

## CORRUPTION IN LOGISTIC CHAIN AND ITS PROCESSES

*Jonas Lazauskas*

*Vilnius Gediminas Technical University,  
Department of Transport Management  
Plytinės Str.27, LT-2016, Vilnius, Lithuania  
Ph: (+370) 52744780. E-mail: jonlaz@ti.vtu.lt*

### INTRODUCTION

Due to the historical geopolitical situation in Lithuania, where there are neither large markets nor unfailing natural resources, the economic logistic activity has become one of the most integrated into the international business (transport, forwarding, distribution, etc.). Therefore, it can be stated that ensuring of favourable conditions for this activity must be one of the strategic managing tasks of the state in order to maximally reduce the impact of factors complicating logistic activity, which is related to the state control. Joining of the European Union is a huge step towards liberalization of the logistic activity with the view to the Western markets since the external complicating factors, like protectionism, export duties, restrictions, quotes, etc., are completely or partially eliminated. Certainly, membership will bring certain negative aspects related with not only the national but also international regulations, however those will be the factors which will have the same impact on all market participants of the 25 states, ensuring equal competitive possibilities and conditions on the huge territory.

Corruption is the external factor complicating the logistic activity that most probably will not be eliminated or significantly reduced by the international integration which recently has become more active. Corruption is very harmful to logistic activity, business and to the whole economy first of all because it allows violating the principles of equality in the competitive fight. Corruption is a problem not only for the developing and transitional countries. Frequently scandals happen in such countries as Japan, Belgium, Italy, and USA.

The larger is the state sector the higher are the possibilities for corruption, and the conditions for bribing the state officers are better when the degree of the state regulation of various activities and economy is higher. In case the social relations are violated, the outcomes can be relatively divided into the following groups: *economic* – when the system is violated by corruption, the economic efficiency and market competition in the country may reduce and the quality of the products and services may become worse as well as the investment activity, businesspeople lose their confidence in the state institutions, etc.; *social-political* – social tension appears which influences the economy and political stability in the country, the confidence of the citizens in the state and democracy and its principles is reducing; the autocratic ideology is becoming more popular creating conditions for political corruption, etc.; *state control* – the quality of public administration is becoming worse, non-official decision making system appears, relations of the organized crime with corrupted state officers and politicians are stronger, etc.; *international relations* – the prestige of the country is becoming lower due to corruption, part of potential investments are lost, etc.

Very few activities have such a significant influence on the company's life level like logistics. Logistics has a direct or indirect impact on almost all activity spheres of the company. The logistic operations expenses are becoming a more and more significant part of the company's costs. Therefore, they receive more attention, since here are the reserves of efficient and profitable activity for many companies as well as competitive success. When all resources for increasing the company's profit are exhausted, logistics can help. Business logistics is becoming one of the most important conditions for a profitable activity of the company.

Business logistics is understood as planning and implementing of measures seeking to organize optimal flows of material valuables and information. Therefore, plenty of logistic functions can be observed influencing various activities of the company. The main logistic activities are the following: supply, warehousing, carrying, distribution, investigating and constructing, production planning,

production organizing, production controlling, repairs, waste removal, distribution, sales planning, information providing, and information processing.

## CONCEPT OF CORRUPTION

Corruption in Latin (*corruptio*) means bribing of public and political persons, officials, and officers for personal benefit.

Nowadays the attitude of the society (especially different layers of the society) towards corruption is rather miscellaneous. It varies depending on many factors. There is no uniform opinion on the importance of this phenomenon, its principles and impact on the social, economic, cultural, national and other processes influencing the public life. Therefore, we must emphasize that corruption has to be analysed in different aspects.

Political scientists talk about corruption as various methods for using power and the political influence of the interested persons, groups, parties, and movements on the processes in the country. Lawyers analyse corruption as deviation from the obligatory, legally defined, licence standard in fulfilling of the social obligations or illegal use of the state resources. Sociologists consider corruption above all as “social relations” violating universally accepted moral and social welfare limits. In the opinion of economists, the roots of corruption are in the economic and administrative structures of the country, they draw attention to outspread of corruption in the areas where the state interference in distribution of the state products, services or subsidies is high, the penalty risk is low, and the reward is tempting. The state governing specialists describe corruption as abusing of the state resources and using of the state structures in seeking for personal benefit by violating the existing standards. Businesspeople are most concerned about the volumes and prices of deals, indeterminacy conditioned by corruption in business relations when making deals, impossibility to project competitive conditions in case of widely spread corruption.

