

# Arms conversion for a secure and sustainable society

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## Presentation will cover...

- Libya: brief case study
- Changing security strategies in the UK?
- UK military industrial sector
- UK low carbon and environmental sectors
- Potential for conversion

Let's start with Libya...

## Libyan oil

- Proven crude oil reserves: 46 billion barrels
  - 8<sup>th</sup> largest in world
- Oil exports earnings in 2009: \$31 bn
  - 95% of total export earnings
  - 75% exported to Europe
  - UK companies have oil exploration contracts
- Corruption widely believed to high

Figures from OPEC (2010)

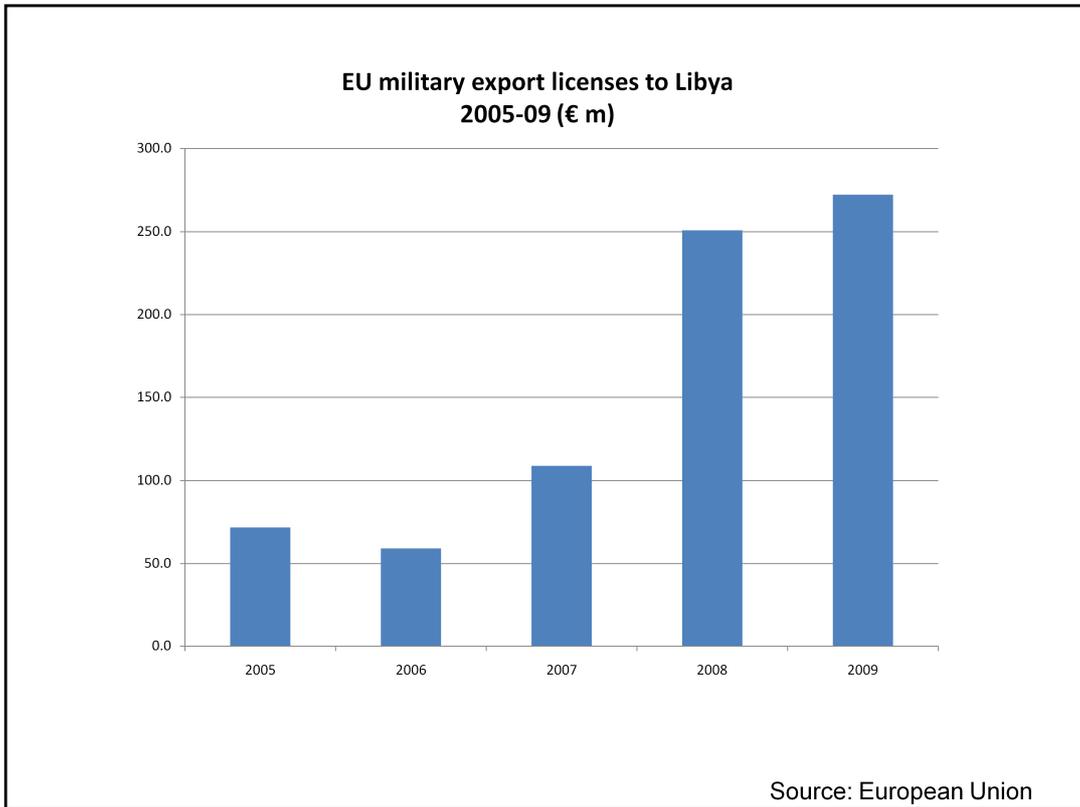
## Arms exports to Libya

- EU military exports to Libya
  - Licenses granted for €763m from 2005-09
  - Included €278m for military aircraft
- UK military exports to Libya
  - Licenses granted for €119m from 2005-09
  - Exports included armoured vehicles, tear gas etc allegedly used against protestors

Sources:

UK arms exports (description): The Guardian (2011a)

Figures from the Official Journal of the European Union summarised in The Guardian (2011c)



