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Perilous Profiteering

The 2021 report “Perilous Profiteering: The companies building nuclear arsenals and their financial backers” is a joint publication of ICAN and its partner PAX. The report details how 338 financial institutions made \$685 billion available to 25 nuclear weapon producing companies from China, France, India, the Russian Federation, the United Kingdom and the United States.

[Executive Summary](#)

The number of banks, pension funds, asset managers and insurance companies investing in the production of nuclear weapons is going down, as shown in the 2021 report “Perilous Profiteering: The companies building nuclear arsenals and their financial backers” by ICAN and PAX.

The data shows fewer financial institutions invest than in the previous year’s analysis, with significant drops in the shareholder values of investments in the 25 companies involved in nuclear weapon production.

The report also examined companies involved in producing, manufacturing, or developing nuclear weapons for six of the nine nuclear armed countries for which data was available. These 25 companies are involved in activities that are now illegal under the Treaty on the Prohibition of Nuclear Weapons, which entered into force in 2021. More than \$200 billion in contracts were identified, though the true number is likely much higher since many companies do not publish contract details. Nuclear weapon producers from Russia and China were included in this report for the first time, as these companies are also seeking to finance debt through loans and bond-issuances and are newly engaged in the global financial marketplace.

[Full Report](#)

Investors made \$685 billion available to the nuclear weapon producing companies, a \$63 billion drop from the 2019 “[Shorting our security](#)” report. The snapshot of stock holdings shows that the values of these companies has dropped, and a significant drop in the number of lending institutions shows a decreased appetite for companies engaged in the risky business of nuclear weapon production.

Nuclear weapons are prohibited and the nuclear industry is changing.

While it is too early to fully assess the impact of the Treaty on the nuclear weapon industry and those who finance it, noteworthy changes to the industry have taken place. Some companies, like Serco, had long-term contracts government contracts revoked. Others, like AECOM, have chosen to end their involvement in the nuclear weapon industry. The industry itself is getting smaller, with companies acquiring or merging together. Raytheon and United Technologies are one example, Northrop Grumman's acquisition of Orbital ATK is another. Raytheon is in the process of acquiring Aerojet Rocketdyne, which will further shrink the industry.

The reduction in the number of contractors in the nuclear weapon industry makes it easier for financial institutions and other investors to exclude them from investments. Instead of tracking down hundreds, or even thousands of contributors to catastrophic threats, it's simply a matter of exiting a few relationships.

More than 100 financial institutions divested from the nuclear weapon industry in the last year. Several of these are from states that joined the TPNW. This includes the Bank of Ireland and AIB (Ireland), and Investec (South Africa). While other institutions made new investments, these are predominantly from countries not yet a member of the TPNW.

Russia & China

It is challenging to get reliable information on the companies behind Russian and Chinese nuclear arsenals, and whether or not investors can have any influence over their activities. This is starting to change. Both Russian and Chinese companies are looking for investors to help offset projected debt. Currently, only Russian and Chinese investors are helping out, but Chinese nuclear weapon manufacturer China Aerospace Science and Technology (CASC) secured \$1.3 billion in debt financing (from 7 financiers willing to underwrite bonds), and Russian nuclear weapon producer Rostec got global financier VTB Group to lend it \$3 billion. This demonstrates both that these companies need to engage with the financial sector to support their activities, and that a new pathway to influence their behaviours is opening.

This report looks at those with vested interests to keep a nuclear arms race going. The companies that want to get contracts to build weapons of mass destruction, and the private sector financiers and investors that want to generate a profit without apparent concern for the devastating potential consequences of any use of the products they support. It is only by knowing those who seek to maintain the status quo that we can engage and shift their behaviour.

This report puts the spotlight on companies and their financial backers that are making weapons designed to cause massive civilian casualties and violate the rules of war. These companies, and the contracts they accept, are part of the nuclear weapons problem. Avoiding business with these companies is a way for others to become part of the solution.

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