Figure 21. Company respondents subject to media allegations or law enforcement proceedings, per category of misconduct

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- Securities and finance: 7.2%
- Data protection and privacy: 7.2%
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- Product/service safety: 5.8%
- Human rights: 5.8%
- Sanctions and export controls: 4.3%
- Intellectual property: 4.3%
- Sustainability: 2.9%
- Money-laundering, terrorism + proliferation-financing: 1.5%
- Cybercrime: 1.4%

©OECD Trust&Business 2015
Fighting corruption and promoting competition

2014 OECD GLOBAL FORUM ON COMPETITION DISCUSS THE FIGHT AGAINST CORRUPTION

Three years after discussing Collusion and Corruption in Public Procurement at their 2011 meeting, participants at the 2014 Global Forum on Competition discussed how anti-competitive behaviour and corruption interact through the corruption of business licensing processes or other types of regulation to restrict entry. More general links between corruption and anti-competitive behaviour were addressed such as public and judicial attitudes to these two abuses, as well as the links between institutions engaged in fighting them.

Participants shared relevant cases from their own jurisdictions and also any formal or informal agreements with anti-corruption institutions.

Issues discussed included:
- How do we define corruption?
- What factors favour the emergence or persistence of corruption?
- What are the policy levers to limit or eradicate corruption?
- How does the development of a competition policy help in the fight against corruption?

Four experts and the Forum keynote speaker, Ms Obiageli Ezekwesili (co-founder or Transparency International) interacted with participants during this discussion.

SUMMARY DOCUMENTS

- Executive Summary with key findings
- Synthesis
- Detailed summary of the discussion
- Complete reading

GLOBAL FORUM SESSION DOCUMENTATION

SEE ALSO
- Guidelines for fighting bid rigging in public procurement
- Collusion and corruption in public procurement (2011, pdf)
- CleanGovBiz initiative
- Global Forum on Competition Home Page
- Competition Home Page

Angel Gurria talks about the fight against corruption at the Chatham House Conference on Combating Global Corruption on 3 Feb 2014.
HOW DO YOU PERFORM

...ON CORRUPTION?
CORRUPTION PERCEPTIONS INDEX 2019

18 COUNTRIES ASSESSED

39/100 AVERAGE REGIONAL SCORE

TOP SCORERS
- UNITED ARAB EMIRATES 71/100
- QATAR 62/100

BOTTOM SCORERS
- LIBYA 18/100
- YEMEN 15/100
- SYRIA 13/100
HOW DO YOU PERFORM

...ON COMPETITIVENESS?
The Global Competitiveness Index 4.0 2019 Rankings

Covering 141 economies, the Global Competitiveness Index 4.0 measures national competitiveness—defined as the set of institutions, policies and factors that determine the level of productivity.
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HOW DO YOU PERFORM

...ON CORPORATE GOVERNANCE?
The importance of family businesses in the Middle East

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<td>of the companies</td>
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- **Generate 80%** of the region’s GDP, approximately
- **Constitute 75%** of private sector economic activity
- **Employ 70%** of the labor force in the Cooperation Council for the Arab States of the Gulf region — more than 67 million employees
- **Control 98%** of the oil producing companies operating in the Gulf region

---

Economic and Social Commission for Western Asia

Economic Governance Series

Competition and Regulation in the Arab Region
### Risks from the business

1. Cartels
2. Abuses of dominance
3. Merger control (anti-competitive mergers)

### Risks from government

1. Public procurement / grants
2. Preferential subsidies (state aid)
3. Anti-competitive regulation
4. State-owned enterprises (SOEs)

= classical competition law & enforcement

= wider competition policy & advocacy

= competitive neutrality
What's ANTI-CORRUPTION POLICY

ANTI-CORRUPTION

1. Bribery
2. Gifts & invitations
3. Conflict of interests
4. Misuse of power, influence or assets
5. Clientelism
What's GOOD GOVERNANCE

GOOD GOVERNANCE

- Rule of Law (GOV) Corp Gov Rules (BUS)
- Roles & Performance
- Accountability & Control
- Transparency
- Equity
- Risk Management
COMPETITION
1. Cartels
2. Abuses of dominance
3. Anti-competitive mergers
4. Preferential subsidies
5. Anti-competitive regulation

ANTI-CORRUPTION
1. Bribery
2. Gifts & invitations
3. Conflict of interests
4. Misuse of power, influence or assets
5. Clientelism

GOOD GOVERNANCE
• Rule of Law (GOV) Corp Gov Rules (BUS)
• Roles & Performance
• Accountability & Control
• Transparency
• Equity
• Risk Management
What is this all about?
Government integrity

Business integrity

Trust

Sustainable growth
WHO ARE THE INFRINGERS?

