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***The Best Defense ... with a Focus on  
Strategic and Critical Non-fuel  
Materials***

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**A Presentation to  
The 2012 TREM Conference  
March 13-14, 2012  
The Ritz-Carlton, Pentagon City, VA  
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Alexandria, VA**

# *A Little Background*

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- Institute for Defense Analyses (IDA) is a DOD Federally Funded Research and Development Firm (FFRDC)
  - Chartered By DOD but not part of U.S. Government (USG)
  - Works exclusively for USG
  - Conducts studies and analyses at all levels of classification for Secretary of Defense, Chairman of the Joint Chiefs of Staff, Combatant Commanders, other parts of the U.S. National Security organization (e.g., NSC, DHS, CIA, NSA, ODNI, FBI)
  - Has been conducting assessments (short and longer term) for DOD for 50+ years
  - A not-for-profit organization
  - Assessments include: weapon system evaluations, program evaluations, strategy and risk assessments, force option analyses, cost analyses, intelligence assessments, Cyber-analyses, technology analyses, strategic and critical materials analyses
  - Work closely with defense firms in many of our studies; handle and protect proprietary data and judgments
- IDA headquarters in Alexandria, VA; other locations in D.C, CA, NJ, MD
- My background is in international relations, politics and economics, strategy and risk assessments, emergency preparedness, strategic and critical materials
- Views expressed here today are my own

# ***U.S. Facing a Variety of Significant Security Challenges in Years Ahead***

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- Terrorism
- Nuclear proliferation
- Rogue powers
- Rising powers
- Cyber challenges
- Resource/supply chain challenges
- Economic and budgetary challenges

# ***Defense Capabilities – Caught in the Middle of a Larger (Deficit) Debate***

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“We will be taking on **some level of additional but acceptable risk in the budget plan** we release next month,” [but sequestration] “would force us to shed missions, commitments, and capabilities necessary to protect **core U.S. national security interests**, resulting in a demoralized and hollow force.”

**Secretary of Defense Leon Panetta, January 2012**

# *U.S. Manufacturing and Supply Chains Face Challenges in the Years Ahead*

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- U.S. has lost a significant fraction of its manufacturing jobs over the last decade – about 1/3
- Supply chains for a number of defense items are also not as well understood or assured as they once were, as a globalizing industrial base becomes more the norm
  - Adequate U.S. production capabilities for many defense items/components used to be the norm
  - Uncertainties in a variety of strategic and critical material items now exemplary
  - New actors; less redundancy in supply-chains due to efforts to manage costs
  - Can no longer count upon all key supply chains for emergency planning/disruption scenario planning
- Though many supply chains do look promising, the future security of all important supply chains is by no means assured
- Suggests importance of robust supply chain awareness **and** preparedness, consistent with U.S. National Strategy for Supply Chain Security -- as part of a “Best Defense”

# ***Supply Chain Challenges***

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- **As the global supply chain becomes more complex and global in scope, it is increasingly at risk from disruptions including natural hazards, accidents, and malicious incidents**
- Events like Hurricane Katrina in 2005, the eruption of the Eyjafjallajökull volcano in Iceland in 2010, and the Japan earthquake and tsunami of 2011; failing infrastructures such as the I-35 bridge collapse in 2007; terrorist attacks such as 9/11, and more recent plots involving air cargo shipments filled with explosives shipped via Europe and the Middle East to the United States, remind us that even localized disruptions can escalate rapidly and impact U.S. interests and the broader global community
- We must collectively address the challenges posed by these threats and strengthen our national and international policies accordingly

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**The U.S. National Strategy for Global Supply Chain Security, 2012**

# ***U.S. National Strategy for Global Supply Chain Security***

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- Through the **National Strategy for Global Supply Chain Security**, we establish the United States Government's policy to strengthen the global supply chain in order to **protect the welfare and interests of the American people and secure our Nation's economic prosperity**
- The Strategy includes two goals:
  - (1) To Promote the Efficient and Secure Movement of Goods** – The first goal is to promote the timely and efficient flow of legitimate commerce while **protecting and securing the supply chain from exploitation, and reducing its vulnerability to disruption**
  - (2) To Foster a Resilient Supply Chain** – The second goal is to foster a global supply chain system that is **prepared for and can withstand evolving threats and hazards and that can recover rapidly from disruptions**



# **IDA** *Strong Situational Awareness and Preparedness for Emergencies should be Key Components of “Best Defense” in the Strategic and Critical Materials Area*

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- U.S. National Strategy for Supply Chain Security emphasizes the importance of strong situational awareness and preparedness activities
- Congress calls for periodic assessments in the strategic and critical non-fuel material area
- DoE has provided Congress with its latest strategy
- DOD has responded to Congress with a recent set of such assessments
  - Identifies materials of concern in an major emergency planning case, based on latest approved DOD classified planning scenarios
  - Including assessments of both essential DOD demands and of essential civilian demands in such a planning scenario
- Specifically, DOD’s assessments were provided to the Congress on an unclassified basis last year (2011 NDS Requirements Report)
  - Two dozen (+) materials were identified as of concern, **and** as needing further analysis regarding whether stockpiling in the National Defense Stockpile (NDS) and/or other types of mitigation measures (inventories, contingency contracts, substitution strategies, security of supply agreements) make the most sense, considering costs and risks

***Strong Situational Awareness and Preparedness for Emergencies Should be Key Components of Best Defense in the Strategic and Critical Materials Area (2)***

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**“Best Defense” concept Includes robust ongoing assessments of supply-chain vulnerabilities and risks and of cost-effectiveness of options to secure such supply chains, consistent with U.S. National Strategy guidelines for Supply Chain Security and standard OMB guidelines for cost-effectiveness analyses (A-94)**

# ***A Best Defense– Strategic Materials***

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- Agile, proactive, layered defense, with a strong foundation in secure capability supply chains, to protect vital American interests and values
- Includes robust situational awareness and preparedness to deal promptly with important emergency planning scenarios
- DOD/DLA building an assessment and preparedness option process to address its statutory responsibilities under the Stockpiling Act – considering both essential DOD and civilian demands
  - Consistent with congressional and executive branch guidance
- Will report findings and recommendations out in 2013 Requirements Report to Congress (January 2013)

Questions/ Comments?