



*Securing
UK advantage*

AEROSPACE SECTOR **UK OUTLOOK 2024**

THE UK **AEROSPACE SECTOR** IS AT THE CUTTING EDGE OF TRANSPORT INNOVATION

Our sector is a hub for advanced manufacturing, generating well-paid jobs across the country and driving sustainability and technological innovation forward.

The UK aerospace sector added

£**10.9**BN
TO THE UK ECONOMY
IN 2023

GROWTH OF
16%
BETWEEN
2013 & 2023

This report highlights the significant contribution of the sector to our economy. The sector provides the UK with a vibrant industrial base, including significant capabilities throughout the manufacturing value chain, from the production of wings and whole jet engines through to the composites and material science that will shape tomorrow's aircraft.

In 2023 the UK aerospace sector's footprint included:



£ **30.5** BN
TURNOVER

GROWTH OF
7%
OVER 10 YEARS



£ **20** BN
EXPORTS



GROWTH OF
14%
OVER 10 YEARS



104 K
EMPLOYEES

INCLUDING
6 K
APPRENTICES

All 2023 data is from ONS and ADS own sources and first estimates

TO ENSURE THE LONG-TERM SUCCESS OF UK AEROSPACE, THE SECTOR NEEDS TO **FOCUS** ON...

The Sustainability Agenda

Reducing and minimising the environmental impact of UK aerospace is pivotal to the future of the sector.

The AGP's Destination Net Zero Strategy and the 2022 Jet Zero Strategy combined set out the UK's ambitions for achieving net zero in aviation.

New aircraft technology will play a significant role in decarbonising the sector,

as will improvements to existing technologies. These range from lighter materials and the reduction in contrails, to disruptive capabilities, including the use of hydrogen.

The sector, with support from the Aerospace Technology Institute (ATI), continues to develop new technologies in the pursuit of Net Zero. Through ATI's Hydrogen Capability Network, test infrastructure, research and skills have been identified as the three key enablers, while other considerations such as infrastructure requirements are addressed.

Similar infrastructure considerations are being made for the deployment of **Sustainable Aviation Fuel (SAF)** – fuel derived from sustainable feedstocks, and one of the largest potential levers to reduce net carbon emissions.

The UK has committed to the introduction of a SAF Mandate, requiring aircraft operators to use 10 percent SAF by 2030. The UK is dedicated to growing its SAF industry, to take advantage of potential employment opportunities but also to provide a reliable source of domestically produced SAF.



The Regulatory Agenda

As new aerospace technologies evolve, **maintaining an effective and agile regulatory framework is crucial to support innovation** while ensuring safety remains the highest priority. The **introduction of Advanced Air Mobility (AAM), electric Vertical Take Off and Landing (eVTOL) vehicles, and Unmanned Aircraft Systems (UAS), represents a significant leap forward** that must be integrated into the market.

The UK Civil Aviation Authority (CAA) has a pivotal role, acquiring greater independence and authority in rulemaking and certification in recent years. **Ensuring alignment with the European Union Aviation Safety Agency (EASA) is essential** for simplifying operations and reducing barriers for UK companies. Simultaneously, **fostering a closer relationship with the US Federal Aviation Administration (FAA)** could unlock substantial market opportunities.

The future of flight hinges on the safe commercialisation and deployment of new technologies such as batteries and autonomous systems, and the seamless integration of new advanced air mobility. **To realise this potential, regulatory bodies like the CAA must adapt swiftly and effectively to certify these novel aircraft.**

The collaboration between the CAA and industry stakeholders, such as ADS, in aligning with international regulations, is vital for creating an attractive, safe and efficient certification process.



The Capacity Agenda

The industry must navigate several challenges, including supply chain shocks, workforce shortages, the availability of cash and long-term capital, and macroeconomic headwinds to achieve the required production rates.

The aerospace supply chain is extensive and intricate. **Strengthening supply chain resilience is paramount**, involving diversifying suppliers, investing in local manufacturing capabilities, and improving logistics and inventory management. **Addressing workforce shortages is crucial**, including initiatives to make aerospace careers more appealing.

