as the future Marine Personnel Carrier, but budget pressures forced the Marine Corps to shelve the program.

obvious tension being built up between finding the money and resources to develop an ACV while also buying 5,500 joint light tactical vehicles (JLTVs) starting around 2019.

Amos stoked the fires during a breakfast meeting with reporters in June, when he said of the JLTV that "with my full sequester bill of 10 percent, it's questionable whether I can afford JLTV." Instead, "I'll take my up-armored Humvees, run them back to the factory, run them

through the depots; take my 7-ton trucks before I mortgage my Amphibious Combat Vehicle."

Hasik said that at least part of the reason the Corps appears willing to sacrifice the JLTV to preserve the ACV is likely cultural: "The JLTV itself isn't essential to the image of the Marine Corps, but the ACV is," given that the Corps prides itself on its ship-to-shore capabilities.

"There are already alternatives to the JLTV that are plausible," Ha-

sik added. "Between the Army and the Marine Corps, they have a heck of a lot of M-ATVs" — the mine-resistant, ambush-protected all-terrain vehicles that are only a few years old and have proved effective against roadside bombs. As Amos said, modernizing already up-armored Humvees is also a possibility.

As the Marines are trying to develop a new, more sustainable and modern amphibious vehicle to get grunts from ship to shore, the service also began developing another fast, maneuverable platform that would transport Marines once they come ashore.

Enter the Marine Personnel Carrier (MPC).

The MPC wasn't intended to be amphibious like the AAV, EFV or ACV, but it would still be able to swim across rivers and inland waterways when required, according to planning documents. But the dream was short-lived. Due to budget pressures, in June the Corps put the MPC program on hiatus for as long as a decade while it focuses on funding other priorities.

But the Corps invested time and money in the program. In August 2012, the service spent about \$14 million awarding development contracts to BAE Systems, General Dynamics Land Systems, Lock-

heed Martin and SAIC to build MPC prototypes.

The proposals were interesting, if only because all of the wheeled vehicles that industry proposed are already in use by US allies.

Lockheed Martin submitted the Havoc 8x8, based on Patria Land Systems' 8x8 armored modular vehicle, which is used by six European countries and was deployed in Afghanistan with Polish forces. BAE Systems has teamed with Iveco on a version of Iveco's 24-ton Superav 8x8, which is being used by the Italian Army.

SAIC partnered with Singapore Technologies Kinetics to offer the Terrex 8x8 armored personnel carrier, which has already been fielded by the Singapore Armed Forces. General Dynamics never publicized its submission.

The fact that allies are using these vehicles successfully — including in combat — is an example of how difficult the Marines have made it for contractors to meet their criteria.

"There are a lot of amphibious corps in the world," Hasik said, "and nobody who's buying a new vehicle is trying to buy something like" what the Marine Corps insists it needs. □

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NORTH AMERICA

US Law's Mineral Certification Rule Causing Concern

By ZACHARY FRYER-BIGGS

WASHINGTON — A small provision in the Dodd-Frank Act meant to create transparency surrounding publicly traded companies' use of conflict minerals is causing concern in the defense industry as the magnitude of checking the entire supply chain comes into focus ahead of a May deadline.

The provision does not prevent companies from using minerals mined in countries undergoing conflict, but requires that they disclose the use of such minerals to the Securities and Exchange Commission (SEC). For the defense industry, where individual components can have a dozen independent contractors, verifying the source of minerals for all of those contractors is an intimidating undertaking.

Initially, several business groups fought the requirement, including the Chamber of Commerce and the National Association of Manufacturers. But an injunction wasn't granted and a successful appeal doesn't look likely, said Christian Marrone, vice president of the Aerospace Industry Association's (AIA) national security and acquisition policy group.

"If this were the stages of grief, we're at acceptance," he said.

Marrone said AIA isn't focused on fighting the provision, which was the basis for an SEC rule, but rather helping members un-

derstand how the rule will work and sorting out its mechanics. To that end, it plans to send a series of questions to the SEC to try to clarify how the system will work.

The rule, specifically designed to address concerns about minerals mined in the Democratic Republic of the Congo that have fueled years of conflict, applies only to publicly traded companies, so many contractors in the defense industry won't be required to file a report on the origin of the minerals they use. That creates a problem for prime contractors in particular, because they must get information from privately held subcontractors to verify the origin of all the minerals in the systems they acquire.

"When they ask those questions, a lot of the supply chain is private, so how do you compel those individuals to supply that information when they're not required to?" asked Micah Edmond, assistant vice president for industrial base policy at AIA.

While the May deadline is fast approaching, companies do have a means to give themselves more time: If they file and say that they don't know the origin of all of the minerals in the supply chain, they can get an extension that will last another year or two.

Exact numbers on how much compliance will cost and how many companies will be affected are difficult to calculate given the uncertainty surrounding implementation of the rule. Some estimates put the cost in the



AFF/GETTY IMAGES

Ill-gotten Minerals: A Union of Congolese Patriots fighter controls workers at a gold mine in the Democratic Republic of Congo. Firms are concerned over a US law requiring them to disclose minerals from conflict zones that are used in their products.

billions for the defense industry alone.

Contractors already have to navigate the Berry amendment, which requires them to use specialty metals produced in the US unless there is a waiver due to insufficient supply, problematic pricing or quality. For some metals in high usage in the defense sector, such as titanium, the law means at times domestic contractors pay higher prices than overseas competitors.

Despite higher costs, the conflict metals rule serves an important purpose, said Rep. Jim McDermott, D-Wash..

"None of the authors wanted to create undue burden on business, but any discussion

of costs would be remiss without including the high human cost of inaction," he said in a statement provided by his office. "More than 5 million people have been killed in the Democratic Republic of Congo's civil war. The mining and trade of these minerals has driven the war for over a decade. Manufacturers understand the supply chain and asking them to obtain a certificate is not an undue burden, especially if it will help cut off the funding for rebel groups and put an end to the millions of deaths, untold number of rapes, and slavery of mine workers."

McDermott pointed to the need to give purchasers visibility on mineral sourcing.

"The law we passed creates the transparency that consumers and investors deserve and will hopefully move the minerals industry to cleaner sources," he said.

How a product is built and sourced does seem to have an impact on the consumer market, as seen in the backlash surrounding certain issues with Apple's supply chain in the last couple of years. Whether those sourcing issues would cause market problems for firms that build products designed to cause death is another question.

Marrone said that finding money to comply with the law could be a problem in a difficult fiscal environment.

"I don't think you'll find anyone who disagrees with the idea, but it has unintended consequences," he said. "If you'd done a cost-benefit analysis, you probably wouldn't have done this." □

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Harold Brown: Get Iran Involved in Syria Negotiations

By **MARCUS WEISGERBER**

WASHINGTON — The US should consider including Iran in any Syrian peace or chemical weapons negotiations, according to Harold Brown, President Jimmy Carter's defense secretary.

"Have a negotiating table that includes ... [the US], the Russians, the Iranians, the Saudis, and inevitably you would have to involve both the Syrian government and some of the opposition, but in peripheral ways," Brown said in a wide-ranging Sept. 16 interview.

Negotiations also would need to include Syrian President Bashar al-Assad, Brown said.

"I doubt that that will happen ... because everybody's interests are very different," he said.

The US has been threatening a punitive strike against the Syrian government, which Western allies say is responsible for using chemical weapons that killed about 1,500 civilians.

US Secretary of State John Kerry

said on Sept. 18 that a United Nations report found Assad used sarin gas in an August attack. Syria has been ravaged by a civil war for more than two years.

A US-led military strike — in response to the alleged chemical attacks — has been on hold while a diplomatic solution is sought.

The US and Russia have ironed out a deal that would allow for international control and eventual destruction of Syria's chemical weapons stockpiles.

But Brown said he is pessimistic these efforts will be entirely successful and doubts Assad will cooperate.

"[Y]ou cannot do it in a year ... [and] there is a war going on," Brown said. "Who is going to do the job of checking and then disposing of the chemical warfare stocks, and personal checking that they have all the sites, and actually disposing of them, which is a complicated and dangerous business in the middle of a war?"

Russia has defended Assad and

has provided weapons to the Syrian military.

"[Assad] is not the most attractive leader to continue to defend, though I think in the immediate [future], the Russians will continue," Richard Murphy, a US ambassador to Syria in the 1970s, said in a Sept. 19 call with reporters. "There is more question now about the Iranian attitude, which we'll see how that plays."

Brown said he feels heading down the current diplomatic path is better than the US conducting a punitive strike on Syria. Still, Brown said he would favor arming the anti-Assad forces; however, there will be a difficulty in identifying them.

"I think we probably can provide some arms to some trusted people," he said. "But I doubt that they are going to be strong enough to be the ultimate winners in this."

Putin 'Confident'

Russian President Vladimir Putin said on Sept. 19 he was confi-

dent but not 100 percent sure that Syria would carry out its commitments to destroy its chemical weapons stockpiles under a Russia-US agreement.

"Will we manage to carry it through? I can't say 100 percent, but all that we have seen recently, in the last few days, inspires confidence that it is possible and that it will be done," Putin said at a meeting of the Valdai international discussion club with Western politicians and journalists in Russia's northwestern Novgorod region.

Assad's regime was already putting into practice the proposals announced by Kerry and Russian Foreign Minister Sergei Lavrov in Geneva on Sept. 14. The framework agreement agreed to by the two countries calls for Syria to hand over all of its chemical weapons for destruction by mid-2014.

"Will we manage to convince Assad or not? I don't know," Putin said. "But so far, everything looks as if Syria has fully agreed with our proposal and is ready to act according to the plan that is being developed by the international community at the United Nations."

