



Global Enforcement Report 2015

TRACE
International
Report
March 2016

Introduction

Almost every country in the world has statutes and regulations prohibiting the payment of bribes to their own government officials. Anti-bribery conventions sponsored by the United Nations, the Organisation for Economic Co-operation and Development (“OECD”), the Organization of American States, the Council of Europe and the African Union require signatory countries to establish binding standards for the criminalization of bribery of foreign public officials in international business transactions. Virtually every country in the world has ratified one of these international conventions and many have enacted laws that prohibit the payment of bribes to foreign government officials.

Despite the global denunciation of bribery, little information is publicly available on enforcement of these anti-bribery regulations. This can make it difficult to recognize trends concerning the extent to which countries are enforcing anti-bribery laws or where bribery is most prevalent, even though such information is critical to promoting transparency in global business. TRACE publishes the Global Enforcement Report (“GER”) annually in an attempt to provide this essential information. The 2015 GER provides an updated summary of international anti-bribery enforcement trends, based primarily on the cases and investigations tracked in the TRACE Compendium, TRACE’s online database of transnational corruption cases. The TRACE Compendium contains summaries of enforcement actions, investigations and declinations involving the alleged bribery of government officials that crosses at least one border. Neither the TRACE Compendium nor the 2015 GER include matters involving domestic companies bribing domestic government officials. The alleged bribe must have a cross-border component and must involve a government official or an employee of a state-owned entity.

The 2015 GER offers both graphic and textual analyses of investigations and enforcement actions concerning the bribery of government officials from the enactment of the U.S. Foreign Corrupt Practices Act (“FCPA”) in 1977 through December 31, 2015. The 2015 GER reflects several updates to the data reported in earlier editions of the GER, as the data is updated whenever TRACE obtains new or improved information regarding an investigation or enforcement action, or when the status of an enforcement action changes. The 2015 GER also represents TRACE’s continuing efforts to refine and improve the data utilized in the report. Neither the TRACE Compendium nor the 2015 GER can provide a precise and objective measurement of global anti-corruption enforcement. Instead, they are meant to provide general information on trends in international anti-corruption efforts on a broad scale.

The 2015 GER focuses on two distinct anti-bribery enforcement events undertaken by government authorities: investigations and enforcement actions. An **investigation** is an ongoing investigation by a government authority into allegations of bribery of government officials by a foreign company or individual. TRACE recognizes that investigations into allegations of bribery are sometimes dropped due to insufficient evidence, or for security or political considerations; they may be closed without any resolution; or they may continue indefinitely with no other action ever being taken. However, unless publicly available information indicates that action was taken, either through an enforcement action or a declination, such an investigation is considered an ongoing investigation for the purposes of the 2015 GER. An **enforcement action** is an adjudication of allegations of bribery of government officials by a foreign company or individual. That is, there must be a final resolution that involves fines or penalties, a guilty plea, a sentencing or a settlement of charges.

Earlier editions of the GER included an analysis of declinations, which occur where an investigation is terminated but there is no enforcement action. That may mean a finding after trial that a company or individual is not guilty, or an authority deciding not to bring charges. In many instances, it is difficult to ascertain whether a declination has occurred, as authorities generally do not announce

the closing of an investigation. In the United States, there are a number of agencies that undertake investigations, and the closing of an investigation by one agency does not necessarily mean the company is no longer under investigation. For example, in May 2015 Hyperdynamics Corporation announced that the U.S. Department of Justice had closed its investigation into the company and would not bring charges against the company. In September 2015, the company settled charges with the U.S. Securities and Exchange Commission stemming from the same allegations as the investigation closed by the U.S. Department of Justice. In light of these difficulties, we have chosen to omit any analysis of declinations from this year's report.

The TRACE Compendium and 2015 GER also track allegations of bribery against individual employees or representatives of companies (including employees of local subsidiaries of international companies). When a company and its employees or representatives face multiple enforcement actions involving substantially the same conduct, only one enforcement action is counted in the 2015 GER. If a company does not face an enforcement action but its employees or representatives do, the enforcement action is counted as one enforcement action. Finally, while multiple different authorities in one country may be responsible for enforcement actions, only one enforcement action is counted against a company or individual.

Glossary of Terms

Below is a glossary of terms used in the 2015 GER:

Investigation – An ongoing investigation by a government authority into allegations of bribery of government officials by a foreign company or individual that has not been resolved by either an enforcement action or a declination.

Enforcement Action – An adjudication of allegations of bribery of government officials by a foreign company or individual that is a final resolution of charges.

Bribery of Foreign Official – Improper payments made by a foreign company to a government official who is not a citizen of the government undertaking the enforcement event.

Bribery of Domestic Official – Improper payments made by a foreign company to a government official who is a citizen of the government undertaking the enforcement event.

Key Findings

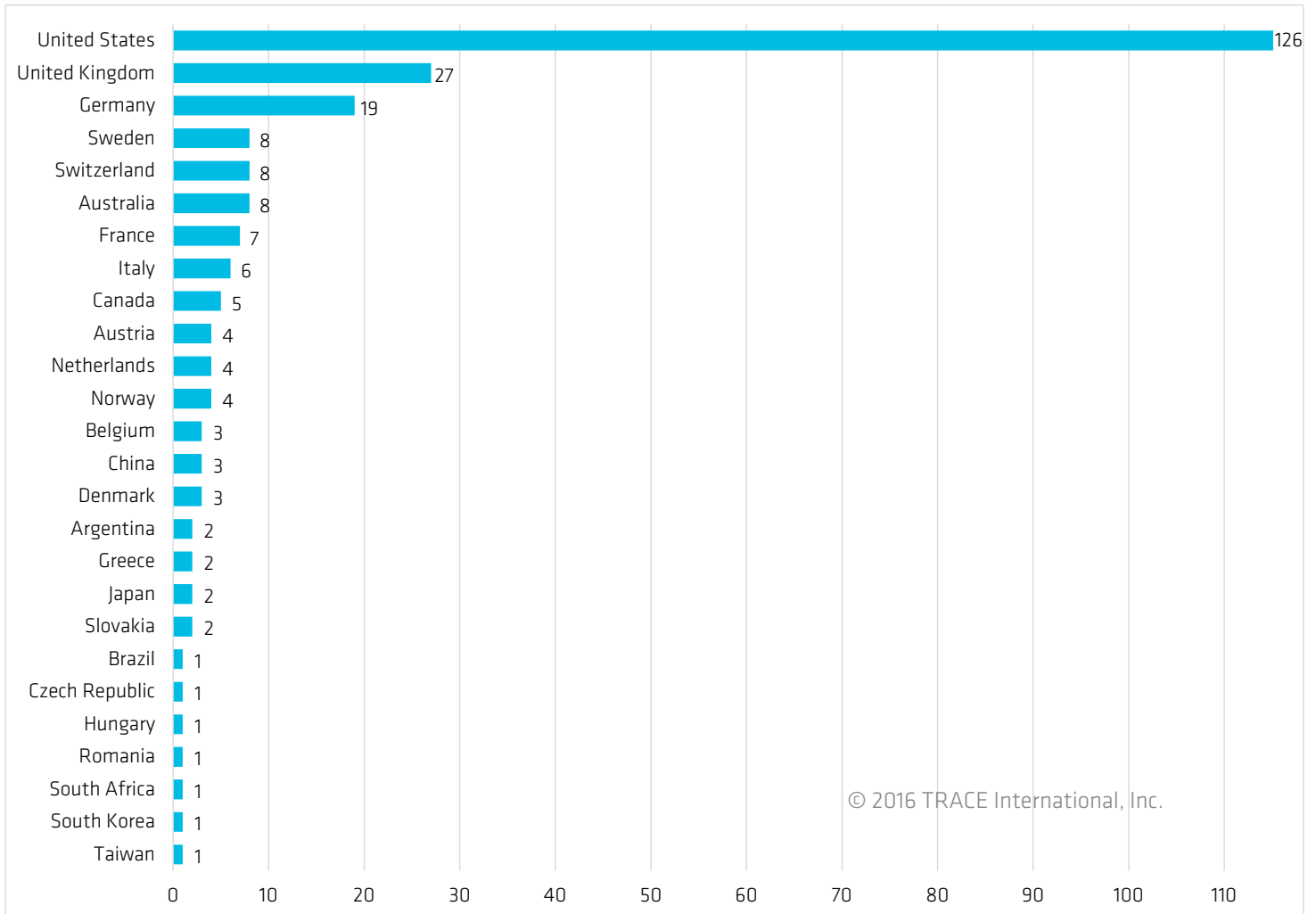
A number of developments and ongoing trends can be drawn from the 2015 GER:

