



Global Enforcement Report 2016

TRACE
International
Report
March 2017

Introduction

Almost every country in the world prohibits the payment of bribes to its own government officials. Anti-bribery conventions sponsored by the United Nations, the Organisation for Economic Co-operation and Development, 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 2016 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 2016 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.

The 2016 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 in 1977 through 31 December 2016. The 2016 GER reflects several revisions to the statistics reported in earlier editions of the GER, as our data are updated whenever TRACE obtains new or improved information regarding an investigation or enforcement action, or when the status of an enforcement action changes. The 2016 GER also represents TRACE’s continuing efforts to refine and improve the data utilized in the report. Neither the TRACE Compendium nor the 2016 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 2016 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. For purposes of the 2016 GER, investigations are no longer considered ongoing if 10 years have passed since they were last discussed in a publicly available document, or if five years have passed since a government authority brought an enforcement action or issued a declination on the same allegations. 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 information about **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. Because of the above-described difficulties, the 2016 GER does not include information on declinations.

The TRACE Compendium and 2016 GER also include cases in which bribery allegations have been made against individual employees or representatives of companies (including employees of local subsidiaries of international companies). When a company and its employees or representatives face separate enforcement actions involving substantially the same conduct, only one enforcement action is counted in the 2016 GER. Except where a company specifically receives a declination, 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 separate enforcement actions may be taken by different authorities in one country based on the same circumstances, only one such enforcement action is counted against a company or individual.

Glossary of Terms

Below is a glossary of terms used in the 2016 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 involving fines or penalties, a guilty plea, a sentencing or a settlement of charges.

Declination – Termination of an ongoing investigation by a government agency without any enforcement action.

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 2016 GER:

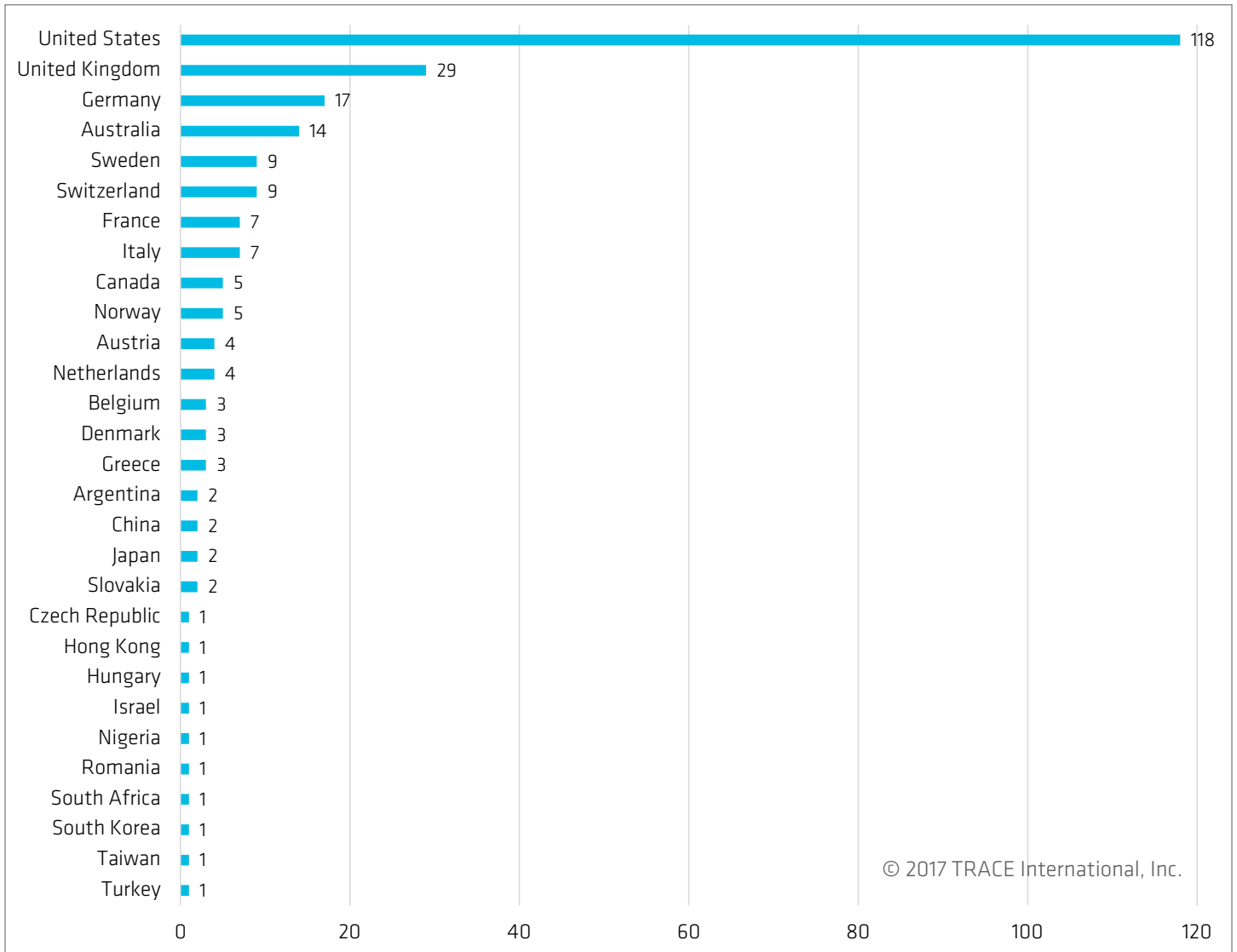
- > There was a significant increase in enforcement last year, with U.S. enforcement actions doubling and non-U.S. enforcement actions more than doubling since 2015. (*See* Figure 3.)
- > Other than cases involving U.S. companies and individuals, the vast majority of U.S. investigations and enforcement actions concerning alleged bribery of foreign officials involved companies or individuals from Europe. (*See* Figure 4, Figure 5.)
- > The U.S. Department of Justice has undertaken more enforcement actions and was conducting more investigations into non-U.S. companies and individuals than the U.S. Securities and Exchange Commission. (*See* Figure 6, Figure 7.)
- > Government officials in Asia Pacific were the alleged recipients of bribes in approximately 46% of investigations and 40% of enforcement actions concerning alleged bribery by U.S. companies and individuals. (*See* Figure 11, Figure 12.)
- > The Extractive Industries face the brunt of enforcement activity. (*See* Figures 13-16.)



Figures and Analysis

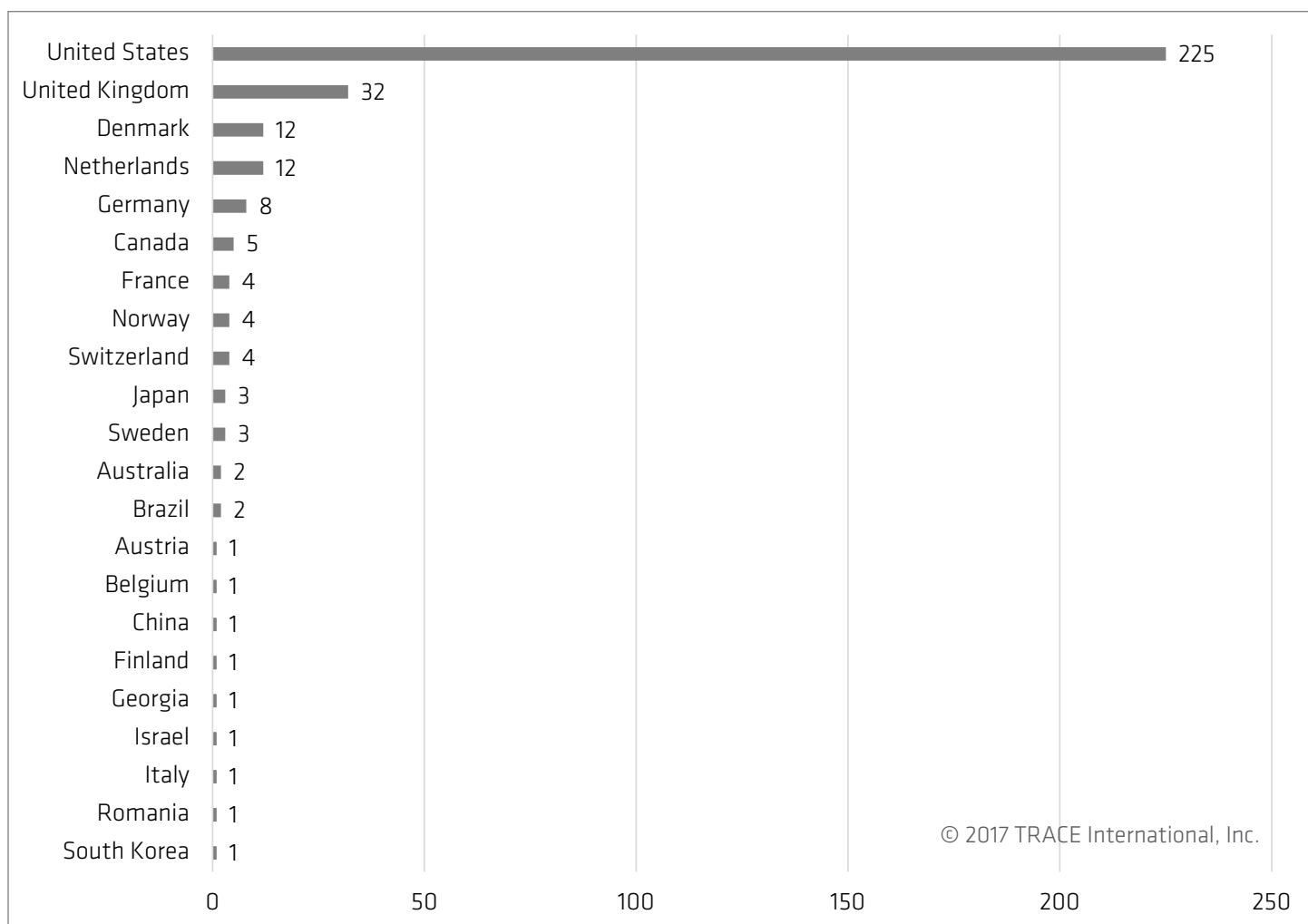


Figure 1: Investigations Concerning Bribery of Foreign Officials by Country



This chart addresses where investigations of bribery of foreign officials are occurring. In total, there were 255 investigations concerning alleged bribery of foreign officials being conducted by authorities in 29 countries as of December 31, 2016. The United States was conducting 118 investigations, which represents 46% of all ongoing investigations concerning alleged bribery of foreign officials and four 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 106 investigations—approximately 42% of all ongoing investigations. Countries in the Asia Pacific region were conducting 8% of all ongoing investigations, followed by the Americas (excluding the U.S.) with approximately 3% and Africa and the Middle East with less than 1% each.

