

## **The Arms deal – 2003 update**

*This chronology is intended to provide a clear guide through the process of the arms deal as it has unfolded during 2003. The purpose is not to interrogate the details of the Procurement Package itself, but rather the process by which it is under investigation. Our primary interest is the role of parliament in the process of adjudicating the validity or otherwise of the deal and in the role of parliament, through its Standing Committee on Public Accounts, of an investigation to judge the propriety of the procurement process.*

On **15 November 2002** Judge Willie Hartzenburg ruled that Richard Young, MD of C2I2 had the right to access the documents and ordered Auditor-General, Shauket Fakie, to hand over all records relating to the corvette programme.

In **February** Deputy President Jacob Zuma's office denies the allegations of alleged malpractice in the arms deal and states that *"the continuing allegations and rumours linking him to corruption and bribery are ridiculous, malicious, insulting and defamatory"*.

Again on **12 March** in a written reply to a question in the National Assembly, once again denies the allegations adding that he does not know if he is under investigation by the Scorpions on the issue. He says he has not discussed the issue of protecting any company or individual from the Joint Investigating Team's probe into the arms deal with anyone. Zuma adds that he has heard from media reports about the allegations that he *"requested money in return for support or protection"* to a company.

On **13 March 2003** the Auditor-General, Shauket Fakie, dropped his opposition to an attempt by C2 I2 to gain access to documents relating to the acquisition programme after losing the court case. Richard Young, whose company C2I2 lost a bid to supply technology for the SA navy, applied under the Promotion of Access to Information Act, for access to documents and won.

Towards the **end of March** allegations begin to surface, which claim that the final report given to parliament which was done by the Auditor-General, Public Protector and the Prosecutions Authority was heavily edited. The allegation threatens to re-open the arms deal and promises further damage to the key players' credibility.

The final report to parliament omitted a section entitled "Inaccuracies in the presentation to SCOPA". In this section are details, uncovered by investigators, that highlight the dubious connection between winning contractor African Defence Systems (ADS) and the brother of Chippy Shaik (former arms acquisition chief), Schabir Shaik. This section also highlights inaccuracies by the Defence Department presentation to parliament's SCOPA where the department apparently failed to make the connection public. Further omissions to the final report include findings on gifts received during the procurement process.

On **30 May** President Mbeki responds to allegations of misconduct and corruption in ANC Today, the party's official newsletter. Mbeki's letter can be viewed at <http://www.anc.org.za/ancdocs/anctoday/2003/text/at21.txt>

The President went to lengths to point out that certain people have appointed themselves as 'fishers of corrupt men (and women)' in government and other democratic institutions despite the lack of factual evidence. The President implies that negative coverage of the arms deal is due to the continuing racial bias and stereotyping within the media. Excerpts from the letter:

*"The point however is that neither substance nor facts are important to the fishers of corrupt men in terms of their project to substantiate the stereotype of which the ANC spoke, when it made its presentation at the HRC hearings on racism in the media".*

*"The fishers of corrupt men are determined to prove everything in the anti-African stereotype".*

On the **4 June** the Democratic Alliance leader, Tony Leon, comments in national media regarding the arms deal. He states that President Mbeki should 'come clean' about cabinet's role in covering up key findings of the arms deal investigation. Leon also rejected Mbeki's letter in the ANC Today, which levels accusations at the media of racism and perpetuating "an intensively negative, highly offensive and deeply entrenched stereotype of Africans".

Although not yet officially introduced to Parliament on **4 June** the parliamentary committee SCOPA discussed at length the media allegations that there was substantial editing of the draft Auditor General's Report on the Arms Deal investigation prior to the Final Report being released to the public. The Committee deliberated whether SCOPA should make recommendations to Parliament about the allegations or request guidance from Parliament on how the matter should be addressed. It was decided that the Committee Chair would write to the Speaker of Parliament requesting direction on how this matter should be dealt with.

