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The Defense Production Act: An Important National Security Tool, But It Requires Work

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KEY TAKEAWAYS

The Defense Production Act lies at a unique nexus in national security between private industry and federal investment, and glaring weaknesses demand attention.

The U.S. must ensure a secure defense industrial base as it responds to the National Defense Strategy's direction to prepare for great power competition.

The government should approve only those projects that focus on national security, increase transparency, and increase funding for industrial base weaknesses.

The Defense Production Act (DPA) of 1950 lies at a unique nexus between private industry and federal investment for the purposes of national security. Despite its demonstrable utility, modifications to the law's implementation are necessary. The DPA should be more narrowly focused on national defense and avoid intervention in areas that do not fall within a strict concept of national security. Congress must provide sufficient appropriations for the Title III Fund to adequately address vulnerabilities in the industrial base. Further, loan authorities, one of the more efficient uses of Title III funding, are currently inaccessible due to a missing legal mechanism, which should be put in place.

The glaring weaknesses that exist in the current defense industrial base—described in the Interagency Task Force's recent report, "Assessing and Strengthening the Manufacturing and Defense Industrial Base

and Supply Chain Resiliency of the United States"—demand immediate and dynamic attention.[1] This report, required by Executive Order 13806, lays out five macro forces currently undermining the strength of the industrial base: (1) the "decline of U.S. manufacturing capability and capacity"; (2) the "industrial policies of competitor nations"; (3) "sequestration and uncertainty of U.S. Government spending"; (4) "U.S. Government business practices"; and (5) "diminishing U.S. STEM and trade skills." Each of these macro-level forces are driving risk in the domestic industrial base, and therefore to national security, and can be at least partially addressed by improving the implementation of the DPA.

The DPA's three active titles offer the President an array of authorities aimed at bolstering the defense industrial base. These include, but are not limited to, the prioritization of contracts, allocation of materials, loan guarantees, and direct investment. In these respects, the DPA represents a powerful tool for promoting U.S. national security via private industry. The majority of this discussion will cover Title III, however other titles will also be addressed.

The DPA has been used successfully over the years. In many respects, the act is well suited to addressing key weaknesses in the industrial base. Prioritizing contracts for materials to prevent breaks in the supply chain, and providing funding for items that would not be produced by the commercial market in a timely manner, are invaluable tools for national security. Recent DPA investments that enhance the strength and resilience of essential sectors, such as microelectronics and the space industrial base, highlight the act's utility.

However, as it stands today, there are a number of key issues that should be addressed in order to maximize the DPA's effectiveness. In its current form, the act can be used for a number of things not pertinent to national defense. These non-defense-related efforts detract from the value of the authority and may misdirect defense funding. Additionally, a lack of transparency regarding the use of DPA authorities is problematic when considering the potential for the overuse or misuse of the law. Underlying these issues is the present lack of adequate funding for DPA programs. Finally, many industrial weaknesses linger without Title III funding due to inefficiencies in the process.

Major Components of the Defense Production Act

The DPA's major components are:

Title I. Title I authorizes the President to prioritize certain defense programs, contracts, and orders, and allocate resources accordingly. This title

aims to secure the adequate availability of materials from the private sector for use in the defense sector. According to this provision, the person or corporation tasked with a prioritized contract or order is required to accept and fulfill the contract or order by the date specified. The allocations authority gives the President the authority to redistribute materials, equipment, and industrial facilities in order to stimulate defense production in necessary areas.

Title I has been successfully employed to prioritize contracts for "ballistic material used in body armor for both the Army and Marine Corps" to ensure a timely delivery.[2] During an increase in production of Mine Resistant Ambush Protected (MRAP) vehicles, the Department of Defense (DOD) used Title I authorities to help prevent a shortage of armor plates. The priorities and allocations authorities can be of particular use during a production surges and when additional capabilities are necessary for deterrence.

