

## East Asia

China, Japan, Mongolia, North Korea, South Korea, Taiwan

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### Overview

A revived sense of urgency is driving the anti-corruption struggle in East Asia, motivated by international perceptions and domestic outcry. Public opinion surveys put corruption at the top of the political and economic problems faced by countries in the region. Surveys in South Korea in 2001 showed that eliminating corruption was a priority second only to economic growth,<sup>1</sup> while a newspaper in Japan dubbed the country's ingrained corruption a 'state of political emergency'. A Chinese poll suggested that citizens viewed corruption as one of the country's three most serious problems.<sup>2</sup>

Governments across the region have attempted to clamp down on corruption by drafting new legislation, such as an anti-corruption law in South Korea and the creation of an anti-corruption agency in Taiwan. Identifying the need for broader efforts, Hong Kong's Independent Commission against Corruption (ICAC) has used anti-corruption messages in media campaigns for several years. Following its lead, China and Taiwan recently put out public service announcements about corruption on TV and radio, as well as on hoardings and in pamphlets.

Corruption scandals hit the highest levels of government in 2001–02, and corruption also became a prominent election issue. Where sitting governments made the fight against corruption central to their election platforms, as in South Korea and Taiwan, their credibility was shaken by new allegations of their own involvement in corruption. In South Korea, two of the president's sons were charged with taking bribes in June 2002; both were later convicted. The president was also forced to make public apologies for the corruption in his administration.

There was some recognition by business that it needs to combat corruption with more conviction, but private sector corruption, by and large, was as pervasive as it has been in the past. Bribery in the construction, consulting and insurance industries lay behind many of the scandals that tainted governments in the region in 2001–02.

The NGOs and media most vocal about corruption continued to be found in Japan, South Korea and Taiwan. The Chinese government is wary of political opposition and initiates almost all anti-corruption efforts, while little is known of the extent of corruption in the closed society of North Korea.

## International and regional

The sensitivity of governments to their international reputations motivated much of the anti-corruption activity in the region, particularly in Taiwan, which enacted legislative reform in mid-2002. An editorial in December 2001 had observed that corruption was damaging Taiwan's international reputation, quoting the International Institute for Management Development's *World Competitiveness Yearbook*, which noted: 'Taiwan's ranking consistently suffers because of the prevalence of corruption.'<sup>3</sup> The justice ministry cited the same report in an effort to persuade the legislature to pass a draft law establishing an official anti-corruption agency.<sup>4</sup> When Transparency International's Bribe Payers Index was released in May 2002, ranking Taiwanese businesses among the most frequent payers of bribes in developing countries, the justice ministry declared its intention of prohibiting the bribing of foreign officials. A bill was drafted accordingly in July 2002.<sup>5</sup>

International media reports on Chinese corruption sparked responses from Beijing. A Hong Kong press report first noted that the lavish lifestyle of Shenyang's mayor, Mu Suixin, was suspiciously beyond the income of a local official, however senior. In October 2001, Mayor Mu was sentenced to death, with a two-year reprieve, for accepting extensive bribes.<sup>6</sup> A second prominent case involved Hong Kong press reports of financial mismanagement in Project Hope, a Chinese educational charity for the poor to which many Hong Kong residents had contributed. The organisation denied allegations of wrongdoing, but allowed a formal audit of its books in April 2002.<sup>7</sup>

A World Trade Organization member since December 2001, China has increasingly sought to be integrated into the international community and is thus more susceptible to pressure to conform to international norms. In January 2002 Wang Xuebing, CEO of the China Construction Bank, was arrested and dismissed from his post following investigations into financial irregularities at the New York branch of the Bank of China, where he was previously branch head and bank president.<sup>8</sup>

Governments have begun to consider international organisations as a legitimate means of promoting anti-corruption measures in the region, though the actual impact of the measures that have ensued remains limited. Japan, Mongolia and South Korea endorsed the action plan of the Anti-corruption Initiative for Asia-Pacific at the third annual Asian Development Bank/Organisation for Economic Co-operation and Development conference, held in Tokyo in November 2001, but the specific steps to be taken are still to be determined.

