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What Happens When A White Elephant Meets a Paper Tiger?

The Prospective Sale of Eurofighter Typhoon Aircraft to Saudi Arabia and the EU Code of Conduct on Arms Exports

By Ian Davis and Emma Mayhew

Key Points in this Paper

- On the 21 December 2005, Britain signed an agreement with Saudi Arabia to supply the Eurofighter Typhoon combat aircraft. Built by a four-nation consortium that includes Britain's BAE Systems, the Eurofighter will replace Tornado planes currently in service with the Saudi Air Force. The initial procurement deal involving up to 72 planes could be worth £8 billion to BAE Systems, although follow-on contracts for training, spare parts and refurbishment could see the overall value eventually reaching £40 billion.
- This deal is crucial to the Eurofighter Typhoon consortium given its failure to secure any export orders until now, except a small contract with Austria, and given the projects' controversial history. The fighter was delivered a decade later than first planned, at a total cost for the UK alone of over £19 billion, £12 billion more than initially projected. It remains primarily designed to fight a Soviet enemy that no longer exists.
- The deal is even more crucial to the UK's share of the global arms market and BAE System's future since the existing UK-Saudi *Al Yamamah II* deal has been coming to a close.
- Like several other controversial arms deals agreed in the past seven years, this deal will breach a series of criteria outlined in the 1998 European Code of Conduct on Arms Exports, criteria that should be observed when deciding whether to grant export licences. The UK Government's lobbying of the Saudis in support of this Eurofighter Typhoon deal only further serves to underline the divergence between principle and practice in UK arms export policy, especially when it involves 'big ticket' contracts.

We recommend that the UK Government:

- Formally consider all proposed arms transfers under the new Saudi-UK MoU under the terms of the EU Code of Conduct, irrespective of whether this is deemed necessary as a 'government-to-government' transfer;
- Publish an explanation of how it interprets the proposed deal under the Code criteria, as it has done in the past for other arms exports to sensitive destinations;
- Demonstrate the consistent application of the criteria in this case even in the face of economic benefits to UK-based arms companies by withdrawing any further financial or diplomatic support for the deal (and others of this type); and
- Allow parliamentary scrutiny of the deal, and prior parliamentary scrutiny of specific arms exports under the deal, by the Quadripartite Select Committee.

1. Introduction

On the 21 December 2005, Britain's Defence Secretary, John Reid, signed an agreement with Saudi Arabia to modernise the kingdom's armed forces. It was formally announced the following day.^[1] The deal includes the supply of the Eurofighter Typhoon combat aircraft (formerly known as the Eurofighter). Under the terms of the agreement the Eurofighter, built by a four-nation consortium that includes Britain's BAE Systems PLC, will replace Tornado planes and others currently in service with the Saudi Air Force. The number of Typhoon Eurofighters to be ordered has still to be finalised, although reports suggest that up to 72 planes could be purchased.^[2]

Leading military manufacturer, BAE Systems, together with senior members of the UK Government, including the Prime Minister and Defence Secretary, were reported in September 2005 to be engaged in secret negotiations on the contract. Press reports then suggested that the deal involving the sale of Eurofighter Typhoon could eventually be worth up to £40 billion once follow-on contracts associated with the deal are concluded.^[3] The latest reports suggest that the initial deal could be worth an estimated £8 billion to BAE Systems, which stands to make massive profits from it.^[4]

In the September report, the UK government was said to have agreed to expel two Saudi dissidents in order to secure the arms deal, and was apparently asked for two further favours: to persuade British Airways to resume flights to Riyadh; and to force the Serious Fraud Office to drop its major corruption investigation into BAE Systems and a Saudi prince.^[5] However, the 22 December *Guardian* report included the following official denial from the UK Ministry of Defence: "This deal is absolutely not contingent on the three conditions reported by the *Guardian* in September".

This paper explores the history of the Eurofighter project, the importance of Saudi Arabia as an arms sales recipient to UK-based military industry and where this deal stands in relation to the EU Code of Conduct on Arms Exports.

