Coalition Chronicle

Report to the National Industrial Base Workforce Coalition

Volume 14, Issue 1 **Winter 2021—2022**

HART UNANIMOUSLY RE-ELECTED METAL TRADES PRESIDENT

On October 13, 2021, Metal Trades Union members, led by Philadelphia Shipyard members, nominated and re-elected **President Jimmy Hart** for a second term at their Convention in Washington, D.C. Hart's re-election reflected his outstanding leadership on behalf of union members by saving the Philly shipyard from being closed.

The effort to save Philly began two years ago when Secretary of Defense **James Mattis**, whose father served on a cargo ship in WWII, convened a meeting with key members of the *Workforce Coalition* and senior Defense Department policy makers.

DoD leaders included:

- **Ellen Lord**, Under Secretary of Defense for Acquisition and Sustainment;
- **James "Hondo" Geurts**, Assistant Secretary of the Navy for Research, Development and Acquisition;
- **Frederick J. Stefany**, Deputy Assistant Secretary of the Navy;
- **Eric D. Chewning**, Deputy Assistant Secretary of Defense, Manufacturing and Industrial Base Policy.

October 13, 2021, President Hart addresses the 71st Convention of the Metal Trades Department, AFL-CIO, where he was unanimously re-elected to serve as President of the MTD.

Inside this Issue

Coalition members included **James Hart**, President of the AFL-CIO Metal Trades Division with the other members representing the various crafts of the industrial base, as well as suppliers.

Charles Spivey, President of United Steelworkers local 8888 (USW), the largest contingent of steelworkers in the nation.

James Price, personal representative of President Bob Martinez of the International Association of Machinists and Aerospace Workers (IAMAW).

Augustin Tellez, Executive Vice President of the Seafarers International Union (SIU).

Paul O'Connor representing Lonnie Stephenson, President of the International Brotherhood of Electrical Workers (IBEW).

Betty LaPointe, former Vice President IBEW Local 1505 and member of 44 years, also regional representative for the NIBWC in the Northeast.

Dennis Wilderson, President of the Salaried Employees Association (SEA), whose history covers Westinghouse defense electronics manufacturer and Northrop Grumman.

David Goodreau, President of the Small Manufacturers Association (SMA), and national supply chain expert for the Coalition.

During the meeting Navy officials told the group that they were concerned about the number of shipyards that had closed. President Hart informed them that one of the nation's oldest shipyards, the **Philadelphia Navy Yard**, was about to close, due to the cancellation of a project to build three Jones Act cargo ships. The project was cancelled without warning, leaving the yard without a single ship.

Following the meeting with Secretary Mattis, President Hart began an effort to find ships that would replace those that had been cancelled. He approached DoD and the White House, exploring options for the survival of the yard. He left no stone unturned, and succeeded in having the US Navy build three training vessels at the yard.

His efforts covered every major Washington power center in the administration and Congress. His efforts also included gaining the support of key House and Senate members on several congressional committees in both parties.

THE RESULT

The effort took two years. It is an excellent example of how one union President can bring together a wide range of actors to support keeping a yard open in the middle of a presidential election and a pandemic.

For this reason, the Metal Trades Division Convention delegates from Philadelphia pressed to move up the process to nominate President Hart well before the time it was scheduled on the program. Other convention delegates immediately endorsed President Hart's re-election, knowing of his herculean efforts to save the shipyard and his members' jobs.

Since assuming his position as president of the Metal Trades Division, Jimmy Hart has blazed a trail across the country, uniting the various unions in the Metal Trades as never before. He called upon all the different unions to unite with one voice. He visited yards throughout the country uniting unions on issues central to lowering costs, improving efficiencies and strengthening the union.

His reputation was further expanded when the administration called upon him to help settle a strike in Bath, Maine, that was crippling the Navy's efforts to deliver needed warships.

In the years since he took office, President Hart has earned the respect of the Congress, two administrations, the US Navy and other unions in the AFL-CIO. We salute him. ♦

Continuing Resolutions and Program Stability

How CRs Sabotage Our National Defense

News from Capitol Hill has the defense industrial base concerned it may be facing a full-year continuing resolution (CR) and that the potential impasse will hurt national security.

As of the publication date of this newsletter, the Congress has yet to finish the budget for FY'22. Yet, by Congress's own rules it is mandated by law to be completed by October of the prior year.

