

Barclays Bank: Arming Apartheid

July 2022



Executive Summary

Israel maintains a system of intense armed violence against Palestinians in the entirety of the territory it controls—through unlawful killing, arbitrary arrest and detention, destruction of homes and property, intrusive surveillance, and forcible transfer. UK banks and financial institutions facilitate and profit from this system by providing investment, loans, and other financial services to companies supplying Israel with weapons and military technology used in violence against Palestinians.

Research outlined in this report has uncovered that Barclays Bank, one of the UK's largest high street banks, has substantial shareholdings and provides loans and financial services to at least nine companies, including Elbit Systems, known to be producing weapons and military technology sold to Israel and used in violence against Palestinians. In doing so, Barclays is complicit in Israel's grave violations of Palestinian rights and must take the immediate actions detailed at the end of this report to cease its involvement in abuses of Palestinian rights.

Background: Israeli Apartheid and Militarised Repression

In the entirety of the area it controls, Israel enforces a regime of entrenched racial discrimination against Palestinians, rooted in a settler-colonial system. Palestinian civil society and human rights monitoring organisations have long identified Israel's policies and practices as amounting to the crime against humanity of apartheid under international law. Recently, international human rights agencies Amnesty International¹ and Human Rights Watch², as well as Israeli human rights organisation B'tselem³, have conducted their own forensic analysis of Israel's treatment of the Palestinian people, and concurred with this conclusion.

In addition to those living in their historic homeland, nearly 8 million Palestinians live in exile, denied the implementation of their right of return, as enshrined in international law. The refugees are descended from previous generations of Palestinians who were forcibly displaced by Israeli armed forces in 1948 and 1967.

The crime of apartheid is made up of a range of acts that serve to maintain the systematic oppression and domination of Palestinians. This includes acts of brutal militarised violence against Palestinians include unlawful killing,⁴ arbitrary arrest and detention,⁵ torture,⁶ forcible transfer,⁷ and targeted repression of human rights defenders.⁸

¹ Amnesty International (2022) "Israel's apartheid against Palestinians: a cruel system of domination and a crime against humanity" <https://www.amnesty.org/en/latest/news/2022/02/israels-apartheid-against-palestinians-a-cruel-system-of-domination-and-a-crime-against-humanity/>

² Human Rights Watch (2021) "A Threshold Crossed Israeli Authorities and the Crimes of Apartheid and Persecution" <https://www.hrw.org/report/2021/04/27/threshold-crossed/israeli-authorities-and-crimes-apartheid-and-persecution>

³ B'tselem (2021) "A regime of Jewish supremacy from the Jordan River to the Mediterranean Sea: This is apartheid" https://www.btselem.org/publications/fulltext/202101_this_is_apartheid

⁴ Amnesty International (2021) "Israeli police targeted Palestinians with discriminatory arrests, torture and unlawful force" <https://www.amnesty.org/en/latest/news/2021/06/israeli-police-targeted-palestinians-with-discriminatory-arrests-torture-and-unlawful-force/>

⁵ Addameer (2022) "ADMINISTRATIVE DETENTION FACT SHEET 2022" <https://www.addameer.org/index.php/node/4665>

⁶ B'Tselem, "Torture and Abuse in Interrogation" <https://www.btselem.org/topic/torture>

⁷ Amnesty International (2022) "Israel's Apartheid Against Palestinians: Cruel System of Domination and Crime Against Humanity", pp.219-220, <https://www.addameer.org/index.php/node/4665>

⁸ Amnesty International (2021), "Israel/OPT: Designation of Palestinian civil society groups as terrorists a brazen attack on human rights" <https://www.amnesty.org/en/latest/news/2021/10/israel-opt-designation-of-palestinian-civil-society-groups-as-terrorists-a-brazen-attack-on-human-rights/>

Barclays Bank Complicity in Apartheid

Israel's militarised repression against Palestinians is carried out through Israeli state policy and practice, but it is maintained through the involvement of governments and business enterprises around the world.

Financial institutions in the UK provide investment, loans, and other financial services to companies supplying Israel with weapons and military technology used to oppress the Palestinian civilian population.

