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Russia Rises in Bribery Score, Still Last

By Khristina Narizhnaya

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Russian businesses are more likely to offer bribes abroad than those of China and Mexico, the survey says.

Russian businessmen are most likely to give bribes in commercial deals abroad, compared with businessmen from other large economies, according to the Transparency International bribe payers index, released Wednesday.

Russia scored 6.1 points, the lowest score of 28 countries measured, ranking below the average index score of 7.8. China and Mexico got the second- and third-lowest scores of 6.5 and 7. The scale stretched from zero to 10, with zero indicating a businessman who gives bribes and engages in other unethical tactics all the time and 10 for someone who never uses bribes or other questionable practices.

No country got a perfect score. The Netherlands and Switzerland ranked highest with 8.8 points, with Belgium, Germany and Japan close behind with scores of 8.7 and 8.6.

The index, last published in 2008, surveyed about 100 businessmen from large and medium-

sized companies from each country. Six new countries were added to the 22 countries surveyed last time, and the average score of all countries combined decreased a tenth of a point.

"Bribe" is one of the first words uttered in a business deal when Russians are involved, Transparency International Russia director Yelena Panfilova said, citing acquaintances in international business.

"We export technology, oil, wood. And we also export this," Panfilova said.

The most corrupt sectors are government-funded projects, whereas the agricultural and manufacturing sectors are less likely to involve bribes.

Over the last decade, the nature of bribing inside Russia moved from voluntary to involuntary, Panfilova said. Officials now demand that businesses pay bribes for services that should be free or in some cases simply to let businesses operate.

"Business does not want to get involved [in corruption], but they [officials] come and show a price list," Panfilova said.

A number of foreign companies will not come to Russia because of the rampant corruption in the business sphere, Transparency International Russia deputy director Ivan Ninenko said. Several international companies, including Siemens and Daimler, were involved in corruption scandals last year.

Officially, anti-corruption compliance seems to be improving — companies have implemented ethics codes, the strict U.K. Bribery Act took effect earlier this year, and President Dmitry Medvedev made it a cornerstone of his policy to fight corruption. But, in practice, compliance is still a problem.

About 70 percent of Russian executives don't understand what compliance is, while more than 70 percent don't take compliance seriously, other than paying taxes, said Oleg Danilin, head of global financial services advisory at Ernst & Young CIS.

Many of the 30 or so percent of executives who take compliance seriously have been fined in the past or faced some other problems related to corruption, Danilin said.

Most companies make an effort to make themselves look good on paper, or "apply window-dressing," but they do not actually enforce anti-bribery and other ethical guidelines, Danilin said. Typically, problems arise after some time.

Anti-corruption compliance is "like your brushing teeth every day. It's not required, but if you don't brush your teeth for five years, they will rot," Danilin said.

One solution could be to hire specialized compliance officers and pay them high salaries to motivate them to do their jobs, Danilin said. Another is to provide adequate protection for those who report corruption.

Russia's bribery index score advanced a twentieth of a point from 5.9 in 2008, but Panfilova said she believes that progress should be much greater.

"I am ashamed every time these indexes come out," Panfilova said. "I don't want to sit with a red face yet again. Let the Chinese or the Mexicans take the honor," Panfilova said.

Hours after the rating came out, state-run news service RIA-Novosti ran an update, citing unidentified experts who linked the Transparency International rating to an attempt to pressure Gazprom and diminish its presence on the European market.

The experts admitted that Russian business behaves aggressively abroad and that the problem of "export corruption" exists, however, it is not a high-priority problem for the country, RIA-Novosti reported.

Although Russia faces the prospect of unchanged leadership for the next 12 years, even if Prime Minister Vladimir Putin is elected president, the country is changing, Panfilova said. The middle class is growing and demanding accountability.

Laws are just pieces of paper without proper enforcement, Panfilova said.

"The law has to get into the right hands. When those hands appear, the law will appear," Panfilova said.

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