

Deficiencies Uncovered in Ukraine Place Increased Emphasis on Munitions

THE ISSUE

In providing vital military aid to Ukraine, the U.S. has depleted some of its own stockpiles of munitions and must act, both to replenish them, and put in place a system to reduce future risk. Manufacturing replacements for these munitions will take years: production capacity for key munitions is limited, as contractors have adjusted to years of lukewarm demand by paring back capacity and must now ramp up. Congress, however, has taken key steps to address these issues in the 2023 National Defense Authorization Act (NDAA) and the defense appropriations bill.

MUNITIONS POLICIES TO ADDRESS PRESENT AND FUTURE CHALLENGES

The recently passed NDAA and defense appropriations include multiple provisions intended to fund and streamline munitions purchases. These are the provisions:

Authorization for Multi-year Contracts.

The NDAA grants the Department of Defense (DOD) the authority to enter into multi-year contracts for an enumerated list of munitions, including 155-mm rounds, High Mobility Artillery Rocket Systems (HIMARS), Joint Air-to-Ground Missiles (JAGMs), Guided Multiple Launch Rocket Systems (GMLRS), and others. (See NDAA Section 1244.) Not only do multi-year contracts save money, they also give contractors certainty about demand for their products, allowing them to optimize use of their labor force and facilities. The predictability of these contracts will give industry the confidence it needs to expand production capacity and make capital and workforce investments.

Waiving of Contracting Requirements.

The NDAA not only grants additional contracting authorities, but also waives certain time-consuming contracting requirements. Specifically, it waives requirements for particular contractual action timelines, as well as certified cost and pricing data. (See Section 1244.) While these requirements exist for a reason—they ensure that tax dollars are spent wisely—they often bog down the acquisition process, which is particularly harmful in emergency situations requiring a fast response. By temporarily removing these requirements for munitions (the authorizations expire in September 2024), Congress has given the DOD the flexibility it needs to sign munitions contracts quickly, speeding replenishment of U.S. munitions stocks.

Authorization for, and Appropriation of, Spending on Key Munitions. The NDAA authorizes the procurement of a variety of munitions, including key munitions in the Ukraine conflict, among them:

- 586 Javelin missiles, \$180 million;
- 23 HIMARS systems, \$156 million;
- 4,718 GMLRS, \$793 million;
- 1,006 JAGMs, \$330 million; and
- 30,000 155-mm artillery shells, \$212 million.

The appropriations bill includes funding for a variety of munitions, including the following amounts for key munitions:

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- \$171 million for Javelin missiles (\$9 million less than authorized in the NDAA);
- \$156 million for HIMARS (same as authorized);
- \$793 million for GMLRS (same as authorized);
- \$294 million for JAGMs (\$36 million less than authorized); and
- \$210 million for 155-mm artillery shells (\$2 million less than authorized).

These funds are in addition to \$14.05 billion separately appropriated funds to replenish U.S. military stocks (within which munitions are a sub-category) provided to Ukraine via presidential drawdown authority. The conflict has consumed huge amounts of munitions. For example, the U.S. has pledged or provided the following amounts to Ukraine:

- More than 8,500 Javelin missiles;
- Up to 1,074,000 155-mm artillery shells; and
- 38 HIMARS systems (which fire the GMLRS rocket).

In the future, the DOD would possibly include contract conditions requiring munitions manufacturers to maintain latent production capacity, but it would have to pay for this additional expense. In the meantime, signed contracts for munitions ensure that production lines are active and will be more responsive to potential future surge requirements.

New Reports on Adequacy of Munitions Requirements Planning. NDAA Title XVII—Munitions Replenishment and Future Procurement—requires the Secretary of Defense and the Chairman of the Joint Chiefs of Staff to brief the congressional defense committees on how the DOD develops its munitions requirements, and how it plans to revise those

requirements as a result of the U.S. response to the war in Ukraine. It also requires the DOD to contract with a federally funded research and development center for an independent analysis of the munitions-requirements process. Each of these measures will help to ensure that Congress has proper oversight over the military's munitions-planning process, increasing the likelihood that U.S. munitions stockpiles are sufficient for future requirements.

Investment in Army Ammunition Plants and Industrial Base. The appropriations bill includes a \$200 million program increase for Army ammunition-plant modernization. These government-owned, contractor-operated facilities produce ammunition, rocket motors, and artillery shells for the U.S. military. Government-owned, contractor-operated facilities are often used when a commercial value proposition may not exist for a private company to provide the necessary defense goods. Because they are government-owned, the Army has increased control over production rates and maintenance of excess capacity at the plants, which allows them to respond better to a surge in demand, making them useful in this situation. However, these facilities date from the World War II era and are in general disrepair and require investment. The additional \$200 million will accelerate modernization that is already underway. The bill also provides \$150 million in industrial preparedness funding, specifically for missile-production-capacity expansion. This funding will allow the military and its contractors to produce more munitions and replenish depleted stocks more quickly.

CONCLUSION

Congress appropriately responded to depleted U.S. munitions stockpiles with increased funding, streamlined contract authorities, increased oversight into munitions-requirement planning, and investments in the industrial base. Each of these efforts will ensure that the U.S. military is better prepared to meet near-term and long-term challenges. Congress's efforts cannot, however, be a one-time measure; munition reserves must receive ongoing attention from Congress and the Administration.