

# THROUGH THE LOOKING GLASS

BAE Systems, Corporate Social Responsibility  
and war, insecurity and climate change

May 2019

**TIPPING POINT NORTH SOUTH**

A co-operative that supports and initiates creative, campaign-driven projects that  
advance the global social justice agenda

## MILITARY SPENDING: A HIDDEN DRIVER OF CLIMATE CHANGE

The global military is a major driver of climate change. At UN level, it is exempt from reporting its carbon emissions despite some countries' militaries being among the largest consumers of fossil fuels in the world. It is a scandal that needs exposing.

Runaway global military spending fuels this state of affairs and impedes development in myriad ways: *as a matter of urgency* it must be put centre-stage as an international development, environment and human security concern.

All current *Green New Deal* economic thinking (in the UK, Europe, the USA and elsewhere) must take account of the links between these closely linked issues: military spending and climate change.

***THROUGH THE LOOKING GLASS: BAE Systems, Corporate Social Responsibility and war, insecurity and climate change*** is one of Tipping Point North South's *Five Percent Proposal* series of reports and briefings that offer a framework and a formula for progressively converting military spending into funding for development, strengthening human security, and averting climate catastrophe.

This briefing is also pertinent to Tipping Point North South's *Green New Deal Plus*, designed to complement all current variations of Green New Deal economic proposals. (See Context)

The *Five Percent Proposal* project is funded by Polden-Puckham Charitable Foundation and is a project of Tipping Point North South.

### ACKNOWLEDGEMENTS

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Tipping Point North South is a 'for the benefit of community' co-operative, supporting and initiating creative, campaign-driven projects that advance the global social justice agenda.

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## CONTEXT

### THE GROWING CALL FOR A GREEN NEW DEAL

Over the past two years, USA Democrats Senator Bernie Sanders and Congresswoman Alexandria Ocasio-Cortez have been amongst the loudest voices in support of a transformative Green New Deal (GND). AOC has catapulted GND thinking into the USA's public discourse as a radical way forward to address both the climate emergency and austerity.

The Green New Deal was inspired in part by President Roosevelt's successful 1930s New Deal, which saw investment in public works as key to reviving the USA economy after the Great Depression. It was a concept revisited with the New Economics Foundation's *Green New Deal* report in 2008,<sup>1</sup> and the later formation of the Green New Deal Group.<sup>2</sup> Today, a Green New Deal is a central plank in the Democratic Party's election offer to the American people, while here in the UK it is coming to the fore of both Labour Party and Green Party policy thinking. There is also now a call for a progressive EU-wide Green New Deal.

The 21<sup>st</sup> century Green New Deal comprises primarily a set of government funded social and economic reforms and public works projects with renewable energy, resource efficiency and decarbonisation at their heart, and deliverable through a massive programme of investment in clean-energy jobs and infrastructure.

**However, notably absent in all Green New Deal thinking is awareness of the role of the world's militaries and their significant (and profoundly under-reported, if not concealed) contribution to climate breakdown.**

### TIPPING POINT NORTH SOUTH'S GREEN NEW DEAL PLUS – A GREEN NEW DEAL THAT ADDRESSES GLOBAL MILITARY SPENDING

Through its **Five Percent Proposal**<sup>3</sup>, [Tipping Point North South](https://tippingpointnorthsouth.org/)<sup>4</sup> (TPNS) has been building the case that global runaway spending is of profound relevance to international development, the global green economy and, increasingly, climate change. It argues that runaway military spending should therefore be of much more serious concern than at present to those working in the international and development sectors, both NGOs and politicians alike, and calls for them to make a much greater effort to engage with it. We need to cuts to both spending and emissions as the former is inextricably linked to the latter.

Historically, military spending has been central to re-enforcing power, poverty, unjust distribution of resources, economic and environmental collapse. Peace and green prosperity will remain elusive as long as the military-oil industry relationship remains intact and all

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<sup>1</sup> *A Green New Deal*, New Economic Foundation. <https://neweconomics.org/2008/07/green-new-deal>

<sup>2</sup> *2013 Press Release*, The Green New Deal Group. [http://www.greennewdealgroup.org/?page\\_id=200](http://www.greennewdealgroup.org/?page_id=200)

<sup>3</sup> The Five Percent Campaign website. <https://thefivepercentcampaign.org/>

<sup>4</sup> Tipping Point North South website. <https://tippingpointnorthsouth.org/>

powerful. We need a very different starting point to consider and address the annual almost \$2 trillion global military spend and it should be *global human security*. Only if we can lay *that* as the foundation stone, can the human family create and sustain peaceful prosperity in a green economy working in harmony with the natural world.

## WHAT IS THE GREEN NEW DEAL PLUS?

Tipping Point North South's **Green New Deal Plus**<sup>5</sup> argues that unless or until we include the issue of military spending and its impact on our climate in current Green New Deal thinking, the economic, social and environmental gains of such a deal will only ever be partial. *Peace* must accompany – indeed enable – prosperity.

In brief, it comprises three calls:

- **The break-up of the military-oil industry relationship and complete decarbonisation of the world's militaries.**

NB A decarbonised military, defence and security sector is not about delivering 'greener ways to conduct war': weaponry and war will always kill living beings, will always destroy and pollute environments. Rather, this idea is the starting point for much needed if challenging discussion, one that can lead us to a paradigm shift in national and international defence and security policy-making for a carbon-neutral world.

- **Open up debate about what kind of 'defence' policy is fit for the 21<sup>st</sup> century.**

We need a decarbonised, *sustainable*, global military with a *transformed and transformative doctrine* fit for purpose in this century of climate breakdown – one based on revisiting and updating earlier work on the concept of *non-offensive defence*<sup>6</sup> and prioritising funds for *global human security* through peacekeeping, peacebuilding, disaster risk reduction, and investment in social, economic and environmental justice. Primarily, national self-interest should be replaced with global human security.

- **Implementation of TPNS's *Five Percent Formula* to progressively cut runaway global military spending and emissions in order to fund human security, address international development needs and the impact of climate change, and meet global green economy needs.**

A key element of the **Green New Deal Plus** is TPNS's ***Five Percent Proposal*** to halve global military spending over 10 years, followed by a 5% threshold formula designed to rein-in military spending thereafter.<sup>7</sup>

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<sup>5</sup> The full GND Plus briefing can be found at <https://thefivepercentcampaign.org/>

<sup>6</sup> <https://searchworks.stanford.edu/view/2855683>

<sup>7</sup> <https://thefivepercentcampaign.org/full-report-the-five-percent-campaign/the-5-formula-what-is-it/>

## ABOUT THIS BRIEFING

*THROUGH THE LOOKING GLASS: BAE Systems, Corporate Social Responsibility and war, insecurity and climate change* is one of Tipping Point North South's *Five Percent Proposal* series of reports and briefings that offer a framework and a formula for progressively converting military spending into funding for development, strengthening human security, and averting climate catastrophe. This briefing is also pertinent to Tipping Point North South's *Green New Deal Plus*, designed to complement all current variations of Green New Deal economic proposals.

*The Five Percent Proposal* makes the case that runaway global military spending must be added to the list of structural issues undermining international development (unjust debt, trade and tax relationships). The UK government is committed to international development at 0.7% of national income but is also a leading arms manufacturer and military spender. These activities can and do collide with disastrous consequences.

