



## **GEORGE GALLOWAY & IRAQ'S OIL FOR FOOD PROGRAM: FACTS, FALSEHOODS, AND MISCONCEPTIONS**

### **How the Oil For Food Program worked:**

The program was initially designed as a conduit for humanitarian aid for the people of Iraq, and also as a partial compensation package for Kuwait, following Saddam Hussein's invasion of the country in 1991. It accorded the Ba'athist regime the means, in light of the UN sanctions, to feed and provide medicine for an immiserated Iraqi populace, using revenue drawn from regulated national sales of petroleum. However, shortly after the Oil For Food program's implementation, the regime hit upon a clever way of exploiting it with a resulting trifecta of benefits to itself: 1. It would reap an illicit profit from oil sales (which went toward, among other things, building Saddam and his sons a palace in each of the 18 provinces of Iraq); 2. It would suborn and bribe powerful foreign flatterers and political supporters, effectively placing them in the regime's employ; 3. It would covertly agitate *against* the very sanctions that had precipitated the Oil For Food program in the first place.

According to the report produced by the U.S. Senate Permanent Subcommittee on Investigations, "The plan was simple: rather than granting allocations to traditional oil purchasers, Iraq gave priority to foreign officials, journalists, and even terrorist entities." The prerequisite for being considered as a grantee was an open and consistent record of opposition to the U.N. sanctions, and favorable speech or conduct toward the regime of Saddam Hussein.

**Thus, there was no contradiction between being "anti-sanctions" and being an Oil For Food profiteer. The first résumé distinction was an axiomatic qualification for attaining the second.**

So when George Galloway alludes to a Washington conspiracy<sup>1</sup> designed to ensnare anti-sanctions and antiwar figures in the Oil For Food corruption, he mislocates the origin of that conspiracy – it began in Baghdad:

***"Some of the names on that committee included the former secretary to his Holiness Pope John Paul II, the former head of the African National Congress Presidential office and many others who had one defining characteristic in common: they all stood against the policy of sanctions and war which you vociferously prosecuted and which has led us to***

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<sup>1</sup> Galloway was wrong to conjoin the Senate subcommittee's Oil For Food evidence with that used in now-notorious articles which appeared in *The Daily Telegraph* and *Christian Science Monitor*. The *Christian Science Monitor* documents were forgeries. The *Telegraph* documents – the authenticity of which Galloway has not challenged or refuted – were reportedly uncovered after the fall of the Hussein regime and associated with the Iraqi Foreign Ministry. All data presented by the Senate subcommittee and presented herein was retrieved from SOMO, the Iraqi Oil Ministry and the Iraqi "Financial Department" files. It should also be stated that the Senate Subcommittee was comprised of 7 Republicans and 6 Democrats. Senator Carl Levin (D-MI), who questioned Galloway vigorously at the May 17<sup>th</sup> hearing, voted against the October 2003 bill authorizing the use of American military force to remove Saddam Hussein.

***this disaster.***” (George Galloway, testifying before the Senate Permanent Subcommittee on Investigations, May 17, 2005.)

Notwithstanding the guilt or innocence of these individuals, Galloway unintentionally reveals an unavoidable fact: their “one defining characteristic” was the sine qua non for being granted Iraqi oil allocations. Indeed, their public prominence would only have enticed the Hussein regime to, at the very least, solicit their cooperation.

Moreover, it’s either incredibly or conveniently naïve for Galloway to imply that a supposed nobility of character is certified by the preeminence or “untouchable” nature of one’s station.

For instance, the former United Nations Weapons Inspector for Iraq (1991-1997) Rolf Ekeus has stated publicly that he was offered a \$2 million bribe by Iraqi Prime Minister Tariq Aziz, in exchange for a favorable inspection rating.

As quoted in *The Telegraph* on December 12, 2005, Ekeus said: "I told the Volcker people that Tariq [Aziz] said a couple of million was there if we report right. My answer was, 'That is not the way we do business in Sweden.'"

