

Chapter 1

Achievements and new challenges in the fight against corruption in Asia and the Pacific

Gretta Fenner

ADB/OECD Anti-Corruption Initiative for Asia and the Pacific
Organisation for Economic Co-operation and Development (OECD)

The fight against corruption remains high on the political agendas of Asian and Pacific countries. Citizens are increasingly aware of the evils of corruption and alert to the necessity of taking effective action against it, and at elections, they attentively scrutinize their governments' actions and they call for adherence to and active participation in international initiatives like the ADB/OECD Initiative and, more recently, the UN Convention against Corruption.

Since the Initiative's last regional conference in Malaysia two years ago, countries have in this spirit engaged in important reform projects with a view to strengthening anti-corruption measures and enhancing good governance, transparency, and accountability in public service. Since the beginning of cooperation among Asian and Pacific governments under the umbrella of the ADB/OECD Initiative, these projects have considerably gained in sophistication, specialization, and comprehensiveness. They have also revealed that major legal gaps and

loopholes continue to exist, and that the capacity of anti-corruption institutions often remains insufficient in many countries.

This paper seeks to summarize the Initiative's member countries' efforts against corruption over the past two years and to highlight major achievements as well as regional trends. It also addresses key challenges that countries continue to face and that will need to be addressed more vigorously in the time to come.

A Strategic Approach to Combating Corruption and Promoting Governance

Looking at the type of anti-corruption reform programs that countries have engaged in over the past two years, one can observe that more and more countries understand corruption and governance as cross-cutting issues and consequently seek to address them through a holistic approach. This means that individual reform projects are increasingly embedded in long-term anti-corruption strategies, which are seen as integral parts of national development and poverty reduction programs. They also usually encompass both preventive and repressive measures or alternatively provide for close coordination between different projects in the areas of prevention and prosecution. Furthermore, they increasingly seek support and "buy-in" from concerned non-governmental stakeholders.

National anti-corruption programs seeking to meet such a level of comprehensiveness were, for instance, developed recently in Indonesia, Kazakhstan, Malaysia, Mongolia, Nepal, and Pakistan. In Korea, to state another example, various stakeholders from government, political parties, business, and civic groups have recently adopted a joint action plan that defines the specific goals and roles of each of these stakeholder groups in promoting transparency and combating corruption. The fact that a growing number of countries are seeking to streamline their legislation with a view to replacing formerly separate pieces of relevant legislation with a comprehensive anti-corruption law is a further indicator of this trend.

This holistic approach is also reflected in the Anti-Corruption Action Plan's three pillars—Pillar I outlines preventive measures in the public sector; Pillar II addresses issues related to law enforcement and to private sector accountability; and Pillar III promotes cooperation with non-state actors from civil society, the media, and the private sector. The Action Plan consequently enjoys high popularity and growing recognition in the region and beyond for its ability to guide and foster anti-corruption reform. Since the last conference, four countries—the People's Republic of China,

Palau, Thailand, and Vietnam—have endorsed the Action Plan, and the Initiative’s Steering Group has further welcomed Brunei Darussalam and Sri Lanka as new observer countries.

Like the Action Plan, the UN Convention against Corruption addresses the full scope of institutional and legal settings that need to be in place to effectively combat corruption, ranging from prevention and criminalization to international cooperation and asset recovery. At the start of 2006, 16 member countries of the ADB/OECD Initiative had signed the UN Convention, and many were actively preparing ratification by reviewing the compliance of their anti-corruption structures with the UN Convention.

Achievements and Challenges in Asia and the Pacific

Despite this general trend towards a more strategic and integrated approach to anti-corruption and governance reform, differences can be observed in the level of attention that is paid to certain aspects of the fight against corruption. Preventive measures in the public sector, and reform efforts that seek to enhance the effectiveness of corruption prosecution, receive generally high attention at the disadvantage of government efforts involving or targeting non-state actors. This trend, already observed two years ago at the time of the previous conference, has not altered to a great extent.

Prevention of Corruption in the Public Sector

Enhancing integrity and transparency in public procurement has been identified by all of the Initiative’s member countries as being crucial in successfully preventing and combating corruption in the public sector. At least five countries—Bangladesh, the People’s Republic of China, the Kyrgyz Republic, Pakistan, and the Philippines—have entirely overhauled their procurement frameworks since 2002, and many others are working on similar reforms. The analytical process on this issue, which is ongoing among the Initiative’s member countries in the context of their thematic reviews project, seeks to support these reforms.

Measures to bolster public officials’ integrity and competence also remain a focus of many countries’ efforts to strengthen the public sector against corruption. Certain countries, such as the People’s Republic of China and Papua New Guinea, have reinforced merit-based recruitment systems. Other countries have adopted or revised codes of conduct for public officials or other special categories of staff, for instance, the judiciary.

These codes are accompanied by significant changes in the regulatory environment and by staff training, to ensure that they are thoroughly implemented. Finally, ways to better manage potential conflict-of-interest situations are being sought in many countries; in this context, new rules are being set up to regulate post-service employment, or to define reporting obligations for public servants regarding economic or other interests that may impede their proper conduct in office.

Another important area of reform where progress can be reported covers measures to enhance the quality and accountability of public service delivery. A growing number of countries make extensive use of modern information technology to provide access to public service, especially in public procurement or tax administration and other sectors considered to be particularly prone to corruption. With the same objective, many countries continuously strive to simplify their regulatory environment: Malaysia, for instance, is implementing a program that seeks to install a systematic and regular review of all its administrative procedures; the People's Republic of China is reviewing its licensing system; and Mongolia has made similar efforts to streamline its tax administration procedures to reduce opportunities for discretionary decision making.

Promotion and Enforcement of Private Sector Integrity

Compared with reforms to strengthen integrity in the public service, corruption prevention in the private sector has been significantly lower on governments' reform agendas. Although most countries have enacted, or are enacting, regulations for company accounting, internal control, and disclosure of information, enforcement remains a problem. As audit mechanisms and regulations for companies have been enacted only recently in most countries, the situation could evolve in the coming years. However, many loopholes and ambiguities remain, and, therefore, this type of preventive anti-corruption measure clearly requires more attention by governments.

As regards legal means to enforce private sector integrity, the anti-corruption legislation of Asian and Pacific countries provides for much softer sanctions for active bribery by employees of a private sector company or for the concerned legal persons, compared with sanctions applicable to public officials who accept or solicit bribes. As sanctions can be an important deterrent to corruption in the private sector, it may be worth considering whether active and passive bribery should be treated more equally. In particular, introducing the liability of legal persons for

bribery, which is not yet provided for in most countries' legislation, should in this context be considered.

