Introduction

The Department of Defense (DoD)'s first-ever National Defense Industrial Strategy (NDIS) continues moving from vision to action since its January 2024 release. In coordination with our interagency, industry, and international stakeholders, we are implementing the four NDIS strategic priorities across the Department with the aim of buying down the risks to national security across the industrial base that the NDIS underscores.

NDIS implementation actions reflect DoD's renewed focus on bolstering the health and resilience of the industrial base and mitigating short-, medium-, and long-term risks spurred in part by world events, such as the COVID-19 pandemic and Russia's invasion of Ukraine. In response, funding for the Defense Production Act (DPA), a major vehicle for DoD investment in industrial base resilience, increased from an average of about $84 million per year between 2013-2019 to $774.5 million per year between 2020-2023.

However, we need to correct for years of underinvestment in the industrial base. Timely appropriations, multi-year procurement, and rapid execution of defense contracting create the demand signal needed for industry to expand production. Ultimately, increased production aids deterrence. Funding enacted under Ukraine supplemental appropriations in 2021-2023, the 2022 Inflation Reduction Act, and, most recently, the FY2024 National Security Supplemental Appropriations Act has bolstered DoD's investments in the defense industrial ecosystem. Combined FY2024 supplemental and base defense appropriations will inject $74.6 billion for defense industrial base investments, including much needed modernization of the submarine industrial base and replenishment of weapons sent to Ukraine, Israel, and Taiwan. This funding will create advantageous jobs in the U.S., strengthen American manufacturing and help build resilience across the industrial ecosystem—but consistent, sustained investment into the future remains imperative.

While further details on NDIS implementation will be forthcoming later this summer, there are several major internal DoD and interagency policy and programmatic initiatives already underway to inform the FY2026 Future Years Defense Program. We also continue engaging with congressional, industry, and international stakeholders, which will remain fundamental for these major initiatives moving forward.

The following Interim Implementation Report highlights examples of actions taken by the Department in each of the four NDIS strategic priorities over the last six months while inviting further collaboration with our domestic and international partners. We will continue to build on these efforts through targeted investments and policy updates to modernize our industrial ecosystem and, ultimately, support the Warfighter.

William A. LaPlante
Under Secretary of Defense for Acquisition and Sustainment
Resilient Supply Chains

The defense industrial base can securely produce the products, services, and technologies needed now and in the future at speed, scale, and cost.

Resilient supply chains serve as the backbone of the modernized industrial ecosystem envisioned in the NDIS. DoD has accelerated progress in this domain through direct investments and collaborative action with international partners. DoD has prioritized developing domestic sources for critical materials urgently needed to reduce long lead times for defense systems, investing in munitions production, and diversifying the supplier base. Examples include:

- In May 2024, DoD awarded $20 million in DPA funds to South32 for the Hermosa Project, which will sustainably produce battery-grade manganese in Santa Cruz County, Arizona. Manganese is an essential material used in batteries for DoD and civilian applications. DPA funds will enable the acceleration of the Hermosa Project to deliver ore up to two years earlier than originally planned. Once completed, South32 will be the first sustainable, domestic producer of battery-grade manganese.

- DoD announced awards of $6.4 million and $8.3 million in May 2024 to Canadian companies Fortune Minerals Limited and Lomiko Metals, Inc. to build resilience in the cobalt and graphite supply chains and support the U.S.-Canadian Joint Action Plan on Critical Minerals. These awards represent the first DPA awards using the expanded definition of DPA domestic sources (see “Economic Deterrence” section).

- The U.S. Army opened a new modular metal parts facility in Mesquite, Texas to increase domestic production capability and help achieve the goal of producing 100,000 155-millimeter artillery shells per month, meeting growing requirements.

- In March 2024, DoD released the Defense Industrial Base Cybersecurity Strategy, which will enhance the cybersecurity of our defense industry stakeholders, while improving U.S. posture and resiliency against attacks.

