The Dirty Dozen

British Aerospace Electronics (BAE Systems)

CEO: Mike Turner
Defense Contracts, 1998-2003: $4.8 billion
Campaign Contributions, 1998-2003: $468,608 (Democrat), $732,810 (Republican)
Headquarters: Farnborough, UK
Website: http://www.baesystems.com/

Overview

BAE Systems started out as British Aerospace in 1977. In February of 1981, the British government sold 51.57% of its shares to the public. In May of 1985, the UK Government sold its remaining BAE shares but kept a special £1 share to ensure that the company remains under UK control. A detailed time line of company developments can be found at: http://www.baesystems.co.uk/facts/pages/evolution.htm

BAE Systems became the biggest arms producing company in the world after merging with GEC and acquiring $1.67bn of Lockheed Martin’s Aerospace Electronics Systems. According to the Economist (23.12.2000), 82% of BAE Systems’ profits are from arms sales, totalling $19 billion. BAE Systems has 120 locations in the UK, 60 in North America, 28 in Europe, 15 in Australia, 3 in the Far East, 2 in Africa and 1 in India.

BAE Systems is one of the 10 companies awarded $13 million from NATO for a feasibility study of "Team Forces" (18 NATO countries). BAE Systems controls between a quarter and a fifth of this contract.

Projects

Hawk: advanced jet advanced trainer
Aircraft through the Joint Strike Fighter (JSF) Program: BAE was promised 10-15% of work on the US Joint Strike Project.
NIMROD Aircraft: In 1996, BAE Systems was awarded a £2 billion contract for the remanufacturing of 21 Nimrod aircraft. The main roles of Nimrod MRA4 are maritime reconnaissance, anti-submarine warfare, anti-surface unit warfare and search and rescue.
Tornado Aircraft: Is an all-weather combat aircraft, which is no longer in production, but ongoing maintenance continues after sale.
**The Eurofighter Typhoon**: It is the world’s most advanced swing-role combat aircraft, eurofighter-typhoon.com

**Astute Class Submarine**: BAE Systems is the prime contractor for the Astute Class of submarine under contract worth around £2 billion. As prime contractor, BAE Systems is responsible for the design, build and initial in-service support of three Astutes with options for a "second buy".

**Type 45 Destroyer**: The main mission of the Type 45 anti-air warfare destroyer is to provide local area fleet defence, with long range radar and wide area defence capability.

**Customers**

**United States**: BAE Systems sells more to the US Department of Defence (DoD) than it does to the UK Ministry of Defence (MoD).

**Indonesia**: BAE Systems’ sales to Indonesia are notorious. BAE Systems’ Hawks were exported to the Suharto regime and the supply was continued regardless of political developments in Jakarta or the terrifying violence that erupted after the independence referendum in East Timor.

**Turkey**: BAE Systems broke into the Turkish small arms market by purchasing the German company, Heckler & Koch, now to be sold, which supplies the bulk of Turkey’s infantry weapons. These weapons are now produced by Turkish companies under licence and thus, escape both German and UK exports controls.

**Qatar/Algeria**: The Sunday Times (16.6.2000) reported that BAE Systems had made an application to export £5 million worth of military equipment to Qatar, which Qatar intended as a gift to Algeria.

**Saudi Arabia**: In its statement, BAE said the controversial Al Yamamah military program in Saudi Arabia would "continue to contribute substantially" to the company’s performance. BAE said it would be stepping up investment aimed at expanding its Saudi business. The Al Yamamah deals of the mid-late 1980s for the sale of Tornados and Hawks were unprecedented. Al Yamamah II alone was, in the words of the Financial Times (9.7.1988), "the biggest [UK] sale ever of anything to anyone". The deals were a clear endorsement of a country with a history of brutal repression and a "persistent pattern of gross human rights abuses" (Amnesty International Report 1999). The Economist (23.12.2000) suggests that "the company not only supplies Saudi Arabia with fighter aircraft but virtually runs its air force".

**South Africa**: BAE Systems is part of the pan-European arms deal with South Africa, and is due to provide Hawks and Gripen fighters. Churches and NGOs in South Africa have condemned this deal, as it will divert resources from health, education and social welfare.

**India**: BAE Systems appears to be on the edge of finalising a contract for the sale of 66 advanced trainer jets to India (Hawk jets) for £1.42 billion.

**BAE Systems’ Subsidiaries and Dirty Partners**

There are hundreds of joint ventures and projects between BAE Systems and other companies.

**Airbus Integrated Company (AIC)**: BAE Systems currently holds a 20 per cent interest in AIC. AIC develops and manufactures the company’s fleet of short, medium, long and very long-range airliners for sale to airlines around the world.
**Alenia Marconi Systems**: BAE Systems holds a 50% share in the company with the other 50% share belonging to Finmeccanica of Italy. The company is a major force in European defence and electronics. It has a turnover of over 1.9 bn. Alenia Marconi Systems has an established international customer base in over 100 countries.

**Astrium**: Astrium is the largest space company in Europe. BAE Systems has 25% of the shares while the European Aeronautic Defence and Space Company owns 75% of the shares. Astrium specialises in science programs, civil and military Earth observation and communications satellites and ground systems, navigation constellations, launchers and space infrastructure.

**BAE Systems Canada**: Most of BAE Systems Canada is owned by BAE Systems. The company produces both commercial and military avionics products, including flight management systems based on the Global Positioning System (GPS) for manufacturers like Boeing, for installation and retrofitting on airlines. The U.S. Marines and Army are also customers for products such as line-of-sight and high frequency tactical radios.

**BAE Systems Cincinnati Electronic Corporation** is a US subsidiary of BAE Systems Canada, which produces infrared missile warning systems and surveillance cameras. (Mason, Ohio).

**Northstar** designs, manufactures and produces marine navigation systems including marine, avionics, and other land-based positioning equipment. (Acton, Massachusetts)

**NovAtel Inc.**, is a subsidiary of BAE Systems Canada based in Calgary, Alberta. Its products are used principally for applications in high-end markets such as surveying, GIS, aviation, marine, mining, machine control, agriculture and precise timing. In 1998, BAE Systems Canada Inc. purchased 58.3% of NovAtel's shares, becoming a majority shareholder.

**European Industry Lobby, EUROSPACE**: Eurospace was created in 1961, at the dawn of the European space era, as the organization of the European Space Industry. It is an international non-profit association whose members are the main European industrial space companies.

**RO Defence**: "Global Footprint Operations" - RO Defence is an international business supplying weapons and technology to more than 50 countries, and is a major supplier to both the U.K. and U.S. armies. RO Defence focuses on weapons systems, munitions, rocket motors and small arms ammunition. The unit even provides training, testing and logistic services for all of its products.

**STN Atlas**: BAE Systems has a 49 % stake in the company. It is one of the leading German companies in the field of defence electronics and systems engineering. It specialises in naval systems, simulation systems, land systems and airborne systems divisions

**SAAB AB**: BAE Systems announced a 35% share in SAAB AB in April 1998. SAAB AB's main operations focus on defence, aviation and space. SAAB AB is the maker’s of the Gripen aircraft, which BAE Systems is marketing, especially to South Africa and Eastern Europe.

**Thomson Marconi Sonar**: BAE Systems owns 49.9% of this company. It is a major sonar exporter to over 40 customers worldwide. Thomson Marconi Sonar has over 40 years experience in the support of surface ship, submarine and airborne sonar systems.

*This research and report was compiled by Mikele Aboitiz, Sheri Gibbings, and Felicity Hill of Reaching Critical Will.*