

# up front

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## blood banks

**UK high street banks have come under fire for their role in causing the economic meltdown. But the lack of regulation which led to the current crisis is also behind an even deadlier scandal.**

**For years UK high street banks have been funding the arms trade, a lethal business which fuels conflict around the world, including Israel's latest assault on Gaza. The arms industry profits directly from war, and provides the weapons which kill civilians and undermine development in the world's poorest countries.**

**War on Want is campaigning to end the UK banking sector's complicity in the arms trade. With UK taxpayers now a majority shareholder in high street banks, there has never been a better time to stop this destructive practice once and for all. May 2009**

Canary Wharf,  
where two of the UK's  
largest banks, Barclays  
and HSBC, have their  
headquarters



## Join War on Want's campaign to end UK high street banks' support for the world's deadliest arms companies.

The arms industry is an industry unlike any other. It is responsible for producing the machines that maim or kill human beings and wipe out whole communities – and it profits from the destruction. The arms sector fuels conflict, particularly in developing countries, which in turn leads to greater poverty and instability for millions across the globe.

### **Making a killing**

In the past five years UK companies exported \$53 billion in weaponry, more than any other country in the world besides the USA. The annual sales of BAE Systems, the largest arms company in the UK, exceed £15 billion, making it the third largest arms company in the world behind US giants Boeing and Lockheed Martin. Overall, world military expenditure in 2007 was \$1.2 trillion; by comparison, the total amount spent on development aid that same year was \$120 billion.

The invasions of Iraq and Afghanistan, which were led by the USA with UK support, have been a boon to British and American arms companies. One major UK company, Chemring, saw its profits rise by 500% in the four-year period following the Iraq invasion. Willing to turn a blind eye to human rights for the sake of a profit, many US and UK arms companies have also sold weapons to some of the world's most notorious regimes, including Saudi Arabia, Colombia, China, Russia and Israel. (See overleaf for more on the UK's complicity in Israel's crimes against the Palestinians.)

### **Deadly investments**

Original research by War on Want has revealed for the first time how UK high street banks provide billions in funding and services to the largest arms manufacturers in the world. Each of the five major high street banks – Barclays, HSBC, Royal Bank of Scotland, Lloyds TSB and Halifax Bank of Scotland (now a subsidiary of Lloyds) – invests in, issues loans to and serves as principal banker for British and international arms companies. By directly financing their production, these banks are complicit in the havoc and destruction caused by the deadliest weaponry the world has ever seen.

The top UK banks have poured billions of pounds into the arms sector either by using their own capital or by investing customer savings. In addition to their significant holdings in major UK arms manufacturers, UK banks also own billions in shares in international arms companies. Among the top high street banks, Barclays is the largest global investor in the arms trade, holding a total of £7.3 billion in global arms investments.

High street banks also support manufacturers of depleted uranium and cluster munitions, both of which exact a particularly devastating toll on civilian life. With the exception of Halifax Bank of Scotland, each of the top high street banks funds or issues loans to producers of either cluster munitions or depleted uranium, while HSBC and Barclays hold shares in manufacturers of both of these abhorrent weapons.



An F-16 jet fighter made by Lockheed Martin, a US arms company which is financed by UK banks

### **Corporate hypocrisy**

Many UK banks advertise their apparent commitment to the basic principles of human rights and sustainable development through their corporate social responsibility (CSR) policies. Support for any industry which kills civilians, fuels poverty and undermines development would plainly violate even the weakest CSR policies. Yet UK high street banks see no contradiction in their CSR statements and their support for the arms trade.

HSBC stands out in this regard. In 2000 HSBC publicly stated its commitment to “avoid certain types of business, such as financing weapons manufacture and sales”. Yet in spite of such promises, over the last 10 years HSBC has participated in loans to arms companies worth £27.1 billion. In an apparent acknowledgment of its failure to comply with its own stated policy, HSBC wrote in a 2006 letter that it would “withdraw progressively from financing the manufacture and sales of weaponry”. However, the bank continues to provide considerable financial support to the arms industry.

### **Taking control of what's ours**

The economic meltdown has had a devastating impact on communities across the globe, with the developing world affected the most. Yet by illustrating the perils of an unregulated banking industry, the crisis has provided an opportunity

for change. Taxpayers already own a two-thirds stake in Royal Bank of Scotland and Lloyds TSB – as well as a substantial stake in its subsidiary, Halifax Bank of Scotland. Also, under recent government moves, taxpayers have guaranteed billions of pounds of debt across the sector.

As a majority owner in three high street banks, the public must assert its voice to ensure that banks are governed according to the principles of global justice, equality and human rights. War on Want is calling on the government to introduce a regulatory framework designed to prohibit all banks from financing the arms trade through loans, investments or the provision of banking services to weapons manufacturers.

Please send the attached card to the UK government demanding immediate steps to halt the destructive practices of our high street banks. With your support for War on Want's campaign, we can ensure that banks no longer use our savings to fund the arms trade – and are held to account if they do.

To download *Banking on Bloodshed*, our comprehensive report on the complicity of UK banks in the arms trade, visit [www.waronwant.org/bankingonbloodshed](http://www.waronwant.org/bankingonbloodshed)

**Take action to ensure that our savings are no longer used to finance the arms trade. With your support, we can assert control over the banks we now own.**



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## Crisis in Gaza

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**In solidarity with our Palestinian partners resisting the Israeli Occupation, War on Want supports the call for international sanctions, divestment and boycott action against Israel.**

The people of Gaza are facing a humanitarian crisis. It has been over three months since a ceasefire gave Palestinians a reprieve after Israel's three-week bombardment, but the people of Gaza continue to suffer in the aftermath of the attack, which left over 1,400 Palestinians dead and thousands more injured and homeless.

