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Chairman
Clarion Defence & Security Portfolio
Clarion Events
Clarion Defence & Security Portfolio
Running Order

- Setting the context
- DSEI 2015 – innovations and compliance
- Marketing & PR
- Getting the most from VIPs
DSEI in context

• International business, international event

• Global context
  – Security environment
  – Defence & security spending
  – Capability development
    • Industry response
    • User response
    • Societal response

• All reflected in our approach to DSEI
What’s in the news ...
Defence Spending

• Western spending under tension
  – NATO declared goal of 2% of GDP
  – Countries reversing earlier declines
  – Austerity programmes
• US operational spending reduced
• Asian spending increasing
• But ....
Total Defence Spending

Top 15 Defence Budgets 2014* US$bn

1. United States
   - 581.0

2. China
   - 129.4

3. Saudi Arabia
   - 80.8

4. Russia
   - 70.0

5. United Kingdom
   - 61.8

6. France
   - 53.1

7. Japan
   - 47.7

8. India
   - 45.2

9. Germany
   - 43.9

10. South Korea
   - 34.4

11. Brazil
    - 31.9

12. Italy
    - 24.3

13. Israel
    - 23.2

14. Australia
    - 22.5

15. Iraq
    - 18.9

*Includes US Foreign Military Assistance

Note: US dollar totals are calculated using average market exchange rates for 2014, derived using IMF data. The relative position of countries will vary not only as a result of actual adjustments in defence spending levels, but also due to exchange-rate fluctuations between domestic currencies and the US dollar. The use of average exchange rates reduces these fluctuations, but the effects of such movements can be significant in a small number of cases.

Source: IISS 2015
Military Balance
Projected Spending to 2020

Source: IHS Janes
Market Changes

• US
  – More certain spending outlook
  – Reductions in operational budgets
  – Maintaining state on state & counter insurgency forces

• Europe
  – Smart Defence: collaboration, consolidation & COTS
  – Ageing platforms driving replacement
  – Upgrades, life-extensions for existing platforms

• Middle East, E Asia, Africa and Latin America
  – New equipment spends still rising
  – Offset agreements to secure work
  – High levels of low cost manpower retained
Market effects

• Active global market in search of value
  – Emerging market countries seek high technology partners

• Industry consolidation
  – Concern on supply chain fragility

• US, Europe remain dominant markets for high technology equipment