

Industry Profile

- Turnover fell by real terms to £16.14bn, taking the UKAI turnover back to 1997 levels. This fall has been mainly due to problems faced by the industry since 9/11. However this has been the sharpest downturn in the industry for the last twenty years.
- New orders are down by 8.6% compared with last year. This represented 107% of (depressed turnover). This figure suggests that although the market remains difficult it will improve.
- Employment has declined by 20% to 117,256. Manual workers have taken the brunt of the losses with a 30% decline in numbers. Production workers have declined by a fifth during 2002, while those involved in Research and Development have increased by 12%.

Current Issues and Activities

- US defence spending is to increase significantly over the next few years this will see many UK companies attempting to break into the US market. However the Buy American campaign will be a major feature of the next US Presidential election and force UK companies to seek facilities within the confines of the US.
- Failure for the UK to get an ITAR waiver will continue to cast doubt over the long- term future of UKAI.
- Further rationalisation will take place within the industry with companies such as BAE Systems considering cross border mergers.
- Airbus will continue to develop their military division in order to remove some of their vulnerability to future downturns in the civil market.
- The AeIGT continues under its implimentation programme with HMG announcements due to made at Farnborough International.
- Amicus continue to lead the EMF Aerospace Committee and have submitted plans to encourage social dialogue.
- Amicus have also made a major contribution to the EMF's Space policy.
- ECGD continues to be an issue with Amicus submitting evidence to the Trade and Industry Select Committee looking at this issue.