

DEFENCE EXPORT STRATEGY

WHOLE OF GOVERNMENT TALKING POINTS

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DEFENCE EXPORT STRATEGY TALKING POINTS

Defence Export Strategy overview

- The Australian Government is making an unprecedented \$200 billion investment in our defence capability over the next decade to ensure our Australian Defence Force is equipped to succeed in our challenging strategic environment.
- At the same time, the Government is repositioning our defence industry to its rightful place as a stronger arm of our national power.
 - The Government has recognised that the sovereign capability within our defence industry is critical to ensuring the defence of Australia and its interests both today, and in a more contested future environment.
- Australian defence industry is a fundamental enabler of our defence capability.
 - A strong, sovereign defence industry enhances our defence capability by supporting our Defence Force's capacity to undertake independent or coalition military operations when required.
- A more robust and resilient industrial base provides the nation with a better economic position in the world, and supports our national power.
- The Government's clear, long-term approach to our defence industry will realise our objectives of delivering the capabilities our warfighters need, maximising Australian industry participation, and positioning industry for growth.
- Our approach is not about industry support through offsets or mandating percentages. We are a country that has to wring every bit of capability we can from every dollar in order to achieve our Defence mission with a relatively small, advanced force.
- Our approach requires a long-term commitment to put the opportunities and enablers in place that will underpin the growth of our sovereign Australian defence industry.
- We have reframed the role of defence industry in defence strategy, capability, resource, industry framework and decision-making.
- However, we cannot fundamentally change the scale, scope, and capability of our defence industry overnight.
- It requires vision, a careful, coordinated approach and prioritisation. The Government has a key role but so does Defence, the State and Territory Governments, and the research and education sectors.
- And of course industry itself has to lead and be willing to invest and take risks.
- Australia's first ever Defence Export Strategy demonstrates just how serious we are about taking a strategic approach to the development of our defence industry.

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- The Defence Export Strategy demonstrates our ambition for Australia as a nation - our defence forces, our defence industry, and the future of the Australian economy.
- Exports support a more sustainable and competitive Australian defence industrial base by levelling out peaks and troughs in Defence demand and generating economies of scale. This will ultimately reduce the cost of capability acquisition and sustainment for Defence.
 - Exports expose Australian industry to new benchmarks, technologies and processes which drive innovation and productivity to help build industry capability.
 - Exports also provide opportunities to enhance ADF interoperability with international partners and build the capability of our neighbours.
- The Export Strategy brings together all the levers available to government and industry to provide end-to-end support for defence exports – from building readiness, to identifying export opportunities, and ultimately realising export outcomes.
 - This Strategy puts in place the measures to foster an export-orientated defence industry that is sustainable and internationally competitive.
- The Defence Export Strategy supports industry by setting out a comprehensive system to plan, guide and measure defence export outcomes.
- As part of the Government's vision for Australian defence industry to 2028, the Strategic Goal for defence exports 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 has set five Objectives for the development of defence exports by 2028:
 - strengthen the partnership between 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 ADF and leverage Defence capability development for export opportunities; and
 - grow Australia's defence industry to become a top ten global defence exporter.
- The Government will establish the Australian Defence Export Office within the Department of Defence in the first quarter of 2018 to enable Australian defence

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industry to achieve greater export success.

- The Office will work hand-in-hand with Austrade and the Centre for Defence Industry Capability and be the lynch pin of our whole-of-government efforts, providing a focal point for defence exports.
 - The position of Australian Defence Export Advocate will be established to support the Australian Defence Export Office by providing enduring high-level advocacy for defence exports.
- The Government has committed an additional \$20 million per annum to implement the Defence Export Strategy and support defence industry exports. This includes:
 - Developing a strong defence market intelligence capability and implementing strategic multiyear 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 Efic to refer applications for defence export finance worth up to \$3.8 billion to be written on the National Interest Account. This will provide confidence to Australian defence industry to identify and pursue new opportunities knowing that commercial finance is available if needed.
 - 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 our Defence Attaches.
- Maintaining the capability edge of the Australian Defence Force remains a key priority. The protection of the sensitive technologies that underpin our advantage is essential.
- Maintaining our capability edge and ensuring Australia meets its international obligations will remain the responsibility of the Defence Export Controls Branch within the Department of Defence. This Branch will remain separate to, and independent from, the new Australian Defence Export Office.
- The Government will continue to ensure that defence exports do not prejudice Australia's security, defence or international relations and are consistent with our international obligations and commitments.