2. The White Elephant: Eurofighter Typhoon

During the early 1980s, a common European requirement for a new generation of aircraft was identified to defend against massive air attacks from the communist block. In response EADS based in Germany and Spain,^[6] Alenia Aerospazio based in Italy, and BAE Systems based in the UK developed the Eurofighter, a plane designed to specialise in dog-fighting Soviet built MiG-29s and Sukhoi-27s although it also benefits from a secondary ground-attack capability. Production is on a work-share basis, according to the number of aircraft each country has ordered (232 for the UK, 180 for Germany, 121 for Italy and 87 for Spain).

The aircraft has cost the UK alone more than £19 billion,^[7] £12 billion more than initially projected.^[8] That is about £350 for every adult and child living in the UK, the equivalent of paying £1.1 million for every job that the project is said to sustain. The Eurofighter Typhoon has taken thirty years to make and became operational ten years later than first anticipated. The plane was due to begin replacing the ageing Tornado fleet in the mid-1990s but only entered service with the RAF in 2003.

Its delivery comes well after the end of the threat it was designed to respond to - large numbers of Russian planes in any cold war invasion of Western Europe - and it is ill-suited to current roles. This reality was articulated back in 1997 by Alan Clark, former Minister of State for Defence, who remarked that the Eurofighter was "essentially flawed and out of date ... we must find a less extravagant way of paying people to make buckets with holes in them".^[9]

Given this background, it is far from clear to potential customers that the Eurofighter Typhoon represents the most cost-effective option in the present strategic environment, especially in the face of shrinking European military budgets. Outside the consortium, only one export deal had been confirmed prior to the Saudi deal. Austria agreed to buy 18 planes in 2003. The four-nation consortium of Britain, Germany, Italy and Spain had been targeting Greece, Singapore, Turkey, Brazil and Saudi Arabia as potential export markets. Greece recently signalled its intention to cancel an order it had placed for 60 planes in 2004. Singapore ruled out buying the plane in April 2005 in favour of a rival aircraft built by the U.S.-based Boeing Company. Deals with Turkey and Brazil also appear unlikely given the difficulties both countries face in raising sufficient capital.

It is also widely believed that none of the European partner governments will order their full quota of planes. All of this makes exporting the plane to Saudi Arabia even more crucial, in order to keep unit costs down. It was always doubtful whether the restrictions on arms transfers outlined within the EU Code of Conduct could compete with the lobbying abilities of the defence companies involved: with the announcement of a government-to-government deal between Britain and the Middle East kingdom this concern appears to have been realised.

3. The EU Code of Conduct on Arms Exports: A Paper Tiger?

The 1998 EU Code of Conduct on Arms Exports is a political agreement designed to set common standards for the export of military equipment across the Union. Under its provisions, all EU member states have agreed to apply a standard set of criteria to assess applications for licences for the export of military equipment. Member states have also agreed to share information, and in certain cases consult in advance, on their arms export licensing decisions.

The Code has undoubtedly contributed to a greater understanding and convergence in EU arms export policy with criteria use becoming standard practice. Other agreements related to the EU Code of Conduct have followed, such as a common EU Military List, common elements of end-use certification and common controls on arms brokering. Also practical guidelines on denial notifications and consultations, and an increased level of information provided in annual reports have been possible.

However, there remain difficulties in EU export licensing procedures, both in relation to the politics involved and the Code's criteria. These relate to issues such as the 'Global War on Terrorism' and more relevant to this discussion, situations involving major arms contracts to 'allies' with poor human rights, participation in a regional conflict or with skewed development priorities. In short, there are real concerns that criteria designed to protect human rights and encourage sustainable development are undermined by sales of arms to repressive, unstable or undemocratic governments because of geo-political or perceived economic pressures. It is in respect of these hard cases that the efficacy of the Code is put to the test and the record on this score is poor.

