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Ukraine - Country Ruled By Most Corrupt Regime in the World

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If somebody asked those who joined the Maidan protests a year ago what were the reasons for doing so, they would probably say that the rampant corruption was the last straw. The protests have become a thing of the past, the government has changed, and corruption has spread to become practically all-pervading. The corruption in Ukraine is a unique and unparalleled phenomenon. The old hierarchic corruption system had its own rules and restrictions. Now corruption has no boundaries going out of running control. It's impossible to know who pockets what, in what quantities and why. It's free for all. The modernization of corruption is the only thing the new regime has modernized. Nobody has rushed to shoot footages of new rulers' luxury mansions that make pale the Mezhyhirya, the former President Yanukovich's private residence - the symbol of Ukrainian corruption in high places that has been given too much attention for too long to make people sick of the whole shebang. Actually it was nothing special just another large, vulgar-style country house. In its article Welcome to Ukraine, the most corrupt nation in Europe the British Guardian reports that according to the Transparency International's Corruption Perceptions Index – the most widely used indicator of corruption worldwide – rates Ukraine 142nd in the world, alongside Uganda. In the latest ranking, it fell behind Nigeria leaving only primitive tribes behind. The article says «Since 1991, officials, members of parliament and businessmen have created complex and highly lucrative schemes to plunder the state budget. The theft has crippled Ukraine. The economy was as large as Poland's at independence, now it is a third of the size. Ordinary Ukrainians have seen their living

standards stagnate, while a handful of oligarchs have become billionaires».

Rada Deputy Sergey Kaplin, a lawmaker from Poroshenko's coalition, says that actually all ministries have bribe collectors. 80% of schemes practiced in the days of old regime remain in force. Loopholes for tax evasion continue to exist (wire transfers turned into cash). New schemes appeared. It has become impossible to keep track of money flows. According to Kaplin, the Yatsenyuk government's corruption record has left the cabinet of Azarov far behind.

No matter how tragic it is, the ongoing war provides great opportunities for money laundering. The government reports say weapons systems and equipment are sent to the battle zone in huge quantities against the background of servicemen laments. The military say they lack everything. It's easy to guess why. On paper it's all sent to the front area while in reality the military supplies are sold to those who offer a better price. It has been reported many times that go-betweens take equipment from storages to sell it for the price exceeding three times the real cost. For instance, Ukrspetsexport and Ukrinmash state holding companies wanted the defence industry to pay kickbacks plus 10% commission charged for «consulting services» etc.

Now the probability of increasing the military strength by one third up to 250 thousand is discussed at top level. One can imagine how much money will be pocketed! Ukroboronprom is a state-owned conglomerate (approximately 130 defence and engineering organisations) in Ukraine specializing in development, production and realization of arms products. It is placed in charge of the military-industrial complex in the country. It reaps benefit from the «Red Harvest» of war. Its current head Roman Romanov is only a nominal figure. Oleg Svinarchuk, the owner of Bogdan Corporation involved in a wide range of businesses, is the shady owner of the conglomerate, he is the one who calls the shots. Svinarchuk serves a link connecting the military-industrial complex to President Poroshenko, his personal friend and former partner, who has made him the Bogdan corporation majority shareholder. As a result of spot check of Ukroboronprom-owned 17 companies conducted by prosecutor's office in mid-2014, 189 transport and armor vehicles and 440 artillery, aviation and other systems were missing. Nobody was found guilty. A Ukrainian delegation headed by Petro Poroshenko (did he pursue private interest?) looked rather peculiar as it visited the recent Abu Dhabi arms exhibition. The President said that he allegedly reached agreements of arms deals to boost he capability of the forces taking part in the «anti-terrorist operation». Arabs were surprised to hear that. They denied the information. Until now they have been arms importers, not exporters. It would be logical to surmise that it was not purchases that the Ukrainian team discussed but rather arms sales abroad as the «anti-terrorist operation» made some systems happen to be surplus. Otherwise what made the Ukrainian President, the man with such a busy schedule, go to the Persian Gulf?

Another deed of Ukroboronprom was the purchase of a significant number of obsolete British Saxon armoured personnel carriers produced as far back as the 1960s. The vehicles are no good for fighting in open terrain. No matter a significant sum of money was allocated and spent, nobody saw the armoured carriers on the battle field. Experts believe it will take a long time for Saxons to get to the combat area as additional money will have to be spent on the vehicles' upgrade. Ukroboronprom officials have an axe to grind being involved in the process. Andrei Ivanchuk representing alcoholic beverages industry and Nikolay Martynenko involved in fuel and energy sector production are close associates of Prime Minister Arseniy Yatsenyuk. The

Prime Minister ordered to privatize the strategic state enterprise Ukrspirt and make Andrei Ivanchuk its owner. The decision may deprive the country of tax revenues. Nikolai Martynenko serves his fourth term as the Chairman of the Parliamentary Fuel and Energy, Nuclear Policy and Nuclear Safety Committee. The things he does together with the Prime Minister may lead to great financial losses and man-made disaster. In late January Energoatom, an enterprise which to some extent operates under Martynenko's control and Holtec International signed a \$300 million amendment to their contract to build a central used fuel storage facility (CSFSF) at the Chernobyl nuclear power plant and the supply of used nuclear fuel dry cask storage systems. The details of the contract are kept secret. The equipment will be delivered by the end of 2020, with the "key developmental stage" set as 2015-2017. During this period, the design and construction of the storage facility will be completed, Holtec's equipment and technology will be installed and the CSFSF will be commissioned. Journalists say the price tag is three times higher than it should be. For Ukraine it's a shackling agreement without any safety guarantees. According to experts' estimates, the implementation of the contract will lead to rise of energy prices for final consumers under the guise of complying with the conditions imposed by the International Monetary Fund which envision bringing the energy prices up to market level. The final fate of multi-million deal concluded with South Africa on coal supplies is hanging in the air.

There is a plethora of cases proving the fact of merciless corruption going rampant in Ukraine. The deaths of State Property Fund Valentina Semenyuk and Mikhail Chechetov are a good example. The both knew a lot about state funds embezzlement schemes practiced by Ukrainian officials and tycoons.

Foreigners, especially those who come from Georgia and the Baltic States, have preferences when it comes to distribution of responsible government positions related to property issues. Some of them face corruption charges back home. Mikheil Saakashvili faces financial abuse charges in Georgia. He is a candidate for a position of the chairman of Ukraine's anti-corruption bureau. At the same time Saakashvili lobbies in US and other countries for arms to be sent to Ukraine. But what could the foreigners, who have joined the Yatsenyuk's cabinet, do when common laws of economic development have no relation to Ukraine's economy? The economic rudder is under manual control and one should know all the ins and outs of dealing with shady business. All these outsiders can do is help to more effectively hide away what remains of Ukraine's national wealth.