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Submission to the Quadripartite Committee

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 make known to the members of the House of Commons Defence, Foreign Affairs, International Development and Trade and Industry Select Committees (the Quadripartite Committee) some of its recent concerns prior to the Committee's evidence session with the Foreign Secretary.

Countries of concern

3. The Annual Report on the UK's Strategic Export Controls for 2003, together with the two subsequently published quarterly reports, shows that, yet again, the UK arms the world's trouble spots and that there is a lack of joined up thinking in Government.
4. The Foreign and Commonwealth Office (FCO) Strategy White Paper on "UK International Priorities" (December 2003) predicts that for the next ten years: "Serious flashpoints are likely to remain and may intensify between India and Pakistan, in the Middle East, on the Korean peninsula and in the Taiwan Strait". However, the 2003 Annual Report shows that these destinations are important clients of the UK arms industry.
5. In 2003 licences were issued for the export of £86.5 million of UK military equipment to India; £29.5 million to Pakistan (almost double that for 2002); £47 million to South Korea; and £24 million to Taiwan.
6. Countries of concern also received shipments of military equipment from the UK in 2003. Equipment worth £189.33 million went to Saudi Arabia; £42.37 million to Turkey and around £25 million each to the United Arab Emirates and Oman.
7. **Saudi Arabia** The FCO's Human Rights Annual Report for 2004 says a European Union statement in April 2004 on Saudi Arabia summarised the UK's ongoing concerns: "Women are subject to discrimination. Prisoners suffer maltreatment and torture. Capital punishment is imposed without adequate safeguards, and often executed in a cruel way and in public. Amputations are imposed as corporal punishment. Shiite citizens suffer discrimination. We also have concerns about freedom of expression, assembly and religion."

8. Yet Saudi Arabia is the biggest recipient of UK arms, sending a message to the government there that its repressive policies are acceptable as long as it keeps paying for the military equipment provided with oil.
9. The same policy of appeasement and arms sales which contradicted any statements about his human rights abuses was used in the 1980's with regard to Saddam Hussein. The result then was disastrous. It could well be again with regards to Saudi Arabia.
10. The £1 billion insurance given to BAE Systems by the Export Credits Guarantee Department to cover its sales to Saudi Arabia (*Guardian*, 14.12.04) is official confirmation that there are worries about the stability of the Saudi regime. It also means that the UK taxpayer is exposed to the possibility of picking up the bill for these particularly ill-advised deals.
11. **Indonesia** The UK government is continuing to licence the export of equipment to the brutal Indonesian military which could easily be used for internal repression such as weapons sights, gun silencers, and components for tanks, helicopters and military aircraft. CAAT, together with TAPOL - the Indonesia Human Rights campaign, has made a separate submission to your Committee on Indonesia.
12. **Israel** In the FCO's Human Rights Annual Report for 2004 concern is expressed about the civilian casualties during Israeli military incursions into the occupied territories. However, export licences continue to be granted for equipment which might assist the Israeli military with such incursions. For instance, the January to March 2004 quarterly report showed Standard Individual Export Licences (SIEL) including those for small arms ammunition and technology for the use of laser range finders whilst between April and July SIELs were issued for armoured all wheel drive vehicles.
13. **China** CAAT is pleased that the European Union has decided to keep its partial arms embargo on China. However, since lifting the embargo is an EU goal, CAAT along with many human rights organisations is concerned this may happen shortly. CAAT would urge your Committee to ask the Foreign Secretary to detail precisely how he believes the human rights situation in China has changed in ways which would justify lifting the embargo in the near future.
14. Even if the EU decides to lift the embargo, there is no compulsion on the governments of the individual member states to licence military exports to China. CAAT believes that such exports would still be contrary to the Consolidated EU and National Arms Export Licensing Criteria.
15. Any lifting of the EU or UK embargo would not only send a message to the Chinese government that its human rights abuses can be overlooked in the interests of trade, but could also lead to European weapons technology being used to suppress peaceful resistance in Tibet, Inner Mongolia or elsewhere. Such technology could also end up in the hands of the North Korean, Burmese or Sudanese military which have received Chinese weaponry.

Transparency and control

16. CAAT welcomes the on-line Quarterly Reports as these make the information available much sooner than has been the case to date.
17. The separation of exports for incorporation in equipment for export elsewhere is also a welcome step. However, for this information to be meaningful, the reports need to state in each case what the final destination of the equipment is.

Inadequate export statistics

18. Where the Customs & Excise Tariff Codes do not distinguish between military and civil equipment such exports are included under "Additional aerospace equipment" in the Ministry of Defence's "UK Defence Statistics". The Annual Reports still do not include a figure for this. As the table below shows, the military-related "Additional aerospace equipment", as estimated by the Society for British Aerospace Companies, is usually considerably greater than the "Identified military equipment".

