



ICC Commercial Crime Services

8th Annual Economic Crime Lecture 2008

CORPORATE CORRUPTION
Challenges in a Changing World

by

Laurence Cockcroft
Chairman, Transparency International (UK)

Sponsored by



Grant Thornton

WORLD BANK INSTITUTE

Promoting knowledge and learning for a better world



The world business organization



ICC Commercial Crime Services

Cinnabar Wharf
26 Wapping High Street
London E1W 1NG
United Kingdom
Tel: +44(0) 207 423 6960
Fax: +44(0) 207 423 6961
Email: ccs@icc-ccs.org
Website: www.icc-ccs.org

Copyright 2008 - International Chamber of Commerce. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or translated in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise without the prior permission of the publishers.



ICC Commercial Crime Services

8th Annual Economic Crime Lecture 2008

CORPORATE CORRUPTION
Challenges in a Changing World

by

Laurence Cockcroft

Chairman, Transparency International (UK)

Skinner's Hall

London

19th June 2008



Foreword

This is the 8th in our highly acclaimed series of annual lectures on the subject of economic crime and we are delighted that Laurence Cockcroft has agreed to join the list of respected speakers that this event now attracts.

This year's lecture offers you the opportunity to hear from a leading figure in the fight against commercial corruption and to learn a great deal about the way he and Transparency International think about the challenges businesses and governments face and how the problem may best be tackled.

I am confident you will find what Laurence has to say on the subject of combating commercial corruption very interesting and I should like to extend my grateful thanks to him for sparing the time to share his thoughts with us.

Finally, I would like to thank our sponsor Grant Thornton for their invaluable support. Without them, this event would not be possible.

Pottengal Mukundan
Director
ICC Commercial Crime Services
June 2008



Biography



Laurence Cockcroft is a development economist by profession who has been closely involved with issues relevant to the developing world, and particularly to Africa, since 1966.

He has worked for the governments of Tanzania and Zambia, international organisations including the UN, FAO and World Bank, a large UK agribusiness company and for a private Foundation. He was a founder member of the international Board of TI from 1993 -1999 and from 2002-2005, and has served on the Board of TI (UK) since 1994, becoming Chairman in 2000.

From 2000 to 2002, he chaired the international group that developed the Business Principles for Countering Bribery; he pioneered the work of TI (UK) on Corruption in the Official Arms Trade and continues to Chair TI's 'Defence Against Corruption' initiative. In 2007, he spoke at two seminars in China with a particular focus on corruption in the pharmaceutical sector.

Laurence has written and spoken widely in the media and at conferences on corruption related issues. He published a book, *'Africa's Way: A Journey from the Past'*, in 1989 on the inter-relationship of politics and development questions in Africa.



Contents

1. Introduction: The issues	5
2. The changing context of corporate ethics	6
Legislative Framework Regulatory Framework Voluntary Codes	
3. Persistence of high profile corporate corruption	9
Siemens ABB BAE Systems Chevron Surveys	
4. Why the situation isn't more positive	15
Contextual Factors Regulatory Contradictions Lack of Knowledge Legislative and Prosecutorial Ineffectiveness Problems making Compliance Systems work	
5. Where is the will?	21
Principles v Survival	
6. Future prospects	23
Strength of Penalties Audit Profession Regulatory Authorities Impact of fast growing economies	
7. Conclusion	25
Profile:	
Transparency International (UK)	26
Grant Thornton UK LLP	27
ICC-Commercial Crime Services	28



The US Department of Justice and Securities and Exchange Commission is currently pursuing more than 50 publicly disclosed FCPA investigations that include 13 European companies.

1. Introduction

Corporate Corruption in 2008

The late 1990s saw a surge of activity focused on curbing corruption for which companies bear responsibility, and with a particular focus on trans-national bribery. By 2002, all 31 OECD member states had legislation that criminalised bribes paid in another country. An additional three non-member states had signed the Convention and reformed their legislation accordingly by 2003. Yet, since that time there is little hard evidence of a real fall in the incidence of bribery in international business transactions, or of wider forms of corruption in which companies have been implicated.

Four cases appear to illustrate this:

- a. the 'slush fund' maintained by Siemens
- b. the bribes paid by subsidiaries of ABB to win contracts in Nigeria
- c. the complex mechanisms of the Al Yamamah deal implemented by BAE Systems
- d. the payments made by Chevron under the 'Oil for Food' regime

The Siemens case involved a fund of more than \$1 billion put together for the purposes of bribery¹. The ABB case involved payments of about \$1 million to an 'agent' for securing an oil production servicing contract. The BAE case involved systematic payments to a Saudi Prince of about £30 million per quarter under the Al Yamamah contract. The Chevron case involved the systematic payment of \$20 million in surcharges on oil purchased from Iraq.

Although each of these arrangements had their origin in the years before 2000, they were maintained after that year and well after the introduction of a new legal regime. I will return to these and other cases as an illustration of the persistence of comparable forms of corporate corruption and cite international surveys that place the payments in a wider context.

This paper looks at the following topics:

1. An explanation of how the legislative and regulatory landscape in relation to corporate corruption has changed in the last decade.
2. An overview of cases which confirm that the problem has far from disappeared.
3. An assessment of why these problems persist.
4. A discussion of whether the will to change the situation really exists (within companies or governments).
5. A review of the future prospects for addressing corporate corruption more effectively.

¹ According to newly appointed Chief Executive Peter Loscher speaking to shareholders in January 2008.



2. The changing context of corporate ethics

The Problem

- Corruption in Africa is costing the continent nearly \$150 billion - African Union.

- The sums purloined by Africa's politicians since the end of colonialism are greater than those provided in aid – World Bank.

- About 10% to 20% of public procurement contract values are often siphoned off, adding up to hundreds of billions of dollars embezzled worldwide each year – Transparency International.

- Corruption could amount to half the total cost of international projects – Corporate Risks Group.

- The UK has yet to bring a single prosecution against a British company for bribery abroad.

Legislative Framework

The function and purpose of legislation governing companies has come a long way since the first Companies Act in the UK of 1819; followed by similar provisions in the US and in France also in the nineteenth century. Legislation was initially designed to protect the interests of the 'joint stockholders' by protecting their liabilities. But by 1839, UK legislation was already defining the social responsibilities of stockholders by limiting the hours to which they could put children to work, with potential limitations on their profitability. By 1889, legislation had criminalised the payment of a bribe to secure a contract, and by 1906 had outlawed a bribe paid by one company to obtain business from another. Comparable legislation was also passed around the same time in the US and in France. However, in each of these cases no provision was made for the legislation to be effective on an extra territorial basis. This was equally true of legislation passed in other civil code countries.

It was ultimately the question of 'self image' that caused the US to break with this tradition in respect of international bribery. In the course of the Watergate investigations in 1973, it became clear that various US multinational companies maintained overseas slush funds that could be used for the payment of bribes to secure markets (and make contributions to political parties within the US). Three high profile beneficiaries of funds held by Lockheed were: Prime Minister Tanaka of Japan, President Leone of Italy and Prince Bernhard of the Netherlands. Reaction in Congress against such arrangements was intense (though partisan) and led to the passing of the Foreign Corrupt Practices Act in 1977. This was the harbinger of the OECD Convention on 'Combating the Bribery of Foreign Public Officials' [which was signed in 1997 and effective in all 31 OECD member states by 2002].

However, corruption is a wider phenomenon than bribery and this was recognised in two later international conventions – that of the Council of Europe and the UN Convention against Corruption (UNCAC). The former extended its compass to issues such as 'trading in influence' (using an elected, or otherwise politically sensitive position, to trade introductions for cash). The latter extended its coverage to remediation: providing for the repatriation of corruptly gained assets when a 'requesting' country can show that specific assets constitute the fruits of corruption.

The majority of signatory states to the other anti-corruption conventions have revised their legislation in the light of the conventions. Interpretation by country has varied, with obvious consequences for the effectiveness of application. Variations include different approaches to payments via agents and subsidiary companies, and to the treatment of facilitation payments. The effectiveness of these laws and the number of cases that have come to the courts (at least in OECD member states) as a result of the legislation is dealt with later in this paper.

2. The changing context of corporate ethics

The Guilty

2007:

German engineering giant Siemens agreed to pay a huge fine.

American oil services company Baker Hughes fined \$44 million.

Vetco International fined \$26 million.

2006:

Communications giant Titan fined \$28.5 million.