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



From 1977 through 2016, 22 countries pursued 325 enforcement actions concerning alleged bribery of foreign officials. The United States maintained the strongest enforcement record during this period, with 225 enforcement actions. This represents 69% of all enforcement actions concerning alleged bribery of foreign officials taken to date, and seven times as many as the country with the next highest total (the United Kingdom). Countries in Europe undertook 84 enforcement actions, approximately 26% of all enforcement actions concerning the alleged bribery of foreign officials. Countries in Asia Pacific and the Americas (excluding the U.S.) each undertook 2%, followed by the Middle East with less than 1% of all enforcement actions concerning the alleged bribery of foreign officials.

Figure 3: Enforcement Actions Concerning Bribery of Foreign Officials
2006-2016

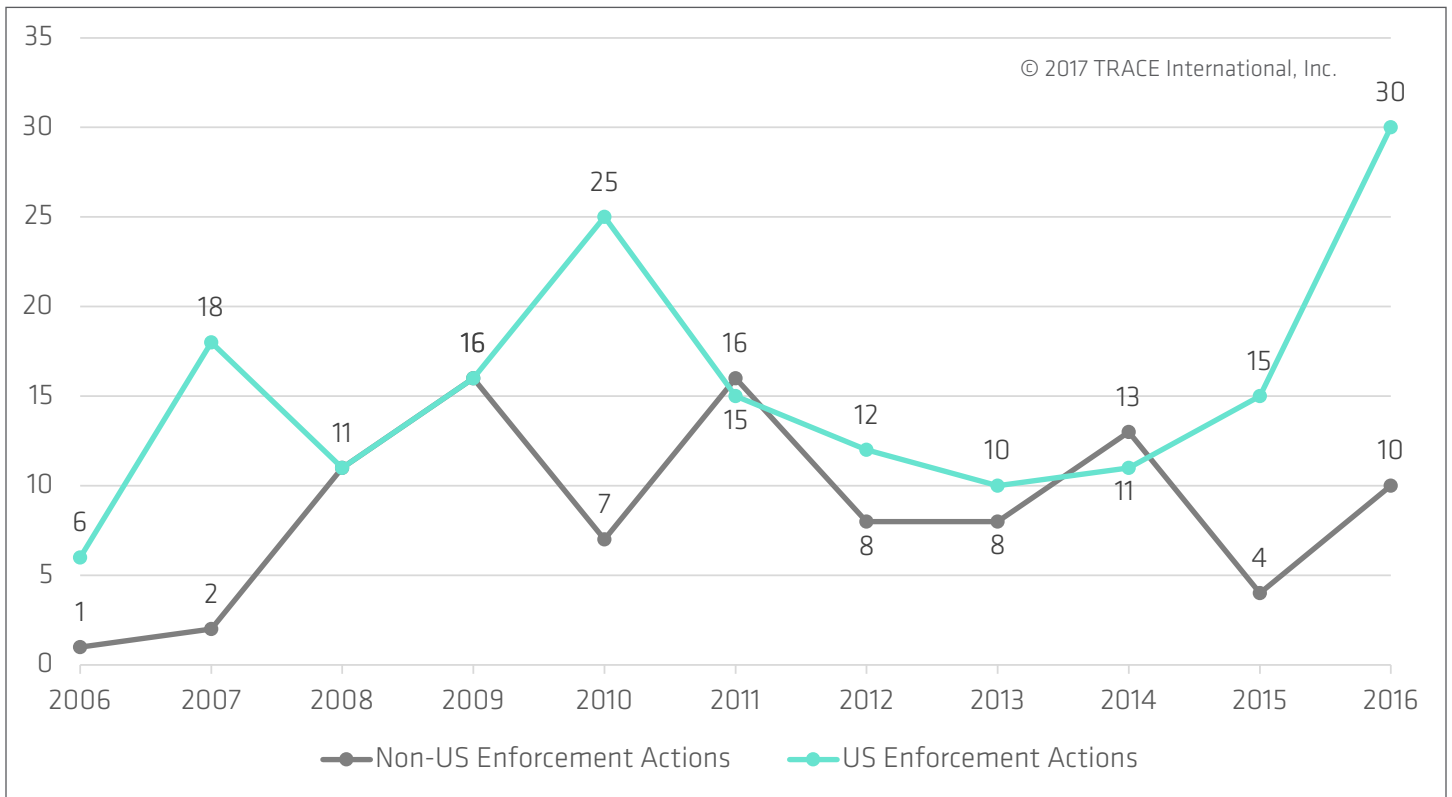
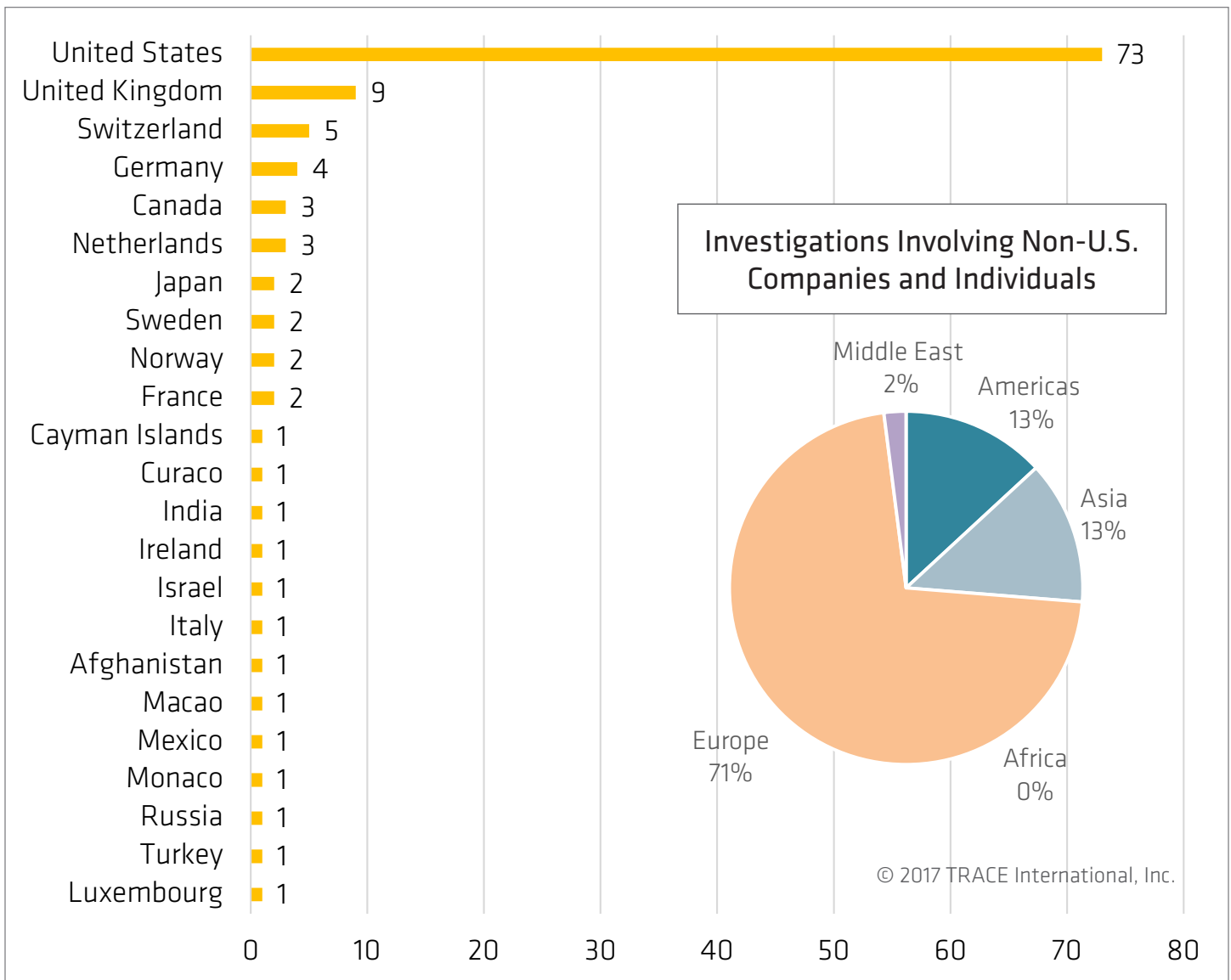


