Roundtable Report: UK-Saudi Defence and Aerospace Trade

SBJBC Defence and Resilience Programme, Farnborough International Airshow, 22nd July 2026

Executive Summary

The Saudi British Joint Business Council (SBJBC) held an invitation-only roundtable at the Farnborough International Airshow on 22nd July 2026, opening a twelve-month Defence and Resilience Programme. The session brought together UK primes, small and medium-sized enterprises, defence analysts, education and training providers, financiers, legal and advisory firms, and representatives of the UK and Saudi governments. The discussion was held under the Chatham House Rule, and contributions in this report are therefore attributed to organisations rather than individuals.

The conversation examined how UK firms can enter and grow in the Saudi defence and aerospace market as the Kingdom pursues its Vision 2030 industrial goals. Several themes recurred through the morning but partnership was the word returned to most often, whether between the two governments, between primes and their supply chains, or between UK firms and Saudi partners who understand the local market. Localisation, delivered through the Industrial Participation Programme, shapes key routes into the Kingdom. Human capital and training emerged as a priority in their own right rather than a supporting concern, with competency frameworks, dual-use career paths, and Saudi engineering talent all raised. Finance and cash flow were identified as practical constraints for smaller firms, and export finance support was set out in response. Counter-drone capability, air and missile defence, and the protection of critical infrastructure ran throughout, reflecting the current security environment across the Gulf.

Introduction

This was the first session of a new SBJBC Defence and Resilience Programme, a series of events running across the coming year. It was framed as an opening conversation rather than a set of formal presentations, held under the Chatham House Rule so that participants could speak candidly, with each theme to be taken to greater depth at later sessions. SBJBC opened by describing its role in bringing UK and Saudi business together and working closely with both governments and encouraged UK companies to consider what assistance the Council may be able to offer them.

Government representatives set the context. Trade in goods and services between the two countries reached 16.6 billion pounds in the four quarters to the third quarter of 2025, with UK exports accounting for about 13.2 billion pounds of that total, placing the UK among Saudi Arabia's leading trade partners. The defence and aerospace relationship is long-standing, and the emphasis is shifting from products and facilities placed in the Kingdom toward deeper links with UK research establishments, universities, and training institutions. Saudi defence spending stands at around 78 billion US dollars a year, close to 7.1% of national output, and the Kingdom is pursuing a target of localising half of its military spending by 2030. Participants noted that the wider environment has changed, with technology, artificial intelligence, and the character of modern conflict reshaping both military and civilian requirements, and identified this as an area in which the UK can support its Saudi counterparts.

The UK Government Offer and Route to Market

Government representatives described the support available to firms entering the market, and set out two priorities above all others, the route to market and partnerships. The relevant body creates the route to market for industry and helps firms link up with counterparts and opportunities. It was formerly the UK defence and security exports organisation and now sits within the Ministry of Defence, having moved across from the Department for Business and Trade around a year ago. Its work includes facilitation with the export control authorities on licensing, engagement with other countries where their licensing regimes apply, and direct work with Saudi government bodies, supported where needed by a ministerial and political route. A standing industrial cooperation committee, with ministerial and governor-led meetings held twice a year, advances work streams that run from research and development through to capability and industrialisation.

A distinction was drawn according to the end user. Where the end user is defence, the Ministry of Defence side leads, and where the end user is civil, such as an airport, a port, an energy supplier, or civil defence, the Department for Business and Trade leads, with the two working closely together and the term dual use recurring throughout. The UK exports around 13 billion pounds of resilience and cyber products each year, drawn from a mix of large primes and smaller innovative firms. In response to recent events in the region, a campaign for resilience across the Middle East has been launched to understand UK capabilities and Saudi requirements and to bring lessons in both directions, and a published guide to UK resilient infrastructure capabilities was shared with the room. Firms were encouraged to approach the relevant desk according to their end user, with the teams sitting alongside one another to make the transition between departments as seamless as possible, and with a government team in Riyadh available to help.

Saudi Defence Priorities and Where UK Capability Fits

A defence analysis and wargaming firm set out the threat environment and the areas where UK capability aligns with Saudi requirements. The primary concern lies to the east across the Gulf, in the maritime and air domains, alongside non-military and grey-zone threats that are expected to persist beyond the current period of tension. A continued concern lies to the south, at present chiefly maritime but with a growing land-based element. Against that background, the firm identified a number of priority categories likely to shape Saudi procurement over the coming ten to fifteen years.

