

Speech: PM's speech at Farnborough International Airshow: 16 July 2018

I am delighted to be here today. First of all, I want to congratulate Farnborough on this brand new exhibition hall. This is an outstanding building – and it is befitting for a world-leading air-show. A world-leading industry. And world-leading innovation, talent and skills.

Every day – in every part of the world – people are flying in planes powered by British built engines. They take off and land in planes with wings built in Wales and Northern Ireland. And our military is supported by some of the most advanced British built unmanned vehicles.

Our capability in some of the most complex parts of aircraft – including wings, engines and advanced systems – is first rate. Outside of the US, Rolls-Royce is the only company with real capability to design and build large civil aerospace engines.

This expertise is nothing new. It is built on a proud tradition of innovative aerospace technology – from Farnborough, Brooklands, Bristol, Broughton, Derby, Belfast, Southampton, Yeovil, Prestwick – to name but a few. Nowhere do we recognise that terrific history more this year than in our celebrations for the 100th anniversary of the RAF.

We can all feel incredibly proud of our position as a leading aerospace nation. By working closely together, government and industry have ensured we remain at the forefront of civil aviation and that our air power is second to none. Today I want us to build on that, and ensure not only that we retain our prominence, but that in an increasingly competitive industry we make the most of the opportunities that lie ahead.

Opportunities that arise not only from the measures I have set out in our comprehensive and ambitious proposal for our future relationship with the EU – but in our plans for an open, outward facing Britain that acts as a global champion for free trade.

On Thursday, the government published its White Paper detailing our plans for an economic and security partnership with the EU.

Our proposal sets out the right deal for the UK – honouring the democratic decision of the British people, protecting the integrity of our precious union, supporting growth, maintaining security and safeguarding British jobs.

We will take back control of our borders, our laws and our money. But we will do so in a way that is good for business and good for our future prosperity.

We know from our discussions with you, and other industries, how friction at the border would not just jeopardise the uniquely integrated supply chains and just-in-time processes on which millions of jobs and livelihoods depend – but how divergence in regulations could result in complex and expensive

multiple tests for different markets.

Companies such as Rolls Royce export 80% of their products. Parts for other products – such as Airbus wings – can have multiple journeys before finally being assembled and sold around the world.

We know too just how vital precision engineering is in aerospace – where the “error” rate for parts and their performance must be practically zero – and that it is the harmonisation of regulatory standards that has been such an important factor in air safety and the astonishing reduction of deaths on commercial flights.

The frictionless free trade of goods, an independent trade policy, the avoidance of a hard border between Northern Ireland and Ireland and between Northern Ireland and Great Britain – these are conditions we seek. To do anything else risks the integrity of the United Kingdom, reneges on the Belfast Agreement and simply will not deliver for Britain as a global trading nation.

So at the heart of our proposal is the creation of UK-EU free trade area for goods, supported by an up-front commitment to ongoing harmonisation with EU rules on goods and agricultural products.

A new business friendly customs model – a facilitated customs arrangement – which would operate as if we were a combined customs territory, removing the need for customs checks and controls between the UK and the EU, while at the same time allowing us to set our own tariffs for other countries outside of the EU.

The partnership would be underpinned by reciprocal commitments to ensure open and fair trade and a joint institutional framework to ensure consistent interpretation of the agreement and the resolution of disputes.

And we will also, as I set out in my Mansion House speech, explore with the EU on what terms the UK could remain part of EU agencies such as those that are critical for the aerospace chemicals and medicines industries: the European Aviation Safety Agency, the European Chemicals Agency, and the European Medicines Agency.

Because the UK has been a key contributor of expertise to these agencies – and it is our manufactured products circulating throughout Europe and around the world keeping people safe, flying safely, providing essential medicines, enabling everyday activities.

What we are proposing is a solution that respects the referendum result and puts forward what is best for British industry in line with our modern industrial strategy, and what is best for our global trading ambitions.

We are leaving the European Union, and forging a new future for our country. And as we do so, I want to ensure that the UK remains one of the best places in the world for aerospace companies to do business.

To continue as world leaders in innovation. To make the most of the huge

opportunities that exist.

Because this is an incredibly exciting time for aerospace. Not only is there huge growth potential, but many of the developments taking place have the potential to transform the way we fly.

