

# THE POLITICAL INFLUENCE OF ARMS COMPANIES

## *Introduction*

The political influence of military companies is often anecdotally cited as a significant, even dominant, factor in arms deals. However, there appears to be no study that has fully surveyed the range of arms company influence within the UK political process. This may be because interest in the issue has traditionally been focused on high profile individual cases, such as those involving Jonathan Aitken and allegedly Mark Thatcher. As well as providing obvious 'scoops', these are much easier to grasp (though not necessarily to uncover) than a broader consideration of more subtle influence. We now need to assess these influences and evaluate their cumulative impact.

This report is a first step towards understanding the breadth of the links between military companies and the UK government. It primarily provides information rather than analysis and focuses on three areas:

- Ministerial Support for Arms Deals
- The Revolving Door
- Advisory Bodies

In order to make the initial report manageable, it focuses on one company: BAE Systems (formerly British Aerospace). BAE Systems' dominance of UK arms production and export makes it an uncontroversial selection.

An extended report is currently being worked on. In addition to developing the issues in this report, it will bring in other companies and further issues including:

- company donations and sponsorship
- the use of lobbying companies
- lobbying via constituency MPs
- lobbying via unions
- the role of Private Finance Initiatives
- the extent to which companies feed into military strategy/scenario setting and then produce the weaponry to fit the identified need.

*Knowledge of other studies or leads we could follow would be greatly appreciated.*

## *Ministerial support for arms deals*

The UK government provides a wide range of dedicated services in support of arms deals. They range from assistance to arms companies attending arms exhibitions, through financial support for individual deals, to a significant portion of Defence Attache and embassy time spent promoting UK arms exports. However, these benefits,

though expensive and far beyond the help that most UK manufacturing sectors could expect, are clearly not enough from the point of view of the UK government. Ministers, as well as officials and royalty, travel the world to push arms exports in personal meetings with foreign leaders.

When Defence Minister Dr Moonie was asked in the House of Commons in Dec 2002 'What work is he doing to ensure that BAE benefits from further export orders for the Hawk aircraft?' Dr Moonie was able to 'assure the right hon. Gentleman that, we are working hard, as we have done continuously, to try to help the company to secure orders for Hawk abroad.'<sup>1</sup> There is little doubt he was telling the truth. Ministers are kept very aware of BAE Systems' needs. In November last year a list of meetings between BAE Systems and the Secretary of State for Trade and Industry and her ministers was published and indicated a high level meeting, on average, every 6 weeks.<sup>2</sup> And this is just for DTI ministers. As we will see below, the relationship appears to be even closer for the Ministry of Defence, the Foreign and Commonwealth Office and both the Deputy Prime Minister and the Prime Minister himself.

### *Hawks to India*

The attempted sale of BAE Systems Hawk aircraft to India has been rumbling on since the late 1980s. However recent attempts to seal the deal have received widespread public attention, not least because of the obvious hypocrisy of the UK government trying to sell weapons whilst publicly calling for peace between India and Pakistan. A succession of ministers, including the Prime Minister, have pushed the deal, some making dedicated trips to India for the purpose.

Table 1 provides a list of ministerial visits to India. The level of knowledge regarding individual visits varies greatly and there is often little official information available about the content of these meetings. Other visits from Ministers of relevant departments have occurred but only occasions where the Hawk deal is reported to have been promoted are included.

Visits by Indian ministers to the UK are also seen as opportunities for lobbying. For example, Tony Blair raised the Hawk sale during a visit by Indian Prime Minister Atal Behari Vajpayee in October 2001<sup>3</sup>; Defence Secretary Geoff Hoon similarly raised the deal with his Indian counterpart George Fernandes during a luncheon he hosted in Mr Fernandes' honour in January 2002.<sup>4</sup>

The high-level support for the Indian Hawks is not a one-off example, it just happens to be the one for which most information is available. A resume of arms export support exists for a number of ministers, but it is probably most instructive to consider the record of Tony Blair – or at least what has come to light despite the careful management of Number 10's PR machine.

