

CAAT*n*ews



DESO cornered

Issue 199
Dec 2006–Jan 2007

£1.00

11 Goodwin Street, London N4 3HQ
Tel: 020 7281 0297
Fax: 020 7281 4369
Email: enquiries@caat.org.uk
Website: www.caat.org.uk

**CAMPAIGN
AGAINST
ARMS
TRADE**

Editor Melanie Jarman
editor@caat.org.uk

Legal Consultant Glen Reynolds

Proofreader John Moseley

Design Richie Andrew

Contributors Kathryn Busby, Beccie D'Cunha, Ann Feltham, Nicholas Gilby, Anna Jones, Stefan Luzi, Ian Prichard, Tim Street, Yanna Whitehead.

Thank you also to our dedicated team of CAATnews staffers.

Printed by Russell Press on 100% recycled paper using only post consumer de-inked waste.

Copy deadline for the next issue is 15 January and we will be posting it the week beginning 29 January.

Content of most website references are also available in print – contact the CAAT office.

Contributors to CAATnews express their own opinions and do not necessarily reflect those of CAAT as an organisation. Contributors retain copyright of all work used.

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.

Campaign Against Arms Trade
11 Goodwin Street, London N4 3HQ
tel: 020 7281 0297
fax: 020 7281 4369
email: enquiries@caat.org.uk
web: www.caat.org.uk

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.

To receive this issue of CAATnews in large print please call 020 7281 0297

CAAT SUPPORTERS PROTEST AGAINST DESO. PHOTO BY PATRICK DELANEY

IN THIS ISSUE...

CAAT's new greetings cards are now available to buy

We have left the inside of the cards blank for your own message and there is information about CAAT on the reverse, so by sending them you can raise awareness of our campaign and declare your support for our work.

£5.50 for 10 cards with envelopes (£5 + 50p postage & packing)

To order, please either send a cheque payable to CAAT to the office, or buy online at www.caat.org.uk



DESO key markets	3
Arms Trade Shorts	4–5
Other actions	6
Steering group elections	
Local campaigns	7
Shut DESO	8–9
Al Yamamah secrets	10
Swiss arms trade	11
Parliamentary	12
Clean investment	13
Fundraising	14
Get active	15
Diary	16

An arms dealer's 'market analysis'

The UK government's Defence Export Services Organisation (DESO) pushes weaponry around the world. It's not fussy who it deals with. There's no screening to avoid human rights abusers. Conflicts are more likely to provide a motivation than a cause for restraint. Poverty and development issues may be a concern to DESO, but only because it may mean a potential buyer can't stretch to the UK's high-tech weaponry.

Strategic Marketing Analysis

But this broad-mindedness can also create problems. With around 140 countries importing major conventional weaponry and just a few off-limits due to UN or EU arms embargoes, DESO needs to focus. In the past it produced an annual marketing plan, but this has now developed into a continually-updated, web-based (though only accessible to DESO partners) Strategic Marketing Analysis. It is clearly too much to ask to know what a government department is doing in our name, but under the Freedom of Information Act we have been able to obtain a snapshot of the Strategic Marketing Analysis from March 2005. It makes illuminating reading.

The analysis reveals that the list of Key Markets expanded from 28 countries in 2004 to 47 in 2005 (see

box below) with new entrants including Colombia, Egypt, Iraq, Libya and Pakistan, plus the Future Markets of Russia and Vietnam. However, if a company – for example, let's say BAE Systems – spotted or created an opportunity in a country that wasn't listed, they wouldn't need to worry. According to the Analysis: "Because prospects can change quickly, all markets will be kept under regular review. This does not mean that DESO will be unable to support countries not listed."

We don't know how the list is compiled, but it's a fair guess that the main factor is the amount that a country might spend on arms, particularly on importing arms. Countries that have a historic relationship with the UK are also likely to be strong candidates due to the increased likelihood they will buy British. Conversely, some of the countries that are significant arms importers may be lower priority due to their strong relationship with another supplier country. This is borne out by the Stockholm International Peace Research Institute's ranking of importers of major conventional weapons. Of the top 30 arms importers, 23 are DESO Key Markets, Iran and China are under embargoes of sorts, Israel and Taiwan are virtually captive US markets, leaving only the

Netherlands, Yemen and, of course, the UK!

Commercial terms

There is little of DESO's work that cannot readily be understood by considering it in purely commercial terms. Concerns over human rights or conflict from within government don't appear to register on DESO's radar. The Foreign Office's Annual Human Rights report lists 20 Major Countries of Concern. Almost unbelievably, five of these countries (Colombia, Iraq, Russia, Saudi Arabia and Vietnam) were DESO Key Markets in 2005. It is hard to know if this is simply unjoined-up government or the difference between presentation and practice.

But any such debate is irrelevant to DESO. Its remit is simple: it exists to sell arms for arms companies, and if a country has a military budget it is a potential market. That it does this with levels of public money and political support that civil industry can only dream of only makes the situation even more inexplicable. DESO appears utterly irreconcilable with the concept of a democratic government using public money for the public – whether UK or global – good. IAN PRICHARD

For more on CAAT's campaign to shut DESO see pages 8–9

DESO Key Markets, March 2005

Priority Markets

Greece
India
Japan
Malaysia
Oman
Romania
Saudi Arabia
Singapore
Thailand
USA

First Tier

Bahrain
Brunei
Chile
Iraq
Libya
Poland
Qatar
South Korea
Trinidad & Tobago
Middle Tier
Algeria

Australia
Brazil
Czech Republic
Denmark
Egypt
Italy
Kuwait
Pakistan
South Africa
Turkey
UAE

Bottom Tier

Belgium
Canada
Colombia
Finland
France
Germany
Kazakhstan
Spain
Sweden
Switzerland

Future Markets

Russia
Vietnam

Miscellaneous

Bulgaria
Hungary
New Zealand
Slovakia

SFO raid on South African agent's home

As part of the investigation into allegations of corruption at BAE Systems, the Serious Fraud Office (SFO) has raided the UK home and headquarters of John Bredenkamp, BAE Systems' agent in southern Africa. Bredenkamp is alleged to have received large sums in confidential commission payments. One of the deals the SFO is investigating is the 2001 Blair-backed £1.6bn sale of Hawk aircraft to South Africa. In 2003 the then UK trade minister confirmed that BAE Systems had paid a commission on the contract.

