

# Accelerating Warfighting Capabilities: Putting The Industrial Base on a Wartime Footing

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May 6, 2026

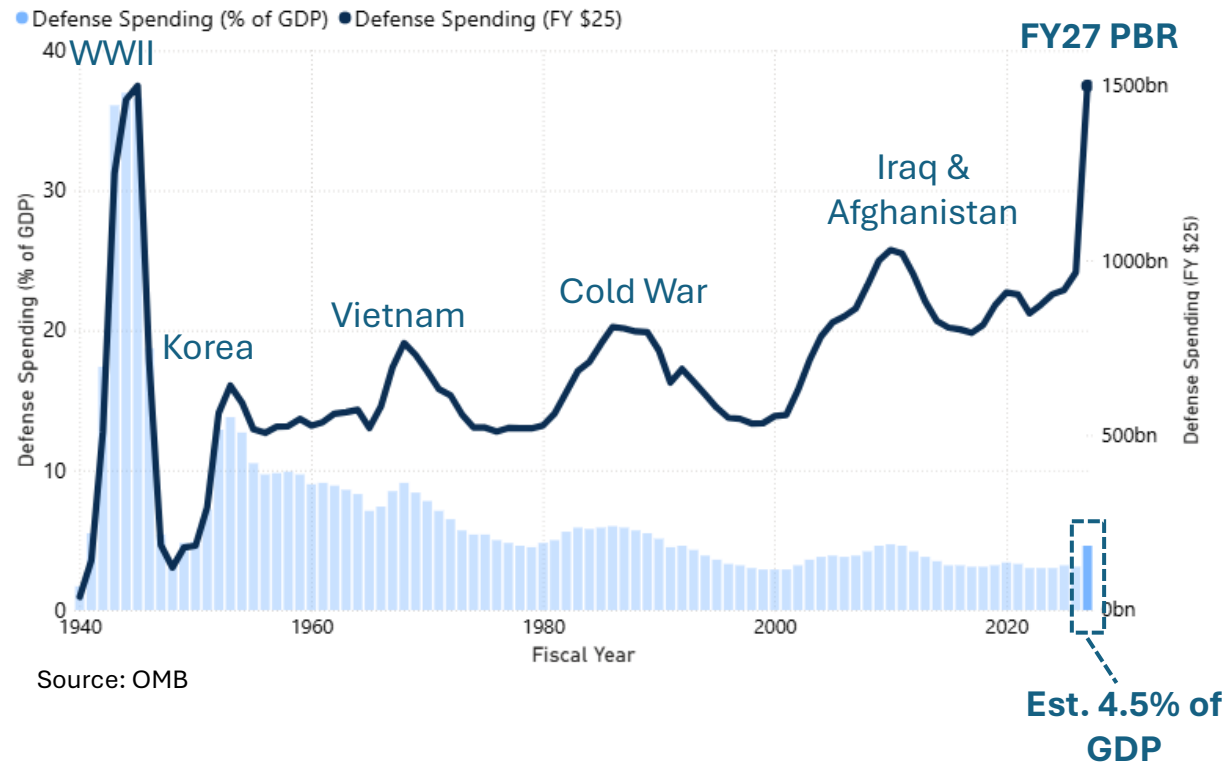
Jerry McGinn, Ph.D.

Director, Center for the Industrial Base, Center for Strategic and International Studies (CSIS)

# Our Panel Participants

- **Honorable Michael Cadenazzi**, Assistant Secretary of War for Industrial Base Policy
- **Mr. James Ruocco**, Senior Executive Service, performing duties of Assistant Secretary of War for Acquisition
- **Vice Admiral Dion English, USN**, Director of Logistics at the Joint Staff
- **Mr. Michael Miller**, Director, Defense Security Cooperation Agency

# While defense outlays have risen, defense spending as a portion of GDP has remained generally flat until the FY27 budget request



