

Notes of a meeting on Friday 27th May 2005 with John Burbidge-King

Those present:

ECGD

John Weiss - Deputy Chief Executive
Nicholas Ridley – General Counsel
David Allwood – Business Principles Advisor
Ben Llewellyn – External Affairs Manager

Visitor

John Burbidge-King

Mr Burbidge-King had requested a meeting to present his views to ECGD regarding the Department's consultation on changes to its anti-bribery and corruption procedures introduced in December 2004. Mr Burbidge-King confirmed his intention to subsequently provide a written representation. ECGD reminded Mr Burbidge-King of its intention to publish a note of the meeting.

Mr Weiss introduced the ECGD team. Mr Burbidge-King explained that he was in the process of setting up a business-to-business entity specialising in improving supplier management for SMEs. He had previously worked for De La Rue in a number of roles, latterly as Director of Key Accounts. Whilst at De La Rue, Mr Burbidge-King had established an electronic Best Practice Partner Management system, in order to ensure that the retention and remuneration of agents was consistent with meeting the company's objectives.

Mr Burbidge-King gave a presentation, the slides for which are attached.

During the course of the presentation, whilst discussing the different roles performed by agents and consultants in a transaction, ECGD was able to clarify that the Department's documentation referred to intermediaries, thus requiring applicants to declare to ECGD, where appropriate, its use of either service. ECGD was also able to clarify that currently a company was not required to disclose intermediaries' details in its application for ECGD support only where the commission was under 5% of the contract value and not supported by ECGD.

Mr Burbidge-King stated his belief that small companies would not experience any greater difficulty in resisting demands made by corrupt officials for bribes than larger ones. . Although larger companies could open doors that a smaller company could not, all companies attempting to sell their products, regardless of their size, needed to deal with numerous officials within a Government bureaucracy, for instance.

Mr Burbidge-King felt that there was no need for international unanimity amongst exporters on bribery and corruption procedures. Companies that had taken a particularly robust stance on bribery had not suffered as a result. The company that did not bribe could lower its tender price for a contract as a result. Companies with good anti-bribery reputations are often favoured by purchasers.

Mr Burbidge-King stated his belief that commission payments in their entirety, and not just the relative size of the success fee, should be thoroughly examined by exporters. Companies should have codes of practice in place concerning the appointment of agents, ultimately requiring individual appointments to be signed off at a senior level. Once appointed, companies should have documented procedures in place to ensure that they had identified targets for the intermediary and that the levels of remuneration had been broken down and properly costed to ensure they were consistent with the services performed, a process that would be signed off at a senior level. Individual payments to intermediaries should again be signed off at an appropriately senior level, and the board made aware of such payments. It was not acceptable for an intermediary to be paid a 'standard' 5% if the services performed did not justify such levels of remuneration. Provided an intermediary's targets and remuneration package had been set and agreed at an appropriate level, and the board were content with the package, the size of the success fee and any other payments to the intermediaries were not important. Most large companies had procedures in place as described above, a different document to a company's "Code of Conduct" document. Mr Burbidge-King could not see a justifiable reason for a company refusing to provide intermediaries' details to ECGD.