# Table 1. Ministerial visits to India and reports of Hawk promotion

Ministerial visits <sup>5</sup>	Reported promotion of BAE Systems' Hawk Jet
<b>Lord Bach</b> Minister for Defence Procurement	<p>4–6 February 2003</p> <p>"Lord Bach, Minister for Defence Procurement, led the official UK delegation. BAE Systems sent a Hawk training aircraft to the exhibition to be involved in flying displays."<sup>6</sup></p> <p>"AERO India 2003, rated as one of the biggest such events in Asia, saw intense lobbying for the multi-billion dollar, much-delayed advanced jet trainer (AJT) purchase programme of the Indian Air Force... The British pitch for Hawk ZJ 100 (a deal often touted as closed but for last-minute denials) will be spearheaded by British defence minister Lord Bach of Lutterworth."<sup>7</sup></p>
<b>Jack Straw</b> Foreign Secretary	<p>19 July 2002</p> <p>Jack Straw "...is flying to India on July 18 and on 20 to Pakistan to pave way for the resumption of direct talks between the two countries. Besides working for peace in South Asia, Jack Straw would also discuss the sale of Hawk fighter jets to India despite some opposition at home... An official of the Foreign Office confirmed that the proposed defence deal could come under discussion with the Indians, though it is not a priority."<sup>8</sup></p>
<b>Geoff Hoon</b> Defence Secretary	<p>3 July 2002</p> <p>"Mr Hoon is said to have also discussed the matter of India purchasing the Hawk Advanced Jet Trainers from Britain. However, there were no details available as to what was the final decision."<sup>9</sup></p>
<b>Jack Straw</b> Foreign Secretary	<p>28/29 May 2002</p> <p>"Britain today [29 May] made it clear to India that there was no move to bar the deal for sale of 66 Hawk-100 Advanced Jet Trainers or to impose any arms embargo on New Delhi... The UK's decision in this regard was conveyed to India by the visiting British Foreign Secretary Jack Straw during his 45-minute meeting with Defence Minister George Fernandes."<sup>10</sup></p>
<b>John Prescott</b> Deputy Prime Minister	<p>4–12 March 2002</p> <p>"John Prescott, the deputy prime minister, is scheduled to visit India next month for a conference on sustainable development but he is also expected to raise the Hawk deal, which he championed during a visit to New Delhi last year."<sup>11</sup></p>
<b>Jack Straw</b> Foreign Secretary	<p>27 Feb 2002</p> <p>"Britain's foreign secretary will use a visit to Delhi next week to press India to seal a £1bn (\$1.4bn) deal to buy 66 Hawk military jets from a UK company amid signs that the deal has stalled over price. British officials in Delhi told the Financial Times that Jack Straw would be the latest senior minister to push the controversial arms deal to the Indian government."<sup>12</sup></p>
<b>Tony Blair</b> Prime Minister	<p>4–7 Jan 2002</p> <p>"In January, as the two countries prepared for war, Tony Blair arrived in the subcontinent on what was called a 'peace mission.' In fact, as the Indian press revealed, he discussed the opposite of peace - a £1billion deal to sell India 60 Hawk fighter-bombers made by British Aerospace. 'The issue of India acquiring the Hawks,' reported the periodical Outlook India, 'was raised by Prime Minister Blair with Prime Minister A.B. Vajpayee, defence minister George Fernandes said today.'<sup>13</sup></p>
<b>Geoff Hoon</b> Defence Secretary	<p>13–14 Nov 2001</p> <p>"The lingering 1 billion dollar deal with British Aerospace for 66 hawk Advanced Jet Trainers (AJTs), which had got stuck because of price squabbling, is likely to get a fresh lease of life when United Kingdom's Defence Secretary Geoff Hoon holds talks with Defence Minister George Fernandes here tomorrow. Although Mr Hoon's coming to India is part of a series of visits by high-ranking western leaders following the attacks in Afghanistan and the launch of the US-led global alliance against terrorism, the AJT deal and other issues regarding defence cooperation will also be on the agenda, Defence Ministry officials said today."<sup>14</sup></p> <p>"During [Prime Minister] Vajpayee's visit, Blair praised India's role as a leading member of the international force against terrorism. Both leaders 'agreed to maintain the strongest possible coalition in the fight against terrorism'. Blair urged Vajpayee to resume dialogue with Pakistan President Pervez Musharraf. Blair evinced interest in the huge deal involving the purchase of the Hawk Advanced Jet Trainers (AJT) by the Indian Air Force. British Defence Secretary Geoffrey Hoon was in New Delhi in the third week of November in order to expedite the deal."<sup>15</sup></p>
<b>John Prescott</b> Deputy Prime Minister	<p>July 2001</p> <p>"UK deputy prime minister John Prescott is believed to have discussed the delayed Hawk sale with foreign and defence minister Jaswant Singh and National Security Advisor Brajesh Mishra during a one-day visit to Delhi earlier this month. Indian defence officials said Prescott travelled to India with the 'specific aim' of 'pushing' through the Hawk contract."<sup>16</sup></p>
<b>Baroness Symons</b> Minister for Defence Procurement	<p>Feb 2001</p> <p>"A British aviation delegation, led by UK minister of state for defence procurement Baroness Symons is in the city [Bangalore] for the aero show [Aero India 2001], along with a team from the Society of British Aerospace Companies. Symons expressed confidence that the deal [for 66 Hawks] would be clinched soon. She will also discuss the deal with Fernandes."<sup>17</sup></p>
<b>Stephen Byers</b> Trade & Industry Secretary	<p>6–11 Jan 2001</p> <p>"Following his talks with Defence Minister George Fernandes, Mr Byers said: 'We discussed various defence related matters. I congratulated Mr Fernandes on the successful maiden flight of the Light Combat Aircraft on 4 January. I also expressed my support for the BAE Systems proposal to supply Hawk Advanced Jet Trainers to the Indian Air Force. From my discussions it is clear that good progress is being made and I expressed the hope that an agreement would be concluded in the near future. I look forward to increased defence industry collaboration with India.'<sup>18</sup></p>
<b>Geoff Hoon</b> Defence Secretary	<p>Dec 2000</p> <p>"During my recent visit to India, which was both productive and valuable, I was pleased to be able personally to assure the Indian Government of HMG's support for greater co-operation between UK and Indian defence companies. This includes BAE Systems' proposal to supply the Hawk advanced jet trainer aircraft to the Indian Government in conjunction with Indian Industry..."<sup>19</sup></p>

