Oxfam Briefing Paper

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The Spoils of Peace

How can tighter arms export controls benefit both the poor and British industry?

Conflict costs an estimated half a million lives each year, and ruins the livelihoods of many of the poorest people in the developing world. Conflict also creates conditions in which exploitation and human rights abuses can take place with seeming impunity. These conditions make it more difficult for businesses to invest and operate in a socially responsible manner.

However, the current UK system of arms controls has permitted arms exports to countries in conflict, jeopardizing the social and economic interests not only of poor people in those countries but also of legitimate British companies. The Government must frame the new system of export controls not just in response to a powerful defence lobby, but in the interests of poor people in the developing world and conscientious sectors of British industry.

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Executive summary

An estimated half a million people die in conflict each year. Many more have their livelihoods ruined. The most important benefit of tighter controls on military exports would be a reduction in the human cost of war. However, there is a secondary social and economic argument. Conflict creates the conditions in which exploitation and human rights abuse, suffered disproportionately by poor people, can take root.This poses particular challenges to companies operating in regions of violent conflict.

Unfortunately, the economic debate around the new Export Control Bill has been dominated by arguments about the competitiveness of UK defence manufacturers. Inconsistent application of export criteria and loopholes in the current system of controls have permitted the export of arms to countries in conflict. This has jeopardised the social and economic interests of poor people in these countries, but also sometimes of productive British investment. The Government must frame the legislation in the interests of poor people in the developing world and of conscientious sectors of British industry, not just in response to a powerful defence lobby.

The Government has encouraged investment in emerging markets in countries in conflict, while also continuing to authorise arms exports to the same destinations. For example, in 2000, licences were granted for the export of large quantities of British semi-automatic pistols and submachine guns, as well as components for combat aircraft, to countries engaged in protracted internal conflicts, such as Sri Lanka and Indonesia.

The value of licences granted in 2000 for arms exports to countries in conflict (£110m) is tiny compared with the investment by UK companies in these same countries. To Indonesia alone, UK direct investment in 2000 amounted to $3.5bn. In Sri Lanka, British Airways estimates that conflict has cost the firm approximately £4m per annum in lost earnings. British arms brokers and shippers continue to evade controls and arrange for arms to fuel Angola’s civil war. One business consortium estimates that it has lost investment opportunities in Angola amounting to $3m, with revenue losses of $250,000 per year for the past six years. These cases are set out in Part 2.

The Government should stop British arms undermining the social and economic conditions for overseas investment. It should frame its legislation:

- to provide a legal commitment to export criteria, including an undertaking not to fuel conflict or undermine sustainable development, and observe these strictly;
- to place comprehensive controls on brokers and shippers;
- to introduce a more rigorous system of end-user controls and regulate licensed production agreements.

A renewed commitment to end UK arms exports to countries in conflict should be accompanied by efforts to promote development, support the resolution of conflict by peaceful means, and promote socially responsible British investment in these emerging markets.

Introduction

Oxfam has been working for nearly six decades in countries in conflict around the world. While the history and causes of each conflict vary, one factor is found to be consistent: whether in Asia, Latin America or Africa, easy access to arms increases the levels of human suffering. This conclusion is borne out by academic studies on the impact of arms flows.[1] In the developing world, arms proliferation has contributed to the outbreak of humanitarian emergencies and severely hampered attempts at post-conflict reconstruction and development in countries such as Rwanda, Somalia, and Afghanistan. In Colombia, Sri Lanka, and the Democratic Republic of Congo, greater accessibility and acquisition of small arms has led to the intensification of warfare.[2]

In 2001, five years on from the Scott Report, the UK government introduced a new Export Control Bill. The Bill intends to address the serious flaws in the current system of UK arms export regulation by proposing tighter controls over the export of British arms and the activities of arms brokers. Oxfam and others are pressing the Government to make these controls as stringent as necessary. As the Bill continues its passage through Parliament, it is timely to consider what the social and economic benefits of a comprehensive system of tighter arms controls will be for the people of the developing world, as well as for British industry.