GUARDIAN, 19/10/06; BUSINESS REPORT, 7/10/06

Tanzania deal investigated by SFO

In 2001 BAE Systems sold Tanzania a military air traffic control system deemed by both the World Bank and the International Civil Aviation Organisation to be "not adequate and... too expensive" for one of the poorest African countries. In her memoirs, then International Development Secretary Clare Short wrote: "It was very difficult to believe that the contract had been agreed without corruption".

The SFO has now launched an investigation into allegations that 'commissions' of 29 per cent were paid on the deal. At the time, Tony Blair overruled Chancellor Gordon Brown and Clare Short to ensure the deal went through. For more details see <http://www.timesonline.co.uk/article/0,,2-2451185,00.html>

Israel and Lebanon

Israel has admitted that it used phosphorous bombs to attack targets in Lebanon despite saying previously that it only used the bombs for marking out targets. The Lebanese president accused Israel of breaking the Geneva Convention.

Despite this, Israel's military establishment has been granted extra funding to cover the costs of the Lebanese war and to improve readiness for further military action.

INDEPENDENT, 23/10/06; DEFENSE NEWS, 11/9/06

Revolving door

Lord Bach, Minister for Defence Procurement from 2001 to 2005, has taken up a post as Chair of Selex Sensors and Airborne Systems SpA, 25 per cent of which is owned by BAE Systems, and 75 per cent by Finmeccanica. [WWW.ACOBA.GOV.UK](http://www.acoba.gov.uk)

Former CIA head joins QinetiQ

Former head of the CIA, George Tenet – criticised for failing to prevent the September 11th attacks – has been appointed a non-executive director of military research company QinetiQ. QinetiQ's Chair welcomed Tenet's experience of the military market in the US, where QinetiQ has already purchased more than £300m of military companies.

INDEPENDENT, 25/10/06

Typhoon gun no longer arm-less

The RAF has gone back on a decision not to allow Eurofighter Typhoon pilots to fire the aircraft's gun. The original decision was intended to cut costs by saving ammunition but gun-less Harriers were recently described by an army major as "utterly, utterly useless" when it came to supporting ground troops. [DAILY TELEGRAPH](http://www.dailylegaph.com), 3/10/06

Israeli deals

Germany is to build two submarines for Israel but has denied that they would be equipped to carry nuclear weapons.

Israel's Rafael Armament Development Authority has struck a deal with US-based Protected Vehicles Inc to produce a 4 x 4 armoured urban combat vehicle – called 'the Golan' – for potential Israeli and US customers.

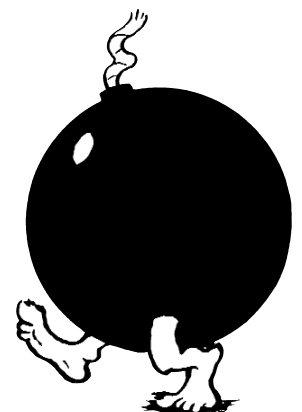
Meanwhile Indonesia's plans to buy four Israeli-made unmanned air vehicles have met with protests over buying aircraft from a country that Indonesia does not recognise diplomatically.

DEFENSE NEWS, 4/9/06; JANE'S DEFENCE WEEKLY, NOVEMBER 2006; FLIGHT INTERNATIONAL 31/10/06 – 6/11/06

Cluster bomb criticism

UN secretary general Kofi Annan has called for a freeze on cluster bombs, saying that they cause "atrocious" and "inhumane effects" on people. In the UK, international development secretary Hilary Benn wrote to cabinet colleagues saying that cluster bombs used in Iraq are causing unnecessary deaths and injuries. The UK Government, which takes the official position that the weapons have a "legitimate" role, has been accused by the group Landmine Action of blocking negotiations aimed at securing an international ban on cluster munitions.

SUNDAY TIMES, 5/11/06; GUARDIAN 8/11/06; INDEPENDENT 19/10/06



UK open for arms business

DESO head Alan Garwood has said that the UK is "the world's most open defence market", spending between 40 and 50 per cent of its military procurement budget outside the country. Garwood's comment came as he attended an arms fair in Cape Town and declared that the UK was open to business from South African military manufacturers.

ALLAFRICA.COM, 25/9/06

Venezuelan deals

Venezuela's President Chavez has announced plans to buy Antonov tactical transport aircraft. The move comes after his attempt to buy EADS Casa C-295 and CN-235MPA aircraft failed following objections from the US. Venezuela also continues to buy arms from Russia despite the arms embargo imposed by the US.

FLIGHT INTERNATIONAL, 26/9/06-2/10/06; RUSSIAN BUSINESS MONITOR 11/10/06

Russia and EADS

Russia has increased its stake in EADS in a quest for more influence over the company. It is also pushing for board representation but so far has been rebuffed. President Putin said a debate was going on inside the country over whether or not to acquire a blocking minority in EADS.

