

**The Rt Hon John Hutton MP**Secretary of State for Business  
Enterprise & Regulatory Reform**PRIME MINISTER****UK ANTI-CORRUPTION ACTION PLAN****SUMMARY**

In the summer you appointed me to be the Government's international anti-corruption champion. There is much to achieve over the coming year and I set out below the overarching objectives of the UK's 2<sup>nd</sup> Anti-Corruption Action Plan. These build on the successful efforts that Hilary undertook last year which established the UK at the forefront of efforts in this field. A significant challenge is to bring together the policy strands of more than 20 departments, agencies and law enforcement bodies to address the drivers of corruption. I am proposing that the UK develops a medium-term strategy to achieve this. I shall chair an informal Ministerial Committee to take this agenda forward.

**UK'S 2<sup>ND</sup> ANTI-CORRUPTION ACTION PLAN**

In the summer you appointed me to be the Government's international anti-corruption champion. I have received colleagues' agreement to the UK's second annual action plan. It focuses on:

- investigating and prosecuting bribery overseas;
- eliminating money laundering and recovering stolen assets;
- promoting responsible business conduct in developing countries; and
- supporting international efforts to fight corruption.

The plan will further improve the effectiveness of our systems, at home and abroad, to counter international corruption. This will strengthen our efforts to protect the integrity of the UK as a financial centre, to reduce the harm to the UK posed by organised crime and terrorism and to reduce poverty in developing countries. This commitment will be more widely recognised when we have undertaken fundamental reform of the UK's corruption legislation.

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## **Investigating and Prosecuting Bribery Overseas**

We are supporting the **Law Commission's review into the bribery law** with a view to legislation. Our current law is complex and fragmented and in need of modernisation. The Law Commission should publish their final report and draft Bill by autumn 2008. Once their review is complete we will be seeking to bring forward legislative proposals as soon as we are in a position to do so. The challenge for the Government is to bring the Bill before Parliament in the 4<sup>th</sup> session and to be in a position to announce this in next year's Queen's speech.

A clear indication of the seriousness of the UK's commitment to legislate against corruption is the Government's intention to introduce the **extension of Serious Fraud Office (SFO) Powers**. The Attorney General is preparing an amendment to the Criminal Justice and Immigration Bill which will reduce the time needed by the SFO to establish whether there is any basis for investigating allegations of foreign bribery.

The FCO is working to ensure optimal preparation for and cooperation with **the OECD phase 2bis review** to evaluate the UK's anti-bribery framework. The UK will come under intense scrutiny when the OECD Bribery Working Group undertakes the phase 2bis review in March. It will be a good opportunity for the UK to show the progress that has been made on the OECD's earlier recommendations. The UK will also facilitate a **review by the Council of Europe's Group of States against Corruption (GRECO)**.

The UK will take forward work on the **EU Procurement Directive** to clarify how the mandatory exclusion of individuals convicted of bribery is applied across the EU. We shall continue to work with the European Commission to achieve a workable and uniform application of the Directive.

## **Combating Money Laundering**

The UK will implement fully the **Third EU Money Laundering Directive** by end 2007. This contains significant steps to combat money laundering by Politically Exposed Persons (PEPs). The Home Office are taking forward the **Asset Recovery Action Plan**, in which the Government has put forward measures and requested the public's proposals to meet the UK's wider objectives on recovering the proceeds of crime.

HM Treasury will develop proposals to enhance intelligence and prioritise action against threats more effectively. The merger of the Assets Recovery Agency and Serious Organised Crime Agency will further improve the UK's ability to build intelligence packages on Politically Exposed Persons.

In line with our G8 commitment, the Home Office will now **deny entry** to those considered to be involved in corruption on a case by case basis. They will start applying other tools, including **Serious Crime Prevention Orders and Financial Reporting Orders**, to monitor the assets of individuals convicted of corruption and deter criminal activities in the UK's financial systems.

### **Promoting Responsible Business Conduct**

I want to **raise awareness** and encourage my colleagues to raise awareness of the risks of international bribery and corruption with priority groups. The regulated financial sector, businesses and professional groups are on the front line of eliminating foreign bribery and money laundering. More can be done to help business contribute positively to this agenda.

DFID will continue to lead the way by continuing its support for the **Extractive Industries Transparency Initiative**. There are other areas too. The **Construction Sector Transparency initiative** will help to tackle corruption and inefficiency in the construction sector. Lack of effective infrastructure is a major impediment to growth, particularly in Africa, but corruption and inefficiency means roads, bridges, schools and hospitals are too expensive, or of poor quality – or both. CoST will bring together governments, companies, civil society and others to increase transparency, improve governance and build accountability.

The **Medicines Transparency Alliance – or MeTA** – will help tackle inefficiency, excessive price mark-ups, the diversion of key medicines from intended recipients and the presence of poor quality and counterfeit drugs. Up to seven countries will undertake MeTA pilots: Ghana, Uganda, Zambia, Philippines, Jordan, Peru and Kyrgyzstan. They will seek to 'learn by doing' by securing political commitment, establishing the multi-stakeholder group, working with civil society and disclosing data on price, quality and accessibility from procurement to patient into the public domain. There will also be a programme with NATO partners to '**Build Integrity in the Defence Sector**'.

### **Supporting International Efforts**

I have taken the opportunity to raise the fight against corruption with the **Overseas Territories**. They and the **Crown Dependencies** are key partners in eliminating foreign bribery and money laundering. We shall help our Overseas Territories to **apply relevant international agreements**, such as the UN Convention against Corruption (UNCAC) and the OECD Bribery Convention, and measures equivalent to the EU Directives on money laundering. We shall also support the Crown Dependencies by reviewing their legislation to confirm it will support the extension of the international conventions.

HM Treasury is improving the international anti-money laundering system under **the UK's Presidency of FATF**. This includes improving standards in developing countries. Another major objective is to advance the implementation of the **UN Convention against Corruption** – the first global consensus on combating corruption. To support this, the FCO is coordinating the UK's piloting of the self-assessment of UNCAC and DFID will take forward the asset recovery initiatives. Many departments do a lot to build the capacity of developing countries. We will continue to work to ensure increased coordination at the international level.

I am copying this letter to NSID (EU) colleagues and would like to thank them for their continued support to achieve the objectives. I am also copying this to Sir Gus O'Donnell. I shall send a progress update in February and again in July.



**J H**  
**Department for Business, Enterprise**  
**& Regulatory Reform**

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