

The background of the cover is an abstract architectural illustration. It features a series of overlapping, curved, grid-like structures that resemble modern building facades or large-scale infrastructure. The colors are primarily teal and grey, with a white section on the left. The overall effect is one of depth and complexity.

Global Enforcement Report 2018

**TRACE
Report**

March 2019

Introduction

Almost every country in the world prohibits the payment of bribes to their 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 2018 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 2018 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 2018 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 2018. The 2018 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 2018 GER also represents TRACE’s continuing efforts to refine and improve the data utilized in the report. Neither the TRACE Compendium nor the 2018 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 2018 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 2018 GER, investigations are no longer considered ongoing if 10 years have passed since they were last discussed in a publicly available document, or if 5 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.

The past year has seen the emergence of a novel form of case resolution: the “declination-with-disgorgement,” in which authorities decline to bring charges against a company—based largely on the company’s self-disclosure of the impropriety and full cooperation in any investigation—but the company is nevertheless required to forfeit its gains from the improper behavior. The

GER has in recent years omitted information about declinations, on the grounds that it is often difficult to ascertain whether or when they have occurred. That is not the case with this new class of declination-with-disgorgement. Given their status as final resolutions that impose (non-punitive) financial obligations on their subjects, we have opted in the GER to treat declinations-with-disgorgement as enforcement actions for purposes of our quantitative aggregations.

The TRACE Compendium and 2018 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 2018 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

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

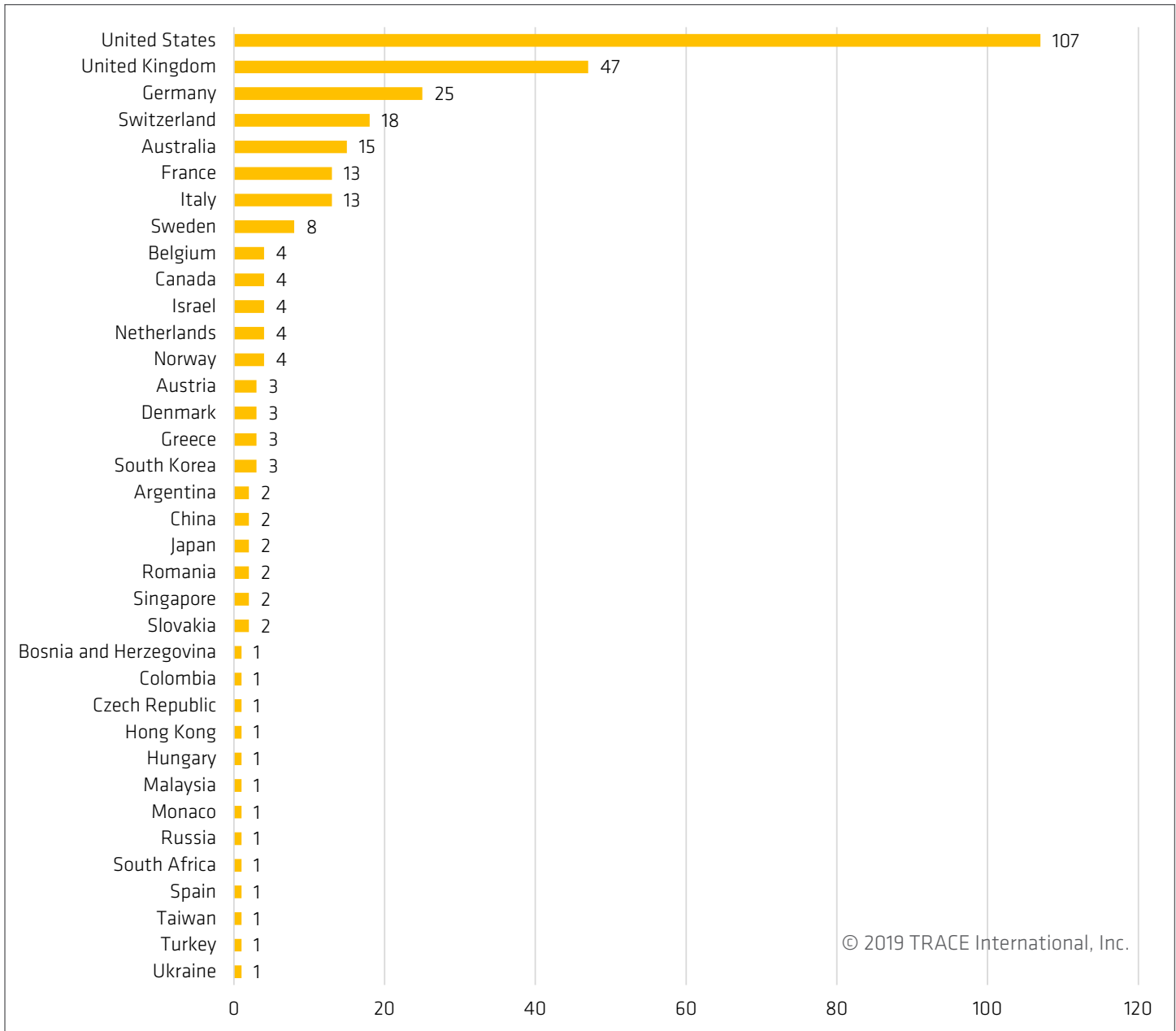
- > While the number of open U.S. investigations into foreign-bribery allegations dropped slightly in 2018, there was a notable increase in the number of open investigations worldwide, with an expanding range of investigating countries. Europe in particular saw its number of open investigations climb by approximately 37%, and the region now accounts for more than half of all foreign-bribery investigations. (See Figure 1.)
- > The past year saw a notable growth in U.S. enforcement, with the number of U.S. enforcement actions increasing by more than half, approaching the record-setting volume of 2016. The pace of enforcement actions by non-U.S. authorities remained essentially steady. (See Figure 3.)
- > There was also an increase in the number of investigations concerning bribery of domestic officials by foreign sources, showing a rise of approximately 15%. The total cumulative number of domestic enforcement actions also demonstrated a healthy growth of approximately 22%. (See Figure 8, Figure 9.)
- > The Financial Services industry remained the most heavily investigated by United States agencies in connection with foreign-bribery allegations, accounting for approximately 17% of all such investigations. In other jurisdictions, however, the focus remained elsewhere—most prominently the Extractive Industries, Engineering/Construction, and Aerospace/Defense/Security—with Financial Services accounting for only 6% of open investigations. (See Figures 13–16.)



