



**Swiss banks deny cluster bomb investment  
charges**

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## Swiss banks deny cluster bomb investment charges



Remnant of a cluster munition found in Misrata, Libya in April 2011 (Keystone)

to the "Worldwide investments in cluster munitions: a shared responsibility" 2011 report by the Cluster Munitions Coalition member organisations Pax Christi and Netwerk Vlaanderen.

by **Simon Bradley**, swissinfo.ch

**Switzerland's two big banks, Credit Suisse and UBS, have rejected accusations that they continue to invest in cluster bomb manufacturing.**

According to a new report, 16 Swiss companies are among 166 leading financial institutions worldwide that are funding cluster bomb and parts manufacturing, despite the entry into force of an international treaty banning such munitions in 2010.

Globally, financial institutions from 15 countries are channelling more than \$39 billion (SFr34.2 billion) into eight bomb and part manufacturers, according

Most are from five countries that have not yet signed or ratified the convention: China, Russia, Singapore, South Korea and the United States, plus Taiwan. But 38 are from states that have signed the 2008 Convention on Cluster Munitions, which bans the use, production, stockpiling and transfer of cluster munitions.

UBS and Credit Suisse are two of the bigger Swiss firms highlighted in the report, published on Wednesday, which include banks, asset management funds and reinsurers.

But both reject the accusations, saying a process of withdrawing from investments is underway and arguing that it's difficult to differentiate between investments in big conglomerates that are involved in mostly civil and – to a lesser extent – military activities.

"Credit Suisse introduced a globally binding directive in 2010, stipulating that we will not enter into any business relationships with firms that produce cluster munitions or make proprietary investments in such companies," Credit Suisse spokesman Alex Biscaro told swissinfo.ch.

This means Credit Suisse already complies with the cluster bomb treaty, he added.

### Client requests

The report, presented by Handicap International, said Credit Suisse had invested in shares and bonds in the US firm Textron worth a total of \$22 million in 2009. But the bank pointed out that these were prior to the new directive.

The study also mentioned bond investments in Singapore Technologies Engineering, valued at \$800,000 and shares in the South Korean firm Hanwha Corporation worth \$7.8 million, both dating from January 2011.

"We essentially only hold securities in these companies if explicitly requested to do so by a client," Biscaro said.

UBS said it had also introduced a policy in April 2010 to ban investments in companies associated with anti-personnel mines and cluster munitions. And it had an "enhanced due diligence and approval process" to monitor for unethical investments.

Despite this, the Swiss bank was ranked in the report's "Hall of Shame". The authors used public

information to show UBS had investments in 2009 in Textron worth \$22.3 million and Lockheed Martin worth \$62.5 million. It had also invested \$26.8 million in shares in the Poongsan Corporation in April 2010 and \$123.6 million in Textron in December 2010.

"We do not finance the production of cluster bombs," Christian Leitz, UBS's head of corporate responsibility, told swissinfo.ch.

"Financial institutions in the NGOs' Hall of Shame are accused of having financial relationships with companies involved in the production of cluster munitions," he added. "We have to put this report into a proper context; the report's so-called 2011 Hall of Shame includes 166 financial institutions, including UBS."

### Some progress

Handicap International spokesman Paul Vermeulen said some progress had been made since the previous year, with a drop in the total number of financial institutions implicated, but Swiss banks' responses were inadequate.

"Credit Suisse has expressed its willingness to act but it still cannot guarantee its policy of disinvestment across all its branches," he said. "UBS's policy is still insufficient due to the lack of necessary clarifications."

And while there is progress in countries that have active information campaigns, new banks still pop up out of nowhere, such as the Zürcher Kantonalbank, Vermeulen added.

In 2008 Switzerland signed the international treaty which aims to stop the production of cluster bombs along with 107 other nations in 2008, but it has yet to be ratified by parliament.

Under the treaty it is illegal to fund the production of such arms, Swiss senator Liliane Maury Pasquier said at a news conference in Geneva on Wednesday.

"Money is the driver of war," she said. Financing such arms should be banned."

The cabinet is due to present its view on ratification of the treaty to parliament by the end of the year.

Simon Bradley, swissinfo.ch



### Drawing conflicts

Cartoonist Patrick Chappatte documents a tragic reality.

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#### OTHER SWISS CULPRITS?

The new report claimed that, as well as Credit Suisse and UBS, 14 other Swiss financial institutions hold shares and bonds in eight different producers, but with smaller levels of investments.

These include: Bâloise Group, Banque cantonale vaudoise, Clariden Leu, Corner Bank, Gonet & Cie, Lombard Odier Darier Hentsch, Pharus Management, Pictet & Cie, Swiss & Global Asset Management, Swiss Life, Swisscanto, Zürcher Kantonalbank, Finter Bank Zurich and Swiss Re.

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#### CLUSTER MUNITIONS

A cluster munition is a weapon that disperses or releases explosive submunitions: small, unguided explosives or bomblets that are designed to explode prior to, on or after impact. The number of submunitions dispersed can vary from several dozens to over 600.

Around 35 countries are known to have produced over 210 different types of cluster munitions.

At least 87 countries currently stockpile cluster munitions or have done so in the past. Current stocks amount to millions of cluster munitions, containing billions of individual submunitions. Out of the 87 countries that have or have had stockpiles of cluster munitions, 16 have actually used them during armed conflict.

The Swiss state-owned arms manufacturer Ruag has assembled cluster bombs in the past using components built in the country or imported from Israel. It stopped production in 2003. Switzerland is thought to have an inventory of around 200,000 munitions.

After ratification of the treaty Switzerland has eight years to destroy its cluster bomb stockpile.

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#### LINKS

[Worldwide investment in cluster munitions – a shared responsibility 2011 report](#)

[Convention on Cluster Munitions](#)

[Cluster Munition Coalition](#)

[Handicap International Switzerland \(German, French\)](#)

[Credit Suisse](#)

[UBS](#)

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