

WIKILEAKS REDACTIONS: IT'S NOT JUST THE CHINESE THAT BRIBE FOR OIL

Given the past history of how newspapers have redacted (or not) Wikileaks dumps, I was very interested in an article that reveals what the Guardian (or one of its media partners) redacted in a cable on Kazakh corruption. The Guardian summarizes the cable this way:

Top Kazakh energy official reveals the four principal gate-keepers around President Nursultan Nazarbayev, including Timur Kulibayev, the favoured billionaire presidential son-in-law.

But read more closely, it serves to record Ambassador Richard Hoagland's judgment that KazMunaiGaz First Vice President Maksat Idenov is currently (on January 25, 2010) successfully ensuring that two big hydrocarbon projects will be developed according to "international standards"—which seems to imply *something* about the level of bribery involved, but it's not entirely clear whether that implies less bribery or none at all. The big question, in any case, is whether President Nazarbayev's son-in-law, Kulibayev, will demand bribes associated with the projects.

But as Israel Shamir reveals in an article for Counterpunch (here's a Fast Company article with more background on Shamir) there are three details that have been redacted in the Guardian version, all of which make the role of bribery more obvious and point to much closer British, Italian, and US ties to that kind of bribery.

In the first instance, the Guardian version of the cable redacts an explicit reference—attributed to Idenov but not a direct quote from him—to the role of bribery in

Kazakhstan and in capitalism more generally.
(The bolded text is what is redacted in the Guardian version.)

According to Idenov, in Kazakhstan, market economy means capitalism, which means big money, **which means large bribes for the best connected.**

But it's not that analogy which seems to tie the US and Britain more closely to the culture of bribery in Kazakhstan. With two other redactions, the Guardian version of the cable hides the ties between British Gas Country Director for Kazakhstan, Mark Rawlings, and a US citizen recently acquitted of bribery because he had offered the bribes at the behest of the CIA.

When the Ambassador arrived, Idenov was barking into his cell phone, "Mark, Mark, stop the excuses! Mark, listen to me! Mark, shut up right now and do as I say! Bring the letter to my office at 10:00 pm, and we will go together to take it to (Minister of Energy and Mineral Resources, MEMR) Mynbayev at his house." On ending the call, Idenov explained he was talking to British Gas (BG) Country Director for Kazakhstan Mark Rawlings who had missed the deadline to deliver a letter about arbitration on the Karachaganak super-giant oil-field project (reftel). Still clearly steamed, Idenov **alleged, "He's still playing games with Mercator's James Giffin," the notorious AmCit fixer indicted for large-scale bribery on oil deals in the 1990s, whose case drags on in the Southern District Court of New York.** "I tell him, 'Mark, stop being an idiot! Stop tempting fate! **Stop communicating with an indicted criminal!**'" Idenov asked, "Do you know how much he (Rawlings) makes? \$72,000 a month! A month!! Plus benefits! Plus bonuses! Lives in Switzerland but supposedly works in London. Comes here

once a month to check in. Nice life, huh?"

As Shamir explains in his article, Giffen was ultimately hailed as a patriot by the judge who dismissed most of the Foreign Corrupt Practices Act charges against him in November 2010 (that is, ten months after this cable was written, and around the same time the US signed a new airspace deal with Kazakhstan). Main Justice provides background of how State Department considerations—they didn't want prosecutors to mention that President Nazarbayev was the recipient of the bribes Giffen was alleged to have arranged—and CIA stonewalling—they refused to provide the details of what Giffen claimed was his role in their "intelligence collecting" operations—led to the dismissal of most of the charges.

Government lawyers stumbled over a combination of problems, including a long-running dispute between prosecutors and intelligence officials who were unwilling to share classified information about Giffen's dealings with Kazakhstan. A fourth set of prosecutors came into the case earlier this year.

The State Department also balked, according to the lawyers. American diplomats were uneasy with the prospect of offending Giffen's Kazakh patrons, most notably Nazarbayev, one of the United States' few reliable friends in Central Asia, where the Chinese and Russians also compete for influence.

[snip]

The State Department didn't want prosecutors referring to Nazarbayev as a corrupt leader in their opening statement at trial, though he had been identified in court filings as a recipient of millions of dollars in bribes, said one former prosecutor.

