DSEi 2003
international
arms market
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Summary

Every two years, arms dealers gather in the UK for the Defence Systems and Equipment International (DSEi) exhibition. The assumption behind the exhibition is that selling arms is just a normal commercial activity. The fencing, police presence and secrecy surrounding the event suggests that it is not. Consideration of the weapons, the conflicts they are used in and the relationships between arms companies and politicians confirm that it is an extraordinary, and an extraordinarily damaging, business. This report sets out to highlight some of the many issues of concern.

Issues

Arms export subsidies
Even though arms account for only around 2% of UK exports, they form the most heavily subsidised sector apart from agriculture. The UK government provides a range of services for arms exporters including face-to-face marketing by Tony Blair and his ministers, assistance with financing and, most obviously, the 600-person MoD Defence Export Services Organisation (DESO) which is entirely dedicated to the arms trade including support for arms exhibitions. See page 35

Cluster bombs
Cluster bombs dispense a number of submunitions that are supposed to explode on impact. But many do not. They lie waiting to be disturbed, possibly years after a conflict has ended. It has been estimated that more than a thousand children have been injured in Iraq by unexploded munitions, including cluster submunitions, since the end of the 2003 conflict. The UK alone delivered over 100,000 cluster submunitions during the invasion and at least 2,000 of these remain unexploded and potentially lethal. DSEi will feature companies that helped leave this legacy. See page 23

Company influence
UK government support for arms companies seems irrationally strong. It supports DSEi, promotes arms sales to countries against its own guidelines, subsidises these exports, and allows companies like BAE Systems to demand domestic contracts and increase prices. There is no convincing economic or political reason for this; the motive appears to lie somewhere between the influence of the arms companies and the desire of ministers to strut the world stage. See page 37

Conflict
Every hour, about 35 people are killed as a direct result of armed conflict. Arms sales increase the likelihood that tensions will lead to fighting and prolong conflicts once they begin. Since the Labour government was elected in 1997, the UK has licensed arms and military equipment to 20 countries engaged in serious conflict. 14 of these countries were invited to DSEi 2001 and many have received invitations to DSEi 2003. See page 13

Corruption
The secrecy together with the huge amount of money involved in arms deals, provides ideal conditions for corruption, generating demand where none might otherwise exist. Transparency International has estimated that ‘the official arms trade accounts for 50% of all corrupt international transactions’. Arms exhibitions are a crucial element of this ‘official’ arms trade. See page 36

Depleted Uranium
Depleted Uranium (DU) is a toxic heavy metal used in armour-piercing weapons. It has been estimated that over 100 metric tonnes were used during the invasion of Iraq, often in densely populated areas. Few studies have been carried out on people exposed to DU, though experiments on animals have indicated that internal exposure may lead to kidney damage, cancer and central nervous system problems. At least two producers of DU shells will be exhibiting at DSEi. See page 18

Development
Money spent on arms cannot be spent on education, water, health or housing. It is essentially unproductive. UK arms export controls are supposed to take ‘the technical and economic capacity of the recipient country’ into account, but it is difficult to find an example where this has happened. Two cases where it clearly didn’t were a multi-billion dollar deal with South Africa, where there is massive social need and no relevant military need, and Tanzania, where a military air traffic control system was exported despite opposition from the World Bank and cabinet ministers. Both South African and Tanzania have been invited to DSEi 2003. See page 16

Globalization of the arms industry
The arms industry has metamorphosed since the end of the Cold War, changing from mainly nationally-owned enterprises into privately-owned internationally-structured companies. International production is able not only to provide a cheaper source of labour for the dominant western arms companies but also has the effect of undermining national export controls. Arms exhibitions have changed in parallel with the industry. DSEi’s forerunners were showcases for UK companies. Now companies come from all over the world and sales are arranged that are not subject to UK export controls. See page 17

Human Rights
Israel, Turkey, Saudi Arabia, the US, Colombia, China and Russia all received UK arms in 2002, and have all received invitations to DSEi 2003. The willingness to invite human rights abusing governments to arms fairs and to licence arms exports to them provides implicit approval of their actions. See page 17

Landmines
In 2001 there were new mine/unexploded ordnance victims reported in 69 countries, and around 230 million anti-personnel mines remained in the world’s arsenals. However,
there is some cause for optimism – 128 states, including the UK, have ratified the Ottawa Treaty which obliges countries to destroy stocks. The UK Landmines Act makes it illegal for any person to be involved in the production, sale, promotion or transfer of anti-personnel landmines. The restrictions cover all activities in the UK, but two alleged breaches during and post-DSEI 1999 did not lead to any charges. See page 15

Small Arms
Small arms are the weapons that produce actual mass destruction, killing more than 500,000 people every year. There are already over 600 million of the weapons worldwide but several major small arms producers will be hoping to use DSEI to add to that number. See page 20

Son of Star Wars
It would be hard to dream up a corporate welfare package that competes with the US’s Ballistic Missile Defense programme – the new face of Star Wars. But the waste of resources is only one of the problems. BMD is an aggressive system. It is designed to give the US the freedom to intervene wherever and whenever it chooses. It will lead to missile proliferation, probably among enemies but certainly among present ‘allies’. Most of the major US BMD companies will be at DSEI, alongside UK companies pushing for US dollars and a UK-government sign-up. See page 29

Countries
Democratic Republic of Congo
Congo’s rich mineral deposits should be its fortune but instead these resources have been plundered by militias and foreign armies in conflicts that began in 1998 and have left an estimated four million dead. Angola, Namibia and Zimbabwe all sent troops to fight for the post-Mobutu regime against rebels backed by Rwanda and Uganda. The governments of Angola, Namibia, Zimbabwe and Uganda all received invitations to DSEI during the war. See page 22

Indonesia
In May 2003, Indonesian troops launched an all-out offensive against Aceh separatists. Despite Indonesian assurances that UK-supplied equipment would not be used offensively or in violation of human rights anywhere in Indonesia, Alvis Scorpion tanks and BAE Systems Hawk jets are in use in Aceh. The Indonesian military seems to have little knowledge of these assurances and little interest in the UK government’s embarrassment-induced concerns. As Indonesia was invited to DSEI 1999 despite orchestrating violence around the East Timorese referendum, it perhaps has good reason to take any protestations with a pinch of salt. See page 12

India and Pakistan
Despite, or perhaps because of, teetering on the brink of war a year ago, India and Pakistan continue to be prime sales targets for weaponry. BAE Systems has been trying to sell its Hawk jets for years and even at the height of the tension over Kashmir it had the enthusiastic support of UK government ministers including Tony Blair. Earlier this year Lord Bach spearheaded the Hawk pitch at the AERO India 2003 arms exhibition. Both India and Pakistan have received official invitations to DSEI 2003. See page 31

Iraq
Following the invasion of Iraq, the UK and US governments and arms companies seem very keen that the wrong lessons are learnt. Rather than accepting the absurdity of arming repressive regimes, they are pushing for more military spending at home and, at the same time, continuing their relentless pursuit of exports. In Iraq itself, US ‘private military companies’ are training a new army and, incredibly, the US-led authority has ordered 34,000 AK-47 assault rifles for their use. See page 28

Israel
Israel uses an array of imported weaponry in its illegal occupation of the West Bank and Gaza and its oppression of the Palestinian people. It has used its many relationships with western, primarily US, companies to build up a military industrial base that, in turn, is willing to export to almost anyone. Israel has been invited to DSEI 2003 and its military industry will be represented by five companies. See page 32

Saudi Arabia
In the 1980s, Saudi Arabia signed the huge Al Yamamah arms deals with the UK, deals that amounted to ‘the biggest [UK] sale of anything to anyone’. An investigation of corruption allegations relating to the deals was carried out but its findings were, and continue to be, suppressed. Post-September 11th, UK and US government views of Saudi Arabia appear to be rapidly changing, but the country remains one of the UK’s most important arms markets and will be, as always, present at this year’s DSEI. See page 27

South Africa
Despite urgent social needs and the lack of a military threat, European companies have managed to sell the country $4.8 billion worth of advanced military equipment. After much internal debate in South Africa, the package was finally secured by incredible offers of industrial ‘compensation’. Allegations of corruption have surrounded the deal and one prominent politician has been sentenced to four years in prison for fraud. Both the vendor companies and South Africa will be well represented at DSEI. In fact, no fewer than 36 South African exhibitors are listed. See page 34

Turkey
Turkey has an appalling record of human rights violations against Kurds and has used imported weapons in carrying out these abuses. Its military spending has increased steadily since 1990 despite the country’s relative poverty and serious financial problems. Much of this spending has been used to purchase arms from abroad to build up an indigenous high-tech arms industry. US and European companies are heavily involved in this process and many of these are exhibiting at DSEI, as is MKEK, a major Turkish small arms manufacturer. See page 26

USA
The US government appears to have a preferred means of solving problems – military means. It seeks the ability to control any situation on its own and unashamedly terms this ‘Full Spectrum Dominance’. This is perhaps not surprising given the enormous influence of both the arms industry and right-wing think tanks in the US administration. The US arms companies dominate the international arms market and, as such, will be a key part of DSEI, with over 100 companies exhibiting. See page 25
This report provides an overview of DSEi, including short profiles of some of the main companies attending and information on many of the damaging aspects of the arms trade. The companies are presented in alphabetical order throughout the report and the main issues and countries are considered in information boxes near relevant companies (see Contents for an alphabetical list).

**DSEi**

From 9th–12th September 2003, East London will be taken over by arms dealers. Defence Systems and Equipment International (DSEi) is a weapons fair and conference of enormous proportions and is likely to be one of the world’s largest ever arms exhibitions.

The ExCel centre, a modern complex in London’s docklands, will host over 1,000 arms companies, selling small arms, missiles, planes, tanks, military electronics and warships, as well as surveillance and riot control equipment to buyers from all over the world. One in three of the world’s governments will be at the arms fair, shopping for military equipment. Adversaries will shop side-by-side for weapons to use against each other. All this will take place in secret, behind heavily protected security fences and police lines.

**DESO – the government’s arms dealer**

DSEi is run in association with the MoD’s Defence Export Services Organisation (DESO), whose mission is ‘to maximise legitimate UK defence exports in co-ordination with industry’. DESO is central to the UK government’s support of the arms trade. It is responsible for the promotion of UK arms exports and co-ordinates arms trade support within Whitehall and the MoD.

The Defence Sales Organisation (DSO), as the DESO was then known, was set up by the Labour government in 1966. Denis Healey, Minister of Defence at the time, said: ‘While the government attach the highest importance to making progress in the field of arms control and disarmament, we must also take what practical steps we can to ensure that this country does not fail to secure its rightful share of this valuable commercial market.’ The DSO changed its name to the Defence Export Services Organisation in 1985 to ‘more accurately reflect its role’, namely to ‘assist British defence industries to promote and sell their goods abroad’.

Today, DESO has over 600 staff in London and in its overseas offices. Its net cost was £11,077 million in 2001/2. It is headed, as it always has been, by a secondee from an arms company, giving the industry a powerful voice inside the government. The current incumbent is Alan Garwood, whose career has been with BAE Systems.

**DSEi’s forerunners**

Prior to 1999, DESO organised the government’s military export exhibitions. From 1976 until 1991 the British Army Equipment Exhibition (BAEE) and the Royal Navy Equipment Exhibition (RNEE) were held in alternate years in Aldershot and Portsmouth respectively. In September 1993 the first combined Royal Navy & British Army Equipment Exhibition was held in Aldershot and others followed in 1995 and 1997. Overseas delegations attended by invitation only. Some of the visiting delegations came from governments with poor human rights records such as Indonesia and Chile, or from countries in conflict. In 1986 Iraq was represented at the BAEE by a five-strong.
DSEi – public or private?
With the arrival of 'New' Labour and its obsession with privatisation, the Royal Navy & British Army Equipment Exhibition was pushed out to the commercial sector. An exhibitions firm called Spearhead Exhibitions Ltd launched DSEi 1999 at Chertsey in Surrey, with boats on display at London docklands. Though run by a private firm, the government arranged invitations and contributed £250,000 and hundreds of military personnel to help run the show. DSEi 2001, which took place at the Excel centre, London docklands, received even more government support, with Defence Secretary Geoff Hoon, and Foreign Secretary Jack Straw in attendance.
This year's DSEi shows no let up in government assistance. The MoD estimates that DSEi will set it back £400,000 in 'direct costs', and 'in addition, representatives of Her Majesty's Government may carry out activities associated with the exhibition, as part of their normal duties, which could be identified only at disproportionate cost.' DESO activities at DSEi include 'conducting Army equipment and waterborne demonstrations'.
DSEi is still very much the UK government's arms fair, and the government's responsibility.

The invitation lists
The official invitation list is entirely a product of the UK government. As DESO states in its introduction to this year's official list, 'the Defence Export Services Organisation prepares the list of countries to receive official invitations. In doing so they take account of current marketing campaigns and longer-term prospects for business with the countries concerned. Political issues, arms embargoes and current international relations imperatives are considered in the process.'
There is also a second invitation list, provided by Spearhead. The extent to which the MoD is involved in discussions and decisions about the content of this list is unclear. What is clear is that the MoD does not object to the presence of any of the governments invited. The Spearhead lists have contained around 20 more countries than the official lists, some of which are highly controversial. (DSEi invitation lists are collated in Table 1 overleaf.)
On August 28th 2003, Spearhead stated that it would not be hosting international delegations this year, and that it had produced '1/2 million flyers to be inserted in defence journals to generate the 20,000 visitors expected to attend DSEi'.
However, the following day a list of countries became available from Spearhead, introduced with the sentence 'Invitations to attend DSEi 03 were sent to the following London based Embassies by the organisers of DSEi 03'. The countries included Afghanistan and Israel, neither of which were on the official list.

Human rights abuse, conflict, terrorism... in association with DSEi
Eighty countries have received invitations to DSEi 2003. These have been sent to governments of some of the world's worst human rights abusing states, including Colombia, Israel and Saudi Arabia. Inviting delegates to arms exhibitions like DSEi provides countries with not only the opportunity to buy the weapons and tools with which they can perpetrate human rights abuses, but also gives moral and political support to their actions.
DSEi is also directly engaged in fueling conflict around the world, allowing arms companies to sell weapons to countries on the brink of, and actually in, conflict. Without the international arms trade, countries could not go to war on the scale they do, civilian and military casualties would be far less, and the world would simply be a safer and better place. India and Pakistan have both been officially invited to this year's DSEi. Angola, Namibia, Uganda and Zimbabwe have received invitations to previous DSEi exhibitions regardless of their involvement in the horrors of the Democratic Republic of Congo conflict.
As if this acceptance of conflict and human rights abuse was not shocking enough, DSEi appears to be ambivalent about terrorism. Though the US and the UK may have accused countries like Syria and Pakistan of sponsoring or supporting terrorism, both of these countries were invited to previous DSEi exhibitions and have both received official invitations for DSEi 2003.
On 11th September 2001, just as terrorists were flying airplanes into the World Trade Centre and the Pentagon in the United States, 11 different Middle Eastern nations were shopping for weapons at DSEi 2001, side by side with the US, Israel, Australia and the UK. While thousands of other events across the world were cancelled out of respect for the dead, arms dealers carried on selling weaponry at DSEi for three more days.

1 Hansard, 25.1.66
2 Hansard, 9.6.66
3 Hansard, 17.7.66
4 Hansard, 24.3.03
5 Hansard, 20.5.03, Col. 677/8W
6 www.deso.mod.uk/events.htm, accessed 27.8.03
7 www.deso.mod.uk/latest.htm, accessed 27.8.03
8 Letter from Alex Nicholl, Project Director DSEI, 28.8.03
## DSEi statistics

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### Table 2. Companies at DSEi, listed by home country

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<td>Switzerland</td>
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</table>

| **North America** |      |      |
| Canada         | 24   | 17   |
| US             | 113  | 49   |

| **Other**       |      |      |
| Australia      | 26   | 21   |
| China          | 1    |      |
| Israel         | 5    | 10   |
| Malaysia       | 3    | 1    |
| Pakistan       | 1    |      |
| Singapore      | 1    | 2    |
| South Africa   | 36   | 32   |
| Thailand       | 1    |      |
| Turkey         | 1    |      |
| UAE            | 1    | 1    |

Total: 1002 525

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### Table 3. World’s top 20 arms companies

(Defense News, 21 July 2003)

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<th>Country (US unless otherwise stated)</th>
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<td>Northrop Grumman</td>
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1. www.dsei.co.uk/exhibit_list_2003.htm, the list is dated 17.8.03 and was the most recent list as of 29.8.03
2. Exhibiting as AgustaWestland and MBDA
3. Exhibiting as AgustaWestland
Companies exhibiting at DSEi 2003

The following is a selection of some of the largest and/or most controversial companies attending DSEi. Unless otherwise indicated, the basic company figures refer to 2002 and world ranking (by military sales), military sales and military sales percentage are sourced from Defense News (21.7.03)

Alvis [UK]

World ranking: 79
Total military sales: $362m
Military sales as % of total sales: 100%
Employees: 2,500
Military products include: armoured vehicles and tanks

Alvis plc, 34 Grosvenor Gardens, London SW1W OAL
Tel: + 44 (0) 207 808 8888
www.alvis.plc.uk

Background

Alvis is dedicated to the production of armoured vehicles and tanks and has a long history of providing vehicles for both UK and overseas armed forces. Its website proudly states that it has exported military vehicles to more than 60 countries. In September 2002 Alvis acquired Vickers Defence Systems from Rolls-Royce, making it the sole armoured vehicle manufacturer left in the UK. Alvis’s UK operations now take place under the auspices of Alvis Vickers Ltd, a subsidiary of Alvis plc, which has facilities in Newcastle upon Tyne, Telford, Leeds and Wolverhampton. Alvis also has major manufacturing facilities in Scandinavia and South Africa (through a 75% stake in Alvis OMC).2

Exports

Middle East
The Middle East is a favourite market for Alvis. The Piranha armoured vehicle has been sold to Oman, Qatar and Saudi Arabia and is ‘currently under detailed consideration by several other GCC [Gulf Cooperation Council] countries’. In addition to Piranhas, Oman operates Stormer and Scorpion armoured vehicles. Jordan also operates the Scorpion and both countries have selected Alvis for Scorpion upgrades. In October 2002 Jordan declared that it had chosen Alvis as the supplier for gunnery training equipment for the Al Hussein Main Battle Tank. Kuwait operates hundreds of Warrior infantry fighting vehicles, the UAE operates the RG-12 armoured personnel carrier, and a new armoured vehicle (the RG-32) is now ready for production with a version having been specifically developed for sales to the Middle East.4

The Piranha is to be produced in Turkey for the Turkish armed forces following an agreement signed at DSEI 2001 (on the day following the attack on the World Trade Centre).

