APPENDIX G:

The DPAS Recommendation

Implementation of the Joint Industry-Government Telecommunications Industry Mobilization Recommendations:

Priorities and Allocations for Telecommunications Materials and Equipment

U.S. Department of Commerce
Bureau of Export Administration, Room 3837
Defense Priorities and Allocations System (DPAS) Office
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IMPLEMENTATION

OF THE

JOINT INDUSTRY-GOVERNMENT

TELECOMMUNICATIONS INDUSTRY

MOBILIZATION

RECOMMENDATIONS

Priorities and Allocations for

Telecommunications Materials and Equipment

Office of Industrial Resource Administration
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IMPLEMENTATION OF THE JOINT INDUSTRY-GOVERNMENT TELECOMMUNICATIONS INDUSTRY MOBILIZATION RECOMMENDATIONS

Priorities and Allocations for Telecommunications Materials and Equipment

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IMPLEMENTATION OF THE JOINT INDUSTRY-GOVERNMENT TELECOMMUNICATIONS INDUSTRY MOBILIZATION RECOMMENDATIONS

Priorities and Allocations for Telecommunications Materials and Equipment

1.0 Introduction

The U.S. Department of Commerce (DOC) was designated as the lead agency to implement several recommendations made by the Joint Industry-Government Telecommunications Industry Mobilization (TIM) Group. These recommendations were presented to the President by the National Security Telecommunications Advisory Committee (NSTAC). This paper describes the manner in which DOC will use the Defense Priorities and Allocations System (DPAS) as the vehicle for (1) implementation of TIM recommendations calling for the establishment of procedures to ensure priority production of telecommunications materials and equipment, and (2) resolution of provisioning conflicts under national security emergency conditions.

1.1 Background

The TIM Group assessed the ability of the telecommunications industry to respond to a national security emergency mobilization situation. Its findings and recommendations were reported in two volumes of TIM Subject Reports and were approved in October 1987 by the Industry Executive Subcommittee (IES) of the NSTAC.

Subsequently, the Office of the Manager, National Communications System (OMNCS) developed the NCS Baseline Mobilization Program to provide for the implementation of policies, plans, and procedures to ensure that necessary telecommunications services and facilities will be available to meet Federal Government emergency communications requirements. The Program Plan sets forth the responsibilities, resource estimates, and schedules for implementation of the TIM Group recommendations.

In a memorandum dated February 7, 1991, the Manager, NCS, solicited the support of the NCS Principals to begin implementing the TIM Group recommendations. Included with that memorandum is a generic action plan and an assignment of the tasks to be performed by specific NCS member organizations and/or the OMNCS. Accordingly, the Manager, NCS, recommended that DOC be assigned as the lead agency for carrying out the TIM Group recommendations related to material and equipment production priorities, U.S. dependence on foreign-sourced materials, and the coordination of provisioning equipment and resolution of provisioning conflicts. This paper addresses the issues of material and equipment priorities, provisioning, and conflict resolution. U.S. dependency on foreign-sourced materials will be addressed in separate documentation.

2.0 TIM Group Assigned Recommendations

The following TIM Group recommendations relative to equipment and material priorities and provisioning were assigned to DOC by the NCS:

(1) Recommendation G.4(a) -- The Federal Government should develop and/or implement procedures that would assign priorities in a timely and coordinated manner to the telecommunications industry during mobilization to ensure telecommunications equipment and material production priorities for NS/EP telecommunications manufacturers.

(2) Recommendation C.5 -- With respect to specific telecommunications mobilization management issues, the Government should clarify the processes and procedures for coordinating the provisioning of NS/EP telecommunications equipment, and the resolution of any provisioning conflicts under mobilization conditions, particularly with respect to the role to be played by the NCS.

3.0 Priorities and Allocations

One of the more important lessons learned from past war experience is that the United States needs to have in place a system both for obtaining timely delivery of critical industrial products and materials to support current defense requirements and maintaining a preparedness capability for industry to respond to any future defense emergency. Accordingly, under Title I of the Defense Production Act of 1950 (DPA), the President is authorized (1) to require that contracts or orders relating to certain approved defense or energy programs be accepted and performed on a preferential basis over all other contracts and orders, and (2) to allocate materials, services, and facilities in such a manner as to promote approved programs. Additional priorities authority to require prompt delivery of articles and materials for the exclusive use of the U.S. armed forces is found in Section 18 of the Selective Service Act of 1948, in 10 U.S.C. 4501 and 9501, and in 50 U.S.C. 82, as implemented by Executive Order 12742.

The responsibility for carrying out these authorities for industrial resources is delegated to DOC, and within DOC, to the Office of Industrial Resource Administration (OIRA). To implement the authority, OIRA administers the Defense Priorities and Allocations System (DPAS). The DPAS is a multifaceted, self

executing regulation (15 CFR 700), designed (1) to assure the timely availability of industrial resources to meet current national defense requirements, and (2) to provide a reguatory framework to support rapid industrial response in a national security emergency.

3.1 Defense Priorities and Allocations System (DPAS)

The DPAS establishes two levels of priority, identified by the rating symbols "DX" and "DO". The DX priority is assigned only to those contracts and orders which support programs designated by the President as being of the highest national priority. The DO priority is assigned to all other contracts and orders which support programs vital to our national defense. DX rated orders take preference over all DO rated orders, and DO rated orders take preference over all unrated/commercial orders as necessary to meet delivery requirements.