Combined, global military spending, war and conflict undermine, if not reverse, development gains and the attainment of all SDGs are impacted by it. Alongside environmental degradation, the carbon footprint of militaries and conflicts is hugely underestimated.<sup>8</sup> At the same time, the P5+1 (permanent members of the Security Council plus Germany) charged with keeping the peace account for 80% of world arms sales, raising tension and volatility in the Middle East, Africa, Asia and Oceania.<sup>9</sup> Today, global military spending is inching towards a runaway \$2 trillion per year. This creates a huge drain on countries' resources – rich and poor alike.

Meantime, defence companies around the world profit greatly from this state of affairs.

*THROUGH THE LOOKING GLASS: BAE Systems, Corporate Social Responsibility and war, insecurity and climate change* offers up an illustrative campaign 'case study' of, arguably, the most important British multinational at the heart of the UK's military operations overseas: BAE Systems.

# BAE SYSTEMS

BAE is a 'stakeholder' in the aircrafts, vehicles, ammunition, missiles and pilot training applied to wars in Iraq<sup>10</sup>, Libya<sup>11</sup>, Syria<sup>12</sup> and Yemen<sup>13</sup> and Gaza (Palestine)<sup>14</sup>, to name only recent

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<sup>8</sup> *The Green New Deal for Peaceful Prosperity: Military Spending, Climate Change and Human Security*, The Five Percent Campaign, <https://thefivepercentcampaign.org/articles/>

<sup>9</sup> [https://www.sipri.org/sites/default/files/2018-03/fssipri\\_at2017\\_0.pdf](https://www.sipri.org/sites/default/files/2018-03/fssipri_at2017_0.pdf)

<sup>10</sup> <https://www.theguardian.com/business/2008/feb/21/baesystemsbusiness.bae>

<sup>11</sup> <https://www.caat.org.uk/resources/companies/bae-systems/countries/libya>

<sup>12</sup> <https://www.independent.co.uk/news/business/news/syria-air-strikes-see-bae-systems-and-other-weapons-manufacturers-share-prices-spike-a6760641.html>

<sup>13</sup> <https://www.amnesty.org.uk/exposed-british-made-bombs-used-civilian-targets-yemen>

<sup>14</sup> <https://bdsmovement.net/news/after-gaza-massacre-40-cambridge-university-student-groups-demand-boycott-bae-and-caterpillar>

conflicts. By extension, therefore, BAE cannot be extricated from the terrible price paid by *millions* of civilians; nor the appalling wholesale infrastructure damage; nor, finally, its own contribution to an aspect much-overlooked, yet connected to, climate change: the carbon emissions burden of war and reconstruction.

*THROUGH THE LOOKING GLASS: BAE Systems, Corporate Social Responsibility and war, insecurity and climate change* delves into the ultimate hypocrisy of one of the world's leading weapons manufacturers, a flagship British multinational, whose share price always rises with conflict and war, then producing an annual report on Corporate Social Responsibility. **To tackle unfair trade or tax evasion or climate injustice, the spotlight has often and necessarily shone on the role of British multinationals in perpetuating those injustices, while hugely benefitting financially at the same time and advancing the economic and/or foreign policy interests of UK PLC. Those campaign case studies enabled the wider case to be made: that there is an underlying story to be revealed about the role of British companies in impending/reversing development; reinforcing the power imbalance between the rich global north and many regions in the global south; and, as in the case of BAE, unashamedly masking this activity with CSR.**

*THROUGH THE LOOKING GLASS: BAE Systems, Corporate Social Responsibility and war, insecurity and climate change* is intended for campaigning NGOs working in international development and/or environment and/or human rights and/or peace.





## INTRODUCTION

The barbaric murder by Saudi operatives of Jamal Khashoggi in Istanbul has yet to force the hand of Saudi's hitherto unshakeable key western allies - the UK and USA - into action on *the* issue: the halting of arms sales.

Pushing Yemen to the brink of mass starvation and the planned murder by acid bath of a journalist in a foreign country, were - as of March 2019 - *still* not grounds enough for action. Indeed, British Foreign Secretary Jeremy Hunt shamelessly tried (unsuccessfully) to persuade Angela Merkel to rescind plans to halt German arms sales to Saudi Arabia as punishment for the Khashoggi murder.

And so the UK's relationship with Saudi Arabia remains an object case study in how amoral foreign policy-making can only end one way - in a terrible collision with foreign policy and defence interests on the one hand, and human rights and international development on the other.

One player at the heart of this Saudi/UK relationship is BAE Systems and it is civil society leading the way on exposing it. Despite CAAT losing its 2017 high-profile case calling for UK arms sales to Saudi Arabia to be stopped, they presented hundreds of pages of reports from the UN, European parliament, Red Cross, Médecins Sans Frontières, Amnesty International and others documenting airstrikes on schools, hospitals and a water well in Yemen, as well as incidents of mass civilian casualties and drew widespread media and political attention. Speaking of losing the case, Mark Goldring, chief executive of Oxfam GB, said: 'This ... gives ministers free rein to sell arms to countries even where there is clear evidence they are breaching international humanitarian law.'<sup>15</sup>

But the catastrophe brought upon the Yemeni population by the Saudi-led coalition supported by British arms and personnel, coupled with the murder of Jamal Khashoggi, did serve to heighten the global public's disgust at the hypocrisy of western nations in general, and the UK in particular, as they decried the horror of war while supplying the very weapons to sustain it.

Our government's approach to the conflict in Yemen is putting the UK to shame. Labour's Shadow Minister for Peace and Disarmament Fabian Hamilton wrote in the 'House Magazine': 'The international community is crying out for leadership on this issue, and it is time that we stepped up to the role. The good name of our incorruptible British Armed Forces is being put to shame, as we continue to sell the very planes that are dropping bombs on civilians, sometimes even destroying our own supplies in the process. The government must establish a more ethical foreign policy and encourage our allies to do the same.'<sup>16</sup>

Hear hear to that.

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<sup>15</sup> <https://www.theguardian.com/world/2017/jul/10/uk-arms-exports-to-saudi-arabia-can-continue-high-court-rules>

<sup>16</sup> <https://www.politicshome.com/news/uk/foreign-affairs/house/house-magazine/99704/fabian-hamilton-government-must-establish-more>

In Channel 4's recent Dispatches programme 'Britain's Hidden War' (April 2019)<sup>17</sup>, former Secretary of State for International Development Andrew Mitchell said in his interview: "I've stood in the funeral parlour where more than a 100 people were killed as a result of a bombing run by the Saudi Air Force. We've seen the attack on children wearing their sort of UN children's backpacks lying dead beside the wreck of the bus. The position is absolutely appalling and of course Britain is complicit in this. ... I think, as things stand today, history will judge us as an appalling failure of British foreign policy."

It's high time for an 'ethical foreign policy' to become a reality.

## BAE SYSTEMS: A VERY BRITISH COMPANY WITH A VERY GLOBAL REACH

Military spending now comprises 6 percent of government expenditure. This is a much lower proportion than before the First World War, mainly because of increases in other government spending such as health and education. Nevertheless, the UK still has the sixth highest military spending in the world and since 2010 the Ministry of Defence has faced much smaller cuts than most government departments. Moreover, the UK's military expenditure, which currently stands at £39 billion a year, is almost twice the £19 billion a year that the UN estimates it would cost to solve global food insecurity.<sup>18</sup>

*'I came to learn that the chairman of BAE appeared to have the key to the garden door to No 10. Certainly I never knew No 10 to come up with any decision that would be incommoding to BAE.'* **Robin Cook, Former UK Foreign Secretary, 2003**

**[Note: Throughout this briefing, all BAE Systems' CSR quotes are in grey boxes]**

*'BAE Systems is a global defence, aerospace and security company employing around 83,100 people worldwide. Our wide-ranging products and services cover air, land and naval forces, as well as advanced electronics, security, information technology, and support services'*<sup>19</sup>

BAE Systems is Britain's largest defence company and the third largest arms firm in the world, with 95 per cent of its business military-related.

