Swedish, South African Activists Cite Corruption in Recent Offset Deals
Terry Crawford-Browne

Swedish Prime Minister Goran Persson in late November headed an eight-day 700-person trade delegation to South Africa. But few were there to greet him. He was snubbed by South African President Thabo Mbeki, who chose not to attend the arrival ceremonies. And many of the events designed to promote trade between the two countries were poorly attended.

Persson had come to South Africa to promote the sale of the BAe/SAAB JAS 39 Gripen Fighter. This project, with its massive cost overruns, has become an acute political and financial embarrassment in Sweden, according to several Swedish nongovernmental organizations (NGOs). But the Swedish fighter program is also an intensely debated issue in South Africa, where many believe armament sales from “first world” to “third world” countries such as South Africa — which face massive internal crises of poverty while threatened by no foreign military power — highlight a growing recognition that corruption in the later usually originates in the former.

The sale of the Gripen Fighter by the Swedish Prime Minister and the business community is intended to cash in on the support of former Swedish Prime Minister Olof Palme for the struggle against apartheid although many of the same business men were then supportive of apartheid.

Arms Exporters Accept Bribes, NGO Reports
A recent Transparency International report notes that bribes to foreign officials in the business of promoting arms exports are legal in many European countries. In fact, the payments have even been made tax-deductible.

A three-day civil society consultation in Cape Town between Swedish and South African NGOs culminated in a controversial debate on “Defense Expenditure and Poverty Alleviation”? The Special Advisor to the Swedish Prime Minister and the South African Deputy Minister of Defense represented their respective governments.

Both governments had vehemently opposed inclusion of the issue in the consultation program. Insistence by the Swedish Christian Council and the South African NGOs ultimately prevailed, however. The coalition for Defense Alternatives, through which the South African affiliate of Economists Allied for Arms Reduction (ECAAR) operates, was one of the local organizers.

The debate focused on offsets, which have become a very real feature of the international arms trade. Under pressure from some of the NGO representatives at the meeting in Cape Town, a Swedish official reluctantly acknowledged that offsets are prohibited in “first world” civil trade agreements precisely because the practice is so open to corruption.

“Why,” the official was asked, “is Sweden now promoting corruption in South Africa”?

Increasingly, Offsets are Seen as Taxpayer Scams
It has become increasingly evident that offsets are scams to fleece the taxpayers of so-called first world supplier countries as well as third world recipient countries. For the latter, the primary purpose of offsets is to give political legitimization for large outlays on armaments by allowing policymakers to point to apparent but ultimately non-existent, economic benefits.
One of the presentations at the ECAAR conference at the University of Middlesex, England, in June 1999 revealed that offsets relating to the L20 billion Al Yamamah deal had been intended to create 75,000 jobs in Saudi Arabia. But the agreement never worked as planned. Almost completed, the contract provides only 1,600 jobs and of these only 300 are low- to medium-technology positions held by Saudis; the rest are held by imported expatriates.

At issue in South Africa is the government’s intention to spend R30 billion (U.S. $5 billion) on warships and warplanes from Britain, Germany, Sweden and Italy. More important to the government than the armaments themselves are the lures of R110 billion in offsets from the European weapons companies and their associates. These offsets are supposed to create 65,000 jobs.

The offset proposals remain vague and totally unsubstantiated. A German project for a stainless steel plant and deep water harbor has been condemned by both financiers and environmentalists as a disaster in the making.

And, as Anglican Bishop David Beetge commented during the consultation debate, “How do I tell a mother that the bullet which killed her son provided someone with a job”?

Taxpayers are not permitted to know the offset details in terms of contractual, “commercial confidentiality” clauses. Suspicions of corruption are therefore ripe and fueled by a document released to the media by ANC intelligence operatives on behalf of dissident ANC Maps.

Prominent Officials Named in Corruption Claim
The allegations name prominent officials and politicians, including the Deputy President, as beneficiaries of the offset arrangement. Church leaders and others have called for a judicial commission of investigation. The Coalition for Defense Alternatives has led opposition to the weapons acquisition program.

Pan Africanist Congress MP Patricia de Lille announced on November 30 that she had presented six or seven boxes of evidence to the Judge Heath Corruption Investigation Unit, and that President Mbeki would now be asked to promulgate an official investigation. Concerted efforts by politicians and officials some months ago to close the Heath Unit recently failed when former President Nelson Mandela extended and substantially expanded Judge Heath’s mandate.

De Lille’s request for an official Heath Unit investigation was endorsed by a broad spectrum of organizations, including the Anglican and Catholic churches, the South African Council of Churches as well as ECAAR-SA.

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