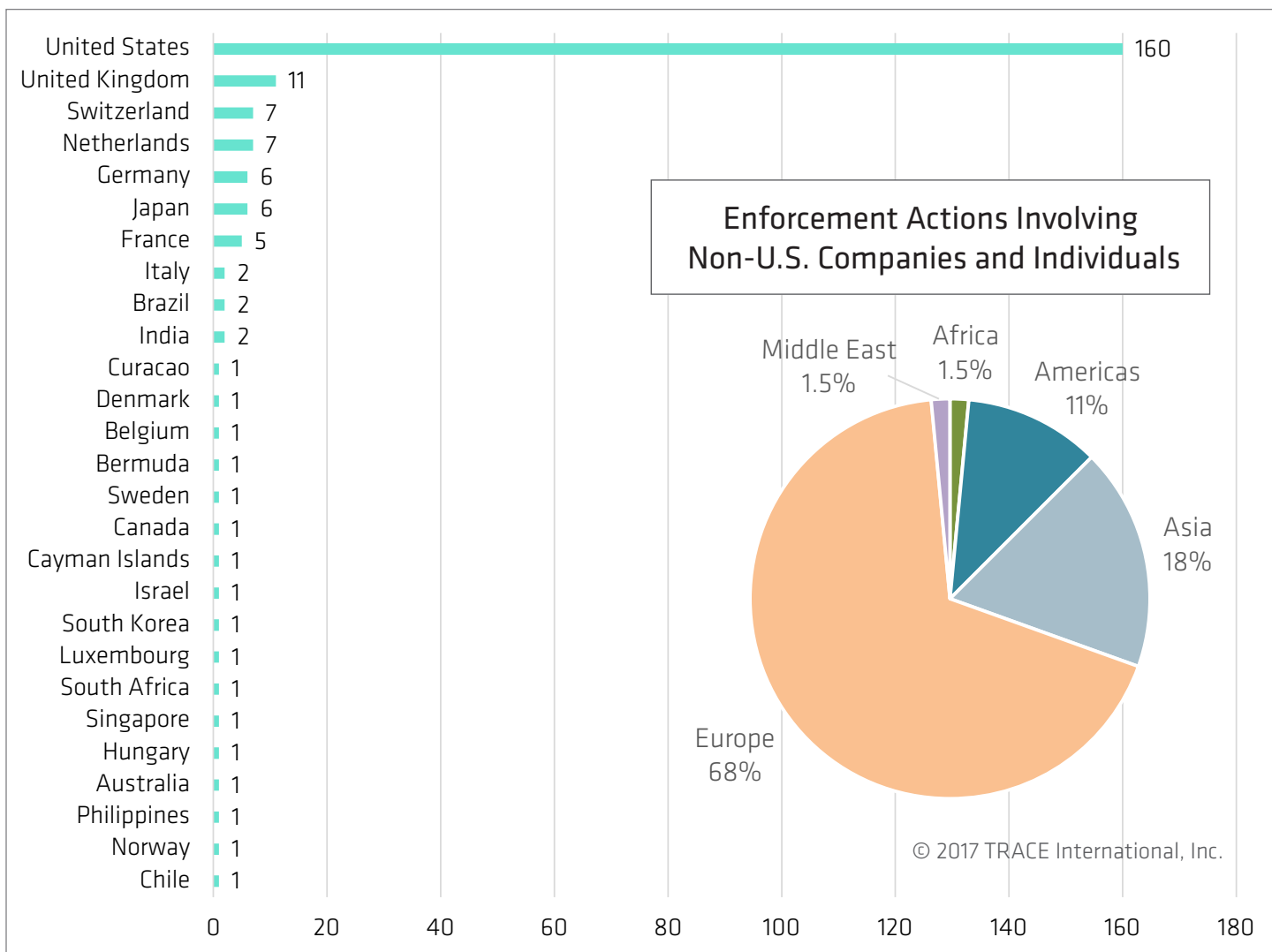
Figure 3 modifies the analysis in Figure 2 to examine enforcement actions concerning alleged bribery of foreign officials undertaken from 2006 through 2016. The number of such enforcement actions brought by the United States doubled in 2016, and was the highest number of enforcement actions over the last decade. Non-U.S. enforcement actions more than doubled, but still lagged behind U.S. enforcement. Please note that the data on enforcement actions is derived from publicly available sources. Countries that require less disclosure by companies of government actions may be underrepresented. In addition, ongoing refinements to our data set and our methodology may produce slight variance from results published in previous years.

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



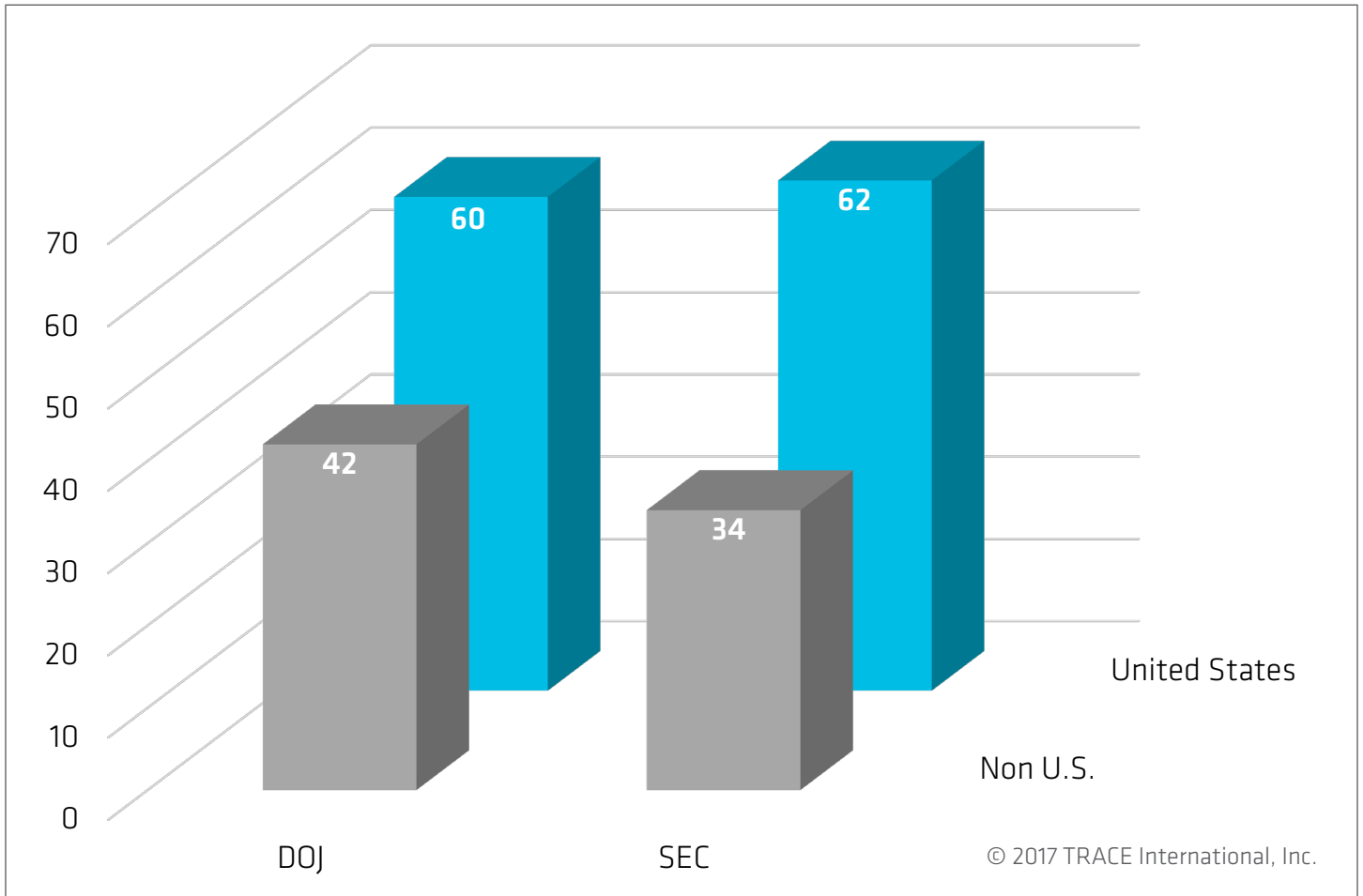
The United States was conducting 118 investigations concerning alleged bribery of foreign officials in 23 countries as of December 31, 2016. There were 45 investigations concerning alleged bribery of foreign officials involving companies headquartered outside of the United States or individuals with non-U.S. citizenship, representing 38% 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 Germany. Companies or individuals from Europe made up 71% of U.S. investigations concerning alleged bribery of foreign officials being conducted against non-U.S. companies and individuals, followed by Asia Pacific and the Americas (excluding the U.S.) with 13%, and the Middle East with 2%.

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



The United States has undertaken 225 enforcement actions concerning alleged bribery of foreign officials, from 1977–2016. A total of 65 of these enforcement actions have involved companies headquartered outside of the United States or individuals with non-U.S. citizenship, representing approximately 29% of all enforcement actions initiated by the United States concerning alleged bribery of foreign officials. Of the enforcement actions undertaken against non-U.S. companies and individuals, the highest number involved companies or individuals in the United Kingdom, followed by Switzerland and the Netherlands. Companies or individuals from Europe represent approximately 68% of U.S. enforcement actions concerning alleged bribery of foreign officials undertaken against non-U.S. companies and individuals, followed by Asia Pacific with 18%, the Americas (excluding the U.S.) with approximately 11% and Africa and the Middle East with 1.5% each.