Regulatory Framework

In many cases, regulatory changes have been introduced with the apparent intention of reinforcing the legislative changes. In particular, mainly as a result of a separate OECD initiative, the conditions for the provision of export credit have been widely revised to prevent (in principle) cover being provided to corporate participants in potentially corrupt deals. In some cases this has extended to disclosure of the basis by which intermediary agents are remunerated. In a similar vein, the World Bank has developed a system of 'debarment' in which a company that is a party to a World Bank financed project in which corruption is detected, is 'debarred' from further bidding on Bank financed projects either for a specific period or indefinitely². The EU Commission, less effectively, similarly introduced a Directive on the debarment of companies where an executive of that company has been successfully prosecuted for corruption or fraud.

Voluntary Codes

From the early 1990s onwards, there was an explosion of interest in the corporate social responsibility agenda, leading to more or less new definitions of corporate accountability with a focus on 'stakeholders' – defined to include almost any entity or person with whom a company interacted (but with a particular stress on suppliers, customers and the communities within which a company operates). For some time corruption was an uncomfortable orphan in the CSR agenda, with labour conditions, gender concerns and environmental impact well to the fore.

However, the ICC had maintained a concern about corporate responsibility in relation to corruption since its report, and linked anti-bribery code, on the issue in 1977³. By 1999, it was preparing a new book on this question, including an anti-corruption code - both to be revised and re-issued in 2003⁴. Transparency International (TI) itself began to develop its 'Business Principles for Countering Bribery' in 2000, which (like the ICC Code) was designed to enable companies to examine their own internal systems. Both the ICC and the TI approach were initially generic and not sector specific. However, both organisations recognised that some part of the corruption issue facing companies was specific to the sector in which they operate.

Subsequently, the World Economic Forum (WEF) launched the 'Partnering Against Corruption Initiative (PACI)', which was specific to the construction sector and is now wider. More than 400 of its member companies signed the Code and are apparently in the process of implementing it as part of their commitment to WEF. In a rather different format, the US and European defence industries have also been developing an ethics code for the defence sector. In the US, the Aerospace Industries Association is building on the Defence Integrity Initiative that it launched in the 1980s; the European Aerospace and Defence Industry Association (ASD) has developed a code from scratch that is closely related to the codes mentioned above. Intensive work to bring these together into a unified and global code for the industry has been completed and is likely to be announced later this year.

² 126 companies have been debarred to date with the largest numbers being from Indonesia and the UK

³ ICC Rules of Conduct on Extortion and bribery in International Business Transaction

⁴ Fighting Bribery: A Corporate Practices Manual 1999; Fighting Corruption, 2003



A recent survey that showed companies are placing greater trust in their staff and allowing them greater use of technology to improve their effectiveness also found the same staff are increasingly being targeted by social engineering attacks – where outsiders try to obtain confidential information from employees about their company and its business.

2. The changing context of corporate ethics

Meanwhile the Global Compact, initiated by Kofi Annan, comprises about 3500 companies that regard themselves as committed, directly or indirectly, to assisting the UN address the Millennium Development Goals. Membership involves subscription to ten principles, and the last and tenth of these focuses on avoiding any form of corruption. The ICC, TI and PACI anti-corruption Codes are the formal litmus test of whether a company is complying with the tenth principle, and so their importance has been enhanced in this context. Their value as a yardstick has also been recognised in developing ethical criteria for fund management: the FTSE4Good Index, which includes only companies who may be regarded as trading and maintaining high standards of integrity, uses the TI Business Principles as a criterion. The key question in relation to these codes is how they are implemented. In developing and signing up to codes, companies have in fact been very cautious about accepting an outside audit process, although this is now fairly widespread in relation to labour and environmental questions.

3. The persistence of high profile corporate corruption

Many companies have yet to put effective anti-corruption compliance programmes in place, despite the spectre of increasing cooperation between enforcement agencies and prosecutors and rising financial penalties for non-compliance with legislation such as the US FCPA.

In spite of these legislative and regulatory processes, cases of major corporate corruption continue to be widely reported. I will lay out the basic reported facts in relation to four major cases, together with an outline of the broader picture to substantiate the point.

The four major cases are: Siemens, ABB Baker Hughes, BAE Systems and Chevron (in the context of 'Oil for Food'). Each of them appear to illustrate a definite and specific strategy of using bribery to expand market share, a pattern of behaviour that is confirmed to continue for a large number of companies in recent surveys.

Siemens

Between 2006 and 2007, the electronics giant Siemens, with a current turnover of Euro 72 billion and a workforce worldwide of 450,000, had to face a steadily more alarming set of reports into several slush funds maintained for the purpose of bribery. These were uncovered by several investigating agencies including the Public Prosecutors' Office in Munich and the investigative arm of the SEC in the US. The two cases critical to the company's public profile were: the payment of Euro 6 million between 1999 and 2002 in bribes to the Italian energy utility Entel; and the identification in 2007 of a fund of Euro 420 million devoted to the same purpose on a multinational basis. The first led to the successful prosecution in 2006 of two senior executives – Andreas Kley and Horst Viegner. The second led to the announcement by the SEC - since Siemens stock is quoted on the NYSE - in March 2007 that it would be investigating the Euro 400 million maintained for corrupt purposes.

As frequently happens in such cases, the company's most senior members had denied in 2006 all knowledge of such funds, and were treated by the Munich State Prosecutor's Office as witnesses rather than defendants. More and more information came to light, largely through an exhaustive survey by KPMG that identified at least 20 recipients of bribes paid by the company – from Cyprus, to China to Switzerland. Both Chairman Heinrich von Pierer, and Chief Executive, Klaus Kleinfeld, were obliged to resign, regardless of their undoubted business competence. The appointment of Gerhard Cromme as Chairman in March 2007 was to herald a new era.

However, the burden of the past has proved too heavy to go away. At a shareholders' meeting in January 2008, Gerard Cromme said that negotiations with the SEC would commence shortly with the aim of 'reaching a comprehensive and fair settlement'. Many observers thought that the consequent fine could be between \$2 billion and \$5 billion. Some of the information which led to the necessity for this negotiation resulted from an amnesty for forty senior Siemens employees, who effectively blew the whistle on senior managers and executives. In this context, the new Chief Executive, Peter Loscher, has said that the total of identifiable funds paid in bribes in more than 20 countries may have been as much as \$1.6 billion.



It is difficult to know whether business corruption is getting worse as many practices illegal today were legal just five years ago. But what has changed is that officials are getting much better at routing it out.

3. Persistence of high profile corporate corruption

ABB

ABB is a respected international company with roots in both Sweden and Switzerland, and with claims to best practice in corporate integrity. Yet in February 2007, two subsidiaries of ABB, Vetco Gray of Houston and Vetco Gray of the UK, pleaded guilty to paying more than \$1million in bribes to win contracts in Nigeria. These companies disclosed the payments to the Department of Justice (DoJ) in 2003, and formally pleaded guilty in July 2004, agreeing to pay a fine of \$5.25 million. ABB, as the parent company, agreed to pay \$5.9 million in 'restitution' and a further \$10.5 million as a civil penalty. These and related payments totalling nearly \$26 million were large in relation to FCPA history and would have been even higher had VETCO International not cooperated with the DoJ – a position perhaps facilitated by the fact that VETCO was in the process of being taken over by GE⁵, who made it a condition of the takeover. As part of this package ABB agreed to hire an outside consultant to monitor all its relevant internal controls.

BAE

In the UK, and in the context of the monitoring of the OECD Convention, a huge amount of interest in 2007 and 2008 has focused on the BAE case and the sale of Tornado fighter planes with related equipment and services. The deal was originally signed with the government of Saudi Arabia by Prime Minister Thatcher in 1985, and further sales were confirmed under a third phase (Al salaam) in late 2007.

These arrangements were subject to controversy from inception, and in 1989 the UK's National Audit Office carried out an audit, which although scheduled to be presented to the Parliamentary Accounts Committee was withdrawn and never made public. In 2004, the UK Serious Fraud Office (SFO) began an investigation into false accounting on the part of BAE. In 2006, The Guardian newspaper published the results of an examination of papers that had become available from the National Archives under the Freedom of Information Act. These confirmed that close to £1 billion derived from the sale of Eurofighters had been routed through accounts held by the Bank of England and indirectly by the Ministry of Defence into an account in Riggs Bank in Washington DC, which could be accessed by Prince Bandar, the son of the Saudi Minister of Defence. Apart from this mechanism to which the UK government was a party, other corporate arrangements had been set up by BAE to provide personal benefits to Saudi nationals involved in the project.

