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Geopolitics, geo-economics behind Germany's 'corruption' scandals

by Rainer Apel

Questions about financial irregularities and other unresolved mysteries behind the mid-1990s privatization of the former East German state's biggest petrochemical industrial complex at Leuna, are creating media headlines in Germany's current "scandals." One question that is posed over and over again in the media, is whether the French petrochemical company Elf-Aquitaine, which took over the Leuna complex, used a sum of 256 million French francs ($50 million), or at least a large part of it, to bribe several German middlemen and politicians.

The transfer of the FF 256 million occurred on Dec. 24, 1992—the day on which the contract between Elf-Aquitaine and the German Treuhand agency (assigned to carry out the privatization of the East German state-sector industry) was signed—in several tranches to bank accounts in Switzerland and Liechtenstein. From there, the money was transferred on to other bank accounts in London, Luxembourg, and other places in Europe. And from there, it is said to have ended up in the pockets of several leading politicians of, predominantly, the German Christian Democrats.

It is not the first time these allegations have made media headlines, although not a single piece of hard evidence concerning the allegations against the Christian Democrats has been presented. Such reports have appeared from late 1995 on, notably during 1997, when Elf-Aquitaine was the target of an official investigation into charges of corruption. Already at that time, when the French company's operations were being looked into in Paris by chief investigator Judge Eva Joly, two things became clear: first, that Leuna was just one among many such cases of corporate takeovers in which strange transfers of money had occurred; second, that Elf-Aquitaine, at least until its privatization in the second half of the 1990s, had not been just a petrochemical company, but had also served as a covert channel for French intelligence operations abroad.

The Le Floch-Prigent dossier

This role had been known among better-informed Frenchmen and people outside of France, but it became known among a broader public when, in late 1996, French journals quoted from a dossier compiled by Loik Le Floch-Prigent, the former CEO of Elf-Aquitaine. He wrote: "The boss of Elf is close to the [French] State President or the party that is in power. . . . It is a custom, an unwritten law, that Elf carries out secret intelligence work, with a number of real specialists, who are instructed directly by the intelligence agencies."

The dossier described numerous such Elf operations in Africa, the Middle East, and Central Asia, in which political leaders had been replaced, bribed, and the like. Those operations were undertaken in the context of the French power elites' strategic designs for promoting their specific interests in particular regions of the world. Elf-Aquitaine did, using other, one may say "corporate" means, what would otherwise have been done by the secret intelligence agencies, but could not be done in the usual way for particular reasons at particular times.

All of this was covered by French media in late 1996, and within days after the first revelations from Le Floch-Prigent's dossier, he was released from jail, where Eva Joly had kept him for several months, to elicit the truth behind the strange financial transfers of Elf-Aquitaine. The names of leading French politicians, including former Prime Minister Jacques Chirac (who became President in 1997), Interior Minister Charles Pasqua, and Foreign Minister Roland Dumas, were mentioned in connection with Joly's investigation, but, on April 20, 1997, key document files were stolen from the Paris headquarters of Elf-Aquitaine, and files on the Leuna takeover were among them. From other files she had access to, Joly was able to reconstruct the flow of funds from Elf to the bank accounts abroad, but crucial details on the Leuna affair had been removed with the stolen files.

The entire investigation slowed down considerably beginning in late 1997, and almost came to a standstill. Apparently, the files concerned 1992, during which the so-called "commissions" (or bribes) paid by Elf-Aquitaine saw a spectacular rise, from FF 20 million annually, to FF 700 million. The FF 256 million paid as "commission" via bank accounts abroad, in the context of the Leuna takeover, was one-third of that sum.

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Longtime intelligence agents

A closer look at those bank accounts and their owners reveals that something more than the usual payment of commissions was involved in December 1992: The owners were all former secret agents of French, German, Swiss, and British intelligence agencies. There was André Guelphi, longtime middleman between French foreign intelligence and Elf-Aquitaine, whose Liechtenstein-based firm, Nobleplac, was the address for the original transfer of FF 256 million from Elf. From Nobleplac, money was transferred to: the London-based firm Showfast, led by Axel Wend, who is said to work for several intelligence agencies, including British ones; the Liechtenstein-based firm Stand-by Establishment, owned by Dieter Holzer, a former agent of the German foreign intelligence agency; and the Liechtenstein-based firm Internationale Finanzanstalt, run by Pierre Lethier, a former officer of the French foreign intelligence service.