Figure 6: U.S. Investigations Concerning Bribery of Foreign Officials by Enforcement Agency

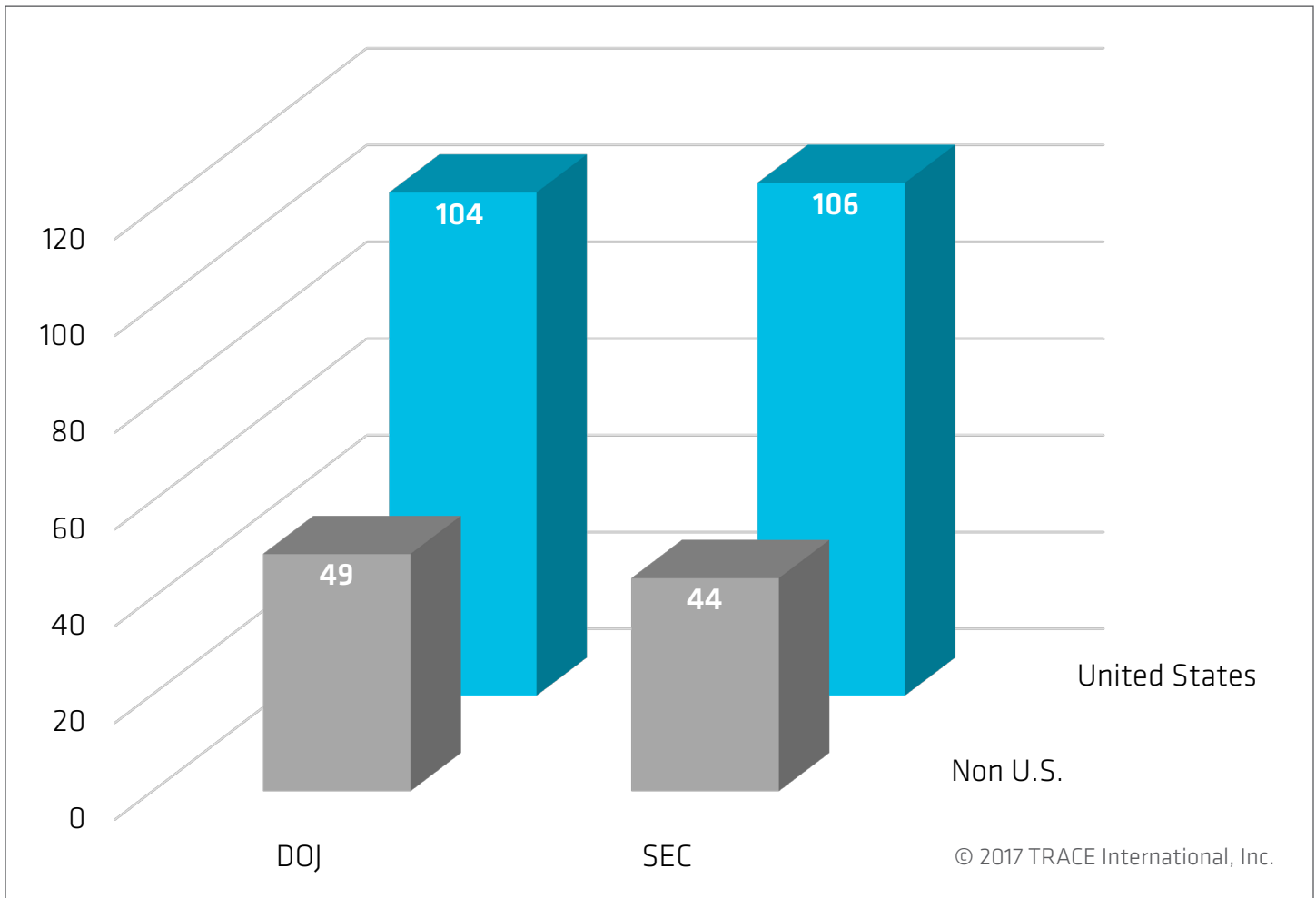


While separate investigations may be conducted by different authorities in one country based on the same circumstances, generally only one such investigation is counted in this report against a company or individual. This chart addresses where separate investigations are conducted by the U.S. Securities and Exchange Commission (SEC) and the U.S. Department of Justice (DOJ).

The U.S. is conducting 198 foreign bribery investigations between the SEC and the DOJ, with 38% involving companies headquartered outside of the U.S. or individuals with non-U.S. citizenship. 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 Germany. Companies or individuals from Europe made up 71% of U.S. investigations concerning alleged bribery of foreign officials being conducted against non-U.S. companies and individuals, followed by Asia Pacific and the Americas (excluding the U.S.) with 13% each and the Middle East with approximately 3%.

While the SEC is conducting more investigations into U.S. companies and individuals concerning the alleged bribery of foreign officials than the DOJ, the inverse is true for non-U.S. companies and individuals. SEC investigations concerning the alleged bribery of foreign officials comprise 45% of the investigations into non-U.S. companies, while DOJ investigations comprise approximately 55% of investigations into non-U.S. companies of alleged bribery of foreign officials.

Figure 7: U.S. Enforcement Actions Concerning Bribery of Foreign Officials by Enforcement Agency

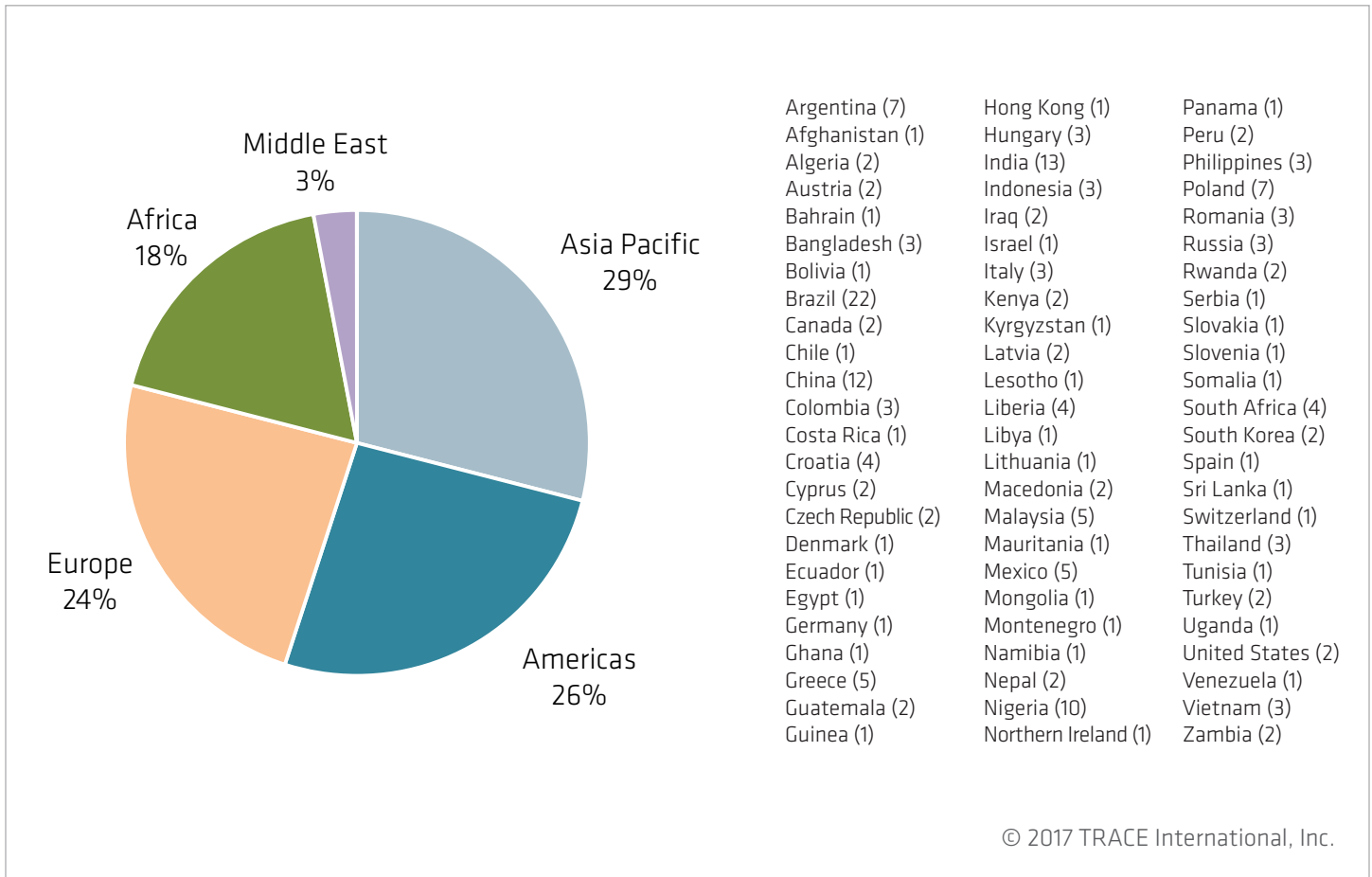


While separate enforcement actions may be taken by different authorities in one country based on the same circumstances, generally only one such enforcement action is counted in this report against a company or individual. This chart addresses separate enforcement actions taken by the SEC and the DOJ.

