

## OIL AND WAR: ELF AND « FRANCAFRIQUE » IN THE GULF OF GUINEA

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During the recent years, the French petrol company -Elf- has been involved in a series of corruption scandals. These scandals have helped reveal to the public the extent and the scale of the system of corruption evolving within and around a company well known for its opacity. They have shown the active implication of Elf in armed conflicts in Africa, directly in the case of Congo-Brazzaville, indirectly in the case of Angola. Because of the secrecy which has always surrounded Elf, what is known is only the top of the iceberg. Some of the facts are not precisely established and our information, based on various secondary published sources is inevitably full of mistakes and approximations. But we have at our disposal enough information to construct a plausible picture of Elf as delinquent organization, and of its modus operandi. Apart from the question of the paucity and veracity of the data, the main difficulty we have encountered has been the complexity of the networks related to the company, which appears as a kind of nebula of networks, a set of networks of networks each related to other nebula of networks. Because of this informal halo, it is difficult to know where Elf as an organization starts and where it ends. In addition the organisation has changed, informally in the structure of its networks, and formally from a parastatal to a private company, The private company has been, in turn, absorbed by another former public French company, Total, which had previously absorbed by a Belgian oil company, Fina. Elf has become part of TotalElfFina.

This workshop deals with the private sector. Elf as a public company should not concerned us, however, Elf as a public company was at the same time, acting at the international level as an autonomous company, in interaction with other companies both private and public. Furthermore, Elf, while maintaining strong ties with the French state and government, was through corruption, in a way, informally privatized to the profit of its top management, its own related networks, and French political factions and parties. In addition, it is doubtful that an oil company, even privatised, can be considered as only private, as if there was no reciprocal relations with the government.

The case of Elf, however, is quite unique, because it has always been closely related to this enduring system of Franco-African relations which have been aptly labelled « Françafrique<sup>1</sup> ». This system was established by General de Gaulle and his *fondateur de pouvoir* for Africa, Jacques Foccart, at the time of Independence. It was the key to the lasting relations between France and most of its former colonies in Africa. Beyond and behind the formal institutions, it worked through a system of international clientelism, combining corruption and force, economic, political and social exchanges, and public and private relations. The Franco-African relations were patrimonialized as were the African states themselves. Elf was the pillar of Françafrique.

Elf was created by General de Gaulle in 1965, as part of his policy of national independence. This policy was two sided. On one side, military independence which supposed the possession of the atomic bomb and an independent industry of national defense. On the other side, the independent control of the main sources of energy, uranium and oil. Actually, the access to oil was not the only task which was assigned to Elf. Through intelligence, corruption and close association to the intelligence services, it was to be used as a covert tool for maintaining the French presence in Africa. In addition, it was to be one of the main sources for the financing of the gaullist movement. In order to be able to understand the nature and the mechanisms of the involvement of Elf in armed conflicts in the Gulf of Guinea, I will approach Elf from a wider point of view, as a complex organization which I will describe as a nebula of networks. Françafrique and Elf have passed through a period of deep crisis. Both have changed, formally and informally. What is the meaning of this change ? Can we expect the « normalization » of Elf ?

#### 1- Elf : a nebula of networks

Elf can be described as a nebula of networks. We use here the term of network as a mode of interpersonal structuration of social relations through informal exchanges between individuals connected or not with formal organizations. These networks are not necessarily illegitimate in themselves, -friendship is quite legitimate-but they easily move from the legitimate sphere to the illegitimate sphere and vice versa. Without always being clandestine or hidden on purpose, they are difficult to detect. I speak of a nebula of interconnected networks because they consist in networks of networks with center and a periphery. The networks at the core are related to other networks themselves related to other networks. These remote ties may be activated according to the circumstances. This is why there are no real boundaries to Elf. An important point is that the ties activated by an individual of the network are mediated through key individuals who act as intermediaries, mediators or brokers between networks because, controlling or belonging to different networks, they play a role of interconnection. This is why the books and publications on the topic are always centered around key individuals who play the role of

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<sup>1</sup> F-X Verschave, « La Françafrique », Paris, Stock, 1998. This expression, previously invented by Felix Houphouët-Boigny, the former president of Ivory Coast, has taken a new ironic and polemic meaning, playing on the words « fric » and « (A)rique ». « Fric » means in French slang money. But it correspond to an empirical reality and can be used in an analytical sense.

patrons or brokers (Foccart, Pasqua, Leandri, Guelfi, Auchi, C.Feliciaggi, Falcone, Gyaramak..). These networks are called by the name of their patron : Foccart networks, Pasqua network...Françafrique itself may be considered also as a nebula of networks, Elf being a subset of Françafrique. The nebula of Françafrique and of Elf are distinct but strongly overlapping and interconnected. This is why it is impossible to speak of one without mentioning the other.