Title III. To secure a steady supply of materials essential for national defense, Title III establishes the President's authority to invest in specific industries. The goal of Title III is to expand the domestic capacity and supply for defense-related materials. Under this provision, the President is empowered to use a variety of financial incentives to create, maintain, and expand domestic industrial capabilities to produce goods and material critical for national defense.[3]

Due to statutory restrictions on DPA loan authorities, they have not been used in more than 30 years.[4] Hence, federal grants, authorized in Section 303, have been the predominant manifestation of Title III authorities. Projects are funded by the Defense Production Act Fund, a Treasury account established by the act. Typically, Title III projects pursue a cost-sharing goal of 50 percent government funding and 50 percent recipient funding, which helps to catalyze private-sector investment for issues essential to national defense. However, this ideal cost-sharing goal does not always occur.

Before using Section 303 authorities under Title III, the DPA requires the President, on a non-delegable basis, to issue a presidential determination authorizing use of Title III authorities to address a domestic industrial base shortfall meeting three statutory criteria:

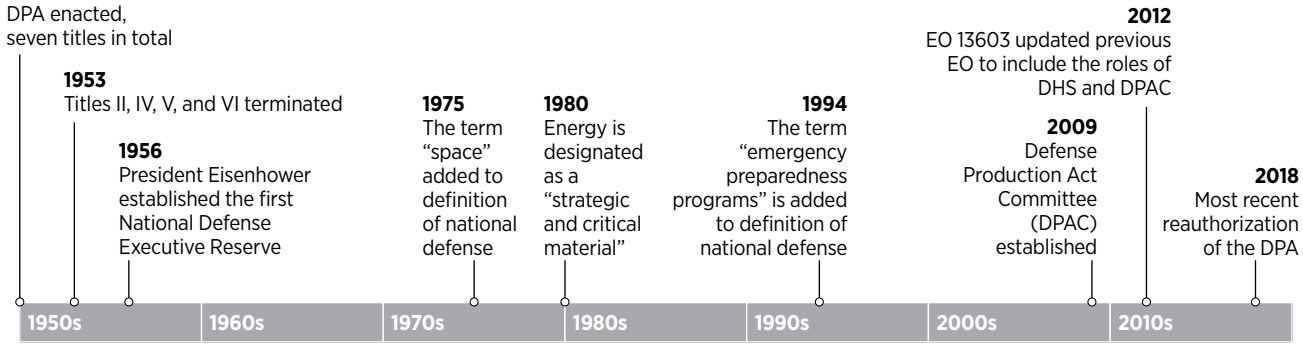
1. The industrial resource, material, or critical technology item is essential to national defense;

2. Without presidential action under this section, U.S. industry cannot reasonably be expected to provide the capability for the needed industrial resource, material, or critical technology item in a timely manner; and

FIGURE 1

Defense Production Act Has Seen Significant Changes Since Its Inception

The DPA currently retains only three of its seven original titles.
Title III is the most widely known because it established the DPA Fund. Further, the definition of "national defense" has been significantly expanded, which has increased the scope of the DPA.



SOURCE: Heritage Foundation research.

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3. Purchases, purchase commitments, or other action pursuant to this section are the most cost effective, expedient, and practical alternative method for meeting the need.[5]

In order to uphold the DPA's policy objective, each prospective project must be rigorously evaluated against each of these criteria.

An example of how Title III can properly support the defense industrial base is the Steel Plate Production Project. Beginning in fiscal year (FY) 2014, this project received $17.6 million of Title III funding in order to compensate for the lack of "widespread commercial application" for Navy-grade steel plates.[6] The project summary notes the lack of return on investment for the domestic industry to establish the capacity to produce these steel plates. The DPA made it possible for the government, in partnership with private contractors, to step in to support this industry, thereby reducing the threat of delays in this production line. Because weapons systems feature such intricate supply chains, it is critical that they are protected from sudden breakages and are able to continue their course.

