

United States Senate

WASHINGTON, DC 20510

June 7, 2010

The Honorable Daniel Inouye
Chairman
Subcommittee on Defense
Senate Appropriations Committee
Senate Dirksen Office Building, Room 122
Washington, DC 20510

The Honorable Thad Cochran
Vice Chairman
Subcommittee on Defense
Senate Appropriations Committee
Senate Dirksen Office Building, Room 122
Washington, DC 20510

Dear Chairman Inouye and Vice Chairman Cochran:

As the Committee begins its consideration of the Fiscal Year 2011 Defense Appropriations Bill, we respectfully request that you support additional appropriations for Defense Production Act (DPA) Title III activities.

The primary purpose of DPA Title III activities is to “create, expand, or restore domestic industrial base capabilities,” which help strengthen important segments of our manufacturing base. Bolstering Congress’ commitment to this mission would help satisfy one of the Department of Defense’s key objectives identified in the 2010 Quadrennial Defense Review. As the QDR states, “Remedying the outdated—for decades, largely hands-off—attitude toward the U.S. defense industrial base cannot be done quickly, and change will require a long-term approach undertaken in partnership with industry and Congress.” The QDR continues, “The range of products and services on which our forces depend requires that the Department develop a more sophisticated relationship with the industrial base, one that takes into account the rapid evolution of commercial technology as well as the unique requirements of the Department.”

Title III empowers the Department to do just that, leveraging commercial industries to provide our government with improved quality of materials, increased supply levels, and reduced overall costs. Moreover, these projects not only increase the competitiveness and future sales of U.S. manufacturers, but reduce our dependency on foreign sources of supply for critical materials and technologies. In short, these projects help us to adapt to the ever changing security challenges of the 21st Century, whether they are conventional military threats, terrorist attacks, energy shortages, or other unforeseen dangers.

Opportunities abound for new Title III projects, but current funding is limited to approximately \$150 million annually. **We propose an additional appropriation of \$440 million to cover the cost of \$300 million in additional Title III purchase contracts and up to \$700 million in Title III loans and loan guarantees to expand and improve U.S. manufacturing capabilities to support national defense and homeland security requirements.**

Certainly, we are troubled by the consequences of frozen credit markets for our economy and U.S. manufacturing, overall. But these concerns are particularly amplified in cases involving industries vital to our national defense. At a time of heightened security concern, we simply cannot afford for critical sectors of our industrial base to atrophy any further.

In sum, every effort must be taken to reinvigorate our manufacturing base to address our nation's industrial shortfalls in order to preserve our national security and restore U.S. competitiveness. Providing increased DPA Title III funds would be an important step toward achieving these objectives.

We appreciate your consideration of our request.

Sincerely,

Chris Dodd

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Dianne Feinstein

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John F. Kerry

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