

For the attention of Ben Llewellyn

Dear Sir,

We are writing in response to ECGD's consultation on anti-bribery and corruption procedures and would make the following observations:

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\* We are concerned that if ECGD adopts any new complex or restrictive measures it will make ECGD less competitive and will make it more likely for us to use for example EKN or US EXIM which are options we have had to set up already due to lack of cover.

\* Deterrence of bribery and corruption is important in international business. However sanctions under the existing law, managed by the competent authorities, provide the appropriate deterrent. ECGD is not an investigative body and its procedures should reflect that. Our experience is that even allegations lacking any credibility are rigorously investigated by the competent authorities.

\* The December 2004 provisions, when compared with those imposed in May 2004, represent a fair balance between meeting ECGD's objective of ensuring that taxpayers' money is not used to support corrupt activities and ensuring that the burden placed upon exporters and the financing banks is reasonable.

\* The definition of 'Affiliate' contained in the May 2004 provisions was so broad as to leave Applicants in the impossible position of having to warrant the past and future behaviour of companies that they did not control with the warrantee extending to the individual employees of those companies. The December 2004 provisions addressed this problem by introducing the more appropriate concept of Controlled Company so that the assurances that ECGD was rightly seeking in relation to parties that the Applicant had control over could be made. A definition of Associate was also introduced and an obligation placed upon the Applicant to inform ECGD if it becomes aware that an Associate has engaged in any corrupt activity.

\* It should also be recognised that Agents often play an important role in the sales and contract execution process. Exporters should be free to pay legitimate commissions to their Agents without the burden of the obligation to provide ECGD with details that are often confidential and commercially sensitive (and it remains to be seen how these may be viewed under the freedom of information act). ECGD has sufficient protection through other provisions in the December 2004 procedures, e.g. the provision by exporters of their codes of business conduct and representations with respect to the behaviour of Controlled Companies, Associates and those acting on the exporter's behalf which, when combined with the very real penalties imposed by strict UK laws, ensures the deterrence of corrupt activities with respect to Agents.

We trust these observations will be helpful in your deliberations.

Yours faithfully,

Richard Glover  
Director  
Mabey & Johnson Ltd