On the **5 June** the Auditor-General submits a letter to the Business Day denying that he came under political pressure to materially change his office's report on the arms deal. He points out that matters which required further investigation did not appear in the report as they had been referred to investigating authorities and that these investigations were continuing. He tackles several issues that constitute the major allegations against him in particular, He notes that his draft report did mention that the Department of Defence was incorrect with their statements to the parliamentary committee, SCOPA, regarding ownership of ADS. He also denies omitting from his report the fact that the C2I2 product was the 'preferred bidder'. With regards to gifts the AG outlines that such allegations that point to criminal conduct were referred to the NDPP and thus cannot be dealt with in the final report.

On **11 June** parliament issues statements regarding its role in the re-investigation of the arms deal and its final report. The Speaker of the National Assembly, Frene Ginwala, confirmed that it was within SCOPA's mandate to conduct the investigation. Committee Chairperson for SCOPA, Francois Beukman, confirmed that the committee would need to focus on the extent of editing of the report. He also stated that his approach would be 'to run an open and transparent process and to place huge emphasis on the legal opinion'.

On the **18 June** the Committee decides to wait for the Auditor General to present a special report, responding to allegations about the controversial arms instead of calling him directly to the Committee. The Committee discussed at length the way forward with regard to Bell's letter noting the media allegations that there was substantial editing by the Executive of the draft Auditor General's Report on the Arms Deal investigation prior to the Final Report being released to the public.

The Auditor General's Special Report was tabled in parliament on **25 June 2003** (see ATC, pg. 749) and had not yet been referred to SCOPA. The report can be viewed at <http://www.agsa.co.za>.

On the **24 June** Richard Young, managing Director of C2I2 files an application in the Pretoria High Court compelling auditor-general Shauket Fakie to comply with a November 2002 court order giving Young access to an abbreviated version of the Joint Investigation Team report. The Auditor General has until 8 July 2003 to respond or face a month's imprisonment for contempt of court.

C2I2, a small local defense company that had lost out in the corvette bid has publicly contested the validity of the way in which Thales secured the contract. Richard Young attributed the failure of his bid to irregularities and political interference in the selection process. Through a groundbreaking court action under the Promotion of Access to Information Act Young has succeeded in getting the Auditor General to release the drafts of the reports by the Joint Investigation Team before they were sent to the defense department and a cabinet committee to

be revised. See more at <http://www.bday.co.za/bday/content/direct/1,3523,1373862-6078-0,00.html>

The drafts were made available to Young and, contrary to several earlier statements by Fakie, there were indeed substantial changes to the report. The following finding for instance was omitted from the final report:

*"In the Scopa presentations it is stated 'at no point in the entire tender process did the SA navy indicate a preference for the C2I2 IMS (information management system) product or technology.' 'It is the view of the investigation teams that the C2I2 IMS was the preferred databus of the SA navy, at least to a point.'"*

Young is currently instructing his legal team regarding the formulation of criminal charges of perjury, contempt of court and defeating the ends of justice, as well as offences in terms of the Promotion of Access to Information Act against the Auditor General personally as well as the office of the auditor general.

On the **26 June** the Auditor-General fires back at several opposition MP's accusing them of possibly contravening Rule 66 of parliament following their accusations statements that implicitly attacked his integrity. Rule 66 stipulates that MP's cannot reflect on the competence of office-bearers of constitutionally established institutions except by way of substantive motion. The following day the Democratic Alliance rejects the Auditor-General's statements and call for the appointment of a special ad hoc committee to deal with the arms deal.

On **30 June** the British newspaper, the Guardian, confirmed that Britain's biggest weapons manufacturer, BAE Systems, paid millions of pounds (150-million pounds - about R1,85-billion) in secret commissions to obtain a huge UK taxpayer-backed contract to sell Hawk jets to South Africa. The British government confirmed the payment. The arms firm refused to disclose the identity of its agent in South Africa, and the Department of Trade and Industry stated that it does not know who is to receive the money, despite providing loan guarantees for the £1.5bn deal. There were also allegations that more than 500 000 pounds (about R6,19-million) was paid to former defence minister, the late Joe Modise. It was alleged that both sums of money could have ended up in the African National Congress' coffers and was used for its 1999 election campaign. This article can be viewed at [http://www.guardian.co.uk/uk\\_news/story/0,3604,987752,00.html](http://www.guardian.co.uk/uk_news/story/0,3604,987752,00.html)

Faced with the prospect that the allegation could get out of hand, BAE decided to name a sole beneficiary, a small aviation consultancy company, Osprey Aviation. It is alleged that British Aerospace had paid the ANC an amount of R5 million prior to the awarding tenders.