These networks involved organizations and individuals which are both and often simultaneously public and private. Their very function is to blur the boundaries between what is public and what is private. This is why corruption constitutes in the case of Elf a mode of governance. Elf was a public company, but at the same time, it has been penetrated by the political parties and factions, and has been used as a ready source of income by the French political class and by its top executives. This mixture of public and private is quite typical of the close ties existing between Elf and the French public intelligence services, with the businessmen dealing with Africa and even outside, with the private political and business networks of Foccart and Pasqua, the security companies and the mercenaries, whether they were real or false. But the structure of the nebula of networks has changed through time : the nebula of Françafrique is no longer centralised and united under the control of J. Foccart. It has become decentralised and the interconnexions are fluid, depending on the evolution of alliances and conflicts. The nebula of Elf has been affected by this situation and has lost its unity. It has become divided between different clans competing for positions and resources.

In addition, the networks have been globalized. Elf has always been centered on Africa. In that sense it was not globalized until its absorption by Total. But its mode of operation, through the interconnection with other networks was globalized,. It was related to both the formal and informal financial and banking international system. These other networks were multisectori and their operations had no direct relations with oil. The networks, organizations and people with which Elf was in relation, were often close to intelligence services, money laundering operators, arms dealers, security companies ,politicians and international organized crime. In addition, through its financial participation in other societies, like CPHI and SOFIPA, Elf was indirectly involved in a multiplicity of other businesses. We have a very good example of this global reach with the case of the Taiwan frigates scandal. The French public weapons company, Thomson had concluded a big contract for the exportation of frigates to Taiwan, but it needed to overcome the eventual opposition of Pekin and of the French minister of Foreign Affairs, Roland Dumas, opposed to an operation which might alienate the Chinese government. On the Chinese side, Sirven, the right hand of Loïc Prigent , president of Elf, offered the services of one of its Chinese intermediaries to Thomson. On the French side, Sirven tried to change the position of Roland Dumas using the influence of a mistress of Roland Dumas. Huge commissions and gifts were exchanged. Thomson complained about a swindle of 200 millions dollars from Sirven. Roland Dumas was pursued and condemned, in spite of the fact that the contract of corruption could not be proved, while he was proved guilty of receiving gift offered by his girl friend and indirectly financed with Elf money.

Right from its creation, Elf was closely associated to the French intelligence service, the SDCE which was later transformed to DGSE under François Mitterrand. Its first president, Pierre Guillaumat, an expert in energy matters (Ecole des Mines, former head of Commissariat à l'Énergie Atomique), was a historic gaullist militant and was one of the founders of the intelligence service which had given birth to the SDCE. Like all the oil companies, Elf had created its department of security, also in charge of intelligence. The links with the African branch of the SDCE were very close. The colonel Robert, formerly in charge of Africa in the SDECE was later, recruited by Elf as the head of its own security service. This mobility between the higher levels of the SDCE and Elf has been constant. While there were tensions between both organizations and the SDCE could occasionally complain about the autonomy of Elf, Elf could be a precious tool for the SDECE. The question of the ultimate loyalty of these intelligence officers when they retired from public service and move to the private sector, whether to Elf or to security companies, should be raised. Are the former links really severed, are they more loyal to their former or their new organization? Or are they loyal only to themselves, selling their dangerous skills as salaried or self employed mercenaries? Elf financed many covert actions of the SDCE and later of the the DGSE : this permitted the intelligence services to autofinance their operations and not be dependant on the public money only.

