

United States Senate

WASHINGTON, DC 20510-0908

February 9, 2024

The Honorable Lloyd Austin
Secretary
U.S. Department of Defense
1000 Defense Pentagon
Washington, D.C. 20301-1000

Dear Secretary Austin:

We write with regard to the U.S. Department of Defense (DoD)'s recently released National Defense Industrial Strategy (NDIS), which calls for "generational change" to rebuild a resilient U.S. industrial base capable of meeting the threat from the People's Republic of China (PRC). Reforms to the defense industrial base are needed to ensure our country is ready for the competition that will define the 21st century. Now, the DoD and Congress must prioritize this mission and chart a clear path forward. We expect defense-industrial base renewal to be included in the DoD's funding requests in the upcoming Fiscal Year 2025 (FY25) budget request.

The NDIS confirms what many observers have warned: since the end of the Cold War, our military's ability to produce critical materiel, including commodities, basic munitions, and advanced weapons systems, has eroded. This erosion has many causes, including consolidation in the defense industrial base, historically low defense spending as a share of the economy, and a decades-long shift in strategy from great-power competition to lower-intensity counter-insurgency. The decline of the U.S. defense industrial base coincided with the deterioration of the broader commercial industrial base, due to the failure of U.S. officials to prioritize manufacturing and protect our businesses from the aggressive policies of adversaries like the PRC. As the NDIS states, "America's economic security and national security are mutually reinforcing and, ultimately, the nation's military strength depends in part on our overall economic strength."¹

The problems with our industrial base were exposed and worsened by the COVID-19 pandemic. These challenges were apparent in nearly every industry, from the lack of skilled personnel and investment in the submarine industrial base², to reliance on raw materials produced in the PRC for the U.S. military's most advanced jets.³ The NDIS notes the unacceptable extent of our dependence on the PRC for vital materials. It is a tragedy that our nation's security currently depends on a communist government that the DoD identifies as our "pacing threat" and that is actively working to undermine our military readiness, steal our technology, and destroy our way of life. The United States won protracted wars in the last century by overwhelming our enemies with materiel produced by the world's largest industrial base. Now the tables have turned.

¹ <https://www.businessdefense.gov/docs/ndis/2023-NDIS.pdf> page 8

² <https://warontherocks.com/2023/10/the-sinking-submarine-industrial-base/>

³ <https://www.defensenews.com/air/2022/09/07/pentagon-suspends-f-35-deliveries-over-chinese-alloy-in-magnet/>

The NDIS outlines several worthwhile ideas to restore the defense industrial base, many of which will require additional or altered budget authority. These ideas include diversifying the supplier base, investing in new production methods, and targeting development of critical skill sets in the domestic workforce. Further, the NDIS highlights the need for a cost-effective industrial ecosystem as cost overruns and delayed delivery timelines have hampered our ability to deliver the capability to the warfighter. We are committed to working with DoD on tangible steps to accomplish these priorities.

The NDIS notes the need for flexible acquisition planning, while enhancing economic security and integrated deterrence. The report recognizes that flexible acquisition planning can incentivize small businesses and non-traditional suppliers to work closely with DoD. Additionally, DoD must ensure that its current partners receive reliable and sustained support to ensure the partnership remains productive for both DoD and industry. The NDIS recognizes industry's concerns and reiterates that DoD will seek to ensure acquisition strategies to consider the "health, capacity, and capability of the domestic manufacturing base," and send clear demand signals to suppliers.⁴ Clear demand signals should bolster DoD's ability to work with industry on necessary aspects of deterrence like mobilization planning, stockpiling, and economic security arrangements with partners and allies.

As we consider the DoD's FY25 budget request, the NDIS should serve as a rallying cry for Congress and the DoD to enact changes to the defense industrial base with urgency. As such, we expect that the DoD's policy and funding requests will reflect the dire challenges outlined in the NDIS. To help us legislate effectively to this end, we request answers to the following questions. For each question, please note any authorities and appropriations DoD requires to accomplish this goal.

1. How does DoD track funding that has been spent on contracts over cost and/or incurred additional costs due to contracts running behind schedule?
2. How and when is DoD planning to define the requirements and set the conditions for potential mobilization, as mentioned in the NDIS, in order to address critical needs in potential crises?
3. What does DoD need to identify and rectify supply-chain dependencies on the PRC?
4. What is DoD doing to forecast the materiel that would be needed in the event of a protracted war, and to assess the industrial base's ability to supply that materiel?
5. What is DoD doing to stockpile commodities, munitions, and spare parts sufficient to supply our military between the start of a protracted war and the full mobilization of the industrial base?
6. After the DoD achieves greater visibility on its supplier base, how does it plan to address the risks of components with single suppliers?

We appreciate your attention to this important issue.

Sincerely,




Marco Rubio
U.S. Senator



Rick Scott
U.S. Senator

⁴ <https://www.businessdefense.gov/docs/ndis/2023-NDIS.pdf> page 38




Richard Blumenthal
U.S. Senator



Mark Kelly
U.S. Senator



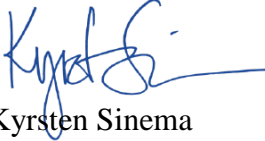
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U.S. Senator



Kyrsten Sinema
U.S. Senator