



## Paper on Export Credit Agencies and arms trade

Updated 28/03/03

Written in preparation for the Third NGOs Strategy Session on ECA Reform, Indonesia May 2-7, 2000 and to be distributed at the autumn meeting for European Network Against Arms Trade in Bremen

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### Introduction: It's beautiful

Export Credit Agencies (ECAs) – are publicly-backed government or semi-government agencies which give financial guarantees to companies operating abroad – they are now the single largest source of taxpayer support for private sector companies seeking to off-load on to the public the financial risks of their business projects in the South and Eastern Europe. Ultimately, it is the poorest in these countries who end up paying the bill. ECA support now exceeds by far the total annual investments made by the World Bank and other multilateral development banks, with even less regulations.

(<http://www.thecornerhouse.org.uk/briefing/index.html>)

During its meeting in Okinawa in July 2000 the G-7 decided to pressure the members of the Organisation for Economic Co-operation and Development (OECD) to stop Low-Income Countries (LICs)[1] from using export credits for arms purchases. Britain already said that a “naming and shaming campaign” will be initiated to pressure OECD member countries to stick to such policy, because the OECD itself can not impose binding rules. The G-7 has also asked the OECD to publish a report listing countries with laws that allow the financing of such “non-productive” exports.[2] All this was surprising and hardly to believe. LICs are not only countries such as Cape Verde and Vanuatu, but also China, India, Indonesia, Nigeria and Pakistan. Arms exports are pushed by Export Credit Agencies (ECAs) of G-7 countries like Canada, France, Germany, Italy and the UK. While most of the LIC-countries can hardly buy major arms, for which export credits are needed, some of them are major clients at the arms bazaar. Seen the interests of G-7 countries in using export credits to push arms trade it must be seen how this clearly outspoken policy will be implemented.

The issue of Export Credit Agencies (ECAs) is fairly new for the anti-arms trade movement. First of all this has to do with the lack of transparency on the subject on the side of ECAs and most of the responsible governments, but also with the fact that it does not get enough attention from the anti-arms trade movement in most countries. Anti-arms trade groups in the Netherlands decided only in 1999 to pay more attention to the subject after it became clear the Nederlandse Credietverzekerings Maatschappij (NCM acting as the Dutch ECA) credited an arms deal to Indonesia. For the Swedish Peace and Arbitration Society it is the possibility of an arms deal with India which is reason for greater attention to EKN (the Swedish ECA).<sup>[3]</sup>

It should however be an important issue for the anti arms trade movement. As was stated by two researchers in Britain: "Often, without a government loan guarantee, there would be no finance; and without the finance there would be no arms sale."<sup>[4]</sup> While setting lives of people across the world on risk selling arms financial institutions are enabled by the credit agencies to shift the risks to the taxpayers. As an executive of a British bank in charge of arms deals stated: "You see, before we advance monies to a Company, we always insist on any funds being covered by the Government's Export Credits Guarantee Department... We can't lose. ... It's beautiful."<sup>[5]</sup>

In this paper most of all examples with an Indonesian connection are used, because the paper was originally written for a meeting held in Indonesia. Flexible financing and low interest loans are moreover very important for the country facing insufficient resources to buy new arms, according to an U.S. official.<sup>[6]</sup> This however will not mean the issue is limited to Indonesia; Arms exports to many other countries are backed by ECAs to make the deals for customer countries more attractive.

## I The Arms industry

### Introduction

To understand the reason for export credits to the arms industry it is important to have some understanding about this industry first. It is not an industry like other industries. The biggest differences are:

- it is providing its products almost exclusively to government. (This with the exception of small arms like rifles for self-defence, sports, hunting and illegal practices. But fighter aircraft, tanks and naval vessels are normally not sold to

private persons.)

- the defence industry also differs from other industrial branches, because it is not part of the free-market. It is excluded from the WTO-trade agreements, the European Union common industrial policy etc. This is because the arms industry is considered by governments as crucial for defending national sovereignty or political alliances. This has also implications for opposing arms trade, most issues concerning arms trade are still decided on a national level.