- DoD, through Defense Production Act Authority, awarded the American Center for Manufacturing Innovation a $75-million contract to establish a munitions campus pilot that will allow companies of all sizes to participate in a shared facility to reduce costs and lower barriers to entry.

- DoD created the Office of Strategic Capital (OSC) to attract and scale private capital in support of DoD priorities and, in 2024, announced the release of OSC’s first Investment Strategy.

- DoD’s Manufacturing Capability Expansion and Investment Prioritization (MCEIP) Office issued multiple awards totaling $285.7 million in areas such as domestic mining and production of lithium, expanding the graphite supply chain, and critical chemicals. These investments represent the continuation of DoD’s five-year investment plan to secure supply chains for minerals and materials critical to the defense and commercial sectors. The critical chemicals awards help onshore the supply chain for military grade chemicals used in defense systems, including non-energetic chemicals and precursors for both energetic and non-energetic chemicals.
Workforce Readiness

A skilled and sufficiently staffed workforce that is diverse and representative of America.

The NDIS acknowledges the actions and initiatives needed to invest in DoD’s most important resource: people. Ultimately DoD aims to aggressively renew interest in industrial jobs and maintain the well-trained workforce needed to achieve our national defense goals. DoD is taking significant steps to enhance workforce development programs, training, and other avenues for advancement. Examples include:

- DoD’s MCEIP Office awarded $20M to Austal USA, and their subsidiary Austal USA Advanced Technologies, to enhance U.S. Navy shipbuilding capabilities and address gaps in the submarine workforce.

- Over the past decade, DoD’s commitment of $954 million to its nine Manufacturing Innovation Institutes has resulted in approximately $2 billion of committed non-federal cost share and over $1.2 billion of committed federal project work.

- DoD allocated $61.7 million to the DoD Research and Education Program for Historically Black Colleges and Universities and Minority Serving Institutions program, which helps increase the number of under-represented minorities in defense-related fields.

- In order to tackle the shortage of a skilled submarine production workforce, the Navy and its industry stakeholders held regional submarine workforce talent signing days in May 2024, celebrating more than 2,700 individuals starting careers with maritime industry suppliers.

- DoD continued to support career pathways in manufacturing through the America’s Cutting Edge program, which offers free online training as well as the opportunity for hands-on, in-person training, setting workers on career paths in the machine tool industry.

- CHIPS and Science Act funding included $13.2 billion to DoD to support domestic prototyping and fabrication of microelectronics for the military, workforce development, and a tax credit incentive that will create tens of thousands of construction and high-skilled manufacturing jobs. DoD issued a call for projects for the Microelectronics Commons in September 2023 and will announce the recipients of awards by the end of FY2024.
Flexible Acquisition

Acquisition strategies that strive for dynamic capabilities while balancing efficiency, maintainability, customization and standardization in defense platforms and support systems. Flexible acquisition strategies would result in reduced costs, and increased scalability.

Flexible acquisition enhances DoD’s ability to adopt new technologies and improve development turnaround times for Warfighter readiness. The ability and willingness of DoD and industry stakeholders to quickly embrace acquisition pathways that shorten the time between lab-to-prototype and prototype-to-production is critical to our country’s defense posture and future warfighting capabilities. To achieve this vision, ongoing DoD activities include:

● The U.S. Partnership for Assured Electronics and the Defense Business Accelerator promote public-private partnerships, increasing the speed at which participants can adopt emerging technologies from the private sector.

● DoD established the Defense Industrial Base Consortium Other Transaction Authority (DIBC OTA) to accelerate production and enable DoD to adopt state-of-the art commercial prototypes more swiftly. As the first DoD OTA to include research, prototype, and production activities, the DIBC OTA is a vehicle for whole-of-government investment to expand domestic capabilities and diversify the supplier base in critical areas.

● In January 2024, the DIBC-OTA issued a Request for White Papers for the Distributed Bio-industrial Manufacturing Investment Program (DBMIP). The Department expects to announce awards this summer for approximately 30 proposals, which will each receive up to $2 million to deliver a business and technical plan for building a U.S. bio-industrial manufacturing production facility.

