



**U.S.
COMMERCIAL
SERVICE**

United States of America
Department of Commerce

INCREASING JOBS AT HOME BY EXPANDING U.S. EXPORTS



Our Mission

Economic Security is National Security

U.S. Department of Commerce | International Trade Administration | U.S. Commercial Service

We are **where you are** and where you **want to be**.

U.S. COMMERCIAL SERVICE GLOBAL PRESENCE



Overseas, we're part of U.S. Embassies and Consulates worldwide, in markets where U.S. business needs us most.

Leverage the strength of the U.S. government

Market access problems

Unfair contract competition

Meetings with the right partners

Getting paid



The background of the slide is a photograph of a grand, classical building facade, likely a government or institutional structure. The building features ornate columns with Corinthian capitals and a decorative balustrade. To the left, an American flag is visible, waving against a clear blue sky. The overall scene is brightly lit, suggesting a sunny day.

Advocacy Center:

Coordinating U.S. Government resources and commercial diplomacy efforts to level the playing field and help U.S. companies compete and win foreign government and international public contracts.

USG Advocacy is:

Government to Government

A counter-weight to foreign government political pressure

Promoting fairness and transparency in the tender processes

Dealing with project-focused and company specific issues

Importance of Defense Advocacy:



32% of active advocacy cases are defense related, which reach nearly \$250 billion U.S. export content

Using U.S. national leadership to support theater goals for allied military capabilities requiring procurements

Successes alleviate contraction of the defense industry due to lower U.S. acquisition budgets

Counters more and more aggressive lobbying by third country governments

When to Apply for Advocacy:

DCS - to engage USG support

FMS - to counter efforts by third party governments

Focus high-level attention

Encourage a U.S. solution

Support outside country-team interactions

For More Advocacy Information:

www.trade.gov/advocacy

- Staff Listing
- Advocacy Guidelines
- Advocacy Questionnaire
- FAQ's



Industry & Analysis:

Driving policy and rules for trade and investment that enable U.S. businesses to compete and win internationally;

Reducing market barriers - Leading on sector and cross-cutting market access and trade compliance issues for U.S. industry

Industry & Analysis - Addressing Market Access Issues:

I&A leads on sector and cross-cutting market access and trade compliance issues for U.S. industry:

- by leveraging expertise to address **industry-specific market access concerns** with foreign governments (JCCT subgroups, Open Skies, Offsets);
- by taking the U.S. industry case on **cross-cutting issues** (non program of record, standards, air traffic control, IPR, supply chain competitiveness) to interagency groups and foreign governments;
- by **administering compliance programs** (Trade Agreement Secretariat, Committee for the Implementation of Textile Agreements, Privacy Shield).

Industry & Analysis - Identifying Business Opportunities:

- Producing sector-focused Top Markets Reports and other market intelligence products; and the *2016-17 The Defense Export Handbook*;
- Organizing trade missions and trade shows that provide business-to-business matching and meetings with government officials;
- Using partnerships to maximize impact - working closely with trade associations