During the attack vital infrastructure was targeted, such as schools, hospitals and UN buildings responsible for delivering aid, leading to even more deaths and economic deprivation. Israel has also been charged with using white phosphorous and cluster bombs in civilian areas, two weapons which have been singled out for the harm they cause. The devastation of Gaza from the assault has been compounded by the ongoing Israeli blockade, deepening the plight of Palestinians who already suffer daily under the Occupation.

Despite its appalling record on human rights and its continuing illegal occupation of Palestine, every year the UK government licenses arms sales to Israel worth millions of pounds. In the

first nine months of 2008 over £27 million in British military equipment was approved for export to Israel. Among the military hardware and weaponry which have been sold to Israel are components for F-16s and Apache combat helicopters, two types of aircraft that carried out aerial raids during Israel's assault on civilian populations in Lebanon in 2006 and Gaza in early 2009.

War on Want is leading the campaign to impose an embargo on the sale of arms from Britain to Israel. This work is part of our broader campaign to end the occupation of Palestine, which has led to widespread poverty and human rights abuses.

In addition to our campaigns in the UK, War on Want is working closely with our partner on the ground in Palestine, the Stop the Wall Campaign. Stop the Wall has launched its own campaign to monitor the flow of arms to Israel from the UK and other states. We are proud to work alongside Stop the Wall as part of the movement to end the occupation of Palestine – as well as expose those who profit from it.

Dear Lord Mandelson

affix  
stamp  
here

The arms trade fuels conflict around the world, undermining development and contributing to the poverty and suffering of millions. A recent report by War on Want, *Banking on Bloodshed*, has exposed for the first time the extent to which the five main British high street banks are funding this violent trade.

As a result of the government's response to the financial crisis, taxpayers now have a substantial stake in a number of high street banks. This means we should have a say in the way these banks conduct their business. Calls have focused on monitoring the role of banks as providers of finance to small business and mortgages. By the same token, there should be regulation of bank lending to and investment in the arms trade, as well as any other industry which is responsible for flagrant human rights abuses, including the killing of civilians.

As an urgent priority the government must ensure that high street banks are no longer complicit in this deadly business.

Yours sincerely

Name in full \_\_\_\_\_  
Email \_\_\_\_\_  
Address \_\_\_\_\_

Rt. Hon. Lord Mandelson  
Department for Business,  
Enterprise & Regulatory Reform  
1 Victoria Street  
London  
SW1H 0ET



War on Want relies on the generosity of its supporters to continue its work to help poor people around the world. Every pound counts in our fight against injustice and inequality and we are grateful for your support. Please fill in the whole form using a ball point pen and send to:

Freepost, RSAH-CUAZ-RRBS, War on Want,  
56-64 Leonard Street, LONDON EC2A 4LT

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**Gift Aid declaration**

I am a UK taxpayer and would like War on Want to reclaim the tax on all donations I have made during the six years prior to this date and any future donations I make.

NB: To qualify for Gift Aid, what you pay in income tax or capital gains tax must be at least equal to the amount we will claim in the next tax year (currently 25p for each £1 you give with a further 3p contribution from HMRC until 2011).

[www.waronwant.org](http://www.waronwant.org)

# NEWS

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War on Want's latest report, *Trading Away Our Jobs*, exposes the devastating impact of free trade on employment around the world. This groundbreaking report reveals for the first time ever the number of jobs lost worldwide following the global shift towards market liberalisation and free trade. You can download a PDF of the report by visiting [www.waronwant.org/tradereport](http://www.waronwant.org/tradereport)

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War on Want thanks everyone who generously donated to our South Africa appeal. Your donations will make it possible for us to continue supporting our partners working to fight evictions and the privatisation of services which have condemned hundreds of thousands of South Africans to poverty. In preparation for the 2010 World Cup, the government plans to evict thousands more from their homes, making it all the more vital for us to strengthen our commitment to our partners on the ground. You can still make a donation to the appeal by visiting [www.waronwant.org/appeals](http://www.waronwant.org/appeals)

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War on Want joined tens of thousands of people who gathered in London in opposition to the April G20 summit. War on Want condemned world leaders for failing to address the root causes of the global economic crisis. Instead, G20 leaders used the summit to renew their commitment to free market policies as part of a deal that will plunge millions more into poverty and unemployment. Despite being barred from attending the summit by the government, we reached a global audience with our urgent call for a new economic order based on public benefit, not private profit.

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In recognition of its commitment to ethical production, the Palestinian farmers' association Al Zaytouna has been awarded Fairtrade certification. This accreditation will help boost the sales of Zaytoun olive oil, which is grown by independent Palestinian farmers and cooperatives and is available across the UK. War on Want congratulates Al Zaytouna on this achievement, and will continue to support its broader efforts to strengthen the economic independence of Palestinian farmers.

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War on Want's Comedy Gig 2009 delivered big laughs in front of a packed house at Shepherds Bush Empire this March. The event, billed as an evening to 'Stand up to corporate power', drew rave reviews while raising over £10,000 for our work fighting global poverty. War on Want is grateful to the hundreds of supporters who attended the event, and to comedians Mark Thomas, Adam Bloom, Andi Osho, Paul Sinha, Shappi Khorsandi, Francesca Martinez, Tim Vine, Jack Whitehall and Daniel Kitson for putting on a tremendous show.

Tim, Francesca, Shappi and Jack at Comedy Gig 2009