## National

Governments in East Asia are waking up to the damage corruption has wreaked on public trust in politics, one reason behind the urgency surrounding reform in China, Taiwan, Japan and South Korea. One Japanese newspaper put it bluntly: 'Diet members are being arrested year after year. If the Diet had been a corporation, it

would have been forced into bankruptcy long ago.<sup>9</sup> Chinese leaders have frequently called the challenge of widespread corruption a 'life and death issue' for the regime.

### **Ongoing corruption**

President Kim Dae Jung of South Korea made fighting corruption a top priority on coming to office in 1997, but his administration was plagued by corruption scandals in 2001–02. As the country warmed up for the December 2002 presidential election, his campaign became bogged down by the increasing weight of allegations. In January 2002, the prosecutor-general resigned following the arrest of his brother on suspicion of taking bribes. Hours later, President Kim made a public apology for the corruption in his administration and vowed to make the eradication of corruption one of the priorities of his last year in office. But in May and June 2002 two of the president's sons were arrested for allegedly taking bribes.<sup>10</sup> President Kim resigned from his party in May 2002, once more finding it necessary to apologise for the scandals in his administration.<sup>11</sup>

China openly admits to the existence of pervasive corruption, and there has been no lack of imagination in devising preventive measures. The government promotes 'illegal money return accounts' in banks, anti-corruption calendars and training workshops for officials' spouses, as well as public service anti-corruption announcements. Systematic checks and balances, however, are still inadequate. Anti-corruption agencies are neither independent nor free of political influence, and they operate in a society without an independent judicial system or a free press.

Since the Democratic Progressive Party (DPP) won a majority on an anti-corruption ticket in the Taiwanese parliamentary elections in December 2001, members of the DPP have themselves been the target of corruption allegations. One controversy that surfaced in June 2002 concerned DPP members of parliament accused of having pressured the state-run Taiwan Power Company to award contracts for the construction of the country's fourth nuclear power plant to a favoured firm.<sup>12</sup>

In Japan, the failure to reform the post-1955 political order, which the Liberal Democratic Party (LDP) has dominated for more than half a century, continues to hold up the implementation of effective anti-corruption measures. LDP politicians were once again snarled in a series of corruption scandals in 2001–02, and public confidence was eroded further by the latest allegations. A number of cases involved misuse of government funds by members of parliament to pay for relatives posing as personal assistants, a practice considered rampant among Japanese politicians.<sup>13</sup> Several members of parliament had to resign because of such allegations in the last year. A second prominent formula involved politicians selling favours in connection with public construction works. Yutaka Inoue, president of the upper house, resigned in April 2002 following allegations that a policy aide had taken a 64 million yen (US \$550,000) kickback from a construction company on a public works project.<sup>14</sup>

## Floodgates of corruption: China's Three Gorges dam

The Three Gorges dam project, the largest engineering project in China since the construction of the Great Wall, will submerge dozens of towns and cities and displace more than one million people in Hubei and Sichuan provinces. The scheme is designed to harness the power of the Yangtze River and control the type of chronic flooding that killed more than 4,000 people as recently as 1998. It will create a reservoir that will eventually be more than 600 km long and about 200 m deep. But the plan for the world's largest hydroelectric project – whose turbines are expected to begin turning in mid-2003 – is mired in controversy.

Scheduled for completion in 2009, the Three Gorges project has a budget of about US \$24 billion – leaving ample scope for personal enrichment of cadres close to the work. Reports estimate that one to two million people will be displaced, depending on the bias of the report and whether migrant workers, who are difficult to count, are included. In 2000, Beijing admitted that some US \$58 million of the US \$2.1 billion allocated to resettlement had already been misappropriated.<sup>1</sup> So far, at least 100 officials have been disciplined by the Communist Party for embezzlement. In 2001, 21 government and Communist Party officials were punished for embezzlement and taking kickbacks to divert funds.

