

Defense Policy Update From Washington

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Vogel Group is an international government affairs and consulting firm headquartered in Washington D.C serving startup companies, corporations, associations, and asset managers around the world.

Our firm provides strategic counsel and government affairs support in managing, responding to and capitalizing on government risk and opportunities.



Shaun Taylor

Director

Shaun Taylor is a Director at Vogel Group where he primarily works with defense and national security focused clients. He has nearly a decade of experience on Capitol Hill and previously worked for Cong. Richard Hudson (R-NC) and Cong. Pat Fallon (R-TX) both member of the House Armed Services Committee.

Shaun has a demonstrated history of delivering wins across a wide range of defense-related topics including cyber, innovation, personnel, and tactical programs. He also previously worked for the Chairman of the Special Operations Forces Caucus and alongside the Organization for Security and Cooperation in Europe.



Samir N. Kapadia

Managing Principal

Samir N. Kapadia is Managing Principal and Head of Trade at Vogel Group, where he leads the firm's trade practice, advising clients on tariffs and supply chain strategy issues.

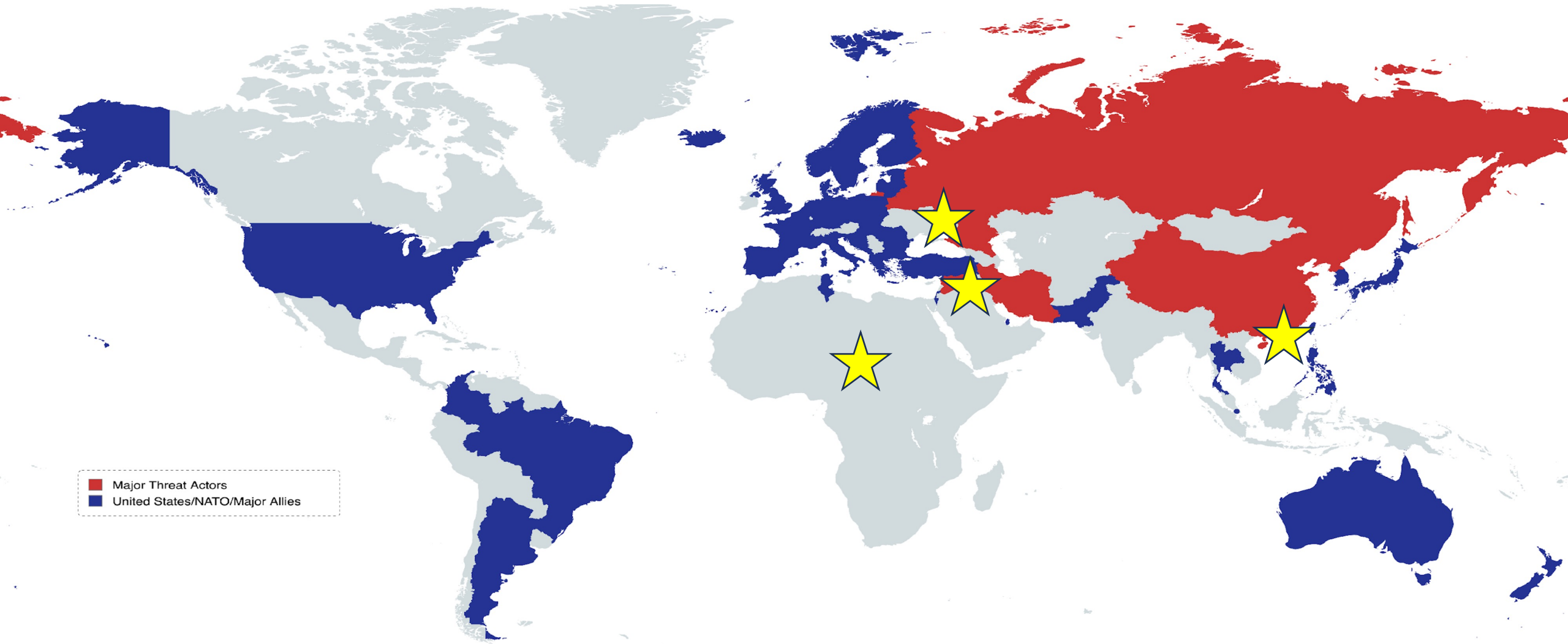
Samir was named Top Lobbyist by the Hill in 2023, and in 2019 and 2020, Samir was ranked as the top lobbyist on tariff issues in Washington, D.C. in terms of cases lobbied before federal agencies and Members of Congress. He is a Board Member of Better Homes for Heroes, a non-profit aimed at improving military housing and barracks conditions for servicemembers.



