

Testimony of John Adams, Brigadier General, U.S. Army (Retired)
President, Guardian Six LLC
Hearing Regarding the State of the Steel Industry
March 21, 2018

Good morning, Honorable Co-Chairs, distinguished ladies and gentlemen, I am Brigadier General John Adams, U.S. Army (Retired). Thank you for the opportunity to share my views on the state of our domestic steel industry.

As a thirty-year veteran of the U.S. Army, with a background in strategy and intelligence, and as a lead author of the 2013 study of the U.S. defense industrial base, *Remaking American Security*, my view of the steel industry is through the lens of our national security requirements. My experience and research in national security issues tell me that our domestic steel industry is vital to our nation's national security, and that we must take urgent and comprehensive action to ensure it retains the capacity to equip our military and sustain our critical homeland infrastructure. We can never mortgage this capacity, especially not to strategic competitors. Indeed, the recently announced tariffs are only the first important steps to rebuild our steel capacity to ensure resilience in future conflicts.

Reliance on foreign sources of steel, especially from strategic competitors, results in uncertain supply for critical national requirements, especially in a crisis. In 2004, on temporary duty in Iraq, I witnessed our warriors applying jury-rigged armor plates – often sent by their families – to their vehicles to protect against IEDs. When DoD asked foreign suppliers to “uparmor” American vehicles, they put our requirements in their months’ long queue for orders. Only American steel companies – subject to “rated orders” scheduled in weeks rather than months – supplied armor plate for the uparmored vehicles that protected our warriors from IEDs.

I’d like to make three major points:

- First, our nation’s security rests on a military equipped with the technology, weapons systems, and platforms needed to protect our nation, supplemented with logistical and critical infrastructure. Despite technological advances in materials, notably composites and ceramics, domestic production of steel, often manufactured according to sensitive defense and homeland security specifications – remains vital in the manufacture of America's defense and critical infrastructure. Steel is used in everything from armor plate for tanks, to aircraft carriers’ decks. And, production for our critical infrastructure is just as vital to a strong nation as is our weaponry, for example, bridges, rail systems, the electrical grid, and energy infrastructure. A healthy domestic steel sector – from raw iron that is mined in places like the Marquette Iron Range in Michigan and the Iron Range in Minnesota and scrap suppliers nationwide to inputs sensitive to steelmaking demand including coke produced from metallurgical coal in places like West Virginia and Kentucky to raw steel production and finishing stages in many states – is critical to sustaining the quantity and quality of capabilities needed to preserve our national security.

- Second, while only a small percentage of domestic steel production is geared toward traditional defense purposes, U.S. steel manufacturers must remain commercially viable to innovate and produce the unique defense products that meet military specifications. It is a myth that steel will always be available for U.S. defense requirements. Domestic steelmakers' health depends on the health of their commercial sectors. Conversely, the overall health of domestic steelmakers is not contingent on defense production. In our market economy, this means that our steel industry must attract investment and remain profitable.

We must also remember that our military advantage depends upon preserving not only our production capacity, but retaining the research and development, engineering, and human capital needed to develop and produce next-generation advanced steel and composites. To remain ahead of our strategic competitors, we must constantly improve the quality of our steel to remain the most advanced in the world.

- Third, if we can't make our most sensitive weapons and equipment in America, we simply can't defend our country. We cannot allow our strategic competitors access to our most sensitive military specifications, nor can we risk them providing components or materials for our most advanced defense systems. For example, we make the steel for our submarine hulls in America according to sensitive military specifications, so our submarines can dive deeper than any other competitor's submarines – we can't afford to outsource the military specifications so our strategic competitors can outmatch us or provide us with substandard steel for our submarines. As China expands its global presence, a situation in which China exercises global market control over steel is all-the-more alarming, introducing ever greater risks into our defense supply chains.

I was among numerous retired generals and flag officers who appealed last September to the Administration to act on the Section 232 investigation by adjusting steel imports, and we applaud the resulting tariffs. However, we must realize that protecting our defense industrial base requires continuous vigilance and action at all levels of government. Once we lose our core steelmaking capacity, it is gone, and our most dangerous strategic competitors will take advantage of our negligence. We must ensure that the U.S. steel industry remains a strong and ready foundation of our national security.

Thank you, Honorable Co-Chairs.