In the case of Elf, the picture gets more complicated, since both the SDECE and Elf were closely monitored by Jacques Foccart, a very close collaborator of General de Gaulle. During the presidencies of De Gaulle and of Pompidou, Jacques Foccart was extremely influential trusted as he was by the presidents, and the overlapping responsibilities he assumed<sup>2</sup>. As an adviser to the president, he supervised the intelligence community from the Elysée Palace. As a Secretary General for African and Malagasian Affairs, he was the *fondateur* of de Gaulle for Africa. In addition, he had responsibilities within the gaullist movement. He was in charge of the financing of the gaullist party and also of the electoral questions. J. Foccart was in addition the boss of the Service d'Action Civique, (SAC), one branch of the gaullist movement. The SAC played the role of the party militia or police of the gaullist movement, a clandestine organization in charge of covert action. It was the backbone of the gaullist movement, its dark and covert side . The core of the recruitment came from the gaullist resistance networks and from authentic gaullist militants with strong rightist leanings. For practical reasons, it opened up to former collaborators and later on, even to former « activists » from « Algérie française », which it had helped to fight previously. It recruited also widely among gangsters. The SAC people, called « barbouzes », were playing the role of an unofficial and secret police. They were involved in many crimes. The SAC had a close relation to Gabon , and the presidential guard of Omar Bongo which was partly paid by Elf. All these different networks, public or private, were part of « the réseaux Foccart ». They were active both in France and in Africa, in the different sectors of economic, political and cultural life. Elf was at the core of this galaxy under the indirect control of Jacques Foccart.

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<sup>2</sup> On J. Foccart and « foccartism », see F-X Verschave, « La Françafrique », op. cit., p.283-332

President Bongo of Gabon was the main partner of Foccart and of Elf, and Gabon was at the time the kingdom of Omar Bongo, Foccart's land and Elf's land. Bongo and Elf were closely associated, politically and financially. André Tarallo, a former co-alumni of President Jacques Chirac at the « Ecole Nationale d'Administration », has been for 30 years, the Monsieur Afrique and the Monsieur Gabon of Elf. He was a close and trusted friend of Omar Bongo and of many other African leaders. The Geneva judge Perraudin uncovered joint accounts between André Tarallo and Omar Bongo. The scandal finally led to a rupture between Bongo and Tarallo. Another strong link was through the FIBA, a very secret and mysterious bank jointly owned by Elf, Bongo and his family and some of his close friends. The bank, directed by Jacques Sigolet was operated by Elf. It was used for all the clandestine operations involving bribes, commissions and various covert deals.

To complete the picture we should add the very strong influence of the free masons, both in France and in Africa<sup>3</sup>. There is a very marked overlapping between the main persuasions of free masons, (Grand Orient (GO), Grande Loge Nationale de France (GLNF) and Loge Nationale de France (LNF)) and both Françafrique and Elf. GO is leaning politically more to the left, while GLNF is more politically oriented to the right. Freemasonry is also very developed within the African continent. It was introduced during colonization. The African persuasions are connected to the French ones, mainly GO and GLNF. It is considered impossible to do any business in Africa without being affiliated to the freemasons. The function of this affiliation is to create a kind of privileged network of solidarity, which accelerates the connexions and facilitate the exchanges. The quasi totality of the top executives of Elf are considered to be freemasons. We can add, that the quasi totality of the politicians and businessmen compromised in corruption scandals, especially within Françafrique, are also freemasons. On the African side, Omar Bongo is a very important free mason dignitary in Central Africa, and Sassou Nguesso and Pascal Lissouba are also freemasons, but not from the same persuasion..

As long as J. Foccart was in charge of African affairs, he controlled at the top the nebula of networks of Françafrique including Elf. This gave a unity of direction to French African policy. When after the death of G. Pompidou, Valerie Giscard d'Estaing was elected as a new president in 1974, he took over personally the African affairs, fired J. Foccart and replaced him by one of his assistants. In addition, he changed the head of the SDECE in order to undermine Foccart's influence within the service. But Foccart's networks still existed and were very influential. Valérie Giscard d'Estaing could not take control of Elf, which remained a gaullist stronghold. In 1981, the socialist leader, François Mitterrand became president. After a period of transition, F. Mitterrand followed exactly the same policy as J. Foccart, using the same methods, based on the systematic use of « friends » and networks. He had to create his own networks in competition with Foccart's networks. He chose a freemason dignitary, Guy Penne, as the head of the « cellule africaine de l'Élysée » in order to use the freemason networks as a

