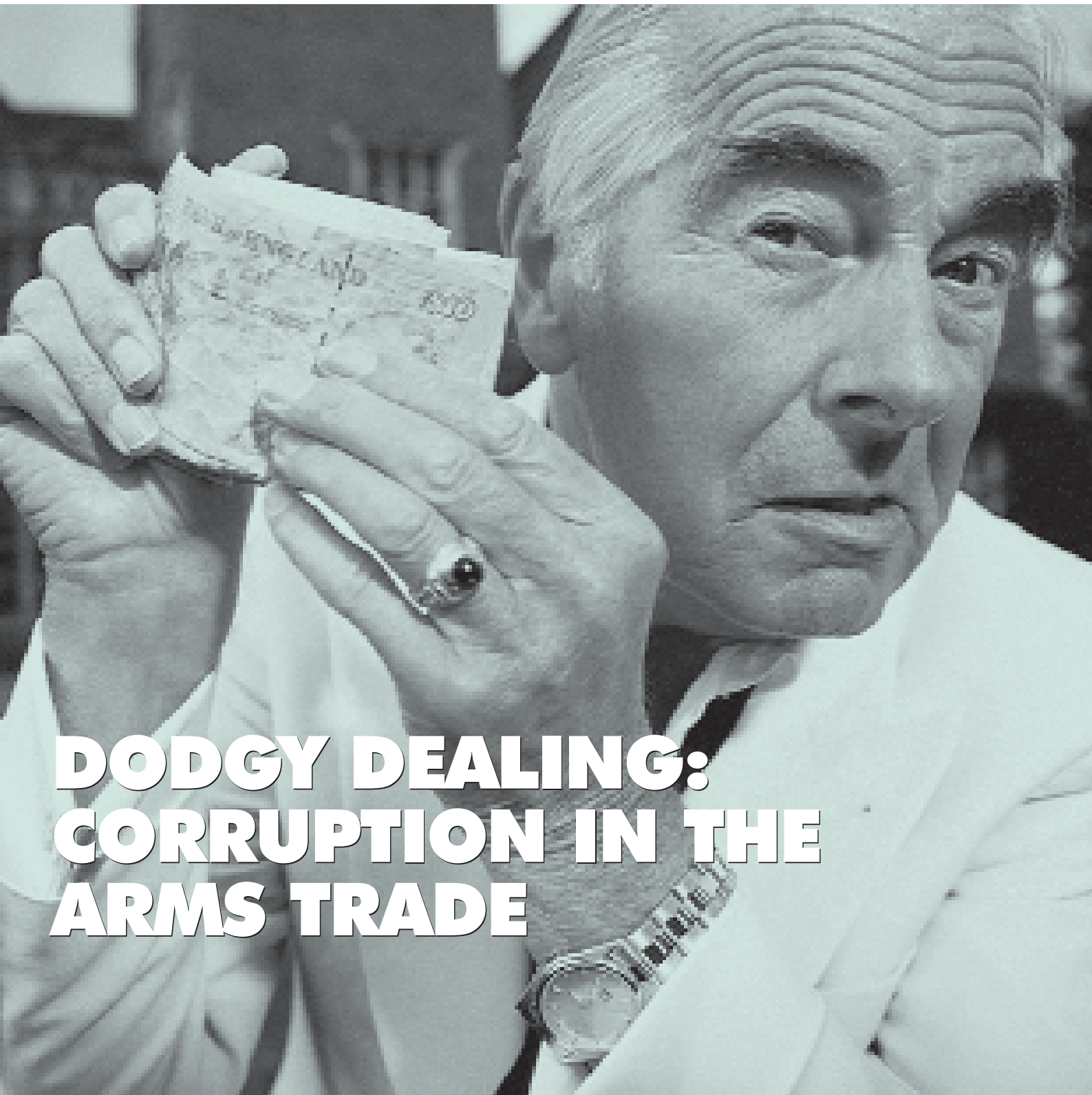


CAAT*news*



DODGY DEALING: CORRUPTION IN THE ARMS TRADE

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CAAT was set up in 1974 and is a broad coalition of groups and individuals working for the reduction and ultimate abolition of the international arms trade, together with progressive demilitarisation within arms-producing countries.

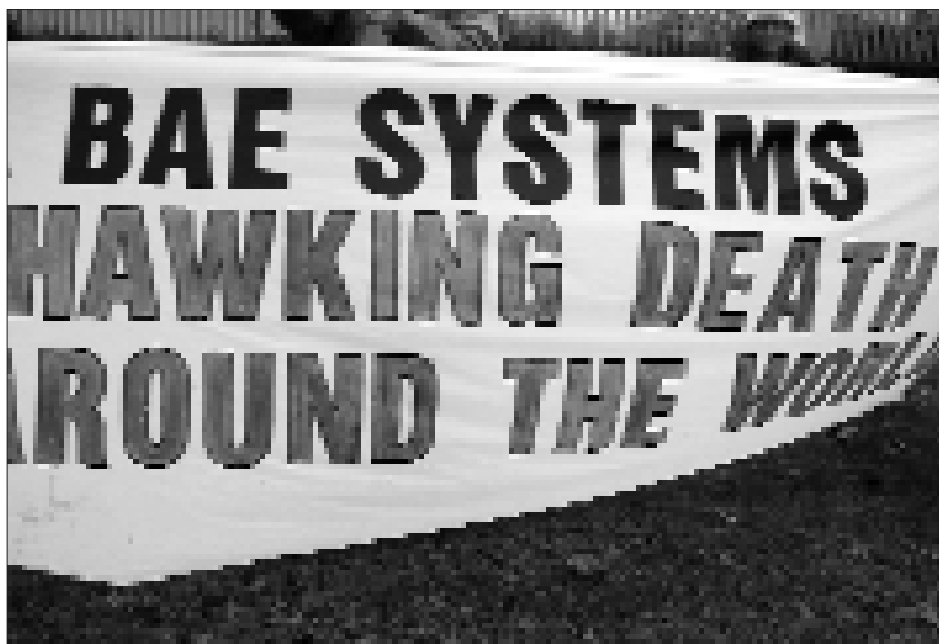
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CONTENTS



Protesting against BAE Systems in Basildon. See page 7 SOUTH EAST SUSSEX CAAT

CAAT Lecture 3

Arms trade shorts 4-5

Other news 6

Local campaigns news & views 7

**Cover story:
Corruption still rife?** 8-9

**Debate:
The Constitutional Treaty** 10-11

Parliamentary 12

Book review 13



Fundraising 14

Get Active! 15

Campaigns diary 16

See page 13

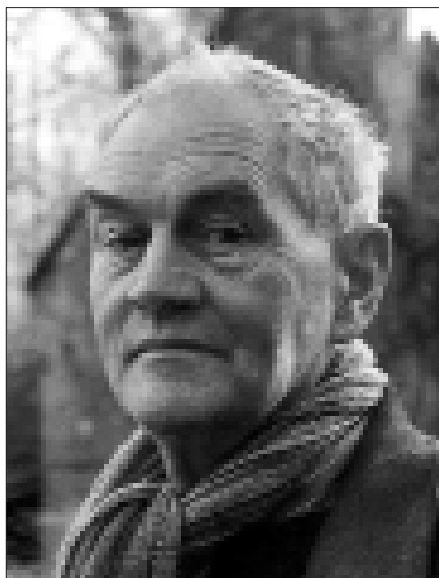
2005 CAAT Lecture

"The official arms trade is the most corrupt of all legal international trades and one in which governments are inextricably entangled," says Joe Roeber, speaker for the 2005 CAAT lecture.