### **What were Iraqi oil allocations?**

It’s first important to establish what they *were not*. They were not certificates of ownership of any real oil. Allocations were really *oil options*, or guarantees to *prospective* buyers to purchase a set quantity of real oil in the future. (A convenient analogy would be to think of a stock option, where no stock certificate or written entitlement to ownership in a public corporation is generated, but where the right to attain future ownership, at pre-fixed price, is secured in contract form. It’s also somewhat relevant to consider that stock options are typically awarded by a corporation to a new hire in an Employee Contract.)

The **Iraqi State Oil Marketing Organization (SOMO)** would first grant a second party an allocation – the *right* to buy oil – which would then be transferable to a third party. The grantees of these allocations were, to quote the Senate subcommittee’s report, “gatekeepers to Iraqi oil;” they made their money from lucrative commissions (usually around 3 to 30 cents per barrel) on all transactions pertaining to their own allocations, much in the way a real estate broker who finds a buyer for a house earns a commission based on the equity of that house, which that agent has at no point owned himself.

To cite the Subcommittee’s report, “by doling [oil allocations] out to favored individuals and entities, the Hussein regime could siphon millions of dollars to a foreign official, journalist, or terrorist entity—*without actually paying a dime.*”

Functionaries of SOMO dubbed the operation, “**Saddam’s Bribery System,**” but it’s crucial to understand that no money was paid by the regime to its gatekeepers until an actual buyer for an allocated unit of oil was found.

Such buyers would be selected by the “gatekeeper,” and that selection would then be subject to approval by SOMO. Again, to cite the Senate Subcommittee’s report: “Assuming that SOMO and the purchaser could agree on other contractual terms, such as the loading schedule, the purchaser would contract with SOMO and proceed to buy the oil from Iraq.” However, it was always mandated by SOMO that the purchaser be reside – or have some entrepreneurial suasion – in countries that had seats on the U.N. Security Council, the better for them to encourage the future lifting of sanctions against Iraq.

So if Mr. Galloway was in fact a gatekeeper, as SOMO documents have indicated he was, it was perfectly correct of him to aver, as he did before the Senate Subcommittee,

***“I have never seen a barrel of oil, owned one, bought one, sold one – and neither has anyone on my behalf.”***

It’s the truth. Sight, ownership, purchase and sale of a “barrel of oil” were never necessary for a grantee of Iraqi oil allocations to carry out his tasks.

### **Seven years good luck**

The allocation process lasted for 13 six-month “phases, ” from December 1996 until March 2003. Between September 2000 and mid 2002, SOMO began levying “surcharges” on all their oil allocation contracts, making grantees responsible for “buying” their rights to transfer Iraqi oil. If a grantee had an outstanding surcharge balance, SOMO would typically discontinue business with him until that balance was satisfied. According to one senior Hussein regime official interviewed by the Senate Subcommittee, a surcharge was either paid by the allocation grantee or by the contracted purchaser; however, the grantee was *always* made aware of the surcharge and any remaining amount of it owed to SOMO. In other words, as “gatekeeper,” it was the grantee’s responsibility to resolve the debts on all of his oil allocations, whether this meant anteing up himself or getting his hand-picked buyer to do so for him.

In the seven years of the Program’s existence, \$64.2 billion of Iraqi oil was exported under the supposed invigilation of the United Nations. Compounded interest on unspent revenue and currency gains recalculates this total to \$69.5 billion. Documented expenditures in Iraq amounted to \$38.7 billion; of this, \$18 billion went toward repayment of debt to Kuwait.

### **What we know about George Galloway and his involvement in the Oil For Food Program:**

- Fawaz Zureikat, a Jordanian businessman, is (or was) a close friend of George Galloway; close enough to have named Galloway the Best Man at his wedding. Zureikat was also appointed chairman of the organization Galloway founded, Mariam Appeal, which was established ostensibly to raise money for Mariam Hamza, a 4-year old Iraqi girl, who was stricken with leukemia. But according to Galloway, Mariam Appeal was never a bona fide “charity,” it was a “political campaign” geared toward the ending of U.N. sanctions against Iraq.
- Mariam Appeal was also, according to its now-defunct website, opposed to the U.N.-instituted “No-Fly Zones” protecting northern and southern Iraq, home to the Kurds and Iraqi Shi’a, respectively. Saddam had previously committed acts of genocide against these populations, which – at the encouragement of the United States – had risen up to challenge his dictatorship at the close of the first Gulf War in 1991. Galloway has himself referred to those Shi’a who took part in this failed rebellion as a “fifth column, who actively undermined the Iraqi war effort in the interests of their country’s enemy.”

