



TRANSPARENCY INTERNATIONAL UK

March 2009

Dear Member

Welcome to the first newsletter of 2009 – a year that began with heightened UK media interest in corruption issues and new opportunities for TI (UK) to spread our message.

When allegations surfaced in January that four members of the House of Lords were willing to accept **cash for influencing legislation**, we called for a speedy inquiry and the introduction of a tighter, more transparent system for ensuring ethical behaviour in the Palace of Westminster. We also drew attention to the lack of effective sanctions for Peers who breach the Lords' rules. You may have seen some of our comments in the newspapers.

This episode highlights the need for an independent inquiry by the Committee on Standards in Public Life into the standards of ethical behaviour and oversight exercised within the House of Lords. For **TI (UK)'s full statement** go to http://www.transparency.org.uk/presstatements/TI-UK_Statement_on%20Peers-for-sale_allegations_26-1-09%20.pdf

Investigative journalism can play a vital role in uncovering corruption across the world – in some countries even putting the journalists themselves at risk of injury or death. In recognition of their outstanding contribution to the fight against corruption, two investigative journalists – the UK's David Leigh (*Guardian*) and Russia's Roman Shleynov (*Novaya Gazeta*) were honoured with **Transparency International's 2008 Integrity Awards** at a ceremony in London last month. David Leigh was nominated for the award by TI (UK). More information is at http://www.transparency.org/news_room/award/integrity_awards

A major blot on the UK's anti-corruption landscape is the longstanding weakness in its enforcement of the OECD's Anti-Bribery Convention. However, there is now light at the end of the tunnel. The **Bribery Bill** proposed by the Law Commission - while not perfect – provides an excellent foundation for the Government to fast track a new Bill in the 4th session of this Parliament. This was a key theme in my opening remarks to the **UK Anti-Corruption Summit** held in London early last month.

Delaying until the 5th session in 2009/10 would risk it being crowded out by other legislative priorities in the run up to a general election. Together with other charities - including CAFOD, Tearfund and Christian Aid – TI (UK) is writing to **Jack Straw**, the Government's Anti-corruption Champion, seeking that commitment.

A timely example of how effective robust anti-corruption laws can be in exposing and punishing corrupt behaviour came from the US last month. Thanks to the **US Foreign Corrupt Practices Act (FCPA)**, two US companies (Halliburton and Kellogg Brown & Root) were fined \$579 million. It is the second largest ever for FCPA violations.

An **FT editorial** on the case http://www.ft.com/cms/s/0/95f9305c-fb9a-11dd-bcad-000077b07658.html?nclick_check=1 emphasised the importance of robustly enforced anti-corruption laws in exposing and crushing corrupt behaviour. Other countries, including the UK, it said, should learn the lessons. When one of the world's leading business opinion formers takes up the messages of the anti-corruption lobby, the tide may finally be on the turn.

TI (UK) has since written to Business Minister Ian Pearson drawing attention to the case, and asking the Government to tighten up the rules on export credit guarantees, so that companies convicted of corrupt practices (in this case a former Halliburton subsidiary MW Kellogg) are debarred from government contracts. Full details on our website <http://www.transparency.org.uk/>

The business case against corruption was also the theme of John Drysdale's intervention in a debate on corporate corruption at Mansion House, organised by the City of London Police and chaired by the Attorney General.

On that positive note, please take a look at the members' programme we have put together for the next few months.

With best wishes

Chandrashekhar (Chandu) Krishnan
Executive Director
Transparency International (UK)

Dates for your diary

Transparency International (UK) Speaker Events 2009

March 24th

Aid and Corruption

Speaker: Andrew Mitchell, MP, Shadow International Development Secretary;
Discussant: Laurence Cockcroft
Venue: Norton Rose, 3 More London Riverside, London SE1 2AQ
Time: 18.15 doors open and drinks reception
19.00 lecture
20.15 close

June 18th

Corruption in Africa

Speaker: Michela Wrong, Financial Times
Venue: Norton Rose, 3 More London Riverside, London SE1 2AQ
Time: 18.00 doors open
18.15 lecture
19.30 reception
20.15 close

November 12th

Climate Change and Corruption (preceded by AGM for Full Members)

