

The Defense Production Act and the China Challenge

Prepared statement by

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The following represents Dr. Doshi's prepared oral testimony:

Chairman Scott, Ranking Member Warren, distinguished members of the Committee, thank you very much for the opportunity to testify today on the Defense Production Act (DPA).

In my remarks, I will make four points.

1. First, China is an ambitious and formidable competitor unlike any the United States has faced.
2. Second, the United States needs the DPA to cope with China's overlapping military and non-military threats.
3. Third, China's system has far broader authorities than the DPA, putting us at a disadvantage.
4. Fourth, smart reforms to the DPA can address concerns about overuse without narrowing its scope.

I'll now discuss each of these.

First, China has a grand strategy to displace U.S.-led order.

It seeks to “catch up and surpass” the U.S. technologically; to make the world dependent on China’s supply chains economically; and to acquire the capability to defeat U.S. forces militarily.¹ It is now 130% of U.S. GDP by purchasing power, two times the U.S. share of global manufacturing, and two times U.S. power generation.²

Second, without DPA reauthorization, we simply cannot address China’s military and non-military threats.

Beijing is undertaking the fastest military buildup in history. It now boasts two-hundred times our shipbuilding capacity, eighty percent of global drone production, and global leadership in hypersonics.³ In five years, it will add sixty-five vessels to its navy, which will then be nearly 50% larger than ours.⁴ By contrast, in a conflict with China, we would expend our most critical munitions within one week.⁵

We also face new non-military challenges. One is a new era of cyberwarfare. Beijing is planning cyber-attacks on critical infrastructure across sectors like power, water, gas, telecommunications, and transportation – which would affect the lives of millions of Americans. Another is a new era of geoeconomic warfare. Beijing is leveraging its chokehold on rare earths and rare earth magnets to throttle American manufacturing in the current trade war.⁶ It could do the same in antibiotics, where it has a ninety-percent market concentration, denying Americans life-saving medicines.⁷

The DPA is critical to addressing these threats. DPA Title III can fund new production lines for cruise missiles and uncrewed systems, expand shipyard capacity, and reshore the batteries, motors, and rare earths China now makes. DPA Title VII can help us find PRC threat vectors in our networks and critical dependencies in our supply chains.⁸ And DPA Title I and Title III can help us reallocate goods or boost production after a debilitating cyber or supply chain attack.

Failing to extend the DPA, or narrowly reauthorizing it to focus exclusively on defense items – as some propose – risks leaving us dangerously exposed. It deprives President Trump of a tool he needs to win the trade war or reshore production. It undermines his recent Executive Order on critical minerals which is grounded in DPA authorities.⁹ It makes it harder for us to deal with cyber attacks and supply shocks. And it makes a future Operation Warp Speed impossible.

It also overlooks history. When Congress passed the DPA, it modeled it after the War Powers Acts of 1941 and 1942. Those Acts recognized that defense and civilian economies blurred, and that economic security was critical to national security.¹⁰

Third, China’s defense production authorities vastly exceed our own.

The PRC’s system is comprised of the National Defense Mobilization Law, Emergency Response Law, and ad hoc administrative measures.¹¹ It legally requires all PRC citizens, companies, universities, and state-owned enterprises to fully support defense mobilization. The PRC effectively has total power to redirect production, reassign personnel, and requisition property.¹² The PRC also maintains a detailed registry of mobilization assets.¹³

Americans would rightly reject this system, which is more coercive than our own. But we should also recognize that China’s system might move more quickly, comprehensively, and effectively against us in a crisis or conflict. And we should therefore be wary of scaling back our system prematurely.

Fourth, we can reform DPA without narrowing its scope.

First, instead of narrowing the DPA to military production only, Congress could consider updating the definition of “national defense” as it has in years past – this time, by providing relevant domains, scenarios, threats, or tiered justifications. This could keep DPA flexible and strategic without making it a catch-all tool.

Second, Congress should allow DPA Title III investments in allied nations supporting the U.S. defense industrial base. China outpaces the United States, but the United States and its allies outpace China – only if they work together.

Third, Congress should establish multi-year DPA Title III funds and authorize and appropriate funding for key national security priorities like missile production or rare earth processing.

Fourth, Congress should appropriate funds and encourage agencies to reactivate the now dormant National Defense Executive Reserve, originally established under DPA Title VII, to ensure a pool of industrial experts are available in a crisis.

Since the 1950s, Congress has reauthorized the DPA more than fifty times. In light of the China challenge, it is critical to do so again.

Thank you for your time, and I look forward to your questions.