East Asia
East Asia has also been, and remains, an important market. Malaysia provided the first customer for the Stormer, operates the Bv206 armoured vehicle (including a long-term support contract with Alvis), and has trialed the Cv90120 tank. Brunei confirmed the selection of Alvis for the upgrade of its Scorpion vehicles in June 2002. In January 2002 an order was made for Bv206 armoured vehicles for the South Korean armed forces. More coyly, Alvis states that a ‘Far Eastern Army’ has received an initial quantity of Supacat vehicles and has now ordered a second tranche.5

Indonesia
Alvis has a long-standing relationship with the Indonesian military, having sold 15 Saracen armoured personnel carriers to the Indonesian Army in 1955, 30 Ferret armoured cars in 1958, 15 Saladin armoured cars in 1960 and, more recently, the Stormer armoured vehicle.7 Moreover, after coming to power in 1997, the Labour government honoured an export order of 50 Scorpion light tanks worth £100m, which had been approved by the Conservative government.8 Scorpions have been deployed to Aceh (see page 12), in contravention of restrictions placed on their use by the UK government at the time of sale.

Arsenal Co. [Bulgaria]

World ranking: outside the top 100
Employees: over 4,000
Military products include: assault rifles, grenade launchers, anti-aircraft guns

Arsenal Co., 100, Rozova Dolina St., 6100, Kazanluk, Bulgaria
www.arsenal-bg.com

Background

In 1999 Arsenal was sold to its management team for $2.1m by the Bulgarian government as part of its privatisation programme.10

What it makes
Arsenal produces many models of assault rifles, grenade launchers and anti-aircraft guns including small quantities of NATO calibre weapons.11 Its most notable weapon is the Kalashnikov, ‘regarded as one of the East bloc’s finest, and over 1 million of the submachine guns found their way from here (Bulgaria) to the armies and armed gangs of the world’.12

Exports

Once the Cold War ended, Bulgaria was left with huge stocks of arms that had no market in Eastern Europe. It turned its attention to other areas of the globe and, as a 1999 Human Rights Watch report noted, ‘earned a reputa-
Indonesia

Indonesia has been at the centre of controversy over UK arms exports for decades. Indeed, the 1997 Labour government's first important arms export decision was to refuse to revoke licences for Hawk jets and Scorpion tanks to Indonesia, ditching the brand new 'ethical foreign policy'.

**East Timor**

Opposition to arms exports focussed on the massive human rights abuses in East Timor by the Indonesian military and surged during the orchestrated violence surrounding an East Timorese independence referendum in 1999. It is generally accepted that the Indonesian Army created, financed, and ran paramilitary death squads which carried out the majority of the violence against civilians (though Indonesian Army and Police units were also directly involved in violence).1

Eventually, at the peak of this violence, the UK supported an EU arms embargo, though it lasted a mere four months and was conveniently situated in a gap between Hawk deliveries. The licences affected by the embargo were extended by four months. Two weeks after the embargo was lifted, the UN-backed International Commission of Enquiry2 and the Indonesian National Human Rights Commission (KOMNAS HAM) both reported that grave violations of human rights abuses had taken place in 1999, and KOMNAS HAM described them as crimes against humanity.3

**Continued conflict**

Following East Timorese independence there was optimism surrounding other Indonesian conflicts. But human rights abuses continued unabated in West Papua4 and peace moves relating to Aceh, where Free Aceh Movement (GAM) rebels have been fighting for independence since 1976, collapsed in 2003. More than 12,000 people, mostly civilian victims of the TNI, have died in the Aceh conflict.5 In early May 2003 more than 2,000 Indonesian government troops were deployed to Aceh to reinforce a 26,000-strong force already there. On May 19th the Indonesian government placed the province under martial law and the Indonesian army, or TNI, launched an all-out offensive against GAM.

**UK exports to Indonesia**

In the 1990s, the Conservative government licensed the sale of 40 Hawks (24 in 1993 and 16 in 1996) and 50 Scorpion light tanks (worth £100m). After coming to power in 1997, Labour honoured these deals despite introducing new export criteria that stated the government would ‘take into account respect for human rights and fundamental freedoms in the recipient country’.6 From 1997 to the end of 2002, the Labour government has issued a total of 377 arms export licences for Indonesia. According to the government's Annual Reports on Strategic Exports Controls, the value of licences granted to Indonesia increased from £2m in 2000 (29 licences issued) to £15.5m in 2001 (60 licences issued) to £41m in 2002 (184 licences issued).7 Items covered by the 2002 licences include aircraft cannons; components for missile launching equipment; components for combat aircraft; combat helicopters, and tanks; and armoured all wheel drive vehicles.

**UK arms used in Aceh**

UK-built Scorpion tanks8 and Hawk aircraft9 are in use in Aceh despite assurances by the Indonesian military that UK-supplied equipment would not be used offensively or in violation of human rights anywhere in Indonesia. On June 1st 2003 Jakarta rejected UK appeals not to use Hawk aircraft in its current military offensive against GAM rebels, saying it has a right to do so. On June 22nd 36 Scorpion tanks were deployed to Aceh.10 Moreover, the senior military spokesman in Aceh, Col. Ditya Sudarsono, said the Scorpions will be used offensively as “a key part of our campaign to finish off the [GAM].” 11 A useful overview of the use of UK equipment in Aceh has been provided by Tapol, the Indonesian Human Rights Campaign.12

**DSEi**

The two major UK suppliers to Indonesia are BAE Systems, which make the Hawk, and Alvis which has supplied several types of armoured vehicle including the Scorpion tank. There may be many other supplying companies, but official secrecy means we do not know. Both BAE Systems and Alvis are exhibiting at DSEi. Indonesia received an official invitation for DSEi 1999, though not for DSEi 2001.

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1 www.tapol.gn.apc.org/st030702.htm
3 www.etan.org/action/issues/smht.htm, accessed 15.8.03
4 tapol.gn.apc.org/st020717.htm accessed 17.8.03
5 tapol.gn.apc.org/st020313.htm, accessed 15.8.03
6 Hansard 28.7.97
7 tapol.gn.apc.org/st030702.htm
8 Observer, ‘British-made tanks lined up against rebels in Indonesia’, 11.5.03
9 Times, ‘British-made jets used in attack on Indonesian villages’, 26.5.03
10 Jakarta Post, ‘TNI deploys British tanks to Aceh’, 23.6.03
11 Guardian, ‘Scorpions move in on rebels as Indonesia reneges of weapons pledge to Britain’
12 www.tapol.gn.apc.org/st030702.htm accessed 17.8.03

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...tion as an anything-goes weapons bazaar where Kalashnikov assault rifles, mortars, antitank mines, ammunition, explosives and other items are available for a price – no matter who the buyers are or how they might use the deadly wares.13

Arsenal was one of the beneficiaries of these deals. Saferworld quotes a 2001 Sofia Novinar article that reported that Arsenal ‘sold arms for $7-8 million to Chad and Angola’.14 And in 1998 the Sunday Times said it had obtained documents that allegedly named Arsenal as a supplier of arms to Sierra Leone in breach of a UN embargo.15 Saferworld reports that, since 1998, the Bulgarian government has “repeatedly promised to tighten national control on arms trading to bring them into line with model international standards”.16 There appears to have been some progress in terms of sales to Africa, but vast numbers of small arms and light weapons continue to flow out of Bulgaria. In 2000, a contract was reported to have been
agreed for 300,000 Kalashnikovs for India and the following year Turkey received over 1,000 heavy machineguns from the Arsenal factory.17

BAE Systems [UK]
World ranking: 4
Total military sales: $15bn
Military sales as % of total sales: 77%
Employees: more than 100,00018 (approx. 43,000 in the UK)19
Military products include: fighter and trainer aircraft, warships, submarines, torpedoes, radar, tactical communications systems and missiles.

BAE Systems (Headquarters), Farnborough, Hampshire GU14 6YU
Tel: + 44 (0) 1252 373 232
(Registered Office), 6 Carlton Gardens, London SW1Y 5AD
www.baesystems.com

Background
BAE Systems is the result of the 1999 merger of British Aerospace and Marconi Electronic Systems. It has offices throughout Europe, Asia and North America, as well as in Australia and Africa. Less than 20% of its output is sold to the UK. A similar amount is sold to the Middle East but the real focus of BAE Systems’ activity is North America. BAE Systems has a strong presence in the US, through BAE Systems North America, and sells more to the Pentagon than it does to the UK MoD.

Over the past couple of years the company has received a vast amount of media attention. Some has resulted from domestic practices: its poor project management relating to the Nimrod and Astute programmes; its aggressive sales posture towards the MoD; its boardroom machinations; and a dive in its share price. Other coverage has resulted from its plethora of overseas sales, many of them controversial.

Subsidiaries and joint ventures
BAE Systems’ joint ventures and interests include: RO Defence (100% – see below), AMS (formerly Alenia Marconi Systems, 50%), missile-maker MBDA (37.5%), Eurofighter GmbH (33%), Aerosystems International (50%), Airbus (20%), Flagship Training (50%), Fleet Support Ltd (50%) and STN Atlas (49%) although BAE Systems has recently agreed with Rheinmetall DeTec AG of Germany to split STN Atlas into two companies, Atlas Elektronik, which will be wholly owned by BAE Systems, and Rheinmetall Defence Electronics.20 BAE Systems holds a 35% state in Sweden’s SAAB which produces the Gripen fighter. In August 2003, BAE purchased GKN’s 29% stake in Alvis plc for £73m.

Conflict
The World Health Organization estimates that around 191 million people lost their lives because of armed conflict in the 20th century.1 But tragically war is not a thing of the past. The WHO also estimates that currently around 35 people are killed every hour as a direct result of armed conflict. Harrowing as these figures are, there are other, perhaps less obvious costs, including the enormous numbers of people forced to flee their homes because of conflict. While some people argue that war is inevitable and there is little that can be done to prevent it, there is growing evidence of the direct connection between the proliferation of weaponry through the arms trade and the likelihood of disputes breaking out into armed conflict. Once conflict has started, the arms trade helps sustain it.

Contrary to constant assurances from the government, the UK continues to sell arms and military equipment to countries engaged in conflict. Earlier this year, CAAT research2 showed that the UK has exported arms and military equipment to 20 countries engaged in serious conflict since 1997: Algeria, Angola, Burundi, Colombia, India, Indonesia, Israel, Kenya, Nepal, Nigeria, Pakistan, Peru, Philippines, Russia, Senegal, Sierra Leone, Sri Lanka, Turkey, Uganda and Zimbabwe.

Fourteen of these countries were invited to DSEI in 2001 and two of the others were invited to DSEI in 1999.

UK export controls
The UK government’s export criteria specifically refer to ongoing conflict. Criteria three and four state, respectively:

- ‘The Government will not issue licences for exports which would provoke or prolong armed conflicts or aggravate existing tensions or conflicts in the country of final destination.’
- ‘The Government will not issue an export licence if there is a clear risk that the intended recipient would use the proposed export aggressively against another country or to assert by force a territorial claim’.

These criteria appear to be irrelevant while a government agency, the Defence Export Services Organisation, is tasked with pro-actively pushing arms sales around the world, including to an official list of 20 ‘UK Priority Markets’. While the government will not disclose the current list, the list for 2001/02 has been released and included India and Turkey.3 In the past, it has been reported that India and Pakistan have been identified as ‘highly valuable priority markets’4. They have both been officially invited to DSEI 2003. As one of the largest producers and exporters of arms and military equipment in the world, the UK has to take a large measure of responsibility for fanning the flames of conflict around the globe. DSEI is one of the UK government’s mechanisms for selling arms, but it is also an opportunity for companies from all over the world to ensure that countries in conflict and regions of tension are not left wanting for arms.

2 CAAT, ‘Fanning the Flames’, January 2003
3 Letter from Lord Bach, MoD, 17.3.03
4 Hansard, Memorandum submitted by The British Defence Manufacturers Export Licensing Group to the Select Committee on International Development, 7 February 2000
What it makes

Aircraft
Well known for its seemingly ubiquitous Hawk trainer and light combat jet, BAE Systems also produces the troubled Nimrod maritime surveillance aircraft and is a partner in the Cold War legacy Eurofighter project. It has a significant stake in the US/Lockheed Martin Joint Strike Fighter programme, with work amounting to 10-15% of the total, worth £25bn.\(^{23}\) 3,000 JSFs are due to be built for the US and UK (the UK possibly ordering 60-land and 150-carrier-based models) and the manufacturers are anticipating selling a similar number around the world.

Naval
BAE Systems produces underwater weapons, warships including frigates, destroyers, auxiliary vessels and submarines (including the over-cost Astute class nuclear submarine) and, they hope, aircraft carriers. It is the prime contractor for the UK Navy’s Future Carrier project, which is due to see two new carriers enter service in the mid 2010s.

Missiles
The company owns 37.5% of MBDA, the world’s second largest missile manufacturer. MBDA has 32 missile programmes underway and a further 23 in development\(^{22}\) (see EADS, page 17).

Ballistic Missile Defense
BAE Systems is a member of the new UK Missile Defence Centre launched on July 18th 2003. The centre is a joint UK government and industry project that is intended to provide an interface with the US Missile Defense Agency.\(^{23}\) BAE Systems had already signed up with Boeing in July 2002 and Lockheed in June 2003 to work on Ballistic Missile Defense, and its North American arm is working on THAAD (a US BMD programme missile interceptor).

RO Defence
RO Defence, formally Royal Ordnance, is a wholly-owned subsidiary of BAE Systems which specialises in munitions and armaments. It currently employs 3,500 staff located in the UK, USA, Germany and the Netherlands and has an order book of nearly £1 billion.\(^{24}\) RO Defence’s products, which are exported to almost 50 countries worldwide, include high explosives, artillery and artillery ammunition, small arms and medium calibre ammunition, mortars and multiple launch rocket systems.\(^{25}\) It also makes 105mm and 120mm Depleted Uranium-tipped shells.\(^{26}\)

Playing the ‘Jobs’ card
Though it studiously dropped ‘British’ from its name in 1999, is majority foreign-owned, and is searching for a US partner/buyer, BAE Systems still wraps itself in the Union Jack when bidding for MoD contracts. It is very willing to go to the press and play its ‘Buy British’ or ‘jobs’ card, however meaninglessly that is in an internationalised arms industry. And it often succeeds. In January 2003 it won the MoD’s aircraft carrier competition despite not having the best design. The cost of constructing the carriers was put at £2.8bn at the time, but a few short months later BAE Systems ‘told the Ministry of Defence that it would cost up to £4bn to construct the pair’.\(^{27}\)

July 2003 provided another, even more spectacular, example of the level of BAE Systems’ influence (also see Company Influence, page 37) and marketing abilities. The company let it be known that it would not enter an open competition for the fighter trainer aircraft for the RAF, demanding instead that it just be given the contract. It had already persuaded the government to drop its plan for a private finance initiative contract.\(^{28}\) However, the Treasury was pushing hard for an open competition and estimated that this would save the tax-payer around £1 billion.\(^{29}\) Set against this, BAE Systems had announced that if it was not given the contract by July 31st it would make 470 workers at its Brough plant redundant.\(^{30}\) No one seemed to notice that £1 billion amounted to over £2 million for each of the much-discussed 470 jobs. On July 30th, the day before BAE Systems’ deadline, the government gave the company a £800m contract to supply the RAF with 20 Hawk 128 trainer jets with an option for a further 24 aircraft.

