



ANC ACCOUNTABILITY
Former president Thabo Mbeki (right) talks to president Jacob Zuma after the 2009 State of The Nation address. Zuma said fighting poverty was his priority, a week after South Africa announced it was facing its worst recession in 17 years. Mbeki had entered into contracts for arms that by their conclusion in 2018 will have cost the country over US\$10 billion.

DESTROYING DREAMS IN THE RAINBOW NATION

Why the arms deal and its cover-up was the moment the ANC lost its moral compass. Revisit the corruption and its consequences in this hard-hitting extract from 'The Shadow World: Inside the Global Arms Trade'

The British arms company BAE Systems reflects much of what is wrong with the global trade in arms. Over the past few years, it has been investigated in connection with at least eight arms deals in which it allegedly paid unauthorised commissions (what most people understand as bribes) through a labyrinthine offshore money-laundering operation, using shady middlemen who ply their trade in the black and grey weapons markets. But the company seems insulated from justice in the U.K. where it receives unconditional government support, while impacting negatively on governance and development in the countries to which it sells its wares 🦠 I experienced BAE's pernicious impact at first hand as an ANC MP. As Thabo Mbeki succeeded Nelson Mandela, the national interest was quickly superseded by the narrow interests of the party. Open accountability gave way to a closing of the

BY ANDREW FEINSTEIN

ranks in which loyalty to the ANC and its leader became the crucial political currency. At the time I was the ranking ANC member on Parliament's Public Accounts Committee (Scopa). Despite the ANC undertaking to reduce spending on the military in favour of the country's dire socioeconomic needs, the government inexplicably undertook a massive purchase of military equipment in 1999. Estimated to cost roughly US\$3 billion at the time – although this disguised the true cost of the deal by at least 250% – it secured South Africa a range of military hardware, including Hawk and Gripen jets from BAE and Saab, submarines and frigates from Germany, and helicopters from Italy.

The purchases, known collectively as the “arms deal”, were wracked by allegations of corruption from the start. When the country's Auditor General presented Scopa with a damning report on the deal, replete with allegations of malfeasance, we set in motion a series of public hearings and investigations.

After countless overt and covert assignments with sources and the receipt of thousands of pages of evidence from the Auditor General and intrepid journalists, Gavin Woods, the committee chairperson, and I pieced together a frightening tale of corruption and deceit, with BAE the main villain of the piece.

We established that, at the time he was claiming the government had insufficient resources to provide life-saving medication to the millions of South Africans living with Aids, Thabo Mbeki had entered into contracts for arms that by their conclusion in 2018 will have cost the country over US\$10 billion.

About US\$300 million was paid in commissions and bribes to middlemen, senior politicians, officials and the ANC itself. The bribes were a key motivator in the deal, especially the need to finance the party and upcoming elections.

Unless seen in this way, many of the decisions made defy logic, especially the awarding of the largest contract to BAE and Saab for the supply of trainer and fighter jets.

The decision-making process comprised three main tiers: technical committees; an Arms Acquisition Council (AAC) on which the then Defence Minister, Joe Modise (assisted by his political adviser, Fana Hlongwane), and the head of procurement in the SANDF, “Chippy” Shaik, were the key players; and a Ministers' Committee chaired by the [then] Deputy President, Thabo Mbeki.

With respect to the jets contract, a joint British and Swedish bid, which was heavily punted by Tony Blair, the Swedish Prime Minister and the British royal family on visits to South Africa, did not make the initial technical shortlist. It failed to meet certain of the technical criteria and was overspecified in other respects. The Hawk trainer jets and Gripen fighter planes were also unfamiliar to S.A.'s pilots. Not unimportantly for a country facing myriad socioeconomic challenges, the BAE/Saab option was two-and-a-half times more expensive than the Italian jet favoured by the technical committee.

Beyond cost, BAE faced a major hurdle. When the South African Air Force (SAAF) reviewed its needs in the mid-1990s, knowing that S.A. needed to reduce defence spending, it suggested that only one type of plane be bought to serve as a training jet and also to be used in conflict. This, however, immediately disqualified BAE/Saab from the running as they were offering separate jets.