On human rights, criterion two of the EU Code stipulates that Member States will "not issue an export licence if there is a clear risk that the proposed export might be used for internal repression". Yet Amnesty International and Human Rights Watch have serious concerns that widespread and sustained government sponsored human rights abuses have occurred in many of the leading recipient states of UK arms sales in recent years, including Jordan, Kuwait, Morocco, Nepal, Nigeria, Pakistan, Philippines, Sri Lanka, Turkey and Saudi Arabia. On regional peace, stability and security, criterion three states that Member States "will not allow exports which would provoke or prolong armed conflicts or aggravate existing tensions or conflicts". Criterion four states that Member States "will not issue an export licence if there is a clear risk that the intended recipient would use the proposed export aggressively against another country or to assert by force a territorial claim". Yet 12 of the 21 states experiencing high intensity conflict in 2001-2002, have each been authorised recipients of standard export licences valued at more than £0.5 million since 1999.^[10] Fears have been expressed over the export of: Hawks, armoured cars and water cannons to Indonesia; Hawk parts to Zimbabwe; field guns to Morocco; F16 parts to Israel; arms to Pakistan; and Hawks to India.^[11]

Under criterion eight Member States will consider "whether the proposed export would seriously hamper the sustainable development of the recipient country". Yet between 1997 and 1999, 86 per cent of total UK arms exports, worth US \$13.5 billion, were delivered to developing states.^[12] Some states defined as "developing" may enjoy a relatively high level of development compared to others but concerns remain about the impact of significant levels of military exports on the sustainable development of a number of "Highly Indebted Poor Countries" since 1997 including Angola, Tanzania, Sri Lanka and Nepal.

In these instances, the denial of human rights, regional instability and serious economic underdevelopment have not in themselves been seen as reasons to deny arms exports. This is possible because the EU Code contains sufficient elasticity to allow the UK government to adopt, in practice, a much more permissive approach to arms exports than many who celebrated the agreement had hoped. Such an approach has been naturally extended to the UK's most important weapons recipient, Saudi Arabia.

4. Saudi Arabia: A Vital Market for UK Weapons

As a major arms exporter, UK arms transfers during the Cold War were closely linked to trends in the international political, strategic and economic environment, with periods of high tension (in the 1960s and early 1980s) often accompanied by increases in UK arms exports. This was partly due to increased national defence expenditure and the availability of funds for the development of new weapon systems, and partly due to the drive to recruit anti-Communist foreign allies.

During periods when domestic military expenditure was being cut, such as in the late 1960s and early 1970s, the weapons exported were sometimes better than those deployed with its own armed forces. But the vigorous export policy during this period did lead to a partial recovery of market share. This share was held, and even increased at some points, in the 1970s and 1980s, mainly as a result of exports to the developing world.

An even more aggressive approach to arms sales under the Thatcher Government in the 1980s entrenched Britain's position as a leading second-tier arms exporter, and enabled the country to continue to improve its share of a declining market in the 1990s. However, this improvement was almost totally dependent on one deal: the *Al Yamamah* contract with Saudi Arabia. Military exports to Saudi Arabia accounted for 62 per cent of all UK military exports from 1997-1999.^[13] This is a reduction from the 73 per cent they accounted for from 1987-1991 but illustrated Britain's dangerous over-reliance on just one contract.^[14] While more recent comprehensive data is unavailable, the UK government's own export statistics suggest that the *Al Yamamah* contract has now run out of steam and predominantly provides ongoing support for equipment already in service: in 2004, the value of UK military exports to Saudi Arabia was £97 million or just seven per cent of total UK military exports.^[15]

Al Yamamah was a contract secured only after a congressional block on the original US-Saudi deal, after personal lobbying by Margaret Thatcher and Ronald Reagan in support of a UK bid and after high levels of secrecy and commissions were guaranteed.^[16] These kinds of features have allegedly accompanied some of the largest arms deals from the mid 1990s onwards, but the *Al Yamamah* contract remains, to date, the largest UK military export package in history - and one of the most controversial.^[17]