The man who ordered the transfer from the Elf-Aquitaine headquarters, Alfred Sirven, nominally head of the company's international division, EAI, was in reality head of the company's covert intelligence operations. Sirven's superior at that time was Loik Le Floch-Prigent. He and Sirven were political appointees of French President François Mitterrand, who certainly knew why he put them at the top of Elf.

Now, Mitterrand fiercely opposed the reunification of Germany, after the fall of the Berlin Wall in November 1989. A series of articles in the Dec. 23, 1999 issue of the French daily *Libération,* recalled that when Mitterrand, after meeting West German Chancellor Helmut Kohl on Nov. 3, 1989, came to realize that Kohl would attempt to carry out reunification, he decided to side with Britain's Germanophobe Prime Minister Margaret Thatcher, and to sabotage the reunion of the two German states. By early 1990, when it became evident that the Germans could not be prevented from reuniting, Thatcher and Mitterrand adopted a strategy of extracting political and economic concessions from Chancellor Kohl, on the pretext of "anchoring Germany deeply to NATO, the European Union," the International Monetary Fund, and other international institutions under the firm control of the London-centered cabal of geopoliticians.

The price of unification

The "geo-economics" that Thatcher and Mitterrand pursued to contain Germany, with backing from U.S. President George Bush and Secretary of State James Baker, aimed at forcing Chancellor Kohl to make substantial sacrifices of German financial and economic sovereignty, as a precondition for gaining their "approval" for German reunification. The overall framework for this financial-economic containment, the European Monetary Union, which would replace the strong German mark with an artificial new currency, the euro, was worked out during 1990 and was accepted by Kohl before the two Germanys united in October 1990.

Germany also agreed to shoulder the former East German communist state's bookkeeping debt as real debt, giving in to the blackmail from Anglo-American monetarists that not recognizing that debt, or cancelling it, would set a "very bad precedent" and would "endanger the existing world monetary system." When Deutsche Bank chairman Alfred Herrhausen was asassinated on Nov. 30, 1989, the last prominent German figure in opposition to the Anglo-American blackmail operations was removed from the scene. During 1990, not everything went smoothly for the geo-economic cabal, but the Germans put up no real resistance after Herrhausen's death.

New, serious trouble emerged for the geo-economic cabal, however, when Chancellor Kohl appointed Detlev Rohwedder as chairman of the newly created Treuhand agency. One may say that Kohl tried to revive with Rohwedder, what Herrhausen, a very close friend of Kohl's, had stood for. Rohwedder's designs may not have gone as far as Herrhausen's, but his strategy—of not accepting unbridled shareholder interests as partners for privatization—created sufficient headaches among Western geo-economic circles to lead them to make him "enemy number one."

Conflicting strategies

For example, the profitable takeover of almost 1,000 gasoline stations of the former East German state at dumping prices was not possible, as long as Rohwedder was at the top of the Treuhand agency. Rohwedder's design was to keep the core infrastructure of the entire East German petrochemical sector, including the Minol gas stations and the Leuna refinery complex, with its close connections to the Soviet Union's petrochemical sector, intact, and to use it for the creation of a sound continental energy cooperation grid between the East and the West. Genuine German-Russian cooperation could not be realized, however, because of the Western blackmail, and because several of the potential European partners for Leuna-Minol had other designs.

For example, British Petroleum thought of abandoning the Leuna connection into the Soviet Union, and replacing it with a new pipeline link to the North Sea oil fields. Modernizing Leuna with several billion dollars of new investment, was not very attractive to British Petroleum.

France's Elf-Aquitaine at first seemed to have an approach similar to British Petroleum, showing interest only in the gasoline chain and some aspects of Leuna, but then it changed its mind and conceptualized a big French investment in the Leuna refinery complex, as a stepping stone for gaining influence and control of parts of the Soviet petrochemical sector. This implied that Elf would also run covert intelligence operations into the Soviet Union, and from there, into the Caucasus, Central Asia, and Asia.

Certainly, this was not what Germany wanted, but Chancellor Kohl wanted a substantial French investment in East Germany, to establish at least some broader cooperation with France, because the French political elite was otherwise reluctant to cooperate with the reunified Germany in positive political terms.

