



Vietnam continues to make strides on anti-corruption efforts

7 September 2018

Draft revisions to anti-corruption law reflect lawmakers' continuing efforts to combat corruption.

As we had previously advised ([Hogan Lovells Client Alert | Vietnam's New Penal Code – How could it affect your investment? | January 2018](#)), the Vietnamese government has taken concrete steps to bolster its anti-corruption regime. The New Penal Code, which went to effect 1 January 2018, extended the application of certain corruption related offences to commercial legal entities, and criminalized bribery and other related conduct (previously only applicable to those in the public sector) by individuals working for private companies. Previously, private sector corruption could not be properly prosecuted because the wrongdoers were not public officials or personnel carrying out public duties.

Although no prosecutions have yet been made under the New Penal Code, the government's anti-corruption crackdown appears to have at least elevated public confidence as measured by the Corruption Perceptions Index (CPI). Vietnam's CPI ranking improved from 113th out of 176 countries in 2016, to 107th out of 180 in 2017. Although still low, Vietnam was one of the few countries that improved its position in 2017.

Recently proposed revisions to the Law on Anti-Corruption are meant to dovetail with the expanded corruption-related offenses in the New Penal Code. At the National Assembly's fifth session from 21 May to 15 June 2018, lawmakers pointed out that corruption in the private sector has had an adverse impact on healthy competition and makes foreign investors hesitant to do business in Vietnam, slowing the development of the national economy. Lawmakers discussed whether bribery in the private sector should be expressly addressed in the statute or whether it should be addressed elsewhere. The current draft strikes a balance and directs the government to issue separate legislation addressing anti-corruption measures to be taken against managers of public companies and private credit institutions. These new categories of persons capable of being prosecuted would serve as "test" cases for the government, as it continues to work to determine the most appropriate measures to be implemented to combat private sector corruption. Lawmakers will continue to discuss the law and a revised draft may be issued and adopted in the sixth session later this year.

These recent developments in Vietnam are in line with current international trends of countries doing more to implement and enforce anti-bribery and corruption laws, especially in Southeast

Asia. Vietnam's focus on individuals also mirrors the continuing trend in the United States of holding individuals accountable for corporate misconduct under the Foreign Corrupt Practices Act (FCPA) and related anti-corruption laws. Although companies operating in Vietnam or considering operations or investment in Vietnam now have additional laws to navigate, Vietnam's progress in the anti-corruption arena may ultimately bring more transparency, and therefore commerce into the region.

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