Exchange Session for
Consular Corps in Hong Kong
2 February 2018

Address by Mr Simon Peh
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Independent Commission Against Corruption
Hong Kong, China

1. Members of the Consular Corps, distinguished guests, ladies and gentlemen, welcome to this exchange session specially organized for you. I am glad to see so many friends joining us this afternoon.

2. I remember the last time we met with you or your predecessors in a similar gathering right here was in 2015, when we talked about how to strengthen partnership between ICAC and the business sector in promoting business ethics. Almost three years on, I believe this is the right time for me to invite you to come again so as to allow me to update you on the latest probity environment in Hong Kong, and our initiatives to renew training collaboration with anti-corruption agencies in different jurisdictions and provide consultancy services to stakeholders of the international community. I earnestly welcome your views on how ICAC should embark upon these initiatives to better suit your needs.

3. First, the update, I am delighted to report to you that the overall corruption situation in Hong Kong is well under control and the public support for the Commission remains strong. Based on the information gathered by us, there is no sign of new and notable corruption pattern that calls for concern, nor is there any deterioration in the overall corruption scene.

4. The Commission continued to adopt the “Three-Pronged” strategy i.e. enforcement, education and prevention, to forge ahead our work on all fronts to demonstrate to the public and the international community ICAC’s undaunted determination to uphold the rule of law and to discharge our statutory duties in an independent, fair and impartial manner without any political consideration or interference.
5. Last year, ICAC continued to carry out its law enforcement duty vigorously. As you know, the anti-corruption laws in Hong Kong govern both the public sector and private sector. In 2017, 2,835 corruption complaints (excluding election-related complaints) were received. About 66% of the corruption complaints concerned the private sector, 27% related to government departments, and 7% involved public bodies. This distribution of complaints has been the pattern for the past 10 years or so. In respect of prosecution and conviction, 189 persons in 93 cases were prosecuted for non-election offences, while the person-based and case-based conviction rates for non-election offences stood at 80% and 83% respectively.

6. I am sure you are aware that in recent years, ICAC has undertaken investigation of a few high profile cases involving very senior government officials, well known businessmen and listed companies, which were widely reported in both local and overseas media. These are isolated cases and did not represent Hong Kong as a whole. They show evidently that ICAC conducts investigations without fear or favour, regardless of the background or status of the persons involved. In a recent investigation concerning a listed company, ICAC conducted a joint operation with the Securities & Futures Commission. ICAC is ready to collaborate with all parties concerned to combat corruption and to provide a level playing field for all, including local and international businessmen and investors. Last year, apart from public officials and listed companies, ICAC’s three departments have also made concerted efforts to tackle corruption and promote integrity in different areas, including the financial sector, catering business, building management, large scale infra-structure projects and clean elections, etc.

7. On the prevention front specifically, ICAC assists government departments, public bodies and private organisations in enhancing internal control through improving their systems, practices and procedures with a view to plugging any loopholes that may give rise to corrupt practices, dereliction of duty and abuse of power. In 2017, 69 assignment studies were completed.

8. Corruption prevention advice was also provided for government departments and public bodies on 490 occasions, and for private organisations, on 610 occasions. We also developed Best Practice Checklists tailored for both public and private organisations to strengthen their governance and internal controls. As government departments have established reasonably sound internal control systems over the years and two-thirds of the corruption complaints concern the
private sector, we have of late shifted more efforts on prevention work to the private sector, adopting a proactive approach.

9. The ICAC has been making every effort to entrench a probity culture and enlist public support in the fight against corruption through face-to-face contact with different sectors and strata of the community. We have also made effective use of mass media and social media. In 2016, we launched a multi-year territory-wide programme called “All for Integrity” to extensively engage the public through a host of community activities and publicity to consolidate Hong Kong’s core value of integrity. In parallel, in partnership with business chambers, regulatory bodies and relevant government departments, a three-year business ethics programme for listed companies was also launched to heighten awareness to sustain market integrity.

