

REQUEST FOR DOD TO MAKE PURCHASES AND PURCHASE COMMITMENTS, AND TO ENTER INTO COST SHARING ARRANGEMENTS UNDER THE DEFENSE PRODUCTION ACT OF 1950

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COMMUNICATION

FROM

**THE PRESIDENT OF THE UNITED STATES**

TRANSMITTING

NOTIFICATION FOR DOD TO MAKE PURCHASES AND PURCHASE COMMITMENTS, AND TO ENTER INTO COST SHARING ARRANGEMENTS FOR EQUIPMENT TO DEVELOP MANUFACTURING PROCESSES UNDER THE DEFENSE PRODUCTION ACT OF 1950, AS AMENDED, PURSUANT TO 50 U.S.C. APP. 2093(a)(6)(A)



OCTOBER 13, 1995.—Referred jointly to the Committees on Appropriations and Banking and Financial Services, and ordered to be printed

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U.S. GOVERNMENT PRINTING OFFICE

THE WHITE HOUSE,  
Washington, October 5, 1995.

*The Speaker of the House of Representatives.*

SIR: As required by the Defense Production Act of 1950, as amended, I hereby notify Congress of the intent of the Department of Defense to make purchases and purchase commitments, and to enter into cost sharing arrangements for equipment to develop manufacturing processes under the Defense Production Act. This budget amendment is consistent with my Administration's emphasis on maintaining national security while increasing America's global competitiveness. No additional budgetary resources are required.

The determinations of the Under Secretary of Defense that these purchases and purchase commitments and cost sharing arrangements meet the requirements of the Defense Production Act are enclosed.

The details of this action are set forth in the enclosed letter from the Director of the Office of Management and Budget. I concur with her comments and observations.

Sincerely,

WILLIAM J. CLINTON.

Enclosures.



Estimate No. 17, 104th Cong., 1st. Sess.

EXECUTIVE OFFICE OF THE PRESIDENT,  
OFFICE OF MANAGEMENT AND BUDGET,  
*Washington, DC, October 5, 1995.*

The PRESIDENT,  
*The White House.*

Submitted for your consideration is a request for the Department of Defense to make purchases and purchase commitments, and to enter into cost sharing arrangements under the Defense Production Act (DPA) of 1950, as amended.

The DPA (50 U.S.C. App. 2061, *et seq.*, Title III, sec. 303(a)(6)) requires Presidential notification, either in the budget or in an amendment thereto, before the Department of Defense can use existing funds to make purchases and purchase commitments and to enter into cost sharing arrangements under the DPA. The Department of Defense will use DPA authority to purchase high technology materials from suppliers to stimulate market demand and to share in the cost of equipment necessary to develop manufacturing processes. Use of the DPA authority is consistent with your strong emphasis on maintaining our national security while investing in technologies that will increase America's global competitiveness.

Use of the DPA authority will not increase budget authority. Outlays will be incurred to the extent that actual purchases are made and production equipment is procured.

I have carefully reviewed this proposal and am satisfied that it is necessary at this time. Therefore, I join the Secretary of Defense in recommending that you approve the notification required by the DPA by signing the enclosed letter to the Speaker of the House of Representatives.

Sincerely,

ALICE M. RIVLIN,  
*Director.*

Enclosure.



NOTIFICATION REQUIRED BY THE DEFENSE PRODUCTION  
ACT, DEPARTMENT OF DEFENSE

Of the funds available from the Defense Production Act Purchases account, \$15,000,000 will be available for Aluminum Metal Matrix Composites, and \$25,000,000 will be available for Titanium Metal Matrix Composites.

The Department of Defense will use Defense Production Act (DPA) authority to encourage private companies to work with the Department on the two projects described in the attachments to address industrial resource shortfalls. Both of these projects meet the criteria specified in the DPA.

Use of the DPA authority will not increase budget authority. Outlays will be incurred to the extent that actual purchases are made and production equipment is procured. As required by the DPA, the Department of Defense will take no action until 60 days have elapsed.

The determinations of the Under Secretary of Defense that these projects meet the requirements of the DPA are attached.



TITLE III PROJECT DETERMINATION—ALUMINUM METAL  
MATRIX COMPOSITES

1. *The industrial resource is essential to the national defense.* Aluminum Metal Matrix Composites (Al MMCs) is an enabling technology that will increase combat performance and reduce life cycle costs for a variety of defense systems, e.g., missiles, where reduced weight will reduce time to kill and/or increase range; and combat vehicles, where reduced weight increases fuel efficiency and reduces logistics costs.

2. *Without Presidential action, US industry cannot reasonably be expected to provide the capability for the needed industrial resource in a timely manner.* Industry has been unwilling to assume the risk of establishing the production capacity necessary to support defense requirements. Title III, through cost sharing, will facilitate the establishment of both the needed production capacity and the military's access to this critical technology.

3. *Purchases, purchase commitments, or other actions are the most cost-effective, expedient, and practical alternative method for meeting the need.* No other program can successfully mitigate the risks to industry or offer the incentives industry requires to establish the needed production capacity. The authorities contained in the Defense Production Act were enacted specifically to meet the needs embodied in this project.

4. *The combination of the US national defense demand and foreseeable non-defense demand for the industrial resource or critical technology items is not less than the output of the domestic industrial capability, including the output to be established through this project.* Current domestic production capacity for Al MMCs is 100,000 pounds per year, with existing demand at 200,000 pounds per year. But the year 2000, domestic demand for Al MMCs for use in aerospace and automotive applications will approach 750,000 pounds per year.

Approved by: HON. PAUL G. KAMINSKI,  
*Under Secretary of Defense (Acquisition & Technology).*



TITLE III PROJECT DETERMINATION—TITANIUM METAL  
MATRIX COMPOSITES

1. *The industrial resource or critical technology item is essential to the national defense.* Titanium Metal Matrix Composites (Ti MMCs) is an enabling technology that is essential to improving combat performance of a number of defense systems. Ti MMCs provide significant increases in strength and temperature resistance with a simultaneous reduction in weight over conventional alloys. In fighter aircraft, these weight reductions result in increased range, speed, payload and maneuverability; in transport aircraft, they produce increased range and reduced fuel costs per cargo sortie. Ti MMCs' advantages in high temperature stiffness and toughness will result in reduced engine failure due to component fatigue and mechanical overstress, and will reduce required maintenance actions and life cycle costs.

2. *Without Presidential action, U.S. industry cannot reasonably be expected to provide the capability for the needed industrial resource in a timely manner.* Industry has been unwilling to assume the total risk of establishing the production capacity necessary to support defense requirements. Title III, through a cost sharing effort, will facilitate the establishment of the needed capacity and ensure the U.S. military's access to this critical technology.

3. *Purchases, purchase commitments, or other actions are the most cost-effective, expedient, and practical alternative methods for meeting the need.* No other program can successfully mitigate the risks to industry or offer the incentive industry requires to establish the needed production capacity. The authorities contained in the Defense Production Act was enacted specifically to meet the needs embodied in this project.

4. *The combination of the US national defense demand and foreseeable non-defense demand for the industrial resource or critical technology items is not less than the output of the domestic industrial capability, including the output to be established through this project.* The current domestic production capability for Ti MMCs is approximately 2,000 pounds per year, with existing demand at 5,000 pounds per year. By the year 2000, the combined domestic military and commercial aircraft demand for Ti MMCs in engines and structural components will approach 20,000 pounds per year.

Approved by: HON. PAUL G. KAMINSKI,  
*Under Secretary of Defense (Acquisition & Technology).*

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