More Effective Law Enforcement

While the above-mentioned areas will require further attention by most countries in the region in the near future, significant progress has been achieved over the past two years with regard to anti-corruption legislation and law enforcement. Many countries are reviewing their anti-corruption legislation to ensure that the laws comply with international standards, and plan to amend existing laws or draft new pieces of legislation where necessary. Particular attention has further been paid to strengthening anti-money laundering systems and laws. As a result, none of the Initiative's member countries any longer feature on the list of non-cooperative countries and territories of the Financial Action Task Force on Money Laundering.

Countries are further dedicating important resources to strengthening capacity and enhancing knowledge within their law enforcement authorities to enable them to deal with the growing complexity of corruption and related crimes. The restructuring of law enforcement institutions thus enjoys high priority in Action Plan countries. At the same time, reform approaches to this common preoccupation vary, depending largely on a country's institutional structure and resources. Quite a large number of countries have opted for the establishment of a specialized anti-corruption body similar to those of Malaysia or Hong Kong, China. Bangladesh and Indonesia are just two examples where such institutions have most recently been established. In other countries, a number of different authorities are involved in the prosecution of corruption. In such a setting, attention has to be paid to ensuring coordination between these institutions, and responsibilities need to be clearly defined. In both approaches, the training of law enforcement officials is of high importance and is likely to remain a priority area for anti-corruption efforts in the region in the coming years. Particular capacity-building needs exist in new investigative techniques, such as forensic accounting and engineering, and—triggered by the entry into force of the UN Convention Against Corruption—with regard to international judicial cooperation and asset recovery.

Involvement of Non-State Actors in the Fight Against Corruption

It is generally acknowledged that non-governmental actors, especially the private sector, media, or anticorruption non-governmental organizations (NGOs), can play an important role in further advancing the anti-corruption agenda. In the Asia-Pacific region, some private sector associations and companies have played a significant role in spreading business ethics and corporate governance and responsibility standards. Awareness-raising campaigns by non-state actors have contributed in an important way to putting the fight against corruption at the top of the political agenda. Grassroots advocacy work, for instance, has had a major impact on the development of access to information legislation.

However, policies in some countries in the region still reflect caution about the extent of civil society involvement in anti-corruption reform. Some encouraging examples have been reported over the past two years, however. In a growing number of countries, governments have admitted NGOs to the monitoring of certain government activities, especially in public procurement. In other countries, independent actors are employed to conduct public perception surveys; in still other countries financial support for anti-corruption NGOs is provided by governments.

Conclusion

Overall, significant reform efforts in the fight against corruption have taken place in Asian and Pacific countries over the past two years. Legal gaps and loopholes continue to exist, however, and the capacity of anti-corruption institutions often remains largely insufficient. There is clearly no room for lethargy. Countries will need to continue and further strengthen their commitment to the fight against corruption.

In this they will need to ensure that anti-corruption strategies involve and commit all concerned stakeholders more systematically, thus acknowledging the valuable contribution of non-state actors in the fight against corruption. On the other hand, countries also need to better consider the potential role that such non-state actors, especially from the private sector, can play in committing corruption and reflect this in legislation and strategy. In all this, valuable knowledge can be gained through exchange of experience with counterparts from other countries. To further advance in the fight against corruption and pursue this struggle in a determined way, cooperation with partners from around the world, and above all from within the region, will remain a crucial factor.

Pushing forward anti-corruption work in the People's Republic of China to meet the needs of a market economy

Huang Shuxian
Vice-Minister of Supervision
People's Republic of China

In the ADB/OECD Anti-Corruption Action Plan for Asia and the Pacific, governments of the region agree to take concrete and meaningful priority steps to deter, prevent, and combat corruption at all levels, and also to take concrete steps under the three pillars of action—developing effective and transparent systems for public service; strengthening anti-corruption actions and promoting integrity in business operations; and supporting active public involvement. We believe these specific actions are in line with the common requirements of the international community to combat and prevent corruption, and that they can be done. Since the implementation of reform and the opening-up program in the late 1970s, the Chinese Government has paid great attention to anti-corruption work. Measures to combat corruption have been taken in the context of a developing socialist market economy, many of them in line with the objectives of the Action Plan. I would like to take this opportunity to brief you on the measures China has adopted in the fight against corruption.

Innovating Systems, Mechanisms, and Institutions for Preventing Corruption at the Source

An old Chinese saying goes, “an ounce of prevention is worth a pound of cure”. To effectively curb corruption, measures should look into the source and stress prevention, addressing the deep-rooted problems that lead to corruption. In combating corruption, the Chinese Government has attached great importance to prevention, trying to establish long-term effective mechanisms that can address problems at the source. This can be done through institutional innovations.

Establishing an open, equal, and effective civil service system

In 1993, the State Council promulgated the Provisional Regulations on the Civil Service, creating the civil service system at all levels of administration. In 2005, the Standing Committee of the National People's

Congress passed the Civil Service Law, which has further regulated the systems for entry, appraisal, reward and penalty, promotion, avoidance, etc., thus providing a legal basis for promoting government integrity and efficiency. Now, China's civil service system has become more comprehensive. We have adopted an exam-based recruitment system to select the best candidates into civil service through open exams. The central government departments held 11 examinations in a row that were open to everyone, and nearly 30,000 were recruited. The training of civil servants has expanded. Over the past 10 years, more than 17 million civil servants have participated in training programs. In recent years in particular, about 2.5 million people every year have been trained, and the participation rate continues to rise. The promotion and placement system for civil servants has improved. Between 1999 and 2004, nearly 500,000 official positions in provincial government departments were filled through competition. Since the restructuring of the government departments under the State Council in 1998, more than 2,000 positions in over 30 departments, commissions, and bureaus have been filled through competition. With the development of the civil service system, civil service management has become more scientific, and government administrative capacity and public service quality have been further enhanced.

Establishing codes of ethical conduct for public office holders to avoid conflict of interest

Targeting the key areas and positions that may give rise to conflict of interest in a socialist market economy, the Chinese Government has established and implemented a package of rules and codes of conduct for civil servants with the code of ethical conduct at the core, covering nearly all possible unethical behaviors of civil servants. First, the rules regulate the exercise of official powers by civil servants. They may not seek money or materials from persons or organizations under their management or service jurisdiction, or receive gifts or attend dinners that may affect their appropriate performance of official duties. Second, the rules regulate the public expenses incurred by civil servants in performing their duties. They may not purchase and own cars or houses in violation of relevant regulations. Third, the rules prohibit civil servants from seeking illegal benefits by taking advantage of their official powers. They may not use public funds to send a spouse, children, relatives, or friends overseas for study or training, and may not provide favorable

conditions for the business of a spouse, children, relatives, or friends. An income declaration system and a major personal affairs reporting system have been implemented. Inspections by government and supervision organs at all levels to ensure strict compliance with those regulations by civil servants have effectively deterred the abuse of power for personal gain, extravagance and waste, and conflict of interest.