By late 2006, SFO investigations led to accounts maintained in Switzerland and to an announcement by the Swiss Government that it was investigating Saudi owned Swiss bank accounts. This triggered intense pressure from officials in the Saudi government, notably Prince Bandar himself, to have the investigation suspended – to which Prime Minister Tony Blair succumbed in December 2006, citing the potential end to the exchange of information on potential terrorist activities. Subsequently the DoJ, the SEC and the Swiss authorities have announced that they are investigating these accounts. A judicial review in March 2008 of the legality of the SFO's decision to suspend the

⁵ which had itself been fined \$70m by the DoJ in 1994.

3. Persistence of high profile corporate corruption

A report commissioned by the UN and led by Paul Volcker into UN sanctioned trade with Iraq after the first Gulf War found that 50% of the 4500 companies involved in that trade paid illegal surcharges (on the sale of oil) and kickbacks (on the supply of humanitarian goods).

investigation led to a High Court finding that it had failed in its responsibilities, which in May 2008 was the subject of an appeal by the SFO. The latter has confirmed that ever since the suspension of the investigation it continues to investigate five other cases involving BAE. In one of these, involving a civil/military air surveillance system in Tanzania, a middleman⁶ has already admitted receiving 40% (£12 million) of the contract value in agent's fees, paid into an account in Switzerland.

For the purpose of this analysis the question is whether, in the light of legislative and regulatory changes since 2002, BAE's corporate behaviour has changed substantively. Arguments against such a change include the fact that the financial arrangements under Al Yamamah appear to have continued after 2002, and that the third phase of the programme has been signed since the SFO investigation was suspended. However, Lord Woolf's report on 'Ethical business conduct in BAE Systems PLC' finds that "the contract does not give rise to any special reputational risks to the company...or the payment of advisers (agents) on commission or otherwise"⁷. Nonetheless, TI(UK) has been urging the two governments and BAE to make a joint confirmation to the fact that this phase is consistent with the best principles of corporate integrity –so far without success. However, it should be noted that BAE has always claimed that normal principles of corporate integrity have been observed in Al Yamamah and other contracts (and that this has been the case since 1985).

Chevron

The report commissioned by the UN and led by Paul Volcker into UN sanctioned trade with Iraq after the first Gulf War found that 50% of the 4500 companies involved in that trade paid illegal surcharges (on the sale of oil) and kickbacks (on the supply of humanitarian goods). These payments were made although it was clear that the trading regime was under UN rules on sanctions. A case in point – because it is well documented – is that of Chevron. In spite of a policy since 2001 prohibiting payments of surcharges for Iraqi oil, Chevron's traders included \$20 million in such charges through thirty six contracts. The company was found guilty of violations of the 'books and records' provision of the FCPA and of the Securities Exchange Act. It paid a civil penalty of \$3 million, a penalty of \$2 million for sanction breaking and had to disgorge \$25 million from its profits.

How did such a failure of corporate compliance rules occur? The SEC explained the failure in these terms:

"Among other things, the policy required traders to obtain written approval for all proposed Iraqi oil purchases, and charged management with reviewing each proposed Iraqi oil deal. Chevron's traders did not follow the company-wide policy and Chevron management was unsuccessful in ensuring its compliance. Despite being required to consider the identity, experience and reputation of a third party seller prior to approving a proposed Iraqi oil purchase, Chevron's management relied on its traders' representations....Chevron failed to devise and maintain

⁶ Shrideth Vithlani speaking to the UK Guardian newspaper

⁷ Woolf Report to BAeS Board, May 6th 2008



3. Persistence of high profile corporate corruption

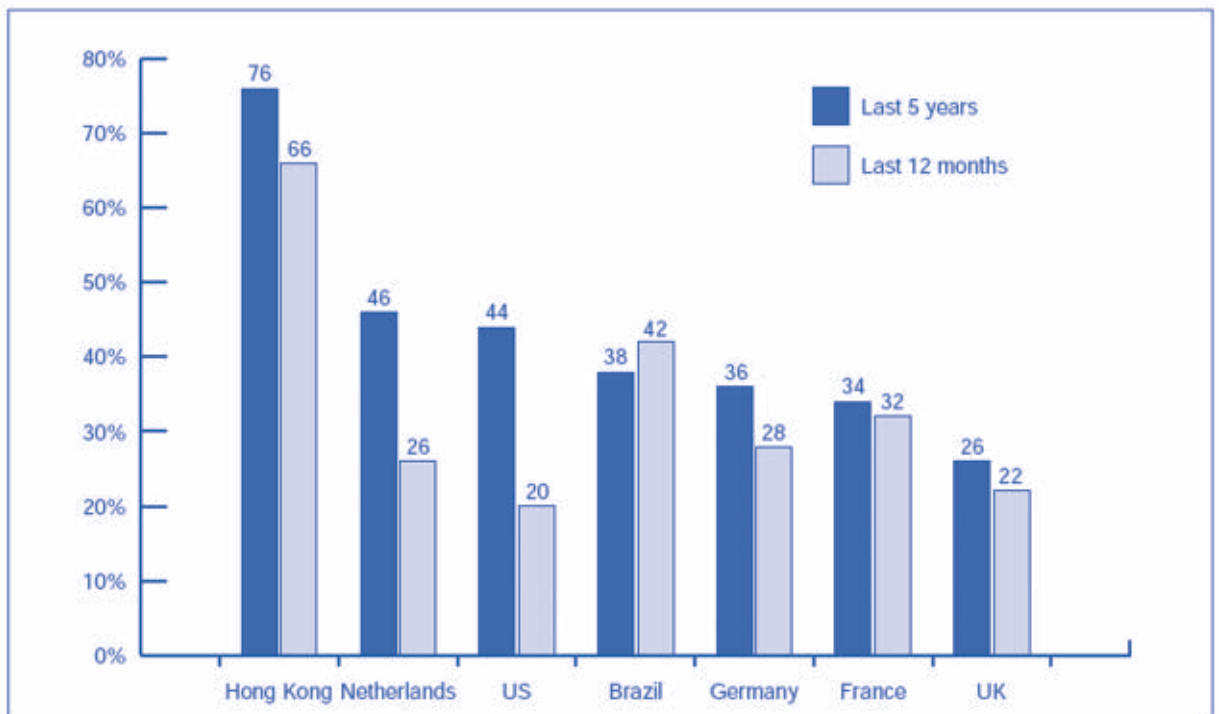
a system of internal accounting controls to detect and prevent such illicit payments. Chevron's accounting for its Oil for Food transactions failed to properly record the true nature of the company's payments to third parties."

Surveys

Several valuable surveys carried out by well-placed organisations throw light on the continued fact of active bribery as a means to win market share. What follows is from a survey carried out by Control Risks Group in 2006⁸, with additional information from a PWC survey of 2008⁹. The Control Risks survey covered 350 companies in OECD countries and Brazil and Hong Kong. The PWC survey covered 390 executives in mainly non OECD countries; over 40% of respondents were in Asia.

Chart 1 shows that even within the previous one year 22% of UK companies and 26% of German companies considered that they had lost a contract to another company through bribery.

Companies believing that they had failed to win a contract or gain new business because a competitor had paid a bribe over the last five years / 12 months. By country.



⁸ International Business Attitudes to Corruption, Control Risks & Simmons and Simmons, 2006