According to data obtained by Profundo⁹, Barclays holds £1,300,688,880 in shares of companies whose weapons, components, and military technology have been used in unlawful violence against Palestinians. In addition, Barclays provides £3,977,214,000 in loans and underwriting to these companies.

By providing investment and financial services to these arms companies, Barclays is facilitating the provision of weapons and technology for Israel's militarised repression of Palestinians, and lending legitimacy to those providing equipment for this purpose. Moreover, the provision of loans and other forms of credit aid these companies to grow, acquire new companies, and gain more market share.

Banks like Barclays may buy shares using their own money, or on behalf of other clients. Either way, Barclays is still profiting from the production of weaponry used in Israel's militarised repression of Palestinians.

The tables below show Barclays investments in, and Barclays loans and underwriting to, companies supplying Israel with weapons and military technology.

⁹ Profundo, July 2021

[Table 1: Barclays Bond and Shareholdings, July 2021, \$USDmillion]

Group	Group country	Shareholding (USDmln)
BAE Systems	United Kingdom	851
Boeing	United States	506
Caterpillar	United States	187
General Dynamics	United States	57
Ultra Electronics	United Kingdom	22
QinetiQ	United Kingdom	3
Elbit Systems	Israel	1
Total		1,627

[Table 2: Barclays Loans and Underwriting, January 2016-July 2021, \$USDmillion]

Group	Borrower Name	Loans (USDmln)	Underwriting (USDmln)	Total
Caterpillar	Caterpillar Inc	1,550	423	1,973
Boeing	Boeing Co	514	812	1,326
BAE Systems	BAE Systems PLC	476	286	761
Rolls-Royce	Rolls-Royce Plc	340	130	469
Raytheon Technologies Corp	United Technologies Corp	81	198	279
	Raytheon Co	125		125
QinetiQ	Qinetiq Group Plc	41		41
Total		3,126	1,849	4,975

Companies

BAE Systems

BAE Systems is one of the world's largest arms producers.¹⁰ Its portfolio includes fighter aircraft, warships, tanks, armoured vehicles, artillery, missiles, small arms ammunition, military electronics systems, and cybersecurity products. Weapons containing components manufactured by BAE Systems have been used in Israel's bombardments of the besieged Gaza Strip.¹¹ BAE Systems also cooperated with Lockheed Martin to develop F-35 fighter jets, which have been sold to Israel. An Israeli military spokesperson confirmed that F-35 fighter jets were utilised in Israel's May 2021 aerial bombardment of the Gaza Strip.¹² In addition, BAE Systems has worked in cooperation with Lockheed Martin and Rafael to produce and market the naval Protector drone used to maintain the siege of the Gaza Strip along the Mediterranean coast.

Boeing

Boeing is the second largest arms manufacturer in the world. It manufactures the Apache attack helicopter, and Hellfire missile, which have been utilised by Israel in numerous bombardments of the besieged Gaza Strip, including in 2014.¹³ In addition, the Boeing produced JDAM Guiding System, and Boeing's Dense Inert Metal Explosive (DIME) munitions, have been in Israel's repeated bombardments of the Gaza Strip.¹⁴

Elbit Systems

Elbit Systems is Israel's largest private arms company. Elbit supplies 85% of UAVs used by the Israeli army. During Israel's deadly bombardment and ground invasion of the Gaza Strip in 2014, a range of Elbit Systems produced weaponry was used.¹⁵ Elbit Systems also aided the construction and maintenance of Israel's illegal wall in the occupied West Bank.¹⁶ Elbit Systems equipment, including mounted guns and cameras are used on the illegal wall¹⁷, as part of Israel's mass surveillance of Palestinians living under its military occupation.

Elbit Systems is associated with the production of banned cluster munitions.

