Additional submission from the Campaign Against Arms Trade to the Quadripartite Committee on Strategic Export Controls on the Government's Reports and the UK's system and policy for licensing arms exports

1. Further to our previous submission, we would like to draw your attention to recently discovered additional evidence in support of the statements at paragraphs 10-12. The evidence is enclosed.

2. In summary, the evidence shows that Defence Sales Organisation (DSO) employees attempted to bribe a Kuwaiti Colonel and his colleagues in an effort to secure a sale of Chieftain tanks. Although eventually the Ministry of Defence (MoD) decided not to go ahead with this particular arrangement, the agent that the MoD did eventually use, Abdullah Ali Reza, was suspected by some involved in the transaction of using corrupt practices.

3. In the first document (A), a briefing for the Prime Minister from the then Defence Secretary contains enclosures which reveal that, in 1974, Frank Nurdin, the Sales Director of Racal-BCC, had, with Bill Jones of DSO, promised 5% of the contract price to a Lieutenant Colonel Fahad al Haggan and his colleagues on the Kuwaiti Army Equipment Committee as a reward for choosing the Chieftain tank. Two years elapsed before the MoD decided, in the end, not to make such a pay-off. The briefing paper clearly shows that, had the payments been made, they would have been corrupt.

4. In the second document (B), the Treasury Solicitor reports on a conversation with Bill Jones and his boss, Ian McDonald. The account shows that Fahad told Bill Jones that he wanted 1% of the contract price for himself, and 1% for each of his four colleagues on the Army Equipment Committee. Sir Lester Suffield, then Head of Defence Sales, "took the decision to pay commission to Fahad". Fahad was verbally promised the "commission" and that payment would be made via Millbank Technical Services (MTS), a subsidiary of the Crown Agents, which, at the time, was frequently used by the DSO to sell arms on its behalf.

5. As the first document showed, although the payment to Fahad was never made, arrangements were made to pay a different agent, Abdullah Ali Reza. MTS held a document "which appears to indicate that some of the proposed commission to Ali
Reza was for corrupt purposes”. The document notes that this contention was disputed. As the document states, Ali Reza was paid a commission.

6. The third document (C), from Foreign and Commonwealth Office (FCO) files, shows that MTS paid a bribe in Iran (to a friend of Hoveyda, Prime Minister of Iran in the 1970s).

7. The documents referred to here and in our previous submission do not suggest the MoD was habitually associated with corruption in arms deals. But they do show that, on occasion, MoD employees had, at the least, not carried out their duties to the highest ethical standards. In addition the evidence that some DSO employees appear to have believed that payments made on Government-to-Government deals with Saudi Arabia were of a questionable nature, throws some doubt on the MoD’s repeated insistence of the probity of its past conduct. In summary, the MoD has failed to present the Committee and with a balanced and fair account of its past conduct in this controversial area.

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