Business and Trade Committee

Friday, 12 June 2026

Rt Hon Sir Keir Starmer KCB KC MP
Prime Minister
[By email]

Dear Prime Minister,

Subject: Multilateral defence investment

I write to seek the Government's assessment of either joining the Canadian-led Defence, Security and Resilience Bank (DSRB), or opening talks to combine the Multilateral Defence Mechanism and the DSRB.

The Government has promised to hit the new NATO spending target by 2035, but the Rt Hon John Healey MP in his resignation letter as Defence Secretary has warned that the investment due to be committed in the Defence Investment Plan "falls well short of what is required for defence and the country at this dangerous time".[1]

New methods to mobilise defence investment are therefore clearly an important way in which the gap in defence finance can be filled.

Last week, the Business and Trade Committee held meetings in Canada with the defence industry and the Chief Negotiator for the Defence, Security and Resilience Bank (DSRB), as part of our work on defence industrial policy.

We heard about the DSRB's potential to address market failures in defence investment, particularly by offering loan guarantees to defence SMEs. At a time when the UK's new defence commitment may reportedly be as low as £13 billion over four years, the DSRB is intending to mobilise a total of £100 billion. Ahead of the NATO summit next month, we were left in no doubt that the UK would be warmly welcomed as a DSRB partner.

The UK Government, however, has hitherto said that it has no plans to join the DSRB.[2] Instead, the Government is prioritising a separate institution, the Multilateral Defence Mechanism (MDM), alongside Finland and the Netherlands. We understand that the

[1] BBC News, Defence Secretary John Healey's resignation letter in full, 11 June 2026

[2] HL Deb 19 May 2026, c263

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MDM intends to aggregate demand, drive joint procurement, accelerate defence investment, but focus on sovereign lending for jointly procured equipment.

The MDM is clearly a worthy initiative with valued partners – but so is the DSRB. Our Canadian partners told us that the DSRB and the MDM could have a high degree of complementarity, targeting as they do linked but distinct issues in defence investment – market failures in supply chain financing in the case of the DSRB, and inefficiencies from fragmented procurement in the case of the MDM.

We have heard no convincing explanation of why the Government has not explored ways to either support both initiatives or negotiate a combination of both ideas. With the UK facing difficult but necessary choices about investing in our future security, it is puzzling that the Government is not choosing to maximise opportunities to leverage UK investment through multilateral programmes with our closest allies.

The outgoing Defence Secretary himself said in his letter to you that "there are credible ways of meeting the mid-term funding challenges, working multi-nationally and as other European nations are doing".[3]

I would therefore be grateful for answers to the following questions:

1. Does the Government's position remain that the UK will not join the DSRB? If so, please explain the reasons.

2. Have you discussed the potential advantages of UK participation in the DSRB with the Chancellor of the Exchequer, the Business Secretary, and the incoming Defence Secretary?

3. Will the Government commit to revisiting UK participation in the DSRB when meeting Canadian counterparts at the upcoming NATO summit?

4. What cost-benefit assessment has the Government made of a complementary model combining the functions of the DSRB and the MDM?

Given the urgency of communicating confidence around the Defence Investment Plan, I would be grateful for a response **by Thursday 18 June.**

[3] BBC News, Defence Secretary John Healey's resignation letter in full, 11 June 2026

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I am copying this letter to the Chairs of the Treasury Committee and the Defence Committee.

Yours sincerely,

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

Cc: Dame Meg Hillier MP
Chair, Treasury Committee

Cc: Mr Tanmanjeet Singh Dhesi MP
Chair, Defence Committee

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