

PRESS RELEASE

Funding of banned cluster bombs – Global explosive investments still rising

US most at fault and Asia increasing worryingly. Activists call for an end to all explosive investments.



Tokyo / Geneva, 23 May, 2017 – In the past 4 years, 166 financial institutions from 14 countries invested US\$ 31 billion into 6 cluster bomb producers. Though US companies account for 69% of these explosive investments, Asian financial institutions also form a large part of investments, with US \$7 billion invested globally. This year also, 88 financial institutions are praised for adopting policies to exclude investments in cluster bomb producers. These are some of the key findings in the 2017 report *“Worldwide Investments in Cluster Munitions; a shared responsibility”* released today in Tokyo by the Dutch peace organisation PAX.

Cluster bombs are banned under international law since 2008, because like landmines, they maim and kill indiscriminately. Despite the fact that a growing number of states are signing up to the cluster bomb ban, total investments have increased from US\$ 28 billion in the 2016 report to US\$ 31 billion in the 2017 report. Although many banks and other financial institutions now also ban these investments, the numbers investing worldwide has also increased from 158 to 166 this year.

“Cluster bombs are banned and would not be produced without funding. We have all seen the misery they cause in Syria and Yemen - how can blue chip banks continue to invest in producers of such horrendous and banned weapons - do they simply not care? Companies which produce illegal weapons are unacceptable business partners; from the US to China, banks need to take responsibility with more ethical investments.” said Maaïke Beenes, from the PAX Disarmament Program.

The PAX report examines investments into a shortlist of 6 companies involved in the production of cluster munitions: China Aerospace Science and Industry (China), Hanwha (South Korea), Norinco (China), Orbital ATK (US), Poongsan (South Korea) and Textron (US).

2017 Explosive Investments / Hall of Shame:

US banks and financial institutions make up 69% of global investments: The 10 largest investors in the report are T. Rowe Price (1.8B), Vanguard (1.7B) JPMorgan Chase (1.3B), Black Rock (1.25B), Bank of America (1.1B), Textron Pension Fund (1B) Mitsubishi UFJ Financial (914M), China Construction Bank (903M), Wells Fargo (871M) and Capital Group (848M). US companies are also the top 5 in the Hall of Shame, which lists financial institutions investing in cluster munitions producers.

More investments by Asian financial institutions: 69 (out of 166 globally) have increased their investments into surveyed cluster munitions producers by almost US\$ 1 billion, to over US\$ 7 billion of the 31 billion invested. The report lists 30 investing companies from China, 27 from South Korea, 5 from Taiwan, 4 from Japan, 2 from Singapore and 1 from India.



Chinese and Japanese banks provide the largest amounts of investment banking services to cluster munition producers: China Construction Bank (903M), China Merchants Group (780M), Bank of America (539M), JPMorgan Chase (404M) and Mitsubishi UFJ Financial (400M) are the biggest providers.

“China has shown some leadership on climate change, but along with Japan and South Korea, it is at the bottom of the class when it comes to investments into banned weapons – this needs to change”, said Maaïke Beenes, from the PAX Disarmament Program. *“It is unacceptable that Japanese financial institutions continue to fund companies which produce outlawed weapons – the government needs to show leadership in the region and to prohibit all investments into producers of cluster bombs”,* said Motoko Mekata, vice-president of the Japan Campaign to Ban Landmines (JCBL).

2017 Progress / Hall of Fame:

The report also includes examples of good policies. In the “Hall of Fame” and “runners-up” categories, 88 financial institutions are credited with having non-investment policies into cluster munition producers (up from 82 in the June 2016 report); 42 financial institutions with a far-reaching policy ending all investments in cluster munitions producers are listed in the Hall of Fame. Another 46 financial institutions are listed in the runners-up category for having disinvestment policies, but with certain loopholes.

Since the initial publication of the report in 2009, much progress has been achieved. Five of eight firms listed in the first report in 2009 for involvement in the production of these weapons, have announced their intentions to cease production.

Most recent example: in August 2016, **US-based Textron** announced it would end the production of its cluster bombs. These weapons were used in Yemen by the Saudi-led coalition in 2015 and 2016, leading to civilian casualties, as reported by Human Rights Watch and Amnesty International. Because of Textron’s involvement in the production of these cluster bombs, many financial institutions, especially from Europe, excluded Textron investments from their portfolios.