The precise extent to which potential exports influenced the Hawk purchase will never be known, but there are plenty of indications that it was important. BAE Systems was reported as saying that if the government did not support the Hawk it would ‘ruin the company’s chances of selling the aircraft abroad’,\(^{31}\) and Patricia Hewitt, the industry secretary, highlighted the Hawk’s ‘significant export potential’ in her reflection on the decision.\(^{32}\)

Exports
BAE Systems has export markets across the world. Its Hawk jets alone have been sold to Brunei, Indonesia, Kenya, Kuwait, Malaysia, Oman, Saudi Arabia, South Africa, South Korea, UAE and Zimbabwe. In the past year there has been angry reaction to the use of its Hawks in Aceh, to the sale of head-up displays for US-built F16s destined for Israel, and to the marketing of arms to India in the midst of conflict over Kashmir. It has also been the subject of allegations of bribery regarding deals with the Czech Republic, India and South Africa, and of UN allegations of sanctions busting to arm Zimbabwe. BAE Systems has denied both bribery and sanctions-busting allegations.

Zimbabwe
British Aerospace supplied 12 Hawk jets to Zimbabwe in the early 1980s. In May 2000 an arms embargo was imposed on Zimbabwe by the UK in protest at the violent treatment of President Robert Mugabe’s opponents.\(^{33}\) This was followed by an EU arms embargo in February 2002. However, it has been reported that this did not prevent Hawk spares and other military equipment getting through to Mr Mugabe’s regime. A United Nations Security Council panel published a report in October 2002 that stated indications that potential customers ‘John Bredenkamp, who has a history of clandestine military procurement, has an investment in Aviation Consultancy Services Company (ACS). The Panel has confirmed, independently of Mr Bredenkamp, that this company represents British Aerospace, Dornier of France and Agusta of Italy in Africa. Far from being a passive investor in ACS as Tremalt representatives claimed, Mr Bredenkamp actively seeks business using high-level political contacts. In discussions with senior officials he has offered to mediate sales of British Aerospace military equipment to the Democratic Republic of the Congo. Mr Bredenkamp’s representatives claimed that his companies observed European Union sanctions on Zimbabwe, but British Aerospace spare parts for [Zimbabwe Defence Forces] Hawk jets were supplied early in 2002 in breach of those sanctions. Mr Bredenkamp also controls Raceview Enterprises, which supplies logistics to ZDF. The Panel has obtained copies of Raceview invoices to ZDF dated 6 July 2001 for deliveries worth £3.5 million of camouflage cloth, batteries, fuels and lubricating oil, boots and rations. It also
has copies of invoices for aircraft spares for the Air Force of Zimbabwe worth another $3 million.”

South Africa
In June 2003 the Guardian alleged that ‘BAE Systems paid millions of pounds in secret commissions’ to win a South African Hawk jet contract. Astonishingly, it reported that the UK government had confirmed the payment, but refused to reveal the amount paid. The DTI did, however, say it was ‘within acceptable limits’. (see Corruption, page 36)

Czech Republic
In December 2001, the Czech cabinet selected Gripen International’s bid to supply 24 Gripen fighters in a £1bn deal after rival bidders pulled out of the process. The Guardian reported that it had seen documents that demonstrated that the ‘US has accused Britain’s biggest weapons company, BAE Systems, and its British government sponsor of “corrupt practice” over the deal.” The Czech Republic withdrew funding for Gripen’s purchase following the floods in summer 2002.

India
In July 2003 the Sunday Times reported details of a television interview given by Indian Defence Minister George Fernandes. He was quoted as saying, ‘I am afraid that AJT [Advanced Jet Trainer] may wait for another two or five years because the Americans have said that British Aerospace ... are bribing people, including the people in India.”

Chemring [UK]
World ranking: outside the top 100
Total military sales: £64m18
Military sales as % of total sales: 66%19
Employees: 1,57520
Military products include: countermeasures and military pyrotechnics

Chemring Group plc, 1650 Parkway, Whitely, Fareham, Hampshire PO15 7AH
Tel: + 44 (0) 1489 881 880
www.chemring.co.uk; www.pwdefence.com

Background
Chemring Group dates back to 1905 with the incorporation of the British, Foreign and Colonial Automatic Light Controlling Company Ltd. In 1986 Chemring acquired Salisbury-based Pains Wessex Ltd and the Group now has operations in the UK, US and Australia.

Chemring’s military business includes countermeasures, made by Chemring Countermeasures in the UK, Kilgore and Alloy Services in the US, and Pains Wessex Australia; and military pyrotechnics, made by PW Defence in the UK and Pains Wessex Australia. 44% of sales are to the UK, 17% to the US, 12% to Europe and 27% to the rest of the world.

Countermeasures
In 2002, nearly half of Chemring’s turnover was from countermeasures21 – expendable decoys for air, land and sea. It claims that it is the largest supplier of infra-red and radio frequency passive expendable decoys worldwide,22 with sales to the Pentagon forming an important source of revenue. Alloy Services, in conjunction with Raytheon, is involved with the Comet pre-emptive decoy which has been demonstrated on the A-10 ‘Tankbuster’ and Lockheed Martin’s

Landmines
The ‘Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on Their Destruction’, or Ottawa Treaty, came into force on March 1st 1999. The UK was an active supporter of the treaty and, along with 127 other states, has ratified it. Unfortunately some of the world’s most prolific users of landmines, including China, Russia and the US, have not. The Treaty obliges signatory countries to destroy stockpiles within four years, to clear minefields within 10 years, to assist mine victims and to report annually on progress. It also prohibits them from manufacturing, trading or advertising landmines.

Landmine Monitor estimates that there remain about 230 million anti-personnel mines in the arsenals of 94 countries, with most estimated to be held by China (110 million), Russia (60-70 million), United States (11.2 million), Ukraine (6.4 million), Pakistan (6 million), India (4-5 million), and Belarus (4.5 million). The same report identifies 90 countries that are affected by landmines and/or unexploded ordnance (UXO) and estimates that there were new mine/UXO victims reported in 69 countries in 2001. 46 of these countries were at peace, not war.

The 1998 UK Landmines Act brought the Ottawa Treaty into UK law. It rules that any person involved in the production, sale, promotion or transfer of anti-personnel landmines should face up to 14 years in prison. The restrictions cover the activities of all companies on UK soil and should therefore cover arms exhibitions, including DSEI. However, there have been embarrassing lapses, including two at DSEI.

DSEI 1999
At DSEI 1999, an undercover journalist revealed that a Romanian state arms firm, Romtechnica, had promotional material for anti-personnel landmines on its stand, and that he had been told the equipment could be supplied. Other undercover journalists were offered anti-personnel landmines by Pakistan Ordnance Factory a couple of months after having met company representatives at DSEI. The police investigated both cases but failed to bring any charges.

Chemring
A further embarrassment for UK authorities came as a result of allegations by the BBC that the Overseas Sales Manager of a UK company, PW Defence (a subsidiary of Chemring Group), had offered to supply anti-personnel fragmentation mines to an undercover BBC journalist in April 2002. Chemring denied the allegations and stated that the product was no longer manufactured and had not been sold since 1997. Again, a police investigation followed the allegations and no charges were brought.

3 Gideon Burrows, 2002; Observer, ‘Whatever happened to Diana’s landmines legacy?’ 25.8.02
4 www.bbc.co.uk/iradio4/today/reports/archive/features/landmines.shtml, accessed 16.8.03
**Development**

Money spent on arms is wasted; it is fundamentally unproductive. Arms do not promote education, health, housing or improve the water-supply. Two recent UK deals that stand out as being tailor-made for companies rather than people, are those to South Africa and Tanzania.

**South Africa**

In 1998, European companies obtained contracts worth $4.8 billion from South Africa for advanced fighter and trainer aircraft, utility helicopters, warships and submarines. South African organisations concerned with development, the environment and human rights, as well as church bodies, have opposed the deal. They are concerned that it will severely undermine their country’s economic and social development, and will further aggravate the poverty of most South Africans. Many live in shacks, whilst the provision of clean water and electricity remains a luxury for all but the elite. Perhaps most urgently, South Africa is facing horrific problems as a result of HIV/AIDS. (See page 34)

**Military Pyrotechnics**

PW Defence, based in Derby, evolved from the merger of the military division of Pains Wessex Ltd, Haley & Weller Ltd and Schermuly Ltd, all of which are subsidiaries of Chemring. PW Defence’s military pyrotechnics include flares, smoke flares, rockets, smoke grenades and incendiary grenades. In 2002, military pyrotechnics accounted for 19% of Chemring’s turnover.

On June 5th 2003 the MoD signed a ‘Partnering Agreement’ with PW Defence covering the procurement and through-life management of a range of pyrotechnics. PW Defence also supplies the canopy cutting charges for the UK’s Hawk, Harrier, Jaguar and Tornado aircraft.

**Landmine allegations**

In May 2002 the BBC reported that, the previous month, a BBC journalist posing as a member of a security firm in London had been offered five hundred illegal anti-personnel landmines by PW Defence’s regional marketing manager. According to Landmine Action, the weapon offered was a ‘high explosive fragmentation grenade fitted with a trip-wire... therefore it is an anti-personnel mine and banned under the Landmines Act 1998’. In response, Chemring stated that the fragmentation grenade combined with the trip-wire mechanism had not been sold since April 1997 and that it had removed the product from its PW Defence catalogue in 1999. However the trip-wire mechanism and the grenade were listed as ‘in production’ in the 2001-2002 edition of Jane’s Infantry Weapons. Landmine Action states that, ‘at the very least PW Defence have been marketing anti-personnel landmines’.

**Zimbabwe**

In November 2001, following a police gas attack on University of Harare halls of residence, Amnesty International examined canisters left lying at the scene. They claimed that one canister, date-stamped June 1999, showed ‘markings that appear to be identical to those of Pains Wessex’. The company denied making the tear gas in question or selling it to Zimbabwe.

**UK export licensing**

The UK does have an export licensing criterion (Criterion Eight) that states that account will be taken of the ‘compatibility of arms exports with the technical and economic capacity of the recipient country’, with this information to be gathered from bodies such as the World Bank and the IMF. Clearly, the adverse information gathered concerning Tanzania and South Africa did not overcome BAE Systems’ lobbying and the Prime Minister’s predilection to sell arms.

**DSEi**

BAE Systems and other companies involved in the South Africa deal will be exhibiting at DSEi, and both Tanzania and South Africa have received invitations.

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1 World Bank technical study, quoted in Guardian, 21.12.01

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**Tanzania**

In 2001, the UK government granted an export licence for a £28m military air traffic control system to the Tanzanian government. Tanzania has eight military aircraft. Many papers were highly critical, with several using cartoons (‘Fight poverty with a BAE Systems weapons deal’, suggested Steve Bell in The Guardian) and running opinion pieces. Criticism of the proposed export had already come from the World Bank, which said that the system ‘is primarily a military system and can provide limited support to civil air traffic control purposes. The purchase of additional equipment would be required to render it useful for civil air traffic control’. A civilian air traffic control system, costing a quarter of the price, would have met Tanzania’s needs. However, the system had already been built by BAE Systems on the Isle of Wight.

Chancellor Gordon Brown and International Development Secretary Clare Short were against the deal, which would add to Tanzania’s debt burden and do nothing to help the half of its population lacking clean water, or the one in four of its children who, because of poverty, die before the age of five. However, Prime Minister Tony Blair, Foreign Secretary, Jack Straw, and Defence Secretary, Geoff Hoon, were said to have argued for the deal. Blair obviously having forgotten the commitment he made at the previous Labour Party Conference to tackle poverty in Africa.
**Background**

Denel was formed in 1992 with the South African government as the sole shareholder. In the late 1990’s the government began a restructuring programme in which Denel was scheduled for at least partial privatisation, and in 2000 named BAE Systems as its preferred strategic partner for Denel. BAE Systems was to take a 30% equity stake, but the deal fell through unexpectedly in 2003.

The company is organised into Aerospace, Ordnance and Commercial businesses, with a number of subsidiaries in each. Aerospace subsidiaries include Eletrop and Kentron, and Ordnance subsidiaries include LWS, Naschem, PMP, Somchem, Swartklip Products, and Vector. All of these are exhibiting at DSEI 2003.

**What it makes**

Denel manufactures a wide variety of military products including artillery and artillery ordnance, missiles, avionics, the Rooivalk attack helicopter, unmanned aerial vehicles, infantry weapons and ammunition, thermal imaging products and communication and control systems.

**Exports**

Over 50% of Denel’s sales are now from exports. It defines its markets as: Europe, North America, South America, Middle East, Asian Pacific and Africa (including South Africa). Its ‘leading ordnance technologies... find ready export markets in the North Atlantic Treaty Organisation (NATO) and elsewhere.’

Its deals include a 1998 agreement with the Algerian government to supply unmanned surveillance planes worth US $25m, at a time when the Algerian government was involved in violent conflict with Islamist opponents. It is presently trying to sell a new variant of its G5 towed howitzer to meet the Indian Army’s requirement.

**European Aeronautic Defence and Space Company (EADS) [Netherlands]**

World ranking: 8
Total military sales: $6.3bn
Military sales as % of total sales: 20%
Employees: 104,000
Military products include: fighter and transport aircraft, helicopters, missiles

Head Offices
EADS Deutschland GmbH, P.O. Box 801109, 81663 Munich, Germany
EADS France S.A.S., 37, boulevard de Montmorency, 75781 Paris, Cedex 16, France
www.eads.net

**Background**

EADS was established on July 10th 2000 from the link-up of Deutsche Aerospace Agurant (DASA) from Germany, Aerospatiale Matra from France, and Constructiones Aeronauticas S.A. (CASA) from Spain, and is registered in the Netherlands. EADS shares are mainly controlled by the German car builder DaimlerChrysler, the French media group Lagardère and the French state. It has more than 70 facilities in France, Germany, Spain. While Airbus is its dominant project it has a wide range of military interests and is seeking to increase the proportion of its turnover that is military-related.

**EADS in the UK**

EADS has UK locations in Broughton (Airbus), Coventry, Filton (Airbus), Milton Keynes, Newport, Newcastle, Portsmouth (Astrium) and Poynton (Astrium), as well as MBDA locations in Bristol, London, Lostock and Stevenage.

EADS and MBDA in London:
MBDA (Headquarters), 11 Strand, London WC2N 5RJ
Tel.: +44 207 451 6000; www.mbd.co.uk

**What it makes**

EADS is a partner in the Eurofighter programme, manufactures military transport aircraft, owns Eurocopter which produces the Tiger attack helicopter as well as military utility helicopters, is a co-owner of MBDA, the world’s second largest missile company, has military space programmes through Astrium and produces nuclear missiles.

**Missiles**

EADS brings together the products of missile manufacturers MBDA and EADS/LFK-Lenkflugkörpersysteme, resulting in over 40 guided missile programmes. EADS also develops and manufactures, both alone and in joint ventures, missile subsystems such as warheads, guidance systems and propulsion units.

**Human Rights**

Israel carries out extra-judicial executions, collective punishment and torture in its occupation of the West Bank and Gaza; Turkey has a record of brutal treatment of the Kurdish population within its own borders and in Northern Iraq; Saudi Arabia’s human rights abuses have long been the subject of concern but have worsened since September 11th; the US has led the way in jettisoning human rights in the name of counter-terrorism, not least, but not only, at Guantanamo Bay; Colombian paramilitaries continue to receive the support of the army in their attacks on opposition supporters; China executed at least 1,060 people in 2002, many without a fair trial; and Russia continues its widespread abuses in Chechnya.

And all these countries have been invited to DSEI 2003.

As well as the physical ‘benefit’ of military equipment which could be used directly in repression, the willingness of countries to supply arms gives moral support and credibility to the recipient. It undermines local attempts at controlling the military, moderating the excesses of autocratic regimes, or finding non-militaristic solutions to problems. In addition to the countries mentioned above being invited to DSEI, they all received UK arms in 2002.

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1 Amnesty International Report 2003
(web.amnesty.org/report2003/index-eng)
Depleted Uranium

What is it?
Depleted uranium (DU) – or Uranium238 – is a toxic heavy metal. It results from the enriching of natural uranium for use in nuclear reactors. Natural uranium consists primarily of a mixture of two isotopes of uranium, fissile Uranium235 (0.7%) and Uranium238 (99.3%). Nuclear reactors require Uranium235 to produce energy and, as such, natural uranium has to be enriched to obtain Uranium235 by removing a large part of the Uranium238.1

DU is used in weaponry because of its high density and pyrophoric qualities, causing it to burn spontaneously on impact. These properties make DU ideal for use in armour-piercing anti-tank weapons. According to one source, amounts of DU used in bullets, shells and bombs vary from 85 grammes to 4.7 kilograms,2 although there is speculation that some missiles may contain larger quantities.3 DU is also used in tank armour and for radiation shielding, ballast in missiles and aircraft counterweights.

