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POLAND IN THE PAC-3MSE SUPPLY CHAIN [INTERVIEW]

It is worthwhile remembering that entry into the supply chain translates into participation in meeting of the growing demand for the PAC-3MSE Missiles. This is a proven hit-to-kill system, highly desirable on the global market. Therefore, the potential we are talking about corresponds to manufacturing not just to satisfy the needs of Poland but also the potential of other recipients of PAC-3MSE, including the U.S - as **Jay Pitman, Vice President of PAC-3 Programs at Lockheed Martin Missiles and Fire Control told Defence24.com in an interview**.

Juliusz Sabak, Defence24: A year after signing the FMS contract for the first phase of the Wisła program, Lockheed Martin concluded with the PGZ agreements to execute offset commitments. This is the first agreement of its kind implemented within Poland's biggest air defense program under a new formula. In your opinion, what is the significance of the conclusion of this agreement?

Jay Pitman, Vice President of PAC-3 Programs at Lockheed Martin Missiles and Fire Control: We are all very happy to have reached this milestone. I think that jointly with the Polish industry we have created a robust package supporting the Wisła program.

I do not want to speak about other major suppliers under the Wisła program but we are glad that Lockheed Martin was able to close the issue of the offset agreements within the timeframes planned a year ago. I am very proud we delivered on the original deadline and that the concluded agreement guarantees meeting of all commitments and execution of their full scope.

How do you evaluate the scope of this agreement package as concerns specific projects?

When I look at particular projects we have put together here, I can see that Lockheed Martin introduced production and servicing capabilities related to critical elements of the Wisła system. This concerns components of both PAC-3 MSE missiles and launchers, with a potential to participate in Lockheed Martin's supply chain. Generally speaking, we did a very good job in collaboration with PGZ and the Office of Offset Authority.

We are certain that those products, those specific 15 programs we are talking about, directly support the potential of the companies we concluded the agreements with: PGZ, WZE, WZU, WZL-1 and WZL-2. It was our intention to deliver to them both specific capabilities and also programs that can robustly, actually and very tangibly enhance the potential of the Polish industry.

How were the tasks under the offset package distributed among Polish partners?

As concerns the transfer of technologies and capabilities related to simulation and modelling for a laboratory tasked with performance of tests and simulations for general rocket missiles and air

defense systems, we will be collaborating directly with the Polish Armaments Group.

The Military Electronic Works (WZE) in Zielonka, where we signed the agreements, received capabilities related to manufacturing and servicing of the key elements of the PAC-3 MSE Missile and launchers. In the offer for the Military Armaments Works (WZU) in Grudziądz we focus on establishment of the manufacturing of certain core launcher elements. It is worthwhile stressing that owing to the aforementioned, this provides the potential for key launcher elements to be manufactured and serviced in Poland.

As I can see, the beneficiaries include also the Military Aviation Works No.1 (WZL-1) as well as the Military Aviation Works No. 2 (WZL-2). They will be assigned tasks related to the PAC-3 MSE Missiles or perhaps also some other competencies?

In the case of the WZL-1, the agreement will concern certain capabilities related to manufacturing of some core components of both the PAC-3MSE Missiles and launcher elements. Unfortunately, I am not in a position to speak about details.

On the other hand, the WZL-2 in Bydgoszcz were tasked with a slightly different role. Besides the Wisła program, they will implement certain aviation tasks, including ones related to support and servicing of combat airplanes being in the service of the Polish Air Force, namely F-16. This is partly an opportunity to further support our prior provided products and programs of Lockheed Martin

The package of tasks is quite wide...

Indeed, it covers a very diverse range of tasks related to competences of the aforementioned companies. This is a robust package and we think it provides for a very extensive transfer of technologies to the Polish industry.

As part of those 15 projects we will transfer significant capabilities to the Polish industry. One of the issues I would like to point attention to includes enormous benefits related to technologies, but also to competencies related to management and participation in an international program. I view those actions as a partnership aimed to prepare the Polish industry for support of core U.S. partners in the Wisła programs and incorporation of the PGZ into the supply chain of Lockheed Martin.

Conclusion of the offset agreements crowned annual negotiations. What will be the next steps?

There are a few more years of hard work ahead of us. As you can see, a lot is happening in the Warsaw office of Lockheed Martin. Already now we are putting together a group of U.S. experts and local technical specialists to support the PGZ in these projects. We have a team ready to go already today. Part of the projects is to deliver proper technical tools but this is just a beginning.

How much time is required for implementation?

Each project is different so I can only speak very generally. Some of the programs will kick off very fast. Others, owing to their nature, will require even several years to implement. The main reason is the issue at hand concerns transfer of the manufacturing of elements already delivered within the supply chain of Lockheed Martin. But there is one particular case where a component will be designed by the Polish industry. This generates specific timing requirements.

Which element will be created in Poland from the scratch?

Unfortunately, I am not in a position to disclose this.

If Polish plants are going to be suppliers for Lockheed Martin, their certification by the U.S. administration will be necessary. This requires preparations.