European Aeronautic Defence and Space Company - beneficiary of the arms deal and subsidiary of Mercedes Benz – is alleged to have had doled out gifts of motor vehicles at ridiculously low prices to key public officials and other national figures. This came after the media exposed a shady deal between Tony Yengeni, then ANC chief whip, and Mercedes Benz in March 2001. Yengeni recently admitted to court that he had failed to disclose the 47% discount he had received on a 4 by 4 Mercedes-Benz in 1998. This resulted in him forfeiting his position as ANC chief whip and, later stripping him of his parliamentary seat.

On **1 July** the ANC government dismissed the allegations that a British arms company tendering in the arms deal bankrolled the ruling party. Government spokesperson Joel Netshitenzhe described the claims as "much ado about nothing". Netshitenzhe said that there was no secret agent. The agent referred to should be seen in the light of a consultant, or broker, who, as "normal practice" gets paid for brokering deals. ANC spokesperson Steyn Speed said the ANC never received any payment from such quarters.

The Democratic Alliance, however, said in a statement that the allegations "must be probed as a matter of utmost importance". It also demanded that the government reveal the identity of the

"agent" who received the commission, and said President Thabo Mbeki "bears a special responsibility to come clean ... as he was the former chair of the Cabinet sub-committee that dealt with this procurement". Government's dismissal of these allegations can be viewed at <http://www.mg.co.za/Content/l3.asp?a=11&o=23350>

On **7 July** it becomes clear that allegations of bribery relating to Jacob Zuma could affect the post of deputy presidency and have potentially damaging political ramifications for the ANC as a party. Speculation starts as to the intended nature of the allegations and whether they are an attempt to oust Jacob Zuma from his high-level post within the governing party.

What is clear at this point is the important role and influence that Zuma plays within the party. He is an old ally of President Mbeki; has long-standing links with the ANC after joining in 1959. He has held a number of senior posts before becoming Deputy President and has received credit for his ability to solve tensions both within the party and globally. He has a definable constituency in Kwa-Zulu Natal and his greatest contribution has been his ability to generate peace in this province. In all, Zuma is a vital vote-catcher in next year's election and the ANC cannot afford to lose him. Further analysis on Zuma's role in the ANC and possible secession <http://www.bday.co.za/bday/content/direct/1,3523,1383071-6078-0,00.html>

The Democratic Alliance on **8 July** pose a number of unanswered questions to the NDPP, which concern allegations of election funding and donations to the ANC and whether these questions were part of the investigating teams work. More information on the questions can be viewed at <http://www.bday.co.za/bday/content/direct/1,3523,1383890-6078-0,00.html>

The Business Day published an article on the **9 July** questioning whether arms deal bribes were actually paid. The article points to several details surrounding the payment of R500 000 to Shabir Shaik and speculates whether it was for the sale of his share of a local arms company or in fact the payment meant for somebody who would offer 'protection' of Thales (then Thomson CF) from investigation.

See more at <http://www.bday.co.za/bday/content/direct/1,3523,1384604-6078-0,00.html>

On the **18 July** Justice Minister Penuell Maduna stated that the government resolved not to comment further on the investigation involving Deputy President Jacob Zuma. The decision follows reports over the weekend that African National Congress member, Cyril Ramaphosa, was to mediate between Zuma and the Scorpions. However Cyril Ramaphosa stated that he had decided not to play any role in the saga between the Scorpions and Jacob Zuma.

<http://www.bday.co.za/bday/content/direct/1,3523,1412775-6078-0,00.html>

<http://www.mg.co.za/Content/l3.asp?ao=19176>

On **21 July** it becomes clear that Schabir Shaik has to answer questions about the deal. Shaik is the financial adviser and long-time comrade to Deputy President Jacob Zuma as well as brother to the defense department's former head of acquisitions, Chippy Shaik who is implicated in influencing the awarding of the corvette bid to Schabir's company. Shaik is also Director of Nkobi Holdings, African Defence Systems and Thomson CF, which all benefited from the arms deal.