BUSINESS: B2B, B2C

Examples:
- Cartel, exclusionary abuse (B2B)
- Exploitative abuse (B2C)
- Private bribery (B2B, B2C)
- Lavish / personal gifts (B2B, B2C)

GOVERNMENT: B2G, G2B

Examples:
- Public corruption (B2G)
- Clientelism (G2B, G2C)
- Anti-competitive regulation (G2B)
- Preferential subsidies / advantages (G2B)
- Collusion in public procurement (B2B2G)
WHO ARE THE ENFORCERS?

- COMPETITION AUTHORITY
- ANTI-CORRUPTION AUTHORITY
- PROSECUTOR
- COURTS

Keys to success:
- Autonomy
- Competence
- Law & enforcement powers
- Skills
- Resources
EU truckmakers fined $3.2 billion over price collusion

Volkswagen’s (VOWG_p.DE) MAN, Daimler, Volvo, Iveco and DAF participated in an illegal cartel until 2011, the European Commission said. It launched its investigation that year after MAN blew the whistle, thereby escaping any penalty.
Former SVP of Netherlands' Martinair extradited to USA

After a decade of evading justice, a former Senior Vice President (Cargo Sales and Marketing) at Martinair (MP, Amsterdam Schiphol), has been extradited to the United States to face charges related to allegedly participating in a price-fixing cartel, the US Department of Justice has announced in a press release.

According to the indictment, Ullings conspired with others to suppress and eliminate competition by fixing and coordinating such charges, including those for fuel, charged to customers in the United States and elsewhere for cargo shipments.

Including Ullings, a total of 22 airlines and 21 executives have now been charged in the department's investigations into price fixing in the air transportation industry. More than USD1.8 billion in criminal fines have been imposed and seven executives have been sentenced to serve prison time.
SYNERGY & ASYMMETRY
SYNERGY: COMPETITION & CORRUPTION

- Fair game
- Effective allocation of resources
- Reward merits: Value for Money
- Equal chances / Open access
- Business integrity & Govt neutrality
- Efficiency

To the benefit of ALL: consumers, society, business, the economy, government
How’s life with corruption & no competition?

**BUSINESS**
- Lazy
- No stimulation
- No innovation
- No efficiency
- Discourage others
- Barriers to entry

**CUSTOMERS/CONSUMERS**
- Exploited
- Price rise
- No choice/access
- Locked in
- No novelty
- No bargaining power

**COUNTRY**
- Inattractive
- Inattractive
- Poverty
- Unfairness
- Isolation
- Non-competitive
Competition makes corruption harder.

Fighting corruption promotes fair competition.

Corruption stifles competition.

Anti-competitive conduct can be strengthened or facilitated by corruption.
ASYMMETRY ↔ BRIDGE & COOPERATION

- Criminal v. administrative
- Whistle-blowing v. self-reporting
- Corporate v. individual liability
- Preventive v. repressive enforcement
- Compliance impact on sanctions
1. GOOD GOVERNANCE WITHIN THE AUTHORITIES

Clean up one’s own backyard first

   Credibility

   Legitimacy

   Lead by Example

Ex: COI checks, revolving door, incompatibility, G&H
2. DETECTION & COOPERATION BETWEEN COMP & ABC

What comes to your door?

Ex. 80% of complaints to comp authority are about bribery

What do you do?
3. COMP & ABC AUTHORITIES TOWARDS GOVERNMENT

Public procurement authorities
Subsidies
Regulation
Concession
Privatisation
Major events
4. ADD GOOD GOVERNANCE DUTIES TO COMP ENFORCEMENT OUTPUT

Most Mergers Fail Because People Aren't Boxes

Ex: approved mergers based on expected synergies, efficiencies: better with suited governance frameworks between the merging entities.

