Aerospace Growth Partnership

FLYING HIGH

ONE YEAR ON FROM LIFTING OFF

AGP™
Aerospace Growth Partnership

AGP
Aerospace Growth Partnership

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FOREWORDS

Marcus Bryson CBE,
AGP Co-Chair
CE of GKN Aerospace and Land Systems
ADS President

When we started on the AGP journey, our main objectives were to create a partnership between Government, industry and academia and develop a strategy that continued to secure the UK's position as a leading aerospace nation. I am delighted to say, not only have we achieved those objectives, but we are continually setting the bar higher. This document provides an update on those achievements over the last twelve months and sets out the game plan going forward.

AGP is timely, we find ourselves in an aerospace "super cycle" and the opportunities over the next twenty-five years are just getting bigger. AGP will continue to ensure that UK industry is targeting the right customers and markets with the right technology, skills, capability and products. These are incredibly exciting times for UK aerospace and I am delighted that AGP has acted as a unifying force in bringing together senior executives, key influencers and decision makers to form a dynamic team. The UK remains well positioned to exploit the huge opportunities in front of us.

I look forward to your continued support.

The Rt Hon Michael Fallon,
Minister of State for Business and Enterprise
Minister of State for Energy
Minister for Portsmouth

We should be really proud that the UK is the number one aerospace industry in Europe and a world leader in innovation. The UK is at the forefront of the global aerospace industry and the Government's aim is to keep us there. This document sets out how the Aerospace Growth Partnership is delivering against the industrial strategy it published in March 2013. It sets out many real examples of the whole of Government working with the whole of the sector to deliver long-term growth for the UK. I have seen first-hand how this work is helping companies of all sizes – SME, mid-cap and large – and spanning the whole of the UK, to help deliver growth and prosperity in England, Wales, Scotland and Northern Ireland. This continuing effort will ensure that Britain develops the efficient and environmentally friendly aircraft of the future, while keeping highly-skilled manufacturing jobs here in the UK.

CONTINUED INDUSTRY COMMITMENT TO AGP

This report outlines the excellent progress made under the Aerospace Growth Partnership and the plan for moving forward.

The UK aerospace industry will continue to work with Government and academia to implement the aerospace industrial strategy and ensure it meets the objectives of creating long-term growth, wealth and skilled jobs for the nation.

AIRBUS
BOMBARDIER the evolution of mobility
FINMECCANICA
GKN AEROSPACE
Marshall
Rolls-Royce
SAFRAN AEROSPACE · DEFENCE · SECURITY
SPIRIT AEROSYSTEMS
ADEPT NX Ltd AEROSPACE & DEFENCE NON-EXECS
aeromet
AirBorn CONNECTING CUSTOMERS TO SUCCESS
ALTRAN
AVPE
BEAGLE TECHNOLOGY GROUP
HYBRID Air Vehicles
JJ Churchill Ltd PRECISION ENGINEERING
MEP
RLC
GROUP RHODES
ROCKFORD
ADS
ADS northern ireland
AEROSPACE WALES
fac
midlands aerospace alliance
Northwest Aerospace Alliance
WEAF

SUMMARY

The **Aerospace Growth Partnership (AGP)** has transformed the way in which industry and Government work together to secure the long-term future of one of UK's most important, high-technology sectors. The UK aerospace sector supports around 230,000 UK jobs, pays high salaries and exports around £25 billion a year. Last year we published **'Lifting Off – Implementing the Strategic Vision for UK Aerospace'**. This set out our ambition to:

- Ensure the UK remains Europe's number one aircraft manufacturer and globally second only to the United States
- Support UK companies at all levels of the supply chain to broaden and diversify their customer base
- Provide long-term certainty and stability to encourage industry to invest in UK technologies for the next generation of aircraft

The strategy is backed by £2 billion R&D investment over seven years from industry and Government. This provides industry with the predictability and confidence it needs to invest in the UK, in what is a long-term sector.

As part of this investment, AGP has created the **Aerospace Technology Institute (ATI)** which has recently opened its headquarters at Cranfield. We have already announced over £300 million of new investment in collaborative R&D projects and infrastructure. These span all areas where UK is looking to sustain and drive forwards its competitive advantage – wings, engines, aerostructures and advanced systems. These R&D projects benefit companies and universities across the UK. Investment in new infrastructure is also critical to UK's competitiveness and so far ATI has invested over £75 million in upgrading wind tunnels and research facilities.

