

# Iraq occupation makes possible record profits for British private military contractor

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The British private military company Aegis Defence Services announced profits of £62 million for last year. The firm has seen turnover rise more than 100-fold in the past three years, thanks largely to contracts for the US Pentagon in Iraq

Aegis Defence Services is run by Lt. Col. Tim Spicer, the former Scots Guards officer at the centre of an arms-running scandal implicating the British government in a military coup in Sierra Leone to bring to power the pro-British regime of Ahmed Tejan Kabbah in 1998.

According to Spicer, three-quarters of the record profits came from contracted work in Iraq. The official figures are still to be posted at Companies House. In 2003, the firm's first full year of operation, turnover was £554,000. "We have expanded a great deal and will continue to expand," said Spicer.

Officially Aegis coordinates communications between US-led coalition forces in Iraq, civilian contractors and their private security guards. Amongst the functions of the company is to pass on information on the activity of insurgents, providing a daily intelligence service to contractors, as well as tracking the position of their vehicles.

Estimates for the value of Aegis's contract range up to £230 million. Last year the firm, which employs 900 staff in Iraq, was awarded a deal with the United Nations to provide security for the constitutional referendum and elections. It hired hundreds of expatriates and Iraqi bodyguards.

Spicer has said he is now looking for new contracts in other countries, including Russia and China.

"Increasingly in other areas (outside Iraq), wherever people operate—in extractive industries, shipping, aviation—anywhere where there is a threat, there has to be an interface between the forces of law and order and commercial operations," he said. "That is something that we have developed."

## Spicer's career

Spicer's career history is useful to consider in building a clearer picture of the type of private military outfits that now operate extensively in Iraq and those who run them.

Spicer is a 20-year veteran of the British Army. After graduating from Sandhurst (the elite military training academy) he fought in the Malvinas war, as well as in Northern Ireland and Bosnia. He served with the Special Air Service covert operations and assassinations unit,

and the Scots Guard.

On leaving the army in 1995, Spicer went into the private military market, becoming CEO of Sandline International, which operated from a base in London. In the next few years, Sandline carried out a series of unlawful covert operations which sparked high-level international incidents. On each of these occasions, the official reprimands notwithstanding, the British state was found to have given its tacit approval.

In 1997, Sandline was hired by the Papua New Guinea government of Prime Minister Julius Chan to help put down a decade-long rebellion on the island of Bougainville. After discovering a vein of copper on the island, CRA, an Australian subsidiary of British Rio Tinto mining company, used forced displacement to establish the Panguna Copper Mine. One of the largest copper and gold mines in the world, the Panguna soon created over a billion tons of waste that was poured into the Jaba river valley.

In 1988 the workers of Bougainville had seized the mine under the leadership of former mine worker Francis Ona. The PNG government, with the aid of the Australian government, spent almost 10 years waging war against the island's people using phosphorus bombs, blockades of medicines, murder, torture and rape in order to reclaim the mine. The \$36 million contract to Spicer's Sandline was leaked to the PNG army by Brigadier Jerry Singirok. The members of the underpaid, poorly fed army revolted against the government and arrested and deported most of the Sandline employees.

Spicer was detained for almost a month while a trial was conducted to show the corruption involved in the contract. Among the evidence presented by the prosecution was a suitcase found in Spicer's possession with \$400,000 inside. During the proceedings he admitted the operation, codenamed "Operation Oyster," had involved using attack helicopters and forms of psychological warfare to intimidate the islanders of Bougainville. Spicer was later released with the help of the British government.

In 1998, Sandline was contracted by the ousted president of Sierre Leone, Ahmad Kabbah (Kabbah had previously hired Executive Outcome) to bring down the regime of Major Johnny Paul Koroma. Despite an international embargo against the country, Spicer and an Indian banker, Rakesh Saxena, set up a deal—which would become known as the "Arms-to Africa" scandal—to bring 30 tons of Bulgarian arms into the African country.

They were also contracted to arm and train a 40,000-strong militia. Along with aid from the Nigerian army, the militia was able to overthrow the rival Revolutionary United Front. Payment for these services was said to be \$10 million in diamond mine concessions (Sandline at the time had a close relationship to Diamondworks, a company with diamond concessions in Sierra Leone.)

Spicer maintained that the British government had approved the shipments and that he was vindicated by a parliamentary inquiry.

Spicer was also consulted by the British government concerning the coup attempt in Equatorial Guinea in March 2004. According to Foreign Secretary Jack Straw, the government had agreed that the Foreign Office should approach an individual formerly connected with a British private military company to test the veracity of the report. The *Sunday Times* confirmed this individual was Spicer, who was thought to pass the message along to Simon Mann and Greg Wales, former business associates and fellow coup plotters.

