



**Remarks by Marion C. Blakey  
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Good afternoon. I'm delighted to join you today and to be part of this distinguished group of industry and government space experts, talking about a very important topic.

To those of you who aren't familiar with AIA, we were founded in 1919 only a few years after the birth of flight and we bring together nearly 350 aerospace and defense companies and their suppliers together to support the development of policy priorities for our industry.

Last year, AIA released a major report on the national security space industrial base – *Tipping Point: Maintaining the Health of the National Security Space Industrial Base*. The report argued that without a new push to centralize and elevate our country's space assets and strategy and provide funding stability, we face a "tipping point" where critical U.S. space capabilities will be lost.

The report identifies key technologies that provide vital skills and capabilities to the national security space industrial base, such as liquid rocket propulsion, military satellite communications, missile warning, positioning, navigation, timing, space optics and solid rocket motors and their components.

What is of most concern to us is that there seems to be little consensus on the need to protect our core capabilities.

Our report recommends multi-system procurement strategies to help smooth out the acquisition process and stabilize the space industrial base while reducing the cost of some of our most important space programs.

We were very pleased when the Air Force announced in February its Evolutionary acquisition for Space Efficiency initiative, or EASE, which is very much in line with our recommendations.

By utilizing block buys, fixed-price contracts, and stable funding, we have the opportunity to help stabilize some of the areas of the satellite industrial base that AIA has brought up in its past reports.

I know Rich McKinney will address this issue in more depth, but this effort is also important to help realize some of the efficiency savings that Secretary Gates and Dr. Ash Carter are addressing.

EASE is looking at some of our larger satellite systems where cost control is key. But we cannot lose sight of the other areas of the space industrial base, especially R&D, which is critical for developing future new capabilities.

Take our responsive space capabilities for instance. Our Operationally Responsive Space and Science & Technology space missions mean smaller, cost-effective satellites that can augment the capability of our large systems in times of attack.

President Obama has called for investments in ORS and as a nation, we must get serious about integrating this cutting-edge approach into our larger national security space architecture.

Another major question that remains for industry is the fate of satellites within the larger export control reform effort.

It's critical that the Defense Department complete the Section 1248 report of the National Defense Authorization Act. We expect this report to lay out what kind of satellite systems and components can potentially be moved off the U.S. Munitions List.

If the report turns out to be productive – and we have every reason to believe that it will be – AIA will also be encouraging Congress to make the changes necessary to provide the Administration with the authority to place certain satellite and component technology under Commerce control.

Finally, I'd like to note an important policy development broadly supported by our industry.

We were very pleased with the joint DOD-DNI National Security Space Strategy released in January. This strategy lists as one of its key objectives to “Energize the space industrial base that supports U.S. national security.”

Successfully achieving the goals of the National Security Space Strategy will become even more important in a fiscally constrained environment.

And we all know that implementation is the key to any strategy or policy. Yet if industry is not fully engaged in a partnership with government on the implementation of this strategy, we'll miss an important opportunity to help achieve this objective of 'energizing' the industrial base.

With that said, AIA would like to work with government to provide the industry input that is so critical to successful implementation. With a new Defense Space Council designated as the organization to implement this strategy and chaired by the Secretary of the Air Force, this seems like the logical forum to bring industry into the fold. AIA expects to be part of that dialogue.

With that, I'd like to turn it over to my fellow panelists.