

Sub scandal surfaces in France
Malaysianmirror.com
19 April 2010
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PARIS— A potentially explosive scandal in Malaysia involving a billion-dollar purchase of French submarines, has broken out of the domestic arena with the filing of a request to investigate bribery and kickbacks from the deal in a Paris court.

French lawyers William Bourdon, Renaud Semerdjian and Joseph Breham filed the request with Parisian prosecutors on behalf of the Malaysian human rights organisation, Suaram.

For two years, Parisian prosecutors, led by investigating judges Francoise Besset and Jean-Christophe Hullin, have been investigating allegations involving senior French political figures and the sales of submarines and other weaponry to governments all over the world.

Judges in the Paris Prosecution Office have been probing a wide range of corruption charges involving similar submarine sales and the possibility of bribery and kickbacks to top officials in France, Pakistan and other countries.

najib-razak-baginda-submarineThe Malaysian piece of the puzzle was added in two filings, on Dec 4, 2009 and Feb 23 this year.

Potentially a major liability

The allegations relate to one of France's biggest defence conglomerates, the state-owned shipbuilder DCN, which merged with the French electronics company Thales in 2005 to become a dominant force in the European defense industry.

DCN's subsidiary Armaris is the manufacturer of Scorpene-class diesel submarines sold to India, Pakistan and Malaysia among other countries.

All of the contracts, according to the lawyers acting for Suaram, are said to be suspect.

The mess has the potential to become a major liability for the Malaysian government and Umno, both headed by Prime Minister Najib Abdul Razak.

"The filings are very recent and have so far prompted a preliminary police inquiry on the financial aspects of the deal," said a Paris-based source familiar with France's defence establishment.

"There isn't a formal investigation yet. The investigation will most likely use documents seized at DCN in the course of another investigation, focusing on bribes paid by DCN in Pakistan."

The Razak Baginda factor

The Malaysian allegations revolve around the payment of €114 million to a Malaysia-based company called Perimekar, for support services surrounding the sale of the submarines.

Perimekar was wholly owned by another company, KS Ombak Laut Sdn Bhd, which in turn was controlled by political analyst Abdul Razak Bagina, whose wife Mazalinda, a lawyer and former magistrate, was the principal shareholder, according to the French lawyers.

"Over the past years, serious cases have been investigated in France by judges involving DCN," lawyer Renaud Semerdjian told Asia Sentinel in a telephone interview.

"This is not the first case of its kind that is being investigated. There are others in Pakistan and there are some issues about India.

"To a certain extent, every time weapons of any kind have been provided, suspicion of violation of the law may be very high."

When he was Defence Minister from 2000 to 2008, Najib commissioned a huge military buildup to upgrade Malaysia's armed forces, including two submarines from Armaris and the lease of a third, a retired French Navy Agosta-class boat.

There were also Sukhoi supersonic fighter jets from Russia and coastal patrol boats.

Altantuya connection

The issue achieved considerably notoriety after the murder of Mongolian woman Altantuya Shaariibuu 28, who allegedly participated in negotiations over the purchase of the submarines.

She was killed in October 2006; her body blown up with military explosives by two bodyguards who have since been sentenced to death. Razak was acquitted in November 2008 of all charges that implicated him in the case.

A private detective hired by Razak filed a statutory declaration after the trial indicating that najib was implicated but the private eye, P Balasubramaniam later retracted his statement and left the country.

In the current complaint in Paris, the issue revolves around what, if anything, Razak's Perimekar company did to deserve €114 million.

Perimekar was registered in 2001, a few months before the signing of the contracts for the sale, the Paris complaint states.

The company, it said flatly, "did not have the financial resources to complete the contract."

A review of the accounts in 2001 and 2002, the complaint said, "makes it an obvious fact that this corporation had absolutely no capacity, or legal means or financial ability and/or expertise to support such a contract."

"None of the directors and shareholders of Perimekar have the slightest experience in the construction, maintenance or submarine logistics," the complaint adds.

"Under the terms of the contract, €114 million were related to the different stages of construction of the submarines."

The apparent consideration, supposedly on the part of Perimekar, "would be per diem and Malaysian crews and accommodation costs during their training. There is therefore no link between billing steps and stages of completion of the consideration."

A RM270mil a year contract

The services for the subs are reportedly being performed by Boustead DCNS, a joint venture between BHIC Defence Technologies Sdn Bhd, a subsidiary of publicly-listed Boustead Heavy Industries Corp Bhd, and DCNS SA, a subsidiary of DCN.

Boustead's Heavy Industries Division now includes Perimekar as an "associate of the Group. PSB is involved in the marketing, upgrading, maintenance and related services for the Malaysian maritime defence industry," according to Boustead's annual report.

Originally Boustead told the Malaysian Stock Exchange that the service contract was for RM600mil for six years, or US\$30.68 million annually.

However, the contract reportedly later ballooned to RM270mil per year.

"There are good grounds to believe that [Perimekar] was created with a single objective: arrange payment of the commission and allocate the amount between different beneficiaries including Malaysian public officials and or Malaysian or foreign intermediaries," the complaint states. — Asian Sentinel

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