ATI's positive impact was successfully demonstrated at an **AGP Technology Showcase** event held in February. High attendance reflected support for AGP and the event attracted companies of all sizes and key decision makers from Europe. It was a perfect setting to showcase UK's achievement through investment in technology, to exchange knowledge and to develop new relationships.

AGP launched the £40 million **National Aerospace Technology Exploitation Programme (NATEP)** to help small and mid-sized companies develop innovative technologies and increase their ability to win new global business. This programme is now well under way and will support 100 collaborative projects, sustaining and creating 1,200 jobs.

Sharing in Growth, an ambitious performance improvement programme, has also been established to strengthen capabilities of aerospace supply chains. It is a £120 million initiative supported by £50 million from the Regional Growth Fund with around 35 companies participating so far.

The **Supply Chain Finance Forum**, involving banks and other finance providers, has engaged with over 500 SMEs to get a better understanding of some of the challenges they face. We will continue to work together to ensure that companies have the access to finance they need to achieve growth.

We have made progress broadening UK's customer base including increasing opportunities in the US for our suppliers to win business on Boeing aircraft programmes. In March, AGP formed the centrepiece of UK Trade & Investment's (UKTI) **International Aerospace Xchange** event. This successful event was attended by around 150 representatives from small and medium sized companies. This formed part of our commitment from large companies to provide potential suppliers with a clear vision of their long-term requirements and what smaller companies need to offer to secure contracts on future programmes.

Addressing skills, we have created an additional **500 Masters level postgraduate places** for aerospace, funded by Government and industry. The scheme is proving a success in attracting and developing talent for UK aerospace industry. Over 100 bursaries were awarded in 2013 and we are on target to award another 200 this year with a further 200 in 2015.

AGP and the aerospace industrial strategy is changing the way companies think about the UK. Support provided by the Partnership has created an attractive and competitive environment for investment here, and we are already seeing positive results. Almost three quarters of aerospace companies plan to increase investment during the coming year with one in four looking at re-shoring activity to the UK.

A number of companies have placed R&D projects here that would otherwise have been located overseas with positive implications for future manufacturing, supply chains and jobs. In addition, we are seeing significant new aerospace investment in modern manufacturing facilities, which are the best of their kind in the world – for example Airbus (Filton and Broughton), Bombardier Aerospace (Belfast), Rolls-Royce (Washington Tyne & Wear), UTC Aerospace Systems (Hemel Hempstead), Gardner Aerospace (Derby) and GKN Aerospace (Severn Beach).

AGP continues to foster collaboration between UK aerospace companies finding solutions to important challenges. This year, a major new piece of work has been launched examining **how we can produce wings more competitively**. A dedicated team has been created drawing from key players in industry, academia, research centres and Government; as well as across the existing AGP structure. The team will identify opportunities for improving UK's offering as a whole in order to meet demands of aircraft manufacturers ahead of our competitors. This approach, involving competitors working together in many key areas, signals the success of AGP working collaboratively for national benefit.

Outputs from this work will be expanded into other product areas and shape the future of our aerospace industry and inform future investment decisions, including R&D investment through ATI.

The Partnership has made great progress but we recognise that there is still much to do. The UK aerospace industry is confident in the strength of AGP and believes there is no better example of Government and industry working together.

2013

£2.4bn
Growth

£25bn
Exports

£28bn
Turnover

MARKET FORECAST IN CIVIL AEROSPACE

29,000

Large aircraft
(>100 seat)
by 2032 worth

$4.4
trillion

24,000

Business Jets
by 2032 worth

$648
billion

40,000

Helicopters
by 2032 worth

$165
billion

5,900

Regional aircraft
(<100 seat)
by 2032 worth

$186
billion

Total civil aerospace market
in excess of

$5
trillion

IMPORTANCE OF AEROSPACE TO THE UK

> "It is excellent to see that the UK Government is conscious of the strategic importance of the aerospace industry. The AGP demonstrates a long-term understanding of this.
> From the progress already made, such as the Aerospace Technology Institute, it is clear that this is a very productive relationship between Government and industry that is delivering tangible results. These initiatives continue to give Airbus confidence in the UK's commitment to aerospace and its future role in the design and production of the next generation of aircraft."
>
> **Fabrice Brégier, President and CEO of Airbus**

Aerospace is a cornerstone of UK high-value manufacturing. It supports a highly-skilled, innovative, well-paid workforce and creates long-term jobs and careers for over 109,000 people directly, including around 3,300 apprentices and trainees. In addition, the sector supports over 120,000 jobs indirectly. Average salaries, at £41,000 in UK aerospace, are over 50% above national average. The UK aerospace industry has an annual turnover of almost £28 billion, and around 90% of production is exported. We are leading the way in economic growth, with the sector growing ten times faster than the rest of the economy. Since 2011, our sector has grown by 14%, spurred by AGP and the aerospace industrial strategy: aiding technological innovation; driving productivity and capability improvements; and, raising skills across supply chains.

