



June 13, 2025

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.

**Navy Secretary Floats Changing HII-General Dynamics Teaming Agreement:** USNI News reported on Tuesday that Secretary of the Navy John Phelan raised concerns during a Senate Armed Services Committee hearing over the long-term teaming arrangement between submarine builders HII and General Dynamics. Under the current model, the two yards each construct roughly 50% of a *Virginia*-class attack submarine by assembling different sections of a single hull. Phelan suggested that the Navy should consider having HII and General Dynamics build entire submarines independently rather than co-constructing them. This approach, he argued, could reintroduce competition into the system, improve the manufacturing process, streamline contracting practices, and address issues like the proximity of vendors to shipyards. Phelan's comments echo similar ones made in April by U.S. Fleet Forces Command chief Adm. Daryl Caudle, who is a top candidate in the running for the vacant chief of naval operations job. During Tuesday's hearing, Phelan called for major reforms across the U.S. Navy shipbuilding enterprise. He argued that the U.S. needs to invest in both shipbuilding infrastructure and maintenance work to improve the readiness of the fleet. Phelan said the U.S. likely needs more shipyards, which naval observers say could increase the competition for contracts and potentially drive down costs.

**Wicker Concerned Over Shipbuilding Budget:** Stars and Stripes reported on Tuesday that Senate Armed Services Committee chairman Roger Wicker, R-Miss., believes the Navy's 2026 budget is poised to undercut efforts to restore shipbuilding. While Congress has yet to receive the budget in full, Wicker said the shipbuilding account will decrease from \$37 billion to \$20.8 billion. The Navy does not intend to ask for two new destroyers in its 2026 budget, which the sea service has historically purchased each year. Instead, Wicker said the service seems to be counting on additional funds from a separate bill under consideration now in Congress that would provide the Pentagon about \$150 billion to invest in shipbuilding, a layered missile defense shield and other defense priorities. Republicans are pushing that bill through Congress using the reconciliation process, which will allow them to pass the legislation with a simple majority vote. Breaking Defense reported on Tuesday that the new budget underfunds the *Columbia*-class program by approximately \$4 billion and does not request any *Virginia*-class submarines. Both the House and Senate's reconciliation bills include \$4.6 billion for a *Virginia*-class submarine but noted that funding should be used for a "second" boat — suggesting they expected one to already have been funded in the baseline budget. Meanwhile, RollCall reported on Tuesday that in his written testimony submitted to the House Appropriations Committee, Defense Secretary Pete Hegseth noted the Pentagon is planning to commit \$5.9 billion in funding toward "revitalizing our shipbuilding industry." In all, he said, the Defense Department intends to direct \$47 billion toward shipbuilding, but it is unclear how that would be spent or whether reconciliation funding is included in his figures. Hegseth told lawmakers that there would be a 14% increase in the *Columbia*-class ballistic missile submarine program in fiscal 2026, paired with a "substantial increase" in money for *Virginia*-class attack submarines.

### Social Media Highlight Of The Week

Posted Thursday on HII's Facebook page:

"HII plans to go live at 9:45 a.m. Eastern time (8:45 a.m. Central) on Saturday, June 28, 2025, for the christening of guided missile destroyer *Jeremiah Denton* (DDG 129) at Ingalls Shipbuilding.



You can follow along during off-work time at <https://www.facebook.com/TeamHII>.

**US Reviewing AUKUS Agreement:** Politico reported Wednesday that the Pentagon is reviewing the trilateral AUKUS pact between Australia, United Kingdom and the United States. Pentagon policy chief Elbridge Colby — who has expressed skepticism about the program's worth — is running the review. Colby has previously challenged major parts of the AUKUS deal, including a plan for the U.S. to sell three *Virginia*-class submarines to Australia, citing the need for the U.S. to maintain a robust undersea presence in the Pacific. Colby, however, appeared more open to the project during his Senate confirmation hearing in March. "It should be the policy of the United States government to do everything we can to make this work," he said. The BBC reported on Thursday that both U.K. and Australian officials have recently conducted their own reviews and are expressing confidence in the partnership after learning of the U.S. review.

**Davie To Spend \$1 Billion To Buy, Upgrade Texas Shipyard:** Bloomberg reported on Wednesday that Canadian shipbuilder Chantier Davie Canada Inc. is planning to invest more than \$1 billion to buy and upgrade shipyard assets in Galveston and Port Arthur, Texas from Gulf Copper & Manufacturing Corp. The move is part of its strategy to supply the U.S. with icebreakers and other specialized ships. USNI News reported on Thursday that Davie's proposed purchase of the yard comes as the Trump administration has put procurement of new icebreakers high on its shipbuilding priority list. President Trump has called for up to 40 icebreakers and indicated he was open to building the ships in Finland as well as the U.S. Last July, Davie announced plans to invest in a U.S. shipyard to support national shipbuilding priorities, including potentially supplying the U.S. Coast Guard with icebreakers. Davie expects the purchase to be finalized this summer.

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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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