- In his autobiography, *I'm Not the Only One*, Galloway has written that Kuwait is “clearly a part of the greater Iraqi whole stolen from the motherland by perfidious Albion.”
- Zureikat personally contributed close to 400,000 pounds to Mariam Appeal. Despite Galloway’s insistence that Zureikat’s contribution status was “emblazoned” on the Mariam Appeal website, only one mention of Zureikat’s name has been found in any iteration of that website, from the date of its inception to the date of its deactivation. It appears in a “News” item, and merely lists Zureikat’s contact information (address, phone number, email), nothing relating to his involvement with Mariam Appeal.
- (Note: Although <http://www.mariam.appeal.com> is no longer a valid domain name, its entire online span is still viewable via the Internet Archive’s “Wayback Machine”: [http://web.archive.org/web/\\*/http://www.mariamappeal.com](http://web.archive.org/web/*/http://www.mariamappeal.com))
- When asked by Jeremy Paxman of the BBC, in April, 2003, if Galloway knew about Zureikat’s entanglements in the Oil For Food program, Galloway responded: *“Well, I'm trying to reach him to ask him if he's ever been involved in oil deals because I don't know the answer to that. I certainly know that he has been a supplier of very many things to very many ministries in Iraq, in the old regime through the Oil for Food programme from the Agriculture Ministry to the Trade Ministry and many others.”* So the short answer would appear to be, “yes.”
- To this must be added what Galloway has elsewhere written of Zureikat in relation to the Oil For Food scandal: *“If newspaper critics had focused on the incongruity of a left-wing campaigner obtaining support for his campaigning organisations from semi-feudal monarchies and businessmen such as Mr Zureikat, who represented some of the world’s biggest companies in Iraq, that would have been a legitimate line of attack – though my defence would have been that needs must.”* (*Independent*, 24 April 2003).
- Iraqi Vice President Taha Yassin Ramadan has stated that Galloway was granted oil allocations “because of his opinions about Iraq” and because he “wanted to lift the embargo against Iraq.”
- Galloway met face-to-face with Saddam Hussein in 1994, at which time he made the following speech:

*“Your Excellency, Mr. President. I greet you in the name of the many thousands of people in Britain who stood against the tide and opposed the war and aggression against Iraq and continue to oppose the war by economic means which is [sic] aimed to strangle the life out of the great people of Iraq.*

*“I greet you, too, in the name of the Palestinian people... I thought the President would appreciate to know that even today, three years after the war, I still meet families who are calling their newborn sons Saddam. I salute your courage, your strength, your indefatigability. And I want you to know that we are with you until victory, until victory, until Jerusalem.”* (*The Times*, January 20, 1994)

In response, Saddam Hussein is quoted as having said: *“Such positive aspects, you talked about, make us happy.”*  
(Press Association, January 19, 1994)

