

Deglobalization and the rehabilitation of Western defense industrial sovereignty

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ABSTRACT

In recent years, global security has been disrupted by a series of “unknown unknown” events, such as COVID-19, Russia’s invasion of Ukraine, and the Palestinian crisis. These challenges have led Western nations to weigh the strategic risks of defense industry vulnerabilities against the economic benefits of globalization. As a result, the U.S., Australia, the EU, and the UK have launched strategies focused on bolstering defense industrial sovereignty. This paper examines the common themes and relative strengths of these strategies.

Introduction

The 2024 U.S. National Defense Industrial Strategy (NDIS) represents a considered response to the vulnerabilities exposed by geopolitical upheavals and global supply chain disruptions. It marks a transformative moment in defense economics because it signals the rehabilitation of defense industrial sovereignty, and, with it, the recognition of how national security considerations have broadened beyond traditional military boundaries. The adoption of holistic security frameworks that integrate economic, technological, and diplomatic dimensions into national defense calculations is not novel, but for major powers, the recognition that national security goes beyond defense is belated. This shift in mindset reflects a growing awareness that the resilience and competitiveness of a nation’s defense industrial base is inseparable from its broader political and economic vitality. Industrial sovereignty is achieved not only through military strength but also by fostering innovation, technological transfer, and robust civil-military integration. This integrated approach allows states to maintain an edge in both peacetime and crisis, facilitating the cross-pollination of ideas and capabilities between civilian and defense sectors.

Against this backdrop, Western governments have increasingly acknowledged the necessity of securing supply chains, diversifying sources for strategic materials, and cultivating domestic expertise in critical technologies. The post-pandemic landscape,

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combined with the geopolitical reverberations of recent conflicts, has only intensified the urgency behind these efforts, prompting major policy realignments. Consequently, recent national defense industrial strategies have begun to emphasize resilience, adaptability, innovation, and a renewed focus on domestic industrial capacity as foundational pillars of military competitiveness and national security. The stage is thus set for a thorough examination of how these frameworks have shaped contemporary approaches to defense readiness and industrial independence. Unlike traditional defense policies, however, the NDIS positions economic resilience as a cornerstone of national security, signaling a new era of integrated civil-military industrial ecosystems. This represents a paradigmatic shift, reflecting a growing recognition of the interconnectedness between defense preparedness and economic strength, reshaping the global strategic and geo-economic landscape.

The call for a U.S. Defense Industrial Strategy was made by Jacques Gansler as far back as 1987, but it has been the strategic turbulence of recent years that has heightened the urgency of this requirement.¹ Hence, on January 11, 2024, the Department of Defense (DoD) launched the country's first Defense Industrial Strategy,² diagnosing the US defense industry as struggling to keep pace with evolving threats and technological advancements due to bureaucratic inertia, lack of agility, and insufficient investments in human capital and supply chains.³ The Strategy fired the starting pistol to reverse the industry's long period of atrophy.⁴ Significantly, the DoD argued that the NDIS's policies were not aspirational as they would be realized through a well-funded implementation strategy.⁵ There was a sense that the world had moved on from the narrowly defined view of a defense industry focused solely on "metal bashing," and isolated from civil industry by relatively high levels of technological secrecy, cost, and specialty engineering. For the advanced nations, this stereotypical model is now an anachronism, with the NDIS seeking to highlight the synergy between military operational advantage and economic competitiveness. Washington belatedly recognizes that the traditional concept of defense industry is profoundly changing, requiring a revised definitional framework and expanded policy boundaries. Moreover, it is not just the United States that has reached this judgment; other major Western powers are also increasingly recognizing that the defense industry not only contributes to military strength but also economic security, constituting a symbiotic relationship long acknowledged by other countries.

Japan's concept of "Comprehensive Security," for example, originated in the nineteenth century and explicitly refers to defense as just one dimension of national security alongside other considerations, such as technological prowess, international diplomacy, and economic power.⁶ The relevance and durability of Japan's comprehensive security model persists today, characterized by its pursuit of commercial and military competitiveness through innovative spin-ons from civil to defense industry and vice versa via spin-offs from defense to civil sectors.⁷ These domestic technology transfers occur between the commercial and defense divisions within the large industrial conglomerates, including Mitsubishi, Kawasaki, and Toshiba, creating opportunities to exploit civil-military technological fusion. Similarly, the 20th-century Swedish and Swiss national security models evolved to reflect an expansive interpretation of national security. Here, the nuanced central dynamic of sovereign defense industrial capacity acted as a mechanism for safeguarding the posture of neutrality.⁸ Singapore also adopted

a similar approach through its 1965 post-independence “Total Defence” strategy.⁹ The island state continues to pursue policies promoting economic security alongside other social, psychological, and security pillars to evolve a cultural consensus supporting military security. Three decades later, the United Kingdom (UK) became the first mature defense industrial power to adopt a broad-based national security model when the Ministry of Defence (MoD) published “British Defence Doctrine”.¹⁰ The Doctrine made explicit reference to political, economic, and, indeed, environmental, security objectives in addition to the more conventional military security goal.¹¹

These early frameworks laid the foundations for a 21st-century reset of national security, reaching its zenith in 2024–5, when a flurry of national defense industrial strategies were launched – not only by the United States but Australia, the European Union (EU), and the UK. The U.S. strategy is arguably the most important because of the country’s status as the world’s largest military power, with its vast defense industrial base, and a US\$997bn defense budget, which in 2024 represented 66% of NATO spending and 37% of global military expenditure.¹² The NDIS formalizes 21st-century reality, whereby economic and military security enmesh to capture a broad swathe of civil-military high-tech manufacturing and research-driven entities that increasingly embrace nontraditional commercial suppliers.¹³ This transformational convergence is in response to tectonic shifts in the strategic environment, requiring the United States and its allies to mold the direction and shape of a new, heightened state of military readiness. The logic is premised on adversaries understanding that the West has the capability, capacity, and determination to produce sufficient high-quality weapons systems to engage and be victorious in conflict – as such, the expectation is that foes will be deterred from aggression and will more likely seek a diplomatic resolution to military and diplomatic disputes.¹⁴

The purpose of this paper, then, is to critically examine the rationale, context, and substance of recently launched Western defense industrial strategies, especially the U.S. strategic framework. In pursuit of this aim, recent changes to the international strategic landscape will be explored, particularly the uncertainties introduced following the COVID-19 pandemic and Russia’s 2022 invasion of Ukraine. These events have intensified longstanding concerns over the growth of China’s military and diplomatic power, which, when allied to Sino-monopolization of global strategic supply chains, have triggered rising U.S. and Western sensitivity to their security vulnerabilities. The core of the paper is devoted to analyzing the process of de-globalization and reversion to the conventional priority of defense industrial sovereignty, with particular reference to three major challenges. Firstly, in facing down China’s military and economic might, a concerted Western effort is required. With the United States at the helm, Western allies seek to forge coherent and complementary defense industrial strategies so that international cooperation is consistent and effective. Secondly, there must be a national imperative to redraw defense industrial boundaries to reflect the reality of an expanded defense industrial ecosystem. Thirdly, the push to rehabilitate sovereign defense industrial capability will hinge on civil-military integration, and here the U.S. NDIS Strategic Framework, in common with allied nation strategies, highlights several dynamics, especially flexible acquisition, enhanced technology skills, economic deterrence/warfare, and supply chain resilience. Yet, while policy articulation is essential, equally important is detailed planning and resource adequacy to ensure that implementation is effective. These issues will be assessed in the penultimate section, followed by concluding remarks.

