



A DEAL WORTH DEFENDING?

THE UK'S ARMS TRADE AND THE WAR IN YEMEN

ENOUGH IS ENOUGH

WAR
child

EXECUTIVE SUMMARY

Research conducted by War Child UK has revealed that UK arms companies are reaping double the revenues previously estimated¹ from arms sales to Saudi Arabia. Saudi Arabia is leading a coalition of countries fighting a brutal war in Yemen, and waging a bombing campaign that has killed and maimed thousands of children. This has contributed to a humanitarian crisis that has left millions more on the brink of starvation. The Saudi-led coalition is emboldened to carry out these attacks by the military and diplomatic support it receives from countries like the UK. Yet despite this crisis, and evidence that British weapons are being used to violate international humanitarian law in Yemen,² the UK Government continues to grant export licences for arms sales to Saudi Arabia. The only winners from this immoral trade are the big arms companies and their shareholders, reaping huge profits while children are killed, disfigured and starved to death. This must stop.

Two years of civil war in Yemen has seen an estimated 1,300 children killed and 2,000 more injured, 212 schools attacked³ and medical facilities destroyed. A crippling physical and economic blockade has been imposed on the country by the Saudi-led coalition: this has destroyed the economy, stopped vital food imports, and created a humanitarian crisis that has left the country on the verge of famine and in the grip of a cholera epidemic.⁴ Whilst atrocities have been committed by both sides, a large majority of civilian casualties⁵ have been caused by Saudi-led⁶ airstrikes, where UK-supplied aircraft and munitions have played a role.⁷ UN agencies and human rights monitors, along with leading human rights organisations, have documented a pattern of violations against international law committed by the Saudi-led coalition.^{8,9} Between March 2015 and March 2017, the UN has verified 216 attacks on education facilities, including schools and education personnel.¹⁰ The UK government has not only ignored or denied this evidence, it has continued to provide an uninterrupted supply of arms that enable the Saudi-led coalition to continue to perpetrate such crimes.¹¹

New estimates indicate that, since the Saudi-led coalition began its intervention in Yemen, the UK arms industry has earned revenues exceeding £6bn from its dealings with Saudi Arabia, generating profits estimated at almost £600m.¹² This has resulted in a likely tax take of around £30m to the UK Treasury.¹³ This tax revenue figure is pitifully small and comes at the cost of thousands of children who have been killed, injured, and starved by a conflict that this trade has helped sustain. And it is dwarfed by the £139m that the UK Government will spend this year on humanitarian aid in response to a crisis that UK weapons sales have helped generate.¹⁴

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- 1 Campaign Against Arms Trade. (2017). UK Arms Export Licences - Saudi Arabia. [online] Available at: https://www.caat.org.uk/resources/export-licences/licence?region=Saudi+Arabia&rating=Military&date_from=2015-04&date_to=2016-09
 - 2 Amnesty International (2015). UK-made missile used in airstrike on ceramics factory in Yemen. Amnesty Press Release, 25th November 2015. [online] Available at: <https://www.amnesty.org.uk/press-releases/uk-made-missile-used-airstrike-ceramics-factory-yemen>
 - 3 UN (2017). Children paying the heaviest price as conflict in Yemen enters third year. UN News, 27th March 2017. [online] Available at: <http://www.un.org/apps/news/story.asp?NewsID=56436#.WRGcU1Xyupo>
 - 4 Fews.net. (2017). Cholera outbreak grows; potential for disruption to Al Hudaydah ports remains a concern. Fews Net, May 2017. [online] Available at: <http://www.fews.net/east-africa/yemen>
 - 5 OHCHR (2016). Zeid urges accountability for violations in Yemen. OHCHR Media Centre, 25 August 2016. [online] Available at: <http://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=20411&LangID=E>
 - 6 Saudi Arabia is leading a military coalition made up of Bahrain, Kuwait, Qatar (until 2017), the United Arab Emirates, Egypt, Jordan, Morocco and Sudan.
 - 7 Amnesty International (2017). UK must investigate Saudi Arabia's use of weapons in Yemen - new report. Amnesty Press Release, 7th October 2015. [online] Available at: <https://www.amnesty.org.uk/press-releases/uk-must-investigate-saudi-arabias-use-weapons-yemen-new-report>
 - 8 Watchlist on Children and Armed Conflict (2017). Children and Armed Conflict Monthly Update July 2017. [online] Available at: <http://watchlist.org/wp-content/uploads/watchlist-cac-monthly-update-july-2017.pdf>
 - 9 Mohamed, R. and Abdul Rahim, R. (2017). Yemen's horror exposes the deadly hypocrisy of arms exporters including Britain and the US. [online] International Business Times UK, August 26th 2016. Available at: <http://www.ibtimes.co.uk/yemens-horror-exposes-deadly-hypocrisy-arms-exporters-including-britain-us-1578164>
 - 10 Save the Children (2017). Yemen's Forgotten Children: The urgent case for funding education and child protection. [online] Save the Children, p.4. Available at: <https://www.savethechildren.org.uk/sites/default/files/documents/Yemen-Brief-FundingEducationChildProtection-April2017.pdf>
 - 11 Benn, H. (2016). Yemen: Military Intervention: Written question - 24770. [online] UK Parliament, 28 January 2016. Available at: <http://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2016-01-28/24770>
 - 12 War Child UK commissioned evidence from Foresight Economics, May 2017, outlined in this report
 - 13 Foresight Economics used figures published by the main arms exporters to estimate the percentage of Saudi-related profits likely to be paid as corporation tax in the UK. This calculation is based on the proportion of the relevant companies' profit paid as tax globally in each year, and the proportion of their global tax bill paid in the UK each year. These percentages are applied to Saudi-related profits.
 - 14 ibid

By continuing to sell arms to Saudi Arabia, the UK risks tarnishing its international reputation, violating the Arms Trade Treaty¹⁵ that it led in creating,¹⁶ and leaving itself vulnerable to accusations of hypocrisy. The UK Government's policy of selling weapons to Saudi Arabia is:

- KILLING YEMEN'S CHILDREN



The military and diplomatic support the UK provides to the Saudi-led coalition is helping sustain its intervention in the conflict. This makes the UK complicit in the killing, maiming and starvation of Yemen's children. Such is the scale of this suffering that, in 2016, the Saudi-led coalition was initially included on the UN's list of states found to be committing grave violations against children in conflict.¹⁷

- UNDERMINING THE UK'S INTERNATIONAL REPUTATION



To maintain a military and strategic alliance with a country that has been identified as a grave violator of children's rights in conflict reflects very poorly on the UK, and undermines the credibility of the post-Brexit 'Global Britain' agenda.¹⁸ It also leaves the UK open to accusations of hypocrisy: how can we effectively criticise Russia, Iran and the Assad regime for their attacks on children and civilians in Syria,¹⁹ whilst simultaneously supporting and facilitating Saudi-led coalition attacks on children and civilians in Yemen?

