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TI Report: Emerging economic giants show high levels of corporate bribery overseas

Construction, real estate, oil and gas sectors most prone to corruption

London / Berlin, 9 December 2008 - Companies based in emerging economic giants, such as China, India and Russia, are perceived to routinely engage in bribery when doing business abroad, according to Transparency International's 2008 Bribe Payers Index (BPI), released today.

Key findings

Belgium and Canada shared first place in the 2008 BPI with a score of 8.8 out of a very clean 10, indicating that Belgian and Canadian firms are seen as least likely to bribe abroad. The Netherlands and Switzerland shared third place on the index, each with a score of 8.7. At the other end of the spectrum, Russia ranked last with a score of 5.9, just below China (6.5), Mexico (6.6) and India (6.8).

The BPI also shows public works and construction companies to be the most corruption-prone when dealing with the public sector, and most likely to exert undue influence on the policies, decisions and practices of governments.

For too many, bribery remains routine business practice

"The BPI provides evidence that a number of companies from major exporting countries still use bribery to win business abroad, despite awareness of its damaging impact on corporate reputations and ordinary communities," said Transparency International Chair, Huguette Labelle. "The inequity and injustice that corruption causes makes it vital for governments to redouble their efforts to enforce existing laws and regulations on foreign bribery and for companies to adopt effective anti-bribery programmes. In this spirit, all major exporting countries should commit to the provisions of the OECD Anti-Bribery Convention."

TI's 2008 BPI ranks 22 leading international and regional exporting countries by the tendency of their firms to bribe abroad. The combined global exports of goods and services and outflows of foreign direct investment of these 22 countries represented 75 percent of the world total in 2006. The 2008 BPI is based on the responses of 2,742 senior business executives from companies in 26 developed and developing countries, chosen by the volume of their imports and inflows of foreign direct investment.

Bribery in different industries

The Bribe Payers Survey, which serves as the basis for the BPI, also looks at the likelihood of firms in 19 specific sectors to engage in bribery. In the first of two new sectoral rankings, companies in public works contracts and construction; real estate and property development; oil and gas; heavy manufacturing; and mining were seen to bribe officials most frequently. The cleanest sectors, in terms of bribery of public officials, were identified as information technology, fisheries, and banking and finance.

A second sectoral ranking evaluates the likelihood of companies from the 19 sectors to engage in state capture, whereby parties attempt to wield undue influence on government rules, regulations and decision-making through private payments to public officials. Public works contracts and construction; oil and gas; mining; and real estate and property development were seen as the sectors whose companies were most likely to use legal or illegal payments to influence the state. The banking and finance sector is seen to perform considerably worse in terms of state capture than in willingness to bribe public officials, meaning that its companies may exert considerable undue influence on regulators, a significant finding in light of the ongoing global financial crisis.

The sectors where companies are seen as least likely to exert undue pressure on the public policy process are agriculture, fisheries and light manufacturing.

Conclusion: Better global standards are possible and imperative

While most of the world's wealthiest countries already subscribe to a ban on foreign bribery, under the OECD Anti-Bribery Convention, there is little awareness of the convention among the senior business executives interviewed in the Bribe Payers Survey. Governments have a key role to play in ensuring that foreign bribery is stopped at the source – and by making good on commitments to prevent and prosecute such practices.

“The unfolding financial crisis has shown us just how integrated the world's markets have become. Accountability must be guaranteed across borders, include improved risk management and reach all the way down a company's supply chain,” said Cobus de Swardt, TI Managing Director. “Businesses face a complex challenge, but efforts to improve labour practices, for instance, by working with intermediaries, suppliers and affiliates, show that there is no excuse to not extend anti-bribery standards globally in a similar fashion.”

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Transparency International is the civil society organisation leading the global fight against corruption.

For sectoral tables and all other data, please see the full BPI Report, also available at http://www.transparency.org/news_room/in_focus/2008/bpi_2008

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Bribe Payers Index 2008

Rank	Country/Territory	BPI 2008 Score	Standard Deviation	Confidence Interval 95%	
				Lower Bound	Upper Bound
1	Belgium	8.8	2.00	8.5	9.0
1	Canada	8.8	1.80	8.5	9.0
3	Netherlands	8.7	1.98	8.4	8.9
3	Switzerland	8.7	1.98	8.4	8.9
5	Germany	8.6	2.14	8.4	8.8
5	Japan	8.6	2.11	8.3	8.8
5	United Kingdom	8.6	2.10	8.4	8.7
8	Australia	8.5	2.23	8.2	8.7
9	France	8.1	2.48	7.9	8.3
9	Singapore	8.1	2.60	7.8	8.4
9	United States	8.1	2.43	7.9	8.3
12	Spain	7.9	2.49	7.6	8.1
13	Hong Kong	7.6	2.67	7.3	7.9
14	South Africa	7.5	2.78	7.1	8.0
14	South Korea	7.5	2.79	7.1	7.8
14	Taiwan	7.5	2.76	7.1	7.8
17	Brazil	7.4	2.78	7.0	7.7
17	Italy	7.4	2.89	7.1	7.7
19	India	6.8	3.31	6.4	7.3
20	Mexico	6.6	2.97	6.1	7.2
21	China	6.5	3.35	6.2	6.8
22	Russia	5.9	3.66	5.2	6.6

This table shows the 2008 BPI results along with additional statistical information that indicates the level of agreement among respondents about the country's performance, and the precision of the results.¹ Scores range from 0 to 10, indicating the likelihood of firms headquartered in these countries to bribe when operating abroad. The higher the score for the country, the lower the likelihood of companies from this country to engage in bribery when doing business abroad.

¹ The standard deviation is provided to give an indication of the degree of agreement among respondents in relation to each country: the smaller the standard deviation, the broader the consensus among respondents. The confidence intervals show the range of minimum and maximum values where with 95% of confidence the true value of the index lies.