Intensifying the reform of the financial and investment system

The following have been done in recent years. First, on the basis of the requirements of a socialist public finance system, we have further reformed budget management and widely promoted comprehensive budgeting, departmental budgeting, and centralized revenue and expenditure by the State Treasury to strengthen the management of public funds. Second, we have vigorously worked on investment reform, recognizing the fundamental role of enterprises in investment, reducing the improper interference of government in microeconomic activities, and limiting the role of government to the approval of major or restrictive projects to protect the public interest. Third, on the basis of the Government Procurement Law and the Bidding Law, we have instituted transparent government procurement procedures, strictly implemented the bidding and auction system for the transfer of commercial land use rights, and strengthened the management of construction projects to prevent the loss of public investments. Fourth, according to the Audit Law, we have intensified the audit of government administrative organs and other public service organizations and disclosed the audit outcomes to the public. All the above-mentioned reforms are important measures to prevent and combat corruption at the source and help greatly to ensure the accountability and transparency of public service.

Seriously Dealing with Cases of Corruption to Promote Integrity and Justice

Under the current conditions of system reform and restructuring in China, corruption can easily occur in certain areas. Therefore, the resolute investigation of violations of laws and discipline and a serious crackdown on corrupt behavior is important in containing the occurrence and spread of corruption and winning public confidence in the fight against corruption.

Strengthening anti-corruption legislation and law enforcement

The Chinese Government attaches great importance to anti-corruption legislation. Efforts have been made to accelerate relevant legislation. Some substantive and procedural laws such as the Criminal Law and the Criminal Procedure Law, as well as laws on criminal penalty, have been amended and improved, laying down a fundamental legal basis for the punishment of corruption. The Law on Civil Service, the Law on Judges, the Law on Public Prosecutors, the Law on Administrative Supervision, and the Law on Auditing and their implementation rules have been passed, as have the accountability system and regulations on sanctions against violations of laws and discipline. Now, we are drafting supplementary rules for the Regulations on Administrative Sanctions for Civil Servants in Government Administrative Organs, revising rules holding leading officials responsible for violating the public interest, rationalizing the reporting of major affairs and income declaration by leading officials. The implementation of those laws and regulations has made us better able to investigate and correct unhealthy practices, and effectively combat and prevent bribery and other corrupt methods.

Intensifying the fight against bribery, money laundering, and other economic crimes

In recent years, the Chinese Government has seriously investigated and prosecuted a number of big cases, and brought corrupt persons to justice. Focus has been on those cases involving power abuse and rent seeking by leading officials. Since last year in particular, the Chinese Government has restructured the anti-money laundering mechanism, dealing a heavy blow to the crime. The law against money laundering is being drafted. China has strengthened international anti-corruption cooperation through international conventions and bilateral treaties. The country has joined the UN Convention against Transnational Organized Crime and the UN Convention Against Corruption. We are now working to establish international anti-corruption cooperative mechanisms with relevant countries in law enforcement, legal assistance, and repatriation and recovery of corrupt proceeds.

Strengthening Citizen Participation in the Fight against Corruption

The public is an important force in the drive against corruption and in the evaluation of the effectiveness of anti-corruption measures. In combating corruption, we have combined government supervision with public scrutiny, encouraged public involvement, and widened the channels of supervision.

Perfecting the whistle-blower system and protecting people's legal right to complain

China's constitution stipulates that citizens are entitled to criticize government entities and civil servants and make recommendations to them, and to complain or accuse government organs or civil servants of unlawful behaviors in the pursuit of their official duties. It also prohibits retaliation for complaints or accusations lodged. Statistics reveal that in 2004, 1,209,159 accusations and complaints were written or phoned in (through a telephone hotline) or made in person before administrative supervisory organs nationwide; of the total, 637,881 were against persons or organizations under our supervisory jurisdiction. Supervisory organs have dealt with all of them carefully, using legal procedures. To protect the legitimate rights and interests of the whistle-blowers, many local governments have come up with measures to protect and reward them. Those who can successfully expose major violations of laws and discipline will be rewarded. Supervisory organs are strictly prohibited from releasing information on any complaint or accusation, or from transferring relevant documents or information to the person or organization accused.

Promoting transparency in government and public involvement in preventing and combating corruption

Regarding the openness of government affairs as a fundamental mechanism of governance, the Chinese Government has worked hard to ensure the public right to be informed and to participate in and have oversight of government, and to make public authorities operate in an open environment. Now, openness in government affairs is being widely introduced at the township level. More than 85% of administrative organs at the county level and 80% at the city level have opened their affairs to the public. Hospitals, schools, and other public services that are closely tied to the welfare of the public are gradually making their operations

more open to the public. With regard to public involvement in the fight against corruption, we have set up public complaint and press release systems. Supervisory bodies and prosecution institutions have specially appointed part-time supervisors and prosecutors. These systems can support in different ways orderly public involvement in countering corruption.

Conducting society-wide ethics education to create an ethical social climate

We pay close attention to combining education in ideology and discipline with education in social morality, professional ethics, family values, and the law, and vigorously promote an ethical culture. We make major efforts to bring an ethical culture into communities, households, schools, enterprises, and the rural areas, making full use of newspapers, magazines, television, radio, and the Internet to guide public opinion and increase awareness of anti-corruption measures so as to create a desirable social climate where honesty is esteemed and corruption brings disgrace. Last April, the Ministry of Supervision and the Ministry of Education jointly held the Seminar on Bringing Ethical Culture into Schools and Ethical Education of the Youth, which officially launched the ethical culture and anti-corruption project. The implementation of such projects will definitely help create an ethical social climate.

The Chinese Government has always attached importance to international anti-corruption cooperation and mutual exchange of experience with other countries including the Asia-Pacific countries and regions. The Steering Group meetings of the Initiative have been very fruitful and have drawn worldwide attention. As an endorsing country of the Action Plan, China will continue to strengthen exchange and cooperation with other member countries (jurisdictions) of the Anti-Corruption Initiative for Asia and the Pacific. We are ready to contribute to the realization of the Action Plan's objectives, and the promotion of government integrity.

Promoting growth by preventing corruption: The strategy of Vietnam

Tran Quoc Truong

Vice-Minister and Deputy Inspector General
Government Inspectorate of Vietnam

On behalf of the Leaders of the Government Inspectorate of Vietnam, I would like to thank the Ministry of Supervision of the People's Republic of China for hosting this important conference under the ADB/OECD Anti-Corruption Initiative for Asia and the Pacific. I would also like to thank ADB and OECD for starting, developing, and managing the Initiative, which gave rise to this dialogue and regional forum on the control and elimination of corruption for the sustainable development of not just one country but the whole region.