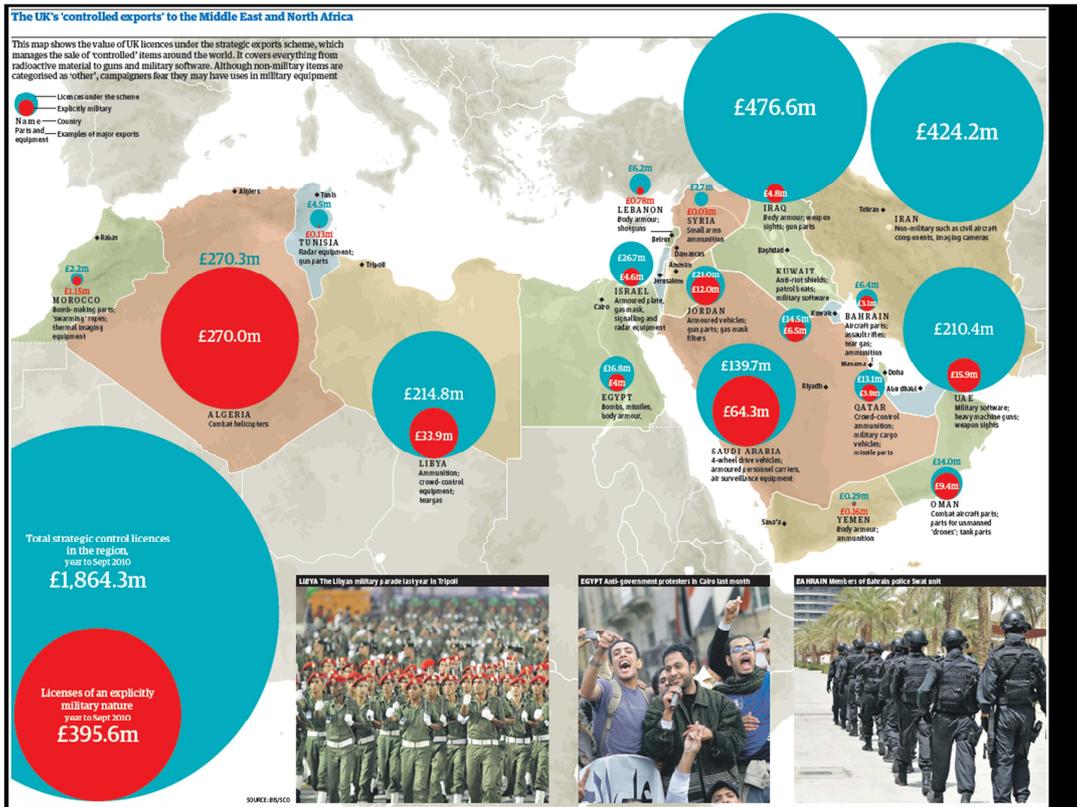
EU arms embargo to Libya ended in October 2004.

Source: Figures from the Official Journal of the European Union summarised in The Guardian (2011c)

## Libyan human rights

- Amnesty International's 2010 assessment:
  - Political freedoms 'severely curtailed'
  - Internal Security Agency continues to operate 'with impunity'
  - Hundreds of past disappearances remain unresolved
  - Death penalty in use
  - But some progress on reform

Amnesty International (2011).



UK military and 'controlled' export licenses granted in the year to Sept 2010: The Guardian (2011b)

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**Arms trade questions for David Cameron on Gulf trip**

By James Landale  
BBC News deputy political editor, in Kuwait

**How can you sell democracy and arms at the same time?**

That is the question that has dogged David Cameron on the latest stage of his trip to the Gulf.

In his delegation of 26 businessmen, eight work for companies in the defence and aerospace industry.

Some - particularly those who read the Guardian newspaper closely - have suggested that this is somehow incompatible with his new foreign policy of promoting political and economic reform.

Mr Cameron's thesis is that it is no longer enough simply to form alliances with "highly controlling" regimes here to protect Britain's security and economic interests, and turn a blind eye to what they do to their own




Mr Cameron visited Kuwait as part of his tour

**Egypt's Revolution**

Second chance?  
Dismantling Egypt state security

BBC News online (2011)

## A cycle of violence...

- Large reserves of valuable natural resources...
- ...sold to fund imports of major military hardware from industrialised nations...
- ...allowing powerful oppressive regimes to remain in power...
- ...becoming a wider threat

➤ We need to break this cycle

Changing security strategies  
in the UK?

