Private gain, public pain
The case for ending the Government’s arms selling
# Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Summary</td>
<td>4</td>
</tr>
<tr>
<td>The policy and price of selling arms</td>
<td>6</td>
</tr>
<tr>
<td>The Government’s arms sales unit</td>
<td>9</td>
</tr>
<tr>
<td>Day-to-day activities</td>
<td>9</td>
</tr>
<tr>
<td>UKTI DSO’s priority markets</td>
<td>14</td>
</tr>
<tr>
<td>The justifications for arms export promotion</td>
<td>16</td>
</tr>
<tr>
<td>National security</td>
<td>16</td>
</tr>
<tr>
<td>Jobs and the economy</td>
<td>20</td>
</tr>
<tr>
<td>UK arms export controls</td>
<td>22</td>
</tr>
<tr>
<td>The case for ending arms export promotion</td>
<td>24</td>
</tr>
<tr>
<td>Notes</td>
<td>26</td>
</tr>
</tbody>
</table>
The policy and practice of selling arms

Government rhetoric speaks of arms control, but its policy and practice is to promote arms sales with little or no regard for the damage they might cause or the wider implications of supplying them. Most countries where major conflicts are taking place are recipients of UK arms. Human rights abusing governments and authoritarian regimes rank among the UK’s most important markets. Development concerns are irrelevant as long as a country is willing to pay for weaponry. And potential corruption is a side issue at best.

The Government’s arms sales unit

Arms receive official assistance far in excess of other industrial sectors, and from several UK Government departments. The most obvious manifestation of this support is the arms sales unit – the Defence & Security Organisation – within UK Trade & Investment (UKTI DSO). This unit has 180 staff dedicated to arms sales. The specific support provided to ALL non-arms sectors amounts to 142 staff. Arms sales account for 56% of sector specific staff resources despite arms being only 1.5% of total exports.

UKTI DSO coordinates arms selling activities by:

~ **Constant liaison with the companies they are selling arms for:** while supporting BAE Systems forms a major part of UKTI DSO’s activity, it is as happy to sell arms for overseas-headquartered companies such as Thales and Finmeccanica. UKTI DSO only requires that a company has an active UK trading address.

~ **Building relationships with government and military officials from overseas countries:** arms buyers like to know that the ‘home’ Government supports the deal. UKTI DSO meets with military officials and the armed forces of potential buyers to provide this reassurance and facilitate sales. It has a list of 19 “Priority Markets” where activity is focussed but is also supporting arms sales campaigns in another 33 countries.

~ **Encouraging political intervention in support of arms sales:** direct UKTI DSO sales support is important, but often higher level political support is required to push deals through. Delivering Whitehall, including Prime Ministerial, support is a routine part of UKTI DSO work.

~ **Ensuring that the UK armed forces are on hand to help arms companies in their sales efforts:** UKTI DSO has its own embedded specialist military officers and an army demonstration team. Its military staff help coordinate the support of the wider armed forces and their equipment for arms export campaigns.

~ **Attending and helping companies attend overseas arms fairs, and organising arms fairs in the UK:** UKTI DSO organises stands and VIP delegations to arms fairs around the world. Staff become colleagues in arms trading with militaries from countries under international arms embargoes, such as Burma and Sudan, as well as thousands of business visitors who could be working for anyone or anything. In the UK, UKTI DSO are an integral and essential part of the arms fairs themselves. They coordinate official invitations to military delegations and provide logistical, political and financial support.

Justifications for promoting arms sales

The Government’s active role in promoting the arms trade appears so out of step with normal values that its justifications need to be considered. Its main arguments fit into three categories: arms exports are important for national security; they are vital to the UK economy and jobs; and they are stringently regulated. All are false.

The official argument

National security is the Government’s main official argument. It focuses on the proposal that arms exports can guarantee the supply of arms for the UK armed forces, but the argument is also applied much more generally, tapping into deep-rooted assumptions about defence and sovereignty.

There are two main problems with the official argument. First, there is no “security of supply” to guarantee. Arms production takes place across the globe and all significant Ministry of Defence purchases include an abundance of overseas components and sub-systems. The arms companies that are supposed to provide the guarantee of supply are international businesses. It is entirely unrealistic to expect these
companies and their international shareholders to prioritise any one country’s armed forces over those of other markets.

And second, the Government’s arms promotional unit, UKTI DSO, is concerned with company profits and not the needs of the UK armed forces. The prime interest in the armed forces appears to be how the military can help UKTI DSO help companies make money.

However, the most important argument around national security is more fundamental: the extent to which national security is undermined by being viewed through an almost exclusively military lens. This perspective includes both the predilection for arms exports and the presumption of military solutions to problems. It marginalises security threats, including major “drivers of insecurity” such as climate change and inequality, that are acknowledged by Government but absent in terms of meaningful policies and resource allocation.

The emotive argument
Jobs and economic arguments are not the Government’s official justifications for its arms sales activities as it knows the argument doesn’t stand up to scrutiny. But the Government repeats and encourages the myths because it realises ‘jobs’ is one justification that the UK public will accept when faced with indiscriminate arms selling.

In contrast to the impression provided by arms industry apologists, arms export jobs comprise only 0.2% of the UK workforce and the exports themselves are only 1.5% of the UK total. Even the entire arms industry (bringing in production for the Ministry of Defence) is an unexceptional sector by any normal economic indicator. What is more, arms exports and the arms companies in general receive support from the taxpayer that is far beyond that available to comparable civil sectors. It is this support that provides the arms companies with their research & development resources and ability to attract skilled workers.

Because it is taxpayers’ money that supports arms exports and production, the Government can choose to reallocate the resources to more socially-useful and productive activities which could generate more jobs. The renewable energy sector, for one, has similar skill sets to arms production and enormous market potential.

The argument of last resort
The existence of official arms export controls are often cited by the Government in defence of indefensible arms exports. But the UK’s arms exports speak for themselves, as do the tiny proportion of arms export licence applications that are refused.

There are some technical reasons that contribute to the ineffectiveness of the UK’s arms export controls, but the overwhelming reason is that it is Government policy and practice to actively promote and support arms sales. Within this policy context, the main effect of the licensing process is to legitimise arms exports.

The case for ending arms export promotion
The UK is one of the main players in the destructive international arms trade. Far from seeking to control or restrain arms sales, the Government actively promotes them, dedicating resources to arms sales promotion far beyond that available to other industries.

If arms export promotion across Government departments was to end, the most immediate result would be that the Government’s own arms export guidelines could be meaningfully implemented and the worst of UK arms sales stopped.

But the implications would be far broader than this. An end to arms export promotion and the mind-set that goes with it would allow national security to be assessed far more objectively. The security and well-being of the population, rather than military and arms company interests, could be the basis for national security policy. As a result, serious, imminent threats such as climate change could be allocated appropriate resources, including significant funding for renewable energy technologies. The benefits of such a reallocation would extend beyond national security, providing a vital boost to sectors that have vast earning and employment potential.

Security is being threatened and economic opportunities missed because of the prioritisation of private international arms company interests over those of the UK public. A significant first step towards correcting the imbalance would be to end the Government’s extensive arms selling activities and shut UKTI DSO.
The policy and price of selling arms

The UK Government is unwavering in its support for arms exports. Official policy is to export weaponry and help arms companies make their deals. Given this position, the arms controls presently in place are a purely token affair. Arms are sold into regions of conflict, to governments that abuse human rights and to countries where there are significant development needs. These kinds of sales are not remotely exceptional, with many such countries being explicit “key market” targets for the Government’s arms promotion activities.

Human rights

Arms sales contribute to human rights abuses in several ways:
1. They can be used to carry out human rights abuses directly
2. They increase the military authority and capacity for abuses by governments
3. The sales convey a message of international acceptance and approval.