Roeber, a political economist whose expertise lies in the analysis of international markets, is the latest in an impressive line of people to grace the CAAT lectern. Previous speakers include Samuel Brittan, author and *Financial Times* journalist, who addressed the rationales behind arms export subsidies; and Paul Dunne, Professor of Economics at the University of the West of England, who spoke of the changing nature of the arms industry since the Cold War and its implications for the UK economy.

Roeber has been a lecturer at London University as well as a journalist for the *Times* and the *Economist*. His current membership of Transparency International, the non-governmental organisation devoted to combating corruption, puts him in an excellent position to speak on the highly topical issue of corruption and the international arms trade.

Roeber points out: "Since governments make the decision to



Joe Roeber ELIZABETH GILL

buy and sell, it is inevitable that corruption in the trade is very often political. Moreover, governments are often at the root of the problem." He continues: "While it is difficult enough to monitor deals in such an opaque market, the government-sanctioned secrecy surrounding critical aspects of the business actually provides the conditions that allow corruption to flourish.

"There are two markets for arms: the market for the physical goods dependent on supply and demand, and a hidden market where bribes are traded for influence. It is in the second market that procurement decisions may be taken.

"The result is an increase in the flow of arms, much of it to poor countries, where the arms may not be needed and cannot be afforded."

Roeber puts forward a question that demands an answer: "The governments of arms-exporting countries must ask whether the damage done by corruption to some of the most vulnerable people in the world is justified by the claimed, at best marginal and in any case hotly disputed, benefits to their own, rich economies."

Come to the London School of Economics on 9 February to hear more. For those unable to make this date, the text of the lecture should be available from the CAAT office after the event.

Joe Roeber's talk will be chaired by Andrew Feinstein, a former ANC MP who writes and lectures on issues of governance in South Africa, particularly in relation to the arms deal and the HIV/Aids pandemic.

EMMA MAYHEW

CAAT Lecture 2005

Parallel Market: corruption and the international arms trade

By Joe Roeber, author and journalist

Chaired by Andrew Feinstein, author and former ANC MP

**Wednesday 9th February 2005
18.30–20.30, The Old Theatre, LSE,
Houghton Street, London WC2**

Free admission. To reserve a place, please contact lecture@caat.org.uk or call 020 7281 0297. Note: Any views expressed are personal to the speaker and do not necessarily reflect those of CAAT as an organisation.

The tsunami and Aceh

Despite the devastation in Indonesia caused by the tsunami, the UK has refused to write off Indonesia's arms-related debt. At the end of November last year Indonesia still owed the ECGD £551 million for arms sales, having defaulted in 1998. On 12 January the Paris Club (which includes the UK Government) agreed only to suspend debt payments from affected countries. Indonesia, where 52 per cent of the population live on \$2 or less per day (according to latest UN figures), desperately needs funds for humanitarian relief and reconstruction in Aceh. Future generations of Indonesians should not be required to pay the UK back for deals for which the clique around the murderous former dictator Suharto, the UK arms industry and governments are responsible. For more information, see www.tapol.gn.apc.org. NICHOLAS GILBY

Arms companies try to bypass Freedom of Information Act

The Ministry of Defence wrote to arms companies in December, promising them "the opportunity to seek a legal remedy" should they be challenged under the new Freedom of Information Act. The MoD wrote: "Your views will be an important factor in our disclosure decisions and will also play a part in defending our decisions in the event of any appeal."

Arms manufacturers are planning to write legally enforceable confidentiality agreements into their dealings with Whitehall, effectively bypassing measures in the new legislation. In

a code published earlier in 2004, civil servants were urged by the Department of Constitutional Affairs to reject confidentiality agreements. The code was overturned after lobbying from the Ministry of Defence on behalf of arms companies.

Defence Secretary Geoff Hoon has already tried to claim as "commercially confidential" a memo from his permanent secretary advising that the purchase of Hawk jets from BAE Systems was a waste of taxpayers' money.

GUARDIAN, 24/12/2004

Put some arms in, take some arms out...

Despite ammunition still being supplied to Afghanistan (see CAATnews 187, Czech government donates ammunition to Afghanistan), the United Nations has launched a new programme to collect ammunition from across the country.

The Afghanistan New Beginnings Programme (ANBP) is an attempt to deal with the large number of ammunition stockpiles in the country. Huge amounts of ammunition are thought to be with local commanders, militia forces, at ex-military bases and in private stores.

While people who help find the caches are offered rewards, an ANBP officer denied that it was a 'cash-for-ammunition' programme, pointing out that cash incentives were not part of the deal.

Canada is the lead nation for the project and so far has contributed some \$400,000 to conduct an initial survey. IRIN, 4/1/2005

India objects to US-Pakistan arms deal

On a November visit to Washington, India's Foreign Secretary Saran raised concerns over the Bush administration's plans to provide a \$300m arms package to Pakistan (in addition to the proposed supply of F-16 fighter aircraft). The Indian government suggested that the package had nothing to do with anti-terrorist operations, and would only strengthen the Pakistan Army, both militarily and politically. Indian analysts described the arms deal as "not helpful" to democracy in Pakistan or to India-Pakistan relations.

Pakistan responded that India buys arms from Russia, Israel, Europe and other countries so should not voice protest over its neighbour's purchases.

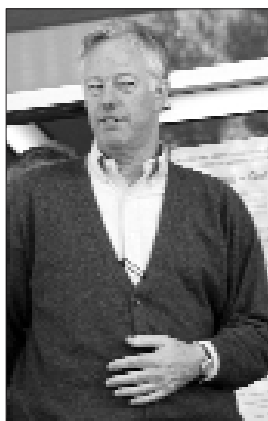
TRIBUNE NEWS SERVICE, 19/11/04; PAKTRIBUNE, 22/11/2004

Plea bargain saves Thatcher's neck

Mark Thatcher has left South Africa having paid a fine of nearly £300,000 and pleaded guilty to funding an attempt by mercenaries to topple the government of Equatorial Guinea. Thatcher claimed that he had no knowledge of coup plans, and was providing a helicopter to be used as an air ambulance.

