

# Asia Pacific Runs the Gamut in 2016 Anti-Corruption Rankings

Transparency International published its 2016 Corruption Perceptions Index (CPI) on 27 January 2017, showing a mixed picture for countries in Asia Pacific, with several countries dropping drastically in their rankings from 2015, while others demonstrating marked improvement in their country CPI score over the year. The report comes amidst a number of high-profile campaigns to stamp out corruption in countries such as India and China, as well as ongoing investigations targeting senior officials in South Korea, Malaysia, and elsewhere.

## Risky Business

**Despite some movement in the rankings, Asia Pacific remains a generally High Risk region for bribery and corruption, according to the latest CPI.**

There are now five Low Risk and three Medium Risk countries in the region, with the remaining 21 categorised as High Risk.

Nevertheless, there were a few notable improvements in CPI country scores for several High Risk countries, while Low and Medium Risk countries saw some worsening or little to no movement in their country scores overall.

## Major climbers

The major Asia-Pacific climbers in the 2016 CPI rankings include: **Timor-Leste** (up 22 places); **Laos** (up 16 places), and **Myanmar** (up 11 places).

**Timor-Leste** continued its upward climb, having already gained 10 places in the 2015 CPI rankings. Notably, the country, an observer state in the Association of Southeast Asian Nations (ASEAN), improved its country score by seven points from 28 to 35, making it the most improved country in Asia Pacific this year.

**Laos**, an ASEAN member state, strengthened its standing in the CPI rankings after having climbed 6 places in 2015's index. While the country's score was static between 2014 and 2015, it improved by five points in 2016.

**Myanmar**, an ASEAN member state, was the second most improved country in Asia Pacific in terms of country score, improving by six points since 2015 under the leadership of the National League for Democracy government, which took office in March 2016. In October 2016, the United States lifted its remaining sanctions against Myanmar in part due to the country's progress towards democratisation after years of military

## Key issues

- New Zealand tied with Denmark for first place in being perceived as the world's least corrupt country.
- China continued an upward trend, upping its country score by three points and gaining four places in the rankings.
- South Korea dropped 14 places in the 2016 rankings, with a three-point drop in its country score, placing it within a few points of the High Risk grouping.
- North Korea is still perceived to be the region's most corrupt country, ranking just above South Sudan and Somalia globally.

rule, although Myanmar still remains a High Risk jurisdiction for bribery and corruption.

## Notable falls

This year's notable falls include **Thailand** (down 25 places), **Mongolia** (down 15 places), **South**

**Korea** (down 14 places), and **Sri Lanka** (down 12 places).

**Thailand** had risen nine places in the 2015 rankings, despite a static country score of 38. In 2016, Thailand's score fell by three points while its ranking fell by 25 places, from 76 to 101.

In August 2016, the country voted in favour of a new constitution backed by the National Council for Peace and Order (NCPO), which came to power following a May 2014 coup. Supporters of the constitution have argued that it will help prevent public-sector corruption and allow for a democratic transition; however, critics cite the NCPO's suppression of political speech as reason for concern.

**Mongolia** fell 15 places in 2016, after having climbed eight places in last year's CPI rankings. The country's score, which was static in 2015, fell by one point in 2016 to a new total of 38.

**South Korea** fell 14 places in this year's rankings, taking the country out of the top-50 in terms of perceptions of public-sector corruption. South Korea's country score fell by three points, after having increased by one point in the 2015 CPI. The 2016 ranking reflects, in part, the effects of the ongoing corruption scandal embroiling South Korean President Park Geun-hye, who was impeached by the National Assembly in December 2016.

**Sri Lanka** offered another example of a country that rose in the 2015

rankings only to see its placement fall in the 2016 CPI. This year, Sri Lanka fell by 12 places after having gained two places in 2015, while its country score fell by one, to a new total of 36.

## Others of note

**China** continued its ascent, gaining four places in the rankings while improving its country score by three points. China climbed 17 places in the 2015 CPI. While China still remains a High Risk jurisdiction for public-sector corruption, the sustained improvements suggest the country's well known anti-corruption drive is paying dividends in terms of perceptions, as measured by the CPI.

**India** tied with China for 79th place after falling three places in the rankings, while improving its country score by two points. President Narendra Modi has taken steps to tackle bribery and corruption in India, including by waging a campaign against "black money" tied to bribery, tax evasion, and other crimes.