In March 2002, a Chinese-American woman was sentenced to life in prison for credit fraud of nearly US \$26 million linked to the project. The Beijing Intermediate People's Court convicted Li Xiaoyuan of falsifying documents and official seals to obtain 14 letters of credit from two Chinese banks. She was later expelled from the country.<sup>2</sup>

Meanwhile, the government has quite clearly clamped down on public outcries from residents of the more than 350 townships in more than 20 counties that will be under water when the dam is

completed.<sup>3</sup> The state-controlled media has kept criticism of the projects to a bare minimum. Villagers who spoke to the international press have been detained and charged with leaking state secrets, 'disturbing the public order and destabilising society' or 'maintaining illicit relations with a foreign country', accusations typically applied to those who talk to foreign reporters. As a result, most foreign reports cite 'unnamed sources' when detailing criticism of the project, making allegations difficult to substantiate.

Officials are allegedly exploiting the multibillion-dollar deal as much as they can. Accusations range from bribe taking, inflating the actual cost of relocation, inventing fake people to be resettled and skimming from the central government's resettlement budget. Local officials are accused of paying those forced to move out of their homes far less than the amount stipulated by government regulations. Furthermore, many of the people due for relocation are farmers who complain that few provisions are being made for them to make a living in the future.<sup>4</sup>

Perhaps one of the most incriminating condemnations – which is also among those most difficult to prove – is that officials have been cutting corners and pocketing the savings in the course of a massive public works scheme to house those displaced by the Three Gorges dam in high-rise apartments in extensive new towns. This final wave of corruption could ultimately bring about life-threatening problems, all arising out of a project allegedly designed to save lives from flooding.

**Liam McMillan**

1 *Economist* (Britain), 6 July 2002.

2 Agence France-Presse (France), 28 March 2002.

3 *South China Morning Post* (Hong Kong), 20 April 2001.

4 *South China Morning Post* (Hong Kong), 12 July 2001.

### Strengthened efforts to fight corruption

Most countries in the region made some attempt to step up corruption investigations and reform efforts. Chinese authorities investigated some 36,000 cases of corruption in 2001 and more than 20,000 officials were jailed.<sup>15</sup> The government also recognises the need for institutional reforms. At the Fourth National Anti-corruption Conference in February 2002, Prime Minister Zhu Rongji proposed a multi-pronged strategy to deal with the problem, including: continued transformation of the role of the state, further development of the rule of law and an enhanced role for monitoring agencies such as the auditor bureau. He also called for tighter budgetary control over government agencies and further reduction in the number of permits they issue, an effort that started in 2000. By the end of 2001, most provincial and major metropolitan administrations had reportedly reduced the number of administrative permits by 30 to 50 per cent.<sup>16</sup>

The Chinese government uses the media as a weapon in its anti-corruption armoury. An anti-corruption TV drama, *Black Hole*, first aired in December 2001, topped viewing figures in Beijing. In March 2002, a new TV programme, *China's Most Wanted: Corrupt Officials*, went on air on 60 local stations. This daily 15-minute docudrama, produced by the Supreme People's Procurate, the country's main anti-corruption body, names and shames fugitive public officials or employees suspected of corruption.<sup>17</sup>

Taiwan saw a significant effort by the government to crack down on vote buying in the electoral process. In the run-up to the December 2001 legislative election, the police received thousands of allegations of vote buying.<sup>18</sup> Although the anti-corruption campaign during the election was popular, critics were worried by the tactics used by the investigative authorities. According to government figures, about 2,000 telephone lines were tapped during the election. The law requires the prosecutor's office, which is responsible for such surveillance, to notify, *post facto*, the owners of bugged phones, but it seems that many were not informed.<sup>19</sup>