In January the *Times* reported that, according

to prosecution sources, Thatcher will face jail if he does not help the police as an informer over the coup plot.



No belly laughs yet from 'Scratcher'

MIKE HUTCHINGS/REUTERS

"Now he is ours. He has committed to co-operate. There is no question of him making a statement and simply walking away," said one source, quoted in the *Times* – words that Thatcher's former colleague, Simon Mann, and others involved in the coup, probably aren't so happy to hear.

TIMES 16/1/2005; GUARDIAN, 14/1/2005

Japan lifts ban on arms exports

In December, Japan made a significant move away from its post-war non-aggression stance by adopting new military guidelines. The guidelines included relaxing a 35-year ban on the export of weapons to other countries, allowing Japan to pursue a missile programme with the US. According to the *Times*, in order to justify the huge investment required, the companies working on the missile programme need to know

that they can sell the technology to other parties. Indeed, leaders of Japan's three major business organisations welcomed the relaxation of export restrictions. The guidelines also highlighted China and North Korea as regional security concerns, and came a day after the pro-US Japanese government voted to keep its troops in Iraq for another year past its December deadline.

ASSOCIATED PRESS, 10/12/2004; TIMES 4/12/2004

Europeans buy up US arms companies

Europe's biggest military contractors have been buying up small US aerospace companies, hoping that a US base for bidding will up their chances of getting a piece of the Pentagon's record military budget. At \$140bn, the Pentagon's budget accounts for more than half of worldwide spending on weapons.

Typically valued at \$100m each, the deals have had little attention in this world of big spenders. However, according to investment bank Houlihan Lokey Howard & Zukin, the Europeans paid out a total transaction cost of nearly \$2bn on US companies in 2004. Another reason for buying smaller companies

is that this is unlikely to trigger a political backlash, as a takeover of a large contractor that does major work for the Pentagon could alarm Congress.

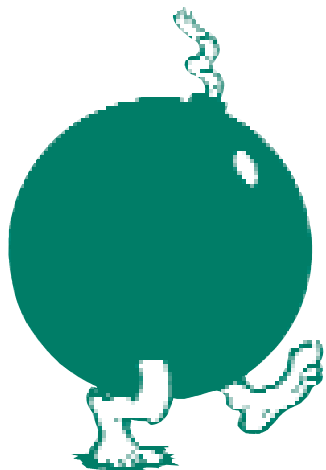
Congress is currently considering a bill that would restrict awarding military contracts to foreign firms.

John Ferrie, managing director of the aerospace unit in the UK's Smiths Group, which bought six US firms in 2004, said: "In aerospace, whether it's civil or military, the US is the largest single marketplace in the world. If you want to be a player, the US is the place to be."

LOS ANGELES TIMES, 12/12/2004

EU edges towards arms trade with China

The EU has agreed in principle to lift its ban on arms sales to China once disagreements are resolved over conditions attached to the lifting of the ban. France is particularly concerned over a proposal for EU countries to declare what equipment they are selling for three years after the ban is lifted. Despite the current arms embargo, the EU sold 210 million euros of military equipment to China in 2002. TIMES, 9/12/2004



South Africa ignores air force chiefs in BAE deal

South Africa's government ignored the advice of its air force chiefs and bought 24 Hawk jets, costing twice as much as a competing aircraft from Italy.

An official investigation has disclosed that the £1.5 billion contract awarded to BAE Systems and its partner, Saab, included the supply of 28 Gripen jet fighters that the South African air force did not want.

A 2001 report on the deal by the auditor general and prosecuting authorities did not mention these matters. The story came to light only when earlier drafts of the report were disclosed to Business Day, a South African newspaper.

The draft report includes recommendations of officials from the defence and finance ministries, who concluded there was no military rationale for buying the Gripen fighters. The government went ahead with the order anyway and the first aircraft are due for delivery in 2007.

TELEGRAPH, 8/1/05

Shorts in brief

Boeing exec in the dock

Former Boeing financial officer Michael Sears pleaded guilty after allegations that he opened job negotiations with former US Air Force acquisition official Darleen Druyun while she was still in office. Sears is now a potential witness against Boeing staff who knew about the negotiations. Druyun has also acknowledged inflating contracts to improve her job prospects with Boeing.

FLIGHT INTERNATIONAL, 23-29 NOVEMBER 2004

Iran supplies drones to Hezbollah

Iran has admitted that it supplied Hezbollah with 8 drones, after one entered Israeli air space last November. Iran also supplied surface-to-surface missiles and anti-aircraft shells. HAARETZ, 11/11/2004

Russia pays debt to Czechs with military hardware

Part of the \$741m debt the Russian Federation owes to the Czech Republic is to be repaid in military hardware for Czech armed forces. The deal includes 16 Mi-171S helicopters and ten Mi-35 gunships.

AIR FORCES MONTHLY, DECEMBER 2004

Lockheed Martin in top ten of 'War Profiteers of 2004'

Lockheed Martin took \$21.9bn in Pentagon contracts in 2003 alone, contributing to the company's placing in The Center for Corporate Policy's 'Top Ten War Profiteers of 2004'. With satellites and planes, missiles and IT systems, Lockheed Martin profited from every phase of the war except for reconstruction.

WWW.TRUTHOUT.ORG, 31/12/2004

Saab-BAE Systems

Saab, the Swedish aerospace and electronics group, is to have greater control of the Gripen fighter jet project. Saab is to take on marketing of the aircraft, and responsibility for export orders. BAE is selling its stake in Saab from 30 per cent down to 20 per cent.

INDEPENDENT, 8/12/2004

Public sees through Government propaganda on arms exports

Results from a poll published in December blew away Government myths about arms exports.

The Access Omnibus BMRB poll shows that a significant proportion of the public believe that the political influence of arms companies is the main reason the government supports arms exports, as opposed to the Government's stated reasons such as jobs, promoting security abroad and maintaining the UK's own supplies. Also, more than half of people polled oppose the use of public resources for promoting arms companies' exports. This takes place through the Defence Export Services Organisation (DESO), which employs 600 civil servants, costs £16 million each year and is headed by Alan Garwood, who is also Deputy Chief Executive at Matra BAe Dynamics. The company produces missiles and

is a third owned by the arms company BAE Systems Ltd.

Asked:

People have given a number of reasons why the Government supports arms exports. Which of the following, if any, do you think is the main reason the Government supports arms exports? (choose one).

Result:

1. To contribute to the security of the UK's friends and allies overseas: 21.9%
2. To help maintain a strong UK arms industry: 15.7%
3. Because arms companies have a lot of political influence: 22.8%
4. For jobs and the economy: 23.8%
5. Other (specify): 7.7%
6. Don't know: 8.1%

Asked:

The UK Government's Defence Export Services Organisation, DESO, employs 600 civil servants exclusively to promote UK arms exports. Do you support or oppose this? (choose one).

