

Two oil giants could face trial in Italy over Nigerian deal

By Jan-Philipp Scholz

20 Apr 2017

A Milan court is to decide whether to go ahead with criminal proceedings against the oil giant Shell and its Italian partner ENI in connection with the purchase of the rights to a Nigerian oilfield.



Dan Etete, Nigeria's former minister of petroleum resources

Damning email

"Etete can smell the money. If, at 70 years old, he does turn his nose up at 1.2bn he is completely certifiable."

That's a quote from a confidential email which is embarrassing the oil giant Shell. For years, Shell had strenuously denied that it knew anything about the involvement of convicted money launderer and former Nigerian oil minister Dan Etete in its purchase of the rights to one of Nigeria's biggest oil fields.

But last week, the British environmentalist and anti-corruption organisation, Global Witness, published confidential emails written by a Shell employee. This correspondence, which went right to the top of the Shell management hierarchy, proves that there was a direct link to the convicted Nigerian. After publication, Shell then decided that further clarification of its correspondence was needed. One had to negotiate with Etete "whether one wanted to or not," it said.

Etete alleged to have distributed bribes

The case, which could soon be the focus of a corruption trial in Italy, dates back to 2011. Shell and the Italian oil giant ENI transferred \$1.3bn to a bank account owned by the Nigerian government. With this payment, the two concerns wanted to secure the rights to one of Africa's largest oil fields. But a huge share of the money did not end up in Nigeria's state coffers, it went instead to a company called Malabu which was controlled by Dan Etete. The former oil minister under Nigerian military ruler Sani Abacaha was convicted of money laundering in a separate case in France in 2007.

According to Italian prosecutors and research conducted by Global Witness, Etete was obliged to hand over a substantial fraction of the bribes his company received to high-ranking Nigerian politicians and there is one name that crops up repeatedly. It is Goodluck Jonathan, the former Nigerian president.

On being contacted by DW, representatives from both Shell and ENI declined to be interviewed. Unlike Shell, however, ENI, continued to insist that it only dealt with the Nigerian government authorities and nobody else. In a written statement addressed to DW, the company said that "an independent inquiry commissioned by ENI found no evidence that ENI employees were engaged in corrupt deals in connection with financial transactions, or had any knowledge of such deals through third parties."

Barnaby Pace from Global Witness views these remarks with suspicion. "Shell and ENI, its Italian partner, knew very well that they had paid the money for the oil field to a convicted money launderer." Global Witness activists believe that the oil concerns did not only break the law with their deal, they also swindled the Nigerian population. "Five million people are going hungry in Nigeria at the moment. At the same time, money has been taken away from those who are entitled to it - more than a billion dollars. That is one and a half times the sum which the United Nations says is needed to combat Nigeria's current humanitarian crisis," Pace said.

Environmentalists counting on the Italian courts

Authorities in six countries are involved in investigations into the activities of Shell and ENI. More than \$100m in assets has been frozen in Switzerland and the UK. Court proceedings are expected in Nigeria as well as in Italy. Nigeria's lower house of parliament has already set up a committee to investigate the award of the rights. The oil field in question is OPL 245 and it is estimated to hold nine billion barrels of crude.

Pace is placing his hopes in the court case in Italy and says Italian prosecutors have been particularly thorough in their preparation of the case.

"They have been able to assemble a lot of evidence," he said. Cases of this sort in Italy are generally fought through to the very end rather than being settled out of court. "It is one of those rare cases when we could see manager being forced to account for his action in a court of law," Pace said.

Shortly before the purchase of the rights to OPL 245, Shell agreed to a payment of \$30m to avoid conviction in another case of suspected corruption. At the time, the concern promised to bolster its internal defenses against corruption. That was just a few months before Shell management received the emails about Dan Etete.