After the DPP won the 2000 presidential election, the new Taiwan administration tried to pass a bill establishing an independent anti-corruption agency on the model of the ICAC in Hong Kong, but it has made slow progress through the legislature.<sup>20</sup> In May 2002 the legislative committee refused to proceed with the bill for the fifth time.<sup>21</sup> Justice Minister Chen Ting-nan said he intended to press for legislation to create a special anti-corruption agency in his ministry. He also asked for amendments to the Statute for the Punishment of Corruption, including provisions making it a crime for public officials to possess substantial assets of unknown origin.<sup>22</sup>

In Japan, Prime Minister Junichiro Koizumi came to office in April 2001 with high public expectation of radical reform, but his programmes have been partly hampered by internal squabbling. A narrowly defined law came into force in 2001, banning holders of public office from receiving money and gifts from corporations or individuals in return for favours; violators face up to three years in prison. The law applies to members of parliament, local assemblies, governors and mayors, as

well as their state-paid secretaries. In a recent survey, however, 84 per cent of legislators said the law should also apply to legislators' private secretaries.<sup>23</sup>

Several other bills aimed at curbing corruption were also proposed in the Japanese parliament. Prime Minister Koizumi initially supported a bill that would have eliminated political donations to legislators but, only two weeks later, in April 2002, he backed down and called for a limit but not an outright ban.<sup>24</sup>

South Korea introduced an anti-corruption law in January 2002 that sets stiff penalties for corrupt officials, including jail terms of up to 10 years, fines of up to 50 million won (US \$40,000) and a ban on employment by public or private companies lasting five years. The law also established an anti-corruption commission, with a specific mandate to investigate cases involving high-ranking officials. Before the commission was launched in January 2002, however, its first chairman-designate resigned because of his suspected involvement in a major corruption scandal.

In April 2002, the South Korean government announced that it will work more closely with non-governmental actors in the fight against corruption. The government procurement agency announced the introduction of an ombudsman system and a 'clean procurement committee' in an effort to break ties between the government and its contractors. The new office will appoint members of civil society organisations, professors and technicians as ombudsmen to monitor bidding and contract-awarding processes in order to enhance transparency.<sup>25</sup>

### Private sector

In East Asia, as elsewhere, the business sector is both the victim and perpetrator of corruption. While expressing opposition to corruption by politicians and civil servants, businesses simultaneously engage in influence-peddling and bribe-giving to public officials. The contradiction was highlighted in February 2002 when the Federation of Korean Industry (FKI) announced that its members would no longer comply with 'unjustified demands' for political funds.<sup>26</sup>

The South Korean economy is notable for being dominated by a few large conglomerates, or *chaebol*, that have contributed illegal funds to politicians and parties in the past. Many in the media cast doubt on the FKI's sincerity, but others welcomed it as indicative of a new awareness in the business sector of the need to curb political corruption.

Several major scandals in Japan last year involved construction firms, echoing a trend across East Asia, where the construction, consulting and insurance industries, often linked together in public works contracts, stand out as hotbeds of corruption.<sup>27</sup> In early 2002, a Japanese construction company executive accused of tax evasion and bribery was reported to have given in 1996 millions of yen from a slush fund to an aide of then prime minister Ryutaro Hashimoto.<sup>28</sup>

In a separate case, a Tokyo-based consulting company formed by former secretaries to influential Diet legislators was alleged to have funnelled about 100 million yen (US

## Goodbye Mr Clean

The first soccer World Cup tournament to take place in Asia opened on 31 May 2002 in Seoul with a spectacular ceremony complete with music, dancing and fireworks – and jeers for the newly re-elected president of the Fédération Internationale de Football Association (FIFA), the sport's world governing body.

