

Fighting Foreign Bribery: Prosecutors Making it Harder for Companies

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Objective

This study was designed to track the progress of 37 out of 39 countries that are members of the Organization for Economic Co-operation and Development (OECD) Anti-Bribery Convention, an organization designed to deter companies from engaging in foreign bribery.

Methods

The report assesses the progress of 37 out of 39 countries signed up to the Convention, placing them in four enforcement categories: Active, Moderate, Little and No Enforcement. These classifications are based mainly on how many “cases” have been brought which try to identify and punish instances of foreign bribery. “Cases” include criminal prosecutions, civil actions and judicial investigations.

Key Findings

Below is a table comprised of 37 OECD Convention countries categorized by level of enforcement along with the percentage of world exports each group dominates.

ENFORCEMENT LEVEL	COUNTRIES (IN ORDER OF SHARE OF WORLD EXPORTS)	SCALE
Active enforcement	United States , Germany, United Kingdom , Italy, Switzerland, Norway, Denmark	28 per cent of world exports (7 countries)
Moderate enforcement	Japan, France , Netherlands, Korea (South), Canada, Spain , Belgium, Australia, Sweden, Austria , Argentina, Finland	25 per cent of world exports (12 countries)
Little enforcement	Mexico, Brazil, Turkey, Hungary, Chile, Luxembourg, Portugal , Slovak Republic, Slovenia, Bulgaria	6 per cent of world exports (10 countries)
No enforcement	Ireland, Poland, Czech Republic, South Africa, Israel, Greece, New Zealand, Estonia	4 per cent of world exports (8 countries)

- 1 in 4 (27%) business executives believe bribery by a competitor resulted in direct costs to their business in the last 12 months.
- The number of cases rose from 564 in 2010 to 708 in 2011—286 of which are still ongoing investigations.
- More than 250 individuals and nearly 100 companies were sanctioned as a result of foreign policy bribery-related cases in OECD Convention countries by the end of 2011.
- The United States shows the highest enforcement with 27 cases completed by the end of 2011.
- Germany is the only other country that has completed more than 100 cases.
- With 34 ongoing investigations, Canada joins Australia and Austria as the most improved enforcers. All three countries conducted their first major case in 2011.

Conclusion

Eighteen countries have little or no enforcement at all, having not yet brought any criminal charges for major cross-border corruption by companies. Together these countries represent 10 per cent of world exports. Only seven out of 37 countries are actively enforcing bribery law. Japan is the biggest economy to have brought less than 10 major cases. In another big exporter, France, there are concerns about the slow progress of cases initiated and the lack of deterrent sanctions.

Government leaders must reject arguments that winning foreign orders during the recession justifies condoning foreign bribery. Engaging in bribery sets a dangerous precedent for companies and governments. It is difficult to undo the culture of extortion – getting business through back-handers is not sustainable. Proper enforcement of anti-bribery laws requires money and manpower. Despite the pressure to cut costs, governments must retain experienced people with adequate resources to help lead cases against corruption.

Article:

http://www.transparency.org/news/feature/fighting_foreign_bribery_prosecutions_making_it_harder_for_companies

Full report:

http://issuu.com/transparencyinternational/docs/2012_exportingcorruption_oecdprogress_en?mode=window&printButtonEnabled=false&shareButtonEnabled=false&searchButtonEnabled=false&backgroundColor=%23222222