



SHOVEL READY DEFENCE PROGRAMMES

Strategic investment in our industrial and manufacturing infrastructure will play a vital role in ensuring that the British economy is able to weather the economic crisis following the coronavirus pandemic.

The CSEU is arguing that the UK Government should, as part of its broader investment programme, should identify existing defence programmes that can

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either be brought forward or extended to inject investment directly into the economy. The beneficiaries will be communities and workers situated outside of the south east and in areas that have suffered from a lack of strategic investment in R&D, skills and infrastructure over time.

Currently our competitor countries, particularly Germany and France, are making multibillion investments in defence as part of their response to the covid crisis. In Germany defence is likely to receive an additional €1.5bn as part of a €130bn targeted investment in industry. This will take the form of orders for additional frigates, corvettes and military trucks along with increased orders for Typhoons and radar systems.

The French Government has brought forward orders for helicopters and support ships worth €300m in the immediate term. In addition each service chief has been asked to present a list of equipment programmes to the Assemble National which has the potential to be worth €1.5bn per annum over several years.



ACCELERATED PROGRAMMES

There are a number of programmes that are in the process of being procured or have already seen orders. Speeding up the will have an immediate effect throughout the supply chain for each programme.

- **The Fleet Solid Support Ships (FSS).** Will be 40-45,000 tonnes each. They will each be one-off, complex and specialist vessels. A competition is underway but was suspended at the end of the last Parliament.
Will sustain every shipyard in the UK, £1-1.5bn over three years.
- **Type 26 frigate.** Only three ships currently in production, and the key systems for them, have been ordered. The next five are due for order c.2022-23. Order them now, so the supply chain for long lead items can get working.
£500m total, £100m pa.
- **Typhoon AESA Radar Upgrade.** A new, fully-digital radar. Needed to make Typhoon attractive on the export market – RAF have de-prioritised it, and pushed it to post-2025, as well as cutting numbers. Order it now.
£500m total, initial batch, £100m pa.
- **Tempest Project.** The next generation fighter/air warfare system. Vital for the UK to retain key technologies in aircraft and missiles. Bring forward Phase II funding (had been c.2022-23).
£100-150m pa extra.
- **Boxer APC.** To be built in Britain by Rheinmetall. But delivery rates are quite lethargic – double production rate, and require Rheinmetall to source more equipment/materials from the UK.
£50-100m pa extra.
- **Complex Weapons Portfolio.** Upgrade programme for Storm Shadow, modernisation of Aster PAAMS, ASRAAM upgrades – all underway, but slowly.
£50-100m pa extra.
- **Ajax Scout/Warrior CSP.** Both of these are supposed to be technologically mature and if so then they can be put into production at speed.
£200m pa.



NEW ORDERS - EXTENDED PROGRAMMES

These are programmes that could go from zero to production quite quickly, as production lines/capabilities are still running.

- **Typhoon Tranche 3B/4.** Germany is replacing its Tranche 1 Typhoons with new-build Typhoon Tranche 3s. And is then buying an extra 60-70 Tranche 4 aircraft from c.2023. Spain is also replacing all of its US-built F/A-18s with new-build Tranche 3&4 Typhoons at the same time. As the supply chains will ramp up (including British companies) to support these deals, it would be politic of the UK to buy 24-36 extra Typhoons to replace the Tranche 1s. They could be to a new anti-SAM standard that Germany has proposed.

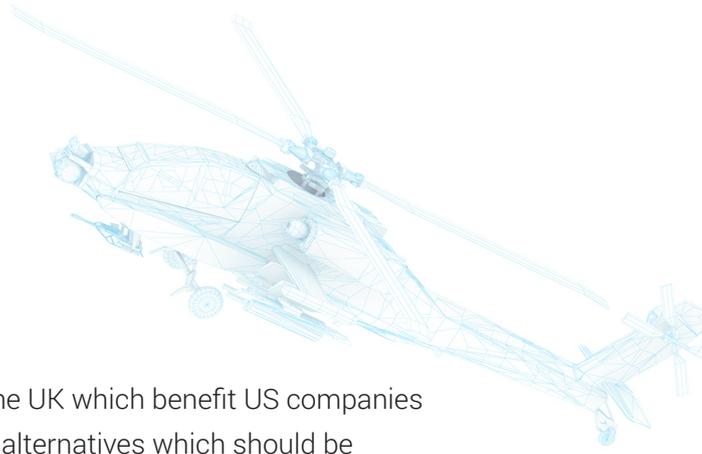
Programme Cost (Over 3-5-years): £2.5-3bn (depends on type of Typhoon).