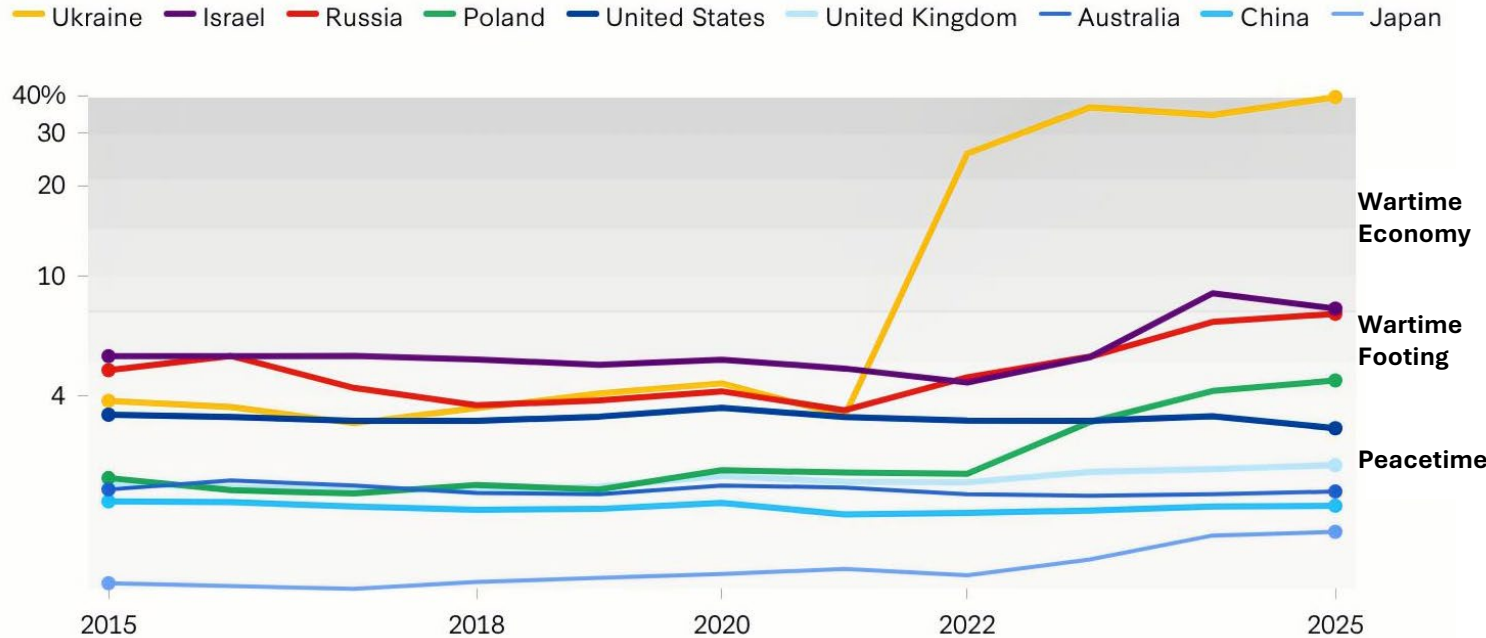
- While **defense spending** has **increased** in nominal terms over time, its **share of GDP** has remained relatively **stable** with a slow decline
- This reflects **growing investment in defense** but suggested the U.S. is far from funding levels that are consistent with a wartime footing
- **FY27 PBR (with reconciliation) is a notable break in this trend**

Note: FY2025 data is estimated, FY2026 data is forecasted, and FY2027 data is forecasted based off the President's FY2027 Budget Request

The President's FY2027 Budget Request for national defense — \$1.5 trillion — is a step change in DOW funding; what prerequisites could ensure this funding is sustainable in the future?