In a first step, Syria has announced it will abide by the terms of the international ban on chemical weapons, Putin said. "These are practical steps that the Syrian

government has already taken."

The US has insisted that the threat of force should remain on the table should Syria fail to comply with the agreement.

"If the attempts to resolve the problem peacefully aren't successful, this will be extremely bad," Putin acknowledged.

But he insisted that only the UN Security Council could discuss the question of whether to use force against Syria.

The Russian leader, whose government is Syria's most powerful ally, insisted it is not proven who was behind the Aug. 21 chemical weapons attack in Ghouta that killed hundreds of people, including many children.

"It's clear that [chemical] arms were used. ... It's just not clear who did it," he said. "We talk all the time about the responsibility of the Assad regime if he used them. But what if the opposition used them? No one says what we will do with the opposition then, and this is not an idle question."

Putin also warned Washington against supporting rebel forces, saying it would have to deal with the consequences of helping al-Qaida-linked fighters. □

Agence France-Press contributed to this report.



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NORTH AMERICA

At AFA, Textron Jet Unveiled Amid Talks of Further Cuts

By AARON MEHTA

WASHINGTON — This year's Air Force Association Air & Space Conference drew more than 6,000 attendees, roughly the same number as in 2012. The event, at the Gaylord Hotel and Convention Center in National Harbor, Md.,

REPORTER'S NOTEBOOK

also drew well among uniforms, likely due to its close proximity to the Pentagon.

The top sponsor of the event, Northrop Grumman, spent more than \$200,000, according to AFA information. In total, 80 companies and organizations had booths on the show floor. Here is a look at the major happenings from the conference.

Cuts for Single-Mission Planes

Older, single-mission aircraft fleets could face the chopping block, according to the acting US Air Force secretary.

"Everything is on the table," Eric Fanning said on Sept. 16. "We're trying to protect a few of the main programs, but we are looking most closely at single-mission fleets."

Fanning was specifically asked about a Defense News report that the service is considering cutting the KC-10 tanker and A-10 ground attack jet fleets.

Cuts, Fanning said, are unavoidable due to the limited options for the Air Force.

"If we go into [fiscal 2014] with sequestration still in effect, and we need to achieve those savings, you have to look at cuts," he said. "You can't get your money out of installations because they won't support [base realignment and closure]. You can't get money out of people fast enough. It takes about a year to get savings out of people."

"If you try to fence off some of your priority programs, it puts a lot of pressure on that small part of the wedge," he added. "You can't get savings of the magnitude necessary by reducing all of your fleets. You have to take out some fleets entirely in order to get the whole tail that comes with it, in terms of savings."

Those priority programs include the F-35 joint strike fighter, KC-46 tanker replacement program and a new long-range bomber. Fanning expanded on the importance of those programs later in his speech.

The KC-46 program will replace only a third of the service's aging fleet of KC-135 aerial refueling planes, with two follow-on programs needed after completion,

Fanning pointed out.

"That last 135, when it lands, is going to be older than any human being alive," he said. "That's a critical backbone, not just for the Air Force but for the military, so that's clearly a priority."

"The long-range strike bomber, the interesting thing about that is that the real money goes into the program in the future," Fanning said. "That won't give us savings when we're at our most vulnerable."

As for the F-35, the most expensive program in Pentagon history, Fanning described the fifth-generation fighter jet as "the critical war-fighting program for the Department of Defense."

"The Air Force, in any of the budget scenarios, is committed to the joint strike fighter," he added. However, Fanning did not rule out that a JSF buy could be cut or pushed back as part of a Pentagon budget decision.

"When we're making our decisions, we certainly have Air Force priorities. But they exist within larger priorities," Fanning said. "And that rebalance in the Pacific weighs heavily, when you think about recapitalizing tankers and investing in the [joint strike fighter]."

Speaking about the budget process as a whole, Fanning declared continuing resolutions "awful" and expressed a belief that if Congress can't fix sequestration, it should at least allow the services flexibility with the required cuts.

ISR Fleet Needed

The Pentagon needs to move away from Predator and Reaper unmanned systems and establish a fleet of intelligence, surveillance and reconnaissance (ISR) aircraft that can handle contested environments, a top Air Force general said on Sept. 17.

"There's a specific study that we're embarked on to take an enterprise look at how we do ISR, and my view is that needs to be a broader enterprise than just the Air Force," Gen. Mike Hostage, head of Air Combat Command, told reporters. "We are working it, and then we will take it to OSD [the Office of the Secretary of Defense] to recommend we take a bigger look."

As part of a strategy shift, the Pentagon should abandon a long-held plan for 65 combat air patrols (CAPs) of Predator and Reaper unmanned aerial vehicles, Hostage said.

"We're trying to convince OSD that the 65 CAP count made sense when it was given, or at least it



TEXTRON AIRLAND

Light Attack Contender: Textron AirLand officials unveiled the design for the Scorpion during the annual Air Force Association Air & Space Conference in National Harbor, Md.

made sense to the people who gave it to us when it was given, but that is not the force structure the nation needs or can afford in an anti-access, air-denied environment," he said.

"Predators and Reapers are useless in a contested environment. They're not useless in a total concept, but I don't need 65 CAPs," he added. "65 is not the right number. I need to shift the demographics of the ISR fleet."

Hostage declined to go into details on what that fleet might look like, but indicated it would be through a family of systems rather than reliance on one or two platforms.

"In terms of how we do ISR in a contested environment, I'm looking at different ways to do with flying platforms and with non-flying platforms," he said. "We have shown our joint partners a way of war they are not going to want us to back away from, and building a fleet of 65 Predator/Reapers is not the answer."

Given the budget environment, Hostage acknowledged that getting a new platform off the ground is unlikely.

Scorpion Unveiled

Textron and AirLand Enterprises on Sept. 16 unveiled the Scorpion, a clean-sheet light attack aircraft that the companies are confident can make inroads in both the international and domestic markets.

The plane is in the "final stages" of integration tests, with a flight expected before the end of the year, Scott Donnelly, chairman and CEO of Textron, told reporters. He said the aircraft has already run successful tests of the ejector seat and engines.

The Scorpion comes with twin turbofan engines and a tandem cockpit, although the jet is de-

signed to be flown by a single pilot. There are six hard points on the plane that could hold a variety of equipment, from extra fuel to Hellfire missiles.

Potential competitors to the Scorpion, such as the Embraer Super Tucano and Beechcraft AT-6, are turboprops notable for their low-cost design. Donnelly, however, expressed confidence that his company's design would be priced similarly to a turboprop while providing greater capabilities.

Donnelly said he expects a per-hour operating cost of around \$3,000, significantly less than highly capable combat aircraft such as the F-16 or F-35.

The backing officials see the ISR capabilities as what really sets the plane apart. The Scorpion can carry 3,000 pounds of ISR equipment, with a modular design to allow customers to select which equipment should be on the plane. It boasts five hours of long-loiter time as well.

While the company has had conversations with potential customers, it was not willing to identify any specific areas of growth. However, both the Middle East and the Pacific have proven fertile grounds for light attack aircraft in the past.

Given budget cuts around the world, it seems potentially dangerous for a company to create a new plane without a requirement. But Donnelly insists that gives his group an entrance into the worldwide market.

"Our view has always been that we know the US and partner nations are all going to have budgetary challenges, but that doesn't mean there isn't a mission requirement," he said. "We're offering a solution to people who have budgetary challenge and still have mission requirements. This is not a

competitor to an F-35. The vast majority of missions don't need that."

Domestically, the Scorpion team also is keeping an eye on the Air Force's T-X trainer jet replacement program. Donnelly indicated that by swapping the two engines with a single engine and changing the wings on the plane, the fighter would match up ideally with the expected requirements for the T-X program, potentially worth billions of dollars.

That kind of design flexibility will be key for making market headway, said former Air Force Secretary Whit Peters, who consulted for AirLand on the design of the plane.

"For the international market, it's critical," Peters said of the flexibility of the plane. Because it can be hard to know which technologies will and will not be exportable, it is important to be able to make a baseline airplane that can be exportable and then modified for customers, Peters said.

He indicated that worldwide fleets of A-37s, as well as the US Air Force's fleets of A-10s and F-15Cs, could be replaced by the Scorpion.

Tanker on Track

Boeing should be able to meet the cost and schedule terms of the US Air Force's KC-46 tanker program, the general in charge of the much-watched effort said.

"Right now, based on this year's government schedule risk assessment, it looks like with greater than a 90 percent probability the Boeing team will deliver the 18 tankers by 2017 as laid out in the contract," Maj. Gen. John Thompson, Air Force program executive officer for tankers, said Sept. 17.

Boeing has met most of its contractual requirements early and is about 40 percent finished with the tanker's development program, Thompson said.

The Air Force selected the Boeing 767-based aerial refueling plane over an EADS A330 rival in February 2011. The contract for 179 of the jets is valued at \$35 billion.

Low-rate initial production is scheduled to begin in 2015. Production is scheduled to ramp up to 15 tankers per year in 2017 and is expected to run through 2027, Thompson said.

"[The] bottom line from the operational assessment ... published in May is that from an effectivity, suitability and mission-accomplishment standpoint, the KC-46 is on track," Thompson said. □

Marcus Weisgerber contributed to this report.



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NORTH AMERICA

After Shooting, Navy Yard Gets Back to Business

By **CHRISTOPHER P. CAVAS**

WASHINGTON — Building 197, the headquarters of Naval Sea Systems Command (NAVSEA) at the

Washington Navy Yard, reportedly is a shambles. Even as the crime scene investigation continues, it's apparent the building will need a great deal of refurbishment and re-

pairs before the 2,000 or so people who work there can move back in.