UK Defence Statistics			
	Identified military equipment - this is the only figure which also appears in the Annual Reports	Additional aerospace equipment	Total deliveries
2003	992	3,256	4,248
2002	942	3,178	4,210
2001	1,533	2,683	4,216
2000	1,721	2,685	4,406
1999	980	3,270	4,250
1998	1,968	4,062	6,030
1997	3,359	3,325	6,684

Values in £million

19. In the 2003 Annual Report, Annex C for the first time says that where there are dual military/civil codes, information from Customs Procedure Codes and knowledge of the trade, has been used to split military and civil trade. However, this only seems to have been done for a few categories and seems to have made no difference to the proportion of exports defined as "Additional aerospace equipment".
20. CAAT recommends that Customs & Excise be asked to produce a definitive list of Tariff Codes covering military, security and police equipment exports. Where the equipment may be either civil or military, the allocation of the Tariff Code should be determined by the nature of the end-user. Without such a step being taken, neither the Government nor the public has information about the majority of the UK's military exports.

No systematic end-use monitoring

21. The Government only monitors where permitted armament exports end up when it believes it would "minimise the risk of diversion and where such monitoring is

practical." (*Hansard*, 15.9.04, col 1603W) CAAT believes it is vital that the Government institute a system to check what equipment is exported under each licence and where it ends up.

Lack of control over military exports

22. Given that the Government knows neither what the total amount sold to each country each year is nor what equipment is shipped under each licence and where it ends up, CAAT would question the robustness of the current system and how the Government can claim it controls military exports.

F680 process

23. The Ministry of Defence-led F680 procedure allows "industry to obtain an indication from Government about the likely success of an export licence application, and can help direct marketing efforts. ... If F680 clearance is in place, any subsequent Export Licence application is likely to be processed more quickly, because much of the groundwork has already been done." (DESO website)

24. In response to a question from Harry Cohen MP, the Government gave information on a country-by-country basis of the numbers of F680 applications granted and refused. (*Hansard*, 1.11.04, col 90-98W) This information should, in future, be included in the Annual Reports on Strategic Export Controls.

25. It is unclear whether applications refused are circulated to other EU states as part of the denial notification process under the EU Code of Conduct on Arms Exports.

Bribery

26. Allegations of bribery surrounding several arms deals have surfaced, or resurfaced with additional evidence, in the past few months. CAAT is pleased that, in some instances at least, the Serious Fraud Office is investigating. All allegations should be investigated and the 1992 National Audit Office report into the Al Yamamah deal with Saudi Arabia should be published forthwith.

27. It is most disturbing that, after lobbying by BAE Systems and others, the Export Credits Guarantee Department weakened controls established to prevent UK companies offering bribes overseas. The companies will have to supply fewer details of their agents and commission payments than under the original rules. The payment of commission to agents is, however, exactly what has been alleged with regards to past deals, for instance that of the sale of Alvis vehicles to Suharto's Indonesia.

Europe

28. CAAT was surprised and concerned that the EU Constitution contains a commitment to develop European military capacity, including the establishment of a European Armaments, Research and Military Capabilities Agency, now set up as the European Defence Agency. The FCO's "Guide to the European Union" states that the measures included in the Constitution: "should help encourage other European countries to spend more on defence, and to spend it better."

29. There has been little public or parliamentary debate about these developments. In many cases, as with the STAR 21 aerospace review and Group of Personalities looking into security research, committees making proposals have been dominated by the arms companies. Unsurprisingly, these reviews gave little consideration to the many non-military ways Europe might become more secure and have a positive influence on the world.

Subsidies

30. The arms trade is subsidised by several hundreds of millions of pounds, annually. Although some of the figures are difficult to acquire, CAAT estimates that UK arms exports receive a subsidy of around £890 million per year. The elements which account for the subsidies and savings are as follows, CAAT would be happy to provide information on how these figures have been arrived at should your Committee wish for this.

Subsidy/saving element	Subsidy/saving £m
Defence Export Services Organisation	16
Use of Armed Forces	6
Embassies and Defence Attachés	24
Defence Assistance Fund	6
UK Trade and Investment	1
Official Visits	5
Missile Defence Centre	5
Direct Distortion of MoD Procurement Choices	100
ECGD	180
Research & Development	670
Overheads	-125
Total	888

31. CAAT is not alone in concluding that arms exports are subsidised - several other studies have come to the same conclusion, even a report commissioned by the UK government from MoD economists and York University on *The Economic Costs and Benefits of UK Defence Exports* (2001). This concluded, firstly, that the economic costs of reducing military exports are relatively small and largely one-off, and secondly, as a consequence, that the balance of argument about military exports should depend mainly on non-economic considerations.
32. Employment arguments are frequently used by the UK government in an attempt to persuade the general public to support arms exports. However, the number of people employed in producing arms for export is less than 0.3% of the workforce - far fewer than popularly supposed. In addition, most arms export jobs are located in areas with very low unemployment and hence tight labour markets such as the South East.
33. Given the 65,000 employees estimated to be working on military exports, the subsidy amounts to over £13,000 for each job each year.

34. Voters would be happy to see Government support for arms exports removed. An opinion poll conducted by BMRB in December 2004 showed over half the sample believed that the Defence Export Services Organisation should be closed, whilst under 16% supported its work.

Government industry links

35. CAAT is seeking to understand why the Government should continue to justify such a harmful and unpopular industry and believes the close links between Government and the arms industry may lie at the root of this. Such links include the many advisory bodies, the "revolving door" and the increasing number of lobbying companies engaged by military manufacturers.
36. These links have led to massive support for the industry by the Government. It is time for such support to stop.

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