



# Government's export strategy has suppliers poised for growth

## Comment

**Steven Ciobo and Christopher Pyne**

Australia is the world's 20th largest defence exporter. With the right partnership between government and industry we can become an even more successful global supplier of defence products in the next decade.

The Turnbull government will soon release a Defence Export Strategy to coordinate the growth of our local defence industry with emerging export opportunities.

More than \$200 billion is being invested in strengthening our defence capability while six free trade agreements have been concluded since 2013. Negotiations for a further seven agreements are either planned or under way.

The Turnbull government is making the largest ever peacetime investment in defence capability and has the most ambitious trade agenda in Australia's history. The Defence

Export Strategy will bring together these government priorities so the Australian defence industry can capitalise on them.

Investments in defence capability are already under way. The government recently announced that 12 Offshore Patrol Vessels would be designed and built between South Australia and Western Australia.

The Australian Submarine Corporation in Adelaide will construct the first two ships while Austal and Cvmec will build 10 ships at the Henderson Maritime Precinct.

The Offshore Patrol Vessels will be delivered by Australian workers, in Australian shipyards and with Australian resources, including locally made steel, and will directly employ up to 400 people and result in a further 600 jobs being created in associated supply chains.

There is a major role for specialised small to medium enterprises (SMEs) to supply niche products and services to global value chains in the defence

sector. More than 50 Australian firms have been actively engaged in supplying the US Joint Strike Fighter (JSF) program, which is building the next generation fighter.

Marand is an Australian firm that

makes the tailpieces and engine trailers for the JSF. Over the next decade, Marand estimates its order book from the JSF project will reach more than \$1 billion.

SMEs typically have unique

challenges as exporters. So a key task for the partnership with industry will be identifying export opportunities, providing adequate financial support and a streamlined export control system.

Finding opportunities will depend on utilising Australia's existing overseas network, which will be used to support exporters back home with insights and information about deals and trends.

The Turnbull government is tasking the Australian Trade and Investment Commission (Austrade) and Efic, the government's export credit agency, with increasing defence exports with more announcements about the architecture to come in the Defence Export Strategy.

With trade and investment experts in 83 offices globally, Austrade can be heavily involved in supporting the export activities of Australian defence suppliers.

Efic supports Australian exporters with tailored financial solutions, an

important consideration when it comes to defence goods. It has an impressive record of supporting Australian shipbuilders such as Incat and Austal.

For the past 25 years, Efic has supported more than 20 vessel financings for Incat. Since 1988, Austal has delivered 266 vessels to more than 100 operators in 44 countries. In that time, Efic has helped Austal fund 18 contracts worth more than \$1.23 billion.

The Turnbull government is committed to supporting the Australian defence industry. Our Defence Export Strategy will drive our defence export industry's success. It is an industry that supports Australian jobs and contributes to our economy and our broader security.

*Steven Ciobo is the Minister for Trade, Tourism and Investment. Christopher Pyne is the Minister for Defence Industry.*



Twelve Offshore Patrol Vessels will be designed and built in Australia.