The British government's existing consolidated criteria, used to assess defence exports, state that licences will not be issued if there is a clearly identifiable risk that the proposed export might be used aggressively against another country, or for internal repression, or where it would undermine sustainable development. When granting export licences they specify that countries exporting arms must account for the preservation of regional peace and stability, and that exports will not be licensed which would provoke or prolong armed conflicts or existing tensions. With the notable exception of sustainable development, these same criteria would be given legal status by the government by being incorporated in the schedule to the Export Control Bill.

Since 1997, the Government has also adopted a policy of greater transparency in the recording of British arms exports. While this is a welcome development, the accounts reveal that the UK is exporting military equipment to countries that are actively engaged in armed conflict (see Box 1). In 2000, licences were granted for the export of large quantities of British semi-automatic pistols and submachine guns to countries engaged in protracted internal conflicts, such as the Philippines and Sri Lanka. In the same year, licences were granted to

Box 1. Standard Individual Export Licences (SIELs) granted by the UK government to countries engaged in active conflict

Country	Value of SIELS (£)		Composite International Country Risk Rating *
	1999	2000	
Afghanistan	<250,000	<250,000	N/A
Algeria	5.5m	2m	High
Angola	3m	1m	Very high
Burma	<250,000	<250,000	High
Colombia	<250,000	2m	Moderate
Congo, D.R.	0	<250,000	Very high
Eritrea	<250,000	<250,000	N/A
Ethiopia	<250,000	<250,000	Moderate
India	57.5m	64.5m	Moderate
Indonesia	2m	2m	High
Israel	11.5m	12.5m	Moderate
Lebanon	0.5m	2m	Moderate
Mexico	0.5m	1m	Low
Pakistan	11.5m	6m	Very high
Rwanda	<250,000	0	N/A
Sierra Leone	<250,000	6.5	Very high
Somalia	<250,000	0	N/A
Sri Lanka	1.5m	8m	High
Sudan	0.5m	<250,000	N/A
Uganda	<250,000	<250,000	Moderate

Sources: Foreign and Commonwealth Office, Annual Strategic Export Controls Report 1999, 2000; World Bank, World Development Indicators 2001

*The Composite International Country Risk Guide is an overall index based on 22 components of risk for investors.

export significant quantities of potentially repressive or military equipment to Colombia, also wracked by civil war. Despite its poor record as an end-user, Indonesia is still a major market for UK weapons.

Weapons also flow into conflict zones as a result of the activities of some British shippers and brokers. Returns are high and the chances of being caught relatively low for those willing to ship supplies. For example, a British pilot said in an interview that he was offered $100,000 per trip for 30 trips to fly in diesel supplies to rebel forces in Angola.[3] Due to the international nature of these business activities, brokers and shippers can only be effectively brought under an export regime by the introduction of a comprehensive system of controls that cover British passport holders wherever they are located.

Curbing arms transfers to conflict-affected countries would not require a huge sacrifice by the UK. The value of 'standard'[4] licences to the defence industry for the export of military equipment from the UK to conflict-ridden countries in 2000 was under £110m (less than £44m, if discounting exports to India). This is just five per cent of the overall value of standard licences issued in 2000 (£2,100m).[5]

Ending British arms exports to conflict zones in the developing world will not bring about the end of armed conflict. However, this is not an excuse for the UK to continue with arms sales to these countries. The Government should end the contradiction in its policy: on the one hand, encouraging overseas investment in emerging markets located in countries in conflict, while on the other, contributing to the very conflict conditions in which these investments are made by authorising arms exports to the same destinations. Even if governments choose to procure armaments from elsewhere, the UK should lead by example and halt the flow of British weapons which fuel conflict and undermine sustainable development. This policy must be coupled with sincere efforts to promote development and support the resolution of deadly conflict through peaceful means.

