House of Commons

Business and Trade Committee

Oral evidence: Industrial Strategy, HC 121

Tuesday 8 September 2026

Ordered by the House of Commons to be published on 8 September 2026.

Watch the meeting

Members present: Liam Byrne (Chair); Antonia Bance; Chris Bloore; John Cooper; Sarah Edwards; Alison Griffiths; Leigh Ingham; Charlie Maynard; Mr Joshua Reynolds.

Questions 917 - 955

Witnesses

- Sherin Aminossehe, Director, Growth and Mission, Ministry of Defence;
- Jim Carter, Director General, Commercial and Industry, Ministry of Defence;
- Ben White, Director, Defence Industrial Strategy, Ministry of Defence.

Examination of witnesses

Witnesses: Sherin Aminossehe, Jim Carter and Ben White.

[Liam Byrne resumed the Chair]

Q917 **Chair:** Welcome to the second panel of today's Business and Trade Committee hearing on industrial policy. Thank you very much indeed to our officials from the Ministry of Defence for joining us. We are grateful to you for making time when I know your Ministers are elsewhere.

I would like to kick off on the point with which we concluded the last panel, on how strong the demand signal is. We know that, if we are to rearm successfully, we will need to crowd in significant amounts of private sector investment, both from the financial community and from industry itself. The message we get from them is that the demand signal is not very clear.

I would like to start with some basic facts. Jim Carter, I will come to you first, and the others can come in. We now have from His Majesty's Government a ramp-up in defence spending from £62.2 billion this year, rising by about 18% to £73.3 billion by the end of the forecast period. What is happening to the procurement budget? We cannot get detailed breakdown numbers on what is happening to the procurement budget, although we have some top-line defence numbers. Jim, what has happened to the procurement budget over this period?

Jim Carter: We have set that out in the defence investment plan, which sets out the £298 billion of investment over the next four years, and the capabilities we want from that. From that overall figure, we will then issue the more detailed procurement pipeline that sits underneath it.

Q918 **Chair:** We do not have a year-by-year breakdown of that very large number. I remember—I am so old and I have been around for so long—the standard trick at Budget time when Gordon Brown was the Chancellor was basically to take a very long run of years, roll it all up into one package and present it as a big number without giving a year-by-year breakdown.

When I look at the breakdown of the defence budget, I can see a 4.8% increase next year, a 4% rise the year after, followed by 1.2% and 1.1%. How do we understand what the year-by-year breakdown of that procurement budget looks like?

Jim Carter: I will need to come back to you in writing on exactly how that is broken down.

Q919 **Chair:** Okay, but are you telling us today that there is a breakdown?

Jim Carter: I need to return in writing.

Q920 **Chair:** Okay, that is a mystifying statement. The latest figures we have are that about 40% to 45% of the procurement budget is spent in the UK or on UK-headquartered companies. Do you have a sense of what fraction of this mysterious procurement budget will be spent on UK-headquartered companies by 2030?

Jim Carter: I would recognise a different figure from that 45%—85% of our spend in the last financial year was with UK-based organisations.

Q921 **Chair:** Eighty-five per cent?

Jim Carter: Yes. Clearly, as part of the "Back British" work we are doing—Ben can speak a bit about that—and our changes to the social value model, we're looking to increase that. We are also very busy implementing the industrial strategy, and our work with SMEs in the UK is also going to drive that number. We see that driving the number north.

Q922 **Chair:** North of 85%?

Jim Carter: Yes.

Q923 **Chair:** The second big complaint we get is about the speed of procurement. Last year, the Defence Secretary promised the biggest overhaul of Ministry of Defence procurement for 50 years. That is a bold statement. The last figures were something like six years to procure major platforms and three years for upgrades, and the goal is to drive that down to two years for major platforms, one year for upgrades and three months for commercial systems like drones. Can you tell us what the average is today in terms of the procurement cycle for major platforms and upgrades?