## UK remains major military spender/ arms exporter

- UK military budget is world's 4<sup>th</sup> largest
  - Up 28% since 2000
- UK is home to world's largest arms company
- UK is 5<sup>th</sup> largest arms exporter
- UK spending per person is twice that of Russia and more than 12 times that of China
- UK spending per person/ per unit GDP is much larger than EU average

- UK military budget is world's 4<sup>th</sup> largest behind USA, China and France
- UK is home to world's largest arms company – BAE Systems (has become largest following further takeovers of US companies)
- UK is 5<sup>th</sup> largest arms exporter behind USA, Russia, Germany and France

References: Stockholm International Peace Research Institute (2010a, 2010b)

## Strategic Defence and Security Review

- Completed by government in October 2010
- Prime Minister:
  - *“From a strategy over-reliant on military intervention to a higher priority for conflict prevention”*
- Link to over-arching ‘National Security Strategy’

References: Ministry of Defence (2010); Cameron (2010); HM Government (2010)

## National Security Strategy

- Completed in October 2010
- Assessed wider range of concerns than just military threats
  - Recent change in approach
- 'Tier 1' threats:
  - a. International terrorism
  - b. Cyber-attacks
  - c. Major accident or natural hazard
  - d. International military crisis 'drawing in the UK'

- 'a-c' are not conventional military threats, while 'd' is effectively a 'war of choice'

Reference: HM Government (2010)

## Non-Offensive Defence

- A more major policy change:
  - Focus military forces on narrowly-defined defence
  - Cut the 'offensive' arsenal, especially:
    - Nuclear weapons
    - Long-range bombers, missiles etc
    - Long-range military ships and submarines
  - Minimise arms exports
  - Shrink the military industry
  - Peace-keeping activities would be retained

- Under a Non-defensive defence policy, the armed forces retain the capability to defend national territory (and contribute to peacekeeping), but not to invade or mount a major attack
- The case for Non-offensive defence (although known under a variety of titles) has been made since at least 1982.

Reference: Civilisation 3000 (2010)

## Sustainable Security

- More substantial shift
- Focus on tackling the roots causes of major security threats:
  - Competition over resources
  - Global militarisation
  - Marginalisation of the majority world
  - Climate change

Reference: Abbott et al (2006)

UK military industrial sector

## Major UK military procurement

	Number	Estimated procurement cost
Typhoon fighter aircraft	232	£21 bn
Trident replacement (including submarines, nuclear warheads & infrastructure)	-	£15-20 bn
Aircraft supercarriers (including aircraft)	2	£12-14 bn
FSTA tanker aircraft	14	£13 bn
FRES armoured vehicles	3,500	£6 bn
Type-45 destroyers	6	£3.6 bn
Astute submarines	3	£3.5 bn

**Government plans in 2009**

**Total: *at least* £74 billion**

Government estimates as given in: Greenpeace UK (2009), p6

## But...

- *“How can it be that it takes 20 years to buy a ship, or aircraft, or tank? Why does it always seem to cost at least twice what was thought? Even worse, at the end of the wait, why does it never quite seem to do what it was supposed to?”*

*Ministry of Defence report  
(leaked to The Sunday Times, 23 August 2009)*

- Military procurement projects commissioned by Labour government were over budget by £35 billion in 2009, and arriving five years later than expected.
- Strategic Defence and Security Review 2010 confirmed this problem – see later.

Reference: Sunday Times (2009)

## Lifetime cost estimates

- Trident replacement
  - Including 3-4 submarines, missiles, nuclear warheads, infrastructure, operation (30y)
  - About **£97 bn**
- Aircraft supercarriers
  - Including 2 carriers, fighter aircraft, surveillance aircraft, operation (50y)
  - At least **£31 bn**

Cost of Trident replacement estimated by Greenpeace UK (2009) (cost is undiscounted)  
Cost of Aircraft carriers – government estimate from 2005.

## Employment in military industrial sector

	<b>UK employees (including supply chain)</b>
Ministry of Defence equipment spending	150,000
Arms exports	65,000
<i>Total</i>	<i>215,000</i>

Source: MoD (2009)

- Only approx. 0.7% of total UK employment;  
7% of manufacturing sector
- Most jobs in regions of high employment  
(e.g. South East England)

- Figures include direct and indirect (supply chain) employment (roughly 50:50)

Data from: Defence Analytical Services and Advice (2009), Table 1.10; Office of National Statistics (2009)

## Strategic Defence and Security Review 2010

- UK military spending will fall by 8% over next four years
- Existing, huge procurement overspend will lead to further equipment cuts
- Greater security co-operation with allies, especially USA, France