Integrated air and missile defence was placed first, including the command and control systems in which UK primes are well placed to support Saudi development, procurement, and localisation. Counter-drone capability was identified across both military and civil sites, including airports, with relevance for firms ranging from the primes to smaller specialists, and directed-energy weapons were highlighted for their application against drones. Combat air remains an area of significant collaboration, with the prospect of cooperation around the Global Combat Air Programme, subject to political questions, alongside sustainment and maintenance, repair and overhaul, described as a particular success of the relationship and strongest on the engine side. Rotary-wing was noted as an area of potential. Standoff and guided missiles were identified as a further category in which the UK has previously supplied systems. In unmanned systems, competition at the lower, attritable end makes UK sales harder, but higher-end collaborative systems, unmanned maritime systems, and mine countermeasures were seen as more promising. C4ISR was raised, including airborne early warning, command and control integration, and AI-enabled targeting, together with training and skills as an established UK strength. The moderator noted that human capability and training ran as a thread through almost every category.

Supply Chains, Localisation and the Industrial Participation Programme

The Industrial Participation Programme, administered by GAMI, has replaced the earlier economic offset programme and requires foreign defence contractors to commit to implementation agreements, with obligations flowing down from primes to lower-tier suppliers. GAMI's local content programme, introduced at the World Defense Show in Riyadh earlier in the year and supported by the RUKN portal, provides a structured digital pathway into Saudi supply chains, and sits alongside the Vision 2030 target of localising half of military spending by 2030.

An aero-engine manufacturer described its position in the Kingdom, having supported the Royal Saudi Air Force for several decades, with a separate established Saudi company, and now employing over 700 people, of whom 85% are Saudi nationals. It observed that it often sits as a second or third-tier supplier itself, and made several points on supply chains, including that long-term contracts help firms at every tier. Suppliers are best considered against the global supply chain rather than domestic requirements alone, and dual-use requirements can be flowed to suppliers where the contract allows, which builds resilience. Alignment is needed at every level, from GAMI down through the prime and into the supply chain.

A missiles joint venture, established in 2022 with an order book approaching one billion and a workforce of around 50 people that is 75% Saudi, set out its ambition to become a national champion for missiles and missile systems in line with Vision 2030. Its principal task is developing a local supply chain within the Kingdom, driven by its Industrial Participation Programme obligations and by local content requirements, incentivised by the Saudi government, and made more pressing by a saturated European supply chain. The ramp-up of local resource had been faster than expected, with a workforce recruited and trained within a year and a strong supply of motivated new graduates, technicians, and engineers, and with young Saudis now working independently to maintain and repair systems. A further joint venture, between a Canadian company and a private Saudi company, described registering with GAMI and working extensively across Saudi and UK primes without significant difficulty in selling between the two countries, with political sensitivities in Canada around a particular asset managed through the joint venture. The clear recommendation was to partner with a Saudi entity that understands the market, with partner selection described as critical.

Cash Flow, Payment and Export Finance

Cash flow and cash burn were raised as a real constraint for smaller firms, along with the question of how primes help second and third-tier suppliers bridge the gap between contractual payment terms and delivery. Experience differed across the room. One participant reported no cash-flow difficulty, citing a median period from invoice to payment of 42 days and a full payment record with a Saudi government customer, while noting that customer selection matters. Another described a spectrum of payment behaviour that depends on a firm's position in the supply chain and on the maturity of digital payment processes at particular primes, and advised smaller firms to plan for financing where a gap arises.

Export finance support is also available, and on the buyer side, a recently announced 50 billion pound defence export fund provides capacity to finance international purchases of UK goods and services where a contract includes at least 20% UK content, offering buyers loans from the UK government, or from banks under government guarantee, on credit terms of up to twenty years at competitive rates. On the supplier side, working capital can be supported through products arranged with banks to make trade finance more readily available, alongside insurance. The 20% UK-content threshold is declared by the company itself, and training delivered from the UK counts toward that content. Smaller firms were directed to their local export finance manager and to in-market representatives. A further route concerns third-country collaboration, whereby a Saudi and UK joint venture exporting from the Kingdom into a third country can also draw on support, including from the Saudi export credit agency.

Training, Simulation and Human Capital

Training and human capital drew sustained discussion, reflecting GAMI's Saudisation requirements and the technical skills in shortest supply. An education and accreditation provider argued that platforms now change quickly and that many skills have short shelf lives, so the priority is how people gain and redeploy skills rather than only what they know. Training staff are now deployed forward onto operations, a change over the past fifteen years, and human capital should be treated as an enabler of localisation, supported by competency training that is measurable and consistent across the force. The provider argued for a move beyond academic links and guest speakers toward the delivery of training and skills, and for dual-use career paths that allow people to move between defence and civilian roles across a whole career.

An esports federation described competitive gaming as a route into cyber and drone-operator skills. It has launched an international defence esports competition attended by a senior Saudi delegation, with a further tournament in the UK in October involving 25 countries, and traces the initiative to observations from Ukraine that the most effective drone operators and cyber personnel were often gamers. A vocational qualification in esports, developed with an education provider some years ago, now has around 18,000 students, a gaming facility has been established aboard a Royal Navy carrier, and a white paper on military esports was due to launch at an event in the Kingdom. The federation treats gaming as a recruitment and engagement funnel into structured cyber and digital pathways.