See more at <http://www.bday.co.za/bday/content/direct/1,3523,1392666-6078-0,00.html>

Shaik will be cross-questioned by the Scorpions in connection with unexplained transactions involving both former transport minister Mac Maharaj and the Deputy President. This follows a high-stake legal battle that ensued when Shaik contested the validity of the summons, which the Directorate of public prosecutions served on him on June 2002.

The summons served on Shaik follows Deputy President Zuma's vehement denial of the Durban meeting and his alleged attempt to solicit a bribe of R500 000 a year in return for protecting Thales from the arms deal investigations. The bribe, which was to be paid per annum by African Defense Systems (a Thales subsidiary), was allegedly to secure Zuma's support for future

Thales' projects in South Africa. Shaik remains the only witness available to the investigation since the Scorpions had already pursued virtually every other avenue.

The summons required him to answer questions on the Durban meeting [in which he allegedly took part on 11 March 2000] between Zuma and Alain Thetard [former Southern African head of the French Thomson-CSF/Thales. This company is a part of the German Frigate Consortium that successfully bid for a R6-billion contract to supply the South African Navy with four new corvette warships. [See Mail and Guardian archives - November 29 to December 5 2002 - for early reports regarding investigations into bribery.

[http://archive.mg.co.za/NXT/gateway.dll?f=templates&fn=default.htm\\$vid=MailGuard:MailGuardV  
iew&nusername=MailGuard&npassword=MailGuard\]](http://archive.mg.co.za/NXT/gateway.dll?f=templates&fn=default.htm$vid=MailGuard:MailGuardView&nusername=MailGuard&npassword=MailGuard)

Schabir Shaik was also part of this bid. Besides the Zuma investigation Shaik is also a key party in a series of payments made to Mac Maharaj before and after the minister stood down from office in 1999. He is also facing charges relating to the alleged illegal possession of documents, which were recovered from his Durban flat during the October 2001 raids. On the **22 July** the Directorate of Public Prosecutions request a firm date. See

<http://www.bday.co.za/bday/content/direct/1,3523,1392666-6078-0,00.html>

On **22 July 2003** the Institute of Security Studies (ISS) released a paper entitled "Offsetting the Costs of SA's Strategic Defence Package". The report asserts that, to date, the Arms Deal has produced the economic benefits (offsets) that it envisaged. It claims that nearly 6 700 jobs have been created in South Africa. In terms of the Arms Deal companies that won tenders to supply equipment are required to reinvest certain percentages of the contract value back into the SA economy. Such initiatives are termed 'industrial participation programmes'. The National Industrial Participation programme (NIP) applies to purchases with an import value exceeding \$10 million. The Defence Industrial Participation programmes (DIP) applies to purchases between \$2 million and \$10 million. It was intended that DIP's and NIP's would generate economic activity and investment four times the value of the initial contract. The ISS report asserts that the industrial participation obligations and commitments are being met. The ISS report can be viewed at <http://www.iss.org.za>

Inadvertently the ISS report acts as a reminder that further investigation and debate into the off-sets promised by the deal is lacking and should be pursued. The same report raises concerns regarding the Department of Trade and Industry's capacity to oversee the implementation of NIP and DIP programmes. It warns that government will have to become more vigilant in future to ensure that projects continue to materialize and create the material and economic spin-offs that were expected. Even if there have been early successes relating to the off-sets programmes, the true question is whether these are sustainable and whether the more ambitious projects which have been promised, will be able to be delivered. In addition, while it appears that there were 6 700 jobs created as a result of the DIP programmes, more jobs were promised. There however appear to be no further figures [apart from those released after the JIT Report] that relate to the number of jobs created as a direct result of the NIP programme.

On **25 July** Bulelani Ngcuka, Director of the National Directorate of Public Prosecutions, under which the Scorpions falls stated that he would investigate a smear campaign that was launched anonymously via email to discredit Ngcuka and the scorpions unit. He also denied that there was any truth in the allegations against him.