## Tony Blair

Tony Blair has personally lent his support to many other BAE Systems arms export efforts and appears to have a special relationship with the company. The Observer has quoted ‘an industry insider’ as saying that Dick Evans (BAE Systems’ Chairman) is ‘one of the few businessmen who can see Blair on request.’<sup>20</sup> Mr Blair seems to have been clear where his priorities lay the moment he assumed office. In 1997 he lobbied South African president-designate Thabo Mbeki in support of BAE Systems’ bid to supply Hawk Jets.<sup>21</sup> South Africa later ordered 12 Hawks and 9 Gripens (with further orders for 12 Hawks and 19 Gripens expected in 2004), despite its obvious lack of enemies and desperate need for social expenditure.

In 2000 Tony Blair, apparently blind to Zimbabwe’s domestic crisis and its involvement in the Democratic Republic of Congo conflict, overruled Robin Cook (then foreign secretary) to give the go ahead for the highly controversial dispatch of Hawk spare parts to the Zimbabwean Air Force.<sup>22</sup> In December 2001 diplomats reported that the sale of Eurofighter to South Korea would be high on the agenda for a summit between Mr Blair and the South Korean President.<sup>23</sup> At an April 2002 EU meeting on EU enlargement, he lobbied Czech Prime Minister regarding the Gripen fighter aircraft,<sup>24</sup> having already written to him the previous November urging the Gripen purchase.<sup>25</sup> Later in 2002 Mr Blair agreed an export licence for a military air traffic control system by Tanzania, a sale opposed by the World Bank, Chancellor Gordon Brown and International Development Secretary Clare Short.<sup>26</sup>

## The Revolving Door

The Revolving Door is a well-known and oft-cited concept. Ministers, government officials and members of the armed forces take up jobs in industry, and industry executives take up jobs in, or are seconded to government. Previous personal relationships are maintained, potentially skewing the awarding of contracts and the application of government export guidelines.

There is a lengthy catalogue of political names with later or extra-curricula arms company interests. Though the catalogue is sourced from various government departments, this section concentrates on the Ministry of Defence (MoD). This is in part because its ministers and officials are in closest contact with the arms industry and are in a prime position to use those links once they leave office, and in part to put limits on the study to make it more manageable.