Jim Carter: I do not have the specific numbers of those averages with me today. This is a really critical part of the changes we are making under the industrial strategy, and that transformation of the acquisition system is something we are working very hard on—as set out in the strategy, the implementation of the segments, the procurement segmentation model, and the going live with our accelerated commercial pathways. We have seven live, with more to come. They are things like pathways for urgent, spiral, SMEs, and data and digital. What we are definitely seeing through that implementation is the acceleration of that specific work.

The number of our live procurements that are adopting a pathway is around 70%, based on figures from May. I am giving you some examples of where I can really see it accelerating. If I can give you another quick example, Commercial X is a small programme that is delivering really innovative capability. Their average time to contract is around 50 days, down from 57 last year, and they have delivered about 1,000 contracts in the last two years. We have lots of examples of critical capability, equipping the war fighters, being delivered really fast.

The reason I hesitate on giving you overall figures for those large segments is that I really want to make sure the data I am giving you is 100% accurate. I have seen trending that indicates those are going in the right direction. It is a bit like turning a supertanker—we have a lot of live procurements; some have been delayed—but the things we're letting now, the new requirements coming in, are being done at real pace. I think that trend will continue. There are a number of other things we are doing to streamline that process, so I am confident that we will continue to be trending towards those time-to-contract targets.

Q924 **Chair:** Do you think you would be able to give us a snapshot of where we are on that journey if I write to you?

Jim Carter: Yes.

Q925 **Chair:** You will accept that the old defence equipment plans provided quite a lot more detail about the packages that were being procured. From memory, we used to be able to look at a defence equipment plan and say, "Right, they want 623 Boxers". You would accept that, within this large, mysterious procurement budget, we can't break down year by year, and it is quite hard for industry to see into what the precise packages are. Do you have a sense of when the Ministry of Defence will begin to specify what those packages are?

Jim Carter: The investment plan is obviously a different beast to some of those equipment plans. It includes infrastructure, people and all these other pieces. It is interesting, because I regularly speak to industry about the investment plan—I was at a defence security resilience conference in Newport last week—and I am getting a very positive response to it in terms of our setting out our capabilities and what we are after. That is because industry is really desperate for that demand signal, which it now has, and its ability to invest in production, skills and resources can then be off the back of that. In answer to your specific question, from the autumn—soon—we will be seeing those packages coming out. My colleague in the National Armaments Director Group, Paul Marshall, is in our plans and portfolios team, and he is at the front of the work to deliver those packages.

Q926 **Chair:** Do you accept that it is a little blurry at the moment? If I look at the numbers for air, it grows from £27.8 billion to "£70 billion" between 2030 and 2035, but it does not say exactly what will be in that uplift or when between 2030 and 2035 we will hit £70 billion.

Jim Carter: Clearly, the investment plan was published, and then, as you can imagine, very quickly we mobilised to get underneath that with our strategic partners and our wider defence ecosystem to explain and to add clarity at a deeper level—

Q927 **Chair:** So what you are saying is that, from the autumn, we will begin to see clarity on some of the packages that make up these new numbers?

Jim Carter: That is my understanding, yes.

Q928 **Chair:** Finally from me, on the challenge of bid rigging, you will have seen the *FT* reporting today about the CMA looking for a bit more granularity on procurement data from your Department, with the CMA alleging that we are falling behind other countries in really understanding our procurement data inside out and having a strong handle on bid rigging. Is bid rigging a problem in MOD procurement today?

Jim Carter: Interestingly, I was at the all-party parliamentary group this morning with the chief executive of the CMA, Sarah Cardell, promoting those two reports. We are working with Sarah's organisation, which is really good. Therein, we have joint workstreams on which we are working together, one of which is bid rigging. We clearly take it very seriously.

One of the advantages of the defence market is that a proportion of our spend is under the Single Source Contract Regulations, which give us, as the sole buyer, significant access to the cost drivers and the information that makes up bids. That ability to really scrutinise and get underneath the data means that we can get underneath the things that Sarah is raising—where there is collusion and you get this artificial increase in bids.

Q929 **Chair:** Is it a problem you are worried about?

Jim Carter: It is a problem I am worried about, and it is one that I will continue to pursue. Under the defence investment plan, we have a specific target for the National Armaments Director Group and my organisation to identify £250 million of procurement error or fraud. We appeared at a Public Accounts Committee session on that earlier in the year.