Orders for aerospace are already substantial and growing with around nine years work on the books - worth £150 billion to UK economy. This reflects our strong position supplying the world's leading aircraft manufacturers such as Airbus, Boeing, Bombardier and AgustaWestland. For example, orders of Rolls-Royce's Trent XWB engine on the Airbus A350 are already worth £30 billion and it has become the fastest selling wide-body engine ever, with commitments for over 1,400 engines so far.

The sector is expected to sustain these high levels of growth due to increasing demand for air travel globally. Over 29,000 new large passenger aircraft are needed by 2032, worth around $4.4 trillion. In the same timescale there is also a requirement for some 24,000 new business aircraft, 5,900 regional aircraft, and 40,000 helicopters. These aircraft need to be greener, quieter and more economical to run than those they replace, making technological innovation key to our growth plans. With UK's leading capability in some of the most complicated and high value parts of these aircraft, this demand represents a huge opportunity for the UK economy.

Secures long term jobs and careers for over

109,000

people directly, and supports a further 120,000 jobs indirectly

SUCCESSES

GKN: Boeing Advanced Technology Winglet

In December 2013, Boeing announced that it had selected GKN to design and produce the 737 MAX Advanced Technology Winglet. The innovative split design reduces fuel consumption by 1.5% and will be manufactured in the UK. With more than 2,000 orders for the 737 MAX this is a significant package of work to be placed in the UK.

NATEP Projects

Process Optimisation for Aerospace Alloys

ANT Industries, with Arrowsmith and Technoset, are using the Manufacturing Technology Centre's expertise to improve the processing of metal alloys used in the aerospace industry.

Visual Inventory Optimisation Software

ConsulaAvila are working with the RLC Engineering Group and CANDA Systems to develop a visual management software tool to optimise inventory levels.

Aviation High Noise Headset

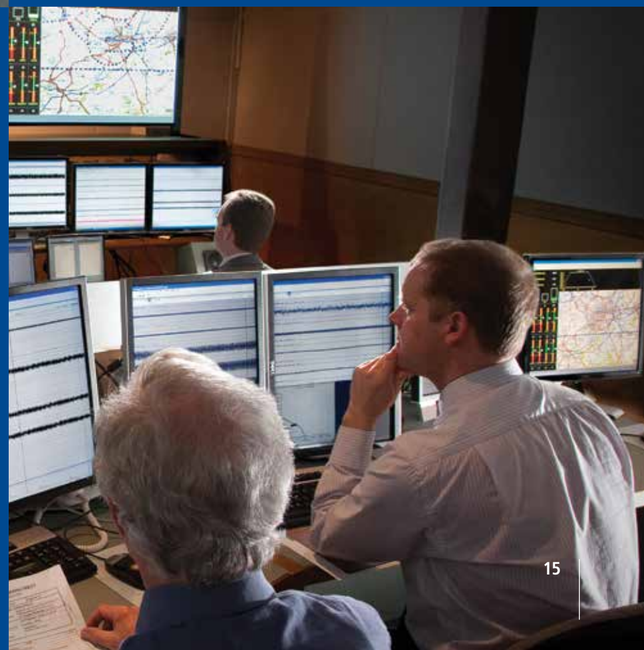
A new aviation headset design that allows pilot, air crew and ground crew to operate safely in high noise environments is being developed by LimitEar, Hosiden Besson and Racal Acoustics.