See more at <http://www.bday.co.za/bday/content/direct/1,3523,1395666-6078-0,00.html>

On the **27 July** E-TV reports that Jacob Zuma will be questioned in one aspect of the investigation spearheaded by the Scorpions. The subject of investigation centres on issues relating to arms contracts, the acquisition of armaments for defence and a contract to build a new airport in Durban. For further details on the questions being posed to Deputy President Zuma see the Sunday Times report at <http://www.sundaytimes.co.za/2003/07/27/news/news01.asp>

Zuma refers to media reports as 'unacceptable and despicable' and denies any misconduct on his behalf. He also levels criticism at the Directorate of Public Prosecutions office stating that their conduct is inappropriate. Deputy President Zuma's statement regarding the allegations can be viewed at [www.gov.za/speech.php?ID=03072809461004&coll=speech03](http://www.gov.za/speech.php?ID=03072809461004&coll=speech03)

In his statement to the media Deputy President Zuma highlights his unhappiness with the way in which the investigation has progressed:

*"Having pledged my co-operation fully in the interests of justice, I now find myself having a serious problem with the manner in which the Directorate is conducting the investigation."*

*"I find it totally unacceptable and despicable that questions that they sent to me have appeared in a Sunday newspaper. This is a serious breach of confidentiality and is contrary to the spirit and terms of the National Prosecuting Authority Act, relating to the confidentiality of information received and disseminated."*

*"I am now consulting with my lawyers with regard to the conduct of the (National) Directorate (of Public Prosecutions) and the nature of my response to this situation."*

See the Business Day for more on Jacob Zuma's response at <http://www.bday.co.za/bday/content/direct/1,3523,1397313-6078-0,00.html>

On **28 July** through the Vuyi Mbuli show on Saffm, Justice Minister Penuell Maduna affirms that the Office of the Director of Public of Prosecutions may not be responsible for leaking a list of questions (which the Scorpions requested Zuma to answer) to the Sunday Times the previous weekend. The editor of the Sunday times, Mathatha Tsedu, however, sees otherwise. Though he would not reveal the source of the leak, he maintains that Maduna may have the story wrong. The full story can be viewed at <http://www.bday.co.za/bday/content/direct/1,3523,1398070-6078-0,00.html>

On **29 July** the furore over leaked information on the Scorpions' probe into Deputy President Jacob Zuma and the arms deal continues, with the Sunday Times newspaper adamant about protecting its sources. Additionally, the official opposition urged the Scorpions to conclude their investigation into Zuma as soon as possible.

On **30 July** President Thabo Mbeki calls for a speedy resolution of the Scorpions' probe into the allegations of corruption surrounding his deputy President, Jacob Zuma. Regarding the possible political motives behind the investigation, the President announces that he could not comment but would let the investigation run its course. Yet he remains concerned about the corruption allegations: *"Of course I am concerned about this. I am concerned about the mere fact of the allegation. (But) I do not know who is right and who is wrong."*

The previous day the President used the investigation into the arms deal occasion in bid to ease the tension between the National Prosecuting Authority and the SA Police Service. He reassured the media that shutting down the Scorpions was out of question as this would be perceived as an attempt to limit its authority. The question therefore was not that of closure but that of relocation as the current location manifested inherent structural tensions. For further details see <http://www.bday.co.za/bday/content/direct/1,3523,1399087-6078-0,00.html>

Former defence acquisition chief, Chippy Shaik, brother to Schabir Shaik, admits to having given his brother highly classified documents (relating to the arms deal) which he has been charged of possessing, illegally. He contends that the documents were in no way classified and no one laid a complaint of theft relating to the documents. Therefore he does not see the offence his brother has been alleged to have had committed. See the full coverage at <http://www.bday.co.za/bday/content/direct/1,3523,1399158-6078-0,00.html>