Evolving strategic landscape

Western defense industry has been impacted by the recent dramatic changes affecting the international security environment. The starting point was undoubtedly the globalization phenomenon triggered by the 1991 break-up of the Soviet Union. This seismic politico-economic event led to the postulated ascendancy of Western liberal capitalism over communism, aptly captured by Francis Fukuyama's seminal 1992 treatise, *The End of History and the Last Man*.¹⁵ The newly emerged and uncontested liberal global order fostered a sense of economic optimism rather than the hitherto feared military aggression. The process of globalization reflected the world switching from bipolar strategic confrontation to multipolar trade interdependence, with foreign direct investment flourishing across the international economy, especially in low-cost countries such as China. The putative "peace dividend" ushered in an era of unbounded consumerism driven by the phenomenon of cost-reducing globalization; and the defense sector was not immune from such competitive pressures. The political and military emasculation of the USSR and its communist threat led to dramatic declines in arms demand in the new, benign strategic environment.

This peaceful international landscape caused Pentagon spending on procurement, research, development, and construction to fall by 44% over the fiscal years 1985–1998.¹⁶ The inevitable result of this so-called "procurement holiday"¹⁷ was the emergence of surplus defense production capacity that set the scene for Washington's momentous 1993 "last supper." This meeting between the Secretary of State for Defense and high-profile defense corporate CEOs led to an enormous and enforced rationalization of the country's bloated Cold War defense industry, transitioning down during the decade from 51 to just five behemoth aerospace and defense contractors.¹⁸ Indeed, this rationalization process, principally through consolidation pressures has continued unabated, with the number of U.S. defense firms shrinking from 42,000 in 2000 to 29,000 in 2022.¹⁹ The push for defense cost savings became all-encompassing, heralding an era characterized as "defense" globalization. Trade liberalization and offshoring were promulgated, and the notion of defense industrial sovereignty became passé. Nowhere was defense globalization more evident than in the UK, epitomized by Margaret Thatcher's 1980s public sector de-nationalization program and open trade agenda, both of which impacted defense entities. Thatcher's crusade was followed in 2002 by the UK's Defence Industrial Policy, which, for economic reasons, prioritized domestic location over defense company ownership. Consequently, the ownership structure of the UK's defense industry changed to reflect a dominant overseas corporate presence, such that in 2023, the top five ranked suppliers were Lockheed Martin (United States), Airbus (EU), BAES (UK), Leonardo (IT), and Thales (FR).²⁰ Economics had trumped defense industrial sovereignty.

Although the outbreak of peace fostered consumption and growth, it also became a veil for instability, blinding governments to possible future strategic risks. Among these were the global supply-side distortions generated by COVID-19, the Ukraine War, and Yemeni Red Sea shipping attacks. All have demonstrated the frailties of international supply networks through over-dependence on unfriendly overseas states.²¹ The United States and allied nations have sought to constrain military competition and, indeed, confrontation with "axis of evil" states, including Russia, China, North

Korea, and Iran. Western strategic trade controls have been imposed to safeguard the transfer of nuclear technologies (Nuclear Suppliers Group), their means of delivery (Missile Technology Control Regime), and dual-use systems (Wassenaar Arrangement). Yet, notwithstanding these strategic barriers, unfriendly states have built up military capabilities that threaten Western interests. Direct military conflict is a last resort, and in its stead, economic warfare has emerged, representing an alternative economic battlefield, whose outcomes carry debilitating defense industrial implications.

China is the West's principal adversary, posing a geoeconomic threat carrying profound military security implications. Beijing's domination of critical trade sectors has enabled the imposition of embargoes and export quotas, jeopardizing U.S. and Western sovereignty, particularly in the complementary fields of next-generation weapons systems, green energy, digitalization, and electrification. Beijing has grown its geopolitical and economic influence over global critical mineral supply chains through, for instance, One Belt and Road Initiative (OBRI) loans and concessionary investment packages, and the collective market might of the enlarged BRICS.²² Beijing has developed the potential to counter the West's hitherto monopoly of critical technology embargoes with "reverse" embargoes.²³

The growing vulnerabilities of Western global strategic supply chains, particularly in critical minerals and defense technologies, underscore the urgency of crafting appropriate defense industrial strategies. Supply chain vulnerabilities jeopardize military readiness and highlight the need for greater self-sufficiency. While defense globalization did generate acquisition cost savings, they came at the cost of weakened defense industrial sovereignty. For example, defense globalization, and especially international outsourcing, has caused a diminution of U.S. defense industrial capacity to the point where, for example, only one domestic smelter produces aluminum of sufficient purity for military aircraft, and just one steel mill is capable of producing plates suitable for armoring trucks.²⁴ This, then, is the context in which Western powers have launched a series of strategies to strengthen defense industrial resilience via an accelerated process of defense de-globalization. While the process renews focus on defense industrial sovereignty, policymakers must recognize that the sector's environment and boundaries have also evolved.

Amorphous defense industrial boundaries

Although the NDIS aims to "drive development of an industrial ecosystem that provides a sustained competitive advantage to the United States over its adversaries," it fails to offer a clear and precise definition of the defense industry.²⁵ No surprise here, given that such definitional vagueness is a common malady infecting both policy and scholarship. For example, there is no classification of defense industry in the International Standard Industrial Classification (ISIC) system. An attempt to remedy this definitional lacuna was made by the British defense economist, Gavin Kennedy, who devised a methodology in the 1960s to measure a country's Potential Defense Capacity (PDC).²⁶ Intellectually crude, the PDC approach nevertheless focused attention on the need to define defense industrial boundaries to facilitate targeted planning and funding. Kennedy's methodology involves intuitively identifying the principal manufacturing sectors, such as iron and steel, non-ferrous metals, aerospace, and transportation

equipment, deemed essential for manufacturing military assets. Although the PDC model represents a brave attempt to define a defense industry, it was a child of its time, reflecting a bygone era of “smokestack” industrial sectors supplying heavy engineering platforms and components. Today, the focus is more likely to be on Artificial Intelligence (AI), sensors, and robotics.

