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PRESS RELEASE

CLARIFICATION ON GLOBAL WITNESS REPORT

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1 - Global Witness has issued a report in which, in short, it makes the following claims:

Illicit deals were made that enabled Angola to buy arms, negotiate the reduction of its debt to Russia and have recourse to oil-secured loans.

The illicit deals resulted in personal benefits for the Angolan President and other high-ranking officials in the Angolan state, as well as foreign individuals, in the form of tens of millions of dollars deposited in accounts in Switzerland and Luxembourg, some later transferred to offshore institutions in the Caiman Islands. It is also alleged that practices used during the period of the war continued after the signing of the peace agreements and at a time when the IMF is against oil-secured external financing.

2 - The report is in line with previous ones and the unfounded accusations warrant answering point by point.

3. Indeed, the Angolan President is not and never was a beneficiary of the Comparal Company accounts opened in the Indosuer Bank in Luxembourg. The accounts are those of Mr Pierre Falcone and only he can answer for them. The funds deposited in Luxembourg allegedly held by the President of the Republic and other Angolans are not the result of loans contracted or of the renegotiation of the debt to Russia

.4 - The accounts in Luxembourg are in fact held by Mr Pierre Falcone who, at a difficult time in Angola's recent history, on his own account and at his own risk, put funds at the Angolan government's disposal to enable it to exercise its sovereignty. The international community had virtually denied the Republic of Angola that right and, at a difficult time, financial aid from some private sources proved decisive.

4.1- It was within this context that in January 2000, not 1999 as alleged in the report, the Angolan government, in a normal and open financial operation, transferred a sum to Mr Pierre Falcone's account to repay debts incurred by the Angolan state through the funds provided.

Therefore, what the holder of the account does with his funds is not the responsibility of the Angolan government or the President of the Republic. What is certain is that no one can prove that the President of the Republic or other Angolan officials made any personal benefit.

5 - The following can be said about the debt to Russia:

5.1- The debt to Russia was rescheduled through an inter-governmental agreement in November 1996.

The agreement provided advantages for Angola greater than those provided by the Paris Club, as confirmed by independent auditors commissioned by the Angolan government.

The involvement of the Abalone company as an intermediary made an even more advantageous financial agreement possible.

Moreover, the Russian Federation confirmed to the Angolan authorities and to the Swiss legal authorities that Russia was fully repaid by the Abalone company within the framework of the restructuring of the Angolan loan, even before the initially agreed timetable.

5.2 - It is worthwhile stressing the following in respect of Angola's debt to Russia and the rescheduling process.

Judge Devaux regarded the operation as illicit and ordered the freezing of the Angolan government promissory notes.

The Russian Federation appealed against this decision of Judge Devaux and, on 29 October 2003, the judicial authorities of the Canton of Geneva, after examining the facts and the legal issues raised, granted the Russian request and considered that: "The theory that Abalone and Mr Pierre Falcone and his associates received funds and committed crimes has not been sufficiently proved."

The appellant Russia stated that it had not suffered any losses through the agreements signed and that there was therefore no reason why the promissory notes should not be restored and that, on the contrary, the principle of proportionality required that they be restored if the appellant were not to suffer losses!

It was thus that a Swiss judgement considered Judge Devaux's decision illegal and considered Abalone's operation and authority legal.

It is therefore impossible to see why the Angolan government continues to be accused of acting against the law when Swiss (higher) courts do not consider that it did. And that was the verdict for anyone who takes the trouble to investigate properly.

6 - It is also alleged that oil was used to secure financial loans and the

renegotiation of bilateral loans (Portugal, Poland and Germany), which is against IMF recommendations.

In the first place, oil-secured loans are used, above all, to cover the budget deficit and, in this way, to finance the economy, development, humanitarian aid and the rehabilitation of facilities.

Moreover, seeking external financing to cover the budget deficit is authorised by Parliament when the general state budget is approved, which gives legal backing to covering the deficit, and implementation of the budget must comply with the rules of accountability provided for in the framework Budget Law and is subject to parliamentary political monitoring.

Therefore, loans contracted after the signing of the peace agreements do not mean retreating from the commitment to implement a unified budget, as recommended by the IMF.

It was any event made clear during the last government mission to the IMF (led by the Assistant Minister to the Prime Minister) that recourse to oil-secured pre-financing had been a matter of economic survival, since concessionary funds promised on the settlement of Angola's debt to multilateral institutions within the framework of a monitored agreement were never made available.

The agreement negotiated and concluded with China cannot in fact be categorised as pre-financing. It is like an escrow account that is paid into through oil export earnings and debited through debt service payments for infrastructure projects negotiated case by case on a highly concessionary basis.

This is merely an example, since it cannot be said that China, an economy on the rise, would have negotiated an agreement for the personal benefit of

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