

# Corruption and bankruptcy at the new Berlin Brandenburg Airport

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Just one week after the Imtech construction company, the German subsidiary of Royal Imtech NV, filed for insolvency the Rotterdam District Court has also declared the parent company bankrupt. Royal Imtech NV is now to be broken up. The Imtech Marine and Imtech Nordic sectors have already been sold off. This means that more than 22,000 employees are at risk of redundancy internationally, and in Germany as many as 4,210.

Imtech Germany is involved in 960 domestic building sites, including the Cologne opera house and city theatre as well as Berlin Brandenburg Airport (BER). The Imtech insolvency exposes the chaos of the capitalist system, particularly in the case of BER.

The Imtech business model resembles a Ponzi scheme, or pyramid selling scam, where costs for ongoing projects are covered by advance payments for new projects. Public prosecutors in Neuruppin, Hamburg and Munich are investigating Imtech on suspicion of embezzlement, bribery, price-fixing and false accounting.

In a detailed background article July 16, *Die Zeit* accused Imtech of pursuing a “criminal business model, at least in part.” Imtech was said to be engaged in numerous construction projects, involving serious delays and dramatic cost increases. These include the new Foreign Intelligence Service (BND) building in Berlin, an operations centre at the Düsseldorf University Hospital, the campus of Bielefeld University of Applied Sciences and, most notably, Berlin Brandenburg Airport.

Imtech was allegedly “critically involved” in the construction delays and deviously exploited them to obtain increased payments for additional and expedited work, often amounting to tens of millions of euros.

The situation at Berlin-Brandenburg Airport specifically involves an accusation of bribery, where backhanders amounting to several hundred thousand euros are said to have been paid to one of the airport’s divisional directors. In return for the bribes, the director is believed to have arranged the unmonitored payment of Imtech invoices totalling €65 million (US\$72 million).

The inflated billing was claimed to be justified on grounds of supplementary and accelerated construction costs. A building authority employee told *Die Zeit*: “Imtech pushes supplementary costs management more aggressively than anyone else. It claims costs for work not done—that’s easily-earned money.” The construction delays were a bonanza for the participating companies. According to *Die Zeit*, “Imtech does business doing nothing.”

A review of the past reveals the web of corruption, bureaucratic arbitrariness and incompetence that has been spreading within Imtech for decades. From the very beginning of the BER project in 1991, hundreds of firms involved in the construction of the airport—from the big construction companies to the smallest subcontractors—have been feverishly intent on limiting their material and labour costs in order to maximize profits, employing a whole range of shady practices that have become standard in the construction industry’s public building projects. In addition to blackmail and corruption, these include bad planning, incorrect cost estimates, building without proper plans and consequent expensive reconstruction work and invoicing for work not undertaken.

The BER project was commissioned by Berlin Brandenburg Ltd (FBB), which is 74 percent owned by the federal states of Berlin and Brandenburg, with the remaining 26 percent belonging to the Federal Republic of Germany. The FBB supervisory board consists mainly of politicians from the various ruling parties, who have linked their personal reputations to the rapid completion of the airport and therefore have little interest in drawing attention to any potential scandals.

All the established parties—from the Christian Democratic Union (CDU), the Social Democratic Party (SPD) to the Left Party, in their various legislative terms—bear responsibility for the disaster, which has allowed the cost of the airport terminal to soar from the originally planned €630 million (US\$717 million) to the present estimate of at least €5.4 billion (US\$6 billion).

Representatives of the Verdi trade union and the works

councils at FBB's Tegel and Schönefeld airports sit on the supervisory board where they have ensured that there would be no opposition from the workforce and subcontractors to the poor working conditions and low wages. So far, the construction work has led to four fatal accidents and numerous serious injuries. One worker was crushed to death under a heavy steamroller, another was killed by the falling bucket of an excavating machine and two workers fell to their deaths.

The Left Party plays a particularly despicable role in this travesty. It was represented on the supervisory board by its Berlin senator for economic affairs, Harald Wolf, from 2008 to 2011 and by its Brandenburg state ministers Ralf Christoffers and Helmuth Markov from 2010, whose previous ministerial roles meant they were in positions to wield political influence.

The economic program of the Party of Democratic Socialism (PDS) and its successor the Left Party was mainly aimed at promoting the interests of the eastern German upper middle class and small business owners. Local small business proprietors often received contracts without having to satisfy any adequate eligibility tests. Thus emerged a murky network of companies that were often unable to cope with the complex tasks required by the airport project.

Given this situation, the Imtech building systems provider played a key role as a kind of umbrella organisation and was able to influence the decisions of the Berlin and Brandenburg state governments.

The consequences were disastrous.

Very early on, there was already talk of "planning chaos." Specifications that were originally defined in the proposal were changed in the course of the work. This led to continual mistakes, entailing costly reworking.

In 2013, the list of defective work and shortcomings already extended to more than 20,000 different items, including damaged conduits for flue gas, a non-functioning automatic fire protection system, electrical cable ducts mounted contrary to technical regulations and sometimes overloaded with current to the point where cables could heat up to more than 70 degrees, leading to deterioration of the synthetic casing.

Cables were undersized, bent or kinked, cable shafts were missing, the emergency power supply did not work, data access points for fire brigades were lacking, banisters were missing, IT systems lacked adequate cooling mechanisms, the underground fuelling facilities on the airfield fell short of security norms, rainwater found its way into ventilation systems, the baggage handling area was too confined, there were too few check-in counters because politicians wanted to designate space available to additional sales outlets in order to increase the airport's business profits—the snag list

goes on and on.

Construction of the fire protection system awarded to major companies like Siemens, Bosch and Imtech showed serious deficiencies in the wiring, programming and adherence to regulations, and contributed significantly to delaying completion. The Finnish company YIT together with Imtech had won the contract for the entire plumbing, heating, refrigeration, ventilation and air conditioning in the terminal, and was so important for the completion of the project that Hartmut Mehdorn—the former FBB managing director who, as boss at Heidelberg Printing Machines AG and the German Railways AG, had already presided over one major financial disaster—declared, despite the corruption proceedings then already underway: "We must not lose Imtech from the construction site. The damage (to the project) would be enormous."

Like for Mehdorn previously, ongoing legal proceedings against Imtech are now causing new FBB managing director Karsten Mühlenfeld concern about the airport's completion date and operational launch. On the other hand, no politician or trade union is interested in the fate of the 4,210 employees of Imtech Germany, not to mention the hundreds of workers of the more than 200 subcontractors employed by Imtech on the airport site. The company already sacked 1,300 workers in 2013.

The BER project is not an isolated case. Numerous public building works have gone the same way, with poor planning, exploding costs and delays in completion, for example, the construction of the Elbe Philharmonic Hall in Hamburg. The hall's cost was expected to come to €77 million (US\$86 million) in the original plan, but was finally estimated by mayor Olaf Scholz (SPD) to amount to €789 million (US\$877 million) in 2013.

In practice, the much-vaunted "efficiency" of capitalist competition means maximizing profits at the expense of workers and society as a whole.



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