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If asked responses: Strategic

If asked: Priority defence export markets

- The Strategy identifies priority defence export markets from the United States, the United Kingdom, Canada and New Zealand as the highest priority, to our region, the Middle East and Europe.
- This is simply a reflection of international defence capability demand, the current capability within our defence industry, and where that capability is likely to be most successful, consistent with our interests.
- All defence exports will continue to be subject to Australia's stringent export control requirements.
- This will not prevent Australian industry from pursuing export opportunities outside of priority markets, nor is Australian Government assistance limited to exports to these markets.
 - However, Government support for defence exports will mainly be directed towards defence exports to these priority markets.

If asked: Defence export controls

- Australia remains committed to its international arms controls obligations. Our international best practice defence export controls system remains unchanged.
- The Defence Export Controls Branch will remain separate to and independent from the new Australian Defence Export Office in the Department of Defence.
 - The two organisations will work together to ensure that Australia's export controls requirements are met and export controls are understood by industry.
- Defence Export Controls Branch will conduct ongoing outreach to Australian industry to provide information and advice on Australia's export controls that can inform industry investment and business development decisions.

If asked: The Middle East

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- We are cognisant that the Middle East is a complex security and political environment.
 - The Middle East is a large defence export market. There will be a range of future export opportunities that will benefit Australia across our different interests.
 - Any defence export opportunities to the Middle East will continue to be considered and balanced under our rigorous export control system to ensure they do not prejudice Australia's defence, security and international

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relations, and are consistent with international obligations and commitments.

- There are opportunities for our defence exporters that will build economic prosperity for Australia and help deliver jobs and growth.
- We have the sophistication to pursue defence export success while meeting our international obligations and the expectations of the Australian public.

If asked: States and Territories

- The States and Territories have a high interest in defence industry and exports. We recognise the important role that State and Territory Governments play in achieving defence export success.
- A Defence Export Forum will be established to better coordinate defence export efforts. 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.

If asked: Offsets

- The Government continues to view offsets as anti-competitive.
- An offset program would be costly to implement and monitor, come at a premium to the taxpayer, and could be extremely complicated.
- Any benefits gained from offsets tend to be short lived, lasting as long as the acquisition program, and come at the cost of global competitiveness in the long-term.
- Defence has no role in assisting Australian industry to reduce or meet their international offset obligations in realising export opportunities.

If asked: How was the Defence Export Strategy developed?

- The Defence Export Strategy was developed with the Department of Defence through a careful and considered policy process over the course of 2017.
- In the development of the Strategy, Defence considered international better practice models, drew on the experience and knowledge of its international staff, and conducted wide ranging research.
- The Department of Defence consulted thoroughly on the Defence Export Strategy throughout its development. Defence consulted with a range of peak industry groups, defence industry companies, State and Territory governments and all relevant Commonwealth Government departments.

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- This target requires us to achieve a significant increase in our defence exports over the next decade.
- We are using all the levers available to Government to help achieve this success by focusing and prioritising resources and programs through the Defence Export Strategy.
- Obviously, the international defence export market is very competitive and external factors may prevent us from achieving this stretch target. We are controlling what we can control and are putting in place the support industry needs to succeed.
- Ultimately, the Defence Export Strategy is not about achieving a certain ranking. Exports are a means to help build the defence industry we need to deliver the Government's defence strategy. Aiming to become a top ten global defence exporter demonstrates our commitment to exports and is a means to help focus our effort.

If asked: Leveraging Defence capability development

- Defence has a range of capability development programs and processes that could be leveraged to develop export opportunities. Examples include the Capability Life Cycle, the Innovation Hub and the Next Generation Technologies Fund.
- Defence is still exploring how these can best be leveraged to develop export opportunities. Potential long-term options may include exploring export variants of equipment developed for the Australian Defence Force.

If asked: How will sensitive technologies be managed?

- Ensuring that Australian Defence Force capability is not compromised, and protecting sensitive technology within the Australian industrial base, remain a priority.
- The Strategy identifies the United States, the United Kingdom, Canada and New Zealand as our highest priority markets for defence exports. Our very close relationship with these countries means we may be able to partner and export our high-tech and sensitive technologies in the knowledge that the technology will be protected, and contribute to building the capability of our closest allies and partners.
- Our defence exports controls system considers permit applications on a case-by-case basis. The management of sensitive technologies is considered in the permit application process.