Speakers: Panel of experts
Facilitated by David Nussbaum, Chief Executive, WWF-UK
Venue: Clifford Chance 10 Upper Bank Street, London, E14 5JJ
Time: AGM - 17.00 registration; 17.15 AGM; 18.00 close
Panel: 18.00 doors open
18.15 panel
19.30 reception
20.15 close

December 9th

Anti-Corruption lecture – UN International Anti-Corruption Day

Speaker: To be confirmed
Venue: Clifford Chance 10 Upper Bank Street, London, E14 5JJ
Time: 18.00 doors open
18.30 lecture
19.45 reception
20.30 close

To register for any of these events please contact Jan Lanigan at TI(UK).

Tel: 020 7785 6356

email: jan.lanigan@transparency.org.uk

Transparency International UK: Shining a light on British bribery

This interview with TI (UK) Chairman, John Drysdale, was published on the Ethical Corporation website on 20 January

<http://www.ethicalcorp.com/content.asp?ContentID=6287>

Achieving bribery law reform and surveying domestic corruption are top priorities for Transparency International UK under new chairman, John Drysdale

Bitter personal experience drove John Drysdale to become a campaigner against corruption.

As an investment banker in Asia and the Middle East for Robert Fleming, the Scottish merchant bank, Drysdale was often asked to pay bribes to secure deals. He always refused. As a result, he sometimes lost out to rivals who were willing to bend the rules.

He recalls: "I always tried to find out why we lost and as often as not, it was because money had been paid. We simply didn't. We were mean Scots! It was not in our culture."

Now Drysdale is seeking to level the playing field for honest business in his new role as chairman of Transparency International UK.

TI (UK) is one of 90 national chapters of anti-corruption watchdog Transparency International, which is headquartered in Germany. Drysdale took up his new role last November, after six years on the board.

Established voice

TI has won respect around the world for its detailed research into the extent of global corruption. Its Corruption Perceptions Index and Bribe Payers Index have proved valuable tools for policymakers wanting to understand the spread of bribery worldwide.

And despite its small membership – the UK chapter has under 200 members – TI is listened to because of a style based on practical engagement and constructive criticism of governments and companies.

TI (UK) is no different. Drysdale explains: "We lobby in the background to get a law changed or a culture changed, or a business to change its practices." He adds: "We're not confrontational in holding a company to account, scrutiny or ridicule. We do not investigate individual cases."

At the same time, Drysdale praises the "hollering" kind of non-governmental organisation, such as development campaigner Global Witness. He says: "They realise what we do and we realise what we do, and there's a conjunction of interests."

This less aggressive style perhaps explains why companies are willing to support TI (UK) with donations. The group had 18 corporate members, which provided £85,000 in funding last year, around a fifth of the group's total income for 2007/08. Corporate members include FTSE 100 heavyweights such as Anglo American, BP, British American Tobacco, GlaxoSmithKline, Rio Tinto, Shell, and Vodafone.

Big year ahead

This year promises to be a crucial one for anti-corruption campaigners in the UK, as the government decides whether or not to act on proposals for a new bribery law.

TI (UK) wants the government to outline a timetable for doing this so as to make sure that it happens this year, before the parties become preoccupied with a general election.

TI (UK) supports the proposed bill put forward by the Law Commission in November last year. Drysdale regards it as "a great advance on what was there before". Proposals include a new criminal offence for bribing a foreign public official, and a separate corporate offence for bribery.

Drysdale believes that the opposition Conservative party should resist seeing the bill as a chance to embarrass the government, which has been strongly criticised for failing to fully incorporate the OECD anti-bribery convention into UK law.

He says: "We don't want [the Conservatives] to make political capital out of this. We want them to be statesman-like and see that this is in everyone's interests." If they are not, the government could stop the bill, destroying a reform process for which TI (UK) and others have been pushing for the last decade.

Offshore clean up

Another top priority for TI (UK) this year is to help clean up the world of finance. It continues to push for more disclosure around highly secretive offshore trusts and shell companies, many of which have historical links to the UK.

Drysdale says that those who deal with trust companies registered in offshore tax havens should be required to find out who the ultimate beneficial owners of those companies are. If not, they risk accepting money from corrupt sources.

