

Overview

Brazil poses a high level of third-party corruption risk. Brazil scores lower than the global averages on all key measures of governance and control of corruption. Corruption is pervasive in many facets of Brazilian life. Despite relatively accessible public records and an active press, desktop research may not be sufficient for due diligence investigations, due to a history of endemic corruption. For example, public procurement, consulting, energy, and pharmaceuticals and medical industries pose clearly elevated risks that will typically require more advanced investigations.

Corruption Indicators Matrix * All indicators are scores/100 or are percentile ranks, 100=best.

1-33 34-66 67-100

Direct Measures of Corruption	Brazil	G7 Countries
Corruption Perceptions Index Score <small>Transparency International Corruption Perception Index</small>	37	73
Government Integrity Score <small>Heritage Foundation Economic Freedom Index</small>	31	70
Control of Corruption Score <small>World Bank Worldwide Governance Indicators</small>	38	88
Irregular Payments & Bribes Score <small>World Economic Forum Global Competitive Index, Adjusted Score</small>	45	79
Favoritism in Government Score <small>World Economic Forum Global Competitiveness Index, Adjusted Score</small>	33	60
Major Correlates of Corruption		
GDP Per Capita Score <small>Percentile rank, nominal, IMF data</small>	62	89
Government Effectiveness Score <small>World Bank Worldwide Governance Indicators</small>	48	90
Survey Responses on Corruption	Brazil	Top 10 Countries
<small>World Bank Enterprise Surveys</small>		
Share of firms reporting at least one bribe request	12%	1.4%
Share of public contracts reportedly subject to bribe requests	8%	1.1%
Share of businesses reporting corruption is a major constraint	68%	7.5%

FCPA Enforcement Profile

FCPA Enforcement Actions	16 - high concentration	Problem Sectors	Oil and Gas (Petrobras, 4 cases) Public Procurement (Brazil Air Force, 3 cases) Medical/Pharmaceutical
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Illustrative Cases (as reported)*

Odebrecht—Brazilian infrastructure firm Odebrecht was thought to have established an entire division for distributing USD 788 million in bribes to secure contracts throughout Latin America for reported profits of over 3 billion. The scheme has contributed to major political disruptions in Brazil, Peru, and other countries.

Keppel Offshore and Marine—Allegedly bribed Petrobras officials and made payments to a political party to secure offshore contracts.

Tyco—Acquired a water/wastewater services firm reportedly despite due diligence revealing the likelihood of bribery in its operations.

Nature's Sunshine Products—A manufacturer of nutritional supplements allegedly bribed customs officials to circumvent regulations.

Eli Lilly—Third party sales agents for Brazil subsidiary allegedly included a 6% cushion for bribing government officials in their pricing arrangements.

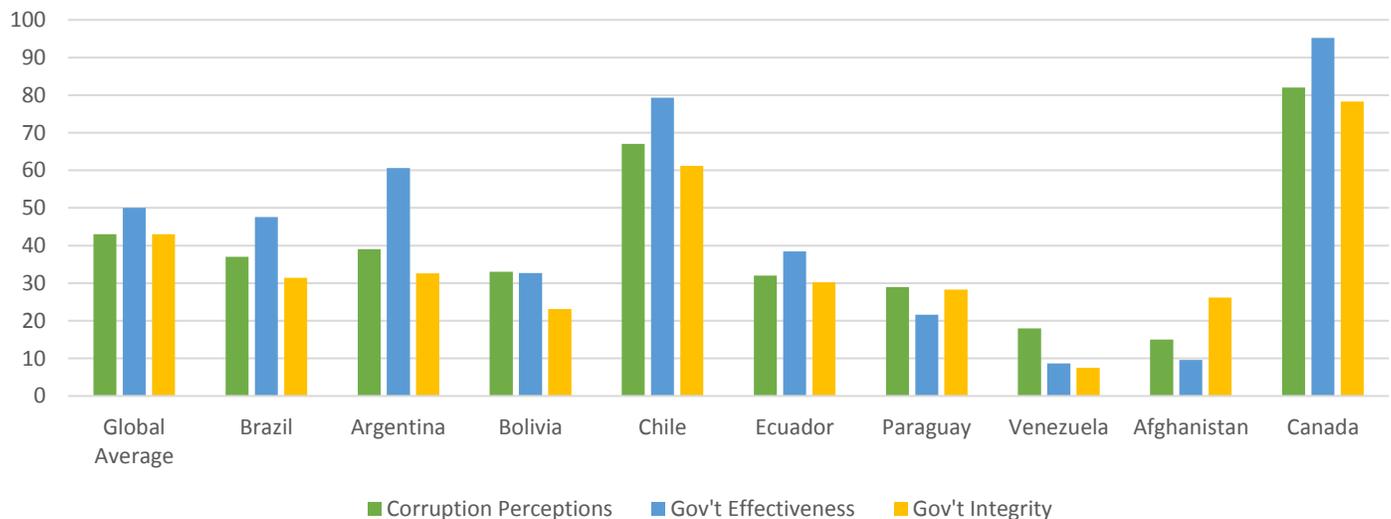
Information Environment Profile

Poor Moderate Accessible

The characteristics of a country's information environment impact the risks within that jurisdiction as well as the degree of confidence or uncertainty in any risk assessment. These factors can affect the scope of an investigation, the means employed, and the degree of analysis required to properly understand research findings.

Information Source	Characteristics or Limitations
Corporate Registries	Corporate registries are updated and easily accessible electronically.
Litigation Searches	Litigation searches can be conducted electronically in most cases. However, case details are typically not disclosed to outside parties.
Depth of News Media	Brazil has an active news media and professional journalists. News articles are usually well-sourced. Major corruption issues are likely to be well-covered. However, tough libel laws can reduce accessible information and intimidation and violence against journalists limits press freedom (see indicators below).
Freedom of Press	Reporters without Frontiers rank 102/180 (180=worst) Freedom House score 47/100 (100=least free)
Linguistic Challenges	Portuguese is machine translatable with reasonable accuracy. All records are in Portuguese. Indigenous languages are unlikely to be a factor in research or investigations.
Financial Disclosure Regulations	Tax Justice Network Financial Secrecy Score 49/100 (100=most secret).

Country Comparison



Analysis: Brazil Third Party Corruption Risk

Corruption in Brazil is a pervasive and widely recognized problem. Corruption affects all sectors of industry and all areas of public administration in Brazil. Pricing collusion with government complicity is a common issue in public contracts. The country has reasonable anticorruption laws on the books but features a high rate of FCPA enforcement and numerous major scandals. These include the Odebrecht case, one of the biggest corruption cases in history, and the corruption probe dubbed "Operation Car Wash" that revealed pervasive high-level corruption in public procurement. These scandals have resulted in the impeachment of President Dilma Rousseff and the imprisonment of former President Lula da Silva. While these developments demonstrate the recent strength of enforcement activities in Brazil, there are some indications that the anticorruption push is losing intensity. Areas of concern for bribery outside of public procurement include marketing and consulting, meat and poultry production, construction, and customs clearance.

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