

CAAT*n*ews



Autocrats and arms UK-Saudi deals uncovered

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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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If you use Charities Aid Foundation cheques and would like to help TREAT (Trust for Research and Education on Arms Trade), please send CAF cheques, payable to TREAT, to the office. Unlike CAAT, TREAT is a registered charity (No.328694) and will be able to use your donation for education and research.

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Launch of the Shut DESO campaign, see opposite page PATRICK DELANEY

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Time's up for the government's gunrunners

The campaign to shut the Defence Export Services Organisation (DESO) is gathering pace. Lots of supporters have sent postcards to their MPs and more organisations are signing the statement. Please do whatever you can to help make this a successful campaign.

Early Day Motion

An Early Day Motion (EDM) is a sort of parliamentary petition. EDM 1789 is based on the Close DESO statement below.

- Get your MP to sign the EDM. If you have web access you can check the website <http://edmi.parliament.uk/edmi/> to see if your MP has already signed. If not, ask your MP to do so either by email or by post at the House of Commons, Westminster, London SW1A 0AA.

Increase support for the Close DESO statement

As part of the campaign, we have asked various organisations to sign the following statement:

Close DESO:

The Defence Export Services Organisation is the unit of the UK Ministry of Defence which helps UK companies sell their military equipment and services overseas. Through DESO, the UK taxpayer subsidises the export of arms into areas of conflict and to governments that abuse human rights. The trade in military equipment also damages economic development at each of global, regional and local economic levels.

The undersigned call on the UK government to close the Defence Export Services Organisation and not to transfer its functions elsewhere in the public sector or to allocate public funds to enable them to be undertaken in the private sector.

- The political parties and national organisations that have signed so far are listed in the box (see right). If you belong to a national organisation which hasn't signed, please encourage it to do so. Also, please get local organisations and representatives of all sorts to sign. Get the organisations to contact Ann by writing to the CAAT office or by email to ann@caat.org.uk

DESO Action Day – Monday 16th October – London

This Action Day is the most important date in the Shut DESO campaign calendar – please put the date in your diary now. A special leaflet about the Day is enclosed, but the programme outline is:

- 11am – rally
- 12noon – human chain around the headquarters of DESO
- 1.30pm onwards – polling the public
- 3pm onwards – an opportunity to lobby your MP

Shut DESO Lobby

From 1st September to 30th November there will be a lobby of MPs. The long timespan is to allow as many supporters as possible to talk to their MPs about closing DESO. You could lobby your MP on 16th October or in your constituency at a convenient time.

- Order the Lobby Pack from the CAAT office now.

Materials

As well as the Lobby Pack, you can still order the main Shut DESO Campaign Pack, which includes a briefing and action guide as well as leaflets and a postcard to send to your MP. You can also order multiple copies of the postcard. Send your order to the CAAT office or email Patrick on patrick@caat.org.uk.

ANN FELTHAM

Statement signatories

Political parties

Green Party of England and Wales
 Liberal Democrats
 Plaid Cymru
 Social Democratic and Labour Party

National Organisations

ACORD
 Bertrand Russell Peace Foundation
 Burma Campaign
 Campaign Against Depleted Uranium
 Campaign for Nuclear Disarmament
 Campaign for the Accountability of American Bases
 Conscience – the Peace Tax Campaign
 Corporate Responsibility Coalition
 Fellowship of Reconciliation
 Jesuit Refugee Service
 Justice Not Vengeance
 Landmine Action
 Liberal Democrats for Peace & Security
 Movement for the Abolition of War
 MedAct
 One World Action
 Oxford Research Group
 Palestine Solidarity Campaign
 Pax Christi
 PeaceDirect
 Peace Pledge Union
 Progressio (formerly Catholic Institute for International Relations)
 Quaker Peace & Social Witness
 Scientists for Global Responsibility
 Speak
 TAPOL – Indonesia human rights campaign
 UNA Wales
 Waging Peace
 War on Want
 War Resisters International

Saudi alarm over BAE "slush fund" inquiry

An ongoing Serious Fraud Office inquiry into a BAE Systems "slush fund" faces a new obstacle. The attorney-general Lord Goldsmith has been asked by government officials – said to be from the Ministry of Defence – to examine whether the inquiry is "in the public interest".

The inquiry is looking into allegations that BAE Systems funded the lavish lifestyle of members of the Saudi royal family to the tune of £60m. The Saudi government has told BAE Systems' chief executive that it is unhappy with the investigation, leading to UK government concern that Saudi Arabia may be provoked into pulling out of the UK's biggest export deal, the Al Yamamah contract. SUNDAY TIMES, 26/3/06

VT deal with Oman – and with London schools

VT Group is expected to secure a £400m order to supply offshore patrol ships to Oman. The deal would increase the value of the company's Portsmouth shipyard, which it is considering selling to BAE Systems.

VT is hoping to transform itself from shipbuilder to support services firm, a move underlined by the company's announcement that it is in talks with London's Greenwich council to build or refurbish schools. The work would be part of the government-backed Building Schools for the Future programme.

FINANCIAL TIMES, 13/4/06; INDEPENDENT, 10/5/06

Call for greater action on corruption

A report that focuses on the UK's dealings with Africa has accused the government of "a lack of political will at the highest levels to take a lead in fighting global corruption". The Africa all-party parliamentary group urged the government to speed up introduction of a new anti-corruption bill and called for sanctions barring companies from public procurement contracts if they are convicted, or if there is overwhelming evidence, of corruption.

FINANCIAL TIMES, 28/3/06

UK aircraft in assaults in Nepal

The Royal Nepalese Army has been using two Islander aircraft, ironically given to Nepal as part of a package from the Conflict Prevention Fund, to support helicopter attacks on villages. While the UK claims not to have supplied lethal aid to Nepal, Amnesty International says there was no end use monitoring to ensure that aircraft were not later fitted with arms.