Result:

1. Support: 15.8%
2. Oppose: 50.6%
3. Neither support nor oppose: 25.2%
4. Don't know: 8.4%

The Government's stated reasons for arms exports are documented at <http://www.deso.mod.uk/policy.htm>.

The poll used a telephone survey of 1,000 adults over 16 years of age in Britain. The survey was conducted between 17 and 19 December 2004.

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For further information, go to the website:
www.swedenforchange.org.uk

www.swedenforchange.org.uk

ASBOs – a clarification

Several CAATnews readers were horrified about the article in CAATnews 186 about the use of Anti-Social Behaviour Orders against people giving out leaflets. Harry Cohen MP was prompted to take the matter up with Home Office Minister Hazel Blears.

Having discussed this with both the Disarm DSEi people involved and with Liberty, CAAT has discovered that the police did not issue Anti-Social Behaviour Orders per se, but that they used their powers under Section 30(4) of the Anti-Social Behaviour Act. Under these, where a police officer reasonably believes that the presence or behaviour of a group of two or more people in a 'dispersal zone' has resulted in (or may result in) any member of the public

being intimidated, harassed, alarmed or distressed, the police can order the group to leave the area and can also order that they do not return for up to 24 hours after the dispersal.

This is what happened in the case of the two people giving out leaflets outside the Richmond offices of the organisers of the DSEi arms fair. However, a letter from Hazel Blears to Harry Cohen refers to the protests as being "low key" and says "there is no shouting, violence or obstructing public places". In these circumstances it is difficult to see how the police could have reasonably believed a member of the public might have been intimidated, etc. Harry Cohen is pursuing this. ANN FELTHAM

Peace protest at BAE Systems in Basildon

The newly formed South East Essex Campaign Against the Arms Trade group held their first action in December – a 24-hour peace vigil at the BAE Systems factory in Basildon.

South East Essex CAAT hopes to focus on the factory by leafleting the workers, and undermining the factory's credibility until people in Basildon will not tolerate an arms company in their area any more.

The main worry in Basildon seems to be that people will lose their jobs. So we plan to highlight the fact that the UK government is heavily subsidising jobs in the arms export industry when they could instead be creating jobs that will lead to a peaceful society. We believe the skills the employees use at BAE will always be in demand.



South East Sussex CAAT in action SOUTH EAST SUSSEX CAAT

The vigil was a great success and, though it was only the first action, South East Essex CAAT has many more ideas for the coming year. We would love to hear from other CAAT supporters in the area – contact Irene Willis 01268 682820 or 07876 332695. IRENE WILLIS

Who Calls the Shots? launch

CAAT's next popular campaign, 'Who Calls the Shots?', will be looking at the tangled web of relationships linking the government with the arms industry, and the often disproportionate political influence this gives the arms companies. CAAT believes that this close relationship is a major reason for the government's continued massive financial and political support for UK arms-exporting companies. If we can successfully challenge this relationship, we will move towards ending subsidies and reducing arms exports.

The initial focus of the campaign will be the 'revolving door': ministers, government officials and members of the armed forces taking up positions in the arms industry and industry executives taking up jobs in, or being seconded to, government. This strengthens the relationship between the government and arms companies and can therefore skew the awarding of contracts or the application of government export guidelines, for example.

The Defence Export Services Organisation (DESO), the government agency which promotes UK arms exports on behalf of companies, demonstrates the revolving door in action: heads of DESO are always seconded from the arms industry, thus giving companies direct access to the heart of government. Most of them then return to industry with their new-found connections. Other examples of the revolving door include high-profile Ministry of Defence figures: since the start of the 1990s, three Defence Secretaries and three Defence Procurement Ministers have gone on to work for arms companies.

On **Wednesday 9 March**, government ministers will rub shoulders with arms company representatives at DESO's symposium, or conference. Join us in marking the launch of the campaign by protesting at this symposium. Meet at 11am at the QEII Conference Centre, Broad Sanctuary, Westminster, London. The United

New Bristol CAAT group

At the National Gathering last autumn, a group of Bristolians decided it would be a good idea to reactivate the Bristol CAAT group.

Since then a strong core group of seven have been meeting, and are planning to launch the group with a media launch shortly after CAAT's national campaign gets going in March, followed a few weeks later with a day-long conference (dates non-specific as yet!). The region around Bristol contains a significant quantity of major arms manufacturers, who will no doubt be targets for the new group. Activity is likely to focus in particular on the BAE Systems and Rolls Royce plants on the edge of the city.

Anyone interested in getting involved should call Graham Davey (Treasurer and CAAT local contact) on 0117 9093491, Sam Perlo-Freeman (Chair) on 07717875368 or email perlofreeman@yahoo.co.uk, or Anna Stavrianakis (Secretary) on 07812199957 or email astavrianakis@hotmail.com.

We hope this space in CAATnews will be useful for sharing your campaigning news – what has or hasn't worked for you locally or any ideas you have for effective local campaigning. Please send any contributions for this page to beccie@caat.org.uk or by post to the CAAT office and we will try to include as much as possible.

Nations Association's lobby of Parliament will also be taking place nearby on 9 March, from 1.30 till 5.30pm, so it will be possible to attend both. (Call or email the UNA on 020 7766 3451 or interns@una-uk.org for more information on Lobby 2005.)

BECCIE D'CUNHA

CORRUPTION STILL RIFE?

**A series of cases highlight the need for further probing into corruption in the arms trade.
By Ann Feltham & Nicholas Gilby**

DTI U-turn

The Export Credits Guarantee Department (ECGD) brought in new anti-bribery laws on 1 May 2004. Henceforth, companies wanting the ECGD, and ultimately the taxpayer, to underwrite their exports needed to show robust anti-corruption procedures. Commissions paid to agents also had to be disclosed.

These new rules did not suit some of the exporting companies and in October 2004 the press was reporting that the controls had been watered down. This followed six meetings between the Department of Trade and Industry and BAE Systems and Rolls Royce, and five with Airbus, itself a quarter owned by BAE Systems (*Hansard*, 15/11/2004).

The Corner House research group asked the courts for a Judicial Review of the relaxation of the rules, saying that the consultation had been one-sided as anti-bribery groups had not been given an opportunity to express their views. This January, Trade and Industry Secretary Patricia Hewitt backed down, agreeing to hold a public consultation on the ECGD's anti-corruption procedures.

Indeed, documents disclosed recently show that Patricia Hewitt had overridden her own civil servants in the ECGD to dilute the rules.

