

A falling-out among thieves?

Katherine Kanter reports on Anglo-Spanish tensions over money-laundering on the Rock of Gibraltar.

“Let them show proof,” commented, most undiplomatically, a spokesman for the British Embassy in Madrid, in response to a statement in the Spanish Parliament by Foreign Minister Fernández-Ordóñez on Jan. 25, in which he had expressed his government’s concern, that the English colony of Gibraltar has become a major center for laundering the proceeds of narcotics trafficking. The Spanish government, he said, is “about to take steps to prevent Gibraltar becoming a platform for contraband, not only of tobacco, but of narcotics.” Since that speech in Parliament, the Spanish government has made it known, that it wants the English to extend to Gibraltar the bilateral treaties on cooperation against narcotics trafficking and on extradition, following conversations to be held on Feb. 26.

On Feb. 6, the Director of the Fiscal Service of the Civil Guard, Col. Arsenio Ayuso, allowed to become public the fact that in September 1989, he had asked the Spanish Finance Ministry to officially inform the International Council of Customs Cooperation, that the Gibraltar authorities “make no obstacle to contraband actions, but rather protect and favor such actions.” The small speedboats used by the traffickers often bear Export Licenses issued by the Gibraltar authorities. Colonel Ayuso was specifically referring to contraband of blond tobacco, but it has been shown countless times over, from Bulgaria to Galicia, that the networks running tobacco are one and the same as those running dope.

This point was forcibly made by José Vázquez Fouz, who resigned as mayor of the Galician town of Vilanova de Arosa last summer, following death threats by narcotics traffickers. In a remarkable interview to a Madrid daily in the autumn, Mr. Fouz, who seems to be one of the few patriotic Spaniards left, said: “Most firms up here, including the banks, automobile dealers and so on, are being set up with money from contraband. Either we stop this, or Spain goes the way of Sicily or Chicago in the 1920s. . . . The money is not going into industry, but into the service sector. . . . Tobacco is only a cover now, for the coke which is coming in. Many people around here have their contacts in Colombia.” These Galician networks have begun to ply their trade in the area of Gibraltar, according to Spanish Customs officials quoted in the daily *ABC* last November.

But why this sudden flaring up of tempers between the officialdom of England and Spain, the monarchies of which

have, so to speak, kissed and made up in the glare of limelight over the last three or four years? The very “unkosher” role played by Gibraltar has been manifest for over a decade, and in fact, a number of Spanish banks, like Banesto, have branches there. What has *not* been known for some years, is the upsurge in the East bloc, and the impending reunification of Germany, a point on which Spain, as opposed to the rage-filled English, would sensibly tend to bloc on the side its economic bread is buttered, namely, on the side of Germany. George Bush’s grotesque attack on Panama, which Spain, in word at least, opposed, has shaken up the banking scene in the Canal Zone in favor of Anglo-American networks; American rumblings about Mexico as a “narcotics center,” and American meddling with Pemex, point to a similar move against Spanish interests in Mexico soon. It is also likely that the Spanish government has spied an Anglo-American hand pulling the strings in the Watergating of Spanish Vice-President Alfonso Guerra, whose impending fall may bring the government down with him.

Whatever the minister’s reason for stating the obvious may be, the obvious itself is objectively, ugly: As Hong Kong is handed over on a silver platter to the Queen’s Communists in Beijing, Gibraltar is being retooled to take over as the money-laundering center for her Empire. The Rock, which is actually part of Spain, but was taken as spoils of war by the English under the Treaty of Utrecht in the 18th century, has only 30,000 inhabitants, for a total area of 5.5 square km. There are now more corporations registered on the Rock, than people. In the last two years alone, 26,000 new corporations were set up, which, in the words of a Spanish official report, quoted by Ignacio Cembrero in *El País*, “carry out in Spain operations using money illicit in origin, the aim of which is to deck them out in the appearance of legality.” In those two years, banking deposits on the Rock have tripled, and are now, very conservatively, estimated at 370 billion pesetas. The Spanish Special Prosecutor for Prevention and Repression of Illegal Narcotics Trafficking, is said to be investigating several dozen firms.

In early February, Fernández-Ordóñez met with the special prosecutor and the health minister, and wrote up a series of reports to the economics minister. The Spanish authorities intend to demand from the English, that real estate and other firms based on the Rock, but investing in the Costa del Sol,

be investigated along with the persons running them, and that police information on the origin of the capital involved, be given to the Spanish authorities. At present, firms can be set up with minimal initial capital, and the laws regulating "offshore" and "public" companies on the Rock, allow them to be set up and run by third parties, generally lawyers.