¹⁰ CAAT (2021) "BAE Systems" <https://caat.org.uk/data/companies/bae-systems/>

¹¹ Investigate, AFSC, "BAE Systems PLC". <https://investigate.afsc.org/company/bae-systems>

¹² Times of Israel (2021) "IDF says it launched major offensive on dozens of rocket launch tubes in Gaza" https://www.timesofisrael.com/liveblog_entry/idf-says-it-launched-major-offensive-on-dozens-of-rocket-launch-tubes-in-gaza/

¹³ Investigate, AFSC "Boeing". <https://investigate.afsc.org/company/boeing>

¹⁴ Investigate, AFSC "Boeing". <https://investigate.afsc.org/company/boeing>

¹⁵ WhoProfits, "Elbit Systems". <https://www.whoprofits.org/company/elbit-systems/>

¹⁶ Investigate, AFSC "Elbit Systems Ltd". <https://investigate.afsc.org/company/elbit-systems>

¹⁷ Investigate, AFSC "Elbit Systems Ltd". <https://investigate.afsc.org/company/elbit-systems>

In 2017, the Israeli military was upgrading its artillery system, and selected Elbit Systems to do so over European manufacturers, reportedly because systems from other manufacturers would not allow for firing cluster munitions.¹⁸

In early 2019 Elbit Systems claimed it would discontinue activity related to the production of cluster munitions. However, financial institutions have continued to exclude Elbit Systems for involvement in the production of controversial weapons, citing further information not publicly available. In November 2019, KLP, Norway's largest pension scheme, published a position paper outlining that Elbit Systems was excluded from its portfolio, stating that "it is clear that the company produces cluster munitions."¹⁹ Moreover, in January 2022, Australia's Future Fund banned investment in Elbit Systems due to its involvement in the production of cluster munitions, and other weaponry used in violations of international law.²⁰

Caterpillar

Caterpillar supplies the Israeli military with D9 bulldozers which are weaponised and used to demolish Palestinian homes, schools, villages, and civilian infrastructure, including sewage and water pipes – for the construction of illegal Israeli settlements on occupied Palestinian land.^{21 22} Caterpillar also provides equipment used to reinforce Israel's illegal wall in the occupied West Bank, and for the construction of illegal settlements and settlement infrastructure across the Occupied Palestinian Territory.

General Dynamics

General Dynamics is an American aerospace and defence company. General Dynamics Land Systems produces the Namer armoured vehicle for Israel.²³ The Israeli MoD stated that the tank was utilised in Israel's ground invasion of the besieged Gaza Strip in 2014. General Dynamics also produce gun systems that arm the F-16 and F-35 fighter jets²⁴. Both military aircrafts have been used in Israel's repeated bombardments of the besieged Gaza Strip. An Israeli military spokesperson confirmed that F-35 fighter jets were utilised in Israel's May 2021 aerial bombardment of the Gaza Strip.²⁵

¹⁸ Investigate, AFSC "Elbit Systems Ltd". <https://investigate.afsc.org/company/elbit-systems>

¹⁹ KLP (2019) 'Decision to exclude companies that produce controversial weapons' <https://www.klp.no/en/corporate-responsibility-and-responsible-investments/exclusion-and-dialogue/Decision%20to%20exclude%20companies%20that%20produce%20controversial%20weapons.pdf>

²⁰ The Guardian (2022) "Australia's Future Fund bans investment in Israeli defence contractor over cluster munitions allegations." <https://www.theguardian.com/world/2022/mar/10/elbit-systems-denies-making-cluster-bombs-after-australia-future-fund-bans-investment-in-it>

²¹ Investigate, AFSC, "Caterpillar Inc". <https://investigate.afsc.org/company/caterpillar>

²² Stop the Wall (2022) "Who is aiding Israel? Corporate complicity in Masafer Yatta ethnic cleansing" <https://stopthewall.org/2022/06/02/who-is-aiding-israel-corporate-complicity-in-masafer-yatta-ethnic-cleansing/>

²³ Campaign Against Arms Trade (2021) "Israel's arms suppliers". <https://caat.org.uk/data/countries/israel/israels-arms-suppliers/>

²⁴ Investigate, AFSC, "General Dynamics Corp". <https://investigate.afsc.org/company/general-dynamics>

²⁵ Times of Israel (2021) "IDF says it launched major offensive on dozens of rocket launch tubes in Gaza" https://www.timesofisrael.com/liveblog_entry/idf-says-it-launched-major-offensive-on-dozens-of-rocket-launch-tubes-in-gaza/

Ultra Electronics

Ultra Electronics is a British arms company acquired in 2021 by Cobham.²⁶ It works jointly with Israeli-government owned arms manufacturer Rafael and has applied to the UK government for numerous military export licenses to Israel. Ultra Electronics is involved in the construction of the F-35 fighter jet²⁷, used by Israel in its repeated aerial bombardments of the Gaza Strip.