Therefore, it can be stated that corruption is interpreted as an indication of the dysfunctional society. Actually, all who are talking about corruption in public condemn this phenomenon, although such wide spread of corruption would be impossible without their participation. In less developed countries, most of society considers corruption as a natural part of life, rules of the game, which must be followed with no other choice. Most people think of corruption as an additional charge for solving things, which can be done faster, this way stimulating the spread thereof.

## CORRUPTION ASSUMPTIONS

The following corruption assumptions can be defined in the Republic of Lithuania:

- general social (unemployment, imperfection of the health insurance system, low salaries of the state officers, etc.);

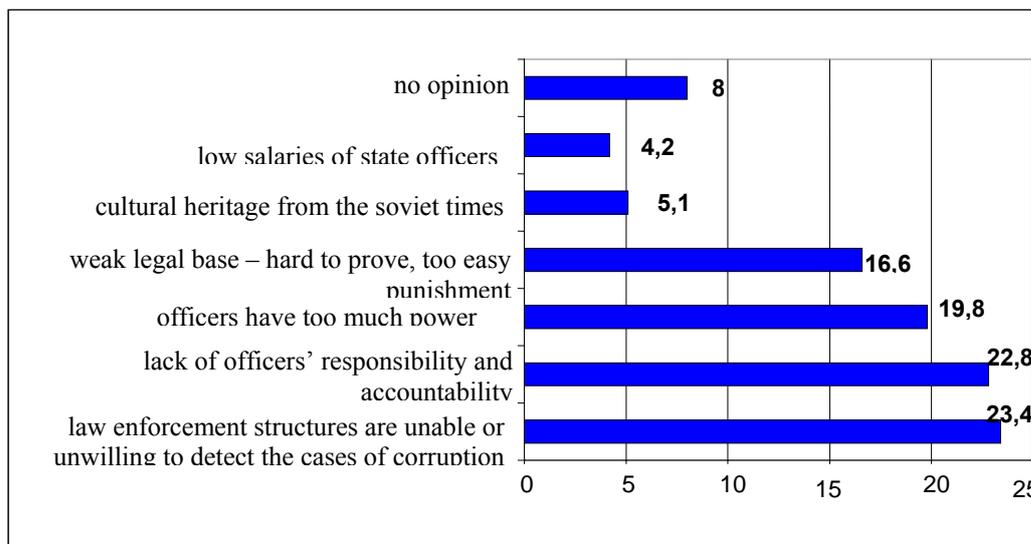
- legal (imperfection of the legal acts, frequent change and collisions, impunity, imperfection of the control systems, witness protection programs, legal procedures and instruments, procedures for appointing, dismissing and removing of officers, absence of professional conduct codes in the state services, etc.);

- institutional (the rotation principle and motivation system are not applied in all institutions, the internal and external audit systems are not developed, the decision making process is not transparent enough, the background for corruption is not eliminated in appointing managers to the companies with prevailing state capital, defining their responsibility, etc.);

- lack of public spirit in the society (attitude of the society towards corruption is indeterminate and contradictory, the corrupted state officers are not resisted, and the citizens are passive in anti-corruption activity);

- impact of external factors (appearing of international corruption, non providing of proper conditions for fear competition among separate entities, specifics of the border contraband and corruption, etc.).

Having surveyed over 3000 residents of the Republic of Lithuania, the factors influencing corruption in 2003 were as follows:



*Picture 1. Factors influencing corruption (opinion of individuals)*

In expressing opinion on the corruption level of the state institutions, traditionally there are evaluated as follows: the customs, privatisation service, tax inspectorate, state medicine control service, public purchases service.

The contribution of the customs into the state budget has been 40-50 per cent of the budget income during the recent years. The activity basis for the customs was established on 1 January 1998 when the Customs Code of the Republic of Lithuania came into force which was replaced since 01 05 2004 by the Law on Customs of the Republic of Lithuania. After accession of Lithuania to the EU, its customs activity has also been regulated by the Customs Code of the Community as well as other related EU legal acts. The customs provide favourable conditions for certain persons or organizations, which automatically ruins the principles of competitive equality and violates the relatively natural movement of material and information flows, various privileges or protections for faulty purposes, the “social capital” used often obstruct new market participants (e.g. forwarding companies, etc.) and the efficiency is reduced, too. Sometimes the financial benefit provided by “unofficial decisions” significantly exceeds even the best logistics put into practice.

