



11 Goodwin Street, London N4 3HQ
020-7281 0297 telephone
020-7281 4369 fax
email: ann@caat.org.uk
web: www.caat.org.uk

Submission from the Campaign Against Arms Trade to the Quadripartite Committee on Strategic Export Controls on the UK's 2005 Annual Report and related matters

1. The Campaign Against Arms Trade (CAAT) is working for the reduction and ultimate abolition of the international arms trade, together with progressive demilitarisation within arms-producing countries.
2. CAAT would like to draw the Committee's attention to issues with regard to Saudi Arabia; Israel; Libya; the Defence Export Services Organisation (DESO) Strategic Marketing Analysis; the export licence application process; and the Quarterly figures.

Saudi Arabia

3. It is disappointing that the UK government continues to court the rulers of Saudi Arabia and to excuse their behaviour in the quest for arms sales. The desire to seal the contract for the sale of 72 Eurofighters appears paramount, and blunts the impact of stated ongoing concerns about the human rights situation and lack of democracy in Saudi Arabia.
4. CAAT hopes that the Attorney General will not accede to Saudi demands, reported in the *Sunday Times* on 19th November 2006, that the Serious Fraud Office investigation into allegations of corruption around deals with BAE Systems be dropped. Unless the UK is genuinely serious about combating corruption, its appeals to overseas governments to clamp down will appear hypocritical and are likely to be ignored.
5. On a more general note, CAAT would suggest that the Committee keep a watch on the financing of the Eurofighter deal as it is clear from contemporary documents obtained from the National Archive that there were significant concerns, not least from the Treasury and the Bank of England, about the financial arrangements for Al Yamamah 1 and 2.
6. The benefit to the UK of the Eurofighter sale remains open to question, especially given the multi-national production of the aircraft. For instance, CAAT has been told by the Defence Procurement Agency that the only estimates of Eurofighter Typhoon employment have been generated by industry, no independent study has been undertaken.

Israel

7. CAAT is amazed that, despite the frequent use of arms against the Palestinians, the UK government continues to licence the export of military equipment to Israel, both directly and via the United States as components to be incorporated in US supplied weaponry.
8. The amazement turned to bewilderment and anger when no embargo was imposed during the war against the Lebanon. Although the UK is only a small supplier to Israel, an embargo is nonetheless vital as it would send a strong message of disapproval of that country's military actions.
9. It is even unclear how the UK government monitors the use by Israel of equipment which includes UK parts. Questioned by your Committee on 25th April 2006, Foreign Office Minister, Dr Kim Howells MP, said that, on a visit to Israel, he did not see any UK equipment being used. Since most of the licences granted are for components, this is hardly surprising.
10. In its response to the Committee's report for the session 2005-6, the Government says: "UK Overseas Posts have standing instructions to report any misuse of UK-origin defence equipment." Are the Posts given full information about the licences granted, including of the equipment in which the components are incorporated, in order that they are able to monitor its use? Without such information, it would appear impossible to monitor the use of UK-origin equipment in Israel.
11. CAAT would suggest that the Committee ask the Foreign and Commonwealth Office for sight of all the evidence it has collected of Israeli use of UK-origin equipment, and an assessment of how it thinks its information is comprehensive.

Libya

12. The Committee's report for the session 2005-6 mentions that the European Union is considering introducing a "toolbox" for countries emerging from embargo status. Disappointment was expressed that the "toolbox" had not been used with respect to Libya. In fact, far from acting with any restraint after the embargo was lifted, Libya was immediately seen as a major marketing opportunity.
13. The embargo was lifted in October 2004. In June 2005 the Defence Export Services Organisation (DESO) held a seminar on Libya as an emerging market; according to the Defence Manufacturers Association News in July 2005, Libya was seen as "a relatively sophisticated customer with a political will to procure equipment from the UK". DESO opened an office in Tripoli in January 2006.

Strategic Marketing Analysis

14. As a result of Freedom of Information requests, DESO has made its Strategic Marketing Analysis (SMA) for the previous year available in the form of a snapshot of the website from March 2005. CAAT would like to suggest that it would be helpful if your Committee examined the SMA on a regular basis and to consider its appropriateness given export guidelines.

15. The SMA also identifies categories of priority markets. In March 2005 these were as follows.
- The Priority Markets:** Greece, India, Japan, Malaysia, Oman, Romania, Saudi Arabia, Singapore, Thailand and the USA.
- The First Tier:** Bahrain, Brunei, Chile, Iraq, Libya, Poland, Qatar, South Korea and Trinidad & Tobago.
- The Middle Tier:** Australia, Brazil, Czech Republic, Denmark, Egypt, Italy, Kuwait, Pakistan, South Africa, Turkey and the United Arab Emirates.
- The Bottom Tier:** Belgium, Canada, Colombia, Finland, France, Germany, Kazakhstan, Spain, Sweden and Switzerland.
- Future Markets:** Russia and Vietnam.
- Miscellaneous:** Bulgaria, Hungary, New Zealand and Slovakia.
- Background information is given as well as details of prospects for UK sales.

Human rights and export licence applications

16. In order to assess how much weight is given to human rights when assessing export licence applications it would be helpful to have more information on the role played by the Human Rights, Democracy and Good Governance Group (HRDGGG).
17. Greg Mulholland MP raised this issue and asked the Foreign Secretary (Hansard, 19.7.06, Col 492/3W) how many applications for a standard individual export licence were referred to her Department by the Export Licensing Organisation (ELO) in 2005; how many of these applications were considered by the HRDGGG; in how many of these applications the Group initially advised against the granting of a licence; how many were the subject of written submissions from the Group; and in how many cases where an initial recommendation for refusal was issued by the HRDGGG her Department recommended to the ELO refusing that licence.
18. The FCO replied that it "received 7,381 standard individual export licence applications in 2005. It is not possible to give a further breakdown of departmental assessment of applications since this information is not recorded."
19. The Annual Reports on Strategic Export Controls give details of how many specific licences are refused, revoked or withdrawn and why, so it would appear that the information is recorded somewhere. There is, presumably, also a check on, or audit of, the figures provided in the Quarterly and Annual Reports.
20. In these circumstances, it is puzzling that the information requested by Greg Mulholland is not available. It would help shed light on the export licensing process were it to be.

Quarterly figures

21. The figures for the April to June 2006 quarter appeared on the Department of Trade and Industry website on 28th September 2006. They were not in an obvious place on that site, and did not appear with the other figures on the FCO site until mid-November. CAAT understands there was some incompatibility with format.

22. This is not the first time CAAT has raised with the departments the issue of access to the figures. The lack of consistency with their location has meant that CAAT has been asked for comment on them before being able to find them. It would be helpful if your Committee could stress to the two departments the need for figures to be placed on both websites at the same time.

DSO bribery

23. In your Committee's report for the session 2005-6 it says that you will consider in this session the contentions concerning the accuracy of the Ministry of Defence's 2003 memorandum refuting allegations that bribes had been paid by the former Defence Sales Organisation. CAAT is very willing to assist in your investigation of this matter.

November 2006