

# Executive Order 14372

## Prioritizing the Warfighter in Defense Contracting

January 7th, 2026

### Overview

On January 7th, 20256, President Trump signed an [Executive order](#) titled “*Prioritizing the Warfighter in Defense Contracting*” that aims accelerate defense procurement and enhance the Defense Industrial Base (DIB) by shifting contractor priorities from investor returns to production and performance.

The policy set forth in this order states that the U.S. will no longer allow defense contractors to single-mindedly pursue investor profits at the expense of warfighter capability and readiness. Major defense contractors will also no longer conduct stock buybacks or issue dividends that are at the expense of procurement and production capacity.

### Defense Contractor Identification

Within **30 days of this order**, and on a continuing basis thereafter the Secretary of War is directed to identify defense contractors for critical weapons and supplies that are underperforming. The criterion for contractor identification is:

- Underperforming on its contracts
- Not investing its own capital into necessary production capacity
- Not sufficiently prioritizing U.S. government contracts
- Demonstrating insufficient production speed as determined by the Secretary
- Must have engaged in stock buybacks or other corporate distributions during period of underperformance

Once a contractor is identified, there is a **15-day period** following the notification of deficiencies where the contractor must submit a remediation plan for review by the Secretary of War.

### Defense Contract Provisions

Within **60 days of this order**, the Secretary of War is required to take steps to include new provisions within all future defense contracts, including renewals. These clauses will:

- Prohibit stock buybacks and corporate distributions
- Link executive compensation to performance metrics such as on-time delivery and increased production
- allow the Secretary to cap executive base salaries at current levels

### Implications for Industry

This executive order alters the landscape and expectations for the Defense Industrial Base. Contractors will need to be aware of these changes and adapt to the following:

- Prioritize government and Department of War contracts and be aware of incentives and punishments
- Contractors should continually self-assess their contracts and workflows to align with this EO
- Be aware of any review of their workflows and contracts to maintain good standing with the DoW
- Understand current and future contracts will now have clauses added to contract terms to further enforcement

This EO signals a shift towards more government influence over corporate decision making as well as companies being rewarded by increasing production, performance and internal investment.

## What Does This Mean for Government?

For government, this executive order signals more influence over corporate decision making. This executive order targets industry more than government, but government officials still need to be aware of the contracting changes that can occur.

Contracting officials will need to understand these new contract clauses and work with industry more to assist in achieving the goals of this EO without hindering business greatly. Also, contracting officials may be incentivized to work with newer defense disruptors that already achieve this EO's goals as current, established defense contracts may need time to adjust,

## Timeline

Policy	Key Dates	Focus & Key Provisions
Defense Production Act	<b>1950</b>	Grants the President powers to ensure the nation's defense by expanding and expediting the supply of materials and services from the domestic industrial base.
Rule 10B-18	<b>2003</b>	SEC rule intended to reduce liability for companies when the company repurchases shares of a company's stock (Safe Harbor provision).
EO 14192: Unleashing Prosperity Through Deregulation	<b>January 30, 2025</b>	Directs Federal Agencies to repeal at least 10 existing regulations for every new one (10-for-1 rule) and agencies are to offset costs of new regulations with savings from deregulation.
EO 14265: Modernizing Defense Acquisitions and Spurring Innovation in the Defense Industrial Base	<b>April 9, 2025</b>	The order establishes Commercial Solutions Openings (CSOs), Other Transaction Authorities (OTAs), and Rapid Capabilities Offices as the preferred acquisition method for the DoW. It also applied the EO 14192 10-for-1 rule.
EO 14275: Restoring Common Sense to Federal Procurement	<b>April 15, 2025</b>	Directs a revision of the Federal Acquisition Regulation (FAR) and promotes agencies to procure commercial products and services
Memo: Reforming the Joint Requirements Process to Accelerate Fielding of Warfighting Capabilities	<b>August 20, 2025</b>	Rescinds the Joint Capabilities and Development System (JCIDS) and provides new resources and organizations to track DoW portfolios.

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