


Cleared for takeoff: Wales' aerospace and space ecosystem could help boost UK defence

24 March 2025  Tom Saunderson, and Madeleine Pinder, Aerospace Wales Forum

With global tensions rising and geopolitical uncertainty shaping government priorities, the UK has increased its defence spending, recognising the urgent need to modernise its military capabilities and strengthen its industrial base.

The UK government's renewed commitment to defence innovation presents a unique opportunity for Wales, a region with a thriving aerospace and space sector, to play a crucial role in national security and economic growth.

Against this backdrop, Browne Jacobson's [Brave New World: Trade, Innovation and Investment in Space, Aerospace and Defence](#) event run in partnership with the Department for the Business and Trade, Ship Shape VC and Walmer Group, brought together key players from business, government and investment to discuss the role of Wales in the future of aerospace, space and defence.

Welsh aerospace and space sector: A critical national asset

Wales has steadily built a strong aerospace and space industry, with over 160 businesses operating in these sectors, employing over 23,000 people and contributing billions to the UK economy. This thriving ecosystem positions Wales as a strategic asset in strengthening the UK's defence capabilities.

The country also benefits from world-class research institutions like Cardiff University, which drives innovation in aerospace, AI and cyber security, all of which have dual-use applications in commercial and defence sectors. Despite these strengths, Welsh businesses need more supportive policies and investment to scale, compete internationally and contribute to UK defence efforts effectively.

Phil Jones, Chief Executive of Business in Focus, a leading not-for-profit social enterprise providing business support and consultancy services to SMEs, spoke about the vital role of Welsh SMEs in the national defence effort during a panel discussion on defence and security procurement and trade.

He highlighted that while defence has not been widely discussed in recent years, it is now an urgent priority due to evolving global threats. He emphasised that defence is not only a matter of national security but also a major business opportunity that can drive economic growth, create jobs and strengthen the UK's industrial and defence links.

Phil encouraged SMEs to recognise that even businesses producing everyday products may have a role in defence, as the industry requires everything from basic supplies to highly specialised technology.

What can Welsh Government do to support businesses and supply chains?

Although defence is not a devolved matter and remains the responsibility of the UK government, Welsh Government can still play a crucial role in supporting the aerospace and space industries that contribute to national defence capabilities.

Taking proactive steps to strengthen [supply chain](#) integration by developing incentive programmes that encourage collaboration between SMEs and large defence contractors is an example of such possible support.

Initiatives similar to the Defence Supplier Capability Development Programme – a project co-delivered by Business in Focus and Grant Thornton to help SMEs get into the Ministry of Defence (MoD) supply chain – would facilitate knowledge sharing and networking.

Investment in [infrastructure](#) is also critical. Establishing a dedicated Aerospace and Defence Innovation Hub would support [R&D](#) and prototype development, while advanced manufacturing capabilities could be expanded to maintain a competitive edge in materials science and component production.

Skills development remains a priority, alongside expansion of government supported training programmes in engineering, AI and cyber security to help build a workforce that meets industry needs. Partnerships with universities and apprenticeship schemes must be strengthened to cultivate a pipeline of talent for aerospace and defence roles.

To enhance Wales' place in the UK's defence strategy, Welsh businesses need to be well-positioned to benefit from UK MoD procurement contracts.

While defence remains under the UK government's jurisdiction, it would seem prudent for Welsh Government to advocate for greater inclusion in the UK Defence Growth Partnership strategy, ensuring fair representation in defence policy and funding.

Welsh businesses leading the charge in aerospace and defence

Several standout companies exemplify Wales' competitive advantage in aerospace and defence:

- Space Forge, in Cardiff, is developing reusable in-space manufacturing capabilities, reducing reliance on Earth-based production.
- General Dynamics, headquartered in Oakdale, continues to produce next-generation armoured vehicles for the UK and international markets.
- Airbus, in Broughton, remains a critical player in aircraft wing production and aerospace innovation, whilst its Newport site specialises in secure connectivity, cyber solutions and infrastructure protection for the UK.
- Raytheon UK, also with a major facility in Broughton, is leading in radar and defence intelligence technologies.

These businesses highlight the immense potential of the Welsh aerospace and defence sector. However, they require strong policy backing to sustain their competitive edge and drive further innovation.

A roadmap for Wales to become a defence powerhouse

The Welsh aerospace and space industry is well-positioned to play a pivotal role in strengthening the UK's defence capabilities.

However, to fully realise this potential, Welsh Government has a key role to play in supporting the industry to enhance funding opportunities for SMEs and high-growth businesses, fostering deeper collaboration between large defence primes and local suppliers and ensuring Welsh companies have a seat at the table in national defence policy discussions.

With the right policies, investment incentives and strategic vision, Wales can become a global leader in aerospace and defence innovation, securing jobs, economic growth and national security for the UK. The time to act is now.

Aerospace Wales Forum is the trade body for defence companies in Wales, with more than 200 member companies.

< Previous

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