



THE SECRETARY OF DEFENSE  
1000 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1000

MAY - 4 2018

The Honorable John McCain  
Chairman  
Committee on Armed Services  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

As you draft and prepare to mark-up the National Defense Authorization Act (NDAA) for FY 2019, I write to strongly urge you to include the Foreign Investment Risk Review Modernization Act (FIRRMA), [H.R. 4311 / S. 2098] in your bill.

The Department of Defense (DoD) strongly supports foreign investment in the United States, consistent with the protection of national security. DoD also believes we must be clear-eyed that our adversaries have studied the weaknesses of our current laws and regulations and are exploiting them today.

DoD depends on critical, foundational, and emerging technologies to maintain military readiness and preserve our technological advantage over potential adversaries. Of particular concern is the national security risk that may arise from coercive industrial policies that force the transfer of technology and associated support through joint ventures. FIRRMA would help close related gaps that exist in the Committee on Foreign Investment in the United States (CFIUS) process, which is not presently keeping pace with today's rapid technological changes. A trend we recognized in the National Defense Strategy is:

“[t]he fact that many technological developments will come from the commercial sector means that state competitors and non-state actors will also have access to them, a fact that risks eroding the conventional overmatch to which our Nation has grown accustomed. Maintaining the Department's technological advantage will require changes to industry culture, investment sources, and protection across the National Security Innovation Base.”

DoD further appreciates the broadening of the scope of review of real estate transactions that have implications of co-location in close proximity to a military facility. Readiness and security concerns require that our Service members be able to train in secured environments, away from surveillance by potential adversaries.

CFIUS plays a critical role in protecting the national security of the United States. FIRRMA greatly strengthens that protection and provides much needed CFIUS modernization. I urge your support for including this critical legislation in the NDAA for FY19 and I stand ready to provide you whatever support I can to that end.

cc:  
The Honorable Jack Reed  
Ranking Member





THE SECRETARY OF DEFENSE  
1000 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1000

MAY - 4 2018

The Honorable William "Mac" Thornberry  
Chairman  
Committee on Armed Services  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Chairman:

As you draft and prepare to mark-up the National Defense Authorization Act (NDAA) for FY 2019, I write to strongly urge you to include the Foreign Investment Risk Review Modernization Act (FIRRMA), [H.R. 4311 / S. 2098] in your bill.

The Department of Defense (DoD) strongly supports foreign investment in the United States, consistent with the protection of national security. DoD also believes we must be clear-eyed that our adversaries have studied the weaknesses of our current laws and regulations and are exploiting them today.

DoD depends on critical, foundational, and emerging technologies to maintain military readiness and preserve our technological advantage over potential adversaries. Of particular concern is the national security risk that may arise from coercive industrial policies that force the transfer of technology and associated support through joint ventures. FIRRMA would help close related gaps that exist in the Committee on Foreign Investment in the United States (CFIUS) process, which is not presently keeping pace with today's rapid technological changes. A trend we recognized in the National Defense Strategy is:

"[t]he fact that many technological developments will come from the commercial sector means that state competitors and non-state actors will also have access to them, a fact that risks eroding the conventional overmatch to which our Nation has grown accustomed. Maintaining the Department's technological advantage will require changes to industry culture, investment sources, and protection across the National Security Innovation Base."

DoD further appreciates the broadening of the scope of review of real estate transactions that have implications of co-location in close proximity to a military facility. Readiness and security concerns require that our Service members be able to train in secured environments, away from surveillance by potential adversaries.

CFIUS plays a critical role in protecting the national security of the United States. FIRRMA greatly strengthens that protection and provides much needed CFIUS modernization. I urge your support for including this critical legislation in the NDAA for FY19 and I stand ready to provide you whatever support I can to that end.

cc:  
The Honorable Adam Smith  
Ranking Member