QinetiQ

QinetiQ is the sixth largest UK arms company having been privatised from the MoD in 2001. It has received several export licenses to Israel.²⁸ QinetiQ has fulfilled contracts as part of the development of the British Army Watchkeeper WK450, jointly produced by Elbit Systems and Thales. Watchkeeper drones have been used by Israel to maintain the illegal blockade of the Gaza Strip.²⁹

Raytheon

Raytheon produces bunker buster bombs, used by Israel to target civilian homes during its 2014 assault on Gaza.³⁰ Raytheon also provides missiles for Israel's F-16 and F-35 fighter jets. In addition, Sa'ar missile ships with Raytheon Phalanx weapon systems are used to enforce the illegal naval siege of the Gaza Strip.³¹

Rolls-Royce

Rolls-Royce is a British manufacturer that produces military aircraft engines, naval engines, and cores for nuclear submarines.³² Rolls-Royce is involved in the United States F-35 Joint Strike Fighter program, which has exported fighter jets to Israel.³³

²⁶ Campaign Against Arms Trade "Ultra Electronics". <https://caat.org.uk/data/companies/ultra-electronics/>

²⁷ The Independent (2021) "Revealed: The British military hardware used in Israel's bombardment of Gaza" <https://www.independent.co.uk/news/uk/home-news/israel-gaza-uk-arms-exports-airstrikes-b1851734.html>

²⁸ Campaign Against Arms Trade "UK Export License Data" <https://caat.org.uk/data/exports-uk/overview?company=QinetiQ>

²⁹ War on Want (2013) "Killer Drones: UK Complicity in Israel's Crimes Against the Palestinian People" <https://waronwant.org/resources/killer-drones>

³⁰ War on Want (2017) "Deadly Investments", <https://waronwant.org/resources/deadly-investments>

³¹ Investigate, AFSC "Raytheon Technologies Corp", <https://investigate.afsc.org/company/raytheon-technologies>

³² Campaign Against Arms Trade, "Rolls-Royce" <https://caat.org.uk/data/companies/rolls-royce/>

³³ The Independent (2021) "Revealed: The British military hardware used in Israel's bombardment of Gaza." <https://www.independent.co.uk/news/uk/home-news/israel-gaza-uk-arms-exports-airstrikes-b1851734.html>

Response of Investors to Business Complicity in Israel's Military Repression

Financial institutions have a responsibility to avoid contributing to adverse human rights impacts. The UN Guiding Principles for Business and Human Rights outlines that all business enterprises must respect internationally agreed standards of human rights, wherever they operate. The UN High Commissioner for Human Rights (OHCHR) has published guidance clarifying that financial institutions must meet these standards, in both their direct activity and their business relationships.³⁴

A growing number of financial institutions, and other institutional investors, such as pensions funds and sovereign wealth funds around the world, have severed their relationships with companies supplying weapons, components, and military technology used in unlawful violence against Palestinians.

Elbit Systems has been subject to divestment by a range of investors, citing its association with the production of banned weaponry, and its complicity in violations of fundamental ethical norms.

Timeline of Selected Divestments:

September 2009: Norway's Ministry of Finance excludes Elbit Systems from the Government pension fund, citing its contribution to "particularly serious breaches of basic ethical norms."³⁵

March 2010: The largest Swedish pension fund, Foersta AP-Fonden, bans investment in Elbit due to its links "to violations of fundamental conventions and norms."³⁶

July 2014: Dutch Delta Lloyd Asset Management excludes Elbit from their portfolio, citing Elbit's role in the production of controversial weaponry.³⁷

December 2018: HSBC divests from Elbit Systems³⁸, following months of pressure from human rights campaigners. In the same month, AXA IM withdraws direct investments from

