

Foreign Firms Sign Anti-Graft Initiative

By Alex Anishyuk
THE MOSCOW TIMES

Foreign companies, including several involved in recent bribery probes in their home countries, signed an anti-corruption pact Wednesday in what they hope will be a step toward curtailing illegal business practices in Russia.

A total of 56 members of the Russian-German Foreign Trade Chamber were slated to sign the document on Wednesday, but only 40 managed to do so, as some executives were stuck in airports across the globe because of the volcanic ash cloud that grounded flights across Europe, said Michael Harms, chairman of the nonprofit organization, which unites 680 German, Russian, Austrian, American and British companies operating in Russia.

Among the signatories of the agreement, spearheaded by the German business group, were Deutsche Bahn, Deutsche Bank and MAN Avtomobili Rossiya, a local distributor of MAN cars.

Also signing on were Mercedes-Benz Russia, a local subsidiary of Daimler, and Siemens, both of which have been involved in large-scale bribery cases in Russia.

A Munich court on Tuesday found that Siemens executives had spent 1.3 billion euros (\$1.7 billion) in bribes from 2000 to 2006. Last month, German carmaker Daimler was fined by the U.S. Justice Department for paying more than \$4 million to secure the sale of its cars to government agencies in several countries, including Russia.

"This declaration sends a strong po-

litical signal to the authorities," Harms said, adding that the signing was attended by presidential aide Arkady Dvorkovich.

The agreement obliges signatories to prohibit bribery in their operations, both directly and through intermediaries, and to encourage their suppliers and local counterparts to do so as well. Signatories also must refrain from covert forms of bribery, such as donations and the support of political parties.

The main challenge behind the principles outlined will be their implementation, Harms said.

"All companies that signed the documents have even stricter internal rules of compliance, so these [anti-corruption] principles are a strong initiative to stimulate them and their partners to stick to these," he said.

To encourage compliance, companies that are found to be in breach of their obligations will be expelled from the agreement — hurting their public image — and could even be taken to arbitration court in Switzerland, as the initiative will be regulated under Swiss law.

The document is an important step, said Brook Horowitz, executive director of the International Business Leaders Forum, which also signed on to the project along with the American Chamber of Commerce and the Association of European Businesses.

"It's just the beginning of a long path toward moving away from corruption," he said. "It is a lot more than just a declaration. Companies can exchange practices and experience about how to encourage compliance."