1 Companies and conflict: social responsibility and economic costs

Responsibility for addressing the causes and consequences of human suffering in violent conflict has traditionally fallen to governments and humanitarian agencies. Many businesses argue that they are a neutral force, and need to remain so. This position is untenable, given the major impact that businesses can have when they operate in conflict situations. An array of companies, ranging from arms producers to extractive companies to financial institutions, can be involved in causing, exacerbating, or profiting from violent conflict. Businesses may generate resentments that fuel conflicts; business-links frequently add to the value of resources over which armed groups are fighting; and security arrangements to protect a company may have negative consequences for local communities. Conflict leaves the poorest people at their most vulnerable to exploitative practices, since in these conditions their ability to challenge abusive or unaccountable behaviour by companies is severely limited.

There is a strong business case for companies to take responsibility for their role in generating conflict. In an increasingly globalized economy, high-profile companies operating in situations of violent conflict have found themselves vulnerable to charges of complicity in, or blame for, violence that occurs near their centres of operation. Thus, if only from the perspective of self-interest, it is increasingly important that a firm can demonstrate what it is doing to ensure that a) it is neither exacerbating nor profiting from violence, and b) it is attempting to address some of the causes and effects of conflicts.

One of the most direct relationships between conflict and business is the role of arms exports in exacerbating violence. By fuelling a spiral of conflict, these exports also increase the risks and costs faced by other kinds of businesses. The profits accrued by defence manufacturers from arms exports to conflict zones are tiny in comparison with the potential losses risked by UK companies operating in these same places. The total value of standard strategic export licences from the UK to countries involved in conflict in 2000 came to less than £110m. Although the inclusion of open export licences and government-to-government transfers[6] would increase the figure, this amount is overwhelmed by the sum total of UK investment in countries involved in armed conflict. In Indonesia alone, approved UK direct investment amounted to $3.5bn during 2000, while one British company operating in Angola has incurred war-related damage worth twice as much as the value of UK standard licences issued for that country in 2000.

The first casualties of conflict are the poorest people living in countries with weak economies unable to cushion them against the effects of war. Local communities may find employment suddenly terminated, have their human rights abused, or fall victim to violence either as an employee of a company that has been targeted by armed groups, or by security forces employed by the company to protect its interests. Conflict also undermines sustainable development and discourages foreign direct investment (FDI) as investors lose confidence in a country's prospects for growth. This is illustrated in a study on armed conflict and development, which compared FDI in Mozambique during and after its 1975-1993 internal war.[7] The Mozambican government regulates FDI for most sectors except minerals and commerce through its Centro de Promoca de Investimento agency (CPI). The CPI estimated FDI flows into Mozambique to average $12m per annum from 1985 to 1993. According to the study, this low figure is directly related to conflict; immediately after the war, from the middle of 1993 to the end of 1994, $443m of FDI was approved. Another study estimates that foreign firms have withheld investment from Sri Lanka worth over $1.2bn since the start of civil war on the island.[8]

Over the past two decades or so, greater global economic liberalisation has prompted British companies to increase their investment overseas. Total investment amounted to £423bn in 1999.[9] A significant amount of this has been in emerging markets located in countries that are involved in, or have recently emerged from, situations of violent conflict.

A recent report, 'The Business of Peace',[10] outlined some of the increased costs faced by businesses in conflict zones. These include:

- Security costs, where payments are made to the state or private security forces to protect employees and company assets. In Colombia, for example, oil firms typically spend between four and six per cent of their budgets on security. In Algeria, the figure is between eight and nine per cent.[11]
- High insurance premiums, or loss of coverage. A new World Bank-funded political risk insurance agency for Africa expects premiums to reach a maximum of 2.5 per cent of the total investment over a five-year period. Insurance against physical damage can be as high as 0.9 per cent of property replacement value. Risks to business are quantified by political risk insurers who, in effect, put a figure on the cost of conflict to investors. Approximately $1bn in political risk claims is currently under negotiation internationally, with a single claim in excess of $275m.[12]

- Material losses from the destruction of company property.
- The disruption or suspension of production
- Increased costs of capital. Companies operating in conflict-affected countries often find it harder and more expensive to raise capital through international markets or bank loans.
- Personnel costs. The disruption of labour markets, low worker-productivity levels, and problems attracting skilled staff are costs commonly faced by companies operating in conflict zones. The danger of kidnap and personnel being killed is also a major risk.