The murder of 12 people inside the building on Sept. 16 inflicted emotional as well as physical trauma

on the organization, and the first order of business when employees were allowed to return on Sept. 19 was to deal with the emotional fallout. But the task of get-

ting the headquarters of a far-flung enterprise of 60,000 employees back in gear also is underway.

"NAVSEA has begun reconstituting the workforce so that we can continue performing our critical responsibilities," spokesman Chris Johnson said on Sept. 20. "NAVSEA leadership is working to find alternate accommodations at other Washington Navy Yard sites, contractor facilities off base and the recently disestablished Coast Guard headquarters. Personnel will also be asked to telework whenever practical. From these temporary sites, NAVSEA will be able to conduct all necessary functions, including awarding contracts."

Not all of NAVSEA's major activities are headquartered in Building 197. The offices that manage aircraft carriers, submarines and littoral combat ships are in nearby Building 201 and are undamaged.

But a large chunk of the organization's activities are temporarily displaced. Those offices include the two program executive offices (PEOs) for Ships and Integrated Warfare Systems, industrial operations, engineering, public affairs, human resources, and personnel support offices.

NAVSEA's leadership is ensconced across the yard at Military Sealift Command (MSC).

"We're their designated backup building," said Tom Van Leunen, a spokesman for MSC.

But MSC, with a staff of about 700 workers at the yard, can't host the full range of NAVSEA offices.

"We're putting together a matrix of who's going where," Johnson said. "We should have a better idea next week of who's going to what facility."

Other activities in the yard, including the Strategic System Programs office, offered space.

A number of off-base contractors with office space near the Navy Yard also came to NAVSEA's aid. PEO Ships was in temporary residence at Alion Science and Technology offices. Other NAVSEA employees were at General Dynamics offices, and shipbuilder Huntington Ingalls offered space.

Government-owned buildings at nearby Buzzard Point, vacated this summer by the Coast Guard, have emerged as a likely temporary haven, although it's not yet clear what facilities need to be provided to accommodate workers.

The end of the fiscal year is a time when a great number of contracts are awarded. Dozens of contracts big and small are scheduled to be awarded before Oct. 1.

"We'll process those announcements, but they may be temporarily delayed," even if the awards are made on time, Johnson said. □

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Doubts Linger Over Indo-US Projects

By VIVEK RAGHUVANSHI

NEW DELHI — India has bought weapons and equipment worth \$8 billion in the past four years from the US, but the two countries have yet to finalize any technology sharing, co-development and co-production defense program that Prime Minister Manmohan Singh could take with him when he visits Washington this month.

US and Indian Defence Ministry negotiators have been working for months on a proposal to jointly develop and produce a variant of the Lockheed Martin-Raytheon made Javelin anti-tank guided missile (ATGM). But the project is unlikely to be part of Singh's package for the US visit on Sept. 27, MoD sources said.

US Deputy Defense Secretary Ashton Carter handed the Javelin joint development proposal to officials with the Defence Research and Development Organisation (DRDO) during his visit to India on Sept. 16. The Javelins would be produced at state-owned Bharat Dynamics Ltd. (BDL).

Carter said on Sept. 18 that the US is keen to establish a defense partnership with India based on co-development and co-production of weapons and equipment.

"The US has offered several joint venture and co-development military hardware projects such as the Javelin anti-tank guided missiles," Carter said.

The US side has agreed only to participate in the co-development of the 4-kilometer range Javelin ATGM, whereas the Indian side



US DEPARTMENT OF DEFENSE

Partners Meet: During his visit to India last week, US Deputy Defense Secretary Ashton Carter, right, told Indian officials he was interested in establishing joint development projects with New Delhi.

wants to participate in a variant with longer range, said the MoD source. The two countries came close to clinching the Javelin project, worth more than \$3 billion, about two years ago, but the US refused to transfer technology and the project fell through.

So far, only Russia and Israel are jointly producing high-tech, co-development projects involving technology transfer to India, whereas the US has restricted deals to the sale of weapons and equipment. India is encouraging only co-development defense projects as a policy initiative.

"Co-development of weapons systems in the Indo-US context has not gone beyond policy rhetoric, and the prospects are clearly dim,

in the main, because of Washington's reluctance to part with advanced technology," said Bharat Karnad, professor of national security studies at the New Delhi-based Centre for Policy Research.

The US has shot down all proposals by the Indian government to collaborate jointly in the missiles, including ballistic-missile defense. Instead, Washington has agreed only to jointly develop projects with the Defense Advanced Research Projects Agency (DARPA), said a DRDO source.

While no details are known on the specific projects that Indian authorities have taken up with Washington for joint development, the source said DRDO was politely told this year that no joint develop-

ment projects on missiles or ballistic-missile defense can be struck with DRDO.

DARPA has, however, reached a deal with DRDO to jointly develop explosive detection systems, and special food and medicines for soldiers operating in extreme environments.

Pentagon spokesman George Little, in a statement on Sept. 18, said Carter and Indian officials took "steps toward deepening the multi-faceted US-Indian defense relationship."

"They discussed steps the United States and India are taking to streamline their respective administrative processes and make bilateral defense trade more responsive and effective," Little said.

MoD officials say the potential of co-developing weapons and equipment is huge as India is trying to move away from buying weapons and equipment from traditional sources Russia and Israel.

"The prospects for co-development of cutting-edge defense projects between India and the US is limited given challenges of technology sharing," said Rahul Bhonsle, a retired Indian Army brigadier general and defense analyst. "The US has not shared technologies or front-line equipment with allies such as South Korea, [so] India will therefore face resistance despite the establishment of high technology group led by [Carter] and Indian National Security Adviser Shiv Shanker Menon." □

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IED Attack Threatens Peace Talks in Pakistan

By USMAN ANSARI

ISLAMABAD — Two senior Pakistani army officers were among those killed in a weekend IED attack claimed by the Pakistani Taliban (TTP) in the restive area along the Afghan border. The attack comes as peace talks with the TTP are being pushed by the government.

Maj. Gen. Sanaullah Khan, Lt. Col. Tauseef Ahmed and Lance Naik Irfan Sattar were killed Sept. 15 when an IED targeted their convoy in the Upper Dir district near the Afghan border. Khan was commander of 17 Division, operating in Swat, formerly a stronghold of the TTP before they were ejected by the army in 2009. The general was returning from visiting troops in the region.

The attack comes after the Sept. 9 All Parties Conference (APC) hosted by the government to establish political a consensus to tackle terrorism in the country. It unilaterally adopted a resolution for unconditional talks with all terrorists, including the TTP.

Claude Rakisits, an associate professor in strategic studies at Deakin University in Australia, is one of several Pakistan analysts who are skeptical about talks with the TTP. Killing Khan "only days after the APC resolution gives a clear indication that negotiating with the TTP is bound to be a recipe for disaster," he said.

The deaths of two high-ranking officers "will be taken very badly by the Pakistani army," he said.

He foresees "increasing pressure on the government to demand preconditions before starting formal talks, including an end to TTP violence. ... Anything less than that would mean that the military would be negotiating from a position of weakness."

During the past 10 years there have been nine agreements with militants, but none lasted more than several a couple of months, noted Salma Malik, an assistant professor in the Department of Defence & Strategic Studies at Islamabad's Quaid-i-Azam University.

"Each time the government has faced embarrassment and lost more maneuvering space against the [non-state actors]," she said. "Ironically the accords have always been breached and unceremoniously dumped by the [non-state actors] than the government, further weakening latter's case." □

Indian Army Seeks Overseas Air Defense Gun Vendors

By VIVEK RAGHUVANSHI

NEW DELHI — The Indian Army is on a global hunt to buy air defense guns along with ammunition to replace its 1960s-era Swedish-made L/70 air defense guns.

The US \$1.7 billion tender includes the purchase of 428 air defense guns, 32 million rounds of ammunition and technology transfer to state-owned Ordnance Factory Board (OFB).

A 2007 tender to replace the guns was canceled in 2009 because only Rheinmetall Air Defence of Switzerland submitted a bid, which led to a single-vendor situation.

The new tender has been sent to Rosobornexport of Russia, Bumar of Poland, Thales of France and Doosan Group of South Korea.

In addition to the purchase, the Indian Army last month short-listed state-owned Bharat Electronics Limited (BEL) to upgrade 200 L/70 guns costing more than \$100 million.

The upgrade includes incorporation of a ballistic computer and thermal sights, and replac-

ing hydraulic drives with digital electronic drives.

BEL beat private-sector defense major Larsen & Toubro for the upgrade deal.

The selected vendor to replace the Bofors L/70 will have to supply the guns in different formats: fully formed; semi-knocked down; and completely knocked down. The remaining guns will be manufactured at the OFB facilities in Jabalpur.

The purchase of guns and ammunition in various formats will be done in phases and the whole purchase will be completed within nine years from when the tender was signed.

The vendors must meet tough conditions, including providing a list of sub-vendors for spare parts, along with prices. The vendor must also agree to allow the Indian Defence Ministry to purchase spares directly from the sub-vendors without consent of the original equipment manufacturer.

The air defense guns will be used in plains, deserts and in the mountains and must be able

to be towed by by an in-service vehicle.

The gun must also be able to engage air targets, day or night, using fire control radar and an electro-optical fire control system independently. The gun should also be able to engage air targets with an in-service fire control radar at the time of evaluation.

The guns will have to have a caliber greater than 30mm and have an effective range of fire against air targets above 3,500 meters.

The entire project must fulfill offsets equivalent to 30 percent of the total value of the contract. The technical offset offer should contain details of the products, services and investment proposals indicating relative percentages and proposed Indian partners for offset investment.

