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# OECD raises pressure on Britain over the ending of a bribery inquiry

By Matthew Saltmarsh

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**PARIS:** When Britain halted an inquiry into accusations of bribery by BAE Systems in securing a major arms deal with Saudi Arabia, the prime minister, Tony Blair, said he thought that pursuing the case would have strategically damaged crucial relations with the oil-rich kingdom.

But stopping the investigation has also raised a question about the seriousness of Britain's commitment to enforcing a landmark international anti-bribery agreement that has helped a number of governments fight corruption in cross-border business deals.

On Wednesday, the OECD criticized Britain — for the second time this year — over the BAE investigation. It "reaffirmed its serious concerns" about the government's "discontinuance" of the inquiry, and criticized "continued shortcomings" in the country's anti-bribery legislation.

The statement also reflected a deeper concern at the OECD about potential weakening of the anti-corruption pact.

An OECD working group said that previous recommendations to correct shortcomings in British law remained unimplemented, and it said that an OECD team would be sent within one year to take another look at Britain's anti-bribery efforts.

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"Is there somewhere a systemic problem?" said Mark Pieth, who heads the OECD group and is also a professor of criminal law at the University of Basel in Switzerland. "Is there something that is blocking them? We want to go and have a look."

Pieth noted that Britain had failed to bring a single prosecution in foreign bribery cases since introducing a new law in 2001, despite a number of investigations. Pieth added that the continuation of the process gave Britain a chance to show that it was serious about stamping out corruption.

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He noted that it was not the role of his group to take a definitive position on accusations against BAE, which are denied by the company.

"We recognize that there is work to do to try to bring forward comprehensive legislation," said a spokeswoman for Britain's Foreign Office in London. "It's a work in progress."

She emphasized that Britain was "committed to fighting corruption" and had recently taken steps to that end, including enhanced coordination between branches of government, extra funding to the City of London Police and an initiative to raise awareness of the issue in the private sector.

The convention has been seen as the first effective global instrument to fight corruption in cross-border business deals, obliging member countries to criminalize bribery of foreign public officials. Some OECD members, including South Korea and Sweden, have obtained convictions under new laws passed as a result of the convention.

In Germany, two former managers for the engineering conglomerate Siemens are being tried on charges of giving out €6 million, or \$7.9 million, in bribes in Italy. It is one of the first cases based on Germany's new OECD-inspired law.

The OECD has no powers and cannot impose sanctions, but its stricture could inflict considerable damage on Britain's reputation abroad.

The criticism could also be used by anti-corruption groups in Britain to pursue a case against the government. Two anti-arms groups — the Campaign Against Arms Trade and the Corner

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House — have already started a legal challenge against the government's decision to drop the inquiry.

Laurence Cockcroft, chairman in Britain of Transparency International, a global anti-corruption group, said the investigation was unlikely to be reopened because it would require "a major political climb-down by the prime minister."

While the suspension of the case is a "huge setback to the OECD process," he said the working group had been "constructive and forward-looking, and a further review of the U.K.'s processes can only be beneficial in getting Britain's position in relation to international bribery back on track."

Analysts estimate the total arms deal — the biggest in British history — has been worth about £40 billion, or \$7.7 billion, in sales and maintenance, mainly of Tornado, Hawk and other fighter aircraft and related equipment. An extension, involving the sale of Typhoon Eurofighter jets for an estimated value of at least €6 billion, was agreed last year.

The decision to drop the investigation was announced by Peter Goldsmith, the British Attorney General, on Dec. 14. Goldsmith said that the inquiry had found insufficient evidence and that persisting risked seriously damaging Britain's relationship with Saudi Arabia and jeopardizing the prosecution of terrorists.

During three days of meetings at the OECD in Paris, the British had hoped to justify its decision on the grounds of national security. Pieth, the OECD chairman, said the group did not take a definitive position on this question.

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