Having recently marked the 2018 centenary events of the end of WW1, it is worth noting that Vickers and Armstrong, the two largest UK arms companies during the WW1, were both eventually absorbed into what is now BAE Systems, the UK's largest arms company and the primary recipient of government military contracts.<sup>20</sup> On its 'heritage' BAE says its history can be traced back to 1560: 'evolved from hundreds of well-known names throughout industry worldwide and can trace its roots back to 1560 and the Royal Gunpowder Mills at Waltham

<sup>17</sup> <https://www.channel4.com/press/news/britains-hidden-war-channel-4-dispatches>

<sup>18</sup> <https://armingallsides.org.uk/about-the-arms-trade-now/>

<sup>19</sup> <https://www.baesystems.com/en-uk/our-company>

<sup>20</sup> <https://armingallsides.org.uk/about-the-arms-trade-now/>

Abbey.<sup>21</sup> More recently, in 1999, the British Aerospace merger with another British arms company, Marconi Electronic Systems, made the resulting company BAE Systems, the largest arms dealer in the world at the time.

BAE today has arms buyers in over 100 countries and its weapons and equipment are deployed all over the world, notably, currently, in Iraq and Yemen. BAE is currently supplying Saudi Arabia with Eurofighter Typhoon combat aircraft and these warplanes are playing a central role in Saudi Arabia's attacks in Yemen. BAE also supplied 200 Tactical armoured vehicles to Saudi Arabia which were used by Saudi troops to suppress pro-democracy protests in Bahrain in 2011. In 2017, BAE announced a deal to supply the Indian military with 145 M777 ultra-lightweight howitzers.

In the UK, BAE is constructing seven Astute Class attack submarines and has started building the next generation of nuclear missile submarines. It is also the lead contractor for the UK's new Queen Elizabeth Class Aircraft Carriers. BAE has a work-share agreement with the world's largest defence contractor Lockheed Martin (headquartered in Bethesda, Maryland, United States) such that it builds 15 percent of every F-35 Lightning II stealth combat aircraft manufactured, the largest and most expensive weapons system programme in history. BAE's other notable products include the Challenger 2 MBT tank, the SA80 Assault rifle, the Bradley assault vehicle (widely used by the U.S. military in Iraq), the US Navy Advanced Gun System, the Tornado fighter-bomber and the Harrier Jump Jet. BAE owns a third of MBDA, the world's largest missile manufacturer whose range includes the Exocet and the Brimstone.

## BAE ACTIVITY THROUGH THE PUBLIC RELATIONS LENS

### THE POPPY APPEAL

For a growing number of people, there is irony in BAE Systems supporting the work of the British Legion and, especially, the poppy appeal:

*In the UK, we contribute to the work of The Royal British Legion which supports current and former members of the armed forces and their dependants, and our employees get involved in the Poppy Appeal, which raises funds for the Legion's work and highlights the contribution of the armed forces past and present. We also sponsor the British Forces Foundation which stages morale boosting concerts and events for servicemen and women and UK4U – a charity which gives Christmas gift boxes to UK forces serving away from home....In the US, we support the United Service Organizations (USO).<sup>22</sup>*

In recent years there have been a number of voices calling for arms companies like BAE to be de-coupled from the sponsorship of Remembrance Day activity. In 2014 Professor Paul Rogers wrote eloquently about the hypocrisy of the arms manufacturer sponsoring the Poppy Appeal:<sup>23</sup>

<sup>21</sup> <https://www.baesystems.com/en-uk/heritage/bae-systems>

<sup>22</sup> <https://www.baesystems.com/en-uk/our-company/corporate-responsibility/working-responsibly/supporting-communities/supporting-the-armed-forces>

<sup>23</sup> <https://www.opendemocracy.net/paul-rogers/red-poppies-and-arms-trade>

*'A vast blood-red memorial in London evokes war's victims. Behind it stand the weapon-makers that could create millions more.'*

It should be noted that the British Legion has also taken sponsorship from non-UK arms companies - in 2014, Lockheed Martin, the world's biggest arms company, was the main sponsor of the British Legion Young Professionals' Poppy Rocks event.

And the British Legion itself has lobbied for the interests of the arms trade before.

*'In 2012 a newspaper investigation forced the then president of the Legion, Lieutenant General Sir John Kiszely, to resign over allegations that former commanders were using their connections to lobby on behalf of arms companies. Kiszely himself told an undercover reporter, who was pretending to work for a South Korean arms company, that the annual Remembrance Day ceremony was a 'tremendous networking opportunity' before boasting of the access it gave him to powerful people'*<sup>24</sup>

BAE Systems is also one of the sponsors of The National Arboretum, the Royal British Legion's centre for Remembrance.<sup>25</sup>

## SCHOOLS ROADSHOWS

Another less obvious but essential part of its business activity is to garner awareness of and support for its 'brand' from the British public. This PR strategy takes various forms including – and controversially – visiting schools (over 420 schools across the UK every year<sup>26</sup>) along with producing lesson content for children aged as young as seven years old. Accompanying its nationwide 'roadshow' is a website entitled *BAE Systems UK Education Programme*, which offers 'Resources for Teachers' heavily slanted on the military aspect of BAE work. (One of its roadshows included an appearance by CBeebies presenter Maddie Moate.) The company says it has 845 'ambassadors' – comprised mainly of school governors – across the UK.<sup>27</sup>

All this is part of BAE's "*Supporting Communities*":

*Charities, schools and not-for-profit organisations make a hugely valuable contribution to society. We support their work through donations and sponsorships, by encouraging employees to share their time and expertise as volunteers and by supporting employee fundraising.*<sup>28</sup>

BAE Systems is also in higher education. It has many collaborations with UK universities for research projects and recently announced five partnerships with specialist universities where a BAE employer will be embedded in the university.<sup>29</sup>

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<sup>24</sup> <https://www.redpepper.org.uk/the-arms-trade-must-be-kept-out-of-remembrance-day/>

<sup>25</sup> [https://www.forceswatch.net/sites/default/files/military\\_UK\\_schools\\_briefing-web.pdf](https://www.forceswatch.net/sites/default/files/military_UK_schools_briefing-web.pdf)

<sup>26</sup> <https://www.baesystems.com/en/careers/careers-in-the-uk/getting-ready-for-work/help-for-schools-colleges-and-community-groups>

<sup>27</sup> <https://www.independent.co.uk/news/uk/home-news/arms-companies-bae-systems-raytheon-british-schools-millions-pounds-a8519186.html>

<sup>28</sup> <https://www.baesystems.com/en-uk/our-company/corporate-responsibility/working-responsibly/supporting-communities>

BAE's presence in education is reflective of a wider infiltration of education. The Department for Education's 'military ethos' programme encompasses a number of initiatives which claim to give, 'young people the opportunity to develop teamwork, self-discipline, resilience and leadership' and has spent over £45 million on military ethos projects since 2012. The government now encourages academies and free schools to be sponsored by a part of the military such as the Reserves and Cadet Associations. Such schools would have a high proportion of ex-forces staff and have military-led activities for students.<sup>30</sup>

## BAE CORPORATE SOCIAL RESPONSIBILITY 2017 REPORT

Every year BAE Systems publishes its CSR report to highlight its 'ethical' policies and community work.

'*Behind every great fortune lies a great crime*' so wrote Honore de Balzac (1799-1850). The timelessness of arms manufacturers' increased profits and rising share prices in times of war surely meets this definition. One present-day method to distract the public from this ugly truth is through Corporate Social Responsibility reporting.

