

Britain: Government presses for £1 billion arms deal with India

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There is nothing like the prospect of another war to boost the profits of the arms manufacturers. With mounting tensions between India and Pakistan along their disputed border in Kashmir, the *Guardian* newspaper revealed that senior British politicians were pushing hard to secure a £1 billion (\$1.4bn) arms contract with India, largely for the supply of Hawk jets.

BAE Systems, who make the Hawk, is said to be confident of reaching a deal. According to the *Guardian*, “Ministers have been pressing India behind the scenes to clinch the contract”. Defence Secretary Geoff Hoon has been urging India to make a decision on the Hawk deal, and Deputy Prime Minister John Prescott is scheduled to visit India next month, at the time of a major defence exposition, the paper reveals.

The Pakistan High Commission in London said Islamabad was “very concerned” at the arms proliferation: “Any build-up of Indian equipment will aggravate the situation as it will tilt the balance even more in favour of India and encourage aggression.”

With a population slightly exceeding one billion, India has a substantial military superiority over Pakistan (population 145 million). India’s armed forces are estimated at 1.2 million, compared with 620,000 in Pakistan. New Delhi spends £9 billion (\$13bn) a year on defence, maintaining 3,414 main battle tanks and 738 combat aircraft. For its part, Islamabad spends £1.7 billion (\$2.4bn) a year, with 2,300 tanks and 353 combat aircraft.

According to one press report, India recently boasted that it could “finish off” Pakistan if the two countries embarked on what would be their fourth full-scale war since partition and independence from Britain in 1947.

Prior to the most recent dispute over Kashmir, relations between the two reached a critical point in 1998, when both countries launched a series of nuclear

tests. According to *Jane’s* defence experts, India has 200-250 nuclear weapons, compared with 150 in Pakistan. Both countries are thought to be developing their medium and long-range missile capacity, providing the ability to deliver a nuclear warhead far into the other’s territory.

Richard Bingley, a spokesman for the Campaign Against the Arms Trade (CAAT), told the *World Socialist Web Site*, “Arms sales by Britain into that area will aggravate tensions at a time that is critical to producing peace”.

“It is diabolical that just days after Tony Blair was promoting peace in India, his government uses taxpayers’ money to fund activities which could achieve the exact opposite,” Bingley told the press.

According to CAAT, the international arms trade last year made global deliveries worth at least \$35 billion, mainly for conventional weapons and small arms. Over the last seven years, \$20 billion in defence goods have been supplied to India and Pakistan. The Indian government has increased its military budget by some 28 percent over the last two years, while Pakistani defence spending had remained somewhat static, largely as a result of the embargo imposed after the country tested its nuclear weapons in 1998.

This changed, however, when Washington needed to secure Pakistan as an ally in its war in Afghanistan. The US arms embargo was lifted late last year, once President Musharaf had signalled his support for the “war against terrorism”. However, a Pakistan high commission spokesman insisted that a British embargo remained in force.

The potential exists for rising tensions between India and Pakistan to escalate into an all out war, possibly involving nuclear weapons, and threatening to draw in the neighbouring great powers. Both Russia and China

also have a considerable nuclear capability in their Central Asian bases.

India has traditionally enjoyed close relations with Russia—previously its main supplier of military hardware. One press report says that Russia recently supplied over 40 advanced T-90 tanks to India, also upgrading a Kilo class submarine for the Indian Navy.

Military analysts believe it was China that provided the know-how for Pakistan to develop its nuclear arsenal. In a major trip—the first visit by a senior Beijing politician in 10 years, supposed to improve Indo-Chinese relations—Premier Zhu Rongji arrived in New Delhi January 14 amid reports that China had supplied Pakistan with five shiploads of military materiel, including a missile system and dozens of combat aircraft. The Pakistan government immediately refuted the story, however, according to one newspaper, “Analysts say the denial may be cosmetic.”

The UK arms industry is particularly eager to break into the Indian market, and has received full support from the Labour government, which has now quietly dropped all talk about its so-called “ethical foreign policy,” supposed to avoid the supply of arms to volatile regions. According to the latest official figures, in 2000 the British government granted some 700 defence export licences for India in deals worth over £64 million, a considerable increase over the previous year. The licences included equipment for missiles, combat aircraft and helicopters.

“The largest arms export market for Britain, outside of America, is the Middle East, which accounts for a good 15-20 percent of UK arms exports,” CAAT spokesman Richard Bingley told the *World Socialist Web Site*. “At the start of the 1990s, 75 percent of British arms exports were to the Middle East, they go there because it is an area of tension.” Britain was now trying to replicate that strategy in Asia, Bingley said.

The Labour government regards clinching the Hawk deal as an important step in breaking into what has been a Russian-dominated market. To this end, UK defence firms are mounting their biggest-ever show as part of Defexpo 2002, India’s largest arms fair.

Some 30 British defence companies form the largest single delegation, occupying an entire hall at the exhibition site. The UK’s “national pavilion” is being organised under the auspices of the Defence Manufacturers Association (DMA), described on its

website as representing “the interests of all sectors of the British Defence Industry to UK and Overseas Government bodies and Defence Contractors.”

The UK defence industry is sensitive to the charge that it is capitalising on the current tensions between India and Pakistan. The DMA website states categorically, “This would be untrue,” and goes on to stress that plans for participation in the arms fair began over two years ago, “all space in the UK national pavilion at Defexpo was sold out many months before the current tensions began.”

What is undeniable is that the Labour government is providing substantial backing and subsidies to the British firms seeking to sell arms to India at Defexpo through Trade Partners UK—a government export service and part of the Department of Trade and Industry.

According to the CAAT “Arms Trade Economics Subsidies Factsheet”, the total net subsidy for military exports per year is now worth some £827 million (\$1.2bn). Moreover, the single largest direct element is provided by the Export Credit Guarantee Department—a government agency—that underwrites arms exports to an estimated value of £227 million (\$326m). Although the arms trade only accounts for 2 percent of all UK exports it consumes 30 percent of ECGD support.

After the US, Britain is the second largest defence exporter, providing some 20-25 percent of the world’s arms. Within months of coming to office in May 1997, the Blair government was boosting UK arms sales, to ensure the continued international competitiveness of this sector. According to official Ministry of Defence figures, British military sales had risen by 10 percent by July 1998, following Labour’s claim to be imposing stricter arms export guidelines.

The latest arms to India deal underscores that the Labour government is quite happy to act as sales staff when it comes to securing a £1 billion contract for British “weapons of mass destruction”.

Campaign Against the Arms Trade www.caat.org.uk



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