The UK Foreign & Commonwealth Office’s most recent Human Rights Annual Report identified 21 “major countries of concern”. In that year, the UK approved arms export licences to 10 of the countries identified including Saudi Arabia, Pakistan, Russia and Israel.

In a Democracy Index produced by the Economist Intelligence Unit, Saudi Arabia ranked 161 out of the 167 countries listed – near the bottom of the “authoritarian regimes” category. Another major market for UK arms is Libya, which sits only two places above Saudi Arabia in the list. Other buyers of UK arms in the list of authoritarian regimes include Algeria, Jordan, Kuwait, Oman, Qatar, Nigeria and Turkmenistan.

Conflict

Arms exports increase tension and fuel conflict around the world and UK arms have seen, and continue to see, action in numerous conflicts.

They have been used by the Indonesian military in East Timor, Aceh and West Papua, by Zimbabwe in the Democratic Republic of Congo, by Argentina in the Falklands war, and by both sides in the Iran-Iraq war. UK arms sold to Israel have been used in Lebanon and the Occupied Territories and the sales continue despite widespread condemnation of Israel’s actions.

The tension between India and Pakistan makes South Asia one of the most volatile regions of the world, yet the UK supplies arms to both countries. UK Government officials and ministers actively promote these sales, with personal interventions and an active presence at arms fairs in both countries.

Of the 15 countries identified by the Stockholm International Peace Research Institute as locations of major armed conflict in 2008, the UK sold arms to 11 of them.

Development

The arms trade affects development through both the money wasted on arms purchases and the conflicts that arms fuel.

A 2007 study of the economic cost of armed conflict to African estimated that Africa loses around $18 billion a year due to wars, and that armed conflict shrinks an African nation’s economy by 15%. As well as direct costs of military spending, medical costs and destruction of infrastructure, there are indirect costs as the economy and employment suffer. The study estimated that the cost since 1990 was equivalent to the aid provided by major donors and suggested that this amount could have solved the problems of HIV and AIDS in Africa.

Even where conflict is not taking place, money diverted to arms is a drain on governments’ resources and takes away from vital spending on health, education and infrastructure. The massive 1998 South African arms deals for aircraft, helicopters, warships and submarines will end up costing the country over £8 billion. At the same time five and a half million South Africans living with HIV and AIDS were told the country couldn’t
Undermining South Africa’s Young Democracy

Andrew Feinstein, former ANC MP

When the ANC came to power in 1994, we were committed to reducing military expenditure in favour of much needed socio-economic spending. But there was an acknowledgement, not uncontroversial, that there was a requirement for some modernisation of the South African Defence Force, and a Defence Review took place. It identified equipment for peacekeeping that would cost just under 8 billion rand. By the time the arms deal is concluded in 2018, when payments end, it will have cost South African in excess of 100 billion rand.

The largest contract was for fighter and fighter trainer aircraft, a controversial requirement in and of itself given that the Air Force had at least 15 jets that had never been used. There were nine bidders for the contract and from these the Air Force Technical Committee drew up a shortlist of two. A bid by BAE/Saab was not on it: it didn’t meet technical requirements in some areas and exceeded others in a way that would be problematic for South African pilots; and it was two and a half times more expensive than the aircraft the committee wanted.

However, the then Defence Minister Joe Modise was determined that BAE/Saab should gain the contract. He first demanded that their bid be added to the short-list. It was, as third. He then, in a “visionary” moment, instructed cost to be excluded from the decision. But even taking this extraordinary step, the BAE/Saab bid was not first. So the final machination was to increase the weighting of the dubious offset criteria and to ask BAE to increase the level of industrial participation in its bid. It did so, and the contract was awarded, despite the Air Force saying publicly they would only accept this jet if forced to do so by the politicians.

What was the motivation for such enthusiasm for the BAE/Saab plane? I would suggest the most compelling reason was the £116 million in bribes that were paid on that one contract. They were paid to Joe Modise, to his advisor Fana Hlongwane, to the ANC, and to middlemen and agents to “financially incentivise” decision makers.

I led the ANC group on the Public Accounts Committee at the time and, following a report from the Auditor-General, we began looking into the arms deals. Before long I was being asked by a senior meeting of the party what I thought I was doing questioning the integrity of the cabinet and the leadership of the ANC. I was then summoned to see the Presidency, and told the matter would be dealt with internally in the party, not in public. I refused. Six weeks later I was removed from the committee, as were others who felt the deal should be investigated.

Before being removed from the Committee, we had set up a large multi-agency team to investigate the allegations of corruption. It was impossible for the ANC to simply end the investigation, so instead they excluded the country’s main anti-corruption body and Thabo Mbeki called in the heads of the four other bodies and told them who and what they could and could not investigate. This was unconstitutional.

Prosecutorial and investigative bodies were destroyed by this intervention. The main anti-corruption body, the Scorpions, ceased to exist at the beginning of 2009. The Public Accounts Committee has never been able to investigate an allegation of corruption against a senior member of the ANC. The events signalled the start of a number of corruption scandals that used the same modus operandi to enrich senior party members and the party itself.

The ANC and the Government were prepared to undermine and destroy Parliament, a key institution that so many of them had fought so hard to achieve. It went from being an accountable vibrant forum where the executive and cabinet were held to account, to becoming nothing more than a rubber stamp for the wishes of the ANC leadership.

In the meantime, while we were spending what will amount to over £8 billion on arms that we didn’t need and barely use, Thabo Mbeki told the five and a half million South Africans who were living with HIV and AIDS that we could not afford the anti-retroviral medication that they needed to stay alive.

South Africa’s politics remains deeply scarred by the scandal and its cover-up, with current President Jacob Zuma initially charged with over 700 counts of corruption before a politically-charged decision resulted in the charges being dropped 10 days before his election. The investigative and prosecutorial authorities lurch from crisis to crisis while corruption becomes pervasive in this once so hopeful democracy.
afford anti-retroviral medication (see box “Undermining South Africa’s Young Democracy”).

As long as a country is willing to pay for arms, wider development needs are irrelevant to both companies and their government supporters.

Despite desperate poverty and its recent history of conflict, the UK Government is actively promoting arms exports to Angola. In 2008, it organised an “industry day” where HMS Liverpool docked in Angolan waters and hosted Angolan political and military officials.

**Corruption**

Transparency International rates the arms industry as one of the most corrupt business sectors. The deals are often large and complex, are shrouded in officially-sanctioned secrecy and a small group of people make the decision to buy. The environment is perfect for corruption.

Bribery doesn’t just mean that bidders are shuffled with no impact on the buying country and population. Corruption is likely to inflate the cost of procurement and also provides an incentive for decision makers to purchase weapons that they might not otherwise have bought.

Corruption at its worst can undermine government accountability and democracy. In the aftermath of the 1998 South African arms deals, investigations into corruption allegations against senior ANC leaders led the party and Government to undermine the country’s key democratic institution. Parliament went from being a forum where the executive and cabinet were held to account, to becoming a rubber stamp for the wishes of the ANC leadership (see box “Undermining South Africa’s Young Democracy”).

**The arms export push**

The policy of exporting arms is far from being limited to the customary approval of arms export licences. The Foreign Office’s embassies, the Ministry of Defence’s armed services, and Business Innovation and Skills’ Export Credits Guarantee Department (which insures UK exporters against payment default) all actively promote and support arms sales. Any activities geared towards restricting arms proliferation are firmly situated at the margins.

But arms aren’t just part of a general export drive: the support given to arms exports goes far beyond that given to other sectors. This is often hard to quantify, but the role of the arms sales unit within the UK Trade & Investment department demonstrates where Government priorities lie.
UK Trade & Investment (UKTI) is a government department that helps businesses sell their products worldwide. In 2008, it opened the Defence & Security Organisation (UKTI DSO) to promote arms exports. The staff had been transferred from a similar unit housed within the Ministry of Defence. UKTI DSO is probably the clearest manifestation of the importance ascribed to arms sales and of the political access offered to arms companies.

