

UK Defence & Security Export Statistics for 2013

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UK defence export performance data is based on information provided by hundreds of UK Companies to UKTI DSO via a voluntary survey. This is complemented by open source reporting of Defence Export contracts of other countries.

Security sector data is compiled by kMatrix (under contract to UKTI DSO) and includes sales and exports of Security equipment & services.

All the information collected is vital to the UK's understanding of the shape of, and trends in, the global export market.

Summary:

- In 2013, the UK posted strong growth in exports of products and services, winning £13Bn of new defence and security business (compared to £11.5bn in 2012).
- We estimate the UK share of the global defence export market to be worth around 22% (£9.8Bn), allowing the UK to maintain its position as the second largest exporter of new defence products and services.
- We estimate the UK share of the global security market to be worth more than 4%, (£3.2Bn) meaning that the UK was the sixth largest exporter of new security products and services.

UK Defence & Security Export Statistics for 2013

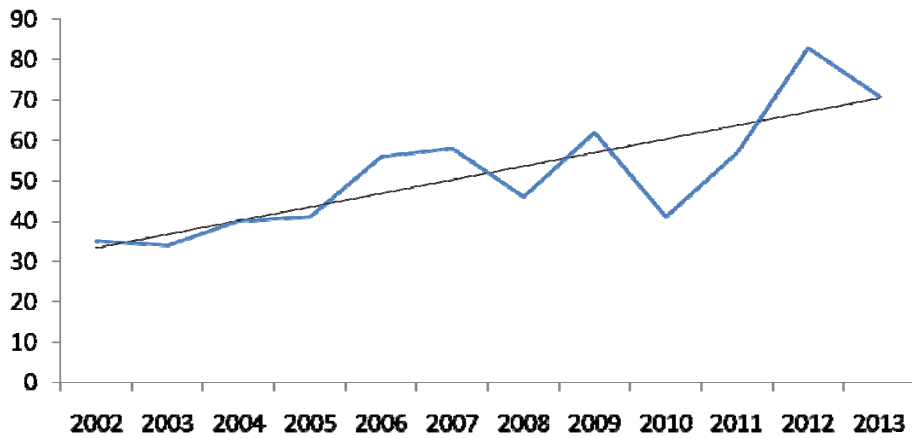
In a highly competitive global defence export market and against a backdrop of budget constraint, the UK achieved defence export sales of £9.8 billion in 2013. The 2013 figures (up 11.4% on 2012) represent a considerable achievement by UK defence companies, who achieved defence exports of £8.8 billion in 2012.

The UK's most important markets in 2013 were the Middle East, the USA, Norway & Republic of Korea. Major defence exports for the UK in 2013 were AgustaWestland Helicopters to Norway and Republic of Korea, plus on-going Business in the Middle East. Defence exports to the US also remained strong with around £1 billion of Business in 2013.

In the Security sector, around 40% of UK exports can be attributed to Cyber Security products and services.

This is the first time that the defence and security exports figures have been categorised as “Official Statistics”.

**Estimated Global Defence Exports (Based on Orders/Contracts signed) :
World Market US\$BN at actual prices
(not adjusted for inflation)**



Source: UKTI DSO

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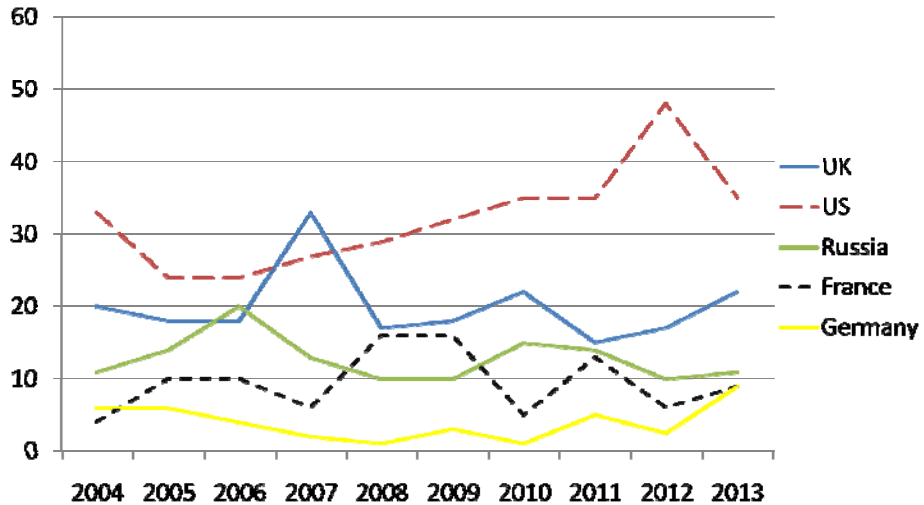
Year-on-year, the global defence export market experiences peaks and troughs in response to fluctuations in defence spending levels, threat perception and national requirements. A trend-line has been included on this slide for reference.