Q930 **Chair:** Your target is to take on £250 million?

Jim Carter: To realise that target.

Chair: I see. That is from Treasury efficiency targets by the sound of it.

Jim Carter: We take it seriously. We want to make sure that we use technology effectively, so digitalisation and AI can help here, but this is also about rolling our sleeves up and doing really good contract management. I am excited to get after that.

Chair: It is a big number.

Q931 **Sarah Edwards:** The Committee is quite interested in how we define some of the terms that are used. We know that the defence investment plan sets out a nice vision—great, lovely—but some of it is perhaps not as clear as we think it should be. Increasing sovereign and asymmetric capabilities, for example, is just one of those phrases.

We made recommendations to the Government in the economic security report to publish a list of what they meant by "sovereign capabilities", and that was rejected. Other countries have done that type of thing, such as Canada, which we visited last year to learn about what they were doing around defence. Japan also take a slightly different approach, but they list types of technologies that they want to pursue to make sure that, as we heard in our previous session, the demand signal is clearer. What do we mean when we say "sovereign capabilities"? What is it that we are trying to develop?

Jim Carter: I will start and then maybe go to Ben. Certainly, some of the "Back British" work and the work that we are doing under the Defence Industrial Joint Council is getting after this. If I think about the two lenses of the defence investment plan and the defence industrial strategy, they work together to bring into clarity the sovereign capabilities that defence needs to equip the warfighters to win the war of tomorrow. The tilt described in the investment plan, particularly around autonomous uncrewed systems, points to that. This is a point the Chair made, but it does not go into the real detail of those at a more granular level, but we have been working hard on definitions, as I said, in the Defence Industrial Joint Council.

Ben White: We absolutely recognise the challenge that the Committee has set out. As part of our "Back British" work, we have five steps that we are undertaking. The first is to be clear about our definitions, and to publish what we mean by "British" and "sovereign". That work has been done jointly with industry and ADS, which I understand was with you earlier.

Q932 **Sarah Edwards:** Is there any timeframe for that? You are working out the definitions of "British" and "sovereign", but do we know when that is going to happen?

Ben White: This whole package of work that I am going to describe will run from September to February next year, so it is a six-month programme. The advice still has to go to Ministers before it can be published and set out, so I am unable to give you a specific date at the moment.

Q933 **Sarah Edwards:** So we should know in six months' time?

Ben White: Within the next six months, this whole package of work ought to have been delivered. The definition piece is foundational to this whole package of work. It is really important because it drives things like the defence finance and investment strategy, and it underpins everything we are doing on the industrial base. That definition is one part.

The second part is mapping out the sub-sectors. You saw that we touched on that in the defence industrial strategy, and we agree with you that much more specificity is required. That is what we are going to do over this period, and we will be working with our analysts and industry to define them.

We are then going to take that work and put it into our procurement processes, which is about asking what we can do to amend our procurement processes in order to buy British and to show the long-term sustainable demand signal that I think you expect from us.

The next package is offsets and having offset capability, because we will not always be able to buy British. Some capabilities just will not be produced here, so we will have to buy them overseas. Having a mechanism by which those suppliers invest back into the UK economy is really important. Again, we have been through a consultation process with industry, and the advice will be going up to Ministers shortly.

The final step is the support package that goes around this to make it easy for industry to operate with us on this "Back British" policy.

Q934 **Sarah Edwards:** Can I just come back to what you said about mapping the sub-sectors and looking at procurement processes? Can you explain how what you are doing is not listing the sovereign capabilities, which the Committee asked you to do as a Government? How is what you are doing not that, and how is it getting anywhere near it?

Ben White: Our intention is to be much clearer to everybody—that is, published—about which sub-sectors are important to us and where we require sovereignty, so whether we are happy to build, buy, partner or grow to get these capabilities. What we are going to do is paint a picture of the defence industrial base of the future and give a much clearer demand signal not only to SMEs and primes in the UK but also to international partners.

Q935 **Sarah Edwards:** Does that mean you are basically accepting our recommendation to map sovereign capabilities?

