

Greece claims damages from Siemens over corruption

On 25 January the Greek minister for investment Harris Pamboukis wrote a letter to the management of the Greek subsidiary of Siemens that demanded damages for obtaining contracts from Greek state-owned companies through bribes. The German company allegedly paid EUR 100 million altogether to Greek officials in order to secure contracts for providing telecommunications systems necessary among other purposes for the organisation of the Olympic Games in Athens. Greece's demands are another development in the Siemens corruption affair that has been ongoing for several years and which has already cost the company EUR 2.5 billion in damages and has been tarnishing Siemens' image.

According to the Greek parliamentary commission that has been investigating Siemens corruption cases, the German company used bribes to win contracts for the digitalisation of Greek telephone networks, the communications systems of the Greek army and the surveillance system used during the Olympic Games in 2004. Greece's former prime minister, Kostas Simitis, and several of his ministers were implicated in the corruption scandal.

For the management of Siemens, which employs over 400,000 people across the world and whose sales in 2010 stood at EUR 76 billion and whose profits reached over EUR 4 billion, this can mean further legal action and damages to be paid. It has been proven that the Siemens management in the 1990s set up and used special funds worth EUR 1.3 billion for bribes that supported the company in obtaining contracts. Another development in this scandal affects the company's reputation, particularly in the context of its expansion to Asian markets. The corruption scandal may also worsen relations between Germany and Greece. Greek public opinion accuses Chancellor Angela Merkel that by delaying the decision to provide aid to Greece from the assistance fund for the eurozone countries she contributed to deepening the country's budget problems. <pop>