UKTI’s 2,500 staff and advisers are widely distributed with over 1,300 staff in 150 offices in 100 overseas markets, as well as local offices in the UK. This network supports the breadth of UKTI work, however, there is also additional, industry-specific support, primarily situated in UKTI’s Sectors Group. This Group has a total of 142 staff. The only other sector-specific body is the Defence & Security Organisation, which exists to help companies sell arms. This alone has 180 staff including serving military personnel.

In other words, there are more UKTI staff dedicated to arms than to the rest of the identified industrial sectors put together. Arms only comprise around 1.5% of total exports, yet UKTI arms support comprises 56% of industry-specific staff. What’s more, its staff are more senior than their equivalents in the civil industries. There is a chasm between the Government’s support for arms sellers and that provided to other exporters.

**Day-to-day activities**

Government support is key to arms sales and UKTI DSO coordinate this for arms companies and their marketing campaigns. In day-to-day terms, this means:

- Constant liaison with the companies they are selling arms for
- Building relationships with government and military officials from overseas countries
- Encouraging political intervention in support of arms sales
- Ensuring that the UK armed forces are on hand to help arms companies in their sales efforts
- Attending and helping companies attend overseas arms fairs, and organising arms fairs in the UK.

**Working with the arms companies**

To ensure UKTI DSO knows exactly what the arms companies want and how it might best help them, it has set up “key account management relationships”.

Clearly, if you want to seal big arms deals for the arms industry, you need to focus on the big arms dealers, and unsurprisingly there are “key accounts” with BAE Systems, Rolls Royce and QinetiQ. But, strikingly, seven of the thirteen accounts are with subsidiaries of overseas companies: Lockheed Martin, General Dynamics and Northrop Grumman of the US, Finmeccanica of Italy, Thales of France and EADS and MBDA of “Europe”.

A Freedom of Information request for a list of the Head of UKTI DSO’s meetings makes it possible to further focus in on UKTI DSO’s priorities. Since coming into post in August 2008 he has had 22 meetings with BAE Systems, not including BAE joint ventures. Other major UK-headquartered arms producers Rolls-Royce and QinetiQ had 1 and 2 meetings, respectively. However, Thales, with 13 meetings, and Finmeccanica, with 10, were frequent visitors.

The list also revealed two meetings with the highly controversial but very well-connected mercenary company, Aegis Defence Services, presumably as part of UKTI DSO’s increasing “security” industry work.

**Getting to know the buyers**

Arms buyers like to know that the government of the selling country is in on the deal. Some contracts, such as the massive BAE deals with Saudi Arabia, are even signed as government-to-government agreements. For a purchaser, meeting government representatives and members of the armed forces provides much of the necessary reassurance, and that, is a nutshell, is UKTI DSO’s raison d’être.

There is little detail in the public domain about UKTI DSO meetings. However, Freedom of Information requests have revealed that meetings have taken place with the armed forces or military officials of countries including China (which is under a “partial” EU arms
embargo), Colombia, the Democratic Republic of Congo, Georgia, India, Indonesia, Iraq, Libya, Pakistan, Peru, Philippines, Saudi Arabia, Sri Lanka, Turkey and Vietnam.

A request for information about meetings between UKTI DSO and Algerian military officials was met with a refusal. UKTI DSO suggested that releasing information about arms promotion meetings would be likely to prejudice the relationship between the UK Government and the Algerian Government. This relationship was held to be more in the public interest than democratic accountability regarding arms selling to an authoritarian regime.

High level interventions

As well as the meetings and communications of UKTI DSO staff themselves, a key area of work is pushing for and coordinating political support for arms deals. In May 2009 Richard Paniguian, Head of UKTI DSO, boasted in a speech to the arms industry: “There have been high-level political interventions – often behind the scenes – in places like Libya, Oman, India and Algeria” in order to enhance the prospect of arms sales.

These interventions included

- A letter from the Prime Minister to the Algerian President in October 2008
- A meeting between the Defence Secretary and the Algerian Ambassador in March 2009
- A letter from the Prime Minister to the Sultan of Oman in April 2009
- A meeting between a Foreign Office Minister and the Libyan Minister for Europe in May 2009.

But these are just glimpses of the support that the UKTI DSO has coordinated. As the Head of UKTI DSO also said, “You’d expect us to deliver Whitehall support, and we are doing that.” It’s just a routine part of UKTI DSO work. In the list of the Head of UKTI DSO’s meetings, as well as meetings with officials from potential buyer countries, there were quarterly meetings with representatives of the Prime Minister’s office.

Using the armed forces

UKTI DSO’s military staff are a vital element of the sales package, providing advice and support on “doctrine, equipment and services.” The military staff comprise the Senior Military Adviser (Air Vice Marshal Nigel Maddox), “embedded specialist military staff” spread across the three services who “provide a vital linkage to the MOD [Ministry of Defence] and the armed forces, and act as a conduit for the essential support these organisations can provide to export campaigns,” and the British Army Export Support Team.

The latter consists of 30 serving military personnel who form UKTI DSO’s in-house army demonstration team. They undertake a wide range of activities to help private companies sell weaponry. A 2008 presentation by the commanding officer of the Export Support Team set out the role:

- “Demonstrate UK defence products at defence and security exhibitions
- Assist Hosting of inward visits by foreign delegations to the UK
- Provide specialist and impartial military advice to industry/UKTI DSO
- Equipment evaluations
- Post sales training support
- Assist in production of presentation and marketing material”

And went on to list examples of “Future tasks”:

- “Smoke Ammunition Evaluation – Scotland
- Paris – M777
- Danish – M777 Demo May 08
- Malaysia – DSA 08 [arms fair] (Medical Theme)
- Libya – UTSL MSAT [Missile Subsonic Aerial Target] 500
- Saudi - L119
- India – M777 Demo & Evaluation”

The list is dominated by the M777 howitzer produced by BAE and also includes the L119 Light Gun, another BAE product.

Beyond the use of individual armed forces personnel, there is the utilisation of military equipment and the logistics that go with it. The Royal Air Force deploys Eurofighters to arms fairs on behalf of BAE and regular “Defence Industry Days” take place on Royal Navy ships, coordinated by UKTI DSO. During the Defence Industry Days, the ships become high-prestige floating exhibition space for companies to promote their arms to “guests”. An event in January 2010, when HMS Bulwark visited Copenhagen, saw BAE, AgustaWestland, QinetiQ and Thales in action. Other
such days have included exhibitions on HMS Liverpool in Angola and HMS Kent in Indonesia.20

UKTI DSO’s coordination of armed forces sales support is incredibly valuable to companies. The UKTI’s most recent departmental report trumpets a successful bid to sell BAE torpedoes to Norway, quoting the company’s Chief Executive: “The campaign win was only possible via the team approach taken with UKTI DSO, the Ministry of Defence and the Royal Navy.”21

Arms fairs: touring the world

UKTI DSO staff travel the globe looking for opportunities to promote weaponry and arms companies. They mingle with an unpalatable assembly of arms companies, military delegations and “trade visitors” (individuals who could be working for anyone or anything).

The organisation coordinates exhibition stands and VIP delegations for arms fairs where there are representatives of countries under international arms embargoes, such as Burma/Myanmar, Sudan and Zimbabwe, as well as many other countries in conflict or governments with dire human rights records. It is an arms fair circuit and if you want to sell, you don’t pick and choose. You need to go to where the arms buying decision-makers gather.

The breadth of UKTI DSO’s travels are indicated on the map overleaf. It shows a sample of the arms fair visits, along with details of the scale of each event, UKTI DSO’s representation there, and some of the militaries a UKTI DSO staffer might expect to meet there.