Equipment using DU
The Challenger 2 tank’s 120mm DU-tipped (CHARM 3) shell, made by RO Defence, contains DU from Starmet Corporation and sales agency Rosoboronexport.68 It has 32 missile programmes in production and a book of more than 13bn Euros and 70 customers worldwide.66 MBDA had 10,000 employees, sales of 2bn Euros, an order book of more than 13bn Euros and 70 customers worldwide.66 It has 32 missile programmes in production and a further 23 in development.67 MBDA is working in cooperation with India’s Bharat Dynamics and in June 2003 signed a co-operation protocol with EADS and Russia’s Sukhoi Corporation and sales agency Rosoboronexport.69

MBDA’s main missile programmes are: airborne (air-to-air and air-to-ground) and surface-to-air. Air-to-air missiles include Meteor which has been selected to arm Eurofighter, Rafale and Gripen fighter aircraft. MBDA supplies the RAF with the ALARM air-to-ground tactical anti-radar missile, 45 of which were used in Iraq this year.68 MBDA also developed Storm Shadow, a conventionally armed cruise missile

The use of DU in Iraq
No conventions apply specifically to the use of DU shells so their use is covered by the same provisions of international law that apply to all weapons.11 The total number of DU shells fired by US and UK forces in Iraq in 2003 is not known. What we do know is that, according to the UK MoD, Challenger tanks ‘expended’ 1.9 tonnes of DU during the Iraq 2003 conflict, approximately twice as much as in the 1990–1991 Gulf war.12 One study estimates that ‘100 to 200 metric tons [of DU] was shot at tanks, trucks, buildings and people in largely densely populated areas’ by US and UK forces during this year’s Iraq conflict.13 (the study’s author has since revised the estimate to between 100 and 150 tons.) The use of DU munitions in densely populated areas throughout Iraq has put large numbers of Iraqi civilians, as well as UK and US troops, at risk of exposure to DU, and has the potential to contaminate land, water and livestock.

Health effects
DU is a toxic heavy metal with a radioactive half-life of four and a half billion years.14 While it is not as radioactive as Uranium235, it is an alpha radiation emitter, which, if inhaled or ingested in dust or particle form, can cause damage to human health. According to a 1998 report by the US Agency for Toxic Substances and Disease Registry, the inhalation of DU particles can lead to symptoms such as fatigue, shortness of breath, lymphatic problems, bronchial complaints, weight loss and an unsteady gait.15 Though few studies have been carried out on humans, studies on rats indicate that the short-term effects of internal exposure to DU may include kidney damage while long-term effects may include cancer, central nervous system problems, immune system disorders and reproduction effects.16

DSEi
BAE Systems, the owner of RO Defence, will be exhibiting at DSEi, as will General Dynamics.

1 www.globalsecurity.org/military/systems/munitions/du.htm, accessed 1.8.03
2 Communication with Dan Fahey, Communications Director at Greenbelt Alliance, 13.8.03
3 Guardian, ‘Uranium hazard prompts cancer check on troops’, 25.4.03
4 Hansard, 15.3.01, Col. 675W
5 www.globalsecurity.org/military/systems/aircraft/systems/gau-8.htm, accessed 6.8.03
8 www.army-technology.com/projects/abrams/, accessed 6.8.03
9 www.globalsecurity.org/military/systems/ ground/m1a1.htm, accessed 1.8.03
10 www.gd-ots.com/TankOpe.html, accessed 6.8.03
11 Hansard, 8.4.03, Col. 139W
12 www.mod.uk/issues/depleted_uranium/ middle_east_2003.htm, accessed 1.8.03
14 Frida Bergman, ‘Weapons of Mass Deception’, 20.6.03 (inthesetimes.com)
15 Frida Bergman, ‘Weapons of Mass Deception’, 20.6.03 (inthesetimes.com)
16 Dan Fahey, ‘Science or Science Fiction? Facts, Myths & Propaganda in the Debate over Uranium Weapons’, 12.3.03
deployed on RAF Tornado for the first time in March 2003 against Iraq. Surface-to-air missile systems include Rapier, Gill/Spike, ATM, Gepard, Mistral 2 and Milan.

Nuclear missiles
EADS Launch Vehicles, and its predecessors are reported to have been responsible for the design and production of every French ballistic missile since 1960. This includes a December 2000 contract with the French government for the new generation of sea-based missiles, the M-51, which will be equipped with a nuclear warhead. The other component of Frances nuclear force is missile for strike aircraft. In December 2001 Aerospatiale Matra Missiles (a subsidiary of EADS) was contracted for the initial development and purchase of such medium-range nuclear missiles.79

Ballistic Missile Defense
In addition to being involved in nuclear deterrence, EADS, like many other nuclear weapons companies, is involved in the contradictory strategy of a missile ‘shield’. EADS has been involved in a NATO feasibility study into ‘Theatre Missile Defense’, is part of the Medium Extended Air Defense System (MEADS) programme, and in 2002 it announced that it was linking with Boeing to work on Ballistic Missile Defense. ‘We believe ballistic defence to be an important focus in the shifting defence environment and key to ensuring peace in a free world,’ said EADS joint chief executives Phillipe Camus and Rainer Hertrich.71

Exports
EADS has so far had little success in its search for Eurofighter customers, but other programmes have seen more impressive results. It has sold Cougar helicopters to Brazil, Super Pumas to Indonesia, Exocet missiles to Oman and Qatar, anti-tank missiles to Turkey and Mistral missiles to South Korea. It has sold hundreds of military transport aircraft to more than 89 operators in 38 countries including Argentina, Chile, Ecuador, Indonesia, South Korea, Oman, South Africa, Turkey, Thailand; Poland, The United Arab Emirates.76

FN Herstal SA [Belgium]

World ranking: outside the top 100
Employees: 1,30073
Military products include: small arms and light weapons, ammunition
FN Herstal, SA, Voie de Liège 33, B-4040 Herstal, Belgium
Tel: +32 4 240 81 11
www.fnherstal.com

Background
FN Herstal SA is part of the Herstal Group, headquartered in Liège, Belgium. The Group has offices in nine other European countries, North America and Asia.74 The Herstal Group produces weapons under the brand names FN Herstal, Browning and Winchester.

What it makes
FN Herstal designs and manufactures firearms and ammunition for the military and law enforcement agencies, including pistols, rifles and submachine guns. Its products include the NATO-standard M16A2 assault rifle (also produced by Colt Manufacturing); the M249 Minimi machine gun; the M240 armour machine gun; the FN FAL automatic rifle; and the P90 submachine gun.73 Herstal also supplies machine guns, mounts, pods and rocket launchers to equip helicopters and aircraft.76

Exports and licensed production
FN Herstal's products are used by the Armed Forces of more than 100 countries.77 Its FN FAL automatic rifle is produced under licence in ten countries including Brazil, Israel, India, Mexico, South Africa and Venezuela.78 It has also built an ammunition factory in Eldoret, about 300 kilometres north east of the Kenyan capital Nairobi. The factory produces 20 million 7.62 NATO-standard rounds of ammunition a year.79

In 2002, FN Herstal received Belgium government approval to export 5,500 Minimi machine guns to Nepal.80 Despite a public outcry and subsequent delay to the deal, delivery began in December 2002.81

General Dynamics [US]

World ranking: 6
Total military sales: $9.8bn
Military sales as % of total sales: 71%:
Military products include: nuclear submarines, warships, armoured vehicles, ammunition
General Dynamics, 3190 Fairview Park Drive, Falls Church;
Virginia 22042-4523
Tel: 00 1 703 876 3000
www.generaldynamics.com

Background
General Dynamics was established in 1952. It includes Electric Boat, which built the first nuclear-powered submarine, USS Nautilus. In 1982, it added its first Combat Systems unit, Land Systems, which makes armoured vehicles and in 2003, it increased this area of work with the acquisition of the Canadian GM Defense. In 2002, General Dynamics registered a 25% growth in military business. The company is headquartered in Virginia, US, and employs people in the US, Canada, Mexico and the UK.82

General Dynamics in the UK
General Dynamics UK Ltd, headquartered in South Wales, employs 900 people.83 It professes to be a world leader in the supply of advanced electronics to military industry and is one of largest avionics suppliers to the Eurofighter Typhoon programme.84 In 2001 General Dynamics UK Ltd was awarded the £1.7bn Bowman communications programme by the UK MoD. On June 26th 2003, it received a related contract worth more than £25m from the MoD for the provision of ground-to-air data connections with the British Army Apache helicopters.

General Dynamics UK Ltd (Headquarters), Bryn Brithdir,
Units 3&4, Oakdale Business Park, Oakdale, South Wales
NP12 4AA; Tel: + 44 (0) 1495 236 300;
www.generaldynamics.uk.com

General Dynamics UK Ltd (London office), 11-12
Buckingham Gate, London SW1E 6LB; Tel: + 44 (0) 20
7932 3400
What it makes

Marine Systems
General Dynamics designs and builds nuclear-powered submarines, surface combatants, auxiliary ships and large commercial vessels. It is the leading supplier of combat vessels to the US Navy. Electric Boat, located in Connecticut, built and supports the US Navy’s fleet of Ohio class nuclear-powered ballistic missile submarines. It is responsible for manufacturing Los Angeles and Seawolf attack subs and shares construction of the first four Virginia class submarines with Northrop Grumman Newport News.

Information and Technology
An expanding business area for General Dynamics, specialising in command, control, communications, computing, intelligence, surveillance and reconnaissance (C4ISR) solutions.

Small arms

The real weapons of mass destruction
Small arms, such as assault rifles, machine guns, submachine guns and pistols are causing devastation in many parts of the world. There are an estimated 639 million small arms worldwide1 and they kill over half a million people every year.2 The effect on civilians is perhaps most disturbing, with non-combatants accounting for between 30% and 90% of conflict-related deaths. Small arms can greatly exacerbate or even create political instability. Charles Taylor, the former leader of Liberia, triggered a civil war costing 200,000 lives using a group of 150 combatants armed with AK-47s.3 But the tragedy does not stop even when war ends. Once weapons have flooded a conflict zone, they remain and undermine efforts to return to normality. The Small Arms Survey reports that ‘civilian death rates are known to remain constant or even rise in post conflict situations’4 as insecurity leads to a vicious circle of higher demand for small arms.

Small arms suppliers
Many of the small arms and light weapons in circulation come from Central and Eastern Europe, particularly since the end of the Cold War. However, small arms proliferation now has a much wider geographical base with 1,134 companies producing weapons in 98 countries.5 The table below shows the world’s five largest producers of different categories of small arms. Western European companies feature strongly, including Heckler & Koch of Germany and FN Herstal of Belgium. Much of these companies’ production is carried out under licence in other countries, produced for the armed forces of that country and also for export (see Heckler & Koch and FN Herstal sections, pages 21 and 19 respectively).

DSEi
The table indicates in bold the companies that will be at DSEi 2003. However, there will be many other small arms producers exhibiting including: Arsenal Co. and Arcus Co. from Bulgaria; Turkey’s MKEK; South Africa’s Denel; Pakistan Ordnance Factories; and Austria’s Steyr Mannlicher. BAE Systems subsidiary RO Defence makes ammunition as does Giat of France.

General Dynamics and depleted uranium
General Dynamics Land Systems’ Abrams tank features depleted uranium armour and deploys a 120mm shell which contains a DU penetrator. General Dynamics Ordnance and Tactical Systems make two types of DU-tipped anti-tank ammunition (see Depleted Uranium, page 18). The company is also responsible for the ‘Avenger’ 30mm Gatling gun on the A10 ‘Tank-buster’ aircraft. Martin Marietta Armament Systems originally manufactured the ‘Avenger’ but in 1994 Martin Marietta merged with Lockheed Martin and two years later General Dynamics acquired Lockheed Martin Defense Systems (combat vehicles) and Armament

Source: Small Arms Survey 2003*

5 www.smallarmssurvey.org/Yearbook/yb2003_en_presskit_ch1.pdf, accessed 22.08.03

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<th>Machine Guns</th>
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<td>Israel Military Industries</td>
<td>Sellier and Bellot (Czech Republic)</td>
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Source: Small Arms Survey 2003*
AgustaWestland Exports
AgustaWestland has delivered over 7,000 helicopters to more than 80 countries. The Lynx helicopter has been sold to the armed forces of 11 countries, with the latest Lynx variant, the Super Lynx 300, having been purchased by Oman, Thailand and South Africa. Though no longer in production, the Sea King helicopter has been exported to Australia, Egypt, Germany, India, Norway, Pakistan and Qatar, and the Wasp has been sold to Indonesia and New Zealand. The AB412 military utility helicopter, one of a long line of helicopters produced by Agusta under licence from Bell, is in service in Bahrain, Ghana, Italy, Lesotho, Sweden, UAE, Uganda and Zimbabwe.

In early 2002 AgustaWestland signed a deal with Denel of South Africa for the licensed production of the A109 helicopter. Denel will be allowed to market and sell the A109 to specified markets in Africa, South East Asia and the Middle East.

Heckler & Koch [Germany]
World ranking: outside the top 100
Total military sales: Euros130m
Employees: 700
Military related products: small arms
Heckler & Koch GmbH; P.O. Box 1329; 78722 Oberndorf; Germany
Tel: + 49 7423 79 2305
wwwHECKLER-KOCH.DE

Background
In its own words, Heckler & Koch is ‘the global leader for technologically advanced small arms.’ It is a German company that was taken over by Royal Ordnance (now RO Defence, a subsidiary of BAE Systems) in 1991 but, in December 2002, was sold to Heckler & Koch Beteiligungs GmbH, a German registered company established for the purpose of its acquisition. The company has its headquarters in Oberndorf, Germany, where 630 of its 700 employees are based. Other offices are located in Sterling Virginia in the USA; Switzerland; and Nottingham in the UK.

H&K in the UK
Heckler & Koch (GB) NSAF Limited, PO Box 7151, Nottingham; Tel: +44 (0) 115 9248723

What it makes
Heckler & Koch produces pistols, rifles (including the G3), machine guns, sub-machine guns (including the MP5), grenade launchers and grenade machine guns. The 2002 Small Arms Survey states that it is one of the world’s largest producers of small arms, with its weapons in use in 90 countries. Over seven million G3 rifles alone have been produced and are in service in 60 countries.

Licensed production
Much of the manufacturing of Heckler & Koch weapons is carried out under licensed production agreements, either for the armed forces of the producing country or for export. Such agreements have been made with a number of EU countries and also Burma (now Myanmar), Iran, Mexico, Saudi Arabia, Pakistan, Turkey and Thailand. Heckler &
**Democratic Republic of Congo**

**The conflict**
In 1997 the dictator Mobutu, after a ruinous reign of over thirty years, was deposed by opposition forces with backing from Rwanda, Uganda and Angola. Laurent Kabila was installed as President but there was no happy outcome. In the following year Kabila quarrelled with his Rwandan and Ugandan allies, and the result was a bloody conflict which has taken an estimated four million lives. By ordinary reckoning this is one of the worst disasters of recent history.

With the backing of Angola, Zimbabwe added to a lesser extent Namibia, Kabila maintained himself in Kinshasa and the north-west, but most of the east came under the control of Rwanda and Uganda. In the north-east there has been confusion bordering on total anarchy. At one point Ugandan and Rwandan soldiers fought one another, and both countries have patronised and armed local ‘rebil’ factions. Rwanda, Uganda and Angola had genuine security reasons for intervention, as the Congo conflicts spilled across their borders, but the underlying source of the war is the country’s great wealth of natural resources. These have been unashamedly looted by Zimbabwe and Uganda - to the personal benefit of leading political and military figures - as well as by local warlords.

**UK Hawks**
The arms used in the conflict have come from a variety of sources but do not include significant contributions from the UK, with the exception of Hawk aircraft. In early 2000 the Zimbabwe government sought spares for its Hawks, which were playing a major role in its Congo campaign. Licences were approved in February of that year, but a few months later the UK announced an arms embargo. Of the seven licences granted, five were returned unused, but most of the goods covered by one licence and around 20% of another had been exported.

**DSEi**
Even though the foreign powers in the DRC were engaged in a disastrous war and were apparently not buyers of significant amounts of UK weaponry, several of them still received invitations to DSEi during the conflict. Angola, Namibia and Zimbabwe were all invited to the 1999 event and Uganda and Angola received invitations to DSEI 2001.

Koch have stated that the agreements with Burma and Iran have lapsed.\(^{103}\)

Licensed production has two main advantages for the licensor company and its country. Firstly, in-country manufacture reduces the dependence on weapons imports, providing a cushion against arms embargoes. Secondly, it can provide export earnings, possibly including sales to countries and situations where it might be difficult or embarrassing for the country of the licensor to sell. This has obvious potential for undermining export controls. If licensed production agreements do not contain production and export limits they bluntly undermine export controls. If they do provide limits then, as one commentator has stated, “they are being violated with apparent impunity”.\(^{104}\)

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**INSYS [UK]**

World ranking: outside the top 100
Total military sales: £176m\(^{105}\)
Employees: 857\(^{106}\)
Military products include: weapon and communication systems

INSYS Ltd, Reddings Wood, Ampthill, Bedfordshire MK45 2HD
Tel: + 44 (0) 1525 841 000
www.insys-ltd.co.uk

**Background**
INSYS is the new incarnation of Hunting Engineering Ltd following a £42.3m management buy-out from Hunting plc in 2001 (jointly funded by senior management and ABN AMRO Bank). INSYS has three locations in the UK: Manufacturing facilities are located at the Ampthill site. The facilities in Pershore, Worchester, and Dstl Porton Down, near Salisbury, are test facilities. INSYS also has a joint venture with Giat called Euro-Shelter, which is located in Rennes, France.

