

**Opening Statement for Mr. Jeffrey Frankston  
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**House Financial Services Committee Field Hearing  
“Securing the Supply Chain: The Defense Production Act in Focus”**

**1000, Wednesday, August 13, 2025**

Chairman Hill, Ranking Member Waters, and Members of the Committee -- Good morning.

Thank you for the opportunity to speak with you today on the critical role the Defense Production Act (DPA) plays in ensuring the United States maintains the industrial strength needed to support the interim National Defense Strategic Guidance and sustain its competitive edge. The DPA is not a Cold War relic. It is a vital statutory tool, one that enables the Department to (1) identify and respond to industrial shortfalls, (2) reinforce supply chain integrity and resilience, and (3) accelerate production in support of urgent operational needs.

In an era where geopolitical competition is intensifying, particularly from China, industrial capacity remains a determinant of deterrence. We continue to see challenges that test our industrial resilience. We have seen renewed cyberattacks targeting U.S. aerospace and shipbuilding firms, expanded Chinese restrictions on exports of critical minerals, and mounting cost pressures across defense manufacturing. Our shipyards are overburdened. Our munitions suppliers are operating at maximum throughput but still falling short of surge demands.

These disruptions are cumulative and compounding, and they demand more than reactive procurement. They require flexibility and coordination between government and industry. The DPA provides that and more.

Revitalizing the defense industrial base (DIB) is foundational to restoring deterrence and rebuilding our military. Under President Trump and Secretary Hegseth’s leadership, we are executing a deliberate, data-driven strategy to rebuild U.S. defense production capacity and shore up domestic supply chains.

We are leveraging key authorities such as Title III of the DPA to address fragile nodes across priority sectors – like munitions and strategic and critical minerals.

We have reduced barriers to entry to expand participation in the DIB for small businesses and non-traditional vendors. Through Other Transaction Authorities (OTAs), the Commercial Solutions Opening process, and improved acquisition guidance, we are fostering competition and accelerating innovation. These vehicles offer a unique ability to scale the Department's efforts to foster competition and collaboration between the government, traditional businesses, and non-traditional vendors.

Efforts like this are about more than improving industrial capacity – they are part and parcel of ensuring a resilient, responsive, and adequately distributed defense complex capable of both meeting wartime demands and maintaining a credible military posture that effectively deters adversaries.

The DoD uses the DPA every day in our mission to safeguard vital U.S. national interests.

**Title I** authorizes the President to require industry to accept and prioritize contracts and orders to promote the national defense. The Department leverages Title I authorities for priority capabilities, including for long-range fires, integrated missile defense, and replenishment of critical munitions. We are taking active steps to continue to improve the Defense Priorities and Allocations System, including clearer onboarding guidance for new suppliers, rapid internal approval processes, and streamlined compliance mechanisms for small and mid-sized vendors.

**Title III** is a force-multiplier where market dynamics alone are insufficient to ensure our domestic industrial base has the capabilities we need for national defense. In fiscal years 2020-2024, approximately \$2.8 billion was awarded to 194 projects under this program. So far in fiscal year 2025, the program has made awards totaling more than \$336 million. These investments are complemented by \$88 million in total recipient cost shares since the beginning of the fiscal year. They are restoring critical chemical production, expanding domestic manufacturing for solid rocket motors, and establishing secure supply chains for strategic and critical minerals and materials through allied partnerships, among many other outcomes. These investments are also designed to improve economic viability, where sustained demand is critical to maintaining a healthy market and resilient industrial base.

**Title VII** is a key enabler of investment screening and supply chain protection. In terms of screening for foreign adversary investments or benefits, the Department co-leads approximately 60% of all Committee on Foreign Investment in the United States

(CFIUS) reviews and has referred to more than 75 non-notified transactions in the past year. These authorities allow us to identify and prevent adversarial capital from gaining control over sensitive production pathways. The recent expansion of CFIUS review over more real estate sites is a good first step, but we need to build on this foundation. In parallel, we are piloting voluntary agreements that integrate real-time cybersecurity threat intelligence into supplier risk profiles—ensuring that industrial vulnerabilities are mitigated before they reach production lines.

The Department strongly supports full reauthorization of the DPA.

Let me close by underscoring that deterrence is built long before the potential for conflict emerges. It is built in our factories, on our shop floors, and in the continuity of our supply chains. The DPA is how we turn strategic priorities into industrial reality. It is how we ensure that our warfighters are not waiting—for parts, for materials, or for readiness itself.

We appreciate the Committee's leadership and its longstanding commitment to ensuring that industrial strength is national strength. Your support for DPA reauthorization is critical to ensure our collaboration with the Military Services and industry gives our forces the DIB we need to deter, fight, and win. I look forward to your questions and to continued collaboration in this shared mission.