Figures and Analysis

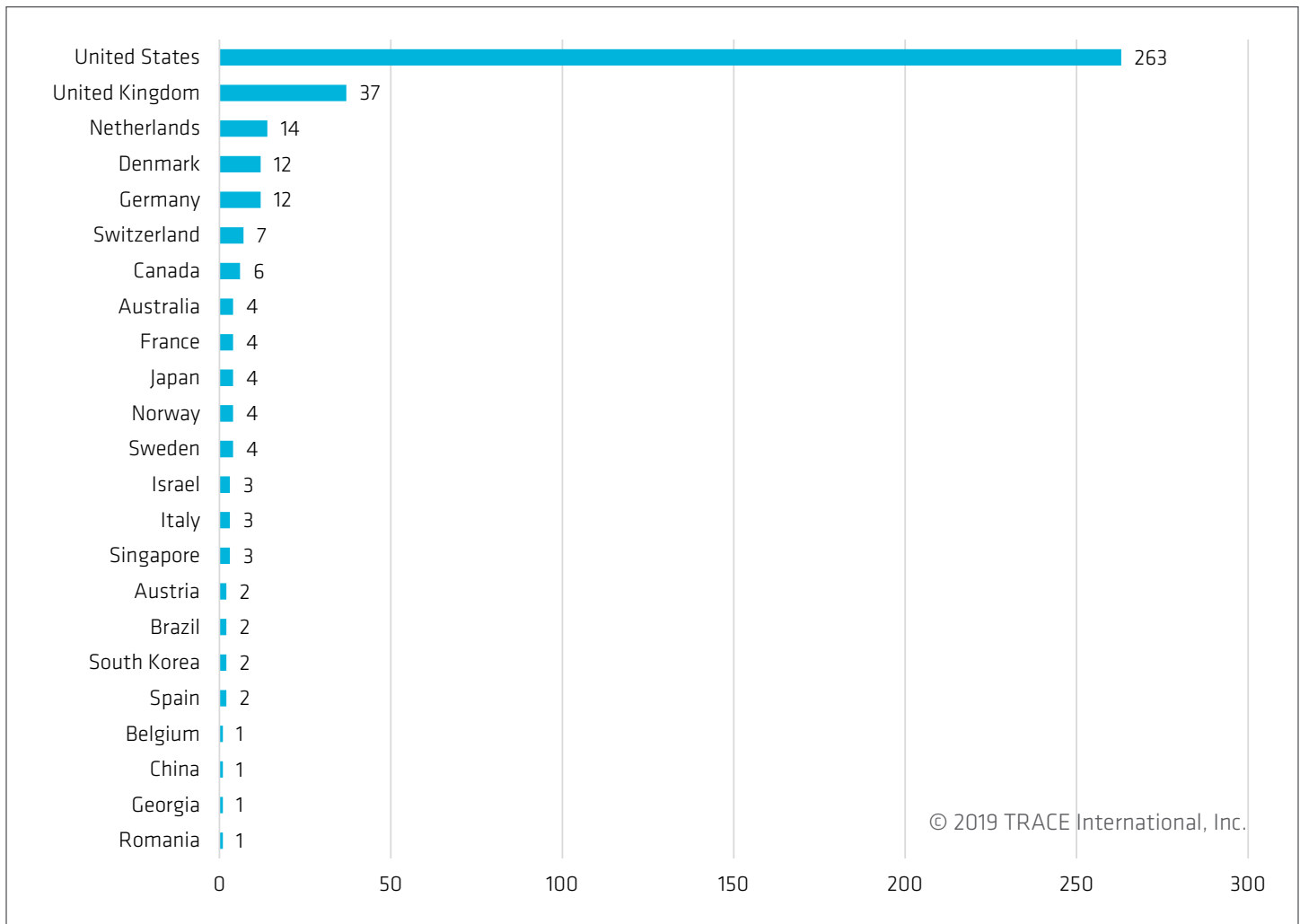


Figure 1: Investigations Concerning Bribery of Foreign Officials by Country



This chart addresses where investigations of bribery of foreign officials are occurring. In total, there were 303 investigations concerning alleged bribery of foreign officials being conducted by authorities in 36 countries as of 31 December 2018. The United States was conducting 107 investigations, which represents 35% of all ongoing investigations concerning alleged bribery of foreign officials. European countries now account for more than half of all investigations—a total of 157. An increase was also seen in the Asia Pacific region, in which 9% of all ongoing investigations were being conducted, followed by the Americas (excluding the U.S.) with approximately 2%, the Middle East with approximately 1%, and Africa with fewer than 1%.

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



From 1977 through 2018, 23 countries concluded 392 enforcement actions concerning alleged bribery of foreign officials. The United States maintained the strongest enforcement record during this period with 263 enforcement actions, representing 67% 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 104 enforcement actions, approximately 27% of all such actions concerning alleged bribery of foreign officials. Countries in Asia Pacific were responsible for approximately 4% of the total enforcement actions concerning the alleged bribery of foreign officials, followed by the Americas (excluding the U.S.) with 2% and the Middle East with fewer than 1%.

Figure 3: Enforcement Actions Concerning Bribery of Foreign Officials
2004-2018

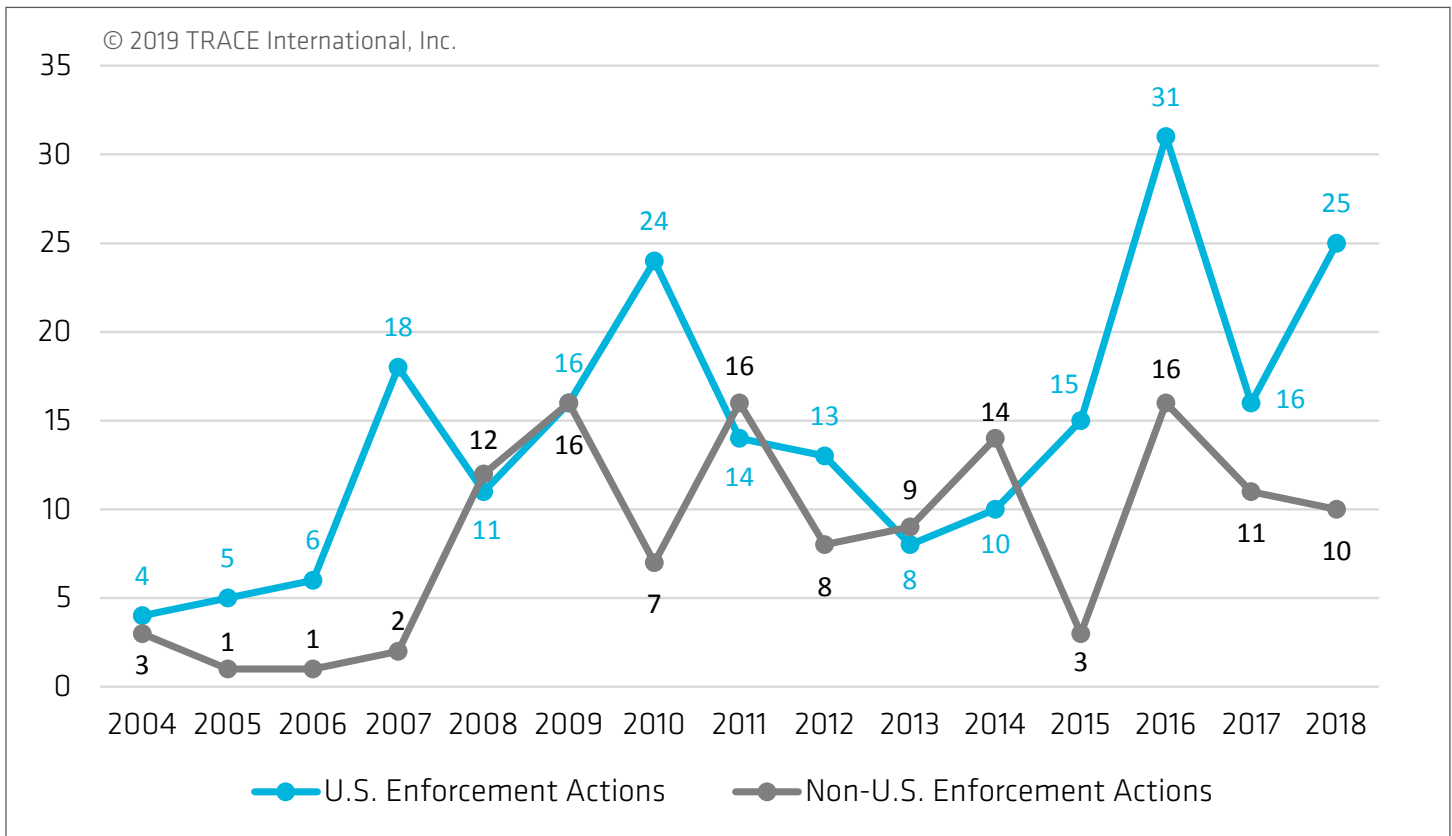
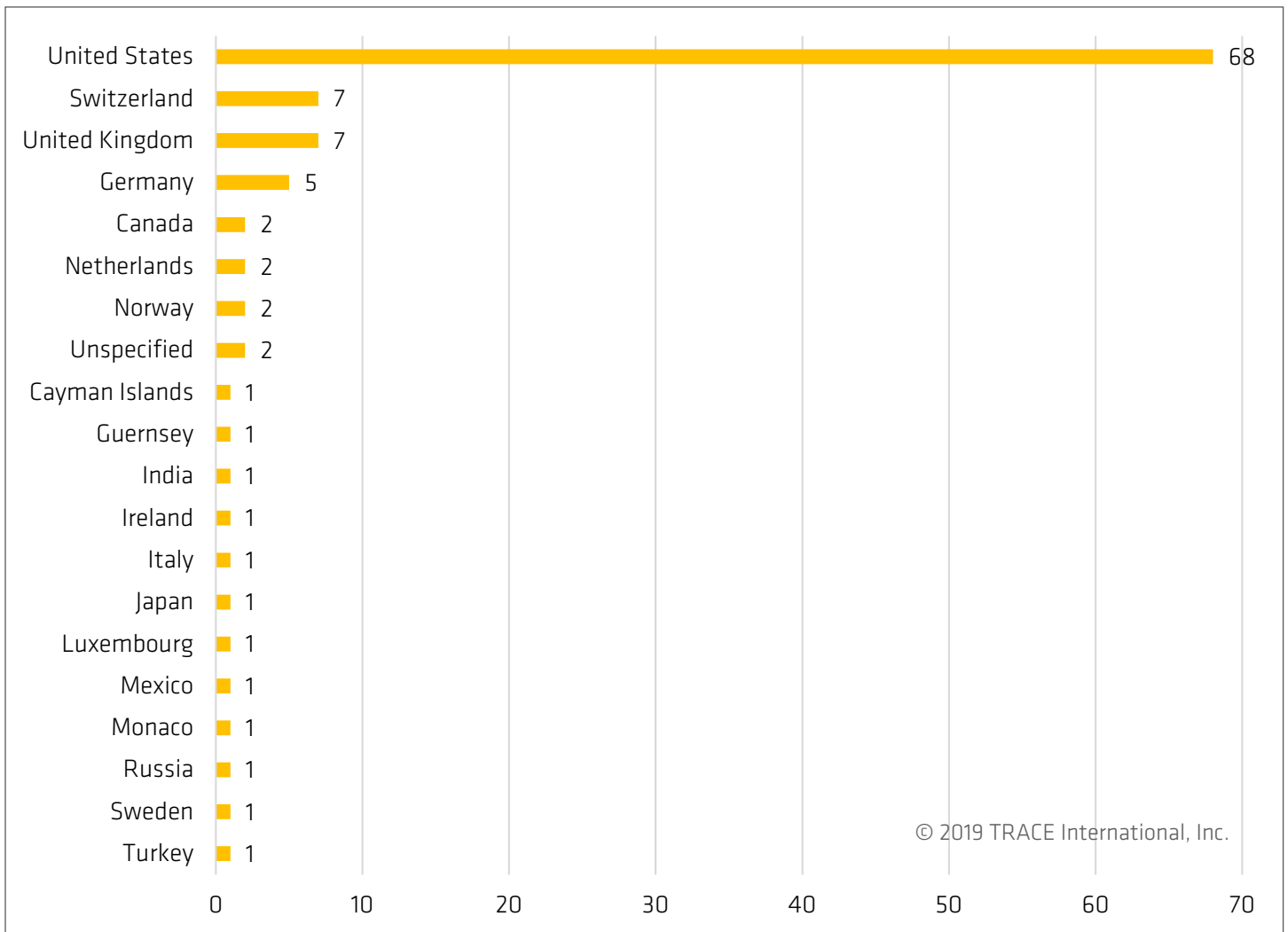


