DECNet PRO
Premium Market Intelligence

US Pacific Deterrence Initiative (PDI)

BUSINESS BRIEFING

22 May 2025

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Dear DECNet Pro Member,

Subject: Business Briefing – US Pacific Deterrence Initiative (FY2025–2028)

As part of our ongoing commitment to help you stay ahead in Defence infrastructure, I'm pleased to share this detailed business briefing on the **U.S. Pacific Deterrence Initiative (PDI)** and its implications for Australian industry.

The PDI represents one of the most significant long-term U.S. investments in the Indo-Pacific. With annual funding exceeding USD $9 billion, it is reshaping the region's defence infrastructure and creating sustained demand for planning, construction, logistics, and technology support—particularly in locations such as **Australia, Guam, the Philippines, and Pacific Island nations**.

This report outlines:

- The strategic context and evolution of PDI;
- Key funding priorities through FY2028;
- Major construction and infrastructure projects across the region;
- Prime U.S. contractors involved and upcoming tasking arrangements;
- Specific opportunity areas for **Australian contractors, consultants, engineers, and suppliers**.

I encourage you to review the findings and consider how your business might engage with the PDI pipeline—whether directly, through teaming with U.S. primes, or by supporting allied delivery efforts.

Please don't hesitate to reach out if you'd like to discuss how this might align with your market strategy or if you'd like support identifying relevant contacts or upcoming solicitations.

Kind regards,

Darian Macey
DECNet Pty Ltd

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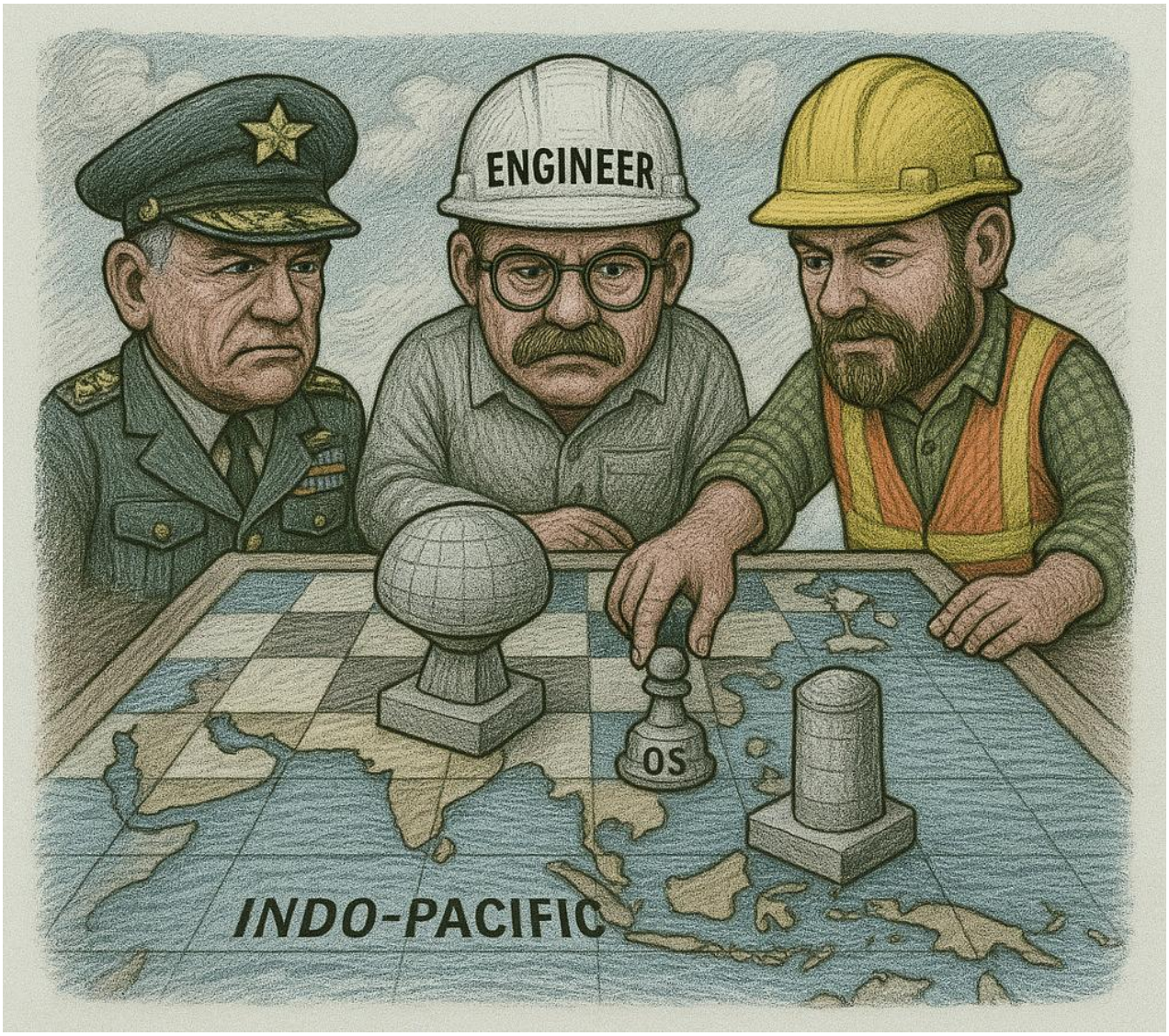