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<sup>3</sup> See Ghislaine Ottenheimer and Renaud Lecadre, « Les frères invisibles, Paris, Albin Michel, 2001. Voir aussi, F-X Verschave, « Noir silence », p.416-447.

link to the African presidents. Then, he replaced him by his son, Jean-Christophe, nicknamed « Papamadit », He attempted to take control of Elf, but did not succeed completely. He named Loïc Le Floch Prigent, as director of the company. Le Floch Prigent took with him Alfred Sirven as a « directeur des affaires générales ». Alfred Sirven, was most probably an « honorable correspondant » of DGSE. He became very influential, through corruption, in the management of the company, to the point that it is not easy to know who was the real boss Le Floch Prigent or Sirven. But Le Floch Prigent and Sirven were not able to take control of the core of Elf, Elf-Afrique and Elf Gabon directed by André Tarallo. This led to a kind of sharing of the company between the left and the right. Through Sirven, Elf instead of financing only the gaullist party, started to finance all the parties, factions and many politicians; As he said « I know enough to eliminate the whole French political class ». This was corroborated by André Guelfi, (dit Dédé la sardine) : « If the judiciary had to jail all the people who received money from Elf, there would not be many people left to form a government. Elf was paying to all sides. All the parties have been paid : the PS, the RPF, everybody ». Under the direction of Le Floch Prigent, there were 800 millions francs of official commissions, plus 1,5 billion of occult commissions each year.

Elf was thus split between the right and the left, but in addition, the main party of the right the gaullist RPR of J. Chirac was itself between factions. A prominent leader of RPR, Edouard Balladur, and friend of Jacques Chirac, became the prime minister of F. Mitterrand, after the defeat of the socialist party at the legislative elections. As a prime minister he nurtured presidential ambitions against Jacques Chirac, the official challenger of F. Mitterrand. Taking advantage of the problems Le Floch Prigent was having with the justice, because of mismanagement, he replaced him by one of his friends, Jérôme Jaffré. Officially, it was to clean up the house. He started a campaign against Mitterrand and Chira's friends and this led, with the help of the judges, to a cascade of corruption scandals which led to the transformation of Elf into TotalElfFina.

To complicate the picture, another gaullist faction led by Charles Pasqua was becoming more and more influential. Charles Pasqua was a former leader of the SAC, but he had challenged the authority of J. Foccart and this led to a split within the SAC : this was the beginning of the Pasqua networks. When he was an executive of the French company Ricard, he had been suspected of being related to the French connexion, but nothing could be proven. What is a well established fact, however, is that he is very close to the so called Corsican mafia of gambling. His Corsican friends, E. Feligacci and Tomi have become the gambling bosses in western and central Africa. Charles Pasqua was recently accused of financing his new party, the RPF, with the money coming from gambling in Gabon. Formerly close to J. Chirac, he joined Edouard Balladur during the first cohabitation and became his minister of Interior. He was then in a position to supervise the different French police, including the Renseignements Généraux and the DST, the French counter intelligence service. In addition he could control the SCTIP, the Service de Coopération Technique Internationale de Police. The SCTIP is present in each African country of Françafrique as a tool of cooperation with African polices. As a politician, he was the President of the Conseil General of the département of Hauts de Seine, the wealthiest department in France. He could, thanks to a very dynamic policy of

decentralised cooperation (1% of the budget), develop his influence in different African countries. A good friend of Tarallo, he became also close to Sirven and could benefit from the generosity of Elf on every side. In competition with Chirac, he got closer to François Mitterrand and his Minister of Foreign Affairs, Roland Dumas. As minister of Interior, and even afterwards, he led his own foreign policy toward the African and Arab countries, often in contradiction with the official one, using the DST against the SDCE. He has been very active, with his son Pierre-Philippe and his friend Marchiani in oil producing countries. His son and his friend Marchiani, another Corsican, who had been fired from the SDCE by president Pompidou, and was recruited by Thomson and involved in arm dealings.