The Indian Army has around 1,200 L/70 guns bought in the 1960s. The guns were made in Sweden in the late 1960s and upgraded in 1995 with BEL-built digital fire-control systems. □

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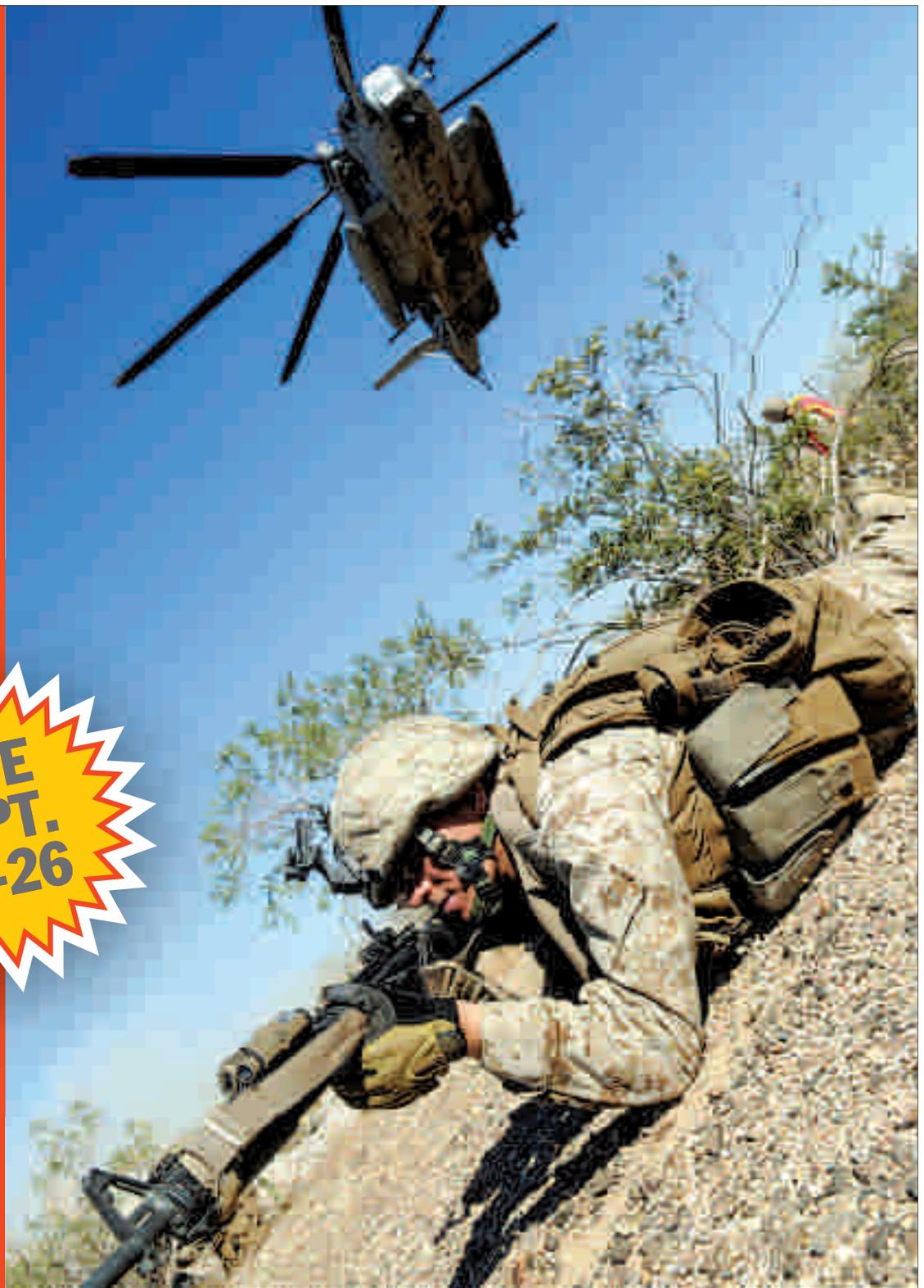
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US Budget Woes Could Affect Taiwan F-16 Upgrades

By **WENDELL MINNICK**

TAIPEI — Despite pains by Taiwan's Ministry of National Defense (MND) to keep the F-16 upgrade program on course, the effort could be derailed by US defense budget cuts that endanger the US Air Force's Combat Avionics Programmed Extension Suite (CAPES) program for its own F-16s.

Local defense industry sources indicate with some irony that it is the Pentagon's turn for bureaucratic inertia and budget woes. US defense officials have complained for years about Taiwan's sluggish response in allocating funds and keeping procurement programs on schedule for US arms deals. Now it is the Pentagon's turn to face complaints from the MND.

Taiwan has begun the process of upgrading 145 F-16A/B fighter aircraft procured in the 1990s. In September 2011, the Pentagon released a \$5.3 billion retrofit program that included options such as the active electronically scanned array (AESA) radar, embedded global positioning system inertial navigation system, and electronic warfare management system.

In October 2012, Lockheed Martin was sole-sourced as the contractor for the structural upgrade, valued at \$1.85 billion, as well as for the high-speed databus modular mission computer.

In late July, Northrop Grumman's Scalable Agile Beam Radar (SABR) beat out the

Raytheon Advanced Combat Radar (RACR) for the AESA competition to replace the A/B's APG-66(V)3 mechanical radar.

"The selection of principal subsystems and subcontractors has proceeded more or less within the expected time frame," a Taiwan defense analyst said.

The challenge lies with managing the cost of the program, a local defense industry source said. This is complicated by the program's relationship to the US Air Force's CAPES effort, in that Taiwan's Air Force requires that the F-16A/B upgrade program follow the CAPES system configuration.

"The thinking is that doing so would help ensure both supportability of Taiwan's upgraded F-16A/Bs and allow for cost economy through sharing non-recurring engineering [NRE] costs on major systems, like AESA radar and electronic warfare pods, with [the US Air Force]," the industry source said.

However, funding for CAPES has received lower priority amid the severe US budget environment. There are well-founded concerns at MND that the Pentagon could drop CAPES in order to save the troubled F-35 program. "If CAPES should be canceled or even just substantially delayed, the impact on Taiwan's F-16A/B upgrade program could be dramatic and adverse," the local defense industry source said.

Without the US Air Force sharing the costs on such core subsystems as the SABR, the cost for Taiwan's F-16 upgrade program will

almost certainly increase at a time when Taiwan's defense budget is facing problems implementing its restructuring program and paying for \$18 billion in US arms released since 2007.

Besides the F-16 upgrade, equipment in the pipeline includes 12 P-3C Orion maritime patrol aircraft, 30 AH-64 Apache attack helicopters and 60 UH-60 Black Hawk utility helicopters. Taiwan's defense budget is also struggling to pay costs associated with reform policies — including a major streamlining and troop reduction — being implemented.

Now Taiwan's Air Force faces unexpected cost increases for the F-16 upgrade. The potential schedule impact for Taiwan's F-16 program is unclear, since the original CAPES delivery milestones were later than Taiwan's schedule, which calls for first upgraded aircraft by 2017.

The Taiwan Air Force and MND are following the US budget situation nervously and are anxious for clarification from the US with respect to the future commitment for CAPES funding.

However, given the evolving uncertainties over the fiscal crisis and the painful choices having to be made due to sequestration, the US cannot offer any guarantees for the continued viability of CAPES. Local defense analysts and industry sources complain that even without CAPES formally collapsing, Taiwan's F-16 upgrade program is being im-

pacted in other ways as a result of Taiwan's desire to follow USAF configurations.

One local defense industry source pointed to the electronic attack (EA) and electronic warfare (EW) pod upgrade requirement. The Taiwan Air Force has a requirement to upgrade its existing ALQ-84(V) pods to incorporate the digital radio frequency memory technology needed to deal with more advanced threats.

Since the US Air Force is upgrading all of its EA pods — both ALQ-184 and ALQ-131 — to ALQ-131A standards, Taiwan's Air Force is leaning toward following the US Air Force configuration. The US Air Force has proposed an exportable version of the ALQ-131A, but cannot provide reliable price and availability information for the surplus ALQ-131 pods that would be needed for such an upgrade solution. Without the surplus ALQ-131 pods, the cost of that upgrade path could prove prohibitive enough to force Taiwan to consider other alternative upgrade solutions.

As it stands, the USAF will not be in a position to advise the Taiwan Air Force on the EA pod upgrade cost and availability until probably sometime in 2015, which could mean that at least this aspect of Taiwan's F-16 capabilities will not be upgraded along with the main program milestones, experts say. □

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Concerns Mount Over China's Carrier Capabilities

By **WENDELL MINNICK**

TAIPEI — China's first carrier-borne fighter jet, the Shenyang J-15 Flying Shark, is in production, according to Chinese-language media reports. If those reports are to be believed, it represents yet another step in that country's naval aviation capabilities, one that is putting China's neighbors on edge.

The news comes as China's first aircraft carrier, the 53,000-ton Liaoning (formerly the Ukrainian Varyag), operates as a test platform, and at least two new carriers are being built.

The Liaoning is half the size of a US Nimitz-class aircraft carrier, and no match against the US Navy. But the Philippines and Vietnam, which are engaged in territorial disputes with China in the South China Sea, are concerned.

Vietnam has geared up for the increased threat by buying more anti-ship cruise missiles from Russia. But over the past decade, Philippine preparations for a conflict have floundered due to political corruption, incompetence and perhaps a misguided belief the US military will come to the country's rescue.

The Liaoning operates 36 aircraft or "feiji" off the carrier, if comments made by Liaoning's commander, Senior Capt. Zhang Zheng, during his visit this month to the US are true. The problem with Zhang's statement is that the US media might have misunderstood him and misreported that the Liaoning had 36 J-15s.

Roger Cliff, a non-resident senior fellow at the Center for Strategic and Budgetary Assessments, said "feiji" could mean airplanes or helicopters.

