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History of the Panama Papers: Offshore Banking Havens: Hidden Agenda behind the 2013 Operation “Offshore Leaks”?

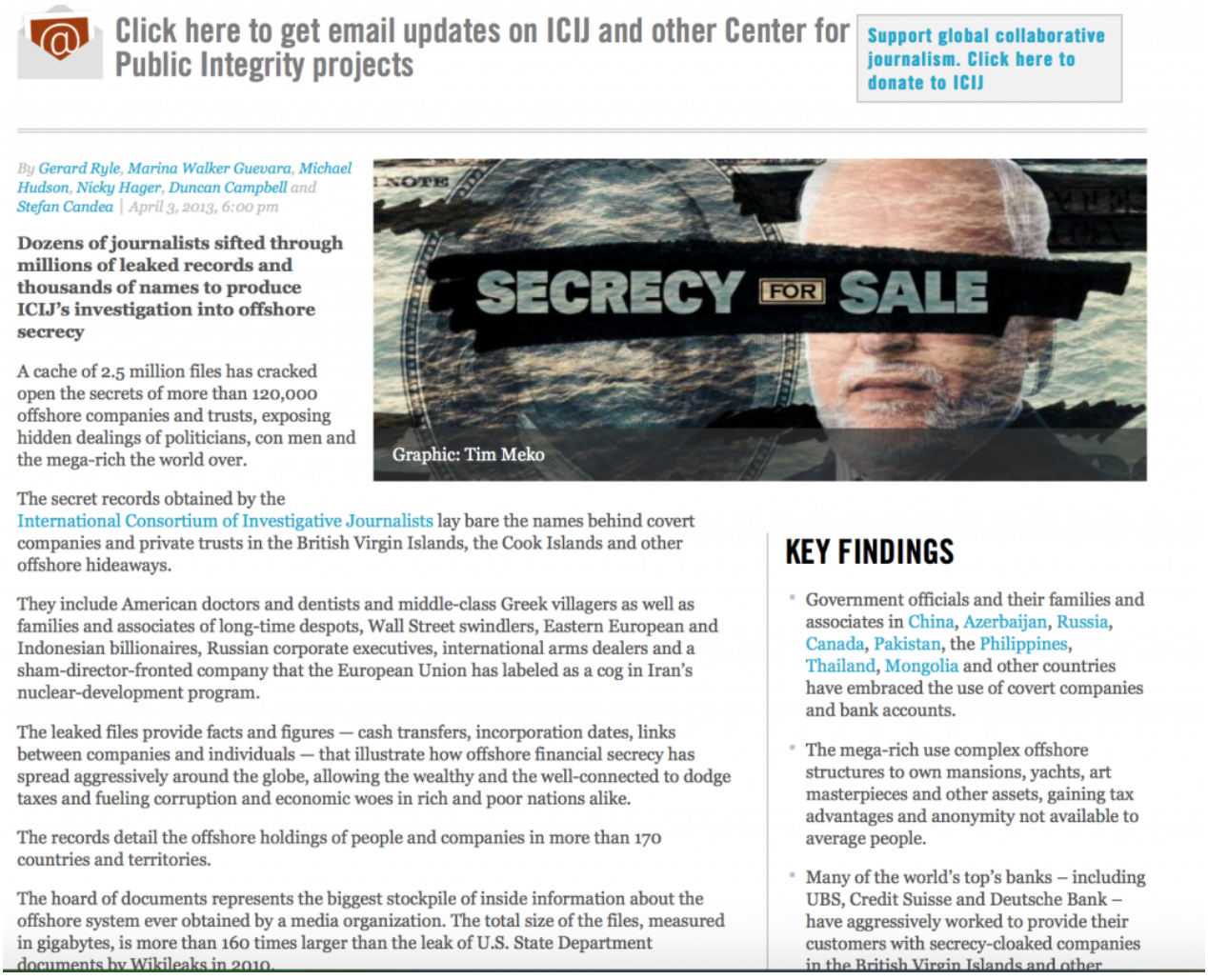
Par Valentin Katasonov et Prof Michel Chossudovsky
Mondialisation.ca, 05 avril 2016
Strategic Culture Foundation

Thème: Global Economy, Media Disinformation

Introduction by Michel Chossudovsky

The following article by Prof. Valentin Katasonov, a distinguished Russian economist was published three years ago by the Strategic Culture Foundation and Global Research.

