

AWB faces \$1 billion damages lawsuit

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NORTH AMERICAN FARMERS are claiming \$1 billion in damages from AWB, alleging the Australian wheat exporter used bribery and other corrupt activities to corner grain markets.

Growers have filed a class action in Washington DC in a case which will draw on evidence obtained by the Cole inquiry probing AWB's \$300 million in kickbacks to the former Iraqi regime of Saddam Hussein. It also will use documents unearthed by a UN investigation into the oil-for-food program under which AWB says it unwittingly made the illicit payments to Baghdad.

But the claim goes further, alleging AWB used similar methods to secure grain sales in other markets in Asia and the Middle East.

US and Canadian farmers accuse the former Australian Wheat Board of sewing up markets to the exclusion of North American producers.

They are using US legislation that was designed to target the mafia and outlaw bikie gangs, the Racketeer Influence and Corrupt Organisations (RICO) Act.

The claim, obtained by Fairfax newspapers, has been lodged with the US District Court and alleges AWB's activities hurt thousands of American and Canadian farmers.

A spokesman for growers involved in the suit, Bill Fletcher, said

he expected the case to reveal more evidence about AWB's alleged activities.

"We have also evaluated hundreds if not thousands of documents obtained through the oil for food program that through the course of this inquiry, this trial, there'll be many more details about the specific actions of the AWB and how they effectively cornered and dislocated the international wheat market," he told ABC Radio.

"What the AWB did at the expense of American wheat farmers and Canadian wheat farmers is create a situation where the global price of wheat became inflated and there could literally be damages in excess of \$1 billion."

AWB, which is yet to be officially served with the writ, said it would defend the claim.

"Such actions are ill conceived and if any action is formally brought against AWB we will vigorously defend," spokesman Peter McBride said.

Mr Fletcher said the RICO Act was the best way to pursue damages against the company.

"There are many activities that have to take place for corrupt organisations to be successful and the RICO Act attacks these activities in such a way that convictions are possible just by the fact that there is

an organised effort to break the law,” he said.

As well as the Iraq allegations, the farmers’ statement of claim accuses AWB of bribing officials in Pakistan and Yemen to secure wheat contracts and sabotaging the Indonesian market to shut out US rivals, according to Fairfax.

The Cole inquiry has touched on the Pakistan allegations but has not delved into trading in Yemen or Indonesia.

The claim also focuses on evidence uncovered by the Cole inquiry that AWB recovered a \$US8 million debt for BHP-related company Tigris Petroleum by artificially inflating wheat prices through oil-for-food contracts.

The documents filed with the court accuse AWB of conspiring to use tactics including bank fraud, bribery and money laundering.

The class action only names six farmers but allows for more than 20,000 to join the lawsuit.

Powerful American lobby group US Wheat Associates—which went public in 2003 with claims about AWB’s activities in Iraq—has said it would consider joining the action if it was approached.

Labor said today that hard-working Australian wheat farmers would have to foot the legal bill.

Opposition trade spokesman Kevin Rudd today said it was another instance of Australian farmers having to pay for the Federal Government ignoring warnings about the

kickbacks.

“This class action will now involve significant legal expenses by the AWB in the courts of the United States and who will pay that bill ultimately? Australia’s hard-working wheat farmers,” Mr Rudd said.