



Scottish Enterprise Funding for Arms Companies (February 2025)

Key points

- Amnesty has grave concerns about the awarding of public grants to companies manufacturing weapons and their components used by states to violate international humanitarian law
- As of August 2024, no company applying to Scottish Enterprise for a grant had been refused support based on human rights considerations – including those known to have provided components and weapons to states accused of international humanitarian law violations.
- The Scottish Government must urgently review Scottish Enterprise’s human rights checks and detail how they will be strengthened to ensure Scotland meets its international obligations, including to prevent atrocity crimes in Gaza.
- The Scottish Government must guarantee that no further grants will be awarded to companies manufacturing or supplying weapons or components to states perpetrating rights violations – including those manufacturing components for the F-35 jets used to commit genocide in Gaza.

Introduction

Amnesty International UK welcomes the Scottish Green Party motion [S6M-16571](#) – Scottish Enterprise Funding for Arms Companies

Amnesty has grave concerns about the awarding of public grants to companies manufacturing weapons and their components used by states to violate international humanitarian law.

Scottish ministers are correct to highlight to the UK Government its own risk of complicity in war crimes by Israel if it continues to permit the export of weapons. However, it is entirely inconsistent to ignore the possibility that the Scottish Government’s own financial support for arms companies may be involved, whether directly or indirectly, in manufacture and supply chains.

Amnesty believes that Scottish Enterprise’s current human rights checks are not fit for purpose and risk failing to ensure that Scotland upholds its international obligations. Amnesty has raised these concerns with the Scottish Government directly but do not consider the Economy Secretary’s [response](#) to have adequately addressed those concerns.

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Members can read Amnesty's letter to the Cabinet Secretary here: <https://www.amnesty.org.uk/resources/letter-deputy-first-minister-scotland-human-rights-due-diligence-scottish-enterprise>

Human Rights Checks

Amnesty submitted a series of freedom of information requests in 2024 to both the Scottish Government and Scottish Enterprise in an attempt to interrogate the human rights checks in place.

We found that – as of August 2024 – no applicant had failed a human rights check, despite multiple arms companies receiving grants.

FOI responses indicated that over £3.5 million of public funding has been awarded to companies such as BAE Systems and Leonardo UK since the beginning of 2023.

Scottish Enterprise and the Scottish Government's position is that funding is not awarded for the manufacture of weapons. However this is an unsatisfactory position which fails to take account of the complexity of manufacture and international supply chains.

The Scottish Government has stated it is 'committed to' the UN Guiding principles on Business and Human Rights (UNGPs). The UNGPs are a set of guidelines for States and companies to prevent, address and remedy human rights abuses committed in business operations. They outline that state agencies providing financial support should:

- consider the actual and potential impacts on human rights of beneficiaries and require them to conduct due diligence.
- As the risk of gross human rights abuses is heightened in conflict affected areas, states should take additional steps to ensure that business enterprises operating in these contexts are not involved with such abuses.

The UNGPs make it clear that businesses should be required to address the human rights impacts of their relationships with any entities in their value chain, including state or non-state actors directly linked to the company's business operations, products or services.

However, according to information provided to Amnesty International by Scottish Enterprise, the level of checks performed on a company is dependent only on the level of financial support it receives, rather than the company's involvement with or links to human rights abuses. This casts serious doubt upon the credibility and effectiveness of a process that should be designed to protect against human rights abuses and not to waive through companies whose activities are linked to such abuses.

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International obligations

The Scottish Government has an obligation to respect protect and fulfil human rights internationally. Failure to comply with the UNGPs is incoherent with public commitments ministers have made to applying internationally agreed standards, respecting international law, and supporting human rights.

For example, Scotland's Global Affairs Framework states: "[we] cannot have situations where aggressors take illegal action without consequences to deter them from planning further aggression."¹

Yet some of the defence companies funded by the Scottish Government have been credibly linked to manufacturing arms and their components for use by states accused of international law violations. According to research by Campaign Against the Arms Trade², some bombings carried out during the Saudi-led coalition's indiscriminate and disproportionate air strikes in Yemen were linked directly to Raytheon UK, and the Paveway IV bomb produced in Fife. Many of the active warplanes Saudi Arabia operates can only function with critical systems and targeting equipment made in Scotland by companies that have received Scottish Enterprise grants, such as Raytheon UK and Leonardo.

Leonardo UK – which received over £700'000 of Scottish public funding in 2023 - reportedly makes laser targeting systems for F-35 jets at its Edinburgh site.³ F-35s have been used extensively in Gaza where Israel is committing genocide against Palestinian civilians.

In a response to Amnesty on the subject of Scottish Enterprise funding for arms companies Economy Secretary Kate Forbes this week wrote:

"With specific regard to the Gaza-Israel Conflict, the UK Government's decision to suspend some arms licences was a welcome and overdue development, but we believe this should go further and we will continue to call for an end to all licences for arms exports from the United Kingdom to Israel."

While welcome, the Scottish Government must recognise that it too has legal obligations. Such public statements would not be consistent with the continued funding of companies linked to Israel and ministers must provide a guarantee that such companies will receive no further grants.

¹ Scotland's Global Affairs Framework, p.9:

<https://www.gov.scot/binaries/content/documents/govscot/publications/strategy-plan/2022/05/scotlands-global-affairs-framework/documents/scotlands-global-affairs-framework/scotlands-global-affairs-framework/govscot%3Adocument/scotlands-global-affairs-framework.pdf>

² CAAT Scotland; <https://caat.org.uk/app/uploads/2021/03/2021-02-28.Made-In-Scotland-Briefing.pdf>

³ CAAT: <https://caat.org.uk/data/countries/israel/mapped-all-the-uk-companies-manufacturing-components-for-israels-f35-combat-aircraft/>

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Conclusion

Transparency is an important attribute of an Enterprise Agency because it engenders trust with key stakeholders, facilitates accountability for its decisions and processes, and legitimises the use of public funds. Repeated concerns about the human rights impact of Scottish Enterprise's support for arms companies have been raised by Amnesty and others, yet Scottish Enterprise has produced no evidence that the measures taken to ensure the duty to respect and protect human rights is upheld are adequate.

The Scottish Government must urgently acknowledge and address the concerns being raised by voices across civil society and the political spectrum regarding the human rights impact of the public funding for arms companies, and conduct an urgent review into Scottish Enterprise's human rights checks to ensure they meet all of Scotland's international obligations.

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