The world defence export market was slightly down (by 14%) in 2013 on 2012 figures but is estimated to have been nonetheless an impressive \$70Bn in what was still a difficult economic climate.

As context, 2012 saw the US win an estimated \$40Bn in new Defence export contracts, around half of which were to Saudi Arabia. 2013 saw major wins for Turkey (Helicopters worth \$3Bn with Azerbaijan) and Germany (with Submarines worth \$2.4Bn with Singapore).

On the basis of our analysis, 2013 was still the 2nd highest year for defence exports globally. In this 10 year period the trend has been predominantly upwards.

Defence Exports (Based on Orders/Contracts signed) : Estimated UK & Competitor Percentage Market Shares 2004 - 13



Source: UKTI DSO

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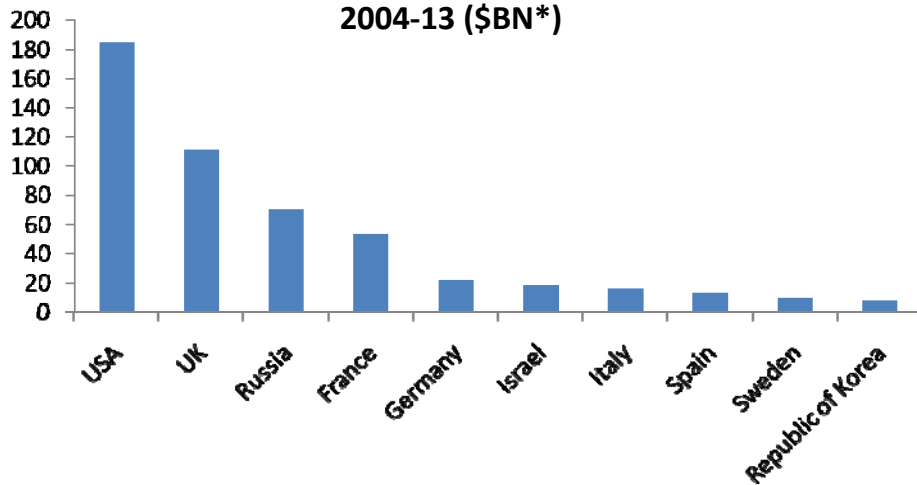
Comparing UKTI DSO Survey results and open source data, this chart shows estimated market shares of the top exporting nations. On a rolling 10 year measure from 2004 - 2013, the UK is still at its 20% benchmark share of the global export market, and the second most successful world defence exporter behind the USA (33%) and ahead of France at 10% and Russia at 13%. Although, our share might be overstated, because of competitors deals which do not enter the public domain.

In 2007 the UK was the world's number one exporter, largely due to the £4.4BN Typhoon aircraft order from Saudi Arabia.

In 2006, Russia won a major deal with Algeria, hence propelling it to second behind the US, with the UK in third.

France's defence export performance has been hampered in the period by an absence of Dassault Rafale sales and increased competition to their companies specifically in the Naval and Land domains.