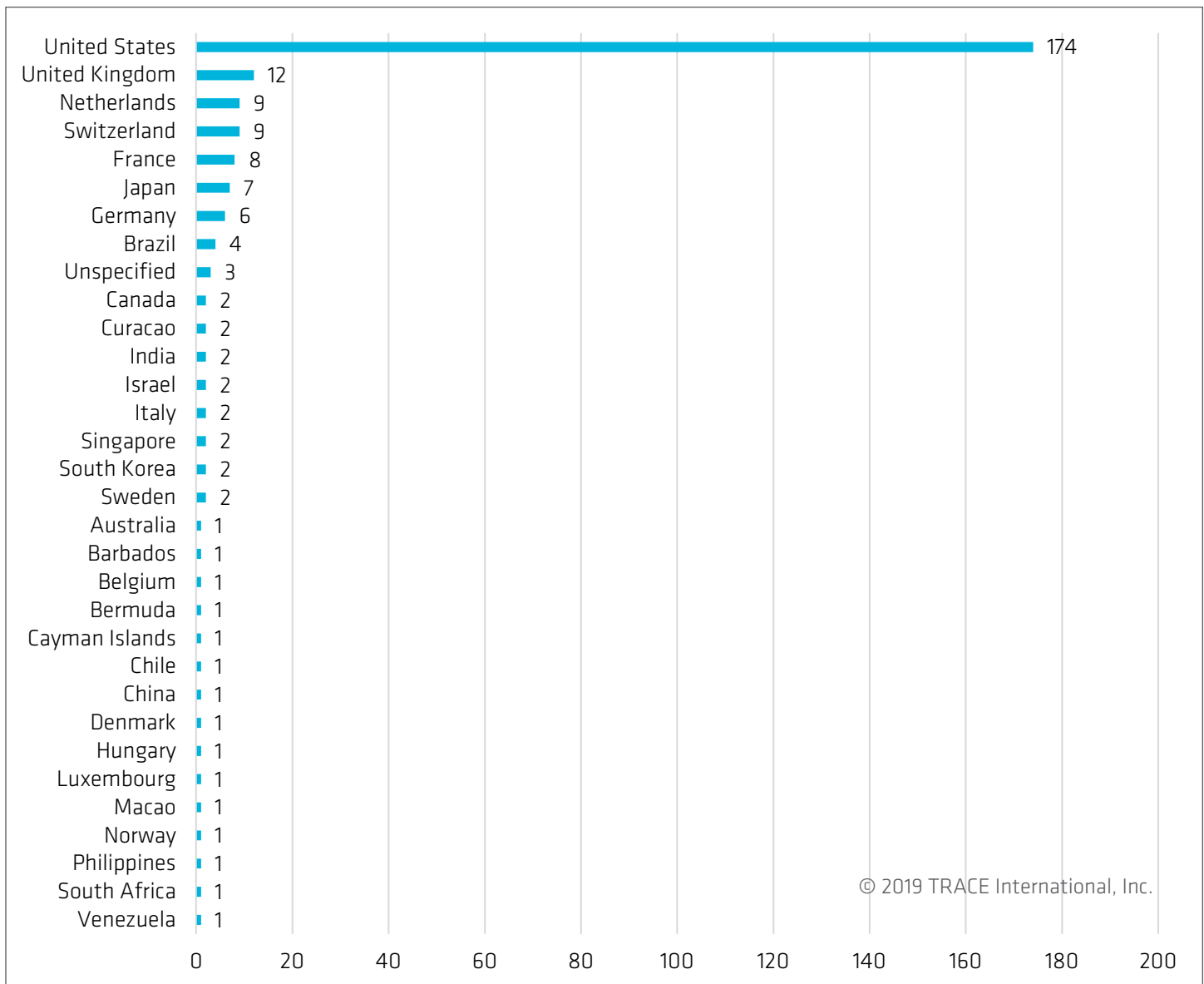
Figure 3 modifies the analysis in Figure 2 to examine enforcement actions concerning alleged bribery of foreign officials undertaken from 2004 through 2018. The United States showed a moderate increase in its enforcement activity, while the number of non-U.S. enforcement actions declined slightly.

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



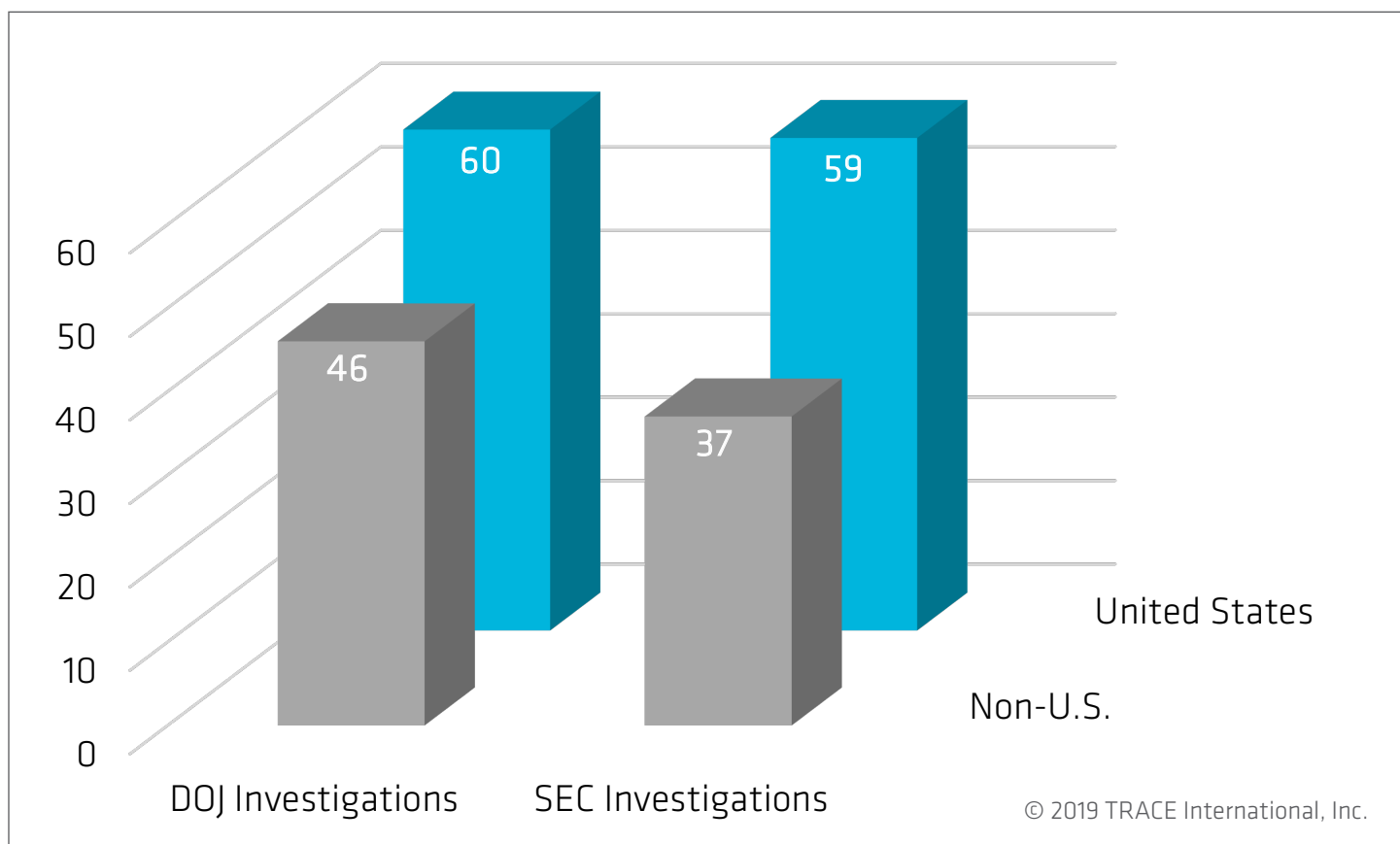
The United States was conducting 107 investigations concerning alleged bribery of foreign officials in 19 countries as of 31 December 2018. There were 37 investigations concerning alleged bribery of foreign officials involving companies headquartered outside of the United States or individuals with non-U.S. citizenship, representing 35% 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 and in Switzerland, followed by Germany. Companies or individuals from Europe made up 84% of U.S. investigations concerning alleged bribery of foreign officials being conducted against non-U.S. companies and individuals, followed by the Americas (excluding the U.S.) with 11% and Asia Pacific with 5%.

