MOD POISED TO AWARD £2BN APACHE DEAL TO BOEING IN NEW BLOW TO UK DEFENCE INDUSTRY

News / Manufacturer



The Ministry of Defence is poised to hand another major deal to a US company, with a £2bn contract for new Apache helicopters set to be awarded to Boeing.

Leonardo, the Italian aerospace manufacturer until recently known as Finmeccanica, had been battling to land the deal, which would have seen the refitted helicopters produced at its base in Yeovil, Somerset, where 3,700 staff are employed. Such an agreement would have provided a significant long-term boost to UK jobs and skills.

However, it is understood the MoD has decided to hand the 50-aircraft contract, worth £2bn over its lifetime when servicing is included, to Boeing.

An announcement could come as soon as early July at the Royal International Air Tattoo or Farnborough air show.

The original fleet of 67 British Apaches was produced by Westland in Yeovil, which in 1995 started assembling US-built components and added UK modifications that more than doubled the price to about £44m per helicopter. Westland is now part of Italian state-backed Leonardo.

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Prince Harry Apache

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Prince Harry flew Apache helicopters in Afghanistan CREDIT: GETTY

Boeing is offering the new helicopters at a far lower price by tacking them on the end of a much larger Apache order for the US military.

The deal throws into doubt Britain’s future ability to build combat helicopters, with the Yeovil plant, the nation’s only helicopter manufacturer, set to deliver its last Wildcat model to the MoD next year.

Leonardo has enough work to support its Yeovil staff until 2018 without winning further orders, but it is thought the MoD will hand the business support contracts for the new Apaches.

One defence source said: “Despite concerns about the loss of expertise from not producing the Apaches, servicing them may even work out better for Yeovil. Buying the Apaches will be about 30pc of the total price, with the balance coming from supporting them during their 25-year service lives.”

Purchaising the Apaches has proved controversial. Last year Lt Gen Gary Coward, a former head of the Joint Helicopter Command, said buying from Boeing was “the only sensible option”.

Fears had been raised that lobbying to keep the work in the UK was delaying getting equipment to the Forces.

A spokesman for Leonardo said: ""“We are not aware of any decision. Certainly if this is the case it would have an impact on our production in the UK, which would not exclude consequences.”

An MoD spokesman said: “The Apache programme is currently in its assessment phase, and we expect to make a decision by Summer 2016.” Boeing declined to comment.

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