

# Bypassing External Influences - Risk Assessment of US Army's Supply Chains

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The United States (US) Army expresses its concerns over the vulnerabilities of its suppliers and their subcontractors. Although the COVID-19 crisis did not significantly affect the supply chains, the military is still calling to increase assistance for the industry to manage risks and avoid shortages, since most raw materials and processed products necessary for the Army are being imported from China. This dependence can affect the US' security, economy, and the readiness of its military forces within the US and abroad. This Info Flash will tackle the case of the United States' military' supply chains and the necessity of managing risks to bypass external influences.

## **Challenged supply chains**

The Reagan Institute's report « A Manufacturing Renaissance: Bolstering U.S. Production for National Security and Economic Prosperity », released in November 2021, states a warning regarding the US Army's supply chains' vulnerable state. The report points out six challenges: a significant technical skills gap in manufacturing; unsatisfactory productivity gains; inadequate capital investment in manufacturing; an exceedingly fragile supplier ecosystem; insufficient coordination among federal state and local actors; inadequate architecture for international cooperation (Ronald Reagan Institute, 2021). The Institute indicates the necessity of a «manufacturing Renaissance » to guarantee security by competing with Chinese industries. In fact, the US military depends on Pekin's raw materials and processed goods. China is one of the exporting countries of rare-earth metals necessary for producing modern electronic devices and operational equipment (Trevithick, 2020). This dependence and the risks that it may constitute for the US national security and the economy are highlighted by the bipartisan congressional task force of the House Armed Service Committee. The task force report reveals that China used the COVID-19 sanitary crisis to target some of America's defence and healthcare supply chains (House Armed Services Committee, 2021).

## **Equipment dependence**

Logistics and operational military equipment are at the core of a given country's security. However, China's control over the production of several products can be considered a threat to US defence and security. Batteries are essential as they can be found in multiple types of equipment. They are also set to have an increasing role in the future of the military. The US Army, the Marine Corps and the Air Force are introducing electric vehicles, miniature drones or even body-armour cooling systems. All of these logistics are battery-powered. The Chinese authorities have significantly invested in all the stages of the battery supply chain, making China the most significant producer worldwide (Clark, 2021).

Another example that is sparking many concerns is related to semiconductors. For the Secretary of the Army, Ryan D. McCarthy, the disruption of the semiconductors supply chain can negatively affect the future production of modern systems (Lye, 2020). The COVID-19 sanitary crisis has already showcased this concern (Mcleary, 2021). This dependence eventually led to a joint call from the private sector leaders and government officials to strengthen US manufacturing capabilities in crucial sectors, including healthcare and semiconductors supplies. President Joe Biden signed the Infrastructure Investment and Jobs Act in November 2021, a bill that sets trillions of dollars of assistance for the United States' infrastructures, manufacturing and upskilling of the workforce. The adoption of this bill can be relevant for the US to depend less on Chinese imports in the long term (Williams, 2021).

Furthermore, according to Timothy Goddette, the Deputy Assistant Secretary of the Army for acquisition, logistics and technology, the military will issue guidance to prevent supply chains risks. In addition, the US authorities are working on strengthening the cybersecurity defence of the country's industrial base, which comprises up to 300,000 companies, through the Cybersecurity maturity model certification (Eversden, 2022).

### **Recommendation to bypass external influences and disruption**

The report « A Manufacturing Renaissance » proposes four recommendations to avoid the disruption of military supply chains. Its first recommendation suggests, « to scale up workforce development programs to credential more workers for high-demand trades and accelerate the U.S. manufacturing renaissance ». This entails significant investments in the field of manufacturing. Secondly, it invites to « stand up a public-private capability to finance investments in domestic manufacturing sectors critical to national security ». The report invites to focus more on prominent sectors in the national security, such as aircraft, defence equipment, general machinery, and pharmaceuticals. The third recommendation emphasises « modernization of the Defense Production Act for 21st Century », which would allow reaching solutions for critical manufacturing facilities. The report ends by putting forward the necessity of the « establishment of a new forum of G7 with the quad countries to coordinate on geoeconomic issues » (Ronald Reagan Institute, 2021).

To effectively measure the progress of the implementation of these recommendations, the Institute suggests attracting two million workers into strategic manufacturing sectors, enhancing growth in major industries by 3.9 per cent, investing \$100 billion annually in relevant capabilities, and deepening cooperation on geoeconomic questions with major democratic countries by 2030 (Ronald Reagan Institute, 2021).

To conclude, this Info Flash highlighted the need for the US to protect its military supply chains from any shortages, given China's dominance in the production of military operational devices. To avoid disruption of supply chains, the Army is preparing the publication of guidelines to prevent the risks through appropriate management.

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