Because the arms industry is seen as a crucial part of a defence and foreign policy it is heavily subsidized by governments, from the early stages of research to the end stage of guaranteed procurement to exports. This is also why over capacity of the industry exist. Arms are not most of all a commercial product, it are first and foremost products for defending so-called national interests and sovereignty. It is because of this reasons the defence-industry mostly sells the arms to the governments where the industry is based<sup>[7]</sup>. Although for the individual arms producing companies it is the normal story: they want to make profits. But they are not able to produce what they are producing now without the enormous support they get from states. The exception of arms production from trade agreements makes the defence-industry the first choice to invest to overcome economic stagnation (mainly in the US) and as part of an active industrial policy with the aim of creating jobs and innovative technology, without violating those international trade agreements.

### Aggressive export promotion

Besides the search for profits by companies there are two driving forces behind arms sales:

- allies are supported by selling or giving them arms; and
- the exports lower the price of a single weapon produced, so-called economies of scale.

Very important costs for producing weapons are the research and development costs. Each single item of a specific weapon sold lowers the cost of overall production. This is one of the reasons to understand why bribes and commissions can be very high in arms deals and why offset deals (often 100% or more of the contract value) and financial arrangements are made to customise potential clients.

Seen from the viewpoint described above it must be clear that a lot will be done to export arms to potential customers. In this way the arms industry relies on very aggressive forms

of export promotion. One of these is the use of export credit facilities offered. This is underlined by the director of COFACE (the French ECA) who said that because of this shift to a buyers market 'countries request long repayment schedules, which translates into longer, and thus riskier and more expensive, insurance policies.'[\[8\]](#) When only looking at ECA facilitation one can easily overlook other forms of export financing. This is the case in an excellent campaigning note prepared by the Campaign Against Arms Trade from England mentioning the US policy an example for Britain. They stated: "the Export-Import Bank, is, with a few very limited exceptions, prohibited by law from financing military exports.[\[9\]](#)" However the U.S. is also financing its arms exports, not only by its ECAs, but by a range of other financing programs, together creating the biggest arms export financing mechanism which exists in the world.

## Bribes

It is very common in the defence industry to pay bribes to customers of arms. Some cases on the highest levels of politics in Europe may illustrate this. NATO lost its Secretary General, Willy Claes, a few years ago, because of his involvement in an affair involving illicit commission connected to the acquisition of Italian helicopters by Belgium; Helmut Kohl, the former German Prime Minister, was involved in a financial scandal centred around bribes for the sale of armoured vehicles to Saudi Arabia.[\[10\]](#) El Pais reported the payment by Spanish shipbuilder Bazan 2.7 million dollars as bribes in a Spanish submarine deal to Chile. The Spanish minister for Foreign Affairs was not alarmed at all. He said: "We are talking about a contract of tremendous importance, of very considerable magnitude, and therefore I do not think anyone should be surprised that there may be some kind of commission for certain operations".[\[11\]](#) This list can easily be expanded by pointing at the bribes involved in selling weapons to Taiwan by the son of the French president Mitterand, the sale of arms to South Africa by the European Aeronautic Defence and Space N.V. (EADS) was supported Mercedes Benz cars offered for bargain prices to officials involved in the procurement process etc. All this is summarised by Transparency International which cited the U.S. Department of Trade which said 50% of all corruption has to do with arms trade.[\[12\]](#)

Export Credit Agencies play a role in those bribes. Le Monde reported in 1998 that the French export credit agency, COFACE has funded around £2 billion in bribes in the armaments industry in the previous three year period. Indonesia Corruption watch pointed out that the connection between corruption inside the armed forces and ECA funds supplied is evident.[\[13\]](#) Transparency International recommend in this light that:

“Support for arms companies through export credits and the Defence Export Services Organisation should be conditional on the effective implementation of anti-corruption codes of conduct.”[\[14\]](#) Although efforts are undertaken by the OECD against bribery[\[15\]](#) it is hard to believe this motor behind arms exports will quickly fade away. In an interview an official of the Dutch NCM told that the bank was willing to include in its guarantee policy also reasonable bribes: “Commissions are part of the value of a contract which exporters can assure at NCM,” the official stated. When the amount of bribes is too high, the NCM will contact the Ministry of Finance.[\[16\]](#) An example of this: In 1996 the Ministry decided the risk was too high guaranteeing a bribe of about US\$ 100 million connected to the sale of four submarines to Indonesia. The Dutch state should have lost its money due to the weak position of the builder. It were the financial consequences and not principle motivations which played a role in the refusal.[\[17\]](#)

## II Export Credits

### transparency

There is not much detail on the involvement of ECAs in arms deals. Also on the arms exports itself isn't much information. So using figures can only be indicative, because sufficient figures are lacking on the two sides: the value of exports and the value of ECA-support.