Figure 1. The Pacific Chessboard: Where strategy meets infrastructure. Each move—airfield, fuel depot, or radar site—is a calculated step in shaping Indo-Pacific security.

1 Background

1.1 Evolution of PDI

The **Pacific Deterrence Initiative (PDI)** is a U.S. Department of Defense (US DoD) effort focused on strengthening military posture in the Indo-Pacific to **deter potential aggression by the People's Republic of China (PRC)**. Modelled after the European Deterrence Initiative, PDI was established by the U.S. Congress in 2020 to **spotlight and rebalance Indo-Pacific defence investments**. Early Pentagon proposals for PDI (FY2022) were criticised for emphasising big-ticket platforms over regional needs. In response, Congress revamped PDI in the FY2022 National Defense Authorization Act (NDAA), expanding its scope and funding to prioritise **joint force enablers** – like dispersed basing, logistics, and alliances – rather than just weapons systems. Since then, PDI has evolved into a comprehensive initiative aligning U.S. budgets with Indo-Pacific deterrence objectives, **enhancing transparency and oversight of regional spending**. Importantly, PDI is not a separate fund, but a designated subset of the UD DoD budget focused on Indo-Pacific programs.

1.2 Funding Levels and Priorities (FY2025–FY2028)

PDI funding has **grown substantially**, reflecting bipartisan support for bolstering Indo-Pacific security. The FY2023 NDAA authorised **$11.5 billion** for PDI-related activities – nearly double the initial Pentagon request – and similar high levels have continued into FY2024–FY2025. The **FY2024 PDI** budget request was $9.1 billion and **FY2025** rose to $9.9 billion, with expectations of sustained investment through FY2028. These funds target six priority areas mandated by Congress:

(1) Modernised and strengthened U.S. presence in the region;
(2) Improved logistics, maintenance, and prepositioning;
(3) Exercises, training, and innovation;
(4) Infrastructure improvements for force resiliency;
(5) Enhanced defence capacity of allies and partners; and
(6) Improved capabilities for U.S. Indo-Pacific Command.

PDI thus supports everything from **new military construction** and **hardened facilities** to **joint training and advanced technology prototyping**. For example, in FY2023 Congress allocated **$1.8 billion for infrastructure upgrades** (over half directed to projects in Guam, Japan, Australia, and the Mariana Islands) and **$732 million for allied and partner capacity-building programs**. By design, PDI investments are concentrated west of the International Date Line to bolster regional deterrence where it's most needed.

2 PDI-Funded Infrastructure Projects in Key Indo-Pacific Locations

A significant share of PDI is devoted to **hardening and expanding defence infrastructure across the Indo-Pacific**. Major regional projects and plans linked to PDI (FY2025–FY2028) include:

- **Australia:** The U.S. Marine Corps, through PDI, is funding new facilities in Australia to support increased rotations of U.S. forces. Notably, an **aircraft maintenance hangar and support facility at RAAF Base Darwin** in Australia's Northern Territory are being built to enhance allied air combat readiness. Upgrades to airfields in northern Australia have also been planned to support rotations of U.S. **B-52/B-1 bombers** as part of expanded force posture cooperation. The **Cocos (Keeling) Islands**, a remote Australian territory, have been identified for extended runway and surveillance infrastructure improvements under PDI – enabling long-range patrol operations in the Indian Ocean. These projects align with Australia's own strategic objectives and **deepen U.S.-Australia defence integration**.