Democratic Alliance MP Reanette Taljaard contests the idea that the more than 6700 jobs generated from defence industrial participation is the envisaged good news. She asserts that the figure merely reflects one aspect of the arms deal offsets '*where the creation of jobs was never in doubt.*' She reasons that in 1999 when the arms deal was signed "counter-trade job figures of about 65000 were projected to result from direct and indirect defence industrial participation agreements, as well as direct and indirect national industrial participation agreements. The bulk of these jobs were expected to come from the national industrial participation projects offered by successful bidders. The figures quoted by the ISS [Institute of Security Studies] relate only to direct DIP. The track record on national industrial participation is lamentable. We haven't seen anything close to the jobs and investment projected." The complete letter can be viewed at <http://www.bday.co.za/bday/content/direct/1,3523,1399142-6078-0,00.html>

Deputy president Jacob Zuma issues a detailed statement attacking the manner in which the investigation against him has been conducted. Central to Zuma's bitter complaint is the notion that his constitutional rights as an ordinary citizen had been unduly violated. See the full statement at <http://www.bday.co.za/bday/content/direct/1,3523,1400313-6078-0,00.html>

Following the resignation of lead Scorpion, Gerda Ferreira, there arises a fear that the Zuma probe might be derailed. Ferreira had established an impressive reputation following her successful prosecution of the former ANC chief whip, Tony Yengeni. The Scorpions however maintain that there is nothing sinister in Ferreira's resignation and that the investigation would proceed unhampered. See <http://www.bday.co.za/bday/content/direct/1,3523,1400281-6078-0,00.html>

On the other front, analysts express dissatisfaction with the sentence meted out to Yengeni. They argue that the punishment does not tally with the ANC's anti-corruption as it was a mere 'slap in wrist'. The previous day Yengeni's membership of the ANC was suspended for five years but 'wholly suspended' for three years though he remains a serving member of the party's national executive committee. This comes after he had pleaded guilty in court to the corruption charges of 'accepting a 47% discount on a Mercedes-Benz car in return for using his influence as an MP to favour a company bidding for part of the arms deal.' More at <http://www.bday.co.za/bday/content/direct/1,3523,1400280-6078-0,00.html>

On **1 August** media issues an alert to a probe on former transport minister Mac Maharaj relating to a series of payments worth R500 000 from one of Schabir's firms to his account both while he was transport minister and after. Certain companies in which Shaik was involved were beneficiaries of mega outsourcing government deals, which Maharaj vigorously advocated including the credit card-style drivers' licences contract and N3 toll road consortium. Unlike Zuma, Maharaj had become a focus of a dual investigation: one by the Scorpions and another by the Deloitte&Touche team working on behalf of the banking giant, Firstrand, where Maharaj holds nonexecutive directorship. As a result of the allegations of irregularities dogging Maharaj, Firstrand finds itself embroiled in the controversial arms deal. Full article at <http://www.bday.co.za/bday/content/direct/1,3523,1401366-6078-0,00.html>

On the weekend preceding **4 August** ANC secretary general, Kgalema Motlanthe, accuses the media and the opposition for sensationalising the arms deal procurement. He went on charge these for 'lacking vision' and 'making something out of nothing.' Details at <http://www.bday.co.za/bday/content/direct/1,3523,1402455-6078-0,00.html>

On **5 August** media coverage highlights the on-going concerns that the latest the joint investigation team report, compiled by the auditor-general, the public protector and the directorate of public prosecutions, did omit a short section entitled "Inaccurate information supplied to the subcommittee of cabinet ministers". This section was contained in earlier drafts of the report. The omission is said to mirror a set of misrepresentations made by the head of the arms procurement team, Chippy Shaik, to Parliament's Standing Committee on Public Accounts.

Auditor-General Shauket Fakie has defended omitting the content of the section, saying investigators had dropped the section from the report after investigating the allegations and deciding they were without substance. They had done so by questioning the ministers concerned, who had said they did not consider themselves to have been misled. Fakie also stated that the Freedom of Information Act does not permit the publication of cabinet discussions. For more see <http://www.bday.co.za/bday/content/direct/1,3523,1403204-6078-0,00.html>

**On 6 August** Safety and Security minister, Charles Nqakula, comes forward in bid to further dispel the rumour that the Scorpions unit might be scrapped or integrated into the SAPS. More at <http://www.bday.co.za/bday/content/direct/1,3523,1403974-6078-0,00.html>

**On 8 August** department of trade and industry, after a prolonged silence on the matter, insists on the existence of the floriculture and agriculture offset project by the German Submarine Consortium, from which government is purchasing three submarines. Initially, the department would not comment on the project simply because it is a "commercial project." See <http://www.bday.co.za/bday/content/direct/1,3523,1405845-6078-0,00.html>.

