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Engaging China in the fight against transnational bribery: “Operation Skynet” as a new opportunity for OECD countries

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What does the rise of China mean for the global fight against transnational bribery? Starting out from an assessment of China’s pivotal role for transnational bribery and (potentially) the fight against it, this paper examines the domestic drivers behind the rapid internationalisation of China’s anti-corruption efforts since mid-2014. China’s growing interest in and impact on international cooperation in the field of anti-corruption is shown to be both a normative challenge to OECD standards and an opportunity for engaging China more effectively in the global fight against transnational bribery. The analysis leads to several suggestions for how OECD countries could leverage Beijing’s increased interest in international cooperation against corruption to make progress on the ambitious, but still scarcely implemented, OECD anti-bribery agenda.

Key words (optional): China, transnational bribery, OECD, anti-corruption

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1. Introduction: Cooperation with China is essential in the fight against transnational bribery

Within the field of anti-corruption, transnational bribery is a difficult cross-cutting problem: In an economically interconnected world with unprecedented levels of unfettered financial transactions across national borders, any recipe to combat corruption at a national level is prone to fail if the ‘supply side’ of corruption abroad cannot be controlled and public officials or politicians can surreptitiously accept bribes from foreign entities into offshore bank accounts.

In Western industrialised countries, a growing consciousness of the detrimental effects of transnational bribery – not only for developing countries, but also for Western businesses through the distortion of competition in third markets – has led to a rapid evolution of international standards in recent decades. Starting out from the *U.S. Foreign Corrupt Practices Act* of 1977, provisions to criminalize the bribery of foreign officials have been successfully promoted by the 1997 *OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions* and the *United Nations Convention against Corruption* (UNCAC) adopted in 2003.

In the early 21st century, however, Western countries – even if broadly defined as encompassing all OECD member states – can no longer determine the rules and standards of transnational business or developmental policies on their own. Amidst a broader shift of economic and diplomatic power towards the so-called BRICS countries, China’s rise in particular creates an urgent need for Western-dominated international institutions to adapt and become more integrative (Breslin 2013). Thus, the Chinese leadership’s rapidly growing interest in the international fight against corruption deserves attention today, as Beijing is actively promoting its own understandings and priorities in this field and could thereby come to challenge and possibly redefine prevailing international anti-corruption norms. On the other hand, Chinese needs for closer cooperation also provide established players with new opportunities for engagement.

Taking an OECD perspective, this paper seeks to explore how China’s domestically driven interests in the broader field of international anti-corruption could be harnessed to uphold and improve international anti-foreign bribery standards. Part 1 takes a critical look at China’s current role in transnational bribery worldwide and show why more cooperation from Beijing is urgently needed maintain global anti-bribery efforts. Part 2 explains the recent surge in Chinese law enforcement cooperation requests towards OECD member states and examines how Beijing’s domestic priorities are beginning to impact international norms. Finally, part 3 argues that OECD member states’ bilateral cooperation with China lacks a strategic vision and has so far only advanced Beijing’s own agenda. Thus, several options for how OECD as well as EU and national policy-makers could make better use of cooperation with China will be discussed at the end.

1.1 OECD standards on combating transnational bribery have gained international acceptance, but enforcement remains weak

Transnational bribery, which is generally defined as the bribing by a natural or juristic person from one country of a public official of another country, had been widely ignored in international trade and investment relations for decades, before receiving considerable attention from both international institutions and scholars all over the world in recent years (Rose-Ackermann 2002). This sudden increase in attention cannot necessarily be attributed to an actual rise in the occurrence of the phenomenon, but is rather the result of successful agenda-setting by international organizations and NGOs. New datasets and indices like Transparency International's *Bribe Payers Index* (BPI), launched in 1999, have helped to redirect attention from the *demand side* to the *supply side* of transnational corruption, showing just how much transnational companies from the world's largest exporting countries are involved in transnational bribery (Transparency International 2011).