The available data however shows that ECAs are of great importance for arms exports. Compared with the fact that the proportion of arms exports in the overall export figures is of minor importance,[\[18\]](#) the proportion of ECA guarantees is enormous. Figures on ECA arms trade support for two Western arms exporters for which these figures exist make clear how enormous.

The ECGD from the UK is using over 30% of its budget in the nineties covering military exports. Roughly one fifth of contracts concluded during the second half of the nineties by COFACE is on arms. Export credits for arms in France in 1998 were FFfr. 79 billion and for Britain in financial year 1998/99 £1.8 billion. When is this compared to the official arms export statistics the importance of ECA support becomes even more clear. The French value of arms exports was FFfr. 41,2 billion and the British £ 980.5[\[19\]](#). In both countries ECA support for military equipment exports is almost double the amount of the total value of exports given in the annual reports on arms trade.[\[20\]](#)

For Germany an average of 10-15% of all export credits did go to arms exports during 1998-2002. In 2000 between 30 and 50% of the credits offered by the German Credit Agency Hermes were issued to support arms sales.[\[21\]](#)

Compared to the average ECA support of 10% for all global exports[22] this support is out of all reasonable proportions in all three countries.

## Germany

One of the bigger scandals of the last years of the Suharto era was the closure of three main stream magazines. This because they criticised the Minister of Research and Technology, the later President Habibie, who bought 39 ships of the former East German navy. The military did not want to have the ships and the deal was seen as a waste of resources. This side of the story is well known, but it is also connected to the Export Credit Agencies. Because the credits for the deal came from Hermes, the German ECA, which offered US\$ 407 million in 1993 to guarantee the US\$ 1 billion. While the German government stated that approximately 1% (US\$ 202 million) of Hermes money in 1993 was used for defence exports[23], exports to Indonesia alone were two times this amount in 1993. Hermes also approved US\$ 387.3 million for the delivery of submarines a deal that was never concluded.[24] The German ECA also supported the sale of frigates to Turkey.[25]

More recently the sale of submarines and corvettes (the smallest type of major naval surface vessels) to South Africa involved Hermes credits for production risks, export- and finance credit guarantees valued 2.93 billion Dmark. The deal itself was worth 4.6 Dmark. The involved amount for this deal alone was 7.7% of Hermes guarantees in 2000. [26]

The German organisation WEED mentions also other examples like Early Warning Aircraft for Algeria, equipment for Fast Attack Craft for Kuwait and patrol vessels for the Philippines. Also 696.3 million Dmark for submarines for South-Korea was credited by Germany.[27] According to BUKO; kampagne 'Stoppt den Rüstungsexport' all sales of submarines are using credit and loan guarantees. Christopher Steinmetz points to the fact that the whole process from manufacturing towards exports can be insured.[28]

## France

ECAs also play a key role in granting loans and export credits for French military exports. According to Jean Pierre Alias (the deputy chief of the Aerospace and military affairs office at the Finance Ministry), arms exports accounted for one-third of the export insurance coverage granted by COFACE during the first half of the nineties. Alias stated that, in these five years COFACE has underwritten 65% of arms exports (valued at US\$ 23.3 bn.), and has provided customer credit for one third of these deals (US\$ 18.2 billion).[29] The major beneficiaries of French export credit assistance include large

projects, military goods, aircraft and shipbuilding and capital goods.[30] For the period 1995-1998 roughly one-fifth went to arms exports (see table).