### Making Use of Being an MoD Minister

The MoD is responsible for buying equipment for UK armed forces and also takes the lead in helping to sell the equipment abroad. Probably the most blatant examples of MoD ministers moving into the private arms market are: **Michael Portillo** (Secretary of State for Defence, 1995–97) became a non-executive director of BAE Systems, a company he pushed contracts for whilst in office, in September 2002.

**Roger Freeman** (Minister of State for Defence Procurement, 1994–95) became the Chairman of Thales plc in 1999.

**Jonathan Aitken** (Minister for Defence Procurement, 1992–94) obviously became very confused about his role vis-à-vis arms companies. He went to prison for perjury after attempting to conceal his role in sales of weapons from UK companies to Saudi Arabia.<sup>27</sup>

**Archy Hamilton** (Minister of State, Ministry of Defence, 1988–93) has held advisory positions with W.S. Atkins, Litton Industries and GenCorp Aerojet and was a director of Leafield Engineering.<sup>28</sup>

**Geoffrey Pattie** (Minister of State for Defence Procurement, 1983–84) was Chairman of Marconi Electronic Systems Ltd (now part of BAE Systems) from 1990 until 1999. He is presently the Senior Partner at Terrington Management whose ‘expertise and emphasis is on winning business in the public sector’,<sup>29</sup> with ‘particular expertise in the IT, defence and telecommunications sectors’.<sup>30</sup>

## DESO

The Defence Export Services Organisation is an area of government which, by definition, has extremely close links to the arms industry. It sits within the MoD and its objective is to help the arms industry sell arms to overseas customers. It co-ordinates the direct government support for arms exports, providing marketing assistance and advice on negotiation and financing arrangements, as well as organising arms exhibitions and promotional tours. Heads of DESO are seconded from the UK arms industry giving the companies a direct voice into the heart of government. Table 2 indicates the companies they come from and where they go at the end of their secondment.

Table 2. Heads of DESO

Heads of DESO	Seconded from	Period at DESO	Post-DESO arms company
Alan Garwood	BAE Systems	2002–	
Tony Edwards	TI Group	1998–2001	?
Charles Masefield	British Aerospace	1994–1998	GEC
Alan Thomas	Raytheon Europe <sup>31</sup>	1989–1994 <sup>32</sup>	
Colin Chandler	British Aerospace	1985–1989	Vickers
James Blyth (now Lord Blyth of Rowington)	Lucas Aerospace <sup>33</sup>	1981–1985	Plessey

## Secondments

Secondments are a process whereby a person temporarily moves from their usual employment into another employment. The Cabinet Office guidelines on the disclosure of information regarding secondees say that it is important that the public should be able to check information about secondees so it can be seen that they will not “encounter a conflict of interest during the course of their work”.<sup>34</sup> It may be that some secondees do not have a conflict of interest in their particular work, but it could be seen as significant that BAE Systems has provided 45% of the secondees to the MoD since April 2000 (see Table 3).

Table 3. Individual BAE Systems secondments to the MoD from April 2000<sup>35</sup>

Role	Duration (months)
Acquisition Training	12
Air Logistics Support	12
Air Systems Technology Manager	24
Avionics	8
Business Development	6
Commercial Support	6
Graduate Trainee (acquisition assessment)	6
Head Defence Export Services	36
Logistics Capability Development	24
Ship Systems Project Leader	24
Support Chain Adviser	31
Support Chain Adviser	24
Warship Support	36

The remainder included legal and commercial advisers from such as Ernst & Young and PricewaterhouseCoopers and three lengthy secondments by QinetiQ staff (formerly an MoD agency).