## **CORRUPTION PERCEPTION INDEX**

Complex indicator that allows dividing the states according to their corruption level assessment is the corruption perceptions index. The index is determined basing on the surveys of business representatives and other expert researches. Corruption perceptions index is an important source of information for international political institutions as well as business and financial structures. “Transparency International” has been publishing the corruption perceptions index since 1995. Corruption perceptions index is calculated only in those countries where at least 3 researches were made. In Lithuania, 10 researches were made last year. Corruption is not evenly spread in the country and in order to successfully fight with corruption it is very important to know more specific areas influenced by corruption in the state power and governing among the state officials and officers, and in private sector. The degree of corruption in Lithuania, which is more true to life, could be established by constantly analysing the results of surveys of different social groups and the activity of law enforcement institutions.

According to “Transparency International” (TI), the research “Corruption Perceptions Index 2003” shows that among 133 states that participated in the research, Lithuania takes 41<sup>st</sup> place. During the recent four years, in Lithuania the situation in this respect has become worse for the first time if compared to the year 2002, in 2003 the Corruption Perceptions Index of Lithuania decreased from 4.8 points to 4.7 points (lower index value means higher corruption level in the country, maximum points 10). We are obviously above Latvia (3.8 points, 57<sup>th</sup> place but behind Estonia (5.5 points, 33<sup>rd</sup> place). Lithuania failed to overcome the 5-points barrier separating little corrupted states from the states,

which are still facing serious corruption problems. Among the Eastern and Central European states Lithuania takes the stable 4<sup>th</sup> place. Lithuania is behind Slovenia (29<sup>th</sup> place), Estonia (33<sup>rd</sup> place) and Hungary (40<sup>th</sup> place).

**Table 1.** Corruption Perceptions Index data of the main foreign trade partners of Lithuania 1996-2003

State	1996	1997	1998	1999	2000	2001	2002	2003	Mean
	Corruption Perceptions Index								
Ukraine	X	X	2,8	2,6	1,5	2,1	2,4	2,3	2,3
Russia	2,6	2,3	2,4	2,4	2,1	2,3	2,7	2,7	2,4
China	2,4	2,9	3,5	3,4	3,1	3,5	3,5	3,4	3,2
Latvia	X	X	2,7	3,4	3,4	3,4	3,7	3,8	3,4
Turkey	3,5	3,2	3,4	3,6	3,8	3,6	3,2	3,1	3,4
Belarus	X	X	3,9	3,4	4,1	X	4,8	4,2	4,1
Poland	5,6	5,1	4,6	4,2	4,1	4,1	4	3,6	4,4
Czech Republic	5,4	5,2	4,8	4,6	4,3	3,9	3,7	3,9	4,5
Italy	3,4	5	4,6	4,7	4,6	5,5	5,2	5,3	4,8
Estonia	X	X	5,7	5,7	5,7	5,6	5,6	5,5	5,6
Belgium	6,8	5,3	5,4	5,3	6,1	6,6	7,1	7,6	6,3
Spain	4,3	5,9	6,1	6,6	7	7	7,1	6,9	6,4
Japan	7,1	6,6	5,8	6	6,4	7,1	7,1	7	6,6
France	7	6,7	6,7	6,6	6,7	6,7	6,3	6,9	6,7
USA	7,7	7,6	7,5	7,5	7,8	7,6	7,7	7,5	7,6
Germany	8,3	8,2	7,9	8	7,6	7,4	7,3	7,7	7,8
United Kingdom	8,4	8,2	8,7	8,6	8,7	8,3	8,7	8,7	8,5
Switzerland	8,8	8,6	8,9	8,9	8,6	8,4	8,5	8,8	8,7
Norway	8,9	8,9	9	8,9	9,1	8,6	8,5	8,8	8,8
The Netherlands	8,7	9	9	9	8,9	8,8	9	8,9	8,9
Sweden	9,1	9,4	9,5	9,4	9,4	9	9,3	9,3	9,3
Denmark	9,3	9,9	10	10	9,8	9,5	9,5	9,5	9,7
Finland	9,1	9,5	9,6	9,8	10	9,9	9,7	9,7	9,7

*Note: Lower value of Corruption Perceptions Index means higher corruption level.*

Dynamics of the Corruption Perceptions Index of the Lithuanian export structure and foreign trade partners

For making the Corruption Perceptions Index TI uses the material of the research based on the issued related to power abusing for personal benefit, e.g. bribing of the state officers when distributing the state orders. The sources of information do not distinguish the types of administrative and political corruption.