10. To tie in with the Ethics Promotion Programme for Listed Companies, the Commission will reach out to all publicly-listed companies and relevant professional bodies to provide training on ethical governance for company directors and related professionals; and provide corruption prevention advice for them to enhance their corruption prevention mechanisms.

11. While we strive to give our best, international recognition of Hong Kong’s efforts in the fight against corruption has been a driving force for us to do even better. In its 2018 Index of Economic Freedom released this morning, the Heritage Foundation ranked Hong Kong the world’s freest economy for 24 consecutive years, and praised that Hong Kong has a high quality legal framework that strongly supports the rule of law and there is little tolerance of corruption, and a high degree of transparency enhances government integrity. Hong Kong was ranked the 6th most competitive economy in the World Economic Forum 2017-2018 Global Competitiveness Report with an improvement in ranking under the “Irregular Payments and Bribes” indicator from the 12th in 2016-2017 to this year’s 9th. According to the Transparency International (TI) Global Corruption Barometer Report 2017, only 2% of the Hong Kong respondents indicated that they had bribed to obtain public services, and Hong Kong was among the 18 countries/territories registering the lowest percentages (less than 5%) worldwide. In another TI survey, the Corruption Perceptions Index 2016, Hong Kong was ranked the 15th least corrupt place among 176 countries and territories, three places higher than that in the previous year.
12. Locally, as revealed in the ICAC Annual Survey 2017, 99.2% of the respondents agreed that keeping Hong Kong corruption-free was important to the overall development of Hong Kong; 96.8% of the respondents expressed their support to the ICAC. Last but not least, 99.1% had not encountered corruption in the past 12 months, showing very low level of corruption in Hong Kong.

13. Today, the corruption situation in Hong Kong is kept well under control through vigorous law enforcement and continuous preventive and educational efforts. Endemic, syndicated corruption in the 70’s of last century no longer has a place in Hong Kong. But allow me to say this. The biggest accomplishment of our work is being able to successfully develop a set of ingrained core values for probity among the people of Hong Kong for a just and fair society. This is indeed the strongest defence against corruption. Such credit does not go to ICAC alone for we don’t work alone. With the unwavering determination of our government and the staunch support of the Hong Kong people, an independent judiciary and effective checks and balances, Hong Kong has become what it is today. It goes without saying that one key contribution is your continuous support and timely assistance to make this process complete. It cannot be denied that corruption crosses borders. All of you and your governments have been instrumental in allowing Hong Kong to fight corruption effectively and to maintain a level playing field for local and international businesses. Without international cooperation and joint efforts, ICAC could not achieve the degree of success it has made after four decades of work.

14. This brings me to ICAC’s initiatives to re-vitalize and strengthen collaboration with our international counterparts and other stakeholders.

15. The United Nations Convention against Corruption (the Convention) offers a balanced, strong and formal framework for international cooperation between States Parties to prevent and detect corruption. As the designated agency in Hong Kong by the Central People’s Government, ICAC has the obligation, and is always committed to assisting States Parties, to formulate measures and to implement the obligations under the Convention, including the pledge for international cooperation.

16. In addition to the Convention, the “Belt and Road Initiative” announced in March 2015 by Mainland China, also provides important opportunities for countries to deepen cooperation. Supported by some
100 nations and international organizations spanning Asia, Europe, the Middle East and Africa, the Belt and Road Initiative is perhaps the 21st century's most ambitious multilateral undertaking. This visionary, long-term plan will catalyse demand and boost the volume and intensity of international trade and investment flow along the Belt and Road routes. Hong Kong is best positioned as the “super-connector” for pulling together various parties in pursuit of all these exciting developments.

17. The Belt and Road Initiative is not just about promoting business cooperation in connectivity and sustainable development. One key component of the “five areas of connectivity” of the Initiative is about expanding people-to-people exchanges, promoting justice, democracy, good governance and the rule of law, etc.; and about working together to fight against corruption and bribery in all their forms.

18. Indeed, in addressing the Belt and Road Forum held in Beijing last May, President Xi Jinping called for strengthening international counter-corruption cooperation to make the Belt and Road a road with high ethical standards.