- > Non-U.S. enforcement actions dropped 73% from 2014, and 2015 had the lowest level of non-U.S. enforcement actions concerning bribery of foreign officials since 2007. (*See Figure 3.*)
- > More than 70% of U.S. investigations and enforcement actions concerning alleged bribery of foreign officials being conducted against non-U.S. companies and individuals involved companies or individuals from Europe. (*See Figure 4, Figure 5.*)
- > The vast majority of non-U.S. investigations (93%) and non-U.S. enforcement actions (97%) concerning bribery of foreign officials from 1977 to 2015 were conducted by OECD members. (*See Figure 6, Figure 7.*)
- > Enforcement actions concerning alleged bribery of domestic officials are almost evenly distributed across the globe, with the same number of countries bringing such enforcement actions in Europe, Asia, and Africa. (*See Figure 9.*)
- > While the Extractive Industries faces the brunt of enforcement actions concerning bribery of domestic and foreign officials, (*see Figure 12, Figure 14*), the Manufacturer/Service Provider industry faces more U.S. investigations. (*See Figure 13.*)

Figures and Analysis

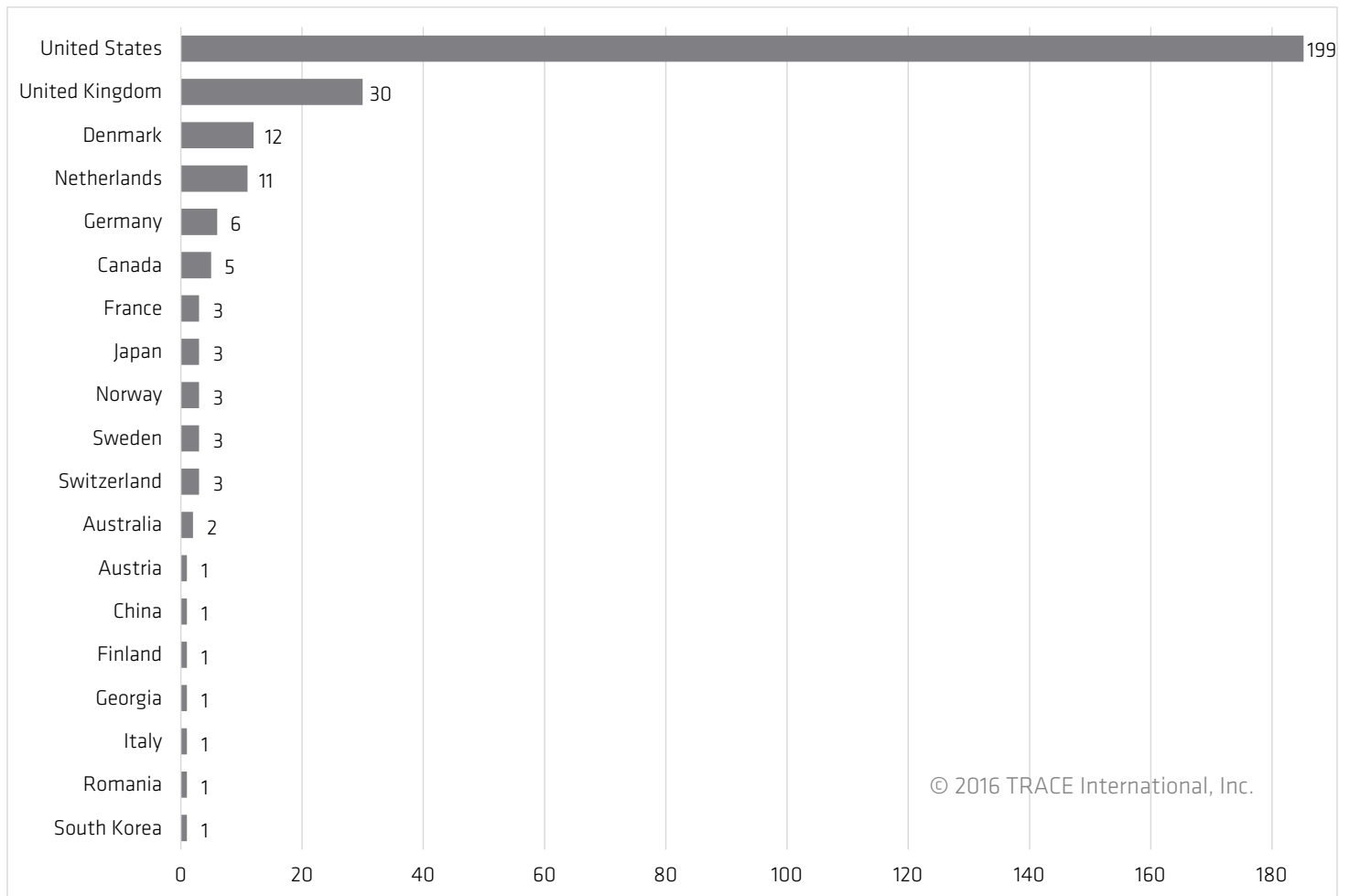


Figure 1: Investigations Concerning Bribery of Foreign Official by Country



There were 251 investigations concerning alleged bribery of foreign officials being conducted by authorities in 27 countries as of December 31, 2015. The United States was conducting 126 investigations, which was 50% of all ongoing investigations concerning alleged bribery of foreign officials and almost five (5) times as many as the United Kingdom, which was conducting the next-highest number of investigations. However, there was not as much disparity between the United States and Europe as a whole, which was conducting 101 investigations.

Figure 2: Enforcement Actions Concerning Bribery of Foreign Officials by Country



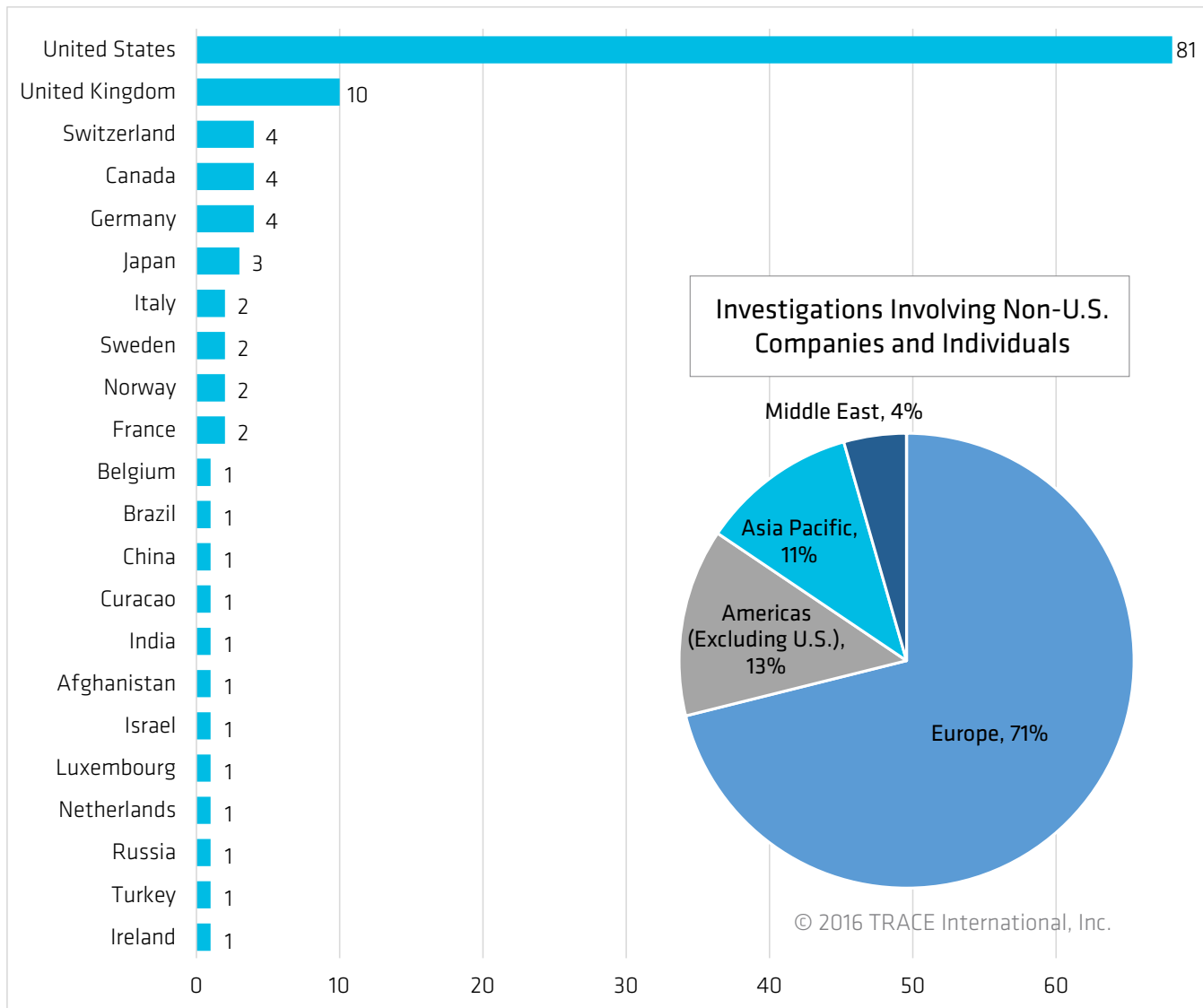
From 1977 through 2015, 19 countries pursued 287 enforcement actions concerning alleged bribery of foreign officials. The United States maintained the strongest enforcement record during this period, with 199 enforcement actions. This is approximately 70% of the total enforcement actions concerning alleged bribery of foreign officials taken to date, and almost seven (7) times as many as the country with the next highest total (the United Kingdom).