If asked: Defence Industrial Capability Plan

- The Defence Industrial Capability Plan will describe the Government's roadmap to grow Australia's defence industrial base over the next decade. The Plan is being designed to give industry the tools to help inform its future decisions, and will outline our Sovereign Industrial Capability Priorities.
- The Defence Industrial Capability Plan will be released in the first half of 2018.

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If asked: Current defence exports

- There is currently no strong information baseline established to comprehensively quantify Australia's defence exports.
- Defence estimates that Australia currently achieves in the order of \$1.5 billion - \$2.5 billion per year in defence exports.
- Canada, New Zealand, the United Kingdom and the United States represent Australia's highest defence export destinations by export permit value.
- The Indo-Pacific and Europe represent the next highest defence export destinations.
- Australia generally exports high-tech defence goods.
 - Export permit data indicates that Australia's highest export categories are: electronic equipment, military technology, military parts and components, target acquisition, range finding, surveillance or tracking systems, and military software.

If asked: How will you measure success?

- Building a world-class, export oriented defence industry requires a strategic, long term vision. Change will not happen overnight.
- Establishing a clear, systematic means to measure defence export outcomes will be an early priority.
- The Australian Defence Export Office will work across all levels of government and industry to build a full picture of Australian defence industry exports and assess the effectiveness of the Defence export system.
 - Data and advice sources will include Austrade information, export permit statistics, Australian defence industry, Centre for Defence Industry Capability insights, and other available Government export data.

If asked: Defence exports transparency

- The Department of Defence will report on the implementation of the Strategy and activities of the Australian Defence Export Office as part of its annual performance reporting requirements.
- As defence exports grow, Defence will enhance its public reporting of defence export approvals and denials.

If asked: Becoming a top 10 exporter

- Becoming a top ten global defence exporter is a stretch target, but it is an indication of what we aspire to achieve.

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If asked responses: Operational and Administrative

If asked: Australian Defence Export Office

- The Defence Export Strategy establishes the Australian Defence Export Office within the Department of Defence to provide a focal point for defence exports.
 - The Office will bring together extant export functions within Defence, supplemented with 10 new staff positions, a doubling of the current workforce.
 - The Office will be established in the first quarter of 2018.
- The Office will oversee a more strategic, campaign based approach to pursuing defence export opportunities. This includes an expanded program of exhibitions and missions, funded with an additional \$6.3 million per annum.
- The Office will also coordinate closely with Austrade, the Centre for Defence Industry Capability, our Defence Attachés and other overseas representatives in pursuing defence export success.
- Defence will sign a Memorandum of Understanding between the Australian Defence Export Office and Austrade in the first half of 2018 to deliver enhanced and integrated support for exports.
- Up to thirteen local industry experts will be established under Austrade in key markets by late 2018 to provide advice and support for Australian defence exports, working with Austrade staff at overseas posts.
 - Placement of the local industry experts will be spread between Allied markets and other markets that leverage our domestic Australian Defence Force acquisitions and provide the greatest export opportunities.

If asked: How will the Office work with industry?

- The Australian Defence Export Office will provide a focal point for defence exports with a doubling of our current defence industry export support workforce.
- The Office will work hand-in-hand with Austrade and the Centre for Defence Industry Capability.
- The Office will include the existing Australian Military Sales Office and Team Defence Australia initiative.
- The Office will develop a strong market intelligence function to help industry identify export opportunities. It will also develop a strategic multi-year campaigns approach to support industry in pursuing and securing these opportunities.

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If asked: Australian Military Sales Office

- The Australian Military Sales Office will be integrated into the Australian Defence Export Office.
- The functions of the Australian Military Sales Office will continue to support the transfer of military assets, sensitive technology and Australian industry through marketing and Government-to-Government arrangements.
- The Australian Military Sales Office's impact will be enhanced by connecting with broader resources of the Australian Defence Export Office under the Defence Export Strategy.

If asked: Team Defence Australia

- The Team Defence Australia initiative will transition from the Centre for Defence Industry Capability to the Australian Defence Export Office to ensure its continuity and ongoing success.
- The Centre for Defence Industry Capability will provide enhanced support by helping SMEs prepare for exports and get the most out of trade missions, including by leveraging relationships with prime companies in the Global Supply Chain program.
- Austrade will support the Team Defence Australia initiative through the Memorandum of Understanding to be established with the Australian Defence Export Office.
- Additional funding for Team Defence Australia will allow for a greater Australian presence at key events overseas and raise the profile of Australian defence industry as being an innovative and internationally competitive industry.

