



UK DEFENCE OUTLOOK

2023 A guide to the UK
defence sector



AN ACTIVE DEFENCE SECTOR

DEFENCE GROWTH PARTNERSHIP (DGP)

- The DGP is a partnership between the UK Government and industry. It is comprised of 11 founding industry members, ADS, and two government departments: the Department for Business & Trade (DBT) and the Ministry of Defence.
- The DGP works to secure a truly competitive, sustainable, and globally successful UK defence sector that provides leading-edge capability and through-life support for the UK armed forces and international customers, as well as bringing wider economic benefits to the UK.
- In the longer term, it is reasonable to expect that the war in Ukraine will lead to a reassessment of future defence requirements to ensure that the UK armed forces have the capabilities needed to stay effective on the modern battlefield. The DGP has a vital role in ensuring Government and the defence industry act collaboratively to further advance UK capabilities.

THE DEFENCE SUPPLIERS FORUM (DSF)

- The DSF is the main MOD and industry engagement mechanism for discussing strategic topics. It enables the UK Government and industry to work together to achieve the Government's defence industrial strategic aims and develop collaborative responses to new issues and challenges.
- The DSF is composed of a number of steering groups, covering a range of topics including people & skills and climate change & sustainability, to identify and action areas of improvement between MOD and the UK defence industry.
- The DSF 2025 Defence Industry Vision is to maximise the 'strategic relationship between industry and the MOD to deliver world class capability and support to the Armed Forces and UK prosperity.'
- The DSF climate change and sustainability group will lead on the implementation of the Defence Aviation Net Zero Strategy through the aviation group.

DEFENCE AND SECURITY EQUIPMENT INTERNATIONAL (DSEI)

- DSEI, which returns in September 2023, is recognised as the world's largest land, sea, and air biennial defence and security exhibition.
- The event brings together senior international trade and military experts from across the entire supply chain. The ADS Pavilion will welcome over 160 businesses, 55% of which are SMEs, to showcase world-leading UK industry solutions and products.



UK DEFENCE

SECTOR

The importance of the UK defence sector continues to grow as global threats and volatility increases.



£ **7.4** BN
EXPORTS
(3 year average)



