

European Union



**Organisation for Economic
Co-operation and Development**



**North-West
Investment Agency**



**OECD WORKSHOP
INVESTMENT AND BUSINESS CLIMATE IN THE RUSSIAN FEDERATION:
A REGIONAL PERSPECTIVE**

ST. PETERSBURG, 9-10 NOVEMBER 2005

***Session II: Business Integrity and Private-Public
Inter-Action in the Fight Against Corruption: Progress and Challenges***

Prepare for Change and Encourage Corporate Anti-Corruption

*Birgitta Nygren
Swedish Ministry for Foreign Affairs*

Dear Participants,

It is a great pleasure for me to come here today to this seminar dealing with the important subject of the fight against corruption. I do hope that I can share with you some thoughts that may be of interest to you, even if I come from a country that looks very different from Russia from a corruption point of view.

In Sweden, corruption has since long been regarded as a very limited problem. We have had laws in place since the Middle Ages forbidding corruption. The laws have indeed been developed over time. But, corruption has also for long been regarded as something mean and unworthy of engaging in.

I would like to underline that I am not coming here today to deliver recipes for how to fight corruption. For, in all honesty, we do not have sufficient research on the reasons why corruption is not a big problem in Sweden. We may have some ideas but we don't have substantiated facts. I'll talk about the most important ones later.

However, even if corruption is not a big problem, I think that that it is important never to relax. The fight against corruption has to be persistent. By way of example, I would like to mention that a couple of years ago, the Prosecutor General carried out a study on what happened with allegations of corruption during a period of time. He found out that most of the allegations concerned petty crimes. However, whether the allegations were less serious or more serious, many of them were laid aside as the police didn't find enough evidence to pursue them. The conclusion was drawn that corruption was complicated to investigate. Thus, specialists were required. So, the Prosecutor General decided to set up a special anti-corruption unit. And what happened? A number of corruption cases were identified and are now being investigated or subject to legal proceedings. So, a conclusion is that, unless you look, you won't find.

I think it is important that the legal framework is easy to understand. In our case, we have only two provisions dealing with corruption. They apply to active (giving bribes) as well as to passive (taking bribes) bribery, to private as well as public employees and for domestic as well as foreign bribery. The wide coverage of the anti-corruption laws has been in effect from 1978. However, we have had relatively

few cases over the years. And I have to admit that there has been some discussion on how to draw the borderline between due and undue advantages or benefits. Also, there is a general feeling that the laws should be more strictly applied to crimes committed by a public official than for a crime committed by a private employee , even if the scales of punishment are the same for both categories. There is also a tendency to impose harsher sanctions on active bribery than passive bribery. We do however hope that the increased number of cases will help establish clearer precedents.

It is important that there is a dialogue between the business community and the Government on anti-bribery issues. The Government should convey a clear message to the business community about the importance of not only complying with the laws against corruption and related crimes but also to complying with non-binding initiatives and rules such as the OECD Guidelines for Multinational Enterprises and the UN Global Compact.

In Sweden, the Prime Minister a couple of years ago, called on the Swedish business community to join an initiative called the Swedish Partnership for Global Responsibility. The initiative was meant to encourage Swedish companies to support and strive to adhere to the principles of the OECD Guidelines and the UN Global Compact. We have found it practical and appropriate to define Corporate Social Responsibility as practices in line with the principles of these two instruments. These are based on internationally agreed conventions on human rights, core labour standards, environment and anti-corruption. That is rather straightforward and leaves little room for discretion.

The Partnership has been very successful as a platform for spreading the message of the importance of Corporate Social Responsibility. More than 30 seminars, workshops and round-tables have been organized with the view to raising awareness of different subjects related to Corporate Social Responsibility and thereby assisting companies to develop their integrity instruments.

In order to appear credible, the Government has to start with its own activities. As I see it, there is no way the Government can get the business community to act responsibly unless the public officials and the politicians act responsibility themselves. That is a lesson we have learnt. Swedish private companies active in developing integrity measures have not been late in pointing out that the Swedish Government in its capacity as owner to a number of companies have been rather late in sending signals to the publicly owned companies about the importance of Corporate Social Responsibility. Most of those companies are not active on the international arena. However, measures have now been taken in order to ensure that the publicly owned companies address the Corporate Social Responsibility issues seriously.

Measures have also been taken in order to raise awareness of public officials of ethical matters in general. Codes of ethics have been developed for the Government offices as well as guidelines for the development of codes in independent authorities, local and regional communities. A special code has been developed for public officials working abroad.

The Ministry for Foreign Affairs has developed a Plan of Action against corruption with the view to raising awareness in the Ministry and in its missions abroad on the evils of corruption and to trying to ensure that there is no corruption in our own activities and that we don't promote transactions in which corruption is involved.

Why do we have relatively little corruption in Sweden? One basic factor is that public officials have since long been sufficiently well paid to make ends meet without having to require bribery for services rendered. Of overriding importance is also our long tradition of openness in the public sector. We have a presumption that all documents produced should be available to the public unless they contain information, which is deemed to be secret according to the Secrecy Act. We believe that transparency is essential as a

means in the fight against corruption as it helps the public at large to keep an eye on what is going on in the public sector and helps journalists in their role as watchdogs.

Since Sweden joined the European Union we have had to take many fights in order to retain our openness and with the view to making the Community become more open, which we think essential in order make the European Institutions accepted by the citizens of the European Union.

Much corruption doesn't know any borders. Therefore, it is important that we join forces in the fight against corruption. Also, we can learn from each other and international cooperation certainly helps in further developing our integrity instruments and best practices.

In the OECD, we were among the first to develop a robust Convention criminalizing bribery in international business transactions. Since then, many more instruments, both legally binding and non-binding, have been developed. One of the most important is no doubt the UN Convention against Corruption, which will soon enter into force and which I hope that many countries will ratify and conscientiously implement.