



## FIGHTING CORRUPTION

### POSITION

Corruption is a fundamental concern for American businesses, and remains a significant and unfair barrier to trade and economic development in many countries throughout the Asia-Pacific region. Businesses, governments, international organizations and multilateral financial institutions should intensify their efforts to stem official corruption, to eliminate bribery in business transactions, to increase transparency, and to promote good governance in general.

### BACKGROUND

Corruption creates a negative investment climate, stifles economic activity, distorts prices, and undermines national legal and judicial systems. The World Bank estimates that US \$1 trillion a year is paid every year in bribes, and believes that this type of corruption is among the greatest obstacles to economic and social development. Corruption not only harms the citizens of countries where it exists, but also U.S. and other foreign businesses operating in these countries. Corrupt practices contribute to the spread of organized crime and terrorism. Corruption is a major factor in reducing competitiveness in an increasingly globalized economy, and could pose a risk of reduced U.S. presence in affected markets.

The United States Government funds efforts to battle corruption, such as the Millennium Challenge Corporation's threshold program that has funded a US \$21 million anti-corruption program in the Philippines among many others. The U.S. Agency for International Development (USAID) sponsors anti-corruption reform programs in over 50 countries. The United States also ratified the United Nations Convention on Corruption on October 30, 2006, which urges countries to establish criminal and other offenses that cover the wide range of corrupt acts, and requires signatories to establish effective practices that are aimed at preventing corruption, cooperate with one another in the investigation and prosecution of offenders, and cooperate on asset-recovery and returning stolen or embezzled property to its rightful owner. Tools like the UN Convention, as well as the OECD Convention on Combating Bribery of Foreign Officials, offer enforceable standards on corruption and hold all nations to account.

### SPECIFIC RECOMMENDATIONS

1. Increase funding for the Millennium Challenge Account and other assistance programs or organizations aiding countries that are committed to rooting out corruption and strengthening good governance
2. Push for rigorous implementation of the OECD Convention on Combating Bribery of Foreign Officials
3. Encourage Governments in Asia-Pacific to:
  - Create credible and transparent legal and judicial systems to promote the rule of law
  - Enact legislation that protects the sanctity of contracts and implement effective dispute settlement methods, including independent arbitration
  - Establish independent systems to monitor the integrity of government agencies
  - Promote judicial reforms to eliminate long delays, corruption, and incompetence
  - Support active public involvement by local governments and media to expose and condemn corruption
  - Improve public accounting, auditing, and corporate governance standards
  - Strengthen anti-bribery actions and promoting integrity in business operations
  - Implement transparent bidding processes in areas such as procurement and privatization
  - Enact effective bankruptcy and insolvency laws
  - Limit discretionary authority for officials who perform inspections or audits, oversee procurement, grant licenses and permits, or provide final approval for contracts or projects
  - Provide reasonable access to public records and information
  - Enact laws providing general protection for whistle-blowing individuals who report criminal acts to the authorities