The French government has reorganised their arms export policy in 1997 to increase sales to keep production levels at the same height despite reductions on national procurement during the late nineties. The key points of this restructuring were: increasing support for exporters[31], improved financing packages, simplifying export regulations and co-operation by the arms producers bidding for a contract, co-ordinated by the arms procurement agency (DGA). This system was first used in 1997 for getting a big contract exporting arms to South Africa. The financing was put together by the French Finance Ministry, a consortium of commercial banks and COFACE.[32] The French are quite open in speaking about their aggressive policy to market arms to the rest of the world, they want to export to compensate for reduced arms acquisitions at home.[33] The so-called peace dividend of the early nineties turned out to be the burden of those living in countries where governments are willing to spend money on these 'bargains'.

Amount of contracts covered by COFACE										In millions d'euros	
Year	1995		1996		1997		1998		Total 1995-98		
	Non-finalised	finalised	Non-finalised	finalised	Non-finalised	finalised	Non-finalised	finalised	Non-finalised	finalised	
Military	4,047	861	8,312	4,232	5,129	2,739	2,493	3,818	19,981	11,650	
Total	19,394	10,751	21,125	11,168	20,097	20,121	14,654	12,138	75,270	54,178	
% mil.	20,8	8,0%	39,3%	37,9%	25,5%	13,6%	26,1%	20,5%	26,5%	21,5%	

## The Netherlands

For the Netherlands there is almost no data on export credits. Already in 1985 a member of Parliament asked for information on the use of Export Credits in arms deals. The answer was simple: "information on individual companies assured by the NCM can not be provided, because it is information on two private companies[34]" In 1999 for the first time, there were some details on involvement of the NCM in crediting an arms deal. It was for the deliverance of fire control, command systems and optronic equipment to

Indonesia. A guarantee of 122 million Hfl for a deals worth Hfl 80 million was assigned by the Export Credietverzekerings Maatschappij, with assurance of the government to pay if the bill was not paid. This money played a role in the discussion to deliver the arms. The company involved threatened the government to go for this money if an export license was refused, turning the world upside down. According to a report by the general accounting office of the U.S. there is a provision made in the Dutch policy of export credits that “no general restrictions exist on providing export cover for defense goods other than for nuclear materials and products that require an export license.[35]” The only explanation of these restrictions on arms deals is that the NCM is only aloud to cover arms deals for which an export license is given. Here it turned out an export credit was provided before the export license was given, causing a clear mixture of interests in making the decision: if the government had refused the export license it should have faced a loss of Hfl. 122 million. The government officially denied this played a role in the decision to give an export license, but that is hard to imagine. Since last year the NCM provides some details on export guarantees on its website.

## Britain

Most information on Export Credit Agencies and arms trade is produced by groups in Britain. Britain is also a country for which export credits in arms deals are extremely important, as is shown the following table:

Year	Total ECGD cover	% for military Exports	Military exports as % of total visible exports
1993/94	£ 2.9 bn	48 %	1.6 %
1995/96	£ 4.0 bn	21.0%	1.4 %
1996/97	£ 2.6 bn	14.4%	2.0 %
1997/98	£ 3.4 bn	22.4%	2.7 %
1998/99	£ 3.7 bn	51.4%	

Source: CAAT newsletter January 2000, p. 12.



While the British arms exports are between 1.4% and 2.7% of the total exports during the given period, a disproportional amount of the credits, almost one third, went to arms exports in these years. British arms exports were covering £ 5.3 bn in the period 1993-99.

Countries for which most Export Credits connected to arms are provided over the period 1996/97-1998/99 are respectively Saudi Arabia, Brunei, Qatar and Indonesia.[\[36\]](#) It must be seen if the British government will change this in the light of the G-7 proposal.

### **The U.S.[\[37\]](#)**

The Export Import Credit Bank (EXIM) of the US is prohibited to credit arms deals, with some exceptions: like dual-use products (products with a civil and military application) and products for counter drugs operations.[\[38\]](#) The Bank is allowed to use 10% of its funds for dual-use and has financed dual-use exports e.g. to Turkey and Indonesia between 1995-97 and more recently to Croatia.[\[39\]](#)

Recently EXIM supported a deal on counter drug operations. The Colombian army was negotiating with the US a deliverance worth US\$ 1.6 bn. for counter drug and guerrilla operations, included Black Hawk Helicopters.[\[40\]](#) On August 1st the EXIM financed this with US\$ 156.9 million.[\[41\]](#) Seen the human rights records of the Colombian armed forces not a coverage which can easily be put aside.

