

US protest on BAE inquiry fuels new row

By Jimmy Burns, Michael Peel, and Ben Hall

Published: April 28 2007 03:00 | Last updated: April 28 2007 03:00

The US protest over Britain's decision to drop a probe into alleged bribery of Saudi officials by arms manufacturer BAE Systems has triggered fresh condemnation by opposition MPs and anti-corruption campaigners.

The Financial Times revealed yesterday that a verbal rebuke for the decision had been -delivered by an official of the US embassy in London to the Foreign Office in January within days of the Serious Fraud Office's investigation being called off last December.

Sir Menzies Campbell, the Liberal Democrat leader, said yesterday: "US dismay at the British decision to discontinue the BAE investigation is a grave embarrassment to the prime minister."

The Liberal Democrats have secured a debate on the issue in the Commons on Tuesday after claiming they had not received convincing answers from the government to a number of questions they had asked about the Saudi deal including what it knew about the US position.

Mike Turner, BAE's chief executive, who has consistently denied any wrongdoing by the company, has said the SFO inquiry has not had any impact on the company's US expansion plans.

The decision to pull the plug on the SFO inquiry is expected to be criticised tomorrow in a report by the Commons foreign affairs committee.

The Labour-dominated committee is expected to say that the halting of the SFO investigation into the al-Yamamah deal has damaged the UK's standing in the fight against corruption overseas.

Jeremy Carver, a board member of Transparency International UK, said the revelation of the diplomatic ticking-off from Washington made London's attempts to defend itself at the Organisation for Economic Co-operation and Development look "very shaky indeed".

He said London still needed to do something about the "really quite rank" stench left behind by the decision to scrap the probe, which had made other countries think they, too, could ignore the OECD's anti-bribery convention.

Mr Carver urged London to make a strong statement in support of the anti-corruption work of the Paris-based OECD. The UK also needed to respond to pressure from the OECD and others to reform its anti-corruption laws and properly resource investigations.

Nicholas Hildyard, res-eacher at The Corner House, an anti-corruption group that has launched a court challenge to the decision to scrap the inquiry, said the US intervention was "extremely welcome" and a "major, major development".

The Foreign Office said yesterday the government still believed that calling off the SFO probe was justified to "safeguard national and international security".

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