The project began in September 1985 - although it has its roots in the sale of UK military aircraft to the Kingdom in the 1960s - with an initial agreement between the UK and Saudi governments, followed by a formal Memorandum of Understanding in February 1986 known as *Al Yamamah I*. This primary contract value was estimated at around £5 billion much of which covered the Saudi purchase of Tornados, effectively securing the fighter an export market that otherwise suffered from limited non-European export potential. In July 1988 a second "formal understanding" between Defence Secretary George Younger and Prince Sultan bin Abd al-Aziz was signed, an agreement that came to be known as *Al Yamamah II*.^[18]

As prime contractor, British Aerospace (now BAE Systems) was responsible for managing the project, although production was shared with its prime contractor partners in Germany and Italy and among hundreds of smaller sub-contractors. The UK government purchased the aircraft from British Aerospace and dispatched them, along with spare parts, missiles and trainers, to Riyadh. Although never officially disclosed, it is widely thought that all, or part payments were made in oil. Shell and BP processed the oil before passing on the considerable sums involved to BAE Systems and from there to the many subcontractors involved.^[19] The 1990 Iraqi invasion of Kuwait meant the US government looked more favourably towards arming Saudi Arabia, but the Saudis still signed further contracts in 1991 with Britain for equipment outstanding under the *Al Yamamah II* deal.

Al Yamamah meant that Saudi Arabia played a vital role in sustaining the UK defence industry throughout the 1990s. By the end of the millennium though the deal that was maintaining the UK's share of the global arms export market at an unsustainably high level was coming to a close. This increased pressure to secure a follow up order for the Tornado's successor, the Eurofighter Typhoon.

The latest objective: Getting the Typhoon into Saudi Arabia

Prior to Tony Blair's state visit to Riyadh in July 2005, Mike Turner, the chief executive of BAE Systems is reported to have said: "The objective is to get the Typhoon into Saudi Arabia. We've had 43 billion pounds from *Al Yamamah* over the last 20 years and there could be another 40 billion pounds".^[20]

Pressure on BAE Systems to find an export customer for the Eurofighter Typhoon increased further following a Paris newspaper revelation in April 2005 that the then Saudi Crown Prince Abdullah apparently had agreed, in principle, to buy as many as 90 Rafale fighters from Dassault Aviation during a meeting with French President Jacques Chirac. For BAE Systems, failure to follow up the Tornado deal with a Typhoon order from Britain's biggest military export customer would be a body blow for the UK aerospace industry in general, and BAE Systems in particular.

5. Would the Sale of Eurofighter Typhoons (or Rafales) to Saudi Arabia Breach the EU Code of Conduct?

The proposed sale of Eurofighter Typhoon combat aircraft to Saudi Arabia does appear to breach the EU Code of Conduct on Arms Exports. Most recent concerns over UK military exports to Saudi Arabia have fallen under human rights (criterion two of the Code), the internal situation and the risk of diversion (criterion three and seven) regional stability (criterion four) and sustainable development (criterion eight).

Human rights

Under the Code, all Member States must take account of "respect of human rights in the country of final destination". Saudi Arabia is an absolute monarchy that imposes a fiercely fundamentalist form of Islam on civil life. Its citizens are denied basic political liberties. Political parties are banned. All those who work for the government are now banned from criticising the state. Women are denied the vote, the chance to stand for election and face severe restrictions on movement. Harsh repression of all forms of opposition is commonplace. There is ongoing concern over allegations of torture and mistreatment of prisoners. Flogging remains a routine corporal punishment and the state continues to use the death penalty. Amnesty International describes the overall human rights situation in the country as "dire".^[21] Human Rights Watch describes human rights violations in the state as "pervasive".^[22] The Saudi record on human rights is so poor that even the US Secretary of State regards Saudi Arabia as a "Country of Particular Concern".^[23] The UK Foreign Office also expresses concern about

the implementation of basic international human rights norms; aspects of the judicial system; corporal and capital punishment; torture; discrimination against women and non-Muslims; and restrictions on freedom of movement, expression, assembly and worship.^[24]

There are regular and numerous reports by other international human rights organisations of torture of prisoners and detainees by Saudi security forces. With Saudi Arabia being a key battleground in the 'Global War on Terrorism', these are on the increase.