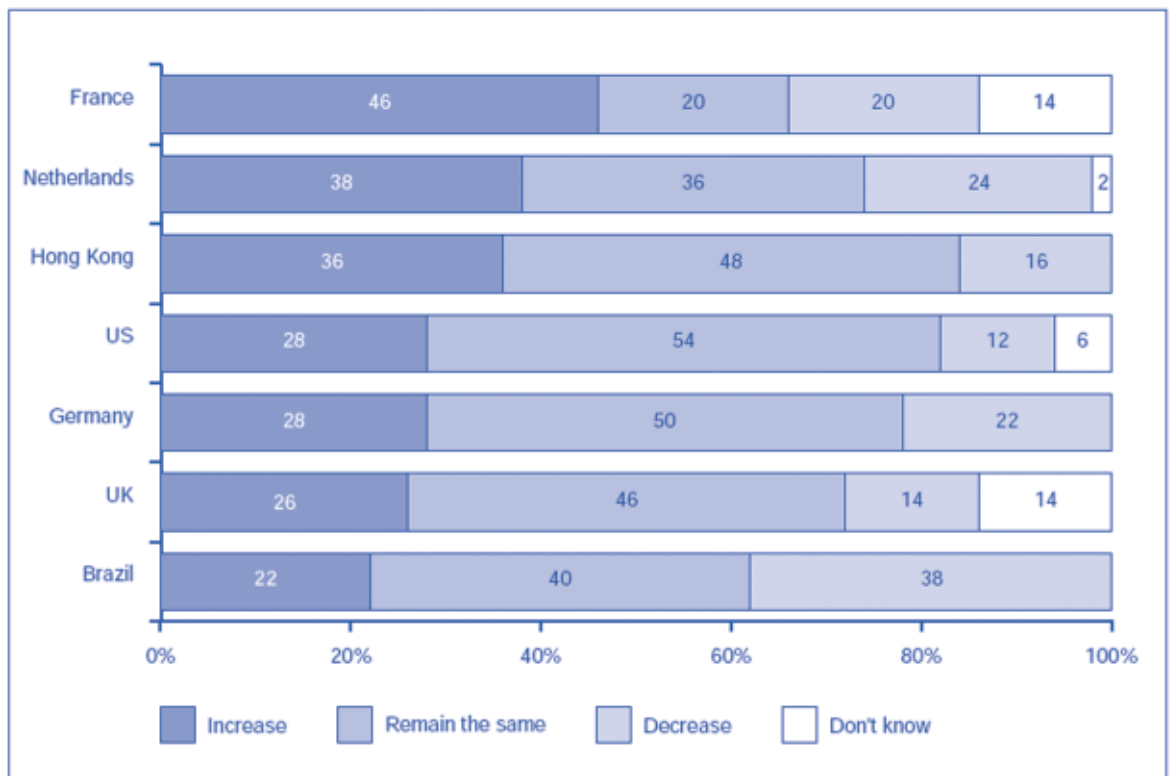
⁹ Confronting Corruption: the Business Case for an effective anti-corruption programme, PWC, January 2008

In the PWC survey, more 46% of respondents considered that they had lost a contract for similar reasons.

3. Persistence of high profile corporate corruption

Chart 2 shows the common expectation in the business community is that the practice of bribery will get worse rather than better, and this is particularly true of France and the Netherlands.

Companies expecting corruption to increase, remain the same or decrease over the next five years. By country.

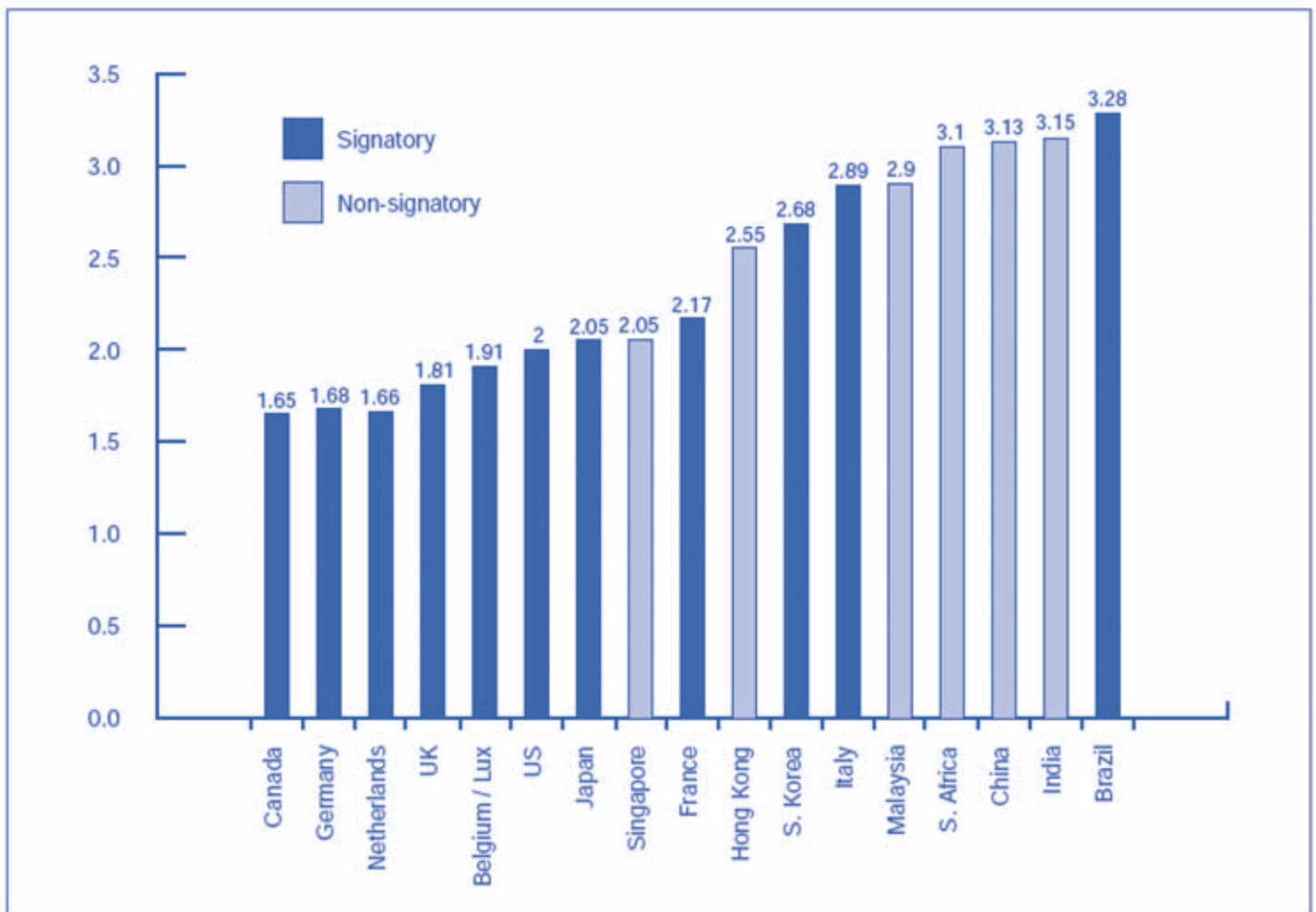




3. Persistence of high profile corporate corruption

Chart 3 suggests this may be because of an awareness that compliance with the OECD Convention varies greatly by country – and that many of the countries perceived to be most corrupt are in fact key target markets. The chart rates levels of awareness on a scale of 1:4, where 4 is low.

Perceived standards of compliance among signatories and non-signatories of the OECD anti-bribery convention. By country.



4. Why the situation isn't more positive

Solutions

- *Transparency International has called for the OECD's 1997 convention against the bribery of foreign officials to be implemented in all OECD countries "both to the spirit and the letter of the agreement." It also wants countries to outlaw facilitation payments: the small payments permitted under US law ostensibly to speed up minor bureaucracy that some describe as corruption by a slightly different name.*

- *The US Department of Commerce would like to see more business coalitions fighting corrupt practices in emerging economies. It says that coalitions against corruption are a good way to ensure that competitors 'stand together'. Developing this theme, Transparency International describes an 'integrity pact', where competitors agree not to bribe around a specific contract.*

¹⁰ such as those developed by the World Bank Institute

¹¹ In the Indian pharmaceutical sector Transasia Biomedicals of Mumbai (see TI Global Corruption report 2006, p58).

¹² Brazil, India, Russia and China

¹³ PWC survey p 21

¹⁴ President Obasanjo, before he was elected to office in Nigeria, was the first Chairman of TI's Advisory Council

'Contextual' Factors

Every year since 1995, TI has published its Corruption Perception Index (CPI), which now lists 180 countries according to their perceived levels of corruption. Notwithstanding the criticism this index continues to attract, its ranking of countries on a scale of 1 to 10 has been widely used and is the most widely quoted of any such indices. A score below four on the CPI represents a situation where corruption is endemic and where doing business on an ethical basis is tough and requires real commitment. A number of surveys¹⁰ have shown that in these contexts the worst offenders in the corporate sector are wholly owned local companies that are close to Government at national or local level.

A case in point is the Chinese pharmaceutical sector, where nearly 4,000 small drug manufacturers vie for a limited but corrupt market both at provincial and national level. This can make it very difficult for a new corporate entrant searching for a joint venture partner to find a 'clean player' (though such exist)¹¹. The problem is accentuated where a senior Minister or Head of State insists on some form of commission reaching him or her, or where a payment to a governing political party may be standard practice. The PWC survey found that 50% of respondents in the BRIC¹² countries considered 'corruption to be a cost of doing business that could not be eradicated'¹³. In other cases, particularly where mineral prospecting or retrieval is involved, forms of extortion may be prevalent. Anglo Gold, a mining company with sound corporate principles, was caught on this issue in the Democratic Republic of Congo in 2005. In these contexts, at least until the last few years, many OECD Governments have effectively encouraged their own companies to do deals as best they can, and embassies have often been the conduit to the most effective local agents.

