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United States Senate

COMMITTEE ON THE JUDICIARY

WASHINGTON, DC 20510-6275

January 14, 2025

VIA ELECTRONIC TRANSMISSION

The Honorable Carlos Del Toro
 Secretary
 Department of the Navy

Secretary Del Toro:

Access to safe and reliable critical technology is vital to our national security and military preparedness. Reliance on our adversaries for critical technology unnecessarily puts U.S. security and supply chains at risk.¹ I've long sounded the alarm about the need to protect our critical technologies from communist China's influence.² In the 1990s and 2000s, I raised concerns over China's penetration of U.S. nuclear laboratories and unsafe conditions at Chinese drug manufacturing plants supplying a key blood thinner component.³ In 2018, I wrote to the Departments of Treasury and Commerce and Office of the U.S. Trade Representative regarding the need to safeguard critical military and dual-use technology from China.⁴ As Chairman of the Senate Finance Committee, I also conducted extensive oversight into foreign threats to taxpayer funded research at the Department of Health and Human Services (HHS) and National Science Foundation (NSF).⁵

A recent report by a Department of Defense (DOD) contractor entitled, *The 2024 National Security Scorecard: Critical Technologies*, analyzed the Departments of the Army, Navy, Air Force, Energy (DOE), Homeland Security (DHS), Justice (DOJ), State, DOD, HHS, General Services Administration (GSA), National Aeronautics & Space Administration (NASA), and NSF with respect to their reliance on foreign suppliers of critical technologies.⁶ According to the report, these agencies spent a combined \$790 billion on critical technologies from Fiscal Year 2019-2023.⁷ The report determined a significant level of reliance by U.S. government agencies on adversarial nations, particularly China. For example, in the field of Advanced Manufacturing, as of FY 2023, China was our top country for suppliers with 118, a 227.8% increase from FY 2022.⁸ In Artificial Intelligence (AI) and Machine

¹ GOVINI, *The 2024 National Security Scorecard*, https://cdn.prod.website-files.com/65e61e6392aba0fa1dba723e/667059b793ba0521a189796f_2024-National-Security-Scorecard.pdf; see also Sam Meredith, *U.S. 'very concerned' about China's dominance as a critical minerals supplier, energy chief says*, CNBC (Feb. 14, 2024), <https://www.cnbc.com/2024/02/14/us-energy-chief-concerned-about-chinas-critical-minerals-dominance.html>.

² Press Release, Sen. Charles E. Grassley, *Chinese Penetration of U.S. Nuclear Laboratories* (May 24, 1999), <https://www.grassley.senate.gov/news/news-releases/chinese-penetration-us-nuclear-laboratories>; Press Release, Sen. Charles E. Grassley, *Grassley Says Hold on Imported Blood Thinner Component Underscores Questions About FDA Foreign Inspections* (Feb. 14, 2008), <https://www.grassley.senate.gov/news/news-releases/grassley-says-hold-imported-blood-thinner-component-underscores-questions-about>; Press Release, Sen. Charles E. Grassley, *Grassley, Bipartisan Group of Senators Urge Administration to Safeguard Critical Military and Dual-Use Technology From China* (May 23, 2018), <https://www.grassley.senate.gov/news/news-releases/grassley-bipartisan-group-senators-urge-administration-safeguard-critical>; Press Release, Grassley Statement on Foreign Threats To Taxpayer-Funded Research (Jan. 28, 2020), <https://www.grassley.senate.gov/news/news-releases/grassley-statement-foreign-threats-taxpayer-funded-research>.

³ *Supra* note 2. *Chinese Penetration of U.S. Nuclear Laboratories*; Grassley Says Hold on Imported Blood Thinner Component Underscores Questions About FDA Foreign Inspections.

⁴ *Supra* note 2. Grassley, Bipartisan Group of Senators Urge Administration to Safeguard Critical Military and Dual-Use Technology From China.

⁵ *Supra* note 2. Grassley Statement on Foreign Threats To Taxpayer-Funded Research.

⁶ GOVINI *supra* note 1.

⁷ *Id.*

⁸ *Id.*

Learning (ML), China was our second top country for suppliers with 45, a 221.4% increase from FY 2022.⁹

More recently, the DOD released its list of Chinese military companies that are “operating directly or indirectly” in the U.S.¹⁰ This list includes companies operating in various industries, to include technology, aerospace, telecommunications, artificial intelligence, and shipping.¹¹ In total, the DOD found that 134 “Chinese military companies”, have ongoing operations in the United States.¹²

So that Congress can conduct independent oversight on the Navy’s reliance on adversarial countries and assess the progress it’s making to independently obtain critical technologies, please provide answers to the following questions by January 28, 2025:

1. What steps has the Navy taken, or does it plan to take, to reduce reliance on suppliers from adversarial countries? Provide all records.¹³
2. From FY 19-23, what percentage of the Navy’s spending on critical technologies was supported by adversarial Tier 1 suppliers or subcontractors, including China? What percentage of this spending was supported by suppliers from allied or neutral nations? Provide all records.
3. How does the country of origin of a Tier 1 supplier or subcontractor factor into the Navy’s decision on whether to contract with an organization? Provide all policies, procedures, and guidance documents that the Navy uses when assessing critical technology suppliers.
4. From FY 19-23, has the Navy contracted with or purchased any equipment, technology, software, or supplies from any of the Chinese military companies listed in the DOD’s release? If so, provide a list of each company, the materials acquired, and how much money the Navy spent on these materials.

Thank you for your prompt review and responses. If you have any questions, please contact Tucker Akin on my Committee staff at (202) 224-7708.

Sincerely,



Charles E. Grassley
Chairman
Committee on the Judiciary

⁹ *Id.*

¹⁰ Press Release, Dep. of Defense, DOD Releases List of Chinese Military Companies in Accordance with Section 1260H of the National Defense Authorization Act for Fiscal Year 2021 (Jan. 7, 2025), <https://www.defense.gov/News/Releases/Release/Article/4023145/dod-releases-list-of-chinese-military-companies-in-accordance-with-section-1260/>.

¹¹ *Id.*

¹² *Id.*

¹³ “Records” include any written, recorded, or graphic material of any kind, including letters, memoranda, reports, notes, electronic data (e-mails, email attachments, and any other electronically created or stored information), calendar entries, inter-office communications, meeting minutes, phone/voice mail or recordings/records of verbal communications, and drafts (whether they resulted in final documents).