Agenda

- Global Threats
- Service by Service Perspective
- Special Operations
- Cyber and Innovation
- Defense Industrial Base
- Political and Economic Snapshot
- 2024 Presidential Elections
- What Impact Can You Have?

Global Threat Environment



■ Major Threat Actors
■ United States/NATO/Major Allies

Global Threat Snapshot

- **Ukraine – Russia War**
 - Two and a half years into the war, Ukrainian strength is dwindling as is the political will to financially and militarily support Ukraine. To date, the United States has provided \$53.7 billion in military aid to Ukraine.
- **Israel – Hamas War**
 - Hamas' 7 October attack triggered war in Gaza. Due to the nature of Hamas' tactics, civilian casualties remain high. The Biden Administration has pushed for a ceasefire, but prospects are murky at best and fears of a broader conflict remain as additional regional actors insert themselves.
- **Iranian Destabilization**
 - Iran continues to support militant groups throughout CENTCOM that seek to harm the United States and our allies. The 13 April attack against Israel was the first of its kind originating from Iranian soil. Iran has vowed retaliation following the assassination of Hamas leader Ismail Haniyeh.
- **China's 2027 Vision**
 - China remains the United States' top pacing threat and has reiterated its desire to have a world class military *capable* of seizing Taiwan by 2027. They continue to show aggression across multiple domains in pursuit of this goal.
- **Africa**
 - Both state and non-state actors compete for power, influence, and resources across the continent. Africa is becoming a powder keg with increased violence, booming population, and resources that are essential to many advanced technologies.

United States Army

- Army Force Structure Transformation
 - The Army is redesigning the force to pivot away from Counterinsurgency/Counterterrorism missions to focus on peer competitors.
 - Creation of five Multi-Domain Task Forces (MDTFs) that will bring new capabilities to the battlefield. These include multi domain effects, long range fires, and indirect fire protection capabilities.
 - Reduces authorized troop levels by 24,000.
- Recruiting
 - The Army faces multi-year recruiting shortfalls and has looked for ways to increase the eligible population including the Future Soldier Prep Course, which has now graduated 15,000 potential soldiers.
- Army Modernization
 - The cancellation of the Future Attack Reconnaissance Aircraft program was the fourth failed attempt to update reconnaissance aircraft and the Army claims it is diverting attention to unmanned alternatives.
 - The Army's Top Unfunded Priority focuses on counter small UAS capabilities, namely Coyote, amid growing global demand signals. The Army should strongly consider simultaneously exploring non-kinetic Coyote variants to defeat swarms. Both versions of the NDAA authorized additional money for the request but it has not been matched by appropriators, setting the stage for future debate.



United States Navy/Marine Corps

- Shipbuilding and Fleet Expansion
 - To meet the National Defense Strategy, the Navy needs 381 ships by 2043.
 - However, the Navy's best-case scenario only reaches a level of 377 ships by FY' 45 while a more realistic, budget constrained projection, reaches a peak level of 348 ships in FY '42.
 - Construction delays, labor shortages, and maintenance backlogs continue to ravage shipyards.
 - Central to this issue is the decision to purchase a second Virginia Class submarine in FY '25. Both HASC and SASC included a second sub while neither Chamber's appropriations committees followed suit.
- Marine Corps Force Design 2030
 - The ten-year plan centers on two concepts: Littoral Operations in a Contested Environment (LOCE) and Expeditionary Advanced Base Operations (EABO).
 - The Marine Corps aims to become lighter and more agile eliminating much of their armor and towed artillery capabilities.
 - Noticeably absent from much of these conversations is the modernization of logistics through the use of advanced technology. Pockets of innovation exist but the Marine Corps would be well served to avoid neglecting its logistics arm.
- Barracks and Housing
 - The Marine Corps finished its 100% inspection of barracks across installations. Addressing dilapidated conditions will require significant investment that has not been budgeted for, compounding fiscal issues.