Rohwedder is assassinated

It was in the middle of this delicate situation, which was characterized by other such geo-economic conflicts over the future of other sectors of East German industry, that Treuhand chairman Rohwedder was assassinated by a sniper on April 1, 1991. Under his successor, Birgit Breuel, the Treuhand agency policy changed radically, toward a strategy of abandoning remaining links between East German and Soviet industry. Instead, Breuel pushed a policy of reorienting East German industry to the Western free markets. In the Leuna case, Elf-Aquitaine prevailed over British Petroleum, which opted out, and the French extracted a state subsidy of 2.2 billion deutschemarks (roughly $1.4 billion) from the Germans, during a painstaking negotiation process that lasted from September 1991 to December 1992, when the contract on the "Leuna 2000" project was signed; a second phase of new French demands lasted into the spring of 1994.

The question of Russia

From the standpoint of corporate investment, there were hundreds more reasons for the Germans to bribe the French, than vice versa. So, the question is posed, why would Elf-Aquitaine have to pay "commissions" in the range of FF 256 million, on Dec. 24, 1992, the day the contract was signed. The fact that the payment went to "firms" owned by former intelligence agents of France, Germany, and Britain, indicates that something else was being pursued, parallel to and in close connection with the "Leuna 2000" project, something that had to do with gasoline and oil refining only in the context of larger designs of geo-economics.

The situation in Russia, which, after the nominal end of the Soviet Union in August 1991, saw the beginning of destructive free-market reforms, and the repercussions that it had also in the regions bordering on Russia, has to be taken into consideration. Certainly, the fact that some people in and around Elf-Aquitaine decided to increase its budget for "commissions" from FF 20 million to FF 700 million in 1992, is related to increased requirements for conducting intelligence operations after the collapse of the Soviet Union and its state-sector economic system in 1991.

Certainly, there is a much more interesting story to be found in that context, than the simplistic "bribes and corruption" scandal of the kind that the German and other Western media are trying to make of that "Leuna 2000" case. The real story to be found is the one about numerous, so-far-undocumented aspects of the policies which the two destructive twins, geopolitics and geo-economics, carried out during the 1990s.

Nigeria 2000: a time

by Lawrence K. Freeman

With the February 1999 election of Nigerian President Olusegun Obasanjo and his inauguration on May 29 of that year, the governments of the United States and Britain have changed their outward behavior toward Nigeria, from the vexatious policy they maintained when Nigeria was headed by Gen. Sani Abacha. Yet despite the West's new veneer, the underlying intent of the financial elite has not changed at all. With the Obasanjo government on the spot to deliver some minimal economic relief to the tens of millions of poverty-stricken Nigerians, and at the same time being forced to handle a new round of nasty "ethnic" attacks, the International Monetary Fund is seizing the opportunity to reinsert itself into the Nigerian economy. However, while it is far too early to predict the ultimate outcome, there are signs of growing resistance from several different sections of society, led by the labor movement, to another IMF takeover.

The Nigerian Labor Congress (NLC) led off a week of protests with a demonstration of 10,000 in Lagos, the largest city in Nigeria, on Dec. 15, and culminated its activities on Dec. 21 in Abuja, the capital, with several thousand workers rallying at Aso Rock, the villa of President Obasanjo. The immediate issue which catalyzed the protests was the decision of the government to deregulate fuel prices. It appears that for the moment, the week of protests in several state capitals has worked.

On Dec. 21, President Obasanjo met with leaders of the NLC, and agreed to hold off any immediate increase in the price of fuel. After the meeting, NLC President Adams Oshiomhole told the press, "We are convinced that there will be no fuel [price] increase in January." However, the NLC leadership has taken aim at the entire budget, and most importantly, at the IMF's underhanded efforts to take control of the Nigerian economy, as it did under former President Gen. Ibrahim Babangida. Nigerians have not forgotten, that it was implementation of the IMF's structural adjustment programs under Babangida (1985-93), through the massive devaluation of Nigeria's currency, the naira, and the liberalization of the economy, that resulted in the devastation of their nation, from which it has not recovered today.

The IMF's blackmail

In Lagos, Oshiomhole made clear that "Nigeria does not belong to oil companies, the IMF, the World Bank, or their agents." The following week in Abuja, he continued on the