

Predictability and a special relationship with the USA were the priorities for defence procurement outlined by Conservative shadow Defence Secretary, Dr. Liam Fox, at a UK Conservative Party Conference fringe meeting entitled 'The Challenges of Defence Procurement'. Also speaking at the meeting were Bob Keen, BAE Systems and Lord Gilbert, former Minister for Defence Procurement. The event was chaired by Neil O'Brien, incoming director of Policy Exchange.

The Shadow Defence Secretary began by outlining the main challenges behind defence procurement as: giving the armed forces what they want when they need it; providing predictability to the defence industry; and maximizing jobs in the UK.

He emphasized the need to determine future gaps in capability and meeting those needs well in advance. Helping defence exports required affordability, capability and adaptability.

Many current inefficiencies of defence procurement lead back to the core MoD budget. Britain is still using the 1998 defence planning assumptions, which, given events such as the 9/11 attacks and Iraq war, are largely inappropriate. There was an overuse of UORs (Urgent Operational Requirements) which are funded by extra Treasury money, leading him to attack the funding 'suicide pact' between the MOD and the Treasury.

There is a need for a new Strategic Defence Review which outlines where Britain is now in terms of defence and what we need. There should be a bipartisan process for defence strategy and a move to an American style 4-5 year defence review, independent of the political cycle. 'Predictability is the aim above anything else' when it comes to defence procurement becoming more efficient and effective.

When pressed on his desire to see a British procurement shift towards the USA and to develop a 'special relationship' with the USA, he referred to Britain's procurement relationship with Europe as 'largely catastrophic' and said that he would want to pull out of the European Defence Agency.

In response to a comment that any special relationship with the USA should be two-way and beneficial to the UK as well as the USA, the Shadow Secretary agreed with this and went on to emphasise the need for consistency when it comes to these relationships, referring to the Government breach of EU rules by allowing a Chinese officer to study at Sandhurst.

He would have no intention of being part of an integrated European defence agreement. He would consider agreements with European countries, but he is 'very against' the EU institutionally being involved in the UK decision making process.

In assessing Britain's defence capabilities, we need to look at what we need and how much we can afford, rather than 'what do we have?'

In the global defence market would help the defence industry more and that there should be more human resources in places such as Baghdad to capture emerging markets and 'get the exports'. He added that this is how Britain is going to get a good share of the global defence market.

Bob Keen of BAE Systems said there needs to be a new emphasis in the UK on the need for more resources for the armed forces. He pressed for a longer term perspective by government and a strategic planning framework.

Speaking on the challenge to equip the armed forces for the future, he noted the importance of contingent, flexible equipment to meet future threats for the armed forces. The defence industry needs to meet these challenges by having a clear industrial strategy. It is important for the UK to be able to design and develop equipment and to update and upgrade.

The key message from an industry point of view, is that in order for the defence industry to flourish, the right strategic framework is essential. The Government's Defence Strategy does not do too badly, though requires some redefinition.

The Tornado Programme has delivered massive savings due to an 'absolutely intimate' relationship between BAE Systems and the RAF.

Labour peer Lord Gilbert noted that a Conservative Defence Secretary would inherit a number of appalling problems such as being forced to buy unwanted equipment due to inflexible contracts with ineffective cancellation clauses.

Over the whole range of defence procurement, it is quicker, cheaper and more efficient from the USA due to economies of scale and decades of research that no other country can match. In contrast he noted that in the UK, 'we lumber ourselves with ridiculous burdens'.