In terms of standard-setting, the OECD Anti-Bribery Convention has been crucial in pushing countries to incriminate bribery of foreign public officials, something which until recently used to be quite unusual even in industrial countries highly dependent on exports (Rose 2015, Wolf 2007). The Convention and its implementation procedure since 1999 have thus focused on necessary technical changes in national criminal law in signatory states (Heidenheimer/Moroff 2007: 946). However, the transposition of international 'good practice' into national law has not yielded the desirable effects in many instances, i.e. the meaningful pursuit and significant reduction of the supply side of transnational bribery (Wolf/Schmidt-Pfister 2010). Despite a continuous peer review mechanism that has made the OECD Convention relatively effective in terms of international norm-setting (Rose 2015), judicial cooperation remains inadequate even among signatory states, let alone with third countries (Stephenson 2014). The latest enforcement data published in November 2016 further reveal that across all 41 Parties to the Convention, less than 400 individuals have been sanctioned for foreign bribery since the Convention entered force in 1999 – an average 0.6 sanctions per country and year. 24 of the 41 Parties have not even sanctioned one single individual or juristic person (OECD 2016a). This suggests that formal transposition of anti-bribery provisions into national criminal law alone is inadequate, due to weak enforcement capabilities abroad, a lack of effective judicial cooperation in many cases, but also due to many governments' weak resolve to actively enforce foreign anti-bribery rules against their 'own' companies (Transparency International 2012).

1.2 Meaningful implementation of anti-bribery standards hinges upon better Chinese compliance

China and Chinese companies are not at the root of this transnational bribery problem. They have, over the last three decades, entered a global economy in which such practices were already common and informally accepted – including by many actors in OECD countries – as a necessary means to

obtain market access in ‘endemically corrupt’ countries. Yet, the size of China’s market and its ever more important role in the global economy make it a crucial player today. It is further argued here that China has a negative impact on anti-bribery mechanisms as promoted by the OECD in three ways: By increasing ‘corrupt competition’ in third markets, by failing to provide better opportunities for corruption-free access to its own market, and by functioning as a hub for international money laundering.

1.2.1 Chinese companies increase ‘corrupt competition’ in third markets

The widespread corruption involved in Chinese (often state-owned) companies’ overseas activities has become a growing international problem (Windsor 2017). In the latest BPI, China ranked 27 out of 28 major global economies, with only Russian companies being even more likely to pay bribes abroad (Transparency International 2011). While China’s overall outbound investment stock is still low compared to many OECD economies, there has been a staggering increase along with a geographic and sectoral diversification in recent years (UNCTAD 2016). Moreover, in developing countries in Southeast Asia and Africa, Chinese companies have become fierce competitors for established European or US multinationals, while Western-dominated development institutions find it increasingly hard to implement *good governance* standards (including preventive measures against corruption and bribery) in the presence of Chinese alternatives commonly promoted as being ‘no strings attached’ (Raine 2013).

The overall effects of the growing presence of Chinese money in developing countries are mixed (Freeman 2015), but bribery has been shown to be most prevalent in precisely the kind of large-scale infrastructure deals that characterize China’s developmental strategy both domestically and abroad (Copper 2016, OECD 2016c). Moreover, Chinese companies broadly in line with their government’s ‘going out’ strategy still face no or little legal sanctions for overseas bribery at home. Politically condoned large-scale deals to grant Chinese companies access to resources or arable land in Africa or Central Asia further aggravate the problem of political kickbacks for corrupt local elites (Raine 2013). From the perspective of OECD governments, growing Chinese competition reduces incentives to enforce anti-foreign bribery standards based on the rationale that this could hurt their own companies’ competitiveness. It also offers multinationals from OECD countries new excuses for continuing to engage in foreign bribery, despite the latter being unambiguously condemned by international conventions and established codes of conduct for global businesses (such as the APEC’s Anti-Corruption Code of Conduct for Business). Accordingly, a recent assessment of lax anti-bribery controls by OECD governments (Transparency International 2016) singled out competition with non-compliant Chinese companies as one main obstacle to meaningful implementation of anti-foreign bribery rules.