# The U.S., allies, and adversaries vary substantially in their defense spending as a percentage of GDP

**Selected Countries Defense Spending as a Percent of GDP, 2015-2025**



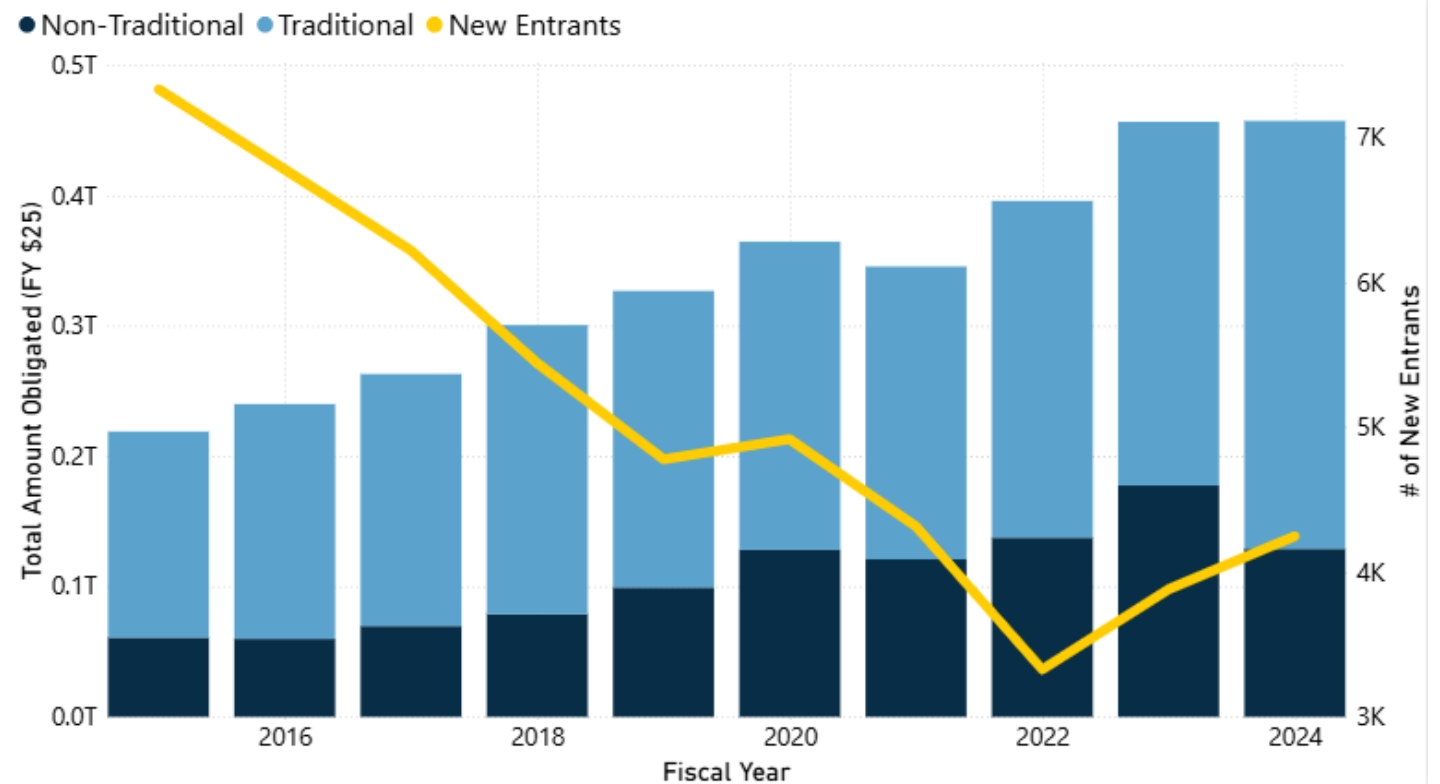
Sources: SIPRI, McGinn and Cook, "Putting the Industrial Base on a Wartime Footing," CSIS, December 5, 2025

- The **United States** dedicated **3.1 percent** of its GDP to defense spending in 2025, while **Ukraine** devoted **39.6 percent**
- **Poland's 4.5 percent** defense spending has **doubled** in the last 10 years, as it is building to a **wartime footing** in response to Russia's invasion of Ukraine

**Beyond increasing levels of defense spending, what will placing the industrial base on a wartime footing require of government and industry?**

# New entrants into the defense sector are reversing a trend of decline and non-traditional vendors obligations are growing

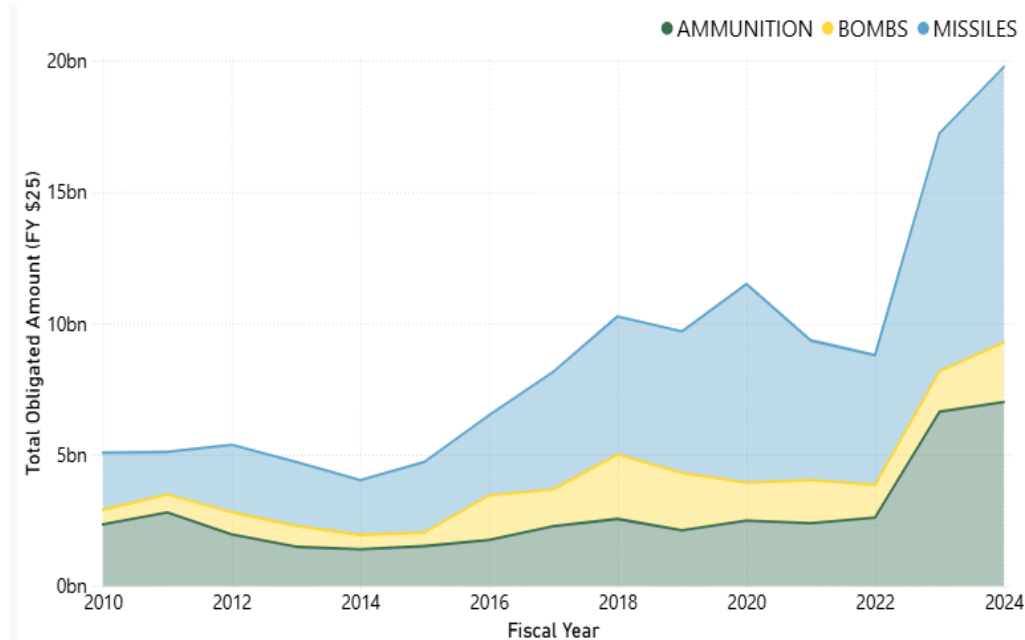
- The decline in new entrant rates suggests **persistent barriers to entry** in the def. industrial base
- New entrants decreased over 40% in the last decade, **but in recent years this trend has been reversed**
- At the same time, growth in non-traditional firms point to **rising commercial-sector participation** and innovation



