



Highlights of [GAO-04-554](#), a report to the Chairman, Committee on Small Business, House of Representatives

JOINT STRIKE FIGHTER ACQUISITION

Observations on the Supplier Base

Why GAO Did This Study

As the Department of Defense's (DOD) most expensive aircraft program, and its largest international program, the Joint Strike Fighter (JSF) has the potential to significantly affect the worldwide defense industrial base. As currently planned, it will cost an estimated \$245 billion for DOD to develop and procure about 2,400 JSF aircraft and related support equipment by 2027. In addition, the program expects international sales of 2,000 to 3,500 aircraft. If the JSF comes to dominate the market for tactical aircraft as DOD expects, companies that are not part of the program could see their tactical aircraft business decline. Although full rate production of the JSF is not projected to start until 2013, contracts awarded at this point in the program will provide the basis for future awards.

GAO was asked to determine the limits on and extent of foreign involvement in the JSF supplier base. To do this, GAO (1) determined how the Buy American Act and the Preference for Domestic Specialty Metals clause apply to the JSF development phase and the extent of foreign subcontracting on the program and (2) identified the data available to the JSF Program Office to manage its supplier base, including information on suppliers of critical technologies.

DOD provided technical comments on a draft of this report, which GAO incorporated as appropriate.

www.gao.gov/cgi-bin/getrpt?GAO-04-554.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Katherine V. Schinasi at (202) 512-4841 or schinasi@gao.gov.

What GAO Found

The Buy American Act and Preference for Domestic Specialty Metals clause implementing Berry Amendment provisions apply to the government's purchase of manufactured end products for the JSF program. Currently, only one of the three JSF prime contractors is under contract to deliver manufactured end products to the government in this phase of the program. The Buy American Act will apply to manufactured end products delivered to DOD during subsequent phases, but it will have little impact on the selection of suppliers because of DOD's use of the law's public interest exception. DOD, using this exception, has determined that it would be inconsistent with the public interest to apply domestic preference restrictions to countries that have signed reciprocal procurement agreements with the department. All of the JSF partners have signed such agreements. DOD must also apply the Preference for Domestic Specialty Metals clause to articles delivered under JSF contracts. All three prime contractors have indicated that they will meet these Specialty Metals requirements.

While the JSF Program Office maintains more information on subcontractors than required by acquisition regulations, this information does not provide the program with a complete picture of the supplier base. The program office collects data on subcontract awards for international suppliers and U.S. small businesses. In addition, it maintains lists of the companies responsible for developing key or critical technologies. However, the lists do not provide visibility into the lower-tier subcontracts that have been issued for developing or supplying these technologies.

JSF Development Phase Subcontract Awards to the United States and Other Partner and Nonpartner Countries

Countries	Subcontract awards	Percentage
United States	\$10,361,670,423	73.9
Partner countries: United Kingdom, Italy, Netherlands, Turkey, Australia, Norway, Denmark, Canada	\$3,620,103,309	25.8
Nonpartner countries: France, Germany, India, Israel, Poland, Russia, Spain, Switzerland	\$44,586,392	0.3
Total subcontract awards	\$14,026,360,123^a	100.0

Sources: JSF prime contractors—Lockheed Martin, Pratt & Whitney, and General Electric—and their self-identified teammates—BAE Systems, Northrop Grumman, Rolls Royce plc, Hamilton Sundstrand, and Rolls Royce Corporation (data); GAO (analysis).

Note: Information is based on subcontracts awarded for the System Development and Demonstration phase between October 26, 2001 and December 31, 2003. These awards include the first-tier of the JSF supplier base and portions of the second-tier.

^aTotal does not add because of rounding.