

## Arms sales block threatens to cost billions

Industry officials claim SA is blocking arms sales to countries including Saudi Arabia and the United Arab Emirates (UAE) in an inspections dispute, endangering billions of dollars of business and thousands of jobs in its struggling defence sector. A **Business Day** report says **the dispute centres on a clause in export documents that requires foreign customers to pledge not to transfer weapons to third parties and to allow SA officials to inspect their facilities to verify compliance.** Officials at defence groups Denel and Rheinmetall Denel Munition (RDM) said the dispute was holding up their exports. RDM said some of its exports to the Middle East had not been approved since March. Saudi Arabia and the UAE – which account for at least a third of SA's arms exports and are engaged in a war in Yemen – have rejected the inspections, which they consider a violation of their sovereignty. Oman and Algeria have also refused inspections and seen their imports from SA blocked, industry officials said. Asked about the inspection clause issue, Ezra Jele, SA's director for conventional arms control in the Defence Ministry, said that authorities considered criteria including human rights, regional conflict, risk of diversion, UN Security Council resolutions and national interest when evaluating applications for export permits. The Aerospace, Maritime and Defence Industries Association of SA (AMD) says that the dispute could threaten the sector's survival. 'We've got one clause that's disabling us from exporting R25bn worth of value right now,' AMD head Simphiwe Hamilton said. The industry body estimates the export blocks put an additional R50 to R60bn in future business at risk and could cause the loss of up to 9 000 jobs at defence firms and supporting industries.