

OPENING STATEMENT
Of
CHAIRMAN NORM COLEMAN
Permanent Subcommittee on Investigations
Hearing On
Oil For Influence: How Saddam Used Oil To Reward Politicians
Under the United Nations Oil-For-Food Program
May 17, 2005

Good morning. Today the Permanent Subcommittee on Investigations will present evidence delineating how Saddam Hussein exploited the Oil for Food Program for his own political purposes. Saddam utilized the same methodology time after time. Over the past week, the Subcommittee has released a number of bi-partisan reports detailing how the Hussein regime quickly manipulated the use of “oil allocations” to garner political influence around the globe.

As one Hussein regime official described the scheme, Saddam used oil to his geopolitical and strategic advantage. The plan was simple: rather than granting allocations to traditional oil purchasers, Iraq gave priority to foreign officials, journalists, and even terrorist entities. The central purpose of this tactic, according to senior officials of the Hussein regime interviewed by the Subcommittee, was to engender international support for the Hussein regime and against the U.N.’s sanctions.

By allocating the oil to favored people or entities, the regime forced oil purchasers to obtain allocations from those favored few. Those allocation holders essentially became gatekeepers to Iraqi oil. As gatekeepers, they demanded a “commission,” which typically ranged from 3 to 30 cents per barrel. In light of the fact that most allocations consisted of millions of barrels of oil, such commissions were quite lucrative, reaching hundreds of thousands of dollars per allocation.

In an interview with the U.S. Treasury Iraqi Financial Asset Team, a Hussein regime official described how Saddam Hussein devised this plan in simple terms:

[The source] stated that Saddam Hussein began to utilize the Memorandum of Understanding [the Oil for Food Program] to sell oil to people who supported him. [The source] explained that this was done in order to enhance the power of Saddam Hussein. Saddam Hussein instructed that the price [of oil] should be made as low as possible and made beneficial to his supporters. Inside SOMO this system was nicknamed the “Saddam Bribery System.”

Other senior members of the Hussein regime confirmed that the “Saddam Bribery System” used oil allocations in an effort to buy political influence around the world. For instance, the Vice President of the Hussein regime, Taha Yassin Ramadan, confirmed to the Subcommittee that the allocations were indeed “compensation for support.” The Vice President also confirmed that “I know these people [i.e., allocation grantees] get [a] benefit.” Another senior Hussein official confirmed that the allocation scheme was “buying influence.” When asked whether allocation

recipients would make a profit from the oil transactions, that official declared: “That’s the whole point.”

The Hussein regime used these lucrative allocations in its primary political struggle – ending U.N. sanctions. To that end, it primarily favored those individuals and entities from countries on the U.N. Security Council. Senior Hussein regime officials and numerous Ministry of Oil documents confirm that the regime steered a massive portion of its allocations toward Security Council members that were believed by the Hussein regime to support Iraq in its efforts to lift sanctions – namely, Russia, France, and China. For example, several Oil Ministry charts expressly separate the allocation recipients by country and specify whether the country is a permanent member of the Security Council. Russia, a permanent member of the Security Council, was consistently the largest recipient of oil allocations and, according to one Hussein regime official, this affinity for Russia resulted from Saddam’s desire to show “gratitude” to the Russians for their support at the U.N. Security Council.

The recipients of the allocations were determined by a committee of Saddam Hussein’s closest advisors, including Deputy Prime Minister Tariq Aziz and the Minister of Oil Amir Muhammad Rashid. The committee was led by the Vice President of Iraq, Taha Yassin Ramadan. Every six months, the committee would meet to review the allocations and make decisions concerning allocations in the upcoming phase. The committee would evaluate “Special Requests” made by individuals around the world who were soliciting allocations. The principal criterion for granting the “Special Requests” – i.e., granting an allocation – was the individual’s support for Iraq. Once the committee determined the allocations for the upcoming phase, the Vice President would generally discuss the allocations with Saddam Hussein. This modus operandi was followed by the Hussein Regime again and again.

The bi-partisan reports issued last week present the evidence establishing that members of the Russian Presidential Council, including the former Chief of Staff the Russian President Vladimir Putin, Alexander Voloshin, Russian politician Vladimir Zhirinovskiy, numerous political entities within Russia, Charles Pasqua, the former French Minister of the Interior, and George Galloway, a newly-re-elected Member of the British Parliament, were granted substantial oil allocations from the Hussein regime under the U.N. Oil for Food Program. In particular,

- The evidence obtained by the Subcommittee shows that the Hussein regime granted Russian Presidential Council allocations for 90 million barrels of oil. The allocations were given to Voloshin, and his close confidant, Sergey Issakov.
- The Iraqi Ministry of Oil estimated that the Council’s allocations, granted from 1999 to 2003, were worth in excess of \$16 million.
- Vice President Ramadan recognized Mr. Voloshin as the head of Russia’s presidential administration and stated that the oil allocations awarded to him had been approved by Saddam Hussein.

- The Hussein regime granted Russian official Vladimir Zhirinovsky and his political party (the LDPR) allocations for 75.8 million barrels of oil – enough to supply the entire U.S. for 4 days.
- The Iraqi Ministry of Oil estimated that Zhirinovsky’s allocations were worth \$8,679,000.
- Saddam Hussein’s Vice President, Taha Yassin Ramadan, confirmed to the Subcommittee that Zhirinovsky did receive oil allocations from the Hussein regime. Another senior official of the Hussein regime that was interviewed by the Subcommittee confirmed not only that Zhirinovsky received oil allocations, but that he profited from the transactions, saying: “Of course Zhirinovsky would make a profit. That’s the whole point.”
- Among the evidence are 6 letters signed by Zhirinovsky himself that openly discuss the allocations and more than 30 documents of the Iraqi Ministry of Oil that expressly identify Zhirinovsky and his political party, the LDPR, in connection with oil allocations.
- The evidence shows that the Hussein regime granted Charles Pasqua allocations for 11 million barrels of oil and George Galloway was allotted 20 million barrels.
- Saddam Hussein’s Vice President, Taha Yassin Ramadan, verified that Pasqua received allocations and that Galloway was granted allocations “because of his opinions about Iraq” and because he “want[ed] to lift the embargo against Iraq.”
- Among the evidence are documents of the Iraqi Ministry of Oil that expressly identify Pasqua and Galloway in connection with oil allocations. One document shows that Saddam Hussein personally approved an allocation to Pasqua and also indicates that Pasqua refused to write a letter to the Iraqis about the allocation because he “fear[ed] political scandals.”
- The process of monetizing the Pasqua and Galloway allocations appears to have followed the same pattern as the Zhirinovsky and RPC allocations – the allocation recipient would nominate a purchasing agent to sign contracts for the allocation, that company would sell the oil to an oil company and the oil company would pay a hefty commission – typically amounting to hundreds of thousands of dollars – to the nominal purchasing agent for the benefit of the allocation holder.
- In one of Mr. Galloway’s transactions, surcharges of more than \$300,000 were paid to the Hussein regime. Senior Hussein regime officials informed the Subcommittee that the allocation holders – in this case, Galloway – were ultimately responsible for the surcharge payment and therefore, would have known of the illegal, under-the-table payment.

This Subcommittee is not a court of law. This Subcommittee has a long history of bi-partisan, thorough and substantive factual investigations. The reports released over the past week contain 99 pages of text and 452 footnotes that detail compelling evidence describing how Saddam abused the Oil-For-Food Program to garner political influence around the globe. I want to thank my friend and ranking member Carl Levin for participating in and supporting this investigation.

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