In 2003, Lithuania's foreign trade turnover amounted to EUR 15.18 billion: export stood at EUR 6.41 billion and import – EUR 8.77 billion. Compared to 2002, export increased by 9.1% and import increased by 6%. In 2003, most products were exported to 15 EU states – 42% of the total export, to EU candidate countries – 19.3%. Imported products were also mostly from the EU states – 44.5% of the total import (import from CIS amounted to 25.3 per cent). Lithuania's most important export partners: Switzerland (11.7% of the total export), Russia (10.1%), Germany (9.9%) and Latvia (9.7%). Lithuania's main import partners: Russia (22.1% of the total import), Germany (16.1%), Poland (5.2%) and Italy (4.3%). In 1<sup>st</sup> quarter of 2004, Lithuania's foreign trade turnover amounted to EUR 3.81 billion: export stood at EUR 1.65 billion, and import – EUR 2.16 billion. As compared to the respective period in 2003, Lithuania's export increased by 8.5%, and import to Lithuania increased by 11.3%. During 1<sup>st</sup> quarter of 2004, most products were exported to the EU-15 states – 42.2% of the total Lithuania's export. Import from the EU-15 amounted to 41.4% of the total Lithuania's import.

The process of export is very closely related with logistic activity and its various areas. We can even state that it was the rapid qualitative increase of the logistic activity in the second half of XX century that determined the globalisation processes and significant revival of international trade. Logistics theory and practice, the optimal processes arising in their interrelation, incredibly advanced technologies allow the logistic chain to cross the state borders by increasing the total efficiency of the economy. In the conditions of free foreign trade each country naturally allocates its capital and labour for the activities, which are most useful for each of them. This pursuit for individual benefit is related

with the public benefit. By encouraging the growth of industry, rewarding the most inventive and efficiently using the power given by the nature, this principle distributes labour most efficiently and economically. Trade stimulates innovation and distributes the fruits of the economic growth in the whole world. Although the benefit of foreign trade is universally accepted, however frequently it together with the logistic activity

In order to avoid any data inaccuracies related e.g. with certain aspects characteristic for only one country (extra taxes, political, economical, social state), all 20 basic Lithuania's export partners are divided into 3 groups according to the average Corruption Perception Index of the recent 8 years irrespective of their geographical position, trade volumes, export structure, etc. Therefore, we can expect reliable proofs, although rather generalized, precisely reflecting the connection between the "Corruption Perception Index" and foreign trade changes.

**Table 2.** Group 1 of Lithuania's export partners

State	1996	1997	1998	1999	2000	2001	2002	2003	1996-2003
	<i>EXPORT %</i>								<i>CPI</i>
Ukraine	7,7	8,8	7,8	3,7	4,4	3,4	2,6	2,4	2,3
Russia	24,0	24,5	16,5	7,0	7,1	11,0	12,2	10,1	2,4
Turkey	0,8	0,8	0,9	1,0	1,8	1,4	1,7	1,7	3,4
Latvia	9,2	8,6	11,1	12,8	15,0	12,6	9,6	9,7	3,4
Belarus	10,2	10,3	8,8	5,9	2,9	3,9	3,2	3,2	4,1
Poland	3,2	2,3	3,0	4,5	5,5	6,3	3,6	3,4	4,4
Italy	2,7	3,1	4,1	4,2	2,3	2,0	2,8	2,2	4,8
Total:	57,8	58,4	52,2	39,1	39	40,6	35,7	32,7	

The first group of countries consists of 7 Lithuania's export partners where corruption during the recent 8 years was the highest according to the Corruption Perception Index, comprising: Ukraine, Russia, Turkey, Latvia, Belarus, Poland, Italy. The list proves that high level of corruption is not only the feature of the Middle East Europe (MEE) region, it also distinguishes Italy and Turkey, although it must be emphasised that export in these countries is not relatively high. Rather unexpected, although in the "lowest" group (in respect of the Corruption Perception Index), Belarus is taking a high position, which can probably be explained by the minimum number of researches made (required when making the Corruption Perception Index) and irregular performance. It must be stressed that the essential influence upon the results of the export dynamics in this group was made by the crisis in Russia 1999, although the even decrease of the contribution of the first list countries in Lithuania's export structure was observed both before and after the fatal year 1999.

