

# Total oil in France's biggest postwar financial scandal

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While oil companies are scrambling to take advantage of the vast profits to be made from the plunder of the Iraqi oil industry, one of those bidding for contracts—Total formerly known as TotalFinaElf—is currently involved in a court case in France that has exposed corruption on a vast scale that goes to the highest levels of the state. It has been called France's biggest postwar financial scandal.

TotalFinaElf was awarded the rights to 2 million barrels of Iraqi oil as the US administration tried to allay fears that contracts would only be given to US and British companies.

The investigation into corruption at TotalFinaElf has been going on for eight years. Magistrates have filed a report that names close to 40 executives, politicians and middlemen that were part of a network that took nearly three billion francs in kickbacks from Elf in the early 1990s. The case, which is set to conclude in the next two months, has so far used the services of over 80 lawyers.

Investigative judge Eva Joly, who presided over the case in 1994, has written a book on the trial since her retirement last year. In extracts published in the French press she speaks of the case being hampered by government resistance, claims she received death threats and is now protected by bodyguards around the clock. The book, which was due out June 19, was the subject of a temporary ban until July 7 when the defence were due to present their closing statements in the trial. The book, "Is this the world we want to live in?", argues that France is institutionally corrupt.

Total originated as Elf Aquitaine, founded by General De Gaulle. Elf Aquitaine was privatised in 1994 and merged into TotalFinaElf. It has routinely served as a cover for secret French governmental operations, which included the bribing of African leaders and money laundering in Latin America.

Elf's activities in Africa were organised in the 1950s by President Charles de Gaulle and his adviser, the late Jacques Foccart. It used a series of networks as a way of accumulating oil wealth, via Elf, from newly independent colonies in West Africa. Elf used a system of split commissions as a way of maintaining French influence and

later subsidising Gaullist political activities.

This work was carried on by Charles Pasqua, 74, a Gaullist who was twice interior minister. Evidence presented in the court case showed that he used Elf corporate planes on more than 70 occasions. It has been alleged that the trips were for political and personal reasons. The free travel was said to have been organised by an Elf adviser named Andre Guelfi. Guelfi has far reaching global business connections, largely through contacts he made as an intermediary for the International Olympic Committee. This activity was so frequent that it came to be dubbed "Air Elf".

The court case has exposed the link between the top levels of the French state and a shadowy network of middlemen, outright crooks and corrupt businessmen. Elf former Chief Executive Loik Le Floch-Prigent has been accused of using company money to pay his divorce settlement, with the permission of the late French President Francois Mitterrand. Le Floch-Prigent was convicted in 2001 in an earlier trial. That case also brought convictions in May 2001 for Roland Dumas, France's former foreign minister, who was jailed for six months for receiving illegal funds from Elf from 1989-1992.

The political ramifications of the case have gone beyond the borders of France. In 2001 a prosecution was instigated by the Spanish Supreme court against the former foreign minister, Josep Pique, over alleged financial irregularities. The investigation related to the sale of a Spanish company Ertoil to Elf in 1991. Pique was a high-ranking executive at Ertoil. The Supreme court voted 10-2 in favour of charging Pique with suspicion of misappropriation of funds, tax evasion and fraud. The \$206 million from the sale to Elf was channelled into a holding company in Luxembourg. The investigation committee has not been able to trace where over half the money has gone.

The sale of Ertoil to Elf has formed a substantial part of the court case. Recently the person who brokered the Spanish deal, Nadhmi Auchy, gave evidence to the court. The French authorities in a statement published by Channel Four News said, "He has been charged on the warrant with

three charges of conspiracy to defraud involving the takeover of Ertoil by General Mediterranean Holdings (GMH) [Auchi's arms company] and its subsequent sale to Elf between December 1990 and August 1994."

Auchi is an Iraqi-born British businessman who has recently been extradited to France from Britain. It has taken the French authorities nearly two years to get the extradition as it was blocked by the Blair government. While in Britain Auchi developed some very powerful friends. Former Conservative Chancellor Lord Lamont was chosen to serve on the board of his Luxembourg banking company Cipaf and former Liberal Party leader Lord David Steel agreed to take up a directorship in Auchi's arms company General Mediterranean Holdings.

Auchi also developed a close relationship with the present Labour government. On the 20th anniversary of GMH's founding he was presented with an oil painting of parliament by the billionaire Lord Sainsbury on behalf of the Prime Minister Tony Blair. The painting was signed by 100 MPs, including former Conservative Party leader William Hague and Liberal Democrat leader Charles Kennedy. He used his newfound friends in the Labour Party to hire Keith Vaz MP as a director of GMH. Although Vaz resigned once he became a minister he still kept in contact with Auchi. As Europe Minister Vaz made enquiries on his behalf over the French extradition warrant.

Auchi is Britain's seventh richest man. He was formally a member of the Baathist party and a close confidant of Saddam Hussein. Auchi was tried alongside Hussein for his involvement in the conspiracy to assassinate the Iraqi Prime minister in the 1950s. He made his money using his influence with the Baathist regime to establish a banking empire in Britain and Luxembourg in the early 1980s.

In 1987, he had been involved for four years with one of Italy's most controversial bankers, Pierfrancesco Pacini Battaglia. Together they were exposed in Italy's "Clean Hands" investigation into financial corruption. The investigation showed that when Saddam Hussein sought to construct a giant pipeline from Iraq to Saudi Arabia in 1987 it was one of the most lucrative projects in the world. The Italian-French joint venture used Auchi and Battaglia to secure the contract. In his confession Battaglia said Auchi was used to pay bribes to the Iraqi government to deal with the Italians. According to the April 6 *Observer* newspaper in Britain Battaglia said, "To acquire the contract it was necessary, as is usual, especially in Middle Eastern countries, to pay commission to characters close to the Iraqi government... In this case, the international intermediary who dealt with this matter was the Iraqi Nadhmi Auchi."

Once in court Battaglia told how he paid millions of pounds in kickbacks to French oil executives. He said this

was standard practice at Elf and was claimed to have been told by Elf Executives, "What was good for Elf was good for France."

While Auchi made millions out of this deal it was nothing compared to his money made in the sale of a Kuwaiti-owned oil field in Spain, which is at the heart of the ongoing court case. At the time of Saddam Hussein's invasion of Kuwait in 1991, its government decided to sell one of its oil refineries in Spain to raise extra cash. When red tape in Europe impeded the sale, the Kuwaitis decided to speed things up using Auchi as an intermediary.

It has been alleged that for the deal, secret commission payments were made to Auchi. French investigators believe that a substantial proportion of the payments from Elf-Aquitaine found their way back into the pockets of senior executives, one such being Alfred Sirven who organised the deal. It appeared to the investigators that "kickbacks" were being made and that this "web of corruption" involving the French oil company went to the heart of the French government.

Investigators think that Auchi got a total of 5.6 billion pesetas for organising the deal for Elf and siphoned off 2.4 billion to Sirven to be put into a secret account at Auchi's bank in Luxembourg. Auchi has protested his innocence and has always claimed that the money received in the Ertoil refinery deal was a legitimate commission.

The scandal provides some insight into the corrupt world of the transnational oil corporations and their political representatives in whose interests innocent men, women and children are slaughtered in Iraq and elsewhere.



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