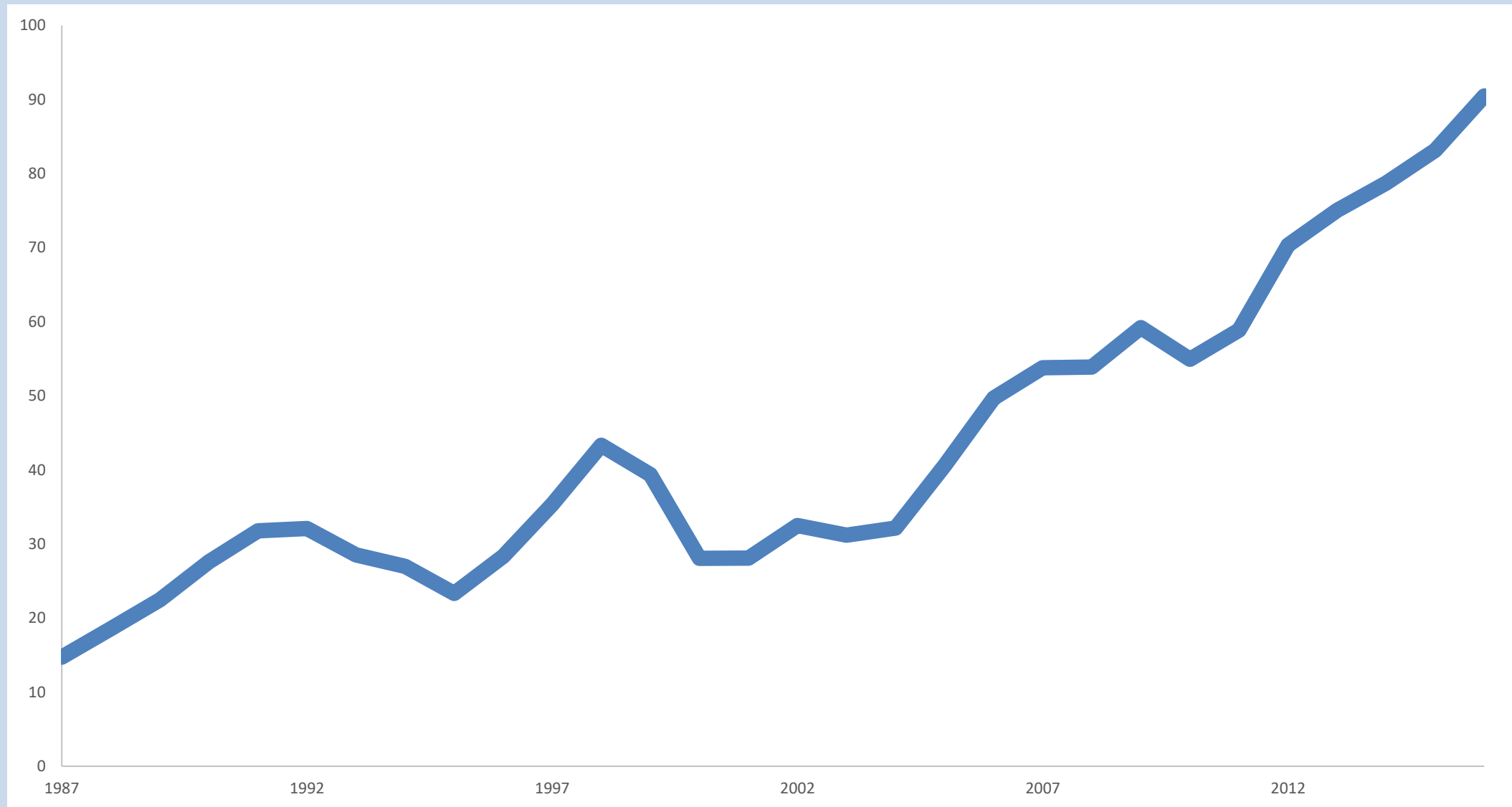


DEFENSE MARKET OVERVIEW

US Trade Balance of all Goods:



US Trade Balance of A&D:



A&D 2018 Facts & Figures Report:

Here are some of the key highlights from this year's report:

- The industry generated **\$865 billion in economic output** and accounted for nearly two percent of U.S. nominal gross domestic product.
- The industry shipped **\$143 billion in exports**, which accounted for nine percent of total U.S. exports in 2017.
- Aerospace and defense generated a **positive trade balance of \$86 billion** in 2017 – **the largest of any U.S. industry** – effectively reducing the U.S. trade deficit by 10 percent.
- The U.S. aerospace and defense industry **supports 2.4 million American jobs, paying an average wage of \$91,500 – 81% above the national average.**
- In total, aerospace and defense **paid out \$220 billion in wages and benefits** in 2017, which accounted for 2.3 percent of the nation's total labor income.
- Global defense spending is anticipated to grow at a CAGR of about 3.0 percent over the 2017–2022 period, crossing US\$2 trillion by 2022.

