



Fact Sheet: National Defense Industrial Strategy

The 2022 National Defense Strategy (NDS) states that the Department of Defense will prioritize coordinated efforts with the full range of domestic and international partners in the defense ecosystem to fortify the defense industrial base, our logistical systems, and relevant global supply chains against subversion, compromise, and theft.

The National Defense Industrial Strategy (NDIS) offers a strategic vision to coordinate and prioritize actions to build a **modernized defense industrial ecosystem** that is fully aligned with the NDS. It also calls for sustained collaboration and cooperation between the entire U.S. government, private industry, and our Allies and partners abroad.

The NDIS lays out four long-term strategic priorities to serve as guiding beacons for industrial action and resource prioritization in support of the development of this modernized defense industrial ecosystem.

- 1) Resilient supply chains that can securely produce the products, services, and technologies needed now and in the future at speed, scale, and cost.
 - a) To address this priority, the DoD will incentivize industry to improve resilience by investing in extra capacity; manage inventory and stockpile planning to decrease near term risk; continue and expand support for domestic production; drive investment in the organic industrial base and production accelerators; diversify the supplier base and invest in new production methods; leverage data analytics to improve sub-tier visibility to identify and minimize strategic supply chain risks and to manage disruptions proactively; engage allies and partners to expand global defense production and increase supply chain resilience; and improve the Foreign Military Sales process.
 - b) The risks of not achieving resilient supply chains include supply and materiel shortfalls; diminished surge capacity; supply chain vulnerability; and falling behind pacing challenges identified in the NDS.
- 2) Workforce readiness will provide for a sufficiently skilled, and staffed workforce that is diverse and representative of America.
 - a) To address this priority, DoD will work to prepare the workforce for future technological innovation; continue targeting critical skill sets in science, technology, engineering, and math; increase access to apprenticeship and internship programs; and reduce stigmatization of industrial careers while expanding recruitment of non-traditional communities.
 - b) Insufficient workforce readiness could lead to the inability to successfully onshore critical manufacturing; the inability to compete globally; reduced productivity throughout the full supply chain; and limited innovation.

- 3) Flexible acquisition will lead to the development of 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 development times, reduced costs, and increased scalability.
 - a) To address this priority, DoD will work to broaden platform standards and interoperability; strengthen requirements to curb “scope creep;” prioritize off-the-shelf acquisition where applicable and reasonable; increase DoD access to intellectual property and data rights to enhance acquisition and sustainment; consider greater use and policy reform of contracting strategies; continue to support acquisition reform; and update industrial mobilization authorities and planning to ensure preparedness.
 - b) Flexible acquisition planning will allow the DoD to work with a broader set of industry partners and balance the tension between the need for customization and adopting, where appropriate, industry standards. While some level of customization is necessary to meet specific mission requirements and stay ahead of potential adversaries, there are risks associated with excessive customization that hinder the development of a modern industrial ecosystem. Thus, COTS approaches versus customized systems must be balanced to meet warfighter requirements at speed and scale. Failure to balance these risks strategically can significantly hinder the delivery of critical capabilities. Other risks of failure include limited scale; high costs and lengthy development times; technology obsolescence; diminished industrial base resilience; sustainment and logistics challenges; reduced operational effectiveness; and increased technological risk.
- 4) Economic deterrence will promote fair and effective market mechanisms that support a resilient defense industrial ecosystem among the U.S. and close international allies and partners and economic security and integrated deterrence. As a result of effective economic deterrence, fear of materially reduced access to U.S. markets, technologies, and innovations will sow doubt in the mind of potential aggressors.
 - a) To address this priority, DoD will work to strengthen economic security agreements; enable international interoperability standards through active participation in standards-setting bodies; fortify alliances to share science and technology; strengthen enforcement against adversarial ownership and against cyberattacks; and strengthen prohibited sources policies to protect the DIB from adversarial intrusion.
 - b) Failing to deter adversarial entities could generate critical economic, supply chain, and infrastructure vulnerabilities; increased costs and reduced defense budgets; a weakened industrial ecosystem; intellectual property theft and adversarial capital IP control; degraded technological edge, innovation, and quality; and eventually lead to the loss of trust and reputation with international partners.