



**TRANSPARENCY
INTERNATIONAL
Deutschland e.V.**

Die Koalition gegen Korruption.

June 5, 2007

Transparency International Deutschland e.V. submits a complaint against 57 German companies and their subsidiaries as listed in Annex A due to violations of the OECD Guidelines for Multinational Enterprises, paragraph VI (*Combating Bribery*).

Summary of the Complaint

Chapter VI of the OECD's Guidelines for Multinational Enterprises states that "Enterprises should not, directly or indirectly, offer, promise, give, or demand a bribe or other undue advantage to obtain or retain business or other improper advantage". In addition, in order to prevent bribe payments through third parties, companies are asked to ensure "that remuneration of agents is appropriate and for legitimate services only."

In October 2005 the Independent Inquiry Committee (IIC) into United Nations' Oil for Food Programme reported that 2253 companies had paid a total of 1.8 billion dollars in 'kickbacks' – illicit or disguised payments – to the Iraqi government to obtain contracts to supply food, medicines and other humanitarian goods to Iraq.

At least 57 of those companies that allegedly participated in the extensive manipulation of the Oil for Food Programme are incorporated in Germany. On the basis of the substantial evidence presented in the Committee's so-called 'Volcker Report' (named after Paul Volcker, the committee chairman and former chairman of the US Federal Reserve) Transparency International Germany (TI-G) is filing this 'specific instance', or complaint, with the German National Contact Point (NCP).

TI-G recognises that this is an unusual, indeed thus far unique, specific instance to bring to the NCP, as it involves over 50 companies; it concerns illicit relations between these companies and the representatives of a national government that subsequently was forcibly removed from office; and it deals with business transactions that occurred several years ago.

In addition, legal investigations are continuing in Germany into the kickbacks – totalling \$11.9 million – allegedly paid by German companies according to the Volcker Report. Many cases are still being pursued, some have settled out of court and a few cases have been dismissed.

Despite these aspects, TI-G submits that the alleged breaches of the OECD Guidelines by such a large number of companies may not be ignored, if the credibility of the Guidelines is not to be compromised. Indeed, the highly detailed and authoritative evidence in the Volcker Report requires the urgent attention of the NCP. In view of its responsibility to promote adherence to the Guidelines, the NCP must make an effort to ensure that in future measures and mechanisms are in place in the companies concerned, so that a recurrence of the alleged breaches of the Guidelines may be avoided. In doing so, the NCP would send a signal that companies are expected to abide by the international standards encapsulated in the OECD Guidelines and agreed upon by all 30 OECD members and nine further states.

This complaint recommends specific, practical steps the companies allegedly involved, and the NCP should take in light of the evidence presented in the Volcker Report and the standards of responsible corporate behaviour enumerated in the Guidelines.

For the complete text of the complaint, please visit
<http://www.transparency.de/Korruptionsskandal-im-UNO-Prog.836.0.html>