He says: "The practical thing to achieve is for any well-known institutions in this country that deals with offshore trust companies to know who the ultimate beneficial owners [of those companies] are. This is something we are pushing for."

Worse, says Drysdale, is the role that respected UK firms play in setting up offshore trusts for wealthy clients. He says: "There are a lot of lawyers in London who are not too picky about the clients they have, who actually devise these trusts [and] shell companies... Leading firms are complicit in this offshore business."

The recovery of assets bought with corrupt money is another area where TI (UK) will focus its efforts this year, says Drysdale. It will shortly publish a report on ways to improve the procedures for helping foreign governments to recover assets from nationals who have invested their ill-gotten funds in the UK.

Favourite ways to legitimise corrupt money are to invest it in property, yachts, works of art, or even children's school fees for a private education.

New direction

Domestic corruption is an emerging area of focus for TI (UK). Drysdale says: "Most people we talk to say there's no corruption here, but we're not so sure." He plans to commission a survey on corruption in the UK.

The sense that the UK is clean when it comes to corruption is one that Drysdale feels may have hampered the country's efforts to address the problem. He says: "There aren't any votes to be won or lost in the constituencies on the corruption issue."

Public pressure on government to address corruption may take some time to emerge, if it ever does.

But as the chorus of international voices demanding that the UK act on its anti-bribery commitments grows louder, campaigners such as Drysdale hope the country will win more than it could ever lose by acting now to stamp out bribery.

Transparency International UK media coverage (December 2008 - February 2009)

Publication	Title	Hyperlink
Ethical Corporation	Targeting corporate sleaze	http://www.ethicalcorp.com/content.aspx?ContentID=6305
Ethical Corporation	Transparency International UK: Shining a light on British bribery	http://www.ethicalcorp.com/content.aspx?ContentID=6287
World Finance	Tough on corruption? The UK used to claim it was at the forefront of efforts to tackle international corruption – not any more	http://www.worldfinance.com/news/home/special-reports/article125.html
Independent	Revealed 139 peers act as paid consultants	http://www.independent.co.uk/news/uk/politics/revealed-139-peers-act-as-paid-consultants-1516787.html
Daily Mail	Revealed: New sleaze claims over peers who ask questions in the house WITHOUT declaring an interest	http://www.dailymail.co.uk/news/article-1130065/Revealed-New-sleaze-claims-peers-ask-questions-House-WITHOUT-declaring-interest.html
Times	A picture of misery: how corruption and failure destroyed the hope of democracy	http://www.timesonline.co.uk/tol/news/world/asia/article5622229.ece
CyberLaw	Letter welcoming President Obama's initiative on transparency	http://cyberlaw.org.uk/2009/01/30/letter-welcoming-president-obamas-initiative-on-transparency/
Ethical Corporation	UK bribery law reform – Targeting corporate sleaze	http://www.ethicalcorp.com/content.aspx?ContentID=6305&ContTypeID=
BBC news online	Nigeria ex-minister is wanted man	http://news.bbc.co.uk/2/hi/africa/7796203.stm
The Economist	Fixing a broken world	http://www.economist.com/world/international/displaystory.cfm?story_id=13035718&fsrc=rss
Daily Mail	Greek rioters use lasers	http://www.dailymail.co.uk/news/worldnews/article-1094892/Greek-rioters-use-lasers-police-violence-boys-death-continues-second-week.html
The Herts Advertiser	Safety First	http://www.hertsad.co.uk/content/herts/postbag/story.aspx?brand=HADOnline&category=Postbag&Brand=HertsC