The most recent export credit was on the support for an export of helicopters to another human rights loving country. In this case it was Turkey which received about \$324 million in loan guarantees to purchase eight S-70B Seahawk and six UH-60 Black Hawk helicopters. The funding is part of a larger arms package being prepared by the Bush Administration. On which provision the loan guarantees were provided is totally unclear, it is clearly out of EXIM regulations.[\[42\]](#) While the program did not open – which most probably was the intention of it - the northern front in the war on Iraq it was not stopped.

For the rest, all this which can not be covered by EXIM, Congress created the Defense Export Loan Guarantee (DELG) program in 1996. DELG can be seen as the military version of the Export-Import Bank. The DELG program allows the Secretary of Defense to guarantee payment of private sector loans extended to eligible foreign sovereign governments for the purchase or long-term lease of U.S. defence articles, services, and design and construction services. The purpose of this program is to enhance U.S. national security objectives and enable U.S. defence contractors to better compete in the international market place.[\[43\]](#) Joel Johnson vice president of the influential Aerospace Industries Association lobbying for such a fund stated before its creation: “We hate to be excluded from certain markets (...) All our Western competitors get either credit or

government guarantees.”[44] According to one source failure of US competition to deliver Turkey new frigates because of Germany's Hermes offering was one of the reasons DELG was created.[45]

This fund can guarantee up to US\$ 15 bn. of outstanding commercial bank guarantees and loans for exports of arms or military services. Intended destinations for the fund are located in Central Europe, Southeast Asia, NATO and major non-NATO allies (such as Egypt, Israel, South Korea and Argentina). DELG is the last resort for US arms producers. Only when all other means (like Foreign Military Finance (FMF), Economic Support Fund (ESF), Int. Military Education and Training (IMET) and assistance related to the War on drugs[46]) fail, companies will go to this fund. The amount of money going to all these possible other sources of support was in 1998: 5.8 bn. The whole US package for promoting arms deals together is bigger than any other financial support program.

DELG itself is not very popular with the customers on the U.S. market. It has been used only by one company for an arms deal with Romania and one with the Philippines[47] and will probably be terminated. According to U.S. arms industry sources the conditions for DELG like the no cost for the taxpayer requirement, the exorbitant exposure fees levied on international customers; and the inability of the U.S. exporter to finance the entire contract amount through DELG are seen as key reasons for the program's under use.[48] Also because of other available sources, one may add.

### III Final remarks and recommendations

#### No ECA support for arms trade

In this final part I want to go back to G-7 decision mentioned at the beginning of this introduction, that no credit support must be given to military acquisitions by the so-called LICs. Although it must be seen how this will be implemented, it can be a first step towards the goal of disconnecting export credit agencies coverage and arms trade. The G-7 decision is made along the logical steps that promoting arms trade to economically less developed countries is not in the interest of developing those countries economies. However the scope should be broader than this. Aggressively promoting arms trade is also not in the interest of arms control and human rights. The G-7 itself is not only pointing at how poor those countries are but also to the “enormous destructive effect of war and crisis on them”.

An Australian peace researcher wrote in 1997: "When two states engaged in ongoing arms build-ups confront each other in a militarised dispute they are far more likely to end up at war with one another than are disputing countries that are not involved in an arms

race."[\[49\]](#) Saudi Arabia, Qatar and Kuwait in the Middle East, Turkey, Indonesia and South Korea are listed among the ten most important customers in the period 1996/7-1998/9 for business guaranteed by the British ECGD for military exports. All those countries are located in regions of tension and three of the listed in the ECGD top ten are in the top five of major recipients of arms by SIPRI.[\[50\]](#) Covering arms exports with export credit guarantees, against risks like war and political disturbances gives the impression this policy is not very coherent.

Arms acquisitions by human rights violators are supported by ECA coverage as we have seen in this paper. Governments will commonly say that the arms delivered are not suitable for human rights violations. That means the NGO community has to do the impossible and monitor if helicopters transported to Colombia are used for human rights violations and naval vessels sold by Germany to Indonesia are used for quelling disturbances from within etc etc.