**Table 3.** Group 2 of Lithuania's export partners

State	1996	1997	1998	1999	2000	2001	2002	2003	1996-2003
	<i>EXPORT %</i>								<i>CPI</i>
Estonia	2,5	2,5	2,6	2,4	2,3	3,2	3,8	4,3	5,6
Belgium	1	1,3	1,3	1,7	1,6	1,6	1,9	2,1	6,3
Spain	1	0,9	1,1	1,5	1,2	1,3	1,1	0,9	6,4
France	1,6	2,2	3,5	4,7	4,4	3,3	4,1	5,1	6,7
USA	0,8	1,6	2,8	4,4	4,9	3,8	3,5	2,9	7,6
Germany	12,8	11,4	13,1	16	14,3	12,6	10,4	9,9	7,8
Total:	19,7	19,9	24,4	30,7	28,7	25,8	24,8	25,2	

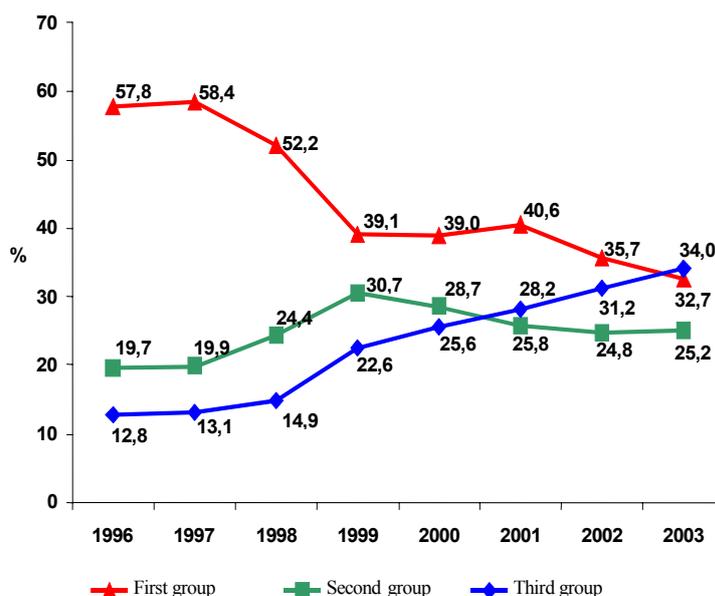
The second group of countries consists of 6 Lithuania's export partners where corruption during the recent 8 years was rather low according to the Corruption Perception Index, comprising: Estonia, Belgium, Spain, France, USA, Germany. The organisation "Transparency International" considers the countries that pass the limit of 5 points as progressive in the anticorruption sense, however basing on the results of the research it can be stated that there is still no even improvement of export conditions and significant increase in volume. The main positive impulse for this group was again the same crisis in Russia 1999. Of these 6 states we should mention Estonia, which is among rather progressive

countries with old economic traditions, being above Latvia, which is in Group 1, and above Lithuania. Within the recent 8 years export to Estonia has been evenly growing and increased almost twice. In 1996-2003 exports to Germany, which is leading in this group by export volumes and the Corruption Perception Index, was not stable like the Corruption Perception Index value, which was although slightly but evenly decreasing. Export to France has increased most – 3 times from 1996 till 2003, although the Corruption Perception Index here is not the highest but it is stable. These rather contradictory tendencies once again prove the importance and necessity of dividing the countries into groups in order to distinguish reliable and reasonable tendencies.

**Table 4.** Group 3 of Lithuania’s export partners

State	1996	1997	1998	1999	2000	2001	2002	2003	1996-2003
	EXPORT %								CPI
Switzerland	0,9	0,7	0,8	1,5	1,3	0,6	1,7	11,7	8,7
United Kingdom	2,8	3,2	3,5	5,1	7,8	13,8	13,4	6,4	8,5
Finland	1	0,7	0,9	1	1,3	1,4	1,2	1,5	9,7
Sweden	1,7	1,9	2,6	4,2	4,4	3,7	4,2	4	9,3
Norway	0,5	0,4	0,5	1,1	1,1	1,3	2,4	2,3	8,8
Denmark	2,6	3,4	4,1	6,2	4,9	4,5	5,1	4,7	9,7
Netherlands	3,3	2,8	2,5	3,5	4,8	2,9	3,2	3,4	8,9
Total:	12,8	13,1	14,9	22,6	25,6	28,2	31,2	34	

