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The next defense battle: People vs. hardware - Ayotte places hold over MEADS - Shelby sacks Appropriations aides - Raytheon to cut 200 jobs - Prince Harry to visit U.S. for veterans events

By: Tim Mak and Austin Wright – March 26, 2013

THE NEXT DEFENSE BATTLE: PEOPLE VS HARDWARE — With sequestration in place, the defense industry is heading for a life-or-death fight to protect its projects — and its first move might be to push for cuts on everything else. The two emerging blocs in the next budget battle are the hardware side — the builders of jets, ships, tanks and everything else — and the human side, which is made up of salaries, benefits, health care and retirement costs.

POLITICO's Philip Ewing has a look at the emerging tensions, for Pros:<http://politico.pro/YBdOB0>

PRO SCOOP: AYOTTE PLACES HOLD OVER MEADS — Sen. Kelly Ayotte escalated her campaign against the Medium Extended Air Defense System by placing a hold on a top Pentagon acquisitions nominee last week, POLITICO has learned. The New Hampshire Republican has threatened to delay Alan Estevez's nomination to be principal deputy undersecretary of Defense for acquisition, technology and logistics over the missile-defense program, which she says is a wasteful use of taxpayer funds.

Ayotte wants a response to a letter she sent to DoD Comptroller Robert Hale and Acting General Counsel Robert Taylor laying out her expectation that MEADS would not be funded. This year's NDAA prohibits funding for the program, but DoD appropriators included \$381 million for MEADS as part of last week's CR package — and Ayotte wants assurances that this contradiction will be resolved in her favor. Tim has more here, for Pros:<http://politico.pro/YBbsSD>

LOCKHEED'S TAKE: FULL SPEED AHEAD — Lockheed spokeswoman Cheryl Amerine says, "The FY13 appropriation for MEADS will allow the program to finish development, leverage our past success with an additional intercept flight test and provide the U.S., Germany and Italy with mature options for their future air and missile defense needs."

SIREN: BRANNEN'S BABY — Maeve Melanson Gura was born Sunday at 8:53

p.m., weighing 8 lbs., 2 oz., to Pro Defense reporter Kate Brannen and her radio reporter husband, David Gura of American Public Media's "Marketplace."
"Me, dad and baby girl are all doing great," Brannen told POLITICO.

WELCOME TO MORNING DEFENSE, where we've made a commitment to rebooting our fitness regimen as spring emerges. Good news: We can bench a cool 200 pounds ... between the two of us. Send fitness tips, along with pitches and feedback, to awright@politico.com and andtmak@politico.com, and follow us on Twitter @morningdefense, @abwrig, @timkmak and @POLITICOPro.

PRO SCOOP: SHELBY SACKS APPROPRIATIONS AIDES — Alabama Sen. Richard Shelby has ousted five Senate Appropriations Committee aides with strong ties to Mississippi Sen. Thad Cochran, sources familiar with the purge tell POLITICO. One of the five aides, Rebecca Davies, had worked on Capitol Hill for decades. Shelby succeeded Cochran as the top Republican on the spending panel at the beginning of the year. And those familiar with the committee's history say it's unusual for a new boss to come in and sack so many aides. We've got more here, from the homepage: <http://politi.co/X8jW5p>

RUSSIA: RECONVENE MISSILE DEFENSE DISCUSSIONS — The Russian Minister of Defense called Defense Secretary Chuck Hagel yesterday to express his desire to reconvene missile defense discussions with the United States at the deputy minister level, among other topics of discussion. "Secretary Hagel agreed and reiterated that this is an important part of U.S.-Russian relations," Pentagon spokesman George Little said in a statement. "He assured Minister Shoygu that these discussions would continue and be carried forward by Undersecretary of Defense for Policy Dr. Jim Miller." Here's the full readout of the call: <http://1.usa.gov/15MMpMs>

COLORADO LAWMAKERS BACK SIERRA NEVADA — Three Colorado lawmakers are urging Hagel to uphold the Air Force's decision to move forward with its selection of Sierra Nevada and partner company Embraer to produce light-attack aircraft for the Afghan military, despite a pending GAO protest from rival company Beechcraft. The lawmakers note that the selection will result in hundreds of new jobs in their state. "We hope that any protests of the Air Force's selection will not further delay delivery of the A-29," wrote Sens. Mark Udall and Michael Bennet and Rep. Mike Coffman. Read the letter here: <http://politico.pro/13rC4Kk>
Kansas-based Beechcraft, of course, has its own band of congressional supporters, who sent a letter to Hagel earlier this month.