1.2.2 China fails to provide better opportunities for corruption-free access to its own market

Although a sweeping anti-corruption campaign has made it riskier than ever before for China's local bureaucrats and party cadres to ask for exorbitant bribes and enjoy their ill-gotten wealth, so-called 'facilitation payments' are still a common requirement for foreign businesses that want to avoid getting stuck in bureaucratic nightmares in China. This is despite a comprehensive Anti-Unfair Competition Law passed in 1993 as well as laws against money laundering, active and passive bribery, which look good on paper but are patchily enforced (GAN 2016). The situation gets even worse when it comes to dealing with foreign competitors of Chinese companies in local politics. Even binding investment protection clauses in existing bilateral investment treaties are of little help to foreign companies in many cases. The lack of a transparent and reliable judicial system that foreign businesses could appeal to in cases of unfair competition can effectively lead to a 'negative selection' where only those foreign companies with no qualms about engaging in widespread bribery survive in the market (Schmidpeter et al. 2015). A series of high-level cases investigated by the US Securities and Exchange Commission in recent years – including sanctions against GlaxoSmithKline, JP Morgan and Goldman Sachs – have exposed how common systematic bribery and nepotism schemes continue to be in China (Wedeman 2014, SEC 2016). Despite a high-profile anti-corruption campaign, Chinese disciplinary inspectors seem loth to take up such large-scale foreign bribery schemes, which often benefit the most well-connected within the Chinese Communist Party (CCP) leadership.

1.2.3 China has become a popular hub for money laundering

A look at the close symbiotic relationship between transnational bribery and international money laundering schemes leads to another issue where China has come to play an important and often highly problematic role: Money laundering hubs make it much easier for corrupt officials from around the world to hide, and eventually benefit from, their ill-gotten riches. They are thus a significant problem for OECD efforts to curb transnational bribery, but equally for China's efforts to reign in the venality of its own bureaucracy.

In recent years, however, China itself has emerged as an important global money laundering hub for several reasons. First, lax and loosely implemented financial regulations make China an El Dorado for criminal financial activities. The notorious *hot money* flows between Mainland China and Hong Kong, i.e. one of the world's best connected financial centres, further increase China's 'attractiveness' and accessibility for criminal financial activities worldwide (Subramanian 2016). The Chinese money laundering problem has been amplified by an unparalleled volume of loosely controlled shadow banking activities and the rapid growth of opaque digital cryptocurrency markets (such as bitcoin). But even Chinese big banks themselves have been repeatedly involved in money laundering scandals, including in the financing of mafia activities in Europe (The Economist 2016).

One major problem – common to many OECD countries, but particularly salient in China – is the lack of transparency on beneficial ownership, an issue where “China is not fully compliant with any G20 Principle” (Transparency International 2015b: 1). New evidence put forward in a March 2016 Associated Press research report on Hong Kong’s pivotal role in global money laundering (Kinetz/Chan 2016) has further increased international pressure on Beijing to become more cooperative. Despite China’s official rejection of such claims, the conclusion of a pioneering anti-money laundering agreement with Australia in November 2016 as well as the People’s Bank of China’s recent efforts to step up regulation and better control anti-money laundering rules in bitcoin exchanges (Lee/Dai 2017) suggest at least a growing sensitivity by the Chinese leadership.

2. In pursuit of Chinese interests: Drivers and implications of China’s globalised anti-corruption drive

While integrating China more effectively into global efforts to curb transnational bribery is necessary, China’s commitment to date has been limited to the formal transposition of some international norms, without clearly visible effects on the ground. However, due to a far-reaching anti-corruption campaign steered by the highest leadership level since 2012 and transformed into a global effort since mid-2014, China now has much stronger stakes in this field.

The drivers behind China’s anti-corruption efforts and Beijing’s willingness to comply with international standards on certain aspects but not on others can only be understood by examining the domestic context in more detail. This means grasping both the structurally different manifestations of corruption in China and, consequently, the very different ‘recipes’ to combat it. Rather than explaining these differences by referring to inherently distinct ‘Asian values’ within Chinese society at large (Wen 2013), this paper looks at different governance structures and the CCP leadership’s interests to explain why Chinese conceptions of corruption and anti-corruption differ substantially from established OECD norms and principles.

2.1 China’s domestic anti-corruption policies remain at odds with OECD standards

Like anti-corruption norms promoted by other Western-dominated international institutions (Wolf/Schmidt-Pfister 2010), OECD standards are based on the liberal assumption that transnational bribery, like other forms of corruption, “undermines good governance and economic development, and distorts international competitive conditions” (Preamble of the 1997 OECD Convention). In addition to ethical concerns about violations of individual freedoms and human rights by corrupt governments (Harrison 2006), concerns about political and economic efficiency are at the core of this anti-corruption agenda, which gained international predominance during the 1990s (Sampson 2010). The initial legalistic focus of Western-style anti-corruption recipes has been complemented in recent

years, with the promotion of a “culture of public integrity” not only among government officials, but also in partnerships with business circles and civil society actors – resulting in what the OECD has dubbed an “integrative whole-of-society approach” (OECD 2017).