The continuing resolution freezes funds at the previous year's appropriation levels. Hence, needed budget adjustments and programmatic changes cannot be made. CRs curtail training for airwings, cancel planned ship maintenance availabilities, and amount to a budget cut of 5-10% during this period. For example, the new Columbia Class Submarines would experience a $500 million cut at a time when it is widely acknowledged to have a near-zero margin for construction delays.

In addition, the requirements of a continuing resolution dramatically increase costs, postpone planned constructions, procurement of parts, kits, and supplies needed for constructions, puts the workforce on hold and in some extreme cases on the unemployment rolls. These unnecessary costs are placed on the American taxpayer.

China is involved in a military build-up unparalleled since the rise of Germany in the 1930s or the rise of the Japanese Empire in the early 20th century. Our military's strategic deterrence is meant to prevent bad actors from falling into the belief that they can move quickly and change the status quo without consequence. A lack of proper and timely funding for US military programs undermines our strategic deterrence needs.

In the past 10 years, China has had a 750% growth in their defense spending, spending that is obviously not about defending freedom. They publish books boasting that they are 70 years along into a 100-year war to dominate and defeat the U.S. In 1956, when Nikita Khrushchev said, "History is on our side. We will bury you!" we took that threat seriously. Communist China is no different, and should be viewed in that light.

Who is responsible for the budget impasse? Frankly, over the past 20 years, both parties have demonstrated a lack of resolve to maintain consistent funding for the US military. The reasons are no longer the issue. Who is to blame is no longer the issue. An immediate and permanent resolution of the problem is the only acceptable outcome to moving forward. ♦

Microchips, China and the Future of the U.S. Defense Industrial Base

In July, the House Foreign Affairs Committee began debating the "Ensuring American Global Leadership and Engagement Act." Unfortunately the Act, known as the EAGLE Act, was seen as a vehicle on which to attach climate change provisions that did not enjoy bipartisan support. The bill's future is now uncertain.

In 2021, the Senate passed the **U.S. Innovation and Competition Act** (USICA) to boost U.S. competitiveness with China and fund much-needed domestic semiconductor production. However, the bill has stalled in the House. The bill authorizes $190 billion to strengthen U.S. technology and research, with an additional $54 billion to increase production and research into semiconductors and telecommunications equipment. As a testament to the bill's potential effect, the Chinese Foreign Ministry has stood resolutely in opposition to the bill's passage into law. The bill has been hailed by Senate Emerging Threats Subcommittee Chairman Mark Kelley (D, AZ).

At the same time the Department of the Interior is pursuing efforts to locate domestic deposits of rare earth elements, the essential building blocks for the creation of the new long-lasting batteries that will be needed for electric cars and defense products. This effort will fall under the Global Survey Program that is searching for deposits of rare earth elements in American land masses.

This exploration is overshadowed by China's approval of the creation of one of the world's largest rare-earth companies, the China Rare Earth Group, based in resource-rich Jiangxi province in Southern China. Chinese-owned state firms, such as China Minmetals Corporation and Ganzhou Rare Earth Group Corporation, have combined to further strengthen China's ability to dominate a global market. China already dominates the market and is said to mine more than 70% of the world's rare earths and is responsible for 90% of the complex processes of turning them into magnets and other products.

Concerns are shared by other nations in the region such as Japan and Taiwan about all of China's activities in the rare earth area, because they are essential for the production of microchips. Taiwanese chipmaker TSMC has announced the building of a new factory in Kumamoto Prefecture in southwest Japan. TSMC has already begun construction of a $12 billion fabrication plant in Phoenix, Arizona, where they will start making 5-nanometer chips in 2024, producing 20,000 chips per month.

Microchips, China and the Future—Continued

TSMC alone was responsible for 24% of the world's semiconductor output in 2020. When it comes to the most advanced chips used in products such as iPhones, TSMC is responsible for 92% of production. The US government is investing $50 billion over the next 10 years, which would double the domestic chip manufacturing capability. The Coalition believes these moves are a good step forward.

The Pentagon has placed a rush order for $2 billion in customized semiconductors used in weapons such as the B-2 bomber before the production line that creates them is shut down. GlobalFoundries, the producer of these semiconductors, will sell specialized fabrication, known as "Fab 10" for $430 million to ON Semiconductor.

The Chinese government is engaged in a full-speed effort, providing heavy subsidies to its industry to become self-sufficient in chips. The US government has tried to slow China's progress by placing tougher export controls on software, equipment and other technologies used to make chips.

