

## **Setting the record straight: Bechtel's Response to Allegations About its Work in Iraq**

A number of inaccurate and misleading statements have been made regarding Bechtel's work under the U.S. Agency for International Development (USAID) in Iraq, suggesting that Bechtel won sweetheart deals, overcharged the federal government, and failed to employ Iraqis. These charges simply are not true. It is important to get the facts straight about such allegations.

### ***Critics claim: Bechtel won no-bid contracts.***

#### **The facts.**

Bechtel's contracts with USAID for the Iraq Infrastructure Reconstruction work were competitively awarded. USAID conducted its selection using objective criteria that followed Federal Acquisition Regulations. Each competitor was judged on competence, performance, experience, and capabilities.

### ***Critics claim: There has been a "lack of transparency" in Bechtel's work in Iraq.***

#### **The facts.**

Within five weeks of contract award, Bechtel launched a series of conferences for contractors in Washington, D.C., London, Kuwait City, Baghdad, and Basrah to lay out the scope of our work, clarify government contracting to local contractors, present a simplified procedure for qualifying contractors, and demonstrate how interested firms could register. More than **6,500** people attended these conferences and over **10,300** companies registered their interest in doing work on this project.

We met with more than 100 members of Congress in Iraq and Washington, D.C., as well as with business leaders and international governmental delegations on an ongoing basis. In September 2006, we testified before the House Government Reform Committee, and posted the [testimony](#) on our site. We provided every member with fact sheets and background information on a regular basis, as well as an open offer of detailed follow-up briefings. We also responded to thousands of media inquiries from around the world and worked with scores of journalists in Iraq.

Three different U.S. government agencies oversee our technical and financial performance in Iraq: USAID, the Defense Contract Audit Agency, and the U.S. Army Corps of Engineers. All of our work in Iraq is subject to close and constant inspection and audit.

### ***Critics claim: Bechtel did not award work to Iraqis.***

#### **The facts.**

Over 1,300 Iraqis attended Bechtel's supplier and contractor conferences in Baghdad and Basrah during 2003. Over the life of the project, Iraqi subcontractors performed about 75 percent of the work. At peak, Bechtel's projects employed 40,000 Iraqi workers. Bechtel also trained and employed more than 600 Iraqi nationals on its professional staff over the course of the program. Bechtel typically maintained a 4:1 ratio of Iraqis to Bechtel expatriates on its Iraq project staff.

***Critics claim: Bechtel's "friends in high places" are responsible for the company's success.***

**The facts.**

Through endless repetition, rather than facts, Bechtel has gained an undeserved reputation as a secretive company that succeeds through powerful friends in high places. People who check our Web site, read our annual report and other publications, or call us with questions know that we are far from secretive. And the people who know us best—our customers—know that our reputation for excellence is grounded in a proven ability to get the job done well, along with an uncompromising commitment to integrity, honesty, fairness, and safety.

Over the years, we have certainly built good relationships with important people. We network like anyone in business or the professions. Bechtel executives have been international industry leaders for decades. Industry leaders know political leaders, the people who formulate development plans, control budgets, set the rules for contractors to enter and operate in their countries, examine credentials, authorize contracts, and pay the bills for services rendered.

But the implication that Bechtel wins business or succeeds in a highly competitive marketplace through political connections is misguided and false:

- **George Shultz** has not had a management role at the company for 23 years. He did not exert any influence in the awarding of government contracts for work in Iraq to Bechtel. Shultz spoke for himself, not for Bechtel, in advocating intervention against the regime of Saddam Hussein. As a former secretary of state, he is hardly shy about taking public stands on international affairs. Contrary to mistaken critics, he played no role as secretary of state in promoting a Bechtel pipeline project in the 1980s.
- **Caspar Weinberger**, former general counsel and director, left Bechtel nearly a quarter century ago to join the Reagan administration as secretary of defense. He subsequently had no role in the company.
- **William Casey**, the late CIA director, was never an employee or consultant to Bechtel—contrary to irresponsible claims from the Center for Responsive Politics, a so-called “watchdog” group in Washington, D.C., that apparently does not watch itself. Beware: Many journalists have recited its claim without checking.
- **Riley Bechtel**, Bechtel’s chairman and CEO, was a member of the President’s Export Council from February 2003 to December 2004. He was one of 27 individuals appointed to advise the president on programs to improve U.S. trade performance. His appointment was based on the fact that Bechtel has exported services to 140 countries around the world.
- **Jack Sheehan**, senior vice president and project operations manager for Bechtel’s petroleum and chemicals business, came to Bechtel in 1998 after a career in the U.S. Marine Corps. He served on the Defense Policy Board, which advises the Secretary of Defense on a variety of issues. His corporate connections were fully disclosed in government filings to prevent conflicts of interest, and he did not lobby on behalf of Bechtel. In a study released in March 2003, Center for Public Integrity concluded that that “Defense companies are awarded contracts for numerous reasons; there is nothing to indicate that serving on the Defense Policy Board confers a decisive advantage to firms with which a member is associated.” In any case, the Iraq reconstruction contract was issued by USAID, with no direction from the Department of Defense.
- **Ross Connelly**, former president of Bechtel Energy Resources, Inc., left Bechtel in 1995 and has not been employed by the company since. According to opic.com, he joined the Overseas Private Investment Corp.—the agency that guarantees U.S. investments around the globe—in 2001.

As is the case with many companies that are leaders in their industries, our senior management and technical experts are asked by U.S. administrations of both major parties to lend their expertise by serving on councils and committees at all levels of government.

- **Bob Baxter**, former president of our Civil global industry unit, was appointed in 1998 by the Clinton administration to serve on the Advisory Committee to the President's Commission on Critical Infrastructure Protection.
- **Larry Papay**, former general manager of Bechtel Technology & Consulting, was asked in 1997 by the Clinton administration to participate in the Panel on Energy R&D of the President's Council of Advisors on Science and Technology.