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Report to Rep. Charles J. Carney, Chairman, House of Representatives: Congressional Steel Caucus; by J. Kenneth Fasick, Director, International Div.

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Authority: A.S.P.R. 2-216. A.S.P.R. 1-2207.2. A.S.P.R. 1-2207.3.
A.S.P.R. 1-2207.4.

The objective of the Government's industrial mobilization planning is to ensure that production requirements for essential military supplies and services will be met during a national emergency. The Secretary of Defense has identified items which must be purchased only from producers in the United States and Canada in the interest of national defense. The policy of the Department of Defense is to purchase such commodities as steel at the lowest possible cost consistent with existing procurement statutes and regulations. This policy is not, however, intended to encourage the purchase of foreign steel. The level of peacetime usage of steel in defense items does not appear to be of sufficient magnitude to justify restricting procurement of the steel content of such items to United States and Canadian sources in order to create or maintain emergency capability to produce steel. Many defense items restricted to U.S. or Canadian sources do contain steel, but the restriction is based on the need to maintain production capability for a specific defense item and is not related to its steel content. (RRS)



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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20543

INTERNATIONAL DIVISION

B-162222
B-156489

JUN 14 1978

The Honorable Charles J. Carney, Chairman
Congressional Steel Caucus
House of Representatives

Dear Mr. Chairman:

This is in further response to the February 9, 1978, letter to the Comptroller General from the Congressional Steel Caucus concerning Department of Defense procurement practices. Item 6 of the letter noted that, to ensure an adequate mobilization base, Defense must procure certain items, such as bomb fins, from U.S. and Canadian sources. You asked us to determine whether it would be feasible to similarly restrict other Defense procurements, such as steel products.

The objective of the Government's industrial mobilization planning is to ensure that production requirements for essential military supplies and services will be met during a national emergency. This planning does not require that military items and commodities be purchased from domestic producers in peacetime unless the Secretary of Defense specifically determines that it is in the interest of national defense. The need to create or maintain the required domestic capability to produce critical supplies is the criterion used in determining whether to limit procurement to items manufactured in the United States and Canada.

In line with this criterion, the Secretary has identified items which must be purchased only from producers in the United States and Canada. Examples of these items include certain missiles, fuzes and sonobuoys, worsted textiles, and precision components for mechanical timing devices. Enclosure I contains a complete list of the items.

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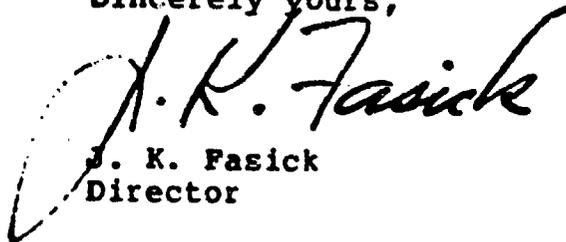
The policy of the Department of Defense is to purchase such commodities as steel at the lowest possible cost consistent with existing procurement statutes and regulations. This policy, however, is not intended to encourage the purchase of foreign steel.

For fiscal year 1978, Defense requires 635,000 short tons of steel for military items, including contractor requirements, and about 365,000 short tons of steel for commercial-type items. Defense's requirements for military items represent less than 1 percent of domestic steel production and consist of 480,000 tons of carbon steel, 138,000 tons of alloy steel, and 17,000 tons of stainless steel. Enclosure II is an analysis of these 1978 steel requirements. Most of the products in Enclosure II are procured from U.S. sources. (See our May 18, 1978, report to you on Defense Procurement and our September 30, 1976, report to the Congress, "Governmental Buy-National Practices of the United States and Other Countries--An Assessment," ID-76-67).

The level of peacetime usage of steel in defense items does not appear to be of sufficient magnitude to justify restricting procurement of the steel content of such items to U.S. and Canadian sources in order to create or maintain emergency capability to produce steel. Many of the defense items restricted to U.S. and Canadian sources do contain steel but the restriction is based on the need to maintain production capability for a specific defense item and is not related to its steel content.