**What it makes**
INSYS’s ‘vision’ is “to be a preferred contractor to the UK Ministry of Defence and partner of choice to the global defence industry.”\(^{107}\) Its main business areas are: Communications and Information Systems, Battlespace Engagement (which ‘offers a warhead design, development and test capability’ which ‘provides our customers with an unrivalled service.’\(^{108}\)), Battlefield Support and Manufacturing.

Hunting Engineering manufactured the BL755 cluster weapon from the 1960s to mid-1980s and now INSYS is contracted by the Royal Air Force to test the safety and serviceability of existing stocks of cluster weapons.\(^{109}\) It is unclear whether this includes supplying components for the weapon.\(^{110}\) Each BL755 comprises a main dispenser body and 147 submunitions with fragmenting warheads.\(^{111}\) The refurbished RBL755 is equipped with a radar proximity sensor for deployment from medium and high altitudes. The failure rate of the submunitions is the subject of debate with the MoD reporting a rate of 6%.\(^{112}\) It has been reported that the MoD has extended the use of BL755 – used in Yugoslavia and Iraq (1991 and 2003) – until 2006.\(^{113}\) INSYS has received recent contracts from MBDA and Celerg (a French rocket motor manufacturer) for Aster 15 and Aster 30 missile launchers,\(^{114}\) and from the Defence Procurement Agency to design, build and test a system demonstrator of a rocket artillery system for the UK Army.\(^{115}\) It is involved in the Son of Star Wars project as part of a ‘foundation group’ of five UK firms in the MoD-led Missile Defence Centre set up in July 2003.\(^{116}\)

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**Israel Military Industries [Israel]**

World ranking: 73
Total military sales: $410m
Military sales as % of total sales: 100%
Employees: 4,100
Military products include: small arms, ammunition, missiles, tank upgrades

Israel Military Industries, 64 Bialik Boulevard, PO Box 1044 or 6604, Ramat Hasharon, 47100, Israel
Tel: + 972 3 548 5617/9
Cluster bombs

A cluster bomb, or munition, carries a number of individual bomblets, known as submunitions, which are supposed to explode on or near their target. They can be launched by both aircraft and ground forces. A high proportion of cluster bomb submunitions fail to explode on impact and remain dangerous for years. The actual failure rates are a matter of debate. While official military estimates place them at 6% or less, Landmine Action reports that the failure rate of NATO cluster submunitions used in Kosovo in 1999 was between 7 and 11%, and in 1991 up to 40% of cluster submunitions used in Iraq and Kuwait failed to explode. The submunitions are colourful and about the size of a soft-drinks can, making them particularly attractive to children.

A long term problem

Unicef has reported that more than a thousand children have been injured by cluster and other unexploded munitions since the end of the 2003 conflict in Iraq. In the two years after the 1991 Gulf War, unexploded cluster submunitions killed 1,600 Iraqi civilians and injured 2,500 more. In Kuwait, after the same conflict, there were 1,609 deaths and injuries in the first ten months. According to Landmine Action, at least 92 countries are threatened by unexploded cluster bombs or other explosive remnants of war.

Their use in Iraq

US and UK forces delivered at least 350,000 cluster submunitions during the invasion of Iraq.

UK: The MoD has acknowledged the use of two types of cluster munition. It stated that, as of May 28th, 66 RBL755 cluster bombs had been dropped on targets in Iraq. Each of these bombs contains 147 bomblets, with a government-reported failure rate of 6%. Also, the Royal Artillery fired 2,098 L20 Extended Range Cluster Shells around Basra. Each L20 shell contains 49 submunitions. Estimates by a UK MP indicate that between 2,000 and 17,000 unexploded UK-delivered submunitions remain on the ground in Iraq.

US: The Pentagon has admitted using nearly 1,500 air-dropped cluster munitions during the Iraq war but has not revealed information about ground-launched weapons. The US Air Force dropped 818 CBU-103s Combined Effects Munitions fitted with the Wind Corrected Munition Dispenser (WCMD) and 88 WCMD-equipped BBU-105 Sensor Fuzed Weapons in Iraq. Each WCMD is reported to carry 202 BLU/97B submunitions. On April 3rd, the US reported that it had used B-52 bombers to drop six CBU-105 cluster munitions on Iraqi tanks around Baghdad.

On April 1st an undetermined number of BLU-97/B submunitions hit Hilla, with reports claiming that at least 33 civilians were dead and around 300 injured.

DSEi

A number of companies with cluster bomb interests are exhibiting at DSEI 2003, including INSYS, Israeli Military Industries (IMI) and Raytheon. INSYS is contracted by the MoD to support the Royal Air Force’s arsenal of RBL755s (INSYS’s former incarnation, Hunting Engineering, manufactured the BL755). IMI is reported to be the manufacturer of the L20 Extended Range Cluster Shell used by the Royal Artillery. Raytheon is the prime contractor for the Tomahawk cruise missile and the JSOW AGM-154, both of which deliver BLU/97B submunitions.

Background

IMI is a state-owned military company. It has distributors and contacts in Western Europe and North America. IMI’s small arms ammunition is sold under the name Samson. IMI in the UK

In the UK, IMI lists the London-based Eurotaas (Eura) Ltd as its contact: Eurotaas (EUTA) Ltd, 12 York Gate, London NW1 4QS; Tel: + 44 (0) 208 458 6636

What it makes

IMI manufactures small arms (including the Uzi submachine gun and Tavor and Galil rifles), grenades, tank, artillery and mortar ammunition, missiles, unmanned air vehicles, electronics, rockets, aircraft equipment, chaff and flare dispensing systems and upgrades tanks.

Exports

IMI is a player on the global stage with 60% of its revenues, worth approximately $550 million, coming from exports. Some of the export deals are listed below.

US

In October 1998, IMI agreed a joint venture with US company Primex Technologies in an effort to sell heavy ammunition in the US and worldwide. This was apparently at the direction of the Israeli Defence Ministry which has encouraged IMI to link up with foreign firms. Other collaborations with US companies include the development of a new shoulder-
launched multi-purpose assault weapon with Lockheed Martin.

UK
IMI is reported to be the manufacturer of the British Army’s L20 Extended Range Cluster Shells. Each shell contains 49 M85 dual-purpose submunitions and has a failure rate of at least 2%. Estimates by a UK MP indicate that between 2,000 and 17,000 UK-delivered submunitions remain unexploded in Iraq following the invasion in 2003. The bulk of these will be L20 submunitions.

India
IMI has concluded a $30m agreement with India for 3,400 Tavor assault rifles and 200 Galil sniper rifles, as well as night vision and laser range-finding and targeting equipment. The opening of an office in Delhi strengthens IMI’s links with India.

Turkey
In late 2001, IMI won a $105m contract to co-produce helicopter Counter Measures Dispensing Systems with Turkish companies MKEK and Aselsan. In March 2002, Turkey signed a $668m deal with IMI to modernise Turkey’s fleet of US-made tanks.

Lockheed Martin [US]

World Ranking: 1
Total military sales: $23.3bn
Military sales as % of total sales: 88%
Employees: 125,000
Military products include: fighter and transport aircraft, missiles, space systems

Lockheed Martin, 6081 Rockledge Drive, Bethesda, MD 20817, USA
Tel: + 00 1 301 897 6000
www.lockheedmartin.com

Background
Lockheed Martin, headquartered in Bethesda, Maryland, was formed in March 1995 with the merger of Lockheed Corp. and Martin Marietta Corp. 80% of Lockheed’s business is with the Pentagon and US government agencies. It has $70bn in orders. It is the world’s biggest arms producer and is particularly dominant in terms of fighter aircraft.

Lockheed Martin in the UK
Lockheed Martin combines all its military, civil and commercial interests in the UK under a single registered company, created in July 1999 and headquartered in central London. It has 75 business partnerships in the UK. Its military projects include work on the Joint Strike Fighter programme, C-130J Hercules transport aircraft and the Royal Navy’s Merlin helicopter programme. Since 1968 Lockheed has provided support for the Royal Navy Fleet Ballistic Missiles. The company has sites at nine separate locations in the UK including Aldermaston Atomic Weapons Establishment.

Lockheed Martin International, Berkeley Square House, Berkeley Square, London W1X; Tel: + 44 (0) 20 7412 0555; www.lockheedmartin.co.uk

What it makes

F-16 fighter
Lockheed produces the ubiquitous F-16 Fighting Falcon, an aircraft which Lockheed calls the ‘world’s premier multi-role fighter chosen by 24 countries around the world, with over 4,000 deliveries’. In fact, Lockheed boasts that over its lifetime the F16 will have more foreign sales than all other western fighter aircraft combined. F-16 customers include: Bahrain, Egypt, Israel, Jordan and UAE in the Middle East; Indonesia, Pakistan, Singapore, South Korea, Taiwan and Thailand in Asia; and Greece and Turkey in NATO. In May 2002, the US Air Force finalised a $280m contract with Lockheed to build ten F-16s for Chile under the US Foreign Military Sales programme. In April 2003, the Polish government signed four contracts worth $3.5bn for 48 F-16s. Apparently Poland will purchase the F-16s using $3.8bn in loans from the US.

Joint Strike Fighter (JSF)
In late 2001, Lockheed won the bid for the JSF programme, securing an initial $19bn development contract for the $200bn project. It is the world’s largest-ever military aircraft project. The Pentagon plans to buy 3,000 land- and carrier-based JSFs, the UK will procure around 200, and a further 2,000-3,000 are expected to be sold to other countries. Northrop Grumman and BAE Systems are partners with Lockheed in the programme.

Missiles
Lockheed, through Missiles and Fire Control, is a major manufacturer of missiles including Hellfire, Javelin, Longbow and Predator. The AGM-114 Hellfire anti-armour air-to-surface missile is deployed on Bell AH-1W Super Cobra and Boeing AH-64D Apache Longbow attack helicopters. A thermobaric variant of Hellfire was used in Iraq in 2003. Other weapons include Rafael-designed AGM-142 ‘Popeye’ missiles, which were reportedly dropped on cave complexes in Afghanistan by US Air Force B-52s.

Nuclear weapons
Lockheed Martin is the prime contractor for submarine-launched long-range Trident nuclear missiles deployed on US Ohio and UK Vanguard nuclear-powered submarines. In 2002, Lockheed secured a $248m follow-on production contract for 12 Trident II D5 ballistic missiles for the US Navy. The company is also involved in the design, production and testing of nuclear weapons with Scandia National Labs.

Lockheed is also involved in the design and production of nuclear warheads and is the prime contractor for the Trident II Submarine-Launched Ballistic Missile (SLBM).

Ballistic Missile Defense (BMD)
Lockheed Martin is the overall ‘BMD System’ systems integrator with Boeing. It is also the lead contractor for the Theater High-Altitude Area Defense programme designed to intercept medium-to-long range missiles; makes the Patriot (PAC-3) missile (in early March 2003, the US Army gave Lockheed a $100m contract for 212 PAC-3 for use in the 2003 Iraq conflict); and is engaged in the design and the building of launchers of ‘kill vehicles’ for land-based BMD. It is also prime contractor for SBIRS-High, an early warning satellite system for BMD.
US policy:
The US government appears to be running amok. It has invaded Iraq under its new doctrine of pre-emption; is threatening other countries including Syria and Iran; is supporting military operations around the world that have suddenly become counter-terrorist; is flouting the human rights of many it chooses to detain in its ‘war on terrorism’; has undermined or pulled out of multilateral agreements that constrained US interests; is aggressively pursuing Ballistic Missile Defense regardless of the missile proliferation and instability it might cause; is planning a new range of ‘mini-nukes’; and, underpinning much of this, is rapidly increasing its already massive military expenditure.

The US is unashamedly asserting that it is, and will continue to be, the world’s number one; and it is very happy to use force to achieve this. It explicitly seeks ‘Full Spectrum Dominance’, i.e. ‘the ability of US forces, operating alone or with allies, to defeat any adversary and control any situation across the range of military operations.’ This, crucially, includes control of space.

Arms company influence:
It might be assumed that the US administration is being influenced by the arms industry, but the relationship is much more intimate than that. As the US Arms Trade Resource Center has stated, ‘more than any administration in history, the Bush team has relied on the expertise of former weapons contractors to outline US Defense needs. Thirty two Bush appointees are former executives, consultants, or major shareholders of top weapons contractors, including appointees with ties to major missile defense contractors Lockheed Martin, Raytheon, Boeing and Northrop Grumman.’

The Project for the New American Century:
The other dominant, but not unrelated, component of US policymaking comes from the conservative think thanks, the most worrying of these being The Project for the New American Century. Set up in 1997, founders include Donald Rumsfeld (US Defense Secretary), Dick Cheney (Vice-President), Paul Wolfowitz (Deputy Defense Secretary) and Jeb Bush. As John Pilger reports, ‘it recommended an increase in arms-spending by $48bn so that Washington could “fight and win multiple, simultaneous major theatre wars”.’ This has happened. It said the United States should develop “bunker-buster” nuclear weapons and make “star wars” a national priority. This is happening. It said that, in the event of Bush taking power, Iraq should be a target. And so it is.12

Increasingly the US, with the UK in tow, is responding to problems with military ‘solutions’. The arms companies are a vital part of this approach, supplying the military’s needs and assisting with the administration’s foreign policy. They dominate the international arms market and, as such, will be a key part of DSEI. Over 100 US companies will be there, including four of the six largest arms producing companies in the world.

2 Michelle Ciarrocca, Missile Defense, Vol 8, Number 1, May 2003
3 pilger.carlton.com/print/124759, accessed 18.8.03

Exports
Lockheed is the world’s largest arms exporting company.144
In addition to F-16s (see above), Lockheed Martin has exported other aircraft and a multitude of military equipment including missiles and missile systems. Lockheed has delivered over 2,200 C-130 transporters of which about 1,600 are still in service in more than 65 countries.

MKEK [Turkey]
World ranking: outside the top 100
Total military sales: $290m145
Military sales as % of total sales: 78%146
Employees: 8,940147
Military products include: ammunition, small arms, rockets, howitzers

MKEK General Directorate, Tandogan 06330, Ankara, Turkey

Background
MKEK’s roots go back as far as 1920. The General Directorate of Military Factories, established in 1920, became the Machinery and Chemical Industries Establishment (MKEK) in 1950. It has always been state-owned. In 1987 MKEK had 20 factories and 20,000 employees148, but both the number of factories and employees appears to have decreased since then. Information on MKEK is difficult to come by – indeed its annual balance sheet was classified until 1984. Though not ranked in the top 100 arms companies by Defense News, SIPRI placed it at 87th in 2000 and as high as 59th in 1998.149

What it makes
MKEK is an integrated holding with 12 affiliated factories.150
It makes both military and civilian products, though it has been noted that as far as civilian production goes ‘these factories...allow MKEK to provide much of the machine tools and chemicals for arms production’.151 Current products include small arms, mortar and howitzer ammunition, ammunition fuses, hand grenades, pistols, machine guns, automatic rifles, sub-machine guns, anti-aircraft guns, multiple launch rocket systems, mortars, howitzers, anti-tank rockets, artillery rockets and explosives.152

Production under licence
Many of MKEK’s products are, or have been, made under licence from foreign countries or corporations. Reported examples include production under licence from:

Hecker & Koch: In 1998, MKEK won a contract to produce HK33 5.56mm assault rifles.153 MKEK has made G3A3 and G3A4 rifles under licence since the 1970s, and MP5A2, MP5A3 and MP5K sub-machine guns since the 1980s.154

Giat Industries (France): In 1992, MKEK won a contract to produce 25mm ammunition under licence.155

Oerlikon (Switzerland): In 1988, 35mm gun production started under licence; MKEK also makes 20mm automatic guns under licence.

Royal Ordnance Factories (UK): In 1987, MKEK made 105mm tank guns under licence.

Rheinmetall (Germany): MKEK have signed a licence production agreement for the production of the MG3 machine gun.

Europe: In the 1980s, MKEK was a partner in the European consortium which manufactured Stinger surface-to-air missiles and Maverick air-to-ground missiles.

Exports
A 2000 report noted that MKEK had ‘increased its exports in recent years, including many weapons made under licence’. The report went on to catalogue known customers for 1995–1998: in 1995, MKEK sold weapons to 38 countries including Botswana, Brazil, Chile, Ecuador, Hong Kong, Kuwait, Libya, Macau, Pakistan, Peru, Singapore, and Tunisia: in 1996 its principal customers were Jordan, Norway, Pakistan, Switzerland, Tunisia, Northern Cyprus, and the UK; and in the first eleven months of 1998, 22 countries were reported to be its customers, including Bosnia, Burundi, Tunisia and the UAE. The Turkish Ministry of National Defence values MKEK’s 1999 exports at $6,466,000.