- Galloway, in his testimony before the Senate Subcommittee, said that he has never met Mr. Ramadan. But Galloway, by his own repeated admission, *has* met Tariq Aziz, the former Iraqi prime minister, who presided, along with Ramadan and Minister of Oil Amir Muhammed Rashid, on the SOMO “Command Council” that decided the “Special Requests” of persons around the world soliciting oil allocations. According to the Senate Subcommittee’s report, *“Once the committee determined the allocations for the upcoming phase, the Vice President [Ramadan] would generally discuss the allocations with Saddam Hussein.”* Thus, whatever allocations were dispensed in the name of “Mariam’s Appeal,” “Fawaz Zuraiqat,” “Aredio Petroleum,” “Middle Eastern Advanced Semiconductor, Inc.,” “Mr. George Galloway,” or any permutation of those strings of identification – such allocations would have been known by Tariq Aziz.
- Galloway considers (or considered) Tariq Aziz a “dear, dear friend,” and even spent Christmas with him in Baghdad in 1999. Galloway was there with Zureikat.
- The Duelfer Report indicates that the Hussein regime granted Galloway 6 oil allocations, totaling 20 million barrels of oil, starting in Phase VIII of the Program (2000) and continuing through Phase XIII (2003).
- Through these allocations, SOMO procured contracts with two foreign entities: Aredio Petroleum (France) and Middle East Advanced Semiconductor, Inc. Zureikat was president of the latter company.
- **Galloway’s own name appears in the subject lines of at least 3 letters – from or to SOMO, the Oil Ministry, or the Iraqi state “Financial Department” – authorizing either the granting of oil allocations, or the execution of purchaser contracts for those allocations. This proves that the Hussein regime believed Galloway to be a recipient of oil allocations in the Oil For Food Program.**
- (Note: According to the Volcker Commission’s first “Interim Report,” SOMO initially only recorded the names of the purchasing companies; the linking allocation grantees were simply left out. This caused confusion, however, and soon administrators processing the oil contracts petitioned for the inclusion of the grantees’ names in all memoranda as a sort of *aide-memoire*. As far as felicitous bookkeeping practices go, the revised notation has been extremely helpful to investigators in illuminating the real story of what people like Galloway did, and with and for whom, during the Oil For Food Program.)
- One allocation transacted in January 2001 (Phase IX), lists the grantee as “Aredio Petroleum Company (Fawaz Zuraiqat – Mariam’s [sic] Appeal.)”
- In September 2000 (Phase IX of the Oil For Food program), the Hussein regime began imposing “surcharges” on each of its contracts for oil allocations.
- In December 2001 (Phase XI), the Acting Executive Director of SOMO wrote to the Iraqi Oil Minister that Middle East Advanced Semiconductor, Inc. had failed to pay its surcharges from prior contracts. The letter, obtained by the Senate Subcommittee, reminded the Oil Minister that he had instructed SOMO to reject any of that entity’s forthcoming solicitations for contracts until it had paid off its outstanding surcharge debt. Thus, according to SOMO, “Middle East ASI Company (Mr. George

Galloway)/Fawaz Zuraiqat” were at one point in arrears to the Hussein regime. (See below for a copy of the Acting Executive Director’s letter, which originally appeared as “Exhibit #12” in Mark L. Greenblatt’s Statement of Counsel to the Senate Subcommittee, dated May 17, 2005 and pursuant to the Oil For Food Program investigation. It demonstrates that not only was Galloway’s identity as an oil allocation grantee indicated by SOMO, but he was also cited in internal, trans-bureaucratic documents within the Hussein regime.)

- On June 3, 2002, SOMO executed a contract with Middle East ASI for 3 million barrels of oil. The contract, numbered M/12/14, was signed by Zureikat for the purchaser. The following day, SOMO informed the Iraqi Financial Department of this transaction, wherein the Acting Executive Director of SOMO indicated that the oil for this contract had been allocated to George Galloway. He referred explicitly to “Contract No. M/12/14 with Middle East ASI (Mr. Galloway).” According to senior Hussein regime officials interviewed by the Senate subcommittee, in SOMO documents names that appeared in parentheses after a purchaser denoted the grantee of the oil allocation actuating that deal.
- Related to this same contract, another internal letter from SOMO requesting the contract’s approval from the Oil Minister [Rashid] stated the following:

*“Based on the statement of allocations dated 05/22/2002, please find below the details of the contract signed with Middle East ASI Company (on behalf of Mr. George Galloway).”*

**SOMO Acting Executive Director's letter to Oil Minister:**

In the Name of God, Most Gracious, Most Merciful

Republic of Iraq  
Ministry of Oil  
State Oil Marketing Organization (State Company)

No.: KH2/18304  
Date: 4 Shawal, 1422 H  
Equivalent to 12/19/2001

Stamp  
Ministry of Oil/Office of the Minister  
No.: 21214  
Date: 12/20/2001

**(Mr. George Galloway)/Fawaz Zuraidat:**

To: H.E. the Oil Minister  
RE: **Approval on Exported Crude Oil Contracts**

Based on the statement of allocations dated 12/10/2001, please find below the details of the contract signed with Middle East ASI Company **(Mr. George Galloway)/Fawaz Zuraidat:**

Name of Company: Middle East Advanced Semiconductor.  
Number of Contract: M/11/04  
Date of Contract: 12/12/2001  
Nationality: Jordanian  
Quantity: (3) million barrels (2 millions of Basrah light and 1 million of Kirkuk)  
Type of Crude Oil: Basrah light and Kirkuk  
Period of Supply: until 11/25/2002  
Destination of Crude Oil: Europe and America for Kirkuk, and the East and America for Basrah light  
Pricing Formula: America, Europe, and the East  
Estimated Value of Contract in Euro: about (66) million euros (Based on the rate of \$20 per barrel)  
Surcharge: As per the instructions of your Excellency over the phone on 12/11/2001 of not accepting the company's proposals unless they pay the debt incurred since phase eight.