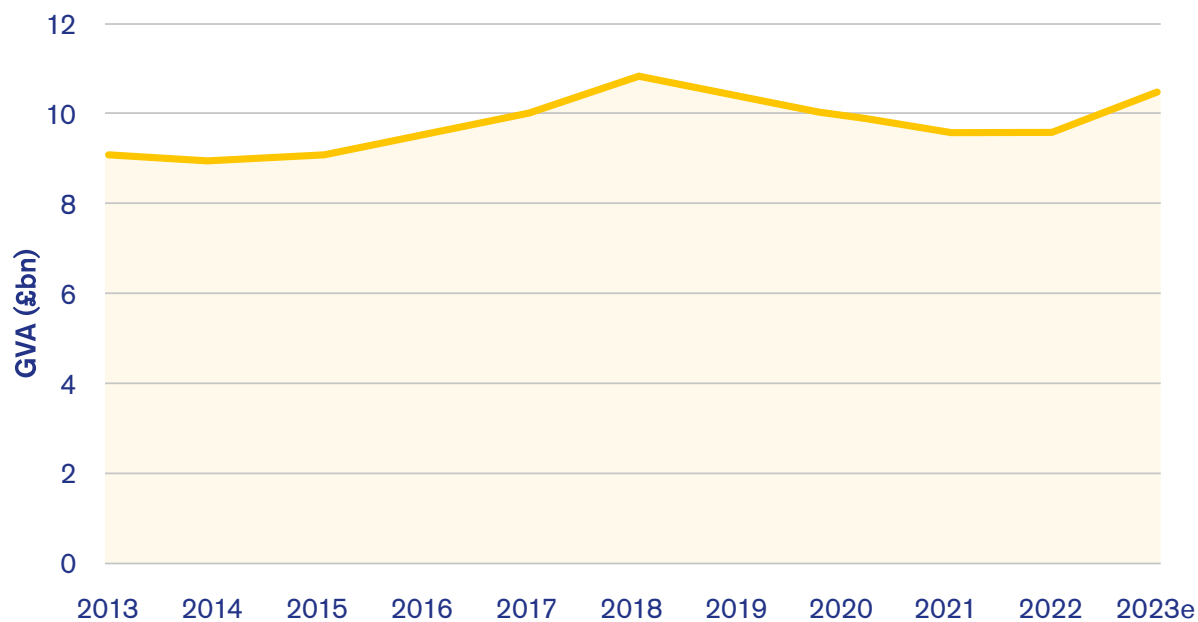
With multi-decade long investment cycles, aerospace companies need substantial financial resources to scale up operations, invest in new technologies, and expand manufacturing facilities. **Access to affordable and appropriate financing and investment** from both public and private sectors can provide the necessary capital to support sector growth.

15,812

aircraft on backlog order at
the end of Q1 2024

OUR PIONEERING AEROSPACE SECTOR IS A UK **SUCCESS STORY**

The value add of the aerospace sector to the UK economy



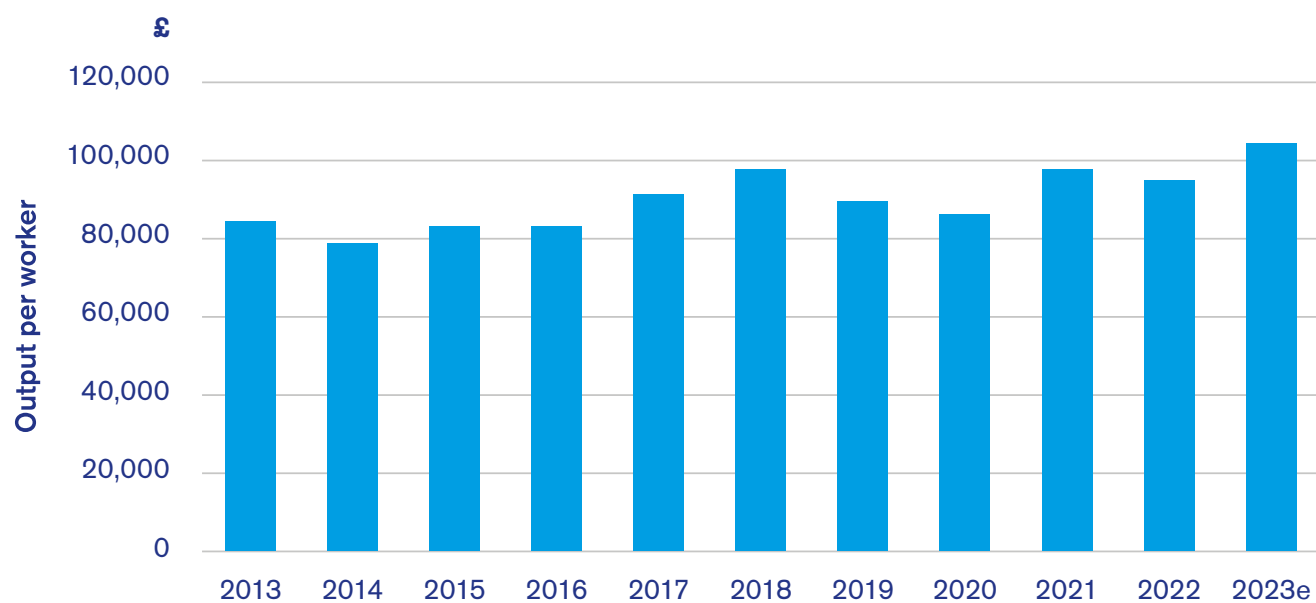
£**104.8K**
OUTPUT PER
WORKER IN **2023**

