

The state of the UK's defence and security exports is in resilient shape according to Richard Paniguan Head of the UK Trade and Industry's Defence Sales Organisation (UKTI DSO). In the sphere of defence and security exports the UK is a significant force. The UK's principal defence export successes recently have been in the aerospace sector, with notable achievements for Typhoon and Hawk over the past two years. So too for Agusta Westland in the rotary sector. But there have also been notable successes in the maritime sector, particularly in Offshore Patrol Vessels. The defence market is becoming increasingly competitive, so Paniguan is encouraged to see the extent to which the market for the UK's security sector is growing. In 2012 the UK secured new defence business worth £8.8 bn, and security business worth £ 2.7 bn. On the next page is more of his interview with Nick Watts, Deputy Director General of the UK Defence Forum.

He also points out that UK industry is active and successful in winning significant business in projects led by other major defence industrial players, for example in projects led by Saab and Lockheed Martin. In a period when the UK's own demand for defence equipment is less of a determining factor, a healthy export business helps to sustain production lines and ensures that the UK industry, which drives critical research and development and supports significant employment, remains competitive.

He adds that the industry is evolving from heavy engineering into the development of advanced technologies in radar, sonars, combat management systems and complex weapons. The result of closer government and industry efforts in developing export opportunities enables the UK to build on traditional strengths while ensuring that we have an industry which is fit for future markets.

In respect of the importance of the role of UKTI DSO in promoting security exports, he explains "when the Defence Exports Services Organisation transferred to UKTI from MOD in 2008 and became the Defence and Security Organisation, it was recognised for the excellent support it provided to the efforts of the defence industry to export. The challenge was to achieve a similar effect for the security industry." The security industry is different from defence in that it is a less mature, more fragmented sector, with a correspondingly fragmented customer base. With very few exceptions, wherever you look in the world, there is only one customer for defence – the Ministry of Defence. This is not the case for security, where you may be looking at a Ministry of the Interior, a National Oil and Gas company, a national banking system, or a Ministry of Transport quite apart from numerous private sector customers.

Paniguan believes that the success of UK brands is just as important in the security sector as it is in defence. "When people look at the UK they see GCHQ, the Metropolitan police, a brilliantly organised and secured Olympic games and a mass transport system with tight security, but not at the expense of the people who use it, and they say, we want to do it your way. Help us !". A third area of export opportunity which is quite new but becoming increasingly relevant, is in the response to natural disaster. The equipment used to respond to these events is often developed for defence purposes: ruggedized earth moving equipment; fine acoustic devices; portable, easy to use water filtration equipment; resilient buildings – hospitals and schools. All developed with military applications in mind, but of critical relevance in the first response to a flood, earthquake or fire."

A continuing trend in the development of export strategy is the requirement for technology transfer. In the past customers were content to take delivery of the completely finished article. Now they demand a share of the production as part of their own strategies to develop their indigenous defence and security industries, breed their own cadre of home grown experts, increase their own national labour force. Paniguan believes that this is an area where the UK performs particularly well. "The UK is progressive in using the transfer of technology as a lever for opening up new export

opportunities.

Paniguian points to other benefits from developing good relations with overseas customers. "Training shows up in many forms. The UK contributes where required to the development of national academies. Education in the UK attracts the best and brightest from some of our customer markets to the UK, helping them to develop their best people. In time these people will rise to influential positions in their countries' governments and industries and will often think of the UK first if their experience has been positive "

Summing up the work done by his organisation, Paniguian is unapologetically upbeat. "The importance of what we do has a direct relevance to the health and well-being of our industry. The secret of successful exporting is to build great relationships. People have choices about who they do business with, and also about the countries they want to grow close to. If you are an astute exporter you will build relationships at all levels which are of far greater long term significance than just establishing routes to markets."