



Dodgy Deal: **Cluster munitions producers** - international -

update

This dodgy deal is updated regularly
last update: Mar 13, 2012

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Description

Cluster munitions pose a serious threat to civilian populations during and after a conflict. Cluster munitions are designed to blanket a large area containing one or more targets. They can be fired by artillery and rocket systems or dropped by an aircraft; they spread dozens, or even hundreds, of submunitions or bomblets over an area the size of a football field. Distribution of submunitions over such a broad area results in a large chance of civilian casualties during and after the attack. Many bomblets or submunitions fail to explode on impact. They remain on the ground like landmines that kill and injure civilians long after the conflict has ended. Although 98% of cluster munitions victims are civilians, cluster munitions producers don't have any problems attracting capital from financial markets.

brief history

In February 2007 and after years of campaigning by Netwerk Vlaanderen, the Belgian Parliament voted a law forbidding any investment in cluster munition producers by Belgian financial institutions. ("Financing a Belgian or foreign company active in production, usage, repair, offer, sale, delivery, import, export or stocking of submunition in the sense of this law, is also forbidden.") The law also instructs the Belgian government to produce a list of cluster munition producers. Belgium is the first country banning investments in cluster munitions.

In July 2005 a European Parliament Resolution "Calls on the EU and its Member States to prohibit through appropriate legislation financial institutions under their jurisdiction or control from investing directly or indirectly in companies involved in production, stockpiling or transfers of anti-personnel mines and other related controversial weapon systems such as cluster sub-munitions."

This resolution forms the perfect starting point for national legislation against investments in weapons producers and traders.

what must happen

Financial institutions should develop policies that exclude all financial links with companies involved in producing cluster munitions. Because any investment facilitates production, no exceptions should be made for third-party financial services, for funds that follow an index or for civilian project financing for a company also involved in cluster munitions. Policies should not be narrowed to refusing project financing for cluster munitions.

Financial institutions should apply their divestment policy to all activities: commercial banking, investment banking and asset management.

Other issues

Using cluster munitions is a serious breach of International Humanitarian Law as it is impossible to distinguish between civilian and military targets, and causes disproportionate long-term civilian harm. Therefore cluster munitions stand out as the weapon category most in need of stronger national and international regulation. Cluster munitions pose a serious threat to civilian populations during and after a conflict.

Cluster munitions are designed to cover a large area where one or more targets are located. Spreading the munitions over this area results in a large chance of civilian casualties during the attack.

But these weapons also cause civilian casualties after the end of the armed conflict. The sub-munitions contained in cluster bombs or rockets have a certain rate of failure (dud rate). Following a cluster attack there will be many unexploded submunitions left behind over a large area. A mine field is created, with a great risk for civilians, for years after the conflict. At this moment cluster munitions have been used in 23 countries or areas. Recent use has been documented in amongst others former Yugoslavia, Afghanistan, Iraq and Lebanon. In the first world-wide research on cluster munitions victims, Handicap International revealed that nearly all recorded cluster munitions casualties are civilians, putting the figure at 98 percent. Twenty seven percent of these are children.

Investing as complicity

Investing in a company is clearly an active and supportive effort to raise the capital that is needed to fulfil the plans this company has made. Any financial service delivered to a company by a FI is in fact an approval and a belief in the plans this company is making. Moreover it is a crucial, important and necessary support to the company and its projects and plans.

Investing in a cluster munitions producer therefore is a choice to support the production of these civilian-killers, and is clearly choosing sides. On the other hand refusing to invest in cluster munition producers is also a clear choice. FIs that develop a policy to no longer invest in these companies are not willing to take responsibility for these kind of weapons and their use. They do not want to bear any complicity in the killing of innocent civilians.

Investors in cluster munition production can be considered as being complicit in the unnecessary killing and maiming of innocent civilians by cluster munitions during and after a conflict.