Title VII. Title VII includes an array of provisions that complement the underlying purpose of the DPA. This title creates the basis for voluntary agreements, in which the President may consult with members of the defense industry to develop strategies and plans of action about how to

better provide for national defense.[7] Further, Title VII establishes both the Committee on Foreign Investment in the United States and the Defense Production Act Committee (DPAC). Finally, Title VII contains the legal basis that allowed President Eisenhower's 1956 Executive Order 10660 inaugurating the National Defense Executive Reserve (NDER). Title VII will not be included in further discussion.

The DPA Has Lost its Focus

The DPA was passed in 1950 as a result of the beginning of the Cold War and North Korea's invasion of the South, driving President Harry Truman to realize the need for broader executive power concerning national defense.[8] However, the act has strayed from its original intent. The expansion of the act's definition of national defense has permitted numerous instances where the DPA has been exploited for non-defense-related projects. In addition to the traditional notion of national defense, this definition includes areas such as energy security, natural disasters, and general emergency preparedness. As amended, the current definition of "national defense" means

> programs for military and energy production or construction, military or critical infrastructure assistance to any foreign nation, homeland security, stockpiling, space, and any directly related activity. Such term includes emergency preparedness activities conducted pursuant to title VI of The Robert T. Stafford Disaster Relief and Emergency Assistance Act [42 U.S.C. 5195 et seq.] and critical infrastructure protection and restoration.[9]

Anything that is determined to fall within this definition is considered fair game for the use of DPA authorities, which is why the definition of national defense is extremely significant for its implementation. Unfortunately, the current definition includes tangential issues that allow the DPA to be used in areas that are not directly related to national defense. While a terrorist attack may inflict similar damage on the American homeland as a hurricane, these two occurrences merit starkly different preparation and responses.

Emergency Preparedness and Natural Hazard Recovery. The current definition allows DPA authorities to be used to support domestic preparedness for emergencies and recovery from natural disasters. The DPA explicitly includes the definition of emergency preparedness according to Title VI of The Robert T. Stafford Disaster Relief and Emergency Assistance Act.[10] The Stafford Act defines emergency preparedness as

> activities and measures designed or undertaken to prepare for or minimize the effects of a hazard upon the civilian population, to deal with the immediate emergency conditions which would be created by the hazard, and to effectuate emergency repairs to, or the emergency restoration of, vital utilities and facilities destroyed or damaged by the hazard.[11]

Conflating humanitarian disasters with national security issues and implying that they merit similar government responses hinders the free market's ability to act where it can be of best use. Moreover, use of DPA funding for these kinds of emergencies hinders the military rebuilding that is necessary for the U.S. to remain strong on the world stage by detouring DPA resources from its intended target.

Following the destructive 2017 hurricane season, the Federal Emergency Management Agency invoked Title I of the DPA to provide food and water assistance and restore power grids.[12] This action was rooted in the notion that the DPA could be used as an all-purpose tool in times of crisis, but the DPA was not structured to be a rescue tool in times of humanitarian need. Rather, it is best employed to support the industrial base to support national defense.

Domestic Energy. According to the DPA, national defense can include programs for energy production or construction.[13] This provision has been used to stimulate domestic energy production for commercial uses, an overstep currently allowed by the law. In FY 2013, the U.S. government contributed $3.61 million of Title III funding to a project that aimed to "establish a domestic, large-scale, commercial, feedstock flexible, manufacturing capacity" of bio-synthetic paraffinic kerosene (BSPK).[14] The 2013 *Annual Industrial Capabilities Report* described the reasoning behind this program, which stressed the importance of energy diversification for the purposes of "energy security and environmental stewardship."[15] While this may be a worthwhile goal, this investment was not relevant to national security to the degree that it justified government investment with dollars appropriated for national defense.