The demand to stop all export credit money to the arms industry may sound rather radical but is supported by a number of people as Michael Camdessus, former managing Director of the IMF, who “supports abolishing the provision of export credit for military purposes.” Also Clare Short, the British Minister for Developing Aid stated that it is “important that developed countries – such as the UK – do not encourage excessive levels of military spending, either by an irresponsible approach to the export of arms or by irresponsible use of export credits.”[\[51\]](#) In most countries however first steps strengthening opposition against the misuse of export credits still have to be made.

### Transparency and information sharing

The availability of factual knowledge is a first necessity for getting it on the agenda. First of all it is the responsibility of governments to provide adequate figures on it. But that is not yet the case. The level of data provided in Britain and France is not met in most other countries. At this moment it is impossible in the Netherlands to answer questions like:

- How much of the Credits go to arms exports?
- Which countries get export credits on military equipment?

These questions are just a start. What is the amount of debt by poor countries connected to the sales of arms is another question which can be raised. To answer such questions more transparency is needed. After the Cold War has ended governments can not simply answer the question for more transparency referring to security concerns and the interests of private companies to keep facts and figures from the public. It are governments of the exporting or buying side which are taking the real risks and not private companies.

Until this data is tabled NGOs in countries on the supply as well as on the demand side can do the impossible and try to gather this themselves. One of the methods to get more knowledge is to make the involvement of ECA guarantees a standard question when raising questions concerning an opposed arms deal.

### Best practices

For campaigning activities it is also necessary that results and practices of other countries are shared.

- Knowing that there is a ban on Export Credit Guarantees for military purposes for over 63 very poor countries in Britain can be used in lobby efforts on national level in other countries.
- The Swiss ECA is prohibited to support arms deals to any country, except for dual use goods.[\[52\]](#)
- The levels of transparency in Britain the US and in a lesser degree France may be used for reaching the same results in other countries as well.

It must not be too difficult to share this information. On Export Credit Agencies as well as on Arms Trade networks exist and lists for the distribution of it on the internet are well established.

### A cynical example

Not only arms exports also other projects where supported by ECAs. Environmental and development pressure groups are accusing ECAs of promoting exports to poor countries that are not needed and are often harmful.

In this respect one very cynical example concerning the support by ECAs: “When angry villagers shut down the Indorayon Utama mill polluting the Asahan river, they were confronted with 1000 members of the armed forces breaking their protest.”[\[53\]](#) The plant was operating on support by the export credit agencies. But also the armed forces defending it against the protests were partly supported by ECAs with export credit facilities by at least Germany, the Netherlands and the UK..

### To conclude.

Export Credits are an important factor in aggressively pushing arms deals. Arms can have devastating effects on national and regional security and the human rights situation.

Moreover arms imports are consuming large amount of the state budget at the cost of the poor and repressed. Opposing ECAs supporting arms exports, is one of the means to curb the flows of arms around these world. A tool with big advantages, because of the character of the coalition against ECAs is connecting the anti-arms trade campaign directly to campaigns working on other social issues.

**Want to Know More about the  
International Campaign to Reform Export  
Credit Agencies?  
See [www.eca-watch.org](http://www.eca-watch.org).**