After having being an observer for a period of time, Vietnam became the 23rd country to endorse the Anti-Corruption Action Plan for Asia and the Pacific on 16 June 2004. The endorsement of the Action Plan attests to Vietnam's determination and political commitment to control and gradually drive corruption out of social life. Before endorsing the Action Plan, in December 2003 Vietnam also signed the UN Convention Against Corruption. The endorsement of the Anti-Corruption Action Plan and the participation of Vietnam in various activities of the Initiative constitute a significant step towards the ratification and efficient implementation of the UN Convention Against Corruption.

You may already know from the mass media that since the establishment of the country, the Government of Vietnam has always paid ample attention to strengthening its inspection, investigation, and examination functions to prevent, uncover, and eliminate corruption and malpractices. We regard this as a regular and continuing task through which administrative discipline and social order are strengthened, and administrative barriers to social and economic development are thereby gradually eliminated. We have made considerable achievements recently. Awareness of the consequences of corruption is increasing among our leaders at different levels and the public at large. We are aware that combating corruption depends on internal strength, but external support is also very important—especially the valuable experience shared among regional and international communities. These positive developments are partly a result of Vietnam's participation in and endorsement of the Anti-Corruption Action Plan for Asia and the Pacific.

I would now like to inform you briefly about some recent innovations in the laws and policies against corruption in Vietnam.

General System of Anti-Corruption Laws and Policies

The National Assembly designated the year 2005 as the year for preventing wastefulness in infrastructure investment throughout the country and issued a specific resolution regarding this matter. To set the legal basis for preventing, uncovering, and handling cases of corruption and malpractice, the National Assembly made the Law on Anti-Corruption and the Law on Thrift Practices part of the law and ordinance legislation program for 2005, which is to be adopted by the end of 2005 and to take effect in 2006.

We have brought forward the draft Law on Anti-Corruption for comment by the public, government agencies, and domestic and international organizations. The draft law has seven major parts: scope, subject matter, and general provisions; methods of preventing corruption; methods of detecting corruption; sanctions for corruption; institutional structure and coordination mechanisms among anti-corruption agencies; role and responsibility of society in the anti-corruption campaign; and international cooperation in the fight against corruption. The bill also contains new regulations for the effective prevention, detection, and punishment of corrupt practices. To ensure transparency, openness, and accountability among the heads of public agencies the regulations require public servants to disclose their assets and to follow a code of conduct. The regulations should strengthen cooperation among authorities and the active participation of the public in preventing and combating corruption.

The draft Law on Anti-Corruption reflects, in a comprehensive manner, the recommendations of the Anti-Corruption Action Plan for Asia and the Pacific under its three pillars of developing effective and transparent systems for public service; strengthening anti-bribery actions and promoting integrity in business operations; and supporting active public involvement in anti-corruption efforts. We thus believe that the Law on Anti-Corruption will become an effective tool and a basis for significantly improving the mechanisms and policies for anti-corruption work and reinforcing economic growth in Vietnam.

Specific Anti-Corruption Policies and Laws

Pillar 1: Developing effective and transparent systems for public service

Along with building ethical and administrative codes of conduct in the Anti-Corruption Bill to ensure the ethical conduct, integrity, and accountability of public servants, one of the main outcomes of our Master Program of Public Administration Reform for 2001–2010 is promoting a culture of public service. Specific measures to realize this goal are also found in Vietnam’s legal documents. This is considered an important step forward in facilitating the reform efforts of the Vietnamese administration in the near future and in preventing malpractice and corruption in the state machinery.

Pillar 2: Strengthening anti-bribery actions and promoting integrity in business operations

Vietnam strictly punishes bribery; but more than that, Vietnam has also developed and implemented policies and regulations to create a clean and stable investment environment. The drafting of the General Law on Investment and a series of other laws and regulations on business transactions—some of which have already been passed while others are still pending—will certainly facilitate the development of a good and attractive investment climate in Vietnam. Some of these laws are the Law on Competition, the Law on Anti-Dumping, the Unified Law on Enterprises, the Law on Bidding, and the Law on E-Transactions. At the same time, efforts to remove administrative barriers to business transactions have also been given priority and will remain high priorities in the coming years. In fact, reform in administrative procedures related to business transactions, especially licensing and preferential investment treatment, among others, is being implemented widely in some areas of state management. We affirm that the Vietnamese Government has been very successful in reducing trade and investment barriers and instances of corruption.

Pillar 3: Supporting active public involvement in anti-corruption efforts

As is the case in almost all fields of socio-economic life, active public involvement in state management in general, and in anti-corruption efforts in particular, has clearly increased in Vietnam. The draft Law on

Anti-Corruption contains a separate section on this issue. In its strategy outlining the projects for legislation and regulation until 2010, Vietnam considers the task of amending and supplementing important legal documents that support public involvement and access to information in state and social management. On this basis, the role of the general public in Vietnam's anti-corruption strategy has been promoted through the consistent implementation of Democratic Regulations (approved by the Vietnamese Government in 1997, 1998, and 1999) in local authorities and public service agencies.

Through the great efforts and determination of the Government to fight against corruption, along with precious support from international organizations, especially ADB and OECD, manifested in regional and international dialogues and forums, we believe that the damage and detrimental effects of corruption on the development of our country and all over the world are gradually being contained and eradicated.

Once again, on behalf of the Government Inspectorate of Vietnam, may I thank ADB and OECD for initiating forums on policies and regulations on anti-corruption in the Asia-Pacific region.

Punishing and preventing corruption to ensure comprehensive socio-economic development in the People's Republic of China

Huang Shuxian
Vice-Minister of Supervision
People's Republic of China

I am greatly honored to have this opportunity to exchange views with delegates and friends attending this conference titled "Reducing Inequality and Promoting Growth: Driving Down Corruption". Equality and development is the common goal pursued by any responsible government. Facts have shown that corruption harms democracy and social justice, disturbs the rule of law, hampers economic development, and is the enemy of humankind. It is the common task facing all countries and regions including countries and regions in Asia to fight against corruption, safeguard smooth economic development, and promote social justice and social progress. The Chinese Government takes equality and development as important goals. It has clearly indicated its intent to build a harmonious society of equality and justice, honesty and love, vitality, and safety. It is striving to push forward its economy, political life, and culture. While persisting in focusing its efforts on economic construction, China always pays great attention to countering and preventing corruption, which affects the success or failure of socialist modernization and the long-term stability of the country. Over the years, we have worked hard to combat corruption and build a clean government, thus providing a solid basis for economic development and social justice.

