



Ministry
of Defence

MINISTRY OF DEFENCE
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GUTO BEBB MP
PARLIAMENTARY UNDER-SECRETARY OF STATE AND
MINISTER FOR DEFENCE PROCUREMENT

MSU/4/5/2/15

3rd April 2018

Dear Julian,

You will have seen over the weekend that an announcement has now been made on the Acquisition Strategy for the Army's Mechanised Infantry Vehicle. As you have previously expressed an interest in this programme I thought it would be helpful to write to explain the considerations taken in coming to this decision.

My primary responsibility in defence acquisition is to ensure the Armed Forces get what they need, when they need it and that the solution represents value for money (VFM) in accordance with HMT and MOD Guidance. Moreover, the Army's needs and VFM come first before the UK Prosperity Agenda. A capable Mechanised Infantry Vehicle is integral to the Army's new Strike brigades. The MOD conducted a comprehensive market analysis of Mechanised Infantry Vehicles in-service, entering service and in development. The analysis was guided by the British Army's requirements and how best to deliver them. The Boxer was the stand-out performer across a wide range of requirements and is a worthy choice for the British Army, who deserve the very best equipment. With the ability to rapidly adapt to suit our soldiers' needs and perform across multiple climates and terrains, the Boxer would provide the British Army with a credible medium capability, enabling Commanders to provide an appropriate level of response to emerging threats. Already in-service with the Netherlands and deployed to Afghanistan with the German Army, the vehicles are tried-and-tested and are also shortly set to enter service with Lithuanian Forces. This means British soldiers can benefit from the existing resources and engineering expertise that come with the Boxer programme.

Julian Lewis MP
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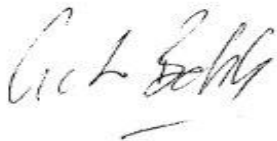
The MOD is now taking forward negotiations with the Organisation for Joint Armament Cooperation (OCCAR) and Artec to look at options to purchase the vehicles. I must stress that this is not a Main Gate decision, and any deal will be subject to commercial negotiation and assessment in 2019. The aim is to have the first vehicles in service with the Army in 2023.

This decision is also good for British industry. OCCAR is a European intergovernmental organisation which facilitates and manages collaborative armament programmes through their lifecycle between the UK and European allies. The organisation manages the Boxer programme and, as an OCCAR member state, the UK has the necessary Intellectual Property Rights to the 'British Boxer' and greater control over ensuring Britain benefits from supply chain work. As you may be aware, the UK played a major role in the design, development and testing of Boxer, and would reassume the rights it had as an original project partner - thus allowing the option for the vehicle to be built and exported from the UK.

Prior to any Main Gate decision we will consider the comparable benefits of manufacturing locations and different supply chains for Boxer. Artec is the consortium who manufacture the Boxer vehicle, which is currently built in Germany and the Netherlands. They have begun discussing potential supply agreements with British Industry, including BAE Systems, Pearson Engineering and Thales UK, and have publicly committed to ensuring that at least 60% of the manufacturing to be within British industry, sustaining and developing UK industrial capabilities, facilities and skills. It is also expected that British supply chain companies will compete for the manufacture and supply of many of the vehicle sub-systems, as well as for a full production and assembly line in the UK. Estimates suggest Artec's planned investment in the UK could secure or create at least 1,000 jobs, based across the country including locations such as Glasgow, Newcastle, Sheffield, Stockport, Telford and Wales. With Rolls Royce already powering Boxers with engines and Parker-Hannifin, William Cook Engineering and other British companies also supplying sub-systems for the Boxer vehicle, this deal could secure a broader UK industrial partnership.

As part of the proposed deal, the UK may see substantial inward investment from the German company Rheinmetall, one of Artec's parent companies, who signalled their intention to launch a production and integration centre for armoured vehicles in the UK as part of the programme. This would represent a significant commitment from Rheinmetall which would lead to long-lasting armoured vehicle capability in the UK. The other of Artec's parent companies, Krauss-Maffei Wegmann (KMW), already has a substantial UK manufacturing facility in Stockport, from where it designs, manufactures and supports complex military equipment as far afield as the US and Australia, as well as parts of Europe.

Finally, I believe the chosen Mechanised Infantry Vehicle Acquisition Strategy offers the best equipment for the British Army and is good for British industry.

A handwritten signature in black ink, appearing to read 'Guto Bebb', with a horizontal line underneath the name.

GUTO BEBB MP