**Notes:**

- [1] The OECD provides a list of those countries: <http://www.oecd.org/dac/htm/cdedoc/DEBT9>
- [2] Guy de Jonquieres, Gillian Tett, Stephen Fidler, 'G7 calls for arms credits clampdown', Financial Times August 1, 2000 see: <http://news.ft.com/ft/gx.cgi/ftc?pagename=View&c=Article&cid=FT3LCA7UDBC&liv>.
- [3] Rolf Lindahl, member of the Swedish Peace and Arbitration Society (SPAS) gave one example of using Exportkreditnämnden (EKN) guarantees concerning a deal with India in 1986: Sweden gave export credit for about 80% of the value of the deal, almost 7 billion Swedish crowns. About the issue of new licence production of howitzers in India the minister for trade recently stated in the parliament that "EKN are open for export guaranties for that country." (Letter 14/04/00) In the annual report 1998 of EKN it is stated that supporting arms deals where among projects significantly raising EKN's turnover for that year.
- [4] World Development Movement, 'gunrunners gold; how the public's money finances arms sales,' May 1995, p. 19
- [5] Nicholas Hildyard (Corner House), 'Export Credit Agencies, Corporate Welfare and Policy Incoherence,' June 1999.
- [6] Philip Finnegan, 'Indonesia may explore Weapon Buys from China,' Defense News may 15, 2000, p. 1
- [7] For the UK almost 80% of MoD's equipment is bought in the UK, a further 12% is spent on collaborative projects and 9% is spent overseas. See: Ian S. Goudie, 'The restructuring of the UK Defence Industries,' Arms Conversion Project. Even a small country with a much smaller arms industry like the Netherlands is spending an average 50-60% of its acquisition budget at home. See: Letter Minister of Economic Affairs Joritsma, 'jaarrapportage compensatiebeleid [yearly overview off-set policy],' ID/CMP/99009688 September 1999.
- [8] Giovanni de Briganti, 'France Shuns Export Aid hike / Industry Urges Finance, Insurance Improvements,' Defense News 09/10/95, p. 30
- [9] CAAT Newsletter January 2000, p. 12-13.
- [10] Wolfgang Krach, Georg Mascolo, 'Goldgraeber in Kriegszeiten' [Gold digger in war time], Der Spiegel 46, 1999, pp. 32-37.
- [11] 'Spanish opposition to probe alleged fees for submarine sales to Chile,' El Pais - June 5, 2001.
- [12] Laurence Cockcroft and David Murray (Ed) 'Corruption in the Official Arms Trade,' Transparency International Policy Research Paper 1, April 2002, p. 3.
- [13] Conversation with T. Masduki of Indonesia Corruption Watch, 11/10/02.

[14] Transparency International Policy Research Paper 1, April 2002, p. 15 en p. 41.

[15] See Addressing the challenges of international bribery and fair competition, July 1999, first annual Report to Congress on the OECD Antibribery Convention. (<http://www.oecd.org/daf/noncorruption>) and ([http://www.transparency.de/documents/press-releases/2000/2000.06.21.frame\\_oecd.html](http://www.transparency.de/documents/press-releases/2000/2000.06.21.frame_oecd.html)) Transparency International is also pointing to the fact that the Netherlands and UK remain the only major industrialised countries not to have abolished the tax-deductibility of bribe payments abroad. For an overview of the current state of affairs on Antibribery see: <http://oecd.org/daf/noncorruption/annex2.htm>

[16] Paul Rusman en Ko Colijn " [], Vrij Nederland 04/03/1995.

[17] Martin Broek (ENAAAT 1997) 'Arms from the Dutch state and Thomson branch HSA,' p. 85-86

[18] Only for four OECD-countries (France, UK, US and Sweden) defence exports were over 0.5% of total exports in 1996 (the last year sufficient figures are available).

[19] See on ECA support: Rapport No 1861, assemblée Nationale; Économie, Finances et Industrie; Commerce Extérieur, 18/11/99 annexe No 12 and on Britain note 12. See on arms trade export figures: Rapport au Parlement sur les exportations d'armement de la France, Résultats 1998 Table Livraisons de l'année 1998 and for Britain Strategic export Controls; Report 1999; Table 4: Statistics on exports of Military Equipment between 01/01/99 and 31/12/99.

[20] There is a number of reasons why those figures can not be fully compared, and they can only be read as indication of the importance of ECA support for arms exports.

[21] Christoper Steinmentz, 'Fact Sheet: Hermes und Ruestungsexporte,' received by email 24/05/02.

[22] See note 5.

[23] Also the statement that these Credits on arms were generally restricted to countries that belong to is a bit beside the point without knowing ASEAN states were treated on a par with NATO countries by Germany concerning military exports. See: BUKO, 'Germany,' in STOP Arming Indonesia (Amsterdam: ENAAAT, 1994) see: <http://www.antenna.nl/enaat/> and US General Accounting Office, 'Export Finance: Comparative Analysis of U.S. and European Union Export Credit Agencies,' GAO/GGD-96-1, p. 9, p. 9,

[24] Andrea Kolling, (ENAAAT 1997) 'Germany Arming the Indonesian Regime of Terror,' p. 75-76.