INDEPENDENT, 14/10/06

Corruption allegations in India

India's Central Bureau of Investigation has charged the country's former defence minister and retired naval chief, among others, with corruption in relation to the purchase of Israeli military systems. Both refute the allegations.

JANE'S DEFENCE WEEKLY, NOVEMBER 2006

US suspends Thai money

The US has suspended \$24m in military aid to the Thai government in response to September's military coup. A spokesperson said that the money would be reinstated after a democratically elected Thai government takes office but a senior lecturer in the Thai National Defence College said he believed the money would be made available when an interim defence minister takes office.

JANE'S DEFENCE WEEKLY, NOVEMBER 2006

North African market

Military spending by North African countries is predicted to grow, driven by equipment updates and the need to increase policing of borders and coastlines. DESO has opened an office in Tripoli to monitor regional opportunities. Meanwhile France's leading military suppliers will make a major push to sell arms to Libya this December after being given the go-ahead to test Tripoli's potential as an export market.

DEFENSE NEWS, 11/9/06; JANE'S DEFENCE WEEKLY, 25/10/06

Heckler & Koch launch programme with mercenary firm

Small arms manufacturer Heckler & Koch and mercenary company Blackwater have launched a joint training programme, Blackwater HK International Training Services, giving Heckler & Koch a base at the largest private firearms facility in the US.

JANE'S DEFENCE WEEKLY, 1/11/06

Shorts in brief

Saudi first

Saudi Arabia is in talks with Russia over the possible purchase of arms. This is the first time the Saudis, who usually use Western military systems, have dealt with Russia. AGENCE FRANCE PRESSE 9/10/06

True cost of Trident?

Figures produced by the Liberal Democrats have estimated the true cost of replacing and maintaining Trident to be at least £76bn, considerably higher than the £15bn to £25bn generally estimated. GUARDIAN, 21/9/06

Zimbabwe looks to China for jets

The Air Force of Zimbabwe is set to buy K-8 jet trainers from China to replace the Hawk Mk 60, which is proving difficult to maintain as the UK is unwilling to provide spare parts. JANE'S DEFENCE WEEKLY, 6/9/06

Vietnam-Pakistan gun deal

Vietnam has bought a batch of sub-machine guns from Pakistan for its counter-terrorism unit. This is Pakistan's first military contract with Vietnam. JANE'S DEFENCE WEEKLY, 6/9/06

Sri Lankan expansion

The Sri Lankan government has proposed boosting its military budget by 45 per cent for 2007, taking it to 17.3 per cent of the national budget.

JANE'S DEFENCE WEEKLY, 18/10/06

Burma buys UK-made planes

Burma has bought military equipment from South Korea and India. The deals include two UK-manufactured maritime surveillance aircraft from the Indian Navy, despite protests from the UK government.

IRRAWADDY.ORG, 27/10/06

Action in...

New Zealand/ Aotearoa

In October 200 protesters linked arms to successfully blockade the New Zealand Defence Industry Association (NZDIA) annual conference for four hours. The blockade was assisted by the protective fencing erected around the venue. Later there was a noisy protest outside the awards dinner. The previous Sunday, a 'clown demonstration' took place outside the home of the head of the NZDIA.

The NZDIA has thirty-nine member companies that collaborate to promote the sale of military equipment and services to overseas customers. The New Zealand government has been an active supporter of the NZDIA, the armed forces and Ministry of Defence, with Industry Liaison Managers who assist

the companies. As elsewhere in the world, there is financial support too. For example, in 2003, Flexisolutions was given \$100,000 of government funding to develop its jungle-sweeper grenade. Auckland company Rakon Ltd has also received over \$600,000. The latter is the sole supplier of an important component in the guided bombs made for the United States military.

USA

At the end of September over sixty campaigners from across the United States converged on Minneapolis-St Paul for the 'Stopping the Merchants of Death' conference against war profiteers. It was organised by the War Resisters League and Alliant Action, a group focussing on military company Alliant Techsystems, formerly Honeywell.

The conference looked back to move forward. Participants heard how the Women's Strike for Peace in the early 1960s laid the groundwork for the 'peace economy' that still characterises Oregon today. They heard insightful tales about the successful Honeywell Campaign that began during the Vietnam War. They then looked at how a united intergenerational movement against war profiteering might be developed and held working groups on shareholder strategy, networking and outreach, technology and research and counter-corporate recruitment.

The Conference culminated in a celebration of Gandhi's birthday as 78 people were arrested trying to deliver a subpoena to Daniel J. Murphy, Chief Executive Officer of Alliant Tech Systems – makers of cluster bombs and munitions releasing depleted uranium.

ANN FELTHAM

NZ awards ceremony

As well as holding a noisy protest outside the arms dealers' awards ceremony, New Zealand activists also held a ceremony of their own to deliver the D.I.C.K (Destructive Industry Connected to Killing) NZ Awards and the 'Guided Missiles and Misguided Men' Awards for Government Politicians. The D.I.C.K. NZ Awards recognise the reality of the business of the NZ 'defence' industry. The 'Guided Missiles and Misguided Men' Awards for Government Politicians are awarded to those who by their words and/or actions support bloodshed and war. The name for these awards comes from a

statement by Martin Luther King, Jr: "we have guided missiles and misguided men".

The 2006 Supreme D.I.C.K NZ Award went to Rakon Ltd, with Right Hemisphere and Apex Global Healthcare / Apex Distribution Ltd each receiving a D.I.C.K NZ Award.

Minister of Disarmament and Arms Control, Minister of Defence and Minister of Trade Phil Goff, Prime Minister Helen Clark, Minister of Economic Development and Minister for Industry and Regional Development Trevor Mallard each received a 'Guided Missiles and Misguided Men' Award.