MBD Safran

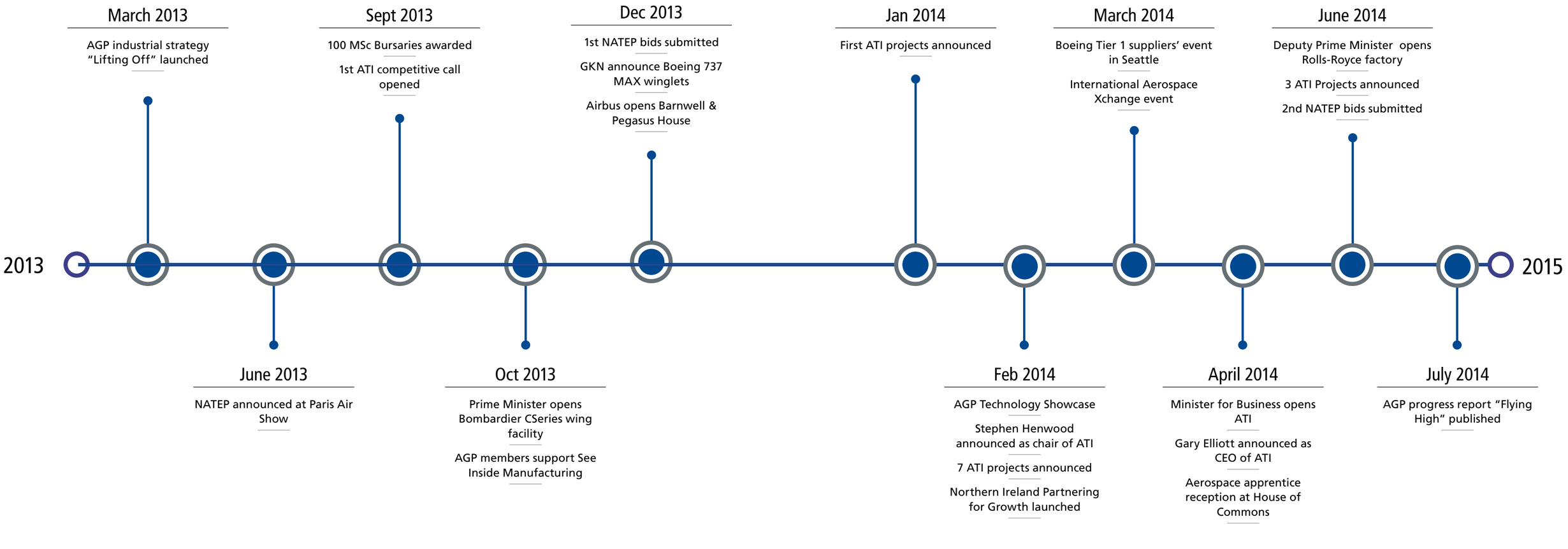
AGP has provided aircraft landing gear manufacturer Messier-Bugatti-Dowty (part of the international Safran Group) opportunities to address key technical skill requirements through access to schemes such as the Aerospace MSc Bursary programme. MBD has also increased its UK based research activities into the future generation of landing gear as a result of AGP's R&D commitments. This inward investment has led directly to employment growth in both the MBD UK team and its local supply chain.

Airbus

With strong AGP engagement and with ATI support, Airbus is already pursuing the Wing of the Future research programmes. These are not only looking at more fuel efficient and environmentally friendly wings, but also advanced landing gear and fuel systems to compliment radically new designs. These studies will ensure that the UK remains at the cutting-edge of wing performance, design and manufacture for generations to come.



AGP TIMELINE SINCE LIFTING OFF



TECHNOLOGY

QUIETER, GREENER, LIGHTER, CHEAPER

Given the time it takes to develop a new aircraft, companies look for long-term certainty in the availability of Government support for R&D against private investment. Government's decision, through the industrial strategy, to commit £1 billion investment in R&D over seven years (to 2020) has been transformational. Sharing Government's ambition, industry has agreed match funding. This £2 billion investment in UK aerospace R&D is the largest in a generation. The Aerospace Technology Institute (ATI) will provide a targeted technology strategy to optimise this funding.

ATI is an independent institute bringing together industry, academia and Government to help the AGP prioritise investment in aerospace R&D, including manufacturing technology. Its overriding objective is to increase the UK's share of work on future aerospace programmes by enhancing technology and high value manufacturing capability in four priority areas – engines, wings, aerostructures and advanced systems. Ultimately ATI's success will be measured by its impact on high-value employment in the aerospace sector.

In April, ATI formally opened its headquarters in Cranfield following Stephen Henwood's appointment as Chair and Gary Elliott as CEO. Good progress is being made and they are in the process of appointing the remaining Board members and ATI team. The UK Centre for Aerodynamics, created by AGP in 2012, has already been incorporated into ATI as planned, building on its excellent work over the past two years. The next priority for ATI will be to publish its first UK vision & technology strategy as part of a national blueprint for technological progress over the next twenty years.

To strengthen critical elements of UK infrastructure, we are investing £60 million in a new aerospace research facility at the Manufacturing Technology Centre at Ansty; and £15 million of joint public and private funding has been committed to upgrade wind tunnels at the Aircraft Research Association and seven universities to support key aerospace projects.

Over £300 million of collaborative R&D projects are already up and running benefiting companies of all sizes and universities across the UK. These projects are being delivered through the Technology Strategy Board (TSB).