Secondees also move in the opposite direction, with senior MoD staff being seconded to arms companies. Of the six staff seconded to arms companies since April 2000, two have joined BAE Systems. One became the Manager of Operational Development for 24 months and the other the Research & Technology Liaison Officer for 6 months.<sup>36</sup>

### Advice from the Lords

There are also close links between BAE Systems and influential Lords. In the current Register of Lords' Interests, Lord Taylor of Blackburn and Lord Inge are listed as BAE Systems consultants and Lord Powell of Bayswater is listed as adviser to the Chairman of BAE Systems.<sup>37</sup>

However, it is not primarily their presence in the Lords that is useful to BAE Systems, but the contacts they bring and the influence they still carry. Lord Inge was Chief of Defence Staff between 1994-1997<sup>38</sup> and Lord Powell is better known as Sir Charles Powell, Margaret Thatcher's, and then John Major's, advisor on Defence and Foreign Affairs.<sup>39</sup> However, perhaps most worrying is that a BAE Systems consultant, Lord Taylor of Blackburn, appears to be extremely close to Foreign Secretary Jack Straw – contributing 25% of his 2001 election expenses.<sup>40</sup>

## Advisory bodies

In addition to personal contacts there are a plethora of ways that favoured individuals, organisations or companies can feed into government decisions. Seemingly unaccountable committees, task forces, councils, groups and panels exist and interlink to provide the government with the type of information it wants and the veneer of 'consultation'. The complexity of the situation also enables unwelcome conclusions to be easily discounted, if they manage to

surface in the first place. The area of 'defence' and military industry is a prime example.

The centre of the arms-related advisory body web appears to be the National Defence Aerospace and Systems Panel, with the MoD and DTI providing the main routes into government. Some bodies seem to relate to the NDASP and one of either the MoD or DTI, and others, as far as we can tell, relate only to one of the three bodies.

Advisory bodies relating primarily to the NDASP will be discussed first, then those relating primarily to the MoD and finally those to the DTI.

To try to make sense of the web, the main advisory bodies are mapped out in Chart 1, as far as they are understood. Known BAE Systems representation on the bodies is indicated, as is that of BAE Systems interests (i.e. Airbus (UK), MBDA – of which BAES owns 37.5%, and AMS – a joint venture of which BAES owns 50% share) and the Society of British Aerospace Companies (SBAC) which is closely associated with BAE Systems.

### National Defence Aerospace and Systems Panel (NDASP)

In 1994, the Conservative Government set up Foresight. This was a rolling programme of panels with a remit to take long-term views on issues the government thought relevant. The first round of Foresight ran between 1994–1999 and the second from 1999–2002. In the second round the military sector was covered by the Defence Aerospace and Systems Panel and the Defence Task Force. Both these bodies contained members from BAE Systems.<sup>41</sup>

The third round of Foresight began in April 2002. However, at this point military issues were removed from the Foresight programme and became a programme in their own right with the creation of the National Defence Aerospace and Systems Panel (NDASP).<sup>42</sup> NDASP's role is to 'lead debate among experts from government, industry, academia, trade associations and other areas' and will do so by using 'the panel's network of individuals and organisations to make the sector stronger and more responsive to future challenges'.<sup>43</sup> It is funded by the MoD and DTI and reports to the former via the National Defence Industries Council and the latter via the Aerospace Committee.<sup>44</sup>