In the past, photographs have appeared on Chinese-language military blogs and government-run newspapers of a Changhe Z-8 search-and-rescue helicopter taking off from the ship's deck.

There also is the possibility that Liaoning is outfitted with the Kamov Ka-28 anti-submarine warfare helicopter.

Assuming the carrier is fully outfitted with 36 J-15s, Chinese-language media reports that Shenyang Aircraft Corp. has begun full-rate production of the J-15 appear to be true.

Chinese TV coverage of Chinese President Xi Jinping's visit to Liaoning on Aug. 28 showed the J-15



AGENCE FRANCE-PRESSE

Flying Shark: A frame grab from Chinese television last November shows a Chinese-made J-15 fighter jet landing on the deck of the aircraft carrier Liaoning. Chinese-language media reports say the Shenyang Aircraft Corp. has begun full-rate production of the aircraft.

painted with the standard color scheme for Chinese naval fighter aircraft.

"Previously, J-15s undergoing tests were colored yellow and were, most likely, the property of the Shenyang Aircraft Corporation," said Vasily Kashin, a researcher with Moscow's Center for Analysis of Strategies and Technologies.

Then, on Sept. 4, retired Rear Adm. Yin Zhuo, "a famous talking head, said that the new colors of the J-15 represented the fact that the aircraft was transferred to the Navy," meaning mass production had begun, Kashin said.

Kashin said he believes full-rate

production of the J-15 would not be difficult due to similarities with the J-11B, a Chinese copy of the Russian Su-27, and the notion that the Ukrainians allegedly sold Shenyang a prototype of a Russian Su-33 carrier-based fighter (T-10K-7) in 2001. Avionics and other systems are most likely the same as the J-11B, along with whatever else the Ukrainians provided Shenyang.

Russia is producing the MiG-29K carrier-borne fighter, "which is a completely redesigned variant of the MiG-29, though with new radar, avionics, controls, weapons, longer range, and a lot of composite materials in the airframe," Kashin

said. "I believe we [Russia] still have competitive advantage over them in the carrier aircraft field."

Even if the Chinese are manufacturing the J-15, "It will take a considerable amount of time to reach an [initial operating capability], even for the first squadron of these fighters."

Production of the J-15 by Shenyang also indicates the Chinese might be further along in their carrier plans than believed by many in Washington.

"If they already have enough J-15s for the Liaoning and are cranking out more, then they must expect to have additional carriers to operate them off of at some point in the next few years," Cliff said.

Chinese officials have implied "they won't start building an additional carrier until they've had a few years to play around with the Liaoning," he said. "It takes several years to build an aircraft carrier, though, so that statement suggests that China will not get any more carriers for at least 10 years."

But Cliff said he finds that notion hard to believe.

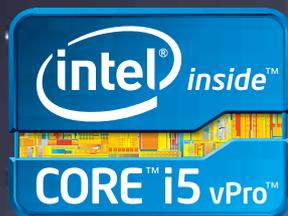
"I think they will complete at least a couple more carriers, probably improved versions of the Varyag/Liaoning design, by 2020." □

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BizWatch

EADS Looks To Simplify 'Wide' Portfolio

Review Coincides With Defense, Space Business Consolidation

By **ANDREW CHUTER**

LONDON — Industry observers were warned by a top Cassidian executive “not to expect anything earth-shattering” to come out of a portfolio review being conducted by EADS as part of a restructuring and rebranding effort of its defense and space activities.

Christian Scherer, head of sales at EADS' defense arm Cassidian, told reporters on the sidelines of the recent DSEi exhibition here that the review was ongoing but the likely outcome was a simplification of the business rather than a fundamental change.

“You could say our portfolio is too wide even for a large company, so as part of the restructuring and integration effort you will see us follow through on the review and that should resolve it,” he said. “Nothing earth-shattering. If anything it should result in a slight simplifying of what we do. ... Over time you will see a slight rationalization of the portfolio.”

The rationalization will likely affect operations that are small and segregated from the rest of the company. “We will not be adding complexity by going on a buying spree,” Scherer said.

The portfolio review was part of normal business activities, but it was decided it should coincide with the restructuring to avoid having to explain the changes twice, he said.

EADS announced in July it was restructuring and rebranding the entire company around the Airbus name used by its commercial aircraft operation.

Part of that reorganization involves merging Cassidian, the Astrium space activities and Airbus' military airlifter business into one unit — Airbus De-

fense & Space. Scherer will be executive vice president for sales and marketing in the new company.

The goal of the company's restructuring is to make it more effective in export markets and to enable integration of adjacent business segments, such as the company's space, air and land observation capabilities, Scherer said.

The US will remain a target for Airbus Defence & Space, although the restructuring will “probably not enable us quicker access” to the market, he said. Scherer pointed to potential opportunities for the A330 in-flight tanker and the A400M transport if the Pentagon ever needed their capabilities.

One area of the business that remains unresolved is the maritime sector, where EADS has a joint venture with ThyssenKrupp in systems and weapons house Atlas Elektronik as well as its own naval radar and other interests.

Asked whether he would rule out a possible ownership change at Atlas, Scherer said, “I am not saying there will be or will not be. How we achieve better integration between mission systems and sensors I don't know. Whether that means a change in the ownership of Atlas or a change in who has 51 percent or 49 percent, the fact is we want to construct products that are more integrated on the naval side than what we have today. We don't have the answer yet what that means for Atlas.”

The new company begins operation at the start of 2014, with completion of the merger by midyear, he said.

Airbus Defence & Space will have revenues of €13.7 billion (US \$18.3 billion) and employ 45,000 people. The merger would not change the magnitude of the Airbus Defence & Space op-

eration in the foreseeable future and the unit would continue to have aerospace at its heart, Scherer said.

That may not be enough to create a growing business, said Howard Wheel- don of Wheel- don Strategic Advisory.

“Clearly there remains scope to better integrate defense-related activities with other business activities in order to reduce costs, but that of itself will not contribute to sustainable growth,” Wheel- don said. “While EADS has always been brilliant at product innovation and design, and it has never been shy in research and development, it may need to up its game and the way to do this may be through increased partnerships.”

“While acquisitions could never be ruled out, EADS' route to greater success across the defense portfolio will be by product achievement, program execution and partnerships. With its existing financial strength, this could provide interesting future opportunities for growth in defense,” he said.

Scherer said the move had enabled EADS to “find another way to create critical mass for ourselves” after the failure to merge with defense giant BAE Systems 12 months ago.

He ruled out suggestions EADS was merely parceling up the defense and space operations ahead of another merger attempt with BAE.

“This is not the left hook before the right hook of merging with BAE,” he said. “It's not on the radar screen.”

He acknowledged that the two firms continue to discuss restructuring their interests in the Eurofighter Typhoon program to create an operation that is more responsive to commercial requirements in the export markets. BAE and Cassidian are the principal partners in a Eurofighter industrial effort, which also includes Finmeccanica. □

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AURORA FLIGHT SCIENCES

Aurora's Skate drone, right, is supporting US operational missions in Afghanistan.

RANDOM NOTES

Support From Skate

Aurora Flight Sciences' Skate small unmanned aircraft system (SUAS) recently deployed to Afghanistan in support of Operation Enduring Freedom missions, including in-theater training and logistics support. Deployment of the Skate to support operations in Afghanistan is sponsored by the US Air Force Research Laboratory.

The man-packable intelligence, surveillance, target acquisition and reconnaissance SUAS, designed for operation by small tactical units, takes off and lands nearly vertically. Initial assessment of Skate's performance by military operational commanders has been very positive, the Manassas, Va.-based company said.

Poland's Industry Overhaul

Poland's major armament and military equipment manufacturers will be consolidated into a single entity in a bid to restructure and overhaul the country's defense industry, Prime Minister Donald Tusk announced Sept. 16.

“The Polish Armaments Group, which will comprise all key companies active in the Polish defense industry, is currently being established,” Tusk said during a visit to local armored vehicle producer Wojskowe Zaklady Mechaniczne Siemianowice, reported Polish news agency PAP.

The new group will integrate major state-owned defense manufacturers such as Huta Stalowa Wola; Wojskowe Zaklady Remontowo-Produkcyjne, which comprises 11 state-owned defense companies; and the 40-company Polish Defense Holding (formerly the Bumar Group), Poland's larg-

est defense player, into one group.

The Polish Ministry of Treasury had originally planned to launch the holding's initial public offering on the Warsaw Stock Exchange in 2015, but it is unclear how the latest developments will affect these plans.

Singapore Picks Aster-30

Singapore is acquiring an advanced European air defense system to replace its aging US-made Hawk surface-to-air missile batteries. Defense Minister Ng Eng Hen said last week the Aster-30 surface-to-air missile system, manufactured by European company MBDA, will allow the city-state to counter multiple threats from fighter jets, helicopters, drones and precision-guided missiles, Agence France-Presse reported.

Ng did not reveal the cost of the system or when Singapore will make the acquisition.

The Aster-30 system is expected to provide Singapore with an anti-missile and anti-aircraft range of up to 70 kilometers, the Defense Ministry said.

More LCS Modules

Northrop Grumman has received a \$25.2 million contract from the US Navy for additional littoral combat ship (LCS) mission modules. The company will deliver three mission module packages — two for surface warfare missions and one for mine countermeasures.

The mission modules being delivered under this contract facilitate efficient modular mission package embarkation, mission package operations and debarkation that is central to the LCS modular mission package concept.

IT for Army Reserve

L-3 Communications said its National Security Solu-

ON THE MOVE

Boeing has appointed **Denis Swanson** to the expanded role of vice president for Boeing Defense, Space & Security in India, the company said. He led BDS industrial participation programs in the Mideast and Africa.