Another example of an inappropriate use of Title III funding was the Obama Administration's 2012 initiative to advance the production of biofuel. Similar to the BSPK project, the Administration touted the need for energy security and environmental consciousness.[16] In total, the Advanced Drop-In Biofuel Production Project, as it was named in the 2014 *Annual Industrial Capabilities Report,* was allotted a whopping $230.5 million of Title III funding. This project was marketed to support Naval operations by providing a diverse production of domestic energy. Following a 1980 amendment that "authorize[d] the President's purchase of synthetic fuels for national

defense," the DPA does allow investment in domestic biofuel energy.[17] However, President Barack Obama's use of Title III to further this non-defense project diverted Title III funding from the defense industrial base. The overly broad definition of national defense allowed President Obama to advance an environmental agenda by packaging it as a national security issue.

The issue of exploiting the DPA for non-defense reasons transcends Administrations; reports surfaced in mid-2018 that the Trump Administration was considering invoking the act to keep domestic coalmines in operation. A White House memo claimed that "federal action is necessary to stop the further premature retirements of fuel-secure generation capacity."[18] While President Donald Trump ultimately did not follow through with his proposal, this move shows how easy it would have been to misuse the powers of the act to promote a non-defense-related agenda.[19] The DPA should not be used to further any form of a "Buy American" agenda; that is not the goal of the act. Rather, its authorities are there to step in where there is a domestic capacity shortfall for a national security requirement.

Government Involvement in the Industrial Base Must Be Based on National Security

The avenues in which DPA authorities are used should be limited to those that constitute real vulnerabilities in the defense industrial base. These weaknesses often appear when an industry partner can no longer economically produce a key component of a defense system. This leaves the industrial base with a single source capable of producing this component, and potentially without any sources. Unlike the commercial market, the defense industry often has only one customer: the federal government. Therefore, if there has been a recent dip in procurement of a particular good, the producer has no incentive to continue producing.

This concept was recently illustrated by reports that the DOD may soon be limited to a single supplier for submarine missile tubes, should BWX Technologies stop producing. (The company is reportedly struggling to generate a profit from missile tubes.)[20] BWX's president and CEO, Rex Geveden, has said that his company will have to consider reallocating its industrial capacity to sectors that can make a profit if the company does not receive more orders for continuous production. If BWX were to leave the missile-tube-making business, that particular component would become yet another casualty of the Budget Control Act, and an overall under-investment in national defense that has already left many suppliers of critical defense components as single suppliers. According to its original purpose,

the DPA is intended to hedge against this type of industrial shortfall. While it is too early to analyze whether the use of the DPA is necessary in this case, it highlights the potential benefit the DPA's authorities can bring to the table when utilized with discernment.

The report on Executive Order 13806, *Assessing and Strengthening the Manufacturing and Defense Industrial Base*, provides target areas for potential DPA attention based on research-based analysis of the industrial base. The report identifies industries currently plagued by single sources, fragile suppliers, foreign dependence, and other such risks.[21] To date, 14 Presidential Determinations have been issued in FY 2019 that focus on addressing strategic industrial base risks identified in the report. These determinations have indicated that materials, such as sonobouys, lithium seawater batteries, and critical chemicals for missiles and munitions, are in need of Title III project funding to help mitigate the imminent risks in those industries.[22] Title III projects should have clear ties to identified shortfalls of domestic capacity, such as those identified in the report. Infusion of federal investment into the private sector on behalf of the DPA must be accompanied by a narrow focus and a fact-based analysis of how it will contribute to national defense.

Missing Loan Mechanisms. Among the authorities under Title III are direct loans and loan guarantees. These federally backed loans and direct loans to private companies are intended to mitigate current or projected shortfalls of resources that are essential for national defense.[23] However, this authority imposes a number of restrictions on the executive branch before loans may be made. In 1974, the DPA's borrowing authority was replaced by a requirement for an appropriation.[24] The 2009 reauthorization of the DPA granted loan authorities under only two conditions.[25] One condition is that there must be advance budget authority for the cost, the other being that there must be a limitation on the amount guaranteed. These restrictions require that the budget authority for direct loans and loan guarantees be specifically included in appropriations passed by Congress and enacted by the President.[26] Issuing loans, in addition to grants, would be a more cost-efficient means to stimulate the industrial base.

