

# TRAFIGURA'S BUSINESS IN ANGOLA



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## IMPRESSUM

**Editor:** The Berne Declaration

**Legal Disclaimer:** The German version is valid.

**Reference:** The Berne Declaration, Trafigura's business in Angola, Lausanne, 2013

**Photos:** Oil facility of the State oil company of Angola (Sonangol), in Luanda.

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SUMMARY

With a view to securing rights to the bulk of the country's natural resources, Trafigura teamed up with a key figure from the Angolan regime, General Leopoldino Fragoso do Nascimento. The Berne Declaration questions the benefits, for the people of Angola, of these joint ventures drawn up in opaque jurisdictions. The Geneva and Lucern based Trafigura seems to have committed itself to agreements in which in the risk is

high that the distinction between public and private interests becomes confused. At the very least, the General and his two associates, Angolan Vice-President Manuel Vicente and General Manuel Helder Vieira Dias Junior, have piqued the interest of the judiciary in both Portugal and the USA.

The Berne Declaration investigation demonstrates the need to regulate the highly sensitive sector of com-

modity trading in Switzerland. It is vital to increase transparency to reduce the risk of corruption and to allow local people in producer countries the opportunity to hold their governments to account regarding the management of natural resources.

Contacted, Trafigura did not wish to answer to the Berne Declaration's questions (See Annex 2).

Despite having a double-digit growth rate for the past decade<sup>1</sup>, Angola remains one of the lowest placed countries in the world on the Human Development index. In a large part this is owing to the inequitable distribution of oil revenue in what is regarded as one of the most corrupt countries on the planet<sup>2</sup>. The International Monetary Fund recently highlighted the disappearance of \$31.4 billion between 2007 and 2010<sup>3</sup>. This money was lost somewhere between Sonangol, the Angolan state oil company, and the government central accounts. Spurred on by a relentless hunger for more riches, the Angolan government systematically requires western firms who want to do business there to enter into joint ventures with "local partners". These "local partners" are in fact close associates of Angola's President since 1979, José Eduardo dos Santos<sup>4</sup>.

Trafigura, the third largest Swiss company in terms of turnover<sup>5</sup> and with a profit of almost \$1 billion in 2012<sup>6</sup>, has gambled and won. How did they manage it? They befriended one of the key individuals of Luanda's autocratic regime, namely General Leopoldino Fragoso do Nascimento. Also answering to the name of "Dino" and formerly the Head of Communications for the An-

golan presidency, the General is now a special adviser to General Manuel Helder Vieira Dias Junior, Chief of the Military Office for the Angolan presidency. This marriage was consummated with the alliance of Trafigura Pte (Singapore) and a company called Cochran Pte (Singapore). The Director of Cochran Pte is General Dino and the sole shareholder is Cochran (Bahamas)<sup>7</sup> – the Bahamas is a tax haven renowned for high levels of secrecy and low corporate tax rates<sup>8</sup>. In the Bahamas, Cochran appears to be based at the address of Lawyer Michael W. Horton<sup>9</sup>.

This matrimony gave birth to DTS Holdings, also known as DT Group, which was set up in Singapore in 2009<sup>10</sup>. Of interest, the Directors of DTS Holdings are Dino as well as Claude Dauphin, one of the founders of Trafigura<sup>11</sup>.

Whilst DTS Holdings is involved in infrastructure, logistics and real estate<sup>12</sup>, it is oil where the majority of its revenues are generated. The group is party to a swap contract, which may be one of the largest in the world. They export unknown quantities of Angolan crude and in return, since 2009, have been supplying Angola with all of the oil-derivative products required to meet do-

1 <http://www.worldbank.org/en/country/angola>; retrieved on 21.1.2013

2 In 2012, Angola came 157<sup>th</sup> in Transparency International's index: <http://cpi.transparency.org/cpi2012/results/>

3 December 2011, IMF Country Report No. 11/346. See also <http://www.hrw.org/print/news/2012/07/11/angola-imf-should-insist-audit>; 11th July 2012. In this report it appears as though the Government has been able to justify 85% of these "losses", but Human Rights Watch nevertheless concludes that Sonangol is the government's discretionary wallet.