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



The United States has concluded 263 enforcement actions concerning alleged bribery of foreign officials from 1977–2018. A total of 89 of these enforcement actions have involved companies headquartered outside of the United States or individuals with non-U.S. citizenship, representing approximately 34% 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 the Netherlands, Switzerland, and France. Companies or individuals from Europe represent approximately 60% of U.S. enforcement actions concerning alleged bribery of foreign officials undertaken against non-U.S. companies and individuals, followed by Asia Pacific with 19%, the Americas (excluding the U.S.) with 15%, the Middle East with 2%, and Africa with 1%.

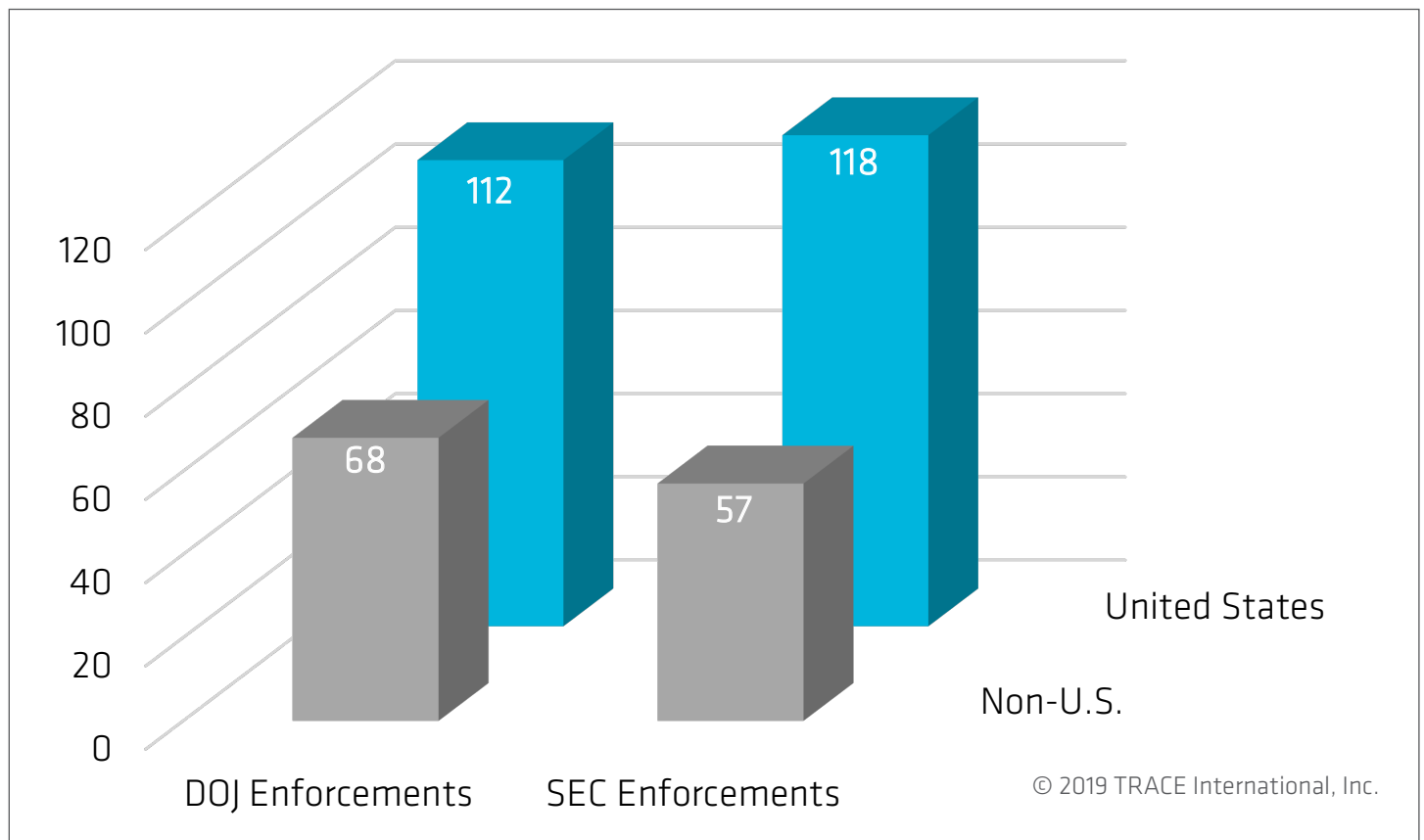
Figure 6: U.S. Investigations Concerning Bribery of Foreign Officials by Country of Headquarters



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).

Between the SEC and the DOJ, the U.S. is conducting a total of 202 foreign bribery investigations, with 41% involving companies headquartered outside of the U.S. or individuals with non-U.S. citizenship. Of those 202, 106 are conducted by the DOJ (52%) and 96 by the SEC (48%). DOJ investigations account for approximately 55% of the total agency investigations involving non-U.S. companies and individuals, but only 50% of investigations involving U.S.-based companies and individuals.

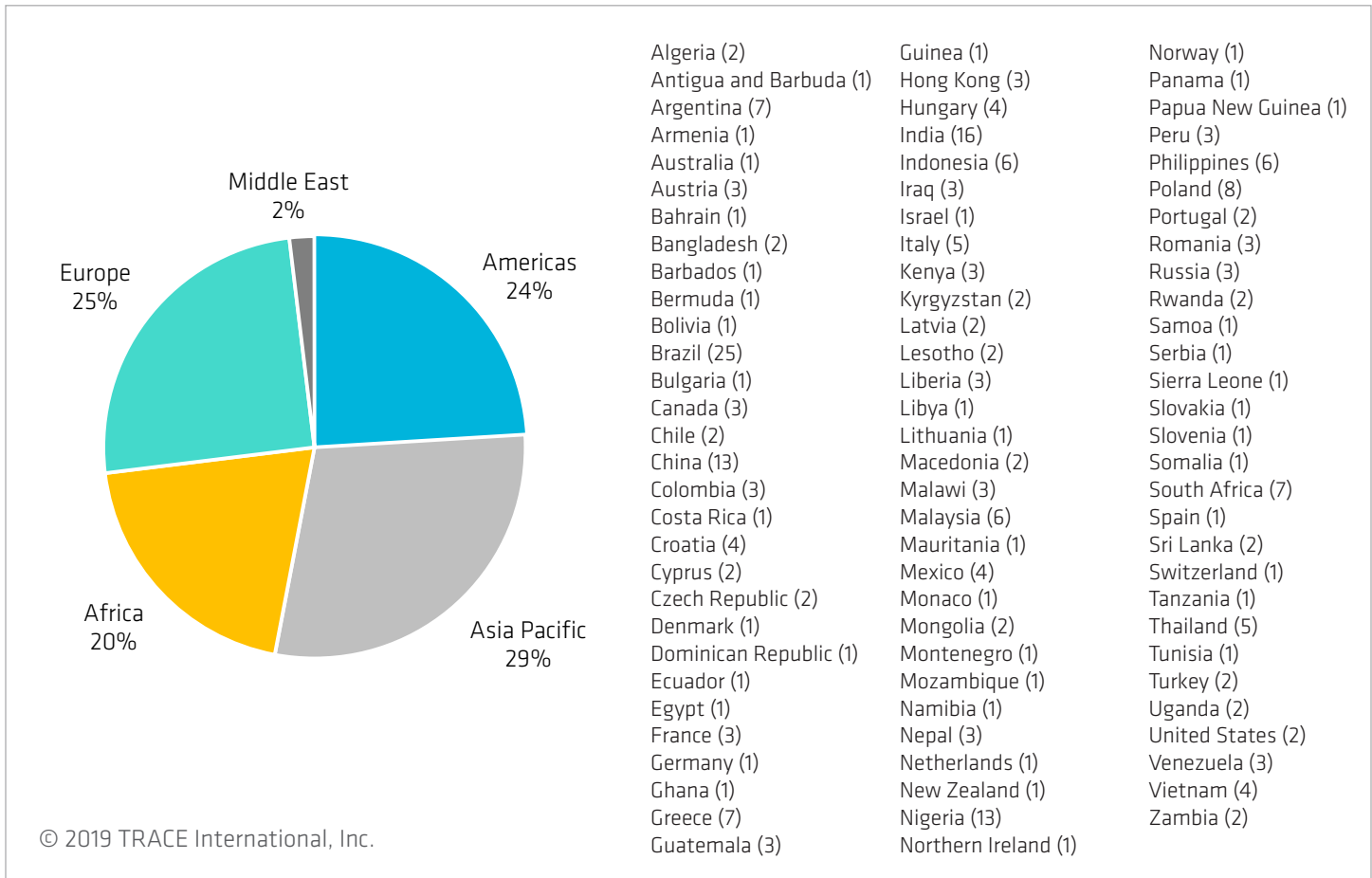
Figure 7: U.S. Enforcement Actions Concerning Bribery of Foreign Officials by Country of Headquarters



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.

