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July 8, 2003

The Honorable John Warner
Chairman
Senate Armed Services Committee
228 Russell Senate Office Building
Washington, DC 20510-6050

On behalf of the Government Electronics and Information Technology Association (GEIA) and the JEDEC Solid State Technology Association, we are writing to express our opposition to several provisions concerning acquisition policy and "Buy America" requirements in the House passed version of H.R. 1588, the FY 2004 National Defense Authorization Bill. These provisions will severely limit the Department of Defense's ability to procure and maintain current and future weapon systems.

The "Buy America" amendments would require the Secretary of Defense to purchase "*certain critical items*" only if they are entirely produced in the United States. An item meets this criterion if it is a "*critical item*" ("*essential for the proper functioning and performance of the military system*", or "*involves a critical technology*"), and "*there are limited sources of production capability of the item in the United States.*" The importance of electronics in the successful operation of military systems will more than likely result in electronic components being consistently labeled "critical". Given the current global nature of electronics manufacturing, coupled with the proliferation of electronics in all but the simplest of defense products, this will throw into disarray or conceivably halt Department of Defense procurements necessary to support the U.S. military. In addition to prohibiting the use of critical components manufactured by foreign companies, this ban would also disallow the use of components even if they are produced by U.S. based companies with manufacturing facilities in foreign countries (including some that are DoD certified).

The consequences of enacting this legislation are clearly illustrated in the following excerpt contained in correspondence from the Defense Supply Center to the Defense Logistics Agency:

"Currently, virtually all electronic components that the Defense Logistics Agency procures are either fully or partially manufactured offshore or, at a minimum, have materials provided by offshore suppliers. If DoD does not buy from offshore manufacturers, the Military Services will not be able to procure the components for weapon platforms within the timeframes required to retain the necessary level of military readiness. This is particularly critical given the increased emphasis on maintaining and developing weapons systems as a result of the war on terrorism."

Industry and DoD have demonstrated that foreign supplied components can be reliably incorporated into weapon systems. This capability promotes interoperability with our allies, lowers procurement and R&D costs to the U.S., and promotes free market access for all firms. Attached is a position paper that discusses in greater detail the impact that this legislation would have on the use of just one class of electronic devices, semiconductors, in DoD weapon systems.

Legislation such as this cannot be in the best interests of our nation and our armed forces. We urge you to do all that is possible to ensure that Subtitle B of Title VIII of H.R. 1588 is not included in the final National Defense Authorization Act for FY 2004.

Sincerely,

Dan C. Heinemeier
President, GEIA

John J. Kelly
President, JEDEC