Mann, who formed Sandline International with Spicer, was arrested in Zimbabwe in 2004 for his role in the failed attempt to overthrow the government of Equatorial Guinea, while Mark Thatcher, son of former British Prime Minister, Margaret Thatcher, was placed under house arrest in South Africa for his involvement.

Spicer left Sandline International in 2000 and formed Crisis and Risk Management Ltd, which became Strategic Counseling International, which became Trident Maritime. Some time in the spring of 2003, Spicer started Aegis Defense Services, at the same place he ran Trident, with his friend Mark Bullough. The following year, Aegis won a \$293 million contract from the Pentagon to effectively oversee the world's largest private army

#### Private military companies in Iraq

According to current estimates, there may be between 25,000 and 35,000 private military personnel in Iraq. After the US army, it is by far the largest force in the country.

During the first Gulf War there was one private military contractor (PMC) employee for every 100 soldiers. In the current occupation of Iraq that ratio has risen dramatically to one PMC employee for every 10 soldiers.

The services officially provided by private military contractors range from risk advice, training of local forces, armed site security, cash transport, intelligence services, workplace and building security, war zone security, weapons procurement, vetting, armed support, air support, logistical support, maritime security, cyber security, weapons destruction, prison supervision, surveillance, psychological warfare, propaganda tactics and covert operations.

Many security companies have been around for several decades, while others have been recently created to fill the niche market left by downsized militaries in Iraq and Afghanistan. They are used by governments, corporations, humanitarian groups and media personnel, and the United Nations. The private military industry is growing with some estimating annual contracts in the \$10-20 billion range, while others cite figures as high as \$100 billion. Though a worldwide phenomena, the US and the UK account for over 70 percent of the world's market for their services.

The use of private military forces or mercenary armies by states is not a recent development, but its global proliferation has very modern roots.

The origins of today's companies can arguably be traced back to Captain David Stirling, who founded the Special Air Services (SAS) in 1941. In 1967 Stirling founded the first proper private military company; Watchguard International, which hired from the SAS and trained the armies of the Persian Gulf states.

By the 1980s, US President Ronald Reagan and British Prime Minister Margaret Thatcher began to privatise government services. Defence Systems Limited was created in this atmosphere as former members of the SAS became involved in the military consulting and training business. George Bush (senior) as vice president began to privatise parts of the intelligence services.

As secretary of defence for Bush, Dick Cheney contracted Brown and Root Services (now KBR) for almost \$9 million to put together a strategy on how to integrate private companies more effectively into warfare.

With the end of the Cold War, the sidelining of large standing armies in many countries around the globe led to millions of soldiers spilling into the world marketplace. The resumption of the colonial scramble for minerals and resources spawned a new wave of mercenary activity in Africa in particular, with 90 companies active in the nineties. The wars in the Balkans also provided fertile soil for mercenary activity, along with Colombia in South America.

But the occupation of Iraq and Afghanistan has resulted in the greatest boom in the private military market. Trained and experienced military personnel from Special Forces units in the US, UK, Israel and elsewhere are retiring to take part. The same is true for the intelligence services, as companies promoting business ventures in Iraq, such as Global Options and Diligence, often have executives from the CIA, FBI and MI6.

Mercenaries do not operate under military jurisdiction, and are largely exempted from prosecution. Abuses by PMCs in Iraq are routinely covered up, with compensation pay-outs to victims of “mistaken shootings” left to the companies’ discretion. Some of the interrogators in the Abu Ghraib abuse scandal were civilian contractors provided by Titan and CACI. They both continue to receive large contracts from the US government.

Last year, four former security contractors told NBC News that they watched as innocent Iraqi civilians were fired upon, and one was crushed by a truck. The four men, all retired military veterans—Capt. Bill Craun, Sgt. Jim Errante, Cpl. Ernest Colling, and Will Hough—worked for an American company named Custer Battles, hired by the Pentagon to conduct dangerous missions guarding supply convoys. They were so upset by what they saw that three quit after only one or two missions.

They claim heavily armed security operators on Custer Battles’ missions—among them poorly trained young Kurds, who have historical resentments against other Iraqis—terrorized civilians, shooting indiscriminately as they ran for cover, smashing into and shooting up cars.

A video appearing to show private security guards in Baghdad randomly shooting Iraqi civilians has sparked two investigations since it was posted on the Internet. The video shows security contractors opening fire with automatic rifles at civilian cars.

All of the shooting incidents apparently took place on “route Irish,” a road that links the airport to central Baghdad.

In one of the recorded attacks, a Mercedes is fired on at a distance of several hundred yards before it crashes in to a civilian taxi. In another clip, a white civilian car is raked with machine gun fire as it approaches an unidentified security company vehicle. Bullets can be seen hitting the vehicle before it comes to a slow stop. A spokesman for Aegis has said that the company is carrying out an internal investigation and the UK Foreign Office has confirmed that it is also investigating the contents of the video.

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