

## China's Efforts to Prevent Conflicts of Interest

The Chinese Government lay great emphasis on the prevention of conflicts of interest and include into the overall state strategy against corruption the establishment of a sound regulatory system on conflicts of interest. Through enhanced regulatory, educational, and supervisory measures, China sets to tackle the issue from the source.

### **I Establish a sound regulatory system to prevent abuse of official powers for personal gains**

China adheres to the rule of law as a fundamental principle and attaches importance to the regulating role of laws and regulations in the prevention of conflicts of interest. The enactment of a series of laws and regulations, including the Civil Servant Law of the People's Republic of China, and other rules and regulations, including the Guidelines of Leading Cadres to Perform Official Duties with Integrity (hereafter referred to as the Guidelines of Integrity), provides the legal basis for civil servants to correctly deal with issues involving conflicts of interest.

1. *Avoidance.* The Civil Servant Law, which comes into force as of January 1<sup>st</sup> 2006, provides for avoidance related to a public official's assumption of posts, performance of duties and regional avoidance. The Interim Provisions on the Avoidance of Civil Servants, issued in 2011, further provides for the procedures and supervisory methods of avoidance in the above mentioned areas. Moreover, the Judges Law of the People's Republic of China, the Audit Law of the People's Republic of China, the Law of the People's Republic of China on Administrative Supervision, the Securities Law of the People's Republic of China, and the Regulations on the Executives of State-owned Enterprises for Performing Management Duties with Integrity provide specifically for the correct exercise of official power and voluntary avoidance of conflicts of interest by practitioners of different professions.

2. *Disclosure of personal matters.* The Regulations on Leading Cadres' Report of Relevant Personal Matters, which was enacted in 2010, requires leading cadres to honestly report 14 personal matters including their incomes, possession of private travel documents and overseas travel experiences for personal business, real estate properties and investment owned or made either by themselves or together with their spouses and children living with them, the marital status of themselves and their children, as well as the employment and emigration status of and criminal offences committed by their spouses and children living with them. Those who refuse to report on time without justifiable reasons, fail to report honestly, or deliberately conceal important information are subject to penalties ranging from criticism, transfer of posts to even dismissal. The promulgation of the Interim Regulations on Strengthening Management of State Functionaries Whose Spouses and Children Have Emigrated Abroad in 2010 is another effort to promote the disclosure of personal matters of public officials that may relate to

conflicts of interest.

3. *Restrictions of activities.* The Guidelines of Integrity, implemented in 2010 after revision, clearly prohibits leading cadres from engaging in 52 types of inappropriate activities, of which 18 are related to conflicts of interest, including engagement in profit-making activities which are against established rules, such as starting or running one's own commercial business, participating in stocks and shares trading, moonlighting, and engaging in paid intermediary activities, etc; trading in influence for illegitimate gains, such as receiving gifts, treatment, trips, entertainments and other forms of hospitality that may affect the honest execution of public duties and cash gifts, marketable securities, and disbursement vouchers that are presented during the execution of public duties; and trading insider information which one gets knowledge of in one's public capacity for illegitimate gains, etc. The Guidelines of Integrity further prohibits leading carders from taking advantage of their positions and power to secure illegitimate gains and convenience for their spouses, children and other persons of specific relation in their employment or engagement in investment, stock trading and other forms of business activities.

4. *Post-employment Restrictions.* Both the Civil Servant Law and the Guidelines of Integrity provide for post-employment restrictions. According to the Civil Servant Law, where a civil servant resigns his post or retires, he shall not take any post in an enterprise or any other profit-making organization, which is directly related to his original post, or engage in any profit-making activity directly related to his original work within 3 years after he leaves his post, if he is a leader before resignation. For any other civil servant, the time limit is 2 years. According to the Guidelines of Integrity, where a leading carder resigns his post or retires, he shall not accept the offer to work in any private enterprises, foreign-funded enterprises or intermediary agencies under the jurisdiction of his original post within 3 years after he leaves his post.

## **II Enhance education to foster the favorable social atmosphere**

Integrating the requirement of preventing conflicts of interest into anticorruption education and the cultivation of clean culture, China seeks to enhance the sense of integrity and self-discipline in public officials and foster throughout the society the fine tradition of conscious avoidance of conflicts of interests.

Education in the conscious avoidance of conflicts of interest has been incorporated into the teaching plans of the government's schools of administration at all levels, as well as other organizations of cadre training, making it a required course for leading cadres to ensure the ready identification of the causes and results of and solutions to possible conflicts of interest. Education in the conscious avoidance of conflicts of interest is also combined with education in ideology, discipline, ethical values, and anticorruption laws and regulations. Different forms of education are employed including demonstrative education with examples, admonishing education and targeted on-the-job education and training so as to prompt leading carders to consciously implement related requirements of

preventing conflicts of interest. Utilizing the modern media such as radio, TV, newspaper and the internet, China devotes major efforts to promoting the social atmosphere that honors integrity and disgraces corruption. By means of launching anticorruption promotions, strengthening clean culture front, and initiating clean culture projects, China seeks to foster the ideological consensus and social atmosphere that applaud the voluntary avoidance of conflicts of interest.

### **III Promote supervision to ensure the implementation of conflicts of interest regulations**

While devoted to improving its regulatory framework on preventing conflicts of interest, China pays no less attention to the implementation of these laws and regulations. A series of supervisory measures are adopted to ensure the full play of such laws and regulations in standardizing power exertion and safeguarding public interests.

On the one hand, special inspection measures are taken to ensure the implementation of the Guidelines of Integrity and other regulations on conflicts of interest throughout the country. Efforts are made to facilitate disclosure of items listed in the Regulations on Leading Cadres' Report of Relevant Personal Matters and the Interim Regulations on Strengthening Management of State Functionaries Whose Spouses and Children Have Emigrated Abroad. Prevalent issues and tendencies are discovered and rectifying requirements are specified so that the inspected can take targeted measures to enhance the implementation and effect of the regulations. On the other hand, China gives full play to the supervisory system with Chinese characteristics composed of supervision by the National People's Congress and the local people's congresses, supervision within the governments, and democratic supervision by the Chinese People's Political Consultative Conference National Committee and local people's political consultative conferences, judicial supervision, supervision by the general public and supervision by public opinion and deepens the system of economic accountability auditing on leading carders and public officials and the accountability system of public officials, so as to promote the transparent and standard operation of public power and the effective supervision over conflicts of interest in a comprehensive manner.

At present, extensive researches are being carried out in the country on conflicts of interest legislation and pilot projects are launched in 7 provinces and municipalities.