In November 1997, however, under the strict instruction of Joe Modise, the SAAF was compelled to announce that it needed two discrete planes. Beyond benefiting BAE, it was an incredibly strange decision. In effect, the SAAF had agreed to purchase more jets without increasing combat capacity, and pilots could make the transition from the training planes S.A. already had to a fully functional jet fighter – meaning that there was no need for the additional training rung on which BAE would eventually hang the Hawk.

Even with this gerrymandering, BAE faced another obstacle. The shortlist identified the Hawk and Gripen as the least desirable planes of their types: for trainers the SAAF preferred the Aermacchi MB339FD, and for fighter jets Daimler-Benz's AT2000.

The Gripen was able to sneak through on a dubious technicality. A part of the bid was the proposal to finance the deal. The members of the selection committee claimed that only BAE had submitted a full financing proposal, despite repeated calls to the other bidders to do likewise. This fatally hamstrung the other bidders, and the Gripen moved into first place by default. It is

inconceivable that BAE's competitors would not have submitted such important information if asked. And when auditors looked into the deal they could find no evidence that any of the competitors had been asked to submit the financing proposal.

To select the Hawk, a more gauche approach was taken. When the shortlist was presented to the AAC, placing the Hawk last, Minister Modise was furious. So he decided to exclude cost as a procurement criterion on the single largest contract in the democratic S.A.'s history. There were now two parallel shortlists, costed and non-costed. The costed shortlist ranked the Hawk last. The non-costed option, which was the only shortlist considered, kept the Hawk in play.

To improve their prospects even further, BAE/Saab were then asked to make an improved economic offset offer, an opportunity not given to the other companies. They came up with a package roughly 10 times larger than that of any of their competitors. However, when the offset proposals were reviewed by the Department of Trade and Industry (DTI) it was discovered that their value had been “grossly inflated” by the evaluation committee, from US\$245 million to US\$1.6 billion.

Offsets are programmes in which the supplier company agrees to invest in the industry of a purchasing state, to offset the economic impact of the transaction. The literature suggests they are so much economic sophistry: useful for politicians to justify spending billions on weapons but very seldom delivering the promised benefits. They are also a clever way to channel benefits to key decision-makers.

The S.A. experience of offsets has largely chimed with that elsewhere in the world. When the arms deal was announced it was promised that offsets would create 65 000 jobs and generate R104 billion in economic activity. In 2010, the DTI confirmed that only 28 000 direct jobs had been created, roughly £214 000 per job. Fifty-five teachers could be employed for a year for the same price as a single direct job created by the offsets programme.

Even the stated number of jobs created has to be taken with a pinch of salt. Not even the investigatory team that tried to examine the arms deal was allowed to review the details of the offsets. The way the offsets credit system was applied was a joke. For instance, Saab spent R15 million upgrading a set of heated pools in Port Elizabeth and undertaking marketing activities in Sweden to attract tourists to the town. For this tiny investment Saab

had claimed US\$218 million in offset credits by 2005 alone. The company was able to do so by claiming US\$3 830 for every Scandinavian visitor to South Africa and not just P.E., until 2011 – effectively meaning that the company was granted offset credits for each Swedish tourist who travelled to watch the football World Cup in 2010!

Despite the inherently suspect nature of offsets, by including a massively improved offset offer, BAE/Saab's bid nudged into first place on the non-costed shortlist.

Modise and his accomplices arranged an informal meeting of a few of the members of the Ministers' Committee. Two Defence Force representatives who were at the get-together were shocked the following morning when “Chippy” Shaik asked them to sign minutes of the meeting, confirming that it had been formally decided to buy the Hawks and Gripens. The officials argued that the meeting was not formally constituted, that alternatives to the BAE/Saab offer had not even been discussed and that no decision had been made. Nevertheless, despite these procedural irregularities and the SAAF making clear that it would only accept the Hawk/Gripen if forced to do so by the politicians, the British-Swedish joint venture was awarded the prized contract.

S.A. had been taken for a ride. The arms companies had persuaded political and military leaders that they needed far more equipment than they did. They charged a premium, in one instance 35% more than others paid for the same equipment, and promised unrealisable economic benefits.