- **Pacific Island Nations:** PDI is extending U.S. military infrastructure into smaller Pacific states. For example, a **runway extension at Yap Airfield in the Federated States of Micronesia (FSM)** (planned at approximately $96 million) is being undertaken to support contingency operations and humanitarian response. In Palau, the U.S. has slated funding for radar installations and airfield improvements, complementing Palau's role as a strategic locale for U.S. exercises. **Exercise-related construction** under PDI is funding projects in **Palau, FSM, and the Northern Mariana Islands** to upgrade airfields, ports and training sites – enhancing both U.S. access and local infrastructure. The breadth of PDI's Pacific Island investments is expanding: a recent U.S. Navy solicitation anticipated **up to US$15 billion in Indo-Pacific military construction** over the next five years, listing potential projects in **Papua New Guinea, Timor-Leste, Palau, FSM (Yap), Rota (CNMI), Tinian (CNMI)**, and even U.S. territories like **Wake Island and Midway**. These efforts seek to create a network of dispersed, **resilient basing options across Oceania**.

- **Guam and Northern Mariana Islands:** As a critical U.S. forward hub, Guam is receiving some of the **largest PDI investments**. A top priority is developing a **comprehensive air and missile defence system for Guam** (the Guam Defense System) to counter advanced ballistic and hypersonic threats. This includes constructing new sensor and interceptor sites, command-and-control centres, and hardened munitions storage (e.g. **earth-covered magazines** at Joint Region Marianas) to protect the island's military assets. The U.S. is also expanding training and support facilities: PDI-funded projects on Guam include a new **Youth Center at Andersen Air Force Base** for military families and an expanded maintenance complex to support Marine Corps relocation there. In the nearby Northern Marianas, Tinian Island's airfield is being upgraded (via separate U.S. Air Force programs aligned with PDI goals) to serve as an alternate runway and dispersal site. These investments on Guam and CNMI, totalling in the billions, **harden U.S. posture in the Western Pacific** and provide opportunities for local construction and engineering firms.

- **The Philippines:** After a renewal of the U.S.-Philippines defence cooperation, **American-funded base upgrades** are accelerating under PDI. For instance, the **Philippines' Basa Air Base** is undergoing a major upgrade – a **$32 million PDI-funded project** will extend aircraft parking aprons and support advanced surveillance drone operations at the base. This construction falls

under the U.S.-Philippines Enhanced Defense Cooperation Agreement (EDCA) but is *financed through PDI* as part of the U.S. deterrence strategy. Similarly, at least **nine other Philippine bases** identified for EDCA access are slated for improvements (runway repairs, fuel storage, barracks, etc.), backed by over $100 million of U.S. funding. One early PDI project awarded in 2025 involves building a **new command-and-control fusion centre in Isabela, Philippines** – work that is already underway via a U.S. Navy contract. These projects will bolster the Philippines' capabilities and enable U.S. rotational forces, while offering **contracting opportunities for firms familiar with Southeast Asian construction** conditions.

- **Other Indo-Pacific Locations:** PDI's reach extends to various strategic sites. In **Japan**, the initiative has funded projects like a new **Corrosion Control Center at Kadena Air Base (Okinawa)** to support U.S. Air Force operations. **Singapore** and **Thailand** have seen increased U.S. use of their bases for exercises and prepositioning (though major construction there is limited). Even **Diego Garcia** (British Indian Ocean Territory) and potential future locations in **Indonesia or Vietnam** remain on the long-term radar for posture enhancements, though not yet funded by PDI. Overall, since 2020 the U.S. Congress has appropriated over **$8.9 billion for new military construction in the Indo-Pacific** region, enabled by initiatives like PDI that elevate infrastructure as a deterrence priority. This unprecedented build-up is creating a wide geographic footprint of improved facilities, many of which will require **multinational industry collaboration** to design and construct.