● Working with Congress, DoD secured FY24 authorities and resources to execute multi-year procurements for six critical munitions: Advanced Medium Range Air-to-Air Missile (AMRAAM), Naval Strike Missile (NSM), Guided Multiple Launch Rocket System (GMLRS), PATRIOT Advanced Capability-3 Missile Segment Enhancement (PAC-3 MSE), Long Range Anti-Ship Missile (LRASM), and Joint Air-to-Surface Standoff Missile (JASSM).

● The Defense Innovation Unit’s Replicator Initiative accelerates delivery of innovative capabilities to the Warfighter by removing systemic roadblocks and overcoming challenges faced by commercial industry. By leveraging non-traditional technology ecosystems, alongside more traditional sources of defense capability, the DoD is adapting to integrate emerging technologies and methodologies to add the most military value while working to diversify and expand the base of American industry and technology companies.
Economic Deterrence

*Fair and effective market mechanisms that support a resilient defense industrial ecosystem among the U.S. and close international allies and partners contribute to economic security and integrated deterrence. Fear of materially reduced access to U.S. markets, technologies, and innovations sows doubt in potential aggressors.*

The DoD continues to demonstrate its commitment to leveraging fair and effective interventions that support a robust defense industrial ecosystem. Working closely with international allies and partners remains crucial to enhance and protect U.S. economic security. Examples include:

- For only the second time in the 74-year history of the Defense Production Act, Congress expanded the definition of a domestic source for DPA Title III Awards in the FY24 National Defense Authorization Act, allowing companies and projects in the United Kingdom and Australia, in addition to the United States and Canada, to be considered as domestic sources for DPA funds.

- DoD announced the Regional Sustainment Framework in March 2024, which aims to optimize regional maintenance, repair and overhaul by aligning the U.S., its international partners, and industry in a more closely linked collaborative network to drive enhanced coordination for Warfighter readiness capabilities.

- DoD and international partners and allies endorsed announced a Statement of Principles for Indo-Pacific Defense industrial Base Collaboration at the 2024 Shangri-La Dialogue in Singapore. Underscoring the importance of defense industrial resilience, by adopting this statement of principles, the United States and global allies will pursue collaborative actions bilaterally and multilaterally to enhance shared defense industrial resilience in the Indo-Pacific.

- The U.S. and Japan restructured the Systems and Technology Forum into the Defense Industrial Cooperation, Acquisition, and Sustainment (DICAS) Forum in June 2024. This new initiative allows both nations to leverage their respective industrial bases to establish an allied defense co-production capacity.

- In February 2024, the Secretary of the Navy announced the formation of the Maritime Economic Deterrence Executive Council. This council is a component of the national Maritime Statecraft approach that calls for strengthening industries that are vital to enhancing U.S. maritime power.

- This year, President Biden ordered divestment of MineOne’s real estate and equipment in Cheyenne, Wyoming. The property located near Francis E. Warren Air Force Base is majority-owned by a company directly linked to the People’s Republic of China. This is the first Presidential Determination blocking adversarial foreign ownership since 2018 and a first directed against adversarial investment near a military installation, underlining the importance of economic deterrence tools in support of national defense.
Next Steps

As demonstrated in this Interim Implementation Report, DoD is already executing on the NDIS with visible results, moving from vision to reality by increasing investment and global cooperation in defense industrial development. DoD will continue to engage with internal DoD, industry, interagency, and international stakeholders to strengthen national defense capabilities and achieve the vision of a resilient industrial ecosystem. In addition to ongoing activities, the Office of the Secretary of Defense and Military Service Secretaries have identified six, urgent and cross-cutting implementation initiatives that will strengthen the defense industrial ecosystem. Specific details and actions will be forthcoming in the full classified NDIS Implementation Plan later this summer. DoD will need enduring commitments from interagency teammates, Congress, industry, and global allies and partners to continue enhancing defense readiness and warfighting superiority. DoD remains committed to forging the path towards a modernized defense industrial ecosystem.