What is clear is that the attendance at arms fairs is high profile and coordinated across government departments. The UKTI DSO armed forces Export Support Team is likely to be there, the Head of UKTI DSO may well arrive to press the flesh, and top military figures or Ministry of Defence ministers or the Foreign Office’s ambassadors might lend their influence and profile, all in the hope of attracting buyers to the UKTI DSO stand and those of the arms companies it represents.

The UK delegation at Aero India (Bangalore 2009) was led by the British High Commissioner to India and included the Chief of Air Staff Royal Air Force (RAF).22 At the 2009 Paris Airshow, the British Ambassador to France held a reception at his official residence where he was joined by the Minister for Defence Equipment and Support.23

The VIP delegation list for Defence Services Asia (Malaysia, April 2010) included the Secretary of State for Defence as well as the Chief of the General Staff.24 The Chief of Air Staff of the RAF joined the delegation to the Singapore Airshow in February 2010 and also led the UK delegation at the Dubai Airshow a few months prior to that.25 IDEX (International Defence Exhibition) 2009 in the United Arab Emirates saw the Deputy Chief of Defence Staff (Capability) accompanying the Head of UKTI DSO as well as an appearance by former Prime Minister Sir John Major, though it is unclear in what capacity he was there.26

But just as interesting as the high-profile UK figures sent to promote arms sales are their colleagues in arms trading. The VIP delegation list for Defence Services Asia provided a rare level of detail of who was there alongside the UK Defence Secretary:

**Burma:** 11 VIPs including General Thura Shwe Mann, Chief of Staff

**China:** 13 VIPs including General Chen Bingde, Chief of the General Staff and H.E. Meng Jianzhu, Minister of Public Security

**Indonesia:** 12 VIPs including General TNI Djojo Santoso, Chief of National Defence Forces

**Pakistan:** 10 VIPs including General Ashfaq Pervez Kayani, Chief of the Army Staff

**Rwanda:** General James Kabarebe, Chief of Defence Forces

**Saudi Arabia:** 2 VIPs including Field Marshal Saleh Al-Muhayya, Chief of General Staff of the Army

**Sri Lanka:** 7 VIPs including Lieutenant General Jagath Jayasuriya, Commander of Army

**Sudan:** 3 VIPs including Lieutenant General Mohamed Abdul Gadir, Joint Head of Staff Sudan Army

**Yemen:** 2 VIPs including Major General Abdulmalik Al Tayeb, Central National Security

**Zimbabwe:** 7 VIPs including H.E. E. Mnangagwa, Minister of Defence and General Constantine Chiwenga, Chief of Defence Forces.
Touring the world’s arms fairs

**Private gain, public pain: The case for ending the Government’s arms selling**

**Notes**

Information sources are on page 29

Delegations are examples from those known. In some cases few or none are known

UKTI DSO – UK Trade & Investment Defence & Security Organisation

ESTeam – the UKTI DSO armed forces demonstration team, “Export Support Team”

RAF – Royal Air Force

HMS – Her Majesty’s Ship

**Private gain, public pain: The case for ending the Government’s arms selling**
Arms fairs: inviting the world

As well as touring the world, UKTI DSO is busy on the arms fair scene in the UK – though here the involvement goes beyond exhibiting and coordinating UK delegations.

UKTI DSO is a co-organiser of the biennial Defence Security and Equipment international (DSEi) in London, one of the world’s largest arms fairs. UKTI DSO’s support is crucial to the success of DSEi and its continued existence. On behalf of the UK government, it extends official invitations to military delegations to visit the arms fair. It then provides significant logistical, political and financial support. This extends to paying for the accommodation of visiting VIPs. 28 UKTI DSO fulfils a similar role regarding overseas military delegations for Farnborough International, the other major UK arms fair.

Fifty three countries received official invitations to DSEi, in 2009. 29 At least 16 raised serious conflict and/or human rights concerns or had urgent development needs. Prior to arms exhibitions it is standard practice for UKTI to seek advice from the Foreign Office regarding the appropriateness of invitations. In recent evidence to a parliamentary committee, the Foreign Office explained its advice that an invitation to Farnborough International (July 2010) should be extended to a Chinese delegation: “Our judgment is based on the fact that China has been invited to such exhibitions in the past, the Chinese do have legitimate interests in attending and that their presence could result in significant business for some UK exhibitors.” 30

The Government argues that attendance of any particular country does not mean that a licence would be granted to export equipment on display to that country. However, arms fairs exist to facilitate the trade, putting hundreds of companies in touch with thousands of potential customers. Even if it wanted to, the UK government could not regulate the sales that result from contacts made at DSEi or Farnborough International between an overseas company and an overseas government or arms dealer. However, the Government’s implementation of its own arms export rules show it has little interest in arms trade restraint even when it is fully within its own jurisdiction.

UKTI DSO’s priority markets

UKTI DSO has a list of “priority markets”, shown in the table below, in which it has a particular interest. As might be expected, these markets include countries in conflict, governments with extremely poor human rights records, authoritarian regimes, and countries with major development issues, as well as several countries that are much less controversial.

UKTI DSO doesn’t target controversial countries any more than it does uncontroversial ones. It merely looks for business potential: governments that can pay for expensive weaponry and might buy from companies in the UK. The politics, outside of the rare international arms embargo, are largely irrelevant.

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While the 19 listed countries are the focus of UKTI DSO’s work, it is “supporting campaigns” in a total of 52 countries that are otherwise unidentified. That is, it is actively promoting arms sales to 52 countries. This is a sizeable proportion of the countries that are in the market for expensive weaponry.

Three of UKTI DSO’s key markets are briefly considered below.

Libya

Libya is an authoritarian regime and, according to Transparency International’s Corruption Perception Index,32 one of the 50 most corrupt regimes. In September 2009, a Libyan delegation was invited to the DSEi arms fair. UKTI DSO in turn exhibited at the Libyan Aviation Exhibition (LAVEX) the following month.

In 2009 Libya was in the news amid controversy over the release, on compassionate grounds, of Abdulf Baset Ali al-Megrahi, convicted of the Lockerbie bombing. It turned out that “high-level interventions” promoting arms exports, arranged by UKTI DSO, had taken place in advance of the decision.33 When the The Times approached UKTI DSO about these interventions, its spokesman initially claimed that the information had been made up. When given the evidence he said “We
have been working very hard with Libya for a number of years on normalising relations and looking at their defence requirements. It would be quite wrong to make any direct link between this and the PTA” [the Prison Transfer Agreement that allowed al-Megrahi’s release].

**Algeria**

Algeria is an authoritarian regime for which arms export licences to the value of nearly £7 million were granted in the first three quarters of 2009. That year, UKTI DSO invited an Algerian military delegation to the DSEi arms fair in London and there were also plans to establish a UKTI DSO post at the British Embassy.

Algeria was another focus of UKTI DSO facilitated “high-level interventions” in the promotion of arms exports, this time via the Prime Minister and Defence Secretary.

In late 2009 Algeria made a substantial order for helicopters from AgustaWestland, some to be produced in Algeria under licence. The purchases were aimed at meeting both its “battlefield and internal security requirements”. The order followed on from a 2007 deal. As Jane’s Defence Weekly stated, “The UK is working to make up for lost time since lifting an arms embargo against Algeria in 2005”.

According to The Sunday Times, the Algerian authorities asked that the deal should not be publicised. UKTI DSO seems to be of the same mind when it comes to information about arms dealing with Algeria (see page 10).

**Saudi Arabia**

Saudi Arabia is an authoritarian regime and listed as a “major country of concern” in the Foreign Office’s Human Rights report. It has been one of the most important UK arms markets for decades, and massive BAE arms deals with the regime have been riddled with corruption. Although UK Serious Fraud Office investigations were stopped following political intervention by Tony Blair (following in turn from pressure by the Saudi government and BAE), a US Department of Justice (DOJ) investigation continued into this and other deals. On 1 March 2010 BAE was sentenced “to pay a $400 million criminal fine, one of the largest criminal fines in the history of DOJ’s ongoing effort to combat overseas corruption in international business and enforce U.S. export control laws.”

