



# "ACCELERATING PERFORMANCE"

MR. MATTHEW SWARTZ  
USFF EXECUTIVE DIRECTOR / CHIEF OF STAFF

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# VIEW OF THE WORLD

## ❖ Then (1945)

- **Manufacturing Rank:**
  - #1 – U.S.
  - #2 – Germany
  - #3 – Soviet Union
  - #4 – United Kingdom
- **U.S. Population:** 139.9 million
- **U.S. Manufacturing Jobs:** 15.7 million
- **U.S. Tech Sector Jobs:** 691 thousand
- **U.S. Armament:** 92 Armament plants
- **Crude Oil Price (barrel) Avg:** \$1.05
- **Mean Home Income:** \$2,379
- **Average Hourly Wage:** \$1.61 (trades/construction)
- **Utilities:**
  - Electricity/Gas/Water/Telephony

## ❖ Now (2023)

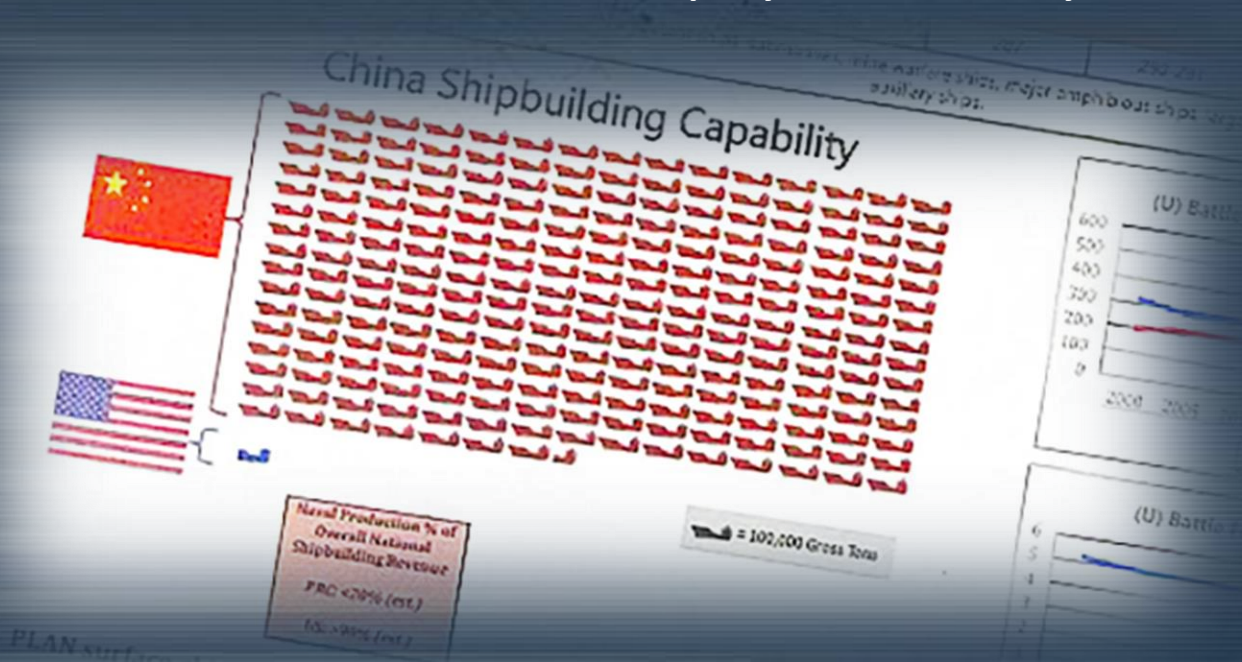
- **Manufacturing Rank:**
  - #1 – China
  - #2 – U.S.
  - #3 – Japan
  - #4 – Germany
- **U.S. Population:** 331.9 million
- **U.S. Manufacturing Jobs:** 12.9 million
- **U.S. Tech Sector Jobs:** 12.2 million
- **U.S. Armament:** 6 Armament plants
- **Crude Oil Price (barrel) Avg:** \$77.64
- **Mean Home Income:** \$74,850
- **Average Hourly Wage:** \$37.24 (trades/construction)
- **Utilities:**
  - Electricity/Gas/Water/Comms  
Internet/Wi-Fi
  - Internet of Things (IOT) / IP-enabled services (e.g.. Smart-Grid Technologies)