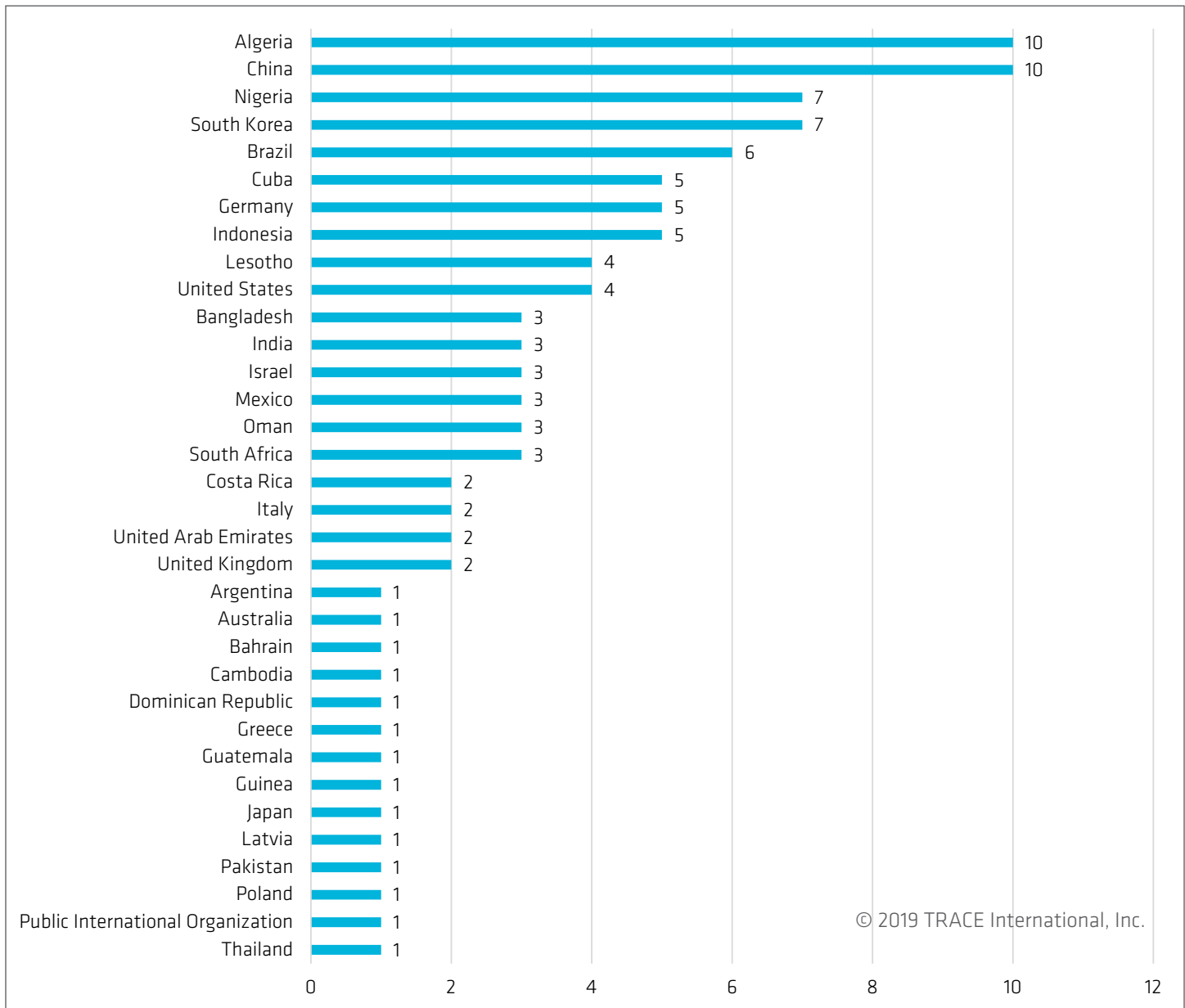
Between the SEC and the DOJ, the U.S. has concluded 355 enforcement actions concerning the alleged bribery of foreign officials, with 125—approximately 35%—involving companies headquartered outside of the U.S. or individuals with non-U.S. citizenship. The SEC has been slightly more active in prosecuting U.S.-based companies (51% to 49%). With respect to non-U.S.-based companies and individuals, the DOJ has concluded the greater number of enforcement actions, at a ratio of approximately 54% to 46%.

Figure 8: Investigations Concerning Bribery of Domestic Officials by Country



Of the 86 countries conducting investigations concerning alleged bribery of domestic officials as of 31 December 2018, Brazil was conducting the most, followed by India, China and Nigeria. Countries in Asia Pacific accounted for approximately 29% of all such investigations, followed by Europe with 25%, Europe with 25%, the Americas with 24%, and the Middle East with 2%. Of the 18 countries conducting four or more investigations concerning alleged bribery of domestic officials, 7 are in Asia Pacific, 5 are in Europe, 4 in the Americas, and 2 in Africa. Of the 68 countries conducting one to three investigations concerning alleged bribery of domestic officials, 23 are in Europe, 19 are in Africa, 13 in the Americas, 11 in Asia Pacific, and 2 in the Middle East.

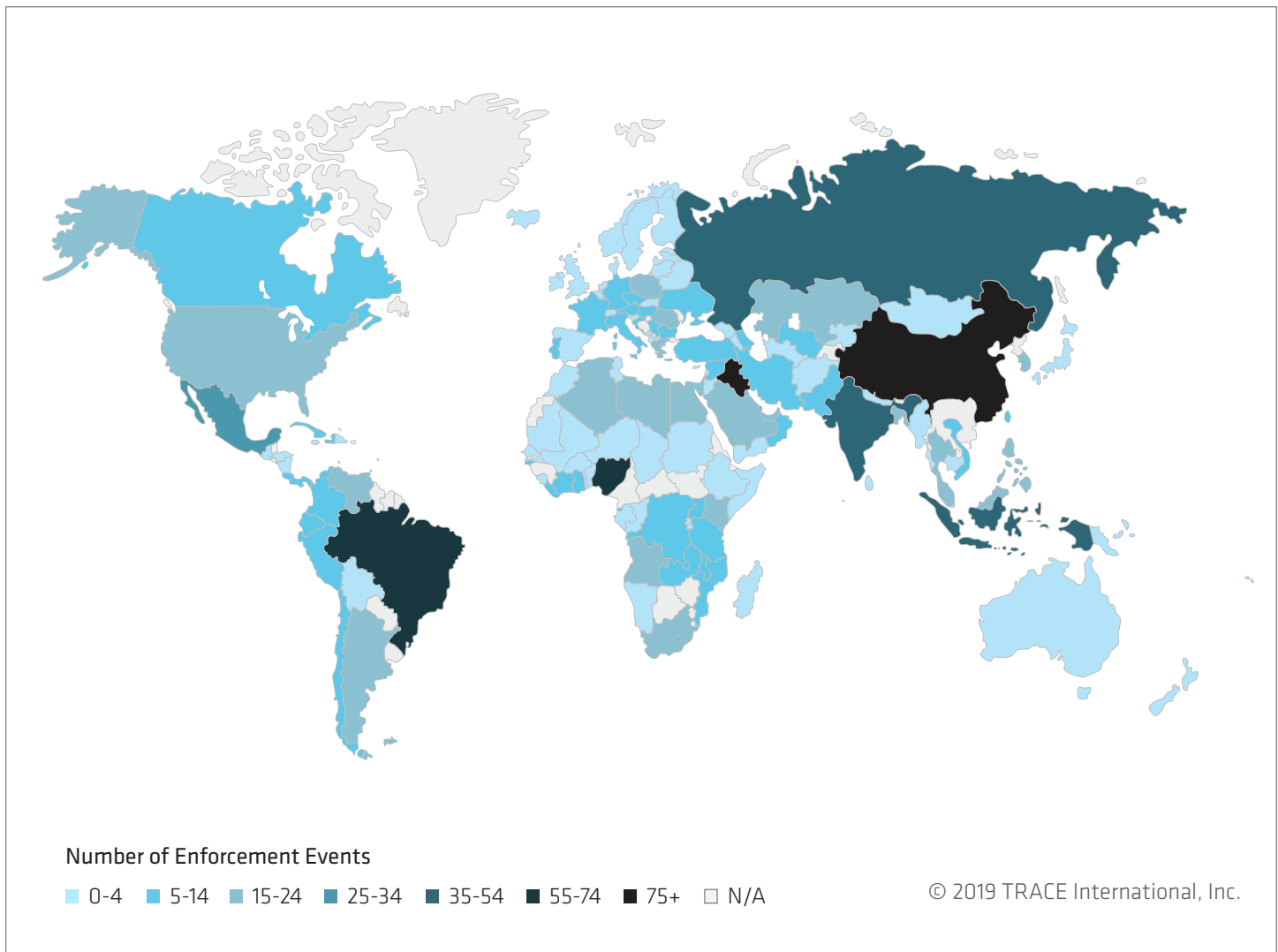
Figure 9: Enforcement Actions Concerning Bribery of Domestic Officials by Country



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As of 31 December 2018, there were more than twice as many investigations (254) as there have been enforcement actions concerning alleged bribery of domestic officials from 1977–2018 (103). Algeria and China have brought the most enforcement actions concerning alleged bribery of domestic officials, followed by Nigeria, South Korea and Brazil. Countries in Asia Pacific have undertaken 32% of the enforcement actions concerning alleged bribery of domestic officials, followed by Africa with approximately 24%, the Americas with 22%, Europe with 12%, and the Middle East with 9%. Four countries had undertaken seven or more enforcement actions: 2 in Africa and 2 in Asia Pacific. Six countries had undertaken between four and six enforcement actions: 3 in the Americas and one each from Asia Pacific, Europe and Africa. Of the 23 countries that had undertaken between one and three enforcement actions concerning alleged bribery of domestic officials, 7 are in Asia Pacific, 5 in the Americas, 5 in Europe, 4 in the Middle East, and 2 in Africa.