Figure 3: Enforcement Actions Concerning Bribery of Foreign Officials
2005 – 2015



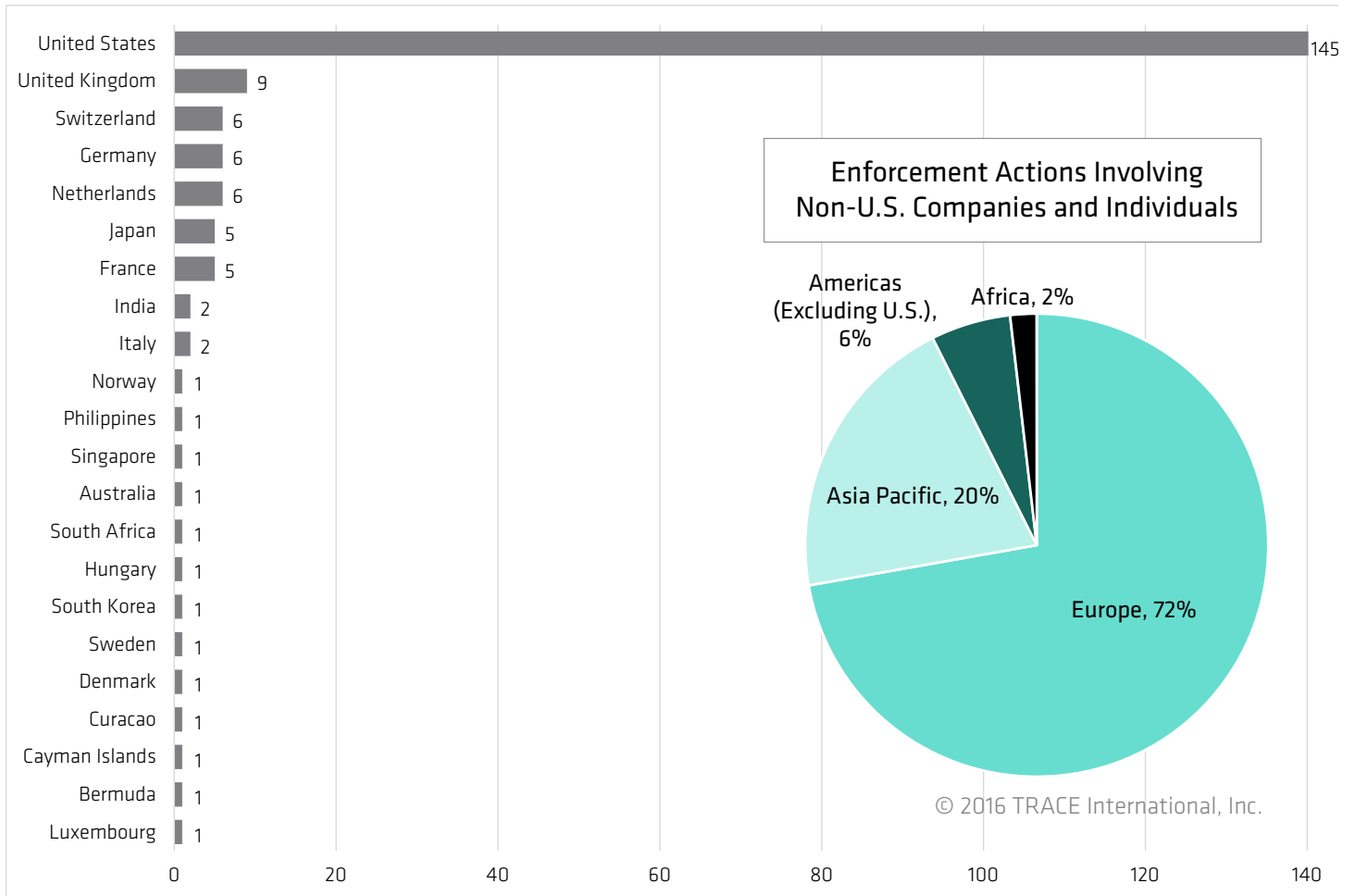
Figure 3 modifies the analysis in Figure 2 to examine enforcement actions concerning alleged bribery of foreign officials undertaken from 2005 through 2015. The number of such enforcement actions brought by the United States increased slightly in 2015, but did not significantly differ from the past four years. Non-U.S. enforcement actions decreased 73% from 2014, and was the lowest number of non-U.S. enforcement actions since 2007.

Figure 4: U.S. Investigations Concerning Bribery of Foreign Officials by Company Headquarters or Individual Citizenship



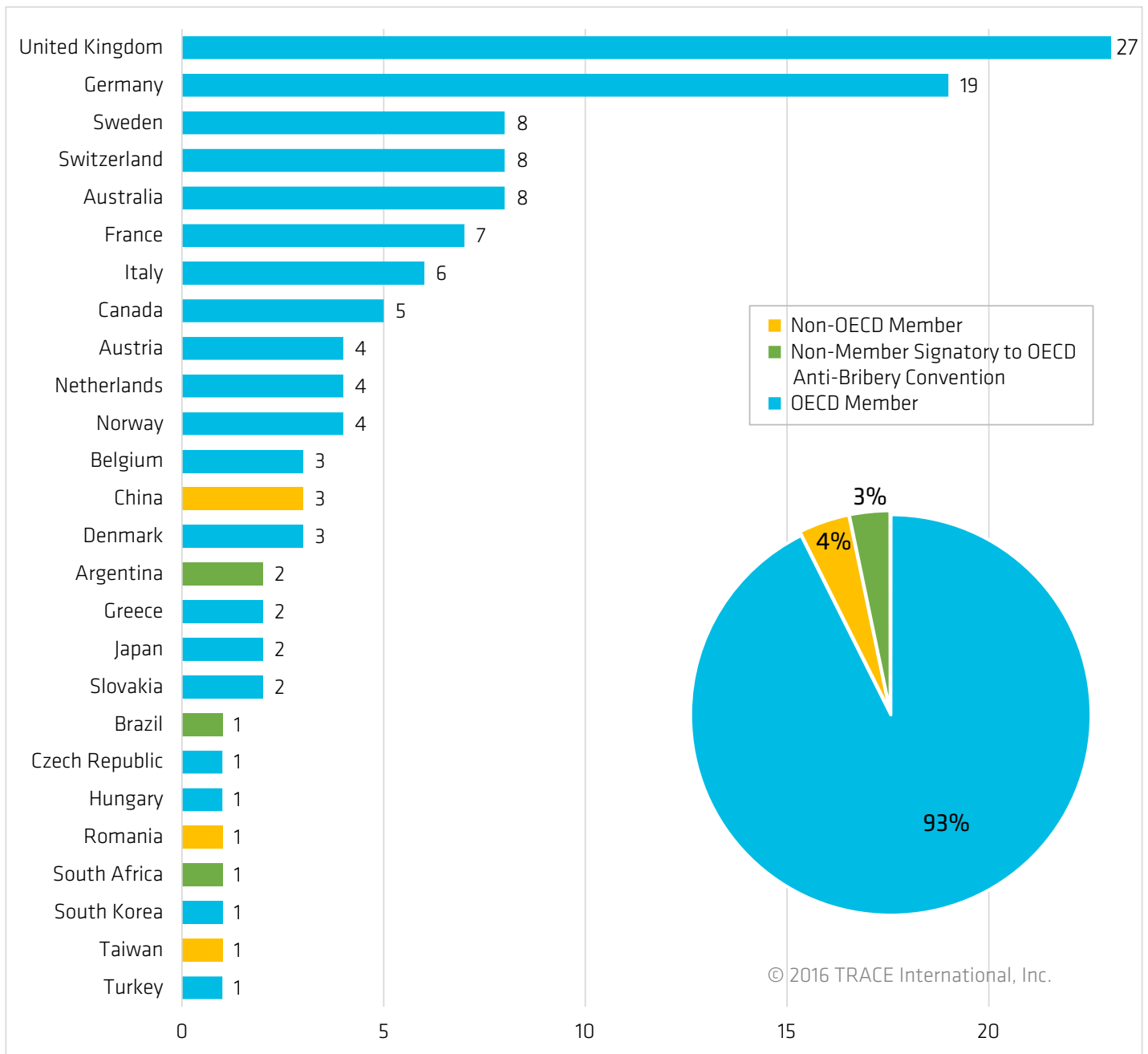
The United States was conducting 126 investigations concerning alleged bribery of foreign officials as of December 31, 2015. There were 45 investigations concerning alleged bribery of foreign officials involving companies headquartered outside of the United States or individuals with non-U.S. citizenship, representing approximately 36% of all such investigations being conducted by the United States. Of the investigations concerning alleged bribery of foreign officials being conducted against non-U.S. companies and individuals, the highest number involved companies or individuals in the United Kingdom, followed by Switzerland and Canada. Companies or individuals from Europe made up approximately 71% of U.S. investigations concerning alleged bribery of foreign officials being conducted against non-U.S. companies and individuals, followed by the Americas with approximately 13%, Asia Pacific with approximately 11%, and the Middle East with approximately 4%.