The planning of the Panama Papers leaks on April 4, 2016 bears a canny resemblance, to a previous leak entitled Operation Offshore Leaks which was also implemented on April 4th (ie. exactly three years ago April 4, 2013) by the same consortium of international journalists (ICIJ).



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By Gerard Ryle, Marina Walker Guevara, Michael Hudson, Nicky Hager, Duncan Campbell and Stefan Candea | April 3, 2013, 6:00 pm

Dozens of journalists sifted through millions of leaked records and thousands of names to produce ICIJ's investigation into offshore secrecy

A cache of 2.5 million files has cracked open the secrets of more than 120,000 offshore companies and trusts, exposing hidden dealings of politicians, con men and the mega-rich the world over.

Graphic: Tim Meko

The secret records obtained by the International Consortium of Investigative Journalists lay bare the names behind covert companies and private trusts in the British Virgin Islands, the Cook Islands and other offshore hideaways.

They include American doctors and dentists and middle-class Greek villagers as well as families and associates of long-time despots, Wall Street swindlers, Eastern European and Indonesian billionaires, Russian corporate executives, international arms dealers and a sham-director-fronted company that the European Union has labeled as a cog in Iran's nuclear-development program.

The leaked files provide facts and figures — cash transfers, incorporation dates, links between companies and individuals — that illustrate how offshore financial secrecy has spread aggressively around the globe, allowing the wealthy and the well-connected to dodge taxes and fueling corruption and economic woes in rich and poor nations alike.

The records detail the offshore holdings of people and companies in more than 170 countries and territories.

The hoard of documents represents the biggest stockpile of inside information about the offshore system ever obtained by a media organization. The total size of the files, measured in gigabytes, is more than 160 times larger than the leak of U.S. State Department documents by Wikileaks in 2010.

KEY FINDINGS

- Government officials and their families and associates in China, Azerbaijan, Russia, Canada, Pakistan, the Philippines, Thailand, Mongolia and other countries have embraced the use of covert companies and bank accounts.
- The mega-rich use complex offshore structures to own mansions, yachts, art masterpieces and other assets, gaining tax advantages and anonymity not available to average people.
- Many of the world's top's banks – including UBS, Credit Suisse and Deutsche Bank – have aggressively worked to provide their customers with secrecy-cloaked companies in the British Virgin Islands and other

Why Did they Publish the Release on the same day, April 4th?

Valentin Katasonov describes the April 4, 2013 Offshore Leak as « a planned operation on a global scale », with a simultaneous release by « the leading media companies of a variety of countries almost simultaneously issued a sensational news story claiming that an organisation called the International Consortium of Investigative Journalists (ICIJ) has a rich database on offshore companies and their clients. »

What was the Hidden Agenda?

> The overall volume of files at ICIJ's disposal exceeds 260 gigabytes… That is 160 times more information than the embassy reports made public by Wikileaks in 2010… The ICIJ files consist of more than 2.5 million documents: the registration data of 122,000 offshore companies in the British Virgin Islands; lists of people who have made use of offshore companies; copies of personal documents including passports; correspondence; and information on banking transactions and other databases related to world-class politicians and businessmen, major companies and banks. The documents have a variety of dates, the very earliest of which came into existence 30 years ago. The names of 130,000 people from 170 countriesare also mentioned in the documents. (Katsanov, April 2013),

Now compare that April 2013 quote to the recent SudDeutsche Zeitung writeup. The April 4, 2016 release is of a similar nature to that of April 4, 2013:

> The Panama Papers include approximately 11.5 million documents – more than the combined total of the Wikileaks Cablegate, Offshore Leaks, Lux Leaks, and Swiss Leaks. The data primarily comprises e-mails, pdf files, photo files, and excerpts of an internal Mossack Fonseca database. It covers a period spanning from the 1970s to the spring of 2016. (Panama Papers, 4 July 2016)

Deja Vu?