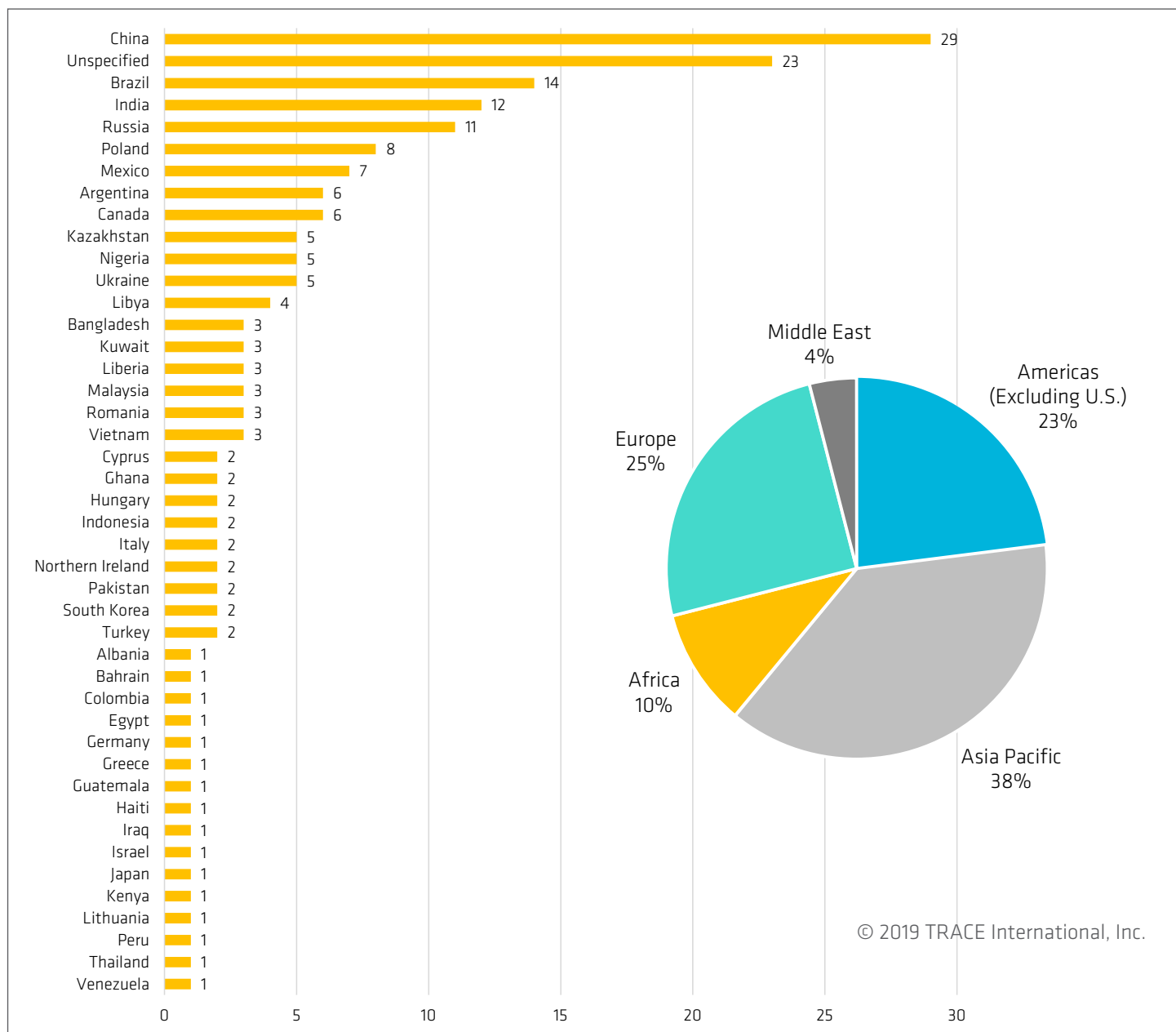
Figure 10: Prevalence of Bribery
1977–2018



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 more than 100 different enforcement events. Iraq has the next-highest number of enforcement events, followed by Brazil, Nigeria, and India. Officials in Asia Pacific were the alleged recipient of bribes in approximately 27% of enforcement events, followed by Africa with approximately 21%, Europe and the Americas with approximately 16% each, and the Middle East with 13%. Twelve countries had more than 20 enforcement events, with 4 in Asia Pacific, 3 in Africa, 2 each in the Middle East and the Americas, and 1 in Europe. There were 22 countries with between 11 and 20 enforcement events: 7 in Asia Pacific, 5 each in Africa and Europe, 3 in the Americas, and 2 in the Middle East. There were 117 countries with between 1 and 10 enforcement events: 35 in Africa, 30 in Europe, 22 in Asia Pacific, 21 in the Americas, and 9 in the Middle East.

There were 88 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.

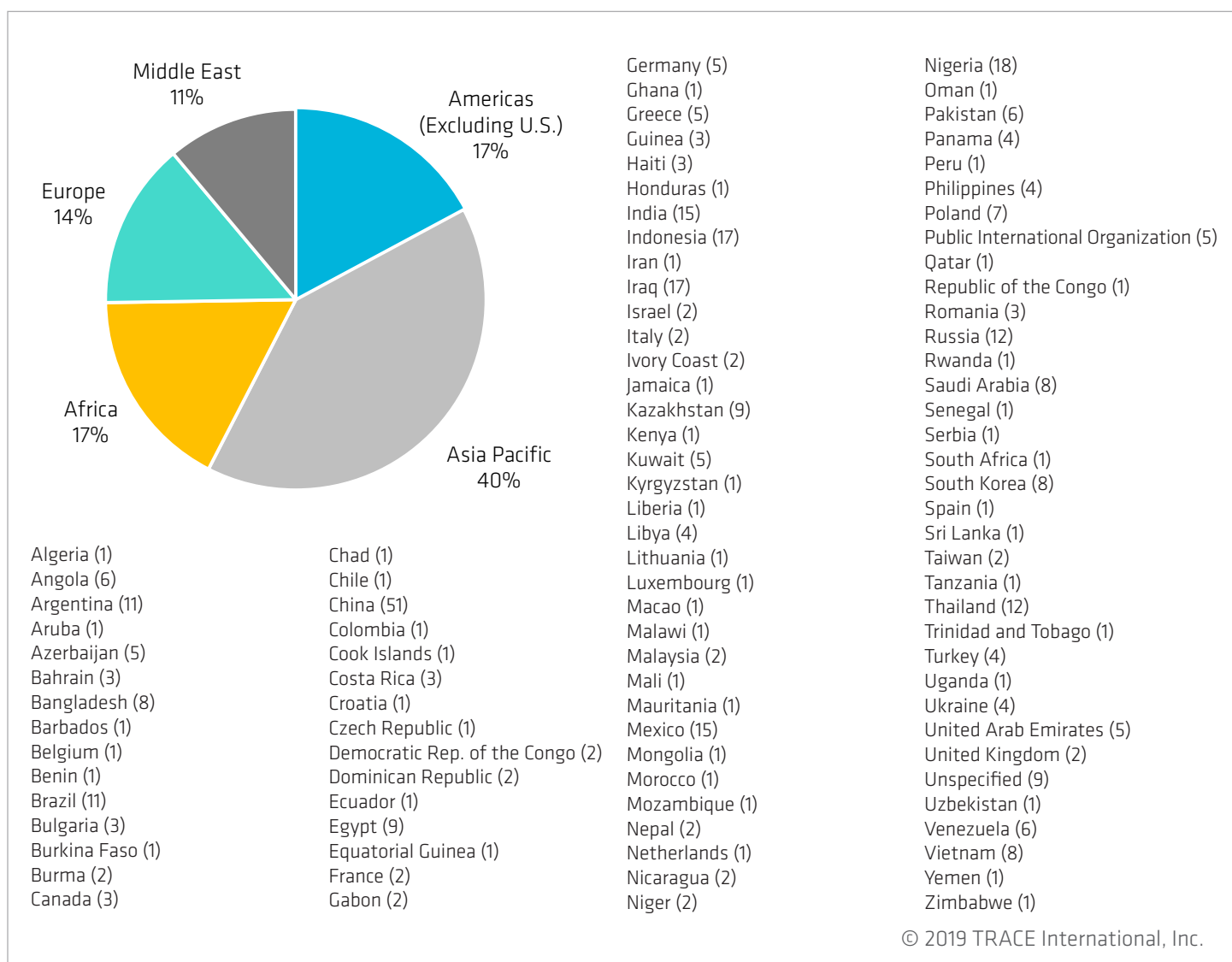
Figure 11: Total Investigations Concerning Bribery by Companies Headquartered in the U.S.



This Figure shows the 43 countries where U.S.-based companies under investigation as of 31 December 2018 have allegedly paid bribes. Chinese officials are the alleged recipients of bribes in 30 investigations, followed by Brazil, India and Russia. Officials in Asia Pacific were the alleged recipient of bribes in approximately 34% of investigations, followed by Europe with approximately 22%, the Americas (excluding the U.S.) with approximately 20%, Africa with approximately 9%, and the Middle East with approximately 3%. Four countries were implicated in more than 10 investigations: 2 in Asia Pacific and 1 each in Europe and the Americas (excluding the U.S.). There were 39 countries implicated in between one and ten investigations: 12 in Europe, 9 in Asia Pacific, 8 in the Americas (excluding the U.S.), 6 in Africa, and 4 in the Middle East.