"Doing Two Jobs at the Same Time and Attaching Equal Importance to Both"

The Chinese Government believes that socio-economic development requires countering and preventing corruption constantly throughout the process of reform, opening up, and economic development. At the beginning of reform and opening up, Mr. Deng Xiaoping put forward his famous argument of "grasping reform and opening up with one hand while grasping anti-corruption with another", "doing two jobs at the same time and attaching equal importance to both". Ever since then, the Party and the Government have taken these ideas as the guideline for combating corruption and building a clean government, persisting in

making the struggle against corruption obey and serve the core task of economic development, and making these tasks support and promote each other.

Government at all levels has consistently incorporated anti-corruption work into the overall work of economic and social development. Every year the State Council holds a working conference on government integrity to study the major issues in economic and social development and to arrange anti-corruption work for the executive sector. All government departments take the job of combating corruption and building a clean government into consideration in formulating policies for economic, social, and cultural development, as well as major reform measures and laws, rules, and regulations. On the principle that “an ounce of prevention is worth a pound of cure” they make decisions so as to prevent corruption. In the process of developing a market economy, corruption often occurs when new things are created, and it is tied up with economic activities. Corruption can easily occur in financial securities, real estate, the futures market, and contracting of projects. Supervisory organs therefore check and inspect those areas to put a stop to interference and sabotage caused by corruption, and thus maintain market fairness and the effectiveness of state laws and regulations. Since reform and opening up, China’s economy has developed in a healthy, fast, and sustainable way, the society remains stable, and the people are fairly well-off, while anti-corruption work has made healthy progress. This shows that the drive against corruption has provided a powerful guarantee for the coordinated development of the socialist material, political, and spiritual spheres.

Putting People First and Focusing Our Anti-Corruption Efforts on Major Infringements of the Public Interest

The key to building a clean government is to maintain a close bond between the government, on the one hand, and the general public, on the other. The Chinese Government advocates the view that development should be people-oriented, coordinated, and sustainable. In the struggle against corruption, we always take the protection, realization, and development of the fundamental interests of the people as the starting point, resolutely curbing unhealthy practices that infringe on the rights of the people.

In recent years we have concentrated our efforts on rectifying the unauthorized collection of educational fees and improper practices in the purchase and sale of medicines and medical services, reducing the

burden on farmers, and redressing instances of incompetent or corrupt administration. Maladministration in land requisition and land use infringed on the interests of local farmers; maladministration in city resettlement infringed on the interests of local residents; maladministration in enterprise reorganization and bankruptcy infringed on the legal rights and interests of the employees. Initial progress was made in resolving major problems that caused intense resentment among the people. Thanks to the effective measures taken by all levels of government and supervision organs, in 2004 alone the fees for students were reduced by CNY 3.9 billion. Medical workers handed over cash worth CNY 49.47 million, which they had received as kickback. And the burden on farmers was reduced by CNY 44.6 billion through the reduction of agricultural taxes.

Government at all levels is promoting improvement in government work through appraisal by the people. Many local authorities set up telephone hotlines or conduct "online appraisal" to get comments from the people on the work of government entities. Most governments at and above the county level have set up one-stop "administrative service centers" and "administrative complaint centers", where citizens can submit applications or lodge complaints in one place. This has greatly improved the quality and efficiency of public service.

Bringing into Full Play the Fundamental Role of Ethics Education and Setting Up a Defense Line to Resist Corruption

We have an old saying "A man of integrity keeps evils away". Strengthening education in ways of combating corruption and building a clean government is an important basic task in the effort to prevent and control corruption. The Chinese Government is severely cracking down on a very small number of corrupt officials while educating the vast majority of public servants on how to avoid corruption, how to resist corruption, and how to refuse temptation. For many years we have extensively taught employees of government organs, especially leading cadres, about ethics in government, respect for the law, and the overall objective of total dedication to service to the people. Public officials are constantly urged to work truly for the people, to be practical, and to stay honest. We promptly adjusted, expanded, and strengthened relevant rules and regulations in response to the new situation of reform and opening up, thus establishing a complete set of norms and ethical standards for leading cadres. We have incorporated ethics education into the selection, management, use, and training of leading cadres. We combine self-discipline with external supervision, education with management, to make

education more focused and effective. We conduct ethics training, integrity workshops, and counseling, all of which constitute effective mechanisms for ethics education.

Government at all levels has incorporated ethics education into overall arrangements for the development of the socialist culture, and continuously expanded the coverage of such education. The education combines ideological training and discipline with training in social morality, professional ethics and family values, and the culture of ethics is brought into communities, homes, schools, enterprises, and the countryside. Full use is made of radio, television, and the Internet to spread anti-corruption education, introduce advanced models, correctly guide public opinion, increase the awareness of anti-corruption measures in the society as a whole, and help establish the social tendency to celebrate integrity and regard corruption as shameful.

Carrying Out Structural, Mechanical, and Institutional Reforms, and Preventing and Controlling Corruption at the Source

In addition to resolutely punishing corruption, we need to take a development perspective and use reforms to solve the problem of corruption, starting with structural, mechanical, and institutional reforms. We gradually put in more efforts to resolve the root causes of corruption, striving to get rid of the soil that breeds it. This is one of our important experiences.

In recent years we have carried out reforms of the administrative examination and approval system, the public finance management system, the investment system, and the personnel system, and these reforms have been very effective in reducing corrupt practices in those areas. By the end of 2004, departments under the State Council had eliminated or streamlined 1,806 items for administrative examination and approval, representing 50.1% of all items that originally needed examination and approval. In the provinces (autonomous regions and municipalities directly under the central Government), 22,220 items were reduced or streamlined, representing over half the former total. These reforms greatly reduced the number of items requiring examination and approval and standardized approval procedures. The use and management of public funds is being gradually standardized. Departmental budgeting, the revenue and expenditure centralization in the State Treasury, and centralized government procurement are being practiced. The State Council's decision restructuring investments marked the beginning of a new investment structure. One of the principles we follow in restructuring is

to make full use of the market mechanism in distributing public resources, and reduce the direct interference of the government in microeconomic activities. We have introduced public bidding in construction project contracting, transfer of land use rights, property transactions, and government procurement. A total of 325 cities and prefectures across the country have now set up tangible construction markets and made almost all transfer of land use rights for profit-making ventures subject to bidding or auction. The scope and scale of items subject to government procurement are expanding.

