

Special report-Weapons, frozen chicken, and the art of diplomacy

March 4, 2011 9:13 AM EST Updated 13 years ago

By Ben Berkowitz

NEW YORK (Reuters) - When Lockheed Martin wanted to sell C-130 military transport planes to the government of Chad in early 2007, the U.S. embassy in N'Djamena was ready to lend a hand.

Nevermind that, by the embassy's own reckoning, the Chadian government probably could not afford the planes, was dishonest about their purpose and planned to use the aircraft to crush a pro-democracy rebellion.

Advertisement · Scroll to continue

"Our conclusion is that, like it or not, our interests line up in favour of allowing the sale in some form to go forward," the then-ambassador wrote to the State Department.

In ensuing years, the Chadian government and people connected to Lockheed worked relentlessly to get the deal done. Chad's president Idriss Deby personally wrote to President George W. Bush asking that the sale be permitted.

Ultimately, in November 2009, the embassy again recommended a modified C-130 sale go ahead, arguing that it would reinforce U.S. interests in the region. Neither Lockheed nor the State Department would confirm if the transaction took place or is still pending.

Advertisement · Scroll to continue

The embassy in Chad is hardly an outlier. A review of thousands of pages of diplomatic cables from the last decade, obtained by WikiLeaks and provided to Reuters by a third party, paints a picture of foreign service officers and political appointees willing to go to great lengths to sell American products and services, and to prevent similar sales by other countries.

To be sure, that has been a big part of their job since the end of the Cold War. Nor do the cables point to any wrongdoing. But in some cases, the efforts were so strenuous they raise the question of where if anywhere the line is being drawn between diplomacy and salesmanship.

Advertisement · Scroll to continue

"The U.S. Government has broad, though not unlimited, discretion to promote and assist U.S. commercial interests abroad. We, of course, cannot do so in contravention of local laws," a State Department spokesman said in response to queries on a series of cables.

FORCE OF PERSUASION

Seasoned diplomats point to a shift in the early 1990s, after the introduction of what was sometimes referred to as a "Bill of Rights for U.S. Business" by former Secretary of State Lawrence Eagleburger. A career foreign service officer, Eagleburger wanted corporate America to have a say in matters of interest internationally -- a big change from how things had been done.

"Until (then), U.S. diplomats were not particularly encouraged to help U.S. business. They were busy fighting the Cold War," said one former U.S. diplomat in Asia. "All of a sudden, we were given new direction: if a single U.S. company is looking for business, we should advocate for them by name; if more than one U.S. company was in the mix, stress buying the American product."

The effect was relatively quick, this diplomat said, and obvious: "It was great to see how influential the right word from the U.S. ambassador was. If the competition was using dodgy tactics, an ambassador might sidle up to the prime minister and quietly say, 'We know what's going on,' and that would be enough to derail the shenanigans."

A January 2009 cable from Spain shows the muscle the diplomatic corps developed in commercial matters. Departing U.S. Ambassador Eduardo Aguirre, in his farewell note, mentioned the inability of U.S. companies to win procurement contracts in the country. Some companies, he said, had threatened to leave Spain entirely if they didn't start winning deals.

Aguirre said he passed on the complaints to Prime Minister Jose Luis Zapatero -- who, according to the cable, had previously told Aguirre "to let him know if there was something important to the (U.S. government) and he would take care of it."

When General Electric decided to bid against Rolls Royce in a tender to provide helicopter motors to the Ministry of Defence (MOD), the U.S. government moved to back the bid. GE told the embassy that part of its business would close in Spain if it did not win the contract, and the embassy passed that information to Zapatero's economic adviser.

"Although there was considerable all-source evidence to suggest that the MOD decided to award the contract to Rolls Royce, Moncloa -- the office of the President -- overturned the decision and it was announced that GE had won the bid. The Ambassador is convinced that Zapatero personally intervened in the case in favour of GE," the cable said. (Zapatero's Spanish title translates as "president of the government" though he is generally referred to as prime minister in English.)

Zapatero's spokesman denied last December that any intervention took

place. GE has declined to comment.

Then there was Halliburton , the oilfield services company whose name became a byword for what critics viewed as the Bush administration's overly cosy relationships with corporate America. Then-Vice President Dick Cheney was previously CEO of Halliburton and still had financial entanglements with the company after he took office.

According to a 2003 cable, the deputy CEO of the Abu Dhabi National Oil Co. asked the economic affairs staff of the local embassy to suggest "companies to participate in a joint venture" for oilfield services in the country. The embassy responded with just one name -- Halliburton, with which a contract was eventually signed.

"While the value of the business is relatively small, it is indicative of the informal way in which the Front Offices frequently facilitate and promote business for U.S. companies," the cable's author said as part of a broader report to the State Department on the embassy's successes.

Asked about the transaction, a company spokeswoman said: "Halliburton is not aware of any communications between US government representatives working in the UAE and any UAE entities regarding contract awards in 2002."

Marcelle Wahba, the career diplomat who was ambassador to the United Arab Emirates at the time, said such interactions were what was expected of American diplomats by the turn of the 21st Century.

"For the ambassador, I can't think of a time when a month went by when a commercial issue wasn't on my plate," she said in an interview with Reuters. "Some administrations put more of an emphasis on it than others, but now I think, regardless of who's in power you really find it's become an integral part of the State Department mandate."

One cable that underlines the persistence of U.S. diplomats trying to close a deal involves weapons and lots and lots of frozen chickens.