In the 1960s, Gibraltar first allowed tax-exempt firms to be formed, owned by non-residents doing no business on the Rock. Then, in 1973, upon joining the European Community, England succeeded in writing her colony out of making tax contributions to the EC, and from following EC customs regulations. The Rock was allowed to draw up its own banking laws,

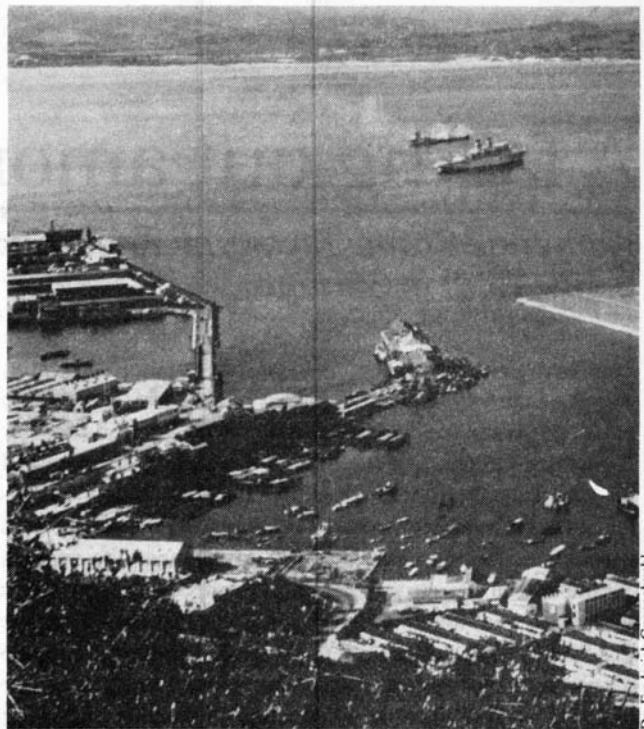
dentality, though stopping short of numbered accounts. A new banking law (Financial Services Ordinances, December 1989), was praised by Francis Maude of the Foreign Office, on his recent trip to the Rock, for helping Gibraltar become a haven for foreign investors.

But is the pot not calling the kettle black? One of the four largest Spanish banks, Banco de Santander, entered a full-scale alliance a year or so ago with a bank to which the best-seller *Dope, Inc.*, devoted much fond attention: Royal Bank of Scotland (RBS), a key operator for the Empire in the Asian theater, and which, not coincidentally, also works out of Gibraltar. Perhaps that is why Fernández-Ordóñez chose to make his speech on Burns Night this year, though RBS has of Scotland, nothing but the name. Anyway, the Spanish Finance Ministry must have known what it was doing when it authorized the RBS/Santander tie-up, just as it knew precisely what it was doing when it allowed another star from the pages of *Dope, Inc.*, the British Hongkong and Shanghai Bank, to open a branch in Madrid in 1988. In July, the Director of the Banesto branch on the Rock, Mr. Rocco (sic!), told *El País* that Gibraltar is "the ideal spot to receive serious investments from Hong Kong looking for an alternative," Banesto being the largest Spanish bank. And why were the laws on foreign investment into Spain thrown open to the four winds a couple of years back?

Meanwhile back at the ranch, the indigenous peoples who, as usual, are deriving something less than benefit from all this financial paradise, are suffering, dying, and now, rioting. Edinburgh, where the headquarters of Royal Bank of Scotland is located, has one of the highest heroin addiction rates in Western Europe. In La Linea (the strip of land joining Gibraltar to the Spanish mainland) last autumn, rioting parents formed a Citizens' Platform, setting up vigilante squads, and demanding that the government take stern measures to cut off the flow of narcotics to their children there. Addiction to heroin in La Linea is higher per capita than in the City of New York, while the spread of these vigilante squads is an embarrassing sign that the

respected, nor really enforced.

In Spain as a whole, deaths due to narcotics rose by 61% from 1988 to 1989. The latest figures show that the country,



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A view from the Rock of Gibraltar, showing the airstrip and port of the British colony bordering Spain: a platform for drug smuggling and money-laundering, while authorities wink.

where buying and holding narcotics for personal consumption is, curiously, not covered by the Penal Code, has about 100,000 cocaine addicts, as many or more heroin addicts, and at least 300,000 "occasional" users of cocaine, not to speak of other "recreational" drugs—this, for a population of about 37 million.

'Vox Populi' versus Vox Yuppie

In late November 1989, this writer, accompanied by a leader of the Colombian Anti-Drug Coalition, met with two high officials of the Spanish Foreign Ministry, responsible for South America. The Colombian had requested the meeting in order to press the Spanish government to all-out support for President Barco's war on drugs. But the utter cynicism shown by the Bush administration and its friends in London, is the Spanish government's current pretext for not doing, ruthlessly, all that is within its power. Not only did the Spanish diplomats express, albeit elegantly, their firm conviction that the narcotics plague cannot really be stopped, but went so far as to baldly state they had recently met with warlords of the narcotics cartel to "mediate" between them and the Colombian government. Later that evening, in a public anti-drug meeting held in an industrial suburb near Torrejón de Ardoz (where furious residents had just set up vigilante squads to fight the dope dealers), Spanish parents jeered and booed when the Colombian exposed to them what their diplomats had said.