If asked: Global Supply Chain program

- The Global Supply Chain program will remain within the Centre for Defence Industry, recognising its critical role in building the international capability of Australian companies.
- The Government will provide an additional \$3.2 million per year from 2018-19 to sustain and expand the Global Supply Chain program.
- The additional funding will support the inclusion of additional global prime defence companies and generate new opportunities in their international supply chains for competitive Australian small and medium enterprises.

If asked: Australian Defence Export Advocate

- The Strategy establishes a new Australian Defence Export Advocate position to support the Australian Defence Export Office by providing enduring high-level advocacy for defence exports. The Australian Defence Export Advocate will also undertake domestic stakeholder engagement with industry and State and Territory

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governments to ensure that efforts are coordinated.

- This position will be filled on a part-time basis by a senior figure with strong knowledge of Australian defence industry.
- The Advocate position will be established in the first quarter of 2018 with the Australian Defence Export Office.
- A further announcement on the Advocate will be made soon.

If asked: Funding

- As well as existing funding that supports Defence export activities, the Government will provide an additional \$20 million per annum from financial year 2018-19 to support Defence exports.
 - All costs associated with the Defence Export Strategy will be met from within the Defence portfolio budget.

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If asked: Centre for Defence Industry Capability

- The Strategy recognises the 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.
- Expanded CDIC export support services under the Strategy include:
 - 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) access the supply chains of global primes.
 - An additional \$4.1 million per annum for grants to help build the capability of SMEs to compete internationally.
 - Enabling the CDIC to respond to increased requests for export related advisory services with additional advisory positions.
 - Supporting SMEs to grow and develop with a balanced portfolio of customers, both domestically and internationally.
- The Australian Defence Export Office has been placed in Defence rather than the CDIC so it can be guided by and leverage Defence capability.

If asked: Defence Attachés

- Defence will provide enhanced training and support to Defence Attachés, which will be developed and rolled out by the Australian Defence Export Office.

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- This training will be focussed on industry knowledge and awareness.
- Defence Attachés will continue to focus on their core role, as well as working with Austrade and the new local industry experts to support defence export outcomes.

If asked: Agreement with Austrade

- The Australian Defence Export Office will establish a Memorandum of Understanding with Austrade to deliver enhanced and integrated support for defence exports.
- Austrade will support Australian defence industry through its international network, with specific markets to be identified in the Memorandum of Understanding.
- The Memorandum of Understanding will address funding and resource models and workflows between Defence and Austrade to support these activities.
- The Department of Defence and Austrade are currently negotiating the Memorandum of Understanding.
 - The Memorandum of Understanding will be established in the first half of 2018.

If asked: Local industry experts

- The Government will engage local industry experts to work alongside Australia's overseas personnel in priority markets.
- The local industry experts will be established and managed by Austrade, under the Memorandum of Understanding.
- The exact locations of these experts are still being worked through. They will reflect the priority markets set out in the Defence Export Strategy.

If asked: Efic National Interest Account Facility

- The Defence Export Strategy includes a \$3.8 billion facility, administered by Efic, to support Australian defence exports.
- It will provide industry with the confidence to identify and pursue new opportunities, knowing commercial finance will be available when their banks are unable to help.
- The Facility will build on the support that Efic already provides to Australian defence exporters, including many SMEs.

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If asked: Implementation timings

- The Defence Export Strategy sets out clear implementation milestones to establish the new defence export system.
- In the first quarter of 2018, the Australian Defence Export Office will be stood up, the Australian Defence Export Advocate will be appointed, and the expanded Australian Military Sales Catalogues will be published.
- The Memorandum of Understanding between the Australian Defence Export Office and Austrade will be established by April 2018.
- The first Defence Export Forum will be convened by June 2018.
- Guidelines for grants to build the capability of SMEs to compete internationally will be established by July 2018.
- The roll out of defence export training for Australian Defence Attachés will begin in September 2018.
- The additional positions overseas to support defence exports will be established by December 2018.

If asked: Where should Australian businesses go for defence export advice?