The complexity of defining the defense industry is compounded by terminological opacity, with several conceptual refinements since WWII. For instance, during the early 1950s Korean War, the broader notion of a Defense Industrial Base (DIB) began to gain currency. Yet, the elaboration sparked a confusing debate between Truman Administration officials, favoring a broad interpretation of the term “Base,” and those of the Eisenhower Administration preferring a narrower view.²⁷ Then, in 1959, the polemic moved beyond industrial perspectives to embrace broader political economy concerns. This followed President Eisenhower’s preoccupation with the dangers of what he termed the military-industrial complex. He argued that acquisition decisions were not solely premised on DoD strategic considerations but on an “iron triangle” of lobbying pressures comprising the Armed Forces, defense industry, and the DoD.²⁸ Later, in the twenty first century, the notion of a defense industrial “ecosystem” began to gain traction, expanding the definitional boundaries to embrace all defense-relevant architectures, including R&D networks, SME supply chains, technological universities and industrial clusters. An example of this conceptualization can be found in a 2019 study of the Singaporean defense industrial ecosystem.²⁹ Singapore has sought to modernize the concept of defense industry by expanding its boundaries to include a broader ecosystem embracing an expansive network of R&D centers to foster technological collaborative innovation across the defense and commercial sectors. The UK has taken this process a step further by supplementing traditional subcontractors with emerging and nontraditional technology developers in the development and manufacture of the 6th-Generation Tempest fighter.³⁰ The US is following a similar development path, with the NDIS arguing that the United States needs to:

shift from policies rooted in the 20th century that supported a narrow defense industrial base to a modernized industrial ecosystem that includes the traditional defense contractors – the defense industrial primes and sub-tier defense contractors who provide equipment and services – and also includes innovative new technology developers, academia, research labs, technical centers, manufacturing centers of excellence, service providers, government-owned, contractor-operated (GOCO) facilities, and finance streams, especially private equity and venture capital.³¹

Additionally, the NDIS interprets the “domestic” defense ecosystem as comprising relevant activities conducted within the United States, the UK, Australia, New Zealand, and Canada.³² The inclusion of friendly Anglo-Saxon states and the Five Eyes (FVEY) partners is justified on the basis that certain defense acquisitions may be exempted from foreign ownership, control, or influence restrictions, albeit with the caveat that the 1933 *Buy American Act* demands that production be located in the United States.³³ The Act is prescient in the three reasons cited to justify local sourcing and content requirements: firstly, is the need to secure access to critical services, products, and materials; secondly, the imperative of suppressing entities working against U.S. interests, including strategic competitors; and thirdly, the requirement to promote domestic

producers and stimulate the U.S. economy.³⁴ Additionally, the 1950 *Defense Production Act* (DPA) provides the President with the authority to enhance the domestic industrial base.³⁵ There is thus a long legislative history evidencing the U.S.'s preoccupation with the defense industry's contribution to national security. This posture changed, however, when post-Cold War liberalization eroded strategic protectionism. Yet, what goes around comes around, and 2024 beckoned a new dawn of reprioritizing defense industrial sovereignty.

Western push to rehabilitate defense industrial sovereignty

The starting point for rehabilitating defense industrial sovereignty occurred when Western nations recognized that the strategic risks of globalization had begun to outweigh its economic benefits. As a result, 2024 saw the launch of four major Western strategies aimed at rehabilitating defense industrial sovereignty.

US National Defense Industrial Strategy (NDIS) – January 2024

The NDIS posits an aim not dissimilar from that of other Western defense industrial strategies, calling for the “development of an industrial ecosystem that provides a sustained competitive advantage to the United States over its adversaries.”³⁶ Yet, while the U.S. strategy prioritizes strategic autonomy, it also calls for what it terms “Integrated Deterrence” through alliances, partnerships, and joint development with allies.³⁷ Although this represents an interesting paradox, it should not detract from the principal thrust of the NDIS, the pursuit of sovereignty. In this regard, it builds on the 2022 National Defense Strategy, which emphasized the need to “produce and sustain the full range of [military] capabilities” in an era in which the character of warfare is undergoing revolutionary change.³⁸ This “change” is often characterized as a series of discrete and radical military transformations, each of which is referred to as a Revolution in Military Affairs (RMA).³⁹ Its most recent origins date back to the Gulf Wars, which showcased fundamental shifts in warfare, including stand-off precision-guided munitions and a growing focus on advanced electronics and computerization, including C4ISR capabilities. Since then, the momentum of technological change has continued unchecked, suggesting that in the modern era the process is both revolutionary “and” evolutionary, embracing technologies featuring civil-military synergy, such as sensors, microelectronics, data analytics, blockchain, and AI. In terms of the latter, the current wave of AI-induced military innovations is driven by Sino-U.S. military technology rivalry in the development of drones, autonomous systems, swarms, and counter-swarms flying in synchronized murmuration.⁴⁰ The new age of uncrewed systems also embraces modified U.S. F-16 fighters flying in pilotless mode,⁴¹ and UK Tempest fighters accommodating a human pilot and an “avatar” copilot capable of undertaking some of the pilot's operational duties, including landing the aircraft if the latter is injured in combat.⁴² The continuous merging of generational technological transformations is now at the cusp of the next military-technology wave, symbolized by bioengineering, brain-machine interface learning, neuroscience, and genome developments.⁴³

These interlinking waves of military-related product innovation are increasingly tied to technological progress in the broader commercial economy. Following profound technological revolutions in steam power (nineteenth century), electricity (1930s), and chemicals, electronics, and IT (1950s onwards), the world has now entered the Fourth Industrial Revolution (4iR).⁴⁴ The 4iR appears to be running in parallel and integrated with the RMA, and the consequent RMA-4iR synergies are generating cross-over military-commercial innovation. As earlier highlighted, it is a process that encourages participation from nontraditional commercial subcontractors offering lower-cost AI-driven autonomous systems and other disruptive technologies, such as electronic propulsion systems and advanced materials. Tumultuous advances in 4iR technologies are dramatically advancing “dual-use” (civil-military) technologies, including enabling production processes. The search for enhanced military and commercial competitiveness, increased use of in-house robotics, and 3D printing will likely lead to enhanced vertical integration of prime contractors and the gradual erosion of skill-intensive supply chains.⁴⁵ A similar impact will likely emerge from the Pentagon’s recent mandate that digital engineering, capable of dramatically accelerating the development of usable weapons prototypes, such as drone swarms, through faster and more accurate modeling and simulation, must be incorporated into all future acquisition programs.⁴⁶ Accordingly, the NDIS aims to promote industrial competitive advantage over adversaries by implementing a Strategic Framework comprising four critical areas, namely:

- Surviving the “valley of death”