DOC has delegated authority under the DPAS to certain designated federal agencies (i.e., DOD, DOE for nuclear weapons, GSA for the Federal Supply Program, and FEMA for civil defense and continuity of government) to use rated orders in support of approved national defense programs. These rated orders are placed with contractors and vendors who are capable of supplying the required product, material, or service. Upon receipt of a rated order, a

contractor or vendor must:

(1) Accept the order except as specifically provided in the DPAS;

(2) Give the order precedence over unrated/commercial (including unrated government) contracts and orders as necessary to meet delivery requirements; and

(3) Extend the priority rating on contracts and orders placed with subcontractors and vendors to obtain timely delivery of needed production items.

The DPAS also provides for special priorities assistance in the event of production or delivery problems. Generally this assistance is used to expedite deliveries or to resolve production or delivery conflicts. It also may be used to request priority rating authority for items not automatically ratable under the DPAS.

During a national security emergency, the DPAS may be expanded as needed to support rapid industrial response to meet defense related emergency requirements, including the acquisition of critical items for essential civilian programs.

3.2 Application of the DPAS to Telecommunications Equipment and Materials During a National Security Emergency

During a national security emergency, the DPAS may be expanded to support the defense related acquisition of telecommunications equipment and materials to meet urgent and essential civilian program requirements. DOC would establish special rules as needed to ensure that critical items of equipment and materials will be available in a timely fashion and to provide for the equitable and orderly distribution of these items. However, such action could not be taken unless an essential civilian program which covers telecommunications equipment and materials is approved by appropriate authority for priorities and allocations support under the DPA or other emergency legislation.

This exercise of expanded DPAS authority would be in addition to the DPAS authority currently exercised by FEMA under delegation from DOC to use rated orders for the acquisition of telecommunications equipment and materials in support of FEMA's civil defense and continuity of government program. Also, it should be noted that no additional DPAS authority would be needed during the emergency to support the acquisition of telecommunications equipment and materials to meet national defense program requirements.

3.3 Procedure for Using the DPAS to Telecommunications Materials and Equipment Acquisition

During a national security emergency, and following the establishment of a defense related essential civilian program which covers telecommunications equipment and materials, any entity (e.g., contractor, supplier, or government agency) requiring assistance in obtaining timely delivery of these items, should request priority rating authority from DOC/OIRA as set forth in the DPAS provisions on Special Priorities Assistance (SPA) using DOC form BXA-999. A sample copy of this form is included as Attachment 1. Such requests must be sponsored by the NCS. SPA can be initiated by the entity who needs assistance to resolve a problem related to the exercise of the DPAS authority.

If placement of a rated order with a supplier will not by itself ensure timely delivery, the entity, with NCS sponsorship, can request additional OIRA assistance. If the problem involves conflicting urgent requirements or some other situation that should be resolved at a higher level, the matter will be referred by DOC through FEMA to the proper authority for adjudication.

4.0 Residual Issue

The DPA lapsed on March 1, 1992, and legislation to extend and amend this authority is presently under consideration by the U.S. Congress. Accordingly, the DPAS is now being administered under the authority of Executive Order 12742. Because this authority is limited to procurement of articles and materials for the exclusive use of the U.S. armed forces, short of war or threat of war, the DPAS currently can only cover the emergency procurement of telecommunications equipment for this purpose.

5.0 Summary

The DPAS was established to help ensure the timely availability of industrial resources critical to the nation's defense, and to provide a framework for rapid industrial response in a national security emergency.

During a national security emergency, the DPAS could be expanded as needed to support the timely acquisition of telecommunications equipment and materials to meet critical and urgent defense related essential civilian program requirements. OIRA would, under such circumstances, take specific case-by-case official action as required to ensure the timely delivery of these items.

Accordingly, it is DOC's position that the procedures available under the current DPAS, supplemented by additional procedures developed in response to a national security emergency, are consistent with TIM Recommendations G.4(a) and C.5. Therefore, DOC believes that the DPAS satisfies the requirements of the NCS Baseline Mobilization Program.

For more complete information about the DPAS, interested parties should review its provisions, including its appendices (e.g., DPAS (draft) Emergency Regulation 1), found in 15 CFR 700. Requests for copies of the DPAS and any questions about its provisions may be directed to Richard V. Meyers, DPAS Program Manager, OIRA, Room 3878, U.S. Department of Commerce; tel. (202) 377-3634 and FAX (202) 377-5650.

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Volume I: An Executive Summary -- Volume II: Background Information

ABSTRACT

The National Communications System (NCS) is responsible for defining operational infrastructures and processes that could be detrimental to the provision of telecommunications equipment and services that are necessary to the National Security and Emergency Preparedness (NS/EP) needs of the Nation. To this end, the President's national Security Telecommunications Advisory Committee (NSTAC) studied the industry's dependence on various infrastructures within the United States to: (1) identify possible impediments to effective telecommunications industry mobilization, and to (2) assist in the development of corrective actions to overcome any identified impediments. This study was published in 1989. The information presented in this report is a result of follow-on investigations that attempt to determine those components and materials used in the telecommunications equipment manufacturing process that are obtained from foreign sources. This report lists those components that are primarily procured from foreign sources. for example, plastic-coated relays, printed circuit mounted transformers, and some types of semiconductors are a few of the components that represent vulnerabilities in the telecommunications switch (Class 5) manufacturing process. A result of this study is an analysis of the trends that are evident between the 1989 study results and the results of this report. This report shows an increase in the components that are obtained almost exclusively from sources outside the U.S. and Canada. A contributing factor to the trend toward more foreign sourcing of components is the general trend toward a more global economy. In the final analysis, one must determine the components, and their sources, that could be the most detrimental to the mobilization of the Nation's telecommunications resources if these sources were no longer available. A determination of the sources that are most likely to be cut off is also important. An analysis of the circumstances that could result in the cut off of foreign sources is not part of this study.

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