GUARDIAN, 11/4/06

Arms still entering Darfur

UN experts have said that arms are still pouring into Sudan's Darfur region in violation of a UN ban. The arms come both from neighbouring countries and from overseas. Chad, Eritrea and Libya have been cited as sources.

The experts accused the Sudanese government of failing to ensure that weapons it buys from official sources do not end up in the hands of non-government forces in Darfur.

REUTERS 29/4/06

Italian inquiry over UK-Iraq pistol deal

A UK deal to equip the Iraqi security forces with Italian-made pistols without telling coalition partner Italy is being investigated by Italian prosecutors. The weapons were bought from Italy by the UK Ministry of Defence before being sent on to Iraq. Newspaper reports have suggested that some pistols were found in the hands of insurgents, a claim denied by the MoD. Italy has severe laws on arms exports and the company that manufactured the weapons said it believed they were to be used for Iraqi police, not the army.

Oxfam has accused the UK of failing to impose safeguards to stop pistols falling into the wrong hands.

TIMES, 1/4/06

Portillo quits BAE Systems

Former defence secretary Michael Portillo has ended his time as a director of BAE Systems to avoid potential conflict of interest with his work as a political journalist. A company spokesperson denied that Portillo had been persuaded to step down because his political connections were no longer of use. Portillo stood down as an MP in last year's general election.

INDEPENDENT, 28/3/06

Aegis contract renewed

The private security company Aegis Specialist Risk Management has had its Iraqi contract renewed by the US government, despite an ongoing investigation into a video clip with the name "Aegis" that shows machine gun fire against civilian vehicles in Iraq (see CAATnews 194).

FINANCIAL TIMES, 19/4/06

US lifts ban on arms to Indonesia

The US has lifted a seven-year ban on the sale of lethal arms to Indonesia. The announcement came just two weeks after Secretary of State Condoleezza Rice visited the Indonesian capital and called for closer ties with the military as part of an expanded "strategic partnership". Last November the US State Department announced that it intended to waive human rights conditions on military aid and sales to Indonesia in appreciation of the country's "unique strategic role in Southeast Asia".

Human rights groups have opposed the restoration of military ties until the Indonesian government makes greater progress in controlling the country's armed forces.

INTER PRESS SERVICE, 31/3/06

JSF engine funding looking likely

Two congressional committees have restored funding for an alternative engine for the Joint Strike Fighter programme despite the Pentagon having recommended its cancellation. The engine is being developed by Rolls-Royce and its US partner General Electric and the move will be welcomed by Tony Blair who personally lobbied George Bush over the issue. While re-instatement of the programme is not completely guaranteed it now looks fairly likely.

The Chair of one of the committees had suggested that the Pentagon decision be re-visited because of the contribution of the UK – "our most steadfast partner" – in Iraq. FINANCIAL TIMES, 5/5/06

Students highlight UK arms loopholes

UK schoolchildren have highlighted loopholes in UK arms controls by importing torture equipment including wall cuff restraints from Poland and a "sting stick" from China. The students set up a basic company in England, and also in Ireland to avoid UK controls on the sale of small arms. The Irish company arranged deals including the sale of Turkish guns to Malawi and South African rifles to Israel. The ease with which UK controls on trade in torture equipment was exposed by a Dispatches TV programme, titled "After School Arms Club".

GUARDIAN, 30/3/06

UK in line for "son of Star Wars"

According to a senior US general, the UK is a prime candidate to host missiles for the US's controversial "son of Star Wars" military system. UK officials were apparently startled by the disclosure, made in a presentation to a military conference, and claimed that the decision to base the system in the UK would be "open to scrutiny and debate in the normal way". Other candidates for the top hotspot are Poland and the Czech Republic. DAILY TELEGRAPH, 24/3/06

EADS gets in with Youth Parliament

The main partner of this year's International Session of the European Youth Parliament – an opportunity for learning and discussion about other cultures – was EADS. The EADS group includes the aircraft manufacturer Airbus and the joint venture MBDA, an international leader in missile systems.

EADS PRESS RELEASE, 13/3/06

Shorts in brief

Chinese planes to Bangladesh

In a package said to be worth \$94m, China has delivered eight F-7BG fighter planes to Bangladesh, and is due to deliver another eight by the end of this year.

DEFENSE NEWS, 1/5/06

Gripen eyes up Latin America

Gripen International, a joint venture of Saab and BAE Systems, is watching for opportunities to sell its fighter aircraft in Latin America. The company is monitoring the possibility of deals with Brazil, Chile and Argentina.

FLIGHT INTERNATIONAL, 25 APRIL – 1 MAY 2006

Sri Lanka deal with Iran

Sri Lanka and Iran have agreed a provisional arms deal worth up to \$140.9m, including missile systems for the Sri Lankan air force, navy patrol boats and a small arms ammunition plant.

JANE'S DEFENCE WEEKLY, 14/9/06

Copper prices boost helicopter deal

Chile re-activated plans to acquire new, upgraded and second-hand military helicopters after soaring international copper prices buoyed the country's economy.

JANE'S DEFENCE WEEKLY, 5/4/06

India denies Scorpene corruption claims

The Indian Defence Minister has denied claims that money was paid to "middlemen" in a \$3bn deal to buy Scorpene submarines from France. India's opposition party has demanded that the deal be cancelled due to alleged irregularities.

JANE'S DEFENCE WEEKLY, 28/3/06

Farnborough call-out, 2006



Protestor at Farnborough 2004 CAAT

Farnborough International is sold to the public as an airshow and family day out. However, its public events are preceded by a full trade exhibition for aerospace and military products. The event is organised by the UK's Society of British Aerospace Companies, with international invitations managed by DESO (the Defence Export Services Organisation), which is funded by the taxpayer.