Ben White: It is for Ministers to determine whether we accept the policy advice going up. The work going forward, which they have commissioned from us, is to do the policy generation.

Chair: That sounds suspiciously like progress.

Q936 **Mr Reynolds:** Please correct me if I am wrong, but it sounds like you just told the Committee that it is going to take the Ministry of Defence six months to understand what the words "British" and "sovereign" mean, and I really hope that is not the case. Is that what you have just told us?

Ben White: I cannot get ahead of the policy advice to Ministers. What I am saying is that there is a package of work, and we aim to deliver all of it in the next six months. Obviously, one of the first-order items is going to be defining "sovereignty". We already have a candidate definition, which has been developed with industry, but it has to go to Ministers first.

Q937 **Chair:** You will understand that some people will wonder how the Ministry of Defence cannot define what is British.

Ben White: I understand that. It is quite nuanced, and everyone has taken a different approach.

Q938 **Mr Reynolds:** Is it nuanced to define the word "British"? What is the nuance?

Ben White: The Canadians, for example, have defined it as being whether you pay taxes in Canada, whether you employ a workforce in Canada and so on. We have that approach, and other countries have adopted different approaches. We are trying to understand how we do that without disadvantaging critical companies that operate in the UK and supply into the UK. There are different ways to look at it. The work we are looking at is how to take a tiered approach to ensure that companies that have holdings overseas, such as Thales and Leonardo, but also have a very big investment commitment in the UK, are catered for in our definition.

Q939 **Mr Reynolds**: We are taking a tiered approach to the word "British", then. Is part of the defence industrial strategy committed to setting out a strategy to crowd in funding? The defence industrial strategy was launched on 8 September last year. It has been a year. When is that strategy going to be published?

Ben White: Can I turn to Sherin, who has been working on this, to help me?

Sherin Aminossehe: This was in both the SDR and the defence industrial strategy, and we also refer to it again in the defence investment plan. Effectively, we hope that the defence finance and investment strategy will be out this autumn, after the Budget. The process by which we have got there is to talk to more than 150 stakeholders—investors, SMEs, ADS and TheCityUK—with whom we have had a number of roundtables and have worked with on our recommendations.

We have also worked with regulators such as the Financial Conduct Authority, and PuFins such as the British Business Bank and the National Wealth Fund. Effectively, if the DIP sets out the signal, the DFIS is translating that for investors and external capital. What that means effectively is that it is in three tranches.

There are policies to do with looking at access to capital, which is obviously a concern. There are also the practical measures of the finance models we have been working on with the Treasury and NISTA, on how to bring in capital much quicker than now. We have also been working on an investable opportunities pipeline, including some of the things you have referred to in terms of the DIP, so we can actually go to investors and say that these are the kinds of things that we are going to use to crowd in capital.

The other point on investable opportunities is that we know, from all the feedback we have got, and I am sure you would say the same, that we need a single front door. We are launching the Defence Investment Unit within MOD. That is currently being set up, as a single front door. We are also working with the wider Whitehall apparatus—the Office for Investment, the BBB and the National Wealth Fund—and, within our own place, UKDI and the Office for Small Business Growth, channelling it through one front door, so it is not confusing for investors. They are not having to say, "Am I supposed to go to this place or that place?" It is making that a lot simpler.

Finally, before the end of this year, we hope to have the defence investment summit where we will bring in investors and announce and talk about exactly what we are going to do.

Q940 **Chair:** Do you recognise TheCityUK's analysis that private capital could multiply Government spending by two to three times?

Sherin Aminossehe: That is why we are doing this work. We have had two roundtables.

Q941 **Chair:** So, that is not a crazy estimate from TheCityUK?

Sherin Aminossehe: I would say that it will build up. On day one, it is not going to double or triple, but I feel that if we do this well—what we are working on at the moment are metrics and what constitutes success for us. We need what we call pipe-cleaner deals to show the City that we are serious about what we are doing and can do this quickly. Then we can make this bigger.

In the medium term, Treasury rules, et cetera, notwithstanding, you could significantly multiply what we are doing. That is also about accelerating how quickly we can then bring in military capability and help investment and growth—everything we talk about in the DIS—around the country.

