

OECD 'concerns' over Saudi probe

There are "serious concerns" about the UK dropping a fraud probe into a Saudi arms deal, says the Organisation for Economic Co-operation and Development.

The OECD, which drew up an anti-bribery treaty signed by Britain, has been reviewing the Serious Fraud Office decision announced last month.

Prime Minister Tony Blair said the decision to end the probe was taken in the interests of national security.

The OECD has said it will take "appropriate action" against the UK.

Liberal Democrat leader Sir Menzies Campbell said this could mean an examination of how the decision was taken, which would mean "further embarrassment" for the UK.

He told BBC News 24: "I think a government other than Mr Blair's would feel severely embarrassed by criticism of this kind.

"After all this is a convention which Britain has signed and for us to be seen in breach of an international obligation of this kind is deeply damaging to our reputation."

He added: "The next time British ministers go into Africa and take to task the governments of developing countries on the ground that they are not dealing sufficiently harshly with corruption they will get this decision thrown back in their faces."

Terrorism fight

The SFO had been looking in to claims that defence firm BAE Systems paid bribes to secure an arms deal with the Saudis in the 1980s - something strongly denied by BAE.

On Tuesday, Mr Blair said continuing with the SFO investigation would be "devastating" for Britain's relationship with Saudi Arabia.

He said it would affect national security, as Saudi Arabia was a key ally in the fight against terrorism, and the wider Middle East.

Mr Blair also said there were some doubts as to whether a successful prosecution could have been mounted.

" The working group has serious concerns as to whether the decision was consistent with the OECD Anti-Bribery Convention "
OECD statement

In addition he said thousands of British jobs could be lost - although he said that was not the reason the probe was halted. OECD rules mean diplomatic or commercial considerations should not come into play in fraud probes.

Mr Blair also hit back at reports, in the Guardian newspaper, that MI6 refused to endorse his view that the probe would damage national security, insisting the decision was not a "personal whim" but based on "the judgement of our entire system".

But critics say the government was effectively blackmailed into the decision, after reports the Saudis were threatening to pull out of another huge multi-billion pound deal with BAE.

Crucial importance

In a statement on Thursday, the OECD said: "The working group has serious concerns as to whether the

decision was consistent with the OECD Anti-Bribery Convention."

Secretary General Angel Gurría said "appropriate action" would be considered, after its working group on bribery published its two-yearly report on the UK's compliance with the convention in March.

In the House of Lords earlier, Attorney General, Lord Goldsmith said: "It is very important to make it clear that dropping the investigation into alleged bribes paid by BAE Systems - and it was not an entirely comfortable decision - doesn't mean we are backing off in any way from our commitment to tackling international corruption."

Lord Goldsmith also denied reports of a rift between ministers and the secret intelligence services over the decision to axe the probe.

"All relevant agencies were clear about the crucial importance of UK-Saudi co-operation in the fight against terrorism and the damage to UK interests, and potentially UK lives, if that co-operation were withdrawn," he said.

The OECD working group has no power to discipline or exclude members for breaching the convention, but instead relies on "naming and shaming" and pressure from other states to keep signatories in line.

No decision has yet been taken on what action - if any - would be appropriate.

But an official said that the range of possible actions open to the group include ordering a special report on the specific case, calling for further investigation, issuing a critical statement or seeking further clarification from the UK authorities.

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