As agreed with your office, we are sending copies of this letter to the Chairman, House Committee on Government Operations, and to Representative Morgan F. Murphy.

Sincerely yours,



J. K. Fasick
Director

Enclosures - 2

DEFENSE ITEMS RESTRICTED TO U.S. AND CANADIAN SOURCES

Section I - Items Procured Pursuant to ASPR 3-216

Navy

Fuzes, Safe and Arm Devices, and Similar Items

MK-13 Safe and Arm Device
MK-13 Triggering Device
MK-17 Safe and Arm Device
MK-33 Safe and Arm Device
MK-330 Fuze
MK-334 Fuze
MK-404 Fuze
MK-407 Fuze
FMU-109 Fuze

Missiles and Missile Components

AIM-7F Sparrow Missile
Guidance and Controls Section
MK-58 Rocket Motors
MK-71 Warhead Metal Parts

AIM-9L Sidewinder Missile
Guidance and Control Section
MK-36 Rocket Motors
DSU-15 Target Detector
AN/WDU-17 Warhead

Trident I (C-4) Missile System
Guidance and Control System
MK-5 Electronic Assemblies (EA)
MK-5 Inertial Measurement Unit Electronics (IMUE)
Backfit of Poseidon (C-3) SSBNs

Flares

MK-46 Flares, Infrared Decoy

Sonobuoys and Components

AN/SSQ-36
AN/SSQ-41B
AN/SSQ-47B
AN/SSQ-53A
AN/SSQ-57A
AN/SSQ-62

Military Sealift Cargo

Ocean Transportation and Services

Air Force

MAC Commercial Airlift
GAU-8/A and 30mm Ammo

Defense Logistics Agency

Textiles - Worsted

Army

L.A.P., Manufacturing & testing of projectiles (5.56mm through 8 inch), mines, dispensers, sockets, pyrotechnic devices, grenades, demolition charges, small arms ammunition and components, fuzes and components containing mech. timing devices

TOW Missile and Launcher

2.75 Rocket Items

LAP Motor	Igniter
Fin & Nozzle Assy	Motor Tube
Stabilizer Rod	Seal Rings
Felt Washer	Disc Charge Support
Ring Charge Support	Spacer Charge Support
O Ring	Lockwire
Metal Spacer	Launcher
Intervalometer	Fin Blades

Projectile Metal Parts for Cartridge 105mm (Beehive)

Projectile M406, M107 - 155mm

Projectile M509 - 8"

155mm Cannister, XM625, XM626:

Projectile Metal Parts for Cartridge 90mm

Cartridge Case M118, M14B4

Fuze Time M84A1

Fuze Grenade M213, M219E1, M42/M46

Fuze Bomb Nose M904E3, M19

Fuze Rocket M423, M565, M564

Fuze M494/M571

Head Assy M525 Fuze

Casing Bursting Warhead, M156

Fin Assy M158, M170

Adapter Booster - M147, M148

Body Assy and Base Plug, M404.

Bomb, M117A1E1

Launcher Rocket 2AU 68A/A

Warhead Flechets WDU 4A/A

M18 Mine Program

Blasting Cap, Firing Device, Metal Parts, Test Sets

Laser Range Finder VVG-2 and XM21 for Solid State Ballistic Computer

for M60 Series Tank

Limited Light Sight

MX-9644 Image Intensifier Tube 25mm

MX-7845 Image Intensifier Tube (1st generation)

MX-8501 Image Intensifier Tube (1st generation)

BA-4386 Battery

AN/PVS-4 Night Vision Sights

AN/PVS-5 Night Vision Goggles

AN/PVS-5A Night Vision Goggles

AN/VVS-2 Viewer

AN/VSS-3 Searchlight

Common Module Program (thermal Imaging System)