**On 13 August** the Durban High Court grants Schabir Shaik 'leave to appeal against a ruling that would force him to answer questions on allegations of bribery against Deputy President Jacob Zuma.' In this way hopes of a speedy resolution to the investigation prove delusive. More at <http://www.bday.co.za/bday/content/direct/1,3523,1409996-6078-0,00.html>

**On 15 August** it is revealed that Auditor General, Shauket Fakie, is to appear before Parliament's public account committee to respond to media allegations regarding the removal of significant information from the arms deal draft report after it had been tabled to Cabinet. This comes after Fakie's firm rebuttal of the media, accusing it of attacking his integrity and credibility. Further details at <http://www.bday.co.za/bday/content/direct/1,3523,1410934-6078-0,00.html>

**On the 18 August** Cyril Ramaphosa backs out of a plan for him to mediate between the National Director of Public Prosecutions and Scorpions boss, Bulelani Ngcuka, and top ANC politicians to find a possible plea bargaining agreement for Jacob Zuma. See more at <http://www.bday.co.za/bday/content/direct/1,3523,1412340-6078-0,00.html>

**On the 19 August** the ANC top leadership decide to enforce silence in its ranks regarding the corruption charges allegedly involving Deputy President Jacob Zuma and in effect ensure that the arms row is gets limited coverage in the media. See <http://www.bday.co.za/bday/content/direct/1,3523,1412992-6079-0,00.html>

C2I2 system is bringing a claim - against the state - for damages of just under R150 million. Richard Young is essentially suing for profits lost due to his loss of a tender bid during the arms procurement process. For further opinion see <http://www.bday.co.za/bday/content/direct/1,3523,1413087-6096-0,00.html>

**On 21 August** the Auditor General is caught off guard before Parliament's public account committee when Democratic Alliance MP, Nigel Bruce, presents a letter showing that a winning bidder in the arms deal changed its price a day after the tender closed and after having access to details of a rival offer. Fakie would not comment on this matter till he examines the letter's contents. The letter is one of the documents, which C2I2 MD Richard Young secured from Fakie's office in terms of the Promotion of Access to Information Act. See full story at <http://www.bday.co.za/bday/content/direct/1,3523,1415116-6078-0,00.html>

**On 22 August** Shauket Fakie uses the JIT (Joint Investigation Team) report to argue that irregularities in the bidding process were thoroughly investigated and adequately dealt with. More details at <http://www.bday.co.za/bday/content/direct/1,3523,1415904-6078-0,00.html>

On **25 August**, following their baffling announcement that they will not prosecute Jacob Zuma on allegations of corruption, the Scorpions refer Zuma's declaration of gifts and donations to Parliament. The previous day Scorpions' spokesperson, Sipho Ngwema, had confirmed that the value of gifts received substantially exceeds the R500 000, which Zuma had allegedly attempted to solicit. Zuma complained that the decision not to prosecute him was "not helping at all" because it "leaves suspicion." See <http://www.bday.co.za/bday/content/direct/1,3523,1416739-6078-0,00.html>

On **26 August** the Deputy President returns to the spotlight as the Scorpions release a 45-page charge sheet against Schabir Shaik. The details of the charges 'point to an R1,2m money trail that starts at French defence company Thales and leads ultimately to Deputy President Jacob Zuma.' More at <http://www.bday.co.za/bday/content/direct/1,3523,1417545-6078-0,00.html>

To view the charge sheet, see <http://www.idasact.org.za/pims/arms/reports.htm>

After being charged with corruption, theft, bribery and money laundering, Schabir Shaik, protests his innocence, 'claiming to be a victim of apartheid era agents.' See story at <http://www.bday.co.za/bday/content/direct/1,3523,1417621-6078-0,00.html>

