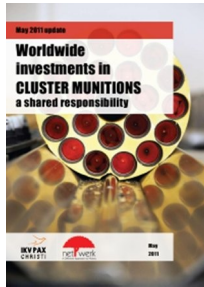


PRESS RELEASE: Activists call for a ban on financial investments in producers of cluster munitions

"Worldwide Investments in Cluster Munitions; a shared responsibility"



Brussels, 25 May, 2011 – Worldwide, 166 private and public financial institutions continue to invest 39 billion USD in producers of cluster munitions, which like landmines, are banned under international law. Although some EU countries like Belgium, Ireland and Luxembourg are taking the lead in passing legislation that bans investment, many countries and financial institutions are lagging behind. These are some of the key findings in the report "Worldwide Investments in Cluster Munitions; a shared responsibility", issued today by IKV Pax Christi (the Netherlands) and Netwerk Vlaanderen (Belgium), both members of the Cluster Munition

Coalition (CMC). Survivors and activists are calling on the European Union and countries around the world to legislate against these explosive investments.

The full report, key findings and tools for campaigners can be found [here](#)

The European Union should take the lead.

"Cluster bombs are banned under international law by 108 countries. Leading banks in Europe like Deutsche Bank and the Royal Bank of Scotland should not be investing millions in producers of these illegal weapons", said Roos Boer, report author. "We are calling on EU member states and countries around the world to legislate against these explosive investments", she added.

The report shows that since May 1, 2008, 166 financial institutions continue to invest US\$ 39 billion in eight cluster munition producers included in the report. This includes:

- Providing loans for at least US\$1.5 billion
- Providing investment banking services worth at least US\$6.3 billion
- Owning or managing shares and bonds for at least US\$30.9 billion

The report found that twenty six financial institutions from EU Member states are still investing over three billion USD (3,008.8 million USD) in cluster munition producers. European Parliament resolutions in 2005, 2007 and 2008 called upon member states to disinvest from cluster munitions but so far just 3 countries have passed laws banning investments. More EU countries need to follow suit.

The report categorizes retail banks, investment banks, asset management companies and private and public pensions into a "Hall of Shame" and a "Hall of Fame" based on their investment practices and policies and looks at legislative initiatives to prohibit investment in cluster munitions.

Hall of Shame in 2011 – Top 5 investors in producers of cluster munitions in millions:

- Investment banking services: JP Morgan Chase (USA) US\$639.4; Bank of America (USA) US\$476.3; Goldman Sachs (USA) US\$426.9; Citigroup (USA) US\$347.3; Changjiang Securities (China) US\$264.3 - TOTAL US\$2,154.2 million
- Loan providers: Sberbank (Russia) US\$320; Korea Development Bank (S-Korea) US\$128.5; Bank of America (USA) US\$100; Royal Bank of Scotland (UK) and US based SunTrust Bank, US Bank and Wells Fargo Bank, all at US\$80; Mitsubishi UFJ Financial Group (Japan) US\$75 - TOTAL US\$943.5 million

- Asset management: State Street (USA) US\$5,515.6; Capital Group (USA) US\$4,593; Temasek Holdings (Singapore) US\$3,920.7; BlackRock (USA) US\$1,816.3; MFS Investment Management (USA) US\$1,469.8; TOTAL US\$17,315.4 million

Leading European banks listed in the Hall of Shame include the Royal Bank of Scotland (UK), Deutsche Bank (Germany), Société Générale (France) and Intesa Sanpaolo (Italy).

The Hall of Fame includes:

23 financial institutions with strong policies, including five government managed pension funds from Norway, Ireland, New Zealand and Sweden, ethical banks ASN Bank (the Netherlands), Banca Etica (Italy) and Triodos Bank (the Netherlands) and private financial institutions such as Storebrand Group (Norway), ATP (Denmark), ABP (the Netherlands) and Folksam (Sweden). These are all financial institutions from countries that have signed the Convention on Cluster Munitions (CCM). All but one are from EU member countries.

The runners-up category, which lists financial institutions that took steps to ban investments in cluster munitions producers but need to strengthen their disinvestment policy, shows a similar picture: 22 out of the 24 financial institutions listed as a runner-up are from EU member countries.

« It is clear that when EU member states show leadership and legislate against investments in cluster bombs producers, that it has a positive impact », said Esther Vandenbroucke, of Network Vlaanderen and one of the report authors, "There is clearly still too much money flowing from EU member states to producers of these deadly weapons."

Campaigners around the world are using this report and taking action to push countries and financial institutions to stop these explosive and deadly investments.

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The full report will be available online on the following websites from 10:00 am CET:

www.ikvpaxchristi.nl/stopexplosiveinvestments
www.netwerkvlaanderen.be/en/clustermunitions

KEY NOTES:

1.ON THE CONVENTION ON CLUSTER MUNITIONS

On August 1st, 2010, the Convention on Cluster Munitions entered into force and became binding under international law. As of May 2011, 108 countries had signed the Convention and 57 had ratified. As of May 2011, 20/27 EU member countries had signed the convention.