Make it a date

Farnborough takes place every other year and is a major date on the international arms fair calendar. In 2004, 47 of the world's top 100 arms companies were at Farnborough, and the Government's export support machine swung fully into action behind it. By marketing the event as a family-friendly airshow, the organisers attempt to normalise arms sales and portray these events as publicly acceptable.

CAAT will be protesting at Farnborough on the first day of the arms fair – Monday 17th July. If you can, we hope you'll join us to help put across the reality of Farnborough.

CAAT will be highlighting Farnborough as yet another example of blatant corporate welfare provided

by the UK Government through DESO. It's shocking that public money is used to subsidise events that promote the sale of weapons internationally, especially when no other export industry gets the kind of support that arms companies do.

Youth

CAAT will also highlight the fact that 90 per cent of victims of war are civilians and 50 per cent of these are children, a terrifying statistic that makes Farnborough's "International Youth Day" especially cynical. Farnborough's website boasts that "over 1000 youths will be making their way" to Farnborough to take part in "an eye-catching, mind-opening programme of events that demonstrates vividly the employment, the environment and the careers opportunities of the aerospace sector". The website also admits that "the parallel aim of International Youth Day is to provide the aerospace industry with the opportunity to inspire, educate and integrate with a wide range of young people/students and their gatekeepers, inspiring and encouraging their personal developments in the field of aerospace".

Made in Britain

Visit Britain's market place.
And if you ask discreetly
With credentials that are sound,
You may be ushered somewhere
Safe from public jostle:
Some distant warehouse
Or a long deserted aerodrome.
There, cocooned in corporate
welcome,
You may view the planes and guns
The helicopters, smart bombs,
missiles
Artillery and shells...
Broker, or responsible regime?
You can only have them for
defence

The Foreign Office wants to keep
it clean.

Visit war-torn Africa.

The faces and the places will
declare

Made in Britain gives good gain
In wreckage, scream and bloody
stain.

As you sow, so shall you be paid
The bitter harvest of this shameful
trade.

PETER WHILE

Thanks to Peter for sending his
poem to CAATnews.

Inspiring young minds to take part in an industry focused on conflict and killing is totally abhorrent. Join us in July to peacefully protest against Farnborough and call on the Government to end its support for arms exports – and shut DESO for good.

The CAAT protest outside Farnborough Airfield will take place from 11am on Monday 17th July. Farnborough is a small town in Surrey, a short train journey from London (Waterloo station). If you can come along, please get in touch with Anna at the CAAT office for further details. Email anna@caat.org.uk or phone 020 7281 0297. ANNA JONES

Clean Investment campaign news

Launch of new Local Authority figures

The 2006 Clean Investment launch took place in late April and received wide coverage in local, regional and national media.

This year the campaign has mainly focused on Local Authority shareholdings as use of the Freedom of Information Act means that we have significantly more information than in previous years. Prior to the Act we were only able to obtain information relating to UK public limited companies – and often incomplete information at that. Now we are able to ask Local Authorities about any arms company shares they may hold. As a result, we have obtained information on a wide range of investments, including those in dominant US and European weapons manufacturers.

As well as being a significant step forward in transparency, this new information has the potential to dramatically shift the debate around investment in arms companies. Despite being weak, the arguments that holding these shares supports UK jobs and assists UK “defence” have been widely used and accepted by the media and much of the public. However, in the face of massive shareholdings in foreign arms companies – such as US-based Lockheed Martin – these arguments clearly won’t wash.

Steps you can take

This is a campaign that anyone can contribute to, even those with limited

Local Authorities known to have over £500,000 invested in Lockheed Martin, the world’s largest arms producer

Pension Fund	Value of Lockheed Martin shares
Berkshire	£804,294
Cambridgeshire	£2,576,000
Derbyshire	£825,686
Greater Manchester	£3,651,450
LB of Barking & Dagenham	£700,514
LB of Camden	£690,840
LB of Ealing	£596,734
LB of Lambeth	£654,962
Northern Ireland Local Government	£1,504,807
Rhondda Cynon Taff	£649,736
Scottish Borders	£563,376
Shropshire	£788,952
Warwickshire	£518,899
West Sussex	£735,986

(LB refers to ‘London Borough’)

spare time. If you are not already in touch with your Local Authority pension fund, the first step is to write to them to express your concern and gather information. The CAAT office can provide you with latest available shareholding figures. If your Local Authority holds arms company investments, ask them whether they are considering selling them; if they have not provided figures, ask them why not. The importance of these simple inquiries should not be underestimated.

If you are able to follow up your initial letter, there are a number of further steps you could take to persuade your Local Authority to sell

its arms company shares. You could write to individual councillors; contact your local UNISON branch; organise protests or vigils outside council buildings; collect signatures for a petition in favour of ethical investment (leaflets are available from the CAAT office); and obtain local media coverage.

For more information on and support with any of these activities see www.caat.org.uk/campaigns/clean-investment/ or contact the CAAT office for the latest shareholding figures and campaign guide. BECCIE D’CUNHA & IAN PRICHARD

Edinburgh CAAT Group

Edinburgh CAAT continues its year-long Clean Investment campaign. The campaign is carried out at various levels, using displays in churches and premises of partner organisations. A weekly street stall has also taken place outside the City Chambers. Edinburgh CAAT found

that many members of the public were only too happy to sign a petition after hearing more about the campaign. The group plan to deliver the petition to the Pension Fund Subcommittee of the Finance Department at the end of June.