The first critical area focuses on developing flexible acquisition processes designed to achieve speed, scale, and affordability. This is a well-trodden path among allied partners, with defense acquisition inefficiencies extensively addressed in academic and policy literature. Nevertheless, there continues to be an ongoing and costly catalog of disasters affecting defense acquisition programs. In the U.S., for example, two recent problematic programs stand out. Firstly, the F-35 Lightning II fighter has suffered extensive delays and cost overruns due to its over-ambitious scope and the enduring challenges with systems integration and concurrent engineering. Secondly, the Littoral Combat Ship, whose design flaws, cost increases, and capability limitations have seriously affected its role and effectiveness.⁴⁷ The NDIS argues that lessons must be learnt from such failures, especially from the pilot phase to operational capability - the so-called “Valley of Death.”⁴⁸ The NDIS further argues that greater acquisition efficiency and agility will provide a partial panacea to problems suffered in design, manufacturing, and maintainability. The latter two “through-life” acquisition stages have recently hit the headlines due to the protracted attritional character of the Russia-Ukraine and Israel-Hamas conflagrations, resulting in a severe depletion of U.S. military stockpiles. There is also the tricky goal of balancing customization through increased expenditure on bespoke defense R&D with the parallel objective of standardization via commercial off-the-shelf solutions. The DoD contemplates other policy reforms, including encouraging nontraditional companies to enter defense supply chains, promoting adaptive and incremental development strategies to address the cost and complexity of “scope creep,” as well as fostering the promotion of modular open architecture systems to reduce cost through competition and dynamic systems innovations.⁴⁹

- *Humans just as much as robots*

The Strategic Framework's second critical area is workforce readiness, to be achieved by expanding defense-critical labor skills to maintain capability in both traditional heavy engineering sectors and next-generation knowledge-intensive weapons systems. Simultaneous emphasis on old and new military technologies will require STEM-related skills characterized by dual-use technology applications spanning the civil-military industrial divide. The modern defense industry has been forged on commercial over-layering as a means of generating defense industrial value added. Indeed, the NDIS argues that the commercial sector constitutes the most significant element of defense industrial activity in terms of resources, facilities, personnel employed, and the value of products and services provided.⁵⁰ The short-run imperative will be to build a critical minimum level of expertise for meeting capacity and capability requirements through commercial to defense resource spin-ons, along with the imperative for the DoD to prioritize the provision of upskilling and reskilling programs. A key longer-term issue is not only growing but also rejuvenating the skilled workforce, as many employees are ageing—for example, the average age of shopfloor workers at one major U.S. defense factory is 59 years. The NDIS argues that sustainment of skilled worker pipelines may partially come about through destigmatization of defense-related careers, achieved through educational programs, including partnerships with schools and universities, and increased career opportunities *via* internships and apprenticeships.⁵¹ Such an approach will contribute to overcoming negative cultural mindsets, stereotypes, and general antipathy toward defense, which in turn will promote recruitment diversity and inclusivity, including entrants from nontraditional communities.⁵²

- *Economic strength deters...*

The Strategic Framework's third critical area is economic deterrence via robust and effective market mechanisms to support U.S. national economic security. Economic deterrence represents a subtle yet potent extension of military strategy, leveraging financial and industrial tools to constrain adversaries. For example, outbound investment restrictions and critical technology export controls not only protect domestic innovation but also deny adversaries the resources needed to compete militarily. This approach, rooted in economic statecraft, signals a shift towards using market mechanisms as instruments of national defense. Washington subscribes to “coordinated efforts with the full range of domestic and international partners in the defense ecosystem to fortify the DIB, logistical systems, and relevant global supply chains against subversion, compromise, and theft.”⁵³ Economic deterrence is therefore aimed at bolstering self-reliance, including suppressing unfriendly investment in strategic sectors of the U.S. economy. In pursuit of these goals, the Biden Administration launched an executive order that “...expands on the existing list of factors that the Committee on Foreign Investment in the United States (CFIUS) considers when reviewing transactions for national security risks. CFIUS will now include under its purview curbs on Chinese takeovers of small companies possessing competitive technologies, and, in a complementary way, Executive Order (EO) 14105 will regulate outbound investments in adversarial defense economies, limiting their ability to compete with the United States.”⁵⁴

These restrictive policy instruments reflect the new reality of U.S. statecraft, elevating economic warfare as a dominant foreign policy tool. The aim is to deter the efforts of China, Russia, and other unfriendly states in undermining the prevailing global economic order, as enshrined in international agreements since the end of WWII. These adversarial states focus on market-distorting activities, such as currency manipulation, export subsidies, lax IPR protection practices, and non-tariff trading barriers. Additionally, Russia and China pursue malign geoeconomic diplomacy to coerce and bully other states into adopting conciliatory economic postures. For example, linked to the Russia-Ukraine war, Russia has embargoed oil and gas exports to Europe and grain to countries further afield.⁵⁵ Yet, Russia's malign interventions in international trade are small beer compared to the trading barriers imposed by Beijing. For example, in 2015 China reached an agreement with Argentina on the co-production of two Malvinas class \$50mn corvettes in local yards; the deal was linked to bilateral development of Argentinian oil and gas fields as part of an offset arrangement, which included Argentina recognizing Chinese sovereignty over Taiwan in return for China's recognition of Argentinian sovereignty over the Falkland Islands.⁵⁶ Then, in late 2021, China imposed a battery of diverse sanctions on Lithuania, which had the "temerity" to criticize China's human rights record in Hong Kong and Tibet, as well as allowing Taiwan to establish a Representative Office in Vilnius.⁵⁷ At the other end of the globe, China was barring Australian exports of wine, coal, beef, barley, timber, grapes, and seafood, following Canberra's questioning of the origins of COVID-19, as well as criticizing the ill-treatment of Uighurs and the imposition of democracy restrictions in Hong Kong.⁵⁸

Of grave concern for the United States, though, has been the emerging trend of Chinese export embargoes on, firstly, Rare Earth Elements (REEs - a subset of the broad family of critical minerals) that were first used against Japan in 2010, and, secondly, on associated technology processes against the United States in 2023, and the ban on gallium, germanium and antimony used against the United States in December 2024.⁵⁹ There are also U.S. concerns over threats to domestic industrial sovereignty, including "uncontrolled" transactions in U.S. defense supply chains, such as the discovery of Chinese magnets integrated into F-35 combat aircraft.⁶⁰ Fears have also arisen over predatory adversarial investment in strategic dual-use sectors, such as AI.⁶¹

– Supply chains: the source of sovereignty

The Framework's final area of concern has regard to the vulnerability of strategic supply chains, which are critical to economic security, wealth creation, and the indigenous development of modern warfighting capability. Accordingly, the Strategic Framework highlights the urgency of building "healthy, resilient, diverse and secure supply chains to ensure the development and sustainment of capabilities related to national security."⁶² Resilience applies not only to the manufacture of military assets but also to the building of stockpiles of components, spares, materials, and munitions. Indeed, a sobering comparison of the importance of munitions replenishment can be found in Ukraine's consumption of 60–80,000 shells per month against the US monthly resupply capacity of just 28–30,000 shells. Indeed, it is estimated that at current procurement rates, it will take seven years to restore U.S. ammunition stocks to the levels before the start of military aid to Ukraine.⁶³ Thus, one of the novel features of the

NDIS is that it classifies war reserves as a constituent part of U.S. defense supply chains, arguing that the lack of institutional oversight on maintainability is symptomatic of government malaise toward defense supply chains, including the critical role of specialized suppliers of innovative components and systems. This supply chain “invisibility” is unsurprising given that the industry is dominated by five monolithic prime contractors accounting for over 74% of the 78 major weapons systems DoD identified in its FY2024 budget.⁶⁴ The innovational dynamics operating within indigenous defense supply chain clusters have regressed due to intense globalization pressures, particularly overseas outsourcing. Global supply chains self-evidently operate at a distance, and the consequent lack of geographic proximity between the prime and sub-contractors undermines mutual problem-solving as a means of catalyzing, incubating, and diffusing innovation. Furthermore, geographical proximity aids the innovational diffusion process by encouraging technological cross-fertilization between the defense and commercial sectors, given that modern defense supply chains are essentially civil-military and focus on dual-use technologies.