- CONTRADICTORY



We are currently faced with a situation in which different UK Government departments are pursuing contradictory aims in relation to Yemen. While the Foreign & Commonwealth Office and Ministry of Defence focus on promoting arms sales to Saudi Arabia, and providing diplomatic cover and support for the Saudi-led coalition's involvement in the war in Yemen, the Department for International Development is providing significant amounts of aid to address the humanitarian crisis fuelled by these very arms sales.

- FINANCIALLY INCONSISTENT



The UK reaps a minimal tax take from arms sales to Saudi Arabia, approximately £30m a year. Yet during the same period the UK spent £139m in humanitarian aid to Yemen. This means the Treasury is spending over four times in aid what it is getting back in corporation tax revenue.²⁰ This does not represent good value for money for the UK taxpayer and, whilst this aid is undoubtedly of critical importance, flies in the face of the UK's commitment to getting 'value for money' from its aid spending.

15 United Nations (2014) The Arms Trade Treaty. [online] Available: <https://unoda-web.s3-accelerate.amazonaws.com/wp-content/uploads/2013/06/English7.pdf>

16 Ellwood, T. (2014). Arms Trade Treaty enters into force. [online] Gov.uk, 24th December 2014. [online] Available at: <https://www.gov.uk/government/news/arms-trade-treaty-enters-into-force>

17 United Nations General Assembly Security Council (2016). Children and Armed Conflict Report of the Secretary-General [online] Relief Web, 20th April 2016. Available at: <http://reliefweb.int/sites/reliefweb.int/files/resources/N1611119.pdf>

18 Stone, J. (2017). Britain's support for Saudi Arabia is making it harder to hold Russia to account for alleged war crimes, Labour says. [online] The Independent, 26th September 2016. Available at: <http://www.independent.co.uk/news/uk/politics/saudi-arabia-russia-war-crimes-labour-clive-lewis-hold-to-account-a7330506.html>

19 Walker, P and Topping, A. (2016) Theresa May joins condemnation of Russia over Aleppo bombings, [online] The Guardian, 7th December 2016. Available at: <https://www.theguardian.com/world/2016/dec/07/theresa-may-condemnation-russia-aleppo-bombings-syria>

20 This is based on corporation tax only.

The UK must:

- **Immediately suspend arms transfers and military support to Saudi Arabia which could be used to commit or facilitate further serious violations of international human rights and humanitarian law in Yemen.**
- **End any, and all, assistance being granted to the Saudi-led coalition in respect of its intervention in the Yemeni civil war.**
- **Support an independent UN investigation into reported war crimes in Yemen.**
- **Publish an assessment of the extent to which the UK's support of the Saudi-led coalition's military intervention in Yemen generates resentment towards the UK which could, in worse case scenarios, drive people towards extremist groups who plan on attacking UK citizens and assets.**
- **Pressure the Saudi-led coalition to end its blockade of Yemen, so that vital humanitarian and commercial supplies can enter and reach those most in need.**
- **Vocally endorse the 2017 UN Secretary General's report on Children and Armed Conflict, which lists all countries and groups that have committed grave violations against children.**
- **Fully implement the provisions of the Arms Trade Treaty, and encourage all other arms exporters to do the same.**
- **Continue and expand humanitarian aid, lobbying other governments to increase funding.**

WAR CHILD IN YEMEN

War Child UK registered in Yemen in December 2016 and started operations in 2017. We are part of a consortium with five other agencies responding to the staggering humanitarian needs of the country. We are providing food vouchers, which allow 1,234 households (an estimated 8,638 children and family members) to access life-saving food items. War Child selected vulnerable families in Sana'a and Hajjah governorates and is focusing its support on displaced families. Our Community Health Volunteers are trained and working on location to raise awareness of cholera prevention and identify malnutrition in children. Children, especially those under five, need to be referred to specialised support if they are acutely malnourished. War Child is currently planning to expand operations to increase reach and impact in support of Yemeni populations affected by war, famine and cholera.

BACKGROUND TO THE CONFLICT

Following the Arab Spring in 2011, a period of political crisis led to the ousting of President Ali Abdullah Saleh and his replacement by President Abdrabbuh Mansur Hadi. Instability continued until, in 2015, the insurgent Ansar Allah movement (also known as the Houthis) joined with forces loyal to former president Saleh and took control of Sana'a (Yemen's largest city) and much of western Yemen. In March 2015, a coalition led by Saudi Arabia launched military operations using airstrikes to restore the Hadi government to power. The UK and the United States are providing military hardware and some military guidance to the Saudi-led coalition, as well as diplomatic cover and support.

The UK's involvement extends from providing planes and bombs for airstrikes to UK personnel in the Joint Combined Planning Cell and Saudi Air Operations Centre. This level of involvement, is a result of the privileged relationship the UK has with Saudi Arabia and its armed forces.

THE CIVILIAN COST OF CONFLICT

THE IMPACT OF MILITARY ACTIVITY

It is difficult to estimate the full extent of the impact the conflict has had on life in Yemen. No official figures on the total number of casualties have been published in months. The collection, analysis and sharing of data lie beyond the capabilities of health facilities overwhelmed by soaring demand and plummeting capacity and resources, and the lack of basic communications and growing insecurity of the region have made this task all but impossible for journalists and NGOs.