EDINBURGH CAAT



OIL, AUTOCRATS... AND ARMS

Nicholas Gilby and Mike Lewis uncover 70 years' worth of evidence of an unholy trinity at the heart of UK arms deals with Saudi Arabia

Some things in UK foreign policy never change. For over 70 years the UK has given powerful backing to the prodigiously repressive House of Saud, rulers of Saudi Arabia. This has been part of a longstanding policy of supporting dictatorial Mid-East rulers to ensure the West's access to the region's oil. A prime beneficiary of this policy has been the UK weapons giant BAE Systems. Since 1966 BAE Systems has largely run the Royal Saudi Air Force through a series of massive government-to-government deals for arms and military services (substantially in exchange for oil). These have been crucial to BAE Systems' growth into the world's fourth largest weapons manufacturer. From the beginning the deals have been surrounded by allegations of substantial corruption, from the involvement of middleman Geoffrey Edwards in the late 1960s, to the recent "slush fund" allegations surrounding the massive and ongoing Al-Yamamah deal.

Buried files

These last allegations are now under investigation by the Serious Fraud Office (see page 4). But the origins – and the illicit nature – of the UK's relationship with the House of Saud lie buried in previously unseen Government files. These reveal an astonishing story of corruption in UK arms sales to Saudi Arabia in the late 1960s and early 1970s, involving not just dirty businessmen, but collusion at the heart of the UK government. The files show that the Foreign Office and Ministry of Defence (MoD) not only encouraged corrupt practices by UK companies, but attempted to use nationalised companies to pass bribes.

Perhaps conscious that senior Saudi figures involved in these deals are still in government (and thus are still some of the UK's best arms trade customers), the MoD remains supremely sensitive about this murky chapter in recent history. In 2003 the MoD wrote a thundering minute to Parliament to deny claims by the *Guardian* that the MoD's arms sales unit, the Defence Export Services Organisation (DESO), had been "directly implicated in bribery abroad for 40 years". Ministry brass accused the *Guardian* of "irresponsible" reporting, insisting that DESO had never condoned bribery in arms sales, and had procedures in place to ensure the propriety of government-to-government contracts. The previously unseen Government files show that this is simply untrue.

What does DESO know?

Founded in 1966, DESO was aware from the start about the murky world of arms trade corruption. In 1967 Harold Hubert, the Director of Army Sales in DESO, told the UK Embassy in Caracas that in DESO "day by day we carry out transactions knowing that at some point bribery is involved. Obviously I and my colleagues in this office do not engage in it, but we believe that various people who are somewhere along the lines of our transactions do. They do not tell us what they are doing and we do not inquire. We are interested in the end result". Having told the Embassy that the main mechanism through which bribes were paid was "commissions" paid to agents, the Foreign Office wrote to Caracas agreeing with the MoD's "proposition that an agent acting in a government-to-government deal (or of course firm-to-government) should

get his commission and the price [Her Majesty's Government] charge must reflect this cost".

Hubert was heavily involved in arms sales to Saudi Arabia. In 1971 he was a key figure in negotiations to equip the Saudi Arabian National Guard with a new battle group – Saladin, Saracen and Fox vehicles, 105mm guns and Vigilant anti-tank weapons for £112m. The equipment would be supplied by nationalised company Millbank Technical Services (MTS). Hubert wrote openly of the Government's willingness to collude in bribery surrounding the deal: "MTS will have little hope of business unless we [MoD] invite them to sell on our behalf... since when the Ambassador sees the King he will indicate our willingness to do business on a [government-to-government] basis there might be advantages to MTS co-ordinating any British equipment business to provide the quasi-government oversight as well as passing on the douceurs [bribes]".

Daily Mail allegations quashed

MTS's agent for this proposed deal was a Mr Fustuq, who was the brother-in-law of Prince Abdullah, the Commander of the Saudi Arabian National Guard, (and, since mid-2005, Saudi Arabia's new king). Lord Carrington, then Tory Defence Secretary, was told about Fustuq's role and his connection to Abdullah. The then Head of Defence Sales, Lester Suffield, told him "other 'fixers' tried to get in on the deal and we did our best to string them along while continuing to deal through the channel Abdullah desired".

Although this deal never came off, official papers reveal that later in the 1970s Fustuq acted as British Leyland's agent on a successful sale of armoured Land Rovers to the Saudi Arabian National Guard for around £5m. Fustuq collected a 15 per cent commission worth £700,000, paid to his Chase Manhattan Swiss bank account. When the *Daily Mail* published allegations of corrupt practices at British Leyland in 1977, ministers were told about Fustuq's commissions and much else in a confidential report. Denis Healey, then Defence Secretary, told the Cabinet at a crisis meeting at Chequers that "there was no doubt that bribery had been going on for years on a large scale in the Middle East... and that organisations responsible to Government (including Defence Sales [forerunner to DESO] and nationalised industries) had been involved". Far from cleaning up their act, the Government instead brokered a deal with the Tory opposition to suppress the report, while Industry Secretary Eric Varley personally sued the *Daily Mail*.

Secret payments?

Meanwhile, the MoD continued to turn a blind eye to questionable transactions. In 1973 BAC (now BAE Systems) won a contract to run the Saudi air force until 1978. The £300m contract was put through the MoD accounts, including £30m in payment to "consultants". The forerunner to the National Audit Office queried the propriety of the secret payments, telling the MoD that since the MoD had not established the purpose for which the £30m payments had been made, the arrangement

failed standards set by Treasury legal advice to avoid corruption. When the Treasury Solicitor suggested further enquiries be made of BAC, MoD Permanent Secretary Frank Cooper's private secretary minuted: "I don't really like the way this is going and what may be unearthed". Cooper's solution was to obtain an unsupported assurance from BAC that it was not engaged in improper acts.

Keeping the customer satisfied

Throughout, keeping the Saudi customers happy remained the paramount political concern. Indeed, the 1973 contract was seen as so valuable that it was exempted from the general UK arms embargo to the Middle East during the Yom Kippur War. The British embassy in Jeddah explained that if Saudi Arabia were included "the political consequences could be very serious... undermining the biggest single strand in the fabric of the UK/Saudi relationship".

