

The London Anti-Corruption Summit May 2016

Just before the EU Referendum in June 2016 and the resulting Brexit uncertainties engulfed the UK, under the Premiership of David Cameron, the Anti-Corruption Summit, praised to be the first of its kind, gathered world leaders and representatives of business and civil society in London in May 2016. The summit brought to the fore “tackling corruption” ([Anti-Corruption Summit | London, 2016](#), para. 2) as a global agenda, as the summit participants agreed “a package of practical steps” ([Anti-Corruption Summit, 2016](#)) to expose corruption; punish the perpetrators and support those who are affected; and drive out the culture of corruption wherever it exists ([Global Declaration Against Corruption, 2016](#)). The Summit communiqué links anti-corruption efforts directly to Goal 16 of the United Nation’s 2030 Agenda for Sustainable Development, whose Target 16.5 is to “substantially reduce corruption and bribery in all their forms” and Target 16.4 is to “strengthen the recovery and return of stolen assets and combat all forms of organised crime”. The subsequent Global Declaration Against Corruption, published on 15 May 2016 urges everyone to overcome corruption to “end poverty, promote prosperity and defeat terrorism and extremism” ([Global Declaration Against Corruption, 2016](#)) on the basis that corruption is at the heart of the world’s many problems.

As for the ways to intensify the fight against corruption, the Summit Communiqué emphasises on the need for governments to work together and for them to work with business and civil society ([Anti-Corruption Summit | London, 2016](#)). Paragraph 14 of the Summit Communiqué affirms the resolve to “increase international transparency on tax and to deter tax evasion and other tax crimes and to prevent individuals from concealing proceeds of crime, including corruption in other jurisdiction”, thereby linking the fight against corruption to the various international initiatives already taken in regards to tax matters. It recognises the contribution that “efficient and transparent tax systems can make to national and global efforts to challenge corruption” and endorses the implementation of the common reporting standards (CRS) on automatic exchange of information.

As the present writer has observed elsewhere ([Nakajima, 2016](#)), what has laid the foundation for the development of “information sharing” between tax authorities, which has been endorsed by the G8 nations, are the information disclosure and sharing mechanisms that have been established worldwide through the introduction and implementation of anti-money laundering (AML) and combating the financing of terrorism (CFT) regimes[1]. The issues are intrinsically linked, as the laundering process is a necessary element in tax evasion and also in corruption, which in turn are recognised as predicate offences of money laundering[2]. Furthermore, there are international initiatives to facilitate closer co-operation between tax and AML/CFT authorities.

The Organisation for Economic Co-operation and Development (OECD) has been vigorously pursuing various aspects of financial crime, including money laundering, tax evasion and corruption. The international fight against corruption began in earnest with the adoption in 1997 of the OECD Convention on Combating the Bribery of Foreign Public Officials in International Business Transactions. This was followed by the

United Nations Convention against Corruption, which entered into force in 2005[3]. As it has been mentioned above, corruption is one of the predicate offences, stipulated in the Financial Action Task Force (FATF) recommendations, and proceeds of corruption would need to be laundered if the ill-gotten gains were to be enjoyed without fear of detection or prosecution. Recognising that “[c]orruption and money laundering are intrinsically linked” (FATF, 2010), the G20 have mandated the FATF to assist in the fight against corruption. The FATF recommendation 12 requires banks to apply enhanced customer diligence because of so-called “politically exposed persons”. Parallel to this are the various AML standards in private banking, established by the Wolfsberg Group, a group of private banking institutions, coming together in the aftermath of a scandal which revealed that the former President of Nigeria, Sani Abacha, had been laundering the funds that he and his family had syphoned off their country through the private banking arms of leading international banking groups[4].

Although tackling corruption and tax evasion continues to be high on the agenda in the global fora, escalating conflicts in the Middle East and the rise and expansion of terrorist activity and the resulting real and perceived threats to many countries, not only in the region but on a global scale, have necessitated the leaders of the G20 to deal with terrorism as a matter of urgency. Indeed, at the G20 Summit held in Turkey in November 2015, the G20 countries resolved to fight terrorism and affirmed their commitment to “tackling the financing channels of terrorism” through various measures, including the enhancement of cooperation in information exchange, amongst others (European Council, 2015). Against this background, the FATF submitted a report to the G20 leaders on its actions against terrorist financing (FATF, 2015).

The paradigm shift in the context of international initiatives to fight financial crime and resulting measures to tackle global issues, including money laundering, terrorist financing, tax evasion and corruption, is an ongoing process, even though the shift may be rather subtle and, therefore, somewhat inconspicuous. Indeed, those who have come to deal with AML/CFT issues recently may be forgiven for thinking that the present-day AML/CFT measures have little or nothing to do with drugs trade. It is, therefore, appropriate to acknowledge here that because the “drug issues” which, G7 countries declared in 1989, had “reached devastating proportions” (The Economic Declaration, 1989), G7 countries mandated a task force drawn from the G7 countries and other interested countries:

[...] to assess the results of cooperation already undertaken in order to prevent the utilization of the banking system and financial institutions for the purpose of money laundering, and to consider additional preventive efforts in this field, including the adaptation of the legal and regulatory systems so as to enhance multilateral judicial assistance (The Economic Declaration, 1989).

This task force formed the basis of the establishment of the FATF in 1990.

Given the nature of the international fora in which these issues of mutual concern are discussed, the issues themselves are highly politically influenced; therefore, the issues which receive most attention and, thus, the allocation of necessary resources are the ones which are perceived to be sufficiently pressing at the relevant times to command the requisite political will for action to be taken. It is, therefore, arguable that priorities change and issues on the agenda may appear somewhat cyclical, as it has been observed in regards to the cyclical nature of a crisis followed by a reform in corporate governance (Clarke, 2007). Indeed, the implications of global fight against corruption for not only the

governance of sovereign states but also of corporate entities, which have recently been on the receiving end of hefty fines by various authorities of different states, are yet to be fully explored. This is a matter worthy of further discussion on the pages of the present journal, but it suffices to state here that the exhaustive scholarship conducted in the realm of corporate governance, which has resulted in the introduction of numerous regulatory measures, has thus far focused almost solely on the correlation between “good corporate governance” and “firm performance”. Given the global move against corruption and the resulting legislative and regulatory measures introduced and the high profile sanctions imposed on corporate entities around the world, it is high time we engage in matters relating to “integrity” more seriously – but query whether there is an appetite for a change other than in the form of a “knee jerk reaction” every time a scandal hits the headlines, particularly in the UK against the current backdrop of Brexit and the resulting uncertainties and confusion.

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Notes

1. OECD (2014), acknowledging contributions that “global anti-money laundering standards” have made to the move towards automatic exchange of information on a multilateral basis.
2. This point was explained by the present author, in connection with the dawn raid by the Swiss authorities of the offices of HSBC in Geneva, in a live interview conducted during the “Business Edition” programme on BBC World News, 18 February 2015.
3. For further discussions on international initiatives to fight corruption, see [Nakajima and Palmer \(2010\)](#).
4. For the case study, see [FATF \(2012\)](#). See also [Nakajima and Palmer \(2010\)](#), *supra* note 9, p. 103.

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