



global witness

Global Witness Statement in response to comments by Mr Anar Alizade (Aliyev)

Global Witness welcomes the recent disclosure of information by Mr Anar Alizade (Aliyev) in his interview with Business Time magazine, specifically his confirmation that he is the ultimate owner of some of the companies mentioned in our report of December 2013, Azerbaijan Anonymous.

The purpose of our report was to highlight the need for the identification of the ultimate beneficial owners of companies that have access to deals involving state-owned companies and state assets. We encourage Azerbaijan and all countries signed up to the Extractive Industries Transparency Initiative to publish this sort of information. We also welcome Mr Alizade's interview as an opportunity for further dialogue and welcome any further information on the questions and issues raised in the report.

As outlined in our statement of 19 December 2013, Global Witness is a non-governmental, non-partisan organisation that has worked for twenty years in the public interest to improve the transparency of extractive companies and governments worldwide. We work as part of the Publish What You Pay Coalition (PWYP) of over 790 organisations worldwide – indeed we conceived and co-launched the campaign in 2002. Our report 'Azerbaijan Anonymous' (released December 2013) was written solely by Global Witness on our initiative, and relates specifically to our call for citizens to have access to information on the real owners ("ultimate beneficial owners") of companies that are involved in the extracting and trading of oil that belongs to citizens.

The report's aim is to highlight the opacity of certain aspects of the Azerbaijani oil industry, following well-documented complaints over the last few years from Azerbaijani civil society that Socar, the state oil company, could improve the transparency of its dealings with its partners. We made no claim of corruption in our report, but rather stated that the lack of easily accessible and comprehensive information about the beneficiaries of extractive deals gives rise to suspicions and public interest concerns about who is benefitting from partnerships with state-owned entities.

During the research for the report, we noted that there is a vacuum of information that could be easily accessed by citizens and citizens groups regarding the full picture of who owns companies involved in oil extraction and trading in Azerbaijan. A lack of transparency about Socar's partners and how they came to be involved in the Azerbaijani oil industry raises questions over potential conflicts of interest, preferential treatment, and the risk of corruption.

It took Global Witness a year of investigation to discover the legal owners of the companies mentioned in our report through detailed research examining company

accounts (in the case of Sumato Energy, even after this effort we failed to identify the legal owners of the company). This information is not currently revealed in Azerbaijan, though it would be if Azerbaijan implemented the beneficial ownership provision of the Extractive Industries Transparency Initiative, of which Azerbaijan is a longstanding member. The EITI is currently piloting beneficial ownership disclosure and we urge the Azerbaijani government to agree to pilot this scheme, as this would be in the interests of the Azerbaijan's people, who ultimately own the resources being traded and exploited. Recent comments by officials suggest that the government is not planning to join the scheme.

We offered a number of opportunities to both Socar and Mr Alizade to respond to our questions, and continue to welcome a constructive dialogue. On numerous occasions over a series of months, we attempted to contact Mr Alizade through personal addresses given in company documents and through his companies (Union Grand Energy, Heritage General Trading and Union Grand Energy Middle East) to give him an opportunity to respond. Global Witness sent registered letters, emails, faxes and made phone calls to a range of listed numbers. We stated that should Mr Alizade need more time to reply, he should contact us to let us know. Sadly, we received no response that he intended to reply.

We believe that Azerbaijan and its people are best served by fuller transparency. We welcome any further information or documentation to clarify any points made in our report. We would also like the opportunity to follow-up on some of the questions we raised in our report that remain unanswered about how Mr Alizade's companies were selected, whether through public tenders or bidding processes, and why specifically these companies were selected by Socar. For example, no information has yet been provided by Socar or Mr Alizade on the production sharing agreement Socar struck with UGE-Lancer (a subsidiary of Mr Alizade's Union Grand Energy), or on Mr Alizade's connections to the oil trading companies of the Sumato Energy Group. We look forward to further engagement with both Socar and Mr Alizade on these and other matters.

Global Witness, 24th January 2014.