Corruption allegations around the massive Al-Yamamah deal to Saudi Arabia, another government-to-government deal involving BAE Systems' forerunner British Aerospace, were also investigated by the National Audit Office. Its results were issued in a 1992 report for the Public Accounts Committee. The report has never been published (see page 12), despite Labour's pledge while in opposition to do so. Indeed, Freedom of Information requests for it are currently being denied on grounds of Parliamentary Privilege: insisting that its publication remains the prerogative of MPs, even though in 1992 only two members of the Public Accounts Committee were allowed to see it, and none of the current members have seen it. It is the only National Audit Office report ever presented to Parliament which has never been published. Labour defence ministers have assiduously continued the Tory refusal to publish.

Closed files on current customers

The Foreign Office too is continuing the fight to keep its own Saudi arms trade files secret, many of which are almost 40 years old. Several of the closed files concern the role of Mr Fustuq in Saudi Arabia, as well as that of Geoffrey Edwards in the deals of the 1960s.

Crucially, the customers from forty years ago remain the customers today – Prince Sultan, the Minister of Defence, and King (then Prince) Abdullah. The cover-up by the Foreign Office and National Audit Office is vital to avoid scuppering BAE Systems' chances of a massive new arms deal with Saudi Arabia, the initial stages of which were signed by Prince Sultan and then Defence Secretary John Reid in Riyadh in December. As with most of the UK-Saudi arms deals over the last forty years, the taxpayer will likely underwrite this new deal with billions in loan guarantees from the Export Credit Guarantee Department. BAE Systems is now rushing to conclude the deal before the Export Credit Guarantee Department's procedures change next year to require disclosure of their agents' identities. Arms sales are still "the biggest single strand in the fabric of the UK/Saudi relationship". Some things in UK foreign policy never change.

BAE Systems AGM 2006

Anna Jones reports on events both inside and outside the meeting

News reports of BAE Systems' Annual General Meeting at the beginning of May concentrated on the disgruntlement of small shareholders about the sale of Airbus, which makes the company's output almost entirely military and increasingly reliant on the US market. This is certainly a very significant development, but it isn't the whole story of what was discussed: around 40 CAAT supporters attended the AGM as "token shareholders" and raised questions to the board on a number of other issues.

Making the world "a safer place"

Supporters challenged the company on its continued contribution to conflict and human rights abuses around the world – particularly by supplying arms and services to Saudi Arabia and Indonesia. One shareholder asked the Chair, Dick Olver, whether he empathised with victims who had been maimed or killed by BAE products. Olver replied that he believed: "BAE supplies products to make the world a safer place" and "the people in the company are proud of their contribution to stability in the world."

In response to questions about BAE Systems supplying arms to countries that perpetrated human rights abuses, or broke United Nations resolutions, the company Chair tried to escape responsibility by stating that all transfers were sanctioned by the UK Government. So, another win for the arms companies thanks to the ineffectiveness of the Export Control Act, which pays lip service to human rights, development and conflict issues, but has done nothing to limit arms exports. Other "factors" under the Act state that the UK's military-industrial base should be taken into



Walkies! PATRICK DELANEY

account when granting licenses. This provides get-out clauses with which to justify arms exports. These "factors" were added in 2002 in response to BAE Systems' desire to sell components destined for incorporation in US-made jets, which were supplied to Israel and used against Palestinian civilians.

Cluster bombs

When an Iraqi CAAT supporter who had first-hand experience of the horror of cluster bombs got up to ask whether BAE Systems was supplying cluster bombs, Olver asserted that it was not. When the man tried to follow-up on his question, it seemed to many around him that his microphone had been turned off. Another supporter asked about cluster bombs again, citing a Parliamentary question in which a minister for the MoD had confirmed that cluster bombs parts had been purchased from Royal Ordnance, a subsidiary of BAE Systems. The Chair admitted that BAE subsidiaries might procure cluster bombs as part of a larger MoD order, something he didn't see as contradictory to his earlier assertion.

Influence

Olver was next forced to field questions regarding allegations of corruption and BAE System's apparent ability to by-pass democracy and influence Government policy. He was asked first about the way in which the company had lobbied the Government to water down the Export Credits Guarantee Department's anti-bribery procedures and secondly about investigations of the Serious Fraud Office into suspected false accounting and corruption. Olver denied the first, and, in regard to the second, stated that BAE had "done nothing wrong".

Meanwhile...

Outside the AGM other CAAT supporters made a very public peaceful protest. Several donned masks and costumes to highlight the way in which Tony Blair and other ministers have played poodle to BAE Systems, providing taxpayers' money, helpful legislation and free marketing, not least in the form of DESO. It was a fitting picture to be spread across the pages of national newspapers the next day.

Control arms?

2006 marks the climax of the campaign for an international Arms Trade Treaty (ATT), launched three years ago by Oxfam, Amnesty International and the International Action Network on Small Arms. Somewhat surprisingly, this Control Arms coalition – which includes CAAT – has recently been joined by the UK government, despite its unstinting support for massive arms exports, and the Defence Manufacturers Association, the representative body of the UK arms industry.

What should we think of this apparent conversion by some of the arms trade's biggest participants and champions? And will a treaty supported by such bodies actually work? In a speech in early 2005, then Foreign Secretary Jack Straw insisted that the treaty would tackle some of CAAT's central concerns. He said it would enshrine "core principles" prohibiting arms sales when "exports may be used to abuse

Human Rights or breach International Law" and when "they may fuel internal or regional conflict or tension". Straw also said it would limit sales to "developing countries who spend already over-stretched budgets on armaments for which they have no clear need [and] are bound to have too little left for health, education and vital infrastructure."

Yet in January this year the Defence Manufacturers Association told its members that the Government had assured them that any eventual treaty "would not bring new obligations for UK industry". This suggests that current UK arms exports provide a benchmark for the likely effectiveness of a treaty with government and industry backing. Unfortunately, the official record of UK arms exports in 2005 shows the UK arms trade in open and growing breach of the "principles" discussed above.