**“Norfolk Naval Shipyard has not been modernized  
on a large scale since World War II”**



# STRATEGIC COMPETITION

- ❖ China surpassed USN as world's largest Navy (~355 vessels); USN has 297
- ❖ China has 19 Shipyards (SY) generating commercial and naval ships. Capacity of just one China's SYs surpasses that of all U.S. shipbuilders combined
- ❖ During WWII, the U.S. had >50 public and private SYs that could either build or repair ships >500 feet in length. Today, the U.S. has <20
- ❖ ONI projects China will have 400 battle force ships by 2025 and 425 by 2030

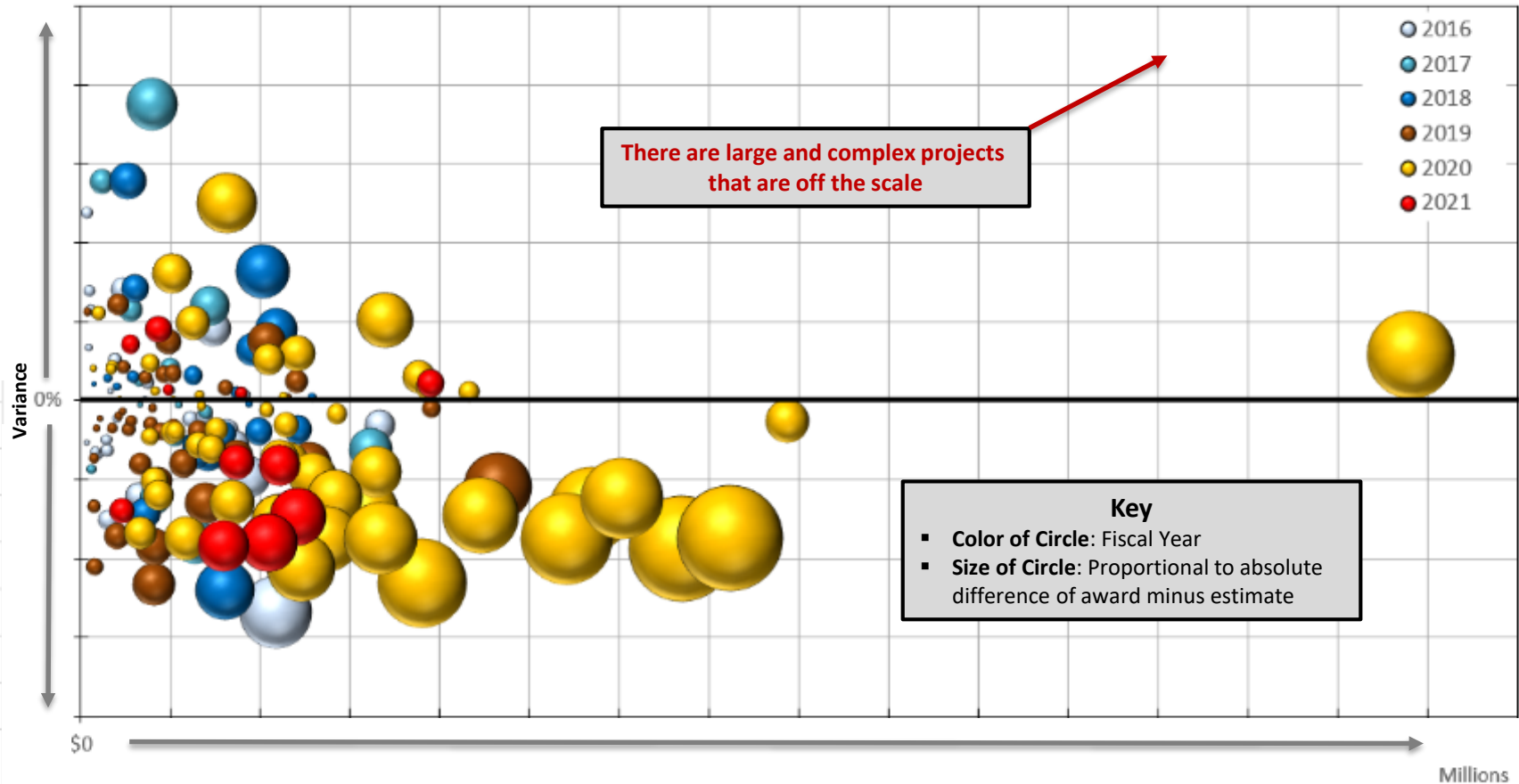






# FACILITIES REQUIREMENTS

Award vs. Estimate Variance, by Year of Programming



The Future requires Greater Coordination between Government and Industry



# FACILITIES RISK IMPACTS OPERATIONS

- ❖ Shore Infrastructure should be maintained and operated as a weapon system platform
- ❖ Fleet Commanders must be aware of shore risk and its contribution to Fleet Readiness outcomes
- ❖ Examples:

| Risk  | Operational Impact  |
|---|---|
| <b>Unaccompanied Housing capacity/condition</b>                           | Impacts Quality of Service that affects force readiness   |
| <b>Aircraft Hangar material condition</b> (doors, envelopes, roofs, etc.) | Reduces maintenance/training effectiveness  |
| <b>Pier material condition</b> (pilings, bollards, shore services, etc.)  | Reduces maintenance/training effectiveness  |
| <b>Aging Utilities Infrastructure</b>                                     | Reduces capacity to support new platform requirements and impacts critical shore support activities     |
| <b>Shipyard Obsolescence &amp; Capacity</b>                               | Reduces ability to deliver platforms on-time and on-cost thus reducing the number of contingency assets |