EADS has appointed Cassidian sales head **Christian Scherer** to be executive vice president of sales and marketing at the new Airbus De-

fense & Space unit. **Pilar Albiac-Murillo**, currently Cassidian's chief operating officer, becomes executive vice president of operations at the new company.

Skot Butler has been named vice president of sales, marketing and business development for Bethesda, Md.-based **Intelsat General**. He was director of solutions development.

Irvine, Calif.-based **Iris Technology** said **Michael Barthlow** has been named ex-

ecutive vice president and chief strategy officer, operating from the company's Herndon, Va., offices.

Raytheon has named **John Harris** as vice president of business development and CEO of Raytheon International. He was general manager of Raytheon's Intelligence, Information and Services business. He succeeds **Thomas Culligan**, who will remain as a senior adviser until his retirement Dec. 31.

United Technologies, Hart-

ford, Conn., said **David Gitlin** has been named president of the Aircraft Systems business segment of UTC Aerospace Systems, succeeding **Curtis Reusser**, who is leaving the company. Before the acquisition of Goodrich, Gitlin was president, Aerospace Customers & Business Development, at Hamilton Sundstrand. □

Compiled by **Michele Savage**.

Send personnel news to onthemove@defensenews.com.



tions Group was awarded a \$357 million task order under the GSA Alliant contract vehicle by the GSA Federal Systems Integration and Management Center. L-3 will provide software development, systems integration, distance learning and IT tech support services in support of the Reserve Component Automation program.

The program aims to modernize and sustain an automated information system that enhances the Army Reserve and National Guard's ability to accomplish unit mobilization planning and readiness, and support day-to-day administration.

Apache's New FCR

Longbow, a joint venture of Lockheed Martin and Northrop Grumman, received a \$51 million foreign military sales contract to provide South Korea with Longbow fire control radars (FCRs) for the AH-64E Apache attack helicopter.

The contract includes six



LOCKHEED MARTIN

Longbow fire-control radars will equip South Korean AH-64Es.

Longbow FCR systems, spares and in-country support. Production is scheduled through 2016, with assembly of the FCR at Lockheed and Northrop facilities in the US.

Fruits of Tech Transfer

Helibras, a Brazilian subsidiary of EADS company Eurocopter, has completed flight testing of a chaff-and-flare countermeasure dispensing system for EC725 helicopters, completing a first-of-its-kind system integration project in Brazil and marking a key phase in Eurocopter's contract to supply 50 of these Super Puma/Cougar family rotorcraft to the Brazilian armed forces, EADS said.

Six flights were performed in Brazil with the Helibras-developed self-protection system, which is used to detect and identify threats to the aircraft and confuse heat-seeking and radar-guided missiles.

The self-protection system's in-country develop-

ment is part of Eurocopter's tech transfer program.

Seeking a Better Signal

The US Air Force Research Laboratory has awarded Rockwell Collins a \$2 million contract to develop and demonstrate a secure software-defined radio global navigation satellite system (GNSS) receiver capability, the company said.

GNSS typically refers to equipment that can receive signals from multiple navigation satellite systems and thus provide improved navigation performance and signal availability.

Hosted in a software defined radio, this program will develop the security architecture for the receiver equipment certifications.

WIN-T at Work

The first brigade-level deployment of the General Dynamics-built Warfighter Information Network-Tactical (WIN-T) Increment 2, the Soldier's Network, is supporting soldiers in Afghanistan, GD said. Their mission, supporting Afghan security forces, involves communications among dispersed forces in some of the country's most rugged, remote locations.

This summer, Increment 2 took part in its first successful combat patrol using its on-the-move capability between several network nodes. Voice over IP calls were placed, and use of on-board mission command applications was successful.

Tech Support for USAF

Wyle has been awarded a \$15 million task order to provide specialized system assurance and engineering product analyses for the US Air Force's Life Cycle Management Center through its Engineering Directorate, the El Segundo, Calif.-based company said.

Wyle will provide engineering, airworthiness, system security and assurance, risk management and safety analyses in developing, implementing and executing product logistics, sustainment and acquisition strategies across the service's aeronautical weapon systems. □

Compiled by Defense News staff.

Send product information and financial news to randomnotes@defensenews.com.

Calendar

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SEPTEMBER

September 25-28, 2013

AVIATION EXPO

Beijing

September 25, 2013

10TH NATIONAL SMALL BUSINESS CONFERENCE

Springfield, VA

www.ndia.org/meetings/3140

Attendance is essential for any small, medium or large business seeking to win prime contracts, find good partners for winning teams, and gather business intelligence for FY14.

September 26, 2013

HOW WASHINGTON WORKS - NAVIGATING THE DoD

Reston, VA

www.ndia.org/meetings/307F

The How Washington Works training course gives those who attend the understanding and insights into the processes that guide DoD actions and decisions for the future.

OCTOBER

October 7-10, 2013

INSENSITIVE MUNITIONS & ENERGETIC MATERIALS TECHNOLOGY SYMPOSIUM

San Diego, CA

www.ndia.org/meetings/4550

October 15-16, 2013

EAGLEPICHER TECHNOLOGY WORKSHOP 2013

Joplin, Missouri

<http://www.eaglepicher.com/about-us/eaglepicher-technology-workshop-2013>

October 21-23, 2013

AUSA ANNUAL MEETING & EXPOSITION

Washington, DC

October 22-23, 2013

WORLD MANUFACTURING FORUM

Ronald Reagan Building & International Trade Center

Washington, DC

www.worldmanufacturingforum.org

Join high-level industrialists, policy makers, and key societal stakeholders from across the globe for a cross-exchange of ideas on major macroeconomic trends and manufacturing innovation.

OCTOBER (CONT'D)

October 28-31, 2013

16TH ANNUAL SYSTEMS ENGINEERING CONFERENCE

Arlington, VA

www.ndia.org/meetings/4870

A major conference focusing on improving acquisition and performance of Defense programs and systems, including net-centric operations and data/information interoperability, system-of-systems engineering and all aspects of system sustainment.

October 29-31, 2013

18TH ANNUAL EXPEDITIONARY WARFARE CONFERENCE

Portsmouth, VA

www.ndia.org/meetings/4700

This conference continues to serve as the premier venue for Defense and Industry Expeditionary Warfare Leaders to assemble each year and discuss the issues and challenges facing the forces of today and tomorrow.

October 29-31, 2013

SEOUL AIRSHOW

South Korea

NOVEMBER

November 4-7, 2013

DEFENSE AND SECURITY

Bangkok, Thailand

November 17-21, 2013

DUBAI AIRSHOW

Dubai, UAE

DECEMBER

December 2-5, 2013

I/ITSEC

Orlando, FL

December 10-12, 2013

GULF DEFENSE & AEROSPACE

Mishref, Kuwait

www.GulfDefense.com

JANUARY 2014

January 14-16, 2014

SURFACE NAVY ASSOCIATION 26TH NATIONAL SYMPOSIUM

Crystal City, VA

FEBRUARY 2014

February 6 - 9, 2014

DEF EXPO

Pragati Maidan, New Delhi

February 10-12, 2014

25th ANNUAL SO/LIC SYMPOSIUM

Washington, DC

February 11-13, 2014

WEST 2014

San Diego, CA

February 11-16, 2014

SINGAPORE AIRSHOW 2014

Changi Exhibition Centre, Singapore

February 19-21, 2014

AUSA WINTER SYMPOSIUM & EXPOSITION

Huntsville, AL

February 20-21, 2014

AIR WARFARE SYMPOSIUM & TECHNOLOGY EXPOSITION

Orlando, FL

MARCH 2014

March 25-27, 2014

DIMDEX 2014

Doha, Qatar

APRIL 2014

April 7-9, 2014

NAVY LEAGUE SEA-AIR-SPACE

National Harbor, MD

MAY 2014

May 4-6, 2014

ARMY AVIATION: MISSION SOLUTIONS SUMMIT

Nashville, TN

MAY 2014

May 5-8, 2014

SOFEX

Amman, Jordan

May 13-16, 2014

AUVSI'S UNMANNED SYSTEMS 2014

Orlando, FL

May 20-22, 2014

SOFC (SPECIAL OPERATIONS FORCES INDUSTRY CONFERENCE)

Tampa, FL

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Commentary

EDITORIALS

Rethink Conflict Minerals Rule

Buried in the Dodd-Frank financial reform legislation passed by Congress two years ago is a clause that requires any publicly traded company to disclose whether its products contain minerals from conflict-torn nations.

The legislation, designed to shame companies into shunning such commodities and products — particularly those from the Democratic Republic of the Congo, where rare earth mining has funded years of civil strife — goes into effect in May. But despite the opportunity for a two-year waiver, it's already a headache for increasingly cost-conscious companies that draw components from a globalized supplier base.

Its impact will be felt across the supply chain,

from prime contractors to the smallest suppliers. It also constitutes the latest metals-related legislation that contractors must struggle with. Since 1973, firms have been required to use specialty metals produced in America absent a waiver from DoD for insufficient supply, problematic pricing or quality, requiring constant monitoring.

However well-meaning, such restrictions are invariably costly, less than effective and onerous.

Clearly the international community has an obligation to help resolve conflict whenever and wherever possible. But the solution lies in collective international action, such as sanctions and other mechanisms, not legislation that yields red tape and higher costs — and that fails to deliver on the law's intent.

Improve Security Reviews

The mass shootings at the Washington Navy Yard last week by former sailor Aaron Alexis have focused attention on a problem that has long plagued the defense establishment: security clearances.

Alexis, who killed 12 and wounded eight others, had an honorable discharge and a secret security clearance. He should have had neither.

Despite a gun-related incident, he was allowed to join the Navy; later, while in uniform, poor performance and worrisome behavior led to his early release. But to avoid onerous paperwork, his bosses let him out with an honorable discharge.