Top Military Expenditures by Region:

Figure 13: Military expenditure by region (US\$ billion 2015)

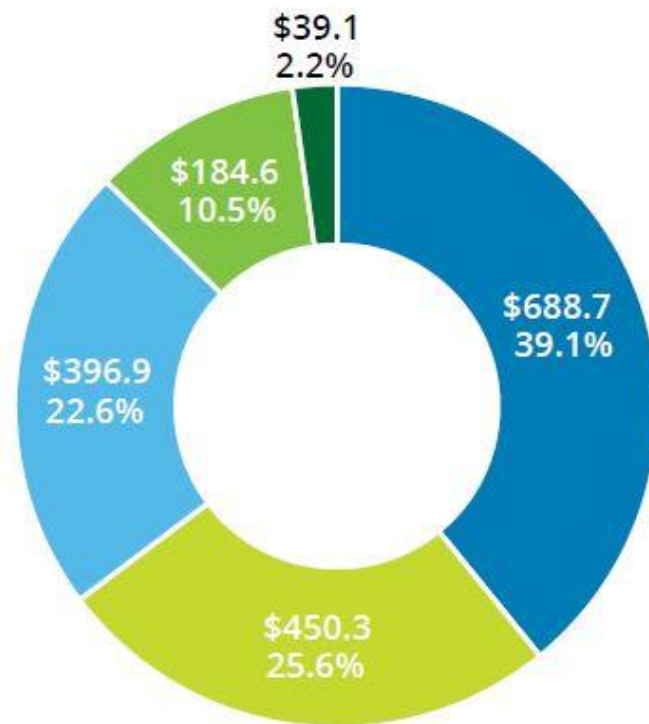
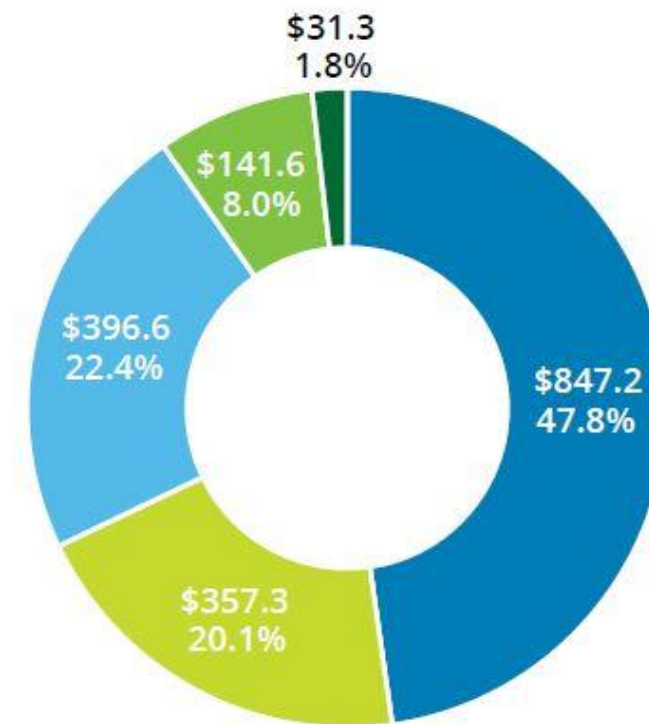


Figure 14: Military expenditure by region (US\$ billion, 2010)