Washington’s rediscovered defense industrial sovereignty ambitions carry multiple benefits, including heightened innovative performance, enhanced competitiveness, and strengthened resilience. Yet, a *sine qua non* of genuine sovereignty is the urgent need to de-risk by exiting Chinese-dominated global supply chains. In fact, the process has already begun, as reflected by the reshoring/onshoring of production and refining activities from overseas operations back to the United States. This de-globalization push is a frequently cited goal of DoD officials,⁶⁵ with Congress and the Executive Branch encouraging a “whole-of-Government” approach to on-shoring, exemplified by EO 14005, January 25, 2021, entitled: “Ensuring the Future is Made in All of America by All of America’s Workers.”⁶⁶ The NDIS advocates a raft of further measures, such as surging spares production to service sudden demands from national and overseas allied forces, accelerating the development of emerging technologies, including AI, autonomous systems, quantum technology and advanced materials, reducing barriers to SME entry by mitigating the high costs of cybersecurity protective systems, and increasing essential critical medical, chemical and critical mineral stockpiles.⁶⁷

The present heavy U.S. dependence on foreign critical mineral sources completely reverses the pre-WWII market position. In 1938, for example, “the U.S. was the global mineral powerhouse, which, together with the British Empire, held about 75% of global mineral supplies.”⁶⁸ By contrast, today, the United States suffers from heavy dependence on a range of strategic materials, including antimony, gallium, germanium, lithium, graphite, nickel, cobalt, manganese, copper, and REEs, with China supplying 74% of U.S. demand.⁶⁹ A complementary approach to on-shoring is friend-shoring, defined as the transfer of production activities from adversarial or nonaligned countries to U.S. allies and partners.⁷⁰ Dramatic progress has been achieved through collaborative mechanisms, such as the 2021 AUKUS (Australian, UK, and the United States) submarine acquisition program and the June 2022 creation of the United States-led Minerals Security Partnership (MSP). The purpose of the MSP is to counter China’s critical mineral market domination by securing a stable supply of raw materials/critical minerals for member states. In addition to the United States, the MSP’s diverse membership includes Australia, Canada, Estonia, Finland, France, Germany, India, Japan, South

Korea, Sweden, Norway, the UK, and the EU.⁷¹ The MSP is actively developing upstream mining, midstream minerals processing, and project recycling, focusing primarily on achieving a secure supply of REEs and other defense-critical minerals.⁷² In the longer term, access to untapped reserves in the deep-sea,⁷³ Arctic (and possibly Antarctic),⁷⁴ and space will need to be considered. Enhanced access to strategic commodities and minerals will demand the projection of U.S. defense industrial and statecraft strategies to compete with China's economic diplomacy vehicles, particularly the OBRI and enlarged BRICS group.

Australian Defence Industry Development Strategy (DIDS)–February 2024

In early 2024, Australia launched a trilateral strategic, investment, and defense industrial approach in pursuit of achieving enhanced self-reliance. The National Defence Strategy (NDS) and the Integrated Investment Program were both launched in April 2024.⁷⁵ The NDS details the government's approach to addressing Australia's most significant risks, including the threat of conflict and the prospect of coercion. At the heart of the NDS is the "Strategy of Denial," representing the cornerstone of contemporary Australian Defence planning. It is designed to deter a potential adversary from taking actions against Australia's interests and regional stability. A further important element of the NDS is the concept of "National Defence." This reflects a coordinated, whole-of-government and whole-of-nation approach aimed at harnessing all aspects of national power, such as fostering integrated statecraft and national, industrial, and supply chain resilience, to defend Australia and its interests. The second leg of the NDS is the 2024 Integrated Investment Program, providing the financial underpinning required to implement the strengthened force structure. Accordingly, the government plans to invest A\$330bn through the period to 2033-34 on capability investment priorities, with undersea warfare and maritime sea denial capabilities, amounting to between A\$114 and 145bn.⁷⁶

The third element of Australia's trilateral approach is the DIDS, which was published in February 2024. Its principal goal is directed toward securing greater defense self-reliance,⁷⁷ with subordinate enabling objectives closely mirroring those of the NDIS. Specifically, Canberra's defence industrial model seeks to identify and sponsor seven sovereign defence industrial priorities, covering: indigenous MRO capability of Australian Defence Force aircraft; continuous naval shipbuilding and land system enhancement and sustainment; domestic manufacture of guided weapons, explosive ordnance and munitions; development and integration of autonomous systems, battlespace awareness and management systems; and test and evaluation, certification and systems assurance.⁷⁸ The remaining DIDS objectives include procurement reform; skill enhancement and workforce growth from the already impressive 100,000 employees; the promotion of innovation; and improved civil-military engagement to balance demand-side defense needs with supply-side industry capabilities.⁷⁹ Taken together, these objectives are intended to "deliver an innovative, resilient, and competitive defense industrial base that creates a stronger, more secure Australia."⁸⁰

European Defence Industrial Strategy (EDIS) – March 2024

The EDIS was published in March 2024 and represents Europe's first-ever defense industrial strategy. Although initially triggered by Russia's invasion of Ukraine, Europe has long aimed to build a unified European Defence Technological and Industry Base (EDTIB). Again, the terminology is vague, but adding "technological" does appear to signal a broader focus on R&D and innovation, supported by deeper integration across Europe's presently fragmented defense sector. In this regard, the European Commission (EC - the administrative arm of the EU) called for Member States to "invest more, better, together, and European."⁸¹ Yet, this will be no easy challenge. For decades, similar calls have been made, beseeching member states to reduce and eventually eradicate weapons duplication and inter-member state competition through collaboration, but the enduring preference for national sovereignty has proved an insurmountable obstacle. As a result, between 2021 and 2022, only 18% of total European military acquisitions were collaborative.⁸² Further, more than three-quarters of EU member state defense acquisitions between the start of Russia's invasion and June 2023 were made outside the EU, with the United States alone accounting for 63%.⁸³ Part of Europe's refocus on sovereignty is due to Donald Trump's January 2025 return to the Oval Office, engendering panic among Europe's defense ministries that U.S. defense commitments will be withdrawn. Known for criticizing EU states for "free riding" on the backs of American taxpayers, Donald Trump continues to exhort that Europe must spend more on defense. This is finally beginning to happen, but paradoxically, as the European DIS makes explicit, increased European defense spending is driven more by the imperative to secure greater "strategic autonomy and reduce dependence on Washington" than to strengthen collective defense across the Atlantic.⁸⁴