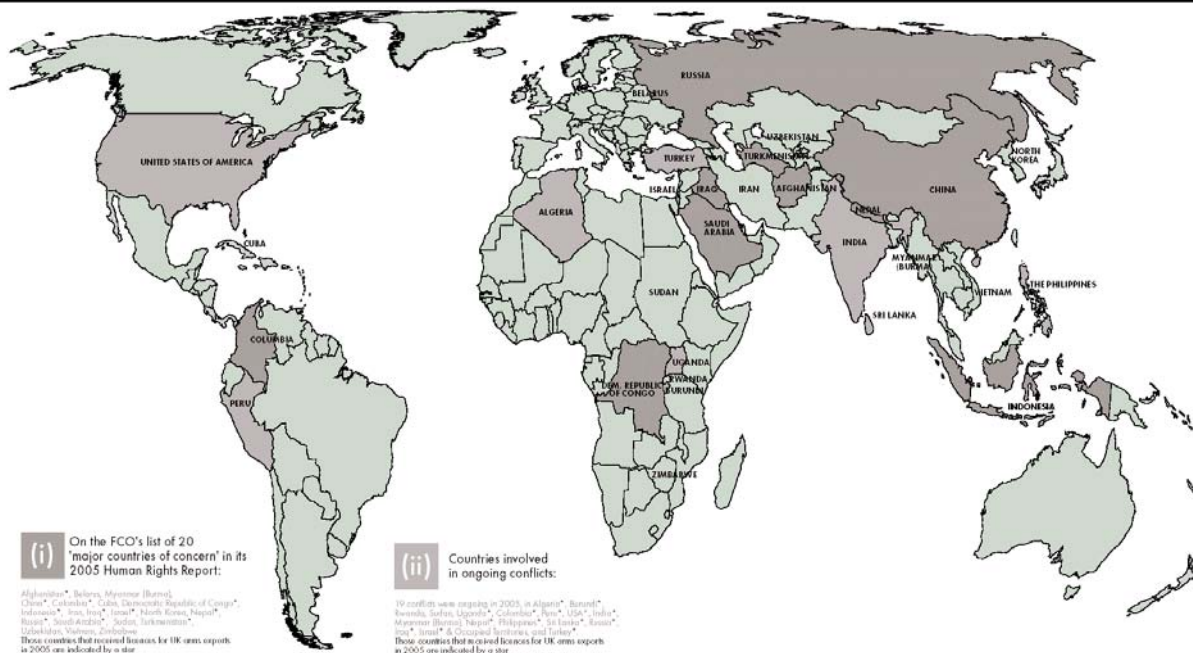
Human rights abuse

The Foreign Office's 2005 Human Rights Report listed 20 "major countries of concern". In the same year the UK licensed military exports to 11 of them. These included:

- The highest level of UK arms exports to Israel since 1999, despite ongoing occupation of and civilian killings in the Occupied Palestinian Territories
- Exports to Indonesia worth over £12.5m. Late last year CAAT exposed UK-made Tacica armoured vehicles being deployed against protestors in Papua
- A 25 per cent increase in arms exports to Saudi Arabia. In December 2005 Defence Minister John Reid signed an agreement paving the way for a new multi-billion pound arms deal with the regime, including a new fleet of Typhoon fighter jets

CONTINUED ON PAGE 12

Countries in conflict to whom the UK licensed weapons sales in 2005



(Source: Stockholm International Peace Research Institute, 2005 Yearbook (OUP 2005))

ECGD and bribery

The Export Credits Guarantee Department (ECGD), part of the Department of Trade and Industry, insures exports, including many arms deals, which are too risky for the private market to touch otherwise. The ECGD is subsidised by the UK government. This means that while the companies involved pay premiums to the ECGD, in effect the UK taxpayer underwrites the deals, picking up the shortfall if the companies lose out.

In spring 2004 the ECGD announced that it was introducing tough new rules on bribery and corruption. Three companies – BAE

Systems (which is being investigated by the Serious Fraud Office over allegations of a "slush fund" in its Saudi arms deal known as Al Yamamah, see page 4 and pages 8–9), Airbus and Rolls Royce – objected. The proposals were watered down by the then Trade and Industry Secretary Patricia Hewitt.

In January 2005, after a legal challenge by an anti-corruption group, The Corner House, the Government agreed to hold a public consultation over the proposals. The results of this were announced in March 2006. The ECGD has reintroduced key anti-corruption

measures. These include a requirement for exporters to name agents involved in the transaction, though the current proposal for the method of doing this (itself the subject of yet another consultation) imposes conditions of the most stringent secrecy.

In general, although some loopholes remain, the new procedures are a great improvement, and it is hoped that they will significantly reduce the potential for corruption. Further information can be found on www.ecgd.gov.uk.

ANN FELTHAM

Continued from page 11

Conflict

Of the 17 countries involved in major armed conflict in 2005, the UK licensed military exports to 14 of them. These included:

- Assault rifle parts to Nepal, where both sides of the civil war have been accused of human rights abuses
- A 60 per cent rise in arms exports to Sri Lanka, where government bombing of rebel-held areas has escalated
- Military aircraft parts to Uganda, despite an international coalition of aid agencies accusing the Ugandan government of failing to "prioritise the protection of civilians over the annihilation of the Lord's Resistance Army"

Poverty

In 2005 the UK sold significant quantities of arms to ten countries in the bottom third of the UN's Human Development Index. These included:

- At least £18.1m of arms sales to Pakistan, which spends more on its military than on health and education combined
- At least £31m to Nigeria, the world's 20th least developed country

With the UK government already backing the initiative, CAAT has not made the ATT part of its core work this year. Unless a treaty goes further than government and industry currently allow, it may prove a dangerous whitewash – an ostensible solution to the repression, bloodshed and poverty fuelled by the arms trade that, in fact, provides cover for continued indiscriminate arms sales around the world. MIKE LEWIS

Only report not published

A Freedom of Information request made by CAAT has revealed that the 1992 National Audit Office (NAO) report on the Al Yamamah deal with Saudi Arabia is the only NAO report presented to Parliament that has not been published. The nearest equivalent is three reports from the early 1990s on security service buildings, but these were eventually published in 2000. It seems that arms sales to Saudi Arabia are afforded greater secrecy than matters pertaining to spooks.