During a speech in which he called for 'fair play', FIFA president Joseph 'Sepp' Blatter was subjected to the boos of fans awaiting the start of the opening game between France and Senegal. After weeks of reports of financial scandal and political in-fighting in FIFA's administration, including accusations of corruption and mismanagement against Blatter by FIFA's own general secretary, fans lost their patience.

The headlines emerged in spring 2001 when the Switzerland-based International Sport and Leisure (ISL), FIFA's marketing agents, declared bankruptcy. Competitors claimed that FIFA steered contracts to ISL under questionable circumstances. Within weeks, Swiss reporters had discovered the existence of 'Nunca' (Spanish for 'Never'), a secret fund set up in Liechtenstein by ISL's managers allegedly to channel bribes to sports officials in return for contracts.

Media attention then turned to FIFA vice-president Jack Warner from Trinidad, who heads CONCACAF, the football association of the Caribbean, Central and North America. This block of 35 votes is crucial in FIFA presidential elections. Warner, chairman of FIFA's youth committee, had steered last year's under-17 world championships to Trinidad and Tobago. He also presided over the local organising committee that awarded lucrative contracts to him and his sons. FIFA's finance committee – a committee on which Warner serves as deputy chairman – approved these decisions.

In May 2002, General Secretary Michel Zen-Ruffinen produced a lengthy report in which he alleged that Blatter had

misappropriated FIFA funds to provide favours to, among others, CONCACAF and Jack Warner. In response to Zen-Ruffinen's report, 11 members of FIFA's 24-strong executive committee filed a lawsuit against Blatter in the Swiss courts.

Blatter dismissed allegations of corruption, vote rigging and cronyism as 'politics' in the run-up to the FIFA presidential elections held on 27 May 2002. He won the election by a landslide, overcoming an extraordinary rebellion led by Zen-Ruffinen, thanks to the support of minuscule and island statelets where professional football is almost unknown. The day after his re-election, Blatter announced he was going to 'take care of Mr Clean', a reference to Zen-Ruffinen, whom he subsequently dismissed. The members of FIFA's executive committee withdrew their lawsuit shortly after.

Regardless of whether the allegations are true, there is a clear need for greater accountability in FIFA's finances. In addition, FIFA's electoral structure is a major stumbling block to reform: countries like Bhutan and Montserrat, at the bottom of FIFA's world soccer ratings, have votes equal to football superpowers like Brazil and Italy. These small but numerous countries have received substantial financial support from Blatter, mostly from TV revenues raised in the European market, and they tend to echo Blatter's attacks on Europe and encourage him to reduce European power in soccer.

The fans who booed Blatter during his speech at the World Cup opening ceremony in Seoul showed the way. The corporate sponsors of world soccer – plus the broadcasters who pour billions into Blatter's treasury – could bring reform to FIFA swiftly if they only took responsibility for how their money is spent.

**Andrew Jennings**

\$815,000) to parliamentarians and local government politicians with the aim of landing public works contracts for its client companies.<sup>29</sup>

In South Korea, several corruption scandals have involved politicians taking kickbacks from contractors to help them win construction bids. In one case, the brother-in-law of one of President Kim's sons, the proprietor of a construction company, was investigated for acting as a middleman in a corrupt deal. In June 2002, prosecutors alleged that one of the president's sons, Kim Hong-up, had accepted US \$820,000 from a construction firm, among other bribes. He was later sentenced to 3.5 years in prison.<sup>30</sup>

South Korean firms in the domestic non-life insurance business reportedly spend up to 100 billion won (US \$84 million) per year on kickbacks and illegal gifts to attract customers.<sup>31</sup> So widespread has the problem become that the Financial Supervisory Commission placed under surveillance 203 car insurance agencies suspected of paying kickbacks. In Japan, companies reportedly offer kickbacks to parents and teachers' associations in order to win student accident insurance premiums.<sup>32</sup>

