

Russia's VTB Sues Mozambique State Firm at Center of \$2B Debt Scandal

The Mozambican firm took a loan from VTB as part of a costly project that U.S. authorities say was an elaborate front for a bribery and kickback scheme.

By [Reuters](#)

January 07, 2020



The debt scandal has already sparked a series of court cases spanning London, New York and South Africa. **Andrei Makhonin / TASS**

Russian state lender VTB has filed a lawsuit in Britain's High Court against a Mozambican government company it lent hefty sums to as part of a project now at the center of a \$2 billion debt scandal, an online court filing shows.

The filing, dated Dec. 23, names as defendants the Mozambique state and Mozambique Asset Management, which took a \$535 million loan from VTB as part of a costly project that U.S. authorities say was an elaborate front for a bribery and kickback scheme.

Related article: [Russia's VTB Bribe Claim May Set Back Kremlin Bank's Africa Ambitions](https://www.themoscowtimes.com/2020/01/07/russias-vtb-sues-mozambique-state-firm-at-center-of-2-b-debt-scandal-a68818)

It says the case relates to "general commercial contracts and arrangements" but does not elaborate. It provides no further information other than that VTB Capital, the investment banking arm of VTB, is being represented by law firm Freshfields Bruckhaus Deringer.

It does not state whether the case relates to the loan, which Mozambique and VTB had been trying to restructure. The deputy head of the legal department of VTB Capital said in October the loan represented a "significant exposure" it expected to be repaid.

VTB did not immediately respond to an emailed request for comment, and Mozambique's Attorney General's Office said it was waiting for formal notification of the lawsuit.

The debt scandal has already sparked a series of court cases spanning London, New York and South Africa, ensnaring global investment bank Credit Suisse, three of its former bankers, Mozambique's former finance minister and a past president's son.

However this is the first time any of the cases have involved VTB. Russia and Mozambique strengthened ties throughout 2019, with President Filipe Nyusi visiting the nation in August.

Credit Suisse and VTB provided or arranged a total of around \$2 billion for the project, encompassing tuna fishing, maritime security and shipyard development. Hundreds of millions of dollars went missing, while the benefits never materialized.

Mozambique did not disclose some of the loans, which were guaranteed by the state. The International Monetary Fund and other donors cut off support when they came to light in 2016, triggering a currency collapse and sovereign debt default.

It remains on the hook for the money, the largest chunk of which now sits in a restructured eurobond. The country is trying to challenge the guarantee related to a \$622 million loan from Credit Suisse, also in a London court.

Original url:

<https://www.themoscowtimes.com/2020/01/07/russias-vtb-sues-mozambique-state-firm-at-center-of-2-b-debt-scandal-a68818>