## 2-The involvement of Elf in the conflicts in the Gulf of Guinea

After the independence of Algeria, France needed access to new and safe fields of petroleum. Elf was involved, with other foreign companies, in the exploration and the exploitation of oilfields in the gulf of Guinea, from Nigeria to Angola. It included Cameroun, Gabon, Equatorial Guinea, Congo-B and Angola. The oil fields are located along the coast and most of them are off shore. Nigeria has long been the first producer of the region. Because of the presence of oil, among other reasons, France covertly supported the secession of Biafra where the petroleum was located. Elf was asked to pay the royalties to Biafra instead of Nigeria. The money was used to buy weapons and fuel the war on the account of humanitarianism<sup>4</sup>. In spite of the defeat of Biafra, Elf stayed in Nigeria, but it was not the leading company and kept a low profile. Nigeria did not become part of Françafrique. The Gabon of Omar Bongo became, for a long period, the heart of the oil empire of Elf. This explains the leading position of the country and of its president within Françafrique. In 1997, Nigeria was still the first producer (112Mt), Angola was the second (36mt), then Gabon (18mt), Congo (12,5mt) and Cameroon (6,3mt). Equatorial Guinea is an emerging producer; While the productions of Gabon and of Cameroon are stagnating, the productions of Congo-B, and even more of Angola, are on the rise, and this increases the strategic importance of Angola from a geopolitical point of view.

Elf has been directly involved in the civil war in Congo-Brazzaville and more indirectly in Angola financing or helping simultaneously and successively both camps. The civil war in Congo, between the former marxist President, Sassou Nguesso and Pascal Lissouba, the newly elected one, was related to the process of democratic transition. The war in Angola, opposing the UNITA of Savimbi and the marxist MPLA of Dos Santos has been going on since the war of independence against Unita. The military intervention of the Angolese army, actively encouraged by President Chirac, was decisive for the victory of the Sassou Nguesso camp. After the arrival of Le Floch Prigent and Sirven at the direction of Elf, « the cake », as we know, had been shared between Sirven and André Tarallo, the real boss of Elf-Afrique : Alfred Sirven was dealing with Cameroon, Congo-B (Sassou Nguesso) and Angola(Unita), while André Tarallo was in charge of Congo (Lissouba) and of Angola (MPLA). This corresponded at

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<sup>4</sup> FX Verschave, « La Françafrique », op. cit., 137-154.

the same to the divisions inside Elf. In playing on both side, Elf was sure to be on the side of the winner. But if Elf's duplicity was known by the protagonists, it could become embarrassing for Elf, and this is what happened. It is why the relation between Elf and Sassou on one side, and Elf and Dos Santos on the other, have been difficult to handle.

In Congo, the national conference had pushed the former dictator Sassou Nguesso out of power. During the transition period of André Milongo, who had asked an American company to audit the accounts of Elf-Congo, Sirven had participated in the preparation of a failed coup in favor of Sassou Nguesso. Pascal Lissouba, after his election to the presidency, was in a desperate need of money. He was refused a prefinanced loan<sup>5</sup> by Le Floch Prigent. Lissouba then, turned to Oxy, an American company which accepted and Oxy was given a share in the oil production of Congo, at the expense of Elf. This was a serious blow to the French company. André Tarallo succeeded in reestablishing the former situation, and concluded with Lissouba an other contract which cancelled the first one. The political situation was extremely tense. The political leaders armed their supporters and created private militia : the « cobra » of Sassou, the « ninja » of Kolelas, and the partisans of the president Lissouba. Lissouba needed weapons. He got them through the help of Tarallo and Sigolet, the then director of the FIBA. Meanwhile, Elf was massively helping financially and militarily Sassou Nguesso to reconquer the power. Elf was accused of lending helicopters to Sassou Nguesso which were seen strafing a village by many witnesses. Elf pretended they had rented the helicopter from a company which had forgotten to wipe out its identification marks. But the helicopter company was known to be very close to Elf. Jacques Chirac, in July 1998, visited Dos Santos in Luanda and congratulated him for his military intervention in Congo-B. Dozens of thousand of people died in the war and in the bloody repression that followed the victory of Sassou Nguesso. Brazzaville was destroyed and the country was ruined. But oil was in good hands...

In Angola, the intervention of Elf has been more indirect. As in Nigeria, Elf was not at home as it was in Gabon or Cameroon. But it is well known that oil and diamonds have fueled the conflict, the diamonds mostly on Unita and Savimbi side, and the oil on Santos and MPLA side<sup>6</sup>. What is interesting to notice, is that during the marxist period of Angola, oil has continuously being exploited by American companies, under the protection of the Cuban army at Cabinda, while the western governments were supporting Savimbi against a pro soviet government. In the past, the French intelligence services and Elf were actively supporting the FLEC, a separatist guerilla movement, fighting for the independance of Cabinda, a small province of Angola, physically separated from it, by a piece of land belonging to Congo. About 50% of the oil fields in Angola are located there.