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Updates

Aug 31, 2010

The third of December 2008 marked an important day for international humanitarian law. On that day, 94 countries gathered in Oslo to sign the Convention on Cluster Munitions (CCM), a Convention that categorically prohibits the use, production, transfer and stockpiling of cluster munitions.

On August 1, 2010 the Convention on Cluster Munitions (CCM) has entered into force. The Convention is now binding international law for more than 100 countries worldwide. Although the Convention on Cluster Munitions does not explicitly prohibit investments in cluster munitions, the prohibition on assistance that is included in article 1c of the Convention³, according to the report authors, should prevent states from investing in cluster munitions producers. Financing and investing are active choices, based on a clear assessment of a company and its plans. Investing in a cluster munitions producer therefore is a choice to support the production of weapons that cause unacceptable harm.

Credit to cluster munitions producers has been common over the years, and looks set to continue unabated if due attention is not given. Fortunately, parallel to the Oslo process, more and more financial institutions have recognised their responsibility to withdraw support for companies manufacturing cluster munitions. These financial institutions have banned cluster munitions producers from their investment portfolio. Many financial institutions have stated in public that they will divest from cluster munitions producers; some of them have already done so.

Although some financial institutions have made an effort to divest from cluster munitions, many find it difficult to implement their policy or have no policy (yet) on investment in companies that produce cluster munitions.

financial institutions involved

banks

ABN AMRO -

- corporate loan: (Thales- January 2005, Rheinmetal- 2005)
ABN Amro invested in Thales and Rheinmetal in 2005, both companies invested in producing cluster munitions. Engagement of ABN Amro is ended.

Agricultural Bank of China -

Agricultural Bank of China (ABC) was founded in 1951 as a wholly state-owned bank providing commercial banking services. Since then it has been mostly involved in financing China's rural economy. In 2010, Agricultural Bank of China was approved by China's State Council to become a joint-stock commercial bank and listed public shares on the Hong Kong and Shanghai Stock Exchanges.

- Overview of Agricultural Bank of China's financial involvement in cluster munitions (2011)
source: 112505 Agricultural Bank Of China.pdf

ANZ -

- corporate loan: Lockheed - July 2007, Thales - January 2005, Raytheon - March 2005
- Overview of ANZ's financial involvement in cluster munitions (2010)
source: Anz Cluster Munitions Investments
- Overview of ANZ's financial involvement in cluster munitions (updated 2011)
source: 112505 Anz.pdf

Bank of America -

- Issuing of bonds: for Textron (March 2005)
- General corporate finance: Lockheed Martin - June 2007, Raytheon - March 2005, Textron - April 2006, Rheinmetall - April 2005
- Overview of Bank of America's financial involvement in cluster munitions (2010)
source: Bank Of America Cluster Munitions Investments
- Overview of Bank of America's financial involvement in cluster munitions (updated 2011)
source: 112505 Bofa.pdf

Bank of China -

- Overview of Bank of China's financial involvement in cluster munitions (2011)
source: 112505 Bank Of China.pdf

Bank of Tokyo Mitsubishi UFJ -

- General corporate finance: Lockheed Martin - June 2007, Raytheon - March 2005, Textron - April 2006, Thales - January 2005
- Issuing of bonds: for Textron (March 2005)
- Overview of Bank of Tokyo Mitsubishi UFJ's financial involvement in cluster munitions (2010)
source: [Bank Of Tokyo Mitsubishi Ufj Cluster Munitions Investments](#)
- Overview of Bank of Tokyo Mitsubishi UFJ's financial involvement in cluster munitions (updated 2011)
source: [112505 Mufj Financial Group.pdf](#)

Barclays -

- General corporate finance: Lockheed Martin - June 2007, Raytheon - March 2005, Textron - April 2006, Thales - January 2005
- Overview of Barclays' financial involvement in cluster munitions (2010)
source: [Barclays Cluster Munitions Investments](#)
- Overview of Barclays' financial involvement in cluster munitions (updated 2011)
source: [112505 Barclays.pdf](#)

BBVA -

- General corporate finance: Lockheed Martin - June 2007, Raytheon - March 2005, Thales - January 2005
- Overview of BBVA's financial involvement in cluster munitions (2010)
source: [Bbva Cluster Munitions Investments](#)
- Campaign Success
Banco Bilbao Vizcaya Argentaria (BBVA) sold its position on the syndicate loan with Lockheed Martin on 24th February 2010 due to it's defense policy. From that date BBVA does not have any kind of commercial relation with that company anymore".