Figure 5: U.S. Enforcement Actions Concerning Bribery of Foreign Officials by Company Headquarters or Individual Citizenship



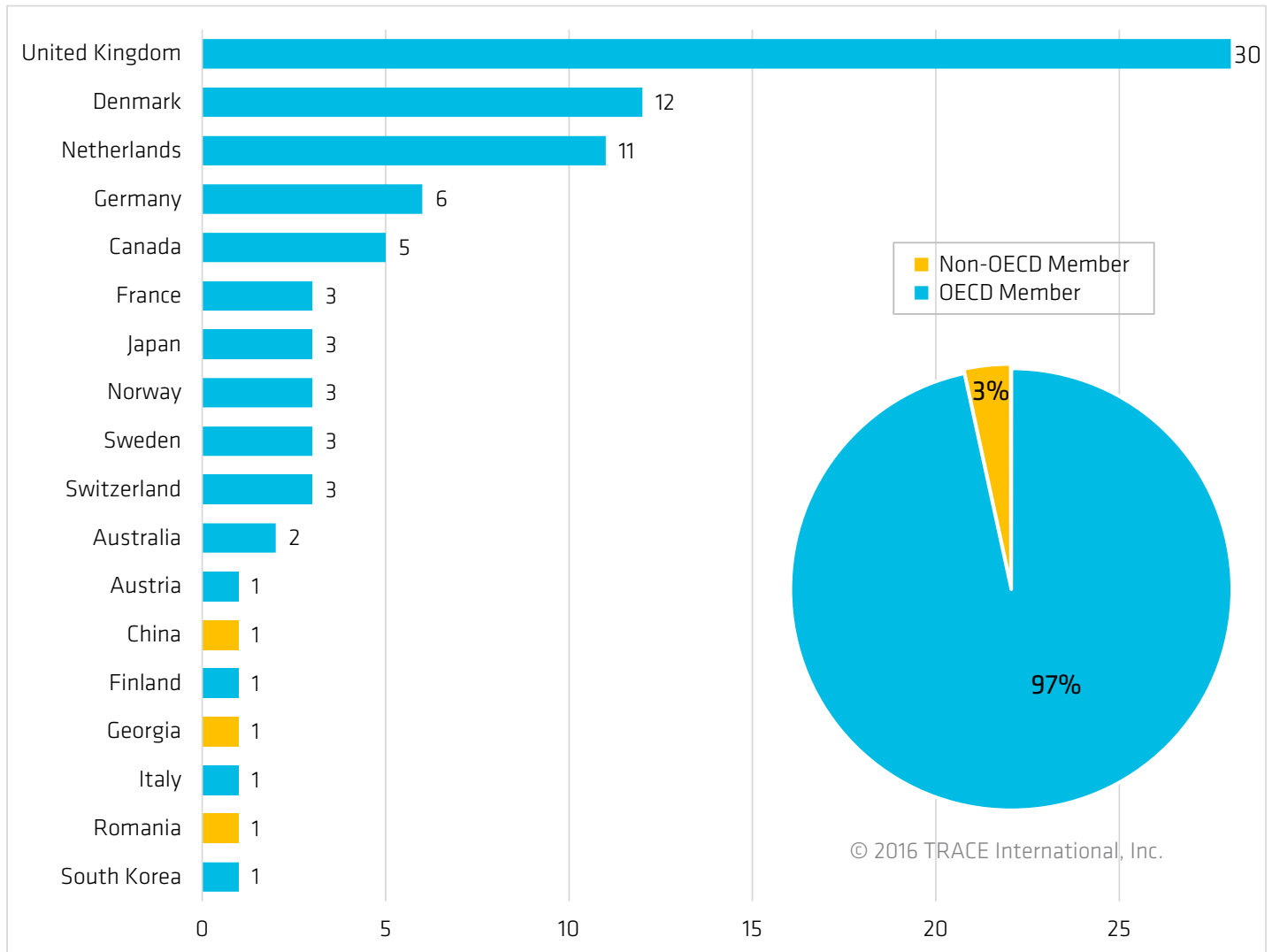
The United States has undertaken 199 enforcement actions concerning alleged bribery of foreign officials, from 1977 – 2015. A total of 54 of these enforcement actions have involved companies headquartered outside of the United States or individuals with non-U.S. citizenship, representing 27% of all foreign bribery enforcement actions initiated by the United States. Of the enforcement actions concerning alleged bribery of foreign officials undertaken against non-U.S. companies and individuals, the highest number involved companies or individuals in the United Kingdom, followed by Switzerland, Germany and the Netherlands. Companies or individuals from Europe make up approximately 72% of U.S. enforcement actions concerning alleged bribery of foreign officials undertaken against non-U.S. companies and individuals, followed by Asia Pacific with 20%, the Americas (excluding the United States) with 6% and Africa with 2%.

Figure 6: Investigations Concerning Bribery of Foreign Officials by Membership in the OECD (Excluding the United States)



