

Establishing a Manufacturing Security Program

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Overview

- **Study Objective:** Create a model using existing authorities and programs that enables Department of Defense / War (DOD/DOW) to engage effectively with industry as well as allies and partners to rapidly scale the production of munitions and other critical capabilities.
- **Background:** Project follows 3 roundtables with experts, industry, allies, and partners
- **Research:** 7 Case Studies, 1 TTX, Interviews with subject matter experts on scaling munitions, and actionable recommendations for a Manufacturing Security Program framework
- **Report Draft to NPS Features the Case Studies and Findings**

Major Components of a Manufacturing Security Program (ManuSP)

Identified four major components essential for a ManuSP



- **Authorities and Policies**

1. What are the existing authorities and policies?
2. What is the organizational structure?
3. Are mechanisms available for coordinating with allies?



- **Government-Industry Collaboration**

1. Is there a framework for Government-industry collaboration ?
2. What are the incentives for industry engagement (e.g. peacetime business for wartime capacity)?
3. Does it enable accelerated production?



- **Resources and Contracting**

1. Is there current funding?
2. What is the demand signal for surging production and personnel?
3. Do contracting approaches enable ability to purchase and scale quickly?



- **Activation and Utilization**

1. Are there clear benchmarks for Government action and a plan in place?
2. Is program regularly utilized, which facilitates collaboration in time of crisis?
3. Are foreign industry/governments included in activation plans?

Case Studies

- **Purpose:** Examine existing government-industry mechanisms for collaboration to assess their effectiveness in scaling manufacturing and production.
- **Methodology:** Identify the “major components” as they apply to each case study. Where were the roadblocks? What enabled the success of each program/initiative?
- Assess the effectiveness of each component in the case:
 - **High-** Component is clearly defined and operating well
 - **Medium-** Component is defined but not regularly utilized or is immature in application
 - **Low-** Component is un- or ill-defined and/or not operable

Seven Case Studies Evaluated

DPA Title VII Voluntary Agreements

1. Voluntary Tanker Agreement (VTA) and Tanker Security Program (TSP)
2. Voluntary Intermodal Sealift Agreement (VISA) and Maritime Security Program (MSP)
3. Voluntary Agreement with Private Sector to Assist in Pandemic Response

DPA Title I Program

4. Civil Reserve Air Fleet (CRAF)

Public Private Partnerships

5. National Armaments Consortia (NAC)
6. Munitions Campus
7. Civil Reserve Manufacturing Network (CRMN)

Voluntary Intermodal Sealift Agreement (VISA) and Maritime Security Program (MSP)

ManuSP Components	Effectiveness Assessment
<p><u>Authorities and Policies</u></p> <ul style="list-style-type: none"> • Clear authorities, DPA and VA renewal is usually consistent • MARAD has an established office running VISA and MSP, TRANSCOM executes • Only drawback is that new VA's take time to set up 	<p><u>High</u></p> <ul style="list-style-type: none"> • VISA most effective VA • Clear policies and operating procedures
<p><u>Government-Industry Collaboration</u></p> <ul style="list-style-type: none"> • VA anti-trust exemption facilitates substantial govt-industry coordination • MSP stipend plus TRANSCOM missions offer incentives for industry participation, strengthens collaboration • Effective information sharing between industry and govt even without activation 	<p><u>High</u></p> <ul style="list-style-type: none"> • Regular Government-industry rhythm • 40+ companies in VA
<p><u>Resources and Contracting</u></p> <ul style="list-style-type: none"> • Reliable funding for MSP and regular TRANSCOM opportunities • Contracting processes well understood and effective 	<p><u>High</u></p> <ul style="list-style-type: none"> • Steady stream of peacetime business • Strong Congressional support
<p><u>Activation and Utilization</u></p> <ul style="list-style-type: none"> • Business relationships established through VISA regularly used (e.g. peacetime business for wartime capacity) • VISA activation levels are clearly outlined but have not been activated 	<p><u>Medium</u></p> <ul style="list-style-type: none"> • Strong utilization but no activation exercises

Voluntary Tanker Agreement (VTA) and Tanker Security Program (TSP)

