

Blair's secret cash-for-contacts deal with Saudis

Jon Ungoed-Thomas Published: 9 November 2014

The latest disclosure will provoke fresh criticism of Tony Blair's role as a Middle East envoy and his private and undisclosed business interests

TONY BLAIR secured a secret contract with an oil company founded by a senior member of the Saudi royal family for a fee of £41,000 a month and a 2% commission on any of the multimillion-pound deals he helped broker, a leaked document reveals.

The contract agreed in November 2010 between Tony Blair Associates (TBA) and the oil firm PetroSaudi involved the former premier arranging introductions to his contacts in China, including senior political figures. The firm was told it could not divulge Blair's role to anyone without permission.

It is the first time any detailed contract negotiated on behalf of Blair has been revealed. It is also the first evidence of his work for a Middle Eastern oil firm. The disclosure will provoke fresh criticism of Blair's role as a Middle East envoy and his private and undisclosed business interests.

He will also face allegations he is cashing in on his contacts in the region after taking Britain to war in Iraq and quashing a Serious Fraud Office inquiry into alleged corruption over a multibillion arms deal with Saudi Arabia.

PetroSaudi was jointly founded by the Saudi businessman Tarek Obaid and Prince Turki bin Abdullah Al Saud, a son of Saudi Arabia's King Abdullah. It has projects in Ghana, Indonesia, Venezuela and Tunisia. One of its deals involved a \$1.7bn (£1.1bn) investment from Malaysia.

A senior PetroSaudi source said this weekend : "[Blair] has got deep ties to the Middle East and that is how we got to know him. We know a lot of people in common and they put us in touch. It was a confidential engagement to help us develop business in China."

The deal lasted only a few months, but The Sunday Times has obtained the 21-page contract between TBA and the oil firm. It stipulates that Blair and his team will work for a monthly retainer and a 2% success fee for any deals they set up.

It states TBA would help find potential sources of new investment and says Blair would personally make "introductions to the senior political leadership, industrial policymakers, corporate entities and other persons in China identified and deemed by us and you to be relevant to PetroSaudi's international strategy".

Oliver Miles, a former ambassador to Libya who has called for Blair to be removed as the Middle East envoy, said Blair should disclose his commercial interests: "The fact this was kept a secret, or was intended to be kept secret, was a mistake."

Miles was among signatories of a letter in June which said Blair's responsibility for the Iraq crisis and the lack of transparency of his interests made him unsuitable for the role.

Blair's office said his work for PetroSaudi was nothing to do with the Middle East and was only "for a period of months".

£41,000 a month and 2%: Blair names his price in secret deal with Saudis

Britain's former Prime Minister Tony Blair speaks with Saudi Arabia's King Abdullah during a meeting at Buckingham Palace in London (Alpha)

IN NOVEMBER 2010, Tony Blair flew into Beijing for a speech on globalisation. With the words of his faith foundation emblazoned behind him, he stressed that with so many opportunities to get rich there was an urgent need for "a sense of values, of principles, of things grounded in more than simply material advance".

More than 5,000 miles away aides at his consultancy, Tony Blair Associates (TBA), based in Grosvenor Square, central London, were putting the finishing touches to a secret and lucrative business deal with an oil company founded by one of the most senior members of the Saudi royal family.

View the contract between Tony Blair Associates and the Saudi oil company

Under the deal, it was agreed that TBA would help promote the firm — PetroSaudi International — to Chinese leaders. The proposed fees were £41,000 a month and a 2% cut of any deal it helped broker.

The previous year, the company had agreed a controversial \$1.7bn (£1.1bn) venture with a state Malaysia investment fund.

The contract specifically stated it would be Blair himself who would arrange introductions in China, where the former prime minister has travelled extensively.

"It is what it says on the tin," said one insider with knowledge of the deal. "They wanted Tony Blair's unique ability to introduce them to people." A copy obtained by The Sunday Times states Blair would "[make] introductions to the senior political leadership, industrial policymakers, corporate entities and other persons in China identified

and deemed by us and you to be relevant to PetroSaudi's international strategy."

The 21-page contract, including 16 pages of terms and conditions, gives a fascinating insight into Blair's business empire, which has been dubbed Blair Inc. The document — headed "strictly private and confidential" — says TBA can provide consultancy services "on geopolitical services"; "introduction to Chinese industrialists and politicians"; and introductions to "potential sources of equity and/or debt investment".

There is one condition that is the keystone of Blair's financial empire: utter discretion. The contract states: "Each party will ensure that no announcements, statements or documentation containing any reference to either party or to Tony Blair will be published or made without the prior express written consent of the other party."

The deal would never have come into the public eye had the contract not been leaked to The Sunday Times last week.

Blair sees no contradiction between this type of work and the principles espoused in the Beijing speech in November 2010. This is partly because he considers it helps finance his extensive unpaid activities, which include the Tony Blair Faith Foundation, which promotes dialogue between religions, and the African Governance Initiative, which promotes reform in Africa.

Many are, however, concerned at what they consider Blair's race for cash since leaving office, with an opaque network of financial interests that stretch from the United Arab Emirates to Kazakhstan to America.

As an article in the Financial Times warned last May: "It is his single-minded, almost manic quest for personal riches that will leave the darker stain on the historical record. The trouble is that the boundaries between private profit and public service are hopelessly obscured in the corporate labyrinth that is Tony Blair Associates."

Others say that because of his previous role as Britain's leader and his role as representative of the quartet of the UN, the European Union, America and Russia, which is mandated to help Middle East peace negotiations, Blair is wrong to conceal his business interests.

The possible conflicts of interest are manifold. One of his most controversial decisions towards the end of his premiership was in effect to shut down the Serious Fraud Office inquiry in 2006 into a multibillion-pound BAE Systems arms deal with Saudi Arabia.

