



Fighting Foreign Bribery

AN INITIATIVE TO RAISE AWARENESS





WHAT IS FOREIGN BRIBERY?

In a quiet corner, money changes hands. A **deal is made**. A construction contract is won, an oil or gas concession is obtained, a deal is struck to supply military goods.

Outside, a local contractor loses to a bribe-paying competitor and goes out of business. Oil export prices are pushed higher and higher, throwing energy markets off balance. A corrupt and unaccountable government is armed.

This is **foreign bribery**. Companies engage in the bribery of foreign public officials—‘foreign bribery’—when they offer, promise or give a bribe to a foreign official to win advantages in international business.

Every year, the World Bank estimates that more than \$1 trillion dollars are squandered on bribes paid to public officials in exchange for advantages in international business. Foreign bribery causes serious harm and, in many countries, **it is a crime**.

WHO PAYS THE PRICE?

Local businesses pay the price when they **cannot compete** against bribe-paying competitors. Developing nations pay the price when their economies do not grow fast enough because foreign companies fear that their investments will not be safe in a corrupt environment. Citizens pay the price when, because of corrupt business dealings, they are **denied vital public services**, such as access to clean water, safe roads or basic health services. Shareholders pay the price when the companies in which they invest suffer reputational damage due to bad publicity. The countries that these companies come from pay the price when they are criticised internationally for not taking adequate steps to make sure their companies play fairly in their foreign business deals.

The more **everyone knows** about this crime and the greater public condemnation it receives, the greater the priority that will be given to its investigation and prosecution by law enforcement authorities, the greater the reputational risk for companies that bribe, and the less likely public officials are to take or solicit bribes.

DID YOU KNOW...

... that the industries most affected by foreign bribery are construction, mining, telecommunications, defence and military industries, natural resources and energy, medical and pharmaceutical, transportation sectors, infrastructure projects and property development?



FIGHTING FOREIGN BRIBERY AT THE OECD

Until ten years ago, in most countries, foreign bribery was just part of business as usual. In fact, tax deductions were available for the cost of bribe payments. That ended in 1999 with the entry into force of the OECD **Convention on Combating Bribery of Foreign Public Officials in International Business Transactions**. The Convention is the first and only international anti-corruption instrument focused on the 'supply side' of the bribery transaction—the person or entity offering, promising or giving a bribe. Today 38 countries—the 31 OECD members plus Argentina, Brazil, Bulgaria, Estonia, Israel, Slovenia and South Africa—have made the bribery of foreign public officials a criminal offence.

Ten years later, however, foreign bribery remains a major challenge to creating a stronger, cleaner and fairer world economy.

RAISING AWARENESS OF FOREIGN BRIBERY

Informing public opinion on the negative effects of foreign bribery is integral to the fight against foreign bribery. It is important that everyone understand foreign bribery **is not a victimless crime**. It hurts real people in real ways.

Awareness-raising plans for the Initiative include:

- Developing **promotional materials**, including brochures, posters, radio and television public service announcements for global distribution and a website (www.oecd.org/corruption/initiative).
- Holding **foreign bribery events**, such as roundtable series with small- and medium-sized enterprises, civil society and international organisations that want to join us in our fight against foreign bribery.
- Reaching out to the **media** with timely updates and on the issue of foreign bribery, including statistical figures and case studies from the OECD **Foreign Bribery Impact Study**, scheduled for publication in December 2010.

DID YOU KNOW...

... according to Transparency International's 2008 Bribe Payers' Survey, more than 80 percent of surveyed executives in France, Germany, the United Kingdom and the United States admitted to 'not being familiar at all' with the OECD Anti-Bribery Convention?



INCREASING KNOWLEDGE OF FOREIGN BRIBERY

This is a long-term fight. It has only been ten years since foreign bribery has been made illegal in the vast majority of OECD countries and, as a result, it is not a well-known issue despite its global repercussions. Many companies do not know they can be hit with stiff fines, that their executives can face imprisonment and that they can be blacklisted from public procurement contracting for offering and paying bribes abroad. It is important to educate current and future business leaders on the financial, legal and social risks of foreign bribery.

The OECD Working Group on Bribery—the group made up of representatives from all Convention countries—plans to increase knowledge of foreign bribery by:

- Developing **model academic units** on foreign bribery for inclusion in business and law school curricula
- Building on OECD's and our partners' years of experience fighting foreign bribery to publish **anti-bribery toolkits** for various groups exposed to the risk of foreign bribery, such as small- and medium-sized enterprises, supply chain managers, and legal and auditing professionals.
- Bringing together companies—big, medium, or small—together to share ideas on how to cope with the challenges of foreign bribery via an online **corporate mentoring programme**.
- Providing leadership to non-members to the OECD Anti-Bribery Convention on a regional basis through mentor countries that are Parties to the Convention.

JOIN OUR FIGHT

Raising awareness of foreign bribery will take a strong and concerted effort: Foreign bribery is **complex**. It involves intricate business transactions, deals and contracts, and the negative consequences might not be immediately visible. For these reasons, its **harmful impact** may seem abstract.

The Initiative's first major **challenge** is to explain foreign bribery, its consequences and its risks clearly and with impact. Then, the challenge is to take this message to the world's businesspeople, journalists, lawyers, politicians, citizens.

Whether the Initiative meets these challenges depends heavily on **assistance**—both financial and in-kind—from the countries that are part of the OECD Anti-Bribery Convention, as well as our partners in the private sector and other international, intergovernmental and nongovernmental organisations with similar anti-corruption agendas.

To **join this Initiative** as a partner or to learn more about the Initiative, please contact Mary Crane from the OECD Anti-Corruption Division at: anti-corruption.contact@oecd.org.

This is a publication of the OECD. To find out more about our fight against foreign bribery, visit www.oecd.org/corruption.