

DR CIRCUITS LLC



SANMINA



Promex



October 15, 2024

Dear Members of the California Congressional Delegation:

As executives representing electronics manufacturing in California, we respectfully ask you to please support an increase to the Fiscal Year 2025 Defense Production Act Purchases (DPAP) account and direct the Secretary of Defense to allocate funding for ongoing investments in printed circuit board (PCB) manufacturing. Specifically, we call on the House of Representatives to recede to the Senate position in S. 4921, of \$909,377,000 for Defense Production Act Purchases, which includes \$45 million for Printed Circuit Boards.

Printed Circuit Boards (PCBs) form the foundation of virtually all technology powered by electronics. Multiple assessments by the federal government have identified a strategic risk in the United States' lack of manufacturing capability and capacity for PCBs¹. In 2023, President Biden issued Presidential Determination 2023-06, identifying this industrial shortfall as a threat to U.S. national security. Despite this ongoing and well-documented need, the House of Representatives passed H.R. 8774 **with no funding allocated** in the Defense Production Act Purchases account to address the Presidential Determination on PCBs.

The state of California has a unique position as the leading producer of electronics manufacturing in the United States. According to a 2020 study by industry association IPC, California's electronics manufacturing industry directly employs at least 274,000 workers and contributes at least \$197 billion in direct economic output. This industry is not just an economic contributor in California, but also a critical piece of the national strategy for securing supply chains. Twenty-five years ago, the U.S. was home to nearly 2,000 PCB manufacturers and produced roughly from 30% of the world's supply. Today, fewer than 150 U.S. PCB manufacturers produce just 4% of the global supply, leaving the U.S. heavily dependent on foreign sources for this fundamental component of all electronic goods. California is home to several of the remaining domestic manufacturers that supply our national defense and critical infrastructure.

Defense Production Act investment will enable the few remaining PCB manufacturers, like those in California, to develop both technological capability and the production capacity to meet the needs of U.S. defense systems from missiles to onboard sensors to satellites. If one thinks

about the electronics in every weapon, vehicle, and piece of equipment funded by the \$850 billion Defense budget, most of them will not function without advanced PCBs. By maintaining funding for PCB technology in the FY25 appropriation, Congress will be acting to ensure the United States can manufacture these core pieces of the national defense infrastructure.

We urge you to support the funding level for Defense Production Act Purchases in S. 4921, including \$45 million for printed circuit boards. This funding will be an important step to both strengthen national security and support California's role as a linchpin in the electronics supply chain.

Sincerely,

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Notes

ⁱ U.S. Department of Commerce, Bureau of Industry and Security. (2023). *Assessment of the Status of The Microelectronics Industrial Base in the United States*. <https://www.bis.doc.gov/index.php/documents/technology-evaluation/3402-section-9904-report-final-20231221/file>

House Select Committee on the Strategic Competition Between the United States and the Chinese Communist Party. (2023). *Reset, Prevent, Build: A Strategy to Win America's Economic Competition with the Chinese Communist Party*. <https://selectcommitteeontheccp.house.gov/sites/evo-subsites/selectcommitteeontheccp.house.gov/files/evo-media-document/reset-prevent-build-scc-report.pdf>

Presidential Determination No. 2023-06. (2023). <https://www.federalregister.gov/documents/2023/03/06/2023-04617/presidential-determination-pursuant-to-section-303-of-the-defense-production-act-of-1950-as-amended>

U.S. Department of Commerce and U.S. Department of Homeland Security. (2022). *Assessment of the Critical Supply Chains Supporting the U.S. Information and Communications Technology Industry*. <https://www.commerce.gov/sites/default/files/2022-02/Assessment-Critical-Supply-Chains-Supporting-US-ICT-Industry.pdf>

U.S. Department of Defense. (2018). *Assessing and Strengthening the Manufacturing and Defense Industrial Base and Supply Chain Resiliency of the United States*. <https://media.defense.gov/2018/Oct/05/2002048904/-1/-1/1/ASSESSING-AND-STRENGTHENING-THE-MANUFACTURING-AND%20DEFENSE-INDUSTRIAL-BASE-AND-SUPPLY-CHAIN-RESILIENCY.PDF>

U.S. Department of Commerce, Bureau of Industry and Security. (2017). *U.S. Bare Printed Circuit Board Industry Assessment*. <https://www.bis.doc.gov/index.php/documents/technology-evaluation/2378-u-s-bare-printed-circuit-board-industry-assessment-2017/file>.