

**Congress of the United States**  
**Washington, DC 20515**

June 9, 2022

The Honorable Lloyd J. Austin III  
Secretary of Defense  
1000 Defense Pentagon  
Washington, DC 20301-1000

Dear Secretary Austin:

The Department of Defense has identified growing consolidation in the defense industry as a threat that can “reduce the availability of key supplies and equipment, diminish vendors’ incentives for innovation and performance in government contracts, and lead to supply chain vulnerabilities.”<sup>1</sup> We write to express concern with defense industry consolidation and urge the Department to assist the Federal Trade Commission in assessing past merger impacts on defense programs; namely, we urge the Department to provide the Federal Trade Commission with relevant data related to the 2018 Northrop Grumman - Orbital ATK merger.

In January 2022, the Federal Trade Commission blocked the proposed merger of Lockheed Martin and Aerojet Rocketdyne over concerns that Lockheed would use its control of Aerojet to increase prices, and the increased industry consolidation would result in lower quality goods and services to the Department of Defense. We commend the Federal Trade Commission for blocking this merger by initiating the first defense industry consolidation litigation in decades.<sup>2</sup>

We remain concerned that the 2018 merger between Northrop Grumman and Orbital ATK poses the same threats that led the Federal Trade Commission to block the Lockheed-Aerojet merger. In fact, when the Federal Trade Commission approved the Northrop-Orbital merger in 2018, it noted that the deal could “potentially [dampen] Northrop’s incentive to provide DOD with the most sophisticated systems at a competitive price.”<sup>3</sup> Post-merger, Northrop enjoys virtually unilateral power to set prices on some of the most expensive military weapons on the planet, nuclear weapons. It has dramatically reduced industrial base redundancies in the nuclear triad.

---

<sup>1</sup> <https://media.defense.gov/2022/Feb/15/2002939087/-1/-1/1/STATE-OF-COMPETITION-WITHIN-THE-DEFENSE-INDUSTRIAL-BASE.PDF>

<sup>2</sup> <https://www.ftc.gov/news-events/news/press-releases/2022/01/ftc-sues-block-lockheed-martin-corporations-44-billion-vertical-acquisition-aerojet-rocketdyne>

<sup>3</sup> [https://www.ftc.gov/system/files/documents/cases/1810005\\_northrop\\_bureau\\_statement\\_6-5-18.pdf](https://www.ftc.gov/system/files/documents/cases/1810005_northrop_bureau_statement_6-5-18.pdf)

In a recent appearance before the House Appropriations Subcommittee on Financial Services and General Government, current FTC Chair Lina Khan noted that it is within the agency's legal authority to unwind this merger. However, for defense industry mergers, the agency relies on the Department of Defense for information on a merger's impact on prices and quality. We urge you to share all relevant information on the impact of the Northrop-Orbital merger with the Federal Trade Commission. It is critical that this merger, and all defense industry mergers, are subject to adequate scrutiny, both to keep defense contractor profiteering at bay and to advance national security priorities. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Mark Pocan', with a stylized, cursive script.

Mark Pocan  
Member of Congress

A handwritten signature in blue ink, appearing to read 'John Garamendi', with a stylized, cursive script.

John Garamendi  
Member of Congress