£ **9.8** BN
VALUE ADDED

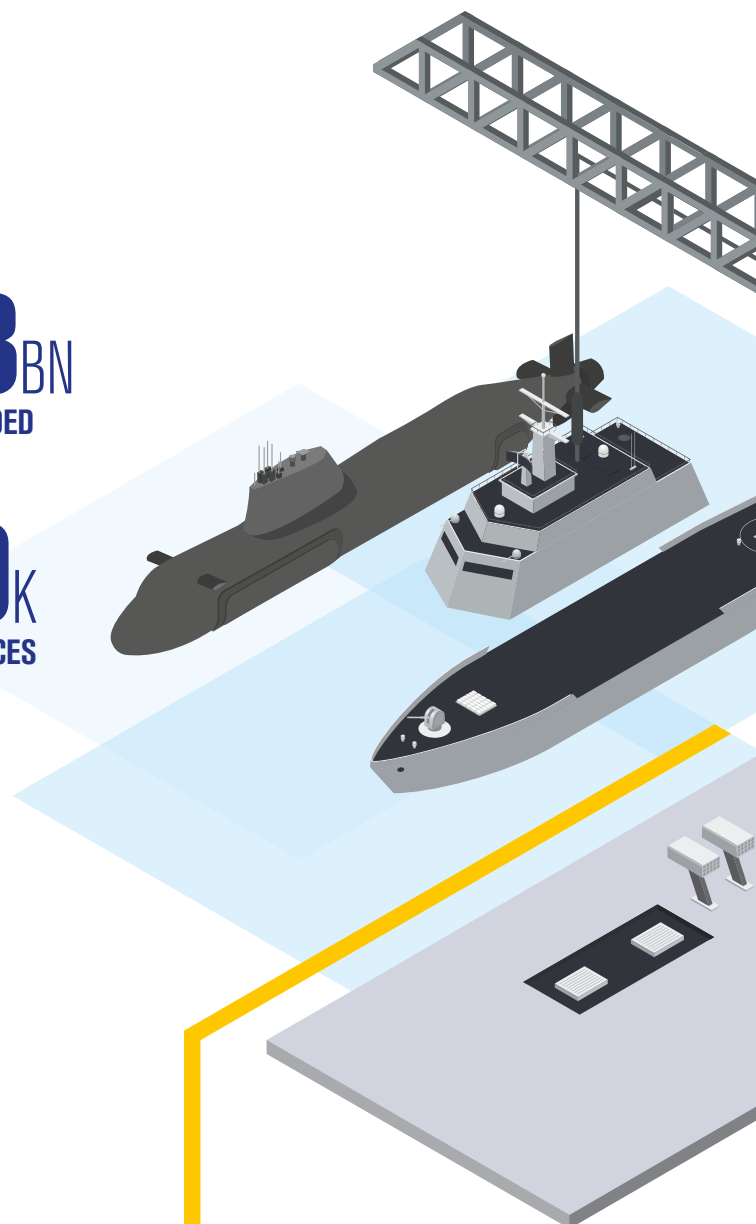


147.5 K
DIRECT
EMPLOYEES



6.9 K
APPRENTICES

£ **22.8** BN
TURNOVER



BUSINESS OPPORTUNITIES

THE UK REMAINS
THE 2ND LARGEST
GLOBAL DEFENCE
EXPORTER ON A
ROLLING 10-YEAR
BASIS

GLOBAL COMBAT AIR PROGRAMME (GCAP)

- Announced in December 2022, GCAP aims to develop a next generation fighter aircraft in a joint partnership between the UK, Japan and Italy.
- Known as Tempest in the UK, GCAP has groundbreaking ambitions, and will form the basis of UK combat air capability for decades to come. GCAP will maintain the UK's advantage in fighter aircraft technology whilst supporting thousands of UK jobs and increasing the UK's defence output and high value exports.

AUKUS

- AUKUS is an acronym for the trilateral security pact between Australia, the UK, and the United States, originally agreed in 2021. In March 2023, the UK government announced that the first generation of AUKUS submarines would be built in the UK and Australia, the new submarines will be based on the UK's nuclear-powered submarine design.
- Construction of the UK's submarines is to take place principally in Barrow-in-Furness with the first UK submarines planned to be delivered in the late 2030s. The submarine build will create thousands of jobs in the UK, befitting regions across the UK supply chain.
- Under Pillar 2 of AUKUS, a suite of advanced capabilities will also be developed which will provide opportunities for UK industry.

STOCKPILING AND STRENGTHENING UK SUPPLY CHAINS

- The UK's support to Ukraine continues in the face of aggression against the country, highlighting the importance of restocking our munitions and strengthening UK supply chains. 2023 saw the announcement of an additional £2.5 billion investment in munitions and stockpiles over the coming decade. While welcomed by industry, more substantive decisions on long-term defence investment await a future spending review.

LAND INDUSTRIAL STRATEGY (LIS)

- Announced in 2022, £41.3 billion is to be invested in land equipment and support over the next ten years, supported by the LIS which showcases opportunities to enhance the UK's land domain, while supporting the transition to net zero.
- The Land Enterprise Working Group (LEWG) established in 2023, between MOD, academia, and industry in collaboration with ADS. The LEWG will promote meaningful dialogue including on confidence building measures, visibility of capability goals, road maps, investment plans and technology investment priorities.

EXPORTS BY MARKET SECTOR 2022



77% AIR



10% LAND



13% SEA

(ADS by OE data)

POLICY LANDSCAPE

INTEGRATED REVIEW (IR) REFRESH

MARCH 2023

- The 'Integrated Review Refresh 2023: Responding to a more contested and volatile world' continues on the same broad direction set out by the 2021 IR.
- The 2023 Refresh adjusts the Government's strategic framework in several areas to address new threats from Russia and China, protect the UK economy, and compete at the cutting edge of technology.
- As part of this, the 2023 Refresh set out an additional investment of £5 billion in the Ministry of Defence (MOD) over the next two years to support the replenishment of ammunition stocks and to modernise the nuclear enterprise.