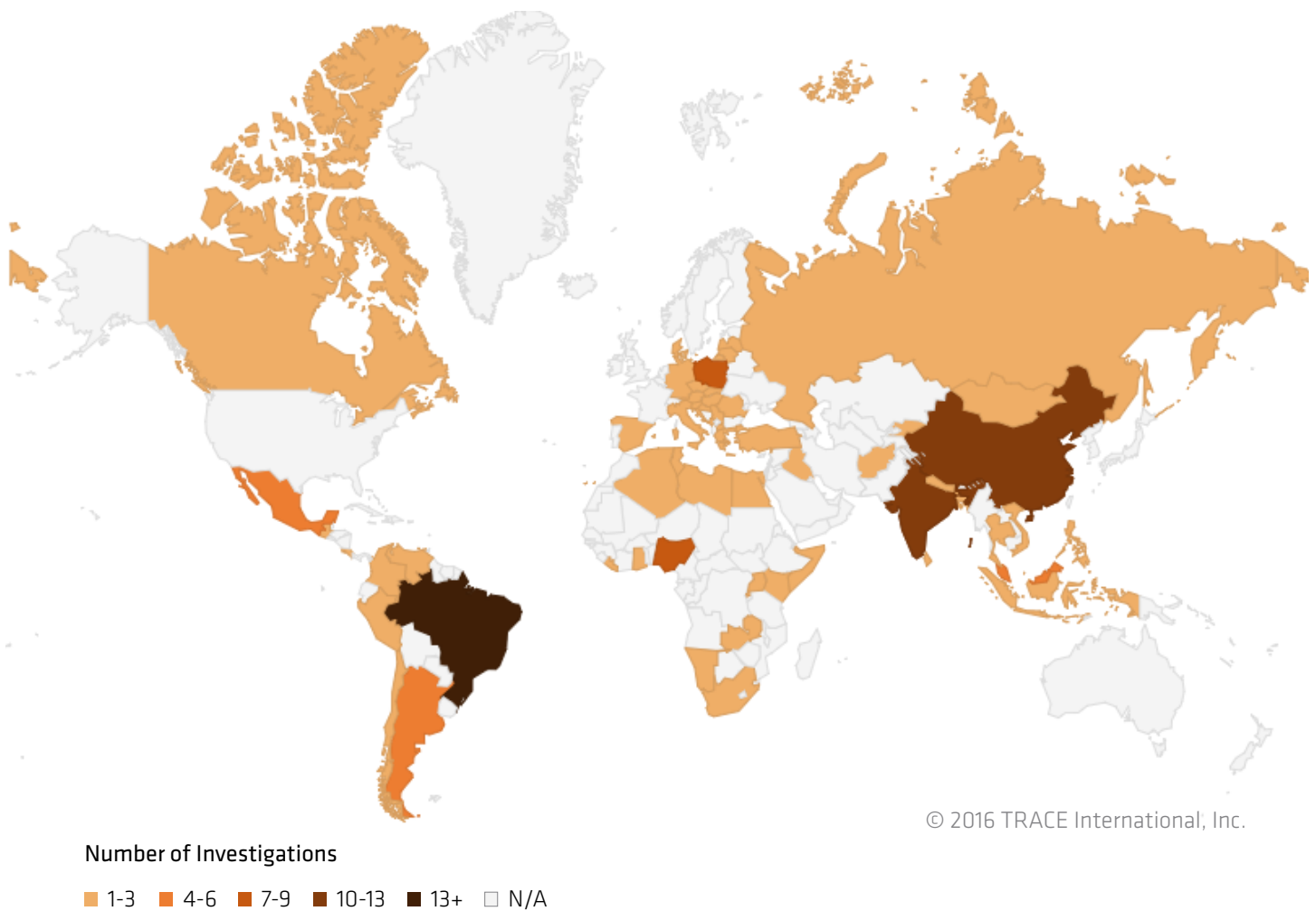
There were 125 investigations concerning alleged bribery of foreign officials being conducted by 26 countries (excluding the United States) as of December 31, 2015. A total of twenty (20) of these countries are members of the Organisation for Economic Co-operation and Development (“OECD”), three (3) are non-member signatories to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (the “Anti-Bribery Convention”), and three (3) are not members of the OECD. Approximately 93% of ongoing investigations concerning alleged bribery of foreign officials were being conducted by OECD members, with the United Kingdom conducting approximately 22% of such investigations, followed by Germany with 15% and Sweden, Switzerland and Australia with 6% each. Non-OECD members were conducting 4% of ongoing investigations concerning alleged bribery of foreign officials and non-member signatories to the Anti-Bribery Convention were conducting 3% of such investigations.

Figure 7: Enforcement Actions Concerning Bribery of Foreign Officials by Membership in the OECD (Excluding the United States)



There have been 88 enforcement actions concerning alleged bribery of foreign officials undertaken by 18 countries (excluding the United States) from 1977 - 2015. OECD members constitute 15 of the countries; three (3) are not members of the OECD. More than 96% of enforcement actions concerning alleged bribery of foreign officials have been undertaken by OECD members, with the United Kingdom having brought 34% of such enforcement actions, followed by Denmark with almost 14% and the Netherlands with approximately 13%. Non-OECD members have brought 3% of all non-U.S. enforcement actions concerning alleged bribery of foreign officials.

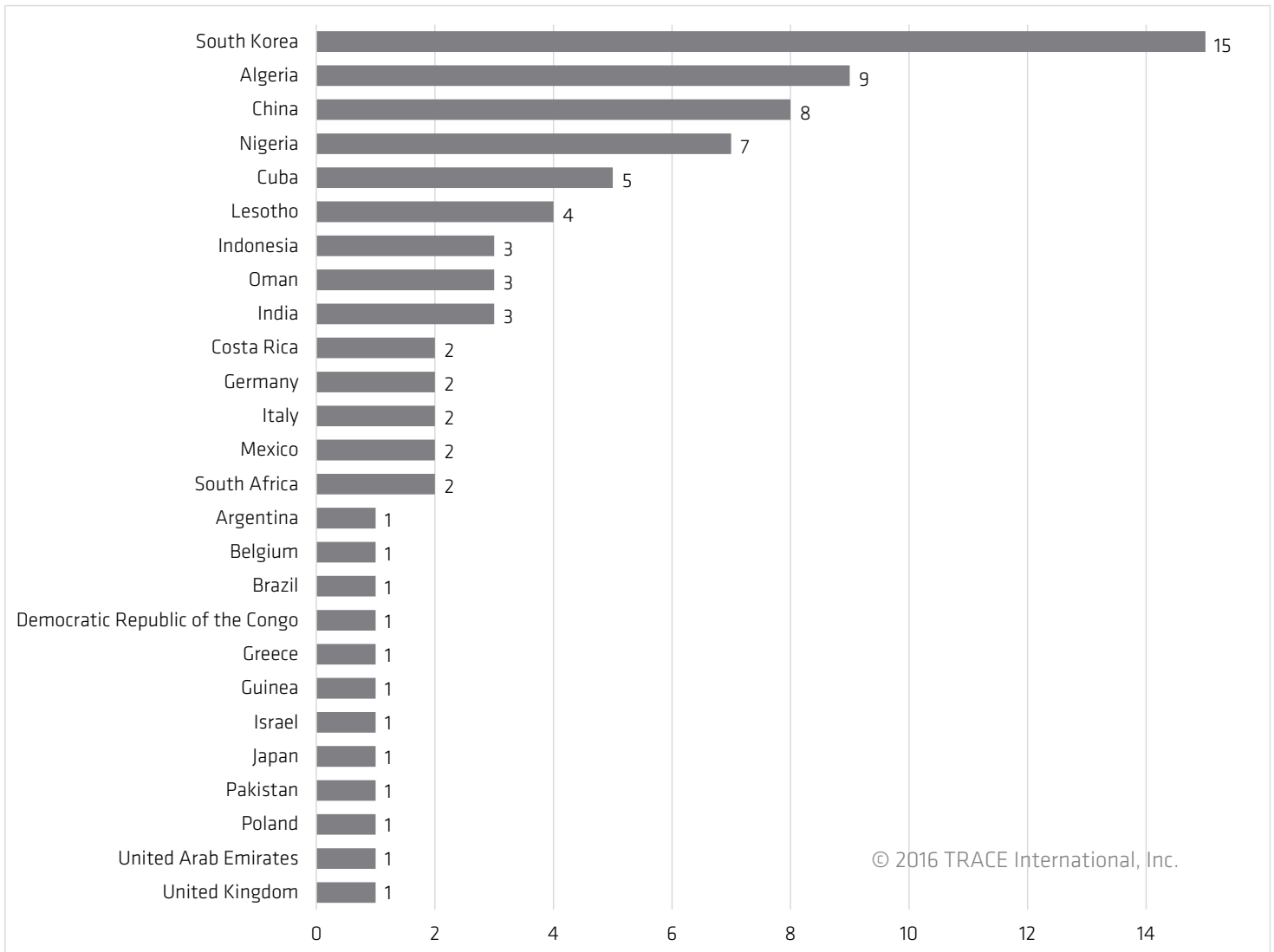
**Figure 8: Investigations Concerning Bribery of Domestic Officials by Country
(Excluding the United States)**



Brazil was conducting the most investigations concerning alleged bribery of domestic officials, followed by India, China and Nigeria as of December 31, 2015. Of the eight (8) countries conducting four (4) or more investigations concerning alleged bribery of domestic officials, three (3) are in Asia, three (3) in Latin America and there is one (1) each from Europe and Africa. Of the 51 countries conducting one (1) to three (3) investigations concerning alleged bribery of domestic officials, 20 are in Europe, 11 are in Africa, ten (10) in Asia, seven (7) in the Americas (excluding the United States) and three (3) in the Middle East.