Tactical night vision systems -

AN/TAS-4

AN/TAS-6

AN/TAS-5

GLLD/TAS-4

Maintenance of idle portions of 21 COCO facilities

Consolidated Facilities Scranton AAP

Section II Items Procured Pursuant to referenced ASPR requirement

ASPR 1-2207.2 - Jewel Bearings & Related Items

ASPR 1-2207.3 - Miniature & Instrument Ball Bearings

ASPR 1-2207.4 - Precision Components for Mechanical Time Devices

DEPARTMENT OF DEFENSE

FISCAL YEAR 1976 STEEL REQUIREMENTS

(note a)

	Aircraft	Missiles	Ships	Tank automotive	Weapons	Ammunition	Electronics	Supplies and equipment	Construction and materials for DISC (note b)	Total
Carbon steel										
Casting	-	195	-	-	-	-	-	-	41	236
Ingots, billets, etc.	798	651	6,542	1,697	88	6,698	264	17	724	17,479
Billets, shell bodies	-	-	-	8	-	38,668	-	4	-	38,680
Bars, cold finished	1,538	1,082	6,121	1,589	492	11,597	67	52	2,339	24,877
Bars, hot rolled	211	354	4,440	4,425	172	1,907	132	70	10,341	22,052
Bars, reinforcing	-	447	4	39	-	12	-	11	29,200	29,713
Bars, for shells	-	39	1,600	27	-	349	-	-	30	2,045
Structural shapes	156	4,607	8,520	1,171	34	4,605	33	68	45,985	65,179
Piling	68	388	200	23	-	-	-	-	1,812	2,491
Pipe and tubing	191	4,525	10,502	1,715	80	5,003	161	27	54,041	76,265
Plates	1,181	2,404	47,327	8,201	93	19,898	49	124	25,801	105,078
Sheet and strip	341	1,202	3,423	12,428	44	34,975	631	20	17,124	70,188
Sheet, galvanized	-	99	971	169	-	131	12	-	5,812	7,194
Tin,terne, block plate	-	11	695	78	-	368	-	-	1,503	2,655
Rails and accessories	-	113	-	4	-	-	-	3	3,646	3,766
Wheels and axles	-	26	98	-	-	-	-	-	56	180
Wire rods and products	444	263	3,702	277	4	-	73	18	6,222	11,692
Grating	-	7	-	-	-	-	-	-	42	49
Total	4,928	16,413	94,145	31,851	1,007	124,900	1,422	414	304,719	479,799

Alloy steel:

Casting	1,329	6	-	-	-	-	-	-	12	1,335
Ingots, billets, etc.	1,939	2,276	2,433	11,594	35,904	14,943	3	102	-	69,228
Castings, armor	18	4	-	-	6	-	-	-	2	30
Bars, cold finished	507	358	1,714	2,089	262	601	95	32	787	6,443
Bars, hot rolled	1,620	2,818	1,068	7,881	86	5,011	125	222	1,112	19,943
Structural shapes	197	1,008	911	283	6	8	7	1	768	3,189
Pipe and tubing	337	169	732	849	104	3,553	38	3	914	6,699
Plates	229	683	2,347	792	9	87	66	48	4,659	8,920
Sheet and strip	202	900	410	1,310	8	15,432	107	4	968	19,341
Track accessories	190	16	-	1,256	-	-	-	6	529	1,997
Wheels and axles	-	-	-	-	-	-	-	-	-	-
Wire rods and products	212	29	202	104	2	-	16	7	287	891
Total	6,780	8,328	9,837	26,158	36,387	39,637	453	425	10,038	138,045
Stainless steel	5,476	867	1,660	148	162	3,404	530	93	5,080	17,420
Total	17,184	25,608	105,642	58,157	37,556	167,941	2,407	932	219,837	625,264

Excludes requirements for civilian-type shell items
Defense Industrial Supply Center

Source: Materials Requirements, Steel and Nickel Alloys (DD Form 614)