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OECD says Japan needs to be proactive in foreign bribery cases

Japan should do more to investigate and prosecute foreign bribery cases as part of its obligations as a signatory of the OECD Convention on Combating the Bribery of Foreign Public Officials in International Business Transactions, according to a report by the OECD Working Group on Bribery.

The 36-country OECD Working Group on Bribery has just completed a second review of Japan's enforcement of the OECD Convention, in line with a recommendation by the Working Group in January 2005 after a first report found Japan had not demonstrated sufficient efforts to enforce legislation making the bribery of a foreign public official an offence.

The main recommendations of the OECD Working Group in its new report are that Japan should:

- be proactive in investigating and prosecuting foreign bribery cases;
- urgently undertake an objective assessment of the legal and procedural impediments to the effective investigation and prosecution of the offence of bribing a foreign public official in Japan, and present written findings to the Working Group within six months; and
- further strengthen the legislative framework for fighting foreign bribery by:
 - enhancing the visibility and enforcement of the foreign bribery offence as a matter of priority, notably, by moving the offence from the Unfair Competition Prevention Law to the Penal Code; and
 - ensuring that its fraudulent accounting offence is adequate for detecting and deterring fraudulent accounting practices for the purpose of bribing foreign public officials and hiding such bribery.

Positive developments in Japan's fight against foreign bribery include an amendment, in April 2006, to the Corporation Tax Law and the Income Tax Law for the purpose of expressly denying the tax deductibility of bribes to foreign public officials. In addition, Japan extended the statute of limitations for prosecuting natural persons and corporate bodies from three to five years. The new report on Japan credits the Japanese authorities with having made significant efforts to share information to enable the Working Group on Bribery to make the latest assessment of Japan's enforcement of the foreign bribery offence.

The report, available at <http://www.oecd.org/corruption>, with the new recommendations on page 31 - 33, also reviews the reasons for the Working Group on Bribery reviewing Japan a second time. Pursuant to the Working Group's monitoring procedures, Japan, like all other examined countries, is required to provide a written follow-up report to the Working Group two years after the original Phase 2 evaluation. This report, which

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will be presented and discussed in March 2007, will give rise to a publicly available evaluation by the Working Group of Japan's implementation of the Working Group's recommendations.

For more information, journalists are invited to contact the OECD's Media Division on (33) 1 45 24 97 00 or news.contact@oecd.org, or Patrick Moulette, Head of the Anti-Corruption Division, on (33) 1 45 24 91 02 or patrick.moulette@oecd.org.

For further information on OECD work on anti-corruption: <http://www.oecd.org/corruption>