In 2021, Senators Bob Casey (D, PA) and John Cornyn (R,TX) sponsored legislation that would screen outbound U.S. investments and the offshoring of critical supply chains and technological resources to adversaries like China and Russia. The bill aims to scrutinize outbound investment not currently covered by export controls or the **Committee on Foreign Investment in the U.S.** (CFIUS). Meanwhile, the Chinese established more than 22,000 semiconductor companies in 2020, an increase of 200% over the previous year. THE U.S. IS FAR BEHIND. ♦

Coalition Chronicle

National Industrial Base

Workforce Coalition

Representing American scientists, engineers, technical, professional, service & production workers in maritime, aerospace, defense, electronics, energy, tele-comm., transportation, pharmaceutical and base industries in both the public and private sectors.

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AUKUS: Australia, United Kingdom & United States Submarine Deal

In September 2021, the Biden Administration announced a deal between the United States, Australia and the United Kingdom for the U.S. to provide nuclear-powered propulsion technology for the next generation of Australian Navy attack submarines. The deal, known as A.U.K.U.S., is the first since the 1950s that the US will share its highly secretive nuclear powered propulsion technology.

The U.S. shared its technology with the United Kingdom to help them build the UK Valiant class submarine during the cold war. As part of the AUKUS deal, the United States and the United Kingdom will aid the Australian Navy in acquiring its own fleet of eight nuclear-powered submarines. The question is how much work will be done by the Australian Submarine Corporation, if any, and how much of the work will be done by the US submarine industrial base?

Australia currently operates six Collins Class diesel engine submarines. Subs that run on diesel engines on the surface to charge their batteries are quieter than nuclear powered submarines but travel far slower, carry fewer weapons and stay submerged for a far shorter period of time than nuclear submarines. This allows any nation with nuclear-powered submarines to simply wait out any diesel boats and stay on station longer. With the new submarine technology, the new subs would potentially stay out indefinitely and only the amount of food stored on board limits their ability to remain submerged and on station.

THE U.S. SUBMARINE FLEET INCLUDES NUCLEAR-POWERED, ATTACK, AND BALLISTIC MISSILE SUBMARINES.

NUCLEAR POWERED SUBMARINES use a nuclear reactor on board to produce steam and power the vessel. These submarines do not have ballistic missiles nor the capability of launching nuclear warheads. In fact, they are specifically designed to deter and, in the event of a nuclear war, stop ballistic missile submarines from launching their missiles at friendly nations.

ATTACK SUBMARINES are used by the US Navy to patrol the world's oceans to engage conventional underwater submarines, minelaying, scouting, and search & rescue. They are also called upon, in the event of a nuclear conflict, to sink hostile ballistic missile submarines.

BALLISTIC MISSILE SUBMARINES are the third leg of the nation's nuclear deterrent. In the event the United States is attacked with nuclear weapons and our bomber aircraft and land-based missile silos are compromised, the ballistic missile submarine gives us the ability to counter-attack with massive force thereby deterring an aggressor.

AUKUS—Continued

The US submarine industrial base has worked tirelessly to keep up with the demand for attack submarines. In the late 1990s dozens of Los Angeles Class attack submarines were retired at their midlife refueling. Because of this, the US is experiencing a shortfall of these subs at a time when potential adversaries are building submarines at unprecedented rates.

Photo Credit: BP.Blogspot.com

Unions in the *Workforce Coalition* are now manufacturing the Virginia Class Block 5 attack submarines and are currently working on the new Columbia Class. These submarines are to replace the Ohio Class Ballistic Missile Submarines due to begin retirement in 2030.

Originally, the Australian government partnered with France's Naval Group located in Cherbourg, France. Cost overruns, missed planning milestones and the gradual shifting of production from within Australia to French-based construction yards caused the Australians to abandon the original agreement.

AUKUS will deepen cooperation on defense technologies and allow for the Australians to project power in such places as shipping choke points likely to be targeted by growing aggressors in that region. Key points include those around Taiwan, Indonesia and Australia including the Strait of Malacca, near the Ryukyu Islands off Okinawa, Selat Sunda, and the Timor Sea. (See Map)

The deal has been met with criticism that smacks more of propaganda and fear than accurately describing reality and the facts. Critics say that the submarines will not be ready for "decades" and so will have little to no impact. These criticisms appear hollow to those watching the massive buildup of the Chinese submarine and surface fleets. The last such extraordinary buildup was by the Japanese Empire just prior to launching a war on all of Asia which culminated in the attack on Pearl Harbor and World War II battles in the Pacific.

