

## Overview

With low overall indicators for transparency and a high rate of FCPA enforcement in proportion to the size of the economy, Vietnam presents high third-party corruption risks. FCPA enforcement has focused on Vietnam’s state-run healthcare system. While Vietnam’s economy is growing fast and its leadership has managed to beat expectations on the World Bank’s government effectiveness score, transparency indicators do not show any clear positive trend.

## Corruption Indicators

\*All indicators are scores/100 or are percentile ranks, 100=best.

1-33 34-66 67-100

Direct Measures of Corruption	Vietnam	G7 Average
<b>Corruption Perceptions Index Score</b> <small>Transparency International Corruption Perception Index</small>	35	73
<b>Government Integrity Score</b> <small>Heritage Foundation Economic Freedom Index</small>	30	70
<b>Control of Corruption Score</b> <small>World Bank Worldwide Governance Indicators</small>	42	88
<b>Rule of Law Score</b> <small>World Justice Project Rule of Law Index adjusted score</small>	50	77
Major Correlates of Corruption		
<b>GDP Per Capita Score</b> <small>Percentile rank, nominal, IMF data</small>	28	89
<b>Government Effectiveness Score</b> <small>World Bank Worldwide Governance Indicators</small>	53	90
Survey Responses on Corruption	Vietnam	Top 10 Countries
<small>World Bank Enterprise Surveys</small>		
Share of firms reporting at least one bribe request	26%	1.4%
Share of firms expected to give gifts to secure government contract	57%	1.9%
Share of firms expected to give gifts to officials to “get things done”	91%	1.5%
Share of businesses reporting corruption is a major constraint	8%	7.5%

## FCPA Enforcement: 9 Cases

*Notable Sector: Healthcare*

### Illustrative FCPA Cases (as reported)

**Bio-Rad Laboratories**—Singapore and Thai subsidiaries of the medical diagnostics company allegedly paid unlawful payments to Vietnamese government officials to obtain business.

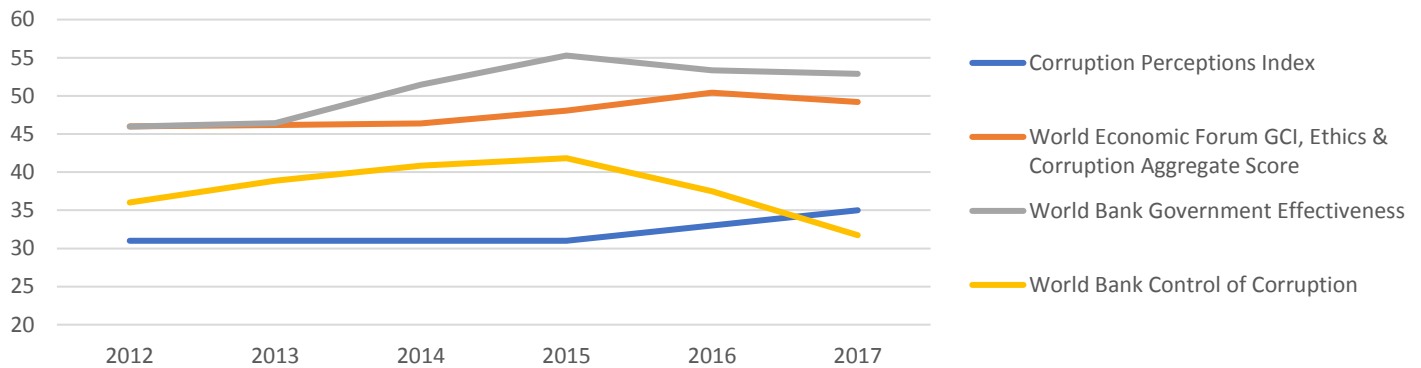
**Aon Corporation**—The insurance and reinsurance company allegedly granted a 30% commission to a third-party agent to secure “information and services” in support of Aon’s contract with Vietnam Airlines, an SOE. Records reportedly showed that this agent did not provide legitimate services but transferred this money to unspecified other parties.

**Nexus Technologies**—A distributor of technologies with military or government applications allegedly paid USD 150K in bribes in Vietnam to secure government contracts. The case resulted in jail time for the executives and the dissolution of the company.

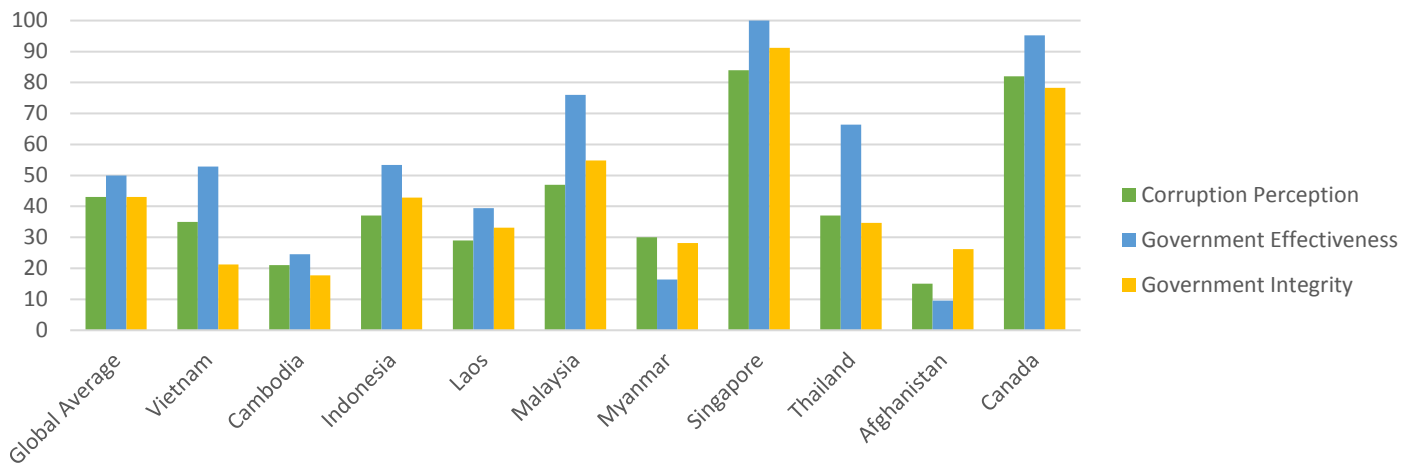
**Daimler**—The auto manufacturer allegedly engaged in corrupt practices between 1998 and 2008 in 21 countries, including Vietnam, mostly to facilitate sales to government entities. A 2010 settlement was worth USD 185M.

Information Source	Transparency or Accessibility
Corporate Records	Corporate records are available online, but access may be restricted, and shareholding information is not available.
Freedom of Press	Reporters without Borders rank 175/180 (180=worst) Freedom House score 84/100, "not free" (100=least free)
Linguistic Challenges	Machine translation of Vietnamese is poor. Script differences may present difficulties.
Financial Disclosure Regulations	Tax Justice Network Financial Secrecy Score—not available.

Trendlines



Country Comparison



Analysis: Country Third Party Corruption Risk

Vietnam is actively divesting state-owned enterprises and has recently embarked on an aggressive anticorruption campaign targeting top executives. However, corruption remains pervasive and it will take time for these policies to make any observable difference. Vietnamese citizens face more daily public corruption than any other group in East Asia according to Transparency International. The World Bank measures the rate businesses paying facilitation payments at a very high rate of 91%. Other areas of governance may indirectly affect business risks in Vietnam. For example, very poor freedom of press ratings indicate difficulties in adequately conducting due diligence research on Vietnamese entities.

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