Top Defence Exporters (Based on Orders/Contracts signed) : 2004-13 (\$BN*)



Source: UKTI OSO
*Actual Prices, not adjusted for Inflation
Non-UK figures are estimated

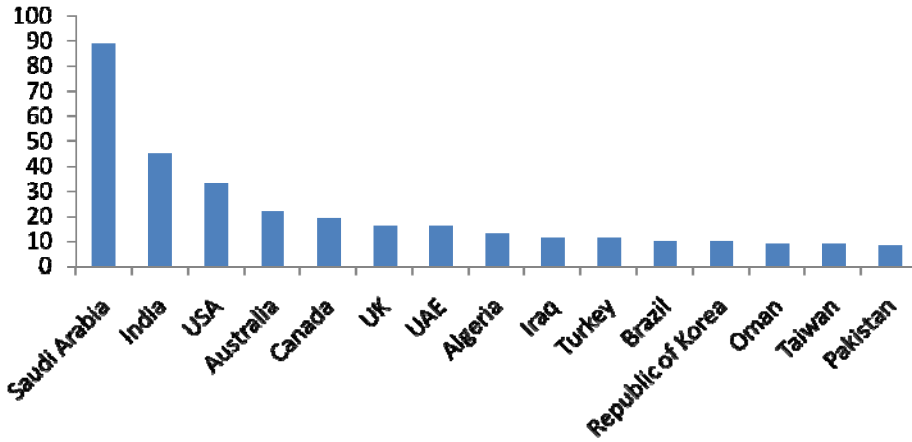
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This chart shows that for the ten-year period (including 2013 performance), the UK retains its position as the second largest defence exporter globally, and Europe's leading defence exporter.

The USA, Russia and France have increased their sales volumes.

The Republic of Korea emerged as the 5th largest exporter in 2011 for the first time (moving it into the top ten over the ten year period), on the back of strong performance (predominantly Naval exports to India and Indonesia). The Republic of Korea is the highest placed Asian defence exporter in the rankings.

Estimated Top Defence Importers (Based on Orders/Contracts signed) : 2004-13 (\$BN*)

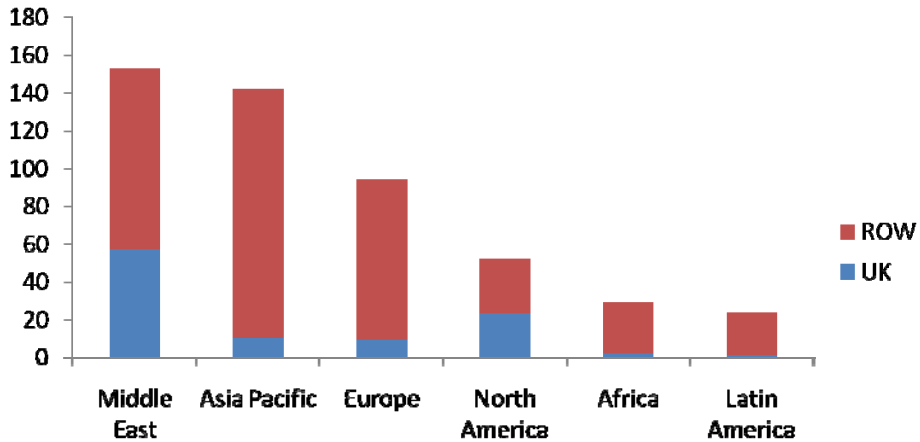


Source: UKTI OSO
 *Actual Prices, not adjusted for Inflation

UK Defence & Security Export Statistics for 2013

And these are the top importers, with Saudi Arabia in first, and India in second place. This shows imports from all countries, not just the UK.

Estimated Defence Import Procurement By Region (Based on Orders/Contracts signed) : 2004-13 (\$BN*)