BAE produces a CSR report each year. It makes for somewhat strange reading - a catalogue of double standards, dressed up as CSR. Below we have highlighted a number of these double standards. Combined they add up to a document rife with hypocrisy and whitewash - maybe better described as 'CSC: Crime Scene Cleanup'.

### EXAMPLE ONE: BAE (NOT) WORKING ETHICALLY

*Our people, products and services are trusted by customers to provide vital capabilities and a technological edge where it counts, helping to protect national security and prosperity. It is a role we are proud to play as a key partner and supplier to governments and corporations around the world. Our important mission relies just as much on our ability to work responsibly, ethically and efficiently as it does on the quality, competitiveness and innovation of the solutions we provide.*<sup>31</sup>

### REALITY CHECK

*"BAE as a company has been complicit in the destruction of Yemen from day one and profited from it from it every step of the way. The argument that you can promote peace from the sale of weapons is an absurd argument which can be used by almost anyone to justify selling weapons to almost anybody. If peace and stability broke out tomorrow, BAE Systems would be among the*



<sup>29</sup> [https://www.forceswatch.net/sites/default/files/military\\_UK\\_schools\\_briefing-web.pdf](https://www.forceswatch.net/sites/default/files/military_UK_schools_briefing-web.pdf)

<sup>30</sup> *ibid*

<sup>31</sup> <https://www.baesystems.com/en/download-en/20180420115055/1434612689053.pdf>

*first companies to go bankrupt.” Andrew Smith, CAAT*

The ‘war on terror’ has done wonders for BAE's share prices - as military spending reached record levels from 2005 through to 2009, so did the share prices of the arms manufacturers, with BAE Systems, Lockheed Martin and Northrop Grumman all hitting their peaks in 2008. The recent wars in the Middle East have similarly done wonders for BAE's profits and share prices.

### **HUMAN TOLL OF THE YEMEN CONFLICT**

- Over 70,000 killed, including over 7,000 civilians killed in direct attacks and many more of collateral civilian deaths<sup>32</sup>
- 3 million people forced from their homes by the fighting
- 24 million people in need of life-saving humanitarian assistance including food, water, shelter, fuel and sanitation.<sup>33</sup>
- 2.5 million children out of school

The UK is a major supplier of arms and other military equipment to Saudi Arabia, particularly the Tornado and Typhoon fighter jets, both of which are manufactured and supplied by BAE Systems, and used by the Saudis to carry out aerial bombardment. According to the Yemen Data Project - an independent initiative to collect and disseminate data on the war in Yemen - out of 15,489 attacks (03/2015 - 08/2016), around one-third are known to have hit non-military targets (4,509). There are still 4,803 attacks for which the target is unknown. But for those that have been identified, only 5,883 (around one-third of all attacks) were directed at military or security targets, and 294 were targeted at political or tribal figures.<sup>34</sup>

Of the remainder:

- 1,422 hit residential areas.
- 625 hit transport infrastructure.
- 386 hit farms.
- 342 hit educational facilities.
- 256 hit government compounds.
- 225 hit civilian vehicles.
- 215 hit private businesses.

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<sup>32</sup> <https://www.acleddata.com/2019/04/18/press-release-yemen-war-death-toll-surpasses-70000/>

<sup>33</sup> <https://www.unocha.org/yemen>

<sup>34</sup> <https://www.alaraby.co.uk/english/comment/2017/12/29/its-time-to-get-real-about-yemens-death-toll>

- 183 hit market places.
- 164 hit communications infrastructure.
- 112 hit oil and gas structures.
- 103 hit water and electricity structures.
- 71 hit factories.
- 69 hit cultural/heritage sites.
- 68 hit medical facilities.
- 62 hit food storage/transportation.
- 58 hit sports facilities.
- 44 hit mosques.
- 36 hit parks/resorts.
- 18 hit media targets.
- 13 hit premises of the international community.
- 13 hit social gatherings.
- 11 hit banks.
- 9 hit other state resources.
- 4 hit IDP camps.

As well as the obvious gross crime of hitting civilians, these attacks have damaged or destroyed infrastructure that is key to the survival of Yemeni civilians.

#### **EXAMPLE TWO: GOOD NEWS BAD NEWS - BAE'S "£11BN CONTRIBUTION" TO UK GDP**

*An independent report from Oxford Economics, a world leader in forecasting and analysis, highlights the £11.1bn contribution made by our business to the UK economy, equivalent to 0.6% of GDP. Commissioned by BAE Systems and published in November 2017.*

## REALITY CHECK

In the first place, even this figure of £11.1 billion is not what it seems, as only £4.4bn is directly attributable to BAE's activities, "while supply chain and worker spending multiplier effects supported a further £6.7 billion".<sup>35</sup> However, the latest research has shown that health spending has a *positive* multiplier factor of around four whereas defence spending has a *negative* multiplier of around 7.<sup>36</sup> In other words, every £1 invested in public healthcare increases GDP by more than £3 whereas, if invested in defence, GDP would be *decreased* by more than £6. Whichever way one looks at it, the claim of BAE's £11bn contribution to the UK economy is questionable.

Of all British industries, many have long argued that the defence industry receives excessive and disproportionate support and subsidy from the UK government and, often from opposing ends of the political spectrum, have sought to question the economic value of this state support. There are more staff in the UK government working to promote exports for the defence industry than for *all other industries combined*. This despite the military-industrial complex's limited contribution to the overall British economy, as pointed out by the authors of the research cited in the previous paragraph: military spending in Europe has *negative* multiplier effect so the growth of the defence industry, rather than promote, actually inhibits overall economy growth.

Thus, it is no surprise that BAE can make the claim that it is a major contributor to the UK economy, when so much state support is on hand and when the defence industry is given precedence over all other industries. And this is not taking into account moral and social difficulties that the 'business of defence' presents to wider society.

**The UK government is committed to spending 0.7% of UK GDP on overseas development aid each year and this is a laudable commitment. But as a nation proud to lead on 0.7%, let's also connect up the dots and acknowledge that the 0.6% figure that BAE so proudly boasts of is, in no small part, intertwined with the fate of millions of people in the global south. The UK government's economic support of BAE-related businesses (along with other defence contractors) enables BAE's very *raison-d'etre*: the lucrative manufacture and sales of armaments which are in turn used to destroy and hence 'un'-develop a country such as Yemen in pursuit of British foreign policy.**

## EXAMPLE THREE: FRIENDS IN HIGH PLACES & WINNING WEAPONS CONTRACTS

*A skilled workforce operating in over 40 countries, works closely with local partners to deliver for our customers and support economic development by transferring knowledge, skills and technology. This significant international presence, one of the broadest in the defence industry, is supported by long-standing customer relationships, particularly with Governments and their agencies, allied to diverse capabilities across the Group.*

<sup>35</sup> <https://www.baesystems.com/en/feature/uk-economic-contribution>

<sup>36</sup> <https://globalizationandhealth.biomedcentral.com/track/pdf/10.1186/1744-8603-9-43>



## REALITY CHECK

The British government and the UK arms industry have a politically intimate and arguably compromising relationship that sees government officials working hand in glove with defence companies promoting weapons exports. Officials from the government's dedicated arms export department, the Defence and Security Organisation (DSO), alone attended more than 1,000 meetings with representatives of the defence industry between 2010 and 2016 – more than a third of all meetings (between the government and the arms & security industries) recorded by the Campaign Against Arms Trade (CAAT).<sup>37</sup> This data reveals how crucial the export of British-made weapons and security equipment has become to both government and the industry, ensuring that Britain is among the world's largest arms exporters. The DSO, now based within the new Department for International Trade, has more staff than all other sector-specific teams combined.