There were 23 investigations 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.

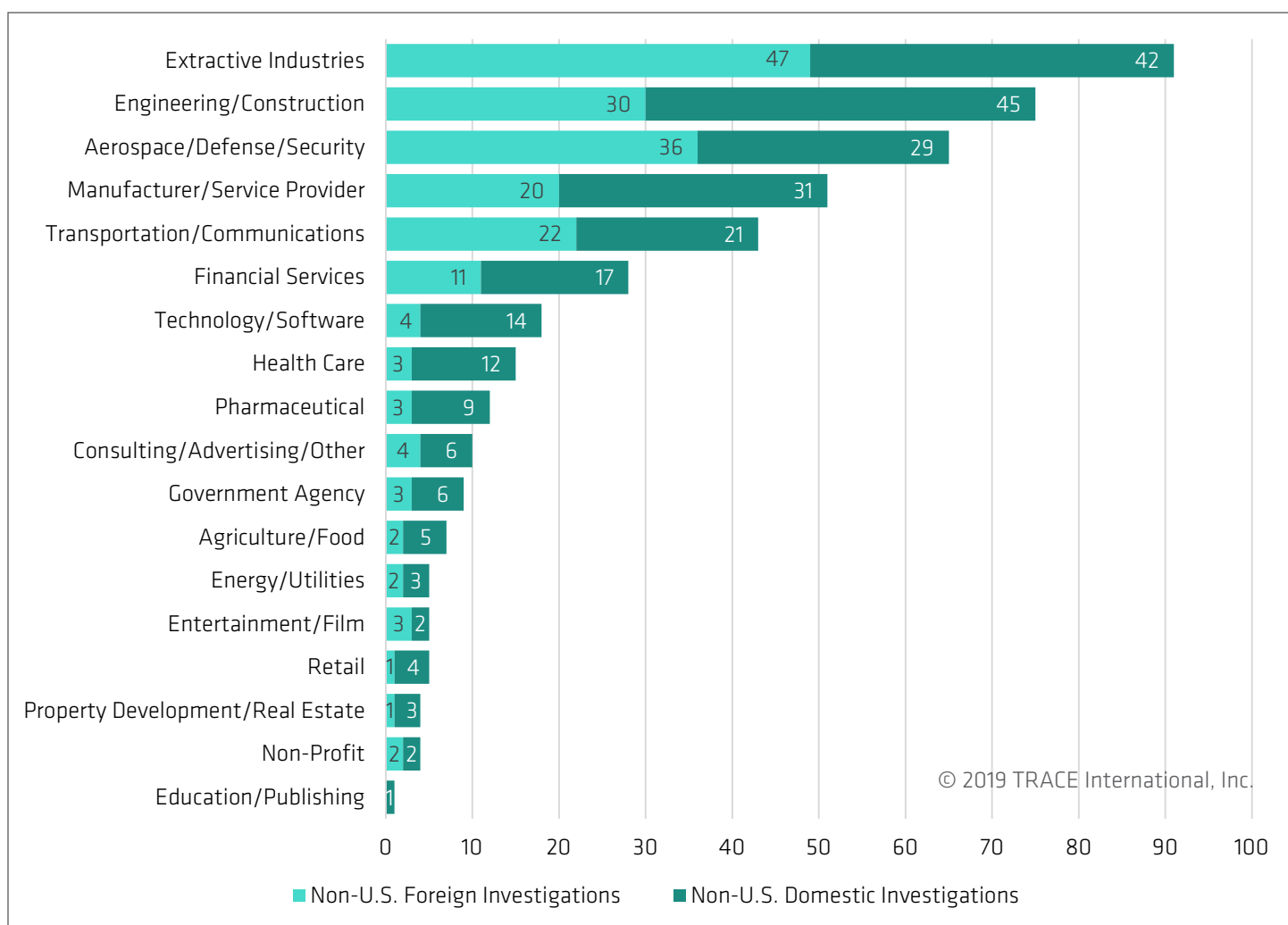
Figure 12: Total Enforcement Actions Concerning Bribery by Companies Headquartered in the U.S.



This Figure shows the 98 countries where U.S.-based companies who were subject to an enforcement action between 1977 and 2018 allegedly paid bribes. Chinese officials are the alleged recipients of bribes in 51 enforcement actions, followed by Nigeria, Iraq and Indonesia. Officials in Asia Pacific were the alleged recipient of bribes in approximately 38% of enforcement actions, followed by the Americas (excluding the U.S.) and Africa with 17% each, Europe with 14%, and the Middle East with 11%. Ten countries were implicated in more than 10 enforcement actions: 4 in Asia Pacific, 3 in the Americas (excluding the U.S.), and 1 each in Africa, the Middle East, and Europe. There were 88 countries implicated in between one and ten enforcement actions: 28 in Africa, 18 in Europe, 17 in Asia Pacific, 16 in the Americas (excluding the U.S.), and 9 in the Middle East.

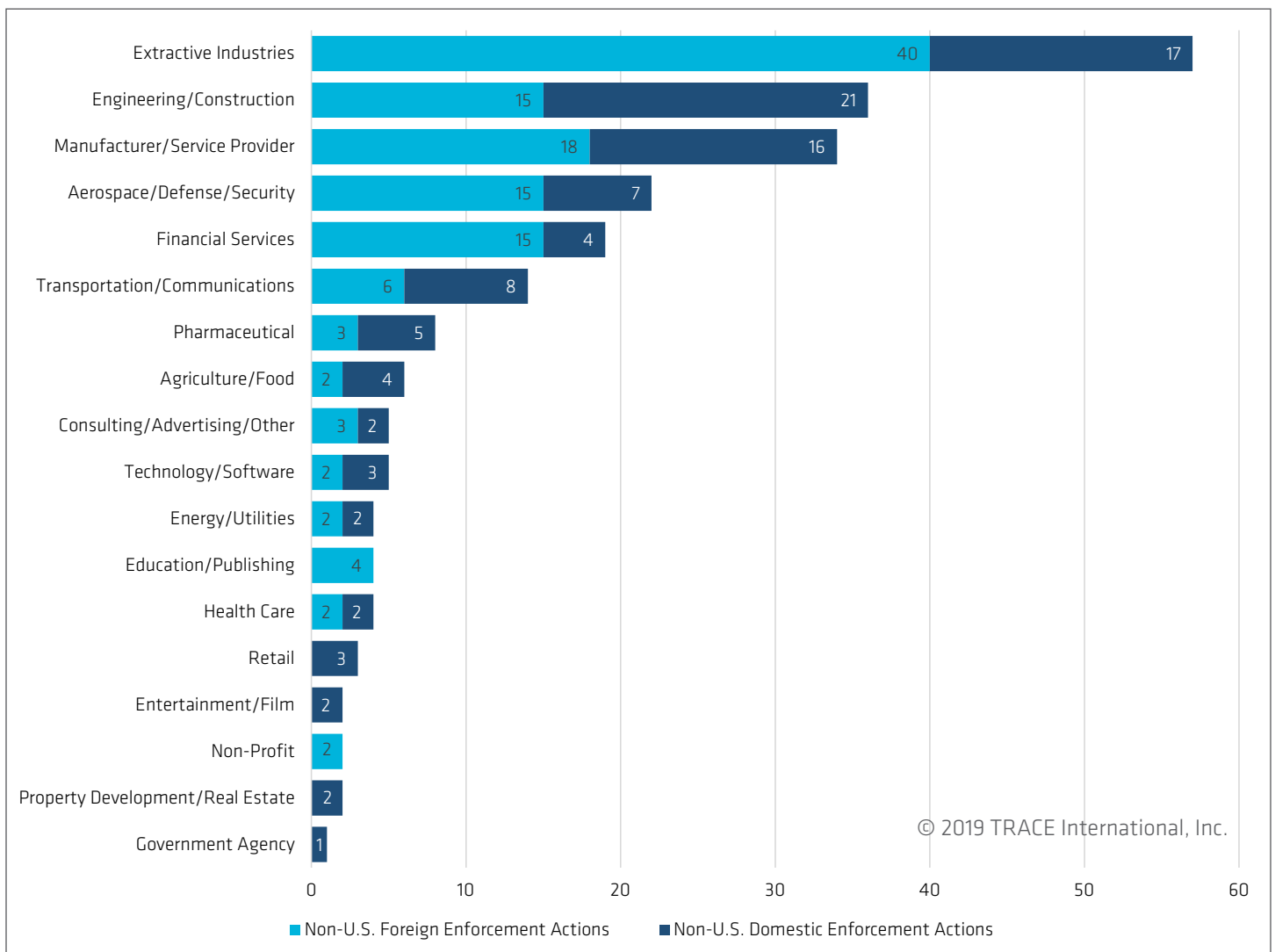
There were 9 enforcement actions where the nationality of the government officials who were allegedly bribed is unspecified. This is because the information is taken from publicly available resources, and there may be instances where companies do not specify information about where alleged bribery took place.