The court documents described BAE Systems “providing substantial benefits to a foreign public official of KSA [Kingdom of Saudi Arabia], who was in a position of influence regarding sales of fighter jets, other defense materials and related support services… In addition... BAES agreed to transfer more than £10 million plus more than $9 million to a bank account in Switzerland controlled by an intermediary, being aware that there was a high probability that the intermediary would transfer part of these payments to the same KSA official.”

UKTI DSO has organised many meetings between arms companies and Saudi Arabian military officials and in 2009 invited a Saudi Arabian military delegation to the DSEi arms fair in London. The previous year, Gordon Brown visited the Gulf accompanied by Richard Paniguian, the Head of UKTI DSO; Sir John Rose, chief executive of Rolls-Royce and Dick Olver, chairman of BAE Systems.

Arms sales to Saudi Arabia receive notable support beyond UKTI. Within the Ministry of Defence there is a team of 210 UK civil servants and military personnel known as the Ministry of Defence Saudi Armed Forces Project, or MODSAP. It exists to service Saudi arms contracts. The unit cost £48 million in 2008 but, astonishingly, it is entirely funded by the Saudi Government; UK public servants being paid by an overseas government to work for a private arms company.
It is unquestionable that the arms trade is destabilising and destructive, and the UK Government, not least UKTI DSO, plays a vital role in promoting this trade. This is so clearly against any reasonable expectation of what a responsible government should do, that it is necessary to spend some time considering the Government’s justifications.

The main arguments/justifications fit in three categories: arms exports support national security, in particular to ensure security of supply for the UK armed forces; they are important for the UK economy and jobs; and they are regulated effectively by the Government. These are summarised in the schematic opposite and considered in more detail below.

National security

National security is the main official argument used by the UK Government. The argument is roughly as follows: UK troops need a guaranteed arms supply from within the UK, and arms exports help UK companies provide this.

There are three main problems with this: there is no “security of supply” to guarantee, what is presented as the UK arms industry is just the international arms business, and the Government’s promotional activities are concerned with company profits rather than the UK armed forces.

There is no security of supply

The high-tech arms production that supplies the UK armed forces is organised internationally and any sizeable piece of military equipment has myriad overseas components. As a result, there is no independent “Defence Industrial Base” in the UK that is capable of supplying the UK armed forces.

Some “key sovereign capabilities in production capacity” have been identified by the Government, but even these appear to match the requirements of BAE Systems more than those of the UK armed forces. In response to the Defence Industrial Strategy produced in 2005 that set these out, BAE’s chief executive acknowledged “we have got what we asked for”.

With the UK procuring weaponry from international companies and these companies sourcing parts from around the world, the idea that support for UK arms exports is necessary for the UK armed forces appears dated at best.

There are no UK “national champions”, just international arms companies

Whatever your views on the uses to which the UK armed forces are put, it is clear that the UK military and the arms companies are entirely different types of bodies with very different interests. An arms company’s goal is to make profit for its shareholders, not to serve a particular country’s national interest. There would be no reason to expect BAE to put the UK armed forces before those of any other of its major markets. While its current advertising campaign plays on its British roots, with union flags galore, BAE employs more workers in the US than the UK. Its biggest market is the US and it considers itself to have other “home markets” in Saudi Arabia, India, Sweden, South Africa and Australia. This move to the US is replicated by other UK-headquartered major arms companies such as QinetiQ, Rolls Royce, Ultra Electronics and Cobham.

Alongside the move away from the UK of what used to be British companies, there is the move into the UK of overseas arms companies. Thales, Finmeccanica (owner of AgustaWestland helicopters), Lockheed Martin and Northrop Grumman amongst many others have made substantial investments into the UK and now rank as some of the largest suppliers to the Ministry of Defence.

In the sphere of the major weapons production, arms companies shift their activities according to the contracts they gain or wish to gain. If the Ministry of Defence is buying equipment for the UK armed forces, it is extremely likely there will be significant domestic and imported content whether or not the tender is won by a UK-headquartered company.
The government promotes arms sales irrespective of the potential impact on the UK armed forces, whether positive or negative.

The military and military-industry mindset means national security is narrowly defined and funded. A broader security policy is required to address threats such as climate change.

All sizeable MoD arms contain a plethora of imported parts. Hence “security of supply” for the UK armed forces does not exist so cannot be retained.

There are no “national champions”, just influential international arms companies that locate their workforces in order to increase shareholder return.

Arms export employment is 0.2% of UK the workforce and arms exports are less than 1.5% of total exports.

Arms exports and even the arms industry as a whole, are unexceptional elements of the economy.

Arms exports are heavily subsidised and arms companies’ R&D is funded by taxpayers.

The Government could put the money into other high-tech sectors that need investment and skilled workers.

Government policy and practice is overwhelmingly in support of arms exports, so the default position is to grant export licences.

The arms export guidelines are written and interpreted so as to facilitate exports. The process provides legitimisation for the arms trade without restraining it.
In the recent light tank competition between BAE Systems and General Dynamics UK (UK subsidiary of a US-headquartered company), both played the jobs card: General Dynamics claiming, extravagantly, that it would safeguard or create 10,500 jobs while BAE said it would create 400 jobs and reverse the redundancy plans for 400 more. Both claimed that around 80% of the components of the vehicles would be sourced from the UK while acknowledging that the chassis would be produced abroad (in Spain by General Dynamics or in Sweden by BAE).

The reality of the international arms trade and Ministry of Defence procurement is that the UK military can have both production in the UK and its armoured vehicles/helicopters/fighter planes whether or not the Government goes out of its way to promote arms exports.

**Government arms promotion is about business, not the UK armed forces**

UKTI DSO promotes weaponry based on the likelihood of sales rather than the pursuit of foreign policy or military goals.

Countries will be targeted depending on their willingness to buy and ability to pay. And arms companies will be supported regardless of likely benefit to the UK armed forces.

That half of UKTI “key account management relationships” are with subsidiaries of overseas arms companies immediately sets up a disconnect between UKTI DSO and UK military interests. That UKTI DSO has no policy with regard to foreign content and that a business only needs an active UK trading address to qualify for UKTI support, completely exposes UKTI DSO’s role.

UKTI DSO has been set up purely to promote arms companies’ weapons sales and that is what it does. Whether or not this might assist the UK armed forces is outside the organisation’s remit or thinking. From the information available, it seems that UKTI DSO’s main concern regarding the armed forces is how they can help UKTI DSO help arms companies sell arms.

Feelings about “national defence” and state sovereignty run deep and the powerful associations that come with it are deliberately enlisted by the arms industry to increase its public and Government support.

But the reality is that the interests of arms companies are entirely different to the “defence of the realm” or UK sovereignty. Arms export promotion is about these company interests and not the UK’s security.

Although the above are the main arguments that directly address the “security of supply” issue, there are other arguments that are relevant to national security that need raising. These are considered below. There are specific concerns about the impact on the military, but the one with the most far-reaching consequences is the limiting of national security concerns to military perspectives, marginalising the plethora of human security issues that should fill the agenda.

**Exported arms could be used against the UK armed forces**

Political situations change, often rapidly. Sometimes the changes are unpredictable, sometimes they are entirely predictable but the risk is either judged to be small or simply not judged. The drive to sell arms means that arms export licences are almost certain to be granted unless the buyer is actively hostile at that moment:

- A wide range of arms were sold to Argentina despite the dispute over the Falklands Islands. The Ministry of Defence approved a delivery of naval spares just 10 days before the 1982 invasion.
- In the six years prior to the Iranian revolution in 1979 the UK supplied 875 Chieftain tanks to the Shah which became the property of the new Islamic republic.
- In the 1980s, the US armed the Afghanistani mujahideen with stinger anti-aircraft missiles for use against the Russian military. Once the Russian’s had left Afghanistan, the stingers found their way to numerous new owners and were used against military and possibly civilian aircraft, with some still in the hands of the Taliban at the start of the US invasion of the country.