Q942 **Chair:** You recognise two of the issues that have come up in some of the evidence we have heard. One is that smaller businesses are really struggling with banking and other forms of finance, because demand signals are especially important for them, and they lack those. Secondly, on the point that John Godfrey made about the travails that small businesses have to go through to get through the various compliance loops, he has some practical proposals for solving that problem. Are those two issues on your radar?

Sherin Aminossehe: Absolutely. I have personally spoken to John. We have had a number of conversations about it, and I have also had them with ADS, who did their ESG charter recently. So we are working on a package of measures within the DFIS on access to finance for SMEs and also with the Financial Conduct Authority, as well as with the BBB.

Jim Carter: Can I just build on that?

Chair: Yes, quickly, and then I will come to Leigh Ingham.

Jim Carter: We are clearly attracting SMEs. Utilising their innovation is critical. On that finance point, we did a recent webinar with NatWest talking to 600 of their bankers about how they could support their SME clients. We also have, to supplement Sherin's point, the Office for Small Business Growth and our SME action plan that was published in July, which are great at signposting for SMEs how they can navigate defence and gain access to the finance that Sherin mentioned.

Q943 **Chair:** That sounds good. We see that the number associated with the accelerated contracts fund is very small—£20 million. And we have not joined the DSR, which was specifically focused on unlocking bank finance for small defence contractors.

Sherin Aminossehe: Is that the DSR Bank?

Chair: Yes.

Sherin Aminossehe: Do you want me to talk a little about that? Would that be helpful?

Chair: You might as well take this opportunity.

Sherin Aminossehe: We have been working with the Treasury on both the MDM and the DSRB. An important thing to say is that it is not as black and white as, "We are doing this and not doing that." We have had a number of discussions with Canadian colleagues, and it is important to note the complementarity of the two models. As you say, the DSRB is particularly focused on financing, particularly in terms of small businesses, which makes it attractive to a number of people. The MDM is focused on procurement, which, as Jim was saying, is a critical part of what we do in MOD, as is joint procurement that can bring in efficiencies. Joint stockpiling is really important for our commitments to NATO, along with working with other JEF nations. At the moment we are looking at how these models can work together or potentially be brought together. That piece of work is happening live at this moment in time.

Q944 **Chair:** With a view to announcing something when?

Sherin Aminossehe: As I said, it is a live piece of work. As you can imagine, there is a lot of international relations and discussions that are currently literally at stake. I cannot give you a date because—

Q945 **Chair:** We are publishing correspondence from the Chancellor today, which underlines the ambition to try and find ways to bring these things together. And you are telling the Committee today that those negotiations and conversations are under way at the moment.

Sherin Aminossehe: Yes.

Q946 **Leigh Ingham:** I want to follow up on something you said a moment ago about the DFIS, which I thought was quite interesting, and how, if we get this right, we can get it done quickly and move things forward. I just want to counter the point that you made, Ben, that it is going to take six months to define "British". I appreciate that that is maybe an oversimplification, but I do not understand how those two things are complementary. If we are doing DFIS, we need to have an understanding of what British firms are looking to fund. I am a bit concerned that you are publishing something in the autumn, which is not going to have the definitions and guidance that you need to move things forward. I am interested in how you are dealing with that issue in terms of the pace of movement, because the one thing we have heard a lot of is that things have been quite slow.

Ben White: I said the whole package of work will take six months to deliver. I have not been specific about when the definition will be delivered. I have said that the DFIS is dependent on a definition in order to support its work. So what we have to do behind the scenes is work on the sequencing and the ministerial approvals before we can announce them.

Jim Carter: If I can quickly make a general point around pace, one thing I am pleased about in the way we are implementing this industrial strategy is the collaborative way that the Department, wider Government and defence ecosystem are getting behind the plans to implement the DIS. The Defence Industrial Joint Council that I spoke about has investors, primes, SMEs and trade associations. And there are really clear and ambitious plans delivering activity to deliver the industrial strategy. Those are set out and tracked and we are programmatically getting after it. So I just wanted to counter—what I see is not delay. It is about motivated people getting after this agenda at pace.