"As an independent company the Aerospace Technology Institute has been established as a collaboration between Government and industry to lead and challenge the UK's aerospace technology strategy and through £2 billion of secured R&D investment protect and grow the UK's competitive position."

Gary Elliott, Chief Executive of the ATI

Over

£300m

ATI activity underway

"Rolls-Royce values the AGP and how it has provided the industry with a UK roadmap for the development of the sector. The AGP is important to Rolls-Royce and the company is already investing in the UK on the back of this Government/industry commitment. With R&T support from Government, we are able to work together on our vision to deliver better power for a changing world."

Tony Wood, President – Aerospace, Rolls-Royce

SUCCESSES

AgustaWestland

ATI funding has enabled AgustaWestland to undertake additional R&D projects to develop new technologies and design tools, taking active rotor technologies to flight demonstration. Active rotor technology represents the next big step in helicopter capability enhancement, providing the ability to improve helicopter performance and comfort.

Rolls-Royce

The AGP, through initiatives such as ATI, gives the UK clarity of intent to nurture and grow the industry. Rolls-Royce is collaborating with universities, research centres and Catapult Centers on several projects. These will speed up the manufacture of development components, develop innovative technologies for core compressors and produce an integrated core demonstrator.

Collaborative R&D

GKN Aerospace, Bombardier Aerospace, Spirit AeroSystems and GE Aviation working closely with Catapult Centres have developed design optimisation techniques, net shape production and materials testing processes. Saving approximately 20% compared with today's manufacturing costs, this project has completed a full scale winglet demonstrator. It has taken a range of promising new technologies and processes many steps further towards technology readiness levels that will allow their use in production.

Bombardier Aerospace

ATI is enabling Bombardier Aerospace to focus its research on key technology areas such as wings, nacelles and advanced composites, which make a significant contribution to improving operating performance and reducing the environmental footprint of aircraft. ATI activities include projects supporting new concepts in wing design and manufacturing, pushing the boundaries of aerodynamic performance and developing new aerodynamic technologies for nacelle components on next generation aircraft.

Spirit AeroSystems

Prestwick-based Spirit AeroSystems, supported by ATI, is leading and collaborating in R&D initiatives. This ensures that Spirit is investing in advanced manufacturing methods to increase both competitiveness and support unprecedented rate increases in the commercial aerospace market. Spirit is also investing in developing novel composite wing structures for the next generation of single aisle aircraft.

Hybrid Air Vehicles

Hybrid Air Vehicles Ltd (HAV) is the world leader in the design and manufacture of aircraft known as hybrid air vehicles. HAV has recently launched a project with funding from ATI to develop novel technologies in wings, composites, health monitoring systems and manufacturing rates. Successfully securing the UK's position in this emerging market is estimated to provide over 1,800 UK jobs.

SUPPLY CHAIN COMPETITIVENESS & MANUFACTURING CAPABILITY

LEANER, CHEAPER, FASTER, BETTER

To maintain UK aerospace industry's competitive advantage, it is essential we enhance performance, capacity and innovation in the supply chain. There are thousands of UK aerospace companies which AGP is encouraging to grow and compete successfully.

Last year, we developed and launched a £40 million National Aerospace Technology Exploitation Programme (NATEP) backed with £23 million awarded through the Advanced Manufacturing Supply Chain Initiative. This helps supply chain companies innovate technology by working with higher tier companies so that they can win more business.

So far there have been two calls for competitive bids:

- Round 1: Five projects, worth £1 million, involving twelve companies. These technologies are required by six customers, two of which are from overseas.
- Round 2: Twenty-three projects, worth £6.5 million, involving fifty-six companies. These technologies are required by nineteen customers, five of which are from overseas, and aim to create or safeguard around 400 jobs.

The third call for project proposals is open and applications are invited by August 2014. NATEP aims to develop a supply chain with a high rate of innovation so the UK will be better able to compete globally. This will ensure that smaller companies exploit market opportunities and retain high value manufacturing work in the UK.

The Sharing in Growth (SiG) programme delivers significant capability improvements, tailored to the specific needs of supplier companies, so they can achieve the highest levels of performance required by their customers. AGP is exploring how the programme can be expanded more widely to deliver growth. This work is complementary to well established foundation programmes such as SC21 (Supply Chains for the 21st Century).

Improving manufacturing capability is one of the main drivers for supply chain competitiveness. AGP aims to embed industry's combined knowledge into these improvement programmes to capture experience in all aspects of manufacturing design, technology, processes, automation and skills development. Companies will then be able to access these enablers to build world class facilities in the shortest time possible.