Northrop Grumman [US]
World ranking: 5
Total military sales: $12.3bn
Military sales as % of total sales: 71%
Employees: 120,000
Military products include: warships, radar and missile systems, space systems

Northrop Grumman, 1840 Century Park East, Los Angeles, CA 90067-2199
Tel: 001 310 553 6262
www.northgrum.com; www.vinnell.com

Background
Northrop Grumman was formed in 1994 when Northrop Aircraft Co., which made B-2 stealth bombers, bought

Turkey

Background
Turkey is seen as a key ally of the West in the Middle East and Mediterranean, and as such has been one of the world’s major recipients of sophisticated arms for the past twenty years. This is despite the leading role of the armed forces within Turkish society and government, its occupation of northern Cyprus in 1974, its long established military rivalry with Greece and its appalling human rights record with respect to its Kurdish population. During the long war against the Kurdistan Workers’ Party (PKK) in the south-east of the country, the region was depopulated in an attempt to deny the area to the PKK. Two million people were forcibly displaced and 3,000 Kurdish villages destroyed, involving massive violations of human rights and the laws of war. It has been documented that weapons supplied by the US, Germany, Russia and the UK have been used to commit atrocities. Western powers have also contributed to the massive build-up of the Turkish military-industrial complex.

Turkey’s military spending and suppliers
Though the proportion of NATO countries’ GNP devoted to military spending has been declining throughout the 1990s, Turkey’s spending has increased at a higher rate and is now among the highest in the world, accounting for 2.2% of GDP and 3.2% of GNP. This has placed Turkey in the top five recipients of US arms in the past five years.

The UK role
The UK continues a steady but relatively low level of arms exports to Turkey, accounting for approximately 1% of Turkey’s arms imports. UK companies have been involved in important contracts supplying Turkey’s military with the type of weapons it has used in the past to commit human rights violations. Land Rovers are assembled under licence in Turkey and converted by Otokar into armoured vehicles. In 1995 and 2001 deals, these vehicles were then sold to Algeria. Heckler & Koch, a subsidiary of BAE Systems from 1991 to December 2002, manufactures sub-machine-guns in Turkey under licence. The Turkish manufacturer, MKEK, then re-exports the guns – previous clients have included Bosnia, Chile, Botswana, Kuwait, Libya, Pakistan, Peru, and the UAE. The UK is also involved, through MBDA, in a major co-production deal with Turkey to produce Rapier surface-to-air missiles.

DSEi
MKEK, BAE Systems, Heckler & Koch and Land Rover are all exhibiting at DSEi along with other suppliers from Europe, Israel, and, especially, the UK. A delegation from Turkey has been officially invited.

1 Primarily sourced from Nicholas Gilby, ‘Nurturing Turkey’s war machine’, CAAT, March 2003
2 www.hrw.org/reports/1995/Turkey.htm, accessed 16.08.03
3 See www.hrw.org/reports/1995/Turkey.htm and Nicholas Gilby, March 2003
Grumman Corp. in a $2.5bn deal. Since then, the company has acquired 17 companies including Litton Industries and Newport News in 2001. In December 2002, Northrop Grumman acquired TRW, the military and automotive group, for $6.7bn. Northrop sold TRW’s automotive business for $4.73bn and retained the space and advanced technologies businesses. Northrop Grumman has more than 300 locations worldwide and claims to employ people in 25 countries and all 50 US states.167

Northrop in the UK
Northrop Grumman Electrical Systems International, 16 Charles II Street, London SW1Y 4QU; Tel: + 44 (0) 20 7930 4173

What it makes
Northrop Grumman professes to be the world’s largest shipbuilder.166 It is also one of the three dominant contractors in military space and supplies nearly 60% of the US military’s airborne radar systems.169

Warships
Northrop owns Newport News, the US’s sole builder and refueler of nuclear-powered aircraft carriers and one of only two companies, along with General Dynamics’ Electric Boat, capable of designing and building nuclear-powered submarines. It has a contract to build four Aegis guided-missile destroyers, a contract to design the US Navy’s DD (X) destroyer, and develops and produces missile launching and handling equipment for submarine and land-based weapons systems.

Fire control radar
Northrop Grumman makes fire control radar for fighter aircraft including Lockheed Martin’s F-16 as well as BAE Systems’ Hawk 200 jet. In 2002, it was awarded a $487m contract to provide engineering services and technical support to the F-16’s fire-control system over a 23-year period. This covers not only the USAF, but also the F-16s of 16 other air forces. It is providing the radar for the JSF, under a joint venture with Lockheed Martin, and, also with Lockheed, has developed and produced Longbow multi-mode radar and the AGM-114L Hellfire missile for the Apache attack helicopter.170

B-2 stealth bomber
Northrop is the prime contractor for the B-2 Spirit high-altitude multi-role intercontinental stealth bomber. Each B-2 is reported to have cost $1.3bn.171 There are 21 operational B-2s, each of which can carry 18,000kg of nuclear or conventional munitions. They were deployed in Yugoslavia, Afghanistan and Iraq.

Nuclear missiles and Ballistic Missile Defense
Northrop Grumman provides navigation systems for tactical missiles and nuclear-armed inter-continental ballistic missiles (ICBMs). In 1997, it was awarded a 15-year contract to be the ICBM Prime Integration Contractor. The company has involvement in a number of Ballistic Missile Defense projects, particularly since its acquisition of TRW.

Vinnell
The Virginia-based Vinnell Corp, a subsidiary of Northrop Grumman, ‘is a recognised leader in facilities operation and maintenance, military training, educational and vocational training and logistics support in the [US] and overseas’.172 The company reports that ‘Vinnell has successfully com-

Saudi Arabia

The saviour of British Aerospace
Like Iraq until 1990, Saudi Arabia was until 2001 regarded as a crucial friend and ally of the West, especially the US and UK. It supplied vast amounts of oil at a generally moderate price, acting as a restraining influence within OPEC, and it recycled the proceeds by investing them in the West and buying large quantities of expensive Western armaments. In particular its purchases of Hawk and otherwise unsaleable Tornado planes under the Al Yamamah agreements were the salvation of British Aerospace (now BAE Systems), yielding a cash flow of something like £2bn a year for most of the 1990s. The deals were negotiated by the UK government and are generally believed to have been greased by large payments to Saudi princes and go-between; the National Audit Office report on these transactions has never been published.

Post-September 11th
Things began to change on 9/11. It was noted that not only bin Laden but most of the Manhattan assassins were Saudis, and dark hints were dropped of the government’s complicity. This was manifestly unfair, as the regime, at least as much as Israel and the US, is the target of al Qaeda’s wrath. But US and UK politicians suddenly noticed that the Kingdom run by the House of Saud was not a liberal democracy or respectful of human rights. The fact is that the country has outlived most of its usefulness. When Iraq’s oil is in full flow under US control, OPEC will be broken and Saudi moderating influence will no longer be needed. The last UK aircraft were delivered in 1998, and BAE Systems now looks mainly to the US market to secure its future. Rumours of Saudi interest in the Eurofighter/Typhoon were denied by the company in 2002, and nothing has materialised.

The continuing connection
However, since the Saudi armed forces are unable to maintain (or indeed to fly) advanced planes, the company still benefits from a lucrative ‘support and services solution, including manpower for the Royal Saudi Air Force’. Without giving figures, the company is pleased to note that ‘activity on the Al Yamamah programme remains strong, with cash flows benefiting from the strong oil price which underpins programme funding’. According to the UK government’s admittedly incomplete figures, arms exports to Saudi Arabia amounted to £63.65m in 2002. And, of course, the Saudi government has been invited to DSEi.

1 BAE Systems Annual Report, 2003

completed projects on [five] continents in over 50 countries for a variety of government and commercial customers’. It is, in other words, a private military company – the officially sanctioned and sanitised face of mercenary operations.

Protecting the House of Saud
In 1975, Vinnell received a $77m contract to train the Saudi National Guard, or SANG. This is a force of around 55,000 men that Jane’s Defence Weekly has described as ‘a kind of
Iraq

The supply of weapons to Iraq
Prior to the 1990 UN arms embargo, Iraq was free to purchase arms wherever it pleased and the war with Iran did anything but put-off suppliers. Russia and France were Iraq’s major suppliers and their sales included Scud and Exocet missiles, respectively. The UK was not in the big league as a supplier to either Iraq or Iran, but nonetheless did play a vital role in maintaining both military machines.

Following the UN embargo, Iraq had to rely on more clandestine supplies. Recent examples that have come to light include allegations that Ukraine sold Iraq four advanced Kolchuga military radar systems for $100m, said to have occurred in 2000. According to the International Crisis Group, the government of the Federal Republic of Yugoslavia, pre-and-post President Slobodan Milosevic, provided military assistance and weapons to Iraq including anti-aircraft systems, jet engines and spare parts for MiG aircraft. Moreover, the UN embargo did not stop Iraqi officials attending arms exhibitions alongside UK delegations. Only last October (2002), Prince Andrew was seen trying to avoid Iraqi officials at the SOFEX 2002 arms fair in Jordan.

Learning the wrong lesson
The obvious lesson from Iraq is that arms should not be sold into areas of conflict or to repressive regimes. But that is not how the arms industry and its governments think – there appears to be no concept of prevention. The lesson they have drawn from the recent conflict is that more weapons are needed to fight future wars against similar regimes (presumably regimes that were once as friendly with the West as Saddam Hussein was). US military spending continues to rise and European arms companies are frantically lobbying for increases of their own. This depressing mindset is graphically illustrated by reports that the US-led authority in Iraq is to import 34,000 AK-47 assault rifles for use by the new national army. Coalition forces have already seized tens of thousands of the AK47, the world’s most prolific assault rifle. Apparently Iraq’s administration wants the army to have new, standardised weapons.

Weaponry used in the invasion of Iraq
During Operation Iraqi Freedom, US-led coalition forces used a multitude of weaponry to suppress Iraq opposition forces over the course of just one month. UK and US forces used thousands of cluster munitions (see page 23), depleted uranium-tipped shells (see page 18), dumb as well as smart bombs, “bunker buster” munitions, napalm and thermobaric weapons.

Though the Pentagon has denied that napalm was used in Iraq, The Independent has reported that marine pilots confirmed an upgraded version of the weapon was dropped on Iraqi troops during the advance on Baghdad. These weapons, Mark 77 firebombs, each consist of 20kg of polystyrene-like gel and 285 litres of jet fuel, which sticks to the skin of its victims as it burns.

Thermobaric weapons are fuel-rich explosives reportedly developed by the US as a replacement for napalm. Secretary of Defense Donald Rumsfeld confirmed that US forces had, for the first time, used a new thermobaric variant of Lockheed Martin’s Hellfire laser-guided missile during the conflict in Iraq. The weapon generates a lethal blast wave in confined spaces such as bunkers, caves and inside buildings. It was reported to have been developed in less than a year at a cost of $14.8m.

Benefits for the international arms industry
All this military equipment was produced by North American and European companies, with the likely inclusion of components from around the world. The arms business is already restocking missile shelves, fixing damaged hardware, and anticipating the replacement of worn-out equipment. Arms companies also make full use of the opportunities that a conflict shop window can provide for new equipment. For instance, Patriot missiles used in the 1991 Gulf War received an incredible level of hype, and sales increased rapidly after the conflict. Only later was it revealed that the missiles had missed virtually all of the Scuds they targeted; Israeli MoD data showed that only one of the 39 Scuds launched was intercepted. Unmanned Aerial Vehicles have received similar hype and post-conflict demand following the attacks on Afghanistan and Iraq.

Post-war reconstructing and training
In the aftermath of the war in Iraq, ‘private military companies’ are vying for lucrative contracts. In late June 2003, Northrop Grumman’s Vinnell Corp., the company responsible for training the Saudi National Guard, won a $48m one-year contract to train the nucleus of a new Iraqi Army. In April it was reported that the US concern DynCorp had won a contract to re-establish police, justice and prison functions in post-conflict Iraq. DynCorp’s record in such matters is far from blameless; in May 2001 DynCorp personnel contracted to the UN police service in Bosnia were fired for alleged sexual misconduct, including rape and child prostitution.

1 Financial Times, ’US may impose further sanctions on Kiev’, 2.11.02
4 CAAT, CAATnews, Dec 2002 – Jan 2003
5 The Times, ’US guns for Iraqi Army’, 9.8.03
6 The Independent, ’US admits it used napalm bombs in Iraq’, 10.8.03.
7 www.guardian.co.uk/uk_news/story/0,3604,418069,00.html, accessed 01.8.03
8 Jane’s Defence Weekly, ’US used thermobaric Hellfire in Iraq’, 31.5.03
9 Flight International, ’New hellfire strikes first in Iraq’, 20.5.03.
10 Defense News, ’Israelis Resolve to Bury Past, Add Patriot Improvements’, 17.2.03
11 Defense News, ’$48 Million To Train Iraqi Army’, 7.7.03.
12 Observer, ’Scandal-hit US firm wins key contracts’, 13.4.03
13 Joshua Kurlantzick, ’Outsourcing the Dirty Work’, The American Prospect, Vol. 14, 1.5.03
What's wrong with Ballistic Missile Defense?

The US ‘Ballistic Missile Defense’ (BMD) programme is not the “defensive” system that our politicians would have us believe. It is aimed at guaranteeing US ability to intervene wherever it chooses and involves developing technology with clear offensive potential. It will lead to weapons in space and missile proliferation around the globe, and will undermine other means of dealing with perceived ‘threats’ including diplomacy, arms control and international disarmament.

Praetorian Guard for the House of Saud, the royal family’s defence of last resort against internal opposition.”173 One report has alleged that “there is also circumstantial evidence to suggest that at times Vinnell employees in Riyadh want beyond training people to pull the triggers.”174 In 1998 Vinnell received a follow-on $831m five-year contract for SANG training.

In November 1995, the SANG headquarters and an adjacent building complex housing Vinnell employees was bombed. This event killed five Americans and wounded 30 more, all Vinnell staff. In mid May 2003, in a series of bombings in Riyadh, at least nine employees of Vinnell were killed.

A new Iraqi army

In late June 2003, Vinnell won a $48m contract to train the nucleus of a new Iraqi Army. Vinnell and its subcontractors began working at various locations on July 1st under this one-year contract.175
Pakistan Ordnance Factory  
[ Pakistan ]

World ranking: outside the top 100
Employees: 40,000
Military products include: small arms and light weapons, ammunition, landmines

Pakistan Ordnance Factory (POF), Wah Cantt, Pakistan pofwah.com.pk

What it makes
POF is a group of fourteen factories that produce automatic rifles, machine guns, mortar and artillery ammunition, aircraft and anti-aircraft ammunition, tank and anti-tank ammunition, bombs, grenades, military pyrotechnics and landmines.  

Part of POF’s strategy is to manufacture weaponry in collaboration with companies from other countries. It reports such collaboration with Royal Ordnance Factories of the UK, Rheimetal of Germany, ‘many’ with China and Czechoslovakia and ‘an excellent joint venture’ with SAAB for the production of commercial explosives. It produces assault rifles, sub-machine guns and pistols under licence from Heckler & Koch.

Landmines
POF has a history of involvement in landmine production. It has previously produced six types of anti-personnel mines: minimum-metal blast mines P2 Mk2 and P4 Mk2; bounding fragmentation mines P3 Mk2 and P7 Mk2; and directional fragmentation/Claymore mines P5 Mk1 and P5 Mk2. After January 1997, it started production of new, detectable versions of the P2 and P4 Mk2 mines.

Exports
POF has a strong export focus with one report stating that its products are ‘in service in over 30 countries with an ever-expanding galaxy of satisfied customers’. The destinations include countries in Europe, North America, Asia including the Central and East Asia, Africa and the Middle East. By its own admission, there are very, very few countries it will not sell to (see India and Pakistan, page 31).

QinetiQ [UK]

World ranking: 37
Total military sales: $1.0bn
Military sales as % of total sales: 80
Employees: over 9,500
Military products include: battlespace information management, ‘future concepts’

QinetiQ, Cody Technology Park, Ively Road, Farnborough, Hampshire GU14 0LX
Tel: +44 (0)1252 392000
www.QinetiQ.com

Background
QinetiQ was formed in July 2001 from the greater part of the Defence Evaluation and Research Agency (DERA). In December 2002, a US based private equity firm, the Carlyle Group, acquired a 33.8% stake in QinetiQ in a part-privatisation plan. It paid only £42m, despite the fact that the QinetiQ had been valued at £500m. It has been claimed that legal and advisory fees cost UK tax-payers double the Carlyle payment.

What it does
QinetiQ is involved in research and development. The company states that ‘in the future [it] will be ideally placed to conduct research and develop solutions for armed forces around the globe.’ QinetiQ says it has expertise in: battlespace information; communications; electronic warfare; guidance and control; materials; platforms; propulsion and powerplants; sensors and weapons. Despite the company’s civilian applications, the UK MoD remains QinetiQ’s largest customer.

Some examples of its work include: developing a phased-array missile seeker, designed to steer a missile’s energy electronically; completing a New-Generation Operations Support and Software architecture demonstration for the UK MoD; ‘pioneering’ a new flight control system which has been accepted for the Lockheed Martin Joint Strike Fighter. QinetiQ is also heavily involved with Ballistic Missile Defence and is one of the UK companies launching the new, ‘virtual’, UK Missile Defence Centre.

The Carlyle Group

The Carlyle Group, established in 1987, is one of the world’s largest venture capital groups. It is the 11th largest US military contractor although the military sector makes up only 7% of its investments. The group has nearly 300 investment professionals operating out of offices in 12 countries to uncover ‘superior opportunities’ in North America, Europe and Asia.

Former US Defense Secretary Frank Carlucci chairs the Carlyle Group. Other notable people involved with Carlyle are: former UK Prime Minister John Major as Carlyle Europe Chairperson; former US President George Bush Senior as Carlyle Senior Advisor; and former US Secretary of State James Baker as Carlyle Senior Counsellor. It is clearly an organisation based on contacts and influence.

