

United States Senate

WASHINGTON, DC 20510-1804

July 15, 2010

The Honorable Ray Mabus
Secretary of the Navy
1000 Navy Pentagon
Washington, DC 20350-1000

Dear Secretary Mabus,

I write to ask for your leadership – both in your position as Secretary of the Navy and in your new capacity as the Administration’s point person for the Gulf Coast Restoration Plan – to address a problem that threatens both our national defense and the economic security of south Louisiana: the potential closure of Northrop Grumman’s Avondale Shipyard in Westwego, Louisiana. Tuesday, that potential threat became a reality when Northrop Grumman announced its intention to close the Avondale shipyard. This decision presents significant challenges to our nation’s shipbuilding capacity and serious consequences for the economy in South Louisiana, which is still rebuilding and facing great uncertainty. I write to request that you treat this situation with the utmost urgency and commit the full power of your office to remedying this reduction in U.S. defense manufacturing capacity. We must work together to mitigate this decision’s impact on jobs and the economy in our region.

Currently, the shipbuilding industry, both private and public, accounts for 20 percent of all manufacturing jobs in Southeast Louisiana. On average, the Avondale shipyard directly employs some 5,000 workers. Analysts at Moodys.com estimate that an additional 130 jobs are dependent on every 100 shipbuilding jobs in Louisiana. Based on these forecasts, if Northrop Grumman eliminates the 5,000 jobs at the Avondale shipyard, that decision would cause a total job loss of approximately 11,275 positions. That amounts to about \$660 million in labor income and almost \$2 billion in economic output that helps fuel our state economy. Clearly, the closure of a shipyard at this time threatens the economic recovery of the Gulf Coast.

As you know, I recognized the looming prospect that Northrop Grumman might close Avondale when the Navy released its 30-Year Shipbuilding Plan in February of this year. Subsequent meetings with Northrop Grumman officials confirmed our concerns. In his testimony before the House Armed Services Committee, Northrop Grumman’s President of Shipbuilding, C. Michael Petters, foreshadowed possibility of Avondale closing when he stated, “There’s not sufficient volume in my opinion, in the plan today, to have a healthy competition. Competition works when you have sufficient volume...” In that statement, Petters outlined a corporate business strategy that may or may not make the most sense for his corporation’s bottom line.

As the Secretary of the Navy, your responsibility is to ensure that the U.S. Navy has access to a reliable, domestically-controlled manufacturing base that can provide for our nation’s defense and meet our international commitments. If the Avondale shipyard is allowed to close, the integrity of our maritime manufacturing will be in jeopardy. In addition, the 30-Year Shipbuilding Plan does not, in its current form, adequately provide for the equipment necessary to fully meet our international commitments.

If the Navy allows Avondale to close, the U.S. will have only one major shipyard along the Gulf Coast: Northrop Grumman's yard in Pascagoula. In 2005 when Hurricane Katrina hit the Gulf Coast, that yard was directly exposed to the storm's wrath and remained incapacitated for some 18 months longer than Avondale, which is some distance inland. Avondale's productivity during this difficult period highlights the importance of maintaining some degree of redundancy in our manufacturing capacity. Reducing that capacity now is particularly troubling when you consider that scientists predict increased hurricane activity for the Gulf Coast in the years to come. This probability directly threatens the resiliency of our manufacturing base and therefore, our security.

I believe that solutions exist that would utilize the capacity of the Avondale shipyard in such a way as to ensure that the United States Navy is rendered more capable than it is currently – and yet achieve our shared goal of fiscal restraint.

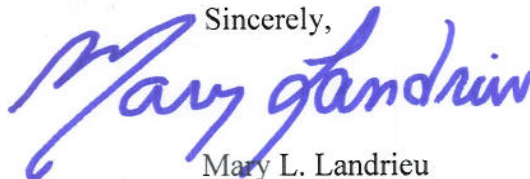
One such solution would be to utilize the Avondale yard to produce a vessel the Navy currently needs. The Navy's T-AO 187 Class Fleet Oilers currently operate with single hull cargo tanks. Under the Oil Pollution Act of 1990, the United States led the effort to ensure that both new and existing oil tankers would have double hulls. Spurred on by US leadership, the International Maritime Organization imposed double hull standards for large tankers. One of the few entities not complying with this rule is the U.S. Navy, whose single-hulled fleet oilers must operate under a conditional waiver. The 30-Year Shipbuilding Plan would not remedy this problem until 2017. That is too long to wait. The recent oil spill in the Gulf highlights the damage that can occur from oil pollution. The United States Navy should be leading the world, not bringing up the rear when it comes to the safety and environmental integrity of our Navy fleet.

With the effect of Northrop Grumman's decision looming, we have discussed the option of utilizing the Avondale yard to complete its currently planned work on the LPD 26 and LPD 27, and then using the facility to replace our outdated fleet oilers. This plan would assure the Navy's compliance with the Oil Pollution Act, and eliminate its need to operate under conditional waivers. Moreover, I believe that this course of action could provide a cost-saving opportunity in today's fiscally constrained environment. With your support, we can address this problem in such a way that preserves jobs in Louisiana and prevents the loss of critical national defense capacity. In your capacity as both Secretary of the Navy and as the leader of Gulf Coast Restoration, Louisiana needs your help and your unswerving commitment.

With the Administration's support, the loss of Avondale as a viable shipyard is entirely preventable. I believe, with your guidance, that the Administration can work with my office to formulate a plan that will ensure that our manufacturing base is secure, while preventing economic catastrophe for thousands of workers in Louisiana. I look forward to meeting with you very soon. Thank you for your commitment to our beloved coast.

With Warmest Regards, I am

Sincerely,



Mary L. Landrieu
United States Senator