[25] David E. Birenbaum, WiliamH. Taft, IV, and Phillip J. Kardis, II, 'Defense Export Loan Guarantee Program,' June 10, 1996 (on: <http://www.ffhsj.com/firmpage/cmemos/0081008.htm>) see also Hermes Kampagne: Rundbrief 4 (December 1998) <http://www.weedbonn.org>

[26] See Steinmetz.

[27] Maike Rademaker, 'Beispiel: Ruestungsexporte,' in: Hermes Wohin?, Weed July 1997.

[28] See Steinmetz.

[29] See note 8.

[30] See GAO 1996, p. 35

[31] According to Helene Ballande (FoE, France) 90% of all COFACE export credits go to 5 companies, amongst those MATRA and Dassault.

[32] Giavanni de Briganti, 'French Face Pressure To Lift Exports As Procurement Falls,' Defense News 11/08/97, p. 10

[33] Since 2002 the French Defence budget is sharply increasing which is rationalised by pointing at the widening military expenditures gap with the US.

[34] Questions raised by Fred van der Spek (P.S.P) on Export Assurance of militair equipment to Peru and Argentina, 15/02/85.

[35] Underlined by the author, See note 26 GAO/GGD-96-1, p. 9, p. 50

[36] See note 9.

- [37] For this part on the U.S. I used information which can be found on the webpage of the American Association of Scientists (FAS): <http://www.fas.org> like: Lora Lumpe and Jeff Donarski, 'The Arms Trade Revealed: Chapter 1: Ways and Means' (New York: FAS 1998.); U.S. Foreign Military Assistance, March 10, 2000;
- [38] See for all exceptions 'Military policy' on the webpage of the Export-Import Bank of the US: <http://www.exim.gov/military.html>
- [39] Summary of minutes Export Import Bank. See <http://www.exim.gov/summary/may99wk3.html>
- [40] See e.g.: Philip Finnegan, 'Patrana Discounts Guerilla Missile Capabilities,' Defense News February 7 2000, p. 8.
- [41] Summary of minutes of EXIM board of directors, August 1, 2000 (see: <http://www.exim.gov/summary/aug00wk1.html>)
- [42] US Export-Import Bank; issued Feb. 3, 2003
- [43] See Defense Export Loan Guarantee Program (Updated 26 April 1999) <http://www.acq.osd.mil/ip/delg/defexploan.htm>
- [44] Philip Finnegan and Barbara Opall, 'U.S. Industry Takes New Track On Loans,' Defense News 30/01/95, p. 3.
- [45] See note 25, David E. Birenbaum, William H. Taft, IV, and Phillip J. Kardis, II.
- [46] FMF, ESF, IMET and assistance related to the War on drugs in 1998 were respectively: US\$ 3.2 bn., US\$ 2.4 bn., US\$ 50 m. and US\$ 213 m. See: Ways and Means, pp 11-15 internet version. For a country survey on a single country see: 'Arming Repression: U.S. Arms Sales to Turkey During the Clinton Administration,' by Tamar Gabelnick, William D. Hartung, and Jennifer Washburn with research assistance by Michelle Ciarrocca A Joint Report of the World Policy Institute and the Federation of American Scientists, October 1999, on: <http://www.fas.org/asmp/library/reports/turkeyrep.htm>
- [47] The Romania deal was backed by the Chicago and Bucharest arm of Dutch bank ABN AMRO, Barbara Opall-Rome, 'Small Uav Firm Provides Sole Highlight For Troubled Effort,' Defense News 01/03/99, p. 3
- [48] idem.
- [49] Susan G. Sample, 'Arms races and dispute escalation; resolving the debate,' Journal of Peace Research Vol. 34, nr. 1, 1997, p. 7-22.
- [50] Table 11.3 The 72 leading recipients of major conventional arms 1994-98, SIPRI Yearbook 1999.
- [51] Both citations from CAAT Newsletter January 2000, p. 13.
- [52] Information by Peter Bosshard (Berne Declaration), 7th of August 2000.
- [53] Titi Soentoro (Bioforum) and Stephanie Fried (Environmental Defense Fund), 'Case Study: Export Credit Agency Finance Indonesia,' see: <http://eca-watch.org/raceindonesia.html>