Finally, there is the question of words versus deeds. President Obasanjo¹⁴ of Nigeria was widely believed to wield a new anti-corruption broom in Nigeria, but some major deals concluded in his last year in office have had to be unpicked by his successor government on the grounds that they appear to be corrupt and were certainly not subject to normal tender procedures. They are now the subject of a Parliamentary enquiry. In a national context such as this, companies will inevitably consider that they are being held to a position in which straightforward competition is impossible.

Regulatory Contradictions

Given the fairly small number of transnational corruption cases that reach the court, it might be thought that the regulatory environment is more important than the legislative and that it has greater implications for regular company behaviour. Relevant regulation is generated by, for instance, export credit agencies, export control agencies (notably in defence) and development finance agencies. However, in practice bodies such as these tend to be both inconsistent in their specific criteria and reluctant to be tough on corruption-related issues.



Solutions

- The US Department of Justice upped its FCPA prosecutions four-fold between 2001 and 2006. It also allowed a higher number of non or deferred prosecutions, allowing companies to escape trial and receive a reduced penalty for cooperating with investigators.

- The OECD is to tighten its Convention on Combating Bribery of Foreign Public Officials.

- The UK Law Commission has recommended that British corruption laws be reformed.

- Siemens has prioritised ethics compliance, appointed an external ombudsman to whom employees and others can report unlawful and unethical company activities, adopted new anti-corruption rules and guidelines, training managers in anti-corruption and legal compliance, and centralising bank accounts and cash payment systems. Importantly, it no longer allows employees to sign new sales-related business consulting agreements without the consent of two top managers and the chief compliance officer, which should ensure top management is more aware of contracts negotiated by junior employees.

4. Why the situation isn't more positive

Three examples suffice.

First, export credit agencies (ECAs) have agreed through meetings at the OECD over the last decade to ensure that conditions of underwriting require that the identity of agents and the size of their commissions be revealed to the agency. But few ECAs have in practice adopted this procedure, which leaves the way open to a very traditional abuse.

Second, in the defence sector, which is well known to be prone to corruption, no arms exporting country has yet introduced an export control licensing system that specifically excludes a deal which may include a corrupt payment. In fact, in most cases such licensing regimes are more tolerant of corruption than the ECAs of the same country.

Third, development finance agencies such as the World Bank, and international organisations such as the European Commission, have been fairly ambivalent in constructing tendering systems that are really effective in relation to corruption. Thus, the World Bank continues to reject the concept that in order to pre-qualify for a contract funded indirectly by the World Bank, every company should have an anti-corruption compliance system in place.

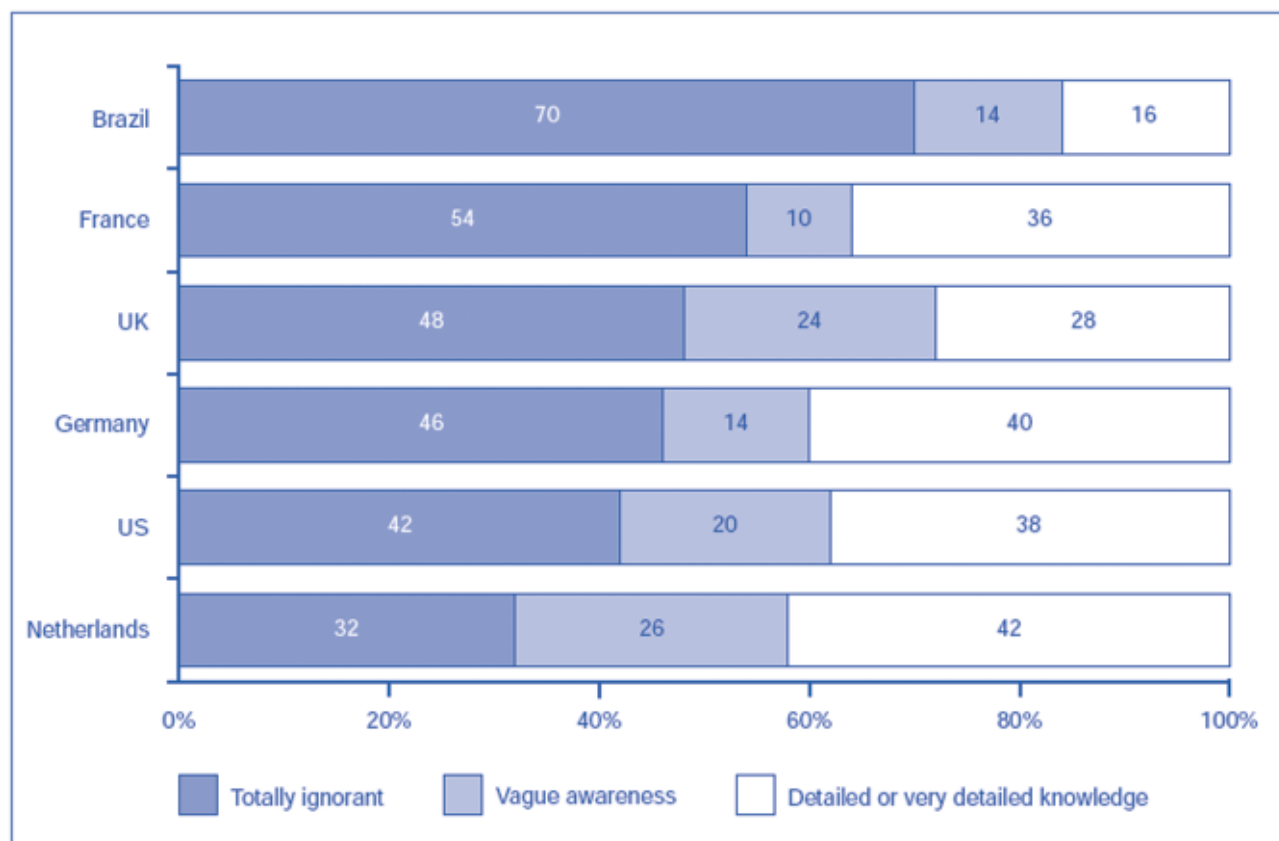
Finally, audit regimes continue to vary significantly. The 'sign off' required under Sarbanes Oxley at Chairman or CEO level has no parallel in other countries, ensuring that responsibility for a corrupt payment can in many cases be carried at a lower level. Equally significantly, there is considerable variety - even amongst OECD states - on the question of the responsibility of auditors to report 'suspicious' payments.

Lack of Knowledge

A working assumption might be that most companies are aware of all legislation that might be important to their business. However, at least in relation to transnational bribery, this appears not to be the case. In the UK, the CRG survey found that nearly half of all companies are 'totally ignorant' of new legislation. Even in the US, 37 years after the introduction of the FCPA, 42% of companies registered the same position. The fact that in Brazil the figure rose to 70% confirms how far this process of awareness has yet to go.

4. Why the situation isn't more positive

Respondents' awareness of legislation covering foreign bribery. By country.



Legislative and Prosecutorial Ineffectiveness

There are a number of factors constraining the effectiveness of new legislation. In principle, the legislation to be introduced by each signatory state through the OECD Convention was to be based on the concept of 'functional equivalence'. In practice, there have been significant discrepancies in the legislation that have turned on:

- ◆ inadequate definitions of the offence
- ◆ statutes of limitation that may be as short as three years¹⁵ as in France
- ◆ different treatment of facilitation payments
- ◆ the lack of criminal liability for corporations (making it necessary to attribute a corporate bribery offence to an individual)

In the case of facilitation payments, the OECD Convention effectively permitted them (though the UN Convention does not). However, about a third of signatory states have included them in their legislation as criminal, a third have allowed them and a third are ambivalent. The question of the criminal liability of corporations has constituted a problem for states where this is not the legal norm, making it necessary to attribute a corporate bribery offence to an individual¹⁶.

¹⁵ as in France

¹⁶ a point which remains controversial in the Law Commission's review of the law of Corruption in the UK



In the US the Department of Justice and the SEC have encouraged the process of 'deferred prosecution', which enables companies to confess their transgression of the FCPA and negotiate a financial settlement that avoids a criminal charge. In return, the offending companies commit themselves to a revised and stronger compliance system and to external monitoring of this system over a period of up to three years.

