

# MANIFESTO 2024

*Securing UK advantage*





# FOREWORD

**The aerospace, defence, security, and space sectors are critical national assets that are essential to securing prosperity and security across all four nations of the UK. They underpin many areas of our society, whether it is in providing the opportunity to secure a skilled job in a productive and well-paid sector, enabling the transition to Net Zero, or protecting our citizens – the role and importance of ADS' sectors cannot be overstated.**

In 2024 the UK stands at cross-roads. Growing global competition, proliferating international security challenges, the rapid pace of technological development, and the pressing need to develop a more resilient and sustainable economy are challenges that must be addressed if the next Government is to secure strategic advantage for the UK.

We recognise that the next Government will face significant economic challenges and must carefully allocate resources accordingly, but a strong strategic partnership with industry is essential for addressing them successfully. The UK's aerospace, defence, security, and space sectors will be vital in effectively delivering the technology, skills, and growth that we need to secure our [domestic, global, and future advantage](#) in the face of these constraints.

Ahead of the General Election, ADS is calling upon all political parties to commit to a renewed industrial strategy, supported across Whitehall and the devolved administrations, produced in partnership with industry. Such a strategy would enable our world-leading Primes and innovative SME supply chain to work in partnership with Government to ensure that the UK remains a hub for advanced manufacturing and services, and a leader on the opportunities presented by Net Zero and technological change.

The recommendations we set out will be important steps in strengthening the UK's competitiveness and our potential for economic growth and innovation. We look forward to working in partnership with the next Government to implement them and deliver a bold future for the UK.



Kevin Craven  
Chief Executive, ADS







## Securing Domestic Advantage

Our recommendations for the next Government:

1. Develop a new industrial strategy, driven by an Industrial Strategy Council
2. Provide an attractive investment environment
3. Address workforce shortages in partnership with industry
4. Provide long-term funding commitments for our sectors
5. Secure enabling infrastructure such as vetting and finance for our sectors

Against a backdrop of accelerating global competition, a comprehensive industrial strategy is required to secure the domestic advantage of the UK's aerospace, defence, security and resilience, and space sectors. [The next Government must set out a new strategic approach that stands tall against competitive international offerings](#) such as the US Inflation Reduction Act, by providing an attractive investment environment, addressing pressing workforce shortages, offering long-term funding certainty, and putting the UK on a more resilient, competitive footing.

## Create a competitive investment climate



Investment in our sectors is crucial for the UK's economic growth and national security. We call on the next Government to [create an investment-friendly environment](#) that attracts both domestic and foreign investors. This includes ensuring regulatory stability, offering attractive tax incentives, developing necessary infrastructure, providing accessible procurement programmes from an 'intelligent customer' government, and [fostering long-term partnerships](#) with companies committed to increasing UK workshare where possible.

The next Government should prioritise procurement decisions that promote high-value job creation, intellectual property development, skills enhancement, and capital investment across all four nations of the UK. This approach should be guided by a broader understanding of value for money while acknowledging the benefits of open and competitive procurement, as well as international defence collaboration, interoperability, and interchangeability.

Our sectors often involve extended investment cycles, with decisions made today impacting technologies set to hit the market in the mid-2030s. Therefore, securing long-term funding certainty is imperative. We call on the next Government to [commit to sustained, multi-year investment](#) in growth sectors like ours, moving away from disruptive stop-start funding cycles that hinder business planning. This commitment will empower companies to plan, invest in research and development (R&D), and maintain the UK's global competitiveness.

To begin, the Government should establish long-term commitments in targeted growth areas to provide stability and [encourage private sector investment](#). This should encompass the entire innovation cycle, starting with extended funding for aerospace R&D through the Aerospace Technology Institute (ATI) beyond 2030. The ATI serves as a crucial pillar in the UK's aerospace research and technology ecosystem. Additionally, the Government should promote more sources of patient capital and maintain the international appeal of the UK's R&D tax credit scheme by making capital expenditure eligible.

## Commit to increased defence and security resourcing

The war in Ukraine underscores the crucial need for a strong defence and security industrial base; the post-Cold War peace dividend can no longer be relied upon. Therefore, the next Government should include [a review of the Defence and Security Industrial Strategy \(DSIS\)](#) in any upcoming defence and security review. This must ensure the UK can sustain its industrial capability and military advantage. Any future review should outline long-term plans for defence and security funding, offering greater clarity and certainty on moving beyond the existing 2% of GDP NATO commitment. This is particularly important given the rise in international conflicts and the growing demand for defence capabilities.