Join CAAT's Steering Committee

This autumn Nicholas Gilby was elected to one of four Supporter representative places on the CAAT Steering Committee. Nominations for the other three places are open until 5th January.

The Steering Committee meets in London on four Saturday afternoons each year, spending about half the time on campaigns and policy and the rest on admin matters. As well as representatives of some of CAAT's Sponsoring organisations, networks and staff, the Committee has eight Supporter representatives, who serve for two years. Local campaigners are poorly represented so, if this includes you, please think about joining.

- To become a Supporter representative you need to have been a CAAT supporter for more than 12 months, as do your nominator and seconder. For more info contact Ann on 020 7281 0297 or ann@caat.org.uk

Chichester CAAT takes action



Chichester CAAT hit the streets KRISTIN SUSSERAT

Only 8 per cent of the 103 people polled in Chichester's busy shopping precinct prior to the Shut DESO Action Day in London (see pages 8 and 9) agreed with public money being spent on DESO. Seven CAAT supporters including local Quakers organised the poll as part of a Raising Awareness Day that used publicity material and a petition to explain the issues. Most Saturday shoppers and tourists were concerned and prepared to give considered time to the poll. Several arms trade / military employees, although understandably ambivalent,

were clearly uneasy about the Government's cosy relationship with the arms trade.

A local paper, the 'Chichester Observer' published an article with a picture of the pollsters and a follow-up letter with poll results.

If you are interested in building up a local CAAT supporters' network based in the Chichester area please contact Press Officer Kristin Susserat kristin@wittering.demon.co.uk or Yanna Whitehead at ejwhead@hotmail.com

YANNA WHITEHEAD

Local campaigning to shut DESO

Thanks so much to those of you who did DESO campaigning in the run-up to the London action day in October. Loads of groups and individuals around the UK helped to raise awareness of DESO by doing DESO street polls, giving out leaflets, getting postcards signed and running stalls in their areas. These local activities got DESO into the local press, helped to mobilise the 250+ people who turned out on the 16th October, and ensured that more MPs and members of the public were told about DESO's dirty dealings. For more Shut DESO campaign news see pages 8 and 9.

News & views

Coventry Peace Festival

CAAT campaigners in Coventry have had a busy couple of months. As well as their usual stall in the city centre they organised two extra events during the month-long Coventry peace festival: a mini peace festival, and 'Selling the Arms Trade', a day of workshops designed to increase knowledge among those who already oppose the arms trade.

New London CAAT group

Due to popular demand, there will soon be a new Central London CAAT group. The first meeting will be on Monday 11th December at 6.30pm at The Albion (10 Thornhill Road, Islington, N1 1HW). Please come along and bring any ideas you have.

There will also be a workshop at CAAT's national gathering on 25th November for people who are interested in being involved in the group. A big proportion of CAAT's supporters live or work in London so this is an exciting opportunity to meet others, form a strong group and plan effective campaigns.

Penarth Christian Network

Alun Morinan, CAAT's Christian Network Co-ordinator, spoke at a public meeting organised by Penarth CAAT group on 11th October. The topic was 'Why Christians should campaign against the arms trade' and the meeting was attended by people from several churches in Penarth. The group is now planning ways to get the arms trade issue onto the agenda of churches in the area.

Tell us your news

This is your space – please keep sending us photos and reports on your local activities as well as adverts for future anti-arms trade events you are planning. Email beccie@caat.org.uk

SHUT 'EM DOWN

Shut DESO: Time's up for the government's gunrunners

Beccie D'Cunha, Anna Jones and Stefan Luzi report on the growing campaign to shut DESO

Action day

Over 250 people came from all over the UK, and from many different groups, to take part in CAAT's Shut DESO Action Day on Monday 16th October. Together we encircled DESO's headquarters in Central London, creating a human chain right around the building and designating it a 'global danger zone'. Copies of the 'Holborn & Bloomsbury Messenger', a spoof paper with a serious message about what's really going on in the building, was distributed to passers by. Thousands of copies had also already been distributed in the local area in the days running up to the action. Comedian Mark Thomas joined the action and, directing his megaphone up at the windows of DESO, he let staff inside know that if they fancied getting a proper job that didn't involve contributing to violent conflict around the world, he'd be very happy to employ them to do his ironing! Involving humour in the action didn't detract from the very serious and poignant nature of what we were doing. Many passers by were moved to join the chain and wished us well in our campaign.

Street poll

After lunch, teams of people went out and about on the streets to conduct an informal opinion poll about DESO.

Over 700 members of the public were polled, with very telling results (see box).

The poll makes clear that the Government has kept DESO's role very quiet. It also illustrates that the majority of the public don't think that public money should be spent on helping arms companies push their wares – a good indication that DESO should be shut down. The poll proved a great way to start very meaningful discussions with members of the public. Many people said they would be using the street poll in their home areas as a new mechanism for campaigning.

Awareness

Though national media coverage of the action day was not as widespread as hoped, TV and radio, including BBC London, covered the story. Many local papers also covered the day thanks to supporters who let them know they were taking part. All in all, the action day was felt by everyone to be a great success – we took bold action at the heart of the Government's support for the arms trade, we raised awareness amongst well over 10,000 members of the public (not to mention all those who saw or heard media coverage), and we encouraged decision-makers to put DESO's closure firmly on the agenda. Thanks to all who took part!