AUKUS has a potential to benefit the workforces involved in submarine construction, because the entire production base from suppliers to primes will be involved in production. The Coalition will pay close attention to the progress made on this deal as it matures in 2022 and beyond. Further updates will be forthcoming. ♦

US Aircraft Industry in Jeopardy

As we noted in other articles in this issue, the loss of the U.S. industrial base capacity places the nation's security in a precarious position. Since the 1970s, over 7 million manufacturing jobs have been lost in America, representing more than one third of our entire manufacturing workforce. Although in recent years that trend has been accelerating, at this point in time—even without the COVID crisis—the scales are tilting in favor of Communist China and their government-controlled industries.

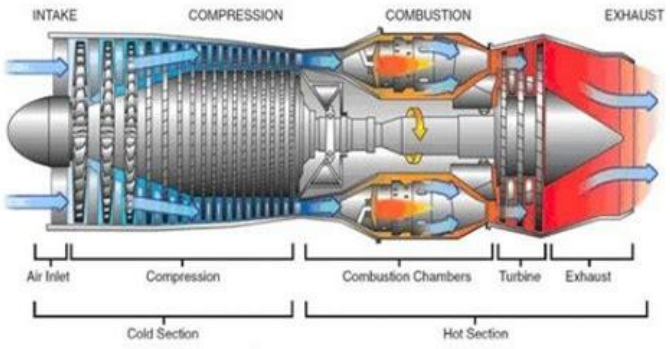

Photo Credit: Pinterest

Aircraft engines provide an excellent example. We see a steady transfer of skills, knowledge and manufacturing know-how from nations such as Germany, the nation credited with the creation of the first production-ready jet engine. The M-262 actually saw combat late in World War II. China has a need for modern engine technologies.

It is widely recognized that, for years, China has been stealing design plans for US military aircraft. Chinese planes such as the J-10, J-20 and J-31 are copies of the US designed and made F-16, F-22 and the 5th generation F-35 Lightning II. They have also copied bomber aircraft as well as the MacDonnell Douglas C-17 Globemaster III heavy-lift cargo plane. What they have not been able to do, until recently, is to build jet engines that are powerful and sophisticated enough to compete with their current American-made competition.

Since the 1990s, Russia has sold jet engines to China with the understanding that China would not disassemble the engines in an attempt to de-engineer the Russian technology. (Oh yea, sure!) Those engines did not offer the thrust and efficiency of the more sophisticated Russian models, and the specs of engines used on American military aircraft.

Attempting to bridge the gap, the Chinese have been pursuing commercial engine technology from Germany. This allows China to improve its ability to produce high-end domestic and military engines, rather than continuing to make cheap copies.

In 2013, Chinese aerospace corporation, Aviation Industry Corporation of China's Technify Motors subsidiary, acquired German Thielert Aircraft Engines company after it filed for bankruptcy. This deal included technology, manufacturing facilities and equipment. Only five years later, China approached Germany with the offer of Chinese-made turbine blades that are lighter and stronger, using a hollow structure and single crystal alloys that can withstand temperatures several hundred degrees higher than the melting point of metallic alloys. The German government subsequently blocked this sale. However, this reversal of expertise from Germany to China in the commercial sector signals a coming rise in their military engine manufacturing capability.

More recently, China attempted to purchase COTESA, an innovative German aerospace manufacturer that supplies parts to Airbus and Boeing. Again, this sale was blocked by the German Ministry for Economic Affairs and Energy. The trend is obvious: what China cannot steal it seeks to purchase.

The *Coalition* believes it is crucial that US policy remain committed to protecting vital defense industrial base technologies and workforces. We support a robust defense of our intellectual property and a further strengthening across the entirety of our defense industrial base. ♦

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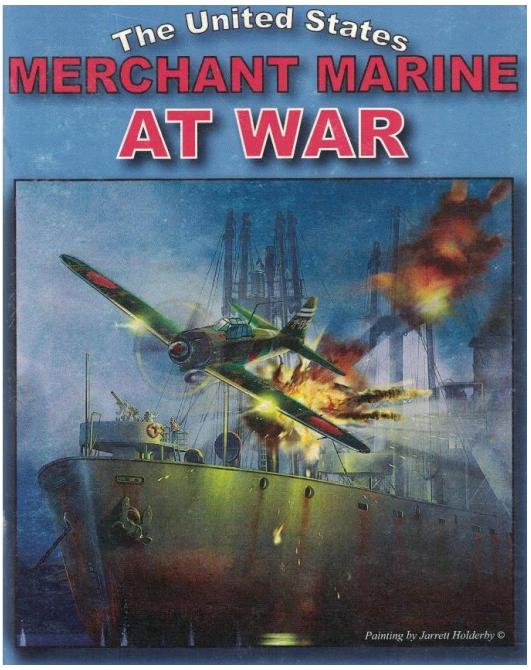
Past is Prologue

"This is my final report as War Shipping Administrator. I feel that the officers and men of the Merchant Marine, the operators serving as agents of our government, and the men and women of WSA—all these citizens have served their country well. Any industry that can accomplish what this one has done in wartime can justify its great promise in peace."