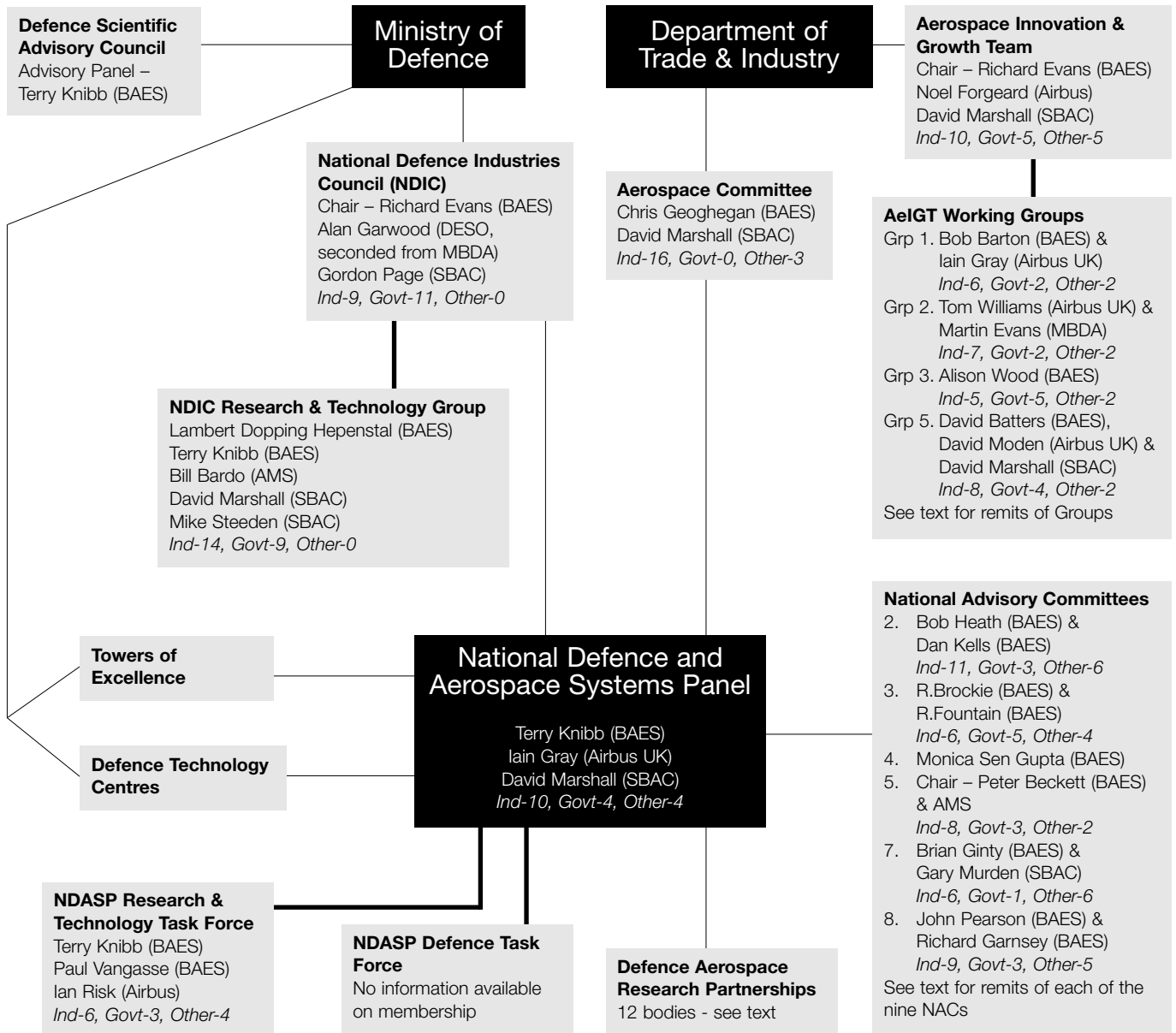
Within the NDASP panel, direct BAE Systems input is provided by Professor Terry Knibb, their Chief Scientist. In addition, the SBAC has representation through David Marshall, the current Director of the organisation (and the Chair of the Panel, Ken Maciver, is a former SBAC president). Terry Knibb is also on the NDASP's Research & Technology Task Force, along with Paul Vangasse also of BAE Systems.<sup>45</sup>

The NDASP gives direction to the National Advisory Committees, NACs, and to the Defence & Aerospace Research Partnerships, DARPs.<sup>46</sup> It also plans to continue developing a 'National Defence Technology Strategy' which is intended to 'support in particular the key new MoD initiatives on Defence Technology Centres and Towers of Excellence'.<sup>47</sup>

### Defence Technology Centres (DTCs)

The MoD launched their Defence Technology Centre programme in February 2002, intended to further

# Chart 1. Military-related advisory bodies



## Diagram notes

- A thick line indicates a sub-group or committee. Other lines indicate a relationship but the nature of this relationship may vary. See the following text for details of each relationship as far as it is known.
- A number of the boxes contain a description of the make up of each body: 'Ind' for Industry covers companies and industry associations; 'Govt' represents all branches of government; and 'Other' covers academics, the occasional union representation and those for whom no description is given.

collaboration between industry and academia and develop new military technologies. The MoD will provide each DTC with up to a maximum of £5m per annum for between 3 and 6 years. Each consortium is expected to provide a significant (up to 50%) contribution.<sup>48</sup>