Source: FPDS, SAM.gov

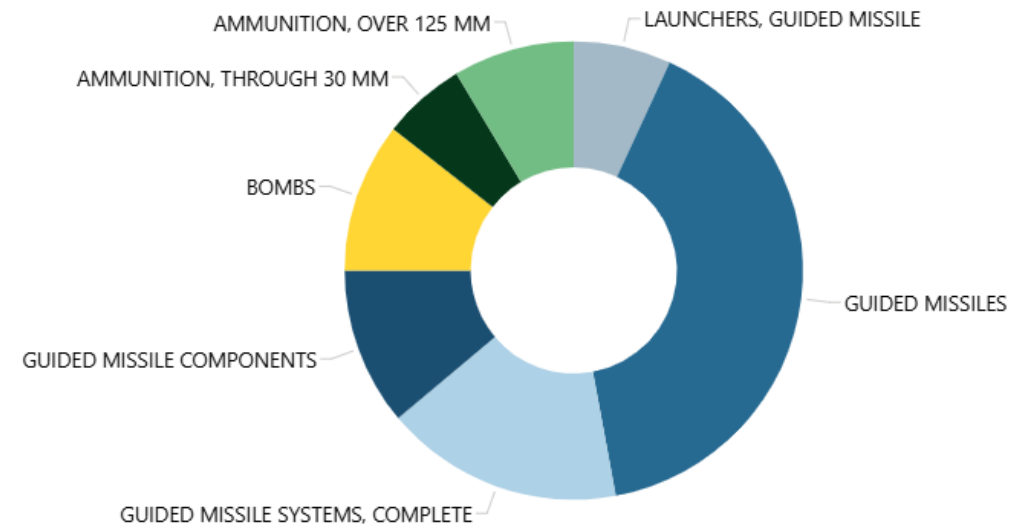
**What factors are vital in bringing in both new entrants and non-traditional firms into the defense sector? How can relevant decisions and policies be made enduring?**

# Unleashing the industrial base: munitions production is on the rise across weapons types, but still trails consumption



Source: FPDS

**Missile-related activity has grown by approximately 380%, while total munitions obligations have increased by about 205%**