The U.S. has brought 303 enforcement actions concerning the alleged bribery of foreign officials between the SEC and the DOJ, with 93—approximately 31%—involving companies headquartered outside of the U.S. or individuals with non-U.S. citizenship. 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. Companies or individuals from Europe made up 73% of U.S. enforcement actions concerning alleged bribery of foreign officials being conducted against non-U.S. companies and individuals, followed by Asia Pacific with approximately 13%, the Americas (excluding the U.S.) with approximately 11%, and the Middle East and Africa with 2% and 1% respectively.

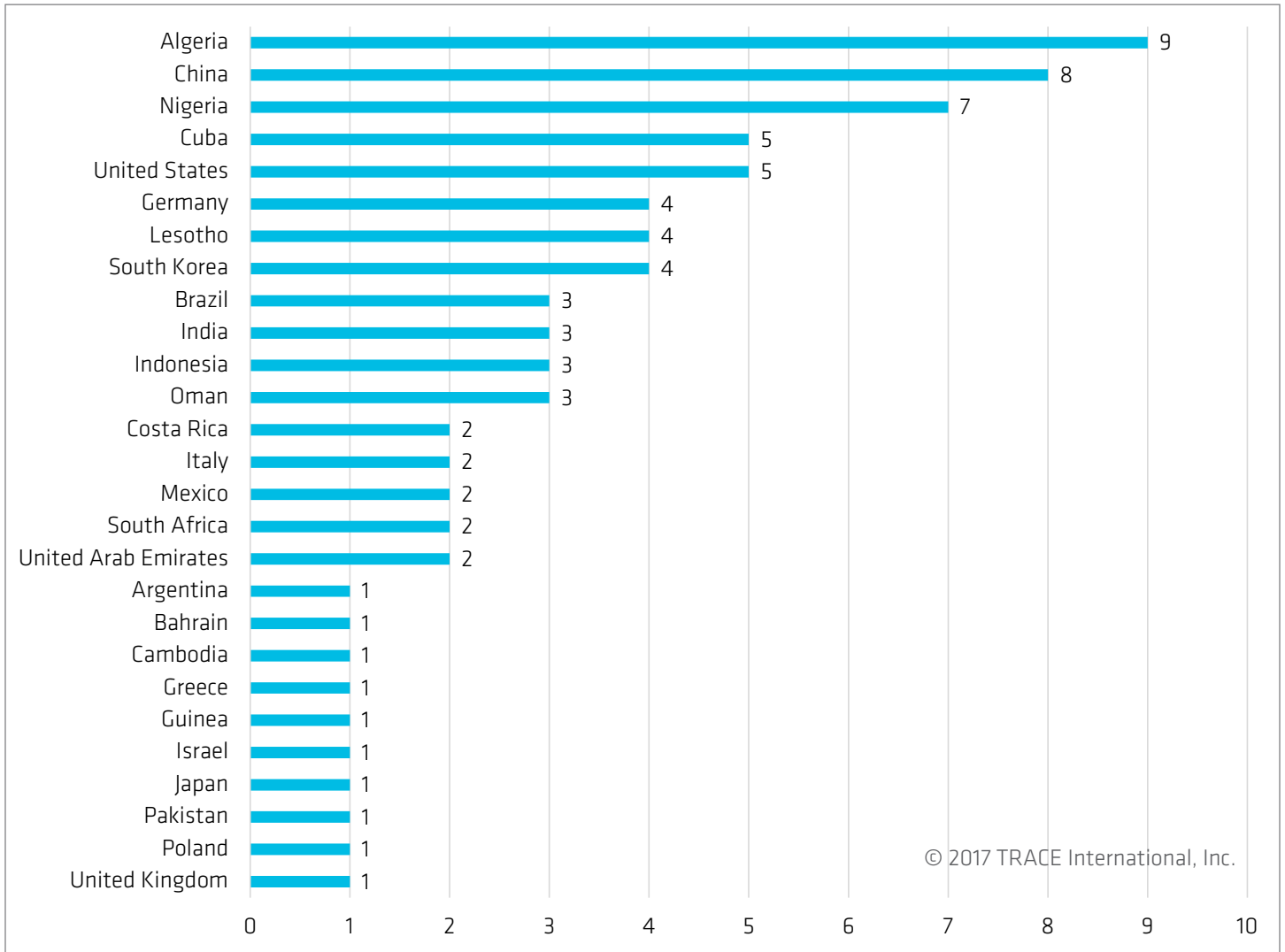
While the SEC has undertaken more enforcement actions into U.S. companies and individuals concerning the alleged bribery of foreign officials than the DOJ, the inverse is true for non-U.S. companies and individuals. SEC enforcement actions concerning the alleged bribery of foreign officials comprise 47% of the enforcement actions against non-U.S. companies, while DOJ enforcement actions comprise approximately 53%.

Figure 8: Investigations Concerning Bribery of Domestic Officials by Country



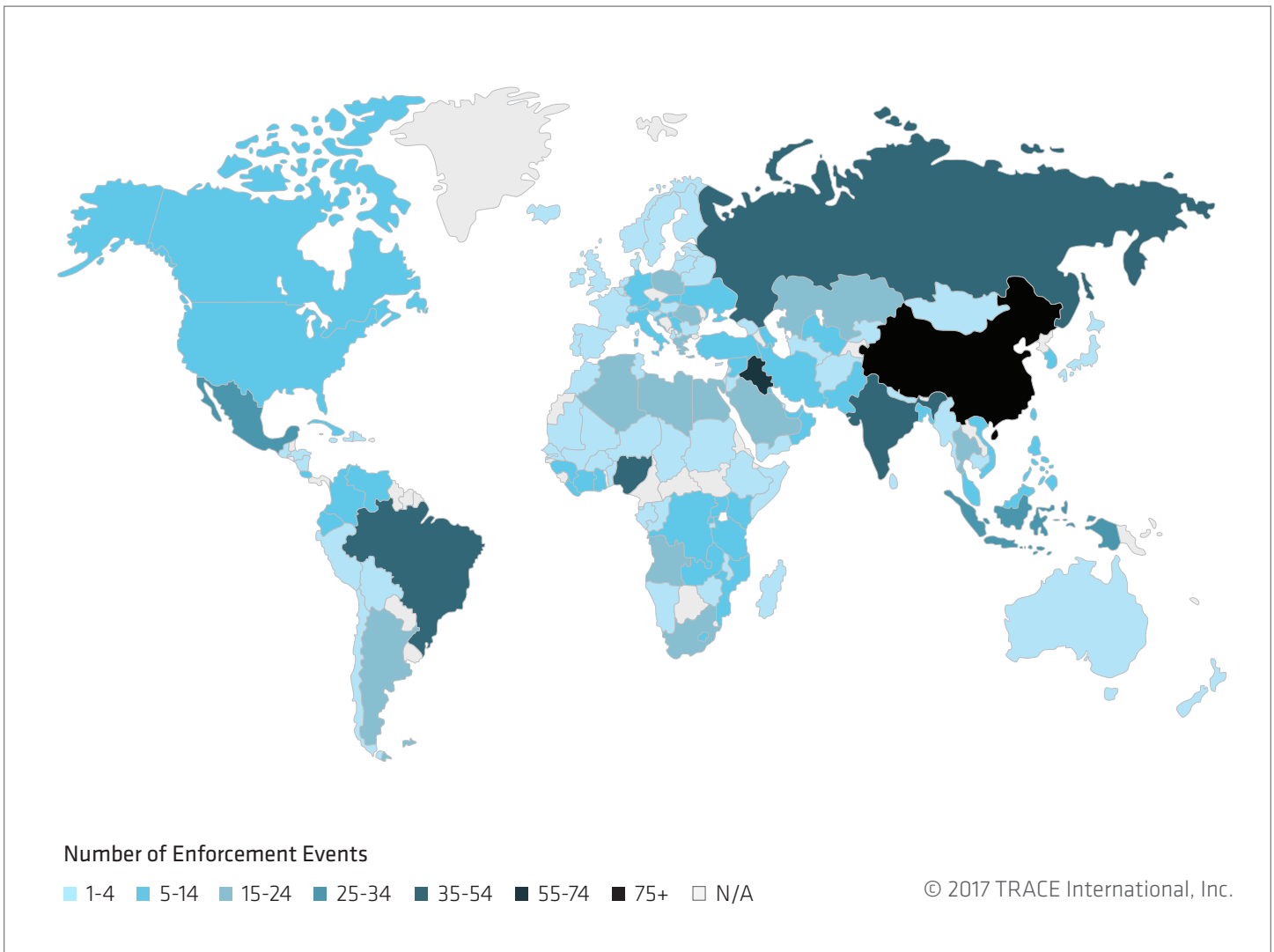
Of the 72 countries conducting investigations concerning alleged bribery of domestic officials as of December 31, 2016, Brazil was conducting the most, followed by India, China and Nigeria. Countries in Asia Pacific were conducting 29% of investigations, followed by the Americas (including the U.S.) with 26%, Europe with 24%, Africa with approximately 18% and the Middle East with approximately 3%. Of the 12 countries conducting four or more investigations concerning alleged bribery of domestic officials, they are evenly spread between Asia Pacific, the Americas, Europe and Africa. Of the 60 countries conducting one to three investigations concerning alleged bribery of domestic officials, 19 are in Europe, 13 are in Africa, 13 in Asia Pacific, 11 in the Americas (including the U.S.) and four in the Middle East.