The Indonesian daughters

In December 2004 the *Guardian* was allowed access to the court file of the case *Chan U Seek vs Alvis Vehicles Limited*. Former Alvis agent, Singapore businessman Chan U Seek, had sued the company over the sale of Scorpion tanks and Stormer Armoured Personnel Carriers to Indonesia in the mid-1990s, claiming he was entitled to commission worth a shade over £6.25 million. From the published documents it appears that Chan U Seek was involved in attempting to sell the Alvis vehicles to Indonesia in the 1980s, but had not succeeded and had been released by the company.

The disclosure of the case documents has struck an important blow for the public interest against 'commercial

confidentiality'. If you have access to the web, read the documents at www.guardian.co.uk/armstrade.

According to the witness statements, Alvis employed a company called PT Surya Kepanjen (PTSK), run by Rini and Didie Soewondho (the daughter and son of a Brigadier General in the Indonesian Army), to secure the sale of around 100 armoured vehicles to Indonesia in the mid-1990s. By Rini's account, her ability to secure the support of Suharto's inner circle enabled the Indonesian Army to gain the funds it needed to purchase the Scorpions and Stormers. The witness statements of Lionel Steele (Alvis's International Sales Manager) and Nick Prest (former Chairman and Chief Executive of Alvis and former Defence Export Services Organisation employee) show that Global Select, a company owned by Suharto's daughter Tutut, convinced the inner circle to buy Alvis.

The *Guardian* has alleged that Global Select collected around 10 per cent (£16.5 million) of the sale price. By Nick Prest's own account, Alvis's hiring of PTSK and Global Select was "crucial" in enabling it to secure the 1995 and 1996 contracts for armoured vehicles. A company owned by Tutut had been linked in 2002 to the Hawk deals which the then British Aerospace negotiated with the Suharto regime in the mid-1990s (*Associated Press*, 15/7/2002).

Both the Hawk and Scorpion deals were underwritten by the Export Credits Guarantee Department. Indonesia has never paid for the aircraft and vehicles, as the payments were rescheduled in 1998 following the Asian financial crisis. After 1998 the ECGD paid out £645 million for bad debts relating to arms sales to Suharto – about £400 million to BAE Systems for the Hawks, £93 million to Alvis for the Scorpions, and £150 million to other UK arms companies (*Guardian*, 20/12/2004). Currently, Indonesia owes the UK £551 million in military-related debt (*Hansard*, 10/1/2005).

This is the latest in a series of recent allegations of corruption in arms deals to Indonesia, though the first to implicate the UK arms industry. Allegations of corrupt

practices have been made over the purchase of Russian Mi-2 and Mi-17 helicopters. Current Indonesian Defence Minister Juwono Sudarsono has previously admitted that up to 30 per cent of the money for equipment purchases is skimmed off by those involved in the procurement process.

These allegations against Alvis (now itself owned by BAE Systems) raise important questions. What did John Major's government, which licensed the deals, know about the alleged payments to relatives of the Suharto family and senior Indonesian military officers? In response to parliamentary questions the Ministry of Defence has said that "no record has been found" relating to the use of agents, or the payment of commissions, in connection with Scorpion and Hawk deals. (*Hansard*, 21/12/2004) The FCO say that they are "looking into this matter further" (*Hansard*, 10/1/2005).

A story in the Indonesian weekly *Tempo* (21–27/12/2004) reported that investigations in Indonesia had shown PTSK was written into the contracts for the 1995 and 1996 Scorpion deals. Questioned about this, the Department for Trade and Industry said "details of contractual arrangements (including agent's commission) are provided to ECGD by exporters in confidence" (*Hansard*, 10/1/2005). It is completely possible, therefore, that the ECGD knew of Alvis's arrangements, but decided to commit UK taxpayers' money anyway.

CAAT has discovered from the Public Record Office that the UK government was aware as early as 1973 of reports of corrupt practices on arms sales to Indonesia. In January that year, the then UK Ambassador in Jakarta cabled the UK MoD and FCO to say that the Indonesian MoD had paid £529,000 for a shipment of batteries but this included "a 55 per cent mark up which presumably would be shared among people in high places in Jakarta" (FCO 24/1712, piece 11).

Saudi investigation and £1 billion insurance

In November 2004, BAE Systems was told by the Serious Fraud Office that it was widening its investigation into possible false accounting in its contracts with two marketing and travel companies involved with BAE Systems' Al Yamamah deal with Saudi Arabia. Former employees of the companies were alleged to have lavished gifts on Saudi officials. The Financial Times (18/11/2004) thought it likely that BAE Systems' executives would be questioned by the SFO.

On 14 December, the *Guardian* revealed that should the Saudi regime collapse (not the remotest of possibilities), the UK taxpayer, through the ECGD, will pay BAE Systems £1 billion. This is the amount the Saudis pay BAE Systems to virtually run their airforce. The guarantee was described by the House of Commons' Trade & Industry Committee Chair, Martin O'Neill MP, as "foolish".

Pinochet's millions

On 18th December, the *Guardian* reported that a Senate investigation in Washington had found that up to \$5 million was listed in Pinochet's bank records, with some appearing to be linked to arms purchases from Royal

Ordnance in the 1990s. According to the article, a document seen by the investigation includes an entry dated 21 September 1995 which records the sum of \$3 million with reference to a trip to England to visit foreign companies, as well as visits to Malaysia and Brazil. This was the point at which Chile signed the Rayo deal, a multiple rocket launcher purchase from Royal Ordnance, then a British Aerospace subsidiary.

According to the *Guardian*, a second entry is dated 25th September 1997. This records a visit to China and a hitherto unknown visit to England by General Pinochet after Labour took power, listed as "Invitation industria Royal Ordnance" – appended to it is the figure "\$2.5 million". US Senate investigators apparently found that a Washington bank also set up two offshore companies in the Bahamas into which General Pinochet placed nearly \$8 million. At the time, his official income was \$90,000 a year.

Inquiry needed

A wide-ranging inquiry is needed into the specifics of the Scorpion and Hawks deals to confirm if the government of the time should have known there was a possibility of corrupt practices in these deals. There is also the question of the use of taxpayers' money. Both Rini Soewondho and Nick Prest refer to the 1996 contract being secured despite the competition from Daewoo of South Korea "who were offering a competitive vehicle on generous credit terms" (Prest). Was ECGD cover offered to Alvis with the purpose of enabling Alvis to secure the deal? And, if ECGD knew of the commissions to PTSK, was this a reasonable use of taxpayers' money?

Rini's witness statement says that from 1978 "the purchase of all defense equipment from foreign companies must be made through agencies owned by retired Indonesian military personnel (or a member of his family)". She confirms that her family's company was an agent for UK firms up until the 1990s. What other UK companies had dealings with PTSK? And what, if any, payments were made to agents or Suharto's inner circle to secure contracts for other deals? Royal Ordnance was state-owned up until April 1987. From Nick Prest's statement we know that Royal Ordnance employed PTSK. How far, therefore, was the UK government directly involved in making payments to agents or Suharto's inner circle?

