

CPP Investments in the World's Top War Industries

Over the past five years, the government-appointed and mandated Canada Pension Plan Investment Board (CPPIB) has used the retirement savings of Canadians to buy shares in many of the world's top weapons manufacturers. As the table below indicates, CPP investments grew from about \$600 million in 2005 to a 2008 peak of over \$1 billion in firms ranked by *Defense News* magazine as the globe's top 100 military manufacturers.

Due to a sell-off in shares, the value of CPP holdings in these top war industries was down 70% from 2008's \$1 billion peak to about \$300 million in March, 2009. This returns the CPP's investments in these particular war industry to 2003 levels when its shares in these firms were valued at \$235 million.

In 2003, the Coalition to Oppose the Arms Trade (COAT) published extensive details about CPP investments in hundreds of Canadian and foreign military industries. In October of that year,

Press for Conversion! (issue #52) called "Operation Embedded Complicity: Canada, Playing our Part in the Business of War," was used to launch a COAT campaign. Through that effort, COAT awakened many thousands of Canadians to many disturbing facts about how their pension money was being invested. COAT was first among several Canadian organisations to highlight CPP investments in corporations that adversely effect peace, the environment, human rights and health.

Understandably—from the CPPIB's strictly profit-oriented perspective—the bigger the global weapons industry, the more attractive it looks as an investment. Therefore, the higher a war industry's revenue from military production, the higher the chances that CPP money will flow to that corporation. For instance, over the past five years the CPP has invested in:

- 100% of world's top 10 war industries.
- 87% of world's top 15 war industries.
- 72% of world's top 25 war industries.
- 50% of world's top 50 war industries.
- 35% of world's top 100 war industries.



Among the world's "top ten" war industries are eight companies (see below) that were the prime contractors for 80% of all the weapons systems shown on pages 40 to 48 of this issue of *Press for Conversion!* All of the weapons systems listed in this issue have two things in common:

- (1) Canadian military industries exported major parts and/or services that were used in their manufacture, and
- (2) they have been deployed in major numerous armed conflicts, including the current war in Iraq since 2003.

CPP Investments in Top 100 Global Weapons Makers

RANK 2008	World's Top Ranking War Industries	Country	Revenue from Military (%)	CPP Investments (in millions of Cdn \$)				
				2005	2006	2007	2008	2009
1	Lockheed Martin	USA	92.5	5	27	37	34	3
2	BAE Systems	UK	95	2	24	13	0	0
3	Boeing	USA	48	9	71	62	64	1
4	Northrop Grumman	USA	77	5	44	41	40	5
5	General Dynamics	USA	79	3	25	27	55	0
6	Raytheon	USA	93	4	20	21	37	2
7	EADS	Nether.	21.3	7	26	16	2	10
8	L-3 Communications	USA	81	2	5	3	17	0
9	Finmeccanica	Italy	53.6	5	18	21	17	2
10	United Technol.	USA	16	8	56	53	57	3
13	ITT	USA	46.7	2	9	10	9	5
14	KBR	USA	68.2	0	0	0	0	2
15	Honeywell	USA	14.5	1	34	31	45	4
17	Rolls-Royce	UK	29.6	1	8	13	0	0
18	General Electric	USA	26.8	323	364	318	347	4
19	Navistar	USA	3.6	0	0	0	0	10
21	Computer Sciences	USA	24.2	11	21	18	13	15
23	Textron	USA	17.8	1	10	5	12	0
26	Mitsubishi Heavy	Japan	1	90	21	44	28	29
33	Harris	USA	39.1	0	0	0	0	5
34	Rockwell Collins	USA	50.5	2	10	9	8	1
38	Dassault Aviation	France	43	3	0	0	0	0
46	Babcock International Grp.	UK	57.7	0	0	0	2	0
49	Mitsubishi Electric	Japan	2.4	16	14	47	34	24
50	Kawasaki Heavy	Japan	6	0	5	10	6	7
54	Singapore Tech. Engineering	Singapore	33	1	0	0	0	0
58	NEC	Japan	1.6	9	15	19	23	18
61	Fluor	USA	3.9	0	0	0	14	2
62	Jacobs Engineering	USA	6.9	0	0	0	0	3
71	Samsung Techwiche	S. Korea	35.2	0	0	0	5	3
79	CAE	Canada	42.6	NA	46	68	52	24
94	Korea Aerospace	S. Korea	61.4	61	0	0	0	0
95	Fujitsu	Japan	0.9	17	26	29	6	16
97	Hyundai	S. Korea	21.6	2	66	51	83	59
98	Accenture	USA	14.2	2	27	41	41	44
CPP annual totals (in millions of Cdn \$)				592	992	939	1051	301

CPP Invests in Prime Contractors of Weapons Systems used in Iraq, containing Canadian Parts

Prime Contractors	RANK 2009	COUNTRY	CPP 2008 (millions of Cdn \$)	Major Weapons Systems (see pages 40-48)
Agusta Westland (owned by Finmeccanica)	9	Italy	2	Lynx
BAE Systems	2	UK	1	AV-8, M2/M3, M109, MR2
Boeing	3	USA	1	AH-64, B-1, B-52, C-17, CH-46, CH-47, E-3, F-15, F/A-18, KC-10, KC-135, MH-47, RC-135
EADS	7	France	10	CN-235
Lockheed Martin	1	USA	3	AC-130, C-5, C-130, EC-130, F-16, F-117, M-270, MC-130, P-3, S-3, U-2
Northrop Grumman	4	USA	5	B-2, E-2, E-3, E-8, EA-6B, F-14, MQ-8B, RQ-4
Raytheon	6	USA	2	BGM-109
Sikorsky (owned by United Tech.)	10	USA	3	CH-53, HH-60, MH-53, MH-60, UH-60
Total			27	

Sources:

"Defense News Top 100 for 2008," *Defense News*.
Public Equity Holdings, CPP Investment Board website.