Typhoon aircraft themselves would not be used to commit human rights abuses and therefore their sale would not directly breach the Code under this particular criterion. However, previous *Al Yamamah* agreements have included the sale of equipment that was reportedly used in oppression, possibly including electro-shock batons. In any case, the continued export of such high-profile military equipment to a government with an appalling record on human rights does nothing to persuade the Saudi monarchy to address the problem. Rather, it could be seen as rewarding the activities of a brutal regime.

Internal situation and the risk of diversion

Under the Code, all Member States must take account of "the internal situation in the country of final destination" and the risk that "exported goods might be diverted to an undesirable end-user". Saudi Arabia spent an average 18 per cent of GDP on military spending from 1989 to 1999.^[25] Resulting budget deficits affecting the welfare state combined with public perceptions that the ruling family is corrupt and exists in mutual dependency with the West have led not only to increased support for Al-Qaeda but also to fears of a palace coup.^[26] More widely, Saudi Arabia has witnessed increased protests from moderate and extreme Islamists, discontent amongst the growing middle classes, increased crime, and anti-American protests, even by women and businessmen.^[27] Anti-western sentiment reached a high point in the months following the 2003 Iraqi invasion.^[28] In May 2003 Jane's Defence Weekly published a list of anti-US riots and occasions where preachers had incited their audience to attack the West.^[29]

During 2003, more than 50 people were killed in two bomb attacks on western targets. In December 2003 non-essential US diplomats were told to leave following threats issued against western interests. Four months later, following a week of shootings during which several westerners were killed by insurgents, the US government advised all its citizens to leave, the third such call in six months.[\[30\]](#)

More recently a steady stream of Saudis have become involved in the insurgency in Iraq, a further indication of the depth of support for radicalism in the Saudi state. The alliance between the State-sponsored Wahhabi religious leadership and the House of Saud has been under greater tension as the political leadership has sought to combine a close friendship with the West and particularly the United States with their role as guardians of the extreme conservative sect. Reforms and democratisation are pursued at a snail's pace. Reconciling this tension can only be more difficult if a further massive arms deal with the UK government is agreed.

Because of this internal situation UK licensed transfers of small arms and light weapons, police and crowd control equipment have been criticised as inappropriate.[\[31\]](#) However, licensed transfers to Saudi Arabia are dwarfed by unlicensed exports made under the existing government-to-government *Al Yamamah* deals. And unlike licensed exports, there is very little data made available on such transfers. As an independent audit of UK arms exports notes:

It is impossible to assess the nature and level of equipment being exported to Saudi Arabia under Al Yamamah and, as such it is unclear what - if any - consideration is given to the EU Code of Conduct, which was established 12 years after the deal was signed.[\[32\]](#)

Very little it would seem, since the existing *Al Yamamah* contract may already represent a destabilising accumulation of military equipment in an arms-saturated kingdom. When considered in light of the current internal threats to the Saudi regime and the consequent potential for its overthrow, the further sale of fighter aircraft seem highly questionable.

Regional security

The Code states that Member States must consider the impact of any export licence on the preservation of regional security. A large scale Eurofighter Typhoon deal would introduce a significant number of new fighter aircraft into an already a volatile region, encouraging the continuance of an arms race mentality, particularly vis-à-vis Israel. The Middle East spent an average of 6 per cent of GDP on military expenditure in 2003, more than any other region. In the same year Saudi Arabia, Egypt and Israel accounted for three of the leading four recipients of arms deliveries to developing nations.[\[33\]](#) President Bush Senior's 1991 Middle East Arms Control Initiative was designed to limit the transfer of conventional arms to prevent this kind of imbalance from perpetuating. It called for a series of proposals designed to "restrain destabilising conventional arms build-ups" since the situation in the Middle East poses "unique dangers". There is no regional arms control culture and there is a tendency for states to adopt an offensive military position. Despite all this, the US and UK carried on transferring vast quantities of weapons to the Saudis.[\[34\]](#) This deal represents a continuation of that policy.

