BLACKLISTING IN RUSSIAN PUBLIC PROCUREMENT: HOW IT DOESN'T WORK

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ABSTRACT. The main goal of public procurement reform in Russia, initiated in 2005, was to prevent corrupt deals between suppliers and procurers. That is why the public procurement law favors formal mechanisms to govern most of the stages of procurement: the procurer is not allowed to take into account the reputation of the supplier when he announces calls for bids and selects the supplier, and he is prescribed to use the legal system (courts) if he is not satisfied with the contract performance. Since the efficiency of formal institutions is not very high, these mechanisms are complemented by a "formalized informal instrument" - blacklisting opportunistic suppliers, which is believed to substitute for reputation mechanisms when formal mechanisms are weak. In this paper, we show how and why the institutional environment in Russia makes the blacklisting of opportunistic suppliers irrelevant. We explore how the percentage of contract breaches out of the total number of signed contracts is related to corruption and transparency measures for Russian regions. We also argue that such factors as measurement costs, verification costs, length of contracts and lawsuit amounts influence the probability of winning a legal action for a contract breach.

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INTRODUCTION

In public procurement, governments struggle to choose a fair supplier and insure contractual hazards. Information asymmetry is widespread in contractual relations. Usually, the procurer does not know whether a supplier will deliver high quality goods on time or take the money and disappear. One powerful tool to solve such situations is reputation. One of the first papers about the role of reputation in economic transactions is by Klein and Leffler (1981). They describe the conditions under which the market mechanism could be used as an enforcement mechanism in infinitely repeated transactions. The basic idea of the reputation mechanism is that the value of potential future transactions forces parties not to deviate from their present obligations. The reputation mechanism is one of the most inexpensive tools to enforce contractual obligations.

Greif (1993, 1994) treats reputation as a history of interactions in his famous works about Maghribi and Genoese traders. Reputation works only if all members of community are willing to punish deviators. If each member expects that a trader wouldn't make a deal with an unfair agent, this increases the cost of business for the unfair agent, which stimulates him not to deviate. The Maghribis based their behavior on collectivist strategy and widely used interaction histories as an informal reputational mechanism. Blacklisting is a formalized informal institution. It is an analogue of interaction history in the medieval trade. The only difference is that traders were themselves interested in history formation, while public buyers are forced to put information on the blacklist by law. It is common practice to make blacklists open to the public. This allows customers to quickly share information about unfair firms. Nevertheless, there are some open questions about blacklisting: who can enter the list and what are the reasons? Blacklisting is an official mechanism and it could greatly influence a firm's performance. So on one hand, the state is interested in easy processes to put unfair firms onto the list, but on the other hand it must provide safeguards to firms so they are not blacklisted without just cause. It is worthwhile to confirm that there was opportunistic behavior. So to confirm a supplier's guilt, a public procurer would need a court decision. That is why blacklisting is highly dependent on the effectiveness of the court system. According to Williams, "the effectiveness of blacklisting is also limited in many ways, depending on how much effort and

expense a country is willing to put into the blacklisting process and whether the blacklisting depends on a conviction or not". (Sope Williams, 2010, p.148)

WHAT IS GOING ON IN RUSSIA?

Russian public procurement law (FL-94) relies on state regulation and the judicial system. In order to evaluate the effectiveness of these mechanisms, we used indicators calculated by the World Bank. The indices are constructed so that when index values are higher, the corresponding institutions work better in the considered country. The maximum value of each indicator is 100. The World Bank index notes that between 1996 and 2009, the indicators of the Russian institutional environment do not show satisfactory values (see Appendix 1, Figure 1.1). Moreover, Russia has failed to rise above 50 points in any of the indicators. Particular attention should be paid to the value of the indicator "Rule of Law." The system of federal public procurement requires extensive use of the legislative sphere, which, according to international observers, is poorly developed in Russia.

Unfortunately, according to World Bank data, in Russia there are serious problems in the judiciary and in state regulation. This means that many of the mechanisms offered by the FL-94 for the suppliers and customers do not always work well in practice, and their use may be associated with a number of problems. The reluctance of participants in the public procurement system to bring a suit to court, even when their rights have been violated, is evidence of the inefficiency of the judicial system. Perhaps this is one of the reasons that the majority of breached contracts are terminated with a voluntary agreement between the parties (see Table 2).

The existing Russian procurement law (FL-94) was introduced in 2005. According to the regulation, public buyers may choose among open tenders, open auctions, sealed bid auctions (price quotations), or negotiations. The choice of public procurement procedure depends primarily on the maximum price of the procurement. Negotiations can be chosen only for small purchases (less than one hundred thousand rubles), and only once in three months for similar purchases, so as not to create incentives to split large procurements into smaller contracts. Though the recent trend indicates a growing number of contracts

awarded through negotiations, these are not regulated by FL-94. The rules for the first three procedures are set in FL-94, including requirements for publishing information on regional web sites. The requirements for open tenders and open auctions are quite similar, but the rules for sealed bid auctions are less strict. The crucial point is the priority of open auctions. The government recommends all authorities to use an open auction to purchase goods and services. Current auction procedures do not allow the procurer to take into account the characteristics of potential suppliers: the choice should be based only on price.

The only formal reputational mechanism that is provided to the participants of public procurement is the blacklist. If a firm is listed there, customers have the right to exclude this firm from bidding. Participants of the procurement procedures have two opportunities to use a third party to enforce fulfillment of commitments. Suppliers could complain to the Federal Antimonopoly Agency (FAS) if the procedure was organized with violations. Even if the FAS satisfies the complaint, the violator would not be placed on the blacklist. Alternately, the buyer could go to court if contract obligations are not fulfilled. A supplier is only placed on the blacklist if the court decision finds that a contract was breached.

HOW BLACkLIST WORKS BY LAW IN RUSSIA

The principles of the registry of unscrupulous suppliers are enshrined in the "Statute of maintenance the register of unscrupulous suppliers and the requirements for engineering, software, linguistic, legal and organizational means to ensure maintenance of a register of unscrupulous suppliers" (approved by RF Government Decree of 15 May 2007 N 292). We will call it the blacklist. According to this Statute, the blacklist is managed by the Federal Antimonopoly Service (FAS), based on data submitted by state customers. Customers report to the FAS about inappropriate implementation of obligations by suppliers. The register is maintained in electronic form (http://rnp.fas.gov.ru/) and the FAS gives free and open access to everyone.

Who is placed on the blacklist? There are two reasons why a supplier may enter the blacklist: the supplier has refused to sign

the contract for a bid they won, or the supplier has performed the contract with "material breach". "The concept of "material breach" is defined in paragraph 2 clause 2 article 450 of the Civil Code of Russian Federation: A violation of a contract by one party, which deprives the other party of what they were entitled to expect at the conclusion of the agreement." (Definition taken from legal information and educational portal "Everything about Law" http://www.allpravo.ru/library/doc2264p0/instrum4904/item4911.html)

In order to add an unfair supplier to the blacklist, a customer must send the FAS a package of documents containing information about the supplier and confirmation that the violation of the law took place. It is time-consuming for the customer to collect all documents. There are also few incentives for customers to provide information on unscrupulous suppliers. The customer in public procurement system does not receive residual rights, so it would be worthwhile to have an enforcement system.

Suppliers are located on the blacklist for 2 years from the date of inclusion. In addition, a supplier may enter the blacklist many times if additional contract are breached. However, the length of the update period allows unscrupulous firms to collect high rents from the misconduct. The Statute notes that information must be submitted no later than 