There was immediately clear evidence of conflicts of interest and possible corruption. We were made aware that the Defence Minister had acquired shares in a company called Conlog in 1997 through a complex transaction that resulted in him paying nothing for his shares. Conlog had been identified by BAE as a recipient of substantial offset contracts, meaning its shares would increase significantly in the aftermath of the arms deal. Modise, therefore, had considerable inducement to ensure BAE's selection. On retiring from government in early 1999, Modise was appointed chairman of Conlog.

Fortified with this and other information, myself and Gavin won the support of Scopa for a massive investigation by a multi-agency team. We pushed a resolution approving the proposal through Parliament. When the ANC lead-

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ership realised what we had done, they reacted angrily. We were called to a meeting of the party's leadership at which Minister in the Presidency Essop Pahad screamed at me across the meeting room table: "Who do you think you are, questioning the integrity of the President, the cabinet and the government?"

They developed a strategy to prevent further meaningful investigation. It included the ANC members of Scopa using the party's majority to water down our resolution, excluding any investigators who weren't sympathetic to the ANC and unconstitutionally instructing the others as to who and what they could and could not investigate. These agencies were also severely hamstrung in their efforts to work with international investigators.



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I refused to cooperate with the cover-up. A number of senior party members tried to persuade me to fall into line. One NEC member told me that this was a battle I could not win, that the party would close ranks around the deal because we'd received money from the successful bidders that was used to fund our election campaign in 1999. Trevor Manuel, then Minister of Finance, suggested to me privately: "We all know Joe Modise [who had a history of corruption, even during the ANC's years in exile]. Of course there was shit in the deal. But they're not that stupid. No-one will ever uncover it. Just concentrate on the technical aspects of the deal, which were sound."

I refused and was removed from Scopa. My attempts to continue to investigate the deal were met with constant disciplining from the party leadership until, under the terms of S.A.'s proportional representation system, I was forced to resign my parliamentary seat.

Thabo Mbeki and his inner circle were happy to undermine key institutions of our new democracy, including Parliament and important components of the judicial system, in order to safeguard the interests of the party and to protect some of its senior leaders.

On arriving in the U.K. in November 2001 I was besieged by people from all over the world who had followed the arms deal. It was clear that this was just one event in a long history of systematic bribery and corruption by arms companies. The U.K.'s Serious Fraud Office (SFO) was, at the time, engaged in multiple investigations into BAE. In addition to a massive deal with Saudi Arabia and a more modest investigation into S.A., it was also examining similar transactions in Tanzania, the Czech Republic and Hungary. After telling investigators all I knew about the S.A. deal it was apparent that BAE used similar routes and methods to pay off South Africans as it had others.

Together with S.A.'s anti-corruption unit, the Scorpions, which was subsequently disbanded by the government, the SFO revealed the web of companies used to pay the bribes. In an affidavit submitted to South African courts, the agencies claimed "reasonable suspicion that BAE devised a system of payments ... designed as bribes to achieve success ... and to seek to obtain undue advantage over its competitors in the bidding process". This was done through a system of "overt and covert" advisers. The SFO alleged that a British Virgin Islands (B.V.I.) entity, Red Diamond, was created "to ensure that corrupt payments could be made and that it would be more difficult for law enforcement agencies to penetrate the system [of covert payments]".

The SFO investigation revealed that £115 million of commissions had been paid by BAE to agents and key political leaders and officials in S.A. From 2002 to 2007, Fana Hlongwane received a total of £19,5 million directly from BAE shell companies or via Sanip - a company in S.A. established by BAE/Saab to manage their offset obligations - and two other covert entities - Arstow in the B.V.I. and CIC in Jersey. BAE "could not produce any significant records ... of work done that could reasonably justify [such] compensation [to Hlongwane]".