United States Air Force

- Fighter Capabilities
 - F-35 and the F-15 EX remain central to USAF capabilities. However, the President's FY '25 budget contains 21 fewer fighters than previously projected. The picture has only gotten worse as the House NDAA cut the overall number of F-35's to focus on production delays and supplier issues. Meanwhile, appropriators did a 180 and *increased* overall F-35 procurement turning a blind eye to contractor delays and cost overruns.
- Modernization
 - The Air Force has stated it must develop the Next Generation Air Dominance (NGAD) platform to keep pace with global threats. However, the DAF has acknowledged that this will be cost prohibitive to produce on a large scale and it must be augmented by other capabilities. Some have gone as far to question whether NGAD is possible given the supplier environment and history of underperformance.
 - The Collaborative Combat Aircraft (CCA) program is designed to compliment both F-35's and the NGAD with unmanned counterparts. In a denied or contested environment, attrition will be significant and CCA is meant to be mitigate those risks.



United States Space Force

- New Opportunity
 - Space is being recognized as an essential military domain. From positioning systems to missile detection capabilities, building a resilient space architecture has become essential to the warfighter.
 - Integration of systems across domains remains a top challenge and is essential to the success of DoD wide objectives such as Joint All Domain Command and Control (JADC2) which DoD has struggled to both define and implement.
- Force Design
 - Space Force continues to build out its force design leading to debate over how a reserve component could be structured. The Air Force currently has numerous space-centric roles in their Air Guard leading some to push the idea of a Space National Guard.
 - However, advocates have not been able to justify or explain how this fits into the Title 32/Title 10 design of the National Guard and it seems more of a money grab for certain interests rather than an operational need.
 - Competing views remain and Congress must now come to an agreement on if and how to transfer airmen who conduct space missions to the Space Force.



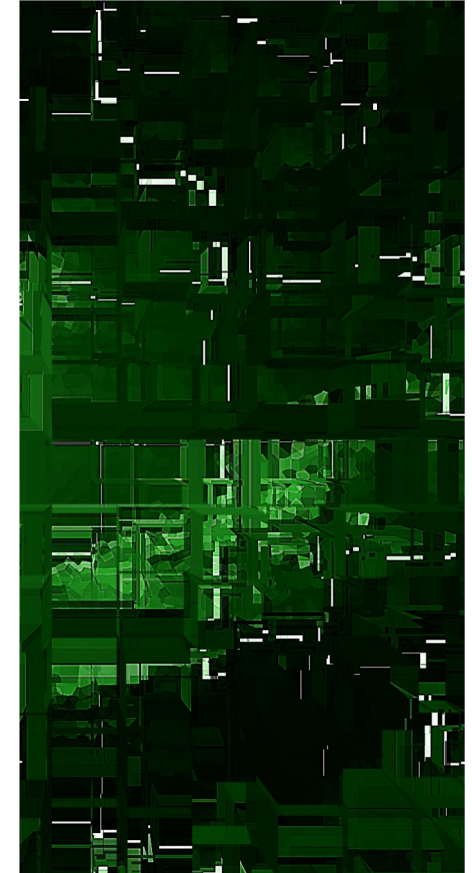
Special Operations

- An Urgent and Continued Need
 - Special Operations Forces (SOF) continue to operate in more than 80 countries worldwide conducting a wide range of mission sets.
 - The United States' shift away from counterterrorism and counterinsurgency missions has led some to believe that SOF are somehow less relevant in today's fight.
 - Disagreement abounds inside the beltway on SOF's role in modern conflict. Success will rest on USSOCOM and ASD SOLIC's ability to advocate to an administration that is hesitant to engage in enduring military operations.
- The Best Investment to Prevent War
 - Special Operations may be the key to preventing the next global conflict through building partner capacity, conducting information operations, and maintaining a strong deterrent through direct action capabilities.
 - The Army's decision to reduce ARSOF personnel and make cuts particularly on the PSYOPS and Civil Affairs side could prove to be shortsighted especially as adversaries continue to invest heavily in places like Africa.



Cyber

- 24/7 & 365
 - Cyber capabilities will define future conflict as threats and persistent and continuous in both times of conflict and competition.
 - US effectiveness will remain limited with USCYBERCOM as a combatant command and cyber priorities always being secondary when it comes to individual services. However, the Department recently took a positive step forward by appointing Michael Sulmeyer as head of the Pentagon's cyber policy.
- Zero Trust
 - DoD is establishing a zero-trust architecture within the Defense Information Network (DODIN) which assumes adversaries already have access to the network, requiring constant monitoring and credential validation. They have set a 2027 target date for completion.
- DIB Cyber Plan
 - Ransomware and cyber attacks from state and non-state actors continue to target major industries across the United States.
 - In March, DoD released the first industry-wide cyber strategy to encourage best practices to safeguard critical information.
 - The strategy focuses on collaboration, preservation of capabilities, enhanced structure, and improved governance of cyber policy.