The Chinese Government views openness in government affairs as fundamental and effective in improving the efficiency of government and preventing corruption. Government at all levels is now trying to open up its affairs as much as possible. Openness in government affairs is gradually being standardized at the township (town) level and is being introduced on a wider scale at the city and county levels. Government departments and public services that are closely tied to the well-being of the general public, such as schools, hospitals, water and power utilities, environmental protection organs, and public transportation, are all gradually making their operations more open to the public. The democratic rights of the public, such as the right to know, the right to participate, and the right to oversee, have been guaranteed by making administrative affairs more open and government work more transparent, and by streamlining the channels of communication between the people and the government.

Administering Government Affairs According to Law, and Severely Punishing Corrupt Acts

The emergence of corruption in government entities and government officials is largely due to the loss of control over administrative authority. To standardize and restrain administrative authority, the administration of government affairs according to law must be vigorously promoted, and government departments and their employees must be strictly managed. The central Government formulated the Implementation Outline for Comprehensively Promoting Administration of Government Affairs in Accordance with the Law, which clearly defines the objectives and tasks involved in putting government on a legal footing. It also once again revised the State Council Work Regulations, emphasizing the need for democratic decision making, calling for the administration of government affairs according to the law, and strengthening administrative oversight. Supervision organs at all levels intensified their oversight of government departments. In cooperation with other departments, they

checked the enforcement of laws such as the Law on Architecture, the Law on Urban Planning, the Law on Statistics and the Law on Bidding, and the Law on Administrative License, resolutely dealing with instances of misconduct like non-compliance with laws, lax enforcement of the law, non-compliance with government orders, and persistence of prohibited activities.

The investigation and prosecution of violations of law and discipline is an important means of preventing corruption and maintaining social justice. Supervision organs, under the leadership of the government, have in recent years made great efforts to investigate cases of power abuse, illegal gains, graft, bribery, embezzlement of public funds, loss of state assets, and other violations of law and discipline in construction, finance, land management, procurement, enterprise reorganization, and transfer of property rights, especially in leading government entities. Cases that are uncovered are severely dealt with, without exception. The political, economic, and social outcomes have been very good.

China is now at a critical period of socio-economic development and a difficult stage of reform when many social challenges are interconnected, systems, structures, and mechanisms in some areas are still imperfect, conditions that favor corruption still exist, and acts damaging to social justice and development happen from time to time. To cope with new requirements and new anti-corruption goals, we will work harder, persist in tackling both the symptoms and the root causes, take comprehensive measures, and combine punishment and prevention with emphasis on the latter. We will strive to build and strengthen the system for punishing and preventing corruption with equal emphasis on education, institution building, and supervision, in conformity with the socialist market economy. We will strive to establish an effective long-term ethical mechanism, an institutional system for combating corruption and building a clean government, and mechanisms for controlling power operations, so as to better promote China's economic development and social justice, and provide a solid guarantee for a thriving society.

Performing anti-money laundering functions and promoting anti-corruption work in the People's Republic of China

Cai Yilian

Deputy Director General, Anti-Money Laundering Bureau

People's Bank of China

The Chinese Government has always attached great importance to anti-corruption work. It has taken effective measures to mobilize the force of the whole society in launching an anti-corruption campaign and in formulating and strengthening mechanisms for preventing and curbing corruption. As the country's administrative body for anti-money laundering functions, the People's Bank of China (PBC) plays an important role in the anti-corruption campaign.

It has been proved that most corrupt acts are closely related to economic activities and accompanied by illegal money transfers. Illegal transactions associated with corruption can be detected through the supervision of illegal money flows. This is an effective way of preventing and fighting against the crime of money laundering, and ultimately checking corruption and safeguarding state property.

The drive against money laundering is a new duty of PBC. In 2003, the State Council decided to transfer the duty of coordinating the state's anti-money laundering work to PBC from the Ministry of Public Security. On 17 December 2003, the Sixth Session of the Standing Committee of the Tenth National People's Congress revised the PBC Law and declared the PBC "responsible for instruction and deployment of anti-money laundering work of the financial industry and [in] charge of capital monitoring for anti-money laundering purposes." To perform this duty as required, PBC has established the Anti-Money Laundering Bureau to organize and coordinate the State's anti-money laundering work, study and work out the financial institution's anti-money laundering plan and policy, undertake international cooperation and exchange in anti-money laundering activities, and consolidate, trace, and analyze information on suspicious CNY and foreign currency payment transactions provided by relevant departments. In April 2004, PBC established the China Anti-Money Laundering Monitoring and Analyzing Center to collect, analyze, monitor, and provide anti-money laundering intelligence, and to provide technical support for anti-money laundering activities.

Establishing and Improving Anti-Money Laundering Laws

The Criminal Law, as revised by the Standing Committee of the National People's Congress in 1997, explicitly defined the crime of money laundering in Article 191, which traces it to drug-related crimes, organized crime, and smuggling. In a further revision of the Criminal Law, dated 29 December 2001, the Standing Committee of the National People's Congress approved the revision of the "Revised Act of Criminal Law (III)" which provides that terrorist activity and its financing are predicate offences for the purpose of money laundering crime, and "the crime of financing terrorist activity" was added to Article 120.

With the intensification of anti-money laundering work, the legislative body and the administrative authorities of the Government have reached a consensus on a special Anti-Money Laundering Law, which is on the legislative agenda of the Tenth National People's Congress. In March 2004, a body was created to draft the law. It was headed by the PBC Budget Working Commission. As a member unit, PBC conducted surveys and investigations, collected information and data, and made suggestions in the drafting process. The draft Anti-Money Laundering Law has been completed and will be submitted to the Standing Committee of the National People's Congress for review and comment.

In January 2003, PBC issued the Regulations on Anti-Money Laundering Initiatives for Financial Institutions, Rules on Control of Large and Suspicious CNY RMB Transactions, and Rules on Reporting Large and Suspicious Foreign Exchange Transactions by Financial Institutions. These regulations specify the basic anti-money laundering measures including identifying clients, reporting large and suspicious transactions, keeping transaction records, and establishing and strengthening an internal control system for banking and financial institutions to prevent money laundering. PBC is now working with relevant financial supervisory authorities to revise the above-mentioned three regulations and formulate anti-money laundering rules and systems for securities and insurance institutions, which are expected to be issued this year.

Establishing an Anti-Money Laundering Coordinating Mechanism

As the authority appointed by the State Council to organize and coordinate the State's anti-money laundering work, PBC has actively participated in the establishment and operation of the coordinating mechanism at different levels. In May 2004, it presided over the establishment of a coordinating mechanism for financial supervisory bodies,

involving China Banking Regulatory Commission (CBRC), China Securities Regulation Commission (CSRC), China Insurance Regulatory Commission (CIRC), and the State Administration of Foreign Exchange (SAFE), to facilitate the planning and coordination of the anti-money laundering work of the financial industry; to harmonize the anti-money laundering duties of the financial supervisory bodies for banking, securities, insurance, and foreign exchange; to minimize supervisory duplication; and to avoid overlooking supervision areas. The mechanism is intended to study and analyze the general situation of anti-money laundering activities in the financial industry, to exchange findings and share supervision information, to promote cooperation between financial supervisory bodies, and to coordinate and carry out anti-money laundering work.

