

STATEMENT OF
THE HONORABLE DAVID L. NORQUIST
PRESIDENT AND CHIEF EXECUTIVE OFFICER
NATIONAL DEFENSE INDUSTRIAL ASSOCIATION (NDIA)
BEFORE THE
HOUSE ARMED SERVICES COMMITTEE
ON
STRENGTHENING AMERICA'S DEFENSE INDUSTRIAL BASE,
WORKFORCE, AND PRODUCTION LINES TO DETER WAR

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THE HOUSE ARMED SERVICES COMMITTEE

Chairman Rogers, Ranking Member Smith, and distinguished Members of the Committee, thank you for the opportunity to speak with you today on strengthening America's defense industrial base which is essential for our nation's security. I will limit myself to brief opening remarks. For a more detailed analysis, the National Defense Industrial Association (NDIA) has just completed a report on the resilience of the U.S. defense industrial base titled *Vital Signs 2025*, and with the Chair's permission, I submit that report for the record.

For over 100 years, NDIA has provided a forum for government and industry leaders to collaborate and address complex defense issues so that our nation maintains a strong and resilient U.S. defense industrial base. NDIA and its affiliates represent over 1,700 defense companies of all sizes and sectors, the majority of which are small businesses. These companies design, manufacture, and maintain the cutting-edge technologies and systems that our armed forces rely upon to defend our nation.

During the last 35 years, government policy and funding decisions have resourced the U.S. defense industrial base for low-intensity conflict. Critical elements of the industrial base, including the manufacturing sector and skilled trade workforce, have atrophied. Industry behavior reflected the funding level and rules set by its customer – the federal government. But now the threat has changed. If we want increased capacity, speed, resilience, and innovation then we must prioritize them in the budget, acquisition, and requirements processes.

At a high level, many of the issues facing the U.S. defense industrial base are well known: sclerotic acquisition processes, brittle supply chains, insufficient procurement funding, unstable budgets, increasing regulation, and barriers to modernizing defense trade. This Committee has been a leader in addressing these challenges.

What makes change hard is that the system is so complex that change at one level is offset by counter pressures at another level. For example, we must be aware of how statutes, regulations, and policies driving compliance decisions at the program manager and contracting officer level can create incentives counter to the intent of reforms from Congress or senior Department leaders. One concrete example is how current policies and regulations deter industry ramping-up munitions production, and I look forward to engaging with you on this topic.

Likewise, new restrictions and barriers to entry are rising, including specific challenges around intellectual property and data rights as well as Cybersecurity Maturity Model Certification (CMMC) requirements. While well-intentioned, both are clear areas that discourage attracting new entrants, suppress innovation, and increase compliance costs.

In addition, as the Congress moves forward to reduce regulatory burdens and incentivize novel contracting approaches to attract and retain new companies, it is important to give traditional contractors access to the same streamlined system. Otherwise, we are signaling to nontraditional contractors that as they succeed, they will eventually graduate into the current slow, burdensome, and costly system.

This Congress and the new Administration have inherited the political conditions conducive to breaking up and reforming an acquisition system that prioritizes reducing risk over speed and innovation. The good news is our nation has a defense sector that is innovative and dynamic – what is required is to shape the conditions that will allow it to perform the way we want.

NDIA appreciates the Committee's leadership and focus on this strategic topic. We look forward to working with you to rebuild our defense industrial base in order to strengthen our nation's security. Thank you for the opportunity to testify today, and I am happy to answer any questions you may have.