



February 6, 2024

The Honorable Kay Granger
Chair
House Committee on Appropriations
Washington, DC 20515

The Honorable Patty Murray
Chair
Senate Committee on Appropriations
Washington, DC 20510

The Honorable Rosa DeLauro
Ranking Member
House Committee on Appropriations
Washington, DC 20515

The Honorable Susan Collins
Vice Chair
Senate Committee on Appropriations
Washington, DC 20510

Dear Congressional Leadership,

As executives of leading U.S. electronics manufacturing companies, we urge Congress to address well-established, worrying vulnerabilities in printed circuit board (PCB) fabrication by adopting the House-passed funding level of \$618.6 million for the Defense Production Act and \$1.08 billion for the Industrial Base Analysis and Sustainment program. These much-needed investments represent an important next step in revitalizing the U.S. PCB industry and the broader electronics ecosystem upon which U.S. military superiority rests.

PCBs are the foundation of all electronics, and as such, they are integrated into almost all defense technologies from avionics and satellites to tanks and munitions. Without the advanced interconnection technologies present in PCBs, electronic systems simply would not function. PCBs, moreover, are all custom designed and fabricated for the systems into which they are integrated. As a result, PCBs reveal important information about the workings of the end items, making their fabrication for Department of Defense systems both critically important and highly sensitive.

The United States was once the world's leading electronics manufacturer. The last 25 years, however, have been a turbulent period, marked by significant industry contraction and financial instability. Thousands of electronics manufacturers have closed their doors, and no other segment of the industry has been harder hit than PCB manufacturers. The U.S. PCB industry, which once boasted more than 2,000 companies and 30% of the global market, now has fewer

than 150 companies and only 4% of the global production. Asia now produces more than 90% of all PCBs with China accounting for more than 55% of global production. The decimation of the once proud U.S. circuit board industry represents not only a contraction of production capacity in the United States, but an egregious loss of manufacturing capability, leaving the United States often with an inability to manufacture very complex technologies, even at low volumes.

Experts inside and outside of government have warned that DOD's increasing reliance on a global supply chain for PCBs represents a grave national security risk that needs to be remedied. These warnings have been accumulating for the better part of the past decade.

- Last month, the DOD published its first ever National Defense Industrial Strategy specifically naming microelectronics as one of the key areas of risk in the defense industrial base. Further, the strategy names as its first priority the need to, "Achieve Resilient Supply Chains," which includes the need to, "continue and expand support for domestic production."
- The December 2023 bipartisan United States House of Representatives Select Committee on the United States Competition with the Chinese Communist Party Report recommends the United States needs to, "Invest in American innovation and strategic sectors and create tax incentives to encourage private U.S. investment," by providing, "financial assistance programs for American facilities manufacturing or researching printed circuit boards."
- In 2022, the Departments of Homeland Security and Commerce completed a year-long review of the Information and Communications Technology (ICT) supply chain pursuant to EO 14017. They highlighted serious risks associated with U.S. PCB fabrication and recommended support and investment "through appropriate federal procurement incentives and funding of programs like Title III of the Defense Production Act and the Creating Helpful Incentives to Produce Semiconductors for America (CHIPS) Act."
- In 2017, the Department of Commerce's Bureau of Industry and Security delivered DOD a report based on a wide-ranging survey of the U.S. PCB industry. Similarly, in 2018, the White House released its review of the domestic manufacturing and defense industrial base pursuant to EO 13806 that concluded, "The U.S. printed circuit board sub-sector is aging, constricting, and failing to maintain the state of the art." It recommended that DOD "expand direct investment in the lower tier of the industrial base through DOD's Defense Production Act Title III... to address critical bottlenecks, support fragile suppliers, and mitigate single points-of-failure."

As you finalize appropriations for FY2024 we urge you to adopt the House-passed funding level of \$618.6 million for the Defense Production Act and \$1.08 billion for the Industrial Base Analysis and Sustainment program. Providing such funding levels will be a step in the right direction to strengthen U.S. PCB fabrication and revitalize the greater defense electronics industrial base at a time of greater geopolitical risk.

Sincerely,

Raj Dhanani

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CC:

The Honorable Mike Johnson
Speaker
U.S. House of Representatives

The Honorable Chuck Schumer
Majority Leader
United States Senate

The Honorable Hakeem Jeffries
Democratic Leader
U.S. House of Representatives

The Honorable Mitch McConnell
Republican Leader
United States Senate