This data does not include U.S. investigations concerning alleged bribery of U.S. officials or investigations involving citizens or domestic companies alleged to have bribed their own government officials. Please note that there may be investigations that are not included in the data as the data on investigations is derived from publicly available sources. Countries that require less disclosure of government investigations by companies may be underrepresented.

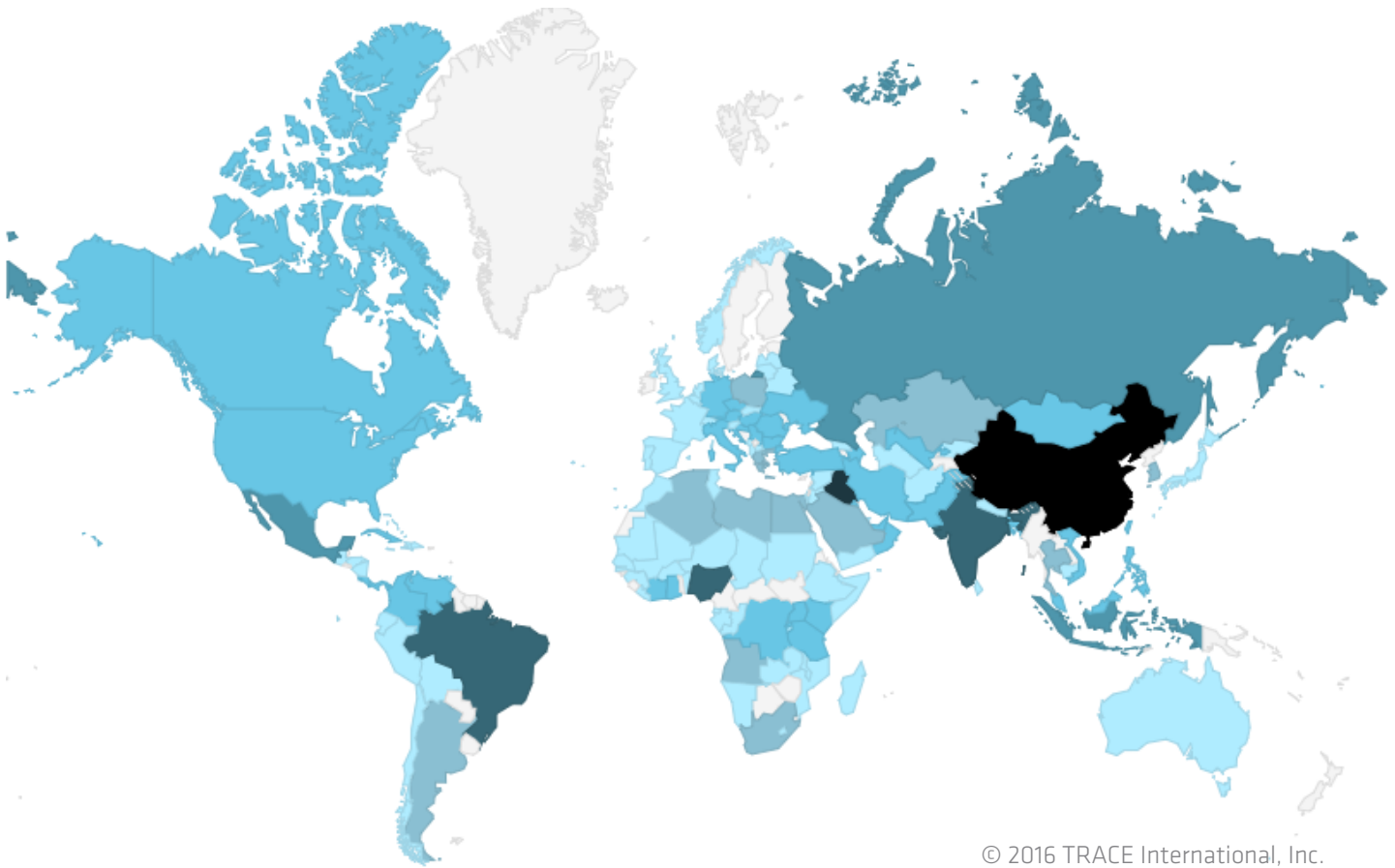
Figure 9: Enforcement Actions Concerning Bribery of Domestic Officials by Country (Excluding the United States)



There were almost twice as many investigations as of December 31, 2015 as there have been enforcement actions concerning alleged bribery of domestic officials from 1977 – 2015. South Korea has brought the most enforcement actions concerning alleged bribery of domestic officials, followed by Algeria, China and Nigeria. The regional distribution of enforcement actions concerning alleged bribery of domestic officials is quite similar, with six (6) of the 26 countries that have brought such enforcement actions located in Europe, six (6) in Asia, six (6) in Africa, five (5) in the Americas (excluding the United States) and three (3) in the Middle East.

This data does not include U.S. enforcement actions concerning alleged bribery of U.S. officials or enforcement actions involving citizens or domestic companies alleged to have bribed their own government officials. Please note that there may be enforcement actions concerning alleged bribery of domestic officials that are not included in the data as data on enforcement actions is derived from publicly available sources. Countries that require less disclosure of government enforcement actions by companies may be underrepresented.

Figure 10: Prevalence of Bribery
1977 - 2015



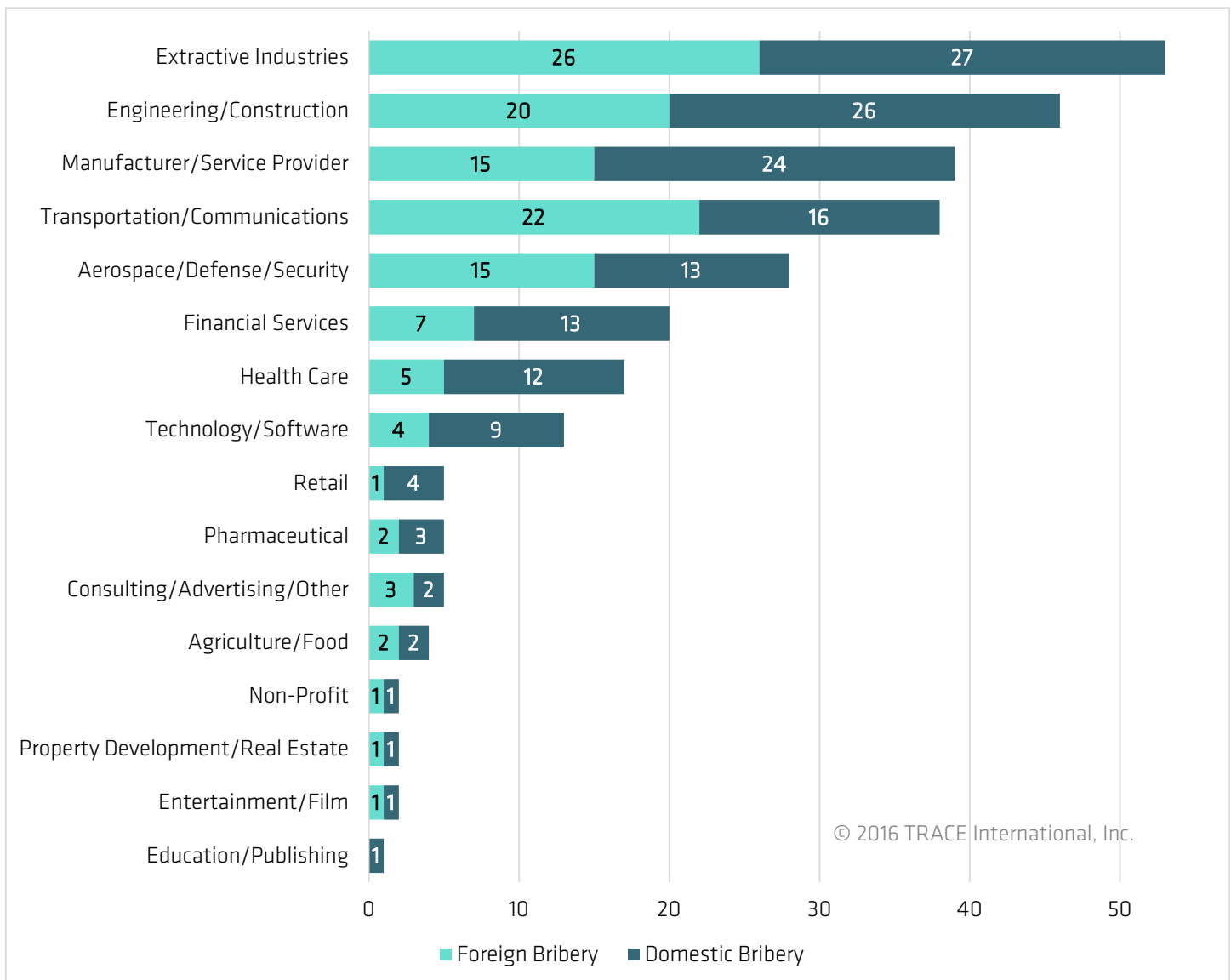
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Number of Enforcement Events