Local lobby of MPs

The third part of the action day saw nearly 50 people going to Westminster to lobby their MP about DESO. This was part of our three-month lobby, which has seen over 100 people register to lobby their MPs. The feedback we've received so far on these meetings has shown how important this lobby is – unlike a lot of other issues, many MPs are ignorant of what DESO does and, most importantly, are shocked to discover the truth and have become sympathetic to the campaign as a result. Below are some examples of the false or inaccurate assumptions held by MPs who, prior to being lobbied by CAAT supporters, had no idea that DESO exists solely to maximise arms exports on behalf of companies:

Street poll results

1. Have you ever heard of the Defence Export Services Organisation?

Yes: 10%, No: 88%, Don't know/Maybe: 2 %

2. The Defence Export Services Organisation (DESO) is a government department of 500 civil servants dedicated to selling military equipment around the world on behalf of arms companies. Do you think that public money should be spent in this way?

Yes: 5%, No: 82 %, Don't know: 13%



Supporters from CAAT, Fellowship of Reconciliation, Pax Christi, and SPEAK took part PATRICK DELANEY

- One MP said an MoD minister had told him “DESO only supports existing contracts and does not do sales.” He said he was therefore “expecting DESO’s headcount to diminish over time.”
- Another said he did not agree that DESO should be shut down. He argued that DESO helped the government to monitor and regulate where UK arms are sold.
- A third said he thought DESO’s job was to issue export licences. He seemed unaware of its marketing role, and didn’t know how many staff it employed or its annual budget.

What next?

Thanks to loads of effective local campaigning and a successful action day and lobby, public awareness of – and opposition to – DESO is rising. Over the coming months, the priorities of the campaign are to keep raising awareness of DESO in Parliament and to keep the pressure on the Treasury to review DESO’s role as part of the 2007 Comprehensive Spending Review.

It’s not too late to lobby...

Due to the impact this lobby is having, we have decided to extend the lobbying period to allow more MPs to hear about DESO. So, if you haven’t already arranged to meet with your MP, please consider doing so between January and March 2007. While a good number of MPs have already been approached there are lots who may not yet have heard of DESO or think it has a role quite different from the one it actually does. Please join the lobby and let them know the reality!

The more MPs who highlight the role of DESO in Parliament, the more likely it is that this issue will filter through to those with influence. Pressure from within the constituency is frequently a key factor in influencing an MP’s views, so if you lobby your MP you can make a big difference! Please don’t assume that they will automatically be supportive or hostile to the campaign and therefore that lobbying him or her would be futile. Our experience shows that this is an issue that can spark different



Preparing for the day ahead PATRICK DELANEY

reactions to those we may expect! You can check online or with the office whether your MP is already being lobbied.

The Early Day Motion (EDM) calling for DESO to be shut was supported by 64 MPs. The EDM is now closed, but there are still other important actions you can ask your MP to take – most importantly that they call for DESO to be included in the Treasury’s Spending Review next year.

Send the postcard

Lastly, if you have not already done so, please sign and send the enclosed postcards to the Treasury and to your MP, and let us know you have done so. If you have already sent these postcards, please encourage someone you know to send them.

For more postcards to distribute locally or to order a Shut DESO campaign pack or Lobby Guide please contact Patrick (patrick@caat.org.uk) or see www.calltheshots.org.

What is DESO?

The Defence Export Services Organisation (DESO) employs nearly 500 civil servants to sell arms worldwide and to lobby for military exports across government.

DESO sells weapons to conflict zones, human rights abusers and countries with desperate development needs. Its Strategic Marketing Analysis for 2005 listed Iraq and Libya as “key markets”, along with other regimes with poor human rights records such as Colombia and Saudi Arabia, and regions of tension such as India and Pakistan (see page 3).

DESO’s official website boasts that over 75 per cent of arms export orders would not have been achieved without its assistance. This makes the campaign to shut DESO both vital and strategic.

For more on DESO and on the CAAT campaign check out www.calltheshots.org.

Al Yamamah secrets revealed by CAAT

Nicholas Gilby tells how CAAT uncovered a remarkable Government blunder that cast fresh light on the UK's biggest ever arms deal

Details of the Al Yamamah deal with Saudi Arabia – worth around £43bn over the last twenty years to BAE Systems and its subcontractors – have, until recently, been kept a closely guarded secret. However, in May this year the Department of Trade and Industry released files into the National Archives about big export projects (mostly civil) in the 1980s. Two of the files concern the Al Yamamah deal. None of the documents in the two files were censored.

Inflation – and more?

Some of the documents were published by the *Guardian* on 28th October (<http://www.guardian.co.uk/armstrade/story/0,,1933679,00.html>). The most remarkable is a telegram sent by (now Sir) Colin Chandler, then head of the Defence Export Services Organisation (DESO), from Riyadh to Whitehall in January 1986. The telegram reports the conclusion of the Al Yamamah 1 negotiations. It details how in May 1984 the price quoted by British Aerospace was £16.3m for each Tornado IDS aircraft and £4m for each Hawk aircraft. By January 1986 the prices

for the Tornados had increased by 32 per cent to £21.5m and the prices for the Hawks had increased by 33 per cent to £5.3m. These prices excluded spares, equipment, weapons and training.

It is common in arms deals for the prices of weapons to be raised so that 'commissions' – in ordinary language, bribes – can be skimmed off the top. Inflation between May 1984 and January 1986 was around 9.5 per cent. This strongly suggests that the Al Yamamah contract was padded with 'commissions' of around 20–25 per cent.

No details were given in the telegram as to why Prince Sultan, once described by former UK Ambassador to Saudi Arabia Willie Morris as having "a corrupt interest in all contracts", accepted such a large price increase. As the *Guardian* pointed out, the amounts involved are the same as the amount that: "alleged at the time in Arab publications was exacted in secret commissions paid to Saudi royals and their circle of intermediaries in London and Riyadh, as the price of the deal".

