



**April 19, 2024**

HII's Weekly News Digest is compiled every Friday by the Corporate Communications team to summarize and highlight news stories of significance to the company.

**Multi-Ship Amphib Buy Could Net \$900M In Savings:** Breaking Defense reported on Thursday that Navy and Marine Corps officials believe a prospective multi-ship buy of three San Antonio-class amphibious transport docks and one America-class amphibious assault ship could net the service around \$900 million in savings. That number came out of a House Armed Services Seapower and Projection Forces subcommittee hearing held this week with Navy acquisition executive Nickolas Guertin and Lt. Gen. Karsten Heckl, the Marines' senior requirements officer. In response to a question from Rep. Rob Wittman, R-Va., Heckl said the approximate savings for buying the four amphibs — all of which are in the Navy's long-range shipbuilding plan — in a multi-ship deal would be approximately \$914 million. HII's Ingalls Shipbuilding is the Navy's prime contractor for amphibious ships.

"We look forward to working with Congress and our customers as the budget cycle and multi-ship procurement discussions progress. We are committed to identifying the most efficient and effective way to meet the 31 amphibious warship requirement and look forward to leveraging our established production lines, skilled American shipbuilders and our supplier partners throughout the U.S.," company spokeswoman Kimberly Aguillard told Breaking Defense in a statement.

Lawmakers like Wittman for years have pushed the Navy to ink a multi-ship buy of amphibious warships and have previously granted the authorities for the Pentagon to do so. One of the key reasons multi-ship purchases save the Defense Department money is that the government gets a better deal when it orders a larger number of supplies in bulk.

**HII Investments Aimed At Bolstering Shipbuilding Programs:** Defense News reported on Tuesday that HII is answering calls from Navy Secretary Carlos Del Toro and Congress to invest in ways that will ensure the Navy's shipbuilding programs remain on track. HII is spending \$4.1 billion over 10 years on facilities and technology at its Ingalls and Newport News shipyards. HII CEO Chris Kastner has vowed to invest 5% of revenue a year for the next three years. Kastner also told reporters this month the company and Navy collectively had spent hundreds of millions of dollars to develop a larger, better trained workforce and to outsource work to smaller vendors — including more than 200 new companies since 2020 — in regions of the country where the manufacturing workforce isn't as stretched thin. Inside Defense reported on April 9 that Del Toro has directed his Office of Strategic Assessment to "take a deep dive into the opportunities for improvement" identified in the review and to "develop innovative new approaches for how the Navy can better organize itself to procure ships more effectively."

**AUKUS Sub Design Deemed Mature, As Details Still Debated Over US Technology:** Defense News reported on Monday that the new attack submarine design the United Kingdom and Australia will share through the AUKUS trilateral arrangement is in a "mature" state and will be finalized in the next year or two, said Vice Adm. Martin Connell, the Second Sea Lord of the U.K. Royal Navy. The third phase of the AUKUS submarine deal centers around Australia and the U.K. designing, building and operating their own SSN-AUKUS attack subs, which will leverage American technology. Dan Packer, the AUKUS director for the Commander of Naval Submarine Forces, said leaders are still hashing out which American technologies will be included on SSN-AUKUS subs. While they are expected to have American nuclear reactor plant and the accompanying American turbine generators, it is unclear if the boats will have to use the corresponding American turbine generator lube oil, for example. While the subs will use the

American combat system, there are ongoing discussions over whether it use just the American torpedo Australia also buys, or whether it could also launch a separate British torpedo. Meantime, Politico reported on Thursday that the Biden administration will likely miss an April 19 deadline to cut the red tape on technology sharing between AUKUS pact allies Australia and the U.K. That's according to House Foreign Affairs Chair Mike McCaul (R-Texas), who said he still expects the move to happen — just not quickly.

### Social Media Highlight Of The Week

Posted Friday on Ingalls Shipbuilding's LinkedIn page:

"We were honored to have HII's #IngallsShipbuilding President Kari Wilkinson participate in the #SeaAirSpace2024 panel discussion surrounding how current leaders can empower the next generation of leaders to break the mold of their predecessors, in order to spark even more collaborative engagement and dialogue to propel organizations into the next generation."



**Biden Increase Steel Tariffs On China:** Fox Business reported on Wednesday that the Biden administration has called on the U.S. Trade Representative, which monitors the compliance of foreign governments to comply with trade agreements, to more than triple the tariff rate on Chinese steel and aluminum imports. He also called on USTR to investigate China's unfair shipbuilding practices. China is flooding the market with below-market cost steel, distorting the global shipbuilding market and eroding competition, according to a statement from the White House. The Wall Street Journal reported on Wednesday that Biden is asking his trade officials to increase a key tariff rate on Chinese steel and aluminum products to 25% from 7.5%. That higher levy would be in addition to a separate 25% tariff on steel and a 10% duty on aluminum imposed under the Trump administration. As part of Wednesday's announcement, the U.S. Trade Representative will also open an investigation into Chinese shipbuilding practices. A group of unions had asked for the administration to study whether the Chinese shipbuilding industry was using unfair practices that harmed U.S. firms and workers.

**Navy Scheduled To Test Counter-Drone Weapons Systems:** Inside Defense reported on Wednesday that the U.S. Navy is preparing to test two counter-drone weapon systems during a June demonstration. The rapid capability effort aims to equip destroyers with a kinetic, counter-aerial drone capability at a fraction of the cost of standard missiles. The upcoming counter unmanned aircraft systems (C-UAS) demonstration, set to take place in late June as part of the Surface Warfare Advanced Tactical Training (SWATT) exercise, aims to validate the capabilities of two adjunct weapon systems mounted on the Arleigh Burke-class destroyer *The Sullivans* (DDG 68). Following the demonstration, the Navy anticipates DDG-68 -- along with the C-UAS systems -- will deploy with the *Harry S. Truman* (CVN 75) Strike Group this fall. The announcement comes amid continued action in the Red Sea, where Navy vessels are intercepting drones and missiles launched into shipping lanes by Yemen-based Houthi rebels. Though

existing defense capabilities have proven effective, the situation has illuminated a mounting cost to countering cheap drones with exponentially more expensive missiles. Breaking Defense reported on Tuesday that Navy Secretary Carlos Del Toro has told lawmakers the service is out at least \$1 billion in critical munitions because of recent operations in the Middle East to counter drone strikes. Del Toro is now asking Congress for the funding to replenish those critical stockpiles.

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*HII's Weekly News Digest is produced by HII's Corporate Communications team and posted to Homeport every Friday.*

*Please note: Social media is blocked on HII computers for most employees. Employees are encouraged to visit HII's Facebook page and other social media sites on personal time and from non-work devices.*

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