BMO Financial Group

- Overview of BMO Financial Group's involvement in cluster munitions (2010)
source: [Bmo Financial Group Cluster Munitions Investments](#)

BNP Paribas -

- bonds issue: (December 2007)
for Thales
- corporate loan
Lockheed Martin - June 2007, Raytheon - March 2005, Textron - April 2006, Thales - January 2005
- Overview of BNP Paribas' financial involvement in cluster munitions (2010)
source: [Bnp Paribas Cluster Munitions Investments](#)
- Overview of BNP Paribas' financial involvement in cluster munitions (updated 2011))
source: [112505 Bnp Paribas.pdf](#)

China Construction Bank -

- Overview of China Construction Bank's financial involvement in cluster munitions (2011)
source: [112505 China Construction Bank.pdf](#)

China Development Bank -

- Overview of China Development Bank's financial involvement in cluster munitions (2011)
source: [112505 China Development Bank.pdf](#)

Citigroup -

Citi have provided share and bond issuances.

- General corporate finance: Lockheed Martin - June 2007, Raytheon - March 2005, Textron - April 2006, Thales - January 2005
- Overview of Citigroup's financial involvement in cluster munitions (2010)
source: [Citigroup Cluster Munitions Investments](#)
- Overview of Citigroup's financial involvement in cluster munitions (updated 2011)
source: [112505 Citigroup.pdf](#)

Commerzbank AG -

- Overview of Commerzbank's financial involvement in cluster munitions (2010)
source: [Commerzbank Cluster Munitions Investments](#)

Commonwealth Bank of Australia -

- Commonwealth Bank of Australia's financial involvement in cluster munitions
source: [Commonwealth Bank Of Australia Cluster Munitions Investments...](#)
- Commonwealth Bank of Australia's financial involvement in cluster munitions (updated 2011)
source: [112505 Commonwealth Bank Of Australia.pdf](#)

Crédit Agricole -

- Issuing of bonds: for Thales (Through Crédit Agricole CIB) (December 2006)
- General corporate finance: Through Crédit Agricole CIB: Lockheed Martin - June 2007, Raytheon - March 2005, Thales - January 2005, Rheinmetall - April 2005
- Overview of Crédit Agricole CIB's financial involvement in cluster munitions (2010)
source: [Credit Agricole Cib Cluster Munitions Investments](#)
- Overview of Crédit Agricole's financial involvement in cluster munitions (updated 2011)
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Credit Suisse Group -

- General corporate finance: Raytheon - March 2005, Textron - April 2006
- Overview of Credit Suisse's financial involvement in cluster munitions (2010)
source: [Credit Suisse Cluster Munitions Investments](#)
- Overview of Credit Suisse's financial involvement in cluster munitions (updated 2011)
source: [112505 Credit Suisse.pdf](#)

Deutsche Bank -

- Issuing of bonds: for Textron (March 2005)
- General corporate finance: Textron - April 2006, Thales - January 2005, Rheinmetall - April 2005
- Overview of Deutsche Bank's financial involvement in cluster munitions (2010)
source: [Deutsche Bank Cluster Munitions Investments](#)
- Overview of Deutsche Bank's financial involvement in cluster munitions (updated 2011)
source: [112505 Deutsche Bank.pdf](#)

Goldman Sachs -

- Overview of Goldman Sachs' financial involvement in cluster munitions (2010)
source: [Goldman Sachs Cluster Munitions Investments](#)
- Overview of Goldman Sachs' financial involvement in cluster munitions (updated 2011)
source: [112505 Goldman Sachs.pdf](#)