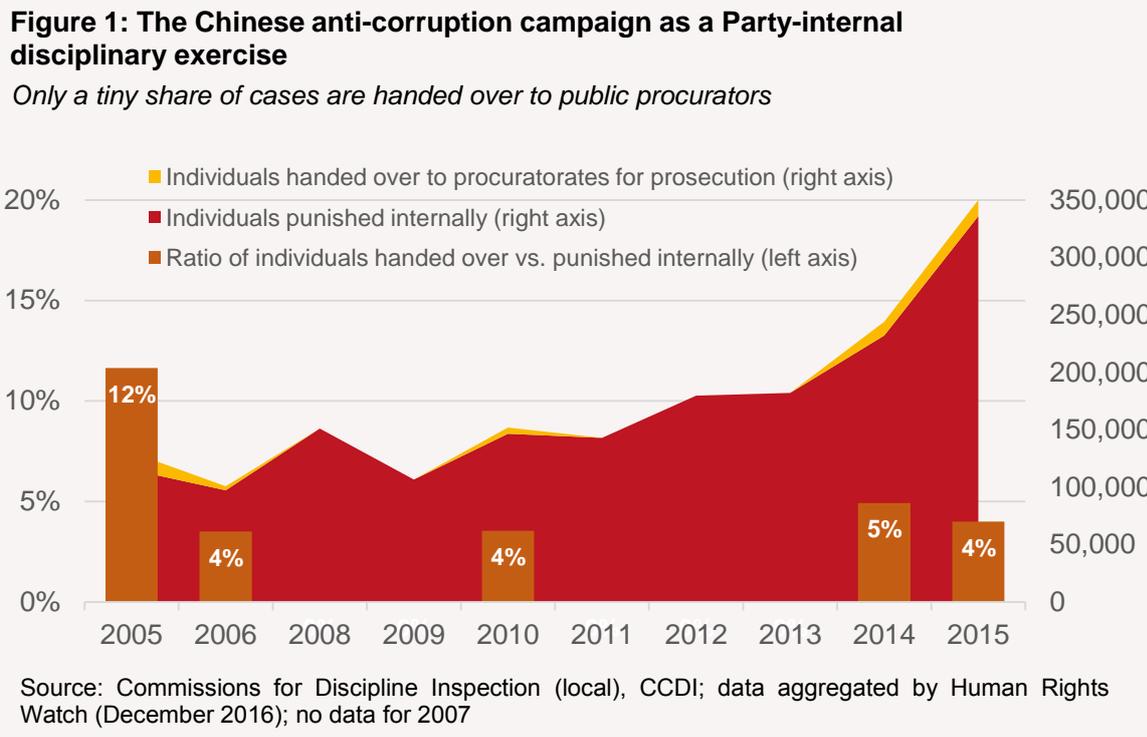
Corruption and anti-corruption approaches in China structurally differ from, and even contradict, such liberal conceptions. To begin with, China’s state-driven economic development model since the 1980s belies the widespread assumption that high levels of corruption are inherently inimical to economic growth (Mauro 1995). Instead, China’s development has been predicated upon a highly corrupt “administrative market” (Heilmann 2016) where political influence is systematically traded for business opportunities. A specific form of (growth-friendly) corruption is thus at the very heart of China’s state capitalist model (Cabestan 2014). But with the omnipresent abuse of power for personal gain eroding the legitimacy of one-party rule (Pei 2016), concerns for legitimacy and system stability – rather than human rights or economic efficiency – are now at the core of CCP anti-corruption efforts.

