



# **No WARP!** Network Opposed to Weapons and Related Production

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## **Recipients of the 2006 D.I.C.K NZ Awards and the 'Guided Missiles and Misguided Men' Awards for Government Politicians**

18 October 2006

The recipients of this year's D.I.C.K (Destructive Industry Connected to Killing) NZ and 'Guided Missiles and Misguided Men' Awards were announced tonight at Te Papa Tongarewa, the national museum, in Wellington.

The 2006 Supreme D.I.C.K NZ Award went to Rakon Ltd, with Right Hemisphere and Apex Global Healthcare / Apex Distribution Ltd each receiving a D.I.C.K NZ Award.

Minister of Disarmament and Arms Control, Minister of Defence and Minister of Trade Phil Goff, Prime Minister Helen Clark, and Minister of Economic Development and Minister for Industry and Regional Development Trevor Mallard each received a 'Guided Missiles and Misguided Men' Award.

The recipients of this year's Awards were selected on the basis of the number of nominations received for each.

### **Background to the Awards**

Since 1998, the Defence Industry Committee of New Zealand has presented Awards for Excellence at the annual get-together of the NZ Defence Industry Association, the lobby group for companies that profit from bloodshed and war. The criteria for their awards are a mystery - are they for the company whose products have caused the most death and destruction? the company which has had the biggest public subsidy for private profit? the company which has contracts with the most oppressive governments and armed forces around the world?

There is no mystery about the D.I.C.K NZ Awards. They recognise the reality of the business of the NZ 'defence' industry. First held in 2001, the D.I.C.K NZ Awards returned last year and they are now an annual event.

And there is no mystery about the 'Guided Missiles and Misguided Men' Awards for Government Politicians either - they are awarded to those who by their words and/or actions support bloodshed and war. The name for these Awards is from a statement by Martin Luther King, Jr: "we have guided missiles and misguided men".

## **2006 D.I.C.K NZ Award Recipients**

- **Supreme D.I.C.K NZ Award: Rakon Ltd - Auckland, New Zealand.**

Rakon was, until May of this year, a privately owned company which manufactures quartz crystal oscillators used in Global Positioning Satellite (GPS) systems, and in products such as cellphones, navigation systems ... and 'smart' bombs.

In 2005, Rakon was the winner of the NZ Trade and Enterprise (NZTE) Export Awards. They have received government corporate welfare including a \$183,000 Technology New Zealand grant in 1996, and a \$351,000 Technology New Zealand grant in 2003/04.

Last year the NZ Herald revealed that Rakon's crystal oscillators were being supplied to US company Rockwell Collins, for use in their navigation products for precision-guided missile and munitions systems. Rockwell Collins's precision-guided munitions products are outfitted in 90 percent of all US Department of Defense guided tactical weapons, including Joint Direct Attack Munitions, Standoff Land Attack Missiles, Tomahawk cruise missiles, and the Small Diameter Bomb.

In response to the publicity about this, Rakon put out a media release that said: "the company respected the commercial confidentiality of its contracts with customers, and was not privy to the end-use systems, equipment or applications developed by its customers"<sup>1</sup>. Rakon was awarded a 2005 D.I.C.K. NZ Award in because of their exports to Rockwell Collins, and because their media release revealed "either a startling level of irresponsibility or of duplicity".

In May this year, Rakon was recognized as one of the Top Preferred Suppliers for 2006 by Rockwell Collins for performance in meeting delivery schedules and product quality.

Also in May, the NZ Herald exposed the contents of Rakon's media release as a complete lie - Rakon had in fact been working closely with Rockwell Collins for the past ten years. Furthermore, Rakon's 2005/06 business plan (written before the original Herald expose) states that "Rakon aims to dominate "the lucrative and expanding guided munitions and military positioning market" within five years"<sup>2</sup>.

It was further revealed that Rakon's exports to Rockwell Collins had not been subject to the strategic goods export permit system, which is supposed to cover all military and weapons related exports. In June, Minister for Disarmament and Arms Control Phil Goff announced that he did not consider Rakon's crystal oscillators, exported for military use, to be covered by the Strategic Goods List and therefore they do not require an export permit.

Rakon was nominated for a D.I.C.K NZ Award for their continued supply of weapons components to Rockwell Collins, and for their duplicity and lies about their contribution to death and destruction. More than double the number of all other 2006 D.I.C.K Award nominations combined were for Rakon, and they are thus the recipient of the 2006 Supreme D.I.C.K Award.

- **Right Hemisphere - Fremont, USA; Auckland, New Zealand; and Munich, Germany.**

Right Hemisphere is a venture-backed enterprise software company with corporate headquarters in California that describes itself as a leading provider of product graphics management software. Their customers include nine of the top 10 US aerospace and defense companies (listed in the

number 1 spot on Right Hemisphere's web site, as though that were something to be proud of), and the US army and navy. Right Hemisphere received an MT2 Top 100 award from US magazine Military Training Technology in 2004 for making a significant impact on the military training industry; and is a finalist in the 2006 NZTE Export Awards.

They are a major recipient of corporate welfare - in September 2006, the government announced that they had given an interest-free loan of up to US\$8 million (around NZ\$12.2 million) to Right Hemisphere in return for 50% of the loan's proceeds being spent in NZ, 66.66% of Right Hemisphere's worldwide software development expenditure being spent in NZ, and their working for three years to establish a virtual cluster centered on 3D communications and digital content, involving universities, other research institutions and interested firms. Treasury was opposed to the loan, saying that they considered it had "a low probability of resulting in net benefit to NZ."<sup>3</sup> They estimated the foregone interest to be worth \$3 million of taxpayers' money annually. Prior to receiving the loan, Right Hemisphere had received \$1.2 million in government grants<sup>4</sup>.

