

Mystery at Manas

Written by Nick Sanders

Monday, 10 January 2011 00:00

Percolating around the upper strata of Pentagon and State Department policy wonks is concern over the “Mystery at Manas,” and whether Pentagon officials “were complicit in apparent tax-dodging schemes by contractors providing crucial fuel supplies for the U.S. military.”



This issue was brought to our attention by Bob Antonio at WIFCON.com, who linked to [this blog article](#) at ForeignPolicy.com. The article discusses two contractors—Mina and Red Star Corps.—described as “shadowy companies that provide hundreds of millions of dollars a year in jet fuel to the American military’s Manas Air Base in Kyrgyzstan and Bagram Air Base in Afghanistan.”

That’s kind of an understated description. Let’s be clear: We are talking about roughly \$3 *Billion*

“in single-source contracts he has obtained over the last seven years to deliver jet fuel for the war in Afghanistan.”

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Reportedly, the companies are owned by Doug Edelman, “who resides in London and registers his companies in the tax shelter of Gibraltar, but under the name of his French wife and Kyrgyz business partner.” According to the article, Mr. Edelman’s only known previous business experience was ownership of a “ [burger joint](#) ” in Bishtek.

The Washington Post [raised concerns](#) about the awarding of contracts by the Pentagon to what appeared to be shell companies in November, 2010. Apparently (according to the Post), it took eight years (and billions of dollars in contract awards) before the Pentagon folks got around to asking for, and receiving, “details of who owns the operation.” The Post reported, “Mina and Red Star ... went to great lengths to conceal the ownership role of Edelman's wife - who has no known experience in jet fuel logistics - and Bekbolotov behind a web of offshore entities.”

The Post article noted that the situation with Minas and Red Star Corp. has angered the Kyrgyzstan government. It said—

The [most recent contract] award infuriated Kyrgyz officials, who want private contractors replaced by a Russian-Kyrgyz joint venture.

A statement issued by the Foreign Ministry in Bishkek, the Kyrgyz capital, said that Washington must ‘suspend cooperation’ with Mina until the completion of an investigation by state prosecutors. It cited ‘corrupt schemes around fuel deliveries’ to the U.S. base and demanded steps to ‘ensure transparency and remove suspicion.’

Further, the Post noted that, “a serious rupture between Washington and Bishkek could jeopardize the future of a U.S. base that is used to fly troops to and from Afghanistan and houses a fleet of aero-tankers that do in-flight refueling over the Afghan combat zone.” According to the Post’s story—

Kyrgyz officials have repeatedly accused the companies of corrupt ties to the family of former

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president Kurmanbek Bakiyev, who was ousted in April. But they have provided no proof of wrongdoing and a six-month investigation by the House subcommittee on foreign affairs and national security has found no credible evidence of corruption.

The companies have denied wrongdoing and say they are the victims of misinformation spread by rivals.

The ForeignPolicy.com story reported on allegations that “Mina is part of a veritable empire stretching from East Europe to Africa and Afghanistan. It includes an Internet company in Kabul, investment services in Africa, energy pipelines in Afghanistan, and trade and financial investments, not to mention the billion-dollar-jet-fuel business.”

Readers may be surprised to learn that the companies are tied to the April 2010 ouster of the Kyrgyz President, Kurmanbek Bakiyev. According to the ForeignPolicy.com article—

As you recall, Kyrgyz poured into the streets when gasoline prices suddenly went through the roof after Russia clamped on a substantial [new customs tariff](#). Observers surmised that Moscow was punishing Bakiyev for [reneging](#) on a supposed agreement to expel Manas in exchange for \$2 billion in aid for the country.

Not so, according to the House report -- it was because Mina and Red Star lied to Russia as to its ultimate customer. The companies said -- and Kyrgyz officials backed up the story -- that they were buying Russian jet fuel for civilian use. This was to get around a Russian policy prohibiting the export of strategic assets -- in this case jet fuel -- for purposes of war.

In a statement today, Mina and Red Star say that Gazprom Neft, the direct seller of the fuel, knew about the military fuel contract all along. That may be the case, but the report goes on to say that the Russian public apparently didn't know, and ultimately the Russian Duma and the FSB (the domestic intelligence service) decided to investigate -- and when they did,

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subsequently determining that the fuel was for U.S. jets, a cutoff in the gasoline supply followed. The tariff came after that, along with a 30 percent increase in gas prices on the street.

If true, this is kind of an amazing development: We would have a private company buying Russian jet fuel and then turning around and selling it to the United States for its military operations in Southwest Asia. We doubt that even Tom Clancy could envision such a situation in his best-selling techno-thrillers! Yet, that appears to be *exactly* what transpired. The ForeignPolicy.com article stated, “in this case, the Russians -- the sellers of the fuel -- allegedly didn't know the fuel-buying was going on; neither did the Pentagon, the buyers of the fuel; nor, the report goes on, did the American Embassy in Bishkek, where the fuel contract was the stuff of daily reporting and griping ...”

Is this a description of contractors that are operating—apparently legally—within the hidden “gaps” of existing international law? Is this entrepreneurship at the highest international level, or merely at a level higher than the associated oversight protocols? Before you decide, note this comment from the ForeignPolicy.com article:

Mina and Red Star are covered by a diplomatic agreement between the United States and Kyrgyzstan that sets its tax rate (apparently zero), and prevents the Kyrgyz from interfering with its operations.

We could hardly believe this story as we researched it for this article. Moreover, we would certainly understand if you, gentle readers, thought this was simply another example of our tendency to hyperbole.

Need more evidence? Then check out the [official report](#) on the matter, issued by the U.S. House of Representatives' Subcommittee on National Security and Foreign Affairs, released on December 21, 2010.