The History of this project is carefully described in Katasonov's article. The same protagonists on April 4th 2013, the BBC, The Guardian, etc:

> « Offshore Leaks a planned operation ….
>
> The bulk of the work was carried out in the field. It turns out that the project's most prominent external participants were the British Broadcasting Corporation and the British newspaper The Guardian. »

As pointed out by Katasonov, « the main targets are not the offshore companies » which have direct links to Citibank, HSBC, UBS, Deutsche Bank, et al, « but to individual oligarchs, politicians and government officials. »



Katasanov confirms that:

> At the end of 2012, a tiny fragment from the database on offshore companies (DOC) was published which related to a dozen offshore companies and their management structures. It was an all-powerful delayed-action mine.
>
> The third stage began early in April 2013. Separate fragments of the database were made public through the media of a variety of countries. In each country, there were several «authorised» media companies that were selected.
>
> ...

The political personalities mentioned in Katasonov's article pertaining to the April 4, 2013 offshore leak are as follows:

> In connection with the offshore scandal, a number of people have had their cover blown in the press, including: the campaign treasurer for French President François Hollande, Jean-Jacques Augier; Mongolia's former Finance minister, Bayartsogt Sangajav; Venezuela Army General José Eliécer Pinto Gutiérrez; two sons of former Colombian president Álvaro Uribe, Tomás and Geronimo; the daughter of former Philippine president Ferdinand Marcos, Maria Imelda Marcos Manotoc; the Sheikh of Kuwait Sabah Jaber al-Ali al-Sabah; a leading art collector, Spanish Baroness Carmen Thyssen-Bornemisza; the former wife of oil trader Marc Rich, Denise Rich; and British millionaire Scot Young, who has been convicted of fraud. The media also mentioned Azerbaijan President Ilham Aliyev along with members of his family, Georgian Prime Minister Bidzina Ivanishvili, Kazakh businessman Mukhtar Ablyazov, and co-owner of the company RosUkrEnergo, Ukrainian businessman Dmitry Firtash.

For a historical review of the Offshore Leak and the Panama Papers, read the April 2013 article by Prof. Valentin Katasonov.

Michel Chossudovsky, Global Research Editor, April 5, 2016

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Tax Free Offshore Banking Havens: Hidden Agenda behind Operation

“Offshore Leaks”?

by Valentin Katasonov

Strategic Culture Foundation and Global Research

April 17, 2013

From the beginning of April this year, the subject of «Offshore leaks» has become a favourite with the world’s media. Even the issue of Cyprus has paled in significance. Loosely speaking, «Offshore leaks» can be defined as the leakage of sensitive information about offshore companies and their clients.

Offshore leaks is a planned operation

We are talking about a planned operation on a global scale. On 4 April, the leading media companies of a variety of countries almost simultaneously issued a sensational news story claiming that an organisation called the International Consortium of Investigative Journalists (ICIJ) has a rich database on offshore companies and their clients. The overall volume of files at ICIJ’s disposal exceeds 260 gigabytes… That is 160 times more information than the embassy reports made public by Wikileaks in 2010… The ICIJ files consist of more than 2.5 million documents: the registration data of 122,000 offshore companies in the British Virgin Islands; lists of people who have made use of offshore companies; copies of personal documents including passports; correspondence; and information on banking transactions and other databases related to world-class politicians and businessmen, major companies and banks. The documents have a variety of dates, the very earliest of which came into existence 30 years ago. The names of 130,000 people from 170 countriesare also mentioned in the documents.

The first phase of the operation involved an anonymous person collecting raw data on offshore companies. We do not know how long they collected the information for or which methods were used to obtain the information. It is possible that the ICIJ and individual journalists know the answers to these questions, but they are keeping silent. They give one answer: we cannot jeopardise our informant. It should be noted, however, that it would have been practically impossible for a single person to have obtained such a large amount of information. Incidentally, the idea that it was a lone person has already appeared in the press. It is exactly the same wild assumption as the idea that 11 September 2001 was the work of a group of terrorists under the command of Bin Laden.