The most recent UN estimates, however, paint a picture of a brutal conflict inflicting an ever-growing toll on the civilian population. Figures published by the UN in March 2016 – a year after the first Saudi-led coalition airstrikes – suggest nearly 9,000 casualties, including more than 3,000 deaths.²¹ By January 2017, just eight months later, UN estimates put the toll at nearly 40,000 casualties, including around 10,000 deaths.²² Even these figures are likely to be significant underestimates given the diminished reporting capacity of health facilities and people's difficulties in accessing healthcare during this period. The dearth of reliable data means the UN has not issued an update on the full human cost since.

THE CHOLERA EPIDEMIC: A CONSEQUENCE OF WAR

The destruction of healthcare facilities and infrastructure (including sanitation and water provision), and a blockade preventing food, medication, fuel and money from entering the country, have resulted in a cholera epidemic estimated to have affected over half a million people and claimed around 2,000 lives in less than four months.²³ Children under 15 are estimated to account for more than 200,000 of the cases, and around 500 of the deaths.²⁴

The outbreak – already one of the worst since World Health Organisation records began in 1949 – continues to expand at an estimated 5,000 new cases a day. One person is dying from cholera every hour, and the death toll could soon pass that of the Ebola epidemic in Guinea in 2013–15.²⁵

THE ROLE OF THE SAUDI ARABIA-LED COALITION

All sides in the conflict have been accused of committing serious violations of international humanitarian law. Between March 2015 and March 2017, the UN verified 216 attacks on education facilities, including schools and education personnel.²⁶ Such attacks have been designated by the UN Security Council as one of six grave violations from which children should be protected during conflict.²⁷

Although all parties to the conflict have perpetrated such attacks, early UN investigations found the Saudi-led coalition to be responsible for a disproportionate share.²⁸

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- 21 Ra'ad Al Hussein. Z (2016) Statement by Zeid Ra'ad Al Hussein, United Nations High Commissioner for Human Rights, to the Human Rights Council's 31st session. [online] United Nations Human Rights Office of the High Commissioner, 16 March 2016 <http://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=17200&LangID=E>
- 22 BBC News (2017) Yemen conflict: At least 10,000 killed, says UN, [online] BBC News Middle East, 17th January 2017. Available at: <http://www.bbc.co.uk/news/world-middle-east-38646066>
- 23 World Health Organisation (2017) Cholera count reaches 500,000 in Yemen, [online] WHO media centre, 14 August 2017. Available at: <http://www.who.int/mediacentre/news/releases/2017/cholera-yemen-mark/en/>
- 24 Calculation is based on 41% of cases and a quarter of deaths occurring in children. United Nations (2017) Rainy season worsens cholera crisis in Yemen; UN agencies deliver clean water, food, [online] UN News Centre, 21 July 2017. Available at: <http://www.un.org/apps/news/story.asp?NewsID=57231#.WZMwN1WGOpq>
- 25 World Health Organisation (2017) Cholera count reaches 500,000 in Yemen, [online] WHO media centre, 14 August 2017. Available at: <http://www.who.int/mediacentre/news/releases/2017/cholera-yemen-mark/en/>
- 26 Save the Children (2017). Yemen's Forgotten Children: The urgent case for funding education and child protection. [online] Save the Children, p.4. Available at: <https://www.savethechildren.org.uk/sites/default/files/documents/Yemen-Brief-FundingEducationChildProtection-April2017.pdf>
- 27 UNICEF (2011) Monitoring and Reporting Mechanism (MRM) on grave violations of children's rights in situations of armed conflict [online] Available at: https://www.unicef.org/protection/57929_57997.html
- 28 OHCHR (2015) Statement by the High Commissioner for Human Rights to the United Nations Security Council, [online] OHCHR News, 22 December 2015. Available at: <http://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=16917&LangID=E>

"I have observed with extreme concern the continuation of heavy shelling from the ground and the air in areas with high a concentration of civilians as well as the perpetuation of the destruction of civilian infrastructure – in particular hospitals and schools – by all parties to the conflict, although a disproportionate amount appeared to be the result of airstrikes carried out by [Saudi-led] Coalition Forces,"

Statement by Zeid Ra'ad Al Hussein, UN High Commissioner for Human Rights, to the United Nations Security Council, 22 December 2015

All sides in the conflict have compounded the impact of military activity with the imposition of restrictions on people and basic supplies entering contested areas, including recurrent restrictions in Taizz and nearby areas. Authorities have also at times denied or delayed clearances for humanitarian activities, including movement requests for aid assessments or aid delivery.²⁹

Again, however, the most significant damage has been inflicted by the Saudi-led coalition via an economic, naval and aerial blockade, all exacerbated by air strikes on critical civilian infrastructure, such as the cranes at Al Hodeida Port.

The economic blockade of the country has resulted in a collapse of the banking sector. Cash flows have dried up and wages go unpaid, meaning there is little hard currency with which items essential for survival can be bought.

