

Rapidly Depleting Munitions Stockpiles Point to Necessary Changes in Policy

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KEY TAKEAWAYS

Slower manufacturing and expenditure of reserves in Ukraine have many worried about the state of U.S. munition stockpiles and military readiness.

Increased use of reserves without sufficient resupply threatens the U.S. ability to mitigate future threats.

Lawmakers can boost munition reserves by increasing procurement, approving multi-year contracts, and overseeing defense munitions-requirements development.

As the war in Ukraine continues, U.S. weapons support for Ukraine is quickly draining munitions stockpiles. Weapons manufacturers do not have the capacity to promptly meet this surging demand. After years of comparatively small annual munitions purchases, manufacturers have made the predictable and sensible business decision to keep only the manufacturing capacity necessary to fulfill their contracts.

While this is a smart business decision for contractors, it creates problems for their customers: the U.S. and allied militaries. Ramping up production after operating at a smaller capacity takes time; contractors have found that it will take them around two years to deliver new Javelins to the Department of Defense (DOD), for example. This creates a problem in the present—after all, the war in Ukraine could continue for some time—and it illuminates what could potentially

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be a much larger problem in the future. The lack of surge capacity creates the risk that, in a protracted war, the U.S. would deplete its stockpiled munitions before replacements could be manufactured and delivered.

It also suggests that assumptions about the necessary amounts of war reserve munitions are deficient. The impact of progressively reduced DOD force-sizing constructs—which shrank from the Cold War requirement of “two major regional contingencies” to the Obama Administration’s 2012 change to a “1+” construct—cascaded into war reserve calculations which now, given the demands being witnessed in Ukraine, are inadequate.¹ War reserve calculations further do not account for the need to provide allies and partners with U.S. munitions, which history shows often arises late and unexpectedly. One month into the 2011 Libyan conflict, NATO allies, such as Britain and France, were already running out of precision munitions.² The same is already happening in Ukraine.

U.S. lawmakers are rightly concerned about the state of munitions reserves, along with the insufficient capacity to make more. Those lawmakers have responded with different legislative proposals. The final version of the 2023 National Defense Authorization Act (NDAA) includes requirements for new assessments of the DOD’s ability to replenish critical munition inventories.³ On the Senate side, proposed legislation, including the Promoting Readiness for Overseas Contingencies and Unexpected Responses to Exigencies (PROCURE) Act⁴ and the Securing American Acquisitions, Readiness, and Military Stockpiles (Securing American ARMS) Act,⁵ would create a Critical Munitions Acquisition Fund and eliminate contract competition requirements for munitions in emergency cases.

Good munitions policies would focus on four goals: (1) a commitment by Congress and the DOD to purchase more munitions to meet current and future demands; (2) expanded munitions manufacturing capacity; (3) streamlined contracting processes for the U.S. and its allies; and (4) reassurance from the DOD that U.S. munitions stockpiles are sufficient.

1. A U.S. Government Commitment to Purchase More Munitions

The U.S. is having trouble replenishing its munitions and providing munitions for allies because manufacturing capacity is limited. The reason for that limited capacity is that munitions procurement over the past 10 years to 15 years has been on a relatively small scale compared to the Cold War era. The contractors that manufacture munitions only maintain enough production capacity to fulfill their existing orders.

Policymakers have proposed alternative funding structures and other special legislative measures to respond to concerns about munitions stocks. However, the first step in good munitions policy is simpler than that: Congress must provide more funding, and the DOD must sign more contracts and buy the munitions that are likely to be in greatest demand. There is no demand for munitions outside of U.S. and foreign governments; a commercial market does not exist for these items. The companies that manufacture them have fiduciary duties to their shareholders to only make products that they can sell, so the DOD needs to sign more contracts.

Those contracts will not result in immediate delivery of large quantities of munitions. If the size of the U.S. government's orders increases (as it must, to replenish stocks used in Ukraine), contractors need time to expand their production facilities, hire more workers, and obtain more components from their suppliers. Increasing manufacturing capacity is important both for replenishing depleted munitions stocks and for ensuring that munitions can be replenished faster in the future.

2. Expanded Munitions Manufacturing Capacity

Beyond contracts, the federal government has other tools to assist industry in expanding munitions manufacturing capacity. One of these is the Defense Production Act (DPA) Title III, which allows the President to invest in key industrial capabilities for the sake of national defense.⁶ Munitions manufacturers are a good candidate for this investment. The President and the DOD could invoke the DPA and work with manufacturers to determine how Title III funding might allow those manufacturers to increase production capacity or deliver munitions faster.

Investment is also sorely needed at Army ammunition plants. These World War II-era government-owned facilities manufacture small ammunition, shells, and small rocket motors for the entire U.S. military. Technology used at ammunition plants is decades behind the state of the art, which both limits efficiency and endangers workers.⁷ The munitions these plants produce are in higher demand than they have been in decades, making investment in these facilities a priority for the Army, the DOD, and Congress.

3. Streamlined Contracting Processes for the U.S. and Allies

In order to facilitate an expansion of munitions manufacturing, policymakers should streamline certain DOD contracting processes.

First, munitions should be purchased through multi-year contracts. Munitions are currently procured through annual contracting, in which the DOD uses one or more contracts for each year's worth of munitions purchases. In multi-year procurement, the DOD could use a single contract for up to five years' worth of procurement of a given munition type. This creates the stability and predictability that manufacturers need to make capital investments, hire more employees, and increase capacity.

The DOD cannot make this change to munitions procurement without Congress's cooperation. The DOD needs congressional approval for every use of multi-year contracts, and Congress must appropriate funding each year of the contract.⁸ With congressional approval, the DOD could use multi-year procurement to create predictability for munitions manufacturers, facilitating capacity expansion.