4. Why the situation isn't more positive

This differential interpretation of the Convention has been matched by very different levels of willingness to investigate and prosecute by the relevant authorities. The number of investigations and prosecutions by an OECD member state, based on a survey by TI¹⁷, is summarised for selected countries in **Chart 5** below¹⁸:

Country	Cumulative Prosecutions 2000/08	Investigations 2007	Investigations 2006
France	19	n.a.	n.a.
Germany	43	83	43
UK	0	15	4
Japan	0	n.a.	n.a.
Switzerland	8	23	4
USA	105	60	55

It is clear that Japan and the UK, in spite of jointly accounting for more than 9% of world trade in 2006, lag well behind France and Germany and very far behind the USA. In both countries, although the prosecuting authorities cite the difficulty of obtaining information overseas, there appears to be a failure of will to move to the stage of prosecution. [In the UK we have the ironic position that the SFO, as one of the key agencies concerned, appealed to the House of Lords in April 2008 that it should not resume its own investigation of the Al Yamamah case].

Nonetheless, it is a fact that the complexities of investigating these cases are real. Partly for this reason, the Department of Justice and the SEC in the US have encouraged the process of 'deferred prosecution', which has enabled companies to confess their transgression of the FCPA and negotiate a financial settlement that avoids a criminal charge. In return, the offending companies commit themselves to a revised and stronger compliance system and to external monitoring of this system over a period of up to three years. In the UK, comparable procedures have been adopted in relation to the Proceeds of Crime Act, introduced in 2002, and by the Office of Fair Trading in relation to information on bid-rigging. In the latter case, Simon Williams, the OFT's Director of Cartel Investigations, said in 2006 :

"If you are the first to come in and report your cartel conduct and tell us something new you will get immunity. This is a very powerful weapon that has really got us moving. It's a race against time. If you wait till your competitor does you first, you are punished."

There is every reason to suppose that if a similar approach was adopted in relation to corruption cases in relevant countries, including the UK, there would be a reasonable flow of cases resolved on the basis of 'deferred prosecution'.

¹⁷ Enforcement of the OECD Convention on Combating Bribery of Foreign Public Officials, Progress Report, TI, 2007

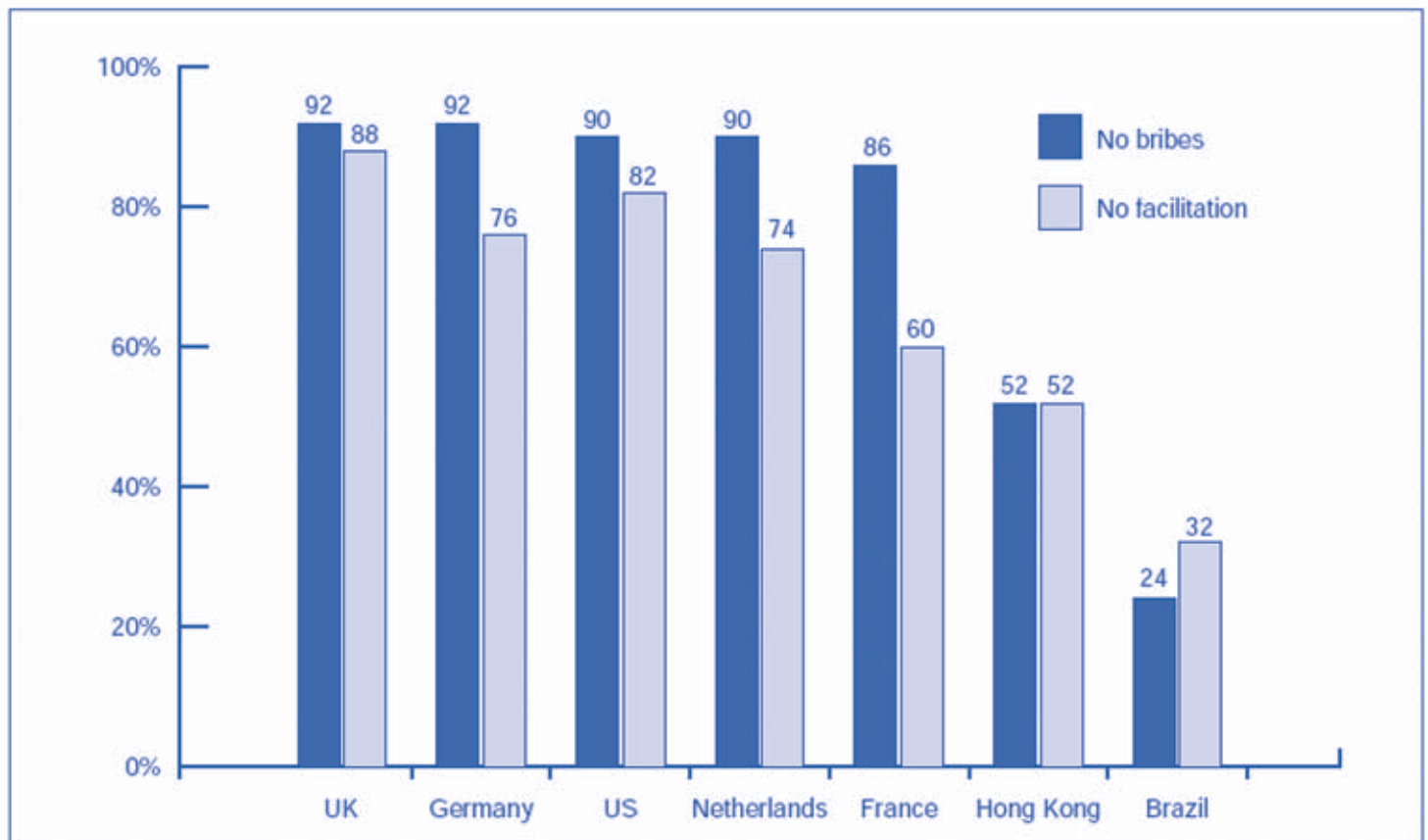
¹⁸ excludes 'Oil for Food' investigations

4. Why the situation isn't more positive

Problems of making compliance systems work

The CRG survey made it clear that many companies now have codes that explicitly address bribery (as many as 92% in the UK), as indicated in **Chart 6**:

Companies with codes forbidding bribes and facilitation payments. By country.



Although the PWC survey found a similar incidence of anti-bribery programmes, it also found that only 22% of respondents were confident that these significantly mitigated the risk of corruption.

However, the question of whether these codes are really effective is another matter. The 'compliance system' introduced to support the codes is really the key issue. The principal elements of an effective compliance system are as follows:



The development of an effective corporate compliance system remains a major and frequently avoided test of real will.

4. Why the situation isn't more positive

- ◆ employees should 'sign off' on their understanding of their company's legal obligations in relation to domestic legislation and the legislation in the countries in which they operate
- ◆ they should be aware of penalties – frequently criminal – for 'lone wolf' actions
- ◆ thorough due diligence is needed on foreign agents, and overseas partners should establish that they have a clear record of uncorrupt behaviour
- ◆ management should show that corruption is of comparable weight to environmental and anti-trust issues
- ◆ there must be an effective whistle blowing system whereby employees can go through channels other than their line manager

However, internal compliance procedures such as these – widely established in US companies trading internationally since the introduction of the FCPA in 1977 – have proved to be less effective than might be expected, as the list of companies charged by the DoJ has steadily expanded. There are likely to be a variety of reasons for this. But 'lone wolf' activities characterise many of the cases leading to an offence dealt with by the DoJ. Chris Curran, a US expert¹⁹ on the FCPA, told the Financial Times in 2005:

"There are few other areas where a single employee in a multinational organisation can with one instance of misjudgement create huge embarrassment and substantial liability, even criminal liability, for the whole corporation."

Of course, the complexities that arise from this behaviour are even more complex in a joint venture, where the partner company may be entirely unused not only to operating the compliance system but also to the principles underlying it.

The development of an effective corporate compliance system remains a major and frequently avoided test of real will.

¹⁹ at Washington based lawyers White and Case

5. Where is the will?

There are clear cases where companies are trading off a formal commitment to good practice against a big deal that will determine future profitability.

Principles vs Survival

The challenge to corporate integrity that arises from operating in very corrupt environments was referred to earlier in this paper. Such objective problems are matched by the dilemma of whether Board level subscription to anti-corruption measures may be set aside when a company's survival in its current format is at stake. There are clearly cases where companies are trading off a formal commitment to good practice against a big deal that will determine future profitability. This may be via the deal itself or through the opportunity to exploit and develop a particular technology on a larger scale. The defence sector is a particularly clear example of the latter.