As part of our work to broaden the UK's customer base, we have made progress in developing opportunities for our suppliers in the US. UKTI will appoint an aerospace specialist to: work with Tier 1 suppliers; understand requirements; and, ensure that UK companies can compete for new work. AGP is also working increasingly closely with UKTI on inward investment opportunities, reflecting growing interest in the UK as a leading environment for aerospace manufacturing.

AGP is aware that companies need access to working capital and finance to invest for growth. This is why a Finance Forum has been set up to explore and tackle barriers different sized businesses face in getting access to capital. The Forum brings together banks, other finance providers, Government and businesses. So far it has engaged with over 500 smaller companies to get a better understanding of some of the challenges they face and provide them with better access to all available support. In addition, the Forum is working with the aerospace supply chain and banks so they have the information they need to make proper lending decisions. Given the nature of aerospace programmes, with large up-front investment costs and long timescales to make a return, the Forum is also exploring alternative finance products that can be used within the sector to support growth in smaller businesses.

NATEP objectives:

100

Projects creating

1,200

jobs

"The collaboration between Government and industry driven by the members of AGP has helped strengthen key areas such as technology, skills and supply chain competence that will ensure the continued future growth and competitiveness of the UK aerospace industry."

Scott McLarty, VP UK & Malaysia Operations, Spirit AeroSystems

SUCCESSES

Aeromet

Aeromet International PLC is a leading UK based manufacturer of premium quality aluminium and magnesium sand and investment castings. Through long term investment Aeromet has developed A20X®, the world's highest strength, commercially available aluminium casting alloy. AGP is providing the structure for Aeromet to double the size of their business over the next 5 years by embracing their supply chain improvement initiatives and technological leadership.

Marshall

In March 2014, Boeing presented Marshall Aerospace and Defence Group with a Supplier of the Year award; Boeing has more than 23,000 suppliers around the world and Marshall was one of only 15 businesses to receive this award in 2014.

"I have been encouraged by the way that Government, industry and academia have come together in partnership to work on advanced technologies in areas such as aerodynamics that will be at the heart of future new aerospace products. The level of enthusiasm and commitment from all those involved has helped create a real sense of excitement around the development of the new Aerospace Technology Institute."

Professor Dame Ann Dowling, DBE, FRS, FREng

SKILLS

SECURING THE KNOWHOW OF THE FUTURE

It is clear that continued investment in training is essential to future competitiveness of our industry. Building on Government's commitment to give employers more control over training provision, AGP is creating programmes to secure skills and knowledge companies need to succeed. Future growth in aerospace manufacturing and ageing demographics of the workforce has required AGP to take a strategic look at how our industry recruits, develops and retains a talented, diverse workforce.

AGP is leading the way on developing high quality employer-led apprenticeships. As part of Government's reforms to put employers in the driving seat of designing apprenticeships, aerospace was one of the first to begin work in October 2013 through the "Trailblazer" initiative. In March, AGP successfully completed its first Apprenticeship Standard covering the Aerospace Manufacturing Fitter role. Maintaining momentum, we have just announced that we will take forward development of two further standards covering Electrical Fitters and Machinists in our sector. Working together, our employers are ensuring that apprenticeships in the aerospace sector lead the way in giving young people the skills, knowledge and behaviours needed to drive economic growth.

The Aerospace Masters (MSc) Bursary scheme is another AGP success story. It offers bursaries aimed at attracting 500 new engineers into the sector. It was encouraging that in the first year some 15% of those awarded bursaries were women – more than double the current industry average. We have also created a new online portal for the Talent Retention Solution system to allow the bursary winners to make links with aerospace companies, including smaller companies who often have difficulty attracting young talent compared to high profile large companies. By forming links, companies have an opportunity to discuss relevant aerospace research topics with bursary winners, increasing the scope for employment on completion of their studies.

We are improving the image of the sector to make it a more attractive career choice. Our companies are actively engaged with schools, young people and teachers across the whole country. As part of this many aerospace companies participated in Government's 'See Inside Manufacturing' programme last autumn. We are working closely with key partners such as the Royal Aeronautical Society and the Royal Academy for Engineering, raising public awareness and understanding of opportunities in the aerospace sector. AGP is also taking an active role in Futures Day at Farnborough International Air Show 2014, giving over 7,000 young people, aged 11 – 21, a chance to participate in exciting activities and see first-hand the career opportunities available in aerospace. Groups from schools, universities and youth associations will take part in a variety of interactive sessions linked to STEM subjects and the sector.