Furthermore, companies that operate in conflict zones run the risk of knowingly or inadvertently being linked to human rights violations committed by combatants. This risk can manifest in financial loss where the impact of such an allegation on the company's reputation threatens share price or affects the investment decisions of fund managers.

Development organisations share a common interest with those responsible private-sector firms who believe that peace is a better environment than war in which to operate. For Oxfam, conflict increases costs and influences where and how it works, diverting resources to meet acute, immediate needs and away from longer-term development projects.

2 Case studies[13]

Sri Lanka

A protracted and bloody civil war has blighted Sri Lanka since 1983. The government's efforts to engage opposition forces in dialogue aimed at a political resolution to the conflict, and current efforts towards finalising a ceasefire agreement, are positive moves and should be applauded. However, the recent history of ongoing fighting between government forces and the separatist Liberation Tigers of Tamil Eelam (LTTE) has led to serious human rights abuses by both sides. The LTTE is implicated in grave human rights abuses; however, this does not excuse the massive disruption of Tamil civilian lives over the last several years by the continuing pressure of the Sri Lankan security forces, the occasional bombing of civilian targets, and the ongoing record of civilian killings and human rights violations.[14]

Although Sri Lanka has one of the most foreign investor-friendly regimes in Asia, FDI flows have remained well below potential. According to the Economist Intelligence Unit, this is primarily a result of the unstable security situation.[15] However, British companies have continued to make large investments in Sri Lanka, particularly those operating in the ready-made garment and agricultural sectors, and bearing the additional costs which operating in conflict generates. Levels of direct investment attributable to British firms over the 1990s averaged £74m annually, while in 2001 alone, a UK-based garment manufacturer invested $40m in a fabric plant. Other British companies with interests in Sri Lanka include Unilever and British Airways.

One example of the risks faced by UK companies operating in such an environment is the losses and increased operating costs incurred by British Airways. BA flights to Sri Lanka have been withdrawn intermittently since March 1998 due to the conflict, which has resulted in lost annual earnings of approximately £4m for the company. The conflict has also meant higher insurance premiums for BA, which until quite recently had to pay an estimated additional $80 as a war premium on every ticket sold to or from Sri Lanka.

Despite what has often been a highly unstable conflict situation, in 1999 and 2000 the UK issued a total of 92 standard export licences for the sale of equipment worth £9.5m to Sri Lanka. A further 24 open export licences were granted. The products exported included 40 heavy machine guns, 75 sub-machine guns, armoured vehicles, components for armoured fighting vehicles, and a grenade launcher. Two Hercules aircraft also went to Sri Lanka on a government-to-government transfer in 1999.[16]

The economic interests of the people of Sri Lanka lie in promoting an equitable and peaceful environment for inward investment. This reinforces the case for the UK to strengthen efforts to resolve armed conflict by diplomatic means, rather than encourage further escalation of violence by channelling weapons into the country.

With prospects for peace in Sri Lanka much more hopeful due to a change of government in December 2001 – and subsequent positive moves towards opening of dialogue and withdrawal of an embargo on many items banned from rebel-held territory – the need for the UK government to shift its resources totally into diplomatic efforts and shoring up the rule of law becomes even more critical.