Chair: Let's just round out the conversation on DSRB.

Q947 **Mr Reynolds:** We have seen the joint UK-Canada statement that was made on 8 July and the things that the Chancellor has said in meetings with both the Treasury and the Ministry of Defence. Can you point to any concrete instances of co-operation and collaboration in the work being done on the DSRB and on the MDM since that statement was made on 8 July?

Sherin Aminossehe: As you will appreciate, and as I said earlier, these two organisations have been developing over roughly the past year and a half. There are a number of complexities, and as I said—I would not have made it up—there have been numerous conversations, both within the DSRB group, which set up the DSRB initially, and Canada, which has been the main proponent of it, and with us in the UK and our partners in the MDM. As you will probably know much better than I do, negotiations with multiple countries over something that is complex and relatively niche, such as a defence financing structure, can take longer than some of us would probably like to reach a conclusion.

Q948 **Chair:** If we are honest, the obstacles that we came across were a bit more fundamental than that. The obstacle was the Treasury basically saying, "We haven't got enough money to endow both of these with the tier 1 capital that they could then leverage." It was a much more philosophical, fiscal constraint than you were perhaps alluding to.

Sherin Aminossehe: This is a case for the Treasury; as we know, defence spending has been in the headlines. For us, when we spoke with the Treasury, its view at the time was that the procurement would deliver greater efficiencies to defence than something that could be dealt with in other ways. The thing to focus on at the moment is not the history but what is happening at the present time in our discussions with Canada on what the future holds.

Q949 **Chair:** The view we picked up is that the Treasury would much prefer small business supply chain or small business leverage problems to be dealt with by the British Business Bank, rather than joining a multilateral institution designed to fix the same problem.

Sherin Aminossehe: I am sure this will be examined over the weeks to come. We—and this Committee, I am sure—want what is best for British businesses. The BBB already offers support to SMEs—not just those in defence, but across the board—and that has to be reviewed as part of the overall package.

Q950 **Chair:** Okay—so you think a new philosophical freedom will come to some of this over the next month or two?

Sherin Aminossehe: As I said, I can assure you that conversations are taking place. I am sure that there will be an announcement soon.

Jim Carter: Sherin has talked about the prize. The prize of crowding in this finance in the way that the defence finance and investment strategy will set out is also in the export opportunities. On the idea of defence being an engine for growth, there is tremendous opportunity for UK suppliers to benefit from that export potential.

Q951 **Mr Reynolds:** On that specific point, when we met the chief negotiator for the DSRB, she made it very clear to us that if we were not part of the DSRB when sovereign lending, specifically to Ukraine, happened, that money could not go to British defence firms. How can you square those circles?

Sherin Aminossehe: We are already part of the Ukraine loan agreement, so we are already linked in with Ukraine. I think that must have just been an error.

Mr Reynolds: It definitely was not—part of the DSRB was about sovereign lending.

Chair: We will follow up on that point in writing, because we would benefit from having clarity on that.

Q952 **Antonia Bance:** Turning to defence as an engine of growth, particularly in deindustrialised regions, many of us were interested to see the announcement of six new munitions and energetics factories in the strategic defence review. That was in the early autumn of 2025, and as of November 2025, 13 locations were being talked about. When will we hear where these six factories will be? Deindustrialised communities across the country are waiting for these jobs to turn up.

Jim Carter: I will have to write to the Committee with specific details on the timing of that. More broadly, the growing defence spend that we have around the UK is a positive story. Some 66% of that is outside the south-east. I get around the country a lot talking to suppliers. Those communities—Barrow, Scotland or elsewhere—are really benefiting from the defence pound because it comes with highly skilled, well-paid jobs. It might be helpful to spend a minute on the defence growth deals as well, which we see as being a bit of an engine for growth.