In August 2004, with State Council approval, PBC organized an Inter-Ministerial Anti-Money Laundering Conference with more than 20 ministerial units participating, including the Supreme People's Court, the Supreme People's Procuratorate, and the Ministry of Supervision. Following this conference, PBC has been working closely with judicial and supervisory bodies on a system for monitoring corruption-related funds, to empower anti-corruption work by making full use of the resources of these bodies.

Strengthening Anti-Money Laundering Supervision and Law Enforcement

To carry out its anti-money laundering duties and further promote anti-corruption work, PBC actively supervises the anti-money laundering campaign and works with law enforcement agencies to investigate and handle cases. From April to December 2004, PBC set up 752 inspection groups staffed with 3,906 inspectors to conduct the first special inspection of compliance with anti-money laundering regulations by commercial banks throughout the country. The results showed that most commercial banks had established internal control systems to guard against money laundering, and were performing acceptably the obligations to identify clients, keep transaction records, and report large and suspicious transactions. By July 2004, all local commercial banks had anti-money laundering steering teams and functioning organizations. Throughout the country, there are 91,313 anti-money laundering posts staffed with 92,743 full-time or part-time anti-money laundering personnel. For weaknesses in internal control systems or the failure to report suspicious transactions or to report these on time, PBC has imposed penalties amounting to CNY 1.7 million on 72 main reporting offices of commercial banks. The

inspection allows PBC to find out how banks are implementing the anti-money laundering rules and systems, and prods commercial banks to pay more attention to anti-money laundering issues. It has also built up valuable experience for future anti-money laundering supervision in the financial sector and even in the sectors most vulnerable to money laundering like real estate, sales of precious metals and stones, private sector, and relic auctions. In 2005, PBC continues the special inspection of commercial banks' implementation of anti-money laundering regulations in the provinces.

At the start of 2004, the Ministry of Public Security, PBC, and SAFE jointly issued the Circular on Joint Efforts Against Illegal and Criminal Activities of Underground Private Banks. In light of the circular, local police, PBC, and local offices of SAFE have made joint efforts to ban the illegal and criminal activities of underground private banks and have had significant achievements. There has been a major crackdown on underground private banks. In 479 special actions from April to December 2004, 155 underground private banks and illegal foreign exchange dealers with cases involving CNY 12.5 billion were closed down CNY 110 million in cash was seized, 460 bank accounts with CNY 42 million were frozen, and 274 criminal suspects were arrested. Through these anti-money laundering supervision and law enforcement actions, authorities were able to detect corruption-related crimes, intercept illegal money transfers, and control the rise in corruption.

Enhancing International Cooperation in the Drive Against Money Laundering

The anti-money laundering campaign calls for extensive and in-depth cooperation among all the regions and countries of the world. As the representative of the Chinese Government, PBC is actively engaged in international cooperation to intensify and widen anti-money laundering work. Through the joint efforts of PBC member units and the Ministries of Foreign Affairs, Public Security, and Finance, China worked with Russia to form the Eurasian Group on Combating Money and Financing of Terrorism (EAG) in October 2004. In January 2005, the 33 members of the Financial Action Task Force on Money Laundering (FATF) unanimously agreed to accept China as an observer, marking an important step by China in international cooperation in the fight against money laundering. In April 2005, China successfully hosted the Second Plenary Session of EAG in Shanghai, adding to the country's international prestige in the anti-money laundering field.

Building clean and efficient customs authorities in the People's Republic of China

Yao Sai

Director General, Supervision Bureau

Stationed with the General Administration of Customs

People's Republic of China

To build a clean, diligent, pragmatic, and highly efficient government and comply with the basic principles and methods of the United Nations Convention Against Corruption, the Arusha Declaration, and the World Customs Organization (WCO) Integrity Self-Assessment Guide, China Customs is dedicated to building a clean, efficient, and modern customs, and focuses on the three key links of education, institution, and supervision while using risk management methods and modern information technology. It is concerned with both punishment and prevention, with emphasis on the latter, to reduce and eventually eliminate the risks involved in customs law enforcement and build a clean government.

Continuous Anti-Corruption Education

China Customs attaches great importance to the education of its staff in clean government, including professional awareness education with the theme "Lawful administration: Holding the fort for the State, serving the national economy, and promoting economic development"; professional ethics education with the theme "Integrity and fairness: Holding the fort in a civilized manner"; and education in laws, regulations, and working discipline, to reinforce the ideological and moral defences of customs clerks against corruption.

China Customs brings education in clean and honest administration to all aspects of the training, management, reward, and punishment of customs clerks. All new recruits and those to be promoted undergo centralized training in clean and honest administration, and outstanding models of integrity are selected and rewarded from time to time. In 2004, remarkable results were achieved by the educational program with the theme "Law enforcement for the people: Creating a new style of work with joint efforts to build a clean customs" and the educational activity Five-Year Summary of Customs Work with the theme "A retrospective look at the past and precautions for the future". China Customs has launched a cautionary education for customs clerks through a case study

of a particularly serious case of smuggling and corruption in Xiamen, from which the customs staff can learn lessons to combat corruption.

Systems for Fighting Corruption and Promoting Integrity

China Customs regards institution building as fundamental to fighting corruption and promoting integrity in customs work. It has established a well-defined system of clean and honest administration and professional discipline, and has made efforts to restrict the use of authority, to prevent customs clerks from abusing it, and to ensure the success of anti-corruption efforts.

So far, China Customs has issued 80 systems for clean and honest administration, classified into three categories. In the first category are standards of administrative behavior for customs clerks, such as Behavioral Codes for Directors of Customs Directly under General Administration, and Regulations for Clean and Honest Customs Administration. In the second category are systems for punishing customs clerks who violate discipline or the laws, such as the Rules on Administrative Punishment for Violations of the Regulations on Customs Law Enforcement and Discipline for Clean and Honest Administration, and the Six Injunctions to Customs Clerks. The third category includes systems to strengthen internal and external supervision and control, especially the supervision and control of the behavior of officials, such as the Responsibility of Officials for Building a Clean Customs, and the Audit of the Customs Director's Economic Accountability in Office to strengthen administrative supervision. The General Administration of China Customs and the customs units directly under General Administration uncover violations of the law and discipline through cases of impeachment and prosecution brought before them and through other channels, and the special supervisory body investigates the cases using specified procedures. Administrative punishment is imposed on persons found guilty of misconduct, while cases involving violations of the criminal law are handed over to the judiciary.

