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Medvedev Says Fraud in State Tenders Costs $33Bln Yearly

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The president said officials and businessmen were pocketing the money. **Denis Grishkin**

President Dmitry Medvedev called on Friday for a cleanup of a state tenders system where the country is annually losing up to $33 billion in kickbacks to corrupt officials.

Transparency International last week rated Russia 154th out of 178 nations in its Corruption Perceptions Index, along with Cambodia, Kenya and Laos. It was Russia's lowest ranking since the index began in 1995. Last year it was 146th.

State tenders, which result in 10 million supply contracts each year, are a hotbed of corruption. The head of the Kremlin's control department, Konstantin Chuichenko, said a cleanup would save 1 trillion rubles ($33 billion).

"In simple Russian language, it means that graft amounts to 1 trillion rubles. Gigantic sums of money are being pocketed by officials and dishonest businessmen," Medvedev said in remarks published on the Kremlin web site.

The amount equals one-tenth of total expenditures in the federal budget. Medvedev called for extended prison terms for corrupt bureaucrats and noted that Russia could not sentence them to death.

"Unlike other countries, we do not have the death penalty for this. Though sometimes it is thought to be helpful," he said.

Medvedev has promised to open up the tightly controlled political system, modernize the economy and fight corruption, but the clampdown on bribes and kickbacks has not gone far beyond rhetoric.

Corruption has long become a way of life for most Russians, from small bribes paid to traffic police to multimillion-dollar kickbacks for officials who hold sway over the economy.

Medvedev admitted in July that his administration had made almost no progress in fighting corruption.

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