

What to Look for in the Defense Industrial Base Strategy

Can the Department of Defense (DOD) successfully marshal defense industries for national security?

With the first national defense industrial base strategy, expected to be published in December, the Department clearly thinks so. As Assistant Secretary of Defense for Industrial Base Policy, Laura Taylor-Kale, said, this first-ever strategy is intended as “[roadmap for how the department will modernize its industrial base](#),” and guide DOD policy and investments for the next three years.

The current and projected future of national security and microelectronics industry justifies a formal strategy. Taylor-Kale said that the COVID-19 pandemic revealed “[critical gaps in the US industrial base and an overreliance on foreign manufacturing](#).” Potential conflict in the Indo-Pacific region threatens America’s access to critical microelectronics (ME). Lessons from supplying Ukraine indicates the need to increase munitions production capacity and speed. The DIB and microelectronics industry also face significant competition from the PRC. With its “Made in China 2025” strategy published in 2015, the PRC is pursuing global market dominance in 10 technological sectors including information technology, aerospace, robotics, advanced railways and transportation – all industries that are vital to the DOD and US critical infrastructure. The 2023 U.S.-China Economic and Security Review Commission report described US-PRC economic relations as “continuing, long term strategic and systemic competition.” The same report called for increased collaboration between the US, European Union and individual nations across Europe and Asia counter China’s aggressive policies.

In this situation only a coordinated DIB operating with a modernized relationship with the DOD can meet the needs of national security or remain competitive in the world market. Some may balk at Governmental stewardship of the defense industry. However, a Federally-focused DIB has existed at some level since World War II, and Title 10 §4811(a) of the US Code requires the DOD to create a defense industrial strategy. Considering that the DIB is a permanent fixture, the national security imperatives, and competitive risk to industry, a strategy makes sense in today’s environment.

Let’s ignore the common (but not entirely true) gibe, “the US is great at publishing strategies but poor at following them.” With a well-thought out approach and the right ingredients, the strategy has the potential to form an effective framework for improving US national security and economics. Here are some features that will form a foundation for success to look for in the strategy:

The Right Stuff: As DOD’s own theory calls for, the strategy should include clear goals (the Ends), actions to achieve the goals (the Ways) and required resources (the Means). Without these ingredients it will be a glossy thought paper but not an enforceable strategy. It should provide

context by assessing the current and future DIB operational environment with threats, risks and opportunities. A clearly articulated vision will help encourage broad support.

The Goals: (or the Ends):

Engaged Participants across the ME Supply Chain: The strategy should explain how the DOD will leverage partners and allies and incentivize workforce development. How will the government harness innovation in industry without quashing initiative?

A Secure Development Ecosystem: Defense production lost to adversaries erodes US technological advantages and detracts national security. Security risk exists throughout the full spectrum of ME development, design, fabrication, packaging and testing. The practice of packaging in adversarial nations presents a particular vulnerability to compromise. Yet neither the DOD R&D or procurement systems uniformly include security as a contract requirement. Will the strategy have security provisions or standards that recognize the risk from international participants and supply chains?

A Flexible DIB for the Future: The DIB has always contracted and expanded based on national priorities. The strategy should allow flexibility and scalability for how the world changes and reality collides with the written plan.

Actions to Achieve the Goals (the Ways):

Update Roles: The roles of the DOD and DIB participants have changed at a glacial pace since World War II. How will modernization update the roles of DOD management as well as the private sector participants in the DIB?

Build DIB Vendor Diversity: A 2023 Congressional Research Service study stated that small businesses comprise the majority of defense contractors but receive a minority of DOD contract obligations. The majority of contracts go to the “Big Five” defense firms. How will the DOD fully engage the talent, resources and innovation in businesses of all sizes?

Update Policy: Modernizing policy is a [stated goal of the strategy](#). What policies will change to update enhance the DIB and enforce security across the full spectrum of ME design and development?

Resources for Achieving the Goals: (the Means):

Incentives: Modernizing the DIB should be good business. Will there be incentives to motivate industry resources, participation, collaboration?

Improve Budgeting: The DOD budgeting process that supports innovation is notoriously cumbersome and slow. Will the modernized environment enable the agile funding necessary to keep pace with technology and adversary threats?

Enhance Private Sector Cooperation: The industrial sector that is traditionally outside of the DIB brings tremendous innovation power and resources. How will the strategy bridge gaps with private sector industries and add their strength to the DIB?

The US does not have to fulfill the wisecrack about not following strategies. The questions posed here, along with other features from the strategy drafters, can be the building blocks for success. They will enable us to focus effort on advancing collaboratively with all stakeholders to achieve common and vital national security and industry goals. We're looking forward to reading the DOD DIB strategy.