
MAY PROMISES TO PROTECT PLANEMAKERS' SUPPLY CHAINS IN BREXIT

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LONDON (Reuters) □ Prime Minister Theresa May will on Monday seek to reassure aviation bosses that her under-fire Brexit plan won't disrupt their supply chains, and promise that the industry will flourish as Britain leaves the European Union.

Mays words, to be delivered at the Farnborough Airshow south west of London, come at a crunch time for the prime minister as pro-Brexit lawmakers in her party threaten revolt over an EU exit strategy they say leaves Britain subject to Brussels rule.

We will take back control of our borders, our laws and our money. But we will do so in a way that is good for business and good for our future prosperity, May will say, according to advance extracts of her speech.

Businesses have been getting increasingly frustrated about the lack of clarity over future trading relations less than nine months before Brexit day on March 29, 2019.

Airbus <AIR.PA>, Europes biggest planemaker which employs around 15,000 people in Britain, warned earlier this month that if Britain left the EU without a deal □ a so-called hard Brexit □ it could result in production at its factories stopping and aircraft being grounded.

At Farnborough, aerospace firms will be setting out wares from luxury jets to lethal drones, hoping trade tensions will not deter airlines from buying planes even as geopolitical uncertainty allows them to sell more weapons.

Brexit is also likely to loom large in their conversations.

The prime minister will set out in detail how her Brexit proposal □ which was agreed by cabinet earlier this month but then sparked a wave of ministerial resignations □ will protect the supply chains of firms like Bombardier <BBD.B.TO> and Rolls Royce <RR.L> as well as Airbus.

No specifics were provided in advance, but the government has proposed a customs arrangement that will see it closely aligned with the EU on regulations and standards under a so-called common rule book.

May will also announce 343 million pounds (\$454 million) of investment for research and development projects, investment in electric aircraft technology, and reconfirm Britain is looking at how it can remain part of EU bodies such as the European Aviation Safety Agency.

By working closely together, government and industry have ensured we remain at the forefront of

civil aviation and that our air power is second to none, May will say.

Today I want us to build on that, and ensure not only that we retain our prominence, but that in an increasingly competitive industry we make the most of the opportunities that lie ahead.

The aerospace sector directly employs around 120,000 people in the United Kingdom, and supports a further 118,000 jobs indirectly, according to trade body ADS Group. It generated almost 28 billion pounds of exports in 2016.

(\$1 = 0.7557 pounds)

(Reporting by William James; Editing by Mark Potter)

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