On **27 August** German prosecutors accuse the Scorpions unit of withholding assistance to 'their investigation of German businessman, Michael Woerfel, who allegedly provided discounted vehicles to South African officials in a bid to influence the arms deal selection process.' This comes after prosecution chief Bulelani Ngcuka had accused the French government of allegedly refusing to co-operate with their probe into the French national, Thetard. The Scorpions were not available to comment on the German accusations. More at <http://www.bday.co.za/bday/content/direct/1,3523,1418966-6078-0,00.html>

Amid growing opposition calls for Zuma's head, Justice Minister, Penuell Maduna, supports Ngcuka's decision not to prosecute Zuma. He argues that "You don't prosecute people just for the sake of prosecution. Once a prima facie case has been established, you consider the prospects of success first. A prima facie case does not necessarily constitute proof beyond reasonable doubt in a court of law." See <http://www.bday.co.za/bday/content/direct/1,3523,1419075-6078-0,00.html>

The African National Congress firmly maintains that Deputy president Jacob Zuma will not resign despite renewed calls from opposition parties for to step down. ANC spokesperson, Smuts Ngonyama asserts that: *The ANC reiterates its position that until such time as a court of law or competent institution of justice passes a guilty verdict, the deputy president will not be subjected to any disciplinary process or be asked to relinquish his position.* More at <http://www.bday.co.za/bday/content/direct/1,3523,1419879-6078-0,00.html>

On the weekend of **30-31 August**, Ferrostaal, a commercial partner in the German Frigate Consortium that won the arms deal bid with submarines, announces its decision to revive its condom manufacturing enterprise in South Africa. This comes after the accusation that the Consortium had allegedly failed to deliver on its promise of starting commercial offset projects. More at <http://www.bday.co.za/bday/content/direct/1,3523,1422192-6078-0,00.html>.

On **3 September** it is reported that Deputy President Jacob Zuma is to launch a 'fight back campaign' against the Scorpions. Central to Zuma's fight back strategy is forcing "*the Scorpions to hand over the original version of the encrypted fax that is the cornerstone of the corruption case against Durban businessman Schabir Shaik.*" The fax is of utmost importance because proving that it does not exist or is a fake or flawed in some way would further lessen the chances of charging the Deputy President. See more at <http://www.bday.co.za/bday/content/direct/1,3523,1423709-6078-0,00.html>

On **4 September** it is revealed that affidavits of Deputy President Jacob Zuma contain 'new' information relating to the arms deal. However, the Scorpions' Head Bulelani Ngcuka would not release the information to the public until September 15 when he 'locks horns' with Zuma at the Pretoria High court. See <http://www.bday.co.za/bday/content/direct/1,3523,1425002-6078-0,00.html>

Independent Democrats leader, Patricia De Lille has introduced another potential twist to the arms debacle by calling a probe on President Thabo Mbeki's role in the arms deal. De Lille's concern relates to the 'curious chain of events' surrounding the shortlisting of bidders for four navy corvettes and three submarines, which might have involved President Mbeki. She argues that German bid of the Thyssen Company for the corvettes and Ferrestaal's submarines bid were not originally short-listed in 1995. However, after Mbeki, then a deputy president, visited Germany the bids miraculously replaced the Spaniard and the British bids. More at <http://www.bday.co.za/bday/content/direct/1,3523,1424934-6078-0,00.html>

Government responds to De Lille's call for a probe on President Mbeki by accusing her of being disrespectful to the President. Her arguments are dismissed as "blatant lies" since *the joint investigation of the auditor-general, the public protector and the national directorate of public prosecutions pronounced on the integrity of the work done by the inter-ministerial committee chaired by then Deputy President Mbeki*. See <http://www.bday.co.za/bday/content/direct/1,3523,1425739-6078-0,00.html>

National Prosecuting Authority Chief Bulelani Ngcuka plans to launch a defamation lawsuit against the City Press, a Sunday newspaper. On the weekend of **6-7 September** the paper had published allegations that Ngcuka was an apartheid spy. Details at <http://www.bday.co.za/bday/content/direct/1,3523,1427183-6078-0,00.html>