Source: UKTI DSD
*Actual Prices, not adjusted for inflation

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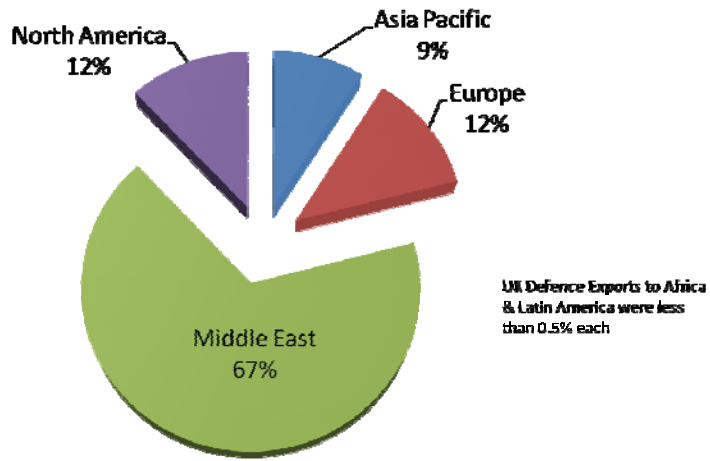
This chart shows that the Middle East is the largest region for Defence Equipment & Services in the 2004-13 period, representing approximately 30% of the total defence export market. The UK is a successful exporter to the Middle East, with the USA a major competitor.

In the Asia-Pacific, a growing region for defence imports, particularly in the Naval domain, the UK has a footing in selected markets, but it remains a very competitive part of the world, with US, Russian and French companies active.

In Europe, UK companies do well, but given the internationalisation of the defence industry and number of collaborative programmes, it is some UK companies' owners that are winning the contracts rather than the UK business entity.

UK companies continue to work hard in Latin America and Africa, but this has not as yet translated into significant business.

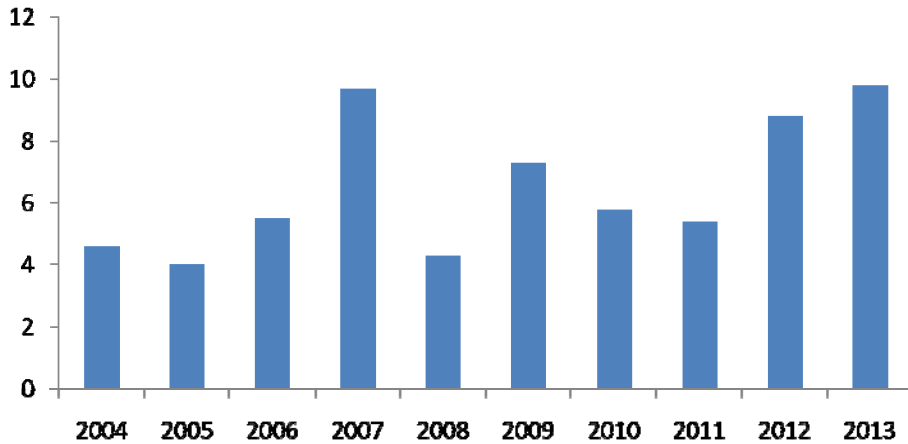
UK Defence Exports (Based on Orders) by Region 2013



Source: UKTI DSO

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UK exports are still disproportionately skewed towards two main geographic areas. As can be seen from this chart, the Middle East is largest market for Defence Equipment & Services, with the USA and UK dominating in that region. A Helicopter win for AgustaWestland in Norway helped boost the UK's exports to Europe in 2013. UK companies continue to work hard in Latin America and Africa but have hitherto not won significant business.

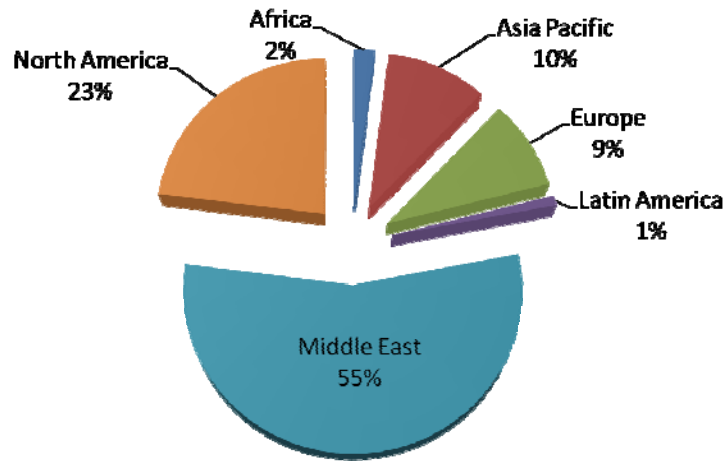
UK Defence Exports (Based on Orders) : 2004-13 (£BN)

Source: UKTI DSO
* Actual Prices, not adjusted for inflation

UK Defence & Security Export Statistics for 2013

The last 2 years have seen the UK win major orders in Oman (Hawk & Typhoon Aircraft), Saudi Arabia (Hawk Aircraft), as well as exports of Helicopters to Norway and South Korea. 2007 saw the UK win a major Typhoon Aircraft order from Saudi Arabia and in 2010 an order of Hawk Aircraft from India. Throughout the 10 year period, core business has remained strong and helped the UK maintain it's place as one of the top exporters.