One of the topics we addressed eagerly in the first phase of the Wisła program was selection of projects offering such cooperation scope that would enable acquisition for them – with our support – of what we call certification of a supplier of those components for Lockheed Martin. Therefore, my team is composed not only of technical experts, but also those concerned with quality control or logistics. We are ready to fulfill all requirements set by the U.S. requirements needed by Poland to acquire proper authorizations.

How large will be the share of the PAC-3 MSE Missiles produced in Poland?

Well, in spite of all ongoing discussion, we are not going to provide any percentage values. Our cooperation with the PGZ and core competencies transferred to Poland will also include a path to assembly of critical components of the PAC-3MSE missiles.

What will be the impact of the implementation of the offset agreements on other Polish missile programs? The question is highly relevant insofar as those technologies are crucial for Poland at many levels, going beyond the Wisła program itself.

One of the central issues we bore in mind over a year ago, when we started the offset talks, was how to support Poland's desire to develop national competencies. The aforementioned laboratory to be concerned with modelling and simulations, whose establishment we will support, is exactly a project related to development of organic, Polish competencies. This is how we will provide the Polish industry with the possibility to develop own projects. Decades of experiences my team has, will provide crucial support in this respect.

Additional advantage is comprised by our works related to use of the potential of Polish companies in our manufacturing processes. An important step towards implementation of modern production systems in those companies is their entry into the supply chain of Lockheed Martin. We had to make sure the Polish plants understood what requirements in that scope are set on them by the U.S. defense programs and other U.S. institutions that are instrumental in decisions on incorporation of an enterprise into the supply system for other U.S. programs.

Is there a link between the Wisła for Poland and the entirety of orders for the PAC-3 MSE missiles?

It is worthwhile remembering that entry into the supply chain translates into participation in meeting of the growing demand for the PAC-3MSE Missiles. This is a proven hit-to-kill system, highly desirable on the global market. Therefore, the potential we are talking about corresponds to manufacturing not just to satisfy the needs of Poland but also the potential of other recipients of PAC-3MSE, including the U.S.

Here we talk a lot about further future and foreign recipients but talks about the second phase of the Polish Wisła program are ongoing. How does Lockheed Martin see its potential in this regard?

When aiming towards the second phase, the Armaments Inspectorate and the Ministry of Defense will need to make important decisions in a highly complex environment. It is obvious that in the first phase Poland made certain decisions to be developed in the second phase, among others through introduction of subsequent systems. It will aim towards LTAMDS (Lower Tier Air and Missile Defense Sensor – part of a future, integrated air defense system of the U.S. Army, based on IBCS command system – editor's note) capabilities, new sensor solutions as part of the program, but also as regards

new effectors options.

From my perspective, this is a very difficult decision for the contracting entity as it requires a balance between total affordability, capability and goals of the program itself. It is all the more difficult as it entails keeping the pace with the U.S. procurement plans under the LTAMDS program, which are currently ongoing. The proposal of Lockheed Martin is one of the potential solutions we are offering under the new sensor program.

In Poland even more attention is perhaps paid to acquisition of a low-cost effector than to sensor in the context of the second phase.

When we look at the tasks under the Wisła program and at how the program develops in the second phase, I think that the PAC-3 MSE still guarantees proper capabilities for combating a full range of air and missile threats to Poland. They deliver combat-proven hit-to-kill technology, that addresses both present and future threats. At the same time, looking at the costs of the entire lifecycle of the system, it is worthwhile pointing out that the PAC-3 MSE is a current U.S. Army program of record, with guarantees support for the operation, servicing and interoperability with all systems, including LTAMDS in the future. Moreover, it will be available to, and used by many allies here in Europe.

From my perspective, the PAC-3 MSE guarantees high stability across the system's entire lifecycle. This reduces logistics costs, and at the same time the growing production of the PAC-3 MSE is going to result in further affordability of MSE. So in my opinion, the least risky option available to the Armaments Inspectorate in the second phase of the Wisła program is to further procure PAC-3 MSE missiles.

It is tempting to stick to the same missile but the PAC-3 MSE is quite an expensive solution for Poland. Therefore, the Ministry of Defense is looking for other, cheaper options.

Of course, I know that today the Armaments Inspectorate is analyzing the second phase of the Wisła program, but there is also a key focus on the Narew program. In my opinion, the Narew system in combination with the PAC-3 MSE under the Wisła program is the best approach for combating the full range of threats.

I am afraid that search for a different solution under the second phase of the Wisła program is likely to make Poland bear the costs of having another effector in the portfolio – and those are not just one-off procurement costs, but also costs of the development and integration, preparation of production capacities, building of the support system. This is just my opinion, but I understand that it is going to be a difficult decision for Poland, one which is certainly heavily discussed. There have been some advertised false calculations related to the price of the PAC-3 MSE. Unfortunately, I am not in a position to provide an exact price of the missile, but all I can say is that in this regard we can see significant benefits following from large order volumes, which translate into affordability. PAC-3 MSE still enjoys interest of both the U.S. Army and export clients.

Overall, I think that the PAC-3 MSE guarantees the most complete solution for the Wisła program. Equally important in my opinion is the fact that a path to production of core components of the missile is being just launched in Poland. This is a huge military and industrial opportunity.

Thank you for the conversation.