That, in turn, made it possible for Alexis to retain his security clearance, which helped him get a job as a government contractor. And then, when Alexis told police in Newport, R.I., that he was hearing voices from the ceiling and walls of his hotel room, and that people were trying to keep him awake with microwave equipment, no one took the logical next step to question his clearance.

Just as with Maj. Nidal Hassan, Pvt. Bradley Man-

ning and Edward Snowden, critical warning signs were ignored with devastating consequences.

Defense Secretary Chuck Hagel has launched reviews of base access and security clearance processes, and Navy Secretary Ray Mabus has ordered a study of what happened in the Alexis case.

But already, two things are clear. First, the national security community's unquenchable appetite for cleared personnel means some people get through who shouldn't. Second, the current practice of reviewing security clearances only every seven years, with little checking in between, is insufficient. Alexis got his clearance six years ago.

It's impossible to stop every act of violence, and the nation should not turn into a police state to do so. But in today's digitally interconnected age, when government agencies are busily collecting data on its own citizens, a once-every-several-years approach is inadequate. Valid warning signs of potential trouble simply can't be ignored.

One is left to wonder: What other, more dangerous dots aren't being connected?

LETTER

Fox Exaggerates

Christine Fox, the recently departed director of the Pentagon's office of Cost Assessment and Program Evaluation, is correct that there are no easy ways to identify savings in the defense budget ["Sequester Facts of Life: Stop Pretending Enforced Cuts Won't Be Harmful," Commentary, Sept. 16], but her conclusion that the cumulative effect of the Budget Control Act will be "some combination of a military that is much smaller, much less technologically advanced and much less ready than we have been accustomed to over the last 30 years" is an exaggeration for six reasons.

First, even with sequester, the defense budget will return in real dollars to the level of FY 2007, the penultimate year of the Bush administration, and remain there for the rest of the decade; I do not recall anyone complaining about the level of defense spending then. Moreover, this level is about \$100 billion more than the size of the budget on 9/11.

Second, only the sequester portion of the Budget Control Act cuts defense spending. The first portion, of \$486 billion, was a reduction in the projected level of defense spending — a reduction in planned increases, not a cut. Under this provision, the budget would have grown by \$100 billion to \$644 billion by 2021.

Third, 30 years ago, at the Cold War's height, the defense budget in today's dollars was at about the same level as it is today. And over the past 30 years, the base budget has averaged about \$450 billion, 10 percent less than it is now.

Fourth, this downturn in defense spending pales in comparison to the drawdowns that occurred after Korea, Vietnam and the Cold War, when the defense bud-

get dropped to about \$370 billion. Moreover, since there was not a separate war budget for Korea and Vietnam, total defense spending for those wars was more than \$100 billion less than the peak of defense spending for the wars in Iraq and Afghanistan.

Fifth, the problems the Pentagon has in trying to rein in a budget that grew for an unprecedented 13 straight years are self-inflicted. Ms. Fox rightly laments the fact that Congress will not let the Pentagon reform compensation. But it was the Pentagon itself that originally proposed some changes which have undermined its financial health, like Tricare for Life, 50 percent retirement pay, and no fee increases for Tricare. Fox also fails to address why the Pentagon did not advocate a presidential veto when Congress gave annual pay raises over and above the appropriate level.

Sixth, Fox's analysis ignores the broken procurement process that has squandered billions of dollars with little to show for it. As Sen. John McCain, R-Ariz., has said: "This [acquisition] system can now be said to be successful only in one respect: turning billions of taxpayer dollars into weapons systems that are consistently delivered late, flawed, and vastly over budget — if, that is, these systems are delivered at all."

With proper leadership and management that is willing to make hard decisions and not look for the easy ways out or exaggerate the problem, this country can have a military better than we have been accustomed to over the past 30 years, especially with a budget that is higher than it was during the Cold War.

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In June, the US House Armed Services Committee released a draft of the fiscal 2014 Defense Authorization Act, which included several proposals dealing with critical minerals often used in Defense Department weapon systems.

For years, the Pentagon has raised concerns about access to minerals, and yet the government still lacks a modern, coherent minerals procurement strategy and useful mineral resources remain locked beneath US soil. As a result, US military and defense contractors find themselves at the mercy of foreign countries for the minerals they need.



By **Hal Quinn**, president and CEO of the National Mining Association, which advocates on behalf of the US mining industry.

Minerals are critical components of the advanced technologies on which modern militaries rely. Each year, DoD must acquire roughly 750,000 tons of minerals for an array of systems to ensure America's fighting force remains at the cutting-edge. Beryllium, for example, is used in the airborne

US Needs a Minerals Policy

Reliance on Foreign Sources Risks Readiness

forward-looking infrared system, missile guidance systems and surveillance satellites, while molybdenum is an effective smoke suppressant and fire retardant — especially useful in the confined spaces on aircraft.

Despite the importance of these resources, the military and its suppliers are unable to readily access many of the minerals they need. As revealed by the DoD's 2013 Strategic and Critical Materials Report, the US faces shortfalls of 23 minerals crucial to national security. This year, the US Geological Survey warned that we remain 100 percent dependent on imports for 18 minerals — many of which were flagged in the DoD's report.

As the world's population surges and millions join the middle class in fast-rising economies, demand and competition for these vital ores will continue to rise. According to a recent report by retired Army Brig. Gen. John Adams for the Alliance for American Manufacturing, "The increased demand for minerals has encouraged resource nationalism, where countries seek to exert

greater control over the extraction and processing of key elements. Many minerals are mined in only a few countries, exposing the United States to potential supply disruptions and other risks."

Night-vision devices (NVDs) offer a prime example of how supply disruptions threaten our military. NVDs are integral to countless defense operations and were key to mission success in capturing Osama Bin Laden. Despite ranking in the top four globally for rare earth reserves, the US imports nearly 80 percent of the rare earth elements needed to manufacture NVDs — among other defense technologies — from China. In recent years, China has imposed export restrictions on rare earths, forcing prices for the minerals to increase by nearly 300 percent and tightening the supplies available to American manufacturers.

Simply put, the United States cannot remain at the mercy of foreign governments for key security minerals and continue to jeopardize its strategic autonomy.

There is a solution to these

escalating supply concerns, one that would both boost America's security outlook and the economy: the \$6.2 trillion worth of key minerals within US borders. Minerals such as copper, zinc and nickel could be extracted in greater abundance domestically with improved regulatory certainty. The extraction of these minerals would also generate a number of other crucial minerals for which we're facing tight supplies. Copper ore, for example, contains rhenium, selenium and tellurium, along with small amounts of rare-earth elements. Zinc ore contains indium, germanium and cadmium.

But under the current minerals mining permitting process — which is marked by unnecessary delays and redundancies at the local, state and federal levels — it can take up to 10 years to secure approval to mine for these and countless other minerals in the United States. This is five times longer than it takes in countries with comparably stringent environmental standards, such as Australia and Canada. This policy pitfall has driven investment

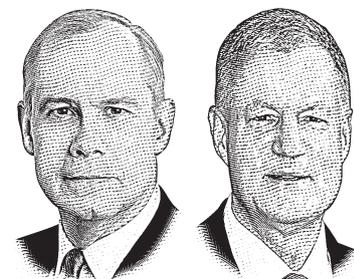
overseas, leading to a 13 percent drop in our nation's share of global investments in metals mining over the past decade and an increased reliance on mineral imports.

Encouraging domestic mineral production and establishing secure mineral supply chains for manufacturers and the US military would put our national security back into our own hands. The bipartisan National Strategic and Critical Minerals Production Act of 2013, introduced by US Rep. Mark Amodei, R-Nev., would address this national challenge. The bill would ensure a predictable and streamlined permitting process that maintains strict environmental protections, making the US more attractive to investment in mining and facilitating the development of minerals needed across our security spectrum.

For the US, a stable and robust mineral supply is, and will continue to be, a strong pillar supporting the nation's global competitiveness, a key driver of its technological prowess and the foundation of countless national defenses. Allies and competitors alike have enacted policies to address minerals security, and it's time for the United States to do the same. A reformed permitting process for minerals mines is a long-overdue first step. □

Secretive Bans on Afghan Firms Hinder Progress

Afghan companies are being blacklisted from working for forces in Afghanistan without notice and without being advised of the justification for the debarment. Moreover, there is no process for challenging these



By **D.E. Wilson Jr.**, a former White House and Treasury Department official who is a partner with Venable LLP in Washington; and **Ward E. Scott II**, a retired US Marine and managing partner of Scott Kakar Advocates LLP, a commercial law firm based in Kabul. Scott and Wilson represent a number of ISAF and US contractors active in Afghanistan.

decisions. US citizens are being swept up by this approach, since many Afghan companies are owned by Americans.

After more than 11 years, the US is winding down its presence in

Afghanistan. Troops are being withdrawn but, because of the high cost of transportation, we will leave behind substantial quantities of equipment.

Hopefully, more is being left behind in Afghanistan than equipment. It should be a US goal to leave Afghans with a new appreciation for the benefits of the rule of law and due process, and how these values can lead to a more prosperous Afghanistan.

Unfortunately, the US has adopted de facto debarment practices in Afghanistan that obstruct this goal.

These practices are in sharp contrast with standard debarment and suspension procedures, in which principles of fundamental fairness are required and followed. Under normal procedures, contractors are given notice specifying the reasons for the action, adequate time to respond and the right of appeal. This time-tested procedure, readily adaptable to an operational theater, safeguards the US government's interests in a manner that exemplifies American values of due process, rule of law, transparency and plain dealing.