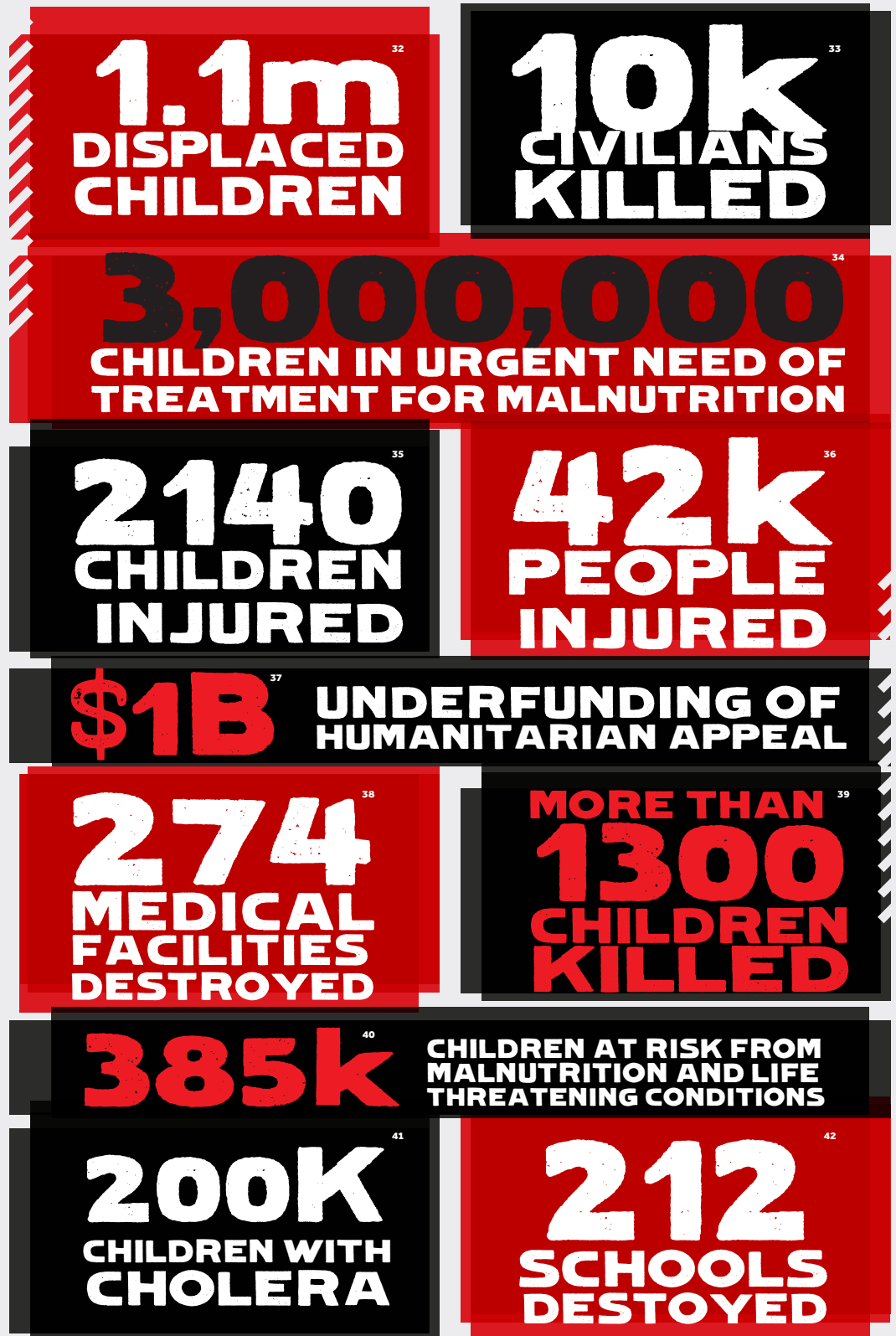
Imports of food and supplies necessary to run medical facilities (such as medicines and fuel) have also been severely restricted.³⁰ Since Yemen relies on imports for more than 90 per cent of its staple food and nearly all fuel and medicine, this is having a devastating impact. The war in Yemen has also brought the country to the brink of famine, with 6.8 million people experiencing emergency-level food insecurity. This is currently the single largest food insecurity crisis in the world.³¹

As with the cholera outbreak, the food shortage is widely considered a direct consequence of the conflict and related blockades, rather than of natural causes.

29 UNOCHA (2017) Humanitarian Response Plan – Yemen – January – December 2017, [online] ReliefWeb, January 2017. Available at: http://reliefweb.int/sites/reliefweb.int/files/resources/2017_HRP_YEMEN.pdf

30 Norwegian Refugee Council (2017) Yemen's War Causing World's Worst Food Crisis, [online] 8th February 2017. Available at: <https://www.nrc.no/yemen-war-causing-worlds-worst-food-crisis>

31 UNOCHA (2017) Address and Prevent Famine in Four Countries, [online] United Nations Office for the Co-ordination of Humanitarian Affairs, May 2017. Available at: http://interactive.unocha.org/emergency/2017_famine



32 UNICEF (2017) Yemen Humanitarian Situation Report, [online] UNICEF, June 2017. Available at: https://www.unicef.org/yemen/YEM_sirteps_June2017.pdf

33 Al-Haj. A. (2017) Top UN official: 10,000 civilians killed in Yemen conflict, [online] AP NEWS, 16th January 2017. Available at: <https://apnews.com/43471432a8e949a7af6fc56928284d78/top-un-official-10000-civilians-killed-yemen-conflict>

34 UNICEF (2017) Yemen Humanitarian Situation Report, [online] UNICEF, June 2017. Available at: https://www.unicef.org/yemen/YEM_sirteps_June2017.pdf

35 OCHA (2017) Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator, Stephen O'Brien Statement to the Security Council on Yemen, New York, 26 January 2017, [online] Relief Web, 26th January 2017. Available at: <http://reliefweb.int/report/yemen/under-secretary-general-humanitarian-affairs-and-emergency-relief-coordinator-11>

36 World Health Organisation (2017) Yemeni health system crumbles as millions risk malnutrition and diseases, [online] WHO News, 23rd February 2017. Available at: <http://www.emro.who.int/yem/yemen-news/yemeni-health-system-crumbles-as-millions-risk-malnutrition-and-diseases.html>

37 Schlein. L. (2017) Pledging Conference Raises More Than \$1 Billion for Yemen, [online] VOA News, 25th April 2017. Available at: <http://www.voanews.com/a/un-yemen-conference/3824523.html>

38 ibid

39 UNICEF (2017) Yemen Humanitarian Situation Report, [online] UNICEF, February 2017. Available at: https://www.unicef.org/yemen/YEM_sirteps_Feb2017.pdf

40 UNICEF (2017) Yemen Humanitarian Situation Report, [online] UNICEF, June 2017. Available at: https://www.unicef.org/yemen/YEM_sirteps_June2017.pdf

41 Relaño. M (2017) Children account for half of all suspected cholera cases in Yemen, [online] UNICEF Press Centre, 13th June 2017. Available at: https://www.unicef.org/media/media_96428.html