Lack of Transparency. One area of necessary improvement is to increase public information on Title III projects. The American people are justified in understanding how their taxes are being spent, and the government can then better determine whether it is making appropriate decisions. Enabling public information regarding Title III projects will help ensure that this presidential authority is not being used for pet projects outside the scope of national security.

To be sure, it is appropriate to deny adversaries detailed military information on U.S. vulnerabilities. It is critical that the government protect sensitive military information, especially in today's operating environment in which information can often be the most powerful weapon. However, the disclosure of information regarding Title III projects does not necessarily compromise the security of our industrial base. The common argument is that in the age of economic aggression, drawing attention to weakness in the U.S. domestic industrial base offers a strategic advantage to adversaries.

However, Title III reporting is not the only source of information regarding the status of the industrial base. The report on Executive Order 13806 lays out a plethora of weakness in the industrial base and points to specific industries that are struggling to support national defense. Perhaps this report could serve as a basis for what should be included in Title III reporting. In an effort to balance sensitive information with transparency, Title III projects could be summarized in a way that does not compromise the integrity of the project. Transparency in Title III reporting would serve a useful purpose by preventing the use of Title III funds for non-defense-related purposes.

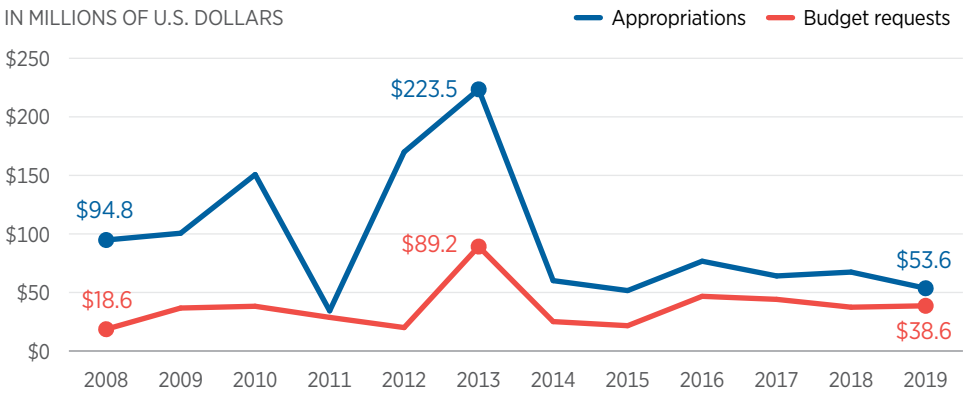
The 2009 reauthorization of the DPA established the Defense Production Act Committee (DPAC), which at one time, served as the comprehensive reporting and advising agency for DPA activities. The DPAC was initially required to report on the full range of DPA authorities.[27] However, when the act was reauthorized in 2014, the requirements for reporting were limited to those pertaining to Title I authorities. Limiting the DPAC's reporting requirements has decreased its value, and subsequently led to a lack of transparency.

The *Annual Industrial Capabilities Reports*, released by the DOD's Office for Industrial Policy, do include a full report of Title III projects. However, as of FY 2016, this portion of the report has been considered "for official use only" and is unavailable to the public.[28] The DPA is a powerful tool that can contribute considerably to the health of the industrial base. However, its strengths can also be its greatest weaknesses, as a lack of transparency and cohesion about its implementation can quickly result in a pervasion of its services.