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



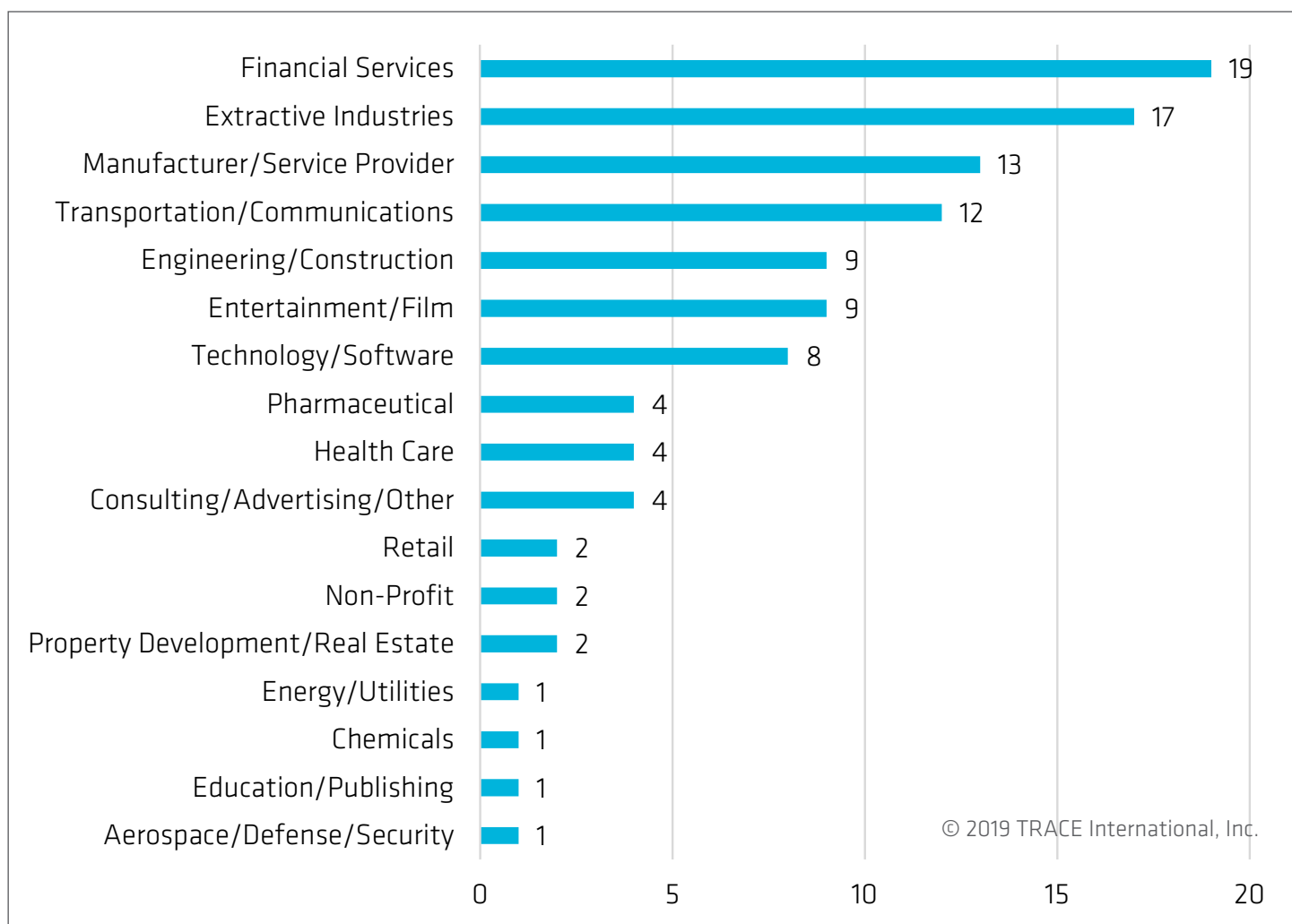
This Figure shows the industries that have experienced the most investigations of alleged bribery of foreign or domestic officials, excluding investigations being conducted by the United States, as of 31 December 2018. The Extractive Industries represent the highest number of bribery investigations, with 20% of all non-U.S. investigations, followed by Engineering/Construction with 17% and Aerospace/Defense/Security with 15%.

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



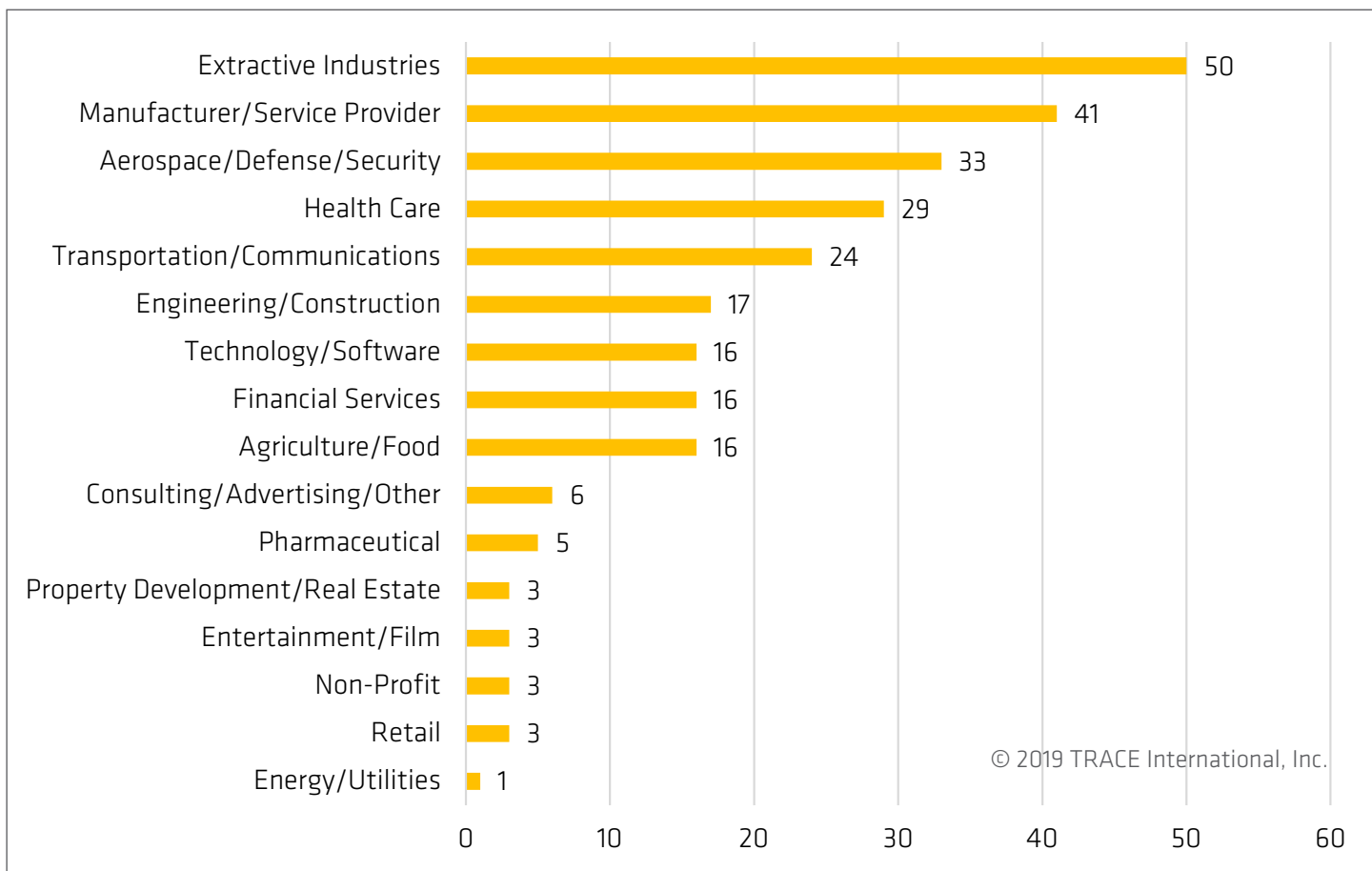
This Figure shows the industries that have experienced the most enforcement actions concerning alleged bribery of domestic or foreign officials, excluding enforcement actions brought by the United States, from 1977–2018. The Extractive Industries represent the highest number of bribery enforcement actions, with 25% of all non-U.S. bribery enforcement actions, followed by Engineering/Construction with approximately 16% and Manufacturer/Service Provider with 15%.

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 31 December 2018, separated by industry. Financial Services faced the most investigations, with approximately 17% of all U.S. investigations, followed by the Extractive Industries with 16% and Manufacturer/Service Provider with 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 1977–2018, separated by industry. The Extractive Industries have seen the most enforcement actions, with approximately 19% of all such U.S. enforcement actions, followed by Manufacturer/Service Provider with 15% and Aerospace/Defense/Security with 12%.

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 2018, TRACE's ninth annual compilation, provides anti-bribery enforcement data from 2018 and provides a summary of 42 years of anti-bribery enforcement activity. The complete GER 2018 is available for download online at www.TRACEinternational.org/publications.

About TRACE

TRACE is a globally recognized anti-bribery business organization and leading provider of cost-effective third party risk management solutions. Members and clients include over 500 multinational companies headquartered worldwide.

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