Sustainable development

The Code states that all Member States should consider

the compatibility of the arms exports with the technical and economic capacity of the recipient country, taking into account the desirability that states should achieve their legitimate needs of security and defence with the least diversion for armaments of human and economic resources.

Saudi weapons purchases in the 1980s and 1990s, of which *Al Yamamah* has been a major part, already show the Saudi ruling family's disregard for the limits of Saudi technical and economic capacity.

Notwithstanding Saudi Arabia's legitimate national security concerns, its weapons purchases over the past 20 years have been amongst the largest in the world vastly outweighing domestic technical capability, with much of the equipment being operated or serviced by foreign nationals. A large proportion of the Saudi population over the age of fifteen cannot read or write making it difficult to find people capable of being trained to the level required.

As a result, large numbers of UK government officials and RAF personnel work in relation to or in Saudi Arabia leading to the charge that Britain is effectively running the Saudi Air Force.[35] The diversion of economic capital has been equally significant. By 2003, over £1 billion of Saudi debt was guaranteed by the UK Export Credit Guarantee Department (ECGD), the vast majority of which appears to back military exports.[36] From 2001 until 2004 'defence and security' has been allocated 32 to 37 per cent of the entire Saudi government budget. In 2003 per capita military expenditure stood at \$832, the eighth largest in the world. This maintained Saudi Arabia's place as the leading recipient of arms deliveries in the developing world; in 2003 the kingdom spent \$5,800 million on weapons imports, almost three times as much as the second leading recipient.[37] This has all come at a considerable cost to the Saudi economy which, in the mid to long term, faces a series of economic pressures including rising unemployment, poverty, rapid population growth and the existence of militant groups determined to undermine confidence in Saudi economic prosperity.

To date, it is unclear whether the Saudis have significantly improved their external security against attack despite a vast diversion for armaments of human and economic resources. The transfer of Eurofighter Typhoons is likely to exacerbate the situation even further.

Taking all of these objections into account, the evidence suggests that a deal of this scale with Saudi Arabia would see the UK government fundamentally undermining a series of key criteria within the EU Code. This raises important questions about the government's real commitment to the consistent implementation of the Code of Conduct that it has signed up to.

6. Conclusion and Recommendations: White Elephant Versus Paper Tiger - Which is the Stronger Beast in the Arms Market Jungle?

The history of UK defence procurement is heavily populated with 'white elephants', but the Eurofighter Typhoon represents one of the biggest and most formidable beasts. The substantial cost and time overruns associated with the project, the fact that it was built to attack an enemy that no longer exists and a challenging export environment have combined to prevent significant export orders to date - orders which could drive down unit costs. For decades the Saudis have been the UK's most significant arms recipients. This makes them an ideal prospect for the Eurofighter Typhoon despite the restrictions outlined within the EU Code of Conduct.

On many crucial occasions, the implementation of this Code by the UK Government has diverged sharply from the standards of human rights protection and conflict avoidance that many hoped that it was designed to embody. The UK Government's lobbying of the Saudis in support of a new major arms contract involving the Eurofighter Typhoon only further serves to underline this divergence between principle and practice, especially when it involves 'big ticket' contracts.

When the late Robin Cook took over foreign policy in 1997, in the wake of the arms-to-Iraq scandal, the promise was that things would be different. A stronger ethical or moral compass would guide Britain's relations with the rest of the world. Today, such an approach is needed more than ever, not only to enhance Britain's tarnished international reputation as result of an illegal war in Iraq, but also to dampen some of the poisonous thinking at home that led to the London terrorist bombings. An ethical foreign policy would also make Britain more secure. It is unfortunate for Britain, therefore, and, if this deal goes through, for Saudi citizens, that Britain's ethical foreign policy appears to have been buried with the late MP for Livingston. We recommend that the UK Government:

- Formally consider all proposed arms transfers under the new Saudi-UK deal under the terms of the EU Code of Conduct, irrespective of whether this is deemed necessary as a 'government-to-government' transfer;
- Publish an explanation of how it interprets the proposed deal under the Code criteria, as it has done in the past for other arms exports to sensitive destinations;
- Demonstrate the consistent application of the criteria in this case even in the face of economic benefits to UK-based arms companies by withdrawing any further support for the deal (and others of this type); and
- Allow parliamentary scrutiny of the deal, and *prior* parliamentary scrutiny of specific arms exports under the deal, by the Quadripartite Select Committee.