Without regular reporting on Title III projects, it is difficult, if not impossible, to maintain an adequate level of accountability regarding a project's correlation to national security. As it stands today, the pendulum has swung too far toward protecting information, and the public has been left without information on how taxpayer dollars are contributing to increasing the strength of the industrial base. It is crucial that Title III not be used for

CHART 1

Defense Production Act Appropriations Consistently Outpace Budget Requests



NOTE: Budget requests occur within the Department of Defense budget.
SOURCES: Under Secretary of Defense, Congress.gov, Government Publishing Office, and U.S. Copyright Office. See the appendix for details.

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congressionally "earmarked" projects as it was in the 1970s, or for presidential pet projects as it has been done in more recent years.

Lack of Funding. Currently, there is a considerable difference in what is needed to fill critical industrial base shortfalls and the amount appropriated for such projects. In order to carry out what are often capital-intensive projects, DPA funding will need to significantly increase in the coming appropriations budgets. The issue is twofold: (1) The DOD must be willing to request sufficient funding for Title III projects in its annual President's Budget requests, rather than relying on Congress to provide additional funding, and (2) the current cap on DPA appropriations may limit the execution of Title III programs that are necessary to expand the capacity and supply of the domestic industrial base.

In recent years, all appropriations to the DPA Fund have come from DOD appropriation acts, however, the DOD's requests are quite low in relation to the industrial capacity vulnerabilities highlighted in the report on Executive Order 13806. The FY 2020 DOD budget requested $34.39 million in funding for DPA purchases.[29] In the greater context of defense budgeting, this is a trivial number, especially considering the kind of money that industrial-base projects often require in order to move the needle. This new era of great power competition calls for a renewed focus on U.S. industrial-base

capacity, which cannot be strengthened without a greater willingness from both the legislative and executive branches to devote the necessary funding.

Title VII of the DPA contains the authorizations for appropriations for the DPA. Prior to FY 2015, "such sums as necessary" were authorized for appropriation.[30] However, this was amended in the 2014 reauthorization, which placed a $133 million cap per fiscal year on the appropriations authorization. In FY 2010, FY 2012, and FY 2013, DPA appropriations far surpassed the forthcoming $133 million cap, signifying the need for a larger overall budget for the DPA. The Senate's version of the 2020 National Defense Authorization Act currently includes an amendment that would temporarily increase the cap to $250 million through 2024, when it would again be reduced to $133 million.[31]

Title III Program Inefficiencies. The Pentagon is currently working to shorten the time between identification of an industrial-base vulnerability and when Title III funding is applied (if that is the appropriate response). Many weapons systems feature complex supply chains, meaning that one issue early on can cause an exponential amount of setbacks further down the road. Delays in programs equate to warfighters without adequate capabilities or the capacity to engage properly. Therefore, timely funding is crucial to the success of projects and the health of the industrial base.

One issue that plagues Title III project execution is that there is not always agreement between the services and the DOD's Title III office of industrial base needs. Often, the DOD's Industrial Policy office, which manages Title III projects, becomes aware of issues before service leaders do. This causes asymmetric information between the Office of the Secretary of Defense and the individual military services. In many cases, when the services are approached by the Title III office with a solution, they do not realize there was a problem in the first place. Sourcing industrial needs internally within each service and then applying for Title III funding would help to streamline the communication of needs. This would also aid the DOD's Title III office in being able to match identified needs and commercial capability with its funding.

Another obstacle to Title III program execution is bureaucracy. Prior to the execution of a contract with Title III funding, the President must sign a presidential determination that qualifies the resource in question for Title III resources.[32] Before arriving at the White House, it must first be signed by the Undersecretary for Acquisition and Sustainment, the Undersecretary of Defense, and the Secretary of Defense. Since there is no time sensitivity officially associated with the determination, it may take months for a presidential determination to transit the process. Without a codified timeline for these determinations, industrial base vulnerabilities will continue and perhaps worsen.