Indonesia

Conflict in Indonesia has had devastating human consequences, including the creation of an estimated 1.2 million internally displaced people. The violence has also eroded human rights, with accounts of abuses by many armed actors and by some security forces hired to protect business interests. Among these armed groups, the Indonesian military is reported to have used British security equipment across the archipelago, with allegations that British armoured vehicles have been used to attack Christian and Muslim civilians in Ambon,[17] and that British Hawks have been used to intimidate populations in West Papua.[18] In one report Air Marshall Ali Musiri Rape admitted that three Hawks were conducting 'tactical operations by means of a show of force'.[19]

Despite this turbulent background, the UK was the largest prospective foreign investor in Indonesia in 2000.[20] Indonesia's Capital Investment Co-ordinating Board approved 72 projects planned by British investors in the country during 2000, valued at $3.5bn. The total value of UK non-oil and gas investment since the late 1960s is $34.4bn, representing over 15 per cent of Indonesia's foreign investment and second only to Japanese investment. When oil and gas investments are added, the total figure rises to $46.3bn.[21] Operating in conflict conditions, these companies carry the extra costs brought by a high-risk business environment,[22] including possible reputation and litigation costs if they are accused of being complicit in the violence.

The risk that security may prove difficult for both business and local communities was highlighted in July 2000, when Defence Minister Yuwono Sudarsono stated that the Indonesian government was unable to guarantee adequate security in the country for foreign investors. After the opening of an energy conference in Jakarta, he informed the *Jakarta Post* that Indonesia 'cannot yet provide an adequate security guarantee in the near future', and that he 'could not guarantee the safety of investors'.[23] In such circumstances, some companies will opt to employ their own security arrangements. The human rights record of security companies in other conflict zones, such as Colombia, is poor.[24]

Despite the risk that British arms will fuel conflict in this major emerging market, with all its implications for human suffering, the UK government has continued to export military equipment to Indonesia since taking office in 1997. During 1999 and 2000, the UK government granted standard licences permitting the export of military equipment worth £4m to Indonesia. The figure does not include the 15 Hawk aircraft exported on a government-to-government transfer, or goods that went on open export licences. Items exported included components for combat aircraft and for aircraft cannon.[25] These came on top of the 38 armoured combat vehicles that left the UK for Indonesia in 1998, and the 23 armoured combat vehicles and four combat aircraft that were sold in 1997.[26]

Angola

The UK's lax arms export controls have allowed British companies to broker or ship lethal weapons into a civil war that over the past 25 years has claimed an estimated three million lives (the vast majority civilian) and left millions in dire poverty, without basic health and education. It has also undermined the sustainable, diversified development of the Angolan economy, and restricted investment in potentially one of the richest countries in sub-Saharan Africa.

According to a UN Security Council report, a UK-based company called Trade Investment International Limited brokered an arms shipment to Angola in 1999 worth just under half a million pounds. The shipment included 200 machine guns, 40 rocket launchers, and 80 rockets. The cargo, labelled 'technical equipment', was shipped on board the Panamanian vessel *Kuraka* with the point of discharge given as Lomé, Togo. The Security Council undertook a forensic examination of the end-user certificates attached to the shipment, which were found to be forgeries.[27]

Before civil war broke out in 1975, Angola enjoyed a prosperous and diversified economy. Twenty-five years of internal conflict has radically transformed Angola's economy and exacted devastating effects on the agricultural and manufacturing sectors, which are now on the verge of collapse.[28] Angola is heavily dependent on oil, which according to the IMF accounted for 42 per cent of GDP in 1999. Only a select few benefit from oil production. Military expenditure accounts for 40 per cent of total government expenditure, while health and education languish behind at 2.8 and 4.8 per cent respectively. The oil industry is also 'sheltered' from many of the negative effects of a ground-based conflict, as most of its plant is offshore. At the same time, the industry provides significant revenue which may be used for arms purchases by the government.

The conflict has been a serious deterrent to foreign investment outside the oil sector, thus greatly narrowing the development possibilities for the very poor. Foreign companies' unwillingness to invest in Angola is compounded by the destruction of physical infrastructure and targets of economic value. The cost of damage to railways, roads, bridges, hydroelectric dams, power plants, and factories has been put at $20bn.[29] Targets of economic value, such as mining installations and oil terminals, pipelines and refineries, have also suffered extensive damage as a result of the fighting.