Reference: Cameron (2010); Ministry of Defence (2010)

## Military equipment – major cuts

Equipment	2005 level	2010 level	2020 level
Aircraft carriers	3	2	1 (+ 1 in reserve?)
Destroyers and frigates	28	23	19
Submarines - conventionally armed	11	7	7
Battle tanks	~360	~330	~200
Heavy artillery	~140	~120	~80
Fast jets (fighters)	~250	~200	??
Maritime reconnaissance aircraft - Nimrod	14	0	0
Air support - VC10/ TriStar/ A330	24	18	Up to 14

Sources: MoD (2010); DASA (2010)

- Scale of changes 2005-2020 comparable with those at end of Cold War
- Aircraft carriers: 2 'super' carriers to be built (Queen Elizabeth class) – one to be held in reserve or sold off; helicopters only (no fast jets capability) from 2011 to 2020; carry Joint Strike Fighters from ~2020
- Destroyers: 6 x Type-45 replacing Type-42 by 2020
- Frigates: reduce to 13 x Type-23 by 2020 (phaseout of Type-22)
- Submarines (conventional): 7 x Astute class to replace Trafalgar & Swiftsure by 2020
- Submarines (nuclear) – see later
- Battle tanks: Challenger 1 & 2
- Heavy artillery: AS90 armoured artillery vehicles
- Fast jets: Harriers retired in 2011; Tornados phased out; by 2020 – only Typhoon and Joint Strike Fighter
- Nimrod: existing Nimrods grounded due to safety concerns; new Nimrods cancelled
- Air support: phased replacement of VC-10 and TriStars with A330 (adapted Airbus)
- Commensurate reductions in other smaller equipment holdings

References: Ministry of Defence (2010); Defence Analytical Services and Advice (2010)

## Changes to nuclear weapons

- 'Operational' warheads to fall from 160 to 120
- Warheads per vessel to fall from 48 to 40
- Delay in 'main gate' decision for successor until 2016
- Lifetime extension for existing Trident ('Vanguard') submarines
- Delay in decision on new warhead type
  - But AWE redevelopment continues

Ministry of Defence (2010)

## Although, there are some increases...

- 12 new Chinook helicopters
- Expansion in numbers/ role of robotic aircraft
  - ‘Unmanned Aerial Vehicles’ (UAVs)
  - From reconnaissance to combat
- More focus on cyber-security and other ‘unconventional threats’

Ministry of Defence (2010)

## UK military industry...

- ...will shrink further
  - Reduction in jobs in servicing/ maintenance of military equipment
  - Reduction in jobs in manufacturing new technologies

UK low carbon/ environmental  
sector

## 'Green collar' sector

- Low carbon and environmental goods and services (LCEGS) sector:
  - a. Environmental
  - b. Renewable energy
  - c. Emerging low carbon
- Activities:
  - Maintain clean water, air and land
  - Tackle climate change
  - Improve energy security
  - Protect ecology

➤ Human society needs healthy environment

- *Environmental sector* - including environmental consultancy, air pollution control, environmental monitoring, marine pollution control, waste management, recovery and recycling; as well as the service industries that support environmental management.
- *Renewable energy sector* - including wind, wave and tidal, biomass, geothermal, hydro and photovoltaic energy generation and the services that support them, including renewables consultancy.
- *Emerging low carbon sector* - including alternative fuels such as nuclear, and alternative fuels for vehicles, carbon capture and storage, building technologies, energy management and carbon finance.
- Many security benefits of tackling action to curb climate change and protect environment

## 'Green collar' security benefits

- Specific security benefits:
  - Reduced oil and gas imports from oppressive regimes
    - Increased energy security
    - Reduced support for governments which threaten security of own people and other countries
  - Reduced fossil fuel use
    - Reduced contribution to climate change
- But nuclear power raises security problems of its own...