KARZAI: IT WAS ALL A BIG MISUNDERSTANDING — Afghan President Hamid Karzai said yesterday he was misinterpreted by the media and that he never intended to allege collusion between the United States and the Taliban, CNN reports. "If they want the international community to leave Afghanistan, then the best way is for them to stop killing people," Karzai said of the Taliban during a joint news conference with Secretary of State John Kerry. "That does not mean a collusion between the United States and Taliban," Karzai continued. "That's a conclusion the press came up with." <http://bit.ly/ZnRRBh>

WHO'S WHERE WHEN:

8:30 a.m.: The Christian Science Monitor hosts a breakfast with Secretary of Homeland Security Janet Napolitano. The event is at the St. Regis Hotel, in Washington.

11 a.m.: A mini-conference is being held at the Carnegie Endowment for International Peace in Washington, where experts will discuss the future of U.S. defense policy. Speakers include Gordon Adams of American University and the Stimson Center, Carl Conetta of the Center for International Policy, Gregory Foster of National Defense University, Benjamin Friedman of the Cato Institute, Mel Goodman of the Center for International Policy and retired Army Col. Doug Macgregor of the Burke-Macgregor Group.

3:35 p.m.: Hagel meets with President Barack Obama in the Oval Office.

TOP TWEET — @AIAspeaks: "Not the first & won't be last RT @CleveAirShow: 2013 Air Show Canceled Due to Sequester Budget Cuts <http://tinyurl.com/aqjx4sx> #sequestersqueeze"

NOT CANCELED DUE TO SEQUESTER: The Navy Ceremonial Drill Team, spotted doing an impressive routine during halftime at the Memphis Grizzlies-Washington Wizards game last night. The Wizards won 107-94, buoyed by a career-high 47-point performance by point guard John Wall.

PRINCE HARRY TO D.C. — Britain's Prince Harry will visit the United States May 9-15 to attend several events at the 2013 Warrior Games, a competition involving veteran athletes. His trip will also include stops at Arlington National Cemetery, Walter Reed National Medical Center and an exhibition on Capitol Hill about landmine clearance, reports The Associated Press. <http://politi.co/YBaJRu>

WHAT PROS ARE READING:

— RAYTHEON TO CONSOLIDATE SECTORS, CUT 200 JOBS: Raytheon announced an \$85 million consolidation of several of its business sectors yesterday, a move it said won't affect the company's 2013 financial guidance but would reduce its workforce by 200 jobs, reports Leigh Munsil: <http://politico.pro/15ZsGev>

— FEINSTEIN, RUBIO TO SERVE AS CHAIRS OF NATSEC WORKING GROUP: Sens. Dianne Feinstein and Marco Rubio announced they will serve as administrative co-chairs of the Senate's bipartisan National Security Working Group. The group, founded in 1985, is an association of senators focused on reaching across the aisle on national security matters. <http://politico.pro/15ZsGev>

NOTABLE LINKS:

— Rolls-Royce was late last year — 160 days, on average — delivering equipment used in the F-35B, the Pentagon tells Bloomberg's Tony Capaccio. The delays were for parts related to the aircraft's vertical-lift capability. <http://bloom.bg/10FUIQg>

— Meanwhile, Singapore is expected to make an announcement soon that it plans to buy about 10 F-35Bs, reports Colin Clark of AOL Defense. <http://aol.it/YAKHh7>

—The White House said yesterday that the resignation of Syrian opposition leader Moaz Khatib will not affect U.S. support for the Syrian opposition, reports POLITICO's Donovan Slack.<http://politi.co/XC5tK7>

— Marco Rubio swung by Sen. Rand Paul's home state to speak at the University of Louisville about America's role on the world stage, reports POLITICO's Manu Raju from Kentucky. One thing Rubio made clear — he's no Rand Paul, especially on foreign policy, Raju writes. "The alternative to U.S. [engagement] on the global stage is chaos," Rubio said.<http://politi.co/16e55XB>

CBS APOLOGIZES TO VETERANS, via Stars and Stripes: "CBS issued an apology for an episode of 'The Amazing Race,' shown earlier this month, which used a memorial of a downed American aircraft in Vietnam as a prop in the reality show." <http://1.usa.gov/YBcvSE>

THAT'S ALL FOR US. Have a great Tuesday.