In the interest of speed, Congress and the DOD should also waive time-consuming contract competition requirements. By law,⁹ the DOD must compete contracts, or solicit bids from more than one firm before awarding a new contract, a process that takes months or, in some cases, years.¹⁰ There are exceptions to this rule, but even those exceptional cases require a Justification and Approval (J&A) process with extensive documentation and senior approval. The need for munitions is too great and too pressing to spend time competing contracts. While defense industry competition is important in the long term, pursuing it in this case would hinder, rather than support, the national defense. And while a broader conversation about defense acquisition reform is called for, this issue cannot wait for sweeping reform; for now, Congress and the DOD should waive competition and J&A requirements.

Acquisition needs to be streamlined for U.S. allies, too, by reforming the Foreign Military Sales (FMS) program. Currently, the FMS process takes years, as Congress, the State Department, the DOD, and foreign governments negotiate purchases of U.S.-made weapons systems. Contracts are only signed—and work only begins—when those negotiations are complete. Manufacturers only have so much capacity, so they often have more than one FMS contract in the queue. As a result, the FMS program is incredibly backlogged. For example, a leaked document revealed that the backlog of U.S. defense transfers to Taiwan is currently worth \$14 billion.¹¹

While sweeping systemic reform is needed, it should not be the immediate focus as policymakers seek to replenish munitions. A short-term workaround is necessary. By buying additional munitions itself (whether through multi-year procurement or a special Treasury fund), the DOD can anticipate allies' needs, produce those munitions now, and then transfer

them once each military sale is approved, rather than waiting for negotiations to be completed before beginning production. This larger purchase up front will give manufacturers the predictability and the funding they need to expand production.

4. Reassurance that Munitions Stockpiles Are Sufficient

Policymakers and experts alike were concerned to learn that significant percentages of U.S. stocks of munitions (particularly of Stingers and Javelins) were so quickly depleted early in the Ukraine war. They were also dismayed to learn how long it would be before production lines could replace those quantities.¹²

The armed services each keep stocks of weapons and munitions according to DOD-approved defense planning scenarios and combatant-command operations plans, which are classified. Those plans outline specific war scenarios and the armed services use them to estimate the types and numbers of weapons that the U.S. military will need in each conflict. The defense planning scenarios dictate what would represent the worst case in terms of simultaneity, duration, and scope of conflict for which the armed forces should be prepared. For example, a defense planning scenario could involve a defense of Taiwan and conflict with Iran, taking place simultaneously and lasting for six months.

However, it is unclear that those assumptions accurately reflect the risks that exist in the current global threat environment. Is the U.S. ready for a protracted war, or only for a war of short duration and limited scope? Is the U.S. ready to fight two adversaries at once? What about a potential need to supply an ally in addition to U.S. requirements? Russia often reportedly fires more than 24,000 artillery shells per day in Ukraine.¹³ Do the war reserve assumptions support those levels of expenditure? And do current plans account for the fact that, if the U.S. runs out of a particular munition or weapon, it would likely take industry a matter of years—not months—to deliver more? The fact that only a few months of fighting in Ukraine consumed such a large percentage of U.S. Stingers and Javelins suggests that the DOD's plans, and the stockpiles that result from them, are insufficient.

Another factor is the services' general preference to spend their budget on new platforms instead of more munitions. The logic is that they would rather buy the plane or Patriot missile system and assume that, if war does come, Congress will appropriate additional funds to buy the bombs or missiles for those systems.

While the general public cannot have access to these details, the House and Senate Armed Services Committees must use their oversight authorities to ensure that (1) U.S. munitions stocks are at the levels required by DOD planning scenarios, (2) those planning scenarios are as closely matched to reality as possible, and (3) munitions stocks include a “cushion” for the possibility that reality may look different from DOD predictions.

Recommendations for Congress and the President

To ensure that the country has a sufficient munitions stockpile, Congress should:

- **Fund the larger munitions purchases authorized in the 2023 NDAA.** In order to replenish the munitions sent to Ukraine in the short term, and to expand munitions capacity in the long term, the U.S. needs to buy more munitions. Production capacity will not increase without this demand signal.
- **Provide those funds through a multi-year procurement.** A multi-year procurement would give manufacturers the predictability they need to make larger investments in expanding production capacity.
- **Waive J&A requirements for munitions contracts.** Munitions are being consumed at a very fast rate in the Ukraine war and need to be replaced; this necessity clearly justifies sidestepping time-consuming contract competition requirements. Since that justification is so clear, Congress should also temporarily waive the J&A process for munitions contracts.
- **Use its oversight authorities to ensure that the DOD munitions stockpile planning is aligned with projected needs.** The House and Senate Armed Services Committees should direct the DOD to share the details of its munitions-development process with pertinent committee members to ensure that the DOD is stockpiling enough munitions to meet a variety of potential wartime scenarios.

The President should:

- **Use DPA Title III authority to help industry expand munitions production capacity.** The President has the authority to incentivize the domestic industrial base to expand production of critical materials

and goods. Munitions are certainly critical and warrant the use of this authority. The President and the DOD should work with industry leaders to determine where DPA authorities might help to speed munitions deliveries or increase munitions production capacity in the longer term.

Conclusion

Sufficient stockpiles of munitions are vital to the U.S. defense. Once those stockpiles are expended, the DOD cannot simply buy more munitions; manufacturing munitions takes years. Congress and the DOD must ensure that U.S. stockpiles can meet the challenges of the modern era while working with manufacturers to make the industry as responsive as possible.

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Endnotes

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