More to come

On being told the source of the documents by the *Guardian*, the Government rushed to remove the offending files from public view at Kew in South-west London. Fortunately, CAAT had taken the

precaution of copying the entire contents of the two files.

The files also reveal the shocking brinkmanship of Margaret Thatcher, Michael Heseltine and ex-British Aerospace Director Colin Chandler in negotiating the Al Yamamah deal, and how the deal was financed. You can read more about it in the next edition of *CAATnews*, by which time CAAT will have published the documents in full on the internet.

Saudis take offence

The Government's breach of the secrecy surrounding Al Yamamah has offended the Saudis greatly. According to a November 19 *Sunday Times* article (<http://www.timesonline.co.uk/article/0,,2087-2459780,00.html>) the Saudis have threatened that unless a Serious Fraud Office investigation into the Al Yamamah £60m 'slush fund' allegations are dropped, the Saudis will suspend diplomatic ties with the UK and will cut intelligence co-operation with the UK.

According to the *Sunday Times* the Saudis: "hit the roof" after discovering that [Serious Fraud Office] lawyers had persuaded a magistrate in Switzerland to force disclosure about a series of confidential Swiss bank accounts. The sources said the accounts relate to substantial payments between 'third party' offshore companies that may have received large sums in previously undisclosed 'commissions'... The trail is said to lead to the Saudi capital Riyadh."

In a letter delivered to Jonathan Powell, Blair's Chief of Staff, by the Saudi Ambassador the Saudis are said to be "claiming... that the British government has broken its undertaking to keep details of the Al-Yamamah deal confidential". BAE Systems is currently trying to seal a follow-on to Al Yamamah by selling the Saudis 72 Eurofighter aircraft.

Saudi 'commission' escalator

UK arms deal	'Commission'
Saudi Arabian Air Defence Scheme (1960s)	6.4%
Saudi Arabian Air Defence Project I (early 1970s)	10%
Saudi Arabian Air Defence Project II (late 1970s)	15%
Al Yamamah (1980s)	20-25%
Eurofighter deal (2006)	?

Cheese, chocolate and arms

Stefan Luzi outlines Switzerland's involvement in the arms trade

For those who associate Switzerland with the exports of such non-lethal goods as cheese and chocolate, it must come as a surprise to learn that this country has contributed to production of the cluster munitions used by Israel in the recent attack on Lebanon. And did you know that Switzerland is currently delivering military aircraft to Chad, a country embroiled in civil war, and that Switzerland is the world's second biggest exporter of ammunition for small arms?

With annual arms exports worth £150m (not including dual-use goods) and around 1000 jobs dependent on arms exports, Switzerland's involvement in the arms trade is not quite on the scale of the UK's. Still, there is much to compare between the two countries.

Similarities to the UK

Similar to the UK, Swiss legal framework and conventions oblige the agency responsible for the granting of export licences, the State Secretariat for Economic Affairs, to consider issues like UN embargoes and the situation or behaviour of the recipient country. However, this did not prevent Switzerland granting or exporting arms in recent years to countries including Pakistan, India, South Korea, Iraq, Morocco, Egypt, Saudi Arabia, Turkey, the United Arab Emirates and the US. When Swiss campaigners opposed the delivery of components for the US aircraft F/A-18 during the invasion of Iraq, the Swiss government responded with the ludicrous argument that the parts would not be used in the ongoing US campaign. As the regulations prohibit any deliveries to countries that violate international law, this example illustrates how the Government is



A blood spot in the shape of Switzerland symbolizes the deadly effect of Swiss arms exports WWW.KRIEGSMATERIAL.CH

constantly trying to stretch the law in favour of the arms industry.

The Swiss cooperation with Israel is, as in the UK, highly controversial. Apart from the production of cluster munitions (mentioned above), Swiss companies have been involved in the development of unmanned aerial vehicles (drones) with the Israeli company Israel Aircraft Industries (IAI).

Another similarity to the UK is the existence of government subsidies for arms companies. Although an agency such as DESO specifically promoting arms does not exist, the close network between MPs, arms companies, lobbying companies and civil servants makes sure that arms exports receive support. Embassies and defence attachés abroad help foster deals and even the Federal Councillors help to sell arms such as old M113 combat vehicles – as the Defence Councillor did in his visit to Pakistan one month ago. The state-owned arms company RUAG regularly profits from counter-trade deals set up in procurement contracts for the Swiss army. Finally, last year, the majority of MPs voted in favour

of the extension of the Export Risk Guarantee to cover arms exports.

How to stop Swiss arms exports

The Swiss constitution states that a public referendum must be held if more than 100,000 signatures are collected within 18 months. There have already been several votes on the issue of arms exports. In 1972 a ban on exports was only missed by a hair's breadth with 49.7 per cent of the electorate voting in favour.

This fell to 22.5 per cent in 1996, in part due to an overcomplicated question. However, the political climate has changed in the years of the 'war on terrorism' and more people question Switzerland's involvement in the arms trade. In the last five months alone, the Group for Switzerland without Army, the main Swiss group campaigning against the arms trade, has collected more than 50,000 signatures and hopes to force a referendum.

STEFAN LUZI WORKED FOR THE GROUP FOR SWITZERLAND WITHOUT ARMY (WWW.KRIEGSMATERIAL.CH) BETWEEN 2000 AND 2006 AND HAS BEEN VOLUNTEERING FOR CAAT SINCE JULY 2006.

Liberal Democrats and Clean Investment

CAAT used the Liberal Democrat conference this autumn to press its Local Authority Clean Investment campaign. Councillor Lorraine Zuleta from Southwark was the keynote speaker at a fringe meeting on this theme while ex-MP and former Surrey County Councillor Sue Doughty chaired.

