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KARLHEINZ SCHREIBER

86916 KAUFERING · RAIFFEISENSTRASSE 27 · TELEFON (08191) 78 84 · TELEFAX (08191) 78 88

The Hon. Allan MacEachen P.C.
381 S Centre Block
The Senate of Canada
Ottawa, Ont.
K1A 0A4

By Facsimile 001-613-992-7073

June 13, 1995

Dear Allan:

I am disappointed that I haven't heard from you regarding my letter of December 28, 1994. I would like to inform you that I am concerned that once again Thyssen won't be permitted to participate in the up-coming procurement of armoured vehicles. I fear that the procurement strategy will be for a sole sourced order placed with GM. Moreover, I understand there is also the intention to upgrade the 20 to 30 year old M 113 tracked vehicles at the Government's own workshops in Montreal.

In my opinion, this procurement strategy for the Army's APC requirement is completely misguided. In the course of sole sourcing the new APCs to GM, it would seem that an industrial policy which is designed to protect GM, has overridden the specific military requirements to the extent that the Army has been required to reduce their technical requirements for protection, growth potential, mobility and a number of other critical technical capabilities that last year were described as essential. Internal politics at DND seem to have created an environment where it is believed that only a GM order will be accepted by the Government and therefore the Army feels they must lower their requirements to meet the capabilities of GM's offer or risk ending up with nothing. In this situation where no open, transparent competition will take place, the Army loses because they never get the chance to measure the best technical performance of competitive systems. Canadian taxpayers and the Army both lose the chance to get the best value of the procurement dollar.

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-2-

In the second portion of the APC program, the intention to upgrade the 20 to 30 year old M 113's appears uneconomical and unwise. In this situation you start with a very old chassis originally designed in 1958. The upgrades will improve the basic vehicle somewhat, but the useful life is rather limited, which leads one to question why make such a large investment in extending this aged fleet, when the same money might be used to acquire new modern vehicles with full mission capabilities and growth potential? From the economic perspective, there is no chance for an export market in upgrades on M 113's. I understand that it is intended to place this work at the military workshops in Montreal rather than soliciting competitive tender.

The German Canadian cooperation of the Thyssen project as I described it to you, offers very significant export based industrial benefits. This was confirmed through a detailed market analysis which was verified by a joint committee of Industry Canada, DND and Foreign Affairs officials.

In the past, the German Defence Ministry placed orders with Canadian companies, for such major purchases as the Challenger aircraft and the reconnaissance drones. I was recently informed that the German Defence Ministry again has the intention to buy more Challenger aircraft. I doubt whether a German Government under Chancellor Helmut Kohl would agree to such a procurement, when at the same time, ignoring all agreements, Thyssen is excluded from competition in Canada. Especially when the TH 495 vehicle was essentially developed according to technical requirements described by the Canadian Forces and meeting all requirements described for the NATO Multi Purpose Base Armoured Vehicle (MBAV).

I enclose two newspaper clippings which you may not have seen. The Ottawa Citizen article of May 14, 1995 will remind you of our last meeting, during which I showed you the armour plates pierced by a modern small arms round. That same inadequate armour protection exists on Canadian vehicles used in peace keeping missions today.

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-3-

I would like to ask you again to use all your influence to ensure that:

- Canadian peace keeping forces will receive significantly better protected modern armoured vehicles, not just "more of the same";
- the full economic benefit of exports for such vehicles will be fully exploited by Canada; and
- Thyssen will be given a fair chance to participate in a competition for the supply of the Canadian Forces APCs.

I look forward to hearing from you and remain,

Yours sincerely,



Karlheinz Schreiber