The European Aeronautic Defense and Space Company (EADS) is a pan-European arms producer. It is an example of formerly national organised defence industries merging for more profit and better access to export markets. EADS is contaminated with all the disgraces of the arms industry: It sells weapons to human rights violators, it produces nuclear weapons and it is subject to fraud investigations.
ABOUT EADS
EADS was formed on 10 July 2000 by the merger of Aérospatiale-Matra (France), DaimlerChrysler Aerospace (DASA; Germany) and Construcciones Aeronáuticas (CASA; Spain). EADS has some 120,000 employees and has locations in 46 countries all over the world.[1] It is involved both in civil and military production and development, including aircraft, missiles, communication systems and satellites. The Swedish peace research institute SIPRI ranks EADS as the world’s 7th largest arms-producing company (2008, 2009) and as the second largest in Europe after British BAE Systems.[2] The military sector generates approximately 27% of EADS total revenues (about 12.4 billion euro out of 45.8 billion euro in 2010).[3]

Military production

EADS main military division is Cassidian, formerly called ‘EADS Defence & Security’. It employs 28,000 persons.

Cassidian has three business units:
- Electronics: develops and manufactures sensors, avionics and electronic warfare systems for military and security applications;
- Air Systems: produces combat and manned mission aircraft and unmanned aerial vehicles (UAVs), offers training programmes and facilities;
- Systems: produces systems for command and control, lead system integration and communication systems.

Cassidian has two other operating companies:
- MBDA (jointly owned by EADS, British BAE Systems and Finmeccanica from Italy): MBDA makes missiles; including missiles for nuclear loads.
- Eurofighter (jointly owned by EADS, BAE Systems and Alenia Aeronautica from Italy): The Eurofighter Typhoon is a combat aircraft.

Cassidian has locations in Europe (Belgium, Finland, France, Germany Greece, Hungary, Italy, Romania, Spain and the United Kingdom), America (Brazil, Canada, Mexico and the United States), Asia (China, India and South Korea) and the Middle East and North Africa (Morocco, Saudi-Arabia and the United Arab Emirates).[5]

Revenues over 2010 were 5.9 billion euros, an 11% increase compared to 2009, due to growth in Eurofighter, newer security segments and missile businesses.[6]

Other EADS units that are notably involved in military production:
- Airbus Military: military transport aircraft (main location: Spain);
- Astrium: aerospace technology, military satellite communications services (main locations: Czech Republic, France, French Guyana, Germany, Netherlands, Poland, Spain, United Kingdom, United States)
- EADS CASA: military transport aircraft (main location: Spain)
- Dassault Aviation: military aircraft (main locations: France, India, Taiwan, Brasil, Greece, Switzerland, United Arab Emirates)
- Patria: armoured vehicles, defence electronics, mortar systems (main location: Finland)
- EADS 3 Sigma: unmanned aerial vehicles (UAV’s or drones) (main location: Greece)
- Eurocopter: military helicopters and support (main locations: France, Germany, Spain).
EADS divisions, operating companies and other units

<table>
<thead>
<tr>
<th>Divisions</th>
<th>Other Units</th>
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<tr>
<td>Airbus</td>
<td>ATR (50%)</td>
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<td>Airbus Military</td>
<td>EADS North America:</td>
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<td>Astrium Military</td>
<td>- American Eurocopter</td>
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<td>Cassidian</td>
<td>- Cassidian Communications</td>
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<td>Socata (30%)</td>
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<td>EADS CASA</td>
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<td>Ariane (30%)</td>
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<td>EADS3 Sigma</td>
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Operating Companies

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<th>Premium Aerotec</th>
<th>Astrum Satellites</th>
<th>Cassidian Electronics</th>
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<tr>
<td>Aerolia</td>
<td>Astrum Services</td>
<td>Cassidian Air Systems</td>
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<td>EADS Sogerma</td>
<td>Astrum Space Trans-</td>
<td>Cassidian Systems</td>
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<tr>
<td>Elbe Flugzeugwerke</td>
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<td>MBDA (37.5%)</td>
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<td>Eurofighter (46%)</td>
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Other Units

