

Why GAO Did This Study

DOD's need for TWVs dramatically increased in response to operational demands and threats experienced in Afghanistan and Iraq. TWVs primarily transport cargo and personnel in the field and include the High Mobility Multi-purpose Wheeled and Mine Resistant Ambush Protected vehicles. The U.S. TWV industrial base, which includes manufacturers and suppliers of major subsystems, increased production to meet DOD's wartime requirements. That base now faces uncertainties as DOD's budget declines and operational requirements for these vehicles decrease. In addition to sales to DOD, U.S. manufacturers sell vehicles to foreign governments.

The Senate Armed Services Committee Report on a bill for the National Defense Authorization Act for Fiscal Year 2012 directed GAO to (1) describe the composition of the U.S. TWV industrial base, (2) determine how many U.S. manufactured TWVs were purchased by foreign governments from fiscal years 2007 through 2011, and (3) identify factors perceived as affecting foreign governments' decisions to purchase these vehicles. GAO analyzed data from DOD on U.S. and foreign government TWV purchases, as well as sales data from the four primary U.S. TWV manufacturers. GAO also collected data from five foreign governments, including those that did and did not purchase U.S. TWVs.

What GAO Recommends

GAO is not making recommendations in this report. DOD, the Department of State, and two manufacturers provided technical or clarifying comments on a report draft that were incorporated as appropriate.

View [GAO-12-859](#). For more information, contact Belva Martin at (202) 512-4841 or martinb@gao.gov.

INDUSTRIAL BASE

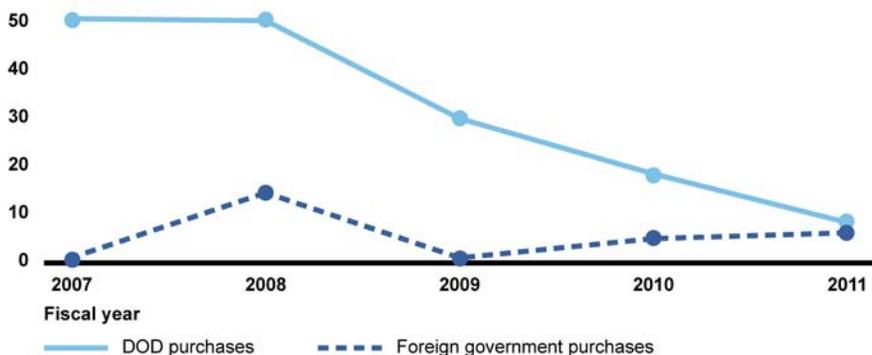
U.S. Tactical Wheeled Vehicle Manufacturers Face Period of Uncertainty as DOD Purchases Decline and Foreign Sales Potential Remains Unknown

What GAO Found

The U.S. tactical wheeled vehicle (TWV) industrial base includes seven manufacturers that utilize common suppliers of major subsystems, such as engines and armor. Four of these manufacturers reported that their reliance on sales to the Department of Defense (DOD) varies, in part, as they also produce commercial vehicles or parts. Collectively, the seven manufacturers supplied DOD with over 158,000 TWVs to meet wartime needs from fiscal years 2007 through 2011. DOD, however, plans to return to pre-war purchasing levels, buying about 8,000 TWVs over the next several years, in part, due to fewer requirements.

Almost 28,000 U.S.-manufactured TWVs were purchased for use by foreign governments from fiscal years 2007 through 2011. Approximately 92 percent of these vehicles were paid for using U.S. security assistance funds provided to foreign governments. Iraq and Afghanistan were the largest recipients of such assistance, but officials stated that DOD does not plan to continue funding TWV purchases for these countries. While sales to foreign governments are unlikely to offset reductions in DOD purchases, manufacturers reported that foreign sales are becoming an increasingly important part of their revenue stream.

Comparison of TWV Sales to DOD and Foreign Governments, Fiscal Years 2007 through 2011
Quantity (in thousands)



Source: GAO analysis of DOD and manufacturer data.

Sales of U.S.-manufactured TWVs to foreign governments may be affected by multiple interrelated factors, including the availability of used DOD vehicles for sale, foreign competition, differing vehicle requirements, and concerns associated with U.S. arms transfer control regimes. U.S. manufacturers said sales of used Army TWVs to foreign governments could affect their ability to sell new vehicles. U.S. manufacturers and foreign governments also identified a number of non-U.S. manufacturers that produce TWVs that meet foreign governments' requirements, such as right-side drive vehicles. While U.S. manufacturers can produce vehicles that meet these requirements, vehicles they produced for DOD generally have not. Finally, manufacturers and foreign officials had mixed views on how the U.S. arms transfer control regimes may affect foreign governments' decisions to purchase U.S. vehicles. U.S. manufacturers and foreign officials expressed concerns with processing times and U.S. end-use restrictions, but foreign officials also said that such concerns have not been a determining factor when purchasing TWVs that meet their requirements.