

Japanese defence exports in the Indo-Pacific

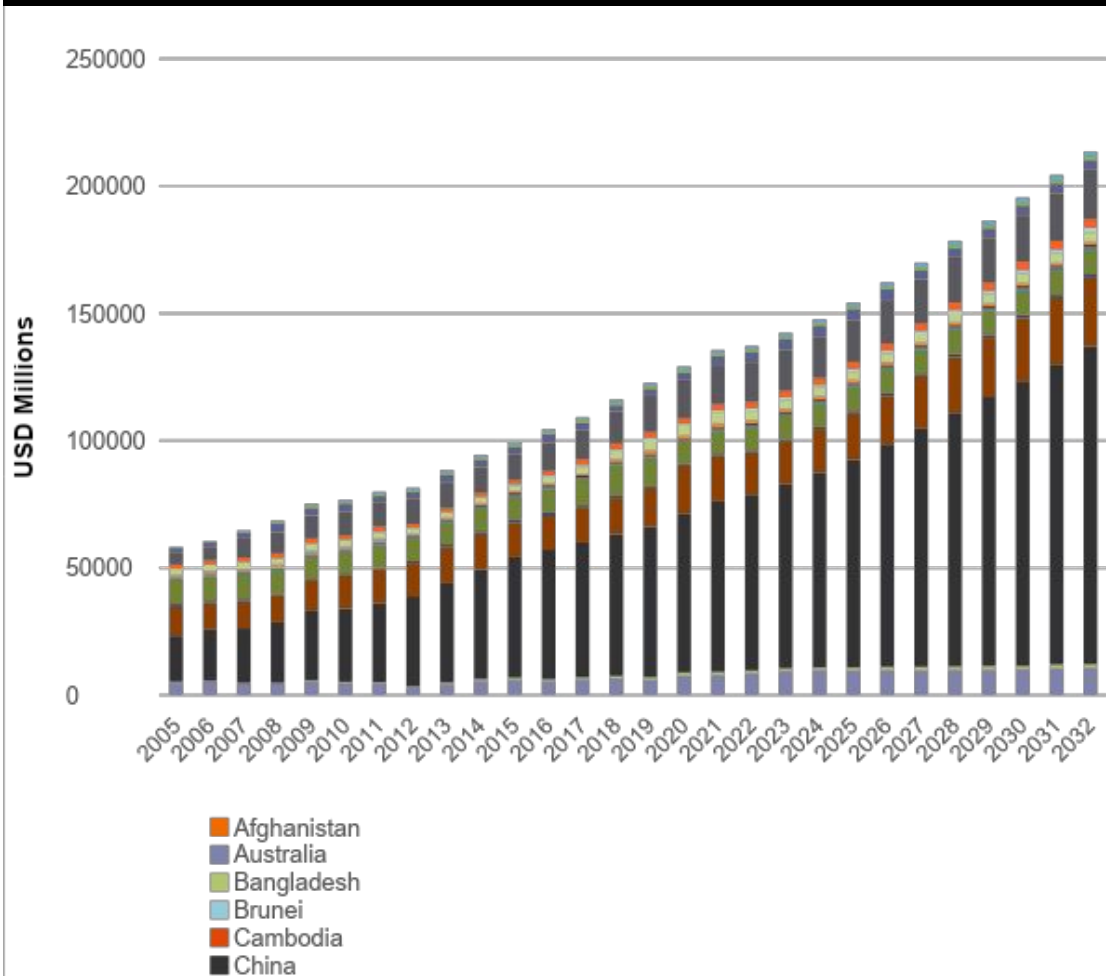
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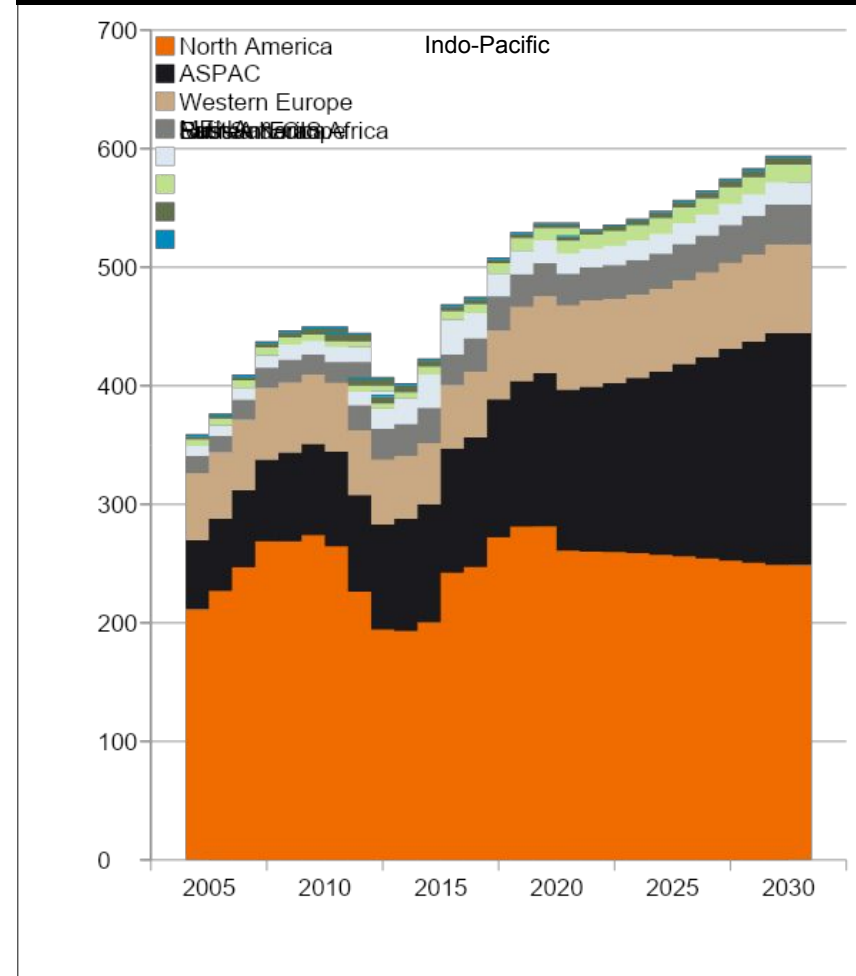
Indo-Pacific defence investment

