



Prioritizing the War Fighter in Defense Contracting

Administration Policy:

President Trump issued an executive order (EO) titled [Prioritizing the War Fighter in Defense Contracting](#), which would stop defense contractors from prioritizing stock buybacks and corporate distributions ahead of production capacity, innovation, and on-time delivery for America's military. The EO states that U.S. military strength depends not only on advanced weapons, but on the defense industrial base's ability to produce those weapons quickly, at scale, and on time.

The EO directs the Secretary of Defense (Secretary) to identify defense contractors supplying critical weapons, equipment, or supplies that are failing to meet performance expectations. Contractors may be flagged if they are missing delivery schedules, failing to invest in needed production capacity, not prioritizing U.S. Government contracts, or producing too slowly.

If a contractor is found to be underperforming while still engaging in stock buybacks or shareholder distributions, the EO requires the Secretary to notify the company and explain the deficiencies. The contractor is then given an opportunity to submit a board-approved plan describing how it will resolve the problems.

If a contractor's remediation plan is inadequate or disputes cannot be resolved promptly, the EO authorizes the Secretary to take action to force improvements. These actions may include using existing contract remedies, invoking authorities under the *Defense Production Act*, or entering agreements to increase production and prioritize military needs. The EO requires the Secretary to consider the contractor's financial condition and the long-term viability of defense programs when taking such actions.

The EO also requires future defense contracts to prohibit stock buybacks and dividends during periods of underperformance. In serious cases, the EO allows executive base salaries to be capped while incentive compensation is reviewed. In addition, the EO permits the government to suspend advocacy for foreign military or commercial sales on behalf of underperforming contractors.

Background:

- [The Defense Production Act \(DPA\) of 1950](#) grants the President significant emergency authority to control domestic industries to ensure the availability of industrial resources for national defense, including authorizing the President to direct private companies to prioritize orders from the federal government, allocate materials, services, and facilities for national defense purposes, and restrict hoarding of needed supplies.
- The a fact sheet from the White House can be found [here](#).