Right Hemisphere was nominated for a D.I.C.K NZ Award for their involvement with some of the worst US weapons producers and US armed forces, and their eagerness to secure taxpayers' money for their privately owned company.

- **Apex Global Healthcare / Apex Distribution Ltd - Auckland, New Zealand**

Apex Global Healthcare produces high-strength sunscreens, lip balms, insect repellents, combination sunscreen and insect repellent, and camouflage paint military use, and it is the exclusive supplier of insect repellents to New Zealand's armed forces. If you go to the Apex Distribution Ltd web site, you too can order Armed Forces Lip Balm, with Aloe Vera and Vitamin E, which comes in camouflage packaging.

In May 2006, Apex announced it was in the process of selecting a Malaysian firm to manufacture its products for an order from the Malaysian military expected to be worth about \$5 million to \$10 million in the first year. The Malaysian military will then sell Apex products to the armed forces of Indonesia, South Korea and Brunei.<sup>5</sup>

"Apex director Hugh Price said the \$5 million to \$10 million estimate was conservative, and the Asian and Middle Eastern military market offered huge potential. The company had recently made all of its products alcohol-free to make them more attractive to Muslim countries."<sup>6</sup>

Apex was nominated for a D.I.C.K Award because of their willingness to sell their wares in particular to the Indonesian armed forces who are engaged in a brutal military occupation of West Papua.<sup>7</sup>

## **'Guided Missiles and Misguided Men' Award Recipients**

- **Phil Goff, Minister of Defence, Minister of Disarmament and Arms Control, and Minister of Trade**

Phil Goff was nominated for four reasons: firstly, the blatant conflict of interest inherent in his three portfolios - defence, disarmament and arms control, and trade.

Secondly, in his role as Minister of Disarmament and Arms Control, he has responsibility for the Ministry Of Foreign Affairs and Trade Disarmament Division, which screens applications for the export of military and military related (strategic) goods - but who evidently do not apply the criteria "derived from the Government's desire to make responsible decisions regarding the export of strategic goods."<sup>8</sup>

The basic questions when making a decision about strategic goods exports include: Is there evidence that the country is involved in the development of Weapons of Mass Destruction? Is the country involved in any conflict? Could the export of the goods in question prejudice New Zealand's relationship with a third country? What is the human rights record of the recipient country? Is there a possibility that the goods could be used in, or contribute to, the abuse of human rights? What is the country's record in International Humanitarian Law/Law of Armed Conflict? Yet there appears to be no limitation at all on the export of strategic goods to, for example, the US government who clearly are a cause for concern in relation to the questions above.

Thirdly, in his roles as Minister for Trade and Minister for Trade Negotiations, he is one of the ministers responsible for NZTE who actively promote and support military and weapons related production and exports.

Fourthly, in his role as Minister of Defence, he has continued the NZ army base maintenance and supply contracts with Serco Project Engineering Ltd (SPEL). SPEL is a joint venture of Projeng Pty Ltd (Australia) and Serco Group Plc (Britain). Serco Group Plc, together with British Nuclear Fuels Ltd and Lockheed Martin manage Britain's nuclear weapons establishments including AWE Aldermaston and AWE Burghfield - which design, test, manufacture and 'refurbish' nuclear warheads.

The New Zealand Nuclear Free Zone, Disarmament, and Arms Control Act, also known as the nuclear-free legislation, prohibits any NZ citizen or a servant or agent of the Crown from aiding or abetting ... "any person to manufacture, acquire, possess, or have control over any nuclear explosive device" (Section 5b) - giving contracts to companies involved in the production or deployment of nuclear weapons is at the very least a breach of the spirit of the Act, and is considered by some to be an actual breach of that legislation.

- **Helen Clark, Prime Minister**

Helen Clark was nominated for her government's willingness to provide public money to companies involved in military and weapons related production and export; in particular her enthusiastic announcement of the US\$8 million interest-free loan to Right Hemisphere at their office in Auckland on 7 September 2006.

She was also nominated for her government's continuation of contracts with companies involved in the production and deployment of nuclear weapons overseas, SPEL (referred to above) being but one example of this.

- **Trevor Mallard, Minister of Economic Development and Minister for Industry and Regional Development**

Trevor Mallard was nominated for his willingness to provide public money to companies involved in military and weapons related production and export, including apparently pushing through the

Right Hemisphere loan despite Treasury's advice; and as one of the ministers responsible for NZTE who actively promote and support military and weapons related exports.

In particular, he was the nominated for the statement in his report to the Cabinet Policy Committee on the interest-free loan to Right Hemisphere: "the recommendations in this paper have no human rights implications."<sup>9</sup>

Try telling that to the people whose loved ones have been blown apart by the products of Right Hemisphere's customers.

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<sup>1</sup> <http://www.converge.org.nz/pma/nw240805.htm>

<sup>2</sup> 'The Rakon files: NZ company's weapons role', Phil Taylor, 27 May 2006

<sup>3</sup> To Cabinet Policy Committee, Amended appropriation: Strategic Investment Fund, Trevor Mallard, 26 June 2006

<sup>4</sup> 'IT firm gets free loan plus grants', Colin Espiner, 25 September 2006

<sup>5</sup> Forsyth Barr Research, Morning Report, 4 May 2006

<sup>6</sup> 'Apex turns to Asian markets'. Andrew Janes. 4 May 2006

<sup>7</sup> West Papua: the forgotten Pacific country - <http://www.converge.org.nz/pma/wpapua.htm>

<sup>8</sup> New Zealand Strategic Goods List : Administration of Export Controls, Ministry of Foreign Affairs and Trade, accessed 6 October 2006

<sup>9</sup> To Cabinet Policy Committee, Amended appropriation: Strategic Investment Fund, Trevor Mallard, 26 June 2006