£**10.9BN**
OF VALUE ADD
GENERATED IN **2023**

GROWTH OF
16%
IN THE
LAST **10** YEARS

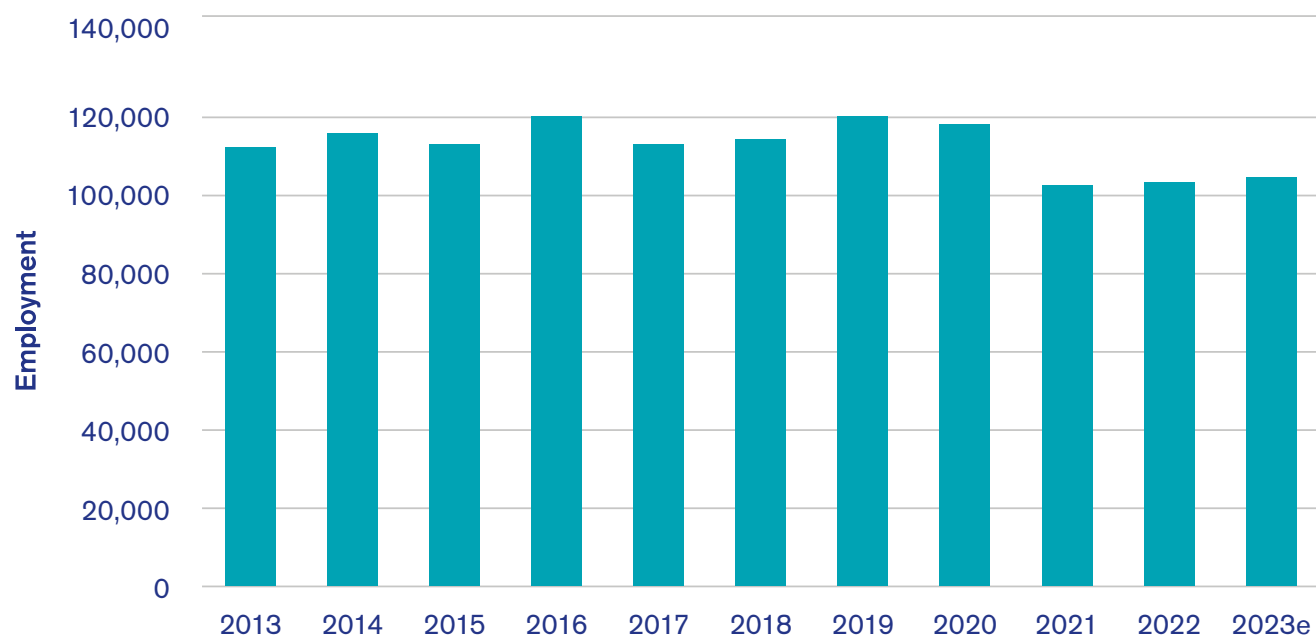


Productivity (output per worker) in the aerospace sector



25%
GROWTH IN
AEROSPACE SECTOR
PRODUCTIVITY OVER
THE LAST 10 YEARS

Employment in the aerospace sector



Aerospace continues to add immense value to the UK economy, while employment bounces back following the impacts of the Covid-19 pandemic.