UK Defence Exports (Based on Orders) by Region 2004-13



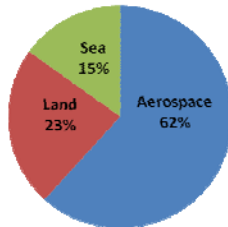
Source: UKTI DSO

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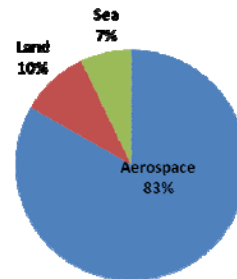
For the 10 year period, UK exports appear disproportionately skewed towards two main geographic areas, namely the Middle East and North America, although given that these regions have money to spend on defence it is not a surprise.

Global Defence Export Market (Based on Orders/Contracts signed)

Global Defence Exports by Sector 2004-13



UK Defence Exports by Sector 2004-13



Source: UKTI DSO

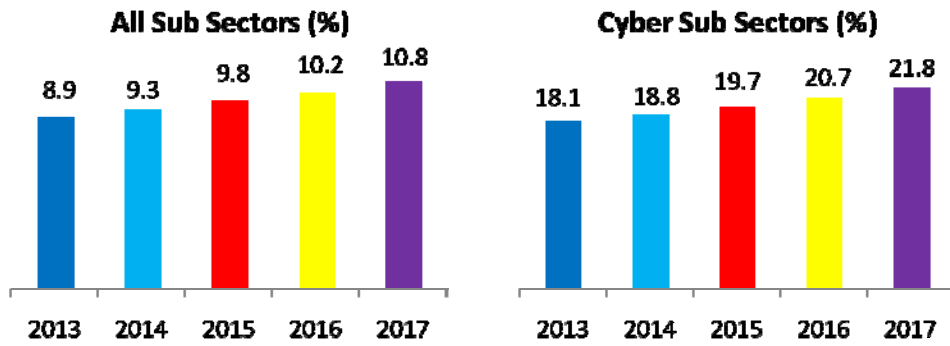
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These charts depict Global and UK defence export performance by sector across the ten-year (2004-2013) period.

The Aerospace sector at the global level represents 62% of total defence exports by value; this percentage has not changed significantly in recent years as, for example, the 1999-2008 figure, was 61%. The Aerospace sector remains the dominant domain by value, export sales underpinned by high value platforms and on-going support activity. The Land and Sea domains are moving closer in terms of values at the global-level.

In terms of UK defence exports, the UK has been most successful in the Aerospace domain (more than 80%), thereby reflecting the global position: air platforms, equipment and support are most in demand. The UK is a leader in air sector technology and capability and it is not a surprise that we are exploiting it. This strength is vital to securing the high value export opportunities in growth markets where securing air superiority is, and will remain a key priority for most nations. The UK has enjoyed modest success in exporting Naval and Sea platforms, but does have niche technologies to push.