UK Trade and Investment (now Department for International Trade) provides examples of the forms of direct assistance it offers to exporting companies in its annual reports, including the defence industry:<sup>38</sup>

*"In 2010, two major contracts, valued at over £1 billion, were placed by India. These were the sales of Hawk trainer aircraft by BAE Systems and AW101 VVIP helicopters by Agusta Westland. The conclusion of these contracts reflected the long-standing defence equipment relationship between the UK and India and the involvement of UKTI DSO [Defence and Security Organisation] in facilitating the necessary government-to-government understandings that underpin the sale, and in supporting the final discussions between the companies and the Indian Government (UKTI Annual Report, 2010-11).*

*In addition to this, governments intervene directly to promote certain products or industries. When he was Prime Minister, Tony Blair intervened personally to persuade the Indian and Saudi governments respectively to award lucrative defence contracts to BAE."*

An earlier example (covered later on in this report) of the UK Government intervening on behalf of BAE was the 2006 shutting down of the investigation by the UK government's Serious Fraud Office into the Al Yamamah arms deal where it had been revealed that over many years 'commission' payments, or bribes, totaling as much as GBP 6 billion had been paid by BAE Systems to members of the Saudi royal family and others. Under heavy pressure from the Saudis, Tony Blair instructed the investigation be shut down.

The government claims it has a rigorous export licensing system for its arms exports... Arms companies require licences from the DTI to sell "goods, technology, software or components designed or modified for military use" as well as "'dual use' goods, technology, software, documents or diagrams which meet certain technical standards and could be used for military or civilian purposes". ...

<sup>37</sup> <https://www.theguardian.com/world/2016/sep/29/uk-government-works-hand-in-glove-arms-firms-campaign-against-arms-trade>

<sup>38</sup> <http://speri.dept.shef.ac.uk/wp-content/uploads/2015/07/SPERI-Paper-24-The-British-Corporate-Welfare-State.pdf>

British arms export 'controls' seem more about facilitating exports than restricting them. The licensing system still allows half of all UK's arms sales to go to the dictatorship of Saudi Arabia, currently undertaking a brutal bombing campaign in Yemen, using British-supplied warplanes and missiles. Since 2008, the UK has sold £10.8bn of weapons to the Saudis, by far the biggest market for UK companies. The British government has rejected repeated calls to halt arms sales to Riyadh. ...

Levels of sales of British arms to countries around the world often correlate with an uptick in violations of human rights norms in those countries. The majority of British arms go to the Middle East, particularly the Gulf region. In the aftermath of the Arab Spring when authoritarian governments cracked down on protest movements and dissent, the British government did not blink. Arms continued to flow, in fact, in nearly all cases the increased demand was met by more British arms. Countries where repression has deepened in recent years, such as Egypt, Israel and Bahrain, remain significant recipients of British weapons and military equipment.

The problem is not just that British equipment might be used to crush legitimate dissent; it is that the supply of weapons to security forces sends an overall message of support for what they are doing. It can also enhance the international legitimacy of repressive states and reduce the political space for opposition forces to challenge them.

BAE Systems is the jewel in the crown of the British arms industry. Other significant companies in the country include Rolls Royce, Babcock, Serco, Cobham, QinetiQ, Meggitt, but BAE is in a class of its own. A large majority of UK arms procurement goes straight into the coffers of BAE. Through an FOI we submitted, we discovered that the UK consistently awards contracts worth over \$3bn a year to BAE Systems - around 10% of its total outlay. BAE, actively involved in the Yemen war as a supplier of aircraft and technical military assistance to the Saudis, made profits of £792m in the first half of 2018. ...

BAE's profits are very important to the UK government, which is a key reason it maintains such a close relationship with Saudi Arabia, which has 6,000 BAE staffers in the country, according to the Labour MP, Graham Jones, who we met in Portcullis House. Jones was recently appointed chair of the Committee on Arms Export Controls in Parliament. In our hour-long meeting, he spent considerable time defending Saudi Arabia's record in Yemen, and insisted there was no evidence British weapons had been used in atrocities. He said he had a very strong aversion to the reporting of NGOs on the situation in Yemen.

It is hard to know the extent of lobbying by BAE in the UK, but in the US things are more transparent. In trying to drum up business in the US, BAE has put a lot of money into its lobbying operation in Washington DC. According to records, Podesta Group, which is now under investigation in the Russia-Trump inquiry, received most money from BAE in 2017.

Through the FOI, we obtained recognition that it had been "established from the records ... that BAE Systems did once form a part of a business delegation that accompanied the Prime Minister and the Secretary of State for International Trade on a visit to India in November 2016." This was Theresa May's first bilateral meeting since becoming Prime Minister. May said: "The UK and India are natural partners – the world's oldest democracy and the world's largest democracy – and together I believe we can achieve great things – delivering jobs and skills, developing new

technologies and improving our cities, tackling terrorism and climate change.” Securing contracts for BAE Systems was obviously a large part of this. ...

There is a revolving door between the MOD and DTI and the arms industry. Through another FOI request, it was revealed that in one year, from 2006 to 2007, 36 former employees of the MOD applied to join BAE Systems. These employees use the knowledge gained from MOD to earn bigger sums in the private sector, and may end up back at DSO. BAE is heavily involved in many centres of learning in the UK, making it indispensable to young engineers getting an education.

Matt Kennard & Mark Curtis<sup>39</sup>

#### EXAMPLE FOUR: BAE IN SCHOOLS AT HOME... AND ABROAD?

*We have strong and deep relationships with education providers globally to promote STEM and other subjects. For example, our flagship UK Schools Roadshow, delivered with the Royal Air Force and Royal Navy, engaged more than 420 schools and approximately 130,000 young people in 2017.*

#### REALITY CHECK

The *BAE UK Roadshow* is a typical example of the way in which military interests are increasingly coming to the attention of youngsters under the guise of education.

Many of the biggest teachers' unions in the UK oppose ever growing numbers of armed forces visits to schools and colleges; many also oppose the 'Military Ethos in Schools' programme. The Educational Institute of Scotland calls for a ban on "military recruitment campaigns in all schools and colleges" and the National Union of Teachers oppose military recruitment activities in schools which employ "misleading propaganda".

How many school buildings in Iraq or elsewhere have been destroyed by BAE made weapons? Are British school pupils enjoying the BAE schools roadshow made aware that BAE weapons have been used on their contemporaries in Yemen? And how does BAE's educational intervention align with other educational priorities already taught in schools such as how science, design and technology can contribute to sustainable peace, healthcare, social justice, and environmental sustainability?

Meantime, in a post-Iraq war era, where the British public has seen an entire region set alight as a result of politicians lies and media manipulation with millions of Iraqis dead and British soldiers too, the military needed to 'recruit' the general public once again to believe in its mission. With insufficient numbers of young people enlisting and the armed forces' own surveys show that a high proportion of serving personnel are dissatisfied with life in the forces, a bid to increase the popularity of the armed forces was set in motion and Armed Forces Day was established in 2009. This ever growing national celebration is a highly visible, successful effort on the part of the company to promote its interests. It is an inter-generational armed forces celebration often with a focus on family activity – parades, picnics, arts events.