It is hard to see how the recent UK pushes to arm, for example, Libya and Algeria are likely to increase the UK’s security. The risks are easier to envisage.

**The armed forces can lose out**

The relationship between the Government and arms companies means that companies’ requirements are given undue weight when the Ministry of Defence is
deciding on equipment for its armed forces (see box “Arms biz gets unfettered access to MoD coffers”). This could be at the strategic level of prioritising massive weapons projects such as nuclear submarines, aircraft carriers and fighter aircraft over equipment being used by soldiers on current operations. Or it could be at the level of deciding which item of equipment to buy to meet a particular requirement. For example, money has been thrown at AgustaWestland to produce helicopters that are less powerful and later arriving than alternatives built overseas.53

It may be that there is a legitimate trade-off between production in the UK and the effectiveness of the UK armed forces, but this isn’t part of the debate. The myth is that the best equipment will be produced in the UK and that this is what UK armed forces need. It is, as ever, a myth that nestles comfortably into BAE’s sales pitch.

There is added pressure on the Government to buy from UK-headquartered companies in that overseas arms buyers like the selling country’s armed forces to be operating the equipment it is considering. When, in 2003, BAE was trying to persuade the RAF that it wanted to buy new Hawk fighter training aircraft, a prospective sale to India was brought into the equation. If the UK went for a different aircraft then BAE would be unlikely to be able to close the India deal.54 Despite the treasury wanting to put the deal out for tender in order to save, it estimated, £1 billion, the contract went to BAE, and India followed suit.

The arms industry continues to call for the Government to “work with us to align domestic orders with export opportunities”.55

National security is different to military power

The most significant national security issue is how military and arms company interests manage to dominate both the security debate and the allocation of Government resources.

Real security encompasses a far broader range issues and threats. Even the Government’s National Security Strategy identifies the drivers of insecurity as: Challenges to the rules-based international system; Climate change; Competition for energy; Poverty, inequality, and poor governance; Global trends (economy, technology, and demography).56 However, as one commentator stated, “Even so, the greatest

Arms biz gets unfettered access to MoD coffers

Lewis Page: Military writer and former Royal Navy officer


“Unfortunately, empire-building by the services is only one of the reasons why defence procurement is such a disaster area in the UK. The other and much more malevolent factor is the colossal influence wielded by the UK’s arms industry: BAE Systems plc and its various compatriots.

Almost totally regardless of prices, delivery times or capability delivered, equipment for our forces is always chosen so as to give as much work as possible to these companies. The jobs so created or safeguarded are bought unbelievably dearly: it is normal to find that much better equipment could have been bought for earlier delivery, every sacked or not-hired worker given at least a million pounds, and still there would be a nine-figure saving to the public coffers compared to what is actually done.

Nor does the placing of work in the UK offer us any independence from foreign supplies. A “British made” helicopter, aircraft, missile etc will contain engines and other vital equipment from abroad, so we remain dependent on other countries for tech support and parts.

As for the idea that this colossal waste of money – and waste of our soldiers’ lives as a result – is made up for by valuable export sales, that’s a fantasy. Defence manufactures amount to £1.2bn of exports in a normal year – a fraction of a percent of the total – and are counterbalanced by three-quarters of a billion or more in imports (for instance the foreign parts used in “British made” systems). The benefit to our balance of payments, a few hundred million pounds, is minute compared to the annual multibillion subsidies required to obtain it.

But still the same decisions are made, and inferior equipment is purchased at triple price with long delays. The vast revenues which result enable the deployment of an army of lobbyists both overt and covert, infesting Whitehall and Parliament like a murmurous plague.”
emphasis of resources and legislation is on terrorism and political violence and the core defence budget.” 57

The security implications of climate change are undeniable,58 so they are accepted, hand-wringingly, by the Government. But the substantive response, as can only be judged by budgets and legislation, is to consider the military implications. It remains business as usual for the armed forces and arms industry. Investment in renewable energy remains pitifully low while the arms industry swallows nearly a third of the public research & development budget.

A fully encompassing security strategy that was meaningfully applied to Government policy and resource allocation would mark a radical and long-overdue departure. It could mean drastically reduced arms exports and the end of military aggression by the UK. The effect of both would be reduced conflict and instability. But probably even more significantly it would mean a step-change in the political and financial resources available to combat the drivers of insecurity.

### Jobs and the economy

The jobs argument is not the Government’s official justification as it knows the argument doesn’t stand up to scrutiny. A report co-written by Ministry of Defence economists concluded that “the economic costs of reducing defence exports are relatively small and largely one-off” and that “the balance of argument about defence exports should depend mainly on non-economic considerations.”59 But, regardless, the jobs argument is much used because it is a line accepted by much of the media and the public. More than this, it is probably the only justification the UK public will accept when it comes to arms selling. The argument is pushed relentlessly by arms companies and their trade associations.60

Responses to the jobs argument centre on the limited scale of the arms export business, the subsidies it receives, the more productive uses these subsidies could be put towards, and the nature of the arms companies and their commitment to UK jobs.

### The arms export business is a small part of UK economic activity

Arms export jobs make up 0.2% of the UK workforce and less than 2% of manufacturing jobs. Arms exports comprise 1.5% of total exports and even this overstates their importance as around 40% of the value of arms exports were imported in the first place.61

There is further arms industry employment that relates to producing equipment for the UK armed forces, but, even combined, “defence” is an unexceptional sector by any economic indicator, whether turnover, returns to the Exchequer, employment, skill level of jobs, export intensity, research & development intensity or capital intensity.62

Because of the importance of jobs in the public debate around arms, job numbers rapidly become inflated. In the run-up to the decision to stop the Serious Fraud Office investigation into corruption in BAE’s deals with Saudi Arabia, it was reported that a new deal for Eurofighters was under threat. Figures of up to 50,000 jobs-at-risk were appearing in the press. However, a report earlier that year, commissioned by the Eurofighter PR and Communications Office itself, said that the Saudi Eurofighter deal would secure around 11,000 jobs throughout the whole of Europe, with less than 5,000 jobs located in the UK. And even this must be in doubt given that an assembly line is to be set up in Saudi Arabia and an anticipated 10,000 skilled jobs are to be developed there.63

### Arms exports are heavily subsidised

Arms exports receive a wide range of Government subsidies. These include official arms promotion (by UKTI DSO, the armed forces, ministers and royalty), subsidised export insurance, extra spending on military procurement to facilitate exports, and research & development (R&D) support. The total subsidy is difficult to calculate but it appears likely to be in the region £500 million to £1 billion.64 Even at the lower bound, this equates to a subsidy of around £9,000 per arms export job per year.

### Other high-tech sectors need engineers and investment

In addition to subsidies specifically relating to arms exports, the Government is extremely generous towards the arms companies in support of their wider activities. Overall, the Government puts money into arms exports and production that other sectors could only dream of. Eighty per cent of BAE’s R&D is funded by “customers”, i.e. governments.65 It is this money that gives the arms companies the ability to promote a cutting edge image and allows them to draw in skilled workers.
Because this is public money, the Government can choose to direct it where it wants. It could be available to be used to promote more socially useful industries in growing sectors and provide them with the investment and hence skilled workers that are in short supply (see box “Green jobs”). In 2008, while £2,598 million was spent on military R&D, the Government spent only £66 million on R&D for renewable energy. The importance of renewable energy for UK energy security, the security implications of climate change, and the extraordinary economic potential of the sector make it an obvious and striking comparison.

There is no reason for the present arms funding situation to continue aside from the influence of vested interests and the acceptance within Government of the status quo. The investment of money and skills in renewable technology would have wide ranging positive ramifications. The removal of subsidies from arms exports and their promotion might well do the same.