Hong Kong remains one of the least corrupt places in Asia in the eyes of businessmen, ranking third after Singapore and Japan in a 2001 survey.<sup>33</sup> Corruption did not appear on a list of problems in Hong Kong's business outlook, according to a survey by the American Chamber of Commerce (AmCham) in Hong Kong. The business sector in the rest of China, however, is plagued by corruption. Ninety-four per cent of respondents in an AmCham survey considered corruption the most 'unsatisfactory' aspect of China's business environment in 2001, 2 per cent up from 2000.<sup>34</sup>

The 'black whistle' scandal in Chinese soccer, exposed in late 2001, was one of the most significant corruption cases involving the business community in recent years. The bribery of referees is reported to have become routine since professional league football was launched eight years ago. After several months of investigation, one referee was arrested and charged with bribery in April 2002. The case was significant in several ways.

First, it came to light as a result of whistleblowing inside football, rather than a police investigation. The government had been reluctant to get involved, in part because the problem involved private businesses. Second, the media played an important role in following up the case. Third, the case could set a precedent for prosecuting corruption in the business sector. Initially, there was a legal debate as to whether it was a violation of business ethics, but not of the law. Later the legal authorities stepped in and declared that referees could indeed be prosecuted for 'commercial bribery'.<sup>35</sup>

A remarkable element in China's anti-corruption efforts is the growth of an anti-corruption-related business sector. In Beijing, a large revenue stream is provided by court-ordered auctions of assets seized from corrupt government officials. Close to 30 Beijing auction houses now specialise in the lucrative sale of confiscated assets, auctioning off about US \$450 million worth of assets per year.<sup>36</sup>

## Access to information in East Asia

There is marked variation in the provision of freedom of information. Regulations exist in Japan, Hong Kong and South Korea, but there is no legislation in China or Taiwan.

In Japan, after 20 years of debate and lobbying by citizens' groups, the Information Disclosure Law came into effect in 2001. A committee in the prime minister's office examines complaints about officials' refusal to disclose specific pieces of information. Japan, however, is one of the few major democracies without a law to protect whistleblowers.

Following a court ruling in 1989 that South Koreans have a constitutional right to information, the Act on Disclosure of Information by Public Agencies came into effect in 1998. There are now proposals to revise the law by reducing exemptions to prevent arbitrary decisions by public officials on non-disclosure, clearly stating the length of term for non-disclosure and making provisions for providing information via the Internet.

Hong Kong's administrative code on access to information requires civil servants to provide records held by government departments unless there are specific reasons for not doing so.

Departments can withhold information if it relates to one of 16 different categories, including defence, external affairs, law enforcement and personal privacy. Formal complaints of denials can be filed with the ombudsman.

China has no freedom of information legislation. The only legal right is set out in the 1994 Consumer Rights Protection Law, which gives certain rights to know (*zhiqingquan*). The 'right to know' has gradually gained ground and discussion of 'information disclosure' as well as proposals for legislation have also begun in the last few years.

Nor is there legislation in Taiwan as yet, and there are conflicting moves to protect and disclose government information. Two bills are currently under consideration by the legislature: the Draft Law for Government Information Accessibility and the Draft Law for Protection of State Secrets. They were first proposed in April 1999 and failed to pass the legislature. They were submitted by the government again as a legislative priority on 22 March 2002 – the day after the offices of two news organisations were searched by government agents on the grounds that they were attempting to leak

### Civil society

Anti-corruption NGOs are emerging in much of East Asia, with the notable exception of China and North Korea. In China, anti-corruption efforts have been almost entirely initiated by the government. Organised civil society groups are few in number and their activities closely watched owing to the government's wariness of organised political opposition. Many groups are active in environmental protection, consumer rights, poverty relief and women's rights, but not a single NGO operates in the anti-corruption area, a situation that is unlikely to change for the foreseeable future.

Anti-corruption efforts from within civil society do exist, but they are not group-based. One publisher, for example, has produced an 'anti-corruption, non-fiction series' of books.

