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Committee of Inquiry into Money
Laundering, Tax Avoidance and Tax Evasion
The Chair
Mr Dr. Werner Langen

Via E-Mail

elisabeth.kavalierakis@ep.europa.eu

Berlin, 22.11.2017

Subject: Invitation to the PANA Committee Hearing on 28th November 2017

Dear Mr Dr. Langen,

in reference to your your request, I would like to present a written statement on my point of view of the Panama Papers issue concerning the mentioned subject of the 'case of money laundering and the Azerbaijan Laundromat'. Since I am not familiar with the details of the money-laundering cases I am going to limit my statement to the issues addressed to me personally.

First of all I am convinced that all Members of the Parliament do their work to their best of their knowledge and belief, as I do. At least I can assure that I always performed my activity as a member of the German Federal Parliament (Bundestag) an as a member of the Parliamentary Assembly of the Council of Europe independently and in all conscience. I have to confirm the allegations against me are baseless.

At the beginning of the 18th legislative period, the German Federal Parliament (Bundestag) conferred me with the leadership of the German – South Caucasian Parliamentary Friendship Group.

To make a small step in the direction of conflict resolution in that area, my Co-chair of of the German – South Caucasian Parliamentary Friendship Group., Johannes Kahrs (SPD), my colleague Doris Barnett (SPD), who is leader of the German Delegation of the Parliamentary Assembly of the OSCE, and I considered whether it would be a good idea to establish a working group which would be able to reconcile the different interests and overcome hurdles on the basis of a diplomatic approach. This group would have three members of parliament from Germany (as mentioned above) as well as three from Azerbaijan, three from Armenia and three from Russia. We were subsequently informed in writing that both the Chancellery Minister Peter Altmaier and the then Foreign Minister and current President of Germany, Frank-Walter Steinmeier, generally supported our idea. We also received approval from Azerbaijan and Austria. Despite a discussion with the Russian Ambassador and the Armenian Ambassador, however, we have not as yet



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received any approval for their cooperation. This is all I have to say regarding my political engagement in this area.

As a member of the Parliamentary Assembly of the Council of Europe, I have had the opportunity to register for and participate in the election observations during parliamentary and presidential elections which are held by the member states of the Council of Europe. I assisted in observing the elections that took place in 2013 and 2015 in Azerbaijan, and those that were held in Kazakhstan and Georgia in 2016.

I was subsequently accused that possible personal business interests influenced my assessment of the outcome of the election. I can only confirm that these allegations are completely untrue. There are two possible ways of observing an election: either on the election day itself or a long-term observation during the weeks prior to the election day. Therefore, if – like me – you only observe the election on the election day itself and do not determine any irregularities such as the manipulation of the votes, too many or too few ballot papers, or incorrect registrations, I take the view that it would be dishonest to maintain their occurrence. If long-term election observers determine cases of unequal treatment with radio or poster election advertisements, or that a candidate is possibly prevented from standing for election for unjustifiable reasons, however, this will be recorded in the reports and ultimately included in the final summary. My assessment of the elections, however, was only based on what I was able to see on the election day itself.

I also partook in an election observation in Azerbaijan in 2010. That year was when I met Mr. Eduard Lintner in the EPP/CD grouping of the Parliamentary Assembly of the Council of Europe for the first time. At that time, he asked his colleagues whether anyone would be interested in observing an election in Azerbaijan. I expressed my interest, and towards the end of 2010, I travelled to Azerbaijan. At the time, I was not aware of who had financed or organised this trip. Mr. Lintner was the Director of the Association for German-Azerbaijan Relations (*Gesellschaft für Deutsch Aserbaidshische Beziehungen / GEFDAB*) and familiar with the region. On the election evening, I was interviewed on TV and reported that ACCORDING TO MY OBSERVATIONS, I had not been aware of any irregularities or shortcomings.