- ¹ Rush Doshi, *The Long Game: China's Grand Strategy to Displace American Order* (Oxford University Press, 2021).
- ² Kurt Campbell and Rush Doshi, "Underestimating China," *Foreign Affairs* 104, no. 3 (May/June 2025): 66-81, <https://www.foreignaffairs.com/china/underestimating-china>; Dave Evans, "China's Crossroads: Challenges & Opportunities For The World's Factory," *Forbes*, November 26, 2024, <https://www.forbes.com/sites/daveevans/2024/11/26/chinas-crossroads-challenges--opportunities-for-the-worlds-factory/>; China Power Team, "Measuring China's Manufacturing Might," China Power, Center for Strategic and International Studies, last updated December 18, 2024, <https://chinapower.csis.org/tracker/china-manufacturing/>.
- ³ Joseph Trevithick, "Alarming Navy Intel Slide Warns Of China's 200 Times Greater Shipbuilding Capacity," *Warzone*, July 11, 2023, <https://www.twz.com/alarming-navy-intel-slide-warns-of-chinas-200-times-greater-shipbuilding-capacity>; Aosheng Pusztaszeri, "Why China's UAV Supply Chain Restrictions Weaken Ukraine's Negotiating Power," Commentary, Center for Strategic and International Studies, December 16, 2024, <https://www.csis.org/analysis/why-chinas-uav-supply-chain-restrictions-weaken-ukraines-negotiating-power>; David Rovella, "China Leads the World in Hypersonic Technology," *Bloomberg*, March 12, 2024, <https://www.bloomberg.com/news/newsletters/2024-03-12/bloomberg-evening-briefing-china-leads-the-world-in-hypersonic-technology>.
- ⁴ US Department of Defense, Office of the Secretary of Defense, *2011 Annual Report to Congress: Military and Security Developments Involving the People's Republic of China*, 2024, <https://media.defense.gov/2024/Dec/18/2003615520/-1/-1/0/MILITARY-AND-SECURITY-DEVELOPMENTS-INVOLVING-THE-PEOPLES-REPUBLIC-OF-CHINA-2024.PDF>; Congress.gov. "Navy Force Structure and Shipbuilding Plans: Background and Issues for Congress." May 21, 2025. <https://www.congress.gov/crs-product/RL32665>.
- ⁵ Seth G. Jones, *Empty Bins in a Wartime Environment* (Rowan & Littlefield, January 2023), https://csis-website-prod.s3.amazonaws.com/s3fs-public/2023-01/230119_Jones_Empty_Bins.pdf?VersionId=mW30Ongwul8V2nR2EHKBYxkpiOzMis88; Cameron Henderson, "US missiles would run out within days in war with China," *Telegraph*, December 9, 2024, <https://www.telegraph.co.uk/us/news/2024/12/09/us-missiles-run-out-within-days-war-china/>.
- ⁶ Editorial Board, "How the Trade War Endangers National Security," *Washington Post*, May 5, 2025, <https://www.washingtonpost.com/opinions/2025/05/05/china-trade-rare-earths/>.
- ⁷ Olivia Webb Kosloff, "A National Defense Strategy for Generic Drug," *American Affairs* 8, No. 2 (Summer 2024), <https://americanaffairsjournal.org/2024/05/a-national-defense-strategy-for-generic-drugs/>.
- ⁸ Michael Riley, "Obama Invokes Cold War Law to Unmask Chinese Telecom Spyware," *Bloomberg*, November 30, 2011, <https://www.bloomberg.com/news/2011-11-30/obama-invokes-cold-war-security-powers-to-unmask-chinese-telecom-spyware.html>.
- ⁹ Executive Order. No. 14241, 90 Federal Register 13673 (March 20, 2025), <https://www.federalregister.gov/documents/2025/03/25/2025-05212/immediate-measures-to-increase-american-mineral-production>.
- ¹⁰ Joel Dodge, "Economic Security Is National Security: The Future of the Defense Production Act," *American Affairs* 9, no. 2 (Summer 2025), <https://americanaffairsjournal.org/2025/05/economic-security-is-national-security-the-future-of-the-defense-production-act/>.
- ¹¹ "中华人民共和国国防动员法（全文）——中新网," accessed May 21, 2025, <https://www.chinanews.com.cn/gn/news/2010/02-26/2141911.shtml>; Changhao Wei, "Emergency Response Law," NPC Observer, accessed May 21, 2025, <https://npcobserver.com/legislation/emergency-response-law/>.
- ¹² *China's National Defense Mobilization System, Before the U.S.-China Economic and Security Review Commission* (2024) (Devin Thorne, Recorded Future), www.uscc.gov/sites/default/files/2024-06/Devin_Thorne_Testimony.pdf; See also, Jasmine Yang, Edward M. Lebow, and Liza L.S. Mark, "Is There a Law in China Similar to the US Defense Production Act?," *China Alert*, haynesboone, May 8, 2020, <https://www.haynesboone.com/-/media/project/haynesboone/haynesboone/pdfs/alert-pdfs/2020/is-there-a-law-in-china-similar-to-the-us-defense-production-act.pdf?rev=2fc436e9c1924f909abf09f67dd87ee6&hash=DE89E4E3BBAF5B696B09C591822538B3>.
- ¹³ The National Defense Mobilization Law requires this registry, which is maintained by the National Defense Mobilization Department. The ultimate quality of this registry, however, cannot be confirmed. See also, US Department of Defense, Office of the Secretary of Defense, *2011 Annual Report to Congress: Military and Security Developments Involving the People's Republic of*

China, 2023, <https://media.defense.gov/2023/Oct/19/2003323409/-1/-1/1/2023-MILITARY-AND-SECURITY-DEVELOPMENTS-INVOLVING-THE-PEOPLES-REPUBLIC-OF-CHINA.PDF>.