

Overview

Mexico presents high third-party corruption risks, scoring well below global averages on most measures of corruption and government integrity. Some key governance scores have declined over the last decade. Successful FCPA enforcement has penalized companies working in the oil and gas, healthcare, and other sectors. Thorough vetting of vendors and the practices of local subsidiaries is strongly advised.

Corruption Indicators Matrix *All indicators are scores/100 or are percentile ranks, 100=best. 1-33 34-66 67-100

| Direct Measures of Corruption | Mexico | G7 Countries |
|--|--------|------------------|
| Corruption Perceptions Index Score <small>Transparency International Corruption Perception Index</small> | 29 | 73 |
| Government Integrity Score <small>Heritage Foundation Economic Freedom Index</small> | 27 | 70 |
| Control of Corruption Score <small>World Bank Worldwide Governance Indicators</small> | 23 | 88 |
| Irregular Payments & Bribes Score <small>World Economic Forum Global Competitiveness Index, Adjusted Score</small> | 45 | 79 |
| Favoritism in Government Score <small>World Economic Forum Global Competitiveness Index, Adjusted Score</small> | 29 | 60 |
| Major Correlates of Corruption | | |
| GDP Per Capita Score <small>Percentile rank, nominal, IMF data</small> | 61 | 89 |
| Government Effectiveness Score <small>World Bank Worldwide Governance Indicators</small> | 60 | 90 |
| Survey Responses on Corruption | Mexico | Top 10 Countries |
| <small>World Bank Enterprise Surveys</small> | | |
| Share of firms reporting at least one bribe request | 18% | 1.4% |
| Share of public contracts reportedly subject to bribe requests | 10% | 1.1% |
| Share of businesses reporting corruption is a major constraint | 50% | 7.5% |

FCPA Enforcement Profile

| | | | |
|---------------------------------|--------------------------------|------------------------|-----------------------------------|
| FCPA Enforcement Actions | 20 - high concentration | Problem Sectors | Oil/Gas Medical/Pharmaceutical |
|---------------------------------|--------------------------------|------------------------|-----------------------------------|

Illustrative Cases (as reported)

Tyson Foods—Mexico subsidiary allegedly paid “salaries” to nonworking spouses of government meat inspectors to secure approvals.

Orthofix—LATAM subsidiary allegedly paid USD 300k in “chocolate,” an established code word for bribes, to Mexican social security system officials to secure purchases of medical equipment for government healthcare programs.

Silicon Contractors—Allegedly bribed electricity commission procurement officials to secure sale of sealants for a nuclear power plant.

Key Energy Services—Mexico subsidiary allegedly paid consultant with ties to PEMEX official USD 229k to facilitate extension of contract, but no work seems to have been provided by this consultant. Key allegedly approved subsidiary’s contribution of USD 118k in gifts to PEMEX Christmas raffle, which they allegedly contrived to award to PEMEX officials.

Lindsey Manufacturing—Allegedly hired sales representatives to facilitate contracts with government electrical commission. They granted a 30% commission on sales, which was unusually high, allegedly for the sales representatives to pass along as bribes.

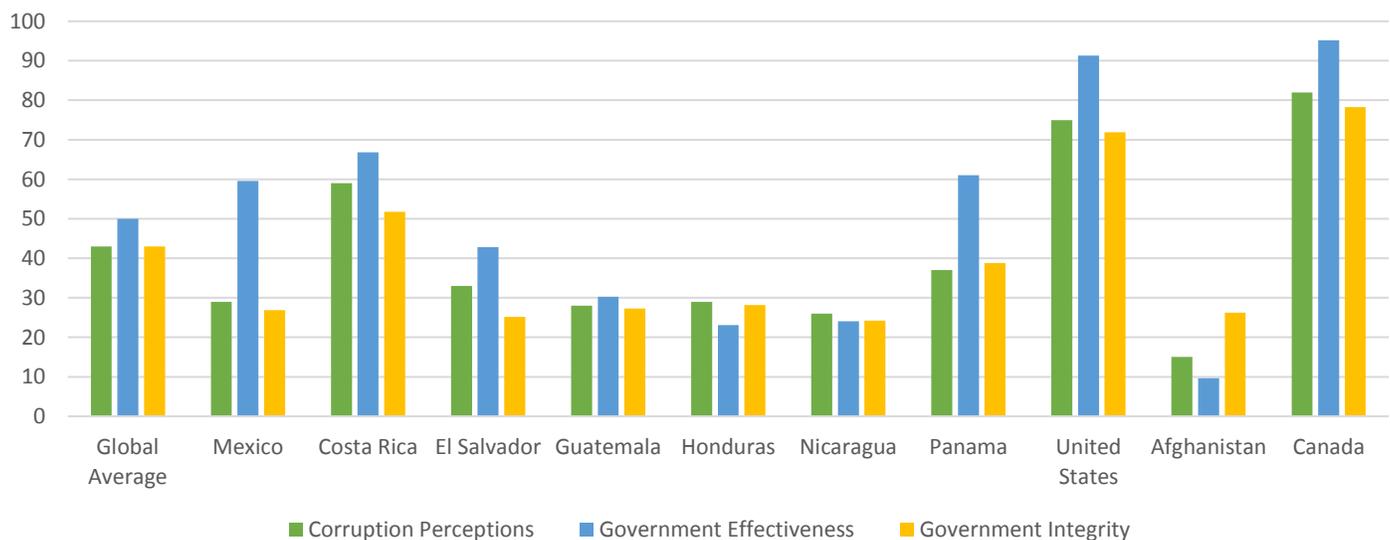
Information Environment Profile

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 records must be requested in-person from state registries. There is very limited information found in open-source media. |
| Litigation Searches | A database is available, but queries require knowledge of case numbers, which are not usually available. Records are best obtained in-person, although case details and results are not typically disclosed. Officials' expectations of bribes, sometimes significant, may limit available information. |
| Depth of News Media | Mexico does have publications offering in-depth coverage, but journalists are hindered by numerous adverse factors. Mexico is known to be one of the most dangerous countries in the world for investigative journalists. US newspapers often provide insight into Mexican issues, including corruption. Local news outlets operate throughout Mexico. |
| Freedom of Press | Reporters without Frontiers rank 147/180 (180=worst) Freedom House score 64/100 (100=least free) |
| Linguistic Challenges | All records are in Spanish, which is machine translatable with reasonable accuracy. |
| Financial Disclosure Regulations | Tax Justice Network Financial Secrecy Score 54/100 (100=most secret). |

Country Comparison



Analysis: Mexico Third Party Corruption Risk

Corruption in Mexico is pervasive and affects all sectors and areas of public administration. Frequent links between organized crime and public corruption make information gathering about corruption difficult and sometimes dangerous, so Mexicans can be reluctant to share information with researchers or journalists. Mexicans are more likely to pay bribes for everyday government services than any other Latin American group, and a majority of Mexicans believe that corruption is getting worse. However, corruption issues were a major factor in the recent historic election of Andrés Manuel López Obrador. His election is considered to be a major break from a political establishment which has disenchanted voters. He has promised to tackle corruption and crime, although specific policy directions are not yet clear.

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