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<sup>39</sup> <https://www.opendemocracy.net/en/opendemocracyuk/britain-s-warfare-state/>

In 2018, the national event was held in Llandudno, north Wales, and was expected to cost £375,000. Sixty-five percent of this expenditure came from Welsh Assembly or local finances despite recent announcements about cuts to the budgets of both the Welsh Government and Conwy County Borough Council. The MoD contributed only £25,000, or 6%, of funding, despite being the key director and beneficiary of the event.

The Welsh employer General Dynamics and BAE Systems were also sponsoring the Llandudno event. These companies are, respectively, the sixth and fourth largest producers of arms and military services worldwide. Helping to 'enlist' support for the wider military mission through Armed Forces Day sponsorship is a very small price to pay for the opportunity to market their activities to the local community.<sup>40</sup>

The concerted efforts of companies like BAE working with the military, the Royal British Legion<sup>41</sup> and others to increase their influence and presence across society now permeates our political structures, our schools and communities, the public space and imagination. Whether the wider public is aware of it or not, we are now living in a more militarised society. This in turn, has consequences for the intersection of way in which the public are guided to engage with foreign, security and by extension, international development policy-making.

**There is no better illustration of this than the dropping of BAE bombs on schools in Yemen while propagandizing their activities through the UK school curriculum.**

#### **EXAMPLE FIVE: DO AS WE SAY, NOT AS WE DO - CORRUPTION & THE HUMAN COST**

*We aim to be a recognised leader in business conduct. We want our employees and stakeholders to take pride in what we do and how we do it. We work hard to embed rigorous standards on business ethics across the Group.*

#### **REALITY CHECK PART ONE: SAUDI ARABIA**

*£40 billion Al Yamamah arms deal between BAE and Saudi Arabia, "arguably the most corrupt transaction in trading history" Andrew Feinstein*

The Al Yamamah series of arms deals with Saudi Arabia was, and remains, Britain's biggest arms deal ever concluded, earning the prime contractor, BAE Systems, at least GBP 43 billion in revenue between 1985 and 2007, with further deals still ongoing. In 1985, the UK and Saudi governments signed an initial Memorandum of Understanding that led to a series of contracts for combat aircraft and a variety of other military equipment and support services over the period 1985-93.

<sup>40</sup> <https://www.forceswatch.net/blog/concerted-effort-increase-power-military-across-society-must-be-challenged>

<sup>41</sup> <https://www.baesystems.com/en-uk/our-company/corporate-responsibility/working-responsibly/supporting-communities/supporting-the-armed-forces>



A major follow-up deal, Al Salam, was concluded in 2003. Allegations of corruption surfaced almost immediately, but investigations were thwarted until a large cache of documents was leaked in the early 2000s. An investigation by the UK government's Serious Fraud Office (SFO) uncovered 'commission' payments, or bribes, totaling as much as GBP 6 billion paid by BAE Systems to members of the Saudi royal family and

others. A key recipient of these payments, including over GBP 1 billion, was Prince Bandar bin Sultan, son of the Saudi Crown Prince. However, the SFO investigation was shut down by the British government in 2006, under heavy pressure from the Saudis.

### THE ROLE OF THE BRITISH ROYAL FAMILY

Anti-corruption campaigners called on Prince Andrew to resign as a special UK trade representative. Kaye Stearman of the Campaign Against the Arms Trade, said: "It is wrong ... that Prince Andrew is seen to be supporting arms sales and accepting corruption. This report shows that the relationship seems to go even deeper, with Prince Andrew speaking out against a government agency attempting to investigate corruption and arms deals."

Andrew Feinstein, an anti-corruption campaigner and former South African MP who resigned in protest over BAE bribery allegations, said: "I am amazed but not entirely surprised by the prince's comments. The royal family has actively supported Britain's arms sales, even when corruption and malfeasance has been suspected.

"For instance, the royal family was involved in trying to persuade South Africa to buy BAE's Hawk jets, despite the air force not wanting the planes that cost two and a half times the price of their preferred aircraft. As an ANC MP at the time, I was told that £116m in bribes had been paid to key decision-makers and the ANC itself. The royal family's attitude is part of the reason that BAE will never face justice in the UK for its corrupt practices."<sup>42</sup>

*All government focused lobbying is summarised and reported annually to the CR Committee. BAE Systems does not contribute or donate to political parties. Employees in the US can contribute to the BAE Systems Political Action Committee, which operates in accordance with US Federal law.*

### REALITY CHECK PART TWO: SOUTH AFRICA

The arms trade drives the gargantuan amount spent on 'defence' every year – \$1.6 trillion in 2010 alone...It accounts for almost 40 per cent of corruption in world trade. The very small number of people who decide on multibillion dollar contracts, the huge sums of money at stake and the veil of secrecy behind which transactions take place (in the interests of 'national

<sup>42</sup> <https://www.theguardian.com/uk/2010/nov/30/prince-andrew-wikileaks-cables>

security’) ensure that the industry is hard-wired for corruption. I experienced this first hand as an ANC Member of Parliament in South Africa’s nascent democracy. At the time that our then President, Thabo Mbeki, claimed we did not have the resources to provide life-saving medication to the over five million people living with HIV/AIDS, we spent \$10 billion on weapons we didn’t need and barely use today. About \$300 million in bribes were paid to senior politicians, officials, go-betweens and the ANC itself. The British company BAE Systems contributed \$180 million of the bribes and received the biggest contract, even though the jet it sold had not made an initial shortlist and was two and a half times more expensive than the plane desired by the air force. The time has come to lift the veil on this shadow world, to demand that our taxes are not used to develop another deadly weapon for the material benefit of a tiny self-serving élite, but are rather employed to enhance the lives of those who go hungry, who are without work or who suffer the deadly consequences of the trade in arms.

*Andrew Feinstein, Author and former ANC MP<sup>43</sup>*

South Africa's \$10 billion defence deal with European manufacturers — including some 20 jet fighters made by Saab in partnership with the U.K.'s BAE Systems, was decided by a small and secretive government group. Since South Africa had no major defence issues, the deal had real life consequences for the South African people, taking funds away from the priorities of unemployment, homelessness and HIV/AIDS. No one has tracked this more than former ANC MP Andrew Feinstein. He was elected as a member of the South African Parliament's lower house in 1997 and was the ANC's official on the National Assembly's public accounts committee, arguing for a thorough investigation into the South African Arms Deal. He is the author of the book (and film) about the arms trade: *Shadow World*.

#### **EXAMPLE SIX: SIR ROGER CARR - EMBODIMENT OF AMORALITY?**

*We provide defence equipment, training and support to other countries under government-to-government agreements with the United Kingdom. The UK maintains one of the most stringent export control regimes in the world and our activities and exports are subject to UK government approval and monitoring.*

#### **REALITY CHECK**

Let’s look at just one conflict: Yemen. The UK issued arms exports worth £2.94 billion to Saudi Arabia in a period of just nine months (2017). They also diverted a batch of 500-pound ‘Paveway IV’ bombs to Saudi Arabia. These bombs are used by Tornado and Typhoon fighter jets, both of which are manufactured and supplied to Saudi Arabia by the UK arms company BAE Systems.

Since the Saudi's bombing of Yemen began, the UK government has issued a further 37 arms export licenses to Saudi Arabia.<sup>44</sup> The UK has also refused to condemn the use in Yemen of internationally banned cluster bombs, as it has done in other global conflicts.

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<sup>43</sup> <https://newint.org/features/2011/12/01/corruption-in-the-arms-trade>

The recent Channel 4 Dispatches programme (April 2019)<sup>45</sup> investigated the extent to which the war in Yemen is ‘made in Britain’ and with it, the role of the UK’s biggest defence contractor. British technicians working for BAE Systems, working on air bases in Saudi Arabia are keeping Saudi jets in the sky. One former BAE Systems worker revealed the Royal Saudi Air Force (RSAF) would be unable to fly its fleet of Typhoon fighter jets without BAE Systems staff support. “With the amount of aircraft they’ve got and the operational demands, if we weren’t there in 7 to 14 days there wouldn’t be a jet in the sky.”