ManuSP Components	Effectiveness Assessment
<p><u>Authorities and Policies</u></p> <ul style="list-style-type: none"> • Clear authorities, DPA and VA renewal is usually consistent • MARAD has an established office running VTA and TSP, TRANSCOM executes • Only drawback is that new VA's take time to set up 	<p><u>Medium</u></p> <ul style="list-style-type: none"> • Clear policies and operating procedures • Has always been “stand-by” VA, rarely utilized
<p><u>Government-Industry Collaboration</u></p> <ul style="list-style-type: none"> • VA anti-trust exemption facilitates Government-industry coordination • TSP offers some incentive for industry, but few business opportunities 	<p><u>Medium</u></p> <ul style="list-style-type: none"> • Regular Government-industry interaction, but few business opportunities • <10 companies in VA
<p><u>Resources and Contracting</u></p> <ul style="list-style-type: none"> • Reliable funding for TSP, but few business opportunities for VTA companies 	<p><u>Medium</u></p> <ul style="list-style-type: none"> • Little peacetime business • Strong Congressional support
<p><u>Activation and Utilization</u></p> <ul style="list-style-type: none"> • Weak peacetime business relationships • VTA hasn't been activated in 75 years, but activation levels are clearly outlined 	<p><u>Low</u></p> <ul style="list-style-type: none"> • Poor utilization of VA and no activation exercises

Voluntary Agreement with Private Sector to Assist in Pandemic Response (COVID-19 VA)

ManuSP Components	Effectiveness Assessment
<p><u>Authorities and Policies</u></p> <ul style="list-style-type: none"> Clearly outlined authorities, but was set up too late to be effective for pandemic response 	<p><u>Low</u></p> <ul style="list-style-type: none"> Lack of familiarity with creating VA across USG Established relatively quickly but late to need
<p><u>Government-Industry Collaboration</u></p> <ul style="list-style-type: none"> Anti-trust exemptions and coordinating channels and regular meetings enabled some Government-industry collaboration VA was not industry specific (many companies involved) and was set up late so collaboration was limited 	<p><u>Medium</u></p> <ul style="list-style-type: none"> Strong Government-industry collaboration in creating VA Effort got bogged down in creating Plans of Action for sub-industries
<p><u>Resources and Contracting</u></p> <ul style="list-style-type: none"> Short term funding-just for COVID pandemic 	<p><u>Low</u></p> <ul style="list-style-type: none"> VA was largely abandoned after signature and not resourced VA expired in 2025
<p><u>Activation and Utilization</u></p> <ul style="list-style-type: none"> Clear Plans of Action but no clear triggers for each plan or signals to industry VA set up too late for activation 	<p><u>Low</u></p> <ul style="list-style-type: none"> VA was largely abandoned after signature and not utilized

Civil Reserve Air Fleet (CRAF)

ManuSP Components	Effectiveness Assessment
<p><u>Authorities and Policies</u></p> <ul style="list-style-type: none">• Clear authorities and organizational structure• Strong operating policies	<p><u>High</u></p> <ul style="list-style-type: none">• Clearly understood authority and policies across Government and industry
<p><u>Government-Industry Collaboration</u></p> <ul style="list-style-type: none">• Strong financial incentives for industry participation• Government is reliable partner and there are established relationships between Government personnel and industry	<p><u>High</u></p> <ul style="list-style-type: none">• Strong and regular Government-industry collaboration
<p><u>Resources and Contracting</u></p> <ul style="list-style-type: none">• Appropriations from Congress• No complicated contracting needed	<p><u>High</u></p> <ul style="list-style-type: none">• Strong Congressional support
<p><u>Activation and Utilization</u></p> <ul style="list-style-type: none">• CRAF has been activated before and used often• Activation stages are clearly defined	<p><u>High</u></p> <ul style="list-style-type: none">• CRAF capacity utilized regularly for non-emergency situations• CRAF has been partially activated three times since 1990

National Armaments Consortium (NAC)

ManuSP Components	Effectiveness Assessment
<p><u>Authorities and Policies</u></p> <ul style="list-style-type: none"> • Clear organized structure; operates as consortium, managed by third party • Clear membership guidelines 	<p><u>High</u></p> <ul style="list-style-type: none"> • Longest running DoD consortium
<p><u>Government-Industry Collaboration</u></p> <ul style="list-style-type: none"> • Government competes contracts directly with NAC members • Conferences and other engagements allow for easy communication/coordination between vendors and Government 	<p><u>High</u></p> <ul style="list-style-type: none"> • Robust membership executing numerous projects
<p><u>Resources and Contracting</u></p> <ul style="list-style-type: none"> • Consortium operations rely on funding from member dues • Government contracts with members through NAC • NAC effectiveness relies on OTA funding • Contracting opportunities easier to achieve when Government competes contracts only within NAC 	<p><u>Medium</u></p> <ul style="list-style-type: none"> • Effective for individual projects, but... • ...has not had measurable impact in scaling of 155mm production, for example
<p><u>Activation and Utilization</u></p> <ul style="list-style-type: none"> • Clear communication and contracting opportunities posted to NAC members- only website allows for industry to better respond to changing Government needs 	<p><u>High</u></p> <ul style="list-style-type: none"> • Very high utilization