42 UN (2017). Children paying the heaviest price as conflict in Yemen enters third year. UN News, 27th March 2017. [online] Available at: <http://www.un.org/apps/news/story.asp?NewsID=56436#.WRGcU1Xyupo>

A HUMANITARIAN WORKER DESCRIBES THE IMPACTS OF CONFLICT AND TARGETED ATTACKS ON HEALTH CARE IN YEMEN

“There was very little access to public health care before the war. Now there is essentially no access. It’s because of attacks on civilian infrastructure, [for example] bombing the electricity plant early on so that all hospitals and primary health care centres were running on generators. But there’s an extremely limited amount of fuel, so a large number of facilities had to close...there was a double-tap on a hospital in Saada – they bombed the hospital and then waited until health workers started responding and bombed again. It’s a tactic to terrify the population”

*Watchlist interview, December 2016*⁴³

RECOMMENDATIONS

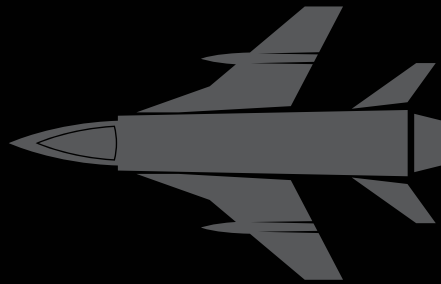
- **The Human Rights Council must establish, during its thirty-sixth session, an independent international inquiry to investigate alleged violations and abuses of international human rights law and violations of international humanitarian law committed by all parties to the conflict in Yemen. The inquiry should be given the mandate to gather evidence of, and clarify responsibility for, alleged violations and abuses of international human rights law and international humanitarian law, with a view to ending impunity and providing accountability.**
- **All parties to the conflict in Yemen must fully comply with their obligations under international humanitarian law by ensuring that civilians and civilian objects are not targeted and that no indiscriminate or disproportionate attacks are carried out. All parties must allow and facilitate impartial humanitarian relief and protect vulnerable populations without discrimination on grounds of tribal, religious or political affiliations.**
- **The implementation of the UN arms embargo established under UN Resolution 2216 must include the Saudi-led coalition as long as a substantial risk remains that such arms could be used to commit serious violations of international law. This arms embargo prohibits the direct or indirect supply of weapons, munitions, military vehicles, spare parts and other military equipment or technology, or logistical and financial support for such supplies or military operations, to all parties to the conflict in Yemen.**

⁴³ Monaghan, C, et al (2017) Every Day Things are Getting Worse: The impact on children of attacks on health care in Yemen, [online] Save the Children, April 2017. Available at: <https://www.savethechildren.ca/wp-content/uploads/2017/04/2212-Watchlist-Field-Report-Yemen.pdf>

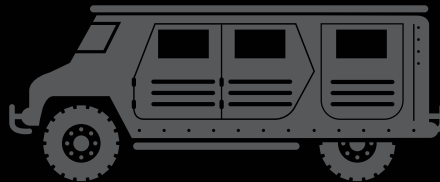
THE ECONOMIC COSTS AND BENEFITS OF ARMS SALES WITH SAUDIA ARABIA

PRIVATE SECTOR INCOME

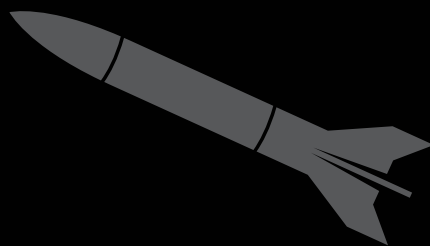
The sale of UK arms to Saudi Arabia is an economic relationship that dates back several decades. In the 1960s, the 1980s and the 2000s, the UK government signed enormous arms export deals with the Saudis for fleets of combat aircraft, together with supporting infrastructure and the ongoing provision of maintenance services, components and ammunition.



**TORNADO⁴⁴
AIRCRAFT**
£2.2 BILLION
WORTH OF ML10⁴⁵ LICENCES
(AIRCRAFT, HELICOPTERS
AND DRONES)



**TACTICA
ARMOURED
VEHICLE**
£430,000
WORTH OF ML6 LICENCES
(ARMOURED VEHICLES, TANKS)



**PAVEWAY
IV BOMB**
£1,1 BILLION
WORTH OF ML4 LICENCES
(GRENADES, MISSILES, BOMBS,
COUNTER MEASURES)

44 UK Department for International Trade (2017) UK Strategic Export Control Lists, [online] Gov.uk, February 2017. Available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/593228/controllist20170222.pdf

45 ML stands for military and is a code the UK government uses to classify types of items for export - ibid

Over the past five years, government figures suggest Saudi Arabia has been the leading customer of the UK arms industry by a considerable distance, with the UK second only to the United States as Saudi Arabia's leading supplier of arms.⁴⁶

Analysis by War Child suggests that in 2016, British arms sales to Saudi Arabia generated revenue of around £3.6bn, delivering around £347m in operating profit. Between the launch of airstrikes by the Saudi-led coalition in Yemen in March 2015 until the end of 2016, around £6.2bn in revenues were generated, with an operating profit of around £575m (see Figure 1).

UK arms sales to Saudi Arabia continue to be dominated by substantial aircraft deals, and accompanying maintenance and servicing contracts, with BAE Systems the dominant supplier. However, a host of other UK-based companies regularly apply for, and are granted, arms export licences to Saudi Arabia.⁴⁷

PUBLIC INCOME

Analysis by War Child estimates that, in 2016, sales of arms to Saudi Arabia generated around £13m in corporation taxes (see Figure 1). Between the start of the Saudi-led Coalition airstrikes in Yemen and the end of 2016, corporation tax receipts totalled around £30m.

It is difficult to estimate the indirect tax contribution made from sales of arms to Saudi Arabia through the creation of jobs with taxable income. Although government estimates have previously suggested that around 54,000 jobs were "linked" directly or indirectly to arms exports, it is not known how many of these were wholly reliant on the industry (as opposed to being merely linked), let alone the share of that total specifically related to sales to Saudi Arabia.⁴⁸

PUBLIC COST

UK government expenditure on humanitarian relief in Yemen is significantly greater than the income generated through direct taxes. Compared to tax revenues of £13m in 2016, the UK has pledged £139m in aid to Yemen for the current financial year 2017–18.⁴⁹ If delivered in full, this would represent a 26% increase on the £110m spent during the year 2016–17, and an increase of nearly 55% on 2015–16 expenditure.