The extent of lost investment opportunity is illustrated by comparing UK direct investment in Angola with two Southern African countries that have been largely unaffected by war. Conflict is never considered in isolation in investment decisions, but it is recognized as an important factor by indices such as the Composite International Country Risk Guide. In the 1990s, the level of British investment in Angola tended to track the development of the conflict, suggesting some correlation between the two. In 1991, UK investment in Angola's agricultural, chemicals, and service sectors totalled £9m. During 1992, when the conflict intensified, new British investment outside the oil sector dropped to £1m, and reached zero the following year. In neighbouring Zambia, a country with a smaller GDP than Angola and a similar-sized population and natural resource base, the average level of UK investment during the same period was £45m. Tanzania, with comparable natural resources and GDP to Angola, attracted on average £11.5m in UK direct investment from 1991-3.[30]

Evidence of direct losses is more tangible than investment fluctuations. UK companies operating outside the oil sector in Angola have incurred heavy financial penalties. One infrastructure consortium estimates that the conflict has caused lost investment opportunities amounting to $3m, with revenue losses of $200,000 each year for the past six years. The same group reported a single war damage loss of $250,000, as well as significantly higher security and insurance costs resulting from the conflict. Other industries have fared no better: over the past decade, a major political risk broker has handled $35m in war claims filed by aeronautical and defence companies operating in Angola – a case of conflict damage coming back to haunt the defence industry itself.

3 Conclusion

In addition to the overwhelming benefit of less human suffering, there are considerable social and economic benefits to be reaped from the prevention and resolution of armed conflicts. One of the major 'spoils of peace' will be the development of conditions in which healthy economies can thrive. Peace provides the private sector with the confidence, consumers, skilled employees, and local suppliers it needs to flourish, and thereby creates vastly improved investment opportunities. There will also be a significant decrease in some of the key operating costs outlined in this report, such as security, insurance, and personnel expenditures. A peaceful environment is also more conducive to developing practices that are both ethical and socially responsible. It is usually less difficult to scrutinize business behaviour and hold companies to account for any failings away from the crisis atmosphere of conflict. Investing in peace, rather than exporting arms into conflict, will benefit both the poorest people in the developing world and British investors wishing to have a beneficial impact on the societies in which they operate.

Ending UK defence exports to countries in conflict will clearly not of itself bring about an end to the turmoil adversely affecting poor people. However, even if combatants choose to procure weapons from elsewhere, the UK should lead by example and halt the flow of British weapons to conflict zones. This should be accompanied by efforts to promote development and support the resolution of violent conflict through peaceful means, as well as encourage socially responsible British investment.

The Export Control Bill provides an opportunity for the government to promote a more beneficial economic environment. In particular, Oxfam argues that:

- The legislation should provide strong criteria restraining arms transfers to conflict zones and return the protection of sustainable development to the same legal footing as other criteria. These criteria should then be strictly observed in licensing decisions.
- Loopholes that currently allow British brokers and shippers to channel arms into conflict zones should be closed by the introduction of a comprehensive system that controls UK passport holders wherever they are located.
- The legislation should introduce a more rigorous system of end-user controls to provide accurate information to those who have to make the licence decisions, and to bring to account those who break their undertakings on end-use.
- The Government should provide itself with the power to regulate licensed production agreements, to ensure that British firms involved in setting up manufacturing bases for military equipment overseas follow the same licensing criteria as those based in the UK.

Notes

[1] Brzoska, M. & Frederic, P. (1994) *Arms and Warfare: Escalation, De-escalation, and Negotiations*, Colombia: South Carolina; Craft, C (1999) *Weapons for Peace, Weapons for War: The Effects of Arms Transfers on War Outbreak, Involvement, and Outcomes*, New York: Routledge; Schrodt, P (1983) 'Arms transfers and international behavior in the Arabian Sea area', *International Interactions* 10:101-27; Sherwin, R (1983) 'Controlling instability and conflict through arms transfers: testing a policy assumption' *International Interactions* 10: 65-99; Smaldone, J. (1994) 'Arms transfers and conflict in sub-Saharan Africa: arms control and humanitarian implications', paper presented at the annual meeting of the African Studies Association, Toronto, November; Smaldone, J. & Cassady, C. (2000) 'Arms transfers in sub-Saharan Africa: a statistical examination of effects on involvement in conflict', paper presented at the annual meeting of the Southern Political Science Association, Atlanta, November