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Ownership structure

EADS has a so-called 'Contractual partnership' to keep a majority of the EADS shares (now 50.39%) in the hands of the founding companies. The partnership consists of: French SOGEADE (22.46% of EADS shares), owned by French state holding company SOGEPA and Désirade (a subsidiary of Lagardère and former owner of Aérospatiale-Matra), German DASA (22.46%), owned by Daimler-subsidiary DLRH and a consortium of private and public-sector investors (Daimler has voting rights for the whole of these shares); and Spanish SEPI (5.47% of EADS shares), completely owned by the Spanish state. The remaining 49.61% of the share capital is held by the public, the company itself and the French State—[8]

In February 2011 Daimler announced it wants to sell all or part of its remaining shares in EADS.[9] The German government, keen on keeping German interests in EADS and on maintaining the German-Franco power balance in the company, entered in talks with Daimler to ensure these goals. Options that were named were another German company buying the shares, though there doesn’t seem to be a real interested party for this, or the state itself doing this. Another option could be the so-called 'golden share option', which would guarantee Germany and France veto rights over strategic issues. This solution could however face EU regulatory roadblocks.[10]

Contractual Partnership

- 22.45% Sogeade (Lagardère and French state holding company Sogepa)
- 22.45% Daimler
- 5.47% SEPI (Spanish state holding company)

Free float

- 0.06% Shares held out of the contractual partnership by the French state
- 49.17% Institutional, retail and employee ownership
- 0.40% Treasury shares (without economic or voting rights)

Total number of outstanding shares: 816,876,719
thereof with voting rights: 813,599,725 (status as of 31 March 2011)
EADS AND THE NETHERLANDS

For financial (tax) and legal reasons the head office of EADS is based in The Netherlands.\[11\] EADS writes about their choice for the Netherlands: “Given the international nature of the merger - and the lack of any uniform regulations concerning an operation of this type - the founders had to establish the new company in a neutral European Union country, that would offer the flexibility needed to account for the specific characteristics of the constituent businesses and management of the new group.”\[12\]

The EADS head office used to be at Schiphol, but nowadays is located in Leiden, on the site of Dutch Space. In July 2006 Dutch Space became fully owned by Astrium NV (the former EADS Space BV).\[13\] Dutch Space has approximately 200 employees and an annual turnover of 52 million euros (2009).\[14\] The company is involved in the development of components for the Ariane 5 rocket launch system.\[15\] It also develops ‘MATE’, a portable unmanned vehicle (UAV) for close-range reconnaissance.\[16\]

Dutch Space works closely with the Nationaal Lucht- en Ruimtevaartlaboratorium (NLR; National Aerospace Laboratory) in the development of technology for fighter pilot training.\[17\] Lockheed Martin contracted both companies for the development of a training system for the Joint Strike Fighter.\[18\]

CONTROVERSIAL CUSTOMERS

“Cassidian will soon be a distinguished and reputable name for global security solutions.”

EADS sales profits from the loopholes of the European arms export regulations and sells to military customers all over the world, showing little regard for human rights, repression and threat of war.

Armed helicopters build by EADS companies (mainly Eurocopter) or their predecessors are sold to, amongst others, Angola, Burma, Chad, China, Colombia, Côte d’Ivoire, Israel, Morocco and Taiwan.

MBDA (and predecessors)-produced missiles are sold to, amongst others Algeria, Angola, Cameroon, Chad, China, Chile, Colombia, Egypt, India, Iran, Israel, Kenya, Lebanon, Libya, Malaysia, Morocco, Oman, Pakistan, Philippines, Saudi Arabia, Syria, Taiwan, Thailand, Turkey, the United Arab Emirates (UAE), Uruguay, Venezuela and Yemen.

EADS arms used by all three parties in Libya war

In the war in Libya in 2011 EADS-produced arms are used not only the by the international coalition, but also by the Khadaffi-regime and by the rebels.

Since the EU lifted its arms embargo against Libya in 2004, EADS has done good business with the Khadaffi-dictatorship. France was one of the countries pleading hardest for the lifting of the arms embargo. In 2007 French-based MBDA got a contract worth 168 million euros to supply Libia with MILAN 3 anti-tank missiles, followed by a 2009 2.5 million euros deal to deliver “material for bombs, torpedoes, rockets and missiles”.\[19\] In 2009 EADS was present on the LAVEX arms fair in Tripoli.

