

[Unofficial English translation]

Introduction

The exclusion of EADS from the investment universe of the Government Pension Fund – Global has been reviewed.

There is no longer a basis for exclusion of the company from investments related to involvement in the production of cluster munitions.

The recommendation to exclude the company is however upheld because the company is involved in production of key components to nuclear weapons.

Background

On 16 June 2005, the Advisory Council on Ethics for the Government Petroleum Fund submitted its recommendation on exclusion of companies that are involved in the production of cluster munitions.¹ The company EADS (European Aeronautic Defence and Space Company) was among the companies that were recommended for exclusion.

The basis for the exclusion of EADS was that the company in a letter to Norges Bank dated June 8, 2005, stated that the company owned the company TDA in a joint venture with the company Thales S.A. Moreover, EADS stated that TDA produced the mortar ammunition PR Cargo, which the Council considered to be cluster ammunition according to the Fund's ethical guidelines.

In a new letter to Norges Bank, dated 21 March, 2006, EADS stated that the company no longer is an owner of TDA and, thus, that there is no longer a basis for exclusion of the company from investments related to involvement in production of cluster munitions.

On 19 September 2005, the Council submitted its recommendation on exclusion of companies that develop and produce nuclear weapons.² EADS is mentioned in this recommendation because of its ownership in the company MBDA and its involvement in the development of the nuclear missile M51. Because EADS had already been excluded for its involvement in production of cluster munitions, the company was not again recommended for exclusion on the basis of its involvement in the production of nuclear weapons.

Further details on MBDA and M51

¹ See <http://odin.dep.no/etikkradet/english/documents/099001-210003/dok-bn.html>

² See <http://odin.dep.no/etikkradet/english/documents/099001-990075/dok-bn.html>

EADS owns 37,5% of the company MBDA.³ MBDA is, according to *Jane's Air Launched Weapons*⁴, under contract to develop the ASMP-A missile for the French Air Force. ASMP-A is described as a "nuclear warhead air-to surface missile". ASMP-A will, according to *Jane's*, be fitted with a nuclear warhead supplied by the French Government's CEA (*Commissariat à l'Énergie Atomique*). The contract was signed in 1996 and final deliveries will be made in 2008.

MBDA displays components of ASMP-A on its internet homepage.⁵ ASMP-A is not known to have applications other than to deliver nuclear warheads.

EADS is also involved in the development of the M51 missile.

Jane's Missiles and Rockets wrote on 2 February, 2005⁶: "EADS SPACE Transportation has signed a contract with the French armament procurement agency (DGA) for production of the M51 submarine-launched ballistic missile (SLBM) The contract covers series production of the M51 weapon system for a period of 10 years. Worth more than EUR3 billion (US\$4 billion), it includes a fixed tranche and several conditional options. EADS SPACE Transportation is prime contractor for the programme, while SNECMA, SNPE, DCN, Thales and Sagem are the main subcontractors...The M51 missile will enter service in 2010 on board the ballistic-missile submarine *Le Terrible*, followed by *Le Vigilant*, *Le Triomphant* and *Le Téméraire* after retrofit...The new missile weighs more than 50 tonnes compared with the 35 tonnes of the current M45. Maximum range will be more than 6,000 km, with altitudes of up to 1,000 km at the peak of its trajectory. It has an increased payload capacity and a higher accuracy than the M45. The M45 can carry up to six TN-75 warheads, each with an estimated yield of 100 kT."

This information pertains to the development of a new missile system (M51) for strategic nuclear weapons for the French navy. Exact data for the weapons are not publicly available, but it is compared to the existing M45, which has six warheads, each with a yield equivalent to 100 000 tons of TNT.

EADS has also described the development of M51 on its own homepages: "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."⁷

In its letter to Norges Bank dated 21 March 2006, EADS confirms its involvement in MBDA and in the development of the M51: "On the other hand, our participation in MBDA and in the French M51 program is unquestionable. Unjustified association of EADS with cluster bomb business could impact EADS reputation in Norway."

³ Ownership structure described on MBDA's homepage:

http://www.mbda.net/site/FO/scripts/siteFO_contenu.php?lang=EN&noeu_id=37

⁴ Database supplied by Jane's Information Group, see www.james.com

⁵ http://www.mbda.net/site/FO/scripts/siteFO_contenu.php?noeu_id=77&lang=ENU

⁶ Database supplied by Jane's Information Group, see www.james.com

⁷ See <http://www.eads.com/web/lang/en/1024/content/OF00000000400004/6/03/31000036.html>

The Council has previously considered missiles that have no other application than to deliver nuclear warheads to be key components to nuclear weapons.⁸ Thus, by contributing to the production of the ASMP-A and M51 missiles, the Council regards EADS as being involved in the production of key components to nuclear weapons.

Recommendation

The Council on Ethics for the Government Pension Fund – Global finds that the basis for excluding EADS from investments related to production of cluster munitions is no longer valid.

At the same time, it is clear that the company is involved in the production of nuclear weapons in a way that render recommendation of exclusion from the Fund. The recommendation to exclude EADS from the Government Pension Fund – Global is therefore upheld. The basis for the exclusion is that the company contributes to the production of key components to nuclear weapons.

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⁸ See <http://odin.dep.no/etikkradet/english/documents/099001-990075/dok-bn.html>