

Joint Standing Committee on Foreign Affairs, Defence and Trade
Defence industry exports public hearing – Response to questions on Notice

For the total volume of interactions you have had with Australian companies seeking to export into the defence market, what percentage of those have been directly frustrated up-front by either legislative limitations or things like offsets that are required by foreign governments? I am happy for you to take that on notice, if you do not know.

Whilst it is difficult to estimate a percentage, some Australian suppliers have informed Austrade that the existence of offset policies in other markets makes it difficult to compete on a level playing field with other defence supply capable countries.

Some defence suppliers have informed Austrade that the offset policies operated by other markets could divert or redirect investment away from Australian defence capability and into those markets requiring local offsets.

That said, other Australian defence suppliers have informed Austrade that they actually use the fact that Australia does not operate an offsets policy as part of their sales pitch to overseas defence customers in emphasising that they win contracts in this country on the basis of best value and price.

In international markets with an offset policy, Australian organisations wanting to engage in business have to enter the market either through joint-ventures with a local firm or by outwardly investing (establishing a presence) in that market. Austrade provides assistance to Australian organisations with both of these market entry strategies. Many Australian SMEs in the defence sector have limited funding options to outwardly invest.

I did not see anything in your submission that gave a numerical sense for any given time frame—perhaps for the last 12 months or five years—how many defence industry export cases, if you want to use that word, you have sought to support.

Over the last five years Austrade has provided **853 export services** to Australian Defence organisations resulting in at least **171 export outcomes** (Austrade collects export outcome information from Australian companies it works with on a voluntary disclosure basis).

Since October 2013, we have presented **17 defence export opportunities** to **85 Defence firms**.

In addition, Austrade has provided in-market assistance to the Defence Materiel Organisation at various Team Defence Australia trade shows, some examples of these and the types of services provided include:

- IDEX 2015 - Abu Dhabi: 22 clients were provided with in-market briefings, meeting appointments and introduction to key contacts.
- LIMA 2015 - Malaysia: 17 clients were provided with in-market briefings, and the organisation/facilitation of a round table discussion with key defence industry contacts.
- Singapore Airshow 2013: 25 clients were provided with pre-event briefings, logistical support, organisation of a networking function which included identifying and introducing guests/business contacts and managing invitations.
- LAAD 2013 (Brazil and Mission to Chile & Colombia): 21 Clients were provided with pre-event briefings, logistical support, organisation of a networking function (which included identifying and introducing guests/business contacts and managing invitations).