The French government and the parties from the right have long been supporting Savimbi, until the end of the cold war and when it became clear that he had no chance to

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<sup>5</sup> that is a loan guarantied on the future production of oil.

<sup>6</sup> Philippe Billon, « Angola's political economy of war : the role of oil and diamonds, 1975-2000, African Affairs, (2001), 100, 81-116

win, and that it was more realistic to support Dos Santos who controlled the petroleum. Elf was directly involved in that support and there were relations between Loïc Le Floch Prigent and Sirven on one side, and Savimbi on the other. The Savimbi lobby in France was mainly led by political leaders from the liberal right, as Madelin, Leotard and Longuet. But there were also a few gaullist like Jacques Toubon. After some hesitations, the government started to support Dos Santos. Accompanying this change of policy, Elf with André Tarallo supported Dos Santos, along with Savimbi. The move was facilitated by Sassou Nguesso who was keeping close relations with Dos Santos and was a good friend of Chirac. His friend, Charles Feliciaggi, the brother of Etienne Feligiacci the « emperor » of gambling, was introduced to Dos Santos and became the supplier of the presidential guard.

As soon as 1994, Pasqua and his friend Marchiani were in relation with Dos Santos and Pasqua was invited to Luanda. The Pasqua network, with Charles Pasqua himself, his son Pierre Philippe the arm dealer, Marchiani, C.Feligacci, and André Tarallo, was solidly entrenched on the Dos Santos side. It offered its services to Dos Santos to help him to acquire the weapons he needed. Followed a very fruitful collaboration which involved Elf indirectly and contributed to the strengthening its position in Angola. This help facilitated the military intervention of the Angolese army in Congo in favour of Sassou Nguesso. To continue his war against Savimbi, Dos Santos needed weapons which he could only pay with oil. At a time when the price of oil was low (\$10 the barrel), Angola had got deep in debts. Three years of oil production were already sold in advance. A system of prefinancing of the oil, as in Congo-B, was used, the payment of the weapons being guaranteed by the future production of oil. But most of the oil money was spent in paying the debts and « eaten » by the nomenclatura.

A new system of financing the weapons was invented. It consisted in involving directly the arm dealing and security services companies in the exploitation of oil, through marketing equity stakes in new oil fields to these companies. Until then, the leading oil companies in Angola were BP Amoco, Elf and Exxon<sup>7</sup>. Three new companies, which had no previous experience in oil, Pro Dev (15% in block 33), Naphta (5% in block 33) and Falcon (10% in block 32) obtained shares in the exploitation of oil, as a counterpart for the selling of weapons<sup>8</sup>. To these percents must be added the « parallel bonuses » which are given to the heads of state as a kind of entrance fee

Because of a recent scandal, we have some information about the case of Falcon and of its owner, Pierre Falcone. Pierre Falcone is not directly related to Elf, but he is close to Pasqua and Marchiani which he helped to finance and can be considered as a member of « Françafrique ». A franco-brazilian businessman, son of an old friend of Etienne Léandri<sup>9</sup>, was the director of Brenco Trading International Ltd, a company based in Virginia, and specialised in arm dealing. He had excellent financial connections with the Swiss trader Glencore and the French bank, Paribas, partially owned by Nadhmi

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<sup>7</sup> BP Amoco 26,6% in block 31, Elf, 30% in block 32, Exxon 35% in block 33.

<sup>8</sup> Africa Confidential, vol.40, n°10, 14 may 1999

<sup>9</sup> on Etienne Léandri, see Julien Caumer, « Les requins », Paris, Flammarion.