For your review and approval, please.



Ali Rajab Hassan  
Acting Executive Director

For the approval of the minister

I approve



12/23

Permanent Subcommittee on Investigations

(G) - FN 92

Permanent Subcommittee on Investigations

**EXHIBIT #12**

## ***I'm Not the Only One : How Right You Are, George***

**In his rush to assume that he is the victim of a sinister ideological frame-up, Galloway has neglected to mention some of the more telling discoveries made by the “Volcker Commission;” specifically, how much of the evidence amassed by that investigative body, pursuant to corruption allegations against other individuals, dovetails seamlessly into the evidence amassed separately by the Senate Subcommittee into corruption allegations against George Galloway.**

Indeed, there is a marked area of confluence between both bodies’ understanding of the Hussein regime’s internal documentation and inter-bureaucratic communication methods, and external negotiating tactics during the Oil For Food Program.

Four interim reports have so far been generated by the Independent Inquiry Committee into the United Nations Oil-For-Food Programme, chaired by Paul A. Volcker. The third of these reports, dated August 8, 2005, has concluded, with exhaustive analysis and overwhelming certitude, the following:

- Benon Sevan, the Executive Director of the United Nations Office of the Iraq Programme (“OIP”), solicited and was granted more than 6 Iraqi oil allocations between 1998 and 2001, in exchange for his willingness to help end restrictions on the “oil spare parts” component of the Oil For Food Program. This component was designed to allow the Hussein regime to earmark funds in its U.N.-monitored escrow account for general maintenance and renovations of Iraq’s oil infrastructure. Just before Sevan’s first solicitation of oil allocations from the Hussein regime, the “oil spare parts” budget was increased to \$300 million. By March 2000 (well into Sevan’s corrupt participation in the Oil For Food Program), that budget was doubled.
- Sevan initiated contact with the Hussein regime during a 1998 trip to Baghdad, made under the pretext of executing official U.N. duties, whereupon he met with Oil Minister Rashid twice, and Vice President Ramadan once. Sevan would meet Rashid again, throughout their Oil For Food transactions, at two OPEC conferences in Vienna.
- Thus, Sevan, like Galloway, managed to spend some quality time with a representative (two, actually) of the SOMO “Command Council” which was responsible for determining the grantees of oil allocations. Galloway, as has been established, met with Tariq Aziz; Sevan met with Rashid and Ramadan.
- Sevan facilitated, through his allocations, the lifting of 7.3 million barrels of Iraqi oil by a former Egyptian government oil trader and personal friend Fakhry Abdelnour, who acted under the auspices of a company of which he (Abdelnour) was once listed as President: African Middle Eastern Petroleum Co. Ltd. Inc. (“AMEP”). Fred Nadler, a cousin of the previous U.N. Secretary-General Bhoutros Bhoutros-Ghali, and “best friend” of Sevan, was at one point acting Treasurer of this company.
- AMEP, through the reselling of its Iraqi oil to Shell and Addax BV, gained a net revenue of approximately \$1.5 million dollars over the course of three years. \$150,000 of this revenue was paid to Sevan, who became complicit in an actual crime when AMEP, in order to secure more oil allocations in later “phases” of the Program, agreed to pay the Hussein regime’s illicitly imposed “surcharges” on exported oil.