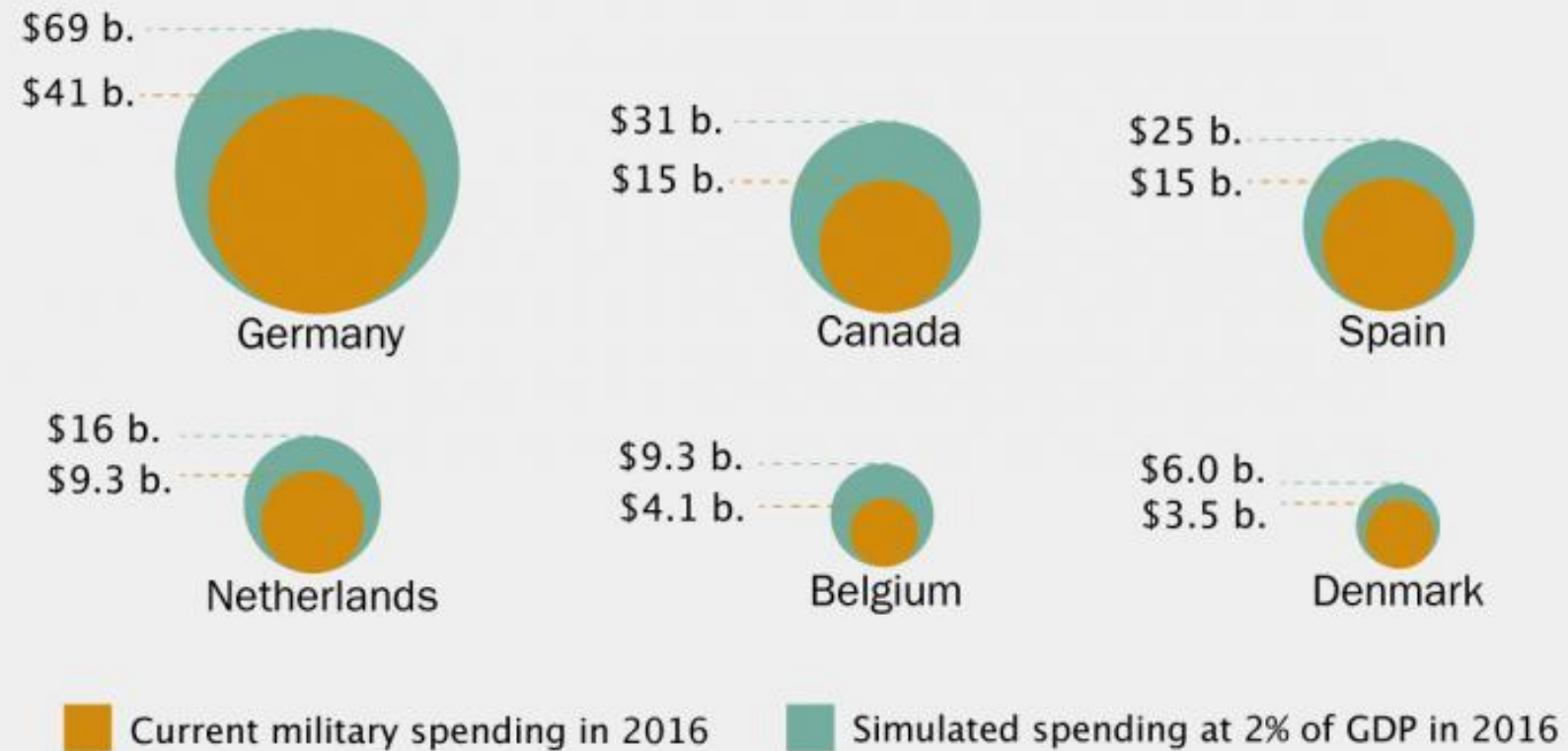


■ Americas ■ Asia and Oceania ■ Europe ■ Middle East ■ Africa

Source: Deloitte analysis based on data from Stockholm International Peace Research Institute (SIPRI) <https://www.sipri.org/databases/milex>

NATO Spending Projections if 2% GDP:

NATO member states with the biggest increase in military spending if military spending were raised to 2% of GDP



