



Department for
Business, Energy
& Industrial Strategy

Rt Hon Sir George Howarth MP
House of Commons
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Nadhim Zahawi MP
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Dear Sir George,

Thank you for your email dated 9 July to the Chancellor of the Exchequer, following concerns raised by your constituents via Unite the Union about financial support for the UK's aerospace sector. I am replying as this matter falls within my Ministerial portfolio and I sincerely apologise for the delay.

I assure you that the Government is aware of the challenges currently faced by aerospace companies, the employees and their families, and the wider impact on the supply chain. The global COVID-19 pandemic has delivered a devastating blow to the aviation and aerospace sectors. Airlines have deferred and cancelled orders leading Airbus and Boeing to lower production rates by around 40% and the market is not expected to return to pre-COVID-19 levels for several years.

The Government is providing additional support to the aerospace sector at this time. UK aerospace suppliers are benefiting from the Government's unprecedented COVID-19 business support package, which includes the Coronavirus Job Retention Scheme. The aerospace sector and its aviation customers are being supported with over £8.5 billion support through the Bank of England's Covid Corporate Financing Facility, grants for research and development, loan guarantees, and support for aerospace exports.

We will continue to back the aerospace sector strongly. We recognise that new product and manufacturing technologies will transform the sector, which is why the Government and industry have committed joint funding of £3.9 billion for aerospace research and development from 2013 to 2026. The Aerospace Technology Institute programme has so far supported over 300 projects worth £2.6 billion involving 338 partner organisations, including over 200 small and medium-sized enterprises (SMEs).

We have opened the £300 million Future Flight Challenge, which will award £125 million of grants to SMEs investing in future aviation systems and vehicle technologies, which will enable new classes of electric or autonomous air vehicles. In July, we also announced the FlyZero study, which will involve 100 experts working as a full-time team to kickstart work into zero-emission aircraft, with the aim of securing future green aviation manufacturing in the UK. The Jet Zero Council, chaired by the Business and Transport Secretaries, also brings the aerospace and aviation industry and the Government together to make net zero emissions possible for future flights.

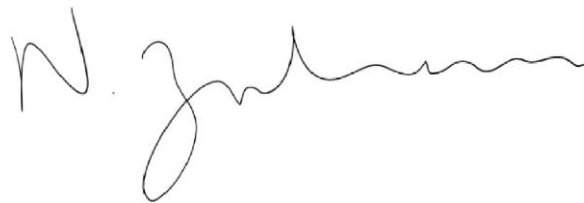
We are supporting investment in innovation and competitiveness by SMEs in the supply chain through our National Aerospace Technology Exploitation Programme, Sharing in Growth, and SC21 Competitiveness and Growth programmes, which have benefited from over £135 million of public funding.

As part of our plan to further support jobs, the Job Retention Bonus will help businesses to retain furloughed workers. From 1 November, the Job Support Scheme will protect viable jobs in businesses who are facing lower demand over the winter months due to Covid-19, to help keep their employees attached to the workforce. Employers using the Job Support Scheme will also be able to claim the Job Retention Bonus if they meet the eligibility criteria.

In addition, to support employment, the Government is investing a total of £1.6 billion in scaling up employment support schemes, training programmes, and apprenticeships to help people looking for a job. This will particularly benefit young people, who are amongst the worst hit by the crisis.

Thank you again for taking the time to write. Please pass on my reassurances to your constituents that the Government will continue to do all we can to ensure that the UK aerospace industry remains 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