The second phase began in January 2012, when the database on offshore companies was

anonymously passed on to the organisation ICIJ. It was a huge array of weakly-structured and weakly-organised information. In fact, the ICIJ then had to set about reorganising this half-finished information. At this stage, the ICIJ used the media capabilities of a number of countries, as well as their own journalists. The bulk of the work was carried out in the field. It turns out that the project's most prominent external participants were the British Broadcasting Corporation and the British newspaper The Guardian. During the course of the work, journalists involved in the project added new information to the data obtained from the anonymous source. Programmers and IT specialists from the US, Great Britain and Costa Rica were also involved. At this stage, the operation was given the official name: «Secrecy For Sale: Inside The Global Offshore Money Maze». At this point, the work was not only not hidden, it was even advertised in the media. At the end of 2012, a tiny fragment from the database on offshore companies (DOC) was published which related to a dozen offshore companies and their management structures. It was an all-powerful delayed-action mine.

The third stage began early in April 2013. Separate fragments of the database were made public through the media of a variety of countries. In each country, there were several «authorised» media companies that were selected. In Russia, for example, the «authorised» media companies were Vedomosti and Novaya Gazeta. It is remarkable that as the organisation holding the DOC, the ICIJ prohibited those national media companies that had use of the DOC from passing on any of the database's documents to law-enforcement agencies or other authoritative bodies in their own countries. Apparently, there is a risk that their informants could be exposed. There has already been a report that the German media refused to provide information on local tax evaders mentioned in the documents released at the beginning of April to the appropriate authorities of the Federal Republic of Germany.

The third stage, involving the measured release of information from the DOC, could last for many years. However, the first sections of this «explosive information» could already lead to a revolutionary upheaval of the current world order.

Offshore leaks: goals, aims and motives

Many people are asking a simple question: what are the operation's goals?

There is the official goal referred to by the ICIJ, of course. This is the battle with offshore companies that have become a «black hole» in the economy, an insurmountable obstacle to social and economic development.

It is difficult to dispute the fact that the process of the «offshoreisation» of the global economy has gone too far. The most recent valuations of the assets hidden in the shadows of offshore companies are between 21 and 32 trillion dollars (almost double the global GDP). Measured on a global scale, annual losses to state budgets alone as a result of offshore company clients avoiding taxes amount to hundreds of billions of dollars. As of 2011, losses to the US budget from the non-payment of taxes are estimated at 345 billion dollars, including 100 billion dollars as a result of tax evaders using offshore companies. In the European Union, losses are reaching 1 trillion euros through the use of tax optimisation schemes and a flagrant refusal to pay taxes. It is not known how much of this can be put down to the use of offshore companies, however. On the basis of America's percentage ratio, we get 290 billion euros, or at least 350 billion dollars. Altogether, annual tax losses to the EU and the US as a result of offshore «loopholes» amount to nearly 450 billion dollars.

Many believe that the battle with offshore companies is just an excuse to cover up other aims. An overview of the world's media shows that in many of the reports, the main targets are not the offshore companies as such, but individual oligarchs, politicians and government officials. Individual countries are also cited as «targets». World-renowned banks, transnational corporations and financial groups are also sometimes cited.

One theory behind the operation's true motives is that it is specifically aimed at dealing a blow to certain offshore companies in order to outrun the money and clients in a small group of «select» and «untouchable» offshore companies. Note that almost all of the documents in the DOC relate to an offshore territory called the British Virgin Islands (BVI). Owing to a high level of confidentiality regarding information on company owners, this area is one of the most reliable and popular offshore territories. Since 1984, when the British overseas territory declared itself a «tax haven», the islands have sold more than one million companies, the true owners of which have never been revealed. As well as the BVI, other offshore territories are mentioned in the ICIJ press release, including Singapore, Hong Kong and the Cook Islands. However, it should be emphasised that they are mentioned only insofar as they serve as «offshoots» of the British Virgin Islands.

