

UN anti-corruption pact raises last-minute alarms
Reuters 29 Jun 2003

By Irwin Arief

UNITED NATIONS (Reuters) - World governments are sharpening their swords along with their pencils ahead of final negotiations on a global anti-corruption treaty that has begun raising alarms in Washington and U.S. corporate boardrooms.

The treaty would brand many forms of corruption as criminal acts and require nations ratifying the pact to take effective preventive measures.

It would encourage international cooperation in battling corrupt acts and help governments recover money siphoned off by corrupt officials.

A U.N. committee has been working on a treaty text in relative obscurity since early 2002, and a final two-week drafting session is due to open in Vienna on July 21.

U.N. officials have even scheduled a signing ceremony for the completed document in Mexico in December -- just as a host of questions arise about what it should and shouldn't do.

"We are modestly optimistic that the text of an anti-corruption treaty will be agreed in July or August, for signing December 12 in Mexico," Antonio Maria Costa, who heads the Vienna-based U.N. Office on Drugs and Crime, told Reuters.

But Costa acknowledged a number of major compromises might have to be made for that to occur.

U.S. officials say they have extensive problems with the current text, which has 85 articles and runs to 67 pages. Some of the biggest disputes pit Washington against the European Union, threatening to put new strains on a relationship sorely tested in the run-up to the U.S.-led war on Iraq.

"There are still a lot of serious issues to be resolved. It is definitely down to the wire," said one U.S. official.

BIG COMPROMISES MAY BE NEEDED

While the negotiations could yet wrap up successfully by August, "it may require great compromise to the text," said the official, who spoke on condition of anonymity.

But this official denied the negotiations boiled down to a fresh fight with Europe. "The remaining issues are all over the place. Every country in the room has something they need."

One major dispute, however, centers on an EU-backed drive to extend the notion of bribery to the private sector.

"Private-sector bribery is not a crime in the United States. We get at it in other ways," said a U.S. official. "This is an area quite distant from determining what is proper conduct in the public sector. It would be intruding into purely private-sector conduct."

But Jeremy Pope, executive director of Berlin-based Transparency International, argues that business corruption "undermines public confidence in the private sector and can have serious economic and political consequences."

"The private sector is larger than the public sector in many countries, and the line between the two sectors is blurred by privatization, outsourcing and other developments," Pope said in a statement submitted to treaty negotiators.

U.S. businesses, however, are also worried about the issue. They fear extending the treaty to the private sector could create a private right of action opening the door to lawsuits in foreign courts in such areas as contract and procurement irregularities.

African governments are pressing for language making it easy to recover funds stolen by a corrupt official and squirreled away, say, in a Swiss bank.

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