## Rise of the 'green collar' sector

- LCEGS sector is large and growing rapidly
- 100,000's new jobs expected over next few years

<b>Sub-sector</b>	<b>UK employees (including supply chain)</b>
Environmental	198,000
Renewable energy	266,000
Emerging low carbon	446,000
<b>Total</b>	<b>910,000</b>

Source: Innovas (2010)

- Figures are estimated by a government commissioned study. As the sector is new and not well-defined, estimates are less certain. Some argue that these estimates are too high.
- UK LCEGS sector is estimated to be worth over £100 billion
- Global market for LCEGS estimated at ~£3,200,000,000,000 and growing fast

Reference: Innovas (2010)

## UK low carbon plans 2009

- Low Carbon Transition Plan (over-arching)
- Low Carbon Industrial Strategy
- Renewable Energy Strategy
- Carbon Reduction Strategy for Transport
- Complemented by broader policies in other areas:
  - Energy, transport, building and construction, science and innovation, sustainable development etc

### Main points:

- 34% cut in greenhouse gas emissions by 2020 (from 1990 level)
- 15% of energy from renewable sources by 2020 (tenfold increase)
- New nuclear power stations (very controversial)
- Efforts to substantially improve building energy efficiency
- Working for major improvements in transport efficiency, including cars, trains and aircraft
- Economic measures (eg carbon trading) to encourage energy efficiency across the whole economy
- R&D especially on marine energy, and efficient cars and aircraft

Main reference: DECC (2009)

## Recent developments

- UK is world leader in deploying offshore wind
- Green Deal
  - National programme for major improvements in home energy efficiency being set up
- Green Investment Bank
  - £3 billion institution being launched in 2012

- UK offshore wind capacity became world's largest with opening of Thanet wind farm (Jowit, 2010)
- Green Deal is part of the Energy Bill currently making its way through parliament (DECC, 2011)
- Capitalisation plan for Green Investment Bank announced in 2011 budget (HM Treasury, 2011)

Potential for conversion

## Military v civilian job creation

- Military industry is capital-intensive
  - Expensive
  - Low job creation for investment
  - Highly specialised jobs
  - High use of materials and energy
- Civilian sectors
  - Generally more labour-intensive, including energy efficiency, public transport and some renewable energy sectors

There are some exceptions to this in the civilian sector, such as nuclear power.

# Job creation potential

*Overall Employment Effects of Spending \$1 Billion for Alternative Spending Targets in U.S. Economy, 2005*

<b>Sector</b>	<b>Number of jobs created</b>	<b>Number of jobs relative to defence/ military spending</b>
Defence/ Military	8,600	-
Tax cuts	10,800	+26%
Health care	12,900	+50%
Education	17,700	+107%
Public transport	19,800	+131%
House construction & efficiency improvements	12,800	+50%

Source: University of Massachusetts (2007)

- Figures for number of jobs created rounded to nearest 100

Reference: Pollin and Garrett-Peltier (2007)

## Military v climate spending

- Some example figures from UK (2008):
  - Sector
    - Military equipment budget: £13.4bn
    - Renewable energy subsidies: <£1.0bn
  - Research & development (publicly funded)
    - Military: £2,220m
    - Renewable energy: £66m
  - Technology
    - One eurofighter typhoon costs ~£90m
    - For this cost, a 90 MW wind farm could be built

Sector figures from: Defence Analytical Services and Advice (2009), Table 1.4;  
Department of Trade and Industry (2006), p61

R&D figures from: Defence Analytical Services and Advice (2009), Table 1.8;  
International Energy Agency (2009)

Technology figures: Eurofighter costs based on slide 8; Onshore wind farm – capital costs  
~£1000/kW – converted from figures in GWEC (2008). UK figures are probably lower.

## Proposals for factory conversion

- 1976 – Lucas Aerospace alternative plan
  - Decline in military orders led to workers' proposals for diversification, including 'green' tech
- 1987 – Barrow Shipyards alternative plan
  - Plan to diversify away from nuclear submarines to renewable energy, including wind and wave tech
- Both proposals rejected by companies
- Conversion of individual factories very difficult to bring about

Reference: Schofield (2007)

## Resistance to change

- Highly specialised industrial workforce
- Committed to standards and procedures required by Ministry of Defence
- Working to specific technical requirements which are not generally applicable to other industrial areas of work
- Jobs directly and indirectly dependent on government policy

## But...

- *“This is a perfect opportunity for [defence industry] diversification and renewable energy presents a massive new market”*
- *“A [wind] turbine blade is not dissimilar to a helicopter blade. It’s electrical and mechanical engineering”*