1-4 5-14 15-24 25-34 35-54 55-74 75+ N/A

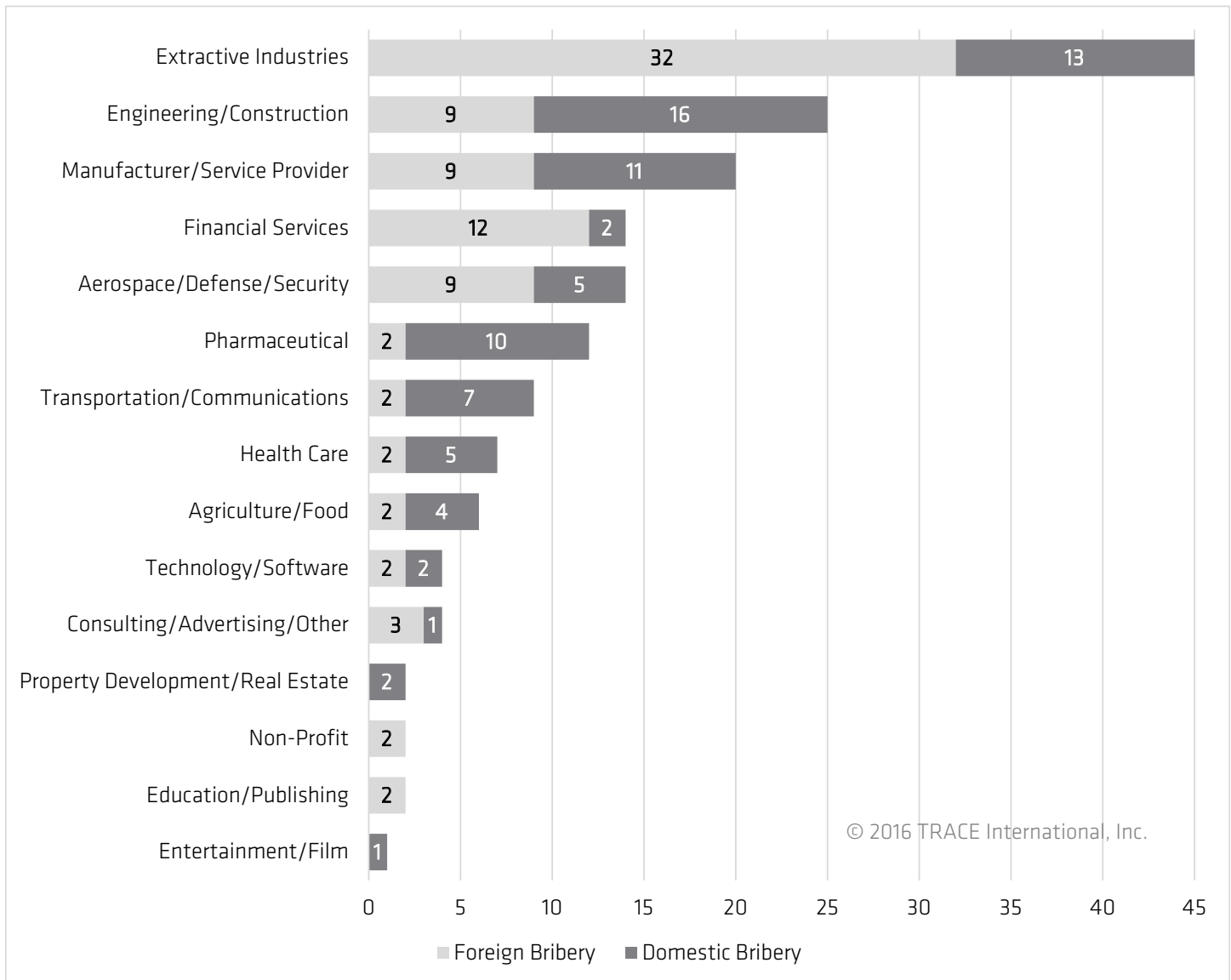
This Figure shows the prevalence of alleged bribery of government officials. Each country indicated on the map has a corresponding number of enforcement events concerning the alleged bribery of that country's government officials. China surpasses every other country, with Chinese officials being the alleged recipients of bribes in almost 100 different enforcement events. Iraq has the next-highest number of enforcement events, followed by Nigeria, Brazil, India, Russia, and Indonesia. For countries with more than 15 enforcement events, six (6) are in Asia, six (6) are in Africa, three (3) are in Europe, three (3) are in Latin America, and two (2) are in the Middle East. There were 65 enforcement events where the nationality of the government officials who were allegedly bribed is unspecified. This is because the information is taken from publicly available resources, and there may be instances where companies do not specify information about where any alleged bribery took place.

Figure 11: Total Investigations Concerning Bribery of Domestic and Foreign Officials by Industry (Excluding the United States)



This Figure shows the industries that have experienced the most investigations of alleged bribery of foreign or domestic officials, excluding investigations being conducted by the United States, as of December 31, 2015. The Extractive Industries represent the highest number of bribery investigations, with approximately 19% of all non-U.S. investigations, followed by Engineering/Construction with 16% and Manufacturer/Service Provider and Transportation/Communications with approximately 14% each. Non-U.S. investigations concerning alleged bribery of domestic officials have outnumbered non-U.S. investigations concerning alleged bribery of foreign officials by approximately 25%.

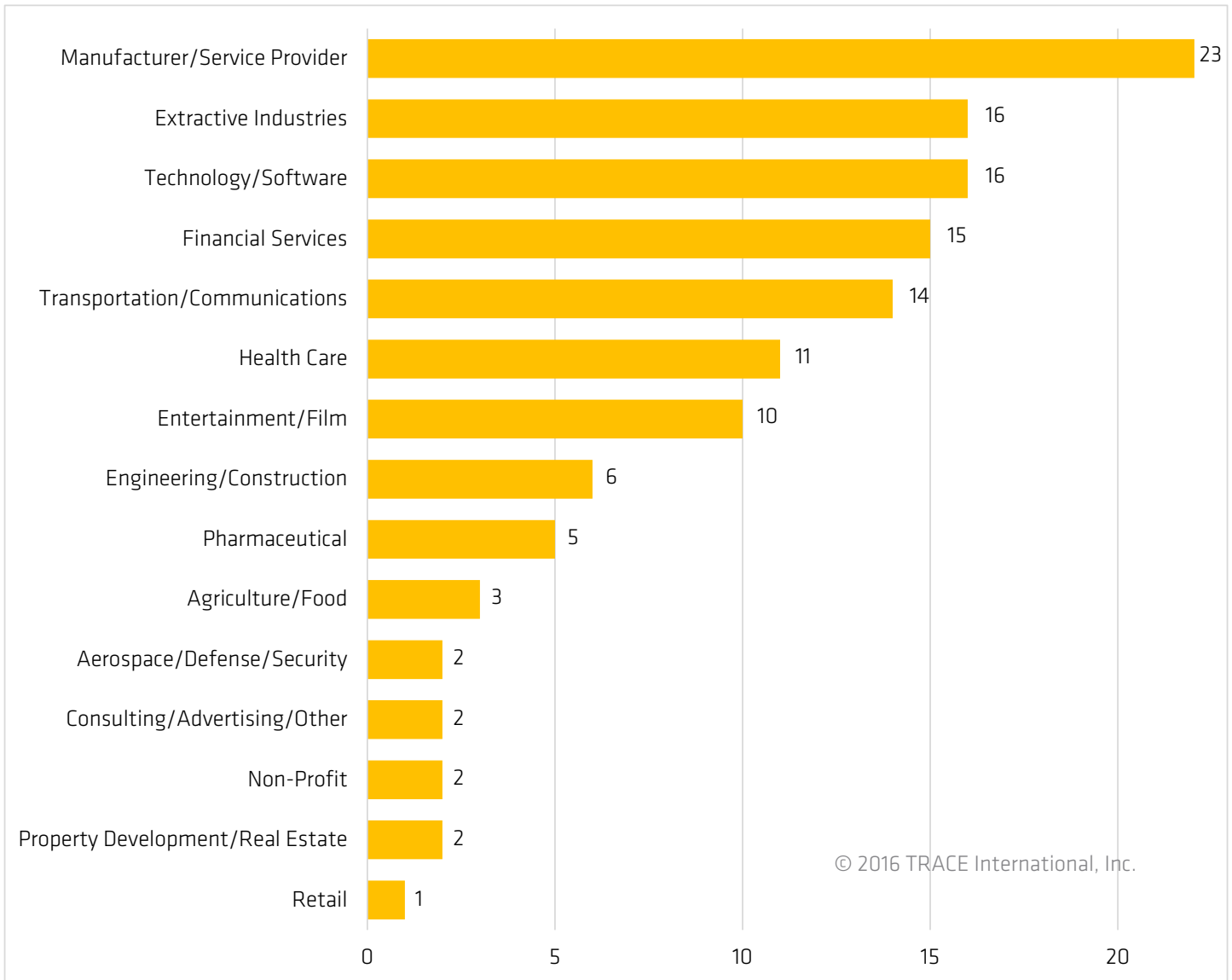
Figure 12: Total Enforcement Actions Concerning Bribery of Domestic and Foreign Officials by Industry (Excluding the United States)