DISCUSSION AND RECOMMENDATIONS

The sale of UK arms to Saudi Arabia makes a significant but not indispensable contribution to the UK economy. In particular, incoming corporation tax receipts from these sales in 2016 was less than 10% of our outgoing humanitarian spend in Yemen that same year.

Importantly, while the UK's humanitarian leadership is to be applauded, the concurrent sale of arms with which the conflict is conducted represents a disconnect between the Government's international development policy and its wider trade, security and foreign policy agendas. The arms trade directly counteracts much of the benefits Yemeni children and other civilians might expect to receive from the provision of aid, undermining the Department for International Development's policy of getting value for money from the aid it commits.



46 Kift, R and Page, R (2016) Arms industry statistics, Briefing Paper Number CBP 7842, [online] House of Commons Library, 21st December 2016. Available at: <http://researchbriefings.parliament.uk/ResearchBriefing/Summary/CBP-7842#fullreport>

47 *ibid*

48 Foreign and Commonwealth Office (2010) UK Prime Minister and Business Secretary welcome £700 million Hawk deal, [online] Gov.uk, 28th July 2010. Available at: <https://www.gov.uk/government/news/uk-prime-minister-and-business-secretary-welcome-700-million-hawk-deal>

49 Ellwood, T. (2017) Yemen Pledging Conference 2015: UK pledges an additional £139m, [online] Gov.uk, 25th April 2017. Available at: <https://www.gov.uk/government/world-location-news/yemen-pledging-conference-2015-uk-pledges-an-additional-139m>

FIGURE 1. UK ARMS SALES: REVENUE, PROFIT AND TAX TAKE

In Millions of GBP, to the nearest million		Revenue	Operating Profit	Tax ⁵⁰
75% of 2015 ⁵¹	BAE	£2,432	£216	£15
	Raytheon UK	£13	£1	- ⁵²
	MBDA	£83	£5	£1
	Rolls Royce	£41	£4	
	Total	£2,569	£227	£17
2016	BAE	£3,400	£333	£11
	Raytheon UK	£17	£2	-
	MBDA	£114	£7	£2
	Rolls Royce	£78	£5	
	Total	£3,609	£347	£13
Total since Yemen:		£6,179	£575	£30

UK SECURITY AND THE ARMS TRADE WITH SAUDI ARABIA

Successive UK governments have repeatedly stressed that the arms trade with Saudi Arabia needs to be viewed in the context of the kingdom's wider role as an important ally in the UK's fight against terrorism and other security issues. It is common for trade relations to be used as an aid to diplomacy and co-operation between governments.

The parliamentary International Development Committee has remarked that the defence industry "...has a value beyond the purely economic: defence exports build international relationships and ensure interoperability of equipment with our allies, and they underpin long-term alliances which help deliver our wider foreign policy objectives."⁵³ However, the committee also added that "this cannot be without conditions or without regard for the UK's international obligations."⁵⁴

ALLEGED FUNDING OF UK EXTREMISM

Since the beginning of her premiership, Prime Minister Theresa May has sought to deepen the UK's relationship with the Gulf. She visited Saudi Arabia in one of her first foreign trips after triggering the formal Brexit process in March, symbolising her government's search for new, favourable post-Brexit trading relationships, and alliances that strengthen intelligence and security cooperation.

50 Foresight Economics used figures published by the main arms exporters to estimate the percentage of Saudi-arms-exports-related profits likely to be paid as corporation tax in the UK. This calculation is based on the proportion of the relevant companies' profit paid as tax globally in each year, and the proportion of their global tax bill paid in the UK each year. These percentages are applied to Saudi-related profits.

51 Revenues were excluded on arms exports that occurred before the Saudi-led campaign in Yemen began in March 2015. Since our figures are based on calendar years, we therefore only include 75% of our estimates for 2015.

52 Tax associated with Raytheon and Rolls Royce would be little more than a rounding error compared with BAE and MBDA.

53 Twigg, S. (2016) Letter to Secretary of State, Department for International Development: Crisis in Yemen, [online] Parliament.uk, 2nd February 2016. Available at: <http://www.parliament.uk/documents/commons-committees/international-development/ChairtoSoSregardingYemen.pdf>

54 Business, Innovation and Skills Select Committee (2016) The use of UK-manufactured arms in Yemen: First Joint Report of the Business, Innovation and Skills and International Development Committees of Session 2016-17, Section 61, 62, [online] Parliament.uk, 15th September 2017. Available at: <https://www.publications.parliament.uk/pa/cm201617/cmselect/cmbis/679/67906.htm>.

PRIME MINISTER THERESA MAY SPEAKING AHEAD OF THE VISIT TO SAUDI ARABIA, APRIL 2017

As the United Kingdom leaves the EU, we are determined to forge a bold, confident future for ourselves in the world. We must look at the challenges that we, and future generations, will face and build stronger partnerships with countries that will be vital to both our security and our prosperity....in Saudi Arabia: we must never forget that intelligence we have received in the past from that country has saved potentially hundreds of lives in the UK. And there is so much we can do together on trade, with immense potential for Saudi investment to provide a boost to the British economy.

DISCUSSION AND RECOMMENDATIONS

The UK government is right to consider the security advantages of our economic relationship with Saudi Arabia. Co-operation on counter-terrorism intelligence could yield benefits not only for domestic security, but also for the security of children in conflict zones where War Child works.

However, if this is the case, the government needs to be explicit that the benefit of this intelligence is such that they are morally justified in continuing to export arms to a country that is using them to sustain a military intervention that, according to credible independent sources, routinely breaches international humanitarian law, and is destroying the lives and livelihoods of innocent children.