**Must Create Formalized Risk Management Framework that Links Shore Infrastructure Condition/Configuration to Fleet Readiness Outcomes**



# INDUSTRIAL BASE CHALLENGES

## OBSOLESCENCE

19<sup>th</sup>/20<sup>th</sup> Century SY infrastructure create inefficiencies for maintaining 21<sup>st</sup> century platform

## FOREIGN SUPPLIERS

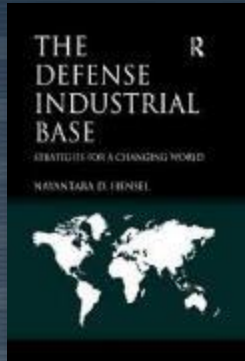
China owns 50% of global circuit board share; overall, Asia controls 90%

## INDUSTRY CONSOLIDATION

98% of second-tier suppliers for munitions sector are sole source

## WORKFORCE GAPS

Mid-career employees leaving manufacturing and trades for other sectors



### ❖ What can we do?

- Public-Private Partnership
- Set stable demand signal
- Remove entry barriers for private companies where possible
- Make shipyards 'employer of choice'
- Work with local leaders to increase number of skilled laborers



**Industrial Base is Essential to Strategic Competition**



# FLEET AREAS OF INTEREST

## ❖ Global Maritime Response Plan

- Must utilize a globally integrated plan to generate, prioritize, and sustain combat ready forces

## ❖ Shore Infrastructure as a Platform

- Establishes a clear command and control (C2), accountability, and risk management structure that allows Fleet Commanders to be aware of and manage shore infrastructure risk to Mission and risk to Force

## ❖ FY24 Sprint: Facilities Improvement and Prioritization

- Enables Fleet Commanders to assess facility risks through an operational and Quality of Service lens to advocate for and reduce these risks

**NAVFAC is Essential to Navy's Mission Success**





# QUESTIONS