Auchi, an Anglo Irakian businessman who had got wealthy thanks to Iran-Irak war, and who has been involved in the money laundering scandal of Clearstream in Luxembourg<sup>10</sup>. Falcone was closely related to Charles Pasqua, at the time Ministry of the Interior and Marchiani, and with the DST. In addition Brenco-France was representing SOFREMI, a parapublic company<sup>11</sup>, depending on the Ministry of Interior, and specialized in arm and security material dealings. Etienne Léandri, through C. Pasqua, had named two of his friends at the top of Sofremi, and the young Pierre Falcone as a technical adviser. On the Russian side, he was associated with Arcadi Gaymarak, a Russian refugee in Israël, who has been given French nationality, and who is considered to be close to the Russian mafia. He was connected with the Russian bank Menarep implicated in the « evaporation » of the \$10 billions dollars of the FMI, through the Bank of New York. Gaymarak had bought the Angola's debt to Russia. Marchiani had succeeded, thanks to Gaymarak, in obtaining the liberation of French pilots in Serbia and was given a French decoration, the « ordre du mérite ». On the Angola side, Pierre Falcone was close to Dos Santos and he has become the supplier of the Angolese army . Falcone and Gaymarak organized together, with the backing of the Pasqua network, an operation in order to prefinance the purchase of weapons from Russia to Angola against the exportation of oil to Russia.

When the judges, working on Elf, discovered this arms dealing, which involved the parapublic company Sofremi and the company Communications and System (ex Compagnie des Signaux), they s dealing and fiscal fraud. While the DGSE was accusing Gaymarak of being related to the Russian Mafia and of being involved in money laundering behind screen societies, the DST was supporting him and its former number two, R. Nart, testified that Gaydamk had done precious services to France. As for Pasqua and Marchiani, implicated in the scandal, because they had received money from Brenco<sup>12</sup>, they accused the judges of undermining the French interests in Angola. Dos Santos, furious, attacked the French executive. He wrote a letter to President Chirac asking the French state to stop pursuing Pierre Falcone for fiscal fraud and illegal arms dealing. He considered Pierre Falcone as his official representant, and this action, « a breach to Angolese sovereignty which may cause a serious prejudice to Franco-Angolese relations »...

We have seen that, in relation with the concomitant transformation of « Françafrique, the informal structure of Elf as a network of networks has changed, and that it had important consequences on its mode of functioning. Elf became divided internally between different clans fighting for power and resources. This is the main reason why the secrecy could not be kept any more and that all these scandals erupted and became known. The informal codes of regulating corruption had been disrupted, and the ensuing scandals led to changes in the formal structure of Elf, which not only was privatised but absorbed by Total, becoming TotalElFina. Can we expect a normalisation of Elf ?

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<sup>10</sup> See Denis Robert and Ernest Backes, « Révélations », Paris, Les arènes, 2001

<sup>11</sup> 35% of the capital to the French state, plus Thomson, Alcatel, and Aérospatiale

<sup>12</sup> among many other well known people, like Jean-Christophe Mitterrand, Jacques Attali etc..

### 3-The « normalisation » of Elf ?

Elf was privatized in 1994 and Philippe Jaffré was placed by the prime minister Balladur at the top of Elf, officially to clean up the mess, but even more to cut off the socialists and Chirac from their means of subsistence. But the privatization was not complete, since Elf-Afrique and Elf-Gabon under the direction of André Tarallo were kept outside of the process, and the French government still kept a right of veto. The privatization of Elf did not really change the behavior of Elf. If the main scandals of corruption erupted when Le Floch Prigent and Sirven were directing the company, that does not mean, as we have seen, that Elf was clean. It is rather because the opacity of the company was well kept for the reasons we know. We saw that under the direction of Philippe Jaffré, Elf have been involved in the Congo-war of 1997. But this event did not stirred up a real scandal. Even if the facts were uncovered, the media was not interested and public opinion, maybe saturated, was indifferent. The privatization did not change the close relations French politics. Philippe Jaffré had failed « to transform Elf from a lazy state dinosaur into a competitive animal in the style of US oil majors where rates of return and shareholder values count more than political influence »<sup>13</sup> It did not change the way Elf did business in Africa through facilitators, fixers and high scale corruption.

After a difficult financial battle, during the summer 1999, Elf was absorbed by TotalFina. Philippe Jaffré was replaced by Thierry Desmaret, the boss of Totalfina. The government was alarmed by the eventuality of a taking over by foreign interests, and put pressure on Elf and Totalfina toward fusing. Ensued an intricate battle of bids and counter bids which was concluded with the victory of Total over Elf. Philippe Jaffré was beaten because the whole of the political class was against him, with the exception of Edouard Balladur. Matignon and Elysée reproached him of activating the scandals in order to have Loïc Le Floch Prigent put into jail<sup>14</sup>. According to Africa Confidential, Total was considered to be more efficient than Elf, so deeply involved into French politics and African affairs. This event has been hailed as the end of the « Francoafricanised » Elf, and as a move towards a normalization of the company, in the style of the great oil majors and an illustration of the trend toward globalization.