Figure 9: Enforcement Actions Concerning Bribery of Domestic Officials by Country



There were more than twice as many investigations as of December 31, 2016 as there have been enforcement actions concerning alleged bribery of domestic officials from 1977–2016. Algeria has brought the most enforcement actions concerning alleged bribery of domestic officials, followed by China and Nigeria. Countries in Africa have undertaken 29% of the 78 enforcement actions concerning alleged bribery of domestic officials, followed by Asia Pacific with approximately 27%, the Americas (including the U.S.) with 23%, Europe with approximately 12%, and the Middle East with approximately 9%. Three countries had undertaken more than seven enforcement actions: two in Africa and one in Asia Pacific. Five countries had undertaken between four and six enforcement actions: two in the Americas (including the U.S.) and one each from Europe, Africa and Asia Pacific. Of the 19 countries that had undertaken between one and three enforcement actions concerning alleged bribery of domestic officials, five are in Asia Pacific; four each in Europe, the Americas (including the U.S.) and the Middle East; and two in Africa.

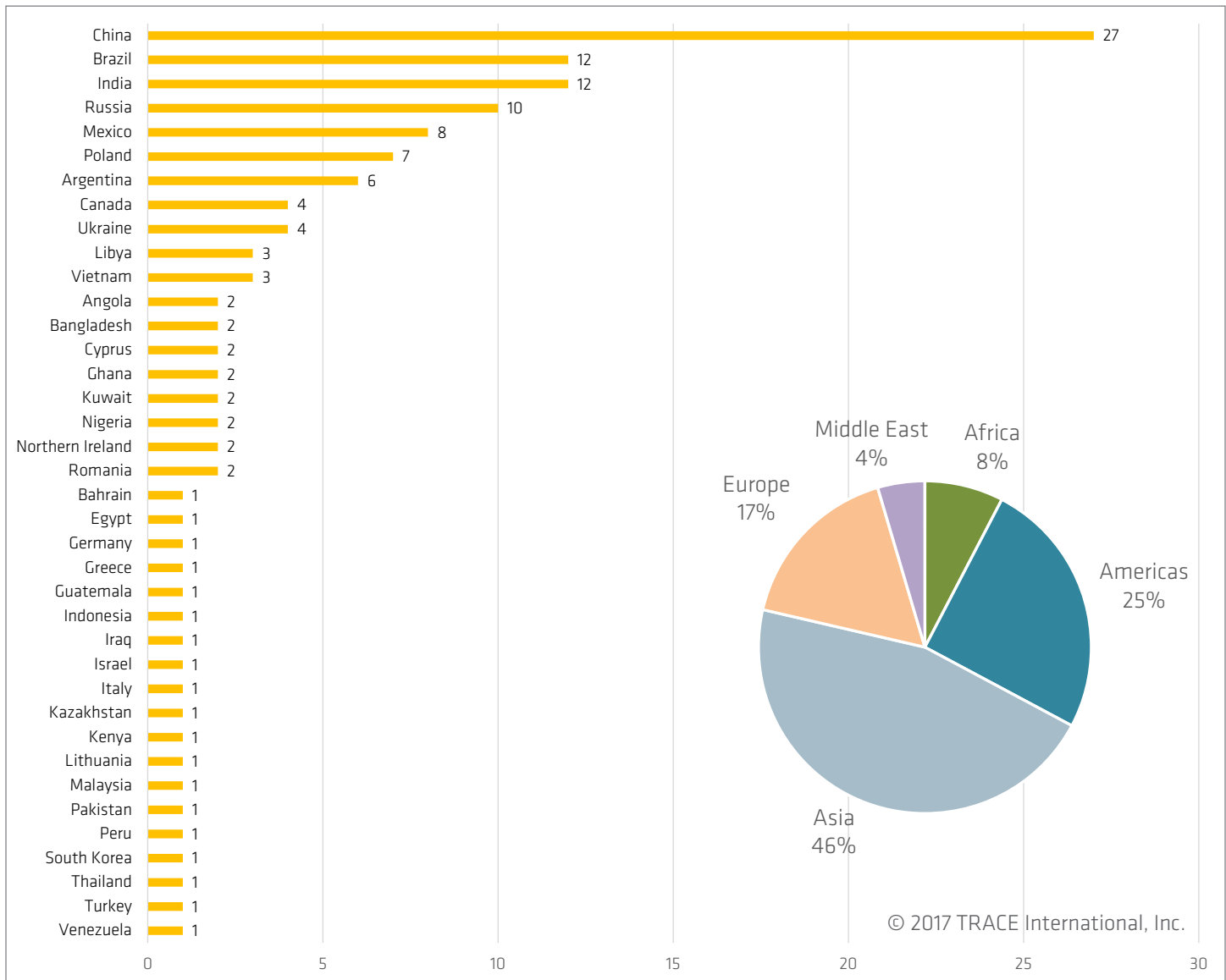
Figure 10: Prevalence of Bribery 1977–2016



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 Brazil, Nigeria, India and Russia. Officials in Asia Pacific were the alleged recipients of bribes in approximately 32% of enforcement events, followed by Africa with approximately 22%, the Americas (including the U.S.) with approximately 18%, the Middle East with approximately 15% and Europe with 14%. Nine countries had more than 20 enforcement events, with four in Asia Pacific, two each in the Americas (including the U.S.) and the Middle East, and one in Africa. There were 24 countries with between 11 and 20 enforcement events: nine in Asia Pacific, five each in Africa and Europe, three in the Americas (including the U.S.) and two in the Middle East. There were 107 countries with between 1 and 10 enforcement events: 34 in Africa, 28 in Europe, 18 in the Americas (including the U.S.), 17 in Asia Pacific, and 10 in the Middle East.

There were 76 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 alleged bribery took place.

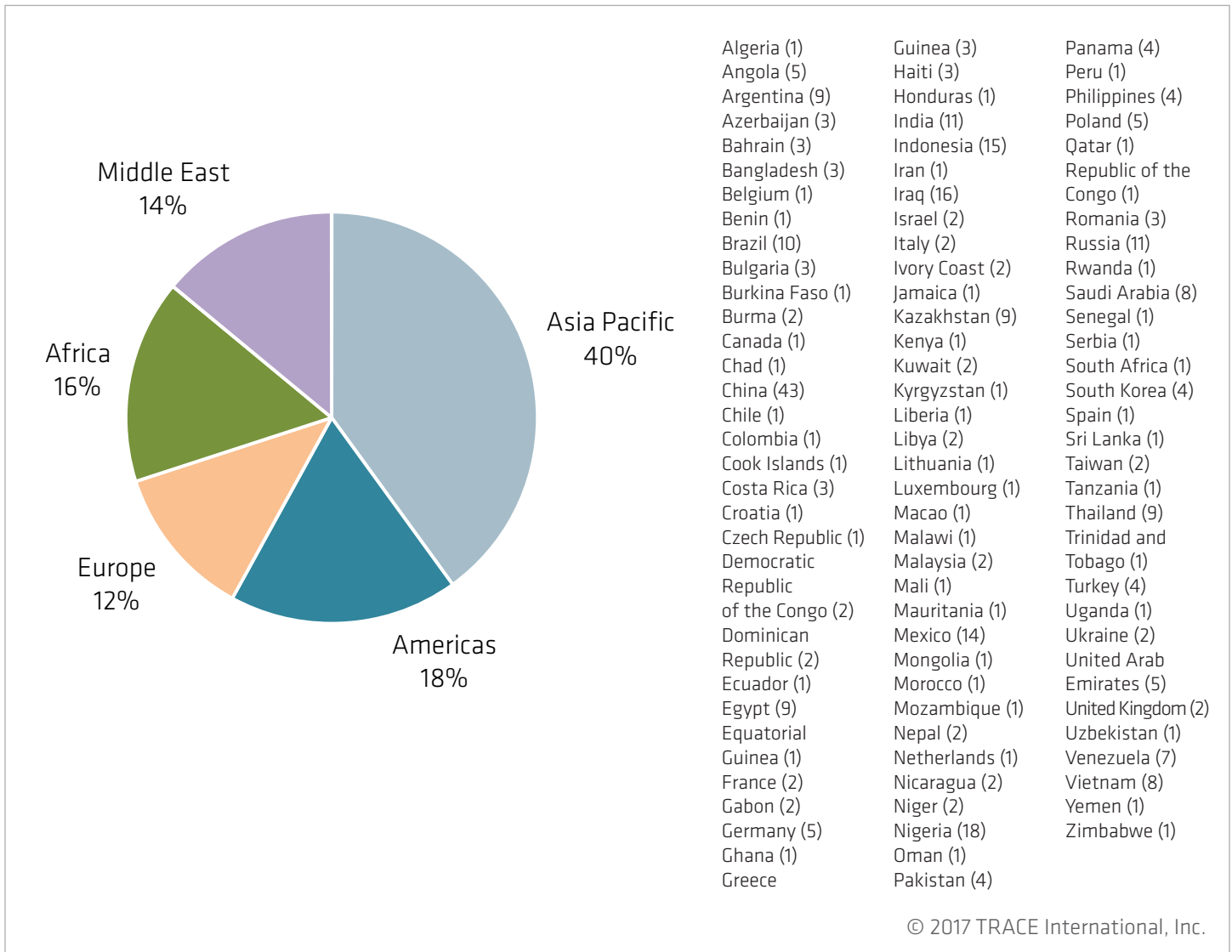
Figure 11: Investigations Concerning Bribery by U.S. Companies or Individuals



This Figure shows the 38 countries where U.S. companies and individuals under investigation as of December 31, 2016 have allegedly paid bribes. Chinese officials are the alleged recipients of bribes in 27 investigations, followed by India and Brazil. Officials in Asia Pacific were the alleged recipient of bribes in approximately 46% of investigations, followed by the Americas (excluding the U.S.) with approximately 25%, Europe with approximately 17%, Africa with approximately 8% and the Middle East with approximately 5%. Three countries were implicated in more than 10 investigations: two in Asia Pacific and one in the Americas (excluding the U.S.). There were 35 countries implicated in between one and ten investigations: ten in Europe, nine in Asia Pacific, six in the Americas (excluding the U.S.) and five each in Africa and the Middle East.