Part of QinetiQ’s role is to provide independent advice to the MoD about military procurement. As such, there should be concern that its independence could be compromised by Carlyle’s extensive military interests.

Rafael [Israel]

World ranking: 45
Total military sales: $760m
Military sales as % of total sales: 100%
Employees: 4,600
Military products include: missiles, radar and communication systems

Rafael Armament Development Authority Ltd, P.O.B 2250, Haifa, Israel 31021
Tel: 972 4-879 12 44 (public relations)
www.rafael.co.il/web/rafnew

Background
Rafael was founded in 1948 as Israel’s National Research and Development Defence Laboratory. It remains government-owned and is one of three companies that dominate Israeli military production, the other two being Israel Aerospace Industries and Israel Military Industries. Most
DSEi
India and Pakistan were invited to DSEi in 1999 and 2001, and have both received official invitations for 2003. They will be shopping for equipment to target at each other and there will be a host of companies falling over themselves to provide it. In addition, Pakistan Ordnance Factory will be exhibiting its array of small arms and ammunition. Despite the conflict between India and Pakistan over Kashmir, a nuclear arms race, and a military regime taking power in Pakistan, there is nothing exceptional about their attendance at the exhibition. The arms market does not thrive on peace and stability.

The main suppliers
Both India and Pakistan are highly dependent on arms imports and usually rank amongst the highest 15 importers.1

Though India still purchases most of its advanced weapons systems from Russia, it aspires to have a strong indigenous arms industry and increasingly produces the major systems under licence in India. Israel has become an important supplier, with weapon sales of around $1.5-$2 billion each year compared to over $2 billion worth from Russia.2 Other major suppliers to India include France, Germany and the UK. India’s arms exports are tiny in comparison to its imports, though it has recently announced that it is aiming for a significant increase this year, to $20m-worth.3 It has also said it will soon begin selling missiles to ‘friendly countries.’4

Pakistan purchases most of its equipment from China, though the US and France have also been traditional suppliers. It has a less advanced military industrial base than India, focussed on the assembly and modification of major weapons and the production of small arms and ammunition.5 At the IDEAS 2000 exhibition in Pakistan, General Musharraf called for “aggressive marketing” by the new state-owned arms industry to increase its arms exports.6 Asked by journalists about which countries they wouldn’t sell to, the show organiser said, ‘I don’t think we have a problem on that score. Maybe Israel we wouldn’t like to sell weapons to’.7

UK exports
The UK government has guidelines that should stop arms being sold into conflict situations (see page 13) but do not. While ministers and the Prime Minister publicly called for calm and negotiations in response to a dramatic deterioration in relations between India and Pakistan during 2001, the sales drive continued and the value of arms exports increased (see table below). Over the past three years UK delegations and companies have continued to attend arms fairs in both India and Pakistan,8 and government ministers have unashamedly and frequently been trying to persuade the Indian government to purchase a billion pounds worth of Hawk jets from BAE Systems, a deal that is once again said to be imminent. Past UK exports to Pakistan have included small arms production equipment, of particular concern given Pakistan’s willingness to export around the world.

Table: UK export licence statistics

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<tr>
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<th>2002</th>
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<tr>
<td>India</td>
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<tr>
<td>Number of licences issued</td>
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<tr>
<td>Value (£)</td>
<td>15.0m</td>
<td>14.0m</td>
<td>6.0m</td>
</tr>
</tbody>
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Rafael manufacturing activity is composed of final assembly, testing and simulation. The manufacture of basic sub-systems and components is contracted out. Rafael has offices in Australia, Brazil, the Netherlands, South Korea, the UK and the US.9

Rafael in the UK
Rafael (UK Office), 3/5 Duke Street, London W1M 6BA; Tel: + 44 (0) 207 224 4415

What it makes
Rafael is Israel’s air-to-air missile specialist and develops missiles, weapon systems and electronic warfare, radar and communications systems for land, sea and air. Well-known products include the Derby and Python air-to-air missiles, the David artillery computer, tank-crew protection gear, night-vision equipment, the Popeye (AGM-142) air-to-surface standoff weapon and the Gill/Spike anti-tank guided missile.10

GlobalSecurity.org has stated that ‘The Rafael operation in Haifa is reportedly the location of a nuclear weapons design laboratory (Division 20), a missile design development laboratory (Division 48) and a weapons assembly plant.’11

1 SIPRI Yearbook 2002
2 Defense News, ‘Israel may become India’s top source’, 10.3.03
3 David Isenberg, ‘India aims high for arms exports’, Asia Times Online, 2.6.03 (www.atimes.com/atimes/South_Asia/EF03Df08.html)
4 SIPRI Yearbook 2002
5 Jane’s Defence Weekly, Pakistan sets up export bureau to boost sales’, 29.11.00
6 Guardian, ‘Pakistan enters arms market’, 7.11.00
8 Strategic Export Controls Annual Reports for 2000, 2001 and 2002
10 Strategic Export Controls Annual Reports for 2000, 2001 and 2002
11 SIPRI Yearbook 2002
12 Defense News, ‘Israel may become India’s top source’, 10.3.03
13 David Isenberg, ‘India aims high for arms exports’, Asia Times Online, 2.6.03 (www.atimes.com/atimes/South_Asia/EF03Df08.html)
14 SIPRI Yearbook 2002
15 Jane’s Defence Weekly, Pakistan sets up export bureau to boost sales’, 29.11.00
16 Guardian, ‘Pakistan enters arms market’, 7.11.00
18 Strategic Export Controls Annual Reports for 2000, 2001 and 2002
19 SIPRI Yearbook 2002
20 Defense News, ‘Israel may become India’s top source’, 10.3.03
21 David Isenberg, ‘India aims high for arms exports’, Asia Times Online, 2.6.03 (www.atimes.com/atimes/South_Asia/EF03Df08.html)
22 SIPRI Yearbook 2002
23 Jane’s Defence Weekly, Pakistan sets up export bureau to boost sales’, 29.11.00
24 Guardian, ‘Pakistan enters arms market’, 7.11.00
26 Strategic Export Controls Annual Reports for 2000, 2001 and 2002
Israel

The conflict
In breach of international law, Israel continues to occupy Palestinian land. Four major points of dispute – Jewish settlements in the occupied territories, the status of Jerusalem, water resources, and the fate of the Palestinian refugees – and ongoing Palestinian suicide bombings continue to stand in the way of a peaceful solution. Since the beginning of the al-Aqsa Intifada in September 2000, Israel’s military operations in the occupied territories have included the killing of Palestinian civilians, extra-judicial executions, arbitrary detention and deportation of prisoners, collective punishment, torture, attacks on hospitals and ambulances, curfews and other restrictions on freedom of movement, and the wholesale destruction of homes. Arms sales help Israel to continue this occupation, help prolong the conflict and give legitimacy to its actions.

Israel’s military industry
In 2002, Israel passed a military budget of $9.8bn, 8.9% of its GDP, ranking fifteenth in the world’s top military spenders. Israel also has a vibrant domestic military industry – in 2002 it was the twelfth largest military industrial exporter with main customers including Australia, Belgium, Chile, India, Romania, Singapore, Turkey, USA and Venezuela. According to the Israeli MoD, Israeli military firms signed $4bn in new contracts during 2002, a 54% increase on 2001. If implemented through actual deliveries, it was reported that this level of new orders would put Israel in third place among the world’s leading arms-producing nations, behind the US and Russia. Israeli military industry is well-represented at DSEI with, as of 17 August 2003, Rafael, Oceana Integrated Technologies, M-Systems, Israel Military Industries and its subsidiary, Ashot Ashkelon Industries all due to exhibit.

Military imports
Israel’s arms imports are primarily from the US which provides Israel with $3bn in annual aid and, in 2001 alone, sold Israel $2.95bn of arms. Since September 2001, the Israeli Defence Force, or IDF, has used US-made Apache and Cobra helicopters and F-16 aircraft to attack Palestinian homes, buildings and emergency services in the West Bank and Gaza. Germany is Israel’s next biggest arms supplier. Between 1996 and 2000 it supplied Israel with weaponry worth $765m. France exported major conventional weapons worth $50m to Israel between 1996 and 2000.

The UK’s role
UK government approved arms export licences increased from £12.5m in 2000 (191 licences issued) to £22.5m in 2001 (277 licences issued) and then fell again to £10m in 2002 (161 licences issued). However, actual deliveries increased steadily over the three years. Licences granted for 2002 included assault rifles, weapon day and night sights, components for combat aircraft, components for artillery rocket control equipment, anti-armour missiles and armoured all wheel drive vehicles. While company details are not provided in official figures, UK companies that have supplied arms to Israel and who are exhibiting at DSEI 2003 include: BAE Systems, which has provided head-up displays for US-built F16s supplied to Israel; Smiths Group, which has supplied missile triggering systems for Apache attack helicopters; and Civil Defence Supply Ltd which (along with Hiatt & Co Ltd) is involved with Paz Logistics, an Israeli company that markets UK military goods in Israel.

In July 2002, to the outrage of many, including a good number of its own backbenchers and the Daily Mirror, the UK government allowed the export of components for F-16 fighters being made by Lockheed Martin for sale to Israel. Making the announcement, Foreign Secretary Jack Straw set out new ‘factors’ to be considered when assessing export licence applications. In a nutshell, where components are to be exported, the government will look at the UK’s military industrial relationship with the country where the equipment will be finally assembled. He effectively confirmed that there was no such thing as an independent UK arms industry and abdicated to overseas governments, usually the US, decisions on the end-use of UK components. In the case of the Head Up Display units bound for Israel, he said ‘Any interruption to the supply of these components would have serious implications for the UK’s defence relations with the United States.’ In other words it would jeopardise the interests of BAE Systems.

The failure of the UK government to implement a full, two-way embargo, leaves the UK effectively condoning Israel’s flagrant disregard for international law and human rights. Israel has been invited to DSEI 2003.

Collaborations and exports
Rafael collaborates with a wide range of non-Israeli companies including BAE Systems, Boeing, General Dynamics, Lockheed Martin, MBDA, Northrop Grumman, Thales and Raytheon. Examples include a joint venture with Lockheed Martin that allows Rafael to sell its Popeye and Python-4 missiles to the Pentagon; the production of two new torpedo decoy systems, the Subscut and the Lescut, in cooperation with BAE Systems and designed for the UK and US markets; and a joint venture with the Eurospike Consortium to make Gill/Spike missiles for sale in Europe. Rafael expects orders worth $600m for Gill/Spike from Europe and seems likely to get them as the Netherlands, Finland and Poland have already ordered the weapon. Gill/Spike is also operational in Singapore.

Other Rafael exports include the Barak ship-borne anti-missile system to Chile and Singapore, Popeye missiles to...
Missiles for the ‘free world’

Probably the best known of its long inventory of missiles are the Stinger family of surface-to-air missiles and the Tomahawk cruise missile. However, there are plenty more examples including Paveway bombs, Javelin anti-tank missiles, Joint Standoff Weapons, Sidewinder and AIM-120 air-to-air missiles and Maverick air-to-ground missiles. \(^{215}\) The Maverick guided missile has been in service with the US Air Force since 1972\(^{216}\) and, according to Raytheon, ‘is the most widely used precision-guided missile in the free world’.\(^{215}\)

Since 1999, both the Tomahawk cruise missile and the AGM-154A Joint Standoff Weapon have been used against Yugoslavia, Afghanistan and, most recently, Iraq. Both of these missiles can be equipped to deploy cluster submunitions.\(^{216}\)

Radar and targeting

Raytheon also specialises in radar, surveillance and targeting systems. These are in use on most US-produced combat aircraft including the Special Forces AC-130U and AC-130H airborne gunships.\(^{217}\) One group of such systems is referred to as the ‘ Terminator family of targeting systems’ which is in use in the F-18 Hornet fighter and the Global Hawk unmanned aerial vehicle.\(^{216}\)

Ballistic Missile Defense

Raytheon is one of the big four Ballistic Missile Defense (BMD) companies and has extensive involvement in each of the four main segments of the programme (boost, mid-course, terminal and sensors).\(^{218}\) Its involvement includes production of the Standard Missile-3, being systems integrator for the (Patriot) PAC-3 system and prime contractor for the ‘Exoatmospheric Kill Vehicle’ and both the X-band and Upgraded Early Warning Radars.

Exports

Raytheon exports billions of dollars worth of military equipment each year. In 2002 its total exports amounted to $2.6 billion.\(^{219}\) Its client list includes Israel, Egypt, Saudi Arabia, Turkey, Indonesia, Malaysia, Oman, Singapore, Greece, Taiwan and South Korea.\(^{221}\) The AIM-120 air-to-air missile alone has been sold to more than 20 countries, including ‘recent controversial offers’ to Thailand and the United Arab Emirates.\(^{222}\)
Indonesia, Brunei, Malaysia and South Korea in Asia, and South Africa, Kenya and Zimbabwe in Africa.

SAAB [Sweden]

World ranking: 25
Total military sales: $1.4bn
Military sales as % of total sales: 75%
Employees: 14,000
Military products include: fighter aircraft, missiles, electronics

SAAB AB, P.O. Box 70365, 10724 Stockholm, Sweden
Tel: + 46 8 463 0250
www.saab.se

Background
SAAB AB of Sweden, founded in 1937, is an aerospace and military company, now separate from the General Motors-owned car manufacturer. SAAB has been making jet aircraft since the late 1940s and is now 35%-owned by BAE Systems.

SAAB in the UK
SAAB has a number of contracts with the UK armed forces, including the supply of laser weapon simulators for the Apache attack helicopter. However, SAAB’s most obvious interest in the UK is via Gripen International, the BAE Systems/SAAB 50:50 joint venture.

Gripen International (UK Office), Warwick House, P.O. Box 87, Farnborough Aerospace Centre, Farnborough, Hampshire GU14 6YU; Tel: + 44 (0) 1252 373 232; www.gripen.com

What it makes
The SAAB Group includes SAAB Aerospace which manufactures aircraft, aircraft subsystems including avionics and electronic warfare systems, and SAAB Bofors which produces infantry weapons, underwater systems, and missiles and missile systems.

Gripen fighter aircraft
Gripen International is a Swedish registered company with a core staff of 70 employees. It is headquartered in Stockholm and has offices or representation in Austria, Brazil, Czech Republic, Hungary, Poland, South Africa, the

South Africa

The 1999 deal
The government of South Africa is currently purchasing warships and military aircraft to the value of $4.8 billion from UK and other European suppliers: from the UK, 24 BAE Systems Hawk trainer aircraft and 4 GKN Westland Super Lynx naval helicopters; from Sweden, 28 SAAB Gripen fighters, in which BAE Systems has a half share; from Germany, 3 submarines and 4 surface warships, variously described as corvettes and frigates; from Italy, 30 Agusta utility helicopters. A similar procurement package for the Army, including main battle tanks and hundreds of other armoured vehicles, has been deferred but is expected to go ahead before long.

Some of the usual objections to arms-trade activities do not apply here. South Africa is a democracy which is entitled to make its own choices and it is not at war or likely to be at war. Nevertheless there are grounds for deep concern about the transaction and especially about the UK’s part in it. South Africa urgently needs to spend money on the development of civil industry, water supplies, education, housing and health, above all on mitigation of the catastrophe that is AIDS. On the other hand, it faces no military threat, and peace-keeping in Africa needs troops and light equipment, not warships, fighter planes and tanks. The sheer inappropriateness and expense of most of the purchases naturally led to allegations of corrupt inducements and the imprisonment of Tony Yengeni, the ANC’s Chief Whip at the relevant time, for fraud.

The deal was not concluded until September 1999, after five years of anxious debate within the country and the government. The balance was eventually tipped in favour of the militarists by two factors: the easy financial terms which South Africa was able to negotiate in a global buyers’ market (including UK Export Credits Guarantee Department loans) and the promise of ‘offset’ expenditures (counter-purchases and ‘industrial participation’) amounting, highly optimistically, to more than twice the value of the purchases.

The sellers
The vendor companies benefited from both the actual sales and the opportunity to gain effective control over the South African arms industry to help secure future business. The vendor governments, especially that of the UK, did not merely help to lubricate the contracts but actively promoted them. South Africa’s decision to rearm was in part the result of sustained external pressure, culminating in a visit by Tony Blair to Pretoria in January 1999 which is said to have clinched the deal. London’s motives (and doubtless Berlin’s and Rome’s) were those which have so long sustained the arms export trade. The jobs argument, though carrying considerable public-relations weight, has little economic validity. More important is the deep-seated conviction that a flourishing arms industry is a badge of national status.

So the deal supports the mutual interests of the European and South African politico-military-industrial complexes. The real needs of the South African people do not figure.

DSEi
DSEi will play host to BAE Systems, SAAB, AgustaWestland and 36 South African companies. A South African delegation has been officially invited, as it was in 1999 and 2001.

1 Primarily sourced from Chris Wrigley, 'The South Africa deal: a case study in the arms trade', CAAT, June 2003
The Gripen fighter is in service with the Swedish Air Force and has been selected by South Africa and Hungary. A sale to the Czech Republic was cancelled after the serious floods of summer 2002. The deal had been the subject of US government allegations of corruption (see page 15).