**Malaysia's** country score fell by one point to a new total of 49, causing it to fall into the High Risk grouping. The drop coincides with allegations of corruption against Prime Minister Najib Razak and other public officials in connection with the 1MDB state investment fund throughout 2015 and 2016. Malaysia dropped by one place in the CPI ranking to 55th place.

Among the region's Low Risk countries, **Singapore** and **Hong Kong** both climbed modestly in the global rankings, by one and three places respectively, while **Japan** fell

two place and saw its country score dip by three points. **Australia's** ranking and overall country score were unchanged between 2015 and 2016.

## Conclusion

The 2016 CPI assessed the perception of public sector corruption for 176 countries and territories (compared with 168 in 2015 and 175 in 2014). The changing number of countries over the years makes it difficult to draw a straight trend line, while a small drop in country 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 within the Low, Medium, and High Risk groupings are more straightforward indicators of perceived levels of corruption than relative rankings.

Recent high-profile anti-corruption cases demonstrate that the risk is real for companies doing business in Asia Pacific, even in the region's most advanced economies. Companies doing business in the region can have a positive effect on market practices through the adoption and enforcement of strong internal anti-bribery and corruption policies and procedures reasonably designed to uphold international standards. Doing so will also help in managing compliance risks, protect reputations and business interests, and avoid costly and damaging enforcement cases at home and abroad.

## Full Asia-Pacific Rankings

Asia Pacific Country	CPI 2016 Rank	CPI 2015 Rank	Difference in Rank '15 to '16	CPI 2016 Score	CPI 2015 Score	Difference in Score '15 to '16
New Zealand	1	4	↑ 3	90	88	↑ 2
Singapore	7	8	↑ 1	84	85	↓ 1
Australia	13	13	0	79	79	0
Hong Kong	15	18	↑ 3	77	75	↑ 2
Japan	20	18	↓ 2	72	75	↓ 3
Bhutan	27	27	0	65	65	0
Taiwan	31	30	↓ 1	61	62	↓ 1
South Korea	52	37	↓ 14	53	56	↓ 3
Malaysia	55	54	↓ 1	49	50	↓ 1
Solomon Islands	72	n/a	n/a	42	n/a	n/a
China	79	83	↑ 4	40	37	↑ 3
India	79	76	↓ 3	40	38	↑ 2
Mongolia	87	72	↓ 15	38	39	↓ 1
Indonesia	90	88	↓ 2	37	36	↑ 1
Maldives	95	n/a	n/a	36	n/a	n/a
Sri Lanka	95	83	↓ 12	36	37	↓ 1
Philippines	101	95	↓ 6	35	35	0
Thailand	101	76	↓ 25	35	38	↓ 3
Timor-Leste	101	123	↑ 22	35	28	↑ 7
Vietnam	113	112	↓ 1	33	31	↑ 2
Pakistan	116	117	↑ 1	32	30	↑ 2
Laos	123	139	↑ 16	30	25	↑ 5
Nepal	131	130	↓ 1	29	27	↑ 2
Myanmar	136	147	↑ 11	28	22	↑ 6
Papua New Guinea	136	139	↑ 3	28	25	↑ 3
Bangladesh	145	139	↓ 6	26	25	↑ 1
Cambodia	156	150	↓ 6	21	21	0
Afghanistan	169	166	↓ 3	15	11	↑ 4
North Korea	174	167	↓ 7	12	8	↑ 4

Low risk

Medium risk

High risk

## Contacts



**Wendy Wysong**  
Partner

T: +852 2826 3460  
(Hong Kong)  
+1 202 912 5030  
(Washington)  
E: Wendy.Wysong@  
CliffordChance.com



**Kabir Singh**  
Partner

T: +65 6410 2273  
E: Kabir.Singh@  
CliffordChance.com



**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



**Richard Sharpe**  
Consultant

T: +852 2826 2427  
E: Richard.Sharpe@  
CliffordChance.com



**Lei Shi**  
Consultant

T: +852 2826 3547  
E: Lei.Shi@  
CliffordChance.com



**Kirsten Scott**  
Counsel

T: +61 8 9262 5517  
E: Kirsten.Scott@  
CliffordChance.com



**Michelle Mizutani**  
Counsel

T: +81 3 5561 6645  
E: Michelle.Mizutani  
@CliffordChance.com



**Nicholas Turner**  
Registered Foreign  
Lawyer

T: +852 2825 8854  
E: Nicholas.Turner@  
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](http://www.cliffordchance.com)

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

© Clifford Chance 2017

Clifford Chance

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

\*Linda Widyati & Partners in association with Clifford Chance.

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