

## Collaboration with **Japan**

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## Market Environment

- Third largest economy, Eighth largest defense spending in the world
- National objective to sustain regional stability and build wider relationships to address the rise of China while the US-Japan Alliance as the cornerstone of Japan's security policy
- Need for transformation of the economy and defence industry is understood, but aging, shrinking population, traditional business cultures, and primacy of stability vs transformation make change and innovation difficult
- Covid-induced global economic damage will negatively reverberate in Japan, and will affect defence expenditures and planning – Opportunity for international company
- Defence budget may continue with slow, steady growth although Covid issues are complicating factor; 2019 was the 8<sup>th</sup> year with an increased defence budget
- Japanese focus on growing its air and naval forces supports BAE Systems strength

## Defence Industry

- Domestic defence industry is fragmented among larger, primarily commercial firms, yet capable of high quality production of sophisticated systems
- Japanese government and industry will seek collaboration with international firms to reduce costs, access technologies and eventually expand export opportunities
- Traditional defence collaborators are US-based; growing regional issues causing Japan to seek wider international collaboration

## How BAE Systems views Japan

- Strategic Growth Market authorized and reconfirmed by Executive Committee
- Past orders of A\$1 Billion over 2010-19 period
- Ongoing, decade long naval armament programme for JMSDF (Navy) and Japan Coast Guard
- Recently completed, first ever vehicle programme AAV-7 for JGSDF (Army)
- Ongoing range of electronic programmes in JASDF (Air Force) and JMSDF, primarily in a subcontractor role
- Future business will create significant value opportunity for UK and Australian businesses

■ Thank you very much.

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