

## SMALL CHANGE: LITTLE MOVEMENT IN LATEST APAC TRANSPARENCY INTERNATIONAL RANKINGS

Transparency International published its 2017 Corruption Perceptions Index (CPI), showing just modest improvements for most countries in Asia Pacific, but with some higher risk countries continuing to slide in the overall rankings. The rankings are significant and should be considered by clients when conducting pre-transactional and customer due diligence. We've included the Asia Pacific countries below and the full CPI is available at

<https://www.transparency.org/news/feature/corruption>

### BIG PICTURE

The big picture in Asia Pacific remains largely unchanged, according to the latest CPI, published on 21 February 2018. Asia Pacific remains a generally High Risk region for bribery and corruption overall. As with last year, there are now five countries in the region that are Low Risk (New Zealand, Singapore, Australia, Hong Kong, Japan) and three that are Medium Risk (Bhutan, Taiwan, South Korea), with the remaining 21 jurisdictions categorised as High Risk.

The 2017 CPI assessed the perception of public sector corruption for 180 countries and territories, compared with 176 in 2016 and 168 in 2015. This means that a small drop in a country's particular score can lead to significant movement in the rankings. Accordingly, companies operating in the region may find that a country's raw score and its placement with the Low, Medium and High Risk groupings are more accurate indicators of perceived levels of corruption than relative rankings.

### BETTER, BUT STILL HIGH RISK

The 2017 CPI included some notable climbers: **Timor-Leste** (up ten places); **Nepal** (up nine places), **Myanmar** (up six places), and **Vietnam** (up six places). **North Korea**, the only country in Asia Pacific subject to a US embargo and extensive UN sanctions, was the region's most improved jurisdiction in terms of country scores, although it remains extremely High Risk for bribery and corruption as well as money laundering, weapons proliferation, and other nefarious activities. Indeed,

#### Key issues

- The Transparency International Corruption Perceptions Index, published annually, is an important tool to analyse risk.
- In the recently published 2017 rankings, Singapore, Australia, Hong Kong and Japan remained in the top 20 least corrupt jurisdictions in the CPI.
- Australia has shown a steady decline in the rankings, however this may be addressed by new anti-corruption laws.

despite their improvements, all of these countries remain High Risk for perceived corruption.

## DECLINERS

While still ranked a low risk country, **Australia** continued its slide down the rankings having lost eight points over the past six years (85 to 77) and cementing its position outside the top ten (in 13th position for the third year in a row). However, Australia is in the process of strengthening its anti-corruption laws which may help to arrest the steady decline.

**The Maldives**, which is facing ongoing political unrest and allegations of corruption against former President Mohamed Nasheed, fell 17 places between 2016 and 2017. The country was included in the CPI for the first time in 2016, debuting in the top-100 at 95th place, but is now ranked 112th.

**Mongolia** has fallen a total of 31 places since 2015, after falling 15 places between 2015 and 2016 and 16 places between 2016 and 2017. The country, which was once in the top-100 global rankings, is now ranked at 103rd.

**Laos**, an ASEAN member state, was among the most improved countries in the 2016 CPI, but fell significantly this year from 123rd to 135th place, although its country score fell by only one point.

## OTHERS OF NOTE

**China** continued its positive momentum in 2017, improving its country score by one point and its overall ranking by two spots, after having jumped four spots in the 2016 CPI. The improvements suggest the Communist Party's well publicised anti-corruption drive is continuing to improve the country's perception, as measured by the CPI.

**India**, which was tied with China for 79th place last year, fell two spots in the rankings, while its country score was unchanged from the 2016 CPI. Transparency International identified India, along with the **Philippines** and the **Maldives**, as "*among the worst regional offenders*" in terms of risks facing journalists, opposition leaders, and others engaged in investigating and reporting about public corruption.

**South Korea** stabilised in the rankings after sliding 14 places in the 2016 CPI, following the December 2016 impeachment of President Park Geun-hye. South Korea's country score rose one point in the 2017 CPI, but the country still remains within just a few points of the High Risk category.

**Malaysia** dropped seven places in the 2017 rankings despite a two point improvement in country score. Last year, Malaysia slid from Medium Risk to High Risk following reports of allegations of corruption against senior public officials and the ongoing 1MDB investigation.

Among the region's Low Risk countries, **Singapore** and **Hong Kong** once again improved their positions in the global rankings, albeit modestly, while **Japan**, and **New Zealand** remained in the same spots as last year.

## CONCLUSION

The CPI provides an important tool to analyse risk. Another tool to use in identifying risk is the 2017 TRACE Bribery Risk Matrix, which uses a different methodology and includes business bribery. See <https://www.traceinternational.org/trace-matrix>. Companies doing business in Asia Pacific can have a positive effect on market practices through the adoption and enforcement of strong internal anti-bribery and corruption policies and procedures and through pre-transactional due diligence and compliance remediation—backed by stringent contractual undertakings with counterparties.