DEFENCE COMMAND PAPER REFRESH

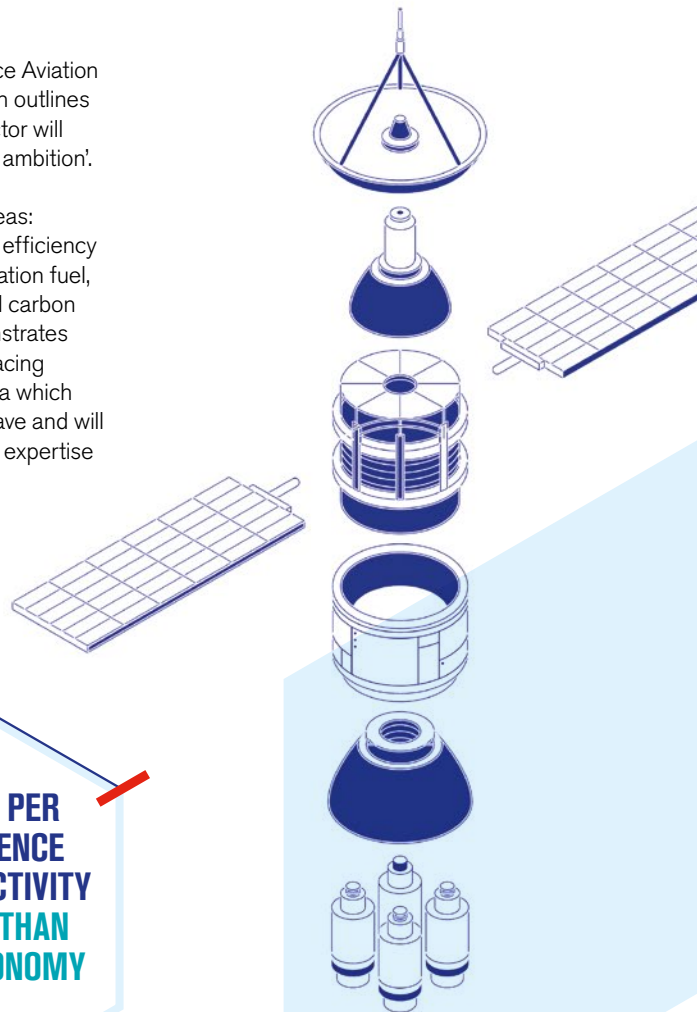
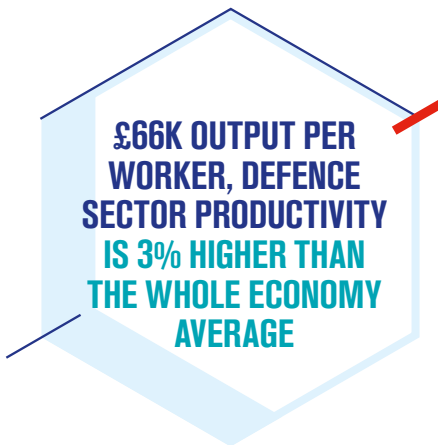
JULY 2023

- The 'Defence Command Paper 2023: Defence's response to a more contested and volatile world' details how the MOD will deliver on the Integrated Review Refresh, and how it will respond to the changing global security context. Decisions on future capabilities were not made in this Command Paper.'
- Announcements included increased funding for restocking munitions, renewed commitments to early engagement with industry, and a view to realising the vision of a true Defence Enterprise: bringing together industry and MOD as one team.

DEFENCE AVIATION NET ZERO STRATEGY

JULY 2023

- MOD have published a Defence Aviation Net Zero Strategy paper, which outlines how the 'Defence Aviation sector will contribute to the UK Net Zero ambition'.
- The strategy highlights five areas: rethinking capability provision, efficiency improvements, sustainable aviation fuel, zero emissions propulsion, and carbon removals. This strategy demonstrates the priority that the MOD is placing on sustainable aviation, an area which industry and ADS members have and will continue to commit significant expertise and resources to.