Contact your Councillor

Many CAAT supporters will have new local councillors following the elections in some parts of England on 4th May. If you haven't done so already, do write to or talk to your councillor about disinvesting from arms companies.

- See page 7 for more information about this year's Clean Investment figures. There's a lot more information on www.caat.org.uk/campaigns/clean-investment.php including a briefing for councillors, which includes the legalities. If you don't have web access, copies can be ordered from the CAAT office.

Reed Elsevier update

You may remember that in March this year, prominent writers including A.S. Byatt and Ian McEwan called on the publishing company Reed Elsevier to stop organising arms fairs. They did so in a high-profile letter co-ordinated by CAAT, which was published in the *Times Literary Supplement* in the week of the London Book Fair, another of Reed Elsevier's events.

A couple of weeks later, CAAT learned that because of events around the London Book Fair, Reed Elsevier had decided to employ PR company Luther Pendragon to handle the "crisis management" arising from its involvement in arms fairs.

Well it certainly seems like they could do with a bit of help getting their stories straight, particularly around the issue of cluster bombs at DSEi. Company secretary Stephen Cowden, in a reply wrongly claiming that the writers had got their facts wrong, categorically denied that cluster bombs had been displayed or advertised at the arms fair.



CAAT bookmark at the London Book Fair RICHIE ANDREW

Nevertheless, the official DSEi catalogue listed a Canadian firm called International Custom Products that advertised "aircraft deployed cluster bombs". When asked by the *Independent* newspaper to explain this discrepancy, Reed Exhibitions said: "our original statement was meant to infer that cluster bombs

would be banned after 2005." Ah, so that's what they really meant...

Strange then to find that around this time a few pages of the DSEi catalogue, including the page listing cluster bombs, had mysteriously gone missing from the official website. And stranger still that when a handful of CAAT supporters attended Reed Elsevier's Annual General Meeting in April, the company's board members went back to denying that cluster bombs had been promoted at DSEi, saying that they didn't know where we'd got our information from!

We continue to urge Reed Elsevier to stop organising arms fairs. The horrifying nature of the trade in which the company takes part can't simply be hidden by smooth talking and glossy PR. It's time Reed Elsevier stopped trying to duck the truth and faced up to the glaring reality that its role in the arms trade is inconsistent with the good work that it does in other fields. ANNA JONES

Obituary: Rachel Vaughan

Rachel was an amazing person to spend time with and we were able to enjoy a fair amount of that time thanks to her volunteer work at CAAT. She was entertaining, friendly and compassionate, and you certainly knew where you stood with her. She wrote, edited, and was a valuable proofreader, not least of CAATnews. You could guarantee she wouldn't just check the grammar and spelling, but would excise the jargon and ensure we weren't caught up too much in our own little bubble.

Rachel had periods when she couldn't come into the office following illness. She had Marfan's Syndrome, which meant she required heart operations from an

early age. In 2001, a year or so after arriving at CAAT, she had a serious, related heart problem that put her in hospital for nine months, after which she was expected to be left needing a wheelchair. But it wasn't Rachel's nature to passively accept this and she steadily increased her mobility to the point where she needed just one walking stick. As soon as she was able, she came back to the office, as lively as ever.

Several years on and, from what we could see, having significantly increased her strength, Rachel died peacefully in her bed on 18th March this year. It was a great shock to everyone in the office, but she dreaded another lengthy stint in

hospital and it was some consolation that this was avoided. Her funeral was impressive. Rachel's mother oversaw it, giving us a background to her life, then a stream of relatives and close friends shared their memories and thoughts of her. There were many who were very close to her: she obviously achieved great quality as well as quantity in her friendships. From what these friends and her family said, it was apparent how important CAAT was to her, both for the friendships she forged here and the work itself. She was important to many people here, and is greatly missed.

IAN PRICHARD

Fundraising

By Kathryn Busby



Sponsor an advert

One of the ways in which we help CAAT to grow is through advert and insert swaps with like-minded organisations whose supporters are likely to be sympathetic to CAAT's cause.

You will have noticed the leaflets and advertisements in each issue of CAATnews, from organisations such as World Development Movement, Corporate Watch and Peace News. In return for these, the organisations put our adverts or inserts in their magazines or newsletters, attracting many new CAAT supporters.

In addition to swapping adverts and inserts, CAAT sometimes has the option of paying to place promotional materials in other targeted publications. To take one example, the *Friend* is an independent weekly magazine providing news and views from a Quaker perspective on issues such as

peace. It's read by more than 15,000 people connected with the Religious Society of Friends (Quakers) in the UK. Quakers helped to found CAAT thirty years ago and the support we receive from Quaker meetings and individuals across the country today remains invaluable to the campaign.

Placing a leaflet and advert in the *Friend* would help us reach thousands of people who are very likely to support CAAT's campaigns, both financially and by taking action. The problem, as ever, is cost. We have to stretch our resources a long way and we don't currently have the money to pay for this type of advertising – unless someone can help us. If you're interested in sponsoring an advert and insert such as this (or part of one!) to help us get our campaign message across to even more people within an important and supportive audience,

please give me a call at the office or email me on kathryn@caat.org.uk for more information.

New publications and materials list

As promised in the last issue, your June/July copy of CAATnews will have arrived with our newly re-designed publications and materials list. We hope that you'll be able to order everything you need to learn about the issues, campaign locally and raise awareness of CAAT. As the form explains, we try to provide resources for free or for as low a price as possible; but if you can make a donation to help us cover costs we would be very grateful. Also, if you have an idea for a new resource to help you campaign, fundraise or sign up new supporters, then please do let us know.