Furthermore, the media enquiries directed towards me suggest that in the Parliamentary Assembly of the Council of Europe, I voted against the release of political prisoners. This was not the case either. I completely reject these allegations. On 22nd June 2015, in a plenary session, the resolution proposal on “The functioning of democratic institutions in Azerbaijan” was put to a vote of the members of the Parliamentary Assembly of the Council of Europe. In the form in which it was presented at the beginning of the day's agenda, there can be no doubt that I agreed with the proposal. Yet over the course of the debate, some 32 requests for amendment arose on the individual points. These had the goal of harshening the tone of the motion to a degree that I, as well as many other members of my group in the Council of Europe, were ultimately unable to support. Point 11.4.6 of the submitted draft requested the following: “use all available legal tools to release those prisoners whose detention gives rise to justified doubts and concerns.” There is no doubt whatsoever that I would have voted in favour of this passage. This is because it is the



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duty of a nation state to dispel all doubts surrounding imprisoned individuals. Following numerous requested amendments, however, the harshening of its tone meant that I did not vote in favour of the overall motion. I believe that if something better is to be achieved, the tone should not be so harsh, and that it is necessary to build bridges and to enter into talks.

However, Mr. Schwabe (Chair of the SPD delegation and Deputy Leader of the German delegation in the Parliamentary Assembly of the Council of Europe) and the press have alleged that I lied when I signed the “declaration on conflict of interest of candidates for election observation missions of the Parliament Assembly” in June 2015, because in late 2014/early 2015, I was paid money from Azerbaijan for work that I did for the company Line M-Trade GmbH, and that these payments had influenced my voting. I also completely reject these allegations as being untrue.

I did not lie to the Council of Europe when I signed the declaration for the election observation in Azerbaijan, nor was I influenced or bribed by third parties with regard to my voting in the Council of Europe. My consulting work for the company Line M-Trade GmbH of Nuremberg entailed forging contacts between German companies that were interested in building business relationships in the post-Soviet bloc, and Line M-Trade GmbH. This work involved all of the post-Soviet republics and not just Azerbaijan. In this respect, I spoke with a variety of businesses and organisations in my constituency and discussed whether they would be interested in or willing to become involved in business engagements in the post-Soviet republics. It is naturally the case that the principal goal was creating new jobs and maintaining existing jobs. The discussions took place with companies and organisations from a variety of sectors. They involved topics including education, dual training formats, agriculture, renewable energy, the construction of biogas plants, horse-rearing, the protection of buildings and food refinement. On the basis of mutual agreement, I then passed on the appropriate contacts to the company Line M-Trade GmbH. Above and beyond the forging of the contacts on my part, the subsequent development and exploitation of the contacts who had expressed an interest, the details of which I passed on to Line M-Trade, did not form part of my work and therefore escapes my knowledge.

I was not and am not aware that the company Line M-Trade GmbH was financed by Azerbaijan, not did I have occasion to make such an assumption, and according to the appropriate checks that I made, the payments originated from the company’s German bank account. That means that I did not receive any payments from Azerbaijan, nor did I have any knowledge of or cause to assume that the payments made to me by the company Line M-Trade GmbH, which is based in Nuremberg, originated from Azerbaijan. The owner of Line M-Trade GmbH did not mention any such information to me at any time either.

This was one of the reasons why I signed the “Declaration on conflict of interest of candidates for election observation missions of the Parliament Assembly” in June 2015 without any misgivings. In summary, I would like to emphasize the fact that the allegations made against me are untenable. There was no conflict of interest, neither during the voting in the Parliamentary



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Assembly of the Council of Europe on 22nd June 2015, nor during the election observation trip. My points of contact with Azerbaijan were exclusively limited to my work as chairwoman of the German – South Caucasian Parliamentary Friendship Group and as member of the Parliamentary Assembly of the Council of Europe.

To be able to give you a detailed picture of my work as chairwoman of the German – South Caucasian Parliamentary Friendship Group., I would like to provide a chronological list of the activities of the parliamentary group (PG) that were possible, the ones that weren't, and the reasons why.