## Strengthen UK supply chains

Amid global disruptions, the UK must **build more resilient and competitive supply chains**. This can be achieved by diversifying supply sources (considering a higher level of redundancy and on- or friend-shoring of critical capabilities), investing in modern infrastructure, and promoting sustainable and ethical practices. These measures are vital to support the **growth of our agile SME community**. While our sectors recognise their role in decarbonisation and the significance of the Environmental, Social, and Governance (ESG) agenda, addressing ongoing ESG challenges and improving access to finance is essential to enable our sectors to contribute effectively to national challenges.

The next Government should collaborate with financial institutions to ensure that companies in our sectors, especially defence SMEs, have access to the **necessary financial services and investment support** they need to grow and provide key national security capabilities. Resolving delays in the vetting process is crucial to creating a smooth and efficient industry-government partnership to meet national security objectives. This requires enhanced resourcing, reforms to cross-governmental approvals, and recognition to tap into the innovation within our SME community.

## Provide the workforce of tomorrow

Addressing workforce shortages is a significant challenge in our sectors. The next Government should tackle this through a **cross-departmental, long-term workforce strategy**. This strategy should include investments in education and training, support for STEM subjects, promotion of productive and well-paid careers in our sectors, early integration with industry requirements, and reforms to the Apprenticeship Levy to allow for greater flexibility, including increasing the levy transfer percentage from 25 to 35%. It should involve collaboration between the Department for Education, the Department for Business and Trade, and other relevant departments for our sectors, such as the Ministry of Defence, Home Office, and Department for Science, Innovation, and Technology. This strategy should aim not only to address the current skills gap, but also **to ensure a steady supply of skilled workers for the future**. Additionally, it should establish an immigration system that enables UK businesses to attract international talent when essential roles cannot be filled domestically.

## Establish a new industrial strategy

We believe that a renewed industrial strategy should be led by a statutory Industrial Strategy Council with cross-government representation, including from devolved administrations. This council should be jointly driven by the Treasury and the Department for Business and Trade. It should include representation from Prime, mid-tier, and SME communities, investors, and relevant trade associations, including ADS, UK Space, and sector growth partnerships. This council should coordinate with existing sectoral strategies to support the UK's broader industrial goals. Collaborative efforts will help ensure that the UK maintains its global leadership in our sectors. ADS eagerly anticipates working with the next Government to secure our domestic advantage.





## Securing Global Advantage

Our recommendations for the next Government:

1. Bring forward a wider trade and export strategy, co-created with industry
2. Appoint Export Advocates for our sectors
3. Bolster the UK's export promotion and licensing functions
4. Continue to strengthen EU and NATO relations
5. Capitalise on major international programmes like AUKUS

ADS' sectors operate in global supply chains, achieving sustained export growth in areas of competitive advantage. This success is an important component of the resilience of our sectors. The next Government must recognise [the value of exporting and trade](#) for sustaining our domestic industrial base and in underpinning and driving international collaboration, which is both important for developing future capabilities and advancing UK soft power. Exporting not only opens new markets and opportunities but also [helps to maintain and grow our domestic industries](#). In an era of fiscal constraint, it will not be possible to foster the growth of our sectors through domestic sales alone. The UK must now treat exports as a national priority, not a secondary activity simply of concern to industry.



### Set out a wider trade and export strategy

[Government and industry must work in partnership](#) to seize major export opportunities, recognising that the UK faces steep competition both from its strategic competitors and its geopolitical partners. This calls for a wider trade and export strategy, co-created with industry, with input from the Prime, mid-tier and SME communities.

This strategy should develop appropriately resourced [new export campaign and trade missions](#), plus the provision of market intelligence and regulatory assistance to industry. Notably, an effective replacement scheme for the Tradeshow Access Programme is needed to provide a level playing field versus the UK's key competitors. To ensure greater value for money and support international collaboration, exportability must be formally incorporated early on in defence and security procurement, like the Social Value Model. The strategy should also [promote frictionless trade to maintain the competitiveness of UK supply chains](#), through the pursuit of free trade agreements that address non-tariff barriers such as intellectual property and visas.

### Drive defence and security exports and international collaboration



Fostering defence and security exports requires dedicated attention and political leadership, given the sensitive nature of these markets and governmental customers. The next Government needs to play a special role in [supporting these exports through enhanced government-to-government engagement](#). This will help to build trust, foster strategic relationships, and open new opportunities. Additionally, [barriers to defence and security export growth must be addressed](#) by bolstering both the Government's export support functions, including UK Defence and Security Exports, as well as its export licensing functions, through the Export Control Joint Unit. Finally, political leadership is required to fully utilise the UK's diplomatic network in support of prosperity and roll out the appointment of senior public figures as Export Advocates for all ADS' sectors, building upon the Defence Export Advocate model.