The programme focused on the killing of 40 children, hit by a Saudi bomb as they travelled by a bus on a school trip. And this terrible case is but one of many where civilians have been killed by weapons sold to Saudi Arabia by, amongst others, BAE.

Yet the comments by BAE Chairman Sir Roger Carr to his shareholders at AGM in 2018 are unashamedly and deliberately evasive, even flippant, on a issue that could not be more serious: in this case, where the responsibility lay for the deaths of twenty people at a wedding party.

BAE Systems does not know whether its weapons are used to commit war crimes, the defence firm’s chairman has admitted while praising its “impeccable record on values”.

Sir Roger Carr, who formerly served as vice-chairman of the BBC Trust and chairman of Cadbury’s, told shareholders gathered at the company’s annual general meeting they were not complicit in war crimes allegedly committed by Saudi Arabia using BAE-made planes and bombs in Yemen.

Asked whether any of its products were used in an airstrike that recently killed at least 20 people at a wedding, including the bride, he replied: “You don’t know and I don’t know.”

Sir Roger defended Saudi Arabia’s intervention against Houthi rebels in Yemen by claiming the coalition bombing campaign was supported by the UN Security Council, although the body has never explicitly backed military intervention and has issued several warnings over violations of international law.

He argued that Saudi Arabia needed to protect itself from Houthi missile attacks, adding that Yemen “may breed difficulty as all wars do but the greater difficulty is to let the infection spread and do nothing about it”.

Sir Roger insisted that BAE Systems staff do not load weapons on to planes themselves but are involved in service, maintenance and training.

“It is only at that level we draw the line, the use of that equipment is for others,” he added.

*The Independent, 12 May 2018<sup>46</sup>*

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<sup>44</sup> <https://www.amnesty.org.uk/exposed-british-made-bombs-used-civilian-targets-yemen>

<sup>45</sup> <https://www.channel4.com/press/news/britains-hidden-war-channel-4-dispatches>

<sup>46</sup> <https://www.independent.co.uk/news/uk/home-news/saudi-war-crimes-yemen-british-weapons-bae-systems-know-agm-values-a8347736.html>

## EXAMPLE SEVEN

*We are committed to respecting human rights. This applies equally to our employees, our suppliers and business partners, all of whom are expected to adopt the same or similarly high standards of ethical behaviour. In 2017, we published our response to the UK Modern Slavery Act.*

### REALITY CHECK

BAE may have a position on the Modern Slavery Act with regard to their business and supply chain, but that is only part of the story - notably missing from BAE's respect for human rights is any self reflection on its contribution to the circumstances causing some people to end up being trafficked and/or enslaved, let alone concern for the victims of their products.

More than 22 million people in Yemen need humanitarian assistance or protection. Some 8.4 million people are severely food insecure and at risk of starvation. If conditions do not improve, a further 10 million people will fall into this category by the end of the year. One child in four is out of school, depriving them of opportunity and leaving them more exposed to risks of recruitment by armed groups and other violations of their rights. Civil servants, including teachers and health workers in northern areas, remain unpaid.

Airstrikes in Yemen are putting many Yemenis at risk, and causing large numbers of civilian deaths. Since December 2017, escalating conflict along the west coast and in Taizz has displaced more than 130,000 people – adding to some 3 million people forced from their homes since 2015.

*Sir Mark Andrew Lowcock,  
UN Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator, 2018<sup>47</sup>*

According to the Costs of War project, between 480,000 and 507,000 people have been directly killed in the Iraq and Afghan wars. Hundreds of thousands more people were maimed and indirectly killed - all this suffering in pursuit of oil and profits. The Iraq and Afghan wars have been rich pickings for BAE Systems, generating record profits year after year since the wars began, and made BAE the top arms-producing company in the world (SIPRI 2008). As late as 2008, it still reported a 30% surge in profits on the back of sending ammunition and armoured vehicles to the war zone. Profits from its land and armaments business jumped 75% to £566 million, making it BAE's most profitable business at the time. BAE also signed a £3 billion, 15-year agreement with the MOD in 2008, supplying UK armed forces with 80% of their munitions, and delivered 168 lightweight M777 howitzers to the front line.

The Iraq War officially ended in 2011 and then the Syrian Civil War began. Thousands of BAE-subsidary-made bombs were dropped from BAE's Typhoon and Tornado jets and its share prices rose year after year since Syrian airstrikes started. One company that benefited from the rising share price/profit of BAE is the Capital Group, its largest shareholder and the employer of

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<sup>47</sup> <https://reliefweb.int/report/yemen/under-secretary-general-humanitarian-affairs-and-emergency-relief-coordinator-mark-6>



Philip May, husband of the UK prime minister. In April 2018, PM Theresa May sanctioned the firing of eight 'stormshadow' missiles in Syria, made by BAE and cost £790,000 each. For the total price of £6.32 million, 269 Syrian refugees could have been resettled in the UK. The US special envoy for Syria estimated 400,000 people died in the war between 2011 and 2016. UNHCR identified 13.5 million Syrians requiring humanitarian assistance, of which more than 6 million are internally displaced and around 5 million have fled the country

### **Human trafficking out of and through conflict zones**

All of these conflicts – and their 'overspill' into other regions such as West Africa from where migrants end up trapped in Libya for example – are responsible for countless thousands of people being made displaced and suffering endless misery as a result. The Global Initiative – amongst many other organizations –document this.

'Trafficking out of and through conflict zones takes many forms, though the primary manifestation is the trafficking of refugees, internally displaced persons (IDPs), or migrants. People attempting to flee their homes, or trying to send family members out of conflict zones, are extremely vulnerable, and at much higher risk of trafficking.

The UN University report provides information on this and other examples. The ongoing crisis in Syria has produced thousands of refugees, many trying to escape to Europe. Trafficked Syrian children have been discovered working excessively long hours in situations with no labor oversight. Political unrest in Libya has caused trafficking for sexual and labor exploitation purposes as well.'<sup>48</sup>

*What would the Company do if Modern Slavery were found in its Supply Chain?*

*If modern slavery or human trafficking were found within our directly contracted suppliers, we would act immediately to work with the supplier and relevant authorities to understand the circumstances of what has been found and to put in place corrective actions that help the affected workers and protect them from further harm. If a supplier is unwilling to address the issue, then corrective action may include termination of contracts and selection of an alternative supplier.'<sup>49</sup>*

**For BAE to properly honour the global efforts to end modern day slavery, they need to publicly admit to their role in creating that reality in the first place. They must acknowledge that BAE and companies like it, which exist to make, sell, service weapons of war, are simply engaging in PR acts of hypocrisy when signing up to the genuine hard-fought efforts of movements struggling with the terrible human suffering that is a direct consequence of the business activities of BAE and their like.**

### **EXAMPLE EIGHT: TAX THEM IF YOU CAN**

*Our Group tax strategy states that we:*

<sup>48</sup> <https://globalinitiative.net/human-trafficking-conflict/>

<sup>49</sup> <https://www.baesystems.com/en/download-en/20180410101048/1434594517048.pdf>

- *Ensure compliance with all applicable laws and regulations*
- *Manage tax expense consistent with our values and legal obligations in all relevant jurisdictions*

*The Group does not tolerate activities designed to facilitate tax evasion offences.*

## REALITY CHECK

BAE Systems is one of the largest recipients of government grants. In 2011, BAE arrived at a tax settlement for an undisclosed amount with HMRC after HMRC disputed how much of BAE's spending between 2002 and 2008 (around £6bn) qualified for R&D tax credits. Many considered this as another example of HMRC's controversial 'sweetheart' tax deals – deals struck with big corporations (eg Goldman Sachs and Vodafone) resulting in their significant underpaying of corporate tax.