Building on this, Government's Employer Ownership funding is giving AGP an opportunity to design specific, aerospace focused programmes to close skills gaps through all stages of people's careers. These programmes aim to make it easier for employers of all sizes to access the new, high quality apprenticeship programmes, train their employees in specialist technical subjects and address wider business capabilities needed to grow their companies.

3,300

Apprentices and trainees in 2013

"You cannot underestimate the work and the importance of the AGP. It has given industry the springboard to engage in a more open and constructive way with Government, which will increase the UK's aerospace capabilities, grow the export market and cement the UK's future economic success. Through the AGP, the aerospace industrial strategy and the ATI, we are now in a position to actively consolidate the transition to higher-value products and services, such as products like the advanced composite wings in which we are investing in Belfast. With our company's long history of aerospace innovation in the UK, we're delighted to be able to play our part in helping to shape the future of UK aerospace."

Michael Ryan, Vice-President and General Manager, Bombardier Aerospace, Belfast

MSc BURSARY AWARDS

Zydrune Batvinyte

MSc Aircraft Engineering

"The future of the aerospace industry in this country promises to be strong. I want to be a part of that future. This is why aircraft engineering is the first choice for my career."

Didun Obilanade

MSc Aeronautics & Space

"Having acquired my MSc I will have put myself in a position of greater understanding in my field in relation to some of my peers. I will have shown that I am able to work at a high academic level as well as have the ability to research professionally."

Roffy Chitumba

MSc Aerospace Manufacturing

"This programme will prepare me with the essential skills for a career in aircraft manufacturing. I want to see an initial design develop into an operational reality. Upon completion of the MSc programme I hope to get employed as a manufacturing engineer."

Mark Mears

MSc Thermal Power

"The MSc is bringing me to an industry ready standard with strong knowledge of the field and what is expected, such that when I do begin my working career as an engineer I feel I will be able to hit the ground running."

Clara Ngwenya

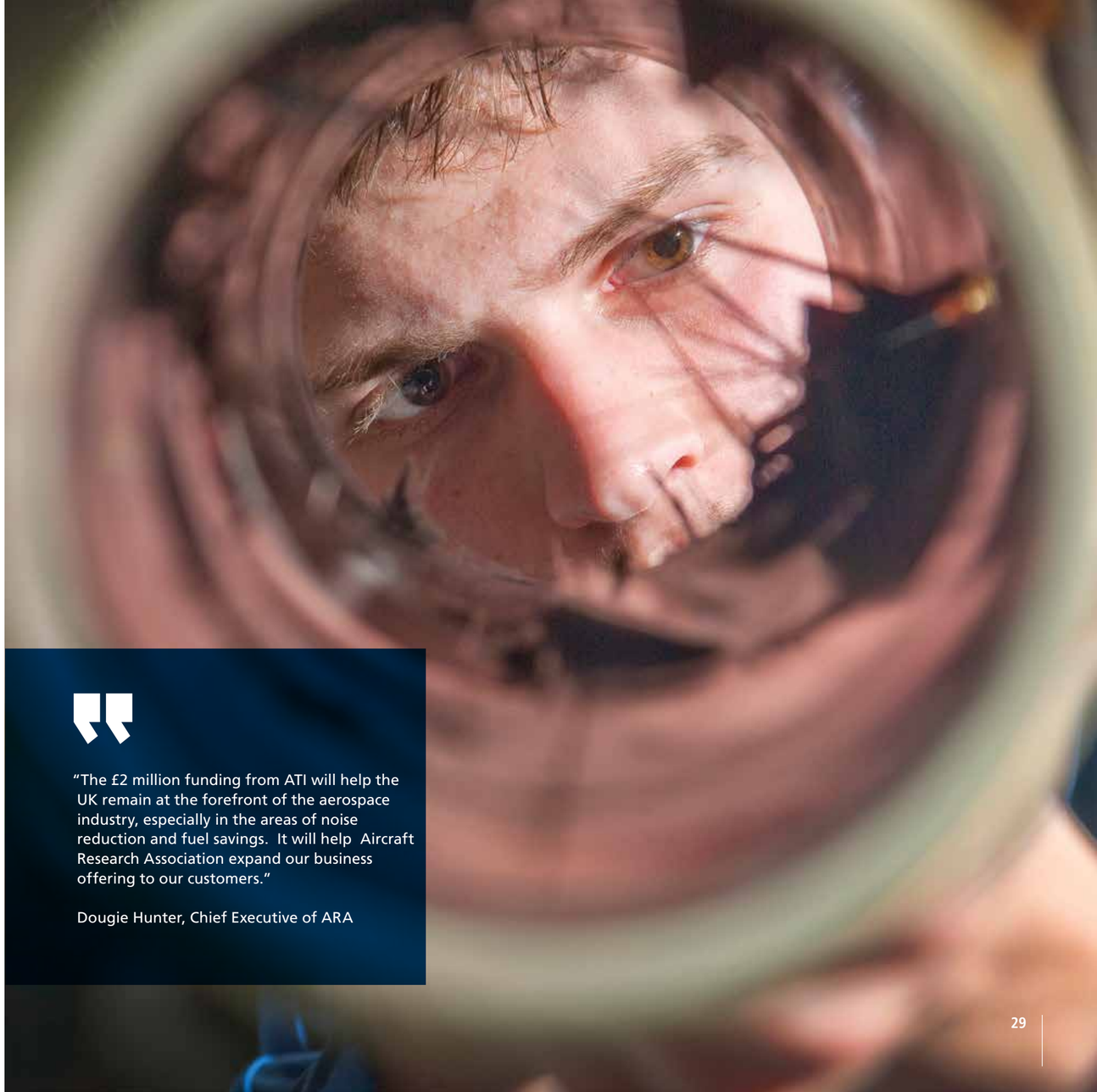
MSc Ergonomics (Human Factors)