Predicted Global Security (Sales) Market Growth

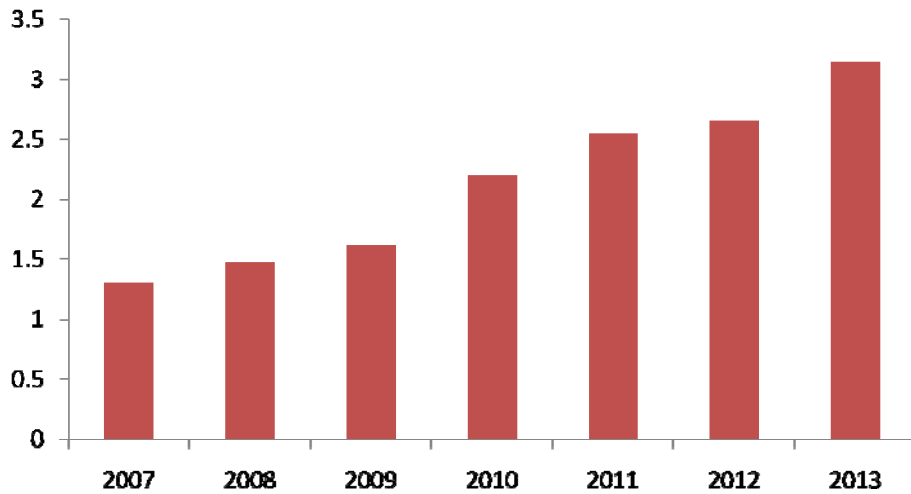


Source: KMatrix

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The Global Security sector is predicted to grow significantly over the next few years with the Cyber Security Sector growing particularly fast.

UK Security Exports – Annual Totals (Based on Sales) : 2007-13 (£BN)



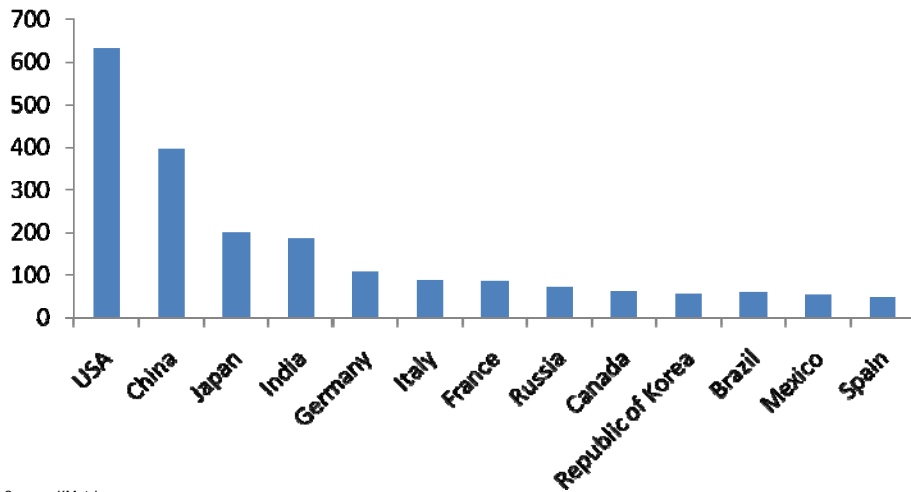
Source: KMatrix

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Here are UK security export figures for the last 7 years, which shows exports to all countries. The UK Figures from 2011 onwards also include additional estimates of business won by UK Private Security companies, data that KMatrix does not completely capture. Any additional export data is only reflected in the UK Security Export figures. We do not have the same level of information for the rest of the world.

The definition of the Security sector was first agreed in 2007/ 08, was updated in 2011 to include additional "Cyber Security" activities and has been updated once again in 2013 to reflect significant changes in the content and reporting of Cyber security activities. This history reflects the constantly changing nature of the sector (further information on security definitions can be found in the KMatrix document associated with this release).

Top UK Security Export Destinations (Based on Sales) : 2013 (£M)