Xi Jinping’s flagship campaign to root out corruption and enforce party discipline is a prime example for the close nexus in the Chinese system between anti-corruption, ideological guidance and regime legitimacy (Holbig/Gilley 2010). Since the 18th Party Congress in 2012, top-level leaders have repeatedly acknowledged that eliminating corruption is vital for the CCP’s long-term survival, thus making the issue a vital priority during the entire Xi era. The powerful Central Commission for Discipline Inspection (CCDI) has been spearheading the most resolute campaign in decades, with purportedly over one million people sanctioned so far (Xinhua 2016). It is however important to note that the so-called “Eight-Point Regulation of the Centre” (中央八项规定), which is commonly seen as the starting point of Xi’s anti-corruption campaign (Griffin/Liu/Shu 2016), mostly refers to intra-Party disciplinary offenses (such as lavish spending, unnecessary travels abroad, unauthorised issuance of official documents), with “corruption” in a Western sense only included as one violation of Party discipline among others.

This broad, disciplinary definition of corruption is clearly at odds with criminal law definitions common in OECD countries. Despite the transposition of international standard definitions into Chinese laws, the shots are called by intra-Party disciplinary inspectors, whose definitions of what constitutes “corrupt” or “immoral” behaviour prevail over those used by public prosecutors and courts. CCP-driven anti-corruption efforts equally remain moralistic and deliberately focused on *individual* responsibility, i.e. the punishment and public repentance of ‘morally deprived’ Party and government officials, rather than institutional deficiencies and the need for systemic reforms (Cabestan 2014, Guo 2008).

The Chinese leadership’s limited interest in international good practices is also illustrated by the continued widespread use of the so-called *Shuanggui* (双规) system, which gives priority to a

(secret) intra-Party disciplinary investigation into suspects. Recent statistics show that while these investigations have been sharply on the rise since 2012, the share of people handed over by CCP investigators to the public prosecutor’s office has remained at merely 4-5% (cf. Figure 1). Even worse than the circumvention of legal procedures is the fact that ‘dark prisons’ and torture are still common practice within the *Shuanggui* system, despite public condemnations even from high-ranking Party officials (Human Rights Watch 2016).



Changes to this dual investigation systems are likely to be brought about by the establishment of a new “National Supervision Commission” (国家监察委员会) announced in January 2017, which should lead to closer cooperation between Party-led disciplinary bodies and state prosecutors on corruption cases. The new supervisory body is expected to consolidate and institutionalise the hitherto campaign-style anti-corruption efforts, but the CCP leadership will retain close control and oversight (Chen/Ohlberg 2017). Another open contradiction with OECD and EU standards is the fact that corruption is still subject to the death penalty in “extreme cases” (Liang 2016), although exceptions are made in transnational cases where the risk of capital punishment would violate an extraditing country’s commitment to the non-refoulement principle.

2.2 Internationally, China promotes punitive measures and intergovernmental cooperation as tools of choice against corruption

Throughout the first decade of the 21st century, China’s involvement in the field of international anti-corruption was mainly characterised by an interest to learn from – and possibly show some good-will compliance with – existing international norms such as UNCAC or the 1997 OECD Convention.

Before 2014, China had already participated in several international institutions. From an OECD perspective, cooperation was possible with Chinese state organs and judicial authorities to help China adapt its legislation and familiarize its own bureaucracy with international standards on transnational bribery. Most importantly, Beijing ratified UNCAC in 2006 and became an *ad hoc* observer of the OECD's *Working Group on Bribery in International Business Transactions* in 2007 (OECD 2012b). In 2011, China even formally transposed international standards as defined by UNCAC and the OECD Convention by amending its Criminal Law to include foreign bribery as a criminal offence. However, this provision has been criticised for being deliberately designed to avoid strict enforcement (Gintel 2012). The absence of any meaningful sanctions against Chinese companies for offences abroad to date corroborates this criticism. Overall, China's approach to date has been one of attentively observing and selectively transposing transnational anti-bribery standards without showing any signs of enforcement.

However, as many wealthy officials have left China in search of 'safe havens' abroad, the leadership requires more effective international cooperation to prevent the domestic enforcement campaign from being undermined. China's globalised anti-corruption efforts are thus an extension of domestic enforcement campaigns, and repatriating 'corrupt fugitives' has become the number one priority. A key date in this respect is July 2014, when the Ministry of Public Security (MPS) launched a high-profile "Operation Foxhunt" (猎狐行动) to track down and repatriate 'economic fugitives' and their assets abroad (MPS 2014). The extension of this international campaign has been dubbed "Operation Skynet" (天网行动) and brings in the Supreme People's Procuratorate as well as the People's Bank of China to extend the hitherto police-led manhunt to the recovery of stolen assets. These operations have brought significant changes upon Chinese attitudes to international anti-corruption cooperation.

