

FOR IMMEDIATE RELEASE

Mixed messages on fighting foreign bribery, says TI report

**Less than half of OECD governments
enforce foreign bribery prohibition**

Berlin, 24 June 2008 – More than ten years after adoption of the OECD Anti-Bribery Convention, there is a dangerous stalemate on enforcement, according to a new report released today by Transparency International (TI).

The *2008 Progress Report on Enforcement of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions* found that enforcement was stepped up in only two member states over 2007, meaning that less than half of the signatory states are living up to their commitments. The Convention broke new ground in 1999 by finally criminalising foreign bribery, which, until then, had even been tax deductible in some countries.

The report shows that there is significant enforcement by 16 governments but that there is little or no enforcement by 18 governments. The report also includes case studies on investigations involving **Alstom, AWB, BAE Systems, Halliburton, IMPSA and EME** and **Siemens**.

"Unless all OECD countries enforce their legal obligations on foreign bribery now, there will be a decreasing incentive for those countries currently complying to continue doing so," said Huguette Labelle, Chair of Transparency International. "This is an unacceptable risk."

At the same time, TI welcomes the increased level of enforcement by three of the largest exporters, France, Germany and the United States. However, the lagging countries include two of the largest exporters, Japan and the United Kingdom.

"The business community is getting mixed messages," said Christiaan Poortman Director of Global Programmes at TI. "Strong enforcement action against Siemens signalled to German business that foreign bribery will no longer be tolerated. But the back-tracking of other countries, including the UK's termination of an investigation into BAE Systems deals in Saudi Arabia, reinforce doubts about government commitment to enforce the Convention."

TI report recommendations

In TI's view, the next year is crucial for the success of the Convention. The report lays out some priority areas for action:

- **UK commitment.** The UK Parliament will have an opportunity to address inadequacies in UK laws based on a Law Commission report expected in October. Moreover, based on the increased volume of foreign bribery investigations by the Serious Fraud Office TI hopes to see clear signs of stronger enforcement in the near future.

- **Other lagging governments.** It is also important that countries where there has been little or no enforcement, particularly Japan, send a strong signal that they are seriously pursuing prosecutions.
- **Closing national-security loophole.** The termination of the BAE case based on alleged national security concerns created a dangerous precedent. If the House of Lords affirms the decision of the High Court invalidating the termination, this precedent and concerns about it will be removed.
- **Continuation of rigorous monitoring programme.** OECD reviews have provided the most important impetus for government action to enforce the Convention. It is essential that the monitoring programme continue in 2009 and beyond.
- **Accession by other major exporting states.** The Convention would be enhanced by the accession of China, India, Russia and other major exporting states. However, increased enforcement by the present parties should not be delayed until others come aboard.

The report provides a country-by-country analysis of systems for enforcing the prohibition on foreign bribery. It also looks at the state of access to information regulations, which dictate whether observers can sufficiently evaluate progress on enforcement and create pressure on government to improve their performance.

Compliance by signatory states is critical in draining the supply of bribe money that distorts public decision making in some of the world's poorest states, with disastrous consequences for their citizens.

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Transparency International is the civil society organisation leading the fight against corruption.

Note:

Please see the following link for the full 2008 Progress Report on Enforcement of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions:

http://www.transparency.org/news_room/latest_news/press_releases/2008/2008_06_24_oecd_progress

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