Most importantly, we need to know what is happening now. Do the attempts by BAE Systems and others to dilute the ECGD's anti-bribery procedures mean that the companies are still paying the family members of political and military figures to secure arms deals? Which of today's repressive regimes are being supported in this way by the arms companies with the UK government's implicit consent?

CAAT continues to press the government to publish the 1992 National Audit Office report into allegations of corruption surrounding the Al Yamamah project with Saudi Arabia. CAAT has made a Freedom of Information Act request for this. There will be more about this in the next CAATnews.

The Constitutional Treaty: should peace campaigners vote for it?

The Constitutional Treaty of the European Union has been agreed but now needs to be ratified by each of the Member States. In the UK this will be the subject of a referendum.

The Constitutional Treaty includes a number of Articles which institutionalise the militarisation of the EU that we have been witnessing over the past ten to fifteen years. In particular, Article I-40 of the Treaty commits the Member States to improving their military capabilities and sets up a European Defence Agency. So what should peace campaigners do when casting their votes in a referendum?

Vote 'yes' says Martina Weitsch of the Quaker Council for European Affairs

Is it likely that a 'no' vote on the Constitutional Treaty would halt the militarisation of the EU?

The militarisation of the EU is already well under way. The European Defence Agency has been set up and is working. The military Rapid Reaction Force has been set up. The European Union has undertaken – and is undertaking – military interventions in conflict areas. The failure of the Treaty to be ratified won't change that. Despite all this, though, the fact that the militarisation is enshrined in the Constitutional Treaty is a further negative aspect, because it will be very difficult to remove it from the Treaty at a later date.

What would happen if a country failed to ratify the Constitutional Treaty?

Legally, it means the whole project has failed and has to be tackled by some other route. In practice it might mean:

- One or more countries leaving the EU.

- Some countries progressing on issues ahead of others (a two-speed Europe).

- Some further negotiation which allows countries who have failed to ratify to say to their electorate that they have won some concessions. They may, on the basis of such concessions, win a second round.

- One or more countries having a second referendum with or without any substantive changes to the Constitutional Treaty.

Generally speaking, the UK runs a very high risk of voting 'no' to the Constitutional Treaty. This is not because of a popular movement against the militarisation of the EU but because of the underlying anti-European political climate in the UK. There is, in my view, a serious risk of the UK being sidelined in the European Union if there is a



'no' vote. That will weaken both the UK and the EU and it won't stop the militarisation.

Finally, the Constitutional Treaty includes at least one bit of good news: it includes a clause that requires the European Commission to bring forward a proposal for legislation if one million European citizens request it. Here is a possibility for the peace movement across Europe to get together and to demand the introduction of serious civilian alternatives to military intervention in conflicts and to get it onto the political agenda. Maybe this is a more positive tool for change than a 'no' vote in the referendum.

Vote 'no' says Caroline Lucas MEP, a Green Party MEP for South-East England and a member of the Advisory Board of the Centre for a Social Europe

There is much to disagree with in the European Constitution, be it the tendency towards greater centralisation, the continuing pressure on public services, or the tired old Thatcherite economics that live on in much of the EU economic policy. But one of the most powerful arguments against the Constitution comes from those who believe that the primary goal of the European Union's foreign and security policy should be to promote peace not war.

The Constitution extends the military capacity of the EU. At the moment, the EU is limited in what it can do in military matters by what are known as the Petersburg tasks. These tasks include useful peacekeeping and disaster relief tasks as well as the more suspect reference to peace enforcement.

The Constitution takes the EU far beyond this in a number of regards. The military tasks that the EU's battle groups can perform are extended so that the EU can undertake anti-terrorist missions in third countries. In practice the EU's own constitution would allow it, for the first time as an institution, to send troops into third countries on offensive missions: let us not forget that, for many, the US-led war in Iraq, which was supported by a majority of the EU 25, was considered an anti-terrorism mission.

I also have concerns about the scrutiny of those missions. The European Parliament, the EU's only directly-elected institution, has absolutely no oversight of EU military missions or of most aspects of Javier Solana's various roles as 'Union Foreign Minister-in-waiting'.

As foreign policy expert Dr Giovanna Bono said, there is a danger of increasing the democratic deficit in defence because "executive branches of national governments and ad-hoc coalitions of the willing will increase their powers to take decisions in multilateral security and defence policies while the [European Parliament] and national parliaments find that their...powers...remain too limited."

But this is not just a question of institutions; it is also a question of capacity. An army cannot undertake offensive missions if it does not have the capabilities to do so. The Constitution also sets up an armaments agency to encourage more military spending. The Foreign Office's own information leaflet said that, "This should help encourage other European countries to spend more on defence."

Jack Straw has admitted as much. The EU is already the second largest defence spender in the world, spending more now than Russia or China. It is also the second largest arms exporter, after the USA.



The only reason that the EU could be interested in new military capacity and new rules allowing it to undertake new offensive missions is that it is interested in a more offensive role around the world.

Javier Solana said it himself in a paper that he prepared for EU governments. He said, "The new threats are dynamic. Left alone, they will become more dangerous... This implies that we should be ready to act before a crisis occurs." Javier Solana's philosophy sounds worryingly like the Bush doctrine of pre-emption.

We must decide now whether we want an EU that devotes its limited resources to largely conflict prevention and peacekeeping or whether we want the EU to be a

global military power – a sort of understudy to the US, helping it to intervene around the world. The Constitution offers us this future – a future of more weapons and more offensive missions. It is a future that I believe we should reject.

A Europe for Peace



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DESO – what does your MP think?

The Defence Export Services Organisation (DESO), then known as the Defence Sales Organisation, was set up within the Ministry of Defence in 1966. Today its aim is “to maximise legitimate UK defence exports in co-ordination with industry” and its 600-strong staff co-ordinate most of the direct UK government support for arms exports, providing marketing assistance and advice on negotiation and financing arrangements. DESO also sponsors arms fairs such as DSEi 2005 and organises overseas promotional tours.

DESO's net operating costs for 2004/5 are projected at £14.426 million (*Hansard*, 29.6.04). As well as its London headquarters, it has seventeen overseas offices, most employing three or fewer staff, though the office in Saudi Arabia has 56 (*Hansard*, 26.10.04).

Shut it down

Successive UK governments have both practically and symbolically supported arms exports through DSO

and DESO. Ever since CAAT was set up (in 1974) it has called for DESO's closure.

There is likely to be a General Election this year and CAAT would like to know what current MPs and parliamentary candidates think about DESO. Please write to your MP, House of Commons, London SW1A 0AA and, if you have time, the prospective parliamentary candidates for your constituency asking what their views as individuals are with regard to DESO. CAAT knows what the parties think, but on this issue not every individual toes the party line so it is important that MPs and candidates are all quizzed. Your local library may be able to assist with details of prospective candidates in your area. At the time of writing, most of the parties did not have this information on-line.