During the war, the same MBDA-produced MILAN 3 anti-tank missiles are provided to the Libyan rebels, through Qatar. At the same time the British Royal Air Force uses Eurofighter Typhoon aircraft to attack Khadaffi-supportive troops and strongholds.\[20\]
Arms to human rights violators: China, Saudi-Arabia and Kazachstan

Two important clients of EADS are China and Saudi Arabia. Upcoming is Kazachstan. These countries are governed by dictatorial regimes based on harsh repression, human rights abuses and severe censorship.

Nevertheless, “China is playing an ever important role for the EADS Group with the largest portfolio and range of cooperative programmes” and “EADS Defence & Security has been very successful on the Chinese market during the first months of 2010.”[21] Most of the cooperation focuses on commercial aircraft, but EADS sees China as an “important market for helicopters and secure communications” as well.[22] EADS considers the export of civil goods to China a springboard for military and security-related exports wherever the EU arms embargo against China gives room for it.

Saudi Arabia has bought dozens of aircraft from EADS, for example 72 Eurofighter Typhoons in 2005, with delivery starting in June 2009.[23] One year later it reportedly ordered 132 helicopters of various types in a 6.9 billion euro deal, but this fell through.[24] In 2008 Saudi Arabia ordered three Airbus Military A330 MRTT aircraft, with an order for an additional three in 2009.[25] In 2008 Saudi Arabia also placed an order for a Surface-to-Air Missile Operations Centre (SAMOC) from EADS Defence & Security.[26] And in 2010 it signed a deal with MBDA to acquire the Storm Shadow cruise missile, as part of a Tornado strike aircraft update package.[27]

Kazakhstan, governed by autocratic leader Nazarbaev, has been criticized for human rights violations by Amnesty International and Human Rights Watch for years. Despite this EADS has developed a close relationship with Kazakhstan, including several partnership and cooperation agreements.[28] MBDA was present at the arms fair KADEX 2010 in the capital Astana.[29]

In October 2010 EADS and Eurocopter signed a Memory of Understanding with the Kazakhstan Ministry of Defence concerning the sale of 45 EC145 helicopters.[30] In turn, Kazakhstan is an important supplier of titanium – a raw material for the aerospace industry – to EADS.[31]

Arms sales to countries with threat of armed conflicts

EADS has sold arms to countries that, apart from issues of internal human rights violations, have (border) conflicts with their neighbours, sometimes to both sides in such conflicts.

India and Pakistan have a long-running conflict about the Kashmir region, causing several wars and military clashes. Tensions are fueled by nuclear weapon capabilities of both countries. India has been an important customer for EADS military products for a long time and is described by the company as one of its 'key markets'.[32] In February 2009 Cassidian opened India's first defence oriented engineering centre operated by a foreign company in Bangalore. According to Cassidian CEO Zoller “a perfect example of our commitment to increase our industrial footprint in this rapidly growing country and to create a wide range of opportunities for industrial cooperation.”[33] In the same month Cassidian started a joint venture with Indian engineering conglomerate Larsen & Toubro to design and manufacture products for military applications.[34] On a smaller scale EADS sells military products to the Pakistan military as well. Recent deliveries include AS350 B3 Ecureuil helicopters to the Pakistan air force.[35]

Colombia and Venezuela are both military customers of EADS. They have had a tense relation for decades, in recent years culminating in small armed border clashes and a lot of verbal clashes about Venezuela's alleged support of FARC guerrillas.

The Colombia air force and navy operate Airbus military aircraft[36]. The Venezuelan air force ordered the same aircraft as well, but this deal was blocked by the United States.[37] It does fly
Eurocopter military transport helicopters though and in February 2011 ordered another eight AS532 Cougars from Eurocopter.[38] Venezuela and Colombia both have the Exocet anti-ship missile in use, build by a predecessor of MBDA.[39]

**Emerging markets as response to crisis**

The first three months of 2011 saw a decline in revenues to €878 million euros from €928 million euros in the first quarter of 2010. In its result report EADS says “Cassidian is beginning to feel the first pressure from the home countries’ defence budget situation […] in terms of delayed order intake […]”.[40] In March 2011 EADS announced it will cut 600 jobs at Cassidian as part of a plan to save €400 million euros over three to four years.[41] Also part of this plan is a change of structure in which the existing business units of Cassidian will be replaced by two organizations to manage existing relations with customers and help identify emergent business opportunities.[42] All the more reason to develop new export markets outside Europe.

