



The corruption hunters

Alexandra Wrage, president of anti-bribery association TRACE International, talks to Annie Roberts about the difficulties of meeting compliance standards in the project cargo industry.

In light of the recent allegations regarding the corrupt behaviour of international football association FIFA, anti-corruption measures have again been thrust into the limelight.

Alexandra Wrage, who once held a position on FIFA's Independent Governance Committee before stepping down due to frustration over the organisation's inability to reform itself, explained that bribery and extortion are particularly prevalent in the shipping and transport industry due to the mobile nature of the job.

"One of the great challenges of the maritime industry is that you move, by the very nature of your industry, from one port to the next. Many have seen that as a real challenge as standards from one port to the next can be very different."

However, Wrage believes that this can also be an incredible opportunity for those involved in the business to work together, to not just meet but also promote anti-bribery and compliance standards worldwide.

"If you insist on the same high standards



The more time-sensitive your industry, the more likely you are to be asked for a bribe by an official.

– Alexandra Wrage, TRACE International

everywhere you work, there is an opportunity to start seeing movement towards the level playing field that everybody likes to talk about – where everybody is working to the same standards and playing by the same rules."

The project forwarding industry, then, although facing challenges in the compliance area, can also work as an efficient means of combating bribery across the spectrum.

Greater transparency

"As a business community you should start thinking about what you can do voluntarily to move towards greater transparency," said Wrage, explaining that if the industry works towards a voluntary compliance standard, everybody will have similar expectations when interacting with each other or international business partners.

Any payment to a government official – which includes the police, Customs, immigration, health and safety, and environmental officials – is considered a violation under US law for companies with a connection to the USA. There is still a narrowly defined exception for so-called facilitation payments made to further routine governmental actions, but such payments – which are essentially small bribes – are increasingly discouraged by both the US regulators and the international compliance community.

And there is now more international cooperation in the field, said Wrage. "Now, prosecutors from all major countries prosecuting bribery get together at events once every two years – they call themselves 'the corruption hunters' – to exchange notes and business cards, and now documents are just e-mailed back and forth.

"These cases used to be incredibly difficult to make, with a lot of diplomatic overtones. But the level of international cooperation has really changed and it is a much faster process now. By the time a ship has left port, the documentation with respect to any wrongdoing can be back in Washington in the hands of the Department of Justice."

Time-sensitive pressures

The reason this is such a pertinent issue for the project logistics industry is the time-sensitive nature of some of the shipments. "The more time-sensitive your industry, the more likely you are to be asked for a bribe by an official," suggested Wrage, explaining that the Foreign Corrupt Practices Act (FCPA) focuses not only on large multinationals, but also on small businesses that are working in challenging areas on time-sensitive projects, due to their increased risk of extortion.

“When moving enormous projects on a bespoke basis, and to a tight time schedule, the opportunity for extortion is considerable.

“Sometimes an enormous amount of money has been invested to get project shipments to a port, for example, and small demands seem like a small price to pay compared with the huge cost of the operation. But that is exactly where problems are going to occur.”

Another reason that this issue resonates so strongly in the world of project shipping is that 90 percent of current FCPA cases involve a third party – the category in which the project logistics community falls. “So whether it is fair or not, large multinationals are going to want to scrutinise maritime companies more carefully,” said Wrage.

In many cases, she explained, you start with one incident and end up with a huge map linking one company to another. And the cost of bribery is large. Not only is a company’s reputation damaged, leading to loss of business, but work can be delayed and the cost of fines can impact heavily, if not catastrophically, on those companies – and the cost of the legal fees could be much higher than the fine.

But what can project logistics providers do to protect themselves from extortion and

subsequent prosecution? The key is to associate your company with transparency from the very outset, said Wrage. “This immediately makes you a more attractive business partner, but it also sends a message to everyone in your supply chain that this is an issue you have made a priority.”

She noted: “Entrepreneurial bribe-takers will spend more time chasing those that they think will pay, and less time chasing those they assume will not.”

Clear message

TRACE advises that a clear message from the top – such as a concise code of conduct embracing transparency – should be distributed to the entire team. “Start to build up a record for the team, so that if you end up being investigated, you have something to show.”

Wrage stressed that the message from management should be sincere. “Nothing will ruin a compliance programme faster than saying ‘we take these rules very seriously’, and then looking the other way if someone pays a bribe.”

As well as a clear code of conduct, TRACE advocates a clear anti-bribery policy; employee training; incentives for compliance

and consequences for violations; and an anonymous or confidential whistle-blowing phone line, as well as a complaints mailbox.

Of course the project cargo business is not always straightforward. Many projects are handled in remote parts of countries that often have complicated issues, and the companies working there are reliant on local resources – which often means a lot of liaison with government officials – while the value of the cargo and the urgency of the work mean that those involved are more susceptible to extortion demands.

Despite these difficulties, TRACE’s message is the same. If everybody is clear on the issue and works together to raise awareness, and if everybody can move away from thinking of a bribe as ‘just a harmless tip’, then the industry may begin to see some of the changes it needs.

TRACE offers its own comprehensive due diligence process – TRACEcertification – which signifies that the individual or company has completed internationally accepted due diligence procedures and has been forthcoming and cooperative during the review process. The process is ongoing, with all names screened against watchlists every day.



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