

## Oral Statement on Carrier Strike Capability - Defence Secretary 10 May 2012

With permission, Mr Speaker, I would like to make a statement on the Carrier Strike programme.

The Strategic Defence and Security Review considered the carrier strike programme, put in place by the previous Government, as part of a wide ranging review of options for delivering effective future defence while dealing with the black-hole in Labour's Defence budget and the unaffordable "fantasy" equipment plan bequeathed to us by the Party opposite. While the Review confirmed that carrier strike would be a key capability in delivering Future Force 2020, it also recognised the unsustainability as a whole of the Defence Equipment Plan we inherited.

The strategic decision on carrier strike which emerged from the SDSR process was to convert one carrier with catapults and arrestor gear to operate the Carrier Variant of the Joint Strike Fighter, facilitating greater interoperability with allies, with a decision on the future use or disposal of the second carrier to be taken at the 2015 SDSR. The decision was also taken routinely to embark 12 fast jets while retaining the ability to surge up to the previously planned level of 36 aircraft. As the House would expect for such a complex and high-value project, the strategic decision taken at SDSR was followed by the commissioning of a detailed programme of work to look at the costs, risks and technical feasibility of all aspects of the proposed solution. That study was expected to take eighteen months, completing by the end of 2012.

Since I took on the role of Defence Secretary in October last year, my overriding concern, after current operations and the welfare of our Armed Forces, has been to ensure the deliverability of the MOD's Equipment Plan and the achievement of a balanced and sustainable budget. That will give our Armed Forces the assurance they need to carry out the massive transformation that will deliver Future Force 2020 – the concept for our Armed Forces set out in the SDSR. The Carrier project is a large element of the Equipment Programme and I have worked closely with the new Chief of Defence Materiel, Bernard Gray, to assess the technical and financial risks involved in it. It quickly became clear to me that a number of the underlying facts on which the SDSR decision on carriers was based were changing:

First, as the programme to convert a carrier to operate with a catapult system has matured, and more detailed analysis has been carried out by suppliers, it has become clear that operational Carrier Strike capability, using the 'cats and traps' system, could not be delivered until late 2023 at the earliest, considerably later than the date envisaged at the time of the SDSR of "around 2020". Because Britain's carriers will have all electric propulsion, and therefore do not generate steam like nuclear powered vessels, the catapult system would need to be the innovative Electromagnetic version (EMALS), being developed for the US Navy. Fitting this new system to a UK carrier has presented greater design challenges than were anticipated.

Secondly, and partly as a result of the delayed timetable, the estimated cost of fitting this equipment to the Prince of Wales has more than doubled in the last 17 months, rising from an estimated £950M to around £2Bn, with no guarantee that it will not rise further. Technical complexity and the cost of retrofitting cats and traps to the Queen Elizabeth, the first carrier, would be even higher, making it unlikely that she would ever, in practice, be converted in the future.

Thirdly, at the time of the SDSR, there was judged to be a very significant technical risk around the STOVL version of JSF and some commentators were speculating that it could even be cancelled. Indeed, the STOVL programme was subsequently placed on probation by the Pentagon. However, over the last year, the STOVL programme has made excellent progress and in the last few months has been removed from probation. The aircraft has completed over 900 hours of flying, including flights from the USS Wasp and the US Marine Corp has a high degree of confidence in the in-service date for the aircraft. The balance of risk has changed and there is now judged to be no greater risk in STOVL than in other variants of JSF.

And fourthly, further work with our allies on the best approach to collaborative operation has satisfied us that joint maritime task groups involving our carriers, with co-ordinated scheduling of maintenance and refit periods, and an emphasis on carrier availability, rather than cross-deck operations, is the more appropriate route to optimising alliance capabilities.

Mr Speaker, when the facts change, the responsible thing to do is to examine the decisions you have made and to be willing to change your mind.

However inconvenient that may be. Doing what is right for Britain. Not burying your head in the sand and ploughing on regardless, as the last Government so often did. A persistent failure to observe this simple principle is at the root of many of the MOD budget problems that we inherited from the party opposite. I do not intend to repeat their mistakes.

The decision taken in the SDSR to proceed with a carrier strike capability, despite the massive challenges we faced with the MOD's budget, was the right decision.

The decision to seek to contain costs, by going for "cats and traps"; on a single carrier with greater interoperability with allies, and the cheaper CV version of the JSF aircraft, was also the right decision, based on the information available at the time.

But the facts have changed. I am not prepared to accept a delay in regenerating Britain's carrier strike capability beyond the timetable set out in the SDSR.

And I am not prepared to put the equipment plan, which will support Future Force 2020, at risk of a billion-pound plus increase in the carrier programme and unquantifiable risk of further cost rises. So, I can announce today that the National Security Council has agreed not to proceed with the "cats and traps" conversion, but to complete both carriers in STOVL configuration. This will give us the ability to use both carriers to provide continuous carrier availability - at a net additional operating cost averaging about £60M per year. As we set out in the SDSR, a final decision on the use of the second carrier will be taken as part of SDSR 2015.

We will switch the order for JSF aircraft from CV to STOVL, which we can do without delaying delivery and, by making this announcement today, we can plan on the basis of the first operational aircraft being delivered with a UK weapons fit package.

We expect HMS Queen Elizabeth to be handed over to the Navy in early 2017 for sea trials. We expect to take delivery of our first test aircraft in July of this year, and we expect the first production aircraft to be delivered to us in 2016, with flying from the Queen Elizabeth to begin in 2018, after her sea trials are complete.

We have discussed this decision with the French Government and with the United States. The French confirm that they are satisfied with our commitment to jointly planned carrier operations to enhance European-NATO capability.

The United States, on whose support we would rely in regenerating either type of carrier capability, has been highly supportive throughout this review and I would like to record my personal thanks to the Secretary of Defense, the Pentagon, the Navy and the Marine Corps for their high level of engagement with us. I spoke to Secretary Panetta last night and he confirmed the US willingness to support our decision and its view that UK carrier strike availability and our commitment to the JSF programme are the key factors.

The Chief of the Defence Staff and his fellow Chiefs of Staff – all of them – endorse this decision as the quickest and most assured way now to deliver carrier strike as part of an overall affordable equipment programme that will support Future Force 2020.

Mr Speaker, this was not an easy decision to take. But our responsibility is to make the right decision on the basis of the facts available to us. Neither I, nor any of my colleagues came into Government expecting decisions to be easy or pain-free.

I have a responsibility to clear up the financial mess we inherited in the MOD, just as we are clearing up the mess we inherited across Government as a whole. To set a balanced budget. And an affordable, deliverable Equipment Programme. With manageable and bounded risk.

This decision addresses one of the last impediments to me announcing the achievement of those objectives to the House, and I hope to be able to do so very soon.

But Mr Speaker, it isn't just about balancing budgets, critical as that is. It is about the UK's Defence – secured by having an appropriate and sustainable military capability. This announcement delivers an affordable solution to securing that capability and, with 2 useable carriers, gives us the option of continuous carrier availability. It confirms the expected delivery of the first test aircraft this summer; of the first production aircraft in 2016; of the first carrier into sea trials in 2017; and of the first flight of the JSF from the deck of the carrier in 2018, with an operational military capability in 2020. It confirms the support of our principal allies – the US and France. And that of the Defence Chiefs.

Mr Speaker, it shows that we, at least, are not afraid to take difficult decisions when they are right for Britain. I commend this statement to the House.