The CIA tied up the discovery process by balking at disclosure of their intelligence gathering methods in Kazakhstan. And the government saw no end in sight. After five pre-trial adjournments, the burden of prosecuting one of the largest FCPA cases in U.S. history had become untenable, six current and former prosecutors said in interviews.

In other words, whoever made the redaction decisions on the Guardian version of the cable chose to hide the fact that British Gas' representative in Kazakhstan was working closely with Giffen, at a time when Giffen's criminal bribery case had not yet been dismissed. And it's worth noting who said what about Giffen: Idenov purportedly told Mark Rawlings, in the Ambassador's hearing, not to get involved with a man indicted for bribery, and the Ambassador filled in the reference to the ongoing case in SDNY. So the redaction effectively hid both Idenov's advice—don't hang out with an indicted briber—and Hoagland's recognition of the significance of the statement.

Which is similar to the final redaction in the Guardian version of the cable, in which Idenov suggests that both British Gas and Italy's ENI are corrupt (with the implication they may be prepared to offer bribes to do business in Kazakhstan).

Idenov said he believes he has, so far, the president's protection. "But the games continue," he said. Idenov **alleged that both BG and Italy's ENI are corrupt** – and Kulibayev is salivating to profit from them – but, so far, Idenov stands in the way. "So long as Nazarbayev says he wants Kashagan and Karachaganak developed according to international standards, that's what I'll do."

The Ambassador describes (but does not quote)

Idenov as suggesting that BG and ENI would be willing to offer bribes, and then quotes him saying that so long as Nazarbayev remains supportive, Idenov will develop the projects "according to international standards." But it is Hoagland who then concludes that means that Idenov "stands in the way."

Shamir helpfully notes that since this cable was written, Idenov went on to work as Senior VP for ENI.

So without the material redacted in the cable, the chief participants in bribery appear to be China and Russia (with the latter comment an out-of-context note offered by Hoagland).

Idenov alleged that GazProm and China National Petroleum Company "continue to circle like vultures," hoping that the Kashagan and Karachaganak consortia will implode, and then they can pick up the pieces. "Won't happen on my watch!" Idenov vowed.

[snip]

Fugitive former CEO of BTA bank, Mukhtar Ablyazov, accused of embezzling over \$1 billion, recently leaked "documentary evidence" to the international media that China's state companies have bribed Kulibayev over \$100 million in recent months for oil deals.

But with the redacted material, it appears that BG and ENI are just as actively participating in the system of bribery as Russia and China—and BG may well have ongoing ties to the CIA, as well.

So that's what Shamir has revealed with his article.

But what does that say about the redaction process?

He attributes the redactions to choices the Guardian made. But given the collaborative process by which, especially, the NYT and the

Guardian worked on this, in which the NYT served as primary liaison with the US government, it is possible that the NYT got a request from the State Department to eliminate the references to Western companies engaging in bribery, not to mention Giffen's trial (which would in turn reveal the ties to the CIA). We don't know who chose to leave out this information, but it serves to protect Americans as much as Brits.

Furthermore, you might be able to make a case that this material should be redacted to protect Idenov. While the first redaction—about the prevalence of bribes—seems particularly silly considering the unredacted allegations about bribery elsewhere, that statement might be interpreted to include Nazarbayev himself. But the other two redactions hide allegations Idenov made about people who are still in play in Kazakhstan, **not least his current employer**. How will ENI react to learning that Idenov suggested that they were corrupt? Do corporations that hire people in revolving door situations like to pretend the process is not corrupt?

I would guess that the revelation of the redacted material will put Idenov at no more risk than the unredacted allegations already do, which would seem to put him at risk of retaliation from Kulibayev. But the revelations do put the UK and US in a different posture. With the redactions, the cable makes it look as if the UK and US don't play in this corrupt world. Without them, though, it makes it harder for these countries to pretend—after the publication of the US Ambassador receiving word about BG's corruption—that they don't also play the game.

The whole cable may make it harder for the US to engage Kazakhstan (but only in the same way the Giffen trial already would have); but with these allegations unredacted, it makes it harder for the US and UK to pretend their activities in Kazakhstan are untainted.

Update: Corrected the outlet that published the Shamir piece.