"The MSc will provide me with the qualifications to start my new career in human factors. I want to contribute to maintaining the UK aerospace industry as a leader in Europe and to compete globally."

Tiree Macleod-Nolan

MSc Aeronautics and Space

"The Astronautics and Space Engineering Masters has taught me all the vital knowledge and skills an engineer requires to proceed into the space industry. I believe with my knowledge acquired in the masters and natural passion I will be an asset for any Space engineering team."



"The £2 million funding from ATI will help the UK remain at the forefront of the aerospace industry, especially in the areas of noise reduction and fuel savings. It will help Aircraft Research Association expand our business offering to our customers."

Dougie Hunter, Chief Executive of ARA

WHERE NEXT?

Aerospace is a manufacturing success story for the UK and there are significant opportunities for growth. The aerospace industrial strategy "Lifting Off – Implementing the Strategic Vision for UK Aerospace", published by AGP in March 2013, sets out an ambitious action plan to improve the competitiveness of the UK aerospace industry. We have made good progress over the past 16 months with a range of new initiatives created and launched by industry with strong support from Government.

As a result, there is increasing confidence in the UK as the best location for aerospace, not only from companies already located here, but also for inward investment. This approach has been commented on favourably by CEOs of the world's leading aerospace companies. Crucially, as this report makes clear, the launch of our strategy has heralded significant new investment by industry in the UK.

However the challenges of intensifying international competition, the rapid pace of innovation in the sector and a need to broaden our customer base remain. AGP will therefore continue to implement the key priorities set out in the industrial strategy.

AGP will support ATI as it develops a national strategic plan to help the UK gain a competitive edge by developing key technologies to make aircraft quieter, more environmentally friendly and cheaper to manufacture and operate.

The major new work we have just launched, examining how we can produce wings more competitively, will be of strategic importance. It unites AGP's existing activities bringing together our experience and knowledge on technology, supply chain competitiveness, manufacturing capability and skills. As indicated earlier in this report it will involve a collegiate approach, with competitors working together in many areas, which has been the hallmark of AGP.

We will continue to support innovation, capability improvement, access to finance and skills in the supply chain. This will build on the successful launch and implementation of NATEP, Sharing in Growth, the Aerospace Masters initiative and the work of the Finance Forum. AGP will work closely with Government, and the UK Business Bank to explore alternative finance products with potential to drive supply chain growth.

AGP will continue its work to broaden UK's customer base, particularly industry working in unison with Government to boost exports and inward investment.

Both Government and industry are fully committed to driving this work forward and ensuring that we create conditions for a thriving aerospace sector.

The fact that aerospace is growing at a faster rate than the rest of the economy; that two-thirds of companies expect growth of 10% or more next year; and, that around three-quarters of companies plan to increase investment next year, suggests we are getting this right.

There is no better example of a successful industrial partnership in action than between Government and industry through the Aerospace Growth Partnership.

"The Aerospace Growth Partnership is having a very positive impact on UK industry. The partnership with Government is delivering extremely valuable support and this is encouraging new business investment. There is growing confidence that the commitment and collaboration catalysed by the AGP is making the UK a more attractive location for the global aerospace industry."

Paul Everitt, Chief Executive, ADS Group

For further information about the Aerospace Growth Partnership, please contact:

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