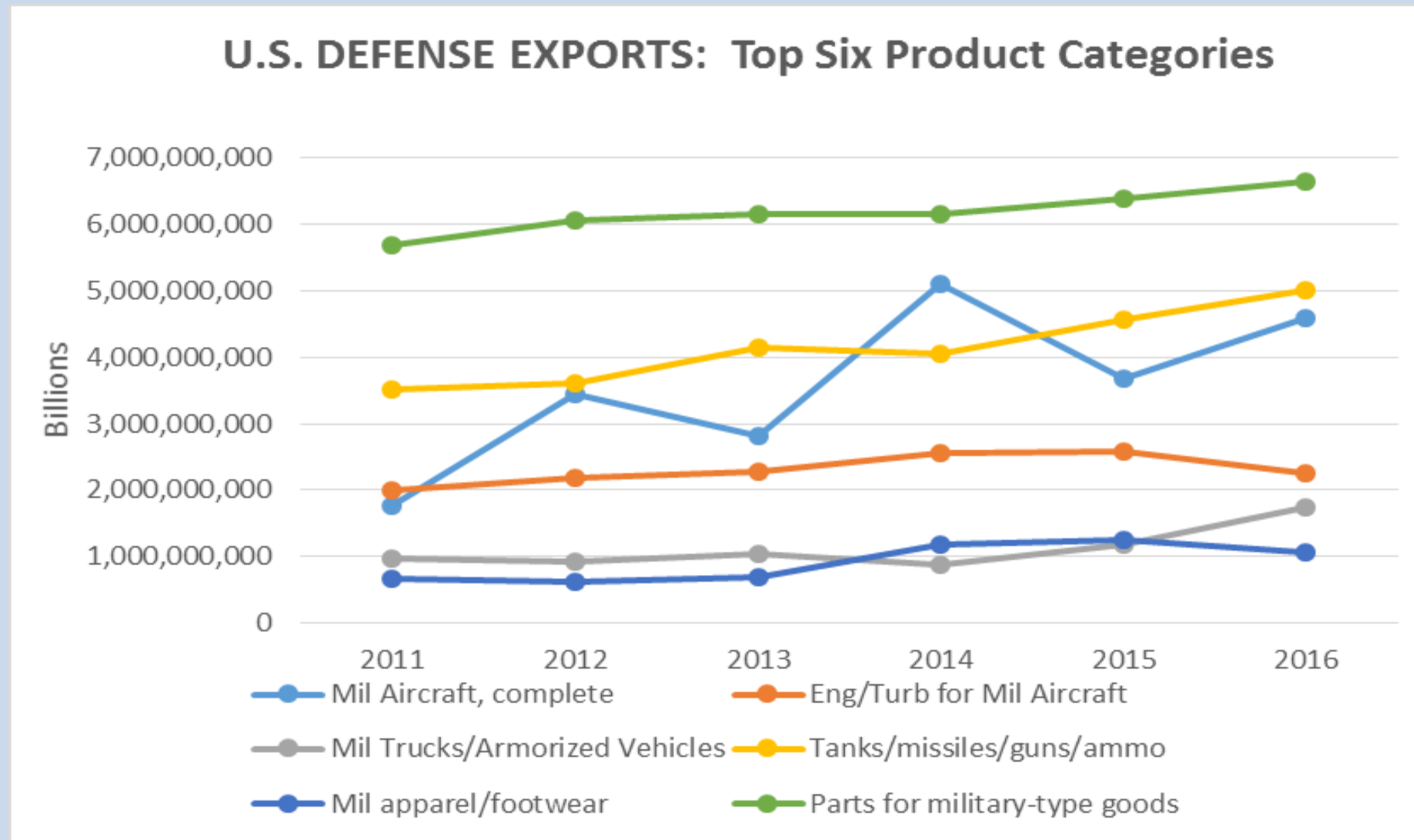
Data: SIPRI Military Expenditure Database (24 April 2017) and the International Monetary Fund

www.sipri.org
© 2017 SIPRI 

Top U.S. Defense Exports in 2016-17:

2016			2017		
Rank Market	Value	% of total	Rank Market	Value	% of total
1 Korea	\$2,476,101,221	11.42%	1 Saudi Arabia	\$2,873,117,065	14.87%
2 Saudi Arabia	2,454,463,336	11.32%	2 Australia	1,684,000,720	8.72%
3 Australia	1,635,752,729	7.55%	3 Japan	1,241,404,050	6.42%
4 Japan	1,403,545,979	6.48%	4 UAE	1,216,738,657	6.30%
5 UAE	1,374,149,607	6.34%	5 Mexico	1,037,704,227	5.37%
Subtotal Top 5	\$9,344,012,872	43.11%	Subtotal Top 5	\$8,052,964,719	41.68%
6 Qatar	1,039,572,830	4.80%	6 Korea	892,109,629	4.62%
7 Taiwan	1,023,215,465	4.72%	7 Canada	887,061,257	4.59%
8 Mexico	918,093,676	4.24%	8 UK	853,408,622	4.42%
9 Israel	886,616,166	4.09%	9 India	759,652,373	3.93%
10 UK	844,149,867	3.89%	10 Israel	693,565,474	3.59%
Subtotal Top 10	\$14,055,660,876	64.85%	Subtotal Top 10	\$12,138,762,074	62.82%
11 Singapore	715,059,954	3.30%	11 Taiwan	588,502,739	3.05%
12 Turkey	603,053,073	2.78%	12 Turkey	510,387,010	2.64%
13 Afghanistan	582,991,352	2.69%	13 Italy	467,953,833	2.42%
14 Germany	522,283,005	2.41%	14 Kuwait	453,886,557	2.35%
15 Canada	402,195,755	1.86%	15 Germany	452,384,746	2.34%
16 Italy	379,809,804	1.75%	16 Singapore	444,658,032	2.30%
17 Kuwait	293,700,831	1.36%	17 Afghanistan	364,213,475	1.88%
18 Denmark	284,002,795	1.31%	18 France	362,003,300	1.87%
19 France	232,966,841	1.07%	19 Greece	213,942,073	1.11%
20 India	226,161,336	1.04%	20 Oman	182,091,115	0.94%
Subtotal	\$4,242,224,746	19.57%	Subtotal	\$4,040,022,880	20.91%
Total Defense Exports to Top Twenty Markets	\$18,297,885,622	84.42%	Total Defense Exports to Top Twenty Markets	\$16,178,784,954	83.73%
2016 Total Defense Exports	21,675,202,750		2017 Total Defense Exports	19,321,812,129	

Top Six U.S. Defense Export Categories:



Regional Outlook - Western Europe:

- UK** - Ranked 4th on TM Report; \$40B/year spend; Signed Defense Trade Cooperation Treaty with US to support license Exemptions and expedite defense trade.
- Focus on surface ships and subs, land equipment, and precision weapons. A/F increasing its F-35 squadrons and also P8's. Modernizing its C17's and C-130's, and four helicopter fleets: Chinook, Merlin, Apache and Wildcat.

The Netherlands - Original partner for F35 with 8 F35's for delivery in 2019.

- Plans to buy at least 37 new fighters to replace F16 fleet

Norway & Finland - 10% and 6% defense spending increase respectively. Norway buying 52 F35 Lightning II's.

Regional Outlook - Eastern Europe:

Poland - Spending \$45B through 2020 on defense modernization program. Opportunities include Missile shield, anti-aircraft systems, armored personnel carriers, armored vehicles, subs, drones, Combat helicopters, cruise missiles, short and medium range air defense systems, & tanker aircraft.

- Parts and support equipment for F16's as well.
- Offset rules evolving from MOE to MOD based on EU law, offsets only when protects essential interests of state security.
- Industrial participation is important for tenders in Central and Eastern Europe.

Hungary - MOD is increasing defense spending 22%. Opportunities in multirole helicopters and air Defense systems and parts and components for these platforms.

Turkey - 13th largest importer of US Defense goods. 2nd largest fleet of F16's and 2nd largest land force In NATO. 15% increase in defense spend. Demand for armored vehicles and security tactical equipment.