THE AEROSPACE SECTOR DELIVERS **PROSPERITY** THROUGH BUSINESSES OF ALL SHAPES AND SIZES **ACROSS THE UK**

£**48.7**K
MEDIAN AVERAGE
SALARY IN
AEROSPACE SECTOR

39%
HIGHER THAN
UK AVERAGE

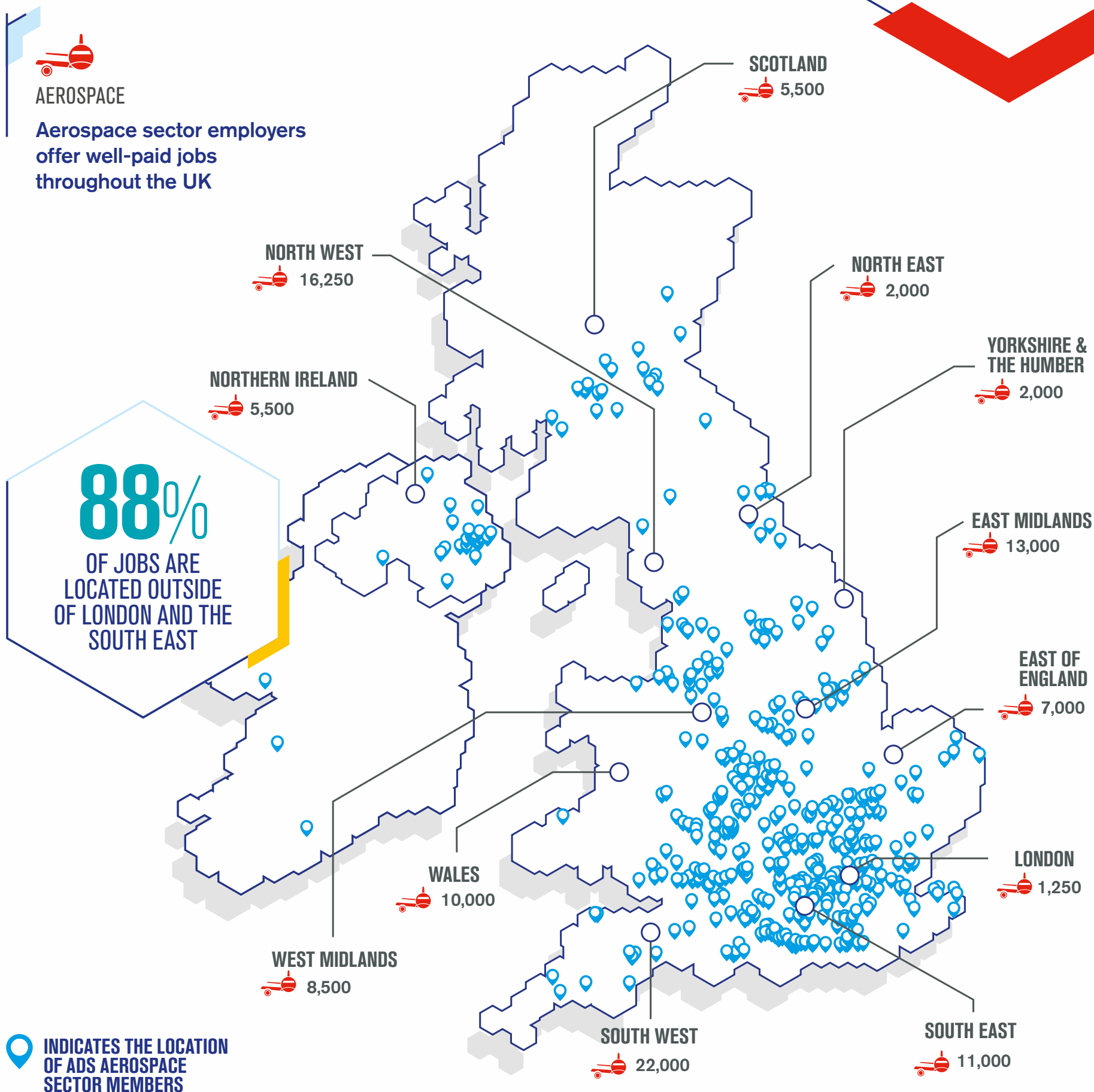
96%
OF REGISTERED BUSINESSES
IN AEROSPACE ARE
SMES





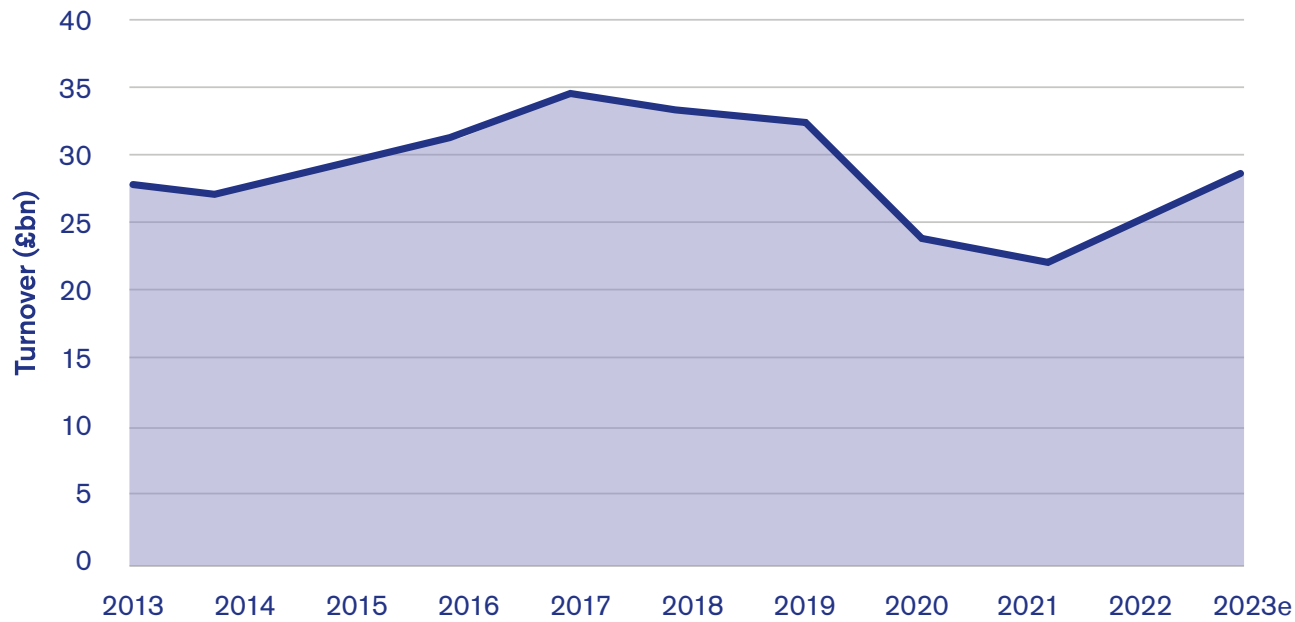
AEROSPACE

Aerospace sector employers offer well-paid jobs throughout the UK



UPWARDS **GROWTH** DESPITE CHALLENGES

Turnover growth over time



TURNOVER IN UK AEROSPACE SECTOR ESTIMATED AS