For many years large contractors in the UK defence sector have openly or discreetly presented the necessity of achieving orders overseas in order to achieve economies of scale in products sold to the UK Ministry of Defence. The apparent commercial necessity of this strategy has been used to justify the use of underhand techniques to further international market sales. When other companies are competing in the same markets – and have the same objective of achieving long run production – it is not surprising that principles of corporate integrity come under stress.

On a different front, companies with a specific competence in big dam construction may find themselves competing in a shrinking global market, as ecological considerations reduce the demand for very large scale dams. In this case, the competition for the remaining projects will be intense and is unlikely to be corruption free. The need to sustain an in-house team with competence in this area may prove to be an overwhelming priority.

Corporate leaders faced with these types of issues must now balance them not only against the law but also against the sentiment of those shareholders and fund managers who are putting increasing emphasis on corporate ethics. This extends to both ethical funds and, more importantly, to pension and other fund managers who are being asked to raise the corruption issue in dialogue with their investee companies. How effective are these pressures?

Although dialogue between pension fund managers and company finance managers has become part of the programme of both parties, and shareholder meetings may lead to searching questions on ethical issues, there is little decisive evidence that the announcement of a corruption enquiry or even a successful prosecution has an effect on share price that is more than transitory.

Three examples suggest this is the case – that of Chevron in the prosecution on November 14th 2007 in relation to 'oil for food', of Siemens in relation to a prosecution on Oct 4th 2007 in relation to bribery offences for which it was fined Euro 201 million, and of Baker Hughes on April 27th 2007, when it was fined \$44 million.



“Investor sentiment alone is too weak to change corporate attitudes to corruption.”

5. Where is the will?

Associated share price changes one month later were as follows:

	Baker Hughes	Chevron	Siemens
Share price at result of prosecution	\$81	\$86	E98
After 1 month	\$82	\$94	E104

It is worth noting that after January 2008, a month of major further revelations at Siemens, the share price fell from Euro 89 at the end of January to Euro 74 at the end of April. This occurred in spite of announcements of increased profits in late 2007 and an increase in projected forward sales in 2008. However, the evidence from most successful court cases (and announcements of prosecutions) suggests that they do not have a disastrous effect on share prices. Market response of this kind suggests that investor sentiment alone is too weak to change corporate attitudes to corruption.

However, negative publicity is bad news in principle, not least where collaboration with other companies is concerned. In response to this and other factors 'sector level' initiatives are proving to have a real attraction. These take various forms but now extend to the construction industry, mining, oil and gas and (at an early stage) defence.

In the case of construction, an industry anti-corruption code has been launched by those construction and engineering companies that are members of the World Economic Forum. Separately, work associated with TI has led to the development of very specific tools operational at the project level and now adopted by the 'UK Anti Corruption Forum', which embraces most relevant industry associations and professional bodies.

In the case of the oil and gas industry, the development of the 'Extractive Industries Transparency Initiative' (EITI), which obliges companies to declare everything they pay to the host state, and the state to declare all that they receive from the companies, has achieved a very high level of support from a majority of industry majors.

Finally, nearly all key companies in the American and European defence industry are close to agreeing a common integrity code with a particular focus on avoiding corruption that is likely to become public in the near future.

The format of intra-sectoral anti-corruption agreements appears to be one which attracts very serious corporate support since:

- ◆ sectors have specific characteristics that may be lost in a more general code
- ◆ competitors are by definition in the same sector, and so a serious agreement can go some way to ensuring that competitors abide by the same principles
- ◆ project financiers are increasingly inclined to rate bidders with an anti-corruption credential highly, and may even make this a requirement of pre-qualification

In the thirty year history of the FCPA in the US, the level of criminal and civil penalties have never been set high enough to have a fundamental impact on the financial viability of the offending company.

6. Future Prospects

Thus, in considering whether there is a real will at Board level across the majority of companies to avoid corruption, an accurate assessment must take into account both the pull of commercial success, which the financial markets prize above ethics, and the push of reputation, now matched with the scope for co-operation with competitor companies in sector agreements that have a serious chance of success.

6. Future Prospects

The question of whether we are moving to a higher level of corporate integrity in relation to corruption is in the balance. The key determinants of the outcome may be listed as follows:

- ◆ the strength of penalties
- ◆ the consistent application of anti-corruption measures by the regulatory authorities
- ◆ the willingness of the audit profession to report cases of corporate corruption
- ◆ the extent to which large and fast growing developing economies (notably India and China) adopt strong anti-corruption principles in the corporate sector

Strength of Penalties

In the thirty year history of the FCPA in the US, the level of criminal and civil penalties have never been set high enough to have a fundamental impact on the financial viability of the offending company. Commitments to prison for offending executives have seldom exceeded five years, and fines have never exceeded the \$70 million paid by GE, as mentioned earlier.

Although the fine of Euro 50 million levied on Siemens in 2007 is larger than most awarded in the US, it remains very modest in relation to Siemens current turnover of Euro 72 billion. These are small sums in relation to, for example, the 10% of turnover that companies can forfeit in the EU in relation to offences under competition law.

Whilst it has been a reasonable strategy for the Department of Justice to place greater emphasis on the establishment of strengthened compliance programmes, this has not been a significant cost from the shareholders' perspective. The application of the scale of penalties applied under competition law would probably have a more direct impact on corporate behaviour.

On the other hand the DoJ, especially in the last two years, has encouraged companies to voluntarily declare a corrupt payment that is a transgression of the FCPA and to negotiate a consequent out-of-court settlement. This has so far proved to be effective in initiating greatly strengthened compliance systems within countries – and should be initiated by the SFO.



With discrepancies and even contradictions between regulatory authorities an issue, it is crucial that export credit agencies, particularly within the OECD, align their anti-corruption provisions not at the level of the lowest common denominator but at a level with real 'bite'.

6. Future Prospects

Audit Profession

Overall, the audit profession's history in advising clients in relation to corruption issues and auditing the relevant accounts is not good. When I first became involved in TI in the early 90s, I was advised by a colleague from one of the big audit practices that his company would not question a specific payment when advised by the Chairman of a client company that it was attributable to 'business development', and could be described as 'not material'. Then and now, I have been struck by the fact that the books and records provision of the FCPA state that all payments are 'material'.

But 'materiality' can hardly explain the extent of the auditors' neglect of Enron's 'special purposes vehicles', or those developed by Parmalat (and described by Bruno Cova in this series of annual lectures in 2005). Similarly, it cannot explain the signing off of the accounts of Lukoil in Russia by PWC (over a period of nearly ten years), and the company's subsequent statement that the accounts were faulty in several respects.

It is essential that, whether under a legal requirement to do so or not, auditors do not disguise payments of a corrupt nature and are prepared to report such payments to investigating authorities.

Regulatory Authorities

With discrepancies and even contradictions between regulatory authorities an issue, it is crucial that export credit agencies, particularly within the OECD, align their anti-corruption provisions not at the level of the lowest common denominator but at a level with real 'bite'. The identification of agents and their remuneration is a minimum requirement.

Impact of fast growing economies

At the present time about half of global GDP (US\$40.1 trillion in 2004) is generated by the OECD countries; by 2020, and on present trends, that figure is likely to be about one third²⁰. All but five OECD countries have a score on the TI Corruption Perceptions Index above 5; India and China have a score of about 3.5 and it is an open question whether as these massive, fast growing economies expand they will adopt a tougher anti-corruption line or whether, as their share of world trade grows, the movement to combat corruption will become more difficult. The reality is that in all countries – including India and China – there is an on-going tension between those who can accommodate various forms of corruption in business transactions and those who wish to eliminate them. But the role the big developing economies play in relation to corruption will be critical to outcomes in the next decade.

²⁰ assumes China and India grow at 8% per year ; OECD at 2 % and others at 4%, with a global average of 3.3% yielding a global GDP in 2020 of \$68 trillion at constant 2004 prices.

7. Conclusion

There is no doubt that the positive steps taken in the last ten years can be reinforced by acts of will, which have to be significant, consistent and coordinated.

The factors will play themselves out in different ways, and shifts in the relative weight of contribution to global GDP and ensuing competition for different markets, may have a decisive and negative effect.

However, there is no doubt that the positive steps taken in the last ten years can be reinforced by acts of will, which have to be significant, consistent and coordinated.

This involves Government policy, effective regulation, legislative content, a systematic willingness to prosecute and, above all, corporate leadership. The prize is a world where corruption is restrained, corrupt elites find it more difficult to do business, and the reputation of the corporate sector is enhanced.

Finally, and most importantly, the dividend of corporate corruption – now so often held in grey accounts in obscure vehicles and jurisdictions - would be available to serve the overwhelming needs of the global poor. This is entirely feasible within a five year period, and is a vital step to secure the tentative and potentially elusive gains made in the field of corporate integrity in the last decade.