There were 27 enforcement actions 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 alleged bribery took place.

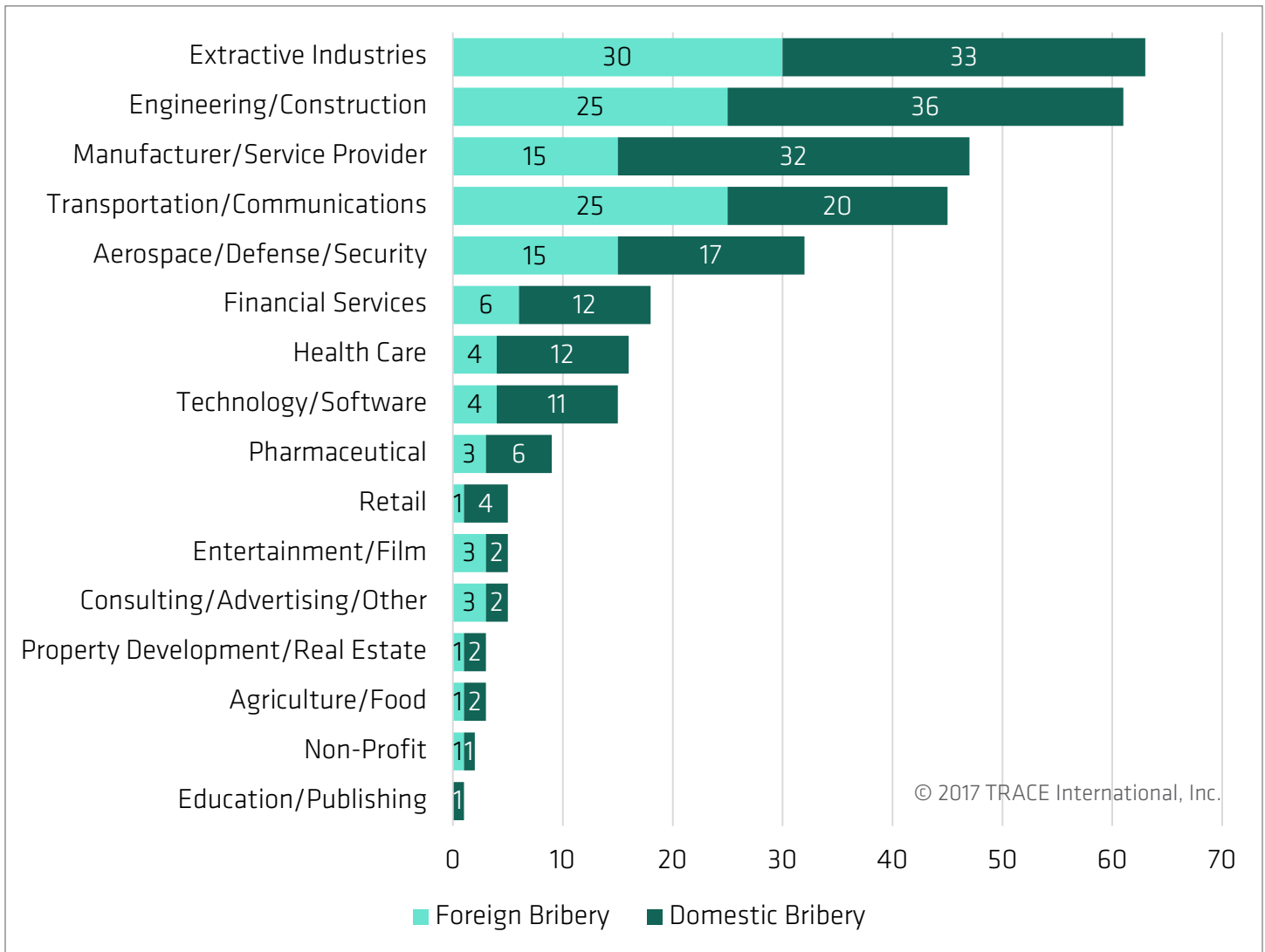
Figure 12: Enforcement Actions Concerning Bribery by U.S. Companies or Individuals



This Figure shows the 96 countries where U.S. companies and individuals who were subject to an enforcement action between 1977 and 2016 allegedly paid bribes. Chinese officials are the alleged recipients of bribes in 43 enforcement actions, followed by Nigeria and Iraq. Officials in Asia Pacific were the alleged recipient of bribes in approximately 40% of enforcement actions, followed by the Americas (excluding the U.S.) with 18%, Africa with 16%, the Middle East with 14%, and Europe with approximately 12%. Seven countries were implicated in more than 10 enforcement actions: four in Asia Pacific and one each in the Americas (excluding the U.S.), Africa and the Middle East. There were 89 countries implicated in between one and ten enforcement actions: 27 in Africa, 18 in Europe, 17 each in Asia Pacific and the Americas (excluding the U.S.) and ten in the Middle East.

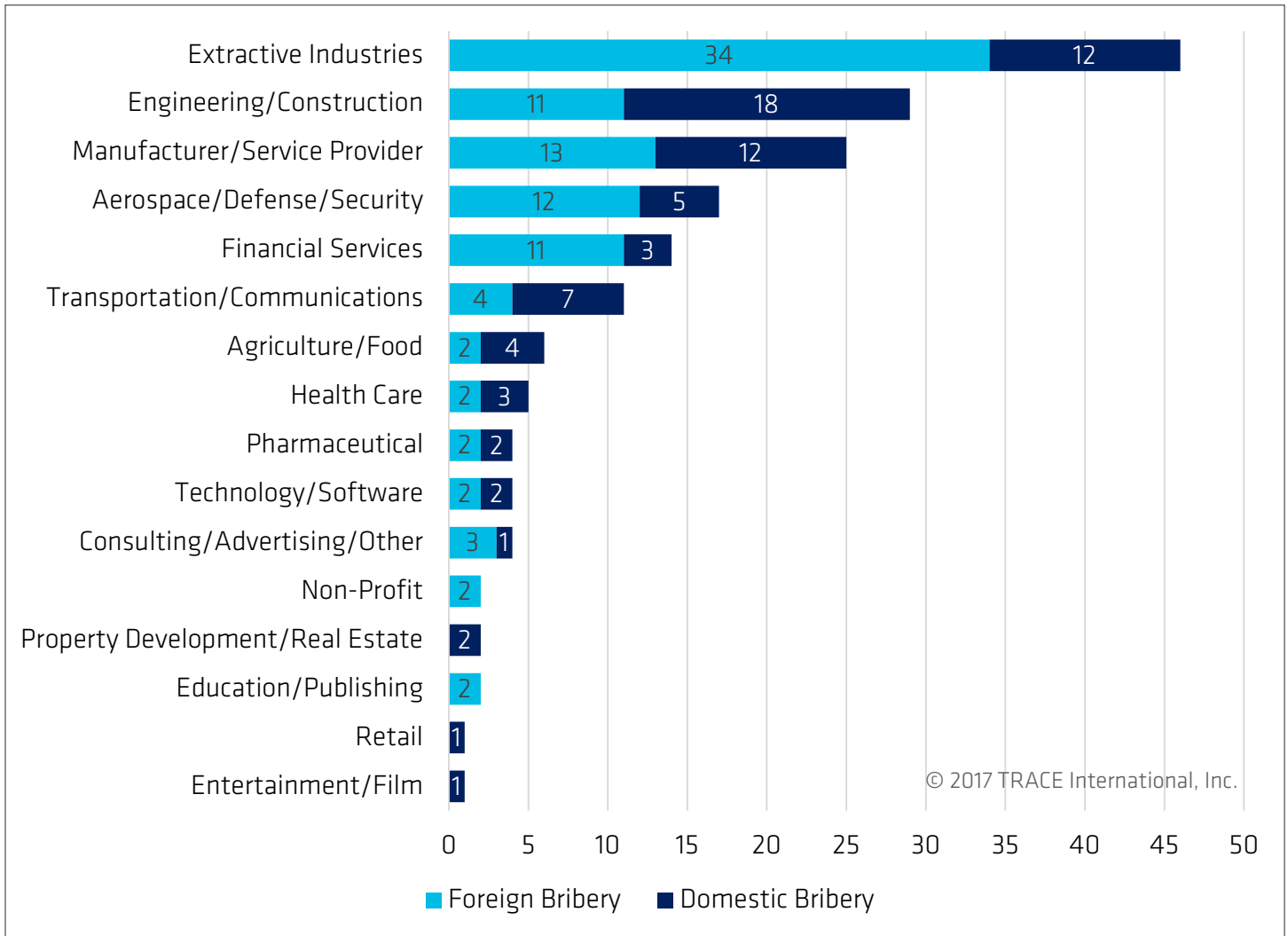
There were seven enforcement events where the nationality of the government officials who were allegedly bribed is unspecified. This is because the information is taken from publicly available resources, and there may be instances where companies do not specify information about where alleged bribery took place.

