Liam Byrne MP
Chair, Business and Trade Committee
House of Commons
London
SW1A 0AA

15 July 2026

Dear Mr Byrne,

It was our pleasure to support the recent dinner discussion on the Milken Institute report. We are grateful for the Committee's focus on leveraging the role industry can play in strengthening the UK's economic security and defence readiness. ADS valued the opportunity to contribute to this important conversation and to discuss the implications for the UK's defence industrial base.

The discussion reinforced our view that defence readiness, industrial resilience and economic security are no longer separate policy questions. The UK's ability to deter threats, support allies and respond to crises depends upon the strength and resilience of its industrial base. At the same time, investment in the defence industrial base is an important vehicle for delivering wider economic benefits through high-value employment, regional growth, innovation and productivity.

Recent developments have underlined the urgency of this agenda, while a new Government domestically gives the UK an opportunity to give these issues refreshed urgency. The NATO Summit in Ankara demonstrated a growing consensus amongst Allies that defence investment must increase substantially over the coming decade, and alongside this, that concerted effort is needed to boost defence financing. Joint procurement and joint financing with allies will help build resilience. However, the challenge now facing governments is not simply one of spending commitments but of delivery. The focus must move to translating political ambitions into deployable capability, resilient supply chains, skilled workforces and sustainable industrial capacity. This will require collective work across government to decide what the UK needs to maintain as sovereign capabilities, and where we can work best with allies to build wider resilience.

Alongside demand certainty, access to finance remains an important enabler of defence readiness. While investment is flowing into parts of the defence and dual-use ecosystem, many SMEs and mid-tier companies continue to face barriers accessing the capital required to scale production, invest in innovation and expand capacity. Any new financial institutions that the UK considers participation in should work to complement existing mechanisms, seeking to leverage allied and multilateral financing initiatives rather than operate in isolation.

We also see value in the development of multilateral financing mechanisms. Initiatives such as the NATO Innovation Fund and wider discussions around international defence financing such as the Multilateral Defence Mechanism (MDM) and Defence and Security Resilience Bank (DSRB)

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reflect a growing recognition that industrial resilience requires long-term investment and collective action. The UK has an opportunity to play a leading role in shaping these arrangements and ensuring that they support industrial growth, interoperability, and resilience across the Allied defence ecosystem. Given the current threats we face, the UK also cannot afford to miss these opportunities to build collective resilience.

There is now an imperative for Government, regulators and financial institutions to work together to ensure that viable defence businesses are not held back by financing constraints or confusing demand signals. This includes improving access to growth capital for SMEs, addressing barriers that discourage investment in defence-related activity, strengthening export finance support and creating clearer pathways for private finance to support industrial scale-up and innovation.

Looking ahead, ADS believes that meeting NATO capability and spending ambitions will require a genuinely cross-Government effort. Defence readiness cannot be delivered by the Ministry of Defence alone. It requires coordinated action across Government on industrial strategy, skills, infrastructure, investment, exports, innovation, finance and supply chain resilience. The strategic direction is increasingly clear; the challenge now is execution.

One of the strongest messages from industry is that many of the key issues are already well understood. The need for clearer demand signals, improved procurement performance, greater industrial capacity, enhanced supply chain resilience and better access to finance has been discussed extensively across Government and industry. The priority now must be delivery, as we welcome a new Government shortly. Businesses need confidence in the pathway ahead, clarity on implementation and sustained momentum across government to ensure that objectives are translated into tangible outcomes.

I look forward to our continued engagement with the Business and Trade Committee as it examines the links between defence, industrial policy, economic security, and growth. Thank you again for your leadership on this important issue, and I look forward to seeing you at Farnborough Airshow next week.

Yours sincerely,

Kevin Craven,
CEO
ADS Group