

Statement by Mrs. Huguette Labelle,
Chair of Transparency International

Rome, 21 November 2007

First let me express my appreciation to the Government of Italy for hosting this very special anniversary and to congratulate Secretary General Gurria for his personal commitment to the success of the OECD Convention. His team as well as Mark Pieth also deserve our recognition. On a personal note I want to salute my friends from TI Italy and my colleagues from Transparency International Gillian Dell and in particular Fritz Heimann who has been an early architect of this Convention and one whose efforts have been relentless to make this Conventions a success.

The adoption ten years ago of the OECD Anti-Bribery Convention was a landmark event in the fight against international corruption. The Convention is the best instrument for curbing the supply side of international corruption because most major multinational companies are based in OECD countries.

Promoting the OECD Convention has been one of TI's highest priorities. We were actively involved in its adoption ten years ago, and our national chapters worked for its ratification by member governments. We have also participated in numerous monitoring reviews and publish an annual progress report on enforcement of the Convention.

This tenth anniversary conference provides an opportunity for assessing what has been accomplished, where we are in 2007, and what still needs to be done to achieve the Convention's objective of creating a corruption-free playing field for international trade.

The two most outstanding accomplishments are the enactment of sound laws making foreign bribery a crime by almost all of the 37 signatories, and the operation of a strong follow-up monitoring program by OECD's Working Group on Bribery. Their country reviews have been

impressively thorough, and they have had the courage to criticize even the most powerful governments. During my several years as a Deputy Minister in the Canadian Government, I learned the value of independent external reviews as a means of pointing to areas in need of improvement but also to validate the successes of our work.

TI's assessment of the current status of enforcement shows mixed results. There is substantial enforcement in 14 countries, including five of the eight largest exporters. That is an important step forward. However, there has been little or no demonstrated enforcement by over half of the parties, including three of the largest exporters. In some countries the message is clear that foreign bribery is no longer acceptable, in others it is ambiguous or worse. The conflicting messages are dramatically illustrated by the prosecution of Siemens in Germany and the suspension of the investigation of BAE Systems in the UK.

The present situation is unstable because the Convention is based on the commitment by all the parties to compete without foreign bribery. Unless lagging governments comply without further delays, there is a danger that existing support will unravel. TI's concerns for the future of the Convention are aggravated by the assertion by the UK in the BAE case that national security considerations override the commitment to prohibit foreign bribery. This sets a dangerous precedent that other governments could also use.

To ensure that the Convention succeeds, TI calls on OECD to do the following:

1. Strong action must be taken at the Ministerial level to ensure that lagging governments meet their commitment to prohibit foreign bribery. When governments fail to correct serious deficiencies in laws and procedures identified in OECD's monitoring reviews, peer pressure must be escalated to the highest political level to get results.
2. A vigorous, adequately-funded monitoring program must be continued, after the completion of the current phase of reviews, until there is active enforcement by all parties.
3. The use of national security considerations as a reason for not prosecuting foreign bribery must be foreclosed, by stating explicitly that the Convention provides no national security

exception, and that no such exception can be implied. This can be done without amending the Convention, by an interpretative commentary on the meaning of Article 5.

4. Countries must ensure that they have the necessary specialized crime investigation personnel as well as the necessary resources attributed to these functions.

The ultimate objective of the Convention is to change corporate culture and stimulate effective anti-corruption programs. Based on TI's extensive relations with the international business community, we do not believe that a sea-change in corporate behaviour has taken place. A higher and more consistent level of enforcement will be needed to achieve that objective. Forward-looking business leaders recognize that a bribe-free level playing field is in their best interest and have adopted anti-corruption programs without waiting for law enforcement. We urge such leaders to take action within the business community to drive anticorruption programs deep into the operations and the culture of multinational companies. We also urge them to send a clear message to their governments that the success of the OECD Convention is vital.

TI's annual meeting in Indonesia in late October, attended by representatives from [70] national chapters, asked me to deliver an important message. The success or failure of the OECD Convention will have far-reaching consequences for the future of the entire worldwide anticorruption movement. It represents a critical test of the will of the industrialized world to combat international corruption.

Failure of the Convention will destroy the credibility of the industrialized world in promoting anticorruption efforts in the developing world and in important countries such as China, India and Russia that are not members of OECD. It will weaken multilateral anticorruption initiatives at the World Bank and at the United Nations, including the UN Convention Against Corruption as well as the recently launched StAR initiative.

Success of the Convention will have great benefits, curbing the supply side of international corruption and creating a bribe-free, level playing field for international trade. Beyond that it will prevent the loss of hundreds of billions of dollars to poverty reduction and curb the flow of illicit money contributing to world violence.

Let me end on a personal note. I recognize that this tenth anniversary conference is a celebratory occasion, and there is much to celebrate. I hope I have not worn out my welcome by also discussing some of the obstacles that must still be overcome. In the past decade TI has learned that overcoming corruption is even harder than we first thought. Our opponents are determined and resourceful. Our supporters often balance off anticorruption and other priorities. Optimism is necessary, but realism is even more important. In that spirit, I want to applaud the declaration of renewed commitment by all state parties to the Convention. I also want to say to Angel Gurría, Mark Pieth, Carolyn Ervin, and all OECD Governments that TI is anxious to continue working with OECD in the same constructive spirit as in the past. Too much is at stake to do otherwise.