The preferred bidders for the first three DTCs were announced in November 2002, with heavy BAE Systems involvement. BAE Systems leads the consortium for the Electro Magnetic Remote Sensing DTC and a BAE Systems-GKN joint venture, Aerosystems International, leads the consortium for the Human Factors Integration DTC.<sup>49</sup> A General Dynamics-led consortium was the preferred bidder for the Data and Information Fusion DTC, and this DTC has, as of February 2003, reached final contractual agreement.<sup>50</sup>

### Towers of Excellence

Launched in July 2002 at the Farnborough Air Show, they are another collaboration between academia and military industry. They 'are generally created at the level of major sub-systems technology'. At present six priority areas have been identified: guided weapons, radar, electro optic sensors, underwater sensors, synthetic environments and 'Commercial Off The Shelf software for use in Human Machine Interface'.<sup>51</sup>

### National Advisory Committees (NACs)

'NACs bring together UK experts and act as the UK's advisory bodies' and are 'encouraged to play a key role in influencing UK policy and investment decisions.'<sup>52</sup> They cover the following areas:

1. Aerodynamics – no membership information available
2. Materials and Structures – two of the 11 industry representatives are from BAE Systems<sup>53</sup>
3. Avionics and Flight Systems – two of the six industry representatives are from BAE Systems<sup>54</sup>
4. Human Factors – complete details are not available but the point of contact for industry members is Monica Sen Gupta of BAE Systems<sup>55</sup>
5. Synthetic Environments – Peter Beckett of BAE Systems is the Chair and AMS is also among the eight companies represented<sup>56</sup>
6. Systems Engineering – no membership information available
7. Aerospace Manufacturing – the six industry representatives include one from BAE Systems and one from SBAC<sup>57</sup>
8. Mechanical Systems – two of the nine industry representatives are from BAE Systems<sup>58</sup>
9. Electronic Materials and Devices – does not include BAE Systems representation.<sup>59</sup>

### Defence Aerospace and Research Partnerships (DARPs)

These are 'industry-led university-based partnerships.' There are currently twelve DARPs which are supported by EPSRC (Engineering and Physical Sciences Research Council), DTI, MoD and industry. The DARPs have been invited to submit bids under the DARPS 2002 initiative for continued funding.

Current DARPs:

- Rotorcraft
- Advanced Metallic airframes
- High Integrity Real Time (HIRTS)
- Modelling & Simulation of Turbulence & Transition for Aerospace
- Advanced Aeroengine Materials
- A Partnership for Research in Data & Sensor Fusion
- Unsteady Modelling for Aerodynamics (PUMA)
- DARP for Design
- Safety and Integrity for Advanced Maritime Structures
- Propagation Measurements & Modelling for Defence Applications
- Analysis & Design of Aerospace Composite Structures (ADACS)
- Management and Control of Aerodynamic Flows for Industrial Application (MAFIA)<sup>60</sup>

Like the NACs, information on the membership of DARPs is hard to find. However, BAE Systems is known to be involved in the HIRTS<sup>61</sup> and PUMA DARPs and leads the one for Safety and Integrity for Advanced Maritimes Structures.<sup>62</sup>

### National Defence Industries Council (NDIC)

An 'industry/government body which [sic] primary purpose is to identify and commission work on matters of strategic importance to the Government and to the defence industry.'<sup>63</sup> Sir Richard Evans of BAE Systems is the Chairman of the NDIC and Gordon Page of SBAC is a member. Geoffrey Hoon, Lord Bach and Adam Ingram are amongst the government representatives, as is Alan Garwood, Head of Defence Export Services, seconded from MBDA.<sup>64</sup>

The NDIC's Research and Technology Group includes David Marshall and Mike Steeden of SBAC, Bill Bardo of AMS and Lambert Dopping Hepenstal and Terry Knibb of BAE Systems.<sup>65</sup>

### Defence Scientific Advisory Council

The DSAC advises the Secretary of State on matters of concern to the MoD in the fields of science, engineering and technology. Professor Terry Knibb of BAE Systems, sits on its advisory panel.<sup>66</sup>

### Aerospace Committee

In addition to the MoD, the DTI plays a major role in liaising with military industry. The Aerospace Committee is an important element in this, providing 'a forum so that the UK aerospace industry can consider with Ministers and officials in the Department of Trade and Industry issues of strategic importance to its continuing development.'<sup>67</sup> Chris Geoghegan, BAE Systems' Chief Operating Officer, and David Marshall, Director General of SBAC, are members of the committee.<sup>68</sup>