Steering Committee

Following an election in March to fill a vacancy, David Babbs was elected to the CAAT Steering Committee as a Supporter representative. He will serve until the end of 2006, but will be eligible to stand for a full term of two years when the next regular election is held in the autumn.

The Steering Committee is now:

Elected Supporter representatives – Richie Andrew, David Babbs, Richard Bass (also the Treasurer), Dorothy Forbes, Nick Gilby, Gillean Paterson, Sam Perlo-Freeman, Anna Stavrianakis

Sponsors' representatives – Pat Allen (Campaign for Nuclear Disarmament), Albert Beale (Peace Pledge Union), Angela Broome (Fellowship of Reconciliation), Rebecca Gumbrell-McCormick (Quaker Peace & Social Witness), Kev Mullen (TAPOL – Indonesia Human Rights Campaign), William Parker (Liberal Democrats for Peace & Security), Nicholas Russell (Labour Action for Peace)

Network representatives – Simon Matthews (Christian); Jo Wittams (Volunteer)

The CAAT staff are also members of the Steering Committee. ANN FELTHAM

Campaign Against Arms Trade thrives on your participation

For more information on all of these contact the CAAT office on 020 7281 0297 or if you have any enquiries not covered below contact enquiries@caat.org.uk

Subscribe to a CAAT email list

Sign up to receive the monthly CAAT bulletin with the latest news and events; to receive press releases; to join the list for the CAAT Action Network and find out about nonviolent direct action to stop the arms trade; or to find out when the latest CAATnews is on the website.

Contact enquiries@caat.org.uk or visit www.caat.org.uk/lists

Make a donation

The donations of our supporters enable CAAT to struggle for a world without arms trading; without your help there would be no campaign. Support CAAT by sending us a cheque, setting up a regular standing order donation, or by taking part in a fundraising event.

Contact Kathryn at kathryn@caat.org.uk

Contact your MP

It is estimated that every letter written to a politician represents about 80 people who care but haven't got around to writing. If you would like to visit or write to your MP, contact the CAAT office to find out if your MP has shown an interest in arms trade issues.

On some issues it is also worth contacting your MEP. If you live in Northern Ireland, Scotland or Wales, you can also raise issues that have an impact on employment or the economy with your national representatives.

Contact Ann at ann@caat.org.uk

Campaign locally

CAAT has a network of local contacts and groups around the UK who take responsibility for promoting anti-arms trade activity and the work of CAAT in their area. Get in contact if you would like to know what is happening in your area or if you are interested in becoming a local contact or setting up a group. All that's needed is a willingness to raise awareness of arms trade issues in any way that you feel is appropriate.

Contact Beccie at beccie@caat.org.uk for info, including the Local Campaigns Pack.

Raise awareness

Organising a public meeting, using the local media and running a street stall have proved effective ways for CAAT groups to raise awareness of arms trade issues. CAAT can provide speakers for public meetings, materials for stalls and can also help with publicity.

Contact Anna at action@caat.org.uk or Beccie beccie@caat.org.uk

For media info contact Mike at press@caat.org.uk

Research the arms companies

CAAT has produced a range of research on the UK's main arms companies. However, staff at the CAAT office are not able to track all arms company developments and would appreciate receiving any information you find. This can include anything from watching out for information in your local press, to undertaking basic research in your local library, to approaching a company directly for information.

Contact Ian at ian@caat.org.uk

Protest against the arms trade

A protest can confront the arms trade and illustrate that many people do not think that the arms trade is an ordinary, acceptable business. In addition, a protest can generate a lot of publicity, which will raise awareness about the company and the arms trade in general. CAAT is a non-violent organisation and any protest organised under the name of CAAT needs to be non-violent (contact the office for the CAAT guidelines).

Contact Anna at action@caat.org.uk

Join the CAAT Christian Network

The Network raises arms trade issues within national church structures and local churches.

Contact Alun Morinan at christian@caat.org.uk

Order a CAAT publication

CAAT produces briefings, reports and leaflets on a range of issues.

Contact Patrick at patrick@caat.org.uk

Media Co-ordinator (part-time)

CAAT is seeking to appoint a part-time Media Co-ordinator (3 days per week) to work in our London office.

The Media Co-ordinator's role is to sustain and develop CAAT's media profile and the media components of our campaigns.

For further information please visit www.caat.org.uk or send an A4 84p SAE to: CAAT, 11 Goodwin Street, London N4 3HQ.

Salary £24,600 pa (pro rata)

Closing date 14th June

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Campaigns diary

3-11 June

Stop the Arms Trade Week, focussing on the Shut DESO campaign. Contact beccie@caat.org.uk

11 June

Arms Trade Day of Prayer. To order leaflets or a free day of prayer pack email patrick@caat.org.uk

24 June

CAAT Speaker's training, Leeds. A one-day public speaking workshop for existing or future CAAT speakers. Contact beccie@caat.org.uk or anna@caat.org.uk

17-23 July

Farnborough International arms fair. See page 6.

29 July

Demonstration in DSEi host borough Newham, calling for the cancellation of the 2007 arms fair. Starts 12 noon from the Park in Balaam Street, Plaistow, E13.

1 September-30 November

3-month mass lobby of MPs as part of Shut DESO campaign. Visit your MP in your local constituency or come along to Parliament on the 16th October. See page 3.

16 October

Shut DESO Action Day, including a mass peaceful action in central London and the chance to lobby your MP in the afternoon. See page 3.

25 November

CAAT National Gathering. 10am-6pm, London. A day of talks, discussions and workshops to find out more about the issues, improve your campaigning skills and meet other CAAT supporters. More details nearer the time.

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