What are suitable commitments when SOEs behaves anti-competitively?
5. CORRUPTION INCLUDED IN COMPETITION IMPACT ASSESSMENT

Competition impact assessment and consumer welfare:
could they factor in corruption and bad governance risks
// privacy, climate, ... picking up factors in competition

Debate around “other public interest goals”
interfering in “pure competition” impact assessment
6. BUSINESS COMPLIANCE PROGRAMS & GOOD GOVERNANCE

How can enforcement prompt compliance?
When / how can compliance be monitored?
In silos or holistic?
Link between companies with a compliance program and their COMP & ABC behaviour?
How is compliance taken in account in sanctioning?
New role(s) for authorities around compliance (ex ante)?
Show me your governance, I’ll tell your compliance
THE ICC ANTITRUST COMPLIANCE TOOLKIT

Practical antitrust compliance tools for SMEs and larger companies
Economies of scale and scope in compliance

“In those cases where compliance risks extend to several areas, greater effectiveness will be ensured as far as competition compliance is developed and implemented not on its own, but as part of a wider and broader program of corporate integrity and ethical conduct.”

CADE – Brazil Competition Compliance Guidelines 2016
Figure 21. **Company respondents subject to media allegations or law enforcement proceedings, per category of misconduct**

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- Cybercrime: 1.4%

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WATCH OUT FOR SILOS

- Energy companies announce joint action to boycott corrupted government
- Trade association gathers to adopt good governance principles
- Competitors develop joint digital platform for better data and service management
- A dominant pharma company refuse to supply distributors on ground of bribery rumors
SILO RISK:

Anti-corruption compliance ↔ Competition compliance

REAL COMPLIANCE INTELLIGENCE:

Maximise cross-field compliance
**The Code and our Standard of Conduct**

- Our Framework
- Foreword from Alan Jope
- The Code of Business Principles
- Living the Code
- Legal Consultation
- Responsible Risk Management

**Countering Corruption**

- Avoiding Conflicts of Interest
- Anti-Bribery
- Gifts & Hospitality
- Accurate Records, Reporting & Accounting
- Protecting Unilever’s Physical & Financial Assets & Intellectual Property
- Anti-money Laundering

**Respecting People**

- Occupational Health & Safety
- Respect, Dignity & Fair Treatment

**Safeguarding Information**

- Protecting Unilever’s Information
- Preventing Insider Trading
- Competitors’ Information & Intellectual Property
- Personal Data & Privacy
- Use of Information Technology

**Engaging Externally**

- Responsible Innovation
- Responsible Marketing
- Product Quality
- Responsible Sourcing
- Fair Competition
- Contact with Government, Regulators & Non-governmental Organisations (NGOs)
- Political Activities & Political Donations
- External Communications – The Media, Investors & Analysts

*CODE OF BUSINESS PRINCIPLES AND CODE POLICIES*

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Version November 2019
- Communication
- Collaboration
- Business & data intelligence
- Security
- Risk management
- Reflex integration in business

PREVENT

- Breach and wrongdoing detection
- Prompt processing of complaints
- Monitoring and audit
- Tracking and recording
- Expertise to handle public investigations
- In-house and third party accountability

DETECT

- Breach notification
- Satisfaction of requests and rights
- Re-examination of toolbox and processed
- Responsibility and fines (legal, HR)
- Communication, crisis response

REMEDY

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7. HOW DIFFERENT CORP GOVERNANCE FRAMEWORKS IMPACT COMP & ABC

**EXTERNALLY**
Who, how determines competition strategy?
Which functions pose corruption risks?
Interlocking directorships?
Revolving doors?
COI checks?

**INTERNALLY**
Company itself benefits from competition and integrity “within”
Ex: bribe colleague to get promotion
BENEFITS

- Responsible innovation
- Digital revolution: BI & BI
- Trust & Reputation
- Risk management
- Competitive Advantage
- CSR & RBC culture
- Better governance
- Smart Investment
- Effectiveness