- There are a range of services that Australian business can access for defence export support and advice:
 - The Centre for Defence Industry Capability works hand in hand with business, in skills development, business improvement, market preparedness and much more for our defence industry.
 - The demand for the Centre's services is a testament to the regard industry holds in it, and the value it is delivering.
 - Austrade has specialist exporting knowledge and expertise. It provides information and advice to assist Australian businesses reduce the time, cost and risk of exporting.
 - Austrade offers a range of general information about exporting and doing business in international markets.
 - Austrade also assists exporters execute strategies in target markets.
 - As every company is different, Austrade can tailor its services to meet specific business needs according to their stage of the export journey, with a focus on market entry and expansion.
 - Efic is Australia's export credit agency. It can provide specialist financing

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solutions for Australian businesses when their bank is not able to help.

- Efic has already successfully provided financial support for Australian defence exports.
- Once established in the first quarter 2018, the Australian Defence Export Office will provide export specific services and advice, as described by the Defence Export Strategy.

Beamish, Thomas MR

From: Ramage, Matt MR
Sent: Sunday, 4 February 2018 5:23 PM
To: Rufus, Nathan MR
Subject: FW: SIPRI Information [SEC=UNCLASSIFIED]

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From: Ramage, Matt MR
Sent: Sunday, 28 January 2018 3:50 PM
To: Bathgate, John MR
Cc: Lam, Kacey MISS; Kearnan, Sheridan DR; Rufus, Nathan MR; Beamish, Thomas MR
Subject: SIPRI Information [SEC=UNCLASSIFIED]

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Hi John,

As discussed the SIPRI Report is an internationally recognised and respected organisation that has longitudinal data so is able to measure changes over time.

The latest report of 2016 measures share on defence exports over 2013-16. In this period, the top twenty exporters of major weapon systems in percentage terms were:

- 1 United States 33
- 2 Russia 23
- 3 China 6.2
- 4 France 6.0
- 5 Germany 5.6
- 6 United Kingdom 4.6
- 7 Spain 2.8
- 8 Italy 2.7
- 9 Ukraine 2.6
- 10 Israel 2.3
- 11 Netherlands 1.9
- 12 Sweden 1.2
- 13 South Korea 1.0
- 14 Switzerland 1.0
- 15 Canada 0.9
- 16 Turkey 0.7
- 17 Norway 0.6
- 18 Belarus 0.4
- 19 South Africa 0.3
- 20 Australia 0.3

The assessment is of major weapon systems rather than the less visible SME supply chain exports that are an important part of Australian defence exports but as SIPRI uses publicly available information it is likely a combination of both. It is reasonable to say though that the numbers favour the countries that are providing major platforms and systems.

The top 10 defence exports made up 89% of defence exports over 2013-16 according to the report. The top 9 minus Israel is 86.7% of the total.

The report doesn't include the total in current dollars so it's hard to say we would need to increase defence exports by a certain volume to make the top 10. The make up of the top ten in 10 years time could be very different.

We can see that the number 10 is closer to Australia rather than completely out of reach by being a Spain or a UK but we would likely need to at least triple or quadruple current defence export achievement to be in the ballpark. We would need to catch up on countries with a decade more of experience in competing in the international market.

We would need to become the kind of serious defence exporter that a country like Israel is and that is the intent of the Strategy. We will never get there if we do not take the actions that the Strategy includes.

We are also undertaking one of the largest recapitalisation programs in the world over the next decade so a key ingredient is in place to strengthen the Australian industrial base.

We have not captured defence export data effectively in the past so we can't go to SIPRI and say it is this number rather than that. We will build that deep knowledge and reporting as part of the Strategy.

Best Wishes.

Matt.

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Precedence: ROUTINE

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MI: RAYWY 6808 0282352

Classification: UNCLASSIFIED

Special
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Title: Release of the first Defence Export Strategy

SUBJ: Release of the first Defence Export Strategy
ODIN TYPE: CATA
MRN: CE896361L

START OF SUMMARY

The first Defence Export Strategy was released on 29 January 2018. The Defence Export Strategy builds on the 2016 Defence Industry Policy Statement by setting out a comprehensive system to plan, guide and measure defence export outcomes. Posts should draw on the key messages provided in the body of the cable to brief defence, foreign policy, defence industry, and other national security counterparts. The Defence Export Strategy is available on the Defence website. Additional information can be provided to Posts if required.

END OF SUMMARY

The Defence Export Strategy was publicly launched on 29 January by the Prime Minister, the Minister for Defence Industry and the Minister for Defence. The Defence Export Strategy builds on the 2016 Defence Industry Policy Statement by setting out a comprehensive system to plan, guide and measure defence export outcomes. The Defence Export Strategy brings together all of the levers available to Australian government and industry to provide end-to-end support for defence exports, including building export readiness, identifying export opportunities, and realising export opportunities.

