

PRESS RELEASE

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RETURN OF BLOCKED OIL MONEY TO ANGOLA INVOLVES OPAQUE DEAL WITH SWISS ARMS COMPANY

Civil society organisations today expressed serious concerns over plans by the Swiss Development Agency (DDC) to return millions blocked in Swiss banks to Angola, including for a demining project awarded untransparently to RUAG, a Swiss arms manufacturer which currently does not have the requisite capacity for demining. Action Place financière Suisse, the Berne Declaration and Global Witness called on the Swiss authorities to rethink their decision and institute a competitive bidding process for the demining project.

RUAG belongs to the Swiss Confederation and, with factories in Switzerland, Germany and Sweden, is Europe's largest small arms producer. It produces some particularly inhumane weapons, such as cluster bombs. Switzerland is committed to greater control over small arms under the UN framework and, on 30 May 2008, was one of 111 states to announce their adhesion to the Cluster Munitions Convention, a historic agreement that prohibits the use, production and transfer of cluster bombs.

The Angolan demining project is part of a 2005 agreement between Switzerland and Angola over the return of \$21 million in Angolan public funds (plus \$3.2 million in interest) that were diverted into Swiss bank accounts and subsequently blocked by Swiss authorities as part of a money laundering investigation. The money was to be returned to Angola for development projects, namely \$4.2 million for education and \$10 million for demining. However, the DDC did not carry out a competitive bidding process for the demining project but simply appointed RUAG, even though the company currently does not have the requisite capacity for demining. RUAG will therefore seek bids from other demining companies who could have applied directly to run the project (as reported in Swiss newspaper *L'Hebdo* on 29 May 2008).

The blocked US\$21 million was part of US\$ 774 million of Angolan oil revenues paid into an account at UBS Geneva from 1997-2001 that were supposed to repay Angola's debt to Russia. However, only US\$ 161 millions were transferred to an account called 'Russian Ministry of Finance'. The remaining \$600 million was transferred to a series of obscure companies and offshore accounts belonging to high-ranking Angolan officials, including President Dos Santos.

The case was the subject of a criminal investigation in Geneva for corruption of foreign public officials and money laundering. The investigation was shut down by the Public Prosecutor of Geneva, Daniel Zappelli, at the end of 2004. In December 2006, a group of Angolan citizens called for the case to be reopened on the basis of new evidence not previously investigated by the Genevan authorities. Along with this denunciation, they filed a detailed legal memo. However, to date the authorities have not acted upon the denunciation.

Action Place financière suisse, the Berne Declaration and Global Witness have repeatedly called for transparency in the negotiations over the return of misappropriated public money to Angola and for Angolan civil society to be fully involved in the process.

Last week they sent a letter to the Head of the DDC, Ambassador Martin Dahinden, calling for:

- The DDC to rethink its award of the demining project to RUAG and carry out a transparent procurement process ;
- The DDC to institute clear benchmarks for oversight of the demining project and the educational projects, including for the participation of Angolan civil society, given the clear evidence of mismanagement and misappropriation of public money in this case;
- The Genevan Public Prosecutor, Daniel Zappelli, to fully investigate the case, including the destination of all the public funds that passed through UBS Geneva.

For further information :

Anne-Kathrin Glatz, Déclaration de Berne tel. +41 (0)21 620 03 09 ou +41 (0)76 542 32 62,

glatz@ladb.ch, www.ladb.ch

André Rothenbühler, Aktion Finanzplatz Schweiz tel. +41 (0)61 693 17 00 ou +41 (0)79 273 61 43,

afp@aktionfinanzplatz.ch, www.aktionfinanzplatz.ch

Sarah Wykes, Global Witness tel. +44 (0)7703 108 449,

swykes@globalwitness.org, www.globalwitness.org