Other countries around the world are racing to develop their industries – and respond to the demand for cleaner, greener aircraft and technological advances such as automation, and unmanned air systems.

The UK already has a leading edge. We are home to some of the biggest names in the industry – and our small and medium sized companies demonstrate phenomenal skill, energy and innovation.

Many of those companies are here at Farnborough.

Poeton, who apply ceramic and metallic coatings to aerospace components to protect them from melting, corroding or wearing.

Produmax, whose critical parts can be found in aeroplanes such as Boeing's Dreamliner – where they play an essential role moving wing flaps. And Aeromet, whose highly complex alloy castings are used in the structural components and casings in aircraft.

But I want us to do more. Already we are backing industry through our £1.9 billion investment for aerospace research, the Industrial Strategy Challenge Fund and our commitment to a third runway at Heathrow. We are also today revealing the UK's first spaceport – in Sutherland Scotland – which will see vertically launched space rockets and satellites take off from the site.

But today I want to announce a series of further measures to boost British aerospace companies – large and small, up and down the country – and ensure that Britain remains at the cutting edge of the industry.

Along with industry we are jointly providing £343 million pounds of investment for research and development projects and to boost productivity. From developing the most technologically advanced aircraft, creating newer more efficient engines, to the manufacture of cleaner, quieter aircraft that will help cut emissions – this funding will support some of the most innovative projects being advanced today.

This includes £255 million of joint investment research and development projects supported by the Aerospace Technology Institute and UKRI. This will fund 18 projects, involving 20 companies, including 13 small and medium sized businesses, and 12 research organisations and universities spread across the breadth of the UK.

It includes £68.2 million of joint funding with industry for R&D, specifically targeting small and medium sized businesses to help them increase their competitiveness.

And a further £20 million of Government and industry match funding will go towards a productivity improvement programme.

Some of the projects this money will support are exploring truly exciting aviation developments, such as the electrification of flight, which could lead towards the cleaner, greener air power of the future. I want Britain to be at the forefront of such innovation.

Building on this, we will start working with industry on a potential Aerospace Sector Deal – capitalising on our work together to tackle barriers to growth, increase productivity and competitiveness. In this, we will look to you to demonstrate how the aerospace sector can further support the industrial strategy's Grand Challenges, regional prosperity and the delivery of the government's skills priorities. We will also seek to embed a Women in Aviation and Aerospace Charter, to build a more balanced and fair industry for women.

Finally, today, I want to announce the publication of the UK's Combat Air Strategy – which confirms our commitment to maintaining our world-class air power capabilities, and will boost an industry which generates billions in revenue for our economy and supports thousands of jobs in every part of the UK.

We will invest in new technologies, support cutting edge innovation, collaborate internationally and initiate the programme which will deliver the next generation capability. And crucially, we will work in partnership with industry to achieve this. So today I can announce that the government will join with BAE Systems, Leonardo, MBDA and Rolls Royce to fund the next phase of the Future Combat Air System Technology Initiative through a ground-breaking partnership known as 'Team Tempest.'

This will deliver over £2 billion pounds of investment up to 2025, and help secure the long-term future of our Combat Air industry as we lay the groundwork for the Typhoon successor programme.

Taken together, these measures amount to a significant boost for industry, promoting jobs, innovation and skills.

Elsewhere we have seen just what can be achieved when government and industry work together. The successful collaboration between Bombardier and Airbus on the A220 was originally supported by over £100 million pounds of investment from the UK. This will sustain jobs in Northern Ireland well into the future, and I was pleased to hear that JetBlue will be acquiring at least 60 of the aircraft, which could deliver billions to the UK economy.

So just as government will back you, I want you to work with us – particularly through organisations such as the Aerospace Growth Partnership.

Let us work together to build a leading aerospace nation.

A nation where, post Brexit, we are considered the best place in the world for the aerospace industry to base its business.

A nation more innovative than anywhere else in the world, where we nurture the next generation of designers, innovators and engineers.

Last week we saw the spectacular RAF flypast over Buckingham Palace – a demonstration of our impressive historic RAF planes – alongside those that use some of the most advanced technology in the world.

It is a history of aviation we can all be proud of. Together, along with this proud history, I want to ensure that we can have a bright and proud future.