The principal aim of Europe's DIS is to bolster military "readiness," representing a dramatic *volte-face* from the bloc's hitherto defense lethargy.⁸⁵ Military readiness is interpreted broadly as urgently ramping up military capability, replenishing depleted stores, and building up reserves to reach acceptable readiness levels for both European defense and Ukrainian military resupply commitments.⁸⁶ To secure this goal, Europe's Strategy posits four objectives: first, by 2030, at least 50% of member states' procurement budgets (60% by 2035) should go to EU-based suppliers, and at least 40% of defense equipment should be procured collaboratively; second, EU funds should be used to stockpile defense-related critical products, such as electronic components and raw materials to prevent supply shortages; third, member states should be encouraged to prioritize military, as opposed to civilian, production and delivery in times of crisis; and fourth, EU-based defense firms should plan to increase future production capacity more rapidly, with institutional funding creating "ever-warm" defense factories and the repurposing of civilian production lines to defense activity.⁸⁷ These objectives reflect an important and recurring theme in the EDIS to promote the hi-tech civil sector's contribution to defense through civil-military integration and dual-use technology.⁸⁸ Although the task of achieving the pressing goal of military readiness will be challenging, the longer-term strategic autonomy ambition will also be immense. Notwithstanding that nine of the 23 European North Atlantic Treaty Organization (NATO) member states are now spending more than two percent on defense, there remain significant ammunition, drone, and reconnaissance production gaps to be

filled.⁸⁹ The necessary funding to support implementation of these objectives is critical, yet this is already proving problematic, as evidenced by the proposal of EU Internal Commissioner Thierry Breton, of €100bn, compared to the EC's initial offer of just €1.5bn.⁹⁰

UK Defence Industrial Strategy (DIS) – September 2025

The UK was arguably the first nation to launch a formal defense industrial strategy back in 2005. Ironically, it derived from participation in the U.S.-led F-35 global consortium, having paid \$2bn for the privilege of becoming the only full partner alongside the United States.⁹¹ The UK MoD asked Washington for the right to access the F-35's software codes to enable midlife upgrades and the retrofitting of British weapons systems on RAF aircraft, but the United States refused,⁹² leading directly to the UK's first-ever *Defence Industrial Strategy* (DIS) in December 2005.⁹³ The DIS was intended to partially reverse full-on defense globalization and instead pursue “selective” self-sufficiency through the possession of indigenous intellectual property rights (IPR) and production capability in “selected” critical technology areas. This nuanced interpretation of defense industrial sovereignty prioritized the imperative of developing indigenous high technology capabilities. Importantly, the DIS introduced the concept of appropriate sovereignty, defined as “the appropriate degree of sovereignty over industrial skills, capacities, capabilities and technology to ensure operational independence against the range of operations that the UK wishes to be able to conduct.”⁹⁴

Over the ensuing decades, the UK MoD launched a series of DIS policy papers, including the 2012 *National Security Through Technology* White Paper, which sought to ensure operational advantage and freedom of action⁹⁵ through promotion of SMEs in local defense supply chains and domestic R&D in next-generation military capabilities, including cyber;⁹⁶ the 2021 *Defence and Security Industrial Strategy* aimed at treating defense as a strategic resource by re-prioritizing defense industrial sovereignty and abandoning the longstanding policy of “global competition by default;”⁹⁷ the 2022 *UK Military Space Strategy*, which introduced enhanced flexibility into the debate via the concept of “assured” sovereignty, defined as “varying degrees of sovereignty dependent on the requirements of systems ownership, collaboration and access;”⁹⁸ and, finally, in December 2024, the MoD launched a *Statement of Intent* regarding the September 2025 publication of the Defence Industrial Strategy, with a remit extending to 2035.⁹⁹ It made clear that the DIS intends to reboot the existing approach in light of the Ukraine conflict by growing a “better, more integrated, more innovative, and more resilient defense sector.”¹⁰⁰

Success comes down to implementation...

During 2024-5, four leading Western countries introduced new defense industrial strategies, but the outcomes of these strategies will be linked to the effectiveness of the related reform implementation measures. The U.S. defense industry is the world's largest, and reforming its structures carries enormous significance. In this regard, the NDIS is a bold policy response to three decades of transition, whereby the Pentagon went from having a defense industry it considered too large to sustain to one that is

now too small to surge.¹⁰¹ Due to growing U.S. strategic and industrial vulnerability, especially constricted defense capacity and capability, Washington's policy thrust is on developing a competitive defense industrial ecosystem that possesses the speed, scale, and resources to deter aggression against the United States and its allies. To this end, the DOD launched its Interim and Final Implementation Plans (IP) as a means of ensuring that the delivery of ambitious and costly NDIS initiatives will be clearly articulated and resourced. Yet, successful implementation of the DoD's ambitious and costly initiatives will depend on addressing the absolute priority of securing adequate DoD funding over a planning and implementation horizon that will extend to at least 2030, rather than the conventional five-year period.¹⁰²

The Interim IP was published in July 2024 and emphasized that the combined FY2024 supplemental and base defense appropriations would inject \$74.6bn into defense industrial base investments to strengthen resilience.¹⁰³ The Interim IP details the range of new and ongoing investments, including promoting Public-Private Partnerships (PPPs) for speedy adoption of emerging technologies from the private sector, especially bio-industrial manufacturing production facilities.¹⁰⁴ Complementing the Interim IP is the 2024 US *Inflation Reduction Act*. This aims to foster technological innovation to enhance energy security and fortify supply chain resilience by incentivizing the local development of dual-use technologies and critical materials, thereby reducing dependency on foreign and potentially adversarial sources.¹⁰⁵

The Final IP was launched in late October 2024 and represents an action plan to build a robust 21st-century U.S. defense industrial base. The Final IP seeks to guide future resourcing decisions and investments, inform budget priorities, shape R&D activities, and drive engagement with industry.¹⁰⁶ Moreover, by addressing critical innovation and international collaborative gaps, the DoD believes that the NDIS will strengthen national security and drive the defense industry forward into a new era of technological advancement and resilience.¹⁰⁷ The Framework will enable the DoD to weigh the risks of action against those of inaction in terms of the failure to achieve desired outcomes.¹⁰⁸ Additionally, against specified tasks, there will be performance metrics enabling stakeholders, including Congress, to monitor progress in achieving NDIS objectives. It is too early to pass judgment on the effectiveness of the IP policy, as numerous challenges remain, but recent reports indicate that the DoD is actively implementing the Strategy and allocating approximately \$38bn in 2025 to support revitalization of the defense industrial base, particularly in areas where domestic capacity has diminished, such as missiles and munitions.¹⁰⁹ There is also discussion of leveraging PPPs to access to private sector expertise, efficiency, and financial resources to lower long-term costs and expedite innovation across the defense sector.¹¹⁰