Endnotes

- [1] See MoD News Release, 'UK-Saudi Arabia deal to modernise the Saudi armed forces', 22 December 2005, http://www.news.mod.uk/news_headline_story2.asp?newsItem_id=3879.
- [2] Mark Milner and Rob Evans, 'Britain wins £8bn Typhoon deal from Saudis', *The Guardian*, 22 December 2005.
- [3] Ewen MacAskill and Rob Evans, 'Britain 'agreed in secret' to expel Saudis during £40bn arms talks', *The Guardian*, 28 September 2005; David Leigh and Ewen MacAskill, 'Blair in Secret Saudi Mission', *The Guardian*, 27 September 2005.
- [4] Mark Milner and Rob Evans, 'Britain wins £8bn Typhoon deal from Saudis', *The Guardian*, 22 December 2005.
- [5] MacAskill and Evans, 'Britain 'agreed in secret' to expel Saudis during £40bn arms talks'.
- [6] The European Aeronautic Defence and Space Company EADS N.V. (EADS) is a large European aerospace corporation, formed by the merger on 10 July 2000 of Aérospatiale-Matra of France, Dornier GmbH and DaimlerChrysler Aerospace AG (DASA) of Germany, and Construcciones Aeronáuticas SA (CASA) of Spain. It was CASA and DASA that were party to the initial development of Eurofighter. EADS is now the world's second largest aerospace company (after Boeing) and is also the second-largest European arms manufacturer (after BAE Systems.) The company develops and markets civil and military aircraft, as well as missiles, space rockets, and related systems.
- [7] National Audit Office, *Ministry of Defence: Major Projects Report 2004: Project Summary Sheets*, p.119 <http://www.nao.org.uk>.
- [8] Susan Willett, Eurofighter: White Heat of Technology or White Elephant? *International Security Information Service*, Briefing No. 64, October 1997.
- [9] House of Commons, Hansard, 9 July 1997, column 855 <http://www.parliament.uk/index.cfm>.
- [10] Foreign and Commonwealth Office, *Strategic Export Controls Reports 1999-2000* <http://www.fco.gov.uk>.
- [11] For example see David Mepham and Paul Eavis, *The Missing Link in Labour's Foreign Policy: The Case for Tighter Controls over UK Arms Exports* (London: IPPR and Saferworld, 2002), pp.14-18; and Roy Isbister and Elizabeth Kirkham, *An independent audit of the UK Government Reports on Strategic Export Controls for 2003 and the first half of 2004*, Saferworld, January 2005, pp 56-59.
- [12] US Department of State, *World Military Expenditures and Arms Transfers*, 1999-2000, table III.
- [13] Ibid.
- [14] Neil Cooper, *British Arms Exports: A Vicious Circle of Disadvantage?*, (Plymouth International Papers, March 1995), p. 10.
- [15] *United Kingdom Strategic Export Controls Annual Report 2004*, Cm6646, July 2005, Table 2.5, p.19.
- [16] Cooper, *British Arms Exports*, p. 12.
- [17] In 1989 the National Audit Office began an investigation into the *Al Yamamah* arms deals, but the 1992 report has never been published.
- [18] The initial phase of the project resulted in the sale and delivery of 102 military aircraft to Saudi Arabia: 48 Tornado Interdictor Strike (IDS) aircraft; 24 Tornado Air Defence Variant (ADV) aircraft; and 30 Hawk Mk.65 advanced jet trainers. This initial phase included a weapons package, infrastructure support programmes and - according to a Channel 4 Dispatches TV programme, broadcast on 11 January 1995 - the supply of 8,000 German-made electro-shock batons. It also included a government commitment to buy older UK aircraft back from the Saudis and cover for any financial shortfalls. In January 1993, the second contract for a further 48 Tornado IDS aircraft was agreed