4 For further information on this subject, Rafael Marques de Morais, "Corruption in Angola: An Impediment to Democracy", 2011

5 HandelsZeitung 2012 Ranking.

6 Reuters, "Trafigura 2012 earnings fall below \$1 bln", 21.12.2012

7 Trade Register Singapore: <http://www2.bizfile.gov.sg/>

8 For further information see the Tax Justice Network's latest reported which focuses on the Bahamas: <http://www.secrecyjurisdictions.com/PDF/Bahamas.pdf>

9 This information was found conducting a Google search on the address of

Cochran (Bahamas) which features in the Trade Register Singapore: <http://www2.bizfile.gov.sg/>. See the website of the Bahamas Bar Association: [www.bahamasbarassociation.com/dynamic-data/printmember.asp?id=619](http://www.bahamasbarassociation.com/dynamic-data/printmember.asp?id=619); retrieved on 24.1.2013

10 Trade Register Singapore: <http://www2.bizfile.gov.sg/>. The Trafigura 2009 annual report also features DT Refining Inc. And DT Shipping Holding LLC in the Marshall Islands and DT Trading in the Bahamas.

11 Trade Register Singapore: <http://www2.bizfile.gov.sg/>

12 [www.dtsholdings.com](http://www.dtsholdings.com)



Manuel Vicente gives a press conference in Luanda, in May 2012. © AFP PHOTO/ESTELLE MAUSSION

mestic demand. In 2011, Energy Compass valued this monopoly contract held by DTS Refining, a subsidiary belonging entirely to DTS Holdings, at \$3.3 billion<sup>13</sup>.

There is also a third Cochan, based in Angola this time. Legal links to its namesakes in Singapore and the Bahamas remain unclear yet they seem likely. Cochan (Angola) is in a joint venture with Puma Energy, a significant subsidiary of Trafigura which is present in 30 countries<sup>14</sup>. This equally profitable alliance, known as Pumangol Holdings and based in the British Virgin Islands<sup>15</sup>, is dominated by Cochan which has a 51% stake. In August 2010, a presidential order signed by Dos Santos authorised “investment contracts” worth some \$931 million<sup>16</sup>. The signatory for Cochan was an Angolan lawyer, Nahary Vieira Dias Cardoso David, who, as if by surprise, has an email address with the domain

name @trafigura.com<sup>17</sup>. Following this, according to its director Paul Edwards, Pumangol built around sixty service stations in Angola and had a daily turnover of a million dollars<sup>18</sup>. Furthermore, in September 2011 Trafigura sold a 20% stake in Puma Energy to Sonangol Holdings LDA, creating further links between the Angolan beneficiaries and the Swiss company<sup>19</sup>.

Cochan (Angola) is headed up by Zandr  Eud nio Campo Finda and Antonio Carlos de Oliveira<sup>20</sup>. Zandr  Finda is always on hand when General Dino is involved and represents him in a number of firms, from the Banco Espirito Santo Angola to Movicel. In fact, Cochan’s registered address in Angola (Rua Luis Mota Feo 3-2 , Apt 5, Ingombota) is the same as the address for forty or so companies belonging to a trio of Angolan officials<sup>21</sup>, all close to President Dos Santos. This “triumvirate”,

<sup>13</sup> Energy Compass, “Angola: What’s behind Trafigura’s ejection from Products Swap?”, 21.9.2012.

<sup>14</sup> <http://www.puma-energy.com/>

<sup>15</sup> In addition to the British Virgin Islands, Pumangol has at least eight businesses registered in the Marshall Islands: Berne Declaration, “Commodities. Switzerland’s most dangerous business”, p. 293

<sup>16</sup> Di rio da Republica, Org o Oficial da Republica de Angola, 10<sup>th</sup> September 2010

<sup>17</sup> See the website of the Angola Bar Association: <http://www.oaang.org/content/listagem-advogados-letra-n-1>; retrieved on 21.1.2013

<sup>18</sup> Rafael Marques de Morais, “Trafigura and the Angolan Presidential Mafia”, 5.1.2013. The article is available in English at: <http://makaangola.org/2013/01/05/trafigura-e-a-mafia-presidencial/?lang=en>

<sup>19</sup> Reuters, “Trafigura sells stake in Puma to Angola”, 30.9.2011. In 2010, Puma Energy had already sold Sonangol 10%

of the service stations obtained from BP in Southern Africa (Africa Energy Intelligence, “Sonangol buys into Puma”, no 660, 5.10.2011)

<sup>20</sup> Di rio da Republica, Org o Oficial da Republica de Angola, 10<sup>th</sup> September 2010

<sup>21</sup> Rafael Marques de Morais, “Trafigura and the Angolan Presidential Mafia”, 5.1.2013

which dominates the economy, comprises, in addition to General do Nascimento, current Angolan Vice-President and former CEO of Sonangol, Manuel Vicente, and General Manuel Helder Vieira Dias Junior, also known as Kopelipa. Kopelipa was Dino's direct superior when he took over at DTS Holdings in May 2010 – Kopelipa is still Dino's direct superior.