While implementation of the NDIS appears to have gone smoothly, Australia's DIDS has attracted criticism over the adequacy of its measures. While comprehensive in its aims, challenges have arisen over the Strategy's lack of clarity and communication in the implementation process, and the need for adequate funding to ensure effective implementation.¹¹¹ Moreover, the DIDS has little to say on policies aimed at supporting the development of a wider defense industrial ecosystem, including the forging of innovative synergies between primes and SME subcontractors located in the specialized supply chains.¹¹² The urgent need to equip workers with appropriate high-tech skills is evident, but the strategy makes no mention of the Australian Government's long-term

vision to encourage STEM skills through its 2019 Defence Industry Skilling and STEM strategy.¹¹³ Further, the DIDS fails to emphasize the importance and challenges of complementarity with Allied nation strategies, such as the FVEY and AUKUS (Australia, UK, United States) alliances, to improve interoperability and collective defense capabilities.¹¹⁴

AUKUS, in particular, carries a multitude of risks, and for this reason, Canberra did launch a separate and focused AUKUS Submarine Industry Strategy in March 2025, with the specific aim of providing greater clarity to Australian industry to grow and enter AUKUS supply chains, and develop sovereign capacity to operate, build and sustain conventionally armed, nuclear-powered submarine supply chains.¹¹⁵ This aim is underpinned by investment funding of A\$262mn to support local defense industry uplift, including the creation of around 20,000 direct jobs over the next 30 years.¹¹⁶ AUKUS represents one of the most complex and consequential transformations in Australian industrial history,¹¹⁷ and it is therefore essential that its submarine industry strategy is tightly integrated into the earlier 2024 DIDS framework. There are several significant common elements: firstly, the essentiality of linking the maritime and underwater defense industry into Australia's broader national industrial structure and policy to achieve economies of scale, scope and surge; secondly, the expansion of the defense workforce growth model to encompass a coordinated and unified approach to the national workforce development strategy in the search for a broader defense capability ecosystem; thirdly, the introduction of defense economy-wide procurement reform to simplify tender processes and reduce bureaucratic delays; and, finally, the urgency of ensuring that the mounting regulatory burden through, for instance, increased security and export legislation and revised contracting, does not raise compliance costs, and result in slower and higher-cost delivery of capability into service.¹¹⁸

The EU was the third Western power to launch a defense industrial strategy in 2024 and has been active in introducing follow-up policies designed to bolster its implementation. Foremost among these was the 2025 launch of the European Defence Industrial Programme (EDIP), which is aimed at raising the readiness and competitiveness of its integrated defense industry.¹¹⁹ In particular, the EDIP will boost cooperation in defense procurement, improve and accelerate the ability of defense industry supply chains to adapt, facilitate cross-border cooperation, increase manufacturing capacities, and reduce lead production time for defense products.¹²⁰ To boost EU defense industry competitiveness, the EC has agreed that: (1) the cost of components originating from outside the EU and associated countries (comprising the European Economic Area: 27 EU member states plus three European Free Trade Association countries) does not exceed 35% of the estimated cost of the end-product components; (2) no components will be sourced from non-associated countries contravening the security and defense interests of the EU or its member states; (3) the "design authority" requirement becomes the default rule, ensuring that the EU maintains control over the design and development of its defense products; and (4) the first-ever security of supply regime in the area of defense will be established to maintain timely, reliable and autonomous access to defense products and components during crises.¹²¹

Also, linked to the EDIP is a cluster of related policies designed to reinforce the resilience of Europe's integrated defense industry. In April 2025, amendments were presented to existing EU funding programs to support "faster, more flexible and

coordinated investments” in Europe’s defense industrial base.¹²² Then, in May, the long-awaited UK-EU trade and security deal was announced, intended to smooth the path for a variety of sectors that had encountered trading obstacles in the years since Brexit.¹²³ The UK government has confirmed that the new deal will “pave the way” for Britain’s defense industry to participate in the EU’s €150bn SAFE (Security Action for Europe instrument) defense fund.¹²⁴ SAFE constitutes one pillar within the EU’s ReArm Plan that enables defence spending of up to €800bn to increase Europe’s defense market competitiveness and promote cheaper, collective procurement.¹²⁵ In June, the EC proposed measures to speed up defense investments, as part of efforts aligned with the White Paper for European Defence-Readiness 2030.¹²⁶ The measures include plans to reduce red tape to facilitate investments in defense, provide greater predictability to industry, and make it easier to access EU funding. Later that same month, the European Investment Bank Group, comprising the 27 EU member states, increased its 2025 financial ceiling to €100bn (US\$114.6 bn) to step up investments in security and defense, innovation, and critical national infrastructure.¹²⁷

Finally, there is the UK, which began intensifying its efforts to ensure the smooth implementation of its DIS 2025 well before its publication in the Autumn of that year. For instance, two complementary strategy documents were published in June 2025, designed to maximize cross-over synergy between the DIS and wider civil industrial development. The first is the *UK National Industrial Strategy*, which included defense as one of the eight strategic sectors aimed at boosting the country’s security and prosperity.¹²⁸ The defense element will seek to “deliver the defense industrial base the UK needs to protect national security, while unlocking the sector’s significant untapped potential for creating growth spillover events via innovation, and scale-ups through cementing the UK as Europe’s leading defense exporter.”¹²⁹ The second strategy document is called the *National Security Strategy – Security for the British people in a dangerous world*. The section dedicated to defense is focused on redefining the domestic defense industrial base by including non-manufacturing sectors, such as academic institutions, dual-use companies, financial services, technologists, and trade unions, within its scope.¹³⁰ The strategy also seeks to strengthen defense industrial resilience through developing the necessary sovereign capabilities to achieve asymmetrical and competitive advantage.¹³¹ Accordingly, around 10% of the defense acquisition budget will be allocated to novel technologies, such as AI, software, quantum computing, advanced materials, including graphene - and employ biomanufacturing techniques and autonomous systems, especially drones, as a means of growing the UK’s early-stage dual-use technology ecosystem.¹³² The strategy also makes clear that to counter increasing geopolitical uncertainty, the UK’s contemporary spectrum of priorities must resonate with those of NATO, the US, the EU, and Australian DIS frameworks, to exploit partnership opportunities.¹³³