Regional Outlook - Middle East:

UAE - Ranked 5th in US defense imports. Opportunities mostly with bombs, missiles, tanks, armored Trucks, and antitank weapons. \$24B defense budget in 2016. High-tech needs moving forward in air Power and surveillance, and missile products and systems. Focus also on border control, cyber, space, Digital warfare, and command and control tech. UAE has C17 and C130, F16 E/F, Blackhawks, Apaches,

KSA - Operates large fleet of US military aircraft, MRO big need. Include 300 F15's, 42 C130J's, 61 Bell Helicopters, 21 Cirrus trainers, 16 S-70 Blackhawks. With Syria and Yemen and price of oil rising, Budget will continue to rise.

Qatar - Historically, purchased anti-missile systems, military electronics and cyber systems, Helicopters, light armored vehicles, guided air-to-air and air-to-ground missiles, Apaches, and Patriot and Javelin systems.

Regional Outlook - Asia Pacific:

Republic of Korea - \$34B defense budget in 2016. Opportunities in sub parts and components, UAVs, C4ISR, tanks, and anti-sub warfare equipment. Also avionics, missile system sensors, gyros, SF tactical Gear, security equipment like bomb detection. Many US aircraft in fleet through FMS. DCS account for 44% of procurement via DAPA, must register.

Japan - \$40B in defense budget in 2016/17. Procured equipment to counter disputed islands, including AAV7 amphibious assault vehicles, Bell Boeing V22 Osprey's, Global Hawk drones, 42 F35A lighting. Other purchases will include tanker aircraft and ship and land based anti-missile systems.

India - \$56B defense budget in 2018. US recognized as major defense partner and easing defense Procurements with amendments to offset regulations. License free access to wide range of dual-use Technologies. 100% FDI ownership now available and offsets includes service support.

Australia - Defense spend commitment of \$141B. Opportunities in warships, fighter aircraft, Helicopters and missile systems. Fleet includes P8 maritime aircraft, E7A and EA-18G, C130J Hercules, C17's, KC30A, PC9A, Hawk 127's and King Air's.

Discover Global Markets: Indo-Pacific Aerospace and Defense:



At Discover Global Markets: Indo-Pacific:

- Meet with one-on-one with our visiting U.S. Commercial Diplomats to craft international market entry strategies. Markets to include: **Australia, Burma, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, New Zealand, Papua New Guinea/Pacific Islands, Philippines, Singapore, Sri Lanka, Taiwan, Thailand and Vietnam**
- Meet one-on-one with foreign buyers from **Burma, Japan, India, Singapore, South Korea, Taiwan and Vietnam** looking for U.S. suppliers or partners
- Meet one-on-one with U.S. OEMs seeking specialized suppliers of services, equipment and parts for their large projects in the region
- Receive guidance on trade barriers and market access issues for your firm
- Leverage new U.S. Government international trade contacts to support your international sales growth
- Network with leading private sector experts and like-minded U.S. businesses active in overseas markets

Who Should Attend:

Attendees will include CEOs/presidents, sales and marketing professionals, business development managers, engineers, procurement representatives, supply chain operations.

Target industries include: **aircraft, engines, MROs, aviation services, avionics, aerospace composites, airport & ground support equipment, cyber defense, additive manufacturing, unmanned systems, surveillance & detection and more.**

DCS-FMS Comparison:

Key DCS Benefits

- Country negotiates directly with U.S. company providing item.
- May allow firm-fixed pricing.
- May be better for non-standard items.
- Not subject to FMS Admin Surcharge.
- Not subject to DoD acquisition process. May be faster.
- Allows countries to set standards for competitions.
- Commercial banking procedures possible.
- Country resolves disputes with company.

Key FMS Benefits

- U.S. Military assistance to identify and develop requirements.
- Total Package Approach.
- Standardization and increased operability.
- Uses DoD acquisition process.
 - Same program office that buys for DoD
 - U.S. ethics and transparency
- Economy of scale purchasing.
- Product improvement notifications.
- U.S. logistics information/products.
- U.S. resolves disputes with company.



**U.S.
COMMERCIAL
SERVICE**

United States of America
Department of Commerce

CONTACT US



Murat Muftari

**1025 S. Campus Dr., Building 47 West
Waterford, MI 48328**



(248) 296-2620



**Murat.Muftari@trade.gov
www.export.gov**