The government also needs to be clear that the security benefits of this military relationship outweigh the longer-term security risks of implicitly supporting a conflict that has claimed hundreds of children's lives and left millions on the brink of starvation. The UK government therefore needs to publish an assessment of the extent to which support for the Saudi-led coalition's military intervention in Yemen generates resentment towards the UK which could, in worse-case scenarios, drive people towards extremist groups who plan on attacking UK citizens and assets.

UK ARMS TRADE IN THE CONTEXT OF INTERNATIONAL LAW

THE UK HIGH COURT RULING ON SALES OF ARMS TO SAUDI ARABIA

On 10 July 2017, the UK High Court ruled that the UK had not contravened international humanitarian law by sanctioning the sale of arms to Saudi Arabia (a ruling that the claimants, the Campaign Against the Arms Trade, have pledged to appeal).

During the court hearing, evidence compiled by UN and human rights investigators over a number of months was cited, documenting numerous alleged breaches of international humanitarian law by parties to the conflict.⁵⁵

However, the court's summary stated that, despite this evidence, "the Secretary of State was rationally entitled to conclude that the [Saudi-led] Coalition were not deliberately targeting civilians". The evidence on which the court based this ruling included "closed evidence" that was not made public for security reasons.⁵⁶

EVIDENCE OF CHILDREN'S RIGHTS VIOLATIONS BY THE SAUDI-LED COALITION

The 2016 annual report by the Secretary-General for Children and Armed Conflict listed the Houthi forces and the Saudi-led coalition as grave violators of children rights for attacks on hospitals committed in 2015.

However, following intense lobbying by Saudi Arabia and its allies, the Saudi-led coalition was removed from the report's annexes.⁵⁷ –Subsequently, between 26 March 2016 and 31 January 2017, 93 attacks were carried out against medical facilities and personnel by parties to the conflict, according to UN agencies.⁵⁸ This constitutes credible and compelling evidence that the Saudi-led coalition continues to commit grave violations against children in Yemen, and explains why War Child is one of a number of humanitarian organisations calling for the Saudi-led Coalition to be relisted in the Secretary General's report this year.

We are convinced that there is more than a clear risk that weapons sold to Saudi Arabia might be used in the commission of serious violations of international humanitarian law. The evidence we have heard is overwhelming that the Saudi-led coalition has committed violations of international law, using equipment supplied by the UK".⁵⁹

Steven Twigg MP, Chair of the House of Commons International Development Committee

55 Business, Innovation and Skills Select Committee (2016) The use of UK-manufactured arms in Yemen: First Joint Report of the Business, Innovation and Skills and International Development Committees of Session 2016–17, Section 61, 62, [online] Parliament.uk, 15th September 2017. Available at: <https://www.publications.parliament.uk/pa/cm201617/cmselect/cmbis/679/67906.htm>.

56 Lord Justice Burnett and Mr Justice Haddon-Cave (2017) The Queen (on the application of Campaign Against Arms Trade) v The Secretary of State for International Trade and interveners (Case No: CO/1306/2016), [online] Judiciary.gov.uk, 10th July 2017. Available at: <https://www.judiciary.gov.uk/wp-content/uploads/2017/07/r-oao-campaign-against-arms-trade-v-ssfit-and-others-summary.pdf>

57 Sengupta. S. (2016) Saudis Pressure U.N. to Remove Them From List of Children's Rights Violators, [online] The New York Times, 6th June 2016. Available at: <https://www.nytimes.com/2016/06/07/world/middleeast/yemen-saudi-arabia-children-war.html>

58 Monaghan. C, et al (2017) Every Day Things are Getting Worse: The impact on children of attacks on health care in Yemen, [online] Save the Children, April 2017. Available at: <https://www.savethechildren.ca/wp-content/uploads/2017/04/2212-Watchlist-Field-Report-Yemen.pdf>

59 Twigg. S. (2016) Letter to Secretary of State, Department for International Development: Crisis in Yemen, [online] Parliament.uk, 2nd February 2016. Available at: <http://www.parliament.uk/documents/commons-committees/international-development/ChairtoSoSregardingYemen.pdf>

I completely understand why we have said in the first instance the Saudis should investigate these allegations. But in the end if you stand back, such investigations are only likely to carry credibility if they are seen as independent. I don't want to belittle the issue but *it's like marking your own homework*. The wider community won't believe a one-sided investigation by the people who are the alleged perpetrators and I think that has to be carefully borne in mind.⁶⁰

Former International Development Secretary Andrew Mitchell on The Saudi-led coalition investigating its own alleged breaches of international humanitarian law

DISCUSSION AND RECOMMENDATIONS

Despite asserting that children and civilians are not being deliberately targeted, the High Court ruling did not dispute the extent of the damage being wrought on civilian lives. If the UK government intends to continue to sanction the sale of arms to Saudi Arabia, it needs to be explicit that it is satisfied with the extent to which the lives of children and other civilians are being destroyed with the support of UK arms sales. Regardless of the High Court ruling, the UK is indisputably complicit in the suffering of Yemen's children. Given the extent of this suffering, the moral case for an immediate suspension of these sales is indisputable.

The UK government has also previously claimed a lack of evidence⁶¹ of human rights violations, and stated that the internal monitoring provided by the Saudi-led coalition's Joint Incident Assessment Team (JIAT) is an adequate mechanism to review. However, it is hard to accept either the independence or credibility of this mechanism. The violations allegedly committed in Yemen are of such severity that they demand credible, independent investigation mechanisms, the evidence of which should be central in informing the UK Government's export licensing decisions.

The UK must vocally endorse the 2017 UN Secretary General's report on Children and Armed Conflict, which lists all countries and groups that have committed grave violations against children. Saudi Arabia was initially listed in the 2016 report, but following Saudi government threats to withdraw funding from UN development projects, it was removed from the list.⁶² The UK and all other member states must ensure that this year Secretary General Guterres is well supported to withstand the inevitable pressure, should Saudi Arabia be listed again.