Munitions Campus

New Initiative – Preliminary Scoring

ManuSP Components

Effectiveness Assessment

Authorities and Policies

- Public private partnership to build munitions supply chain ecosystem
- DPA Title III funding plus private capital investment operating model
- Third party managing the establishment and operations of campus

Medium

- Clear concept and authorities
- Operating policies TBD
- Emerging effort so effectiveness unclear

Government-Industry Collaboration

- Coordination between private capital, small and large tenants, government, academia, and Navy Crane site

Medium

- Focus is on building industrial capacity
- Unclear how government will engage campus given mostly supplier focus
- Emerging effort so effectiveness unclear

Resources and Contracting

- Modest DPA Title III investment
- Larger private capital funding raise exceeded expectations
- Interest from private capital for funding future tenant equipment needs
- Location near Navy Crane site eases coordination with DoD

Medium

- Strong initial resourcing, but this is an emerging effort so effectiveness unclear

Activation and Utilization

- Recent groundbreaking, too early to judge success of model
- More tenants required

Medium

- Munitions Campus model very attractive; could help maximize shared resources and reduce supply chain difficulties
- Emerging effort so effectiveness unclear

Civil Reserve Manufacturing Network (CRMN)

New Initiative – Preliminary Scoring

ManuSP Components

Effectiveness Assessment

Authorities and Policies

- Clear Congressional authority, but in early stages of design
- Strong vision but hasn't become a program of record yet

Medium

- Very clear Congressional authorization, but brand new effort so too early to judge effectiveness

Government-Industry Collaboration

- Government and industry engagement is the principal focus of this effort
- Strong interest in increasing partnerships between govt and, in particular, commercial industry to create additional on-call capacity
- Opportunities for commercial industry to contribute to surge capacity are concepts that have not been proven yet

Medium

- Brand new effort so too early to judge effectiveness

Resources and Contracting

- Significant funding appropriated and available now
- Acquisition pathways not expected to be a barrier

High

- Strong Congressional and Department support

Activation and Utilization

- Too early for activation phases or measuring the effectiveness of utilization

Medium

- Brand new effort so too early to judge effectiveness

Summary – Case Study Effectiveness Assessment

	VISAMSP	VTATSP	COVID VA	CRAF	NAC	MUNITIONS CAMPUS	CRMN
Authorities and Policies	High	Medium	Low	High	High	Medium	Medium
Government-Industry Collaboration	High	Medium	Medium	High	High	Medium	Medium
Resources and Contracting	High	Medium	Low	High	Medium	Medium	High
Activation and Utilization	Medium	Low	Low	High	High	Medium	Medium

New Initiatives – Preliminary Scoring

Emerging Findings

Emerging Findings – Authorities and Policies



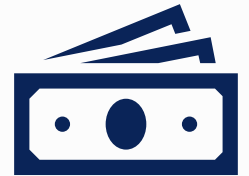
- Need clear organizational structures and involvement of relevant industry members
- Authorities and policies most effective when set up well in advance of a conflict
- Authorities should be consistently reauthorized to retain institutional knowledge; Government personnel must be trained in using the authority
- Anti-trust exemptions can be very useful, but require significant lead time and are not always necessary

Emerging Findings – Government-Industry Collaboration



- Regular rhythm of meetings and collaborative engagements lead to significant trust and relationship building between industry and Government
- Effective long-term collaboration, however, requires clear incentives for industry participation
- Anti-trust exemptions enable information sharing at a level that is very helpful for collaborative activities focused on specific programs or industry sub-segments

Emerging Findings – Resources and Contracting



- Initial or baseline Government funding helpful
 - Private capital investment shows industry commitment
- Demand signal for industry more important
 - Peacetime business
 - Wartime capacity
- Contract mechanisms for surge essential
 - Consortia or PPPs
 - Effective and established contractual relationships between industry and Government

Emerging Findings – Utilization and Activation



- Utilization essential to effectiveness
 - Builds relationships and works through challenges
- Activation phases need to be exercised to be effective
 - "Stand-by" agreements are just plans on a shelf

Emerging Findings – Overall

There is no single solution – no existing "perfect" ManuSP to surge manufacturing and production, but there are clear best practices

- **Strong ManuSP components are essential for success, these include:**
 - Clear authorities and policies established in advance of crisis
 - Strong Government-industry collaboration mechanisms with robust participation incentives
 - Robust resourcing and/or effective demand signal to deliver at the speed of need
 - Regular utilization essential for effective activation during crisis
- **There is a clear need for:**
 - Cross-DoW coordination on surge best practices *and*
 - DoW-industry coordination on specific surge efforts

Allied and partner capacity largely not addressed in existing ManuSP efforts

Questions

