Follow up on the 2016 Summit

A panel discussion on the UK government’s anti-corruption efforts since the May 2016 Summit in London.

Monday, 4 December 2017 – 18:00-19:00 – Committee Room 17

Co-Chairs: Nigel Mills MP and Rupa Huq MP

Panellists: Tom Keating (Director of the Centre for Financial Crime and Security Studies at RUSI); Rachel Davies (Head of Advocacy at Transparency International UK); Naomi Hirst (Senior Campaigner at Global Witness)

Attendees from Parliament: Lord Howarth of Newport; Jonathan Djanogly MP

Representatives from: the office of Rupa Huq MP (Co-Chair of the APPG on Anti-Corruption); the office of Margaret Hodge; the Cabinet Office; Global Witness; Transparency International UK; The McGrath Charitable Trust; the Sierra Leone People’s Party; MLex; Christian Aid; Whistleblowers UK; Pelican; University of Greenwich

Context for the meeting

In light of International Anti-Corruption Day on the 9th of December, the APPG on Anti-Corruption held a panel discussion on the progress the UK government has made since the May 2016 London Anti-Corruption Summit.

The Summit brought together 43 countries and six international organisations who pledged to combat crime, poverty and terrorism financing through anti-corruption measures.

Key points discussed at the meeting:

Progress on the Strategy

The UK and its Overseas Territories have become an attractive destination for those who wish to launder their ill-gotten gains.

Though the Government has articulated a commitment to fighting corruption, particularly under the former Prime Minister, there is a concern that there has not been enough follow-through on the deadlines it set in 2016. For example, the Government has yet to publish a cross-government Anti-Corruption Strategy and choose an Anti-Corruption Champion to replace Sir Eric Pickles.
Chris Skidmore MP was invited to speak on the panel on behalf of the Government. He was unable to attend, but did send the following statement:

“I am pleased to say that the Government is planning some significant announcements in this space in the coming weeks. I cannot yet provide the detail but they will demonstrate the Government’s strong commitment to tackling corruption and economic crime more widely, and I hope will be widely welcomed.”

According to Chris Skidmore MP’s letter, in-depth evaluations - notably from the OECD in March and the IMF last year- have reflected “the UK’s good progress in fighting corruption and promoting transparency.”

An example of this progress is the Criminal Finances Act, which Parliament passed in April 2017. The Act makes companies liable for failing to prevent their employees from facilitating tax evasion. It also includes a provision for Unexplained Wealth Orders, which require “politically exposed persons” or those believed to be involved in serious crime to explain assets that appear out of proportion to their known income.

According to Transparency International, 40% of the UK’s pledges have been completed, 20% are overdue, and 20% are underway.

**Financial Integrity**

The UK financial sector rewards bankers and lawyers who develop “innovative tax structures” which help the wealthy avoid paying taxes. This in turn creates potentially disproportionate and unfair tax burdens.

However, those who take advantage of such loopholes are not necessarily tax evaders or corrupt. It was noted that one must be careful to not present what may be an ethical concern as a criminal one.

**A transparent property registry**

In early December, the Telegraph reported that more than £17 million of dirty money linked to the daughter of the former Uzbek dictator Islam Karimov may have been laundered in the London property market.

This is part of a larger and deeply concerning story. There are thousands of companies in the UK registered in secrecy jurisdictions which are ultimately owned by anonymous individuals. This creates an environment where it is fairly easy to launder money and hide corruption.

At the moment, Companies House does not have the regulatory capacity to handle these numbers, with only six or so individuals looking at UK companies without UK bank accounts.

One of the best ways to tackle this concern is to establish a register of beneficial
ownership information for overseas legal entities that own or are purchasing UK property, or participating in UK Government procurement.

**Looking beyond the Summit**

Many political changes have occurred since the Summit, including the Brexit vote, and it is important to take them into consideration. As new trade deals are made, the Government should re-visit the anti-corruption regimes of its Overseas Territories and Crown Dependencies. The UK will remain a global financial center, and there is now a new opportunity to examine what this will look like.

One Bill that addresses the unique post-Brexit climate is the Sanctions and Anti-Money Laundering Bill in the House of Lords. It seeks to establish how the UK Government can implement sanctions after Brexit — both those that the UK is obliged to implement as a member of the UN, and those that the UK might choose to implement for its own foreign policy purposes. The Bill has been cited as a “powers rather than policy” Bill.

Having legislation to combat corruption, however, is not enough. It needs to be applied to be taken seriously. For example, has the Criminal Finances Act 2017 been used at all?

Furthermore, there are also corruption concerns in the UK that extend beyond tax havens and secretive offshores.

One of these is reputation laundering, whereby individuals donate to political parties, charities, and institutions to gain access to those in power. London has the lawyers, public relations firms and networks that are attractive to those who want to overhaul their public image.

Another concern that was brought forth to the APPG is whistleblowing. While there are legal protections for whistleblowers, their application is not as robust as it should be.

During the Summit, the UK government said it would expose and drive out corruption by punishing those who are corrupt and supporting those who have suffered from corruption. It is crucial that these pledges become action.

**ENDS**

**APPG on Anti-Corruption**

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