3 Key U.S. Contractors and Industry Players

Delivering PDI projects on such a scale involves many **major U.S. contractors and partner firms**. The U.S. Navy and other service branches typically award large **Indefinite Delivery/Indefinite Quantity (IDIQ)** contracts for PDI-related construction across the region. In April 2025, Naval Facilities Engineering Systems Command (NAVFAC) Pacific awarded a **US$990 million multiple-award construction contract** to a group of 12 companies to expedite PDI projects in the Indo-Pacific. This consortium includes well-known American construction/engineering firms – for example **Black Construction–Tutor Perini JV (Guam)**, **Conti Federal Services (USA)**, **ECC (USA)**, and **Relyant Global** – as well as an **Australian company (Icon SI Pty Ltd)**, reflecting an effort to involve allied capacity. Under this contract, task orders are being issued for projects like the Philippines command centre mentioned above, with work to be performed by 2026.

Beyond general construction, **prime defence contractors** are engaged on high-tech elements of PDI. For instance, **Lockheed Martin** and partners are developing the Guam missile defence architecture (tying together Army and Missile Defense Agency systems) to be fielded by 2027. **Raytheon Technologies** is supplying advanced radars and air defence components for Guam and allied airfields, while companies like **Boeing and Northrop Grumman** contribute to Pacific training and R&D initiatives funded by PDI (e.g. new missile prototypes and joint exercises equipment). Large A&E (architecture and engineering) firms – **AECOM, Jacobs, Tetra Tech, HDR**, among others – are also often subcontracted for design and planning of base facilities.

Notably, U.S. contracting agencies have emphasised speed and innovation in delivering PDI projects. New acquisition approaches (like design-build contracts and best-value trade-off evaluations) are being used to accelerate construction timelines. There is also a push to include regional subcontractors to leverage local expertise and meet workforce needs. For example, in Guam and Mariana Islands projects, U.S. primes frequently partner with **local construction companies** for labour and materials, and in Australia, **Australian subcontractors** are engaged for on-base works through arrangements with U.S. firms. This **blended industry approach** – combining U.S. DoD contractors with allied and local partners – is seen as vital for scaling up infrastructure across such a vast theatre. It presents an opening for many **DECNet Pro member firms** to contribute.

4 Opportunities for DECNet Pro Member Firms

The surge of PDI investments from FY2025 to FY2028 offers diverse opportunities for firms across the defence, construction, and engineering sectors. **DECNet Pro member companies** – whether large contractors or niche service providers – can position themselves to engage in PDI-related programs in several ways:

- **Construction Contractors:** Firms in construction and civil works can **bid for subcontracting or joint venture roles** on PDI infrastructure projects. Many U.S.-funded projects in Australia and the Pacific will require on-site construction expertise, creating demand for **local builders and labour**. Australian contractors may collaborate with U.S. primes under umbrella contracts – as seen with an Australian firm's inclusion in NAVFAC's PDI contract – or serve as principal contractors for work packages in-country. Opportunities range from building runways, hangars, port facilities, and accommodation blocks to delivering utilities upgrades and hardened structures. Given the scale (e.g. a single task order can be $20–$200 million), even mid-tier contractors can secure significant work. **Action**: Member firms should monitor U.S. solicitations (via FedBizOpps and NAVFAC notices) and form partnerships or consortiums to meet contract requirements (e.g. bonding, technical experience) for PDI projects.

- **Project Consultants and Advisors:** Large infrastructure rollouts will need **project management, cost consulting, and advisory services**. This opens the door for Australian consultancy firms to assist with **planning, feasibility studies, environmental assessments, and project controls** for PDI-funded initiatives. For instance, as the U.S. evaluates potential sites in countries like PNG or Timor-Leste, consultants with regional experience can provide risk assessments, permitting guidance, and stakeholder engagement. During project execution, U.S. agencies often seek **independent cost estimators, quantity surveyors, and contract managers** to keep projects on track. DECNet Pro consultants could be engaged directly by U.S. program offices or indirectly via subcontracts to the primes. Providing expertise in Australian building standards, local regulations, and sustainability practices can be a value-add that U.S. stakeholders appreciate. **Action**: Professional service firms should highlight their Indo-Pacific project experience and consider establishing a presence or partnerships in key locales (Darwin, Guam, etc.) to support PDI projects.