The third group of countries consists of 7 Lithuania’s export partners where corruption during the recent 8 years was the lowest according to the Corruption Perception Index, comprising: Switzerland, the United Kingdom, Finland, Sweden, Norway, Denmark, Holland. All these countries have constantly high “Corruption Perception Index” calculated by “Transparency International” and reflecting low level of corruption and favourable competitive conditions. The dynamics of export of products and logistics flows from Lithuania to the courtiers of the group has clearest tendencies of all 3 groups formed during the research. Lithuania’s export did not decrease to any of these 7 states comparing the year 2003 to 1996, and the total result increased by almost 3 times from 12.8 to 34 per cent. The increase in volume of trade with Switzerland and the United Kingdom is remarkable, which certainly make the highest impact on the general results of the group. Like in the two other groups, the results of these states were much influenced by the year 1999.



**Picture 2.** Dynamics of exports in the groups of countries (according to the Corruption Perception Index) in 1996-2003

Generalizing the dynamics of Lithuania's export relative volumes of the state groups divided according to the corruption perception index, quite clear tendencies come out. The third group of countries: Switzerland, the United Kingdom, Finland, Sweden, Norway, Denmark, Holland, during the recent eight years from outsiders in 2003 took the leading position. In all of these 7 countries, the Corruption Perception Index in 1996-2003 was very high and constant, it can be stated that this in certain aspects influenced formation of favourable medium for logistic activity and export process implemented thereby, which encouraged more and more representatives of Lithuanian business and economy to draw attention to these countries and to consider cooperation possibilities with them.

Group 1: Ukraine, Russia, Turkey, Latvia, Belarus, Poland, Italy in 2003 eventually lost the leading position, which they took during the whole period of 1996-2003. The contribution of this group in Lithuania's export structure in 8 years decreased almost twice from 58 to 33 per cent, which is still a high number and it should be expected that it will stabilize with time since Lithuania is related by very close historic, cultural, economic and geographical relations with many countries of this group.

Group 2: Estonia, Belgium, Spain, France, USA, and Germany – was in the second place for a long time and ahead of Group 3, in 2001 gave in to the latter and went down to the third place.

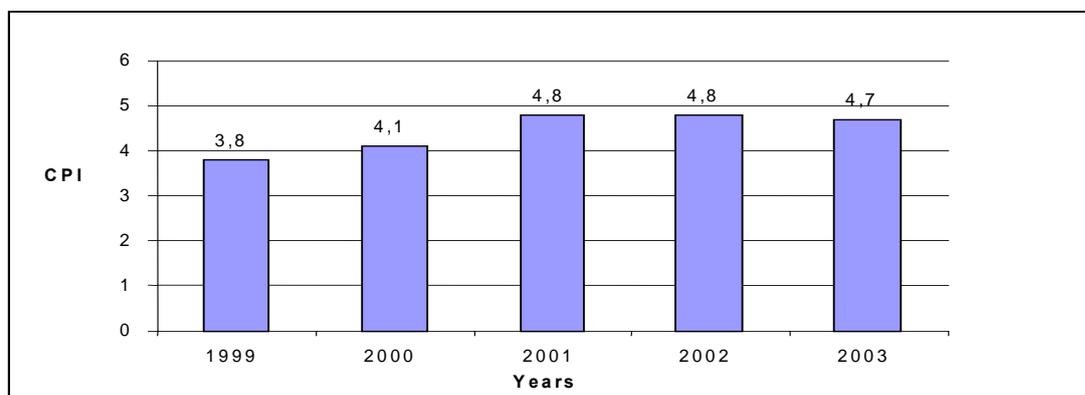
### **DYNAMICS OF CORRUPTION PERCEPTION INDEX OF THE LITHUANIAN IMPORT STRUCTURE AND FOREIGN TRADE PARTNERS**

Like export, import is also inseparable from the logistic activity conditions. In analysing the relative structure of the countries importing to Lithuania and its dynamics in respect of the Corruption Perception Index, the Corruption Perception Index of Lithuania must also be considered. Lithuania's Corruption Perception Index has been calculated since 1999. After rising for three years or being stable, in 2003 it decreased by 0.1 point. Lithuania cannot pass the 5-points limit separating the group of low-corrupted countries from corrupted countries. Perhaps this index value conditioned the fact that the dynamics of import relative structure and the Corruption Perception Index of importing countries obviously differ from the analogous export indexes. Businesspeople representing the regions of lower corruption with lower restrictions and obstacles in other markets, find it hard to make their way to the Lithuanian market and often give up the position to the representatives of other more experienced countries. Certainly, we must consider the fact that CIS, and especially Russia, is the main source of Lithuania's import making up about a quarter of all import, and the high percentage is constantly maintained by the mineral materials imported from Russia for the Lithuanian oil-processing companies and natural gas for which import alternatives are rather limited. However this fact only conforms the possibility for corruptive assumptions in the governmental negotiations on prices or supply conditions.