HSBC -

- Issuing of bonds: for Textron - March 2005, for Thales - December 2006
- General corporate finance: Textron - April 2006, Thales - January 2005, Rheinmetall - April 2005
- Overview of HSBC's financial involvement in cluster munitions (2010)
source: [Hsbc Cluster Munitions Investments](#)
- Campaign Success
After pressure from the public, HSBC released a public summary of their revised defense equipment policy that states: " HSBC does not provide financial services to customers – including holding companies – which manufacture or sell anti-personnel mines or cluster bombs. We do not provide financial services for transactions involving such weapons"

Industrial Bank of China -

- Overview of Industrial Bank's financial involvement in cluster munitions (2011)
source: [112505 Industrial Bank.pdf](#)

ING Group -

- General corporate finance: Thales - January 2005

Intesa Sanpaolo -

- General corporate finance: Lockheed Martin - June 2007
- Overview of Intesa SanPaolo's financial involvement in cluster munitions (2010)
source: [Intesa Sanpaolo Cluster Munitions Investments](#)
- Overview of Intesa SanPaolo's financial involvement in cluster munitions (updated 2011)
source: [112505 Intesa Sanpaolo.pdf](#)

JPMorgan Chase -

- Issuing of bonds: for Textron (March 2005)
- General corporate finance: Raytheon - March 2005, Textron - April 2006, Thales - January 2005
- Overview of JPMorgan Chase's financial involvement in cluster munitions (2010)
source: [Jpmorgan Chase Cluster Munitions Investments](#)
- Overview of JPMorgan Chase's financial involvement in cluster munitions (updated 2011)
source: [112505 Jpmorgan Chase.pdf](#)

KBC -

- Overview of KBC's financial involvement in cluster munitions (2009)
source: [Kbc Cluster Munitions Financing](#)

Korea Development Bank

- Overview of Korea Development Bank's financial involvement in cluster munitions (2010)
source: [Korea Development Bank Cluster Munitions Investments](#)

Lloyds TSB -

- Overview of Lloyds' financial involvement in cluster munitions (2010)
source: [Lloyds Banking Group Cluster Munitions Investments](#)
- Overview of Lloyds' financial involvement in cluster munitions (updated 2011)
source: [112505 Lloyds.pdf](#)

Manulife

- Overview of Manulife's financial involvement in cluster munitions (2010)
source: [Manulife Cluster Munitions Investments](#)
- Overview of Manulife's financial involvement in cluster munitions (updated 2011)
source: [112505 Manulife.pdf](#)

Merrill Lynch

- corporate loan
Textron - April 2006
- Overview of Merrill Lynch's financial involvement in cluster munitions (2009)
source: [Merril Lynch Cluster Munitions Financing](#)

Mizuho -

- General corporate finance: Lockheed Martin - June 2007, Raytheon - March 2005
- Overview of Mizuho's financial involvement in cluster munitions (2010)
source: [Mizuho Cluster Munitions Investments](#)
- Overview of Mizuho's financial involvement in cluster munitions (updated 2011)
source: [112505 Mizuho.pdf](#)

Morgan Stanley -

- corporate loan
Lockheed Martin - June 2007, Raytheon - March 2005, Textron - April 2006
- Overview of Morgan Stanley's financial involvement in cluster munitions (2010)
source: [Morgan Stanley Cluster Munitions Investments](#)
- Overview of Morgan Stanley's financial involvement in cluster munitions (updated 2011)
source: [112505 Morgan Stanley.pdf](#)

Natixis

- Overview of Natixis' financial involvement in cluster munitions (2010)
source: [Natixis Cluster Munitions Investments](#)
- Overview of Natixis' financial involvement in cluster munitions (updated 2011)
source: [112505 Natixis.pdf](#)