The Gripen was displayed at the 2003 Paris Air Show, with a weapons package reported to include Rafael missiles.

Smiths Group [UK]
World ranking: 31
Total military sales: $1.1bn
Military sales as % of total sales: 25%
Employees: 33,000 (9,200 in the UK)
Military products include: aircraft components, chemical and biological agent detectors

Smiths Group plc., 765 Finchley Road, London NW11 8DS
Tel: + 44 (0) 20 8458 323
www.smiths-group.com

Background
Smiths is a wide-ranging group with Aerospace, Medical, Sealing Solutions and Industrial businesses. Its military work is concentrated in the dominant Aerospace business, which includes a rapidly expanding ‘Detection’ section, producing devices to detect explosives, narcotics and biological and chemical agents. Though a UK-based company, nearly 50% of its production is in the US, with 29% in the UK, 15% in the rest of Europe and 7% elsewhere.

What it makes
Smiths Group, through its Aerospace business, is a first-tier supplier to UK and US aircraft and engine manufacturers. It produces ‘integrated aerospace systems, including electronic and actuation systems and components for civil and military aircraft. Also equipment for land, naval and marine and other defence applications.’ Gun pods for Hawk jets, gun-turret actuators for Apache attack helicopters and cockpit control panels for the B-2 bomber, F-16 fighter and the A-10A ‘tank-buster’ provide a few examples of their products.

The proportion of Smiths’ work that is military is steadily increasing. Smiths’ 2002 Annual Review states that the reduction in civil aircraft production ‘was counterbalanced by rising requirements for our military aerospace and detection products. We have established strong market positions in both military and detection and expect sales to grow strongly over the next few years.’ The Annual Review goes on to state that ‘the biggest business win of the year was the F-35 fighter aircraft [the Joint Strike Fighter], where we have secured business worth around $1m per plane... More than 3,000 F-35s are planned to be built and the programme should make a major contribution to the division’s long-term growth.’ The Joint Strike Fighter (JSF) is set to replace the F-35 fighter aircraft, where we have secured business worth around $1m per plane... More than 3,000 F-35s are planned to be built and the programme should make a major contribution to the division’s long-term growth.

Arms export subsidies
Arms exports are widely perceived as a vast money earner for the UK. But this is not the case. The UK government provides subsidies through a whole range of dedicated services in support of arms deals. These range from government ministers travelling the world to push arms exports, through financial support for individual deals, to the Defence Export Services Organisation (DESO) and direct support for arms exhibitions such as DSEi. Some subsidies are a matter of official record and some, due to commercial confidentiality, are rendered almost unquantifiable. However, CAAT has estimated that the level of subsidy provided to the UK arms industry for exports is around three quarters of a billion pounds per year.

The main areas of subsidy are:

Marketing and Promotion: Marketing support includes everything from the costs of DSEi and DESO, to the use of military personnel and defence attachés to support bids for weapons contracts. In addition, high-level official visits from the Prime Minister downwards, support companies trying to win contracts

Financing: Financing comes through export credit guarantees organised by the Department of Trade and Industry’s Export Credits Guarantee Department (ECGD). These guarantees underwrite arms payments with tax-payers’ money – essentially providing cheap insurance cover for exporters. While guarantees are available to any sector, more and more cover is going to arms companies. While only about 2% of exports are military, these claimed 50% of ECGD cover last year.

MoD procurement: When a contract for equipment for the UK armed forces comes up, it is often possible to buy cheaper (and arguably better) military equipment from abroad. However, government ministers often ‘buy British’, helping companies sell their equipment abroad. In July 2003, BAE Systems sources were reported as saying that export orders were ‘a vital factor’ in the recent decision by the government to buy BAE Systems Hawk jets. The Treasury had estimated that opening the bid to competition from other companies would save the UK tax-payer £1 billion. Choosing more expensive equipment in order to support exports is a direct subsidy to the arms trade.

Research and Development: The UK government’s budget for military R&D is approximately £2.5 billion. This spending supports exports as well as domestic procurement and the MoD is supposed to charge a levy on exports to recoup some of the costs. However, the levy is drastically watered down to ‘what the market will bear’. The difference between the actual levy income and a realistic levy amounts to a subsidy of several hundred million pounds.

Given the 70,000 employees estimated to be working on military exports, a subsidy of three quarters of a billion pounds amounts to nearly £11,000 for each job, each year!

1 CAAT, ‘Subsidies factsheet’, February 2002
2 Times, ‘Cabinet battle over British jet contract’, 31.7.03
Corruption

Transparency International (UK) estimates that ‘the official arms trade accounts for 50% of all corrupt international transactions’ and considers that ‘a conservative estimate of the level of commissions paid is 10%’. It needs stressing that this refers to the ‘official’ arms trade. What is happening at DSEi is the official arms trade. What the government promotes is the official arms trade.

Arms deals often involve huge sums of money and are always shrouded in secrecy. This combination renders them liable to corruption. Corrupt payments can generate a demand for weaponry where none should exist, potentially diverting resources from social needs, including health and development.

Though there appears to be little will to investigate allegations of corruption, they seem to keep cropping up. In just the past year BAE Systems alone has faced four sets of allegations involving deals with South Africa, the Czech Republic, Qatar and India. The company denies the allegations.

The official UK government position?

A Defence Export Services Organisation (DESO) webpage, dated 1st March 1999 but still displayed in December 2002, had a section entitled ‘Special Commissions’ which said that all requests to give commissions should be referred to DESO which would confirm whether such payments could be made.8

The Export Credits Guarantee Department (ECGD) is not exactly critical of commissions either. In response to a parliamentary question on 9th June 2003 about the ECGD and BAE Systems’ deal with South Africa, Trade & Industry Secretary Patricia Hewitt said, the ‘ECGD’s application process requires certain details of agents’ commission to be disclosed to ECGD in order that it can follow its due diligence procedures. In this case such due diligence procedures were followed and no irregularities were detected. For reasons of commercial confidentiality specific details of the commission paid cannot be revealed’.17

What does all this mean? DESO and the ECGD should explain the difference between ‘commissions’ and ‘bribes’ and how these relate to other obscuring terms such as ‘facilitation payments’.

Secrecy

Corruption thrives in conditions of secrecy and the only way to address it is to open up the world of arms deals. Arms export licences need to be made available for comment in advance of deals, allegations of corruption need to be thoroughly investigated and, as an easy first step, the National Audit Office investigation into the massive Saudi Arabian deals of the 1980s should be released (the Public Accounts Committee decided not to publish the report, despite the fact that most of its members were not even allowed to read it!).

Unfortunately, the government support for DSEi and the secrecy surrounding it does not give much grounds for optimism.

2 Guardian, 30.6.03
3 Guardian, 12.6.03
4 Observer 2.6.02; Private Eye 4.4.03
5 Sunday Times, 6.7.03
7 Hansard, 9.6.03

Exports

In 2002, Smiths received unwelcome attention amid the growing concern over Israeli activities in the Occupied Territories – it was reported by the Guardian that missile trigger systems made by Smiths Group were used in US-made Apache attack helicopters supplied to Israel.289

However, such revelations are rare – not because Smiths’ equipment is not being used by oppressive regimes or in regions of conflict or tension, but because we generally hear only about the company that markets the complete weapons system. Smiths’ military involvement is far less widely known than its size merits.

Thales [France]

World ranking: 7
Total military sales: $7.7bn
Military sales as % of total sales: 66%
Employees: 65,000 (14,000 in the UK)241
Military products include: missiles, avionics, naval systems, radar, optronics

Thales, 173 Blvd Haussmann, 75008 Paris, Cedex 08, France
Tel: + 33 1 53 77 80 00
www.thalesgroup.com

Background

In 1998, the French government arranged for the reorganisation of Thomson-CSF, Alcatel, Dassault Electronique and Aerospatiale, to consolidate the military electronics businesses under Thomson-CSF. In June 2000 Thomson-CSF acquired Racal Electronics for £1.3bn, which both increased its focus on military electronics and established a major presence in the UK, and in December 2000 it agreed to form a joint venture with Raytheon of the US (Thales-Raytheon Systems). That same month, Thomson-CSF adopted the name of Thales, an ancient Greek philosopher, in a move to change perceptions of the rapidly expanding company.

Thales Group is France’s largest military company. It has 65,000 employees worldwide, half outside France, with a presence in nearly 50 countries and industrial operations in 30.242 The French government holds a 33% stake in Thales, Alcatel SA, the French telecommunications equipment producer, owns 16% and Dassault Aviation owns 6%.

Thales in the UK

Thales has swallowed up such familiar names as Racal, Thomson Marconi Sonar, Shorts Missile Systems, Thorn, Avimo and Pilkington Optronics,243 and is now the UK’s second largest military supplier. It is involved with the UK’s new aircraft carrier programmes, is to provide sonar suites for the Astute class submarine and it states that ‘our advanced
Company influence

The UK government is giving its full support to DSEI, it dedicates the 600 staff of the Defence Export Services Organisation (DESO) to helping companies export arms, it provides financial support for arms exports, its ministers and the prime minister use overseas visits to push arms deals, and government controls on arms export (not to say domestic procurement rules) appear flexible in the extreme.

Such enthusiasm implies that there must be a very good reason for exporting arms, but what is it? The usual justifications revolve around the financial benefits (implicitly 'jobs'), foreign policy, and protecting the UK's military industrial base. However, each of these is flawed. The subsidies provided for arms exports and the few jobs involved undermine the presumed financial arguments; the willingness to export to almost anyone, including both sides of a conflict, undermines any strategic argument; and the existence of an independent military industrial base must be a thing of the past if a French company, Thales, is the UK's second biggest arms supplier and more than 80% of BAE Systems sales are outside the UK.

So what does that leave in the way of possible reasons? Is the answer simply a combination of the desire of our leaders to strut the world stage as military players and the massive influence of the arms companies? Possible elements of the latter are discussed below.

Influencing the government

Companies can try to affect government thinking by employing lobbying companies, directly approaching politicians, mobilising unions and making donations or sponsoring party events or government projects. For big deals, they can use media pressure and threats of job losses, as BAE Systems blatantly and successfully did to win the trainer aircraft contract in July 2003.

Advisory bodies: There are also a plethora of government advisory bodies that can be used - ways in which favoured individuals, organisations or companies can feed into government thinking. Bodies such as the National Defence Industries Council, the National Defence and Aerospace Systems Panel and the Aerospace Innovation and Growth Team are primarily made up of arms company representatives together with a sizeable contingent of ministers and/or civil servants and the occasional academic or union official. It would be surprising if such bodies did not make recommendations based on the needs and desires of the arms companies (though of course we do not know as their discussions and, usually, their conclusions are private).

The advisory body system is also useful in Europe. The STAR 21 group was set up to analyse the state of the European aerospace industry and assess its long-term policy needs. It consisted of representatives of seven European arms companies, two MEPs, the EU High Representative and, astonishingly, five European Commissioners! Unsurprisingly it called for more money. A similar body exists for naval manufacturers. The existence of these high-powered bodies appears to have coincided with a move from member states towards unprecedented central European Union funding for military Research & Development spending.

DESO: Heads of DESO are seconded from arms companies, giving the industry a direct voice into the very heart of government. They are tasked with co-ordinating government support for arms exports. The current incumbent, Alan Garwood, was seconded from BAE Systems.

Personal contacts: though often hard to identify, personal contacts are perhaps the most important piece of the jigsaw. The revolving door still exists and some high-profile MoD ‘revolvers’ include: Michael Portillo (Secretary of State for Defence, 1995-97) who became a non-executive director of BAE Systems, a company he pushed contracts for whilst in office; Roger Freeman (Minister of State for Defence Procurement, 1994-95) who became the Chairman of Thales plc; and Jonathan Aitken (Minister for Defence Procurement, 1992-94) who obviously became very confused about his role vis-à-vis arms companies. He went to prison for perjury after attempting to conceal his role in sales of weapons from UK companies to Saudi Arabia.2

Tony Blair is an enthusiastic supporter of arms exports. He has personally lent his support to BAE Systems sales drives including to India, South Africa and the Czech Republic, and has supported licence applications for highly controversial deals to Zimbabwe and Tanzania. The Observer has quoted ‘an industry insider’ as saying that Dick Evans (BAE Systems’ Chairman) is ‘one of the few businessmen who can see Blair on request.3

1 Primarily sourced from GAAT, ‘The Political Influence of Arms Companies’, April 2003
2 www.guardian.co.uk/aitken/Story/0,2765,208518,00.html, accessed 10.2.03
3 Observer, 18.3.01

missile electronics products are used in almost every UK missile.4

Thales UK plc (Thales Defence Ltd), 2 Dashwood Lang Road, The Bourne Business Park, Addlestone, Weybridge Surrey KT15 2NX; Tel: + 44 (0) 1932 824 800; www.thalesgroup.co.uk

What it makes

Thales is divided into three business areas: Aerospace, Defence and Information Technology & Services (IT&S), Aerospace provides for both civil and military markets. In its Defence business, Thales claims to be ‘present on all types of air, sea and ground military platforms’.5 And in its IT&S business, ‘We create incremental value from dual-use technology developed in our Aerospace and Defence sectors and put it to work for customers in the IT&S segment. These cost-effective products are then re-injected back into the Defence and Aerospace sectors.’6

Thales places a strong emphasis on military electronics and missiles, hence its tie-up with Raytheon. Avionics also features highly as do naval systems including radar, tracking
The arms industry has changed radically since the end of the Cold War, primarily due to the reduction in military spending during the early-mid 1990s (military spending has been growing again since 1998) and widespread company privatisations. Military industry is no longer comprised of discrete companies, but of a labyrinth of licensed production, joint venture, conglomerates, strategic partnerships, and Co-operative Armament Programmes. Western companies outside the US are torn between global aspirations and dependence on their ‘home’ governments for preferential treatment. BAE Systems is a prime example. It is desperate to be an international company (though being a US one would do) and dropped the ‘British’ from its name accordingly. Its shares are now held primarily outside of the UK and it has acquired parts of Lockheed Martin to provide access to US spending. However, it still expects to receive exactly what it wants from the UK government and demands political favour on the basis of its history and of UK jobs. The present government is willing to oblige, though the demise of the national military industrial base may one day become too obvious for this position to be sustained.

**Exports**

Corporate manoeuvrings are not just about dividing up US and European domestic markets. The globalization of production has an impact on further exports in two main ways:

- Companies in industrialising countries are purchased or pulled into partnerships to provide both a cheaper source of labour and an additional, almost guaranteed, home market. The country might also have fewer export controls, providing a further source of income.
- Companies demand reduced export controls to help their new cross-border collaborations to function, and then it is only a small step to restructuring export controls for further afield. A prime example of this is the so-called ‘Six Nation Framework Agreement’ between France, Germany, Sweden, Spain, Italy and the UK. One purpose of the Agreement is to reduce the export controls between the six countries but, for each individual arms programme, participants will agree a list of ‘permitted destinations’ to which the equipment can be sold. The lists will be kept secret and are likely to permit exports according to the lowest common denominator – it is hard to see countries like Germany or Sweden maintaining their traditionally more restrictive export policies against pressure from, say, France or the UK.

**DSEi**

Arms fairs have changed in parallel with the arms industry. The Royal Navy and British Army Equipment Exhibitions, forerunners of DSEi, used to be showcases for domestic arms producers. But now over 400 of the 1000 exhibitors at DSEi are non-UK. There are companies from Israel, Turkey, Pakistan, Bulgaria, Romania, Russia and Singapore, as well as many from South Africa, Europe and the US. As an MoD letter has stated, the ‘move to the private sector with the launch of DSEi in 1999 reflected the increasingly transnational nature of the defence equipment industry’.

DSEi has become a centre for, and a symbol of, the international, globalizing arms trade, where sales are being arranged on UK soil that are not subject to UK licensing arrangements.

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1 SIPRI Yearbook 2002
3 Letter from Dr Lewis Moonie MP, MoD, 29.7.02

Globalization of the arms industry and weapons, and optronics including lasers, night vision, and precision guidance. Its activities range from delivering onboard computers for GIAT Industries’ Leclerc tank to a cooperation agreement with MBDA to produce seekers for the Aster, Mica and Meteor missiles, to supplying the integrated communications system for the French-Italian Horizon frigates.

**Exports**

In 2002, 23% of Thales’ revenues came from France, 13% from the UK, 19% from ‘Other Europe’, 13% from Asia-Pacific, 16% from the Middle East, 10% from North America and 6% from the ‘Rest of World’. Thales is prime contractor for the Sawari 2 programme, which involves supplying three frigates to Saudi Arabia equipped with the Arabel multi-function anti-air fire control radar and Aster missile system. In Indonesia and Japan, Thales has won contracts for maritime patrol systems. Thales is prime contractor for electronic warfare systems for naval vessels and was selected by Brunei for its Waspada ships and by the UK for Type 45 destroyers. Shorts Missile Systems, which is now owned by Thales, has delivered over 60,000 missiles to 56 armed forces worldwide.
The Campaign Against Arms Trade is working for the reduction and ultimate abolition of the international arms trade, together with progressive demilitarisation within arms-producing countries.