Transparency International (United Kingdom)

The extent to which corruption impacts on all our lives is staggering. It exacerbates poverty and suffering, particularly in the poorest societies by:

- ◆ Adding thirty per cent or more to the cost of projects funded by aid
- ◆ Aggravating conflict and creating political, economic and social instability
- ◆ Worsening environmental degradation – for instance, accelerating the destruction of tropical rain forests
- ◆ Endangering human rights – most dramatically in terms of access to justice

Transparency International (UK) (TIUK) is dedicated to combating corruption at national and international levels through constructive partnerships with governments, the private sector, civil society and international organisations. With its partner chapters in more than 90 other countries it has been at the forefront of the struggle to eliminate corruption. By carrying out research on issues relating to direct and indirect impacts of corruption, it aims to change values and attitudes at home and abroad, and to develop practical tools for combating corruption.

Since its establishment in 1994, TIUK has acquired substantial experience in building anti-corruption expertise in sectors that are particularly prone to corruption (such as defence, engineering and construction, and finance) and in working with companies to improve their corporate compliance systems.

- We have made a major contribution to getting corruption on to the agenda of both companies and the government.
- We have tied the government down to its obligations under major international anti-corruption conventions (e.g. the 1997 OECD Anti-Bribery Convention and the 2003 UN Convention Against Corruption).
- We have brought together a dozen of the world's largest defence companies and facilitated their work on a set of common industry anti-corruption standards.
- We have helped to establish the UK Anti-Corruption Forum for construction and engineering, which represents over 1000 companies and 300,000 construction professionals.
- We have shown how corruption risks can be reduced in the UK's instruments for international trade, such as export credit guarantees.
- We have published technical reports identifying key steps to strengthen the UK's anti-money laundering regime.
- We have prepared a Corruption Bill with a view to increasing awareness and promoting reform of UK corruption law.
- We have published recommendations to reduce the risks of corruption in the funding of political parties in the UK.

Recent developments in the UK and internationally have underscored the need for the TI international movement and TIUK to redouble their efforts. The weak enforcement of the OECD Anti-Bribery Convention by the majority of OECD members, especially the UK, the failure of anti-corruption reforms in countries that are major recipients of UK development assistance and growing public distrust of politicians and political institutions in several countries, including the UK, are all disturbing trends. The premature termination of the investigation of allegations of bribery by BAE Systems in connection with the Al Yamamah defence contract and the failure to enact modern anti-corruption legislation have caused great damage to the UK's reputation in international anti-corruption fora in the OECD and UN. TIUK must address effectively these challenges to its vision of a world in which the UK neither tolerates corruption within its own society and economy, nor contributes to overseas corruption through its network of international business and financial relationships.

Grant Thornton UK LLP

Grant Thornton UK LLP (GT) is a leading business and financial adviser with offices in 29 locations nationwide. Led by over 300 partners and employing more than 4,400 of the profession's brightest minds, it provides personalised assurance, tax and specialist advisory services to over 40,000 individuals, privately-held businesses and public interest entities.

GT's market-facing business units are supported by relevant sector specialists who share their expertise and insight across the firm, resulting in an agile and innovative environment. The company is flexible to respond to its clients' increasingly discerning requirements and meet the challenges posed by a rapidly changing marketplace. Taking everything into account, Grant Thornton UK LLP strives to speak out on issues that matter to business and are in the wider public interest. It focuses on being a bold and positive leader in its chosen markets and within the accounting profession.

GT is a member firm within Grant Thornton International, one of the world's leading international organisations of independently owned and managed accounting and consulting firms. Clients of member and correspondent firms can access the knowledge and experience of more than 2400 partners in over 100 countries and consistently receive a distinctive, high quality and personalised service wherever they choose to do business.

Forensic & Investigation Services

Grant Thornton's Forensic and Investigation Services practice provides a full suite of investigation, forensic accounting and dispute resolution support services ranging from traditional expert witness assistance and investigative forensic accounting services, through to the more specialised areas of insurance claims management, fraud investigation, asset recovery support, forensic IT, e-disclosure and document management support. It also has specialists in all aspects of financial services regulation.

GT combines forensic accounting and business expertise with insight into the workings, perceptions and needs of clients, their advisers and enforcement agencies. The company has worked for both prosecution and defence in cases involving the police, HM Customs and Revenue, the Serious Fraud Office, the Financial Services Authority and other regulatory bodies, as well as UK and international corporates and private individuals.

The practice is one of the largest forensic accounting practices in the UK. As a result of the differing client bases of the Forensic and Investigation Services practice and Grant Thornton's mainstream client base, the company is frequently involved in substantial and complex matters involving FTSE 100 companies and their overseas equivalents, whilst many of its main competitors are conflicted. However, because of its size and structure, core practice experience and values, GT is also able to offer a personal approach and understanding with proportionally scoped and priced services to individuals, partnerships, small and medium-sized enterprises (SMEs) and their legal advisers.

ICC Commercial Crime Services

ICC Commercial Crime Services (CCS) is the anti-crime arm of the International Chamber of Commerce in Paris. Non profit making and based in London and Kuala Lumpur, it shields companies from a wide range of crimes affecting business, carries out investigations and assists victims to recover losses.

Utilising skills and experience built up over 25 years, CCS has saved companies and individual investors billions of dollars in potential fraud and theft through its ability to recognise the early warning signs and quickly alert its members to the dangers inherent in modern international trade.

CCS has a greater reach than similar organisations in the security industry and can react faster because:

- It is unencumbered by bureaucracy and is therefore able to respond swiftly to alerts anywhere in the world.
- It acts on its own initiative, needing no go-ahead from government or law enforcement agencies.
- It enjoys the confidence of senior police and customs officers in many countries.

CCS comprises three Bureaux: ICC International Maritime Bureau (IMB), ICC Financial Investigation Bureau (FIB), ICC Counterfeiting Intelligence Bureau (CIB). Each offers a wide range of services that can be tailored or combined to meet individual needs for company security and protection.

ICC International Maritime Bureau (IMB)

Set up in 1981, IMB combats all types of maritime and trade crime, including documentary credit fraud, charter party fraud, cargo theft and the deviation of ships. The Bureau's regional office in Kuala Lumpur is also the home of the Piracy Reporting Centre, which responds immediately to acts of piracy and collects evidence for law enforcement agencies.

ICC Financial Investigation Bureau (FIB)

FIB provides a personal fraud consultancy service, including vetting, authentication of documents, investigations and training in crime prevention.

ICC Counterfeiting Intelligence Bureau (CIB)

CIB assists companies in preventing the counterfeiting of their products. It carries out investigations, provides intelligence and monitors counterfeiting, intellectual property and trademark infringements worldwide.

As specialised divisions of the ICC, CCS and its Bureaux have access to the expertise of ICC policy commissions and are supported by a panel of experts on commercial crime. It co-operates with customs authorities under a Memorandum of Understanding with the World Customs Organization.

CCS members comprise companies engaged in international business, the legal profession and law enforcement agencies.

For more details see www.icc-ccs.org or tel +44(0) 207 423 6960 and indicate which Bureau can best help your business.

Corporate Corruption

Despite a surge of activity that sought to curb business corruption, there is little evidence of a real fall in incidents of bribery in international business transactions, or in the wider forms of corruption in which companies have been implicated.

Using the cases of Siemens, ABB, BAE Systems and Chevron to illustrate his points, Laurence Cockcroft examines some key issues facing those that strive to meet the challenges of corporate corruption in a changing world.

Starting by explaining how the legislative and regulatory landscape in relation to corporate corruption has changed, he looks at why the problem has not disappeared and assesses why these problems persist. Asking whether there is actually the will to change the situation, he reviews the future prospects for addressing corporate corruption more effectively.



ICC Commercial Crime Services

ICC Commercial Crime Services (CCS) is the anti-crime arm of the International Chamber of Commerce in Paris. Non profit making and based in London, it shields companies from a wide range of crimes affecting business, carries out investigations and assists victims to recover losses.

CCS comprises three Bureaux: ICC International Maritime Bureau (IMB), ICC Financial Investigation Bureau (FIB), ICC Counterfeiting Intelligence Bureau (CIB). They deal with banking, insurance, intellectual property, information technology, shipping transport and trade fraud.

As specialised divisions of the ICC, CCS and its Bureaux have access to the expertise of ICC policy commissions and are supported by a panel of experts on commercial crime. Their members comprise companies engaged in international business, the legal profession and law enforcement agencies.



The world business organisation