Since 2000, China Customs has carried out a policy of open customs service (police service) by making public through various channels the customs organization, responsibilities and authority, workflow, service timetables, and customs policies; facilitating consultation and the filing of complaints; and accepting supervision. China Customs signs memoranda of understanding with import and export enterprises for the building of a clean customs to strengthen communication and cooperation with these enterprises and to obtain their support and assistance in building a clean and honest customs administration.

Supervision and Control

Customs law enforcement is closely associated with economic activities and the interests of the parties concerned. Therefore, preventing and eliminating corruption in law enforcement is a key aspect of customs anti-corruption work. China Customs supervises and controls the use of law enforcement authority. The supervision mechanism works whenever and wherever the authority operates.

The first means of supervision and control is an independent supervision system and a flexible and effective working mechanism. The central Government provides the first level of supervision. Below it, the Supervision Bureau of the Ministry of Supervision that is stationed with the General Administration of China Customs inspects and supervises the implementation and enforcement of laws, regulations, and central government decisions and orders by the General Administration within the framework of state law. At the lowest level of supervision, the Auditing Bureau of the National Audit Office stationed with the customs and the special offices of the National Audit Office in the localities conduct yearly audits of the General Administration of China Customs and the customs units directly under General Administration, particularly their use of customs funds.

Customs declaration is also undergoing comprehensive reform through three levels of authorization of General Administration decisions, business management of the customs units directly under General Administration, and supervision of customs at the grassroots level, as well as a new business supervision and management system with mechanisms for rational decision making, implementation, and supervision. Supervision moreover comes from within the customs system itself. The General Administration of China Customs has established a branch office in Guangdong and special offices in Tianjin and Shanghai to coordinate regional customs affairs and supervise law enforcement by the customs units directly under General Administration and the integrity of customs officials within their jurisdiction. The General Administration of China Customs has established the Supervision and Internal Audit Department, and the customs units directly under General Administration also have equivalent organizations to conduct routine and special audits of financial systems and the collection of taxes and duties, as well as customs directors' economic responsibility at different levels. A supervisory organization has been set up in each customs unit directly under General Administration, and the highest-ranking supervisor is appointed for a four-year term by General Administration. The customs units directly under

General Administration also send 200 special supervisors to subsidiaries for a two-year tenure.

The second means of supervision and control is strict implementation of the system of responsibility for building a clean and honest customs administration. China Customs has incorporated this responsibility system into annual work plans and management targets. The top managers at various levels are given the responsibility in their localities and are subject to periodic audits. Managers who fail to prudently carry out the responsibility or to bear the leader's responsibility for major violations of discipline and law are investigated and, if found guilty, subjected to administrative punishment, criticism, and education. The purpose is to ensure the thorough implementation of the system of responsibility for building a clean and honest administration in each customs unit. Since 2002, China Customs has investigated the leadership responsibility of 107 leaders and imposed disciplinary or institutional punishment on the leaders found to be at fault.

Full Use of Technology and the Internet in Preventing and Handling Corruption

We have been adapting international models of customs management to the situation in China. Risk control centers have been established in General Administration and in the customs units directly under it. A risk management program, which incorporates risk management techniques in customs operations, has been developed and implemented. Risk awareness is being created in customs units throughout the country through the introduction of a risk-oriented management model. By making full use of modern information technology and scientific management methods, we are identifying the areas that are vulnerable to smuggling and loopholes in enterprise, commodities, and customs management. These are the key targets of customs management, and we deal with them through the rational allocation of management resources. We have introduced a customs management system of unified participation, coordinated prevention, and risk control to help improve overall management efficiency by combining effective supervision with efficient operation.

E-Customs is a customs management information system that covers all operations of China Customs, links all customs departments and regions, and features networked customs declaration and rationalized logistics monitoring. E-Customs has unified customs declaration management through networked operation and monitoring across posts,

departments, and regions. The system extends the scope and duration of supervision, effectively expands and at the same time controls law enforcement authority, prevents arbitrary law enforcement in a timely manner, places the exercise of authority under strict supervision, and makes supervision more timely and effective. The risks of law enforcement and customs administration are prevented and minimized through subsystems for function management, document audit, logistics monitoring, law enforcement evaluation, and taxation management.

E-Port is a public data center and data exchange system for all departments, regions, and industries. It is backed by the national telecommunication network, which provides electronic data switching and networked examination functionality to the State's administrative and law enforcement bodies. At the same time, it provides enterprises with real-time online services such as online customs declaration, inspection application, foreign exchange settlement/payment/write-off, export tax refund, and online payment. E-Port plays an important role against smuggling and corruption and improves the overall efficiency of the port authority's law enforcement. Smuggling and tax swindling by taking advantage of government connections have been largely controlled in recent years.

E-General Administration is a virtual information system comprising applications on the confidential OA network, intranet, and Internet designed for the monitoring, analysis, and management of customs operations throughout the country. E-General Administration computerizes auxiliary decision making by evaluating nationwide data on customs law enforcement, thus improving customs administration and function management, and strengthening the supervision of law enforcement. The law enforcement supervision system developed by China Customs has been implemented in 16 supervision agencies that are directly under General Administration and have a larger business volume. The system has greatly improved the accuracy and timeliness of analysis and monitoring for law enforcement. High-tech tools, such as container inspection equipment, electronic pit scale, electronic eye, electronic document dispatching, post arrangement, and control deployment, have been extensively used in supervision.

Severe Punishment for Corrupt Elements

China Customs insists on investigating each case and correcting each mistake. It investigates cases that involve bribe taking in exchange for leniency towards smugglers, participation in and concealment of

smuggling, breach of duty and misconduct, leaders' abuse of power, and misuse of authority for personal ends. We never condone violations of discipline and the law, and try our best to nip problems in the bud. Cases of corruption that violate discipline and criminal law, especially those involving middle and high-ranking officials, are investigated and fully dealt with. For instance, in the especially serious case of smuggling in the Guangdong region in February last year, the 48 persons involved in bribery were severely punished. Forty customs clerks found to have seriously violated the law were expelled from the customs team; 11 of them were handed over to the courts. The leadership responsibility of high-ranking officials of the units where the offenders worked was investigated, and good results were achieved.

China Customs will continue to carry out the basic principles and methods set forth in the UN Convention Against Corruption, the Arusha Declaration, and the WCO Integrity Self-Assessment Guide; effectively control and prevent corruption related to customs law enforcement; enhance international cooperation and exchange in clean and honest customs administration; and continuously promote the building of clean customs.