between Prime Minister John Major and King Fahd, ruler of Saudi Arabia. This second phase, which was originally outlined in 1988, also includes military infrastructure, aircraft shelters, support, maintenance, spares and other weapon systems, including 60 more BAE Systems Hawk jet trainers, 88 Black Hawk helicopters and several minehunting vessels. See C. Shifrin, 'Saudi Tornado Order Activates BAE Assembly Line', *Aviation Week & Space Technology*, 8 February 1993, p.27; and Matthews, Lewis, Starr and Reed, 'Offsets: Taking a Strategic View', *Jane's Defence Weekly*, 5 February 1994, pp 23-30.
- [19] Chrissie Hirst, *The Arabian Connection: The UK arms trade to Saudi Arabia*, p.14 <http://www.caat.org.uk/information/publications/countries/saudi-arabia.php#22> It is thought that during the late 1980s and early 1990s, the Saudis normally paid for the weapons by daily setting aside hundreds of thousands of barrels of crude oil at market prices. The level was as high as 600,000 barrels per day when the price of crude oil fell, and this was supplemented by occasional cash payments as part of the continuing contract.
- [20] 'BAE Steps up Saudi Effort', *Flight International*, 21 June 2005 as quoted by Leigh and MacAskill, 'Blair in Secret Saudi Mission', *The Guardian*, 27 September 2005.
- [21] Amnesty International, *Annual Report 2005: The State of the World's Human Rights*, <http://www.amnesty.org.uk>.
- [22] Human Rights Watch, *World Report 2005* <http://www.state.gov/g/drl/irf/rpt/>.
- [23] US Department of State, *International Religious Freedom Report 2004* <http://www.state.gov/g/drl/rls/irf/2004/>.
- [24] Foreign and Commonwealth Office, 'Country Profiles: Saudi Arabia' <http://www.fco.gov.uk>.
- [25] US Department of State, *World Military Expenditures and Arms Transfers*, 1999-2000, table I.
- [26] Martin Bright, Nick Pelham and Paul Harris, 'Britons Left in Jail Amid Fears that Saudi Arabia could Fall to Al-Qaeda', *The Observer*, 28 July 2002; Robin Aitken, 'Is Saudi Arabia Becoming Unstable?', BBC Radio Four http://www.bbc.co.uk/radio4/today/reports/archive/international/saudi_arabia.shtml.
- [27] Martin Woollacott, 'American ties are no help in Saudi's domestic crisis', *The Guardian*, 16 May 2003.
- [28] Ibid.
- [29] Nick Cohen, 'Our friends the Saudis', *The Observer*, 18 May 2003.
- [30] Unnamed, 'US citizens urged to leave Saudi', *BBC News Online*, 15 April 2004 http://news.bbc.co.uk/1/hi/world/middle_east/3630657.stm.
- [31] See various independent annual audits of UK Government Reports on Strategic Export Controls published by Saferworld since 1999. The most recent, covering licences granted for 2003 and the first half of 2004, was published in January 2005. Isbister and Kirkham, *An independent audit of the UK Government Reports on Strategic Export Controls for 2003 and the first half of 2004*, p. 44.
- [32] Ibid.
- [33] International Institute for Strategic Studies, *The Military Balance 2004-2005* (Oxford: Oxford University Press, 2004).
- [34] White House Fact Sheet on the Middle East Arms Control Initiative, 29 May 1991 <http://bushlibrary.tamu.edu/research/papers/1991/91052905.html>.
- [35] See for example, David Leigh and Rob Evans, 'Over a Quarter of MoD Arms Sales Unit Works for Saudis' *The Guardian*, 9 March 2005.
- [36] House of Commons, *Hansard*, 25 June 2003, Written Answers, column 802.
- [37] International Institute for Strategic Studies, *The Military Balance 2004-2005* (Oxford: Oxford University Press, 2004).