This Figure shows the industries that have experienced the most enforcement actions concerning alleged bribery of domestic or foreign officials, excluding enforcement actions brought by the United States, from 1977 - 2015. The Extractive Industries represent the highest number of bribery enforcement actions, with approximately 27% of all non-U.S. bribery enforcement actions, followed by Engineering/Construction with approximately 15% and Manufacturer/Service Provider with approximately 12%.

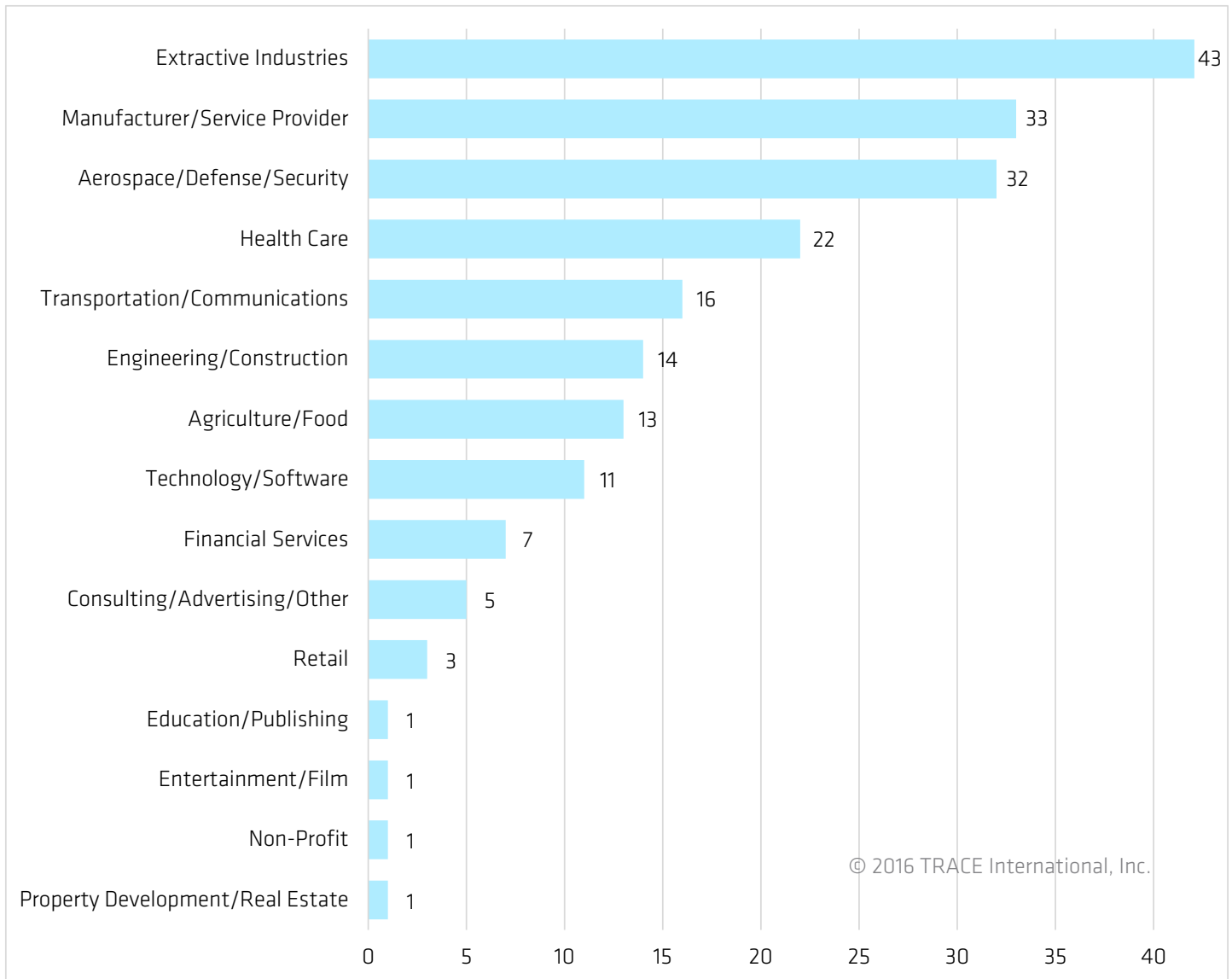
There have been more non-U.S. enforcement actions concerning alleged bribery of foreign officials than domestic officials. However, some industries face a higher risk of enforcement actions concerning alleged bribery of domestic officials, including Engineering/Construction, Manufacturer/Service Provider, Pharmaceutical, Transportation/Communications, Health Care, Agriculture/Food, Property Development/Real Estate and Entertainment/Film.

Figure 13: U.S. Investigations Concerning Bribery of Domestic and Foreign Officials by Industry



This Figure shows U.S. investigations concerning alleged bribery of domestic and foreign officials as of December 31, 2015, separated by industry. The Manufacturer/Service Provider industry faced the most investigations, with approximately 18% of all U.S. investigations, followed by Extractive Industries and Technology/Software with 12.5% each.

Figure 14: U.S. Enforcement Actions Concerning Bribery of Domestic and Foreign Officials by Industry



This Figure shows U.S. enforcement actions concerning alleged bribery of domestic and foreign officials from 1977 - 2015, separated by industry. The Extractive Industries have seen the most enforcement actions, with 21% of all such U.S. enforcement actions. That is followed by Manufacturer/Service Provider and Aerospace/Defense/Security with approximately 16% each.

About the Global Enforcement Report

TRACE's annual Global Enforcement Report provides graphic and textual analyses of all known enforcement events—including investigations, enforcement actions and declinations—since the first bribery cases were prosecuted in the United States following the enactment of the U.S. Foreign Corrupt Practices Act. Data from the GER is based primarily on the cases and investigations tracked in the TRACE Compendium, TRACE's online database of transnational corruption cases. TRACE cannot know or accurately estimate how many enforcement events may be underway but not made public or not included in a major international publication. The analyses exclude purely domestic matters involving local companies bribing local government officials, reflecting only enforcement events for an alleged bribe with an international component that involve an alleged payment to a government official or an employee of a state-owned entity.

The GER 2015, TRACE's sixth annual compilation, provides anti-bribery enforcement data from 2015 and provides a summary of 39 years of anti-bribery enforcement activity. The complete GER 2015 is available for download online at: www.TRACEinternational.org/publications.

About TRACE

TRACE International and TRACE Incorporated are two distinct entities with a common mission to advance commercial transparency worldwide by supporting the compliance efforts of multinational companies and their third party intermediaries. TRACE International is a non-profit business association that pools resources to provide members with anti-bribery compliance support while TRACE Incorporated offers both members and non-members customizable risk-based due diligence, anti-bribery training and advisory services. Working alongside one another, TRACE International and TRACE Incorporated offer an end-to-end, cost-effective and innovative solution for anti-bribery and third party compliance.

For more information, visit www.TRACEinternational.org.

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