Indo-Pacific defence investment funding (procurement and R&D) 2005-32

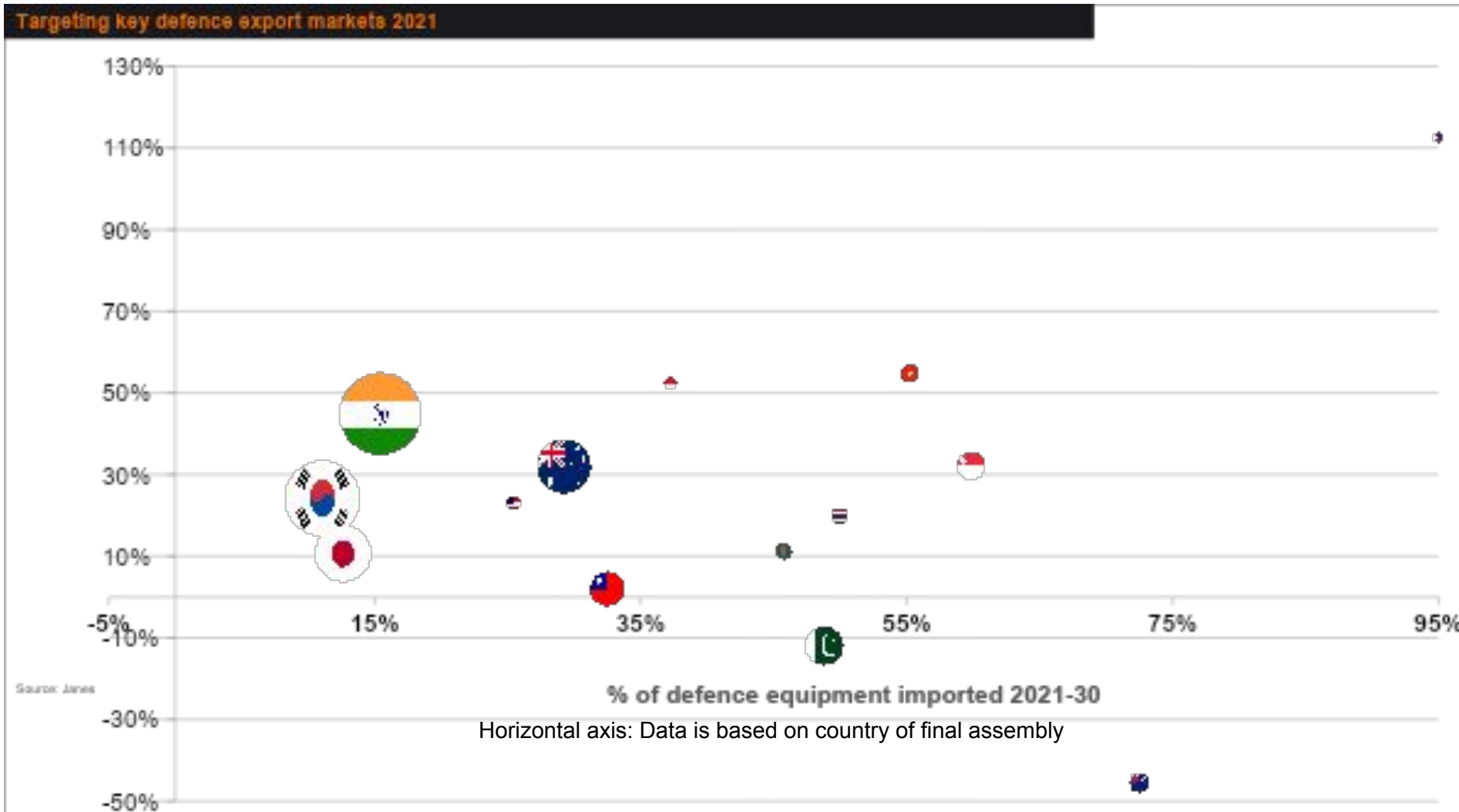


Country	Investment growth 2021-31
Brunei	126%
Philippines	113%
China	76%
Nepal	67%
Sri Lanka	62%
Vietnam	55%
Indonesia	52%
Cambodia	52%
India	45%
Australia	33%
Singapore	32%
South Korea	24%
Malaysia	23%
Myanmar	22%
Thailand	20%
North Korea	16%
Bangladesh	11%
Japan	11%
Taiwan	2%
Pakistan	-12%
Afghanistan	-42%
New Zealand	-45%