The list of the main 20 countries importing to Lithuania compared to the list of the countries we are exporting to have changed by 3 positions. The Czech Republic, China and Japan changed Turkey, Norway and Switzerland, which were in the export list.

The first group of countries consists of 7 Lithuania's import partners where corruption was the highest during the recent 8 years according to the Corruption Perception Index, comprising: Ukraine, Russia, China, Latvia, Belarus, Poland, and the Czech Republic. The results of the first group are rather stable unlike the respective group of export countries.

Lower point means higher tendency of the country's business representatives to bribe in executing import operations. It must be stated that the two last countries on the list are rather important import partners of Lithuania and this may condition their stable positions in our country's market.



*Picture 3. Lithuania's Corruption Perception Index 1999-2003*

**Table 5.** Group 1 of Lithuania's import partners

State	1996	1997	1998	1999	2000	2001	2002	2003	1996-2003
	<i>IMPORT %</i>								<i>CPI</i>
Ukraine	3,3	2,1	1,9	1,5	1,5	1,6	1,6	1,5	2,3
Russia	29	25,3	21,2	20,1	27,4	25,3	21,3	22,2	2,4
China	0,6	0,9	1	1,3	1,5	2	2,4	3,1	3,2
Latvia	1,7	1,7	1,8	2	1,6	1,5	1,6	1,6	3,4
Belarus	2,4	2,3	2,2	2,2	1,8	1,9	1,5	1,5	4,1
Poland	4,4	4,9	5,5	5,7	4,9	4,9	4,8	5,2	4,4
Czech Republic	1,8	1,9	1,7	1,8	1,4	1,4	1,3	1,5	4,5
Total:	43,2	39,1	35,3	34,6	40,1	38,6	34,5	36,6	

The second group of countries consists of 6 Lithuania's import partners where corruption was rather low during the recent 8 years according to the Corruption Perception Index, comprising: Italy, Estonia, Belgium, Spain, Japan, and France. Some of the countries in this group are in the middle of the index list of "Countries tended to bribe" made by "Transparency International". Import to Lithuania from all these countries in 1996-2003 was constantly increasing; only the year 1999 must be mentioned when a certain increase was observed.

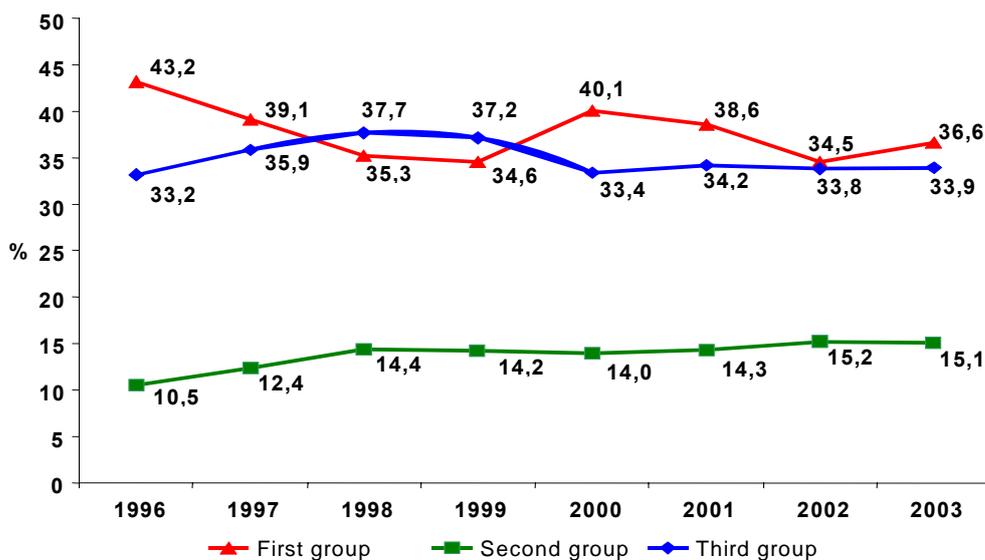
The third group of countries consists of 7 Lithuania's import partners where corruption was the lowest during the recent 8 years according to the Corruption Perception Index, comprising: USA, Germany, the United Kingdom, Holland, Sweden, Finland, and Denmark. The countries of the third group are at the end of the list of "Countries tended to bribe" made by "Transparency International". Although their import volumes are rather significant in the import structure of Lithuania, they did not increase much during the period of 1996-2003.

