

German Corruption Deterrent a Slow Go

By [Howard Amos](#)

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Marking the first anniversary of an anti-corruption drive put together by big German firms operating in Russia and signed by up to 100 companies, the head of the organization leading the Compliance Initiative said the pace of change has been slow.

Sixty-three percent of those who replied to a survey of participants said the initiative had had no effect on the struggle for honest competition in Russia and 29 percent said involvement had actually reduced their chances of receiving contracts.

Michael Harms, chairman of the Russo-German Chamber of Commerce, said the project was very long-term and would require "significant time and patience."

Measures taken by companies since the launch of the Compliance Initiative in April 2010 have included informative corporate events (62 percent), feedback from staff (36 percent) and new rules for observing legal requirements (33 percent).

Most of the 100 companies taking part are German; only 18 are Russian.

President of Mercedes-Benz Russia Jurgen Sauer, whose company is signed up to the initiative, said that although Mercedes-Benz had seen infringements of the anti-corruption rules over the last year, no one has been fired.

"But I don't exclude that this could easily happen," he added.

In April of last year, Mercedes-Benz Russia was fined \$27.26 million by the U.S. Justice Department for conspiring to violate as well as violating the U.S. Foreign Corrupt Practices Act, as part of a deferred prosecution agreement.

The company admitted to making "improper payments to Russian federal and municipal government officials to secure contracts" in exchange for kickbacks, according to a Justice Department statement. Between 2000 and 2005, officials received 5 million euros and 80,000 German marks, which amounted to 7.8 percent of Daimler's Russian government contracts in that period, RBC Daily reported.

In November 2010, the Investigative Committee of the State Prosecutor's Office finally opened its own investigation into the matter, but no results have been published yet.

In March of this year, Sauer said the company would now in Moscow only sell to state agencies and state companies directly, and not through dealers, in an effort to avoid corruption, Vedomosti reported.

Dietrich Möller, president of Siemens in Russia, said his company had taken a whole series of anti-graft measures, including a rule that presents worth more than 3,000 rubles (\$107) must be donated to charity.

President Dmitry Medvedev has made the fight against corruption an important part of his legislative program, but failed to answer any questions on the subject during his news conference Wednesday.

Arkady Dvorkovich, economic aide to Medvedev, was due to attend the Russo-German Chamber of Commerce event Wednesday, but did not turn up.

Harms said the Compliance Initiative was originally founded because large German companies, which approached the Russo-German Chamber of Commerce as a coordinating body, wanted to "go public with their internal [anti-corruption] programs."

Sauer said he hoped that the initiative would assist Russia to rise "sometime in the near future" up Transparency International's Corruption Perceptions Index, from a dismal 154th place in the 2010 rating.

But Sauer said the Russian companies taking part were mainly small and midsize businesses and the only local business group that had given its official support was Opora Russia, an umbrella body for midsize businesses.

Most other organizations have their own business ethics code and insist that anti-corruption initiatives should come from the Russian side, Harms said. It's often a case of "you bloody foreigners," he added.

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