This can also be supported by a newly energised approach towards collaborating with the UK's NATO allies, for example to operationalise the upcoming Defence Production Action Plan and capitalise on the NATO DIANA initiative. There are also significant opportunities for the next Government to position industry to engage the UK's international partners on favourable terms, for example the [Global Combat Air Programme](#), the existing F35 programme, and [AUKUS](#). This calls for a joint UK industry-Government approach towards international defence and security collaboration, particularly

focused on pursuing opportunities within Pillar II (in areas of UK strength such as cybersecurity and quantum technology). There is a need to address current ITAR issues to maximise AUKUS' potential.

### Continue to strengthen UK-EU relations

The momentum on [strengthening UK-EU relations](#) needs to continue, partly to ensure the smooth operations of the Windsor Framework in the context of Northern Ireland. The next Government should continue efforts to [build strong and mutually beneficial relationships with our European partners](#) that maximise the benefits that industry can achieve under the UK-EU Trade and Cooperation Agreement. Increasing strategic dialogue between the EU and UK on defence and security (including cyber security) issues, including on initiatives such as PESCO, should serve as the foundation for a potential defence and security pact that validates the existing close industrial relations whilst allowing for structured cooperation that addresses the current constraints and common external threats.

Follow-up agreements with the EU to enable high-value UK participation in relevant EU aerospace, defence, space, security, cyber, quantum and AI programmes would be welcome. Furthermore, the UK's reassociation to Horizon Europe and the EU Copernicus programmes provides UK industry with an opportunity to capitalise on these initiatives. However, this will not happen by chance. The next Government must ensure industry can make up lost ground through a dedicated Earth Observation national programme to fully capitalise on these real opportunities.

Taken together these measures will help to boost exports and international collaboration; support, sustain and grow our sectors; and secure our global advantage.





## Securing Future Advantage

Our recommendations for the next Government:

1. Set out an agile regulatory environment for emerging technologies
2. Ensure the UK's regulators have the resources and talent they require
3. Establish UK leadership on global tech standards and regulations
4. Provide a long-term carbon market policy that supports UK industry
5. Secure a welcoming regulatory and operational environment for priority space markets

To secure the competitive edge of the UK's aerospace, defence, security and space sectors, the UK must have a flexible and supportive policy and regulatory environment that can adapt to emerging technologies and global markets.

### Foster the adoption of cutting-edge technologies

The next Government must empower UK regulators with the expertise and capacity to navigate the evolving technological landscape. Encouraging innovation and growth, especially among startups and SMEs, is essential for future success. This involves [supporting the development and integration of advanced technologies](#) like artificial intelligence, quantum technologies (to enhance cybersecurity), future flight solutions such as electric Vertical Take Off and Landing (eVTOL), and biometric technologies. Collaboration between industry and regulators through sandboxes and innovative Test and Evaluation approaches is necessary [to secure the UK's leadership in emerging technologies](#). Most importantly, adequate resourcing for regulators, combined with access to industry expertise, is crucial.



### Promote international leadership and compatibility

Given our sectors' global and highly regulated nature, the UK's regulatory environment should prioritise international compatibility and competitiveness. As such, benchmarking regulatory timelines against key competitors while minimising unnecessary duplication is essential. Alongside this, the UK should lead in setting global standards and norms for emerging technologies, actively participating in international bodies like the International Civil Aviation Organisation (ICAO), the European Telecommunications Standards Institute (ETSI), and International Organisation for Standardisation (ISO).

### Support the Net Zero agenda for UK benefit



The next Government has a crucial role to play in supporting the Net Zero agenda, a task that presents both challenges and opportunities for our sectors. The aerospace sector, for instance, has pledged to [achieve Net Zero carbon emissions by 2050](#). The coming years will be pivotal for industries worldwide as they decide where to invest to meet Net Zero targets.

The defence, security, and space sectors can contribute significantly to the Net Zero agenda. They can do this by developing and implementing low-carbon solutions that maintain operational superiority, providing unique ways to monitor climate change from space, and enhancing resilience to climate change. The next Government also has the responsibility to secure resources for our growth, including the supply of critical minerals and energy, through both domestic investment and international collaboration.