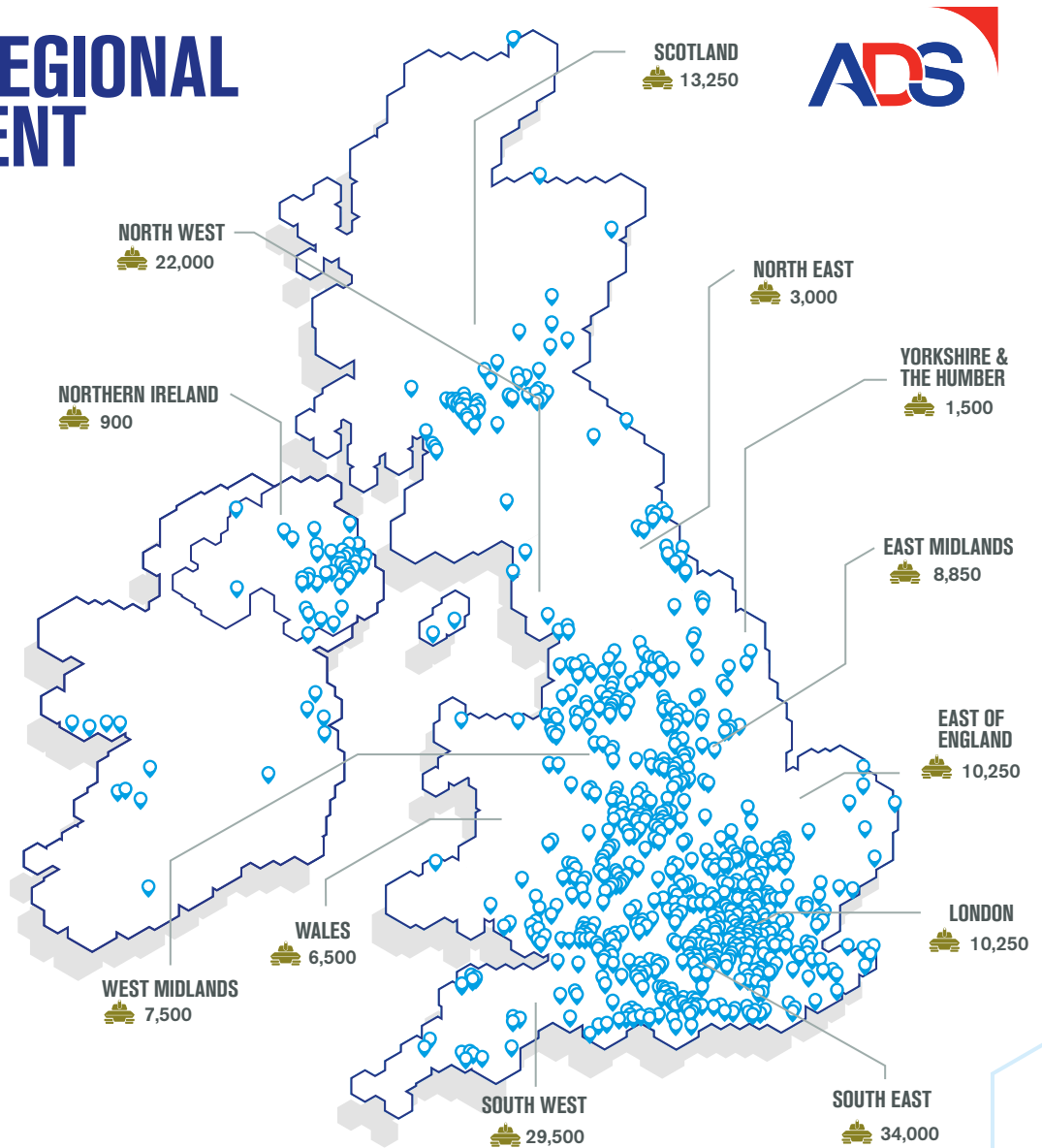
DEFENCE REGIONAL EMPLOYMENT

The defence sector employs people in all regions and nations of the UK.

REPRESENTS NUMBER OF DIRECT JOBS IN THE UK DEFENCE SECTOR



INDICATES THE LOCATION OF AN ADS MEMBER WHICH IS ACTIVE IN THE AEROSPACE, DEFENCE, SECURITY OR SPACE SECTOR



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ADS is the UK trade association advancing leadership in aerospace, defence, security, and space, to enable prosperity and clean, secure growth for our nation.

ADS Defence Outlook 2023 uses data estimates from ADS own sources, Oxford Economics, data from the Office of National Statistics and Government publications.

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