Since the leadership has made international cooperation against corruption a foreign policy priority, it also asserts its own goals, i.e. extraditions and recovery of stolen assets, much more resolutely than before. This is most obvious in the Chinese diplomacy's new focus on bilateral law enforcement cooperation with OECD countries, where most 'corrupt fugitives' hide from prosecution by Chinese law enforcers (Eder/Lang/Rudolf 2017). Targeting these 'safe havens' is now an openly assumed goal of "Operation Skynet", with Party-state media oscillating between praising China's advancements in securing Western cooperation and ranting about Western countries' unwillingness to cooperate with China due to "human rights excuses" and "double standards".

Simultaneously, China has started to influence global norms in relevant multilateral cooperation formats like the UN, the G20, or Interpol. Faced with a Western-shaped set of international law enforcement mechanisms, Beijing is now increasingly trying to shape the 'rules of the game'. This growing self-confidence is also reflective of the "Two guides" (两个引导) concept

first presented by President Xi in February 2017, referring to China's guiding role for the "new world order" and "international security". For instance, China has increased its use of Interpol by adding its "100 most wanted" corruption suspects to Interpol's *red notices* list in April 2015, compared to a total of only 500 red notices issued for Chinese citizens before. The election of former vice-minister for public security Meng Hongwei as the first ever Chinese head of Interpol in November 2016 and the surge in Chinese personnel at Interpol headquarters confirm the growing importance Beijing attaches to international police cooperation in the wake of "Operation Skynet".

Beijing's drive to establish extradition as the tool of choice leads to a stronger focus on punitive measures at the expense of preventive, institutionalist anti-corruption approaches. Thus, the APEC's Beijing Declaration on Fighting Corruption from November 2014 closely follows these Chinese domestic policy priorities, as do the *G20 High-Level Principles on Cooperation on Persons Sought for Corruption and Asset Recovery* resulting from the September 2016 Hangzhou Summit. Stolen asset recovery could be a potential issue of joint interest with many OECD countries, however Beijing remains focused on mutual legal assistance in individual cases rather than promoting financial disclosure systems and capacity-building initiatives which would be necessary to address the issue more comprehensively (Rossi/Pop/Berger 2016). Finally, China's growing influence can also be felt through the reemphasis on purely intergovernmental cooperation in the implementation of multilateral conventions like UNCAC, as opposed to multi-stakeholder approaches consistently promoted by international civil society actors and reflected in the OECD's "integrative whole-of-society approach" (OECD 2017).