Rabobank -

- Campaign Success
In January 2010 the Dutch banking group Robeco (daughter company of the Dutch Rabobank Group) introduced an exclusion policy that produce products that conflict with existing international treaties, especially treaties that deal with controversial weapons such as cluster munitions.
- Overview of Rabobank's financial involvement in cluster munitions (2011)
source: [112505 Rabobank.pdf](#)

Royal Bank of Canada -

- Overview of Royal Bank of Canada's financial involvement in cluster munitions (2011)
source: [112505 Rbc.pdf](#)

Royal Bank of Scotland -

- corporate loan
Lockheed Martin - June 2007, Raytheon - March 2005, Thales - January 2005
- Overview of RBS' financial involvement in cluster munitions (2010)
source: [Rbs Cluster Munitions Investments](#)
- Overview of RBS' financial involvement in cluster munitions (updated 2011)
source: [112505 Rbs.pdf](#)

Sberbank -

- Overview of Sberbank's financial involvement in cluster munitions
source: [112505 Sberbank.pdf](#)

Scotia Bank

- corporate loan
Lockheed Martin - June 2007, Raytheon - March 2005, Textron - April 2006
- Overview of Scotia bank's financial involvement in cluster munitions (2010)
source: [Scotiabank Cluster Munitions Investments](#)

Société Générale -

- bonds issue
for Textron - March 2005, for Thales - December 2006
- corporate loan
Raytheon - March 2005, Textron - April 2006, Thales - January 2005
- Overview of SG's financial involvement in cluster munitions (2010)
source: [Societe Generale Cluster Munitions Investments](#)
- Overview of SG's financial involvement in cluster munitions (updated 2011)
source: [112505 Socgen.pdf](#)

Sumitomo Mitsui Banking Corporation -

- corporate loan
Lockheed Martin - June 2007, Raytheon - March 2005, Thales - January 2005
- Overview of SMBC's financial involvement in cluster munitions (2010)
source: [Sumitomo Mitsui Banking Corp Cluster Munitions Investments](#)
- Campaign Success
On 30 July 2010, Japan's three largest banks said they would refrain from financing the manufacture of clusters bombs. Sumitomo Mitsui Financial Group (SMFG), Mitsubishi UFJ Financial Group (MUFG) and Mizuho Bank said they had stated in their regulations they would deny loans and investments for the productions of the munitions.

UBS -

- General corporate finance: Lockheed Martin - June 2007, Raytheon - March 2005, Textron - April 2006, Thales - January 2005
- Overview of UBS' financial involvement in cluster munitions (2010)
source: [Ubs Cluster Munitions Investments](#)
- Campaign Success
The Swiss bank UBS announced on 10 May 2010 that it would exclude producers of cluster munitions from its funds managed in Switzerland and Luxembourg.
- Overview of UBS' financial involvement in cluster munitions (updated 2011)
source: [112505 Ubs.pdf](#)

UniCredit Group -

- General corporate finance: Thales - January 2005, Rheinmetall - April 2005

Wells Fargo -

- Overview of Wells Fargo's financial involvement in cluster munitions (2010)
source: [Wells Fargo Cluster Munitions Investments](#)
- Overview of Wells Fargo's financial involvement in cluster munitions (updated 2011)
source: [112505 Wells Fargo.pdf](#)

WestLB AG -

- General corporate finance: Lockheed Martin - June 2007, Raytheon - March 2005
- Overview of WestLB's financial involvement in cluster munitions (2010)
source: [Westlb Cluster Munitions Investments 1](#)

investment funds

Merrill Lynch

- General corporate finance: Textron - April 2006

For a direct and more elaborate overview of the investors in cluster munition see the report: Worldwide investments in cluster munitions producers; A shared responsibility, by Netwerk Vlaanderen & IKV PAX Christi - Updated April 2010:

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companies

[Alliant Techsystems -](#)

[Hanwha -](#)

[L-3 Communications -](#)

[Lockheed Martin -](#)

[Poongsan -](#)

[Singapore Technologies Engineering -](#)

[Textron -](#)