- Near-comprehensive banking and telephone records have been analyzed by the Volcker commission in determining beyond a reasonable doubt that Sevan's surge in personal income corresponded in proportional dollar amount as well as chronology to the execution of each AMEP oil contract.
- The U.S. Senate Subcommittee's imparted testimony of Oil Minister Rashid is confirmed by the first Volcker Interim Report, in which Rashid stated the Sevan was allocated oil because "he was a man of influence."
- **Mirroring *l'affaire* Galloway, Sevan's name appears on virtually every document emanating from Baghdad in conjunction with the oil contracts drawn up between SOMO and the purchasing company he chose to actuate his allocations (AMEP). The Oil Ministry and SOMO's standard of notation for bundling an allocation grantee with its apposite purchasing agent – usually by parentheses or a slash – was consistent throughout both Galloway's and Sevan's involvement in the Oil For Food Program. Sevan was perennially conjoined with Abdelnour and AMEP, just as Galloway (or Mariam Appeal) was with Zureikat and Middle Eastern Advanced Semiconductor, Inc. or Aredio Petroleum.**
- The Volcker reports conclude that Sevan contravened multiple U.N. Staff Regulations and ethical codes of conduct, undermined the integrity of an international governing organization, and used his rarefied status within that organization to privately profit from a sustained *sub rosa* business relationship with a country under strict economic sanctions imposed by that organization. Especially galling in this circumstance is Sevan's shameless pilfering from those designated as the *sole* beneficiaries of the Oil For Food Program: the Iraqi people, the Kurds, and the Kuwaitis, to whom Saddam Hussein was still indebted after his destructive conquest of what he saw as the "19<sup>th</sup> province of Iraq." Such a gross abuse of power, worth a pathetic total of \$150,000, by an overseer of one of the most ambitious humanitarian aid programs in history, is inseparable from the forced removal of food from the mouths of infants, and medicine from the veins of the infirm.
- Sevan has since been stripped of his U.N. immunity, in accordance with the recommendation of the Volcker Commission. He remains a nominal employee of the U.N. pending a possible – and increasingly likely – criminal indictment.

### **10 Questions for George Galloway:**

Galloway enjoyed warm relations with Tariq Aziz, the third-in-command of Iraq, one of the most trusted associates of Saddam Hussein, and a man in a position to influence, if not single-handedly decide, the dispensation of Iraq's oil allocations. Galloway also was extremely close with Fawaz Zureikat, whose involvement in Iraq's Oil For Food Program is acknowledged by Galloway. SOMO, the Iraqi apparat in charge of overseeing all oil allocations and oil purchasing contracts for the Hussein regime, repeatedly refers to Galloway by name in its memoranda, and always refers to Zureikat by name, whether associated with Mariam Appeal, Aredio Petroleum, or Middle Eastern Advanced Semiconductor, Inc.

**1. How is it possible that George Galloway met with Tariq Aziz on multiple occasions, attended Zureikat's wedding as best man, appointed Zureikat chairman of his "political campaign," Mariam Appeal – yet somehow managed, at all events, to avoid**

**any discussion, questioning, or revelation of potential misunderstanding pertaining to his (Galloway's) entanglement in that program?**

**2. How is it possible that Zureikat, recipient of Iraqi state documents which certified his allotment of 6 oil allocations, simply failed to mention to Galloway that Galloway's name appeared alongside his own in them?**

**3. What are the chances that such an "elephant in the room" never once was acknowledged by anyone in any conversations or encounters had over the course of three universally remunerative years?**

If it is true that Galloway is the victim of the what terms "the mother of all smokescreens," then the questions remain for him to answer, because to this day he has not done so:

**4. Did he ever solicit, or ever have someone else solicit for him or on behalf of Mariam Appeal, any member of the Hussein regime for oil allocations, as they were so defined by SOMO during Iraq's Oil For Food Program?**

**5. Was he ever, at any point, solicited by any member of the Hussein regime as a grantee of oil allocations during Iraq's Oil For Food Program?**

**6. If he was, did he refuse such solicitation?**

**7. And if he was solicited more than once, did he always refuse?**

**8. Would he have had any moral reservations in accepting oil allocations from the Hussein regime, if he did not in fact accept them?**

**9. If he was *never* approached by anyone in any way connected to the Hussein regime for receiving oil allocations, then why does he believe this to be the case when he seemingly fit, without a single lacuna or imperfection, the exact description of the type of person so sought after by that regime for that purpose?**

**10. Did he ever discuss, in general, oil allocations under Iraq's Oil For Food Program with Iraqi Prime Minister Tariq Aziz?**