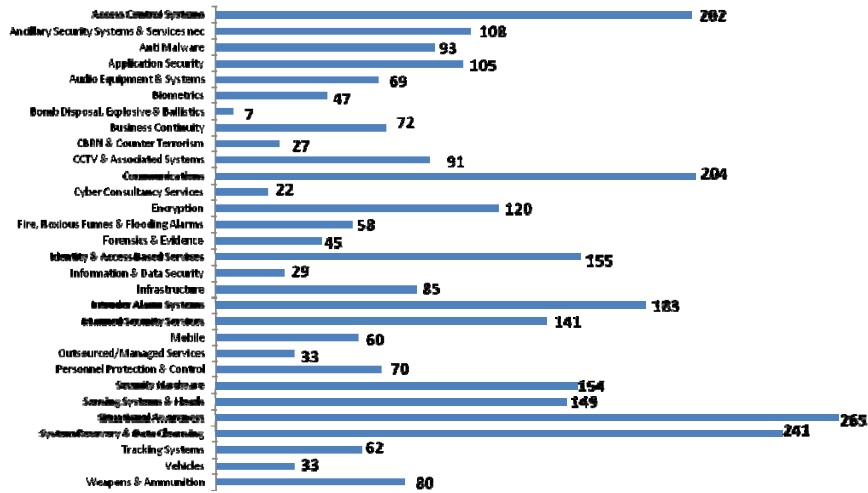
Source: KMatrix

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There is a broad geographic spread of markets for the Security sector. It is interesting to note that the Middle East does not feature on this chart, whereas it is the dominant region in Defence.

The US is the principal export destination for UK security companies, which is not surprising given close links between the two nations and their industries, and also possibly because there are more uniform standards across the nation that enable multiple sales.

UK Security Exports (Sales) by Product Type 2013 (£M)

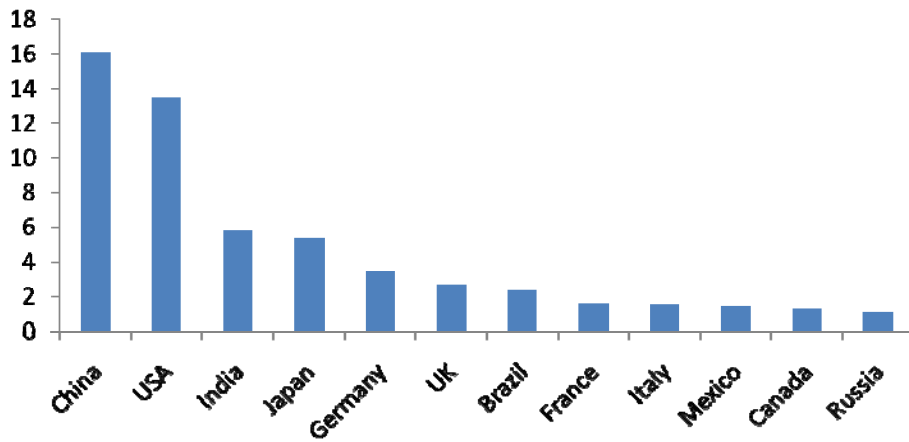


Source: KMatrix

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This shows the type of security products that the UK exported in 2013, including the new definition Cyber categories but does not include the additional Private Security Company data.

Top Security Exporters (Based on Sales*) : 2013 (£BN)

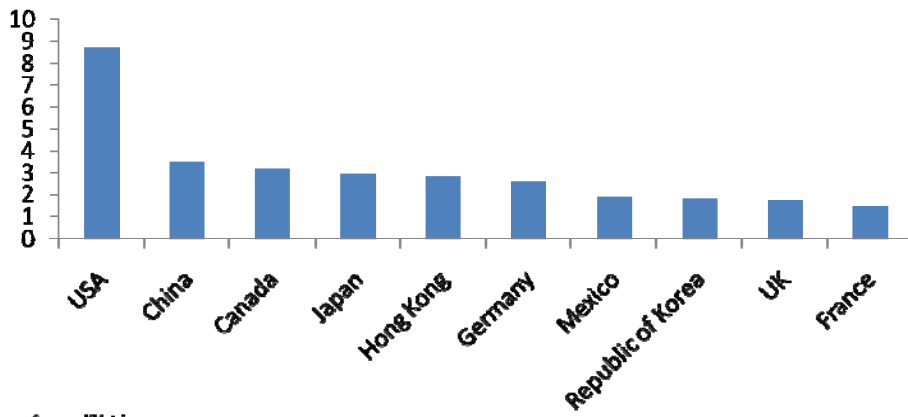


Source: KPMG
* Intra-trade between top 53 countries only

UK Defence & Security Export Statistics for 2013

This shows the top global exporters for intra- trade between the top 53 countries in 2013. The 2013 data includes the new cyber definition.

Top Security Importers (Based on Sales) : 2013 (£BN)



Sources: KPMG
• Intra-trade between top 53 countries only

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