**Table 6.** Group 2 of Lithuania's import partners

State	1996	1997	1998	1999	2000	2001	2002	2003	1996-2003
	<i>IMPORT %</i>								<i>CPI</i>
Italy	3,8	4,1	4,4	4,1	3,6	4,2	4,9	4,4	4,8
Estonija	1,3	1,3	1,5	1,5	1,2	1,1	1,1	1,4	5,6
Belgium	1,4	1,7	1,9	2,1	2	2	1,9	1,6	6,3
Spain	0,7	0,9	1,2	1,3	1,1	1,3	1,3	1,3	6,4
Japan	1,2	1,6	2	1,6	1,9	1,9	2,1	2,2	6,6
France	2,1	2,8	3,4	3,6	4,2	3,8	3,9	4,2	6,7
Total:	10,5	12,4	14,4	14,2	14	14,3	15,2	15,1	

**Table 7.** Group 3 of Lithuania's import partners

State	1996	1997	1998	1999	2000	2001	2002	2003	1996-2003
	<i>IMPORT %</i>								<i>CPI</i>
USA	2,6	2,9	2,9	3,8	2,4	3	2,8	3	7,6
Germany	15,4	17,5	18,2	16,5	15,1	17,2	17	16,2	7,8
United Kingdom	3,3	3,4	3,7	4,2	4,5	3,4	3,3	3,3	8,5
Netherlands	2	2,2	2,2	2,3	2,3	2,4	2,2	2,6	8,9
Sweden	3,1	3,3	3,7	3,4	3,4	3	3,3	3,5	9,3
Finland	3,2	2,8	3,2	3,1	2,6	2,3	2,3	2,5	9,7
Denmark	3,6	3,8	3,8	3,9	3,1	2,9	2,9	2,8	9,7
Total:	33,2	35,9	37,7	37,2	33,4	34,2	33,8	33,9	



*Picture 4. Dynamics of import from the groups of countries divided according to the Corruption Perception Index in 1996-2003*

The picture shows that the tendencies of import to Lithuania during the period of 1996-2003 remained practically unchanged. The groups of importing countries became slightly closer. This can be related with the constant and rather low Lithuania's Corruption Perception Index and historical economic import relations with Russia and CIS.

## CONCLUSIONS AND SUGGESTIONS

1. Due to the historical geopolitical situation in Lithuania where neither large markets nor unfailing natural resources exist, the economic logistic activity has become one of the most integrated into the international business (transport, forwarding, distribution, etc.).

2. Very few activities have such a significant influence on the company's life level like logistics. Logistics has a direct or indirect impact on almost all activity spheres of the company. The logistic operations expenses are becoming a more and more significant part of the company's costs. When all resources for increasing the company's profit are exhausted, logistics can help. Business logistics is becoming one of the most important conditions for a profitable activity of the company.

3. From the point of view of increasing benefit to business from logistic activity, the bureaucratic system and national, international regulations as well as other than legal restrictions limit the possibilities for seeking the set goals. In order to remain and successfully compete in the market, any business organization must try to eliminate, reduce, avoid or otherwise overcome these negative factors, interferences in seeking of the goals.

4. The larger is the bureaucratic and restricting or limiting system, the more it stimulates corruption and bribing. Corruption sometimes becomes the only solution to avoid national or international restrictions.

5. The processes of export and import are very closely related with logistic activity and its various areas. We can even state that it was the rapid qualitative increase of the logistic activity in the second half of XX century that determined the globalisation processes and significant revival of international trade.

6. Smooth and favourable conditions of free international trade are of special importance for such small and open economies as the Lithuanian economy.

7. The direct dependency established between the Corruption Perception Index of certain countries and Lithuania's trade with them allows stating that a high corruption level has a negative impact on the international trade level and geography.

8. The corruption degree would be significantly reduced by: eliminating (deregulating) of unnecessary restrictions to persons and organisations, reducing possibilities of wanton decisions and

actions made by the representatives of authorities, simplified and transparent procedures of decision-making in the authorities, privatising of the national property and functions, reducing of the obligatory national redistribution, transferring of information used by the authorities to electronic media and its integrated control.

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