INAUGURAL NATIONAL DEFENSE INDUSTRIAL STRATEGY EMPHASIZES COOPERATION AMONG PARTNER-ALLIES

Date: 20 March 2024

US Policy and Regulatory Alert

In January, the Department of Defense (DoD) released its inaugural National Defense Industrial Strategy (NDIS), which seeks to "catalyze generational change" to the existing defense industrial ecosystem. This "first-of-its-kind" strategy outlines the department's three-to-five-year roadmap for modernizing its defense and deterrence capabilities by investing in technological innovation, strengthening supply chains, and focusing on international cooperation with allies and partners[1]. More specifically, the NDIS makes clear that DoD will prioritize creating resilient supply chains, enhancing workforce readiness, expanding flexible acquisition strategies, and fortifying economic deterrence measures to achieve its goals.[2] The NDIS will guide DoD's engagement, policy development, and investments in the defense industrial base, presenting business opportunities for private industry.

Notably, the NDIS emphasizes the need to create a globalized market of alliances to support the United States' currently stressed defense industrial base. The report specifically promotes "friend-shoring," a process that engages allies and partners to produce and process critical materials and supplies.[3] By focusing on sourcing from geopolitical allies, such as Japan and Australia, the United States can reduce its reliance on potentially adversarial or unstable nations for critical defense and strategic materials. This will strengthen international security, economic cooperation, and soft power while simultaneously mitigating the risk of trade disputes, embargoes, and regional conflicts.[4] This new approach presents unique opportunities for private industries, especially those in the defense and technology sectors, to engage in new business ventures through government contracts with DoD.

THE SUCCESS OF MULTILATERAL DEFENSE COALITIONS, SUCH AS AUKUS, WILL DEPEND ON SECURING TECHNOLOGY-SHARING AGREEMENTS WITH ALLIES

The NDIS outlines how AUKUS, the 2021 trilateral security agreement between Australia, the United Kingdom, and the United States, presents a strategic opportunity for the United States to support the Indo-Pacific region while simultaneously enabling information and technology sharing agreements with close allies.

AUKUS focuses on two pillars: Pillar I involves providing Australia with a conventionally armed, nuclear-powered submarine capability; Pillar II involves developing and providing joint advanced military capabilities that promote security and stability in the Indo-Pacific region.[5]

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The NDIS articulates how the DoD will work with other federal agencies “to enhance existing alliances and generate new and emphasize existing mechanisms for sharing technologies and applications of scientific knowledge with other partners and allies. Science–and technology–sharing agreements are necessary to build the trade and security alliances that are critical for achieving economic security.”[6] However, achieving these agreements requires modernizing the existing regulatory system to streamline information sharing while simultaneously preserving each partner-country's national security.

Furthermore, successful implementation requires addressing other key challenges, including workforce issues in all three nations, built-in flexibility to expand partnership to other nations in the future, lengthy national acquisition processes and timeliness, and coordinating joint requirements, among other issues.[7] “Addressing these challenges is crucial, not just for the success of AUKUS, but to meet the United States' pacing challenge more broadly.”[8]

Fulfilling the needs of AUKUS will undoubtedly involve new partnerships between governments and private industries. It is therefore crucial for private industries to understand how the current and upcoming regulatory framework will affect their ability to work alongside the governments of AUKUS.

TO SUPPORT ITS DEFENSE INDUSTRIAL BASE AND ENSURE COMBAT READINESS IN THE FACE OF AN EMERGING REGIONAL CONFLICT, THE UNITED STATES WILL NEED TO RELY ON PRODUCTION-ORIENTED DIPLOMACY

The NDIS calls upon utilizing “production-oriented diplomacy,” a term that references the strategic benefits of multilateral and regional cooperation with allies.[9] As the NDIS describes, “[b]uilding off the global experience of the Ukraine conflict, there may be opportunities to similarly convene the leadership of allied and partner nations within the Indo-Pacific region, to deepen multilateral collaboration on regional industrial base and manufacturing production challenges. Rather than wait for emergency circumstances, investing in these relationships now will yield fruit, should we collectively face a crisis in coming years.”[10]

Recently, the United States has demonstrated a concerted effort to build upon production-oriented diplomacy. In January, the United States announced it was negotiating with Japan to use Japanese shipyards to regularly overhaul and maintain US Navy warships so that they can remain in Asian waters and be positioned for potential conflicts.[11] The success of this deal—and similar future deals—will depend on the United States' commitment to addressing regulatory challenges, additional partner-ally reliance, and private sector engagement. Indeed, collaboration between the public and private sectors is necessary to ensure production and manufacturing demands are met in the face of emerging regional conflicts and international crises.

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FOOTNOTES

[1] *See generally* Dep't of Def., National Defense Industrial Strategy 7 (2024) [hereinafter NDIS].

[2] *Id.* at 10.

[3] NDIS, *supra* note 1, at 45–46, 54.

[4] *See id*.

[5] See Bonnie Denise Jenkins, Under Secretary for Arms Control and International Security, *Remarks at the Atlantic Council* (Nov. 27, 2023), https://www.state.gov/aukus-a-commitment-to-the-future/.

[6] NDIS, *supra* note 1, at 46.

[7] *Id*. at 12.

[8] *Id.*

[9] *Id*. at 22.

[10] *Id*.

[11] *See* John Geddie & Tim Kelly, *U.S. wants Japanese shipyards to help keep warships ready to fight in Asia*, REUTERS (Jan. 19, 2024), https://www.reuters.com/world/asia-pacific/us-eyeing-japanese-shipyards-warship-overhauls-says-us-ambassador-2024-01-19/.

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