Sherin Aminossehe: We have launched five growth deals across the country since the launch of the defence industrial strategy in South Yorkshire, Plymouth, Wales, Northern Ireland and Scotland. We have ambitions to expand that across the country as resources allow and link more widely with other parts of the country. In terms of what we are looking at, this also links with academia and our defence universities alliance and the defence technical excellence colleges. We are particularly focusing on certain themes in each area depending on what those areas' strengths are and what their interests are in the early business cases that they have shared with us. We are now very much entering the delivery phase of getting details of the projects and giving out the funding for real so that those projects can happen.

Q953 **Antonia Bance:** Okay, but you will understand from the perspective of the industrial strategy, one of the key drivers is spreading growth to every postcode. It has felt like a number of the defence investment decisions have been driven by building on places that already have significant manufacturing capabilities. What many of us who represent areas that desperately need good new jobs are waiting for is the moment when the deals go beyond the clusters around Rolls-Royce and Plymouth to reach out to those areas of the country that, after 40 years of deindustrialisation, are crying out for the good jobs that are to be brought by this defence dividend. For the moment, those have not turned up for communities like many of those that we represent.

Jim Carter: We track it very carefully. We understand where the defence pound is spent. One of the ambitions we have is to draw non-traditional suppliers into defence—the dual-use suppliers—and massively increase our use of SMEs. That will help us get out to those postcodes that we do not currently hit. The £2.5 billion increase in spending with SMEs—a 50% increase by 2028—which is part of our industrial strategy commitments, will help address that point you are making.

Sherin Aminossehe: Just to add, we are thinking about working with the regional defence and security clusters and some of the new mayoral strategic authorities to say how we can expand what we have already announced in the past few months. Hopefully, if you have us back next time around, we can tell you about that.

Antonia Bance: I appreciate the offer to write to us, particularly on the munitions factories. I would appreciate a more granular regional breakdown of where defence money is being spent. We are particularly interested in the aspirations for more good jobs in lots of areas of the country where they do not exist currently.

Q954 **Chair:** Can we check something on Chinese supply chains while we are on procurement and sovereignty? We are bound to have some Chinese components—not least rare earths—in the supply chains. That is going to show up in a report that the Committee is about to publish on critical minerals. Are there particular supply chains, particular lines of armaments or supplies, where you think there is a priority to decouple from China? Are we using China for our uniforms, for example?

Jim Carter: Not to the best of my knowledge, Chair. In addition to acquisition reform, particularly getting after the pace of procurement, improvements in our understanding and management of our supply chain, and in the resilience of our supply chain, are absolute priorities for my organisation. I have a supply chain team that delivers programmes of deep understanding and illumination of our supply chain, as well as working closely with industry on wargaming and scenario planning for eventualities, with the aim of us being all ready by 2030—working back from that date.

Those programmes build our capability and enable us to identify foreign interest in our supply chains where we might have to intervene. We are doing that in a prioritised way in the areas of criticality, but it is bringing a data-rich approach to the challenge. Once we have identified that we have a challenge—we have talked about foreign ownership, but there are other fragility points or single points of failure—that enables us to act on it. How do we create that dual source or move suppliers out from our supply chain? That is something we manage actively. We understand who is in the supply chain, even at the sub-tier.

Chair: I think we have covered most things but, Mr Cooper, did you have a question?

Q955 **John Cooper:** Yes, just one quick thing. In our economic security report, we recommended a trusted marketplace for people who want to invest. We have heard consistently throughout today about the importance of getting in private capital. Not to do ourselves down, but that was not an original idea: the Americans already do this. We heard that the much-delayed defence finance and investment strategy will have a pipeline of investable projects. Will the decision to reject our recommendation on that trusted group be reversed, do you think? Is that likely? Will that be part of it, or go hand in hand with it?

Sherin Aminossehe: Of the things we are looking at, I think two are linked to what you are saying, but correct me if I am wrong. We are just finalising some work on trusted capital. That links partly to what Ben was saying about the British definitions. There is a link through. That is being finalised—what kind of capital is suitable for what types of investments and asset classes—and we are looking more broadly at the option of looking at the compliance requirements. That is like a trusted group that goes through compliance requirements, which could make the process quicker.

Chair: That is incredibly helpful. I think that is our lot. Thank you very much indeed. That has been very enriching. We will certainly invite you back, once your Minister is back in the country. For now, that is it.