Defense Industrial Base Report Delivered to President

ARLINGTON, Va. — Deputy Secretary of Defense Pat Shanahan, on behalf of Secretary of Defense James Mattis, presented a report, "Assessing and Strengthening the Manufacturing and Defense Industrial Base and Supply Chain Resiliency of the United States," to President Donald J. Trump Oct. 5, pursuant to Executive Order 13806, the Department of Defense (DoD)said in a release.

Trump directed Mattis to lead a whole-of-government effort to identify and assess risks in the manufacturing and defense industrial base. Based on this review, the secretary made recommendations to the president to ensure a robust, resilient, secure, and ready manufacturing and defense industrial base.

The recommendations outlined in the report reflect the administration's commitment to securing the industrial capabilities of the United States. The action that followed the president's Executive Order included a multi-agency risk assessment of the industrial base of the United States, which involved experts from the DoD; Commerce, Labor, Energy and Homeland Security departments; and other agencies and offices.

The report provides recommendations to address immediate risks identified in the manufacturing and defense industrial base and initiates follow-on efforts to create a strategy for building this base for next-generation technologies.

The assessment identified:
■ Five macro forces shaping industrial base-wide trends and causing a deterioration in U.S. capabilities;
■ Ten risk archetypes resulting from the macro forces, each of which contribute to insecurity in DoD's supply chain;

■ Over 280 impacts across sectors, acutely affecting the vitality and resiliency of the industrial base.

Major findings include:
■ Macro forces have led to impacts primarily in the sub-tiers of the defense supply chain;
■ A surprising level of foreign dependence on competitor nations exists;
■ Workforce challenges face employers across all sectors; and
■ Many sectors continue to move critical capabilities offshore in pursuit of competitive pricing and access to foreign markets.

In addition to the ongoing reform efforts, the DoD-led Interagency Task Force created a set of recommendations, which are organized by the secretary, with DoD's recommendations provided in a classified Action Plan. In summary, the recommendations propose:
■ Creating an industrial policy in support of national security efforts, as outlined in the National Defense Strategy, to inform current and future acquisition practices;
■ Expanding direct investment in the lower tier of the industrial base through DoD's Defense Production Act Title III, Manufacturing Technology, and Industrial Base Analysis and Sustainment programs to address critical bottlenecks, support fragile suppliers and mitigate single points-of-failure;
■ Diversifying away from complete dependency on sources of supply in politically unstable countries who may cut off U.S. access. Diversification strategies may include re-engineering, expanded use of the National Defense Stockpile program or qualification of new suppliers;
■ Working with allies and partners on joint industrial base challenges through the National Technology Industrial Base and similar structures;
■ Modernizing the organic industrial base to ensure its readiness to sustain fleets and meet contingency surge

requirements;
■ Accelerating workforce development efforts to grow domestic science, technology, engineering, mathematics (STEM), and critical trade skills;
■ Reducing the personnel security clearance backlog through more efficient processes; and
■ Further enhancing efforts to explore next-generation technology for future threats.

“A challenge this large demands a multifaceted approach,” the report states. “Therefore, the classified Action Plan also includes direction for DoD to conduct a comprehensive study on the industrial base requirements needed to support force modernization efforts, specifically focused on the technologies necessary to win the future fight.”

The report can be found at http://defense.gov/StrengtheningDefenseIndustrialBase.