19. In December 2017, the HKSAR government signed bilateral arrangement with the Mainland authorities\(^1\) to support and contribute to the Belt and Road Initiative. Hong Kong undertakes, among other things, in the area of people-to-people bond to provide training for government authorities, investment institutions and enterprises of related countries and regions. With the edges that ICAC has in institutional and capacity building in anti-corruption regime, I strongly believe that we definitely have an active as well as positive part to play to support and contribute to the Belt and Road Initiative.

20. As I said earlier, the Convention has already given States Parties a reference framework for international cooperation. While we recognize there are bound to be differences in our political, social, legal as well as cultural environments, there is always room for us to come together to build the strongest tie in terms of law enforcement and institutional as well as capacity building.

21. In May last year, ICAC organized an international conference to share with 240 delegates from 41 jurisdictions methods and experience in

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\(^1\) Arrangement between the National Development and Reform Commission and the Government of the Hong Kong Special Administrative Region for Advancing Hong Kong’s Full Participation in and Contribution to the Belt and Road Initiative.
money laundering and asset recovery cloaking techniques and other pertinent issues. I had the opportunity to exchange views with heads of eight anti-corruption agencies from the Belt and Road countries. They invariably proposed to seek training collaboration between ICAC and their agencies. Some indeed proposed specific areas of assistance they needed most.

22. As the Belt and Road Initiative unfolds, we believe that Hong Kong companies wishing to do business in regions along the Belt and Road routes would be on the rise. Equally, there will be more and more companies from the Belt and Road countries who want to do business in Mainland China, using Hong Kong as a base. No doubt, such developments will come with corruption opportunities and bribery risks. It is therefore important that anti-corruption regimes in our respective jurisdictions are strong enough to prevent and tackle such problems before and as it arises so that we can together make the Belt and Road a road with high ethical standards!

23. In this connection, ICAC has planned, within the framework of the Convention, to strengthen cooperation with our counterparts of the Belt and Road countries in terms of (i) capacity building by providing tailor-made training; and (ii) provision of consultancy services and advice to other anti-corruption agencies and stakeholders. We believe that sharing ICAC’s enforcement and corruption prevention experience with our counterparts will not only enable Hong Kong to fulfil our international obligations, but will also help these countries build a level playing field for business which will benefit all concerned.

24. Our initiative is going to be a long term commitment. We have formed a unit within the Centre of Anti-Corruption Studies to take the matter forward. Dedicated staff have been deployed from the three departments of the Commission to identify, through dialogue with colleagues of the respective anti-corruption agencies, training needs and design training assistance on the basis of mutual consent.

25. To highlight the new role of the Centre of Anti-Corruption Studies and to show the importance ICAC accords to the initiative, I would like to take this opportunity to announce the renaming of the centre as Centre of Anti-Corruption Studies and International Training.

26. As a matter of fact, we have already commenced dialogue with heads of three anti-corruption agencies and have so far put up training proposal to invite colleagues from one agency to come to ICAC to
receive attachment training. For obvious reasons, we will have to prioritize such needs by considering factors such as connection with Hong Kong; the social, political and economic conditions of that country; the conditions of anti-corruption regime of the respective agencies; their training needs and most importantly the resources ICAC could contribute.

27. Our proposal is not just open to the anti-corruption agencies and other stakeholders of the Belt and Road countries but also to all other countries who consider our proposal is useful to them.

28. So, Ladies and gentlemen, it’s my pleasure to invite you to convey on my behalf, our proposal to your anti-corruption agencies and other interested parties in your country for their consideration. ICAC stands ready and is committed to assisting wherever we can to strengthen each other’s anti-corruption capability. They are welcome to approach us, directly or through you. There is nothing better than personal contact to foster deeper friendships and greater understanding between ICAC and other anti-corruption agencies in the world. And that explains your presence here this afternoon because you provide the personal touch and conduit that helps ICAC to keep in touch with your agencies back home.

29. As the Chinese New Year is just round the corner, may I conclude by extending my warm wish to you all for a happy, healthy and prosperous Year of the Dog. Kung Hei Fat Choy!

30. Thank you!