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To:
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From:
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 Corporate Transaction Services

18th November 2005
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 2

Dear Mr Llewellyn,

Bribery and Corruption – Interim Response to Consultation Exercise

We refer to your letter of the 21st October addressed to the British Bankers Association (BBA) enclosing the interim response in relation to the above. The BBA notes that, following the consultation exercise, no changes are contemplated or proposed to either the procedures or documentation that has been agreed with the banking community in the UK who support the UK's export efforts.

We understand that ECGD's exporting customers will be responding, both separately and through the CBI, to the points raised in the consultation exercise. In considering these submissions we would ask ECGD to bear the following points in mind:

The question posed was: "Do the changes made to ECGD's anti-bribery and corruption procedures in December 2004 have the effect of ensuring that, so far as practicable, (1) taxpayers' money is not used to support transactions tainted with bribery and /or corruption; and (2) an undue burden is not placed on exporters and/or banks?" It should be noted that among the respondents to ECGD were industry bodies representing substantially all of ECGD's customers and their financing banks plus the many hundreds of SMEs that constitute the UK supply chain and who benefit indirectly from ECGD's support. From the submissions posted on ECGD's web site we believe that the

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majority of ECGD's customers felt that the solutions arrived at during the protracted negotiations during 2004 met these criteria.

ECGD has very helpfully confirmed that it is not an investigatory body; that it lacks both the skill sets, resources and statutory powers of investigation that other bodies, e.g. the Serious Fraud Office, have been granted by statute with that duty and purpose to undertake. ECGD's diligence and requirements in relation to its customers and bribery and corruption issues must be viewed and balanced with this reality in mind.

If ECGD becomes uncompetitive in relation to other Export Credit Agencies or if provisions are unduly onerous or unworkable, even in a small number of cases, business will be lost to overseas competitors or transferred to overseas subsidiaries. It should not be inferred that ECGD's customers are in any way corrupt but is a simple reflection on the higher costs that companies may perceive of doing business in the UK. This impression must be avoided at all costs and a level playing field established across OECD markets.

We would also comment that UK companies are subject to some of the world's most stringent anti-bribery and anti-money laundering legislation and regulation with extra-territorial provisions. When working in overseas markets they are also subject to local laws and jurisdictions.

The UK banking community remains committed to supporting realistic efforts to combat bribery and corruption and to continue to support the efforts of UK companies to win business overseas. Realistic efforts to combat bribery and corruption will benefit both developing markets and the international exporting community.

Yours sincerely



C G Jones
Chairman
British Bankers Association
Export Finance Committee

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