

Unofficial payments in Ukraine economy

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According to the survey of the managers of industrial enterprises "Business tendency surveys" conducted by the Institute for Economic Research and Policy Consulting the level of corruption in Ukraine continues to increase. Respondents have been asked whether it is common for the firms like theirs to pay bribes in order "to get things done". The results are striking: the share of respondents reported the bribe to be a common instrument for "smoothing" dealings with public officials after decreasing from 76.8% in 2004 to 34.0% in 2005 than grew to 55.1% in 2006 and finally has reached 73.0% in 2007! The growth is recorded for all size firms.

Small firms continue to be exposed to bribes to a larger extent than the others: 81.3% of small enterprises report paying bribes. The indicators for medium and large firms are respectively 69.7% and 75.0% of managers.

The special attention should be paid to unofficial payment during export and import activities of the enterprises. The share of managers that consider a strong association between words "corruption in export or import procedures" and words "State Custom-house" has increased from 51.7% in 2006 to 60.5% in 2007. According to managers opinion the second place in the list of state regulatory bodies, which associate with corruption is occupied by State Tax Administration. The share of respondents, which provide with such opinion, has increased from 45.8% in 2006 to 51.9% in 2007. The State Standards Body and Ministry of Economy are the next in the list (respectively 27.7% and 22.0% of the respondents). The survey was conducted from April 18 to May 10 2007. The sample includes 300 industrial enterprises.