Please send copies of any letters you receive back from MPs or candidates to Ann at the CAAT office. This information will be of great assistance in planning CAAT's future campaigns. ANN FELTHAM

Arms tales from Short

Clare Short's new book *An Honourable Deception?* sheds some interesting light on the Tanzania case. As is known, she was against the export of the £28 million BAE Systems air traffic control system; in her view it was unnecessary and “very difficult to believe that the contract had been agreed without corruption”. Despite being backed by Gordon Brown, Robin Cook, Patricia Hewitt and the World Bank, she could not “persuade the Prime Minister, even in a case like this, to take a stand against British Aerospace” and “the whole episode left a very nasty taste about the behaviour of British Aerospace”. Once Blair had made his views known, Jack Straw and Patricia Hewitt backed him and the deal was sealed.

Short describes how “arms sales were one of Tony Blair's blind spots and in this he was strongly supported by Jack Straw”, who “considered it their duty to promote British arms sales whenever possible”. Short's depiction of the Tanzania case shows how close BAE Systems is to the Prime Minister and how it can often get its way even if opposed by many Cabinet ministers - a salutary reminder of its influence.

NICHOLAS GILBY



Volunteer needed for Clean Investment Campaign

CAAT is looking for a volunteer to work on the Clean Investment Campaign, for one or two days per week, in our London office.

The role includes carrying out research into universities' arms company investments and helping to involve university students in the Clean Investment Campaign.

This role might be of particular interest to someone who is currently studying at university or is a recent graduate, but that is not essential. To find out more, please contact kathryn@caat.org.uk or call 020 7281 0297. KATHRYN BUSBY

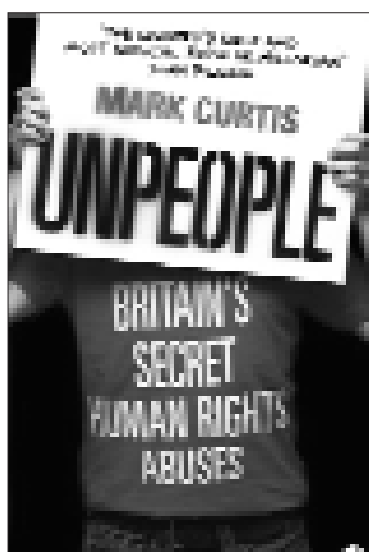
Unpeople: Britain's Secret Human Rights Abuses

By Mark Curtis
Vintage 2004, ISBN
0099469723, £7.99

This is an excellent and important book. Its central aim is the demolition of the conventional wisdom found in both reactionary and liberal circles that the UK has been, and is, a "force for good in the world". By careful examination of declassified Government documents Curtis conclusively demonstrates that in their private deliberations, the UK's foreign policy elite have never been motivated by ideals such as human rights, spreading democracy, peace or development. In the conclusion he effectively argues that mainstream NGOs and liberal writers, by refusing to challenge the prevalent myths, serve to obstruct desperately needed progressive change.

Though there are useful chapters that discuss current UK imperial military planning (see CAATnews 184) and Government "information operations", and that also remind us

of Blair's deceit and flouting of international law over Iraq (among other things), these are not the most valuable passages. The great value of this book is its analysis of UK policy in the 60s and 70s using the declassified record, hitherto unexamined by mainstream academics or writers.



The chapters on UK policy towards Iraq, Nigeria, Vietnam, Uganda and Chile are brilliant. Curtis demonstrates the cynical real motives behind the policies adopted, the frequent lying by Government to Parliament to conceal these. Curtis also highlights the importance of arms exports in enabling past UK Governments to support favoured repressive regimes and their policies. The accounts of how the UK rushed to supply arms to crush the Kurds in Iraq and the Biafra rebels in Nigeria in the 1960s are detailed, depressing, and occasionally a revelation. For example, Curtis shows how UK-supplied Hawker Hunters played a key role in Pinochet's coup by rocketing Allende's palace and residence. These accounts underpin the other key point of the book – the bipartisan nature of UK foreign policy – and the great challenges that lie ahead in trying to build an alternative. NICHOLAS GILBY

New staff member – Anna, Action & Events Coordinator

Hello! I'm Anna, CAAT's new Action and Events Co-ordinator. I'll be responsible for organising CAAT's national actions, protests and events throughout the year.

I'm an experienced campaigner and activist, having worked with a range of local and national campaign groups over the last few years.

My background also involves work in theatre and other creative arts, and I really look forward to the challenge of continuing CAAT's tradition of taking creative and

inspiring action. I'm an experienced trainer, and am able to train people in a range of campaigns skills: from facilitation and group work to nonviolent direct action and media campaigning. Training is a key way in which we can make our actions safer, our campaigning work more effective, and our group work and decision-making more democratic and fun.

We're planning to bring training opportunities to places around the country over the coming year. If you or your group feel that you could

benefit from training please get in touch with either Beccie or myself, and let me know if you have any good ideas for actions or upcoming events!

I'll be working part-time in the office, whilst continuing to pursue my other interests. These involve facilitating dance and movement classes for children and taking local action for environmental sustainability. If you'd like to get in touch, please email me on action@caat.org.uk or give me a call in the office. ANNA JONES

Fundraising

By Kathryn Busby

May I start by wishing everyone a very happy new year and by thanking all those who responded so generously to our two latest appeals. The first asked for contributions towards CAAT's new campaign and the total raised has already exceeded £9,000. We are delighted with this response and it would be wonderful to reach £10,000 (or more!) before the launch. So if you haven't yet made a donation and are able to, please send in a cheque payable to 'CAAT' and mark it 'Campaign Appeal' on the back.

Our thanks also go to the 167 supporters who responded to the second of our recent appeals and increased the value of their standing orders to CAAT. This regular, reliable income provides the financial basis for everything we do and is of immense importance; we are very grateful for your support.

Volunteer for CAAT with the Workers Beer Company

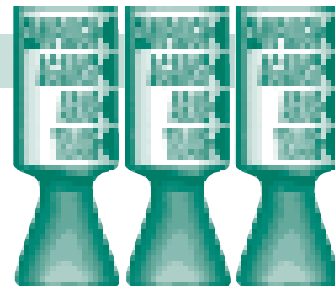
It is that time of year once again, when I ask our supporters to put themselves forward to volunteer for CAAT with the Workers Beer Company (WBC). This year the scheme will be organised a bit differently, as the WBC has changed their system and will be making all arrangements much further in advance. This should prove beneficial for everyone involved, as we will know much earlier how many places we have been allocated for each festival. However, this does mean that if you are interested in taking part, you need to contact me right away.

