

The Honorable Betty McCollum  
Chairwoman  
Subcommittee on Defense  
House Committee on Appropriations  
H-405 Capitol Building  
Washington, DC 20515

The Honorable Ken Calvert  
Ranking Member  
Subcommittee on Defense  
House Committee on Appropriations  
H-405 Capitol Building  
Washington, DC 20515

April 25, 2022

Dear Chairwoman McCollum and Ranking Member Calvert:

The National Defense Stockpile (NDS), the country's strategic stockpile of rare earth materials, ensures that the Department of Defense maintains access to key materials necessary to maintain military readiness in the event of a major supply chain disruption. This stockpile, managed by the Defense Logistics Agency - Strategic Materials (DLA-SM), maintains emergency inventories of critical materials necessary for the manufacture of military equipment. In the event of a supply chain disruption, such as a major geopolitical event in East Asia where many rare earth materials that the US imports are sourced and refined, the NDS serves as a stopgap to ensure that the military maintains uninterrupted and timely access to critical equipment.

In the past three decades after the Cold War, Congress has authorized the sell-off of the majority of the NDS's stockpiled materials. This has lowered the total value of the stockpiled inventory from \$9.6 billion in 1989 (\$21.9 billion adjusted for inflation) to \$888 million in 2021.

These Congressionally mandated sell-offs included:

- 30000 short tons of titanium, a material used for building military airframes due to their optimal strength-to-weight ratio, whose receipts were, in part, earmarked for the American Battle Monuments Commission for the World War II Memorial.
- 76 million pounds of tungsten ores and concentrates, over 2 million pounds of tantalum, and other materials to, in part, fund HHS hospital and medical insurance trust funds programs.
- 62881 short tons of aluminum, 26 million pounds of cobalt, 125138 long tons of rubber, and other stockpiled materials to offset losses from foreign military sales.
- And numerous other sell-offs whose receipts were deposited into the general treasury fund.

While these drawdowns were appropriate when the Department of Defense was mainly focused on counterterrorism, the current stockpile is inadequate to meet the requirements of great power competition. The NDS is no longer capable of covering the Department of Defense's needs for the vast majority of identified materials in the event of a supply chain disruption. Furthermore, the Department of Defense has found that the NDS Transaction Fund is approaching fiscal insolvency by FY25. Given the necessity of maintaining access to rare earth materials in this new era of great power competition, especially competition with China from which the US

sources many rare earth materials that the military needs, material shortfalls in the NDS pose a critical vulnerability to US national security. We thank the committee for the \$125 million increase in funding in the FY22 Consolidated Appropriations Act to fund the NDS until FY24. In order to recapitalize the National Defense Stockpile, we urge you to include funding for an additional \$264 million for the National Defense Stockpile Transaction Fund in FY23.

This request is consistent with a recommendation from the report drafted in response to Executive Order 14017 to provide new funding to revitalize the National Defense Stockpile. It will also allow DLA-SM to begin the process of purchasing new materials and rebuilding the National Defense Stockpile to cover shortfalls. Finally, it will set an important precedent for follow-on funding of the National Defense Stockpile in future years.

Sincerely,



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SETH MOULTON  
Member of Congress



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C. Scott Franklin  
Member of Congress



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Tim Burchett  
Member of Congress



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Greg Pence  
Member of Congress



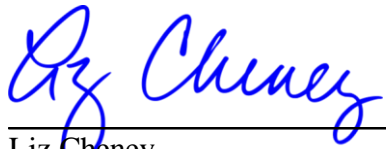
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Doug Lamborn  
Member of Congress



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Madison Cawthorn  
Member of Congress



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Liz Cheney  
Member of Congress



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Michael Waltz  
Member of Congress