

**Office of the U.S. Trade Representative**  
**Hearing on Supply Chain Resiliency**  
**May 3, 2024, at 2:50 p.m.**  
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**Member, Executive Committee, Aerospace Industries Association**  
**Owner and Chief Executive Officer, GSE Dynamics**

Good afternoon and thank you for the opportunity to testify on behalf of the Aerospace Industries Association. I'm Anne Shybunko-Moore, owner and CEO of GSE Dynamics, and a member of the Executive Committee of AIA.

AIA represents over 330 aerospace and defense companies up and down the supply chain, including my company. Our industry drives economic growth and U.S. global leadership, generating \$952 billion in sales revenue and exporting \$104.8 billion of goods in 2022. Nearly half of that revenue came from our supply chain.

Our industrial base includes over 100,000 companies across the commercial and defense markets. Unlike other industries, the commercial aerospace and defense industries are deeply intertwined. Defense companies rely on the commercial market for access to minerals, materials, and products at scale, quality, and cost.

Recent geopolitical turmoil has exposed vulnerabilities in our supply chain, highlighting the need to reduce our dependency on foreign sources of minerals, production capacity, and manufacturing. As the Administration explores ways to promote supply chain resiliency, AIA is grateful you are considering our industry's unique needs.

With the consensus of our members, AIA has developed several recommendations to strengthen supply chain resiliency. Additional detail can be found in my written testimony.

Our topline recommendation is simple: The U.S. government should implement a comprehensive and collaborative approach to supply chain resiliency, balancing investments in domestic sourcing with flexible regulations that support cooperation with allies and partners. This approach must be developed with engagement from multiple federal agencies and industry.

This approach should consider the critical role of the global market. Historically, bilateral and multilateral trade agreements that reduce trade barriers and increase market access have correlated with growth in our industry. The U.S. government should pursue these types of agreements when and where possible, while leveraging international trade organizations to promote open market practices and facilitate dialogue.

On the other hand, tariffs, trade disputes, and free trade disruptions inject risk into our supply chains. Mitigating these risks will ensure the long-term health of the U.S. economy and maintaining our competitive edge.

Certain trade remedies, such as anti-dumping and Section 301 investigations, can protect domestic industry. But they must be appropriately scoped to avoid burdening businesses, especially smaller suppliers, with additional costs. We encourage you to continue engaging with industry to understand how tariffs might affect competitiveness and consumer pricing, among other impacts.

In addition to creating an environment that fosters free trade, the federal government must provide policies, funding, and incentives to drive investment in U.S. manufacturing. Congress should authorize and adequately fund key Export-Import Bank activities, such as investment loans and the *Make More in America* initiative, to maintain global competitiveness.

Expanding *The CHIPS and Science Act* and the *Inflation Reduction Act's* Advanced Manufacturing Tax Credit and providing additional R&D tax incentives will also strengthen the domestic industrial base and support industry initiatives to invest in innovative technology and expansion of the workforce.

Financial policy incentives and budget stability are crucial for building a more robust manufacturing workforce. Workforce constraints remain a barrier for A&D companies at all levels of the supply chain as we face growing demand from the submarine industrial base, and as a result of global events and initiatives such as the AUKUS security partnership and ongoing conflicts.

At the same time, the U.S. government must acknowledge that the aerospace and defense industry's supply chain is global by nature. Any approach to supply chain resiliency must prioritize both domestic sourcing and maintaining international market access.

A 2024 U.S. Geological Survey found that the U.S. is 100 percent import reliant on 15 of 49 critical minerals integral to the A&D supply chain. In some cases, we are almost wholly reliant on near-peer adversaries. Given the military applications of our products, this is a serious risk to our national security – something the Department of Defense's National Defense Industrial Strategy highlighted.

The U.S. government should provide incentives to support onshoring policies that will increase domestic capability and capacity. But we should also expand our sources of critical minerals and other materials in allied and partner countries by investing in their industrial base capacity and removing barriers to trade.

Lastly, the U.S. government should continue to promote industry-led standardization strategies, engage in standards development to ensure success, and harmonize international standards development with partners and allies.

Building resilient and secure supply chains requires a comprehensive approach, working hand in hand with industry. We look forward to continuing close collaboration with you to achieve this shared goal. Thank you for your time.

