

## Speech

# Defence Secretary's DSEI 2025 Keynote Speech

The Defence Secretary delivered the closing speech at Defence and Security Equipment International (DSEI) 2025.

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Thank you to all of you and congratulations for your staying power to still to be at

the conference here at the end of the final third day and thank you for joining as this is the closing speech.

This is actually my first DSEI as Defence Secretary. It's not my first as a visitor, and I've been really struck by the buzz, the buzz of what is undoubtedly the biggest ever.

Congratulations to the organisers, there's over 1600 exhibitors and it's getting on to 50,000 getting through the doors in these five days, thank you. And I also said, thank you at those who are here for tech companies to traditional primes. We know that our defence, our deterrence in this country rests on the power of industry and the pace of your capacity to invent and to innovate.

And I'm sincerely grateful to you for what you do, in trying to ensure with us that our Armed Forces have what they need to do their job of keeping us all safe. And let me also because they're here with us this afternoon, as well, welcome our friends from Ukraine.

It's now three and a half years since Putin launched his brutal, illegal full-scale invasion. three and a half years, he's taken a terrible toll on your homeland. lives lost, land stolen and family's torn apart. And in recent days we've witnessed a dangerous escalation, attacks on a government building for the first time and the largest ever airstrike.

And then the night before last, Putin took his hostility to a new level in violating Poland's airspace. Deep enough to close Warsaw airport, deep enough to force NATO Jets to take defensive military action. Those Russian attacks, those actions were reckless, they were unprecedented and they were dangerous, and I've assured Poland's defence minister that UK stands absolutely firm in our support for our Polish friends, but I've directed our Armed Forces to look at options on how we can bolster NATO's airspace in Poland.

And exactly in the same manner, the UK's commitment to Ukraine is absolute. We will stand with you, we will continue to stand with you for as long as it takes. And last week, I was in Kyiv. I met workers there who are making the most advanced battlefield drones. Their Factory's been bombed five times this year. And yet, they still every morning, these men and women return risking their lives, so that those on the front line have what they need to defend their freedom in their country.

Those Factory workers I think remind us that the Ukrainians continue to fight with huge courage, military, and civilians alike. And they also remind us that when a country is under threat or forced to fight, their Armed Forces are only as strong as the industry that stands behind them. And it is for this reason that is part of the Hundred Year strategic relationship between the UK and the Ukrainian people, signed by the last government, resigned by this, that we've set out to strengthen

our defence industrial bases through mutual cooperation.

And I'm pleased to report significant progress in the recent days. Last week, Ukrspesystems, Ukraine's largest drone manufacturer announced it is investing £200m in two new facilities in the UK. That will create 500 high-skilled jobs, it'll drive economic growth across East Anglia. It marks the first major investment by a Ukrainian defence company into the UK. And today, I can announce a new type of industrial partnership that brings Ukraine and the UK closer still.

It demonstrates that wartime necessity really is the mother of constant invention. Because of the help of a piece of drain pipe, Ukrainian engineers recently built a small uncrewed interceptor drone. One which has proved highly effective in taking down the Shahid one-way attack drones despite costing less than 10 percent of the Russian systems it successfully destroys.

Well now defence minister Denys Shmyhal and I have signed a new agreement for a first of its kind partnership. So through Project Octopus, with this drone, our Ukrainian friends will share this technology and the IP with the UK. In turn, together, we'll rapidly develop this further and then mass produce it, supplying thousands of interceptor drones back into Ukraine each month. This is what it means when the Ukrainian defence minister says, 'we know the UK is Ukraine's closest, most reliable ally'.

So for Ukraine, this means that they can better protect their people, their homeland from that Russian onslaught. But it also means, that this world-leading invention and manufacturing, they have in Ukraine, now, is combat tested every week, they will be better, ready to win Western markets when peace is secured. And for Britain, It means we have access to the best and developing battlefield technology for our own forces.

In short, it strengthens our security and also grows our economy. And that win-win is the principle that's underpinning our Defence Industrial Strategy that was published on Monday this week. More than £770m in this next three years, government investment behind this strategy. We set out to make it defence as an engine for growth by backing British industry, creating British jobs, driving greater British innovation.

And the message I hope you've heard this week for ministers, from senior military officers, from officials is that we are seeking to build a radically different relationship with industry, with investors and with innovators. Because these are the relationships that are required to meet this new era for defence, to meet this new era of threat. And everything we have planned in government is backed by the largest sustained increase in defence spending since the end of the Cold War. The first time that any of you sitting in this hall, in your careers will have looked forward to the certainty of 10 years of rising defence spending.

And I have to say that is the signal that so often industry has said to me you require a certainty, a confidence about the future and we are already starting to see the impact of that. Since last year's election alone, over 900 major contracts we've signed, over 1.4 billion of foreign developed investment into defence. Many times the level the year before and 1.8 billion MOD direct spend in the UK this year compared to last.

