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Emerging Markets



A Brief Glance at Anti-corruption and Compliance Laws on Thailand and Vietnam

We are delighted to become regular contributors to ALB, where we will provide legal and business insight on emerging markets, particularly those in South East Asia. In our first contribution, we will briefly address a common area of concern amongst many foreign investors in emerging markets – corruption – and focus on two of the larger economies in South East Asia, and popular destinations for FDI, Thailand and Vietnam.

Transparency International released its latest annual index in October 2009 – out of 180 countries, Thailand was ranked 78th and Vietnam was 116th (a South East Asian nation, Singapore, tied for 1st). Clearly corruption continues to be an issue in these two jurisdictions. We focus on the general legal framework, but there are of course endemic cultural attitudes that, if not condoning corruption, accept its existence all too readily. These attitudes often result in a lack of enforcement of the regulations in place, and must be addressed more fervently in order for each country to improve their current states.

Both the Thai and Vietnamese Penal Codes generally address issues of bribery, and explicitly outlaw and punish those abusing power for personal gain and those seeking to give or facilitate the giving of bribes. Moreover, each country has enacted legislation specifically aimed at officials and persons holding some perceived authority or power seeking to abuse their positions for their own personal gain or interests – namely Thailand's 1999 Organic Act on Counter Corruption ("OACC") and Vietnam's 2005 Law on Anti-Corruption.

To further combat corruption, the National Anti-Corruption Commission was created in Thailand, originally in 1999 and re-named in 2008. This commission's primary responsibility is to oversee and enforce the OACC, and to formulate and carry out the national anti-corruption strategy in Thailand. Vietnam has a similar body, the Office of the Steering Committee on Anti-Corruption, although not as widely known.

However, Vietnam has taken one step which Thailand has not, which is to ratify the 2003 United Nations Convention Against Corruption ("UNCAC"). The Prime Minister of Vietnam, in April 2010, committed to amend Vietnam's regulations over 10 years to comply with UNCAC. This may result in Vietnam implementing more comprehensive legislation, including that pertaining to commercial bribery and private transactions (and not just those involving the State or officials in some form).

Thailand and Vietnam enacted seemingly adequate anti-corruption regulations, and continue to pay the necessary lip service to tackling corruption. However, in order to truly be effective, the laws must be implemented in a more aggressive and consistent manner.



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