So wrote War Shipping Administrator E.S. Land on January 15, 1946. America had just prevailed in World War II and was preparing to take its place among the leaders of the world merchant marine trade. Who could have guessed that subsequent generations would almost entirely lose sight of the importance of that strength and instead would cede trade routes to belligerent powers it would have to count on for shipping its products on the high seas?

A few years ago, a friend of the *Coalition* gave us a rare book on the Merchant Marine service entitled ***The United States Merchant Marine at War***, a book that describes merchant mariners' contributions during World War II. Merchant Marine steamships were the vital lifeline that carried supplies and materiel and transported our fighters across the globe. The work of the Merchant Marine is largely invisible to the American public, but it affects every branch of the US military. Its contributions cannot be underestimated.

The book opens with the following: "The United States was a member of a fighting team of United Nations that won the greatest war in history. There were three major players who represented the United States on that team: Our fighting forces overseas, the production army here at home, and the link between them—the United States Merchant Marine."



As we examine the years between 1946 and today, we see an industry in jeopardy: maritime jobs in jeopardy, technology in jeopardy, skilled craftsmen and women's jobs in jeopardy, and, as a result, an entire nation in jeopardy. Today the US-flagged vessels of our global fleet number only about 180 vessels, out of a total world inventory of over 43,000. That means the US share of ships on the high sea represent 0.4% of the entire global shipping industry. Meanwhile, as of January 1, 2020, our biggest economic and near-peer military competitor, Communist China, has over 4,500 vessels with Chinese registry. China builds over 40% of large ocean liners each year.

Prologue—Continued

In addition to its shipbuilding power and vessel registry, Communist China maintains an ownership stake in at least 30 of the 50 largest container ports in the world. China also has increasing control over the Panama Canal, a canal built by the United States which sees over 60% of goods transiting the canal as United States trade. Chinese control over the port infrastructure surrounding the canal constitutes a threat to our supply chain, and the Chi-Com government has used their influence over Panama's government to its advantage. After signing a 2017 memorandum of agreement with the Chinese government, the Panama Canal Authority dropped its diplomatic recognition of Taiwan.

Unions in the maritime industry have always been part of the *Workforce Coalition*. These include Licensed and Unlicensed Deck Officers, Marine Engineers, and shore-based personnel across the globe. The health and vitality of the US economy and of our national defense are intimately linked with the health and vitality of our Merchant Marine, its personnel and its equipment. Across the U.S., seven higher education campuses specialize in training the personnel required to man and maintain our nation's domestic and international fleets.

The US Merchant Marine Service Academy at Kings Point in New York trained and licensed engineers during World War II. Of the 5,638 merchant marines killed during the war, 142 cadets were killed when attacked by German U-boats while traversing the Atlantic Ocean. During the war years, the Academy increased its enrollment 10 times, with thousands of cadets at sea at any one time. Today the academy has an enrollment of over 1,000 cadets and still daily lives out its motto of "Acta Non Verba!" -- Actions, Not Words!

During the war, American ships transported finished goods and war supplies around the world, both to our troops and to our allies in England. At the same time, our fleet of nearly 5,000 ships transported the raw materials need to produce those supplies from as far away as Australia and as geographically close to the U.S. as the northern regions of South America, across the Gulf of Mexico.

The *National Industrial Base Workforce Coalition* highly recommends ***The United States Merchant Marine at War*** to our readers interested in becoming more informed about the important history of the US Merchant Marine. ♦

Ford Class Readies for 1st Deployment

Now that the carrier has successfully completed its sea trials, the US Navy wants to deploy the new Ford Class aircraft carrier, USS Gerald R. Ford (CVN-78), in the fall of 2022 for its first operational patrol.

We salute the **Newport News Shipbuilding** management and workforce for their hard work and dedication that brought this remarkable new class of aircraft carrier to life.

It is a testament to the ingenuity of the men and women at **Huntington Ingalls Industries Newport News Shipyard**.

Photo Credit: Speemit.com