

Defence Procurement Minister statement on National Shipbuilding

With permission Madam Deputy Speaker, I would like to make a statement on behalf of my colleague, the Defence Secretary, the Shipbuilding Tsar concerning the Government's refresh of the [National Shipbuilding Strategy](#).

The United Kingdom is a great maritime nation and shipbuilding runs in our blood. At the turn of the last century Britain built 60 per cent of the world's ships and, while we are no longer the world's workshop, our shipbuilding industry remains a global leader in design and technology. It brings in billions to our economy and spreads wealth right the way across our country.

Today our maritime manufacturers are responsible for the state-of-the-art research vessel RSS Attenborough and for constructing the most powerful surface ship ever built in Britain – the Queen Elizabeth class carriers. More than 42,600 people from Appledore to Rosyth owe their livelihoods to this industry.

But, still we need to strengthen the resilience of our shipbuilding industry. It's worth reminding ourselves that even in the digital age, some 95 per cent of UK trade by volume and 90 per cent by value is carried by sea. Given this dependence, it's vital we continue safeguarding our access to global maritime trade even as we open up our sails and seek out new markets and new sustainable technologies.

That's why, in 2019, the Prime Minister appointed the Defence Secretary as the Shipbuilding Tsar. Since then he has been working tirelessly across Government to make our shipbuilding sector more productive, more competitive, more innovative, more ambitious.

There has been real progress.

Not only do we have much greater cross-Whitehall and industry co-operation but we are doubling MOD shipbuilding investment over the life of this Parliament to more than £1.7 billion a year.

We have committed to procuring a formidable future fleet including up to five Type 32 frigates, alongside the Type 31 and Type 26 programmes. We will be growing our fleet of frigates and destroyers over the current number of 19 by the end of the decade.

We have launched a competition to build a National Flagship – the first ship of its kind built and commissioned in Britain.

And last September we opened up a National Shipbuilding Office. A pan-Governmental organisation, reporting directly to the Shipbuilding Inter-Ministerial Group and chaired by the Shipbuilding Tsar that is driving transformative change across our organisation.

Today, I'm delighted to announce we are going one step further by publishing our refreshed National Shipbuilding Strategy.

Drawing on the multi-talented skills of Government, industry and academia and backed up by more than £4 billion of Government investment over the next three years, this plan creates the framework of our future UK maritime success.

It contains five essential elements:

First, it radically extends the scope of our existing Shipbuilding strategy. I may be standing here as a Defence Minister but, rest assured, this plan is as much about commercial shipbuilding as it is the Royal Navy. Nor are we simply focused on hulls alone but internal systems and sub-systems as well.

Secondly, we are establishing a 30-year shipbuilding pipeline of more than 150 vessels – offering a clear demand signal about our future requirements.

We know a regular drumbeat of design and manufacturing work is vital, not just to maintain our critical national security capabilities, but to drive the efficiencies that reduce longer-term cost.

But we're not just giving suppliers confidence in industry order books, we are going to give them greater clarity about our requirements too. Today we set out our policy and technology priorities – from net-zero commitments to social value requirements.

And we are also determined to ensure these vast shipbuilding programmes leave a lasting legacy that goes beyond procuring a new vessel for the Border Force or the latest battle-winning warship. So we have made it a key requirement for shipbuilders to take account of social value – ensuring we not only deliver the capabilities that each Department needs, but that taxpayers' money is being used to maximum effect. We support jobs, skills and investment, and we will establish a new social value minimum for competitions for Royal Navy vessels of 20 per cent.

Thirdly, our strategy will accelerate innovation. Enabling shipwrights and supply chains to unlock new manufacturing, production and clean maritime technologies.

In recent times, the automotive industry has blazed a trail in the field of sustainability investing in everything from electric to hydrogen to ammonia fuel technologies. But, domestic shipping accounts for more emissions than the bus and rail sector combined. When it comes to decarbonisation, it's high time we made sure shipping doesn't end up in the slow lane.

In 2019 Department for Transport published its Maritime 2050 strategy – amplifying the power of UK maritime business clusters to foster a climate of innovation.

And last year's Clean Maritime Demonstration Competition underlined the sheer depth of the sector's potential with 55 projects winning a share of £23 million to develop carbon-free solutions such as hydrogen fuelled vessels,

and shipping charge-points powered by offshore wind turbines.

Building on this success, we will now make this competition a regular event. Creating more opportunities for industry to bring their cutting-edge technologies to market.

Alongside this, I can also announce today that the Department for Transport has committed £206 million to develop a UK Shipping Office for Reducing Emissions. It will fund research and development into zero emission vessels and help roll out the infrastructure that enables the UK to achieve its goal of becoming a world leader in sustainable maritime technologies.

Shipbuilding is a long-term investment. The more we can do to shelter it from market storms the better. So, the fourth aspect of our plan is about providing greater financial support for shipbuilders to win orders.

Access to finance for underwriting contracts is an essential element of any shipbuilding enterprise. Alongside banks and working capital loans, Government too has a role to play in helping finance vessel contracts.

UK Export Finance already offers credit facilities to support British companies winning work overseas. But to make UK shipbuilders more competitive when bidding for orders for new ships from domestic customers, the Department for Business, Energy and Industrial Strategy (BEIS) is now working on plans to underwrite contracts for UK shipbuilders building ships for UK operation. BEIS aims to launch this new Home Shipbuilding Credit Guarantee Scheme in May.

Switching to exports, opportunity is opening up for suppliers to increase their market share. In 2020 we exported £2.2 billion of ships, boats and floating structures. But we believe we should be able to grow our exports by 45 per cent by 2030. To make that happen we're opening a new Maritime Capability Campaign Office. Covering all aspects of the shipbuilding enterprise, from platforms, to sub-systems, to the supply chain, it will use robust industry analysis of global markets to help suppliers reach untapped markets.

Of course, our success in the long-term will hinge on the strength of our skills base. This brings me to the final aspect of our plan. We are determined to develop the next generation of shipbuilding talent. So today we're establishing a UK Shipbuilding Skills Taskforce. Led by the Department for Education and working in tandem with the NSO and Devolved Administrations, it will bridge skills gaps and learn from best practice – particularly in relation to new and emerging technologies. Above all, it will act as megaphone for the varied and exciting careers that shipbuilding can offer up and down the country from designing cutting-edge environmentally friendly ferries to developing propulsion systems for complex warships.

The building blocks of our refreshed Strategy are settling into place. Our NSO and Maritime Capability Campaign Office are up and running. Our UK Shipbuilding Skills Taskforce is accepting applications from today. And, in the coming months, we will be establishing a new Shipbuilding Enterprise for

Growth. Co-chaired by the CEO of the National Shipbuilding Office and a senior industry executive, it will unite the finest minds in shipping to overcome some of the sector's toughest challenges.

In other words, today we offer a powerful vision of what shipbuilding will look like in 2030.

A vision of a supercharged sector with thousands of highly skilled workers.

A vision to make this country the country of choice for specialist commercial and naval vessels and systems, components and technologies.

A vision that generates the increased investment to level up our nation. And a vision that will spark a British shipbuilding renaissance and inspire ever more countries to seek out that 'Made-in-Britain' stamp.

Madam Deputy Speaker, the framework is ready. Now we will be working with our superb shipbuilders, our supply chains and across Government to help transform this great ambition into a prosperous reality.

And I commend this Refreshed Strategy and Statement to the House.