		ambOnline&tCategory=PostbagHAD&itemid=WEED29%20Jan%202009%2010%3A28%3A33%3A753
Reuters	Sri Lanka: Attacks highlight threats to media	http://www.alertnet.org/thenews/newsdesk/HRW/6a422c941620a02d3308d7388199998b.htm
UTV Northern Ireland	If you write you'll be killed	http://www3.u.tv/news/internationalNews/index.asp?id=151185
BBC news online World Service	Sudan beckons new investors	http://news.bbc.co.uk/1/hi/business/7855327.stm
Ethical Corporation	Corruption intensified by economic downturn	http://www.ethicalcorp.com/content.asp?ContentID=6299
Financial Times	Kenya starts probe into missing oil imports	http://www.ft.com/cms/s/c08cf272-e727-11dd-aef2-0000779fd2ac.Authorised=false.html?_i_location=http%3A%2F%2Fwww.ft.com%2Fcms%2Fs%2F0%2Fc08cf272-e727-11dd-aef2-0000779fd2ac.html%3Fnclick_check%3D1&_i_referer=&nclick_check=1
Reuters (Tiscali News, MSN News & STV TV)	Riots expose roots of anger on EU's edges	http://www.tiscali.co.uk/news/newswire.php/news/reuters/2009/01/19/world/riots-expose-roots-of-anger-on-eu39s-edges.html&template=/news/feeds/story-template-reuters.html
BBC news online	Protesters fight police in Sofia	http://news.bbc.co.uk/2/hi/europe/7828709.stm
Accountingweb .co.uk	CIMA completes passage to India	http://www.accountingweb.co.uk/cgi-bin/item.cgi?id=193273&d=1025&h=1022&f=1026&dateformat=%25o%20%25B%20%25Y
Scotland on Sunday	A narco nation on the take	http://scotlandonsunday.scotsman.com/latestnews/A-narco-nation-on-the.4863844.jp
Guardian Weekly	Buying in Venezuela	http://www.guardianweekly.co.uk/?page=editorial&id=880&catID=13
The Spectator	City life	http://www.spectator.co.uk/the-magazine/business/3194256/city-life.thtml
Independent	Ashraf Ghani: Afghanistan is a failing state. It needs a Marshall Plan	http://www.independent.co.uk/opinion/commentators/ashraf-ghani-afghanistan-is-a-failing-state-it-needs-a-marshall-plan-1214980.html
Telegraph	Bangladesh candidates invoke Islam in polls	http://www.telegraph.co.uk/news/worldnews/asia/bangladesh/3965009/Bangladesh-candidates-invoke-Islam-in-

		polls.html
Times	Finance chiefs accused of \$18m theft in Kremlin fallout	http://www.timesonline.co.uk/tol/news/world/europe/article5720458.ece
Professional Security	Bribe Law proposal	http://www.professionalsecurity.co.uk/newsdetails.aspx?NewsArticleID=10898&imgID=1
BBC news online	Corruption classes in Indonesia	http://news.bbc.co.uk/1/hi/world/asia-pacific/7870442.stm
Newropeans magazine	Nato's double standards make for a hollow alliance	http://www.newropeans-magazine.org/content/view/8898/85/
BBC news online	A tale of two Venezuelas	http://newsvote.bbc.co.uk/2/hi/americas/7858041.stm
BBC news online	Kenya sleaze book sparks shop ban	http://news.bbc.co.uk/1/hi/world/africa/7911007.stm

Bribe Payers Index

KHL group	Construction companies most likely to pay bribes	http://www.khl.com/magazines/international-construction/detail/item30832/Construction-companies-most-likely-to-pay-bribes/
Reuters (Yahoo Finance)	Corruption likely as crisis bites	http://uk.biz.yahoo.com/14012009/325/corruption-likely-crisis-bites.html
Supply management.com	Russia tops the bribery ranking	http://www.supplymanagement.com/EDIT/Previous_ISSUE_pages/CI_news_item.asp?id=19046
Global reinsurance	Aon's bribery fine is a major milestone	http://www.globalreinsurance.com/story.asp?sectioncode=23&storycode=376190&c=3
Clitheroe Advertiser	The world's top bribery list	http://www.clitheroeadvertiser.co.uk/srange-but-true/The-worlds-top-bribers-list.4778265.jp
Building.co.uk	India told to act against corruption	http://www.building.co.uk/intl_story.asp?sectioncode=779&storycode=3129633&c=3

Corruption Perceptions Index

Prospect magazine	Critics say my country can't be saved. But a new push from America and Kabul could work	http://www.prospect-magazine.co.uk/article_details.php?id=10626
Strategic Risk	Can you dig for wealth and be green?	http://www.strategicrisk.co.uk/story.asp?sectioncode=4&storycode=377095&c=1
African Echo	Botswana's new president sworn in	http://www.africanecho.co.uk/africanechonews10-apr05.shtml

To keep up to date with TI(UK) press releases visit www.transparency.org.uk