Innovation

- Replicator
 - DoD launched an ambitious program to field thousands of attritable autonomous systems by summer 2025.
 - Despite Deputy Secretary Kathleen Hicks' bold proclamation that "Replicator is not a new program of record ... and [DoD] will not be asking for new money" Congress has already appropriated \$200 million for the program and DoD plans to invest \$1 billion going forward. This has sent mixed signals to both Congress and industry leaders, casting doubt on the program's feasibility.
 - In June, the Army announced it would buy 600 Switchblade loitering munitions as part of Replicator. The decision has been met with mixed reactions as critics see this as one simple procurement and not the innovative approach they were promised.



Defense Industrial Base (DIB)

- A shrinking industrial base poses extreme risk to the future of the defense industry.
 - In the last five years the DIB has shrunk by 4.3%
 - According to the Department of Defense, DLA lost about 22%, or 3,000 vendors from 2016 to 2022. Small businesses accounted for 2,300 of those losses. Overall, the Department of Defense lost 43.1% of its small businesses in the same timeframe.
 - In 1985 the US defense industry accounted for over 3 million workers. In 2023 that number was down to 1.1 million.
- The Commission on the National Defense Strategy recently released a sobering report that highlights the need for increased, sustained, and predictable spending to support the DIB and our national security.
 - Most startling, the report found “the U.S. military lacks both the capabilities and the capacity required to be confident it can deter and prevail in combat.”
 - The need for steady increased investment is not a new claim, but the political appetite and tradeoffs necessary to make those investments is hard to find in Washington.

Spending Cap Concerns

- Budget Caps
 - FY '25 defense caps are artificially low, creating a cut to spending in real dollars. Spending will rise 1% in FY 25 to \$895 billion which amounts to a cut in real dollars as inflation rose 3.4% in 2023.
 - Conversely, China recently approved a defense budget with annual growth of 7.2%.
 - The House has so far stayed within the bounds of the budget deal, but the Senate has shown a willingness to go higher in the SASC markup of the NDAA.
 - It seems almost a forgone conclusion that FY '25 spending won't be dealt with before the new year. Optimists put completion of the FY '25 appropriations cycle in March 2025, which will only be complicated by any change in administration or Congressional majorities.

Political and Economic Snapshot

- We are less than 100 days away from the 2024 Presidential Election
 - In June, the unemployment rate was 4.1%, tied for the highest level since October 2021.
 - The government is running a cumulative deficit of \$1.3 trillion so far in FY2024.
 - GOP Majority: 220- 212, meaning that the party in control of the House cannot afford to lose more than two members on any given party-line vote in order to pass legislation.
 - So far, there have been 7 failed House Rules votes – the most since the 93rd Congress (1973-74).
 - As of July 2024, 53 members of Congress—8 members of the Senate and 45 members of the House—announced they would not seek re-election in 2024.
- Top 3 Issue Concerning Americans
 - Economy/Cost of living/Inflation – 30%
 - Immigration – 22%
 - Government/Poor Leadership – 20%
- So What?
 - Any significant legislation must be passed with broad bipartisan majorities strong enough to survive torpedoes from both extremes of the political spectrum.
 - Economic conditions continue to be at the forefront of people’s mind which is underscored by concerning long term trends involving spending and government deficits.
 - At a time when national security requires a strategic shift in the way we do business, the federal government seems ill equipped to address the systematic roots of issues, undermining our military strength.

2024 Election Cycle

- Historically, both parties have supported robust funding for defense in times of need.
- However, increased isolationist rhetoric from the right is a top concern. In the era of strategic competition any efforts to delay modernization investments or limit support to our allies will be met enthusiastically by our adversaries.
- Divided government will likely continue status quo funding delays which could have far reaching impacts on the industrial base.
- A New Trump Administration would likely signal a willingness to increase overall defense spending to counter China while scaling back other foreign obligations and a Harris White House would maintain the status quo of the last four years, limiting real growth.



What Impact Can You Have?

- In times of austere budget conditions, the Department of Defense needs innovative thinkers now more than ever.
- The defense ecosystem is simultaneously one of the most innovative and slow to react environments in all of government. You need access to the relevant pressure points and key decision makers.
- Thankfully, defense policy is one of the last bastions of bipartisanship and Members of Congress are always looking for ways to support their districts, their states, and our collective national security.
- We can help ensure your organization remains part of the discussion and can directly influence relevant decisions.



Thank You



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