³⁴ OHCHR (2017), "OHCHR response to request from BankTrack for advice regarding the application of the UN Guiding Principles on Business and Human Rights in the context of the banking sector"

<https://www.ohchr.org/sites/default/files/Documents/Issues/Business/InterpretationGuidingPrinciples.pdf>

³⁵ BDS Movement (2009) "Norwegian Pension Fund divests from Israeli military giant Elbit"

' <https://bdsmovement.net/news/norwegian-pension-fund-divests-israeli-military-giant-elbit>'

³⁶ Haaretz (2010) "Swedish Pension Fund Bans Investment in Israeli Company on Ethical Grounds"

<https://www.haaretz.com/1.5047915>

³⁷ Stop the Wall "#StopElbit Timeline" <https://stopthewall.org/stop-elbit/stopelbit-timeline/>

³⁸ Palestine Solidarity Campaign (2018) "PRESS RELEASE: Banking giant HSBC divests from Israeli arms manufacturer" <https://www.palestinecampaign.org/press-release-banking-giant-hsbc-divests-from-israeli-arms-manufacturer-following-pressure-from-human-rights-campaigners/>

Elbit Systems, citing the company's involvement in the production of banned cluster munitions.³⁹

November 2019: KLP, Norway's largest pension scheme, publishes a position paper, outlining that Elbit Systems is excluded from its portfolio for "breach of the weapons criterion." The paper states it is "clear that the company produces cluster munitions."⁴⁰

March 2022: Australia's Future Fund, a sovereign wealth fund, bans investment in Elbit Systems citing its involvement in the production of banned weaponry.⁴¹

³⁹ Business and Human Rights Resource Center (2019) "French investment firm AXA partially divests from Israeli Arms Manufacturer Elbit Systems" <https://www.business-humanrights.org/en/latest-news/french-investment-firm-axa-partially-divests-from-israeli-arms-manufacturer-elbit-systems/>

⁴⁰ KLP (2019) "Decision to exclude companies that produce controversial weapons" <https://www.klp.no/en/corporate-responsibility-and-responsible-investments/exclusion-and-dialogue/Decision%20to%20exclude%20companies%20that%20produce%20controversial%20weapons.pdf>

⁴¹ The Guardian (2022) "Australia's Future Fund bans investment in Israeli defence contractor over cluster munitions allegations." <https://www.theguardian.com/world/2022/mar/10/elbit-systems-denies-making-cluster-bombs-after-australia-future-fund-bans-investment-in-it>

Recommendations

In its human rights statement, Barclays commits to “not participate in the condoning of human rights violations” and to be a “positive role model through the conduct of our business globally.”⁴² Moreover, in its Defence Sector Policy, Barclays claim that it aims to ensure that defence exports it finances are not used to “support unjustified external aggression.”⁴³

In order to address the findings outlined above and comply with its own stated policies on human rights and the defence sector, Barclays must take immediate actions to prevent further contribution to adverse human rights impacts through its financial relationships with companies providing Israel with weapons, components, and military technology used in militarised violence against Palestinians.

- 1:** Barclays should publicly commit to end all investment and provision of financial services to companies where there is credible evidence their equipment has been used in violence against civilians, including the nine companies outlined in this report.
- 2:** Barclays should conduct enhanced human rights due diligence with regard to all companies whose products, equipment, and services are used in Israel and the Occupied Palestinian Territory because of the situation of prolonged illegal occupation and apartheid.
- 3:** If adverse human rights impacts are identified, Barclays should cease all business relationships with these companies to avoid complicity in violations of international law, including in the crime of apartheid. Policies and processes should be established to ensure companies causing adverse human rights impacts are excluded at every level of Barclays business and financial relationships.

⁴² Barclays Group (2016) “Barclays Group Statement on Human Rights”<https://home.barclays/content/dam/home-barclays/documents/citizenship/our-reporting-and-policy-positions/policy-positions/Barclays-Statement-on-Human-Rights-2016.pdf>

⁴³ Barclays Group (2015) “Barclays Statement on the Defence Sector”
<https://home.barclays/content/dam/home-barclays/documents/citizenship/our-reporting-and-policy-positions/policy-positions/Barclays-Statement-on-the-Defence-Sector.pdf>