But with this promise to spend more, comes a responsibility to spend it better. And the problems of government procurement are well-known and long-standing. We don't need to rehearse them now, but slow complex, wasteful. Yet, we know that whenever equipment is in the hands of the war fighter, whoever can get that new technology into their hands fastest, has the edge. We've proved we can do it with Ukraine through the excellent work of Task Forces Kindred. We now must do it for ourselves in Britain.

So you'll see in the Defence Industrial Strategy, some of the hallmarks of what we set out to do now. A segmented approach to government procurement. With time to contract targets. The creation of a powerful new national armaments director, the introduction of a five-year acquisition pipeline, all meant to mean that we will get equipment from the factory to the front line faster. All designed to give business, investors more confidence to invest for yourselves, in the British defence industry. We will introduce an offset policy in consultation with you for the first time ever in this country. So that means that when we take a decision to buy abroad from allies, as we will, the UK's economy will nevertheless be strengthened in return. New jobs, double technologies or investments. So that when we spend, pounds abroad, we can also make Britain stronger at the same time.

And to you smaller firms among us here, you are an indispensable part of our future, and of our industry. Now, I know you've told me for, Four years in the job before the last election and 14 months since, the MoD hasn't been a customer that's been easy to do business with, and we will set out to change that.

We've set up an office of small business growth designed to support SMEs to do business with defence. We've introduced a new target to increase our spending directly with SMEs to £7.5 billion by 2028. The volume, that direct MOD spend had been going down before the last election. That target is a 50% uplift.

And accessing test evaluation facilities has always been tough. It's always been, complex, and a part of the plan to ease that, QinetiQ are introducing a test and evaluation innovation gateway specifically to accelerate that access and availability for smaller firms. And then at the heart, Innovation. It was the heart of the Strategic Defence review, the recognition for those countries that get the latest kit, the latest technology into their hands that the war fighters do have a battlefield edge, And that for those countries, it reinforces the deterrence that they can offer. So that's why we're committed now from this year to spend at least 10% of our equipment

plan on novel technologies.

It's why we've combined existing agencies and created the new UK defence Innovation. Backed by £400m of ring fenced investment. With new freedoms to be able to make decisions on priorities and on funding. And our strategy also sets out, how we will see you UKDI producing technologies, which give our Armed Forces, the advantage as well as the first Innovation challenges, we see them running on novel drones.

And finally, we have to ensure that what I've called and the Prime Minister talks about as a defence dividend from increased defence investment reaches all parts of the UK. A defence dividend as a boost to British jobs, to British businesses and British Innovation.

And so, as part of this strategy this week, We've committed an extra £250m to defence growth deals in North Island, Scotland. Wales and two in England. Yes, all this means jobs. And the ADS calculates that in the next decade, with these plans we should see an extra 50,000 jobs in the defence sector this decade. But we're not going to create the jobs, we're not going to fill those jobs unless we've got the people available to do so. And so, You'll have seen a major part of the defence strategy is the defence skills component. Again. Fresh investment, new commitment, £182 million over these next three years. It's the biggest investment in a defence skill plan for decades.

It is our part in government of helping you in business build the workforce in order to meet the demands that our Armed Forces need. Then I turn if I may just to exports before we move on to questions.

One of the most overlooked, but most promising opportunities for British defence industry is our exports. And last week, I formally went to Stavanger and I signed the biggest ever British warship deal in history with Norway. 10 billion pound frigate contract that will secure at least 4,000 jobs for the next 15 years.

It'll put a 13 strong anti-submarine Fleet into the North Atlantic and high North. A demonstration that where we export defence capabilities, We not only grow our economy, we also strengthen our security. But the real test for me now is how we build from here. How we in government work with you to help you be more successful to go out and win more export deals.

So, we have announced that we will set up now the office of defence exports. Meaning that responsibility for defence exports is again unified where it should be in the MoD. It allows us to create that government to government drive which reflects both what our allies are telling us, they want, and what you in industry are telling us, you want and expect from us.

And alongside that you'll find our export licencing system, Improved with the new

digital platform, better training for staff and procedures that will, for instance, allow you to start applying for licencing during the bidding process, not when it's concluded. So if I may let me close, by just saying this.

Thank you because that defence industrial strategy we published on Monday, has been hugely strengthened by the detailed work and engagement that we've had with many of you in this room are more widely within industry. Because throughout this process, my aim has been to produce a strategy with industry and not for it.

Because I want this to be Britain's defence industrial strategy, not the government's defence industrial strategy. And I hope you see, with a clear plan. Backed, with real new investment, we will now work to implement it with you, with industry. And I hope you see In Luke Pollard as the new Minister for Defence Procurement and Industry that the Prime Minister has appointed to that post one of the standout ministers in this first year of our labour government.

His job alongside me, will be to spearhead our side of the delivery of that defence industrial strategy. So we will support British-based businesses to invest and grow and export.

We will bring high paid, high skilled jobs to every part of the UK. We'll develop the advanced technologies that will give our own forces, the battlefield edge. We will make Britain safer. More secure at home. Stronger abroad. Thank you.

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