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By Sayari Analyst Team · Published May 2025

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The Department of Defense procures weapons systems, components, and non-combat goods from more than 200,000 suppliers scattered across global markets. Decades of defense procurement operated on a tier-1 assumption: visibility starts with prime contractors and direct vendors who sign contracts with the DoD. What happens below that line? How components flow through sub-tier networks? Who controls subsidiaries and intermediaries? These questions remain largely unaddressed.

The consequences extend beyond mapping exercises. Foreign adversary presence doesn't require prime contractor foreign ownership. It enters through components sourced from sub-tier suppliers, raw materials passing through intermediary networks, and sub-assemblies from entities with hidden beneficial ownership. The risk isn't visible from tier-one procurement records.

A July 2025 Government Accountability Office report titled "Defense Industrial Base: Actions Needed to Address Risks Posed by Dependence on Foreign Suppliers" confirmed what defense procurement professionals already understood: the DoD has made measurable progress in supply chain risk management, but meaningful visibility into lower-tier suppliers remains limited. The same month, the Senate advanced the Promoting Resilient Supply Chains Act of 2025, which formalizes what was previously a fragmented policy conversation. The bill would formalize supply chain resilience efforts within the Commerce Department, establish a Supply Chain Resilience Working Group, and direct mapping, assessment, and modeling of critical supply chains with explicit focus on gaps and vulnerabilities.

That legislative and agency-level attention reflects a broader recognition: visibility below tier 1 is no longer optional. It is foundational to defense industrial base resilience.

The Scale and Impact: 200,000 Suppliers, Limited Visibility Below Tier 1

The DoD's 200,000 suppliers operate across product categories, geographies, and ownership structures—many are small enterprises without sophisticated compliance infrastructure, operating in regions where beneficial ownership disclosure is opaque. The COVID-19 pandemic exposed acute vulnerability: the DoD lacked real-time visibility into which suppliers were affected, how disruptions propagated through sub-tiers, or where alternatives existed. The defense industrial base had optimized for continuous supply, not resilience under disruption. Sub-tier mapping remains incomplete and inter-agency data sharing limited.

The GAO report documents incremental improvements in tracking tier-one suppliers but explicitly states visibility into lower tiers remains inadequate for meaningful risk assessment. The GAO's July 2025 assessment confirmed the DoD has taken steps to address supply chain vulnerability, but identified persistent gaps: the DoD lacks comprehensive visibility into suppliers across multiple tiers, has limited ability to assess whether lower-tier suppliers operate under foreign government influence, and faces challenges sharing supply chain intelligence across federal agencies.

The Promoting Resilient Supply Chains Act addresses these findings by establishing a formal mechanism for identifying critical supply chains, mapping structure, assessing vulnerabilities, and modeling failure scenarios. The Supply Chain Resilience Working Group—led by Commerce—would coordinate across defense, intelligence, and economic agencies. Foreign adversary influence in defense supply chains is a national security problem requiring systematic, government-wide visibility and coordinated response.

How Foreign Adversary Presence Enters Supply Chains Below Tier 1

Foreign adversary control doesn't announce itself. A defense contractor sources a specialized component from Vendor A. Vendor A sources from Manufacturer B. Manufacturer B owns a subsidiary in a third country supplying raw materials. That subsidiary operates under structures obscuring true beneficial ownership. The beneficial owner may have undisclosed relationships with foreign governments or sanctioned entities. From the prime contractor's perspective, they have a contract with Vendor A. Below that tier, the adversary nexus remains invisible.

Foreign adversaries don't need majority stakes in American contractors. They operate through minority stakes, board seats, technical partnerships, or control of lower-tier suppliers. An NDAA amendment calling for deeper scrutiny of agency partners for foreign intelligence ties signals that visibility below tier 1 must include corporate ownership structures and intelligence regarding which entities operate under foreign government influence or maintain relationships with sanctioned actors.

What Sub-Tier Supply Chain Visibility Requires for Defense Procurement

Closing the visibility gap requires specific operational capabilities currently lacking at scale: trade data mapping product flows across supply networks; beneficial ownership analysis penetrating corporate structures through multiple jurisdictions; and corporate network mapping identifying supplier relationships with foreign entities of concern.

These capabilities don't exist as turnkey solutions within current procurement infrastructure. Building them requires integrating trade data from 78+ sources with beneficial ownership research across jurisdictions, then applying automated flagging for sanctioned governments or entities of intelligence concern. The Promoting Resilient Supply Chains Act proposes establishing the Supply Chain Resilience Working Group to coordinate across procurement teams, intelligence agencies, and inter-agency data governance bodies that currently operate in isolation. This Working Group would establish a shared baseline of critical supply chain intelligence that procurement teams could operationalize through contracting mechanisms.

Closing the Gap

The momentum toward supply chain visibility is real but incomplete. The practical work of implementing sub-tier visibility-building data infrastructure, integrating intelligence sources, and establishing sustainable governance-remains substantial.

For defense procurement teams, this means transitioning from procurement models optimized for cost and efficiency to models that center security. Sayari's platform aggregates trade data from more than 78 unique sources and conducts beneficial ownership research penetrating corporate structures across multiple jurisdictions. It automatically flags companies controlled by sanctioned entities-whether sanctions originate from the US, EU, UK, Australia, Japan, or Ukraine. This means rapid identification of sub-tier suppliers with adversary connections before contracts are awarded.

The visibility gap the GAO documented and the Promoting Resilient Supply Chains Act aims to address is now a gap procurement teams can close. It requires the right data, the right tools, and the right integration into existing processes. That's the work of the next phase of defense industrial base resilience.

Please visit sayari.com to learn more.

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