- **Merlin Mk2 ASW Helicopters.** The UK doesn't have enough Mk2 Merlins for both the Crowsnest AWACS role, as well as the Anti-Submarine role. The aircraft is in production for several export customers, as well as for Italy – 8-10 extra Mark2s can be added to production.

Programme Cost: £500-750m.

- **Boxer AFV.** There are only 4 Boxer variants being bought at present. There is a clear need for 4-5 extra variants, including recce, mortar etc. Order these now, ensuring Rheinmetall puts as much of the supply chain into the UK.

Programme Cost: £1.5bn over 8-10-years.



MAKE AMERICA GREAT AGAIN?

There are a number of existing programmes in the UK which benefit US companies and workers. We believe that there are viable UK alternatives which should be investigated.

- **Chinook.** Manufactured in Philadelphia. Some UK cockpit work (Thales UK), but well over 85% of purchase cost = US. Maintenance: used to be by Fleetlands (non-Boeing) – the most advanced and value-for-money Chinook maintenance in the World. Now being gobbled up by Boeing – increasingly single-source support option, often reliant on US workers on attachment.
£120-150m pa.
- **Apache 64E/Block III.** Yes, Leonardo will provide a (far better) UK electronic defence system – but that's it. Everything else is US. The previous Apache had Rolls Royce engines – this version has US-built General Electric ones.
£150-250m pa.
- **P-8.** The UK workshare on this aircraft – about 5% - is mainly UK companies that won their position on the commercial 737 programme. This is a US product in every sense – and will see support and training undertaken in the USA for years to come.
£2-300m pa.
- **E-7 Wedgetail.** A US Product. Not even 3% (and that is the commercial systems) UK. Largely unfunded in the current budget.
£3-400m pa upcoming.
- **Joint Light Tactical Vehicle.** British Army “armoured jeep” – produced on a commercial truck line in the States. Over 2,200 being bought – could economically be built in the UK.
Programme cost: £1.8-2bn.
- **Skynet 6.** MoD wants to break “dependency” on Airbus UK for military satellites – and is happy to see Lockheed Martin-built satellites made in the States, instead.
Programme Cost: £3bn+ for the satellites.



FRANCE

In response to the Covid 19 crisis Paris has found an immediate €300m for defence by accelerating money for helicopters and support ships. Each service head was asked to present modest lists to the to the Assemble Nationale about where they could could spend extra money. The Navy has identified extra missile and munitions programmes worth €200m per year. The Army has accelerated the new AFVs. This will suggests a total of 1.2bn spending in defence over a two year period.

GERMANY

Defence will receive an additional €10-12bn of funding over the next few years as part of a targeted €130bn investment in industry. Projects being extended include 2 extra frigates, 4 additional corvettes, €2bn for new military trucks, 110 Active Array radars for the Typhoon fleet worth €1.15bn. 35 additional Typhoons have been ordered with a further 80-90 brought forward and budgeted for from 2023.

NEXT STEPS

The Government has talked a lot about levelling up and investing in infrastructure to boost regional economies. This doesn't mean that you have to reinvent the wheel; our defence manufacturing sector extends to very part of the country with an infrastructure and highly skilled workforce that already exists. As well as planning for new jobs it is crucially important that Government invests strategically in order to avoid peaks and troughs. By bringing forward and extending equipment programmes that have already been budgeted for, and which will from a key part of Britain's future strategic capability, we can protect existing jobs, maintain the skills base, invest billions into our regional communities and help the country weather the economic crisis.