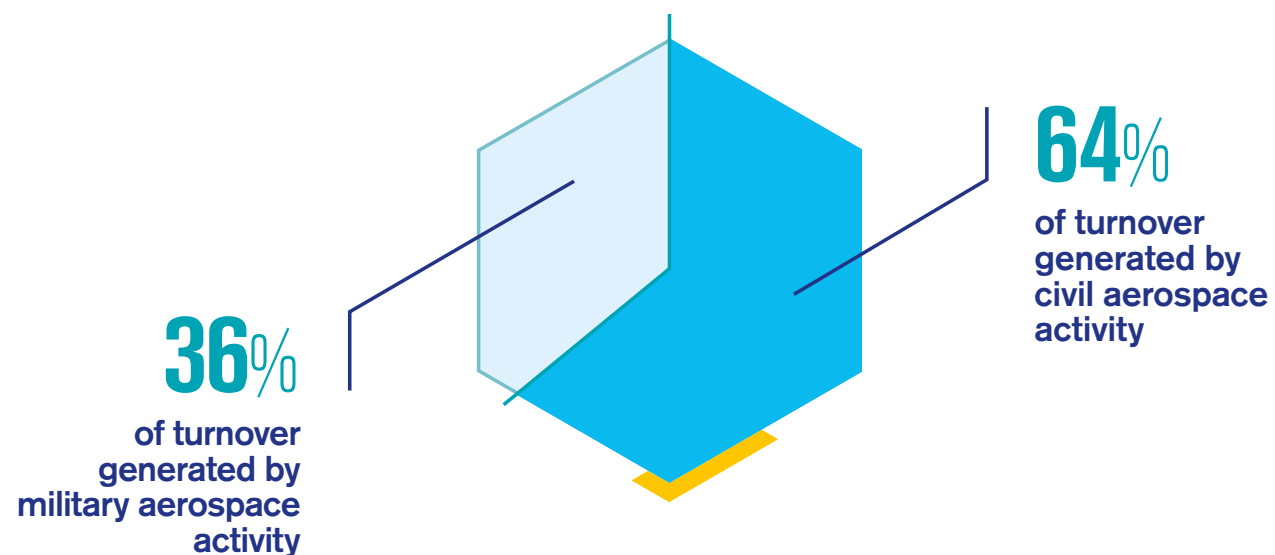
£30.5BN

IN 2023

7%

10 YEAR GROWTH IN
TURNOVER

TURNOVER IN AEROSPACE ACTIVITY IS SPLIT ACROSS CIVIL AND MILITARY CAPABILITIES

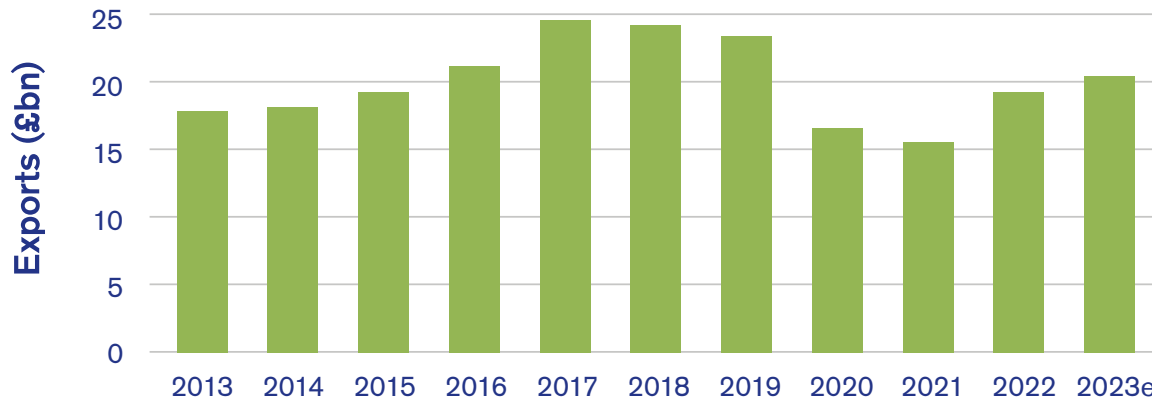


UK REMAINS A SIGNIFICANT PLAYER IN THE **GLOBAL** AEROSPACE INDUSTRY



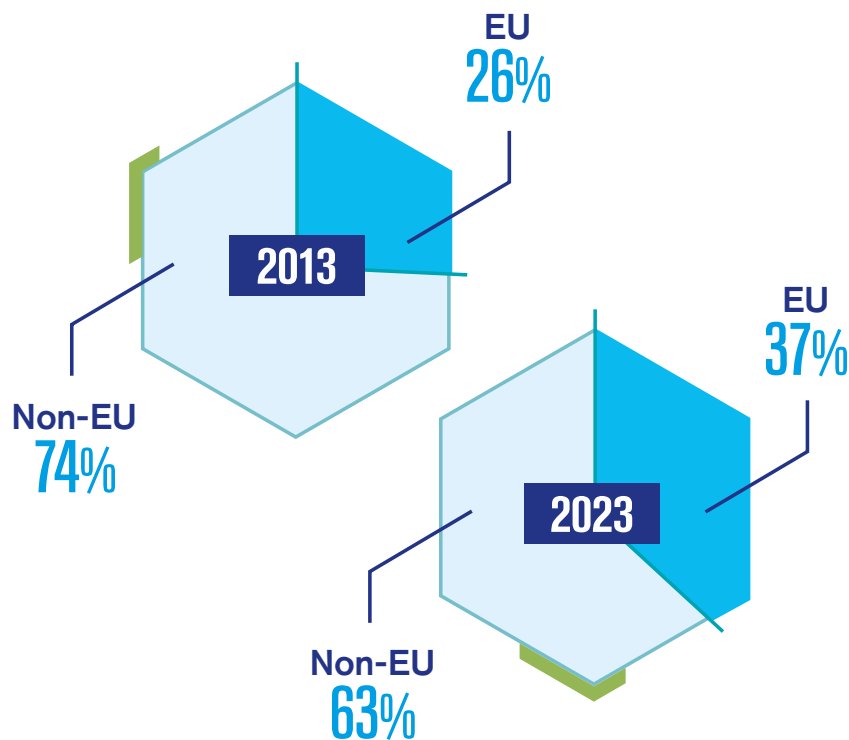
£ **20** BN
EXPORTS

Aerospace exports

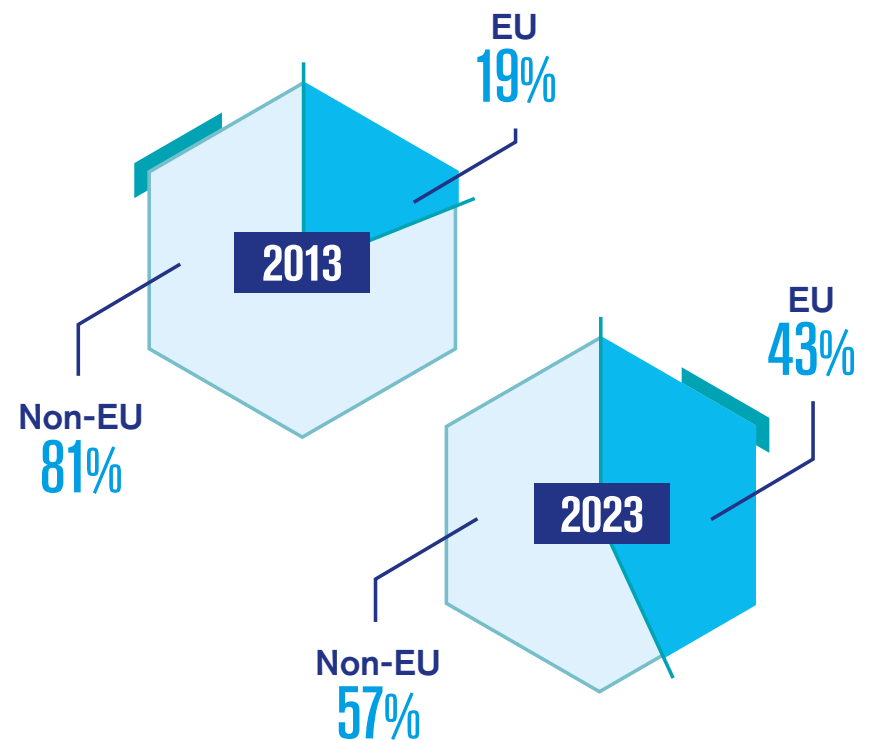


AEROSPACE ACCOUNTS FOR
11.7%
OF UK EXPORTS OF
MANUFACTURED GOODS
IN 2023

AEROSPACE EXPORTS BY DESTINATION



AEROSPACE IMPORTS BY DESTINATION



UK exports to the EU have increased over a 10 year period, as has dependency on EU imports.



ABOUT ADS

ADS is the trade association for the UK's aerospace, defence, security, and space industries, representing more than 1,300 members. We work with those sectors to secure the UK's advantage, enhance our international positioning as a go-to destination for innovation, and deliver on our sustainable leadership goals.

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Sources and methodologies:

ADS works with local, regional, and national Government departments and agencies in the UK and with international organisations involved in policy-making that impacts our sectors to achieve this.

ADS Aerospace Outlook 2024 uses data estimates for 2023 data compiled by the Office of National Statistics, and ADS own estimates and sources. Timeseries data is mostly rounded for ease and the timeseries data is using nominal figures for consistency in available data.