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Arms Export Restrictions Threaten Germany's Defense Industry, Lobby Group Says

By The Moscow Times

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Germany's defense industry lobby has warned that companies were looking into shifting production abroad in response to the country's restrictive arms export policy.

"All large defense contractors in Germany are assessing whether they can stay in the country in the long run," Armin Papperger, the chief executive of Rheinmetall and head the German defense industry association, was quoted as saying by newspaper Sueddeutsche Zeitung on Saturday.

Earlier this year, Economy Minister Sigmar Gabriel said he would tighten rules on arms exports, curbing sales to states such as Qatar and Saudi Arabia, whose purchases had previously helped make Germany the world's third largest arms exporter.

In August, Germany permanently halted Rheinmetall's planned export of combat simulation

equipment to Russia, going beyond newly-imposed European Union sanctions which block future defense contracts.

Papperger told Sueddeutsche new restrictions left arms manufacturers with the choice of cutting output and jobs or moving production abroad.

"Other countries such as Switzerland, France and the United States would be happy for us to invest there. There, we could export more easily," he was quoted as saying.

The defense industry, which employs some 80,000 people in Germany, has strongly criticized the stricter rules.

The chief executive of aerospace and defense group Airbus earlier this month said Germany's restrictive arms export policy could deter international cooperation on future defense projects.

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