Barry Warburton

West of England Aerospace Forum

November 2010

## Main shifts from military to civilian industry in UK

- Post-conflict demobilisation
  - e.g. After World Wars
- Closure of (US) military bases
- As Cold War drew to a close
  - 215,000 jobs in military/defence sector lost in 10y from 1985/86
- Broader shifts in economy successful
- Similar shift is starting now
- Could be much larger
  - with decommissioning (e.g. Trident) providing some jobs during the transition period

- Jobs in military/defence sector fell from 625,000 in 1985/86 to 410,000 in 1995/96
- Employment figures include MoD non-equipment spending

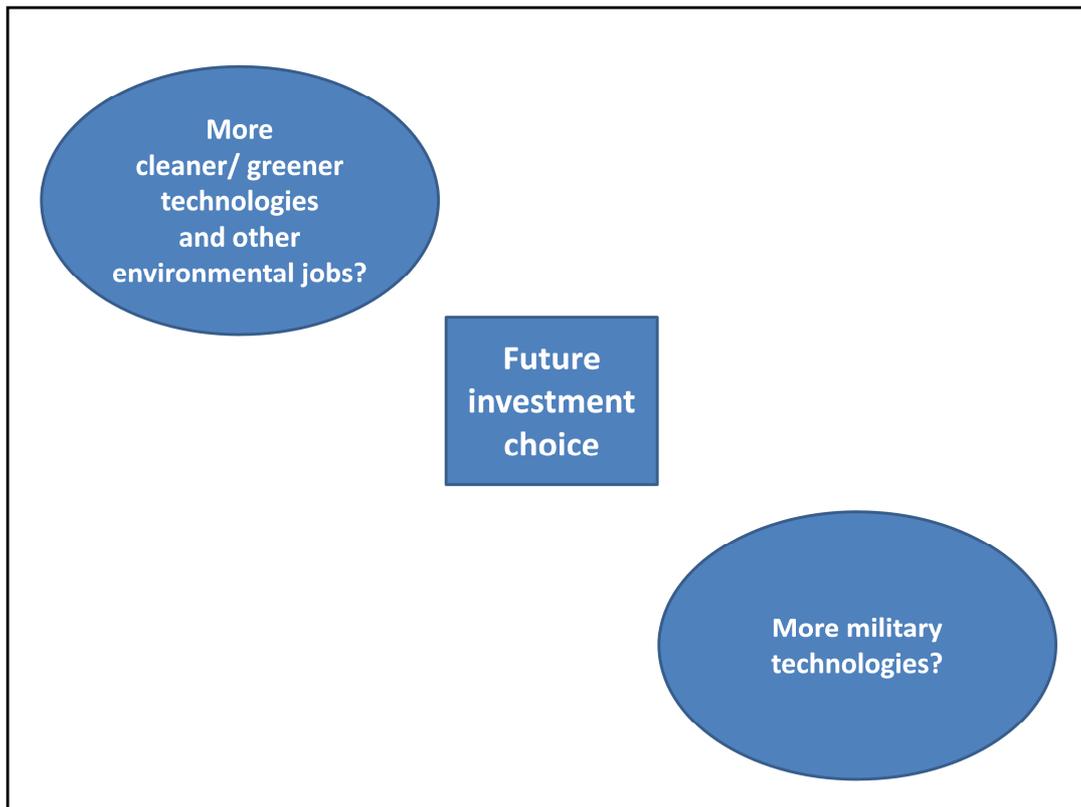
Employment figures from: Defence Analytical Services and Advice (1998)

## Potential job creation in UK from arms conversion

Study	Policy change	Number of jobs relative to defence/military option
York University (2001)	Cut arms exports by 50%	+37%
BASIC (2007) – scenario 1	Cancel aircraft super-carriers	+50%
BASIC (2007) – scenario 2	Cancel Trident replacement	+62%

- Figures in table calculated from those in the references
- A cut in arms exports would have a short-term cost to the UK economy, whereas cancellation of Trident replacement and/or aircraft carriers would have a net benefit.

References: York University study: Chalmers et al (2001); BASIC study: Dunne et al (2007)



- Cleaner/ greener future – tackling global environmental problems; creating lots of jobs; security benefits (more secure energy supplies/ less political instability due to climate change)
- Military industries – fuelling arms races; arms exports to unstable/ undemocratic countries; fewer jobs

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