



## 1. Saudi Body Armour Market Brief

### 1.1. Background

You have requested information on currently active body armour plate prospects in Saudi Arabia. This document is a summary of AEI's initial findings concluding with a proposal for how we can perform further work, supporting you in your decision to further pursue, or not, these prospects in Saudi Arabia.

### 1.2. Current Live and Near Term Body Armour Prospects

AEI have confirmed the existence of the following live and near requirements in Saudi Arabia:

- 5,000 sets (each set being a helmet and body armour vest), for Saudi Ministry of Defence and Aviation (MODA). AEI have been unable to confirm if this is the exact match for the 12,000 'plate' requirement you have become aware of, but this seems likely. This tender is believed to have been closed November 2012 and won by BAE Systems Inc through a Direct Commercial Sale from MODA Foreign Procurement Department.
- 5,000 sets, as a follow on order to the above, again from MODA Foreign Procurement Department. Again each set consists of helmet and vest. It is believed this requirement has still not been let, but will likely go to the winner of the initial 5,000 sets (above) providing their delivery performance is acceptable. It is anticipated this tender will close February or March 2013.
- 150,000 sets, for MODA, at a rate of 30,000 per year for 5 years from 2013. This much larger order is not being run in the same way as the smaller orders by MODA. Military Industries Corporation (MIC, see 1.2.1) is partnering with MODA to complete the order through in Kingdom capacity growth i.e. transfer of knowledge to the Kingdom where possible. The MODA procurement committee has been formed to work with MIC and will likely include MIC staff. AEI believes MIC has been in talks with different suppliers but specifically a supplier based in South Africa about importing their armoured plates and helmets and then performing final assembly in an MIC factory in Riyadh. AEI also believes that MIC have not concluded their strategy on the global partner to work with, or on exactly how much capacity growth they want to achieve i.e. do they want more than just in Kingdom final assembly?
- The Saudi Ministry of Interior (MOI) is also currently purchasing body armour, but in much lower quantities and across multiple MOI departments rather than through a large centralised procurement authority. MOI has approximately 300,000 staff of which 50,000 – 100,000 are regularly deployed in operational roles.
- Although this has not been investigated by AEI, the Saudi Arabian National Guard (SANG) are also likely to have live requirements. The SANG have approximately 120,000 personnel.





### 1.2.1. Military Industries Corporation (MIC)

MIC (<http://en.mic.org.sa/>) formed 1949 are a state owned company created to support the advancement of the indigenous Saudi armaments and manufacturing capabilities.

The company holds a number of licenses not available from any other company in Kingdom particularly where sensitive military equipment or weapons manufacture is concerned. They are the sole in Kingdom partner for major defence contractors such as Heckler and Koch.

MIC currently manufactures weapons, small arms ammunition, military uniforms, military armoured vehicles and other equipment for the defence sector.

A key feature of partnerships with MIC is the knowledge transfer element to Saudi Arabia. Partners willing and able to support the most capacity transfer hold the best chance of long term union with MIC.

The MIC board chaired by Crown Prince Salman consists of:

- His Royal Highness the Deputy Minister of Defence.
- His Excellency the Minister of Finance.
- His Excellency the Minister of Commerce and Trade.
- His Excellency the Chairman of King Abdulaziz City for Sciences and Technology.
- His Excellency the Chief of General Staff.
- MIC Director General.
- Three members nominated from the private sector.

Further political analysis is available from AEI on the personalities shown above, but is best held until a face to face conversation is possible.



### 1.3. Our Proposal

AEI believe that MIC are open to a meeting with a new supplier for the 150,000 order providing the chance of greater in Kingdom capability transfer is possible.

AEI have also identified a potential local SME (a retired MODA RSAF general) who is able to provide significant intel on the recently formed MODA procurement committee. However this SME is keen to meet and sign an MoU before providing any information.

AEI understands the Saudi market can seem opaque and challenging to foreign companies. We also understand that investment attempting to break in on an already live prospect, such as this, needs considerable thought. Taking these factors into consideration AEI would like to propose the following:

AEI perform a 5 day exercise targeting the following deliverables:

- The plate spec for the current 12,000 orders and the outline spec for the future 150,000 order.
- A market report (<10p) building on this document, with all information we can gather, in the time of this exercise, relevant to the current armoured plate requirements, existing market place suppliers, client organisation and procurement approach, future expected orders etc.
- AEI will support logistics and an itinerary for a 2 or 3 day visit by you to Kingdom including visa provision for up to 3 staff. (Travel and accommodation costs for your staff are not included).
- AEI will meet with the SME identified to introduce your concept and solution, identify his motivations and expectations as well as much information it is possible to gain without signing any agreements. This will be relayed back to you allowing you to take a decision on meeting him when you travel to Saudi Arabia.
- AEI will attempt to arrange a meeting between MIC and yourselves when you are in Riyadh, to discuss your product and specific manufacturing transfer USP.
- AEI will arrange any other relevant meetings for you such as our senior stakeholders or the British and American embassies for additional political support and intel, during your visit.