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U.S. Rep. Gallagher: Releases final report on defense critical supply chain

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WASHINGTON, D.C. – Reps. Mike Gallagher (R-WI) and Elissa Slotkin (D-MI), co-chairs of the Defense Critical Supply Chain Task Force, today released their final report, findings, and recommendations following a months-long review of supply chain threats and vulnerabilities.

The Task Force, created in March of this year, was established to review the industrial base supply chain after the COVID-19 pandemic exposed the degree to which weakened U.S. supply chains pose a risk to our economic and national security. The Task Force focused on defense supply chains, the defense industrial base, and the ways that our defense supply chains were prepared to respond to supply shocks so adversaries like China cannot weaponize supply chain vulnerabilities.

“Throughout the pandemic, U.S. adversaries like China weaponized supply chain vulnerabilities in a way that threatened Americans’ health and security. Our Defense Critical Supply Chain faces similar weaknesses that, if exploited, would impair our ability to compete with our adversaries and respond to crises,” said Rep. Gallagher. “This problem will not age well. This report makes concrete recommendations that help mitigate these risks, enhance our resilience, and better secure our defense supply chain. It’s critical we take action before it’s too late, and I look forward to continue working with Rep. Slotkin and Task Force members to ensure these recommendations become law in the months ahead.”

“Last year, we all saw how the shortages of PPE cost American lives. We struggled to get things like masks and gloves for our healthcare workers, and it was obvious that our supply chains had failed,” said Rep. Slotkin. “It was so clear we could never let that happen again, especially on items that are directly connected to our national security. That’s exactly why we launched this Task Force — not just to draft

a report, but to write actual legislation to address vulnerabilities in our defense supply chains and make sure our military is protected from supply chain shocks down the road. We've come up with a strong set of proposals that will help minimize our reliance on foreign suppliers – particularly China – and prevent future shortages. Now that the legislative proposals are out, I'm eager to get to work adding these to the NDAA."

In addition to Reps. Gallagher and Slotkin, the Task Force included Reps. Donald Norcross (D-NJ), Don Bacon (R-NE), Chrissy Houlahan (D-PA), Michael Waltz (R-FL), Mikie Sherrill (D-NJ), and Stephanie Bice (R-OK).

The Task Force made the security of our supply chain a legislative priority, and to provided specific, legislative proposals to mitigate risk in the short-term instead of waiting for another crisis. Notably, the final report recommends:

- DOD must treat supply chain security as a defense strategic priority. Although DOD conducts assessments for critical supplies and is required by section 2509 of title 10, United States Code, to establish a framework to mitigate risk in the acquisition process, it lacks a comprehensive strategy for the entire supply chain across the Department and the services. The Task Force recommends a statutory requirement for a Department-wide risk assessment strategy and system for continuous monitoring, assessing, and mitigating risk in the defense supply chain.
- DOD must have visibility on the defense supply chain to understand its vulnerabilities and develop risk mitigation strategies. Commercially available tools are used by some in industry and certain military service-level acquisition programs, but the Department should not rely solely on industry to provide the information. The Task Force recommends a statutory requirement for the Department to employ commercially available tools to map the defense supply chain within one year of enactment.
- DOD (and the United States more broadly) needs to reduce reliance on adversaries for resources and manufacturing. The defense supply chain presents a national security risk: a significant amount of material in the Defense Industrial Base is sole-sourced from the People's Republic of China. With the requirement for a strategic framework and illuminating the supply chain, the Department must use this information to work with industry, allies, and partner nations to lessen the reliance on the People's Republic of China. The Task Force recommends a statutory requirement to identify supplies and materials for major end items that come from adversarial nations and implement a plan to reduce reliance on those nations.
- DOD must use its influence to facilitate workforce improvement by creating a

productive partnership between the Department, industry, education partners, labor, and other federal and local entities. The decline in manufacturing in the United States has also resulted in a decline in demand for certain trade skills. Not only has the number of skilled workers in the trade and manufacturing industries declined, so too has the availability of education and training opportunities, to develop those skills. The Department must work with industry, education partners, labor, other federal and local entities to incentivize and increase the education and training of the workforce. Without this effort and the resulting increase in manufacturing capability and capacity, resiliency-building in the supply chain will falter. The Task Force recommends a statutory requirement for DOD to establish a coalition among industry groups representing defense industrial base contractors, education partners, organizations providing workforce training and development, and other federal partners to focus on career development within manufacturing fields and other areas necessary to secure critical supply chains. The goal of the coalition shall be to (1) raise the profile of valued expertise in skilled trades, (2) share experiences of successful partnerships with local educational institutions to create hiring pipelines, (3) encourage opportunities for donating used technology to educational institutions for use in training the future industrial base workforce, and (4) to develop relationships with state, local, and non-profit training and educational institutions to create programs to address specific regional and national workforce needs.

- DOD should strengthen the ability to leverage close ally and partner capabilities through the National Technology and Industrial Base (NTIB). The NTIB is an underutilized forum and should be leveraged to shape policy and partnerships with allies. To reduce reliance on adversaries and expand partnerships, the NTIB will need to help shape global policy. The Task Force recommends updating statutory authority to emphasize the value of a broad collaboration with the NTIB allies beyond acquisition, to strengthen the alliance; directing the NTIB Council to identify particular policies and regulations that could be expanded to the NTIB allies, in order to use the NTIB as a test bed for closer international cooperation and supply chain resiliency; and authorizing an NTIB “International Council” to harmonize industrial base and supply chain security policies. The NTIB countries and other close allies and partners undoubtedly face similar challenges with over-reliance on Chinese and Russian suppliers. Effective policy to reduce the associated supply chain vulnerabilities requires meaningful, sustained dialogue and collaboration. Accordingly, the Task Force encourages the Department’s leaders to prioritize

supply chain security policy in bilateral and multilateral discussions.

- DOD should deploy the full range of American innovation to secure the supply chains involving rare earth elements. This includes diversifying the source of rare earths, minimizing dependence on sources and processes in the People's Republic of China, seeking global solutions by seeking agreements and collaboration with allies and partners, and increasing relevant capability in the United States. Developing alternative technologies and methods for extraction, processing, and recycling in support of diversification is critical. The Task Force notes research and development is funded by the Department of Energy and Department of Interior and recommends a requirement for the Secretary of Defense to coordinate with both the Secretaries of Energy and Interior to ensure research and development includes the DOD's interest.

The full report – including detailed findings and recommendations – can be found here.