Of course, as with other Western allies, the challenge facing the UK authorities is to effectively integrate and implement this plethora of defense and security strategies - and this will require a substantial uplift in resources. This is already happening, energized by Trump-induced diplomatic and economic pressures targeting European NATO member countries. For the UK, the sequence of escalating funding commitments required to resource this dramatic defense-industrial turnaround commenced shortly after the new Labor government took office in 2024. Overseas development aid was cut, with the savings reassigned to defense, taking defense spending from 2.2 to 2.5%

of GDP by 2027; “spy” agency funding was later incorporated into the defense budget, lifting it to 2.6%, with the ambition of reaching 3% in the next Parliament – when economic and fiscal conditions allow;¹³⁴ finally, at the June 2025 Hague NATO Summit, the UK and NATO allies agreed to raise defense spending to 5% of GDP by 2035.¹³⁵

Conclusions

The rush of Western defense industrial strategies across 2024-5 reflects the recent emergence of a turbulent strategic environment. This increasingly uncertain and often dangerous world is due not only to the expanding number of military conflicts but also to the growing trend of leading nations conducting economic warfare.¹³⁶ These events have impacted the strategic landscape, revealing major weaknesses in the West’s defense industrial resilience. In response, the West’s major powers have launched radical defense industrial strategies to promote deglobalization and greater defense industrial sovereignty. The purpose of this paper has, therefore, been to explore the comparative strategic instruments employed, along with the viability of their implementation. While each of the Western powers has tailored strategies to reflect distinct priorities, capacities, and partnership frameworks, they share the underlying imperative of strengthening long-term resilience, innovation, and sovereignty. To appreciate the similarities and divergences among these strategies, [Table 1](#) offers a comparative evaluation of the key distinctive features of the respective national and regional strategies, including the urgency of increasing R&D funding in 4iR dual-use technologies, strengthening supply chain resilience, reforming inefficient procurement systems, expanding capacity and capability-deepening attributes, and enhancing civil-military integration.

Strategy implementation is critical, and an important planning dimension will be the need to redefine the nature of the defense industry, broadening its definitional boundaries to encompass the contemporary reality of closer interactivity with the wider economy. Emulating other countries’ comprehensive national security strategies, the building of a modern defense industrial ecosystem will require targeted government support for the sustainment of key prime- and sub-contractors and other strategic players. Industrial mapping is also required to identify those sectors requiring bespoke investment to facilitate the potential for “surge” capacity during times of international tension. Beyond conceptualizing the nature of contemporary defense industrialization, the paper has identified and analyzed two principal aims of Western defense industrial strategies.

The first focuses on the urgent short-term goal of improved military readiness and operational capability. Technological progress is deemed vital as the defense sector drives national security by developing advanced and competitive military systems. The competitive dynamic refers to the imperative of gaining weapons superiority over enemy systems to deter potential threats but goes beyond manufacturing capacity. Systems integration expertise is essential for delivering cutting-edge weapons from the entire weapons lifecycle, with the supply chain creating innovative linkages to the wider civil high technology economy. Supplier enterprises invariably possess dual-use skills and technologies, which have applicability to both military and commercial production. This civil-military industrial complex brings together major systems integrators and commercial suppliers, creating a partnership that boosts competitiveness and innovation for both defense and commercial sectors.

Table 1. Comparative analysis of allied defense industrial strategies, 2024–5.

Aspect	U.S. National Defense Industrial Strategy (NDIS)	Australia's Defence Industry Development Strategy (DIDS)	European Defence Industrial Strategy (EDIS)	Statement of Intent: Defence Industrial Strategy (UKDIS), building on the 2021 Defence & Security Industrial Strategy (DSIS)
Publication date	January 11, 2024	February 29, 2024	March 5, 2024	December 2, 2024
Strategic priorities	Resilient supply chain; workforce readiness; flexible acquisition; economic deterrence.	Strengthening of sovereignty and strategic autonomy; build collaboration between industry and academia; enhance workforce professionalization.	Achieve defense industrial readiness; encourage joint investments; enhance EU's defense capabilities.	Reprioritize defense industrial sovereignty to generate and regenerate armed force at scale, a science and technology base that delivers cutting-edge capability, and the ability to innovate at wartime pace.
Objectives	Modernize the defense industrial ecosystem; align with the National Defense Strategy; enhance production capacity; strengthen supply chains against subversion and theft.	Encourage STEM skills development; improve interoperability through AUKUS and Five Eyes; support Australian defense exports.	Set a vision for European defense industrial policy until 2035; ensure availability of critical products; reduce dependence on external suppliers.	Grow “a better, more integrated, more innovative, and more resilient defence sector.” An integrated approach to strengthening UK sovereign defense industrial capacity by reinforcing what the Statement of Intent simply calls “deterrence”
Implementation approach	Collaboration between U.S. government, private industry, and allies; detailed implementation plan outlining strategic priorities.	Streamline grants for SMEs; promote digital transformation through digitized procurement processes; address cyber resilience.	Encourage EU countries to invest more, better, together, and European; foster collaborative procurement.	Increased funding, especially in the dual-use technology fields of Artificial Intelligence (AI), quantum, and space capabilities to facilitate positive civil-military spillovers. Also, a more agile procurement system, high technology training, and an innovative SME-rich supplier network.
Focal areas	Increasing production capacity; strengthening supply chains; workforce development, and economic security.	Collaboration and innovation; security and cyber resilience; digital engagement and efficiency.	Build “ever-warm” factories; enhance defense industrial readiness; establish strategic autonomy by reducing reliance on external suppliers.	Energized push to restore and bolster onshore defense production capability, the development of an R&D ecosystem will be front and center of policy priorities.

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The second aim of Western defense industrial strategies is to achieve the longer-term ambition of enhanced sovereignty, but this poses a major challenge to economic and strategic statecraft. From the classical economic standpoint, the underlying assumption of the international economy is a division of labor whereby national production preferences are viewed as less optimal than global comparative advantages. Western defense strategies now prioritize industrial sovereignty over trade efficiency. In practice, only the U.S. can achieve full defense sovereignty, though it still values cooperation. The most realistic approach, therefore, is to strike a balance between strategic autonomy and international collaboration and trade. This will, however, inevitably involve some tricky political and industrial compromises and tradeoffs.

For example, Europe's strategy is firmly focused on consolidating continental-level sovereignty, positing also the additional objective of reducing dependence on U.S. armaments supply. Yet, the latter will be difficult to achieve, given European nations' present predilection for high-quality and low-cost U.S. weapons systems. Similarly, Australia's policy emphasis on defense industrial sovereignty is at odds with Canberra's growing dependence on U.S. and UK maritime and underwater technology. Such tensions will act to undermine Washington's call for Integrated Deterrence, requiring closer, not less, defense industrial integration. Hence, in the face of rising global strategic uncertainty, the West's defense industrial strategies are essential for refreshing, reinvigorating, and sustaining their frail defense industrial ecosystems. Yet, the Strategies are a work in progress, and only time will tell if they can evolve to become more attuned to the political and economic realities of balancing national defense industrial autonomy with international armaments cooperation.

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