There are also other theories behind the operation's true goals: not to «blitz» a particular offshore company, but to stabilise the global economy as a whole, to cause a political crisis in certain countries and, ultimately, to move the world into a state of controlled chaos. Moreover, the operation «Offshore leaks» is not regarded as self-contained, but as part of a much larger, global plan. In which case, operation «Offshore leaks» is a logical continuation of the operation to undermine the banking system of the offshore island of Cyprus.

Of course, one can only judge the aims of operation «Offshore leaks» hypothetically. The most important organisation involved in the project, ICIJ, itself raises a number of questions. There is little information about it. All that is known is that it was established in 1997, its headquarters are situated in Washington and it includes nearly 160 journalists from 60 countries (88 journalists from 46 countries were involved in operation «Offshore leaks»).ICIJ was created as a project of the large non-profit organisation Center for Public Integrity (CPI). The Knight Foundation and the Ford Foundation act as sponsors of CPI. All of this inclines one to think that the operation really does have global aims.

The central characters of «Offshore leaks»

In the first batch of materials published in the media, we see all kinds of people. They are able to appear in the documents under a variety of titles: beneficiary, shareholder, proprietor, owner, recipient of «trust services», director, owner, co-owner, principal etc. They are all nevertheless united by the fact that they are «tax evaders». The list includes the names of politicians and government officials, businessmen and speculators, members of wealthy families and bankers from a variety of countries – the USA, Great Britain, France, Canada and Germany to Russia, the Ukraine, Mongolia, Azerbaijan, Venezuela, Iran, Indonesia, India and the Philippines. The Guardian points out that according to the documentation, the largest number of offshore company owners are located in China, Hong Kong, Taiwan, the Russian Federation and former Soviet republics. The list also includes the names of 4,000 US citizens.

In connection with the offshore scandal, a number of people have had their cover blown in the press, including: the campaign treasurer for French President François Hollande, Jean-Jacques Augier; Mongolia's former Finance minister, Bayartsogt Sangajav; Venezuela Army

General José Eliécer Pinto Gutiérrez; two sons of former Colombian president Álvaro Uribe, Tomás and Geronimo; the daughter of former Philippine president Ferdinand Marcos, Maria Imelda Marcos Manotoc; the Sheikh of Kuwait Sabah Jaber al-Ali al-Sabah; a leading art collector, Spanish Baroness Carmen Thyssen-Bornemisza; the former wife of oil trader Marc Rich, Denise Rich; and British millionaire Scot Young, who has been convicted of fraud. The media also mentioned Azerbaijan President Ilham Aliyev along with members of his family, Georgian Prime Minister Bidzina Ivanishvili, Kazakh businessman Mukhtar Ablyazov, and co-owner of the company RosUkrEnergo, Ukrainian businessman Dmitry Firtash.

As well as offshore companies and individuals, the documents also mentioned various intermediaries who act like a kind of «pilot» for individuals and companies who find themselves in the intricate maze of tax havens. The different intermediaries include legal firms, trust funds, banks, «construction» companies and so on. The intermediaries sometimes act as beneficiaries, but only interim ones. These interim beneficiaries sometimes form complex chains in order to safely keep the real owner, the ultimate beneficiary, a secret. As for the role of banks in offshore schemes, the German banking giant Deutsche Bank, the American company JP Morgan and the Swiss companies UBS and Clariden are the most active, according to ICIJ.

Several days have passed since the first volley of gunfire from «Offshore leaks». Government and political figures in a number of countries have had time to respond. The internal revenue services and law-enforcement agencies in Germany, Great Britain, Belgium, India and Greece have declared that they will be looking into the issue of checking the published facts that relate to their own citizens. Luxembourg's finance minister, meanwhile, has declared that he is ready to cooperate with other EU countries regarding the exchange of information on banks' clients who are avoiding paying taxes.

This means that the main country for offshore banking in continental Europe has made it clear it is ready, on the heels of Switzerland, to begin dismantling its institution of banking secrecy. The Austrian government is the only one that has decided to go against the flow. It has appeased the clients of Austrian banks by announcing that it does not intend to hand them over to the tax authorities of other countries.

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