In Afghanistan, one of the principal blacklisting mechanisms goes by the designation "C2X Reject," or simply "C2X." The action is taken within US Forces-Afghanistan, not through contracting commands or channels, based on information contained in classified reporting. No reason or recourse is given. Little is known about how these decisions are made or by whom. Nothing is known about quality assurance or reviews in a counterinsurgency environment in which misreporting to settle scores is endemic.

The effect of C2X frequently is economically fatal to Afghan firms, whether US- or Afghan-owned, that have faithfully served the US and the coalition.

The purposes of C2X are to safeguard US and allied forces, and to prevent American taxpayer dollars from falling into the hands of bad actors — most often, corrupt host nation officials. However, the apparently summary manner in which the C2X designation is given ultimately does a disservice to these goals by rolling up the good with the bad, the well-performing with the nefarious, with no recourse.

The simple addition of notification, an opportunity to be heard and to appeal, could readily be done in theater. A well-prescribed, rules-based peer- and command-reviewed finding of "imminent threat" to friendly forces and/or intelligence "sources and methods," with the right of appeal through properly cleared legal counsel, would preserve the inherent authority and duty of commanders to protect their troops, as well as the government's national security interests.

C2X raises many disturbing questions, among them:

■ What protections are in place to prevent this blacklisting from being manipulated by a contractor's competitors or others seeking to settle a personal, political or commercial score?

■ Should the US provide assistance to loyal contractors who are more interested than anyone in ridding their business activities of force-protection deficiencies?

■ Should contractors be left in the dark about their supposed deficiencies, and left to live with these deficiencies against their interests?

■ Are C2X and similar black-

listing practices harming the coalition's ability to distribute fuel, food and other supplies to operating bases and to secure those bases?

■ Is this practice contributing to counterproductive and otherwise harmful animosity toward the US and its allies in Afghanistan?

The situation warrants the urgent attention of US officials interested in a successful outcome in Afghanistan. Loyal and reliable contractors have gone bankrupt and others have given up operations in Afghanistan because of C2X blacklisting. The US is being blamed for summary debarment that prevents contractors from being able to pay their Afghan employees and encourages animosity against the US.

Finally, C2X runs counter to American values, interests and goals in Afghanistan. We can and must do better. □

■ Send your opinion pieces to opinion@defensenews.com. Submissions must be roughly 800 words long and are subject to editing for space and clarity.



Interview

BRIG. GEN. WILLIAM MULLEN

Director, US Marine Corps Capabilities Development Directorate

Brig. Gen. William Mullen, the director of the Capabilities Development Directorate for Marine Corps Combat Development Command, is responsible for overseeing the development and integration of everything from Marine doctrine to the largest vehicles and aircraft.

With budgets slashed across the Defense Department, Mullen's job is to safeguard the Marine Corps' most important procurement efforts, even as the service trims its manning levels to 174,000 by the end of fiscal 2017 — 8,000 fewer Marines than anticipated.

While manpower, small-arms development and a number of other areas are taking substantial hits, the service will continue to place the fate of its future readiness into a handful of platforms, including the F-35B joint strike fighter, the Amphibious Combat Vehicle and the stronger, faster, CH-53K helicopter.

Q. Manpower is the biggest bill, competing with modernization. What are those other priorities that you want to make sure you can maintain?

A. All the stuff coming back from Afghanistan. It still has to be reset and as we go down in numbers, how are we going to run them through the maintenance cycle? What are we going to sell, what are we going to stage? [Overseas contingency operations] money is certainly going to help out with some but not all of that. And of course, the ACV [Amphibious Combat Vehicle]. Because one of the things that makes the Marine Corps unique is getting from ship to shore in a protected manner. Not that we are going across the beach anymore from the standpoint of Iwo Jima, but we have to be able to get ashore no matter what. And of course we have the F-35 coming online with a lot of military construction tied to it. But all of those things are tied together in looking ahead to what the Marine Corps needs for the next 20 to 30 years.

Q. Something that everyone has been talking about post-Afghanistan is getting back to expeditionary roots and becoming the nation's crisis-response force. How are you addressing that from a doctrine and training standpoint?

A. One of the ways that I look at it is that by saying the word "becoming" that we stopped being it in the first place. Throughout the entire time, even during the height of Iraq, we were still send-

ing out expeditionary units from both coasts. There were a couple of times when there were gaps in coverage with those MEUs [Marine expeditionary units] going out because of the surge, but we were always getting on ships and going out. In fact, we activated a lot of reserve units to do that, to provide presence and theater security cooperation around the world.

For the expeditionary piece, obviously, the Navy is working pretty hard, too. And one of the things we are trying to focus on is to work with them on the number of amphibious ships we have because our requirement is that we have to be able to put two [Marine expeditionary brigades] ashore via amphibious ships. And then of course you have to have the connectors to take you from ship to shore. Part of that is the ACV. The next version of the LCAC [air-cushioned landing craft], a next-generation utility type landing craft.

Q. What can we see next on the horizon for electronic warfare? EW [electronic warfare] payloads on UAVs?

A. We've looked at that. The problem is everything we have looked at, the UAV can't carry. It's too big. So some of the stuff we are looking at can be carried on some of the other aircraft that we have. As you know, the [EA-6B] Prowler that does a lot of these things is sun-downing. So what we are looking at is an assortment of capabilities that can do all the

things the EA used to do. So instead of a single aircraft, we are looking at an assortment of multiple platforms. Some of those are UAVs, one is the F-35, there are other platforms that could include helicopters.

Q. Is there any effort to look at a bigger UAV that can carry those larger EW payloads?

A. That's where you run into problems, because the bigger the UAV, the more expensive it is. It is not just the UAV, but all the support equipment. We also have to look at expeditionary as much as possible because one of the things we want to make sure of, one of the things we are looking at is the RQ-21 [Integrator]. You can launch it fairly easily and to recover it, it flies to a pole and hooks a tether from the pole. We're starting to test that concept and see if it can work on ships. The RQ-21 is not big enough to carry the pods we have for EW, so in order to do that we need something a lot bigger and that means something a lot more expensive, and right now more expensive is no good.

Q. What are some of the other important pieces of gear you are working on?

A. On the bigger [end], one of them is the Joint Light Tactical Vehicle. The problem we have is the MRAPs [mine-resistant, ambush-protected vehicles] are too big and too heavy and the Humvee is too light and it doesn't help with IEDs [improvised explosive devices]. You still lose entire vehicles to IEDs, which is why we are not allowed off base with them in Afghanistan. It is relatively underpowered for the amount of armor we are putting on them. We are doing a service-life extension on some of them so we give them a little more capability. That is why we need the Joint Light Tactical Vehicle, which is kind of a compromise between the MRAP and the Humvee. It is light enough so that you can actually carry two of them via CH-53 [helicopter]. There are height restrictions on them so they can actually fit on our ships. Same thing with the weight restrictions that we put on them. They are a heck of a lot more powerful, and they are V-hulled



MIKE MORONES/STAFF



DIRECTORATE PROFILE

Mission: Develops and integrates capabilities that provide for an effective, integrated Marine air-ground task force capability that anticipates strategic challenges and opportunities for the nation's defense.

Location: Marine Corps Base Quantico, Va.

Major ground programs: Joint Light Tactical Vehicle, Cargo UAV, Amphibious Combat Vehicle, Light Armored Vehicle, fourth-generation Humvee.

Source: US Marine Corps

for the IED threat. People don't like us. They have seen that works very well so we are going to continue to see that one.

Q. The K-MAX UAV. That has been performing to your expectations in Afghanistan?

A. You probably heard about the mishap we had out there, so now we only have one aircraft operating, but the cargo flights have resumed and we will keep flying it until the end of the Afghanistan mission. It has flown over 1,400 hours and transported almost 3.5 million pounds of cargo. And all of that, of course, is stuff that doesn't have to be put on the roads or be flown via manned aircraft.

Q. Is there any intent to get a second one out there, or will you rely on that one for now?

A. I'd be surprised if we didn't get another one out there. I couldn't tell you for sure, though.

Q. How are you approaching invading from the sea? There are no more World War II beach invasions.

A. That is running your head into a brick wall. We are not going to do that. Part of what you are talking about is anti-access/area-denial tactics that our enemies are using that we have to get past. We can't allow them to deny us an area, we have to be able to get in. One of the biggest worries that we have is how close will a ship get to the shore to be able to drop our vehicles and equipment, or for our aircraft to get inland? Like with the ACV, one of the questions we have right now is high water speed. Is that valuable enough to be able to invest in high water speed in the ACV? That is not a done deal right now. The commandant will make a

decision in December whether we do that or not. Of course if we do that, it will come at the expense of some capabilities on that vehicle. If we don't have a high water speed vehicle, that means Marines sitting in the back of an amtrac-type vehicle that takes hours to get in, and you are bobbing around in the back with that wonderful diesel smell; you aren't worth much when you hit the beach. If we can get something that can actually get up on a plane, it can go much faster, [be a] much more stable ride, get in from further away in a shorter amount of time and that way the ships don't have to get in as close. We will never have enough air to deliver everyone in a timely manner, but people will be going in by V-22, LCAC, we have to have the flexibility to use the sea as maneuver space.

The [CH-53K helicopter] is pretty critical because it can lift a great deal more, it can fly faster, it is more fuel-efficient, so that capability is something we have to have. That has never been on the cutting board. That is moving ahead full speed.

Q. What are your biggest priorities?

A. The number one thing is coming up with the determination of what that ACV looks like. Providing the commandant with good information to make the decision on whether that is going to be high-speed or not. And then once we make the decision, moving full speed ahead to get that thing out, start testing it and get a concept. We've got teams out now talking to the operating forces, talking about the different plans they have to implement. How does high speed affect that? □

By **James K. Sanborn** in Quantico, Va.





FROM AIR TO SEA, WE KEEP THE FLEET CONNECTED AND INFORMED



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