

# Navy Partners With Private Industry to Grow Submarine Industrial Base Capacity



By Naval Sea Systems Command Office of Corporate Communication

Sept. 20, 2024

WASHINGTON – The Navy is proud to announce a groundbreaking co-investment collaboration to bolster U.S. maritime dominance and national security.

In order to meet submarine production requirements, and in support of Navy Secretary Carlos Del Toro's Maritime

Statecraft initiative, the Navy and its submarine industrial base partners are committed to rebuilding a manufacturing base that has shrunk to just one-third of its capacity from 30 years ago. As part of this challenge, submarine production must nearly double, requiring an additional 3.5 to 4.5 million submarine module production and outfitting hours annually. This partnership will play a key role in ensuring submarine shipbuilders can meet the Navy's required sustained submarine construction cadence for the Columbia Class and Virginia Class submarine programs.

A key element of this initiative is to incentivize private investment in the expansion of domestic shipyard capacity for submarine module manufacturing, including through an investment by Austal USA, LLC (Austal USA) in the qualified opportunity fund acquiring and developing Alabama Shipyard in Mobile, Alabama. This Gulf Coast site, with its deep-water port, advanced facilities, and proximity to significant infrastructure and a skilled workforce, is ideally suited for expanding industrial base capacity. Positioned next to Austal USA, an existing U.S. Navy shipbuilding contractor, the Alabama Shipyard will support the production of Columbia Class and Virginia Class submarine modules, as well as additive manufacturing and training.

"Today's announcement underscores our commitment to finding innovative and creative solutions to accelerate submarine production and is emblematic of my Maritime Statecraft initiative that seeks to incentivize expansion of our national shipbuilding capacity by engaging new, forward-leaning stakeholders and leveraging the power of public and private investment," said Secretary of the Navy Carlos Del Toro. "This announcement answers my call for investment into small-to-medium size shipyards, both active and dormant, that were previously the backbone of our Nation's maritime power, and I look forward to continuing to work with industry on future initiatives to strengthen our maritime industrial base."

To finance this ambitious development, the United Submarine Alliance (USA), Qualified Opportunity Fund LP (the USA Fund) has acquired the assets of the 355-acre Alabama Shipyard, where it will prioritize U.S. Navy maritime infrastructure investments and sustainment activities with the goal of developing an additional 75% of the site to support submarine production, workforce training, and industrial capacity, including facilities aimed at serving unemployed and underserved communities. These efforts will significantly boost the capacity of the submarine industrial base while enhancing workforce training, recruitment, and retention across the entire Gulf Coast.

The agreement includes contractual mechanisms that support Navy oversight and authorities to safeguard Navy and national security interests. The project is expected to create approximately 3,000 new, sustainable jobs while preserving all current employment at the shipyard.

By revitalizing infrastructure supporting the maritime industrial base to enable increased production capacity, the Alabama Shipyard investment supports the U.S. Navy's continued maritime dominance, enhances strategic deterrence, and protects the nation's interests well into the future.