- On 3rd July 2014, the PG executive team held a meeting during which it discussed the timetabling and the current situation in the partner countries.
- On 6th October 2014 a discussion took place with the Ambassador of Georgia, Prof. Dr. Lado Chanturia, regarding relations between Germany and Georgia.
- On 13th November, the initial trips to the South Caucasus by the PG were discussed.
- On 2nd December 2014, I held a meeting with the Minister of Justice of Georgia, Ms. Tea Tsulukiani, in my office.
- On 4th February 2015, I held a meeting with the German Ambassador in Azerbaijan, Ms. Heidrun Tempel, in my office.. We discussed the current situation in Azerbaijan in view of the pending trip by the delegation.
- On 18th March 2015, I held a meeting with Ms. Agnieszka Czenszak of the *Bildungswerk der Wirtschaft Mecklenburg-Vorpommern e.V.* (Institute of Education and Training for the Economy of Mecklenburg-Western Pomerania), and discussed project work in the South Caucasus.
- On 4th May 2015, I welcomed the Foreign Minister of Georgia, Ms. Tamar Beruchashvili.
- On 4th May 2015, a “getting to know you meeting”, with a particular focus on bilateral relations, was held for the PG at the Embassy of the Republic of Azerbaijan. The concept of the ASAN centre was presented.
- On 7th May 2015, another meeting regarding the delegation trips to Georgia and Azerbaijan took place. This trip took place from 10th - 18th May 2015.
- On 20th May 2015, a discussion with Vugar Gojaye, a human rights campaigner from Azerbaijan and representative of Human Rights Watch, took place.
- On 1st July 2015, a discussion took place with representatives of the German Olympic Sports Association regarding the first European Games in Baku.
- On 10th September 2015, we met with Ms. Rachel Denver, Deputy Director of the Europe/Central Asia department of Human Rights Watch, and discussed the human rights situation in Armenia.
- On 17th February 2016, a discussion took place with the German Ambassador in Azerbaijan.
- On 23rd February 2016, I welcomed a delegation from Georgia on the topic of the “Strategic European Commission”.



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- On 12th April 2016, the PG held a discussion with the Ambassador of the Republic of Armenia, Mr. Ashot Smbatyan. ☐ 27th April 2016, executive team meeting.
- On 12th May 2016, I welcomed a delegation from Azerbaijan that was led by the Chair of the friendship group, Roshan Rzayev.
- On 9th June, I held a discussion with the President of the Parliament of Georgia, S.E. David Usupashvili on the topic of visa-free travel.
- From 21st-24th November, I welcomed and accompanied a delegation from the National Assembly of the Republic of Armenia.
- On 17th January 2016, I held an informative discussion with the Ambassador of Georgia about the German-Georgian year of 2017/2018.
- On 6th-10th March I welcomed a Georgian delegation from the Georgian parliament.
- On 29th March 2017, I held a discussion with high-ranking representatives of the Georgian parliament, the State Audit Office and the Ministry of Finance on the topic of “bringing systems closer to European standards.”

If you consider the information listed above, it is clear that intensive exchanges took place with Azerbaijan and Georgia.

It is naturally the case that we addressed the topic “human rights” at the meetings of the parliamentary group. On location in Baku, I also met representatives of NGOs for discussions. These took place on discretion, in view of the fact that public reporting and loudly expressed demands from foreign countries generally prevent them from working effectively. I held both discussions in the German Embassy in Baku in the presence of the then Ambassador, Dr. Heidrun Tempel and the aide of the current Ambassador. A third meeting did not take place because of the public holiday in Azerbaijan. The representatives of the NGOs provided assurance that they are well on their way to becoming an exemplary constitutional nation state, but they also needed people to give them time.

I hope that I have provided you with an adequate description of this matter. Please do not hesitate to contact me if you have any further questions.

Yours sincerely,

Karin Strenz, MdB