**FULL ASIA-PACIFIC RANKINGS**

Asia Pacific Country	CPI 2017 Rank	CPI 2016 Rank	Difference in Rank '16 to '17	CPI 2017 Score	CPI 2016 Score	Difference in Score '16 to '17
New Zealand	1	1	0	89	90	↓ 1
Singapore	6	7	↑ 1	84	84	0
Australia	13	13	0	77	79	↓ 2
Hong Kong	13	15	↑ 2	77	77	0
Japan	20	20	0	73	72	↑ 1
Bhutan	26	27	↑ 1	67	65	↑ 2
Taiwan	29	31	↑ 2	63	61	↑ 2
South Korea	51	52	↑ 1	54	53	↑ 1
Malaysia	62	55	↓ 7	47	49	↑ 2
China	77	79	↑ 2	41	40	↑ 1
India	81	79	↓ 2	40	40	0
Solomon Islands	85	72	↓ 13	39	42	↓ 3
Sri Lanka	91	95	↑ 4	38	36	↑ 2
Timor-Leste	91	101	↑ 10	38	35	↑ 3
Indonesia	96	90	↓ 6	37	37	0
Thailand	96	101	↑ 5	37	35	↑ 2
Mongolia	103	87	↓ 16	36	38	↓ 2
Vietnam	107	113	↑ 6	35	33	↑ 2
Philippines	111	101	↓ 10	34	35	↓ 1
Maldives	112	95	↓ 17	33	36	↓ 3
Pakistan	117	116	↓ 1	32	32	0
Nepal	122	131	↑ 9	31	29	↑ 2
Myanmar	130	136	↑ 6	30	28	↑ 2
Laos	135	123	↓ 12	29	30	↓ 1
P. New Guinea	135	136	↓ 1	29	28	↑ 1
Bangladesh	143	145	↑ 2	28	26	↑ 2
Cambodia	161	156	↓ 5	21	21	0
North Korea	171	174	↑ 3	17	12	↑ 5
Afghanistan	177	169	↓ 8	15	15	0

Low risk

Medium risk

High Risk

## CONTACTS

**Diana Chang**  
Partner

**T** +61 2 8922 8003  
**E** diana.chang  
@cliffordchance.com

**Jenni Hill**  
Partner

**T** +61 8 9262 5582  
**E** jenni.hill  
@cliffordchance.com

**Nish Shetty**  
Partner

**T** +65 6410 2285  
**E** nish.shetty  
@cliffordchance.com

**Kabir Singh**  
Partner

**T** +65 6410 2273  
**E** kabir.singh  
@cliffordchance.com

**Wendy Wysong**  
Partner

**T** +852 2826 3460  
(Hong Kong)  
+1 202 912 5030  
(Washington)  
**E** wendy.wysong  
@cliffordchance.com

**Ali Burney**  
Counsel

**T** +65 6506 1964  
**E** ali.burney  
@cliffordchance.com

**Kate Godhard**  
Counsel

**T** +61 2 8922 8021  
**E** kate.godhard  
@cliffordchance.com

**Kirsten Scott**  
Counsel

**T** +61 8 9262 5517  
**E** kirsten.scott  
@cliffordchance.com

**Lei Shi**  
Consultant

**T** +852 2826 3547  
**E** lei.shi  
@cliffordchance.com

**Tess Forge**  
Foreign Registered  
Lawyer

**T** + 852 2825 8888  
**E** tess.forge  
@cliffordchance.com

**Nicholas Turner**  
Foreign Registered  
Lawyer

**T** +852 2825 8854  
**E** nicholas.turner  
@cliffordchance.com

**Feifei Yu**  
Associate

**T** +852 2825 8091  
**E** feifei.yu  
@cliffordchance.com

This publication does not necessarily deal with every important topic or cover every aspect of the topics with which it deals. It is not designed to provide legal or other advice.

www.cliffordchance.com

Clifford Chance, 27th Floor, Jardine House,  
One Connaught Place, Hong Kong

© Clifford Chance 2018

Clifford Chance

Abu Dhabi • Amsterdam • Bangkok •  
Barcelona • Beijing • Brussels • Bucharest •  
Casablanca • Dubai • Düsseldorf • Frankfurt •  
Hong Kong • Istanbul • London • Luxembourg  
• Madrid • Milan • Moscow • Munich • New  
York • Paris • Perth • Prague • Rome • São  
Paulo • Seoul • Shanghai • Singapore •  
Sydney • Tokyo • Warsaw • Washington, D.C.

Clifford Chance has a co-operation agreement  
with Abuhimed Alsheikh Alhagbani Law Firm  
in Riyadh.

Clifford Chance has a best friends relationship  
with Redcliffe Partners in Ukraine.