From the excellent discussion that followed, it was clear that there is a great resistance amongst local authorities and particularly officials to being the first council to have an ethical investment policy. There is a

fear that they might be accused of not getting the best return for their pensioners even though the evidence shows that excluding arms makes little difference to returns. Later the Liberal Democrats unanimously passed a motion supporting ethical investment. They called on their councillors to press for local authority pension funds to be managed according to ethical principles and for the government to bring council investments within the "duty to promote economic, social and environmental wellbeing".

Corporate Mercenaries

The second biggest occupying force in Iraq is not that of the UK, but that of what are euphemistically known 'contractors'. CAAT has always considered the commercial sale of military services as well as of equipment within its remit and over the years has contributed to the debate about mercenaries. Now, however, the matter has gained urgency as services once the preserve of military forces are privatised.

Trying to distance themselves from the mercenary label, the 'contractor' companies have recruited former ministers and military chiefs to their boards and have set up a trade association. Some of those involved, such as Tim Spicer who heads Aegis Defence Services (which co-ordinates 'contractor' activity in Iraq) still find it hard to shed their mercenary past. Spicer hit the headlines in the late '90s for his activities in Papua New Guinea and Sierra Leone.

- There is an urgent need for these newly corporate mercenaries to be controlled as there are big issues around accountability. War on Want has produced an excellent report on the issue, complete with recommendations. Order your free copy from the CAAT office or look on www.waronwant.org

Arms Trade Treaty

At the end of October, the United Nations General Assembly agreed to start international discussions towards an arms trade treaty. The resolution, proposed by the UK and six other states, was supported by 139 states. 24, including Russia and China, abstained and one, the USA, voted against. The UN will now establish a group of governmental experts to consider the feasibility, scope and draft parameters of a legally-binding arms trade treaty and to report back to the General Assembly in 2008.

ANN FELTHAM

MUSICIANS AGAINST NUCLEAR ARMS (M A N A)

presents a

CONCERT FOR PEACE

with the

Fitzwilliam String Quartet

Lucy Russell violin
Alan George viola

Jonathan Sperry violin
Andrew Birmingham cello

The programme will include

BEETHOVEN Grosse Fuge

SIBELIUS Voces Intimae

and **SHOSTAKOVICH**

Guest Speaker: Louise Richards
Chief Executive WAR ON WANT



Saturday 10 February 2007 at 7.30 pm

**ST. CYPRIAN'S CHURCH
GLENWORTH STREET NW1**

**Tickets £9.00 (£7.50 concessions) from
MANA Administration
71 Greenfield Gardens LONDON NW2 1HU
enclosing a stamped, self-addressed envelope**

Clean Investment update

Forty-five UK universities and university colleges currently hold significant investments in arms companies. CAAT research published this November revealed that universities including Oxford, Cambridge and UCL invest millions of pounds in companies such as BAE Systems, Rolls Royce and the Smiths Group that sell arms to repressive regimes. These universities also carry out research in partnership with the same military companies.

Southampton and the Saudis

Many universities with investments in the arms trade are members of the Russell Group – a collection of elite institutions that accounts for 65 per cent of UK universities' research grant and contract income. Perhaps these universities want to stay on good terms with the companies that supply them with much needed investment? Earlier this year, Malcolm Ace, Director of Finance at Southampton University, told students that it would be "hypocritical" to sell his university's shares in BAE Systems when it receives hundreds of thousands of pounds worth of research funding from the arms company each year. BAE Systems has been in the news recently as the company is under investigation by the Serious Fraud Office over allegations of multi-million pound bribery during sales to Saudi Arabia (see page 10). In recent months, BAE Systems has announced another huge arms deal with Saudi Arabia – a country that has no political parties or trade unions, no freedom of association and no independent media. Women are denied the vote and face severe restrictions on movement. Amnesty International reports that torture and extra-judicial killings by Saudi security forces are escalating under the cloak of the 'war on terror'. According to Malcolm Ace, Southampton University has invested in BAE Systems "since approximately 1987".



We may hesitate to believe that anyone purposefully invests in an arms company because it may secure a lucrative contract to export weapons – thus raising its stock price. Nonetheless, incidences of public institutions, such as universities, profiting from such deals are an inevitable consequence of investing in the arms trade.

Effective activism

Over the past twelve months, however, there have been encouraging signs of resistance to the influence of militarism on campus. Thousands of students and staff around the country have mobilised and taken action, resulting in policy changes at student union and university level. Protests, petitions and student journalism caused SOAS, Bangor, St Andrews and Goldsmiths to take real steps towards divestment. Students at Manchester held die-ins and other high-profile events, culminating in 300 students passing a student union motion for ethical investment. This has led to the university engaging directly with students over the future of university finances.

These changes have occurred only because activists have used persuasive moral and financial arguments to explain why investing in the arms trade is unnecessary and wrong. They have shown that it is possible for universities to fulfil their

financial duty whilst investing ethically. Ethical investment funds that preclude arms company shares are amongst the most profitable: in the past decade the Church of England's £4.3bn ethically-managed fund was the second best performer out of more than 1,000 funds. Furthermore, the fact that the majority of university arms investors hold less than 2 per cent of their overall investments in arms companies means that divestment will not have a significant impact upon their portfolios.

Kick the habit

Unfortunately, several universities persist in denying access to data concerning their finances. Even after requests made through the Freedom of Information Act they cite commercial confidentiality or simply ignore requests for information. Universities must become transparent and accountable in order that students and staff can fully understand how their institutions are managed. If students are to be more than indebted consumers of knowledge, they must be given access to all relevant information – thus enabling them to participate meaningfully in university life.