In 2010, BAE was fined £500,000 for routing payments of \$12 million to its agents Sailesh Vithlani via a hidden subsidiary called Red Diamond Trading registered in the British Virgin Islands, a tax haven.<sup>50</sup> The money paid to Vithlani is likely to have been distributed in bribes to Tanzanian officials to secure a £28m deal to supply Tanzania with 2 Watchman Radar Systems. The judge of this court case stated that "there was 'moral pressure' on him to keep the fine low, as BAE had agreed in the plea bargain to pay £30m in corporate reparations and fines".<sup>51</sup>

Ironically since 2010, HMRC has been using a £45m computer system, 'Connect', designed by BAE Systems, to investigate and crack down on tax avoidance and evasion.<sup>52</sup>

Chief executives of companies such as Burberry, Tesco, Vodafone, BAE Systems, Prudential and GSK were keen to take a final opportunity to lobby the prime minister in advance of the meeting of political leaders in Northern Ireland...

The president of the Confederation of British Industry, Sir Roger Carr, who was at the meeting, was among those who have taken issue with Cameron's attacks on the ethics of big business tax engineering.

During a speech earlier in the day at a London event organised by Oxford University's Said Business School, Carr said: "It is only in recent times that tax has become an issue on the public agenda – Starbucks, Google, Amazon – businesses that the general public know and believe they understand; businesses with a brand that become a perfect political football, the facts difficult to digest; public passions easy to inflame."

In what appeared to be pointed criticism of increasingly firm rhetoric from Cameron on multinational tax engineering, Carr insisted tax avoidance "cannot be about morality – there are no absolutes"...

<sup>50</sup> <https://sites.tufts.edu/corruptarmsdeals/tanzanias-air-traffic-control-system/>

<sup>51</sup> <https://www.theguardian.com/world/2010/dec/21/bae-fined-illicit-payments-middleman>

<sup>52</sup> <https://www.bbc.com/news/business-30973191>

Carr said: "Tax payments are not, and should not be ... a payment viewed as a down payment on social acceptability, or a contribution made by choice in order to defuse public anger or political attack."

The CBI boss, who is being talked of as a successor to Dick Olver as chairman of BAE Systems, invited the G8 to consider three points in relation to tax reform:

- Avoiding the moral debate – "it's all about the rules".
- Fixing the rules on an international stage, not unilaterally.
- Consulting on proposed changes with business.

*The Guardian, 20/05/2013<sup>53</sup>*

### EXAMPLE NINE: THE MILITARY-OIL INDUSTRY RELATIONSHIP

*As a major manufacturer, we recognise that our operations have an impact on the environment – from the energy and resources we use to the waste that we generate. We are committed to minimising the environmental impact of our operations and products, reducing our environmental footprint and in turn, decreasing our operational costs. ...*

*We work to improve energy efficiency and de-carbonise our energy supply. This is a constant challenge as we operate many different processes, from large-scale, complex manufacturing operations over long lead times to intense digital services. Consequently, each of our businesses are tasked with setting their own efficiency and reduction targets. In the twelve months to 31 October 2017, Group-wide greenhouse gas (GHG) emissions have decreased by 8%.*

### REALITY CHECK

Fossil fuels are the lifeblood of all modern militaries and the business of war is an entirely fossil fuel dependent enterprise. Thus, when governments talk about carbon reduction in the military, they are primarily addressing the civil/administrative part of their activity. The same applies to a company like BAE – they can only report on a portion of their activities that can be made more efficient. And when they refer to their 'impact on the environment' and 'waste that we generate', are they reporting on the post-conflict reconstruction that ensues from BAE made bombs dropping on buildings – building that require cement, the production of which is one of the most intensive emitters of GHGs? No, this is not part of their reporting.

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<sup>53</sup> <https://www.theguardian.com/business/2013/may/20/david-cameron-tax-avoidance-multinationals>

BAE's climate change contribution, deriving from its both direct and indirect links to many varied overseas military operations deploying BAE weapons, is significant.

BAE Systems is by far the MoD's top supplier of weapons, equipment and services. Between 2014 and 2017, UK forces had dropped at least 3,482 bombs and missiles in the battle against the Islamic State (ISIL), including 2,089



Paveway IV bombs and 486 Brimstone missiles from BAE-manufactured Typhoon and Tornado jets. None of the environmental impacts and greenhouse emissions from the bombs and jet fuels are accounted for in BAE's supposed 'management.'

The RAF is the largest single user of fuel within the MoD. During financial year 2016/17, 87m litres of fuel was used by Typhoon jets while 45m was used by Tornado jets. That is roughly 222,000 and 115,000 tonnes of CO<sub>2</sub> respectively. According to Office for National Statistics,<sup>54</sup> between 2003 and 2016, the total aviation fuel used for defence activities is 9.6 million tonnes of oil equivalent, that's around 21 million tonnes of CO<sub>2</sub> produced in total and on average 1.5 million tonnes of CO<sub>2</sub> per year.<sup>55</sup> In the same period, total fuel used for defence activities including all types of fuel (eg. petrol, diesel and aviation fuel etc.) is 14.5 million tonnes of oil equivalent, which produced roughly more than 33 million tonnes of CO<sub>2</sub>, averaged 2.4 million tonnes of CO<sub>2</sub> per year.

The Five Percent project has recently wrote its report *Carbon Neutral Defence: Framework and recommendations to address climate emergency* which looks in detail at the role and responsibilities of the world's big military spenders (including the UK) in exacerbating the climate change. The combined carbon emissions burden of everyday operational activities; of war and conflict; and of post-conflict reconstruction is considerable and has been collectively and consistently ignored in all GHG emissions calculations and reduction targets.

## CONCLUSION

Yemen has been the latest terrible conflict that has convinced the British public (again) that we are much in need of a truly ethical foreign policy which steadfastly refuses to compromise on our human rights and international development commitments.

The almost unimaginable, long term, human pain caused by wars in Gaza, Iraq, Libya, Syria and Yemen screams out to us for the need for a quantum shift in the relationship between UK foreign and defence policy-making and international development – we need it to be framed through a new global human security prism .

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<sup>54</sup> (2018)  
<https://www.ons.gov.uk/economy/environmentalaccounts/datasets/ukenvironmentalaccountsfuelusebytypeandindustry>


<sup>55</sup> <https://www.icbe.com/carbondatabase/volumeconverter.asp>

**The story of BAE, past, present and future will be a litmus test for how successfully we can manoeuvre ourselves into that better world. Revealing that wider BAE story, is, in no small part, a challenge that could be taken up by those campaigning development organizations with an already proven track record on facing up to some of the most powerful corporate entities in the world. BAE Systems needs to be put fully in their powerful spotlight.**

*THROUGH THE LOOKING GLASS: BAE Systems, Corporate Social Responsibility and war, insecurity and climate change* is one of Tipping Point North South's *Five Percent Proposal* series of reports and briefings.

The Five Percent project is funded by Polden-Puckham Charitable Foundation and is a project of Tipping Point North South, a 'for the benefit of community' co-operative, supporting and initiating creative, campaign-driven projects that advance the global social justice agenda.



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