On artificial intelligence in training, a training, simulation, and AI firm cautioned that aerospace is safety-critical and demands complete accuracy, while large language models carry well-documented limitations and rest on an architecture built for search and matching rather than for guaranteed precision. The answer, in its view, lies in a different architecture together with traceability and auditability of the system's decisions, so that accuracy can be demonstrated and errors identified and corrected. The missiles joint venture added that it is exploring AI to generate technical manuals and fault-finding aids in place of very long documentation. A government representative observed that AI development has accelerated over recent months, with modelling that would once have taken months now taking days. On language, participants discussed applying UK AI expertise in Arabic. One is developing an Arabic-language platform with the Saudi government, localising practice to the nuances of the language rather than translating directly, and another is developing a platform that uses AI for live translation with a simulated tutor, enabling multi-language classrooms. Competency frameworks were identified as the means of transferring and recognising skills across military, civil, and civil-defence roles.

On another front, academia was raised as an under-used resource. Around 47 Saudi engineering PhD students are studying at UK universities, most of whom return to the Kingdom on completion, and Saudi defence development leadership is keen for UK industry to draw on that engineering expertise, cultural awareness, and network.

Civil-Military Aerospace and Unmanned Systems

Alongside its military ambitions, the Kingdom is delivering one of the largest civil aviation expansions in the world. Projects raised in the discussion included NEOM Bay Airport, a Red Sea airport, and King Salman International Airport in Riyadh, a 127 billion US dollar development planned with as many as six runways, set against a background of rising passenger numbers across the Kingdom. A capability-management advisory firm described managing capability for organisations and states across the lines of development on a platform-agnostic basis, arguing that independence from any single platform preserves value, and pointed to obsolescence planning and to training equipment that should not itself become obsolete. Counter-drone capability was described as critical, supported by an integrated common operating picture and by decision authority set in advance, enabling force multiplication for small units.

A UK unmanned systems manufacturer set out the case for capability built to a specific task, and argued that purpose-built systems can deliver better output and a lower training burden over time. Counter-drone and air defence require both military and civil systems, including detection and monitoring around airports, and interoperability between military systems and standalone airport systems was identified as the central challenge. A simulation and training operator observed that much of the day had focused on hardware, but that software and simulation products are equally part of the offer, and asked whether UK training, skills, and education are being fully harnessed. Asked why firms should choose the Kingdom, participants pointed to the ambition of Vision 2030, the scale of activity around Expo 2030 and the 2034 World Cup, and the UK's experience in delivering major events and in resilience. The advice to smaller firms was to speak to those already operating in the market and to make use of the Council, the UK government teams, and the embassy in Riyadh.

Market Entry, Intellectual Property and Licensing

The closing exchanges returned to the practical steps of entry. The Ministry of Investment provides initial licensing as the first step into the Kingdom, after which SBJBC introduces firms to the defence-sector lead and on to GAMI and SAMI, with a Saudi government representative noting that GAMI's regulation and licensing function handles the prerequisites and documentation. On licence to operate, a communications advisory firm asked how smaller suppliers build standing in both the UK and the Kingdom, and how technology-transfer and research expectations sit alongside the protection of intellectual property. A cyber resilience consultancy described a ground-up, relationship-led approach with little formal marketing. A legal practitioner with long experience of the market described intellectual property demands as a familiar feature and, above all, a negotiation, in which a firm may hold its position, reach a compromise, or carve intellectual property into a separate subsidiary, and noted that the commercial and legal environment has liberalised over the years while a capable local partner remains valuable.

On intellectual property more broadly, a participant found registering a UK trademark in the Kingdom more difficult than in some neighbouring states, and suggested that Saudi accession to the Madrid Protocol would help. A dual-use venture investor pointed to scope for greater innovation on both sides, describing the Kingdom as a testing and proving ground, noting growing domestic Saudi innovation, and making the case for building venture-grade businesses locally, a theme SBJBC connected to forthcoming work with Saudi venture capital. A question was also raised about a possible consolidation of civil and defence localisation frameworks under a recent ministerial appointment, which SBJBC undertook to follow up through its briefings.

Conclusion

Taken together, the message from the room was consistent. The UK-Saudi defence and aerospace corridor offers substantial and growing opportunity, underpinned by long-standing ties and by the ambition of Vision 2030, but access depends on partnership, on meeting the Kingdom's localisation requirements, and on building the human capital that a modern defence industry requires. As the first session of the Defence and Resilience Programme, the discussion set an agenda for the year ahead. SBJBC extends its thanks to all participants, in person and online, for the candour of their contributions.