

SUMMARY OF JAYENDRA NAIDOO'S EVIDENCE TO THE ARMS PROCUREMENT COMMISSION

- 1. Mr Jayendra Naidoo ("Mr Naidoo") was appointed as the Chief Negotiator representing the then Deputy President Mr Thabo Mbeki, later the President of the Republic of South Africa. As Chief Negotiator he led the International Offers Negotiating Team (IONT) representing the South African Government in negotiating the contracts relating to the Strategic Defence Procurement Packages (SDPPDs) with different international suppliers and financiers.**

- 2. The IONT derived its mandate from the Ministers Committee to which it had to give progress reports from time to time.**

- 3. The mandate of the IONT given by the Ministers' Committee, was to negotiate a set of contracts for the procurement of military equipment specified by Cabinet in its announcement of 18 November 1998. The negotiations were intended to achieve contracts which:**
 - 3.1 should deliver armaments which are satisfactory in their military specifications and performance.**

 - 3.2 should contribute to the growth of the South African Arms Industry and maintain South Africa's Strategic capability in the key sectors**

 - 3.3 should deliver economic benefits and minimise economic risks to South Africa in non-defence areas**

 - 3.4 should be affordable and impose acceptable levels of risks on the fiscus.**

4. There were four domains that were identified for negotiations namely;

4.1 Military/technical;

4.2 Defence industrial participation(DIPS);

4.3 National Industrial Participation (NIPS); and

4.4 Financial/economic.

5. In particular, the evidence will focus on negotiations relating to the Industrial Participation (the NIPS and DIPS respectively), contract terms with the preferred bidders, finance contracts with financiers.

6. The evidence will deal with the affordability report which was constituted by an Affordability Team constituted by Government Officials and external experts.

7. Further evidence will be given on the reports and recommendations made to various decision making structures which included the then Deputy President Thabo Mbeki, the line Ministers, the Ministers Committee and Cabinet.