### Aerospace Innovation and Growth Team (AeIGT)

In May 2002, Patricia Hewitt, Secretary of State for the DTI, announced the creation of the Aerospace Innovation and Growth Team, and appointed Sir Richard Evans to be its Chairman. The final recommendations are to be delivered to the Prime Minister in Spring 2003 and 'Once

its recommendations have been approved, the AeIGT will ensure that the implementation plans have strong ownership to ensure their delivery.<sup>69</sup> In addition to Richard Evans, the Executive Committee includes the Director General of SBAC, the President of Airbus, Tom McKane from the Cabinet Office and Geoff Norris, a 'Special Advisor to the Prime Minister'.<sup>70</sup>

The AeIGT working groups contain a number of people from BAE Systems and SBAC:<sup>71</sup>

1. Technology, Capability and Skills – two of the six industry representatives are from BAE Systems companies
2. Engineering, Manufacturing and Skills – two of the seven industry representatives are from BAE Systems companies
3. Market Structure and Market Access – one of the five industry representatives is from BAE Systems
4. Regulation, Environment and Safety – does not include representation from BAE Systems
5. Finance Group – the eight industry representatives include two from BAE Systems companies and another from SBAC.

## Non military-related advisory bodies

In addition to the above, primarily military-related bodies, BAE Systems has high-level influence through other, less obvious routes, including:

### Office of Government Commerce

Peter Gershon, then Chief Operating Officer of BAE Systems, was given the job of head of the new Office of Government Commerce (OGC), 'an obscure but important body responsible for procurement policy across the whole of Government'.<sup>72</sup> In 1998 he was appointed by the Treasury to head a review of government procurement, which recommended that the OGC should be set up. Six months later he was given the job of running it.<sup>73</sup>

### Competitiveness Council

Richard Evans, Chairman of BAE Systems, sits on the government's Competitiveness Council.<sup>74</sup>

## Europe

### STAR 21 – the European Advisory Group on Aerospace

The STAR 21 group was set up in 2001 to analyse the state of the industry and assess its long-term policy needs. It consisted of representatives of seven European arms companies, two MEPs, the EU High Representative and, astonishingly, five European Commissioners.

The group's July 2002 report<sup>75</sup> discussed global markets, civil aviation, defence and space, but decided that 'It is in the areas of security and defence and related research that the most pressing need for added efforts to secure the future of the European industry is identified.' Unsurprisingly it concluded that 'The ever-widening defence and security commitments of European countries call for the allocation of increased resources. The inevitable conclusion is that overall spending must be increased.'

Members of STAR 21:

*Sir Richard Evans* – BAE Systems

*Jean-Paul Béchat* – SNECMA

*Manfred Bischoff* – EADS

*Jean-Luc Lagardère* – EADS

*Alberto Lina* – Finmeccanica

*Denis Ranque* – Thales

*Sir Ralph Robins* – Rolls-Royce

*Loyola de Palacio* – Vice-President of the European Commission, responsible for Relations with the European Parliament, Transport & Energy

*Erkki Liikanen* – Commissioner responsible for Enterprise & the Information Society

*Philippe Busquin* – Commissioner responsible for Research

*Christopher Patten* – Commissioner responsible for External Relations

*Pascal Lamy* – Commissioner responsible for Trade

*Carlos Westendorp y Cabeza* – Member of the European Parliament

*Karl von Wogau* – Member of the European Parliament

*Javier Solana* – EU High Representative for the Common Foreign & Security Policy

Clearly there are other European advisory bodies and mechanisms for companies to influence policy. These will be considered in detail in the extended report.

## Next steps

As stated in the introduction, this is an initial survey of several areas that shed light on the closeness of military industry to the UK government. Little work appears to have been carried out on this subject in the UK context, and this initial survey is seen as a focal point around which to build analysis. It is hoped that this report will elicit responses and further information covering both these issues and the others mentioned in the introduction (and any others we may have missed). These responses and further research will, at a minimum, enable us to assess the level of knowledge and information available regarding the relationship. More optimistically, the information should allow us to assess the significance of each route of influence and consider the overall nature of the relationship between government and industry.

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