

United States Senate

WASHINGTON, DC 20510

April 9, 2020

The President
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear Mr. President:

As you continue to lead our nation through an unprecedented crisis, we write to express our concern about growing threats to our nation's defense industrial base that require aggressive vigilance and timely action from the federal government fully informed by the input and advice of the Department of Defense, Department of the Treasury, and the Department of State.

We commend the actions you have already taken to combat the coronavirus pandemic. We are committed to working with your administration to ensure the American people remain safe and the American economy remains strong. But, at the same time, we must not forget that this pandemic—with all the ramifications it has for our security and prosperity—is taking place in the context of great power competition. Our adversaries will not hesitate to capitalize on this crisis at the expense of the United States. We must not allow this to happen. We ask that you remain especially vigilant against this threat at this dynamic and uncertain time.

The stark reality is this: our adversaries are waging economic and financial warfare against us every day, and have specifically identified this crisis as an opportunity to insinuate themselves further into our capital markets—undermining our security and stealing our technology. There is clear and compelling evidence that our competitors see this as an opportunity to enhance their strategic position in key industries while other nations are paralyzed by the coronavirus pandemic. Specifically, the Chinese Communist Party and its vast political-industrial apparatus will undoubtedly prey upon cash-strapped American companies during this crisis.

We commend your invocation of the Defense Production Act Title III program, and strongly support your use of all available national emergency powers and standing authorities to bolster and protect our strategic industries. It is not only the giants of the defense industrial base who need our immediate assistance. We must act—and act now—to shore up the entirety of the strategic supply chain so critical to our national security systems and platforms. This includes ensuring timely access to U.S. and benign foreign investment that is critical to stabilizing and sustaining the small, innovative, high-tech companies that supply our prime large- and mid-tier defense contractors. As cash flow becomes ever more constrained, these smaller companies may soon find themselves at a dangerous inflection point, at which funding from our adversaries could present the only perceived option for survival. We must not allow this to occur.

First, we believe the nation will be best served if our small businesses never feel pressure to accept investment from our adversaries to begin with. The Department of Defense has

established a sound process and open lines of communication with industry to identify the businesses—large and small—in need of our help. We respectfully encourage you to solicit advice and feedback from the Secretary of Defense, including his Undersecretary of Defense for Acquisition and Sustainment, to ensure we are prepared, if necessary, to augment the authorities and resources that maintain and protect U.S. defense industrial base capabilities.

Second, the Committee on Foreign Investment in the United States (CFIUS), as strengthened by the *Foreign Investment Risk Review Modernization Act of 2018*, provides opportunities to negate adversarial investment in our industrial base. We encourage you to continue to aggressively use the CFIUS authorities to scrutinize any transaction or investment by People's Republic of China (PRC) state-owned or private enterprises that could threaten or undermine the national security of the United States, including any transactions involving nascent technological capabilities with likely national security applications. CFIUS must continue to remain adequately resourced to conduct reviews of these types of transactions as necessary to protect our national security. We encourage you to consult with the Secretary of the Treasury, as chair of CFIUS, to ensure that we are prepared to address any investment security threats.

Third, U.S. allies and partners also play an essential role in protecting U.S. national security. Many U.S. and allied supply chains are integrated, which can present a soft target for malign activities. We encourage you and the Secretary of State to raise this issue with our allies, share important intelligence and other information, and provide technical support as may be necessary to protect our supply chains and our national security.

We stand ready to support any additional authorities you believe require Congressional authorization.

We look forward to continuing to work with you to ensure the freedom and prosperity of our great nation.

Senators signing this letter virtually are: James M. Inhofe, Mike Crapo, John Cornyn, Lindsey Graham, Roger F. Wicker, James E. Risch, Deb Fischer, Tom Cotton, M. Michael Rounds, David Perdue, Thom Tillis, Joni K. Ernst, Dan Sullivan, Marsha Blackburn, Kevin Cramer, Martha McSally, Josh Hawley, and Rick Scott.