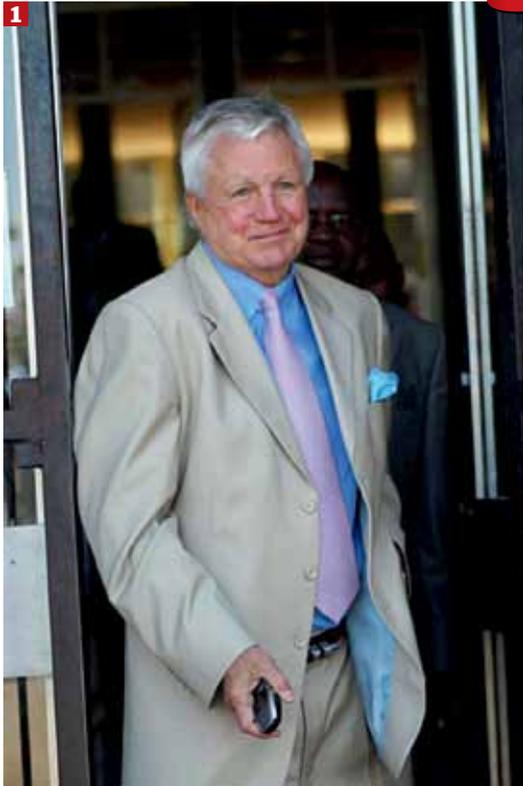
The affidavits also revealed a scramble by BAE to make two highly confidential payments to seal the deal prior to the signature of the final contract in December 1999. On December 2nd, the day before the contract was signed,



Brothers in Arms

The ANC government purchased a range of military hardware in 1999 including (1) and (5) Gripen fighter jets from BAE, as well as (2) submarines and (3) frigates from Germany. (4) (L-R) "Mo", Schabir and "Chippy" Shaik outside Durban High Court on February 21st, 2005. Schabir Shaik was found guilty of fraud and corruption following an investigation into his relationship with then ANC deputy president Jacob Zuma.





BAE approved payment of US\$4 million to Huderfield Enterprises, a covert company set up by BAE's agent, Richard Charter, alongside his overt consultancy. A special payment of £100 000 had been made to Arstow on October 5th, 1999, after the S.A. government announced the purchase of the Hawk and Gripen. These two payments were approved through an extraordinary "ex-committee" procedure attended by only a handful of BAE's most senior executives. It is assumed these payments, or a part thereof, were intended for Hlongwane and others.

Besides Richard Charter, the Zimbabwean John Bredenkamp was identified as one of BAE's covert agents on the deal. A former Rhodesian rugby captain, Bredenkamp, who admits to breaking arms sanctions in place against Rhodesia's racist government, is alleged by E.U. and U.S. authorities to have been close to Robert Mugabe or people within his inner circle. Bredenkamp denies this.¹

It was alleged in the SFO court documents that Kayswell Services, one of Bredenkamp's commercial vehicles, was paid more than £37 million by BAE on the South African deal. Allan McDonald, a former BAE executive, claims that Bredenkamp and his team's only contribution towards the selection of BAE as preferred bidder was to advise the company which "key decision-makers" needed to be identified with a view to "financially incentivising" them to make the right decision with regard to the Hawk/Gripen contract. He was told that Bredenkamp's team had boasted that "we can get to Chippy Shaik" and that they had been speaking to him about the Hawk. Bredenkamp's U.K. operations chief spoke of the "Third World procedures" required to win the S.A. bid – an assumed reference to bribery.

The obvious conclusion is that at least part of these payments was used by Hlongwane and Bredenkamp to bribe others. The Scorpions concluded their submission as follows:

In view of the huge sums of money involved, there is at the very least a reasonable suspicion that Bredenkamp and/or BAE's S.A. representative, Richard Charter, used some of the money they received to induce or reward Fana Hlongwane and/or certain other officials involved in the evaluation of the various bids ... Fana Hlongwane may have used some of the money he received, to induce and/or reward such officials for such assistance.

This would account for the complete undermining of the procurement criteria, at the insistence of Joe Modise and his henchmen, that led to BAE/Saab being awarded the contract.

In late 2010, it was reported that Hlongwane had granted a sizeable home loan to Siphwe Nyanda, the chief of the SANDF at the time of the deal. Allegedly Nyanda only paid back a fraction of the loan before it was written

off when he was appointed a Minister in 2009, suggesting a deal to transfer funds with a minimal paper trail. After leaving the SANDF in 2005, Nyanda became chief executive of Hlongwane's group of companies, Ngwane Defence. Nyanda was the SANDF chief during the selection and negotiation process and also, crucially, during a 2004 review of the purchase that resulted in the decision to pursue additional tranches of the BAE/Saab deal. The bonus payment to Hlongwane in 2004 was conditional on South Africa agreeing to the additional tranches.