With increasing numbers of people using the Internet, web bulletin boards and chat rooms have become a venue where political scandal and corruption are dis-

state secrets. The searches were highly controversial and sparked a debate over the limits of free expression. Taiwan has an independent and lively press, which is now seen as the bedrock of its young democracy.

The governments of South Korea and Japan are also held to account by a free press. South Korea's press offers vigorous, independent coverage, including strong criticism of government policies and officials. Politicians and businessmen, however, sometimes use libel laws to punish journalists for articles that are critical, and the courts can jail journalists under criminal libel laws. Though the Japanese press is independent and highly competitive, informal alliances persist between exclusive press clubs and certain ministries.

While there are both public and private print media in China, the government owns and operates all broadcasting systems. Some publications have been banned for covering subjects that generally are permissible, such as corruption, and self-censorship is common. Journalists have been harassed and arrested. As a result of liberalisation and marketisation, however, Chinese media have gained some autonomy. The tabloid press and call-in radio shows are lively,

and investigative reporting is on the rise. There is also a rapidly growing population of Internet users, though the government tries to control content by regulating providers. There have been renewed calls for press freedom legislation at the National People's Congress in the past two years.

In the area of e-government, South Korea is at the forefront of new initiatives. As part of a multi-pronged assault on corruption, in 1999 the Seoul metropolitan government created a system for on-line monitoring by citizens of the progress of applications for permits and licences – the OPEN system (Online Procedures ENhancement for Civil Applications). Although a recent survey indicated a marginal decline in user satisfaction over time, the majority of respondents reported that OPEN has increased transparency.<sup>1</sup> At the national level, the government's procurement agency processed more than 16,000 procurement projects through its electronic bidding process in 2001. In April 2002, the agency stated that it had further plans to upgrade the electronic bidding system.<sup>2</sup>

1 Transparency International Korea, *Special Report: Survey of Seoul City's OPEN System*, newsletter, June 2001.

2 *Korea Times* (South Korea), 23 April 2002.

cussed. In some cases, innovative anti-corruption tools have been developed, such as playing cards with anti-corruption cartoons designed by an amateur cartoonist, a story picked up by many Chinese newspapers in 2001.

Taiwan's democratisation process, by contrast, has been accompanied by the emergence of a vigorous civil society, which plays an active role in the promotion of judicial accountability and access to information. Active NGOs in these areas include the Civil Judicial Reform Foundation and the Consumers' Foundation.

In South Korea, citizen groups participate actively in the fight against corruption. In December 2001, the NGO People's Solidarity for Participatory Democracy, acting on behalf of minority shareholders, won a landmark lawsuit against Samsung Electronics on several counts, including the bribery of former South Korean president Rho Tae Woo. The court ordered Samsung's chairman and nine executives to pay nearly 100 billion won (US \$84 million) for the misuse of

company funds.<sup>37</sup> Transparency International-Korea, an umbrella group of 24 NGOs, has been active in promoting integrity pacts.<sup>38</sup> The ministry of defence became the first government agency in South Korea to introduce integrity pacts in January 2002, while Samsung Corporation was the first company blacklisted for violating an integrity pact.<sup>39</sup>

In the more open societies of Hong Kong, Japan and Taiwan, news reports, commentaries and editorials on corruption are frequent. In Japan, newspapers in 2001 supported a campaign by civil society groups and the opposition Democratic Party to introduce legislation to protect whistleblowers.

