



**Australian Government**  
**Department of Defence**

## **DEFENCE EXPORT STRATEGY – FACT SHEET**



## FACT SHEET – DEFENCE EXPORT STRATEGY


### What is the Defence Export Strategy?

The Defence Export Strategy (the Strategy) builds upon the Government's defence industry policy by setting out a comprehensive system to plan, guide, and measure defence export outcomes.

The Government recognises that Australian industry cannot sustain itself on the needs of the Australian Defence Force alone. New markets and opportunities to diversify are required to help unlock the full potential of Australian defence industry to grow, innovate, and support Defence's future needs. Exports will provide our defence industry with greater certainty of future investment and support high-end manufacturing jobs for Australians for generations to come.

Australia currently achieves in the order of \$1.5 billion - \$2.5 billion per year in defence exports. The Government believes that, over time, Australia can become a major defence exporter. The Strategic Goal over the next decade to 2028 is to: **achieve greater export success to build a stronger, more sustainable and more globally competitive Australian defence industry to support Australia's Defence capability needs**. In support of this Strategic Goal, the Government's ambition is to achieve the following five Objectives by 2028:

- strengthen the partnership between the Australian Government and industry to pursue defence export opportunities;
- sustain Australia's defence industrial capabilities across peaks and troughs in domestic demand;
- enable greater innovation and productivity in Australia's defence industry to deliver world-leading Defence capabilities;
- maintain the capability edge of the Australian Defence Force and leverage Defence capability development for export opportunities; and
- grow Australia's defence industry to become a top ten global defence exporter.



The Strategy provides \$20 million in additional annual funding from 2018-19 to support Australia's defence exports. The initiatives to drive change under the Strategy are structured across four streams:

1. **Enabling Export Success:** setting up strengthened organisational structures and effective coordination mechanisms that will support defence exports, and ensure linkages with Defence's robust export regulatory functions.
2. **Building Export Readiness:** expanding support to help make Australian industry export ready and ensuring that Defence is postured to maximise the export potential of Australian Defence Force capability.
3. **Identifying Export Opportunities:** implementing a strategic approach to identifying and targeting export opportunities.
4. **Realising Export Success:** boosting investment in people and programs to help open doors for Australian industry overseas.

## Strategic Framework


Defence exports impact Australia's national interests across a number of complex national security and economic policy areas. To provide clarity about the Government's approach to defence exports, the Strategy sets out a strategic framework that will guide how Defence supports and promotes Australian industry exports.

**Strategic Interests:** Support for defence exports will be designed to support Australia's strategic objectives. Australia will uphold its international best practice export controls system.

**Defence Capability:** Support for defence exports will be calibrated to support Defence's capability and industry capability priorities. Exports will be managed to ensure that Australian Defence Force capability is not compromised.

**Foreign Policy:** Defence exports can make a valuable contribution to Australia's international engagement and will be balanced with Australia's broader bilateral relationships and international obligations.

**Economic Prosperity:** Exports contribute to the growth of Australian businesses, supporting job creation and economic prosperity for Australia.



The Strategy clearly states that Australia remains committed to its international arms controls obligations. Australia's defence export controls system remains unchanged.

The Defence Export Controls Branch will remain separate and independent from the new Australian Defence Export Office to be established as the lead for implementing the Strategy. The Australian Defence Export Office and the Defence Export Controls Branch will work closely to ensure that Australia's export controls requirements are met and awareness of potential export controls is understood by Australian industry.

Decisions about Australian defence export permits will continue to be made on a case-by-case basis consistent with Australia's existing defence export controls regime.

## Global Defence Markets

Global defence expenditure has experienced a gradual recovery since 2014 and annual growth in spending is expected to be sustained at rates of around 2 per cent between 2017 and 2026. North America continues to dominate the global defence market. However, robust growth in the Asia-Pacific and Middle East regions over the past decade saw their share of global defence spending increase significantly.

Australia's defence industry continues to enjoy considerable success overseas. Analysis of Australia's defence industrial base suggests that Australia's defence industry is currently achieving in the order of \$1.5 billion - \$2.5 billion in defence exports a year. The Government intends to build on the success of initiatives such the Global Supply Chain program and Team Defence Australia initiative to assist competitive Australian companies in achieving greater export success.

