



Department for
Business, Energy
& Industrial Strategy

Rt Hon Sir George Howarth MP
House of Commons
London
SW1A 0AA

Nadhim Zahawi MP
Minister for Business and Industry

Department for Business, Energy &
Industrial Strategy
1 Victoria Street
London
SW1H 0ET

T +44 (0) 20 7215 5000
E enquiries@beis.gov.uk
W www.gov.uk

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Dear Sir George,

Thank you for your email dated 9 July to the Rt Hon Alok Sharma MP, on behalf of a number of your constituents, regarding Government support for the aerospace sector. I am responding as this matter falls within my ministerial portfolio.

As acknowledged in your email, the Covid-19 pandemic has dealt the aviation industry a devastating blow. This has led to over half the world's large aircraft fleet being grounded and airlines deferring or cancelling orders. As a result, Airbus and Boeing have reduced their production rates by around 40%, which is inevitably impacting on the aerospace sector.

The Government remains firmly committed to making sure our aerospace sector retains its leading position globally. Aerospace companies are drawing on the Government's £330 billion Covid-19 business support package, which includes the Coronavirus Job Retention Scheme. The aerospace sector and its aviation customers are benefitting from over £8.5 billion of support through the Bank of England's Covid Corporate Financing Facility, grants for research and development, loan guarantees and support for aerospace exports over the next 18 months. However, we are not complacent and remain in active discussion with the industry through the Aerospace Growth Partnership to consider what else might need to be done.

We have already taken steps to make sure that companies can continue with their investments in research and technology at this challenging time by advancing grants on our large aerospace projects. Our UK-wide Aerospace Technology Institute programme is providing £1.95 billion for aerospace research and development out to 2026 as part of the Government-industry sector strategy for aerospace. We recently opened the £300 million Future Flight Challenge, which will award £125 million of grants to aerospace companies investing in future aviation.

We are also supporting new investments in new green aviation technologies. On 30 June, the Prime Minister set out plans for the economy and, for the aerospace industry, a vision for the UK producing the world's first zero emission long haul passenger flight (Jet Zero) – an ambitious goal to develop clean aviation technologies.

We recently announced the creation of a Jet Zero Council which will bring together Ministers and CEO-level stakeholders spanning airlines, airports, aerospace manufacturers, fuel suppliers, academia, and environmental groups. This will provide leadership and strategic direction to cut aviation emissions and position the UK as a global leader in clean aviation.

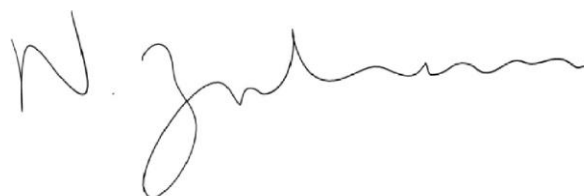
The Government is supporting innovation, productivity, and competitiveness in the aerospace supply chain through our National Aerospace Technology Exploitation Programme, Sharing in Growth and SC21 Competitiveness and Growth programmes, which have been backed with £135 million of public funding.

As part of the plan to further support jobs, the Chancellor recently announced the Job Retention Bonus which will help businesses to retain furloughed workers. In addition, to support employment, the Government is investing a total of £1.6 billion in scaling up employment support schemes, training, and apprenticeships to help people looking for a job. This will particularly benefit young people, who are amongst the worst hit by the crisis. The investment will include:

- A £2,000 payment to businesses for each new apprentice they hire under the age of 25. This is in addition to the existing £1,000 payment the Government already provides for new 16-18-year-old apprentices and those aged under 25 with an Education, Health and Care Plan.
- £111 million funding to triple the scale of traineeships in 2020-21 ensuring more young people have access to high quality training.
- £17 million of funding to triple the number of sector-based work academy placements in 2020-21.
- Nearly £900 million to double the number of work coaches to 27,000.
- An extra £32 million investment in the National Careers Service benefiting over quarter of a million more young people.

Thank you again for taking the time to write. I would like to provide my reassurances that the Government will continue to do all we can to make sure that the UK aerospace industry will remain competitive and can return to growth.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'N. Zahawi', written in a cursive style.

NADHIM ZAHAWI MP
Minister for Business and Industry