The UK's transition towards net zero carbon emissions in aviation offers a significant opportunity for the UK's aerospace industry. The Government's Jet Zero Strategy highlights Sustainable Aviation Fuel (SAF) and zero-emissions flight technologies, such as hydrogen, as key pillars of decarbonisation. To ensure the viability of these fuels for the future, it is crucial that the UK Government maintains its current policy direction and accelerates its implementation. By fostering a competitive investment environment and robust regulatory framework, the UK can *continue to attract investment and leverage its aerospace manufacturing expertise* in the era of sustainable flight.

In addition to long-term support for aerospace R&D, the UK also needs a sustainable carbon market policy. This would enable our sectors to *compete effectively as they strive towards Net Zero*. This necessitates robust UK carbon leakage mitigation measures and a more targeted allocation of funds raised through the Emissions Trading Scheme to assist sectors in decarbonising. To support advanced manufacturing on its path to decarbonisation without disadvantaging UK industry globally, *increased public support is inevitably needed*, both immediately and over a sustained period.

### **Create a dynamic regulatory environment for the UK space sector**

The next Government has a crucial role to play in fostering a dynamic and proactive regulatory and operational environment for the UK's space sector. This will enable *the UK to secure leading positions* in priority and emerging markets, such as in-orbit service and manufacturing, space-based solar power, and launch.

The UK is uniquely positioned to become a launch nation, with several sites across the country working towards or having already achieved launch licenses. *The first vertical launch is expected this year*. This necessitates a clear and proportionate regulatory framework for launch, as well as the development of adequate infrastructure and workforce across the sector. A unified and empowered approach towards civil space programmes is also essential, with strategic oversight and coordination across the space delivery landscape.

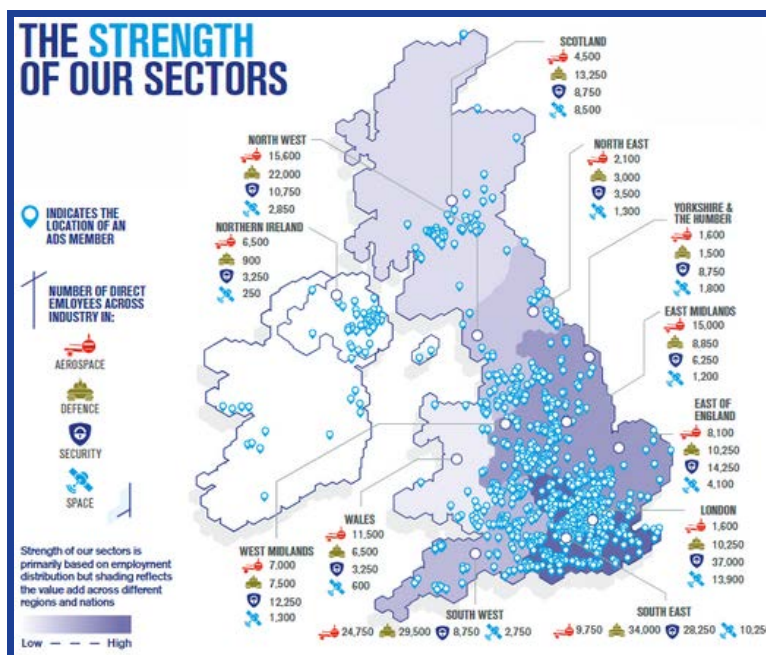
Consideration should be given to merging the UK Space Agency, elements of RAL Space, and the Satellite Applications Catapult to create a single civil space delivery body. This would streamline operations and increase efficiency.

By taking these steps, and by fostering industry-government collaboration to bolster the UK's technological leadership, we can enhance our national resilience against unforeseen shocks and secure our future advantage.



## About ADS

ADS is the trade association for the UK's aerospace, defence, security, and space industries, representing more than 1,300 members. We work with those sectors to secure the UK's advantage, enhance our international positioning as a go-to destination for innovation, and deliver on our sustainable leadership goals.



Whether representing industry, connecting our members with business opportunities, or driving forward innovation and growth, ADS is at the forefront of an array of activities, events, and programmes that benefit our members. ADS members are the custodians of a world-leading advanced engineering and services workforce, fuelling UK prosperity, and providing more than 417,000 jobs to the UK each year.

ADS has offices in strategic locations, including London, Farnborough, Edinburgh, Belfast, and Toulouse, France.

## About the ADS Policy team

As a national trade association, ADS engages regularly across Westminster and Whitehall, with the devolved administrations, and with key overseas stakeholders in Brussels and Washington to represent the strategic interests of the UK's aerospace, defence, security, and space sectors. The Policy team at ADS leads the development of national policy positions across a wide range of issues to secure the UK's domestic, global, and future advantage.

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