For those unfamiliar with the Workers Beer Company, here are a few details. Each year the WBC runs beer tents at the major music festivals including Glastonbury, Leeds and Reading. Charities, trade unions and voluntary organisations provide volunteers to work in the tents as servers and the wages they earn are

donated to the organisation they represent. Being a volunteer has many benefits, including free entry to the festival, free travel and a higher than average standard of camping facilities – and showers! It can be hard work, with six hours of volunteering per day, but as previous participants will confirm, it's well worth it.

Would you like to fundraise for CAAT?

Do you have any ideas for fundraising activities? Have you been involved in a successful fundraising event that you think could work for CAAT? Would you like to raise money for the campaign, but don't know where to start? Then please get in touch, either by email to kathryn@caat.org.uk or by telephone 020 7281 0297. I look forward to hearing from you. KATHRYN BUSBY



Supporter reps on Steering Committee

There was only one nomination for the one-year vacancy for a Supporter representative on Steering Committee advertised in the last issue of CAATnews. This was that of Heather Woolley and she is, therefore, deemed elected.

The other seven Supporter representatives, who were elected earlier, are Richie Andrew, Richard Bass, Nick Gilby, Jim Footner, Dorothy Forbes, Sam Perlo-Freeman and Janet Williamson.

ANN FELTHAM

Farnborough arms fair and BBC Children in Need

CAAT has heard that as part of Terry Wogan's fundraising auction for the BBC Children in Need appeal last year, a day out at Farnborough International was sold for over £8,000.

UNICEF estimate that in the last ten years alone, two million children have died as a result of war. They report that in recent decades an estimated 20 million have been forced to flee their homes. There is a terrible irony in using an arms fair – where weapons are sold to countries engaged in violent conflict – to raise money for children's causes including refugee projects.

Take Action

Please contact the BBC to express your opposition to their inclusion of a trip to an arms fair in the auction. Please ask for their assurances that they will not offer prizes that are supportive of the arms trade in future. You can call the BBC on 08700 100 222 or write to BBC Information, PO Box 1922, Glasgow G2 3WT or send an email through the website www.bbc.co.uk/info/contactus/form.shtm

'Who Calls the Shots?' report

A new report on the ways in which government-corporate collusion drives arms exports. Place your order now.

The Labour government continues to offer massive financial and political support for UK arms-exporting companies. The official reasons for this support are given as economic, strategic and/or political, depending on what is most convenient for government spokespeople. However, these rationales are being subjected to increasing scrutiny. They look at best flimsy and at worst pure manipulation.

But if these rationales are not sustainable, why does the government continue to support arms exports? This report provides much-needed and long-awaited analysis of the prime candidate for

an answer – the very special relationship between the government and arms companies.

The report tracks the web of links that provide arms companies with influence within government: the revolving door of jobs-for-the-boys; the expansion of quangos and other 'advisory bodies'; the use of lobbying companies and influential Labour Peers; cash donations and sponsorship; and the rapidly expanding privatization of the military through Public Private Partnerships.

The report's information and analysis provides the means for understanding why the arms companies retain their power under the Labour government and, consequently, why the UK continues to export weapons around the world.

For copies of the report contact Patrick at the office on 020 7281 0297 or at the usual address.



standing order, giving CAAT an urgently needed regular income.
Email: kathryn@caat.org.uk
Tel: 020 7281 0297

Materials available from the office

CAAT postcard

Available for distribution locally.

Following the Iraq conflict, CAAT has been very successful in highlighting the fact that the UK armed Saddam in the first place. Our campaign postcard outlines six questions about the arms trade.

Thousands of these post-cards have been distributed at demonstrations and other events against the war, and have helped CAAT to gain many new supporters.

Now we're asking CAAT supporters to help distribute these cards locally.

Could you take 100 or more to hand out at relevant local events? They're free from the office, but we estimate it costs about £4.00 in printing, postage and packing to produce 100. If you can make a donation, it would help us to produce more campaign materials. Good luck, and thanks for your help increasing support for the campaign.

The campaign thrives on your participation. Here is how you can get involved and stop the arms trade with CAAT

Local action

If you are able or would like to put leaflets or CAATnews out into local libraries or health food shops, or give them out at meetings, hold a stall at a local event and require materials, join a local group or become a local contact, get in touch with Beccie D'Cunha.

Email: beccie@caat.org.uk
Tel: 020 7281 0297

Letter-writing

You can never write too many letters on behalf of CAAT. Most MPs can be reached at the House of Commons address: [Your MP], House of Commons, Westminster, London SW1A 0AA. You can also make an

appointment to see your MP in person at their surgery. Contact Ann Feltham if you need advice on this.
Email: ann@caat.org.uk
Tel: 020 7281 0297

Demonstrate!

CAAT demonstrations are peaceful, inclusive and fun. The more people who come, the more effective they are. Have a look at the campaigns diary, or contact the office for more information.

Email: action@caat.org.uk
Tel: 020 7281 0297

Make a donation

CAAT always needs your financial support. If you are able to make a donation, please send a cheque (payable to CAAT) now, to: CAAT, Freepost, LON6486, London N4 3BR. Alternatively, you can use the form on the back page to set up a

Correction

In the article 'CAAT opinion poll results' on page 11 of the last issue of CAATnews, the sentence 'In 2003 the poll showed that 46% opposed arms exports.' should have had a figure of 45%, not 46%.

In the sentence 'The CAAT polls follow on from a poll conducted for the MoD in 1998 in which 43% opposed arms exports.' the figure should be 41%, not 43%.

Also note that a direct comparison between the MoD and CAAT polls should be taken with care. The differing figures may be explained by the differing questions rather than a change in public opinion.

Apologies for any confusion caused.

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Subscription is voluntary, but we need your support. We suggest £26 waged, £14 low income and £35 for groups. Please give more if you are able, or less if not.

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Campaigns diary

9 February 2005

2005 CAAT Lecture. See page 3.

9 March

Who Calls the Shots? campaign launch and protest

21 March 2005

International Day of Direct Action Against the Arms Trade. See www.dsei.org.

30 March 2005

CAAT Clean Investment Campaign 2005 launch

4 May 2005

BAE Systems AGM

4-12 June 2005

CAAT Stop the Arms Trade Week

12 June

Day of Prayer

13-16 September 2005

ExCel Arms Fair (DSEi), London

Weekly

Picket of Spearhead. DISARM DSEi hold a regular picket of Spearhead – organisers of the ExCel Arms fair (DSEi) – and would welcome people joining them. Please email picket@dsei.org for details.

Monthly

2nd Monday of each month, 7.30pm – East London Against the Arms Fair meeting at the Garden Cafe, 7 Cundy Road, London E16.

See www.caat.org.uk for more information on arms trade events

tel: 020 7281 0297
fax: 020 7281 4369
email: enquiries@caat.org.uk
website: www.caat.org.uk

