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Press release:

Telekom Malaysia accused of paying kickbacks Japanese firm Mitsui should be blacklisted if complicity is proven

Berlin, 17 February 2000

Transparency International (TI) welcomes the prompt action taken by the Malaysian authorities concerning allegations that Yen300million had been paid by Mitsui of Japan to Telekom Malaysia as an inducement to award a major contract.

Tunku Abdul Aziz, President of TI's Malaysian Chapter, the *Kuala Lumpur Society for Transparency and Integrity*, said in a statement issued today "The Society is pleased to note that the Anti-Corruption Agency and the CEO of Telekom Malaysia Berhad have reacted so promptly to establish if these damaging allegations have any basis in fact." He went on to say that action such as this on the part of the authorities will undoubtedly go a long way towards dispelling the widely-held perception that international business transactions involving Malaysian parties are invariably fraught with corrupt practices.

Tunku Abdul Aziz added: "For Telekom Malaysia and other state or state-controlled enterprises, there is an urgent need to put into place clear and transparent procedures for procurement. In this regard, the WTO Working Group on Transparency in Government Procurement has made substantial progress in securing broad consensus on transparency principles. Countries such as Hungary, Korea and the US have submitted a draft text focusing on transparency. This document does not seek to change politically sensitive market access rules, merely to put transparency at the forefront of international business agendas."

Tunku Abdul Aziz explained that the agreement provided for:

- Publication of laws, procedures, judicial decisions and administrative rulings

- Timely notification of bidding opportunities
- Information on qualification requirements
- Publication of tender documentation including information on technical specifications and criteria for awards
- Transparent qualification and contract award decisions
- Independent review procedures

The proposed WTO Transparency Agreement will close another window of opportunity for grand corruption. For Malaysia, the benefits will be reflected not only in improved investor perceptions, but also in better returns on public sector spending. As President of the Kuala Lumpur society for Transparency and Integrity, Tunku Abdu Aziz stressed "It is clearly my duty to urge the government to apply the full weight of the law against the guilty. In this case, we need to look at both the giver and the taker because, as the saying goes, it takes two to tango. Again, if complicity is proven, Mitsui should be blacklisted and barred from participating in all future contracts. This will send a clear signal to all international bidders that Malaysia is totally against bribery in all its business transactions."

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About TI:

Transparency International was founded in 1993. It is the only global non-governmental and not-for-profit organisation devoted solely to containing corruption. There are currently more than 75 National Chapters in all continents, and TI's International Secretariat is in Berlin, Germany.

Transparency International does not investigate or expose individual cases of corruption but lobbies for structural reform.