It had been claimed a slush fund was used to make payments and gifts to senior Saudis, including members of the royal family.

Among the gifts were a fleet of cars, including a £170,000

Rolls-Royce, the use of private apartments and holidays. Blair said that if the inquiry had proceeded it would have wrecked a “vital strategic relationship” and resulted in the loss of “thousands of British jobs”.

The former prime minister is, however, likely to face questions about whether it was appropriate for him after leaving office to be paid by a private company founded by a senior member of the Saudi royal family.

He will also face questions over the scale of any confidential business deals in the Middle East and whether they may have led to conflict with his role as Middle East envoy.

A group of former British ambassadors has already joined a campaign calling for him to be removed from the unpaid post, citing his role in the Iraq invasion, the lack of progress on his Middle East mandate and the lack of transparency over his business dealings and personal finances.

Since leaving Downing Street, Blair has amassed a vast fortune with his property portfolio alone comfortably worth £25m. He has secured advisory roles with the US investment bank JP Morgan and Swiss insurer Zurich International. He is also one of the best-paid speakers in the world, earning as much as £150,000 for a single speech.

His main commercial activities come under the umbrella of TBA. The consultancy operates through a complex corporate structure involving two main groups of partnerships and companies, Firerush and Windrush.

One of the Firerush partnerships is registered with the Financial Conduct Authority for its investment services. Some of its key individuals are comprised of executives who have worked for some of the world’s biggest banks, including Goldman Sachs and Barclays.

TBA’s client list — and the modus operandi of its employees — are, however, carefully guarded secrets. Staff who have worked at Blair’s office say the fear of damaging information slipping into the public domain pervades the whole operation.

The Saudi oil firm at the centre of the November 2010 Blair deal boasted impressive credentials. It was co-founded in 2000 by Prince Turki bin Abdullah Al Saud, one of King Abdullah’s sons. The other co-founder was Tarek Obaid, a Saudi businessman who has been a partner of Renault’s Formula 1 team.

PetroSaudi has offices in London, Geneva and Riyadh. Its investments have included projects in Ghana, Indonesia, Saudi Arabia, Venezuela and Tunisia. It is a relative upstart in an industry dominated by big long-term players, but its global ambitions were bolstered in 2009 with a deal with 1 Malaysia Development Board (1MDB), a company owned by the Malaysian government.

1MDB agreed to participate in a joint venture with an initial \$1bn investment. The money helped established the fledgling company as an international operation.

There were questions in Malaysia over the lack of transparency in the deal, and 1MDB later disposed of its interest.

PetroSaudi executives were, however, already looking for new sources of investment and Blair was a key to access the Chinese market.

Blair has good contacts in the China Investment Corporation, which has £400bn of assets and is one of the world's largest sovereign wealth funds. His work for PetroSaudi, however, soon petered out, although the reason is not known. Blair's office would not comment last week on the total amount of money he was paid.

A spokesman said: "Tony Blair Associates worked for PetroSaudi for a period of months over four years ago. This was in connection with an issue in the Far East and nothing whatever to do with the Middle East or the unpaid ex-officio role of Tony Blair for the quartet in Palestine.

"TBA has had no involvement in Malaysia and has no knowledge of the matter."

Patrick Mahony, chief investment officer of PetroSaudi, said Blair was engaged on a confidential basis to help develop business in China. He said the work lasted "about four of five months maximum".

He said that Turki no longer had any financial interest or official role in the company.

A spokesman for 1MDB said all money invested in PetroSaudi was returned to 1MDB with interest and there was no ongoing financial relationship.

It's not about money, he says, as the millions pour in

Since leaving office in June 2007 Tony Blair has become the richest former prime minister of modern times, writes Jack Watts.

Despite his legacy over the Iraq War, his reputation as one of the outstanding political communicators of his generation and an unrivalled contacts book have guaranteed a deluge of offers.

His first job was in public service as Middle East envoy. He was quickly engaged in well rewarded commercial work, however, earning millions of pounds in a series of speaking engagements.

Two of his early roles in the private sector were with JP Morgan, the bank, and Zurich International, an insurance giant.

Others have been less transparent. His job advising the UI Energy Corporation of South Korea, which has oil interests in America and Iraq, was disclosed only in March 2010, some 20 months after he accepted the work.

He also earned millions of pounds from his memoirs, although all the proceeds were donated to the Royal British Legion.

The heart of his financial operation has been Tony Blair Associates (TBA) and his Government Advisory Practice, based at his offices in Grosvenor Square, central London. He rarely comments on his private work, but has confirmed deals with the Kuwait government and Mubadala Development Company, an investment firm in the United Arab Emirates.

One of his most controversial assignments has been to advise the Kazakhstan government, which has been criticised for human rights abuses. The deal has been worth about £8m a year, but Blair's office said the money is used to cover business costs and does not go to him.

He is one of the best paid consultants in the world. He reportedly made \$1m in less than three hours in 2012 during late-night talks in Claridge's, the London hotel, to try to save a long-planned merger between the mining firms Xstrata and Glencore.

Blair uses his private income to help fund his philanthropic works, the Africa Governance Initiative, the Tony Blair Faith Foundation and the Tony Blair Sports Foundation.

He also has immense independent wealth, however. In the past decade he has built an empire of multimillion-pound residences for himself and his family. These include a grade I listed manor house in Buckinghamshire worth about £8m and a central London townhouse.

His total fortune has been estimated at more than £100m, but he rejects the figure. "It's not about making money, it's about making a difference," he said recently.

"I read that I am supposed to be worth £100m. Cherie is kind of asking where it is. I'm not worth half of that, a third of that, a quarter of that, a fifth of that, and I could go on."