[2] Graduate Institute for International Studies, *Small Arms Survey 2001*

[3] Transcript held by Oxfam GB

[4] Standard Individual Export Licences (SIELS) allow shipments of specified military goods to a specific recipient up to the quantity stipulated by the licence. SIELS are generally valid for two years where the export will be permanent. Where the export is temporary, the licence is generally valid for one year and the goods must be returned before the licence expires.

[5] Foreign and Commonwealth Office, Strategic Export Controls, Annual Reports 1999 and 2000

[6] An open licence is specific to an individual exporter and covers multiple shipments of specified iterms to specified destinations; a government-to-government transfer does not fall under a licensing regime and takes the form of the transfer of military goods agreed between states.

[7] Stewart, F. (2001) *War and Underdevelopment,* Oxford: Oxford University Press

[8] National Peace Council of Sri Lanka (2001), 'The cost of the war: the economic, socio-political and human cost of the war in Sri Lanka'

[9] UK Office for National Statistics

[10] Prince of Wales Business Leaders Forum (2000), *The Business of Peace*

[11] *The Economist*, 25 May 2000, quoted in Prince of Wales Business Leaders Forum (2000) *The Business of Peace*

[12] Berman, J. (2000), 'Corporations and conflict: how managers think about war', http://www.pelc.net/article.html (accessed July 2001)

[13] During the course of this research, a questionnaire requesting details of war-related costs and losses was sent to a large number of UK companies that operate in conflict zones. Most companies contacted declined to reveal such details, stating that this kind of information is commercially sensitive. However, some companies did respond, and those that gave dollar figure amounts reported significant conflict-related losses and increased expenditure, selected details of which are given in the case studies.

[14] Amnesty International Annual Report 2001; Human Rights Watch World Report 2001

[15] Economist Intelligence Unit, Sir Lanka, Country Profile 2001

[16] Foreign and Commonwealth Office, Strategic Export Controls, Annual Reports 1999 and 2000

[17] *Independent,* 'Britain supplies Indonesia with tools for repression', 10 October 2000

[18] *Independent,* 'Indonesia uses British jets to attack tribesmen', 10 July 2001; Tapol press release 'Hawk aircraft terrorise Papua', 2 October 2000

[19] Institute for Human Rights Study and Advocacy in West Papua, press release 28 September 2000

[20] *Indonesia News,* 'UK leads in prospective investments in Indonesia', 30 January 2001

[21] Trade Partners UK, http://wwwtradepartnersgovuk/indonesia/profile/03_economic/economicshtml (accessed July 2001)

[22] Foreign investors will have been discouraged by the fact that during the 1990s, political risk insurance claims totaling $26m were handled by a large US-based insurance broker in Indonesia's paper pulp sector alone.

[23] Agence France Presse, 'Indonesian government cannot guarantee internal security: minister', 12 July 2000

[24] See the discussion on this subject in the Inter-Agency Group report, 'Good Intentions are not enough', July 1999 on the role of BP AMOCO in Casanare, Colombia

[25] Foreign and Commonwealth Office, Strategic Export Controls, Annual Reports 1999 and 2000

[26] Foreign and Commonwealth Office, Strategic Export Controls, Annual Reports 1997 and 2000

[27] United Nations Security Council, 'Final report of the monitoring mechanism on Angola sanctions', December 2000, REF: S/2000/1225, http://www.un.org/Depts/dpa/docs/Monitoring%20final.PDF (accessed September 2001)

[28] Economist Intelligence Unit, Angola Country Profile 2001

[29] 'Angola: the possible peace', Comment Monograph, Catholic Institute for International Relations

[30] UK Office for National Statistics

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