It is true that things are moving. The FIBA, was dissolved. There has been a reshuffling in the top management positions. The original balance between Total's people and Elf's people at the top of the new big company have been disrupted, and the strong men of Elf in Africa have been obliged to quit : this is the case of the general Patrice de Loustal former head of the « service-action » of DGSE, as all his predecessors at the top of the Security Department of Elf; it is the case also of J-F Galvada and Gilles Rapeneau. They have been replaced by Total people coming from South America. At the same time, things are changing also in Françafrique. The Quai d'Orsay has absorbed the Ministry of Cooperation. The different administrations working with Africa are multiplying declarations of intentions to clean up everywhere. Françafrique is said to be something of

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<sup>13</sup> Africa Confidential, n°40, vol.15, july 1999.

<sup>14</sup> La Lettre du Continent, n°376, 16 septembre 1999.

the past by politicians and the media. Even Africa Confidential is writing : « the last relics of colonialisme are at last being swept out of Paris. For decades French speaking Africa was regarded as the *chasse gardée*, the private hunting-ground; now the lead is taken by officials striving for a more ethical, or at least more modern foreign policy ». this seems to me a little too optimistic.

In the middle run, *Françafrique* seems condemned to disappear. But we should not bury it too early. The bad habits of corruption are deeply engrained. It is not enough to change the names of the companies, from *Générale des eaux* to *Vivendi*, *Thomson* to *Thales*, or *Elf* to *TotalElfFina*, and to set up committee of ethics and introduce ethic codes. The main problem for the company is not the reality of what they do, but the image they project. It is above all a problem of good communication. One important goal has been reached by this absorption. It is, as it is said in the *Lettre du continent*, that only individuals are going to be on trial but *Elf* as an organization will escape. *FX Verschave* speaks of « *Elf sous écran total* ». It is also a question of finding a new mode of regulation because the collapse of the mode of regulation, which followed the crisis of *Elf*, had disrupted the company and this made good communication difficult. this does not imply good behavior but more controlled behavior. We can expect less direct political influence in *TotalElfFina* than previously and more distance from the government. But it is doubtful that the new company will renounce its intelligence dimension and its covert action. Security and intelligence are inescapable for oil companies, whether public or private. The ties between the public and private sectors of security are inevitable and are unhealthy from a democratic point of view.

Another aspect is that the relatively good reputation of *Total* is usurped. Public opinion is not aware of the facts. *Total* has been accused of cooperating with the Burmese government one of the worst dictatorships of the world and a narcostate in addition. In connection with a former member of the *DGSE* transformed into a businessman and a broker as often happens, *Elf* struck a deal with the *SLORC* for the exploitation of an offshore oil field. The gasoduc to evacuate the gas toward Thailand was crossing an area with rebels. *Total* contributed in « cleaning » the region by helping the *SLORC* to buy helicopters from a Polish company.

*Stephen Smith* and *Antoine Glaser* suggest that *Françafrique* is changing from networks to lobbies<sup>15</sup>. This is not true for *Françafrique* as such, and there is no contradiction between lobbies and networks. But it is true for *Elf*, which will find itself in the same situation as the other private companies in relation to their government, that is in the situation of lobbies.

In conclusion, an oil company is necessarily tied to the governments. These governments cannot ignore the strategic and geopolitical realities. On the other side, a private company has to lobby the government to defend its private interests. These interests may or not coincide with the interests of the government. In the end, we know

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<sup>15</sup> *Stephen Smith* and *Antoine Glaser*, « *Ces Messieurs Afrique II, des réseaux aux lobbies* », *Calmann-Lévy*, 1997

that it is not because a company is private that it has become clean; It has to be controlled, but how ? We cannot count on the government alone : we know that the so called « raison d'Etat » and the constraints of international competition for the company, reinforce each other. Only the conjunction of political action from the so called 'civil society' and the strengthening of international regulations could help to alleviate the situation.

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