

## Millions from Kazakhstan on Swiss bank accounts

**In Geneva, \$ 110 million have been blocked because they are linked to a corruption scandal in Kazakhstan. The opposition in Kazakhstan wants the money to be returned to the country which is rich on oil but otherwise fairly destitute.**

Stefan Howald (AFP)

\$ 110 million from oil businesses with Kazakhstan are blocked on bank accounts in Geneva because of a US-request for legal assistance. Since April 2003 there are pre-trial hearings in New York into the case of US-citizen James Giffen, accused of bribing high-ranking officials in Kazakhstan, including president Nursultan Nazarbayev in connection with the purchase of oil and gas contracts. Some weeks ago the defendant asked for – and has been granted – the release of official US-documents which might demonstrate that Giffen acted with the knowledge of the CIA and other US-authorities.

The case goes way back to the mid-1990s. At that time, Mobil Oil, now part of Exxon Mobil, acquired the rights to extract oil from the oilfields in Tengiz for the sum of \$ 1 billion. James Giffen acted as a personal advisor to the government of Kazakhstan. In 2000, the US-authorities started to investigate Giffen's dealings. In June 2000, the Swiss Federal department of Justice provisionally blocked several accounts on two banks in Geneva, all in all \$ 120 million. Appeals against this blocking, brought forward by the government of Kazakhstan, have been rejected by the Swiss Federal Court. According to the US-attorney, one of the persons profiting from the bribes is today's president Nazarbayev, the other one former prime minister Nurlan Balgimbayev.

Kazakhstan, with 15 million inhabitants, is the ninth largest country on earth. Nazarbayev, elected in 1991 with 98,7 percent of the vote, governs the former Soviet republic in autocratic style. EU and US-government frequently expressed their concern about human rights abuses in the Central Asian republic. In a recent report by Human Rights Watch, the government is accused of oppressing the opposition in the run-up to the parliamentary elections this coming autumn. The Muslim minority as well is discriminated against.

Kazakhstan has some geopolitical significance because of its huge oil and gas fields. The country contains the biggest oil reserves outside Saudi Arabia. After independence, the economy went into free fall. From 1990 to 2000, the per capita income shrunk to half its size. Since then the economy has recovered due to higher oil prices. But the country is completely dependent on the oil industry. While the new capital city Astana is spruced up, the old industrial areas are in decay. 30 percent of the population live below the poverty line.

The purchase of the oil rights has always been surrounded by rumours about corruption. James Giffen is not only implied in having taken bribes or having channelled money to Kazakh officials from Mobil, but from Amoco (BP), Texaco and Philips Petroleum as well. The US-authorities allege a total of \$ 78 million. Last year, a former employee with Mobil Oil was convicted to four years in prison on charges of corruption in connection with the oilfield in Tengiz. In November 2003 the Swiss Federal department of Justice handed over \$ 7.8 million to the US-authorities because the defendant agreed to a deal concerning this specific bank account. If Giffen is convicted, all the money which is blocked will go to the US-treasury. Kazakh's president Nasarbayev keeps a low profile concerning his former financial advisor. Pressed by the opposition he declared that the trial is strictly an internal American matter.

For some time, citizens from Kazakhstan, including parliamentarians from the opposition, try to de-block the money in Geneva. According to a speaker of a newly founded NGO, the money in question was paid by US-multinationals as part of the purchase of the oil extraction rights, but then was illegally appropriated. So it belongs to the Kazakh people and should be handed over to the country of its origin.

However there need to be safeguards that nobody implicated in the corruption scandal will profit from the returned money. This could be guaranteed, if the money goes to an independent trust, including Swiss trustees. But the Swiss authorities argue that they cannot return the money as long as the US-court case has not finished.

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