It seems that the justification for such investments often boils down simply to financial habit. Without anyone questioning the status quo, institutions renowned for their commitment to internationalism and human progress will continue to support companies whose profits rest upon proliferating weapons and sustaining international tension. By uncovering the scale of university investment in the arms trade and by providing university members with information and support, CAAT's University Clean Investment campaign empowers students and staff to lead the way in getting arms out of education. Divestment from companies that market killing will be a major step forward. TIM STREET

Fundraising

By Kathryn Busby



Congratulations and thanks to three CAAT supporters whose sporting achievements have led to fundraising success this year. On Sunday 1st October, CAAT's Great North Runner Jan Walters finished the world's biggest half-marathon in 2 hours 28 minutes and 36 seconds. Jan raised more than £600 from friends and family, with sponsorship donations from CAATnews readers bringing the overall total to £2,073.10. A couple of weeks earlier, Margaret Davis took on the Women's 5k Challenge in Hyde Park, and collected £502.50 in sponsorship for her efforts. And on 19th November, Robin Yu successfully completed his first ever skydive. He thoroughly enjoyed the new experience and raised £525 for the campaign – you can still sponsor him at www.bmycharity.com/robinyu. If you are feeling inspired by Jan,

Margaret and Robin's achievements and would like to take part in a race, skydive or any other activity to help raise money for CAAT in 2007, please do get in touch.

Web developments

Many of you will have noticed recent developments to the CAAT website. These include the new option of purchasing CAAT greetings cards and the 2007 Housemans Peace Diary online, as well as subscribing online to CAATnews. Payments and donations are made through PayPal using a credit or debit card and the secure system is quick and simple to use. For CAATnews subscriptions or renewals, please visit and give as much or as little as you can afford. To purchase the 2007 Housemans Peace Diary (£9.50 including p&p) or CAAT greetings cards (see the advert

on page 2) please visit. If you don't have internet access or prefer not to make payments online, don't worry – all materials can also still be purchased by sending a cheque to the office in the usual way – and donations by post continue to be more than welcome!

And finally

As 2006 draws to a close, I'd like to thank everyone who has helped the campaign financially this year. Whether you subscribed to CAATnews, held a fundraising event, ran a race, responded to an appeal, made a sponsorship donation or offered your support in any other way, you have played an immensely valuable role in the campaign this year and CAAT couldn't continue without you. Have a peaceful new year and see you in 2007. KATHRYN BUSBY

www.redpepper.org.uk
red pepper
 raising the political temperature

NOT for ostriches...

The political frustration is palpable. A foreign policy doomed to disaster and domestic policies increasing divisions between rich and poor, eroding civil liberties, handing health and education services to the market and contributing to climate chaos. Surely we didn't vote for this?

The search is on for alternatives – and you can find them in *Red Pepper*, the national monthly magazine of political dissent.

Subscribe for **JUST £20** (saving £9 on OIR standard rate). PLUS receive our three most recent back issues FREE (worth £750)
 Subscribe at www.redpepper.org.uk or call 01296 489560

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 Symon 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

Israel report still available

If you're looking for more detail on the arms trade with Israel, CAAT's 2002 report *Arming the Occupation* is still available. Download it for free from our website or buy a printed copy from the office for £3.



Subscribe now!

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.

Name

Address

Postcode

Tel

Email

I enclose a cheque/postal order for £

I do not want to receive an acknowledgment

Please give by standing order

It helps CAAT plan ahead more effectively and costs less to administer, so more money goes directly to campaigning. Just £3 a month makes a real difference.

Name

Bank address

Postcode

Sort code Acc No

Please pay: The Co-operative Bank Plc, 1 Islington High Street, London, N1 9TR (sort code 08 90 33) for the account of CAMPAIGN AGAINST ARMS TRADE (account number 50503544) the sum of

pounds (£)

starting on (dd/mm/yyyy) and monthly/annually thereafter.

Signed

Fill in your name and address with the bankers order and return the whole form to CAAT, not your bank. Please make cheques payable to CAAT and send with this form to: CAAT, Freepost, LON6486, London N4 3BR.

If you DO NOT wish to receive CAATnews please tick here

CAAT use only.
Please quote ref

on all payments

Campaigns diary

6 December

Smash EDO demonstration. 4–6pm EDO, Home Farm Business Park, Home Farm Road, Mouslecoomb, Brighton. Come and celebrate EDO's dismal 3rd Quarter. For more info see www.smashedo.org.uk

19 January

CAAT Public Speaking Training, Leeds, 10am–6pm. This is a great opportunity for people who give talks – or would like to give talks – about the arms trade. To register your place contact beccie@caat.org.uk

Weekly

Noise demo at EDO MBM. Every Wednesday 4–6pm at EDO MBM, Home Farm Business Park, Home Farm Road, Mouslecoomb, Brighton. For more info see www.smashedo.org.uk

Vigil outside Reed Elsevier's headquarters. Every Wednesday 12–2pm, 1–3 Strand, London WC2N 5JR. Charing Cross tube.

Vigil outside offices of Raytheon, one of world's biggest arms manufacturers. Every Friday: 8am, on the UWE/Bristol Business Park roundabout, Coldharbour Lane, Bristol. For more info contact jandamarra@riseup.net

Monthly

East London Against the Arms Fair meeting on the second Monday of each month, 7.30pm, the Garden Cafe, 7 Cundy Road, London E16. Prince Regent tube station. For more info contact ELAAF, c/o CIU, Durning Hall, Earlam Grove, London E7

11 Goodwin Street, London N4 3HQ
Tel: 020 7281 0297
Fax: 020 7281 4369
Email: enquiries@caat.org.uk
Website: www.caat.org.uk