**The international arms companies have no commitment to UK jobs**

The companies’ portrayal of jobs is based on the idea of UK companies being committed to UK workers and investment in the UK economy.

But the arms business is an international, shareholder-focused business. There is no room for a patriotic attachment to one particular country or workforce. The main UK-headquartered companies have been steadily moving their businesses to the US to take advantage of the vast Pentagon budget.

BAE has cut 2,300 UK jobs over the past year, as part of a long-term decline in its UK workforce. This despite having acquiring many of its competitors over the

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**Green jobs**

**Louise Hutchins, Greenpeace**

The global financial crisis and threat of climate change is forcing politicians to make strategic decisions about how to rebalance the economy and create a rich and sustainable recovery. This is a crucial time to re-evaluate Britain’s over-reliance on its unstable finance sector and capital intensive but labour light arms industry.

Britain now has huge opportunities to become internationally competitive in the “new arms race” in renewable energy and low carbon technologies. The prize is to unshackle countries from volatile and rising fossil fuel prices, create greater energy independence and reduce carbon pollution. In 2008, according to the UN, more was invested in renewable than conventional energy production worldwide at $117 billion.1

This wind-swept country is well placed to create internationally competitive export industries in offshore wind power and, in the future, wave and tidal power. The Government estimates that by 2020, more than 1.2 million people will be in green jobs in industries that will transform Britain into a more efficient, low carbon economy. These will be civil engineers, mechanical engineers, manufacturing and fabrication workers, planners, electrical engineers and construction workers and all the R&D, managerial and service industry jobs to support those sectors. In addition, every home and business in Britain will need to be insulated and fitted with more efficient heating equipment. Tens of thousands of jobs in both the manufacturing and installation of insulation and energy efficient equipment will be needed across the country.

For Britain to take advantage of the opportunities ahead, real leadership will be needed from politicians during the next few crucial years. An active industrial strategy is needed to identify and target areas of the economy to redirect and attract investment into. This approach has worked well in other countries, such as Germany, Denmark and Spain which have relatively lower military spending and have so far outstripped Britain’s green jobs market. The Government must also drive a national training strategy to ensure that support is made available to new entrants to the workforce and to those wanting to move from sectors such as the arms industry to cleaner, greener industries.

The decisions made about which sectors should be prioritised to drive recovery will shape Britain’s economy for decades. Only a more efficient, low carbon economy can make that recovery truly sustainable.

1. sefi.unep.org/fileadmin/media/sefi/docs/publications/Executive_Summary_2009_EN.pdf
years. Offsetting this for BAE is a massive increase in its workforce in the US as well as investment in the other “home” countries it has identified including India and Saudi Arabia (see also page 16).

**It’s official: weapons are the wrong kind of investment to kick start the economy**

One further argument has been frequently used by the arms industry in trying to obtain more public resources over the past year or so: that financial support for the arms industry is a way to get the UK out of recession.

However, this was addressed explicitly when Defence Equipment Minister Quentin Davies MP was questioned by the parliamentary Defence Committee. He stated: "... to use your money for maximum impact you need to spend it on goods and services which are labour-intensive rather than capital intensive in their manufacture so that the benefits flow through into pay packets rather than into rewards for providers of capital – banks and shareholders and so forth who would inevitably have a very high propensity to save and a low propensity to consume. Ideally you need these wages to flow through to people who are relatively low-paid. This is not the case with defence; defence is capital-intensive rather than labour-intensive." 67

**UK arms export controls**

Even the briefest look at the Government’s arms export annual report reveals a mass of controversial arms exports (see page 6). As a result, recourse to the quality of UK arms export controls tends to be a last ditch response by a minister when forced to defend yet another unjustifiable arms licence.

The UK Government does have a bureaucracy that assesses arms export applications. Units within the Foreign Office, Ministry of Defence and the Department for Business, Innovation and Skills, each consider arms exports. If there is disagreement about a licence it might find its way up the hierarchy for a decision by ministers. However, while a process for assessment does exist, the presumption is of approval and few licences are refused.

But the arms licensing procedure is not merely ineffective in terms of arms proliferation, its existence is actively harmful. That is not to say that the individuals involved in the day-to-day assessment of licences are not sincere or efficient, but the working as a whole serves as an exercise in legitimisation rather than control. In the words of one academic, “the licensing process is a ritualised activity that functions to create the appearance of restraint rather than significantly restrict the arms trade.” 68

This appearance or legitimisation is vital when the arms trade is so clearly at odds with what would normally be considered acceptable ethics and behaviour.

There are a number of technical reasons why the arms licensing process cannot be effective, 69 but the key issues are political. They are about policy:

**UK Government policy is to sell, not contain, arms**

Overriding Government policy and activity is in favour of the sale of weaponry. The policy is driven by the interests of influential arms companies and presumptions regarding national security and the role of the military. It is also the established position of Government and is very deeply ingrained.

The casual acceptance and implementation of a proactive arms export policy can be seen in the arms export promotion and facilitation activities of several Government departments, giving the small units that formally assess export applications a very clear steer. Even extremely controversial arms exports (such as Hawk fighter jet spares to Zimbabwe in 2000 70 and a military radar to Tanzania the following year 71 ) are not automatically refused but referred up to Ministers, who are likely to give the go ahead unless extreme political embarrassment awaits.

Numbers are instructive here: in the most recent year for which official data is available, 9,760 arms export licences were granted, 203 were refused and 17 were revoked. The grounds for refusal covered a wide range of reasons, from the proliferation of Weapons of Mass Destruction, the threat to the national security of the UK, EU or allies, and the risk of arms being “diverted” to an unapproved user, to the danger they could be used for internal repression or exacerbate conflict.

In 2008, a total of only 25 arms export licences were turned down on the grounds they might contribute to internal tension or conflict in the recipient country. Meanwhile over 900 licences were granted for sales to
India and Pakistan alone, with no refusals on the grounds of conflict or regional stability. Figures for human rights are similar, with a grand total of 24 licence applications refused because of the risk of contributing to internal repression. Meanwhile, 99 licences were approved for exports to Saudi Arabia and there were no refusals on any grounds.

**The arms export guidelines are there to be abused**

Even though the Government’s arms export guidelines could be used to restrain the arms trade, this is not their intention. They are worded vaguely so it is possible for them to be interpreted so as to allow almost any export. There is little evidence that anything has changed since 1993 when former Defence Minister Alan Clark told the Scott Inquiry into the sale of military equipment to Iraq that the guidelines are “so imprecise and so obviously drafted with the objective of flexibility in either direction – elasticity; shall I say – as to make them fair game.”

Demands for embargoes or indeed any restrictions are met with the reply that all relevant licences will be considered on a “case-by-case basis”. The impression given is that this is a more stringent approach but it is in fact business as usual. All licences are assessed on this basis and it means anything can be justified or excused.

The Government’s attitude to arms export guidelines is well illustrated by its response to a blatant contravention in 2002. BAE Systems wanted to sell head-up displays to US company Lockheed Martin for incorporation into F-16 fighters to be sold to Israel. It was virtually certain these parts would be used to attack Palestinians.

In a statement considering the licences, Jack Straw, then Foreign Secretary, announced the introduction of a set of new “factors” to be taken into account when assessing arms exports. But these were not meant to be more restrictive or demanding, just the opposite. Where components were to be exported, the Government should take into account the UK’s military relationship with the country where the equipment will be assembled. In a move to ensure BAE’s participation in US arms projects, the UK Government effectively abdicated to other governments decisions on the destinations of UK-made military products.

The statement approving the controversial export licences and announcing moves to facilitate similar exports in the future, managed to include: “The Government continue to be seriously concerned about the situation in Israel and the Occupied Territories. There has to be a break to the cycle of violence, which has brought so much misery to both peoples, and a resumption of the peace process. We are working closely with partners including the US to reduce the level of tension and to bring about a sustainable and peaceful settlement through negotiation.”