Committee Jurisdiction. Of the seven original titles within the DPA, only three are still in effect today. The four that have since lapsed included authorities pertaining to price and wage fixing, requisitioning, and other economic controls. The act currently falls under the oversight of the House Committee on Financial Services and Senate Committee on Banking, Housing, and Urban Affairs, which might have been appropriate when the emphasis was more economic and financial in nature, but that has shifted over time. These committees are not adequately informed of industrial base shortfalls and cannot provide the best oversight for the DPA. Instead, the law should be under the oversight of the Armed Services Committees.

Recommendations for Congress and the Administration

The DPA can be a compelling mechanism to stimulate industrial-base growth and support defense modernization, two keys to this era of great power competition. The U.S. must ensure a secure defense industrial base as it responds to the National Defense Strategy's direction to prepare for great power competition. As a free market society, the U.S. has a unique advantage that many other countries lack in their industrial base. Improvements to how the DPA is implemented would certainly put the domestic industrial base on the right track to collaborate with industry in order to provide for the strongest national defense possible. There are a number of things that can be done to ensure that the DPA is able to contribute constructively to the support of the industrial base.

Congress should:

- **Remove "emergency preparedness" from the definition of national defense.** The focal point of the DPA is cemented in its title: defense. Using DPA authorities for emergency preparedness purposes detracts from national defense and oversteps its intent to mitigate risks in the industrial base for national security. Further, it wades into dangerous territory by potentially offering too much power to the government over the market in areas where market participants would feasibly step in on its own. The defense industry is unique because its only customer is the U.S. government, thus it requires special attention. However, emergency preparedness can often be facilitated without federal assistance. The DPA was not intended to be used as a magic wand when natural disasters strike, nor for other national emergencies.

- **Appropriate more funding to address industrial base weaknesses.** Title III is a productive mechanism to stimulate the industrial base where it applies to national defense. Yet in order to do so, the Title III fund must be ready to offer grants for projects for which shortfalls have been identified. Over the past decade, appropriations to the fund have been inconsistent, which limits the amount of strategic planning for offices that are authorized to receive Title III funding. Congress must provide consistent and adequate appropriations for the fund to secure the stability of the domestic industrial base and enable industry to equip our warfighters. Without sufficient funding, the industrial base will continue to develop more holes that lead to significant imbalances in U.S. military strength.

- **Provide a mechanism to permit the use of loan authorities.** Congressional action is required in order to authorize the use of Section 301 and 302 loan authorities. To date, no appropriations act has included the provision necessary to invoke the loan authorities. Congress should include the necessary provisions to authorize the use of the DPA Fund for loans. The ability to issue direct loans and back private loans would allow the government to support the industrial base in a cost-effective manner. The DPA's loan authorities are a potentially valuable tool that would allow the President to ensure the availability of critical materials to the defense industrial base.

- **Move legislative jurisdiction to the Armed Services Committees.** The DPA's current committee jurisdictions are no longer appropriate for oversight purposes and should be moved to the respective Armed Services Committees. Many of the DPA's original authorities concerned economic controls, which is part of the justification for its current committee jurisdiction. However, the titles that have since been terminated were those most pertinent to economic measures. The Rules of the Senate lists the matters that are under the jurisdiction of the Armed Services Committee, one of which is "strategic and critical materials necessary for the common defense."[33] Further, the House's rules include both "strategic and critical materials necessary for the common defense" and, more specifically, "financial assistance for the construction and operation of vessels, maintenance of the U.S. shipbuilding and ship repair industrial base."[34] Both congressional bodies have indicated through these rules that the Armed Services Committees should provide oversight

on the defense industrial base. DPA oversight today would be best maintained by the Armed Services Committees, which are the most aware of industrial base needs.

The Administration should:

- **Approve only those Title III projects that are focused on national security.** According to the definition of national defense in the DPA, its authorities can be used for additional projects with non-defense-related purposes. Energy production, construction, critical infrastructure protection, and restoration, which can support national defense, should be beyond the scope of the DPA. Federal grants through Title III should tie directly to identified weaknesses in the domestic industrial base. Each Title III project should be required to present a fact-based analysis of how the potential project would fill a defense industrial base shortfall. The report on Executive Order 13806 provides a useful framework to evaluate whether a project would fulfill a gap in the industrial base. The DPA should only be used to secure the industrial base and ensure the timely production and delivery of military weapons systems and components. History has shown that the DPA is subject to abuse by politicians who are tempted to conflate national defense with their own agendas.