Source: FPDS

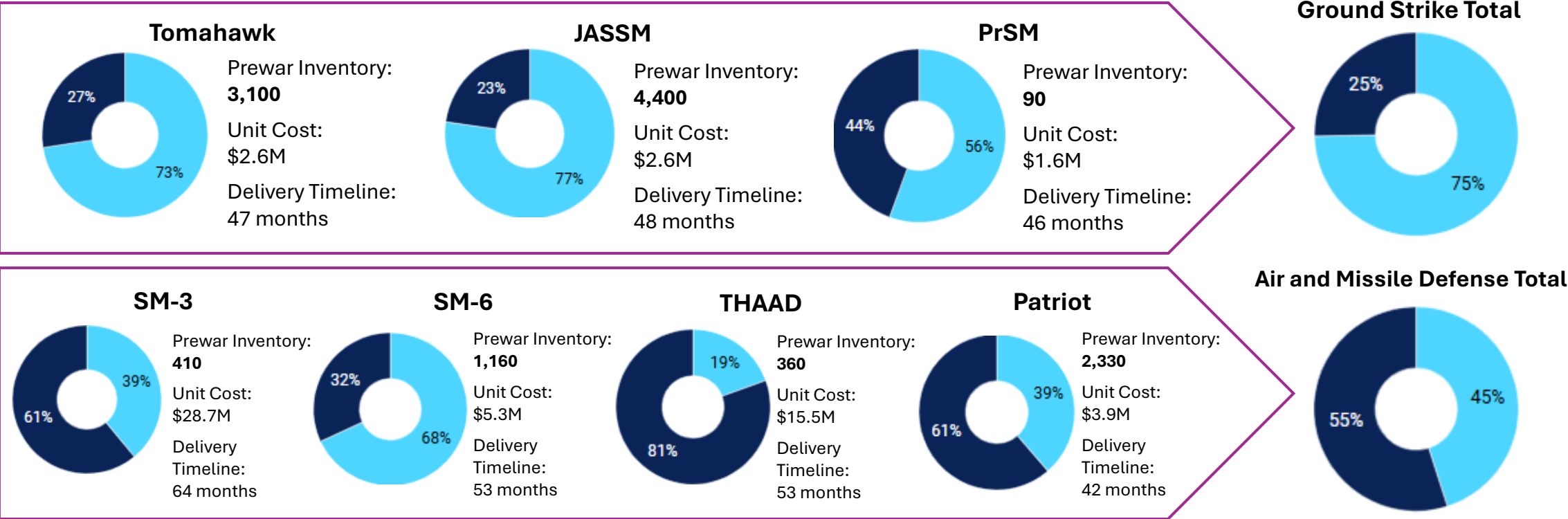
**Missile production remains the dominant munitions category, with bombs and ammunition following**

**What is the new required steady state for munitions funding to rebuild and grow stockpiles to the required levels?**

# Conflict w/Iran has consumed high levels of key U.S. munitions, placing additional pressure on missile production capacity

Analysis of seven key munitions suggests that remaining US stockpiles may be insufficient for future conflicts, particularly air & missile defense system inventories such as THAAD and Patriot.

Inventory Remaining  
Used in the War



Source: CSIS estimates and calculations based on FY 2026 budget documents and "Defense Budget Materials," U.S. Department of War. For more details, see Mark F. Cancian and Chris H. Park, "Last Rounds? Status of Key Munitions at the Iran War Ceasefire," CSIS, April 21, 2026.

**While the U.S. likely retains sufficient missiles stocks to persecute the conflict with Iran, how can government & industry ensure the high consumption rate does not strain supplies for future use?**

# Increased government efforts to improve the supply chain are creating new forms of capital investment in the industrial base



## Increased Government Efforts to Secure Critical Supply Chain Inputs

- In February 2026, the Trump administration launched **Project Vault**, a **\$12 billion public-private partnership fund** to establish the **U.S. Strategic Critical Minerals Reserve**
- Which **industrial policy tools** should the federal government use to further secure the **inputs** most **critical** for **defense readiness** and **military operations**?



## Multi-Year, Consistent Demand Signals to Catalyze Capital Investment and Scale Production

- The DOW announced a **seven-year agreement** with Boeing in April 2026 to build PAC-3 missile seekers and help **triple Patriot missile production** by 2030
- How is the Pentagon leveraging **large, longer-term** deals with producers to strengthen **demand signals** and “**crowd-in**” **private capital** investments?

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**What policy, financial, and tech tools are best positioned to address supply chain challenges?**

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Image Credit: Adobe Stock

Image Credit: Lockheed Martin

# A resilient logistics backbone and manufacturing surge capacity are core requirements for credible deterrence



## Winning the Battle over Contested Logistics and Sustainment

- Through **Operation Pathways**, U.S. Army Pacific (USARPAC) links over 40 **training exercises, experiments, and interoperability** activities in the Indo-Pacific with partner militaries
- How can the U.S. work with **allies and partners** to **pre-position** equipment, protect **supply and communication lines**, and **sustain** forces needed to **deter** and **defeat** adversaries?



## Building Manufacturing Security for Resilient Supply and Robust Deterrence

- The **Civil Reserve Manufacturing Network (CRMN)**, established in the FY2026 NDAA, incentivizes domestic commercial factories to produce national defense-critical equipment at scale when needed
- What **policy efforts** and **technological advancements** can be integrated into defense **manufacturing** to enhance **security** and **surge** military production in a **cost-effective** manner?