Figure 13: Total Investigations Concerning Bribery of Domestic and Foreign Officials by Industry (excluding United States)



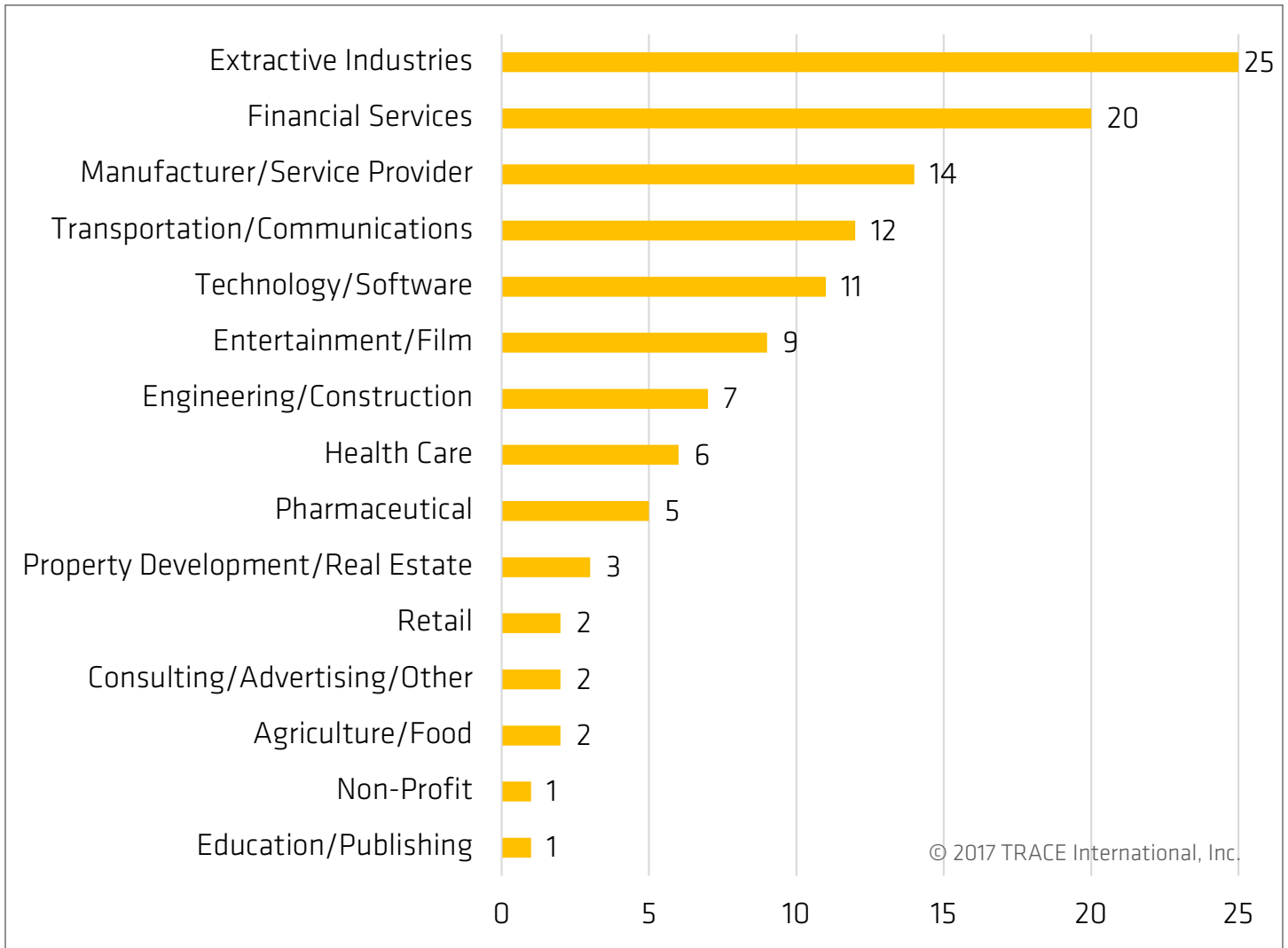
This Figure shows the industries that have experienced the most investigations of alleged bribery of foreign or domestic officials, excluding investigations being conducted by the United States, as of December 31, 2016. The Extractive Industries represent the highest number of bribery investigations, with 19% of all non-U.S. investigations, followed by Engineering/Construction with 18% and Manufacturer/Service Provider with 14%.

Figure 14: Total Enforcement Actions Concerning Bribery of Domestic and Foreign Officials by Industry (excluding United States)



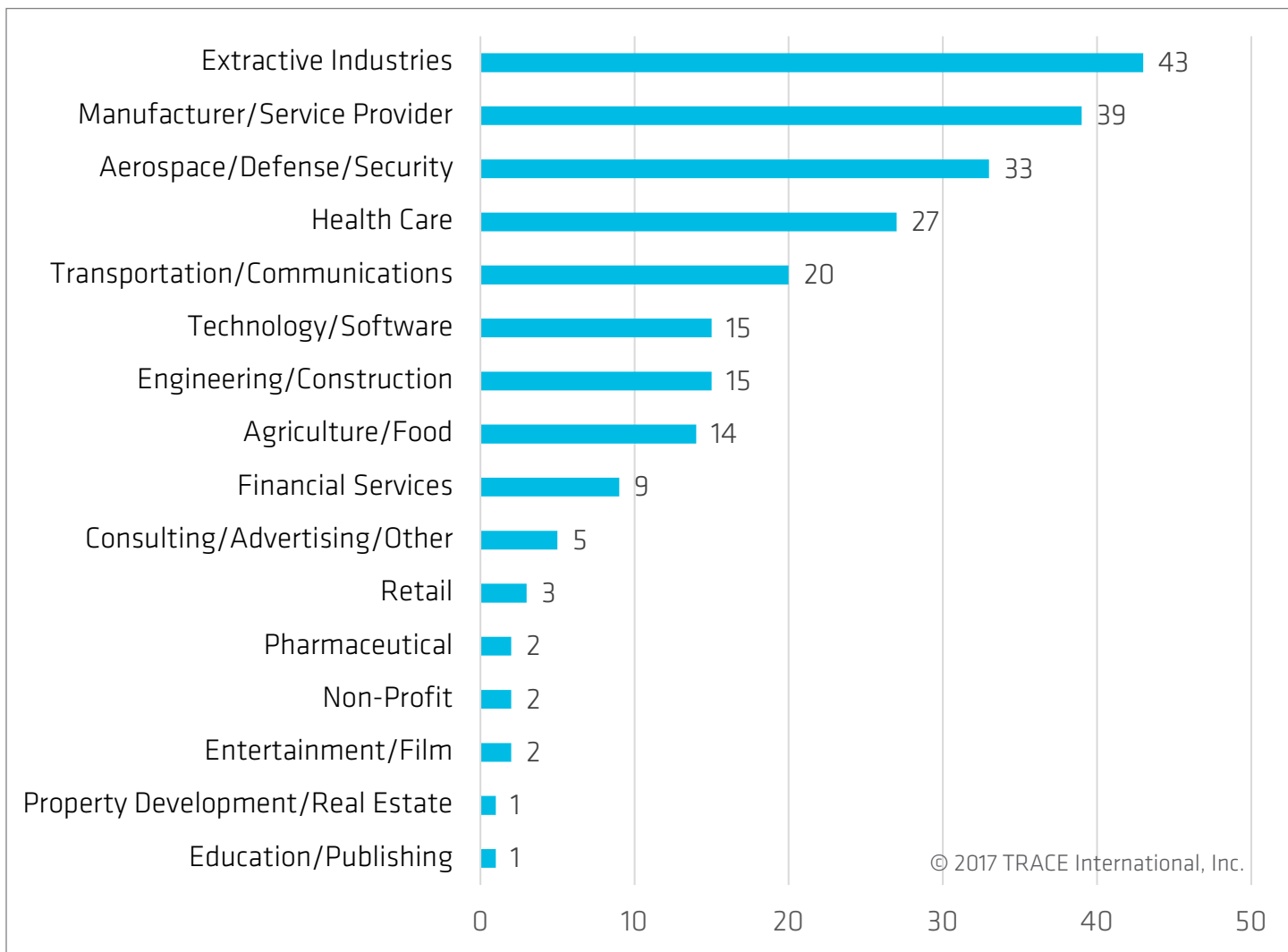
This Figure shows the industries that have experienced the most enforcement actions concerning alleged bribery of domestic or foreign officials, excluding enforcement actions brought by the United States, from 1977-2016. The Extractive Industries represent the highest number of bribery enforcement actions, with approximately 27% of all non-U.S. bribery enforcement actions, followed by Engineering/Construction with approximately 17% and Manufacturer/Service Provider with 14%.

Figure 15: 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, 2016, separated by industry. The Extractive Industries faced the most investigations, with approximately 21% of all U.S. investigations, followed by Financial Services with approximately 17% and Manufacturer/Service Provider with approximately 12%.

Figure 16: 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 1977–2016, separated by industry. The Extractive Industries have seen the most enforcement actions, with approximately 19% of all such U.S. enforcement actions. That is followed by Manufacturer/Service Provider with approximately 17% and Aerospace/Defense/Security with 14%.

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 2016, TRACE's seventh annual compilation, provides anti-bribery enforcement data from 2016 and provides a summary of 40 years of anti-bribery enforcement activity. The complete GER 2016 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 and anti-bribery training. 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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