While the Chinese media is used as a tool in the government's anti-corruption campaigns, it is not allowed to investigate corruption independently, particularly if the exposés implicate powerful officials. When journalist Jiang Weiping uncovered several corruption scandals involving high-ranking officials, he was charged in September 2001 with 'revealing state secrets' and given a nine-year prison sentence in a secret trial. The Committee to Protect Journalists made him one of the winners of the 2001 International Press Freedom Awards and *Index on Censorship* magazine declared him 'Whistleblower of the Year 2002'.<sup>40</sup> In March 2002, *Nanfang Zhumo*, a popular Chinese weekly, was prevented from publishing an article exposing alleged financial mismanagement at a well-known non-governmental charity in a further indication that reporting corruption is still a dangerous activity in China.<sup>41</sup>

- 1 *Far Eastern Economic Review* (Hong Kong), 4 October 2001.
- 2 *Wenzhaobao* (China), 12 February 2002.
- 3 *Commercial Times* (Taiwan), 11 December 2001.
- 4 [www.moj.gov.tw/ethics](http://www.moj.gov.tw/ethics).
- 5 *China Times* (Taiwan), 17 May 2002; *Taipei Times* (Taiwan), 11 July 2002.
- 6 *Legal Daily* (China), 10 September 2001.
- 7 Agence France-Presse, 17 April 2002.
- 8 CNN.com, 18 January 2002; *BusinessWeek* (US), 28 January 2002.
- 9 *Asahi Shimbun* (Japan), 10 October 2002.
- 10 *Korea Herald* (South Korea), 20 May 2002; *Financial Times* (Britain), 22 June 2002.
- 11 BBC News, 6 May 2002.
- 12 *Taipei Times* (Taiwan), 14 June 2002.
- 13 *Straits Times* (Singapore), 9 April 2002.
- 14 *Asahi Shimbun* (Japan), 23 April 2002.
- 15 *People's Daily* (China), 12 March 2002.
- 16 *Liaowang* (China), 4 March 2002.
- 17 [www.sina.com.cn](http://www.sina.com.cn), 11 February 2002.
- 18 *Taipei Times* (Taiwan), 21 November 2001.
- 19 *China Times* (Taiwan), 4 December 2001.
- 20 *Taiwan Times* (Taiwan), 7 June 2001.
- 21 [www.moj.gov.tw/ethics](http://www.moj.gov.tw/ethics).
- 22 *Commercial Times* (Taiwan), 11 December 2001.
- 23 *Mainichi Daily News* (Japan), 7 April 2002.
- 24 *Yomiuri Shimbun* (Japan), 11 April 2002.
- 25 *Korea Times* (South Korea), 23 April 2002.
- 26 *Korea Herald* (South Korea), 23 February 2002.
- 27 *Yomiuri Shimbun* (Japan), 6 and 10 March 2002; *Asahi Shimbun* (Japan), 17 April 2002.
- 28 AP Worldstream, 5 January 2002.
- 29 *Yomiuri Shimbun* (Japan), 31 December 2001.

- 30 *Korea Herald* (South Korea), 26 April 2002; BBC News (Britain), 21 June 2002; Agence France-Presse (France), 12 November 2002.
- 31 *Ibid.*, 14 January 2002.
- 32 *Asahi Shimbun* (Japan), 5 January 2001.
- 33 Political and Economic Risk Consultancy Ltd, *Asian Intelligence*, no. 579, 7 March 2001.
- 34 [www.amcham.org.hk](http://www.amcham.org.hk).
- 35 [www.people.com.cn](http://www.people.com.cn), 4 April 2002.
- 36 *Australian Financial Review*, 13 April 2002.
- 37 *Financial Times* (Britain), 28 December 2001; *Korea Times* (South Korea), 21 February 2002.
- 38 An integrity pact is a contract in which bidders in a given public procurement process explicitly promise each other and the respective government not to offer or pay bribes and to subject themselves to specific fines if they fail to live up to this promise.
- 39 TI Korea report at regional conference in Seoul, 21 May 2002.
- 40 [www.cpj.org/awards01/Jiang.html](http://www.cpj.org/awards01/Jiang.html); and [www.indexonline.org/news/20020328\\_awards.shtml](http://www.indexonline.org/news/20020328_awards.shtml).
- 41 Reporters sans frontières, press release, 25 March 2002.