

**Paris Papers: Perimekar just a travel agency**  
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COMMENT Having had the privilege of looking at some of the Paris Papers on the Scorpene submarine scandal recently, it behoves me to give anxious landlubbers a 'hitchhiker's guide' to this convoluted mesh of payments that have gone on to grease this most expensive (more than RM7 billion) arms purchase in Malaysia's history.

Since Suaram lodged its complaint with the French courts for a judicial review of the Scorpene contract in November 2009, the French prosecutors have certainly been busy with their investigations.

They have interviewed officials in the French state-owned defence company, DCN, and related companies such as Thales as well as officials in the French Defence Ministry.

They have looked into bank vaults and scrutinised contracts, memoranda of understanding, memoranda of intent, invoices, bank accounts of various people including Abdul Razak Baginda (*left in photo*), the former close confidant of Prime Minister Najib Razak at the centre of the controversy.

There are also some rather telling internal confidential reports of DCN and the French Defence Ministry.

So far, the Malaysian Defence Ministry has told Parliament that:

- The cost of two Scorpene submarines together with logistic support and training was close to 1 billion euros (RM4 billion).
- Payment to Perimekar, an obscure company owned by Razak Baginda, for "coordination services" was 114 million euros (RM450 million).

Malaysian taxpayers will still need to pay even more for maintenance services, support and test equipment, missiles and torpedoes, infrastructure for the submarine base, training of crew, etc. The total bill for these two submarines will be in excess of RM7 billion.

But are these two the only transactions in a sordid affair that has claimed the life of a fair Mongolian lass named Altantuya Shaariibuu?

### **Perimekar's price 'inflated'**

Negotiations on the submarine contract started in 1999. At the time, French defence giant DCN had this view of Perimekar:

"The amount to be paid to Perimekar is overvalued. It is not worth it... They are never more than a travel agency... The price is inflated and their support function is very vague... Yes, that company created unfounded wealth for its shareholders."

But this system was created by the Malaysian government so DCN had no choice.

Before 2002, when new laws in France and the OECD (Organisation for Economic Co-operation and Development) Convention came into force to make bribing of foreign officials a crime, money used to bribe foreign officials was even tax deductible. Such is the nature of arms deals all over the world.

DCN former finance director Gerarde Philippe Maneyas had made a claim for 32 million euros (RM127 million) allegedly used to bribe Malaysian officials for purchase of the Scorpenes.

The budget minister had questioned such a large bribe although he did eventually authorise the tax

break.

With the new French law and OECD Convention against corruption in place after 2002, the French arms merchants had to find a way to pay commissions to their foreign clients. The method used was to create 'service providers' that could "increase invoices" to take the place of 'commissions'.

Thus, when DCN terminated its contracts, Thales took over as a private company, not involving the state. Thales International was appointed to coordinate the political connections.

A commercial engineering contract was then signed between DCN and Thales, referred to as "C5".

It covered 30 million euros (RM120 million) in commercial costs abroad. The companies used in the Malaysian case were Gifen in Malta, Eurolux in Luxemburg and Technomar in Belgium. The travel expenses of Razak Baginda and Altantuya were covered by these.

Another "consulting agreement" was signed in 2000 between Thint Asia and Terasasi for 2.5 million euros (RM10 million).

### **What role did Terasasi play?**

The commissions and dividends for the Scorpene deal were funneled through two companies, Terasasi and Perimekar, both owned by Abdul Razak Baginda. His wife, Mazlinda is a director in Perimekar, while his father is a director in Terasasi.

Malaysians have heard about Perimekar and its "coordinating service" in the submarines deal. But so far there has been no mention of Terasasi.

Could the defence minister please tell the Malaysian public and Parliament the exact role of Terasasi in this Scorpene deal?

From the Paris Papers, we know that at least 32 million euros (RM127 million) were paid by Thales International (Thint) Asia to Terasasi.

There is an invoice by Terasasi dated Oct 1, 2000 for 100,000 euros (RM400,000). There is also an invoice from Terasasi to Thint Asia, dated Aug 28, 2004 for 359,450 euros (RM1.43 million) with a handwritten note saying: "Razak wants it in a hurry."

A confidential report in the Paris Papers notes:

"It appears that the management of Thint Asia is aware that the amount paid to Terasasi ultimately benefited Najib or his adviser, Baginda."

Thus, as Suaram's French lawyer Joseph Braham (*far right in photo*) has put it:

"Investigations so far have provided sufficient evidence to point our finger at Malaysian officials in this (court) hearing.