Investigators also froze five bank accounts belonging to Hlongwane in Switzerland and Liechtenstein, blocking funds of more than R160 million. The Swiss initiated their own money-laundering inquiry.

Other alleged recipients of arms deal largesse suffered mixed fates initially.

Deputy President Zuma was fired for corruption in relation to the deal after his financial adviser, Schabir Shaik – the brother of "Chippy" – was sentenced to 15 years in jail for fraud and corruption for paying Zuma to further his business interests. The ANC's Chief Whip in Parliament, Tony Yengeni, who attempted to stop me investigating the deal, also served a brief prison sentence for offences linked to gifts from EADS, a French-German arms company that also bid for contracts. He was carried shoulder-high into prison by senior leaders of the ANC and, on his premature release, was greeted as a hero. Today he serves on the ANC NEC and runs the party's influential Political School.

"Chippy" Shaik left the country after evidence emerged that he had received US\$3 million from ThyssenKrupp, which was part of the consortium that controversially won the contract to build frigates. The work was effectively awarded to a Spanish company before Thabo Mbeki made a visit to Germany. Thereafter the tender was reopened. A third Shaik brother, "Mo", was briefly deployed to Hamburg, where the German Frigate Consortium was headquartered, as the country's Consul General. The consortium was awarded the contract, allegedly paying US\$25 million in bribes. The awarding of a submarine deal to a consortium led by Ferrostaal was also highly contentious.

Jacob Zuma was charged with 783 counts of racketeering, fraud and corruption, for receiving payments related to the deal through Schabir Shaik. In return, Zuma intervened to ensure the businessman won a lucrative sub-contract through the French company Thomson-CSF. When Thomson-CSF was considering dumping Shaik as its partner in 1998, the businessman flew Zuma to London to meet the company, where he reassured them that Shaik was well regarded throughout the ANC, including by Mandela and Mbeki – an untrue statement. Subsequently, in an encrypted fax, the company agreed to pay Zuma R500 000 a year to further the interests of the company and to

1. Bredenkamp claims he has not met Mugabe since 1981, has been subjected to false arrest and imprisonment by the regime, before being cleared, has had his passport rescinded and has had his farm listed for seizure on two occasions. At the time of writing, Bredenkamp was residing in Zimbabwe, facing no apparent legal or political difficulties. In addition, he is on the U.S. OFAC sanctions list and the E.U.'s financial sanctions list, described on both as a Mugabe crony. Bredenkamp denies paying bribes or providing covert assistance to BAE. He stated in correspondence with me that he was simply an investor in companies that assisted BAE in their bid. You can see Bredenkamp's detailed defence of himself at www.johnbredenkamp.co.za.

The Shadow World

(1) Zimbabwean tycoon John Arnold Bredenkamp walks out of Harare Magistrate Court on September 8th, 2006. Bredenkamp was accused of holding a South African passport while enjoying Zimbabwean citizenship. (2) The Denel assembly of the BAE Hawk aircraft. (3) Then president Thabo Mbeki, left, and ANC deputy president Jacob Zuma pause at the ANC conference in Polokwane, Limpopo, on December 16th, 2007. (4) Former defence minister Joe Modise at a press conference on June 13th, 1999. (5) Former British Prime Minister Tony Blair. (6) Judge Willie Legoabe Seriti. (7) August 4th, 2008: Zuma's corruption court case commences. Former SANDF chief Simphiwe Nyanda shows his support.



protect it from any possible inquiry into their role in the arms deal. The Constitutional Court, when deliberating on Schabir Shaik's appeal against his conviction, stated:

Counsel for the appellants [Shaik and his companies] very properly conceded in argument that, given the criminal conviction of Mr Shaik, it must be accepted for the purpose of these proceedings that Mr Shaik did pay bribes to Mr Zuma ... The payments were made by Mr Shaik in order to influence Mr Zuma to promote Mr Shaik's business interests and, in attending the meeting in July 1998, Mr Zuma did, as a matter of fact, promote Mr Shaik's interests.