In 2005, the Thai government started shopping for new military fighter jets among Lockheed Martin, Russia's Sukhoi and Sweden's Saab . It made clear up front that any deal it signed had to include "countertrade" worth at least 50 percent of the deal's value -- we buy X and you help us sell Y.

For the embassy in Bangkok, winning achieved two goals: helping Lockheed and keeping the Russians from selling planes. There was, however, a small complication with the terms -- the Thai government didn't want to pay cash. Instead, it proposed trading 80,000 stockpiled tons of frozen chicken.

"Embassy contacts said that until Lockheed Martin offered a proposal to sell F-16s that included countertrade, the (Thai government) could not seriously consider its offer. Contacts also suggested that an offer that included an agreement to buy Thai chicken would be especially welcome," the embassy said in a March 2005 cable setting the scene for the competition.

A May 2005 cable indicates Thai Prime Minister Thaksin Shinawatra personally raised the bird barter issue with Admiral William Fallon, then-head of the U.S. Pacific Command. Days later, word got to Thaksin that Lockheed was willing to play ball.

"It was a negotiating tactic by Thaksin. But until relatively late in the game, Lockheed was reticent to engage. They finally agreed to talk ... but it was too late," the former U.S. diplomat in Asia said, terming the whole episode "comical" in a way.

Things didn't quite work out, though. After a military coup the new Thai government ended up buying Swedish jets, fearing it wouldn't be allowed to buy the Lockheed planes because of post-coup sanctions. (The embassy

contacted the government to disabuse them of the notion, to no avail).

Lockheed declined to comment on both the fighter competition in Thailand and the proposed sale of planes in Chad.

ARMS SALES PARAMOUNT

In certain instances, weapons sales do appear to conflict with stated U.S. policy.

When the U.S. sells arms or sensitive defence technology to other governments, it requires them to affirm they will not pass on the goods to unauthorized third parties. Cables from Washington describe U.S. officials' alarm upon finding sensitive military technologies and weapons were passed into dangerous hands.

But none of those cables describe any concrete punishments for the offending countries. They also don't suggest any specific changes to the way the violators should be treated in the future.

In 2009, Secretary of State Hillary Clinton wrote to U.S. embassy officials in Cairo describing the State Department's suspicions that Egypt had violated its "end-user agreements" with the U.S. six different times over the prior three years. In one instance, Egyptian defence officials allegedly let a Chinese military delegation examine U.S.-made F-16s and related technical facilities.

Yet Clinton's only suggestion was to call for a meeting with the Egyptians to discuss ways they could better adhere to sales terms. She also conveyed the government's eagerness to keep selling weapons to Egypt.

"It is our intent to move ahead with the M1A1 tank co-production once the (Egyptian government) agrees to these (End-Use Monitoring Working

Group) talks," she said in the cable. "Pending a successful meeting of the (group), we would be prepared to move forward with the F-16 acquisition as quickly as possible."

Clinton's predecessor Condoleezza Rice took a similarly vague tack in response to the discovery that light antitank weapons and grenades sold to Honduras had turned up in Mexico and Colombia.

In a 2008 cable, Rice asked U.S. officials in Honduras to remind the Honduran government of its end-user agreements with the United States and to warn the Hondurans that "failure to fulfill their obligations may jeopardize certain aspects of future bilateral security cooperation."

ALL HAVE LIMITS

That is not to say that diplomacy never trumps commerce.

In a series of 2005 cables, the embassy in Vilnius reported back on discussions with oil major ConocoPhillips about the company's interest in bidding on Lithuania's only oil refinery, Mazeikiu Nafta. Yukos was forced to sell the refinery as Russian authorities hounded the company over back taxes.

Conoco's bid was a 50/50 effort with Russian oil firm Lukoil , which according to the embassy had long been accused of illegally meddling in and corrupting Lithuanian politics.

In a November 4, 2005 cable, the embassy said Conoco CEO Jim Mulva told embassy staffers he assumed all of the rumours about Lukoil's inappropriate behaviour were actually true. His surprising acknowledgment that his partner was probably corrupt gave the staff pause.

"Mulva's acknowledgment of Lukoil's likely involvement in dirty deeds in

Lithuania inspires little confidence in transparency under a Lukoil-CP operation. Given our broader interests here, we recommend not assuming a direct role in the competition for Mazeikiu Nafta, even if CP-Lukoil is the only 'American' contestant," the embassy staff said.

ConocoPhillips spokesman John Roper said the company declined to comment.

Ambassadors have no illusions about what their job is.

"By the time I was retired from the Foreign Service, which was 1998, things had changed fundamentally and being an active participant in the commercial program and promoting trade using the prestige of the ambassador and receptions held at the embassy or at the ambassador's residence was an important part of what I did," said Tom Niles, the former U.S. ambassador to Canada, the European Union and Greece.

Niles, a former president of the pro-trade group U.S. Council for International Business, said in most cases the U.S. ambassador is now as much a "chief commercial officer" for American business interests as they are a diplomat.

"We might have been a little bit late to the game. The Europeans understood the crucial role of foreign trade in the growth and development of their economies before we did," Niles said.

Wahba, the former UAE ambassador, concurred.

"Oftentimes European ambassadors, that's all they're there for," she said, adding it would be hard to see the reason otherwise for some countries to have embassies in the first place.

Additional reporting by Emily Flitter in New York, Mark Hosenball and Andrea Shalal-Esa in Washington and Scott Malone in Boston; editing by Jim Impoco

and Claudia Parsons

Our Standards: [The Thomson Reuters Trust Principles.](#)

[Purchase Licensing Rights](#)