EADS fuels the arms race in Latin America, not only with the abovementioned sales to Colombia and Venezuela, but also with arms deliveries to Brazil and Chile, that in recent years have spent billions of euros on new arms.[43] Cassidian CEO Zoller names Brazil as one of the fast-growing markets in which investment will increase. The other growth markets is the Middle East, another region with high defence spending and lots of regional and internal tensions. With Cassidian aiming to double its sales from €6 to €12 billion euros by 2020 it expects 60% of those to come from these ‘new markets’ while the total value of orders from Europe is predicted to remain at its current level. “It’s not that business in the home markets is disappearing, it’s just not growing,” according to Zoller.[44]

**BORDER AND HOMELAND SECURITY**

“A police unit provides a live video stream of demonstrators. Programmes scan the footage automatically for unusual movement and known suspects. The field commander gets a multimedia message to his TETRA device. A known agitator has been spotted. The picture is delivered together with the relevant information and the commander takes action…”[45]

As for almost all large defence companies after 9/11, security business is of increasing importance for EADS. On the one hand the division between security and defence is diminishing, especially with regard to anti-terrorism measures and homeland security, and on the other hand there is a aim to neutralizing all possible ‘risks’ by technocratization of security, from the prevention of ‘illegal’ immigration to the detection of ‘suspicious’ behaviour in crowds.

Cassidian CEO Zoller again: “Company projections show that EADS’ security business will account for 50 percent of the sales of its Cassidian unit (formerly EADS defence and Space) by 2020, up from 20 percent in 2009.”[46] EADS profits heavily from EU-funded security research programmes.[47]

**Border security**

“The border security applications developed by Cassidian merge information derived from airborne sensors, sensors in space or on the ground, alerting authorities in cases of illegal immigration, smuggling or pollution and providing efficient tools to coordinate responses to such threats.”[48]

According to Zoller EADS has won all of the recent major international border security contracts: Following a contract signed in 2007 EADS build a border and maritime security system (National Security Shield) for Qatar.[49]
In July 2009 EADS Defence and Security was awarded a contract to build a high tech border security fence for the full borders of Saudi-Arabia. The deal, which was estimated to over 2 billion euros, also includes radar, camera and communication equipment.[50]

EADS Defence and Security delivered 4000 radios for guarding Bulgarian state borders.[51]

The Cassidian Border Security Project SISF provided the Romanian Border Police with a TETRA (Terrestrial Trunked Radio) network and a TETRA national platform for all governmental security forces in the border counties.[52]

With the sales to security forces in Bulgaria and Romania EADS helps to heighten the walls of 'Fortress Europe', preventing so-called 'illegals' from entering the European Union. EU border and asylum policies have been severly criticized by all major human rights organisations as well as the European Court of Human Rights..

EADS also provides an integrated maritime security system for the Tanger Med port in Morocco: “Designed to face carefully analysed threats, the system features seaside surveillance based on field-proven detection and identification sensors. Landside protection is ensured by layers including perimeter fences, intelligent video-surveillance, and an access control system including biometry, fully consistent with commercial port operations.”[53]

Homeland security

Another profitable new market for EADS are police forces, including some in countries known for human rights violations. Especially surveillance aircraft and the TETRAPOL radio network are popular products:

During the arms fair IDEX in Abu Dhabi in 2009 a contract was signed between EADS and the Abu Dhabi Police General Headquarters to develop a plan for an integrated police security system for the emirate.[54]

In December 2009 EADS Defence and Security was awarded a contract by the German Bundeswehr to set up a radio network (TETRAPOL[55]) for the police in Djibouti, to enable it to carry out nationwide operations.[56] February 2011 police opened fire on opposition demonstrators. “Human rights defenders’ work was scrutinized by government authorities to harass and intimidate them from carrying out lawful activities”, according to Amnesty International's 2010 Annual Report.