3. The way forward: Using "Operation Skynet" as an opportunity for real win-win cooperation with China

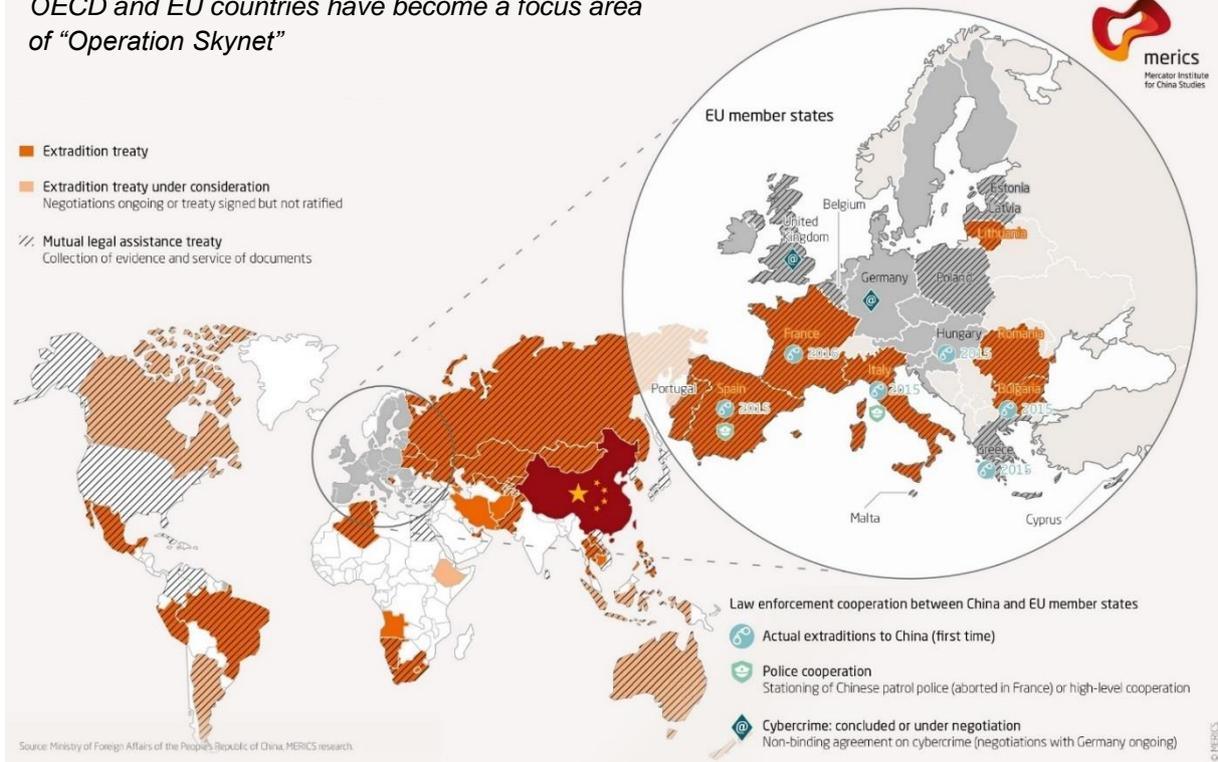
Even if Beijing remains narrowly focused on promoting extradition and asset recovery, surging demands for judicial and police cooperation provide Western counterparts with unprecedented opportunities to integrate China into a truly global anti-bribery effort. If properly addressed, Beijing's global anti-corruption drive could offer new opportunities for constructive engagement and increase the leverage of OECD countries vis-à-vis China.

3.1 Cooperation is already on the rise, but mostly on Chinese terms

However, OECD countries have so far responded to Chinese advances in a contradictory and uncoordinated way: While some EU member states, such as Germany, remain hesitant to even talk about extradition in view of the scant legal guarantees in China's domestic judicial system, Beijing has made major progress in moving other European democracies towards cooperation on its priority issue. Thus, China successfully concluded new extradition treaties with France and Italy in 2015 and convinced several countries to extradite corruption suspects for the first time. Spain, Italy, Greece,

Figure 2: China's anti-corruption campaign goes global

OECD and EU countries have become a focus area of "Operation Skyenet"



Hungary and France have all done so since 2015 (cf. Figure 2).

Looking beyond Europe, Australia, New Zealand and Canada are all engaged in heated domestic debates over judicial cooperation with China, at different stages of negotiating, signing or ratifying formal extradition agreements with China. The United States, meanwhile, has dealt with Chinese extradition requests on a case-by-case basis, mostly using exiled Chinese bureaucrats as a diplomatic currency for other purposes than combating corruption (e.g. to request China take back other illegal migrants from the US as a *quid pro quo*).

Such bilateral approaches, however, expose cooperating states to serious risks while depriving all OECD countries from the potential gains of coordinated engagement. Examples from other Chinese extradition deals with Asian countries (Thailand, Kazakhstan, Afghanistan) have shown that, by making agile use of power asymmetries in bilateral negotiations, China asserts its own priorities regardless of standards it has subscribed to in multilateral conventions. The most pressing concern for OECD governments should be with the *non-refoulement* principle enshrined *inter alia* in the 1951 Geneva Convention, which prohibits extradition where there is a serious risk the person in question might suffer the death penalty, torture or other inhuman treatment. By circumventing such fundamental principles of the post-war liberal order and pushing others to do the same, China could even mount an authoritarian challenge to international anti-corruption norms which have so far been largely shaped by liberal norms that prevailed internationally in the 1990s.

3.2 The challenge for OECD countries is to promote constructive engagement with China without diluting own standards

The solution for liberal democracies, however, is not to refrain from law enforcement cooperation with China entirely. Due to the CCP's broad understanding of "corruption", opaque investigations and the difficult follow-up after suspects return to China, upholding legal safeguards remains a headache in corruption-related extradition dealings. But OECD states have no interest in providing safe havens for corrupt Chinese bureaucrats and their ill-gotten assets. Moreover, China's pivotal role in the global economy makes cooperation a necessity to improve clean governance standards for businesses and governments alike.

