

Halliburton scandal widens after claims of pressure to award lucrative contracts

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The scandal surrounding Halliburton's oil contracts in Iraq widened yesterday following allegations that the former US ambassador to Kuwait pressed the oil services company to direct lucrative fuel contracts to a Kuwaiti company.

Henry Waxman, top Democrat on the House government reform committee, yesterday released an e-mail revealing that Richard Jones, the former US ambassador, pressed KBR, a Halliburton subsidiary, to give a fuel contract to Altanmia, a Kuwait subcontractor.

In a letter calling for more congressional hearings into Halliburton, Mr Waxman also provided details of allegations made to the State Department that Halliburton officials involved in Iraq contracts "solicit bribes openly" and were "on the take".

Halliburton, formerly run by vice-president Dick Cheney, has been a magnet for criticism of the Bush administration since it won a \$7bn no-bid contract to repair Iraqi oilfields in March 2003.

In December 2003, Pentagon auditors found that KBR and Altanmia had overcharged the US government by \$61m for fuel imports. But Mr Jones, who was also the deputy administrator for the Coalition Provisional Authority in Iraq, appears to have instructed KBR to give the contract to Altanmia.

"[Tell] KBR to get off their butts and conclude deals with Kuwait NOW!" Mr Jones wrote in a December 2 2003 e-mail. "Tell them we want a deal done with Altanmia within 24 hours and don't take any excuses."

The Army Corps of Engineers later concluded KBR had not overcharged the government. But last month Bunnatine Greenhouse, the agency's top contracting official, said the agency took "improper and illegal" action in concluding that KBR charged the government reasonable prices. The FBI is investigating her allegations.

Halliburton denied any wrongdoing, saying: "KBR delivered fuel to Iraq at the best value, the best price, and the best terms and in ways completely consistent with government procurement policies".

Halliburton has argued it is being targeted because of its former ties to Mr Cheney. But at recent meeting of government inspector-generals, a Pentagon auditor raised red flags about KBR.

According to an administration official, the auditor said other than KBR "everyone else is toeing the line".

After Mr Jones's e-mail, an army official wrote to KBR resisting efforts to give the contract to Altanmia. "I will not succumb to the political pressures from the [Kuwait government] or the US embassy to direct KBR to go against my integrity and pay a higher price for fuel than necessary", she wrote.