A TETRAPOL network was also provided to the Brazilian Federal Police in the Ceara state.[57] Amnesty International secretary-general Salil Shetty criticised human rights violations by the police in Brazil in April 2011, adding: “There has been a long history of police violence in Brazil.”[58]

In September 2010 the Namibian Police received its second Eurocopter AS350 B3 helicopter. The accompanying press release noted that “Namibia’s Police Airwing joins similar units in South Africa, Botswana and Angola that also operate AS350 aircraft.”[59]
CONTROVERSIAL WEAPONS

“EADS SPACE Transportation is prime contractor for the ballistic missile systems in France’s nuclear deterrent force. The company is responsible for the development and production of the M45 and M51 submarine-launched missiles, as well as for their operating systems and maintenance. Since 1971, the company has overseen the development of five generations of strategic missiles, helping to ensure that France’s nuclear deterrent force is effective and operational at a moment’s notice.”[60]

Nuclear weapons

Missile developing and manufacturing company MBDA is owned by Europe's three largest weapons producers: BAE Systems (37,5% of the shares), EADS (37,5%) and Finmeccanica from Italy (25%). Among other things MBDA is involved in nuclear weapons development and production for the French military. Because of its involvement in MBDA EADS is excluded from investments by the Norwegian Government Pension Fund, that mentions MBDA's production of the ASMP-A missile for the French air force, to be fitted with a nuclear warhead. And the development of the M51 Missile, in which Astrium Space Transportation is also involved.[61]

EADS is also responsible for the development, production and maintenance of the M45, the current nuclear missile of the French navy.[62]

Drones

Cassidian and EADS 3 SIGMA are heavily involved in the development and production of unmanned aerial vehicles (uavs or drones). Drones are controversial because they minimize the risk for the military operator, and put the target on extreme (sometimes global) distance, thus lowering the threshold to use violence. Armed drones are notorious for their use in extrajuridical executions.[63]

EADS is partner in the EU-funded drones development project OPARUS together with - amongst others - Israel Aircraft Industry (IAI).[64] IAI developed many kinds of drones for the Israeli Defence Force, which were used in the war against the Palestinian people.

The Harfang drone is already in use by the French air force in Afghanistan, but most EADS UAV-systems are still in the development phase.[65] This includes the Barracuda, which could be armed for combat operations.

Cassidian works in close collaboration with Turkish Aerospace Industries (TAI) in the Talarion programme for the development of a next-generation Medium Altitude Long Endurance (MALE) Unmanned Aerial System (UAS).[66]

Cluster munitions

In 2006 EADS ended its ownership of TDA, producer of cluster munition.[67]
ACCUSATIONS OF CORRUPTION

EADS has been accused of corruption several times in military as well as in non-military related cases:

In South Africa the former managing director of EADS South Africa was arrested on corruption charges in an arms deal which involved former ANC Tony Yengeni. The charges against the EADS director were withdrawn after Yengeni agreed to a plea bargain with the state, in which he was acquitted in the EADS-related case, and was sentenced to four years in prison on other accounts.\[68\]

In 2005 Singaporean national Eng Heng Chiaw was arrested and sentenced to eight weeks in prison for offering half a million dollars to an executive of Singapore’s Defence Science and Technology Agency, in exchange for information on tender bids in a defence ministry contract for the naval helicopters. Initially he was linked to EADS, which was named in the original charge, but this was dropped later. EADS denies any involvement.\[69\]

Several high-placed EADS executives are under investigation in France on insider trading accusations. They were accused of selling stock options in 2006 in the knowledge that EADS’ share price would slump when production delays at Airbus, its plane-making division, became known. In a surprise decision the French Autorité des Marchés Financiers (AMF) cleared them of all charges in December 2009. Criminal charges are still pending.\[70\] Early 2011 French judges decided to pursue charges with insider trading against the companies Daimler and Lagardère themselves as well.\[71\]

Finnish arms producer Patria, partly owned by EADS, was investigated on corruption allegations with respect to a 2006 armoured vehicles deal with Slovenia. Several Patria employees were questioned by Finnish authorities about the bribing of Slovenian senior political figures and its former CEO was arrested. Further legal proceedings are still pending, with Slovenia trying to cancel the vehicles deal.\[72\] Patria is also subject of an ongoing investigation about possible bribery in connection with a 1999 artillery gun deal with Egypt.\[73\]

In 2007 two former EADS managers were sentenced to prison for accepting hundreds of thousands of dollars from subcontractors in relation to contracts for the digitalization of technical manuals, including for the Tornado fighter plane.\[74\]

In 2010 the WTO ruled the EU paid illegal subsidies to EADS division Airbus through risk-free loans, and research and infrastructure funding. The EU announced it would appeal the decision.\[75\]