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**What novel logistics and manufacturing frameworks and innovation show the most promise?**

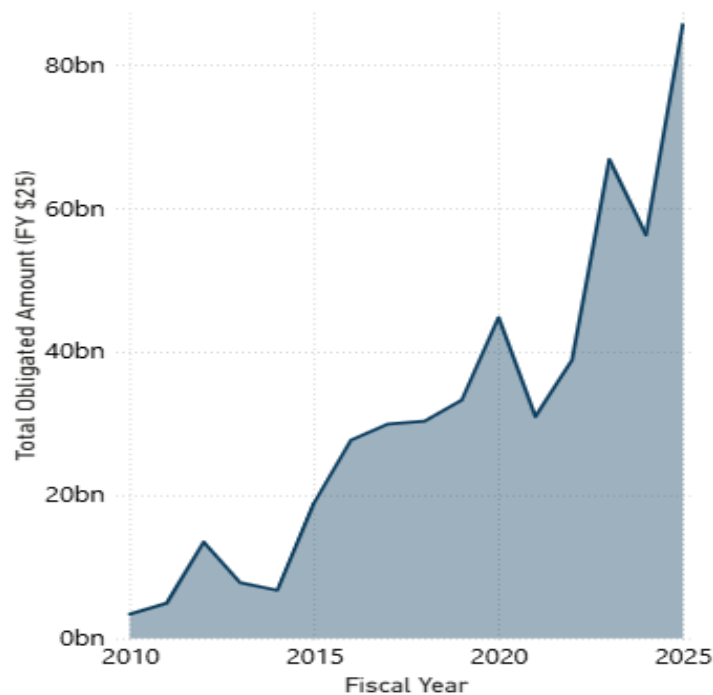
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Image Credit: Army Times/U.S. Army

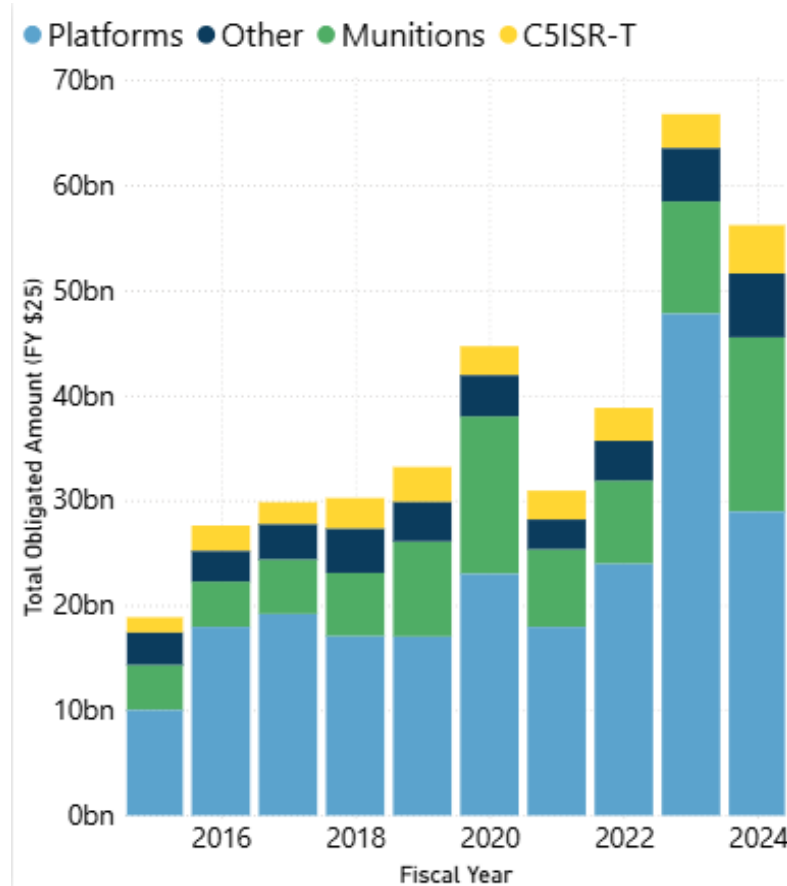
Image Credit: DefenseNews/AP

# Foreign Military Sales (FMS) are an engine of U.S. defense cooperation

**FMS obligations have increased by over 1,500% in the past 15 years**



Source: FPDS



Source: FPDS

- FMS growth reflects **expanding global demand for U.S. defense systems** and deeper security cooperation with allied partners
- The U.S. is **increasingly exporting major defense platforms, including aircraft**, reinforcing interoperability and long-term strategic partnerships

**How are FMS sales likely to be impacted by recent reforms? Are direct commercial sales (DCS) likely to grow as fast or more rapidly?**

# Panelist Remarks Q&A Discussion

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