

Reeves announces more support for defence sector during Rosyth visit

On a visit to Scotland on Friday UK Chancellor Rachel Reeves announced a £2 billion increase to UK Export Finance's (UKEF) Direct Lending capacity for defence.

The government says this will unlock opportunities for UK defence companies exporting missiles, aircraft and armoured vehicles overseas.

The increased funding will increase UKEF's lending capacity from £8 billion to £10 billion, and the government believes it will "increase the competitiveness of this country's defence industry" and boost supply chains.

UKEF's Direct Lending facility provides loans to other governments to buy goods and services from the UK. In 2023/24, UKEF issued £8.8 billion worth of loans, guarantees and insurance to help grow UK exports, which the government says supported 650 exporters of all sizes and 41,000 jobs across the UK.

This news follows the recent £1.6 billion commitment announced by the Prime Minister to supply thousands of advanced air defence missiles to Ukraine, boosting the UK economy and support 700 existing jobs at Thales in Belfast.

The government set out in its Plan for Change, that national security is its first duty, particularly evident after the Russian invasion of Ukraine three years ago..

Chancellor of the Exchequer Rachel Reeves said: "The world is changing, and we must bring about a new era of security and renewal that protects working people and keeps our country safe. This increase to UKEF's lending capability is our Industrial Strategy in action, bolstering our defence industry and supply chains, creating jobs and driving growth across the UK.

"This is alongside an increase in our defence spending to 2.5% of GDP. We are strengthening our national defence, kickstarting economic growth and delivering the stability we need to keep us safe.

Business Secretary Jonathan Reynolds said: "A strong defence sector is vital for a Britain that's both secure at home and strong abroad, and ensures a world where business can benefit from the economic security it brings.

"That's why our Plan for Change has put defence at the heart of our Industrial Strategy, helping us drive growth while bolstering our national security for the long term.

"This new UKEF lending capability strengthens our support for the sector even further, and will help our defence firms export the best of British expertise abroad while boosting jobs and growth at home."

Defence Secretary, John Healey, said: "A strong UK defence industrial base is essential for our national security, enabling us to rearm and innovate at a wartime pace.

“British businesses will directly benefit from this increase in lending capacity alongside our historic decision to raise defence spending to 2.5% of GDP – the largest uplift since the end of the Cold War.

“This will make our country more secure and ensure the defence sector is an engine for growth in every region and nation of the UK.”

Scottish Secretary Ian Murray said: “We are entering a new era for our national defence and Scotland’s world class defence industry is playing a big role in meeting that global security challenge. Scottish defence businesses – with their skills, expertise and innovation – have a huge opportunity to benefit from this £2 billion in new lending.

“That will mean a boost in skilled jobs and economic growth in Scotland and show the best of our world class industry abroad.”

Whilst in Scotland the Chancellor visited defence company, Babcock in Royston following the government’s commitment to increase spending on defence to 2.5% of GDP from April 2027.

This is alongside an ambition to spend 3% of GDP on defence in the next Parliament.