2. The Defence Export Strategy sets a Strategic Goal to 2028 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 Strategy sets out five Objectives, including becoming a top 10 global defence exporter. This a stretch target, but is an indication of what we aspire to achieve. This requires a significant increase in Australia's defence exports over the next decade but aiming to become a top 10 global defence exporter is a demonstration of the commitment to exports and is a means to focus efforts.

3. Defence exports impact Australia's national interests across a number of complex national security and economic policy areas, including Australia's strategic interests, Defence capability,

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foreign policy, and economic prosperity. To provide clarity about the Government's approach to defence exports, the Strategy sets out a strategic framework that will guide the Government's approach to supporting and promoting Australian defence industry exports.

4. The Defence Export Strategy will support Australian defence industry to achieve greater export success by establishing the Australian Defence Export Office within the Department of Defence. The Office will work hand-in-hand with Austrade and the Centre for Defence Industry Capability. It will be established in the first quarter of 2018 and be the lynch pin of whole-of-government efforts, providing a focal point for defence exports. The Australian Military Sales Office and the Team Defence Australia initiative will be integrated into the Australian Defence Export Office.

5. A new Australian Defence Export Advocate position will be established to support the Australian Defence Export Office. They will provide enduring high-level advocacy for defence exports, and work across industry and government to ensure efforts are coordinated. The Advocate position will be established in the first quarter of 2018 with the Australian Defence Export Office.

6. The Strategy identifies a number of priority defence export markets. The United States, the United Kingdom, Canada and New Zealand are identified as the highest priority markets. The Indo-Pacific region is a high priority market and the Middle East region and Europe are priority markets. These priority markets reflect the international defence capability demand, the current capability within our defence industry, and where exports are likely to be most successful, consistent with our interests. This will not prevent Australian industry from pursuing export opportunities outside these priority markets, nor is Australian Government assistance limited to exports to these markets.

7. The Australian Defence Export Office will conclude a Memorandum of Understanding with Austrade in the first half of 2018 to deliver enhanced and integrated support for defence exports. Up to thirteen local industry experts will be established under Austrade in key markets by late-2018 to provide advice and support for Australian defence exports. Placement of the local industry experts will be spread across priority markets with a focus on markets that leverage domestic Australian Defence Force (ADF) acquisitions and provide the greatest export opportunities.

8. Defence Attaches will continue to focus on their core role, as well as working with Austrade and the new local industry experts to support defence export outcomes. The Australian Defence Export Office will provide enhanced training and support for Defence Attaches, focused on industry knowledge and awareness.

9. The Government has committed \$20 million per annum to implement the Defence Export Strategy and support defence industry exports. This includes \$6.3 million to enable a strategic multi-year campaign approach, an additional \$3.2 million to enhance and expand the Global Supply Chain program, and an additional \$4.1 million for grants to help build the capability of small to medium enterprises to compete internationally.

10. The Defence Export Strategy also includes a \$3.8 billion Defence

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Export Facility administered by the Export Finance and Insurance Corporation (Efic), to support Australian defence exporters to secure vital sales where they are unable to obtain commercial finance. It will provide confidence to Australian defence industry to identify and pursue new opportunities knowing that commercial finance is available if needed.

11. Australia remains committed to its international arms controls obligations. Our international best practice defence export controls system remains unchanged. The Defence Export Controls Branch will remain separate to, and independent from, the new Australian Defence Export Office in the Department of Defence. The Australian Government will continue to ensure that defence exports do not prejudice Australia's security, defence or international relations and are consistent with our international obligations and commitments. Maintaining the capability edge of the ADF also remains a priority. The protection of the sensitive technologies that underpin Australia's advantage is essential.

12. The Defence Export Strategy, a Fact Sheet and Media Release are available from the Defence website at:

www.defence.gov.au/SPI/Industry/ExportStrategy/Default.asp

13. For any queries regarding the Defence Export Strategy, please contact Matt Ramage, Assistant Secretary Defence Industry

s22 [REDACTED] or Nathan Rufus,
Director, Industry Policy and Governance

s22 [REDACTED]

14. This cable was prepared by Defence in consultation with DFAT.

FROM:

CHCH/DFAT/IVD/IVB/s22 [REDACTED]

Annotations: This cable has been sent by DFAT on behalf of Defence at its request.

TOPICS:

- * INTERNATIONAL SECURITY/Defence Policy
- * TRADE/Policy General

UNCLASSIFIED