China's anti-corruption campaign provides opportunities not so much because of its direct focus and methods – which are a far cry from OECD anti-corruption standards – but because President Xi's personal credibility is closely tied to its success. China's top leadership thus has a double interest in closer cooperation with OECD countries: First, it needs to curtail the ongoing flight of suspects and stolen assets, while showing that China is internationally respected for its resolute fight against corruption. Second, Chinese corruption fighters can indeed benefit from international learning as the growing domestic legitimacy problems of the campaign (Ni/Li 2016) indicate that anti-corruption efforts in China will need to go beyond media success stories of individual punishments and become more institutionalised over time.

Meaningful cooperation requires taking Chinese domestic priorities seriously and formulating clear expectations in return. Apart from justified concerns over China's legal system, Chinese and OECD priorities are complementary in many regards, allowing for potential cross-issue bargains on anti-corruption. The OECD itself has sought to appeal to Chinese self-interests in closer cooperation by highlighting the Convention's advantages in promoting "effective legal assistance in trans-border bribery investigations and proceedings, including confiscation of bribe proceeds." (OECD 2016b: 38).

Based on the analysis of China's problematic role for transnational bribery in part 1, substantive Chinese commitments are needed on several issues:

- Better controls over Chinese (state-owned) companies' ethical behaviour abroad. This includes bringing China closer towards the OECD principles on fighting bribery in official development aid and development cooperation, propagating both internal audit services and independent external auditing of Chinese multinationals' activities abroad. Regarding bribery control in the most corruption-prone sectors in developing countries, China's subscription to the sector-specific multilateral transparency initiatives EITI (Extractive Industries Transparency Initiative) and CoST (Construction Sector Transparency Initiative) should be another point on the agenda.
- Regarding China's domestic legal environment, compliance with anti-bribery norms needs to

go beyond formal transposition. Direct communication channels with the new National Supervisory Commission could make working-level cooperation more effective than previous exchanges with state prosecutors. However, as the transparency of anti-corruption investigations is unlikely to improve, structured exchanges of experiences among OECD countries themselves are necessary to hold China jointly accountable.

- OECD countries' generic demands for "better market access" in China should be more specifically focused on anti-corruption standards in procurement and investment allocation, such as local-level procurement transparency, positive incentives for multinationals with good compliance records, or the introduction of anonymous complaint mechanisms for foreign companies.
- To reduce the deleterious global impact of money-laundering, China should be encouraged to better enforce regulations against transnational financial crime, increase beneficial ownership transparency and agree to transparent peer reviews regarding the implementation of preventive measures and institutional reforms laid down in previous G20 declarations.

To make progress on at least some of these exigencies, multilateral, rules-based cooperation formats should be privileged over further expanding bilateral law enforcement cooperation. A joint EU approach, including the perspective of an EU-China extradition agreement, could be a start for more substantial anti-corruption cooperation with China. EU leverage could be further increased by coordinating with like-minded countries like Canada, Australia or New Zealand, which otherwise risk asymmetric pressure from Beijing in their respective extradition treaty negotiations. The EU and like-minded OECD countries could also hold Chinese companies accountable to anti-foreign bribery standards by imposing closer checks on their behaviour within OECD markets. Leverage would be highest within the framework of China's "Belt and Road initiative", as the latter is characterised mainly by large-scale infrastructure investments which are also prestige projects for the Chinese government.

Regarding direct cooperation between the OECD and Beijing, rather than pushing for China's full adherence to the OECD Anti-Bribery Convention in the short run, priority should be given to China's full participation in the OECD's Working Group on Bribery and adherence to relevant peer review mechanisms which would help to monitor China's progress beyond voluntary self-declarations. Finally, joint action by OECD countries within the G20 is another way forward. G20 summits and Anti-Corruption Working Group meetings can be used to formulate common expectations vis-à-vis China. For instance, instead of responding to Chinese asset recovery demands on a case-by-case basis, these could be made conditional upon China's compliance with G20 initiatives for financial transparency and the fight against money laundering. Progress in this field, of course, is also highly contingent upon OECD countries' own political will to effectively combat

transnational bribery and money laundering by improving regulation and oversight of opaque financial activities across the globe.

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