The pursuit of export opportunities is ultimately a commercial decision. Whilst assistance will not be limited to these markets, the Strategy identifies a number of priority markets:

- the United States, the United Kingdom, Canada and New Zealand;
- the Indo-Pacific region;
- the Middle East region; and
- Europe.



## The New Defence Export System


The driving force for the implementation of the Strategy is the formation of the **Australian Defence Export Office** in the Defence Industry Policy Division of the Department of Defence. The Australian Defence Export Office will be established in the first quarter of 2018 and consolidate and grow existing export support functions, providing a focal point for defence exports, including through a doubling of the current Defence workforce focused on supporting defence exports.

The Strategy also recognises the critical role of the **Centre for Defence Industry Capability (CDIC)** in developing Australian industry to achieve export success and as the lead for industry advice, assistance and development. The CDIC will have an expanded role under the Strategy.

The Strategy establishes a new **Australian Defence Export Advocate** to support the Australian Defence Export Office. The Australian Defence Export Advocate will provide enduring high-level advocacy in pursuit of Australian defence exports internationally and undertake domestic stakeholder engagement with industry and State and Territory governments to ensure coordination of effort.

The Australian Defence Export Office will be the lynchpin of a **whole-of-government approach** to support Australian defence export success. The Australian Defence Export Office will establish a Memorandum of Understanding with Austrade to formalise cooperation between the organisations. Leveraging the respective strength of each organisation, the Memorandum of Understanding will enhance the export support available to Australian defence industry, including through a number of locally engaged experts in key markets.

The Strategy provides **\$20 million in additional annual funding** from 2018-19 to support Australia's defence exports. The policies and initiatives within the Strategy work collectively to establish a new defence export system. The Strategy aims to bring together all the levers available to government and industry to provide end-to-end support for defence exports.



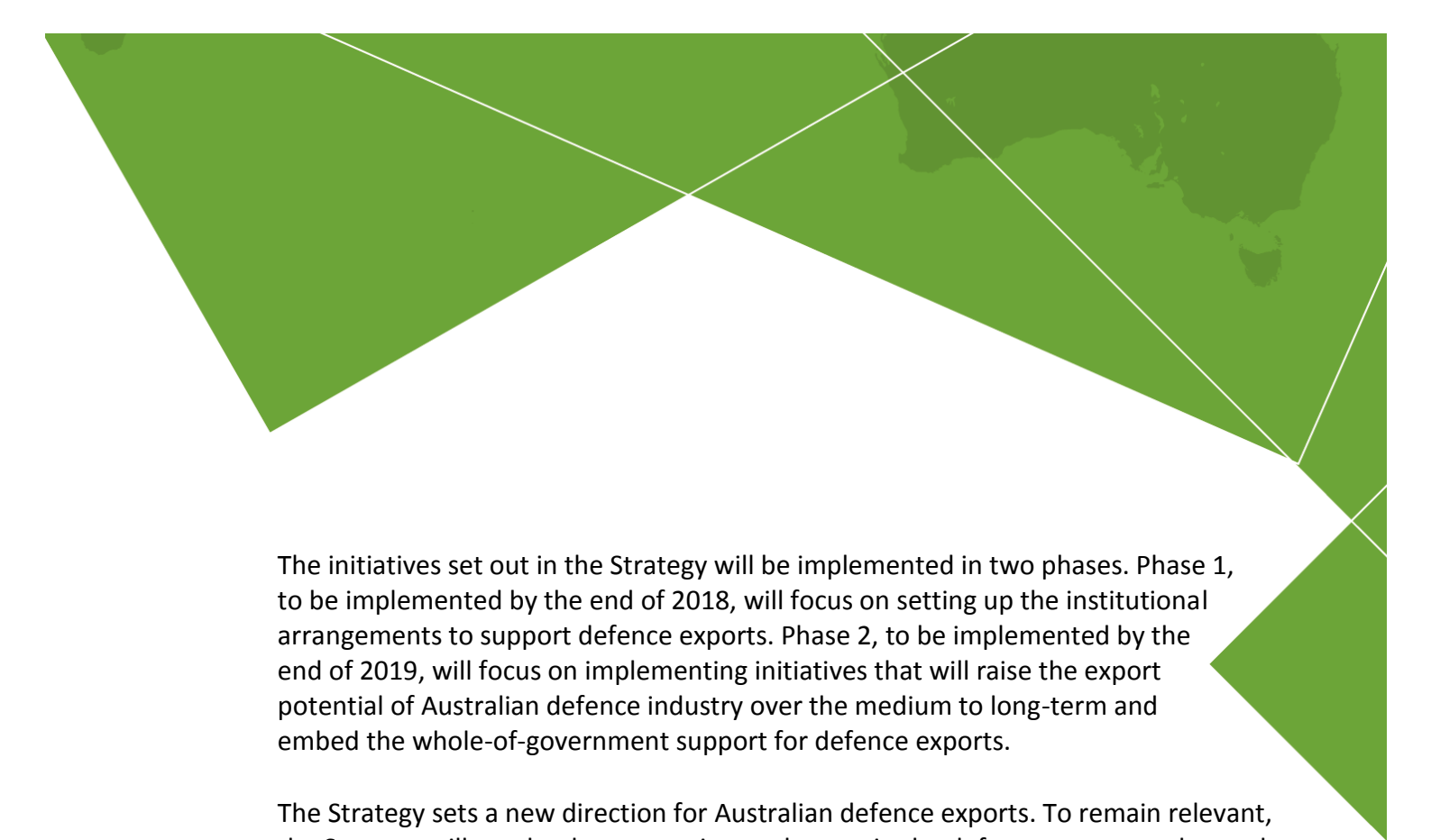
In addition to establishment of the Australian Defence Export Office and Australian Defence Export Advocate, the key initiatives include:

- Developing a strong defence market intelligence capability and implementing strategic multi-year campaigns for priority markets and capabilities, including expanded trade shows and targeted trade missions, supported by an additional \$6.3 million per annum.
- Sustaining and expanding the Global Supply Chain program with an additional \$3.2 million per annum to help more Australian small to medium enterprises (SMEs) to access the supply chains of global primes.
- Supporting Australian SMEs to seek new opportunities, including an additional \$4.1 million per annum for grants to help build the capability of SMEs to compete internationally.
- Establishing a dedicated mechanism for the Export Finance and Insurance Corporation (Efic) to refer applications for defence export finance worth up to \$3.8 billion to be written on the National Interest Account.
- Establishing local industry experts in key markets to provide advice and support for Australian defence exports. The Strategy also notes that Defence will provide enhanced training and support to Defence Attachés.

The Strategy also recognises the important role that other Australian Government departments and agencies, the States and Territories, and industry all play in achieving defence export outcomes. A Defence Export Forum will be established to better coordinate defence export effort. This will leverage the existing Defence-State and Territory Industry Advisory and Engagement Forum and focus on export opportunities and building our strategic campaigns approach. This will complement existing engagement forums with the States and Territories.

## Implementation

Implementing the policies and initiatives in the Strategy will provide the right balance of support to better equip Australian defence industry to compete in the global market. Building a world-class, export oriented defence industry requires a strategic and long-term vision. Change will not happen overnight; there needs to be a steady and concerted effort to make this vision a reality.



The initiatives set out in the Strategy will be implemented in two phases. Phase 1, to be implemented by the end of 2018, will focus on setting up the institutional arrangements to support defence exports. Phase 2, to be implemented by the end of 2019, will focus on implementing initiatives that will raise the export potential of Australian defence industry over the medium to long-term and embed the whole-of-government support for defence exports.

The Strategy sets a new direction for Australian defence exports. To remain relevant, the Strategy will need to be responsive to changes in the defence export market and lessons learned during implementation of the initiatives. The Australian Defence Export Office will work with industry and other stakeholders to refine the policies and initiatives in the Strategy to ensure they are most effective.

Further information and an electronic version of the Defence Export Strategy can found at: [www.defence.gov.au/SPI/Industry/ExportStrategy/Default.asp](http://www.defence.gov.au/SPI/Industry/ExportStrategy/Default.asp)