- **Engineering and Design Firms:** There is high demand for **engineering design** capabilities, from initial base master-planning to detailed design of facilities. PDI projects span multiple engineering disciplines – civil (runways, roads, wharves), structural (hardened shelters, hangars), mechanical and electrical (fuel farms, power systems, communications). Australian engineering firms, including specialised consultancies, can benefit by providing **design services, peer review, or on-site engineering support**. U.S. design contracts (often via the U.S. Army Corps of Engineers or NAVFAC) could be pursued, or local firms might work under U.S. lead designers to adapt plans to Australian and regional conditions (taking into account cyclonic weather standards, seismic codes, etc.). Additionally, **innovative technologies** – such as modular construction, energy-efficient systems, or blast-resistant materials – are in demand to meet PDI objectives for resilient infrastructure. Engineering companies with such expertise can market their solutions to prime contractors or directly to the U.S. military engineers involved. **Action**: Firms should stay informed

on design tenders for PDI, get accredited with U.S. DoD design boards if necessary, and showcase past projects that demonstrate ability to meet stringent US DoD specifications.

- **Suppliers and Equipment Providers:** The PDI build-up will require vast quantities of construction materials and advanced equipment, creating a market for **suppliers**. Examples include: supplying **cement, steel, and aggregate** for airfield and building projects (potentially sourced from Australia for projects in Pacific Islands where local supply is limited); providing **prefabricated structures** or **housing units** for quick deployment of base facilities; supplying specialised **military-grade hardware** (e.g. fuel storage systems, radar components, security and communications systems) for the new installations. Australian and regional manufacturers or distributors can tap into these needs by becoming approved vendors to U.S. contractors or the Defense Logistics Agency. Furthermore, **logistics and service providers** (e.g. camp support services, transportation, engineering maintenance) will be needed to sustain the construction sites and later the expanded bases. **Action**: Supplier firms should secure any required export licenses (if dealing with controlled tech), align products with U.S. standards (such as ASTM, MIL-SPEC), and network with the major contractors to be included in their procurement plans. This is a prime time to market **Australian-made solutions** – from high-quality building materials to defence tech – that can support PDI's goals.

By leveraging these avenues, DECNet Pro members can **integrate into the PDI supply chain**. Early engagement is key: the FY2025–2028 window will see many projects move from planning to execution quickly, so firms should act now to position themselves as reliable partners or contractors.

5 Strategic Implications for Australian Industry Participation

Australia's active involvement in PDI-linked programs carries **strategic significance** beyond just contract wins. It reinforces Australia's role as a critical U.S. ally in the region and helps shape the implementation of U.S. posture initiatives to **align with Australian interests**. The Australian government has signalled support for deeper defence cooperation – from hosting rotations of U.S. Marines and bombers in the north, to possibly allowing U.S. use of Australian territories like Cocos Islands for surveillance – much of which is underpinned by PDI funding. By contributing its industrial expertise, Australia ensures these projects also deliver local benefits (jobs, technology transfer, and upgraded infrastructure) while fitting into Australia's own defence strategy of a **"collective deterrence"** network in the Indo-Pacific.

For Australian companies, successful participation in PDI projects can **strengthen their capabilities and global reputation**, potentially positioning them for future large-scale defence infrastructure programs (such as those envisaged under AUKUS or Australia's Pacific Step-up initiatives). It also fosters interoperability: when Australian engineers and builders work side by side with U.S. teams, they develop common standards and relationships that could be valuable in joint operations or humanitarian missions.

From a strategic industry perspective, Australia's engagement in PDI could encourage more **defence industrial base integration** with the U.S. – a long-term policy goal. This might include co-production opportunities or inclusion of Australian suppliers in U.S. supply chains for advanced systems, leveraging each country's strengths. Moreover, the presence of Australian firms in projects across the Indo-Pacific (e.g. in Pacific Island nations) complements Australia's regional diplomacy and development efforts, reinforcing its image as a partner in regional security and prosperity.

In summary, the Pacific Deterrence Initiative between now and FY2028 represents not only a ramp-up of U.S. military investment in the Indo-Pacific, but also a catalyst for **closer alliance collaboration**. Australian industry's involvement will be a key facet of this collaboration. By engaging with PDI, DECNet Pro members can both **seize business opportunities** and contribute to the broader goal of a secure, stable Indo-Pacific region – a goal strongly shared by Australia. Moving forward, it will be crucial for Australian stakeholders to remain informed and proactive, ensuring that as PDI continues to evolve, Australian industry remains a valued and influential participant in this regional endeavour.

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