- **Improve the speed of execution for Title III projects and streamline the process from presidential determination to execution.** The defense industry has long production lines and complex supply chains, which means that eliminating gaps as quickly as possible is critical. A modernization program can easily get off course if a subcomponent is not available when the need arises. The current system is layered with bureaucracy, which slows down the time from a presidential determination for a Title III project to execution. Projects must be processed in a timely and efficient manner to ensure that the material is being delivered at the speed of relevance.

- **Increase transparency for projects carried out under Title III.** Since 2015, detailed information about Title III projects has "for official use only." This limitation was likely due to the fact that the government did not want to point out U.S. industrial base weaknesses to adversaries. Still, there are ways to control information flow while still being transparent about Title III projects. Better

reporting on how the Title III fund is being used is necessary to ensure that it is being used for national defense and is not incited for specific political purposes.

- **Request more money for DPA purchases.** With an authorized budget of $133 million per fiscal year, there is significant room for growth in the DOD's portion of the presidential budget request, considering that is has averaged $40.2 million over the past five years. The weaknesses in the industrial base are becoming more apparent every day. Without additional funding, companies will continue to be forced to shut their doors, leaving considerable gaps in supply chains and diminishing U.S. capabilities and advantages.

Loss of the Defense Industrial Base Is Not an Option

The DPA has proven to be a successful tool to support national security by eliminating vulnerabilities in the defense industrial base. These vulnerabilities—whether single sources, fragile suppliers, material shortages, or foreign dependence—have the potential to be detrimental to military operations and objectives. It is important that the U.S. recognize both the strengths and the weaknesses of the DPA in order to improve its effectiveness.

The time to pay attention to the gaps in the domestic industrial base is not after the need becomes so acute that proper weapons systems are not being delivered to the warfighter. There is no better time than the present to take proactive steps to enhance the effectiveness of the DPA. The industrial base is fundamental to U.S. military strength, and the U.S. cannot afford to let it erode.

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Appendix

14 Presidential Determinations Related to Section 303 of the Defense Production Act for FY 2019

Source. Executive Office of the President, "Presidential Determination Pursuant to Section 303 of the Defense Production Act of 1950, as Amended," Nos. 2019-2, 2019-3, 2019-7 to 2019-11, 2019-13, and 2019-15 to 2019-20, *Federal Register*, Vol. 84, No. 143 (July 25, 2019), pp. 35965 et seq., https://www.federalregister.gov/documents/2019/07/25/2019-15994/presidential-determination-pursuant-to-section-303-of-the-defense-production-act-of-1950-as-amended (accessed October 8, 2019).

1. No. 2019-15: F135 Integrally Bladed Rotors
2. No. 2019-16: Heavy Rare Earth Elements
3. No. 2019-17: Light Rare Earth Elements
4. No. 2019-18: Rare Earth Metals and Alloys
5. No. 2019-19: Neodymium Iron Boron Rare Earth Sintered Material and Permanent Magnets
6. No. 2019-20: Samarium Cobalt Earth Permanent Magnets
7. No. 2019-13: Small Unmanned Aerial Systems
8. No. 2019-11: AN/SSQ Series Sonobuoys
9. No. 2019-07: Chemicals in Munitions
10. No. 2019-08: Energetic Materials for Munitions
11. No. 2019-09: Inert Materials for Munitions
12. No. 2019-10: Precursor Materials for Munitions
13. No. 2019-02: Alane Fuel Cells
14. No. 2019-03: Lithium Sea-Water Batteries

Sources for Chart 1

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