Just 10 days before he was elected President, the charges against Jacob Zuma were controversially dropped for "technical reasons" despite the National Prosecuting Authority (NPA) admitting that it had a "strong, substantive case against Mr Zuma". The acting head of the NPA, who made the decision, became an acting High Court judge after the election. The statement announcing his decision drew heavily from a judgment delivered by Justice Seagroatt in a commercial case in Hong Kong. Seagroatt later pointed out that his own judgment was made under a different legal system, in a commercial not criminal case, and was overturned on appeal, making it an invalid legal precedent. He even said that the Zuma trial should have gone ahead.

Schabir Shaik was released from jail less than two years into a 15-year sentence on compassionate grounds, using legislation intended for prisoners in the final stages of a terminal illness. He was suffering from high blood pressure and depression. Since his release he has been spotted in a nightclub and playing golf, and has been accused of two separate assaults.

And what of BAE? Just a few years after Tony Blair intervened to ensure the dropping of an investigation into the company in relation to the world's biggest and most corrupt arms deal, between the U.K. and Saudi Arabia, the SFO announced that it was seeking permission to prosecute BAE for overseas corruption in S.A., Tanzania and eastern Europe. A plea bargain was offered to the company in terms of which it would have to admit to corruption and pay penalties of around half a billion pounds.

In early 2010, I was invited with a colleague to meet the relatively new director of the SFO, Richard Alderman. After telling us that BAE had rejected his offer, Alderman insisted defiantly that he would not be returning to the negotiating table but instead would press the Attorney General for permission to charge the company with corruption and bribery. Three days later, on Friday, February 5th, I was back at the SFO's offices near London's

King's Cross station to provide another formal witness statement to the team investigating the S.A. deal. The team reiterated what they'd been saying throughout the years I had been interacting with them: that while they were struggling to get cooperation from the S.A. justice ministry, they were, nevertheless, confident of their case.

Soon after I left, the investigators received the message from Alderman that RLI02, the codename for the BAE investigation, had been settled. The company would pay a paltry £30 million (later reduced to £500 000 with the balance payable as reparations) for accounting irregularities in relation to the Tanzanian transaction, while the investigations into S.A. and eastern Europe would be dropped unconditionally. To complete the capitulation, the SFO also gave an astonishing undertaking not to allege that BAE was guilty of corruption for 10 years if prosecuting others linked to the company's nefarious activities.

As I was driving home, I was called by a contact in the U.S. government. He was leaving the courthouse where the U.S. had just reached a simulta-

neous settlement with BAE. But in America the company was forced to acknowledge that it paid unauthorised commissions. In addition, BAE had to admit the existence of its maze of offshore companies through which covert payments were made. The company admitted writing a false letter to U.S. authorities in 2000, denying it was paying any secret commissions. The Ameri-

cans fined BAE US\$400 million, the largest penalty ever imposed on a British company. In May 2011, BAE struck another plea bargain, this time with the U.S. State Department. In return for a guilty plea on numerous charges relating to arms export legislation, the company was fined another US\$79 million.

Read together, BAE's admissions in the settlements largely confirm the information contained in the SFO's affidavits filed in S.A. The "Charging Letter" in which BAE acknowledged guilt identified 2 591 violations of weapons trafficking laws. The Letter confirmed that Red Diamond had been established in 1998 "in order, inter alia, to conceal [BAE] brokering relationships" and acknowledged 1000 payments to "unauthorised brokers" between 1998 and 2007.

BAE admitted that with regards to S.A. "Red Diamond made payments to brokers involved in securing the sale." The company was clearly aware of the dubious nature of the payments:

BAE/Saab made payments to certain advisors through offshore shell companies even though in certain situations there was a high probability that part of the payments would be used in order to ensure that BAE/Saab was favoured in the foreign government decisions regarding the sales of defense articles.

[Cont. on 106]

JUST 10 DAYS BEFORE HE WAS ELECTED
PRESIDENT, THE CHARGES AGAINST
JACOB ZUMA WERE CONTROVERSIALLY
DROPPED FOR "TECHNICAL REASONS"

[Cont. from 35] The plea bargains, while confirming what we had long known, evoked anger that a company that had behaved unethically, illegally and immorally for so long got off so lightly.