Regional defence investment 2005-30

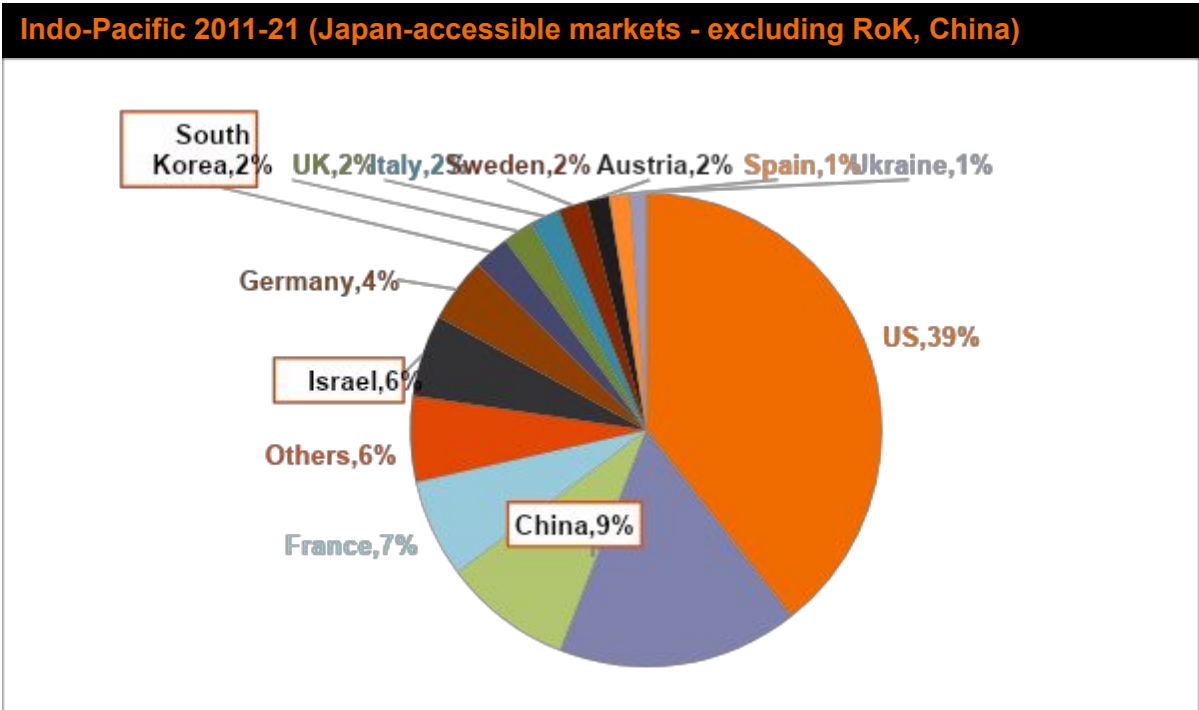


Identifying market potential

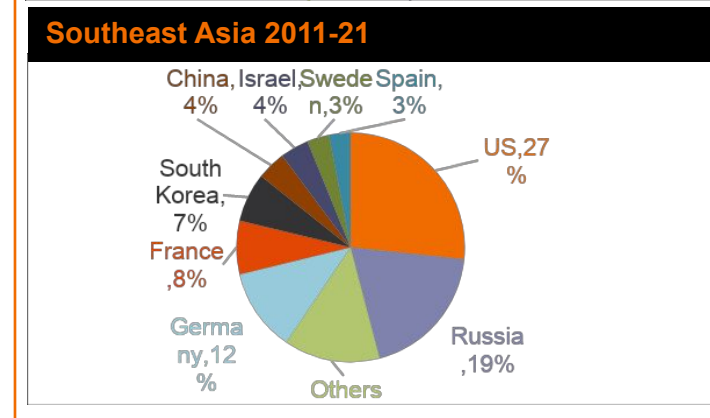
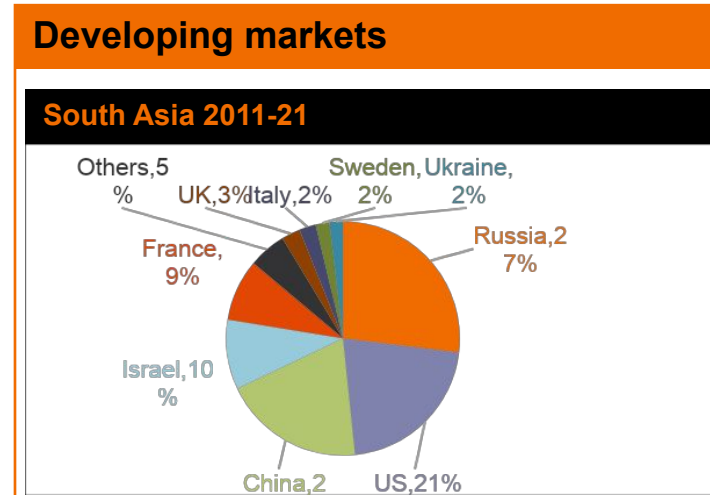
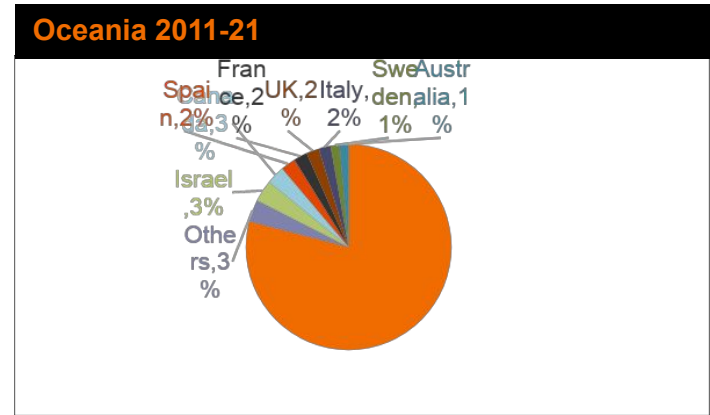


- Countries with smaller investment budgets tend to import directly.
- Countries with the bigger defence investment budgets tend to produce locally.
- But Covid-19 is prompting a shifting emphasis.
- Smaller countries are now also prioritising local production.

Indo-Pacific defence trade 2011-21



- Region is highly competitive. But two-thirds of sales attributed to US, Russia, China.
- Developed markets dominated by US. But developing markets are more diversified.
- Market-entrants generally find greater success in developing markets.



Indo-Pacific market-entry strategies

- In developing markets, ‘**good enough**’ equipment is usually sufficient to win contracts
- Successful exporters engage **regularly** with customers
- Promoted **Industrial co-operation** is a priority (Covid-19 is prompting greater emphasis on local production and exports)
- **Fiscal support** and loans arranged by supplying governments

Indo-Pacific defence exporters are updating their selling strategies

- South Korea, Israel, China, Australia, UK, and India have all amended and enhanced their defence export policies to win deals in Indo-Pacific
- Whole-of-government support for defence exports is becoming the norm

New defence export strategies. Exporters are putting greater emphasis on ‘whole of government’ support



India STRATEGY FOR DEFENCE EXPORTS

Background

Self-reliance and indigenization in defence is important for both strategic and economic reasons and has, therefore, been an important guiding principle for the government. Government considers that the industrial and technological development in the sector have made it possible to achieve this objective by

UK

Security export strategy: growing UK exports for global security

This strategy sets out how the government will work in partnership with industry to promote UK security exports globally.



Bidding for regional opportunities: Indonesia

- Japan's 30FFM was one of four shortlisted bidders for Indonesia's guided missile frigate procurement.
- Fincantieri's FREMM class won the contract.
- Capability of vessels was **not** the main determining factor in Indonesia's decision
- Key factors were: value for money, technology flexibility, industrial engagement and collaboration, and fiscal credit.
- Whole-of-government export strategies are proving effective in the Indo-Pacific



Mitsubishi Heavy Industries: 1818838

Japan's 30FFM frigate was a candidate for Indonesia's USD700 million guided missile frigate programme

Thank you.