CONFERENCE COLLECTIVE ACTIONS

'GOING FURTHER TOGETHER TO COUNTER CORRUPTION'

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Collective Action in a wider context

First the good news

- Defence industry: a sensitive business
  - Notoriously secret by definition
  - One of the toughest sectors in the industry
  - Deals often with governmental mega contracts

- Corruption a taboo subject up to mid-2000

- Creation of 'basic standards' in such conservative industry is a major achievement
  - First US initiative with the DII
  - Europe's approach with the Common Industry Standards
  - The International Forum on Business Ethical Standard
Now the bad news

- **Corruption remains endemic worldwide**
  - The feeling of 'going nowhere' - a real 'cul-de-sac'
  - Regulators have apparently lost momentum
  - Except reinforcing compliance constraints for compliant companies!

- **Compliance programs have not reduced bribery**
  - Huge investments for many corporations, but…
  - …deceptive results: little fallout
  - Except creating flourishing new businesses

- **The real issue has not been tackled**
  - Companies are the victim of extortion and solicitation!
  - Conceptual misunderstanding between "active" and 'passive' corruption
'Collective Action is the new paradigm'

- Companies can maximise their integrity programs through Collective Actions
  - Exchanging best practices
  - Developing the right and balance standards
  - Creating trust and confidence between competitors: Concept of pre-competitive cooperation

- Sectorial standards enforce level playing fields
  - Numerous companies do not abide by same rules (absence of regulations, governmental protections, etc.)
  - Worldwide standards call for promoting 'golden rules'

If business has done its job, the government is still lagging: it takes two to tango!
Collective Action in a wider context

'Collective Action is the new paradigm'

- **Collective Action enables us to put pressure on governments and institutions**
  - Legitimacy to denounce 'passive' corruption
  - Request States to do 'self cleaning' and initiate J.Ruggie's *Protect – Respect – Remedy* approach

- **Collective action enables us to ask for recognition**
  - Governments and International Governmental Organisations must incentivize 'integrity' (*public procurement, export credit, etc.*)
  - Virtuous circle needs to be promoted: integrity needs to become a competitive differentiator

A constructive dialog between business, NGO's and regulators need to be built
THANK YOU.