Where the U.S. settlement was at least harsh in its condemnation, even though the penalty probably constitutes less than the company made on just the S.A. deal, the derisory British settlement was a slap in the face for the people of all the countries BAE has corrupted and for the British taxpayer who subsidises the company. It reinforced the belief that BAE is above the law and can pay its way out of trouble, very cheaply.

A couple of years earlier an investigation into Thyssen-Krupp, the main German beneficiary of the S.A. deal, had been launched by German prosecutors. The company allegedly tried to claim tax credits on commissions paid to secure the contract to build the frigates. The matter was settled with the company admitting tax violations and paying a fine. Despite documentary evidence of ThyssenKrupp having paid a bribe to “Chippy” Shaik, and Patricia de Lille brandishing in Parliament copies of cheques paid to the ANC and charities associated with party luminaries, the German authorities made no mention of the bribes.

The S.A. government made little comment on either decision. With his brother out of jail and the Germans keeping silent about the money he received, “Chippy” Shaik returned to S.A. and is a thriving businessman, while Mo is now head of the country’s Secret Service. In making the appointment, it was announced that his responsibilities would include addressing drug and gun running into S.A.

Jacob Zuma also appointed as the new head of the NPA the former DG of Justice, Menzi Simelane, who in that role ensured that international investigators received as little assistance from S.A. as possible on their arms deal inquiries. Simelane quickly announced that he would endeavour to lift a freeze on Fana Hlongwane’s funds.

In September 2010, a group of Swedish peace organisations filed criminal charges against Saab in relation to the deal. In November of that year I met Swedish prosecutors and gave them all the information I had. Questions from the prosecutor led to Saab’s admission in June 2011, after almost a decade of denials, that Fana Hlongwane had been furtively paid R24 million. Saab’s admission has been widely read as final confirmation that a contractor paid bribes on the deal. At the time of writing Swedish prosecutors were about to make a decision on whether to reopen an investigation into Saab.

Only a few days later the DA MP David Maynier announced that he had access to consultancy agreements between the companies and Hlongwane. The documents include one amendment in which Hlongwane’s tasks were updated to include the facilitation of “face-to-face” meetings with S.A. officials on BAE’s behalf, as well as advising on a “contact map” of “key Customer [S.A.] personnel and in particular the decision-makers with respect to the selection of products and services”. This only intensified suspicions that part of the payments to Hlongwane had been intended for the key political and military leaders and officials with whom he worked.

Just a few weeks earlier the Hawks had announced that they were closing their investigation into the arms deal, a shameful decision that the ANC had been working towards for almost a decade. The memorandum justifying the decision was a farce, replete with incorrect facts and contradictions: at one point it argued that the investigation should be dropped for lack of evidence only to later claim that any further investigation would be too burdensome because there was too much evidence to sift through.

In August 2011, a leaked internal report by lawyers into Ferrostaal revealed payments of close to €35 million relating to its submarine contracts in S.A. to various “advisers” and consultants, all of whom had political connections at the highest levels. The company is already under investigation for corruption in relation to deals in Portugal and Greece.

Finally, in September, under internal political pressure and with the country’s Constitutional Court deliberating an application to force him to appoint a judicial Commission of Enquiry into the arms deal, President Zuma announced his own com-

mission but without details of who would lead it and its terms of reference. In October he released the names of the Commission members: it will be led by Judge Seriti of the Supreme Court, to which he was appointed by Zuma. Seriti was the only judge with the legal mandate to authorise phone tapping for a period of two years, i.e. he was the judge the National Intelligence Agency went to to get its interception orders. So he is very likely to have granted the orders to tap the phones of the people who investigated Zuma for corruption. These wire-taps eventually led to the dropping of charges against Zuma. Judge Legodi had the same role (in an acting capacity) for about two months. Judge Van der Merwe acquitted Zuma in his corruption trial. So it appears they are all broadly sympathetic to the president, which is not a good sign. Now the crucial thing is whether the terms of reference are broad enough to include all the allegations of corruption, including against Zuma himself and the ANC, and whether the judges will have the courage to pursue these avenues. Unless this is the case, this Commission will be yet another of the whitewashes that has characterised the ANC government’s response to the arms deal to date.

