



the arms trade

The Arms Trade

We will not invest in any business involved in the manufacture or transfer of armaments to oppressive regimes.

Customer support:

- **No investment in the manufacture or transfer of armaments to oppressive regimes – 98%.**

Background

In 2002, £223 million¹ of arms and military equipment was transferred from the UK to countries that fall within the bank's definition of an 'oppressive regime'². Equipment transferred included sub-machine guns, pistols, sniper rifles, stun grenades, armoured vehicles and body armour.

The UK is the fourth largest global arms exporter. Between 1996 and 2001, the UK accounted for seven per cent of the total \$121 billion arms export market³.

In 2002, there were 21 major armed conflicts⁴. Of those, all but one involved an 'oppressive regime'. Furthermore, several billion pounds of weapons were transferred to those states, in the same year, from various countries, including the UK.

In addition to the direct trade in armaments, a number of UK companies have been implicated in arms brokering to oppressive regimes. Brokering allows UK firms to sell armaments to an intermediary – the end customer for the goods being unknown and, perhaps, being an oppressive regime. Such practice does not breach UK arms controls.

Export controls can also be inadequate, insofar as an arms manufacturer may issue a licence for its weapons to be built in the destination country. This licensed production can also be an incentive for the purchase of certain weapons, because it brings added benefits to the recipient country, such as local employment.

On the basis of this policy, the bank will not invest in:

- companies which manufacture for or sell to oppressive regimes systems (or products) that kill, maim or destroy
- companies who issue licences for the production of armaments for oppressive regimes
- individuals or organisations involved in the brokerage of armaments to oppressive regimes
- companies which export products to oppressive regimes that, while not

designed to kill, maim or destroy, are parts for equipment which have a battlefield application or are essential to the operation of a weapon, such as radar and electronic warfare, military communications and armour.

Do you realise?

- In 2002, the total value of UK arms exports was £942.07m⁵.
- Whilst there are 59 countries classified as 'oppressive regimes' by the bank, only 17 countries are subject to current UN arms embargoes or EU restrictions⁶.
- Between 1998-2002, four of the five permanent members of the UN Security Council, including the UK, were responsible for 80% of global arms sales⁷.
- 80% of the world's 20 poorest countries have suffered from a major armed conflict in the past 15 years⁸.

1 FCO, Strategic Export Controls Report, 2002.

2 See our human rights leaflet for our definition of an oppressive regime.

3 SIPRI, 2002.

4 SIPRI, 2003.

5 Strategic Exports Control Report 2002, Foreign and Commonwealth Office.

6 www.parliament.the-stationery-office.co.uk

7 SIPRI, 2003.

8 The World Bank Group, Conflict Prevention and Reconstruction.

Torture Equipment

We will not invest in any business involved in the manufacture of torture equipment or other equipment that is used in the violation of human rights.

Customer Support

- **No investment in the manufacture of torture equipment – 99%**

Background

'No one shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment.'

Universal Declaration of Human Rights, Article 5.

Despite some 130 countries signing up to the UN convention to eradicate torture, Amnesty International reported that between 1997 and 2000, torture continued in over 150 countries, that it was widespread in 50 countries and that people had died as a result of torture in over 80 countries⁹.

In addition to the bank's position on the arms trade, the Ethical Policy also contains a statement regarding investment in the manufacture and sale of torture and repression equipment. We define an armament as a system or product that is designed to kill, maim or destroy. Torture equipment is not necessarily designed to kill, maim or destroy and can, within our definition, include:

- electric shock batons and leg irons
- execution equipment
- water canons and armoured vehicles
- security equipment and surveillance equipment
- CS gas and pepper gas.

On the basis of this policy, the bank will not invest in organisations which:

- manufacture torture equipment, including electroshock batons and leg irons
- manufacture equipment used for execution purposes
- manufacture and export to oppressive regimes equipment that could be used in the violation of human rights, including water canons, security equipment and surveillance equipment.

The bank's position recognises that torture does not necessarily require expensive equipment imported from countries such as the UK. Torture can be carried out without the need for equipment or even physical harm. However, torture, and the use of equipment to repress human rights, continues throughout the world.

Do you realise?

- The United Nations Convention against Torture is the least ratified of six international human rights treaties. 60 UN member states have yet to sign up to the convention and agree to introduce national legislation against torture¹⁰.
- Equipment manufactured in the UK, including water cannons, surveillance equipment, stun grenades and CS gas has been identified as having been used in a number of countries where human rights are abused.

⁹ www.amnesty.org/library/print/ENGPOL300062003

¹⁰ www.amnesty.org/library/index/ENGACTION400012002

Working on the arms trade

Campaigning for change¹¹ 'Cluster bombs - the great clear up operation'. Launched February 2002

In 1996, the bank, along with others, campaigned vigorously against the financing, production and use of landmines. The campaign was successful in achieving the Ottawa Treaty to ban anti-personnel mines, which 147 countries have now signed¹².

Despite this, across the world innocent people are still at risk of death or injury from mines and unexploded ordnance (UXO) like cluster bombs, long after wars are over.

That is why, with Landmine Action¹³ (a 50-strong coalition, including Amnesty International, Christian Aid and Oxfam), we launched a campaign in 2002, which called for a freeze on the use of cluster bombs until a new international law was established to tackle the devastation they cause.



**For further information on our
campaigning please visit our website:
www.co-operativebank.co.uk/cwc**

Working to aid torture victims

Partnerships for change Medical Foundation for the Victims of Torture¹⁴

The bank has developed an affinity partnership with the Medical Foundation for the Victims of Torture to provide support and funding. Founded in 1985, the Medical Foundation provides care and rehabilitation to survivors of torture and other forms of organised violence. For further information on the work carried out by the Foundation or the bank's affinity schemes¹⁵ visit the websites listed below.



For further information
call 0800 002 006.

¹¹ The bank campaigns on behalf of customers through its Customers who Care programme. For further information on this programme visit www.co-operativebank.co.uk/cwc

¹² www.icbl.org

¹³ www.landmineaction.org

¹⁴ www.torturecare.org.uk

¹⁵ Written quotations are available on request from The Co-operative Bank p.l.c., 1 Balloon Street, Manchester, M60 4EP.

Case Study

The bank was approached to consider investing in a company involved in the manufacture of plastics and packaging components. On further investigation by the bank it transpired that the company was also involved in the manufacture of components for use in military equipment. The bank learned that the equipment manufactured had a strategic function i.e. it supported the delivery of military

functions, and that the equipment had ultimately been transferred to countries which fell within the bank's definition of an 'oppressive regime'.

Decision: Unacceptable. The bank's policy on the arms trade precludes investment in companies manufacturing components which are considered 'strategic' for military equipment, where that equipment is to be sold to an 'oppressive regime'.

Implementing the policy¹⁶

In 2002, the bank declined the following investment opportunities where there was a conflict with our Arms Trade policy.

Business	Primary nature of conflict with Ethical Policy	Estimated gross income foregone
Technology corporation	Supply of aircraft strategic equipment for ultimate use in oppressive regimes.	£180,000
Defence equipment manufacturer	Supply of armaments to oppressive regimes.	£57,500
Casings manufacturer	Supply of military aircraft casings for ultimate use in oppressive regimes.	£2,500

¹⁶ For further information on all investment opportunities declined by the bank in 2002, please visit our website at www.co-operativebank.co.uk/ethics/partnership2002