The trio, who are also shareholders in Nazaki Oil & Gas (whose CEO is none other than Zandr  Finda), also received presidential "support" to become a partner in Cobalt International Energy<sup>22</sup>. Antonio Carlos de Oliveira, the other director of Cochan (Angola), also sits on Nazaki's board as a non-executive director. Cobalt, based in Texas, has been awarded the licences for two oil blocks. However, as a result of this partnership, the US Securities and Exchange Commission launched an investigation as did the Department of Justice under the Foreign Corrupt Practices Act<sup>23</sup>. Cobalt has stated that the joint venture with Nazaki, a firm that it had no previous awareness of, was forced upon them by the Angolan authorities<sup>24</sup>.

The in-demand (at least by the trio) Zandr  Finda is also CEO of one of the two mobile telephone operators in Angola, Movicel. This former state enterprise was privatised in 2010 by presidential order. The trio received 40% of the shares without a tender process taking place<sup>25</sup>.

Zandr  Finda is also involved with Banco Espirito Santo Angola (BESA)<sup>26</sup>, a subsidiary of the Portuguese Banco Espirito Santo. In this instance, the trio are subject to criminal proceedings in Portugal for tax evasion and money laundering<sup>27</sup>. At issue is the sale, for \$375 million, of 24% of the capital of BESA to Portmill, an investment fund which belongs to the trio. Portmill also holds shares in the aforementioned Movicel.

Trafigura has recently signed, again via the DT Group, a contract to operate iron mines with Angola Exploration Mining Resources (AEMR)<sup>28</sup>. The total investment is worth \$1.2 billion. Along with DT Group, the

other AEMR shareholders are Ferrangol, a state owned enterprise, and Genius, which belongs to General Joao de Matos, and former Governor of the Angolan national bank, Mario Pizarro.

Contacted, Trafigura did not wish to answer to the Berne Declaration's questions (See Annex 2).



Claude Dauphin, the inventor of Trafigura.  
 © Keystone/Photoscene.ch/Klaus Rosza

<sup>22</sup> The trio own 99,96% of Nazaki via Grupo Aquattro International SA, which is equally split between them. When Nazaki received, from Sonangol, its "mandate" with Cobalt, Manuel Vicente was still the CEO of Sonangol. He therefore used his public position to award a licence to a firm he held privately. (Rafael Marques de Morais, "Corruption in Angola: An Impediment to Democracy", 2011)

<sup>23</sup> Cobalt International Energy, Inc. 10-K Annual Report 2011, p. 50 ; Financial Times, "US to Probe Cobalt Oil Links in Angola", 21.2.2012

<sup>24</sup> Cobalt International Energy, Inc. 10-K Annual Report 2011, p. 50

<sup>25</sup> Rafael Marques de Morais, "Trafigura and the Angolan Presidential Mafia", 05.1.2013

<sup>26</sup> <http://besa.ao/ContentDisplay.aspx?id=17>; retrieved on 23.01.2013

<sup>27</sup> <http://publico.pt/politica/noticia/tres-figuras-proximas-de-eduardo-dos-santos-sob-investigacao-em-portugal-1571956>; published 10.11.2012

<sup>28</sup> Africa Intelligence, "Trafigura and the new iron masters", no 282, 3.10.2012.

## CONCLUSION

In addition to the issues of interest to the American authorities surrounding the Cobalt-Nazaki partnership, the founding of DTS Holdings also stands out. General do Nascimento became director of Cochan (Singapore) in May 2010. At the time, he was still Head of Communications for the Angolan presidency. It is hard to believe that he would have taken on this new role without the consent of his immediate superior, General Helder Vieira Dias Junior, nor for that matter without the consent of the President. Are we witnessing what the University of Oxford expert Ricardo Soares de Oliveira refers to as "the privatisation of power"?<sup>29</sup>

Pursuant to its law on administrative probity, Angola defines corruption as the act of enriching oneself illegally and receiving economic advantages such as commissions, shares, gratuities or gifts, either directly or indirectly, from any individual who may derive benefit from the

action of a public servant (art. 25, 1 a).