S.A. continues to pay for this deal in lives. A Harvard University study conservatively estimated that, over the five years following the deal, 365 000 South Africans died avoidable deaths because the state claimed it could not afford to provide the antiretroviral medication they needed to live.

It is estimated that the arms deal will have cost the country over R70 billion. This dwarfs what has been spent on far more pressing priorities. By 2008, for every rand spent on keeping

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South Africans with Aids alive, an equivalent R7,63 was spent on the arms deal. The same money could have built close to two million houses or employed 1,1 million maintenance workers and cleaners for a year – the equivalent of 100 000 jobs per year for 10 years.

S.A.’s prosecutorial and investigative bodies were left in disarray by the arms deal and have continued to deteriorate sharply. Parliament has never recovered from being turned into a rubber stamp. The deal and its cover-up were the point at which the ANC lost its moral compass. It heralded the start of a series of corrupt transactions that have continued to benefit the ANC, and some of its key leaders, while undermining the provision of basic social services.

As for the weaponry, only 11 of the 24 Hawks have ever been operational. The SAAF can only afford to let the Gripen squadron, comprising the 11 planes so far delivered, fly for a paltry 250 hours a year. And one of the three submarines purchased from German suppliers has been beset by a “litany of problems”, spending much of its life waiting for repair on a dry dock.

Sadly this story is only too common in the shadow world that is the global arms trade. However, despite attempts by the governments and companies concerned to conceal corruption and woeful decision-making behind a veil of national-security-induced secrecy, the truth ultimately emerges, often decades after the events.

The truth in the case of BAE’s arms dealing, with the active connivance and protection of both the British government and corrupt governments in the purchasing countries, is that it brings misery and suffering to many parts of the world that can least afford it, including South Africa. It is not the well-paid company executives or the politicians or government functionaries who have to suffer the consequences. It is the ordinary citizens of the buying and selling countries who are made to pay for the wasted fiscal resources and the diminution of democracy and the rule of law. ☐

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www.aldoshoes.com/za
- American Apparel**
http://americanapparel.net
- American Swiss**
011 938 1911;
www.americanswiss.co.za
- Astore** 021 422 2888;
www.astoreisgood.com
- Ben Sherman**
021 425 8996, 011 684 2969;
www.bensherman.com
- Burberry** 021 425 8933;
www.burberry.com
- Charles Greig**
011 325 4477;
www.charlesgreig.co.za
- Diesel** 021 425 5779,
011 783 0882;
www.diesel.com
- Edgars** 0800 203 925;
www.edgars.co.za
- Extreme Eyewear**
021 421 1179,
087 940 3830;
www.extremeeyewear.com
- Fabiani** 021 425 1810,
011 783 0066;
www.fabiani.co.za
- Jay Jays** 021 555 2243
- Jimmy Choo**
021 418 8506, 011 325 4440;
www.jimmychoo.com
- L’Atelje** 011 325 5728
- Lee** 031 313 1400;
www.leejeans-ap.com
- Levi’s** 021 425 3046;
www.levi.co.za
- Marshall Music**
021 426 6325, 011 804 1362;
www.marshallmusic.co.za
- Mungo & Jemima**
021 424 5016; www.
mungoandjemima.com
- Nina Roche**
011 325 4440, 021 421 8784
- Old Khaki** 0860 034 000;
www.oldkhaki.co.za
- Paul Smith**
021 418 0007, 011 447 1074;
www.paulsmith.co.uk
- Pepe** 021 590 6600;
www.pepejeans.com
- Pringle** 021 418 5282
- Purr** 021 424 5044;
www.purr.co.za
- Reminiscene**
011 726 7905;
www.vintageclothing.
mahoonas.co.za
- Sam** 072 388 3489
- Second Time Around**
021 423 1674
- Shop-Label**
021 434 5431;
www.shop-label.com
- Sunglass Hut** 021 418 8534;
www.sunglasshut.co.za
- Union-Made** 021 418 1948
- Woolworths** 021 555 3604;
www.woolworths.co.za
- YDE** 021 555 2090;
www.yde.co.za