PAX welcomes the Textron announcement to stop producing cluster munitions, but because Textron will continue to deliver Sensor Fuzed Weapons throughout 2017, the company is still included as a cluster munition producer in this report. This also goes for Orbital ATK, which produces the rocket motor for Textron’s cluster bombs.

“We hope Textron sticks to its promise to stop producing cluster bombs but until they do, investors need to keep a close watch on them.” said Maaïke Beenes.

If indeed Textron stops delivering cluster bombs by the end of 2017, the only producers left on the red flag list are Asian companies. Also, many financial institutions from Asia invest in these cluster bomb producers. This shows it is time for Asia to step up and stop these unethical and irresponsible investments as well as the production of these horrendous weapons.

Government leadership to end explosive investments

In recent years, civil society campaigns and clear guidelines set by governments have resulted in further disinvestment. Several states now have legislation prohibiting (forms of) investments in cluster munitions, while other State Parties to the Cluster Munition Convention clearly state they consider investments to be prohibited by the Convention. Campaigners are calling on all governments to follow their lead.

“We cannot simply abdicate responsibility to banks – governments also need to ban explosive investments. Canada, France, Germany, Japan, Spain, Switzerland and United Kingdom need to step up to the plate and make public statements prohibiting all forms of investments into producers of cluster bombs at the 7th Meeting of States Parties to the Convention, in September this year in Geneva.” Said Firoz Alizada, Campaigns and Communications Manager at the Cluster Munition Coalition



The 2017 update of the report “Worldwide Investments in Cluster Munitions; a shared responsibility” was written and edited by PAX (the Netherlands), who commissioned Dutch research company [Profundo](#) to gather the data for the Hall of Shame and Hall of Fame and runners-up sections of the report.

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The report will be launched with a press conference in Tokyo’s Foreign Correspondents Club at 12.30 AM JST. Speaking will be Firoz Alizada, Campaigns and Communications Manager at the Cluster Munition Coalition; Maaïke Beenes, co-author of the report and working on the Disarmament Program of the Dutch peace organisation PAX; and Motoko Mekata, vice-president of the Japan Campaign to Ban Landmines (JCBL). The address of the FCC is Yurakucho Denki North Building 20F, Yurakucho 1-7-1, Chiyoda-ku, Tokyo, 100-0006.

For more information please call: Samantha Bolton +41 79 2392366 or samanthabolton@gmail.com or Jane Van Lanschot Hubrecht +41 78 911 0880 or jane@fizzpr.ch

PAX: www.paxforpeace.nl/our-work/programmes/stop-explosive-investments
Stop Explosive Investments: www.stopexplosiveinvestments.org

To get the full report, media resources and images, go to:
Dropbox: https://www.dropbox.com/sh/2uy6nakumermqja/AABJm_41rqpXBOL7BLWoqN7aa?dl=0

For more on the Convention on Cluster Munitions, see: <http://www.stopclustermunitions.org/en-gb/the-treaty/treaty-status.aspx>

More information about the Hall of Shame:

The Hall of Shame contains 166 financial institutions from fourteen different countries. The majority of these financial institutions (151) are from countries that have not yet joined the Convention on Cluster Munitions (CCM). The other 15 financial institutions are from 7 states that have joined the Convention. Of the 166 financial institutions, 85 financial institutions are from the United States. The United States has not joined the CCM.

Top 15 financial institutions with the largest investments in the 6 producers of cluster munitions are the following:

Financial institutions	Total investments in US\$ mln
T. Rowe Price	1832
Vanguard	1658
JPMorgan Chase	1302
BlackRock	1249
Bank of America	1093
Textron Pension Fund	1060
Mitsubishi UFJ Financial	914
China Construction Bank	903
Wells Fargo	871
Capital Group	848
Citigroup	799
China Merchants Group	780
US Bancorp	729
State Street	702
Sumitomo Mitsui Financial	606



PHOTO CREDITS:

Photo 1: Two BLU-108 canisters, one with two skeet (submunitions) still attached, found in the al-Amar area of al-Safraa in Saada governorate, northern Yemen after an attack on April 27. © 2015 Ole Solvang/Human Rights Watch

Photo 2: Bosnia. Smajic found a bomblet from a cluster bomb when playing in the woods with friends. Not knowing what it was, he banged it against a tree in an effort to open it. His right hand was torn off but the tree shielded his body from the blast. Courtesy Cluster Munitions Coalition. ©Sean Sutton/MAG

Photo 3: Fishing boats burn in al-Hayma Port in Hodaida governorate after the December 12 attack in which CBU-105 Sensor Fuzed Weapons were used.
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