**Arms Trade Treaty as envisaged will make little difference**

The UK Government has been at the forefront of pushing for an international Arms Trade Treaty, presenting this as a panacea for all arms trade ills. However, like its own arms export guidelines, the treaty is not intended to reduce UK arms exports at all – a fact acknowledged by the Foreign Office and one that is astonishing given the UK’s status as one of the world’s largest arms sellers. The treaty has the support of arms companies in the UK which see it as providing a “level playing field” with the potential of increasing their market opportunities.

There is a serious risk that the overall consequence of the Arms Trade Treaty as presently envisaged by the Government would be to further legitimise the arms trade.
The case for ending arms export promotion

The benefits of the arms trade accrue to international companies; the costs are to the people on the receiving end of the weapons, the citizens of buying countries, UK taxpayers, civil industry, and UK and international security. Viewed from anywhere outside vested interests and military prestige, it is obvious that the Government’s policy of arms export promotion needs to end.

But the obvious is clouded by myths given credibility by their relentless use by Government and arms companies. The two dominant themes for these justifications are national security and economics:

National security

On the narrow argument of direct support for the armed forces, the case revolves around the security of supply of military equipment. However, no security of supply exists as even UK-produced arms are full of components manufactured overseas.

Moreover, there are no “national champion” companies whose interests are closely tied to the UK armed forces and which might be expected to throw everything at supplying the UK armed forces if all else failed. BAE, the most often hailed national champion, has far greater interests in the US than the UK, not to mention those in its other “home markets”, while other major suppliers to the Ministry of Defence include French-, Italian- and US-based companies. The effect of political and financial support for arms exports is to increase the profits of international arms companies whose level of commitment to the UK is dictated by shareholder return.

If the Ministry of Defence wishes to buy arms, then any bidding company will ensure it has enough of a presence in the UK to obtain the contract. The motivation for companies to keep production in, or move production to, the UK is provided by these contracts rather than possible export assistance.

Overall, it is highly questionable as to which way the support flows between arms exports and the military. Ministry of Defence procurement is heavily influenced, to say the least, by the industry, and UKTI DSO’s interest in the armed forces seems limited to how the military can help arms companies achieve sales.

Discussion and action around national security needs urgent revision. Promoting arms exports unquestioningly and indiscriminately is part of an perspective that sees security in military terms, with the solutions to problems likely to be military in nature. UK security depends on a new approach where the full range of security threats, including acknowledged major “drivers of insecurity” such as climate change and inequality, are given appropriate weight and this is carried through to Government policy and resource allocation.

Economic arguments

The argument goes that the arms industry provides a contribution to the UK economy that cannot be found elsewhere, so that reducing exports or military production will mean jobs are lost and economic output drops.

However, arms exports, and the major arms companies in general, receive handouts and generosity from the taxpayer of which other industrial sectors can only dream. It is these subsidies that give the arms industry its position and pull skilled workers into the sector.

Since it is Government policy and money that provides the jobs, resources could be reallocated to boost other sectors. And there are sectors, not least renewable energy technology, that have similar skills requirements to arms production and a vast market potential. Opportunities are being passed up because of the Government’s unwillingness to take a step back and reassess its assumptions about, and cosy relationship with, the arms industry.

It is questionable how much the national security and economic arguments are believed by the powerful figures who use them. The most effective argument, that of jobs, is not used by the Government’s economists. It is used by arms companies and, at their behest, politicians. The arguments are part of a sales pitch and need to be understood in that context. Of course, every
sector wants preferential Government and taxpayer support, and the arms industry is not likely to give up its subsidies without using every tactic available to it.

There is no question that the arms trade is damaging and destructive, and the UK is one of the world’s largest arms sellers. It supplies weapons to conflict zones and human rights abusing regimes as a matter of course. The sales are not just permitted by the Government; they are actively promoted by it. Clearly these are two sides of the same coin: as long as arms promotion is seen as the business of government – in several departments, but particularly UKTI DSO – there is no prospect of arms control.

In order to justify its policy and actions, the Government taps into deep-rooted assumptions about national security and the powerful emotions that go with any debate about jobs. But the arguments do not stand up. Arms export promotion does not mean the UK armed forces are more likely to receive the equipment they want, nor does it boost wider national security. It is a raw deal for the taxpayer as scarce resources are wasted shoring up the profits of international arms companies.

The benefits of ending arms export promotion are many and far-reaching. Most directly, it would mean that arms export applications could be assessed objectively and there would be the hope that the worst examples of UK arms exports would stop. But, beyond this, shutting UKTI DSO and ending the promotional activities of other important Government departments would allow a more objective approach to national security that is urgently required.

UK national and international security would be immeasurably increased if the full range of security needs and threats were considered, assessed without vested interests, and resources allocated appropriately. The impact would be two-fold: first, the instability resulting from UK military aggression and arms exports would lessen dramatically; and, second, the many non-military security issues, most notably carbon emissions, could be given the resources that would make a difference. The diversion of military expenditure to challenges such as addressing climate change would generate large numbers of jobs in a sector that is expanding rapidly and has far more earning potential than selling arms.

Presently, the interests of private international arms companies are being put before the public interest. UK national and economic security depends on this balance being redressed. Shutting UKTI DSO would be a first, obvious, step in the right direction.
Notes


5. Transparency International’s Defence Against Corruption programme (www.defenceagainstcorruption.org/about-us)


7. UKTI, *Corporate Plan 2009–11*

8. UKTI, *Corporate Plan 2009–11*


10. Hansard, 9 February 2010, Col. 962-3W (www.publications.parliament.uk/pa/cm200910/cm Hansrd/cm100209/text/100209w0040.htm). The other companies are Chemring, Cobham and Smiths Detection

11. Communication from UKTI DSO to CAAT, 17 February 2010

12. Speech by Richard Paniguian, Head of UKTI DSO, to UKTI DSO Symposium, 21 May 2009

13. Communication from UKTI DSO to CAAT, 17 February 2010

14. UKTI DSO website (www.dso.uktradeinvest.gov.uk/services.htm)


16. UKTI DSO website (www.dso.uktradeinvest.gov.uk/services.htm)

17. Presentation by Major Derek Haensel, Head of UKTI DSO Export Support Team (www.gla.ac.uk/ads/newsevents/defence_support_for_small_businesses/est%20scotland%20presentation.pdf)


19. UKTI DSO brochure (ukindenmark.fco.gov.uk/resources/en/pdf/18715250/def-industry)
See, for example, Foreign & Commonwealth Office, *UK Strategic Export Controls Annual Report 2008*, August 2009 (www.fco.gov.uk/resources/en/pdf/6080789/2008-annual-report): “Such exports bring money to the economy, secure jobs and skills, and help sustain the industrial capabilities we need in the UK to ensure our Armed Forces can operate in the way they need.”

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60 For example, Defence Industries Council, press release: “Defence industry launches reports to reconnect with the country”, 10 February 2010 (www.defencematters.co.uk/news/DIC-reports.aspx)


63 *Jane’s Defence Weekly*, 19 September 2007 & 6 January 2010

64 See CAAT website (www.caat.org.uk/issues/subsidies.php)


69 See Anna Stavrianakis, *The Façade of Arms Control*


71 *The Guardian*, “Just what they need – a £28m air defence system”, 18 December 2001 (www.guardian.co.uk/politics/2001/dec/18/uk.tanzania)


73 Hansard, 8 July 2002, Col. 653W (www.publications.parliament.uk/pa/cm200102/cmhansrd/vo020708/text/20708w01.htm)

**Information sources for arms fair map (pages 12–13)**

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**Aero India, India**
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**AUSA, US**
Defence Manufacturers Association, DMA News, November 2008

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**Farnborough International, UK**
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Campaign Against Arms Trade (CAAT) works for the reduction and ultimate abolition of the international arms trade, together with progressive demilitarisation within arms producing countries.