60 McVeigh, S. (2017) Saudi inquiry into Yemen abuse claims like 'marking your own homework', [online] The Guardian, 1st February 2017. Available at: <https://www.theguardian.com/global-development/2017/feb/01/saudi-arabia-inquiry-yemen-abuse-claims-marking-your-own-homework-andrew-mitchell>

61 House of Commons Hansard, (2015) Yemen, [online] Parliament.uk, 22nd October 2015. Available at: <https://publications.parliament.uk/pa/cm201516/cmhansrd/cm151022/halltext/151022h0001.htm>

62 Saudi Arabia Dropped From List Of Those Harming Children; U.N. Cites Pressure (2016) <http://www.npr.org/sections/parallels/2016/06/09/481426821/saudis-dropped-from-list-of-those-harming-children-u-n-cites-pressure>



CONCLUSION

CONCLUSION

The UK frequently justifies its close relationship with Saudi Arabia by highlighting how it delivers essential counter terrorism intelligence. If this is the case, the government needs to be explicit that the benefit of this intelligence justifies the sale of UK-made weapons for use in a brutal conflict that has maimed or killed thousands of children, and whose use is potentially in breach of international humanitarian law and the Arms Trade Treaty.

The government also needs to be clear that any security gains outweigh the longer-term security risks of supporting such a military intervention. The government needs to publish an assessment of the extent to which a rise in resentment towards the UK could drive people towards extremist groups who plan on attacking UK citizens and assets.

Saudi-led coalition airstrikes have destroyed hospitals and schools, many of which appear to have been deliberately targeted.⁶³ It is simply unacceptable that in, the 21st century, children can be killed and starved in plain view of the world with weapons supplied by the UK and other democratic states. It is difficult to avoid the conclusion that, in supplying weapons that are enabling the Saudi-led coalition to sustain its role in the Yemeni conflict, the UK is morally and materially complicit in the suffering of Yemen's children. The idea that Britain could profit from a conflict that annihilates thousands of children is morally abhorrent, as is its unquestioning commitment to an alliance with a country that the UN listed in 2016 as a grave violator of children's rights in conflict.

Our concerns at the UK's policy of selling weapons to Saudi Arabia extend beyond morality. There is a strong case that this position is illegal – in selling arms to a country that is breaking international humanitarian law. We believe that the sale of arms to Saudi Arabia is damaging the UK's international reputation. Maintaining a military and strategic alliance with a country identified as a grave violator of children's rights undermines the country's influence, its soft power, and the credibility of the entire post-Brexit 'Global Britain' agenda. It also leaves the country open to accusations of hypocrisy: how can the UK effectively criticise Russia, Iran and the Syrian Government for their attacks on children and civilians in Syria, whilst simultaneously supporting and facilitating Saudi-led coalition attacks on children and civilians in Yemen?

We believe that the policy of selling arms to Saudi Arabia suffers from inherent contradictions, with different Government departments adopting policy positions that are diametrically opposed. Whilst the Foreign & Commonwealth Office and Ministry of Defence focus on promoting arms sales to Saudi Arabia, and providing diplomatic cover and support for the Saudi-led coalition's war in Yemen, the Department for International Development is providing vast amounts of humanitarian aid to address the crisis fuelled by these very arms sales.

The UK public has for many years been uncomfortable with the idea that UK firms export lethal weapons to regimes around the world. The arms export licensing system is designed to reassure UK voters that arms sales can continue without damaging the reputation of the UK due to complicity in war crimes. The failure of this system to prevent arms sales to a country found to be using them to commit war crimes seriously undermines public trust in the export license system. There is a risk that the UK public will lose patience with the UK arms trade and demand a complete cessation of all overseas arms sales. It is in the long-term interest of UK arms manufacturers that trust in the system is rebuilt.

⁶³ Monaghan, C, et al (2017) Every Day Things are Getting Worse: The impact on children of attacks on health care in Yemen, [online] Save the Children, April 2017. Available at: <https://www.savethechildren.ca/wp-content/uploads/2017/04/2212-Watchlist-Field-Report-Yemen.pdf>

CONCLUSION

Finally, we believe that the policy of selling arms to Saudi Arabia is financially inconsistent – our calculations indicate that the UK reaps a minimal tax take from arms sales to Saudi Arabia – just £13m in corporation tax in 2016. Yet during 2017, the UK will spend £139m in humanitarian aid to Yemen. This means the Treasury is spending over four times in aid what it is getting back in tax revenue. This does not represent good value for money for the UK taxpayer and, whilst this aid is undoubtedly of critical importance, flies in the face of the UK's commitment to getting value for money from its aid spending.

While the UK has a proud record of delivering aid around the world, in Yemen this role is heavily compromised by the Government's security-and-trade agenda with Saudi Arabia. The UK's complicity in the suffering of Yemen's children leaves a stain on its humanitarian leadership. The government has consistently justified its relationship with Saudi Arabia because of the supposed opportunity it provides to influence the country's military conduct in Yemen. Now is the time to put human rights at the centre of this relationship and make every effort to ensure the Saudi-led coalition complies with international humanitarian law. Arms sales to the country must be suspended immediately, until sufficient evidence of such compliance has been gathered. The UK Government must end its complicity in the death and suffering of Yemen's children. It must do the right thing, and stop putting the profits of arms exporters ahead of the lives of Yemeni children.

RECOMMENDATIONS



- **Immediately suspend arms transfers and military support to Saudi Arabia and its coalition partners which could be used to commit or facilitate further serious violations of international human rights and humanitarian law in Yemen.**
- **End any, and all, assistance being granted to the Saudi-led coalition in respect of its intervention in the Yemeni civil war.**
- **Support an independent UN investigation into reported war crimes in Yemen.**
- **Publish an assessment of the extent to which the UK's support for the Saudi-led coalition's military intervention in Yemen generates resentment towards the UK which could, in worse case scenarios, drive people towards extremist groups who plan on attacking UK citizens and assets.**
- **Pressure the Saudi-led coalition to end its blockade of Yemen, so that vital humanitarian and commercial supplies can enter and reach those most in need.**
- **Vocally endorse the 2017 UN Secretary General's report on Children and Armed Conflict, which lists all countries and groups that have committed grave violations against children.**
- **Fully implement the provisions of the Arms Trade Treaty, and encourage all other arms exporters to do the same.**
- **Continue and expand humanitarian aid, lobbying other countries to increase funding.**





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