- The Convention bans the use, production, stockpiling and transfer of cluster munitions. The CMC and an increasing number of countries interpret the prohibition on assistance of the production/development of cluster munitions as described in Article 1(1)c as a ban on investments.

- Three EU states have adopted legislation to ban investments: Belgium, Ireland and Luxembourg. Several EU member states, like the UK, France, Germany, Italy and the Netherlands, are debating on whether disinvestment from these banned weapons should be banned by law or not. That several financial institutions from these countries are listed in the Hall of Shame, should encourage these states to ban all investments by law.
- The report shows that 128 /166 financial institutions investing in cluster munitions are from countries that have not yet joined the Convention on Cluster Munitions (including the China Russia, Singapore, South Korea, Taiwan and the US). The remaining 38 financial institutions are from nine states which have joined the convention (Australia, Canada, France, Germany, Italy, Japan, Switzerland, the Netherlands and the United Kingdom) but that have not passed legislation that bans investment in producing companies.

An overview of states that have signed and/or ratified the Convention:
<http://www.stopclustermunitions.org/treatystatus/>.

2.ON THE EU

- European Parliament resolutions in 2005, 2007 and 2008 all call for disinvestment from these weapons.
- 20 out of 27 EU member states have signed the Convention on Cluster Munitions. 7 EU states have not yet joined the Convention on Cluster Munitions.
- 15 of these 20 EU signatory states have already ratified the Convention. The remaining 5 did not ratify yet.
- 3 out of the 4 states worldwide that have legislation that bans investments in cluster munition producers are from the EU (Belgium, Ireland, Luxembourg).
- 44 of the 47 financial institutions that are commended for their disinvestment policy in the report are from the EU.
- 26 financial institutions from EU member states are still investing in cluster munitions (from France, Germany, Italy, the Netherlands and the United Kingdom). The total investments by these 26 financial institutions from EU member states is 3 billion.
- The EU has shown good progress to ban investment but more needs to follow through. All EU states should adopt legislation to ban investments in cluster munition producers.

3.ON THE EP RESOLUTIONS

The Resolution on a Mine-Free World on 7 July 2005 explicitly addresses the role of financial institutions. It “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.”

In October 2007, this call was repeated in the European Parliament's Resolution Towards A Global Treaty To Ban All Cluster Munitions. This resolution calls for “an immediate

moratorium on using, investing in, stockpiling, producing, transferring or exporting cluster munitions, including air-dropped cluster munitions and submunitions delivered by missiles, rockets, and artillery projectiles, until a binding international treaty has been negotiated on the banning of the production, stockpiling, export and use of these weapons.”

In November 2008 the Resolution on the Convention on Cluster Munitions, was adopted. The resolution calls upon EU Member states to “sign, ratify and implement the treaty at the earliest opportunity”, and calls on states “not to use, invest in, stockpile, produce, transfer or export cluster munitions until the Convention on Cluster Munitions has entered into force;”

The most recent resolution on cluster munitions was adopted in July 2010 to welcome the Convention’s entry into force on 1 August 2010 and called upon EU Member states to sign the Convention on Cluster Munitions “as a matter of urgency before the end of 2010” . To date, the following EU countries have not signed the Convention: Estonia, Finland, Greece, Latvia, Poland, Romania and Slovakia.

LIBYA UPDATE

Cluster munitions still pose a serious threat to humanity. In mid- April this year, loyal Kadhafi government troops fired cluster munitions in residential areas in the Libyan city of Misrata, putting civilians at great risk. The MAT-120 type cluster munitions used during the attack were produced in 2007 by the Spanish company Instalaza SA. At the time of production and sale of these cluster munitions to Libya, several European banks had outstanding loans to Instalaza: Deutsche Bank (Germany), Barclays (UK) and 8 Spanish banks (Cajalón (Grupo Caja Rural), Caja España, Caja Mediterráneo, Bankinter, Ibercaja, Banco Popular, Sabadell and La Caixa.)

Thanks to the Spanish government banning cluster munitions in July 2008, Instalaza halted their production. However, production of cluster munitions still goes on in countries that have not signed up to the CCM yet. Governments should make sure no investments are made into those companies by not only forbidding production but also forbidding investments in producers of cluster munitions elsewhere.

Network Vlaanderen promotes an environmentally and socially responsible approach to money, and strives for a just society.

www.netwerkvlaanderen.be/en/clustermunitions

IKV Pax Christi works for peace, reconciliation and justice in the world. IKV Pax Christi is the largest peace organization in The Netherlands and works in over 25 countries and on several issues related to security and disarmament.

www.ikvpaxchristi.nl/stopexplosiveinvestments

Both organizations are members of the Cluster Munition Coalition.

<http://www.stopexplosiveinvestments.org/>

<http://www.stopclustermunitions.org>

The research on financial investments and producers of cluster munition was executed by **Profundo**.