

Al-Yamamah: Funding Terrorism

Aug. 12—In *EIR*'s cover feature on June 22, 2007,¹ Counterintelligence editor Jeffrey Steinberg first laid out the secret deal between the Saudi royal family, and the British arms manufacturer BAE Systems, which holds the key to the funding of international terrorism globally. The name of that deal is al-Yamamah; it was signed by the British and Saudi defense ministers on Sept. 25, 1985.

The al-Yamamah deal was structured as a barter arrangement, with the British providing aircraft, and the Saudis providing oil. Saudi Arabia agreed to provide Britain with one tanker of oil per day, for the life of the contracts, which have been renewed a number of times since. An oil tanker holds approximately 600,000 barrels of oil.

BAE Systems began “official” delivery of the Tornado and Hawk planes to Saudi Arabia in 1989. BAE Systems now has approximately 5,000 employees inside Saudi Arabia, servicing the contract.

Is it possible to place a cash value on the oil deliveries to BAE Systems? According to sources familiar with the inner workings of al-Yamamah, much of the Saudi oil was sold on the international spot market at market value, through British Petroleum and Royal Dutch Shell.

EIR economist John Hoefle has charted the financial features of the oil transactions, based on BP's own daily tracking of world oil prices on the open market. Using BP's average annual cost of a barrel of Saudi crude oil, Hoefle concluded that the total value of the oil sales, based on the value of the dollar at the time of delivery, was \$125 billion. In current U.S. dollar terms, that total soars to \$160 billion.

1. “[Scandal of the Century](#) Rocks British Crown and the City.”

Based on the best available public records, the total sticker price on the military equipment and services provided by BAE Systems to Saudi Arabia, over the 22-year period to date, was approximately \$80 billion. And those figures are inflated by billions of dollars in slush fund payouts. Indeed, a limited-damage scandal around al-Yamamah erupted in November 2006, during which a British Ministry of Defence document revealed that the prices of the jets had been jacked up by at least 40%.

Thus, BAE Systems, a crown jewel in the City of London financial/industrial structure, secured somewhere in the range of \$80 billion in net profit from the arrangement—in league with BP and Royal Dutch Shell! Where did that money go, and what kinds of activities were financed with it? The answer to those questions holds the key to the power of Anglo-Dutch finance in the world today.

The biographer (2006) and friend of Prince Bandar bin Sultan, who brokered the deal for the Saudis, William Simpson has provided an insight: “Although al-Yamamah constitutes a highly unconventional way of doing business, its lucrative spin-offs are the by-product of a wholly political objective: a Saudi political objective and a British political objective. Al-Yamamah is, first and foremost, a political contract. Negotiated at the height of the Cold War, its unique structure has enabled the Saudis to purchase weapons from around the globe to fund the fight against Communism. Al-Yamamah money can be found in the clandestine purchase of Russian ordnance used in the expulsion of Qaddafi's troops from Chad. It can also be traced to arms bought from Egypt and other countries, and sent to the Mujahideen in Afghanistan fighting the Soviet occupying forces.”

In effect, Bandar's biographer confirms that al-Yamamah is the biggest pool of clandestine cash in history—protected by Her Majesty's Official Secrets Act and the even more impenetrable finances of the City of London and the offshore, unregulated financial havens under British dominion.