



Ministry of Defence

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Dear Liam,

Thank you for your letter to the Rt Hon Lord Robertson, in his capacity as leader of the Strategic Defence Review (SDR) team, back in July; I have also had sight of Lord Robertson's response. I echo your comments on the importance of the review and its contribution to our safety and security.

I am responding to the questions you raised in your capacity as Chair of the Business and Trade Committee. The views set out below are those of the Department, rather than the Review Team, which has now formally completed its work.

In recent years, there has been significant growth in the use of a range of economic levers to undermine the national security of the UK and its allies. Given their complex and multi-dimensional nature, countering these threats requires a whole-of-government response. As a result, the National Security Strategy, published by the Government on 24 June 2025, rather than the SDR, is the key document that sets out the approach to economic security as a core part of our national security.

Within this framework, departments work closely together to assess the threats, identify potential vulnerabilities, and take action to address them. The UK remains an open economy and welcomes overseas investment in support of the growth agenda. Ensuring that we have effective tools to manage economic security risks is an important element in achieving the Government's objective of secure and resilient growth.

Answers to your specific questions are set out in the attached Annex A. In responding, the department has outlined its perspective and role on economic security within the wider framework of the National Security Strategy. I am grateful for the Committee's engagement and contribution in such an important area of policy.

Yours ever,

LORD VERNON COAKER

The Rt Hon Liam Byrne MP
Chair of the Business and Trade Committee
House of Commons

Annex A

Q1. In your view, what are now the principal threats that the UK confronts—both to our security in general and our economic security in particular?

The principal threats set out in the National Security Strategy include:

- Hostile State Activity
- Strategic Competition and Confrontation
- Economic and Technological Vulnerabilities
- Terrorism and Extremism
- Organised Crime and Illicit Finance
- Climate, Health and Demographic Shocks

Q2. The Review Team's assessment of economic security threats (sources of threat and ways these currently manifest and/or might do so in the future), primarily but not only from the four main state threat actors identified in the SDR.

From a defence perspective, we focus on those threats that have the potential to impact our capabilities, operations and people, or which could be used to provide a potential military uplift to our competitors. The principal threats include:

- Investments in companies to gain access to sensitive military or dual-use capabilities
- Acquisition of companies in the defence supply chain or those supporting critical national infrastructure, with the potential to cause disruption
- Exports of sensitive material or components
- Creation of opportunities for surveillance or bulk data collection
- Partnerships with academic institutions in sensitive areas of technology
- Wider use of economic coercion, including limiting access to critical materials or components

These threats may be triggered directly by state actors but can also arise as a consequence of the business models of individual acquirers, which can impact the security of supply of goods and services critical to defence, or weaken protections around sensitive technologies or operations.

Q3. To what extent do you believe economic tools might be used against us by our adversaries, including as sub-threshold and potentially hybrid action?

Identifying the intent and origin of economic actions that impact national security can be challenging, as they may operate from a state level down to the actions of individual companies or investors. Tools and measures directed towards the UK that have a legitimate economic purpose can also impact—either deliberately or inadvertently—on national security interests. They may be used in concert with other measures such as cyber activity or information operations. They are therefore strong candidates for sub-threshold or hybrid action.

Q4. Whether the Review Team learnt anything specifically on economic security through the SDR process that was not deemed relevant to a report for implementation by the Ministry of Defence, but which might have been of importance to wider Government.

Defence has recognised the importance of addressing economic security risks that impact our capabilities, operations and people, or provide a potential military uplift to adversaries. We recognise that the nature of this threat continues to evolve in both sophistication and impact, and that we must build and adapt our capability to respond.

In 2017, the department established the Defence Investment Security Team to carry out assessments of mergers and acquisitions (M&A) activity with implications for defence. In 2021, this team became part of a new and expanded Defence Economic Security and Statecraft Directorate, which also provides Defence's contribution to the operation of the National Security and Investment Act. The work now includes the development and operation of a wider Counter Economic Threats capability.

In July 2025, responsibility for the MOD's support to HMG's export control process was transferred into the above Directorate as part of the Defence Reform changes, allowing a more holistic approach to identifying and countering economic security threats.

The MOD team works closely with colleagues in other departments and provides support drawing on our specialist technology and assessment capabilities. We regularly share information on emerging risks and are part of the overall development of the UK's protective tools and processes.