

by Rt Hon Bob Ainsworth MP

Secretary of State for Defence

The Armed Forces are an essential element of our national security. They provide the ultimate defence against direct threats to the UK and its Overseas Territories. They tackle threats to our national security overseas by helping to address conflict, instability and crises across the globe.

The Government's current priority for the Armed Forces is to ensure they have the equipment and support they need for operations in Afghanistan. We have approved over £2.2bn from the Reserve for Urgent Operational Requirements in Afghanistan. Overall spending from the Reserve, above costs met from the MoD budget, was over £2.6bn in the last financial year.

But, in parallel, we must ensure the Armed Forces are fit for the challenges of tomorrow.

The policy set out in the Strategic Defence Review (SDR) and subsequently adjusted in the SDR New Chapter and the 2003 Defence White Paper, *Delivering Security in a Changing World*, has stood the test of time. However, it is now more than ten years since the SDR and the challenges facing Defence have inevitably changed in that time.

The Government is beginning a process that will enable a Strategic Defence Review early in the next parliament. That review, to be set in the context of the National Security Strategy, will be designed to ensure that we develop and maintain Armed Forces appropriate to the challenges we face and the aims we set ourselves as a nation.

As a first step, we will undertake an examination of a range of issues, including:

- the strategic context for defence, including the lessons we have learned from recent operations and the changing character of conflict.
- our experience working in partnership with other arms of government.
- the contribution defence can make to the projection of soft power – exerting influence to prevent conflicts.
- technological changes in defence.
- the scope for more effective processes in defence, including acquisition.
- the modern day requirements on and aspirations of our Armed Forces personnel.

The results of this work will be published in the form of a Green Paper in early 2010. There is a wide range of views on these important issues and hope the Green Paper will help build a consensus on these critical underlying issues for defence.

Our Armed Forces provide the ultimate defence against threats to our national security by tackling conflicts, threats and crises across the globe. My current priority is to ensure that UK personnel in Afghanistan have the equipment and support they need to face current and future threats.

An immediate response came from Ian Godden, SBAC Chief Executive, who said:

"We welcome the Government's recognition of the urgent need for an SDR, which SBAC has been calling for quite some time now, and encourage the Government to seek the input and expertise of our native defence industry in the formulation of this review. Employing 305,000 people and with an annual turnover of over £35bn the defence industry is a UK manufacturing success story.

"Contrary to popular belief, the UK defence industry's potential for investment will accelerate the UK economy, not drain it. It provides a tremendous return on the nation's investment, with productivity 15 per cent higher than the UK manufacturing average and Gross Value Added shown to be significantly higher than the national average for manufacturing.

"With UK defence R&D investment being at 15 per cent of national spend at £3.4bn, the UK, according to a soon-to-be-published report from Oxford Economics, can see a multiplier of roughly 2.3, meaning that a notional Government investment of £100m would create £227m of value elsewhere in the economy. We are an industry providing security for the nation, the economy and the future."