With the joint venture between Cochan Pte and Trafigura Pte, where does public interest of the Angolan people end and where do the private interests of a general involved in all the strategic and lucrative areas of the economy begin? Furthermore, who ultimately benefits from Cochan (Bahamas), a front company registered at a lawyer's address? The tax haven's lack of transparency means that it is impossible to answer.

For its part, Trafigura should disclose how they achieved privileged agreements with senior Angolan officials. Trafigura's systematic choice to plump for the most opaque legal regimes<sup>30</sup> in the world facilitates the concealment of contracts which are of public interest. By making these contracts public, notably those concerning DTS Holdings and Puma Energy, Trafigura would allow the people of Angola to understand how their natural resources are managed.

In turn, this would allow them to hold their government to account.

In the US, laws have been passed forcing oil and mining companies to publish any payments made to governments in countries where they are active; the EU is also about to do the same. Switzerland should also introduce legislation to the same effect. Without it, as recent history shows, Switzerland serves as a base for secretive companies and is complicit in enriching a caste of dictatorial rulers to the detriment of the population of one of the poorest countries on the planet. The Angolan people should be allowed to see the conditions under which public tenders for hydrocarbons contracts are awarded. Oil is not a renewable resource: every barrel which does not contribute to the development of the country is a barrel lost. Switzerland cannot continue to be an accomplice.

<sup>29</sup> <http://economie.jeuneafrique.com/regions/afrique-subsaharienne/11276-angola-manuel-vicente-ne-croit-pas-a-la-corruption.html>; article from 15th June 2012.

<sup>30</sup> For further information, Berne Declaration "Commodities – Switzerland's most dangerous business", Edition d'en bas, Lausanne, 2012, pp.280–285.



**Annex 2 – Questions to Trafigura**

- 1 Does Trafigura confirm the existence of a swap contract in Angola, which started in 2009 and according to which Trafigura lifts crude oil from Angola and, in return, delivers petroleum products in Angola?
- 2 Can Trafigura confirm having imported 3.25 million tons of such products in 2011, amounting for 3.3 billion dollars?
- 3 Why has Trafigura chosen General Leopoldino Fragoso do Nascimento and its company Cochan PTE (Singapore) as a partner to form DTS Holdings?
- 4 Who is the beneficial owner of Cochan (Bahamas), the sole shareholder of Trafigura's partner Cochan PTE (Singapore)?
- 5 In another joint-venture including Trafigura's Puma Energy, called Pumangol Holdings (BVI), is Cochan (Angola) associated anyhow with General Leopoldino Fragoso do Nascimento, as tends to indicate the presence at it's board of Zandr  Eud nio Campo Finda and Antonio Carlos de Oliveira, who both represent the General in many businesses?
- 6 Is Trafigura a shareholder of Cochan (Angola)?
- 7 Why is Cochan (Angola) represented (as states the Diario de Republica, orgao oficial da republica de Angola, 10 de Setembro de 2010, no 173) by a man called Nahary Vieira Dias Cardoso David and presented as a "national investor" while he has an email address @trafigura.com?
- 8 Is Trafigura aware that Cobalt International Energy is under investigation by the Securities and Exchange Commission (SEC) and the Department of Justice in the United States of America under the Foreign Corrupt Practices Act because of it's partnership with Nazaki Oil & Gas, which belongs to three Angolan officials, including General Leopoldino Fragoso do Nascimento (the two others are Manuel Vicente, Vice-president of Angola and General Manuel H lder Vieira Dias Junior, Chief of the Military Office for the Angolan presidency)?
- 9 Is Trafigura aware that it's partners of Cochan (Angola), Zandr  Eud nio Campo Finda and Antonio Carlos de Oliveira, both seat on the board of Nazaki Oil & Gas?
- 10 Is Trafigura aware that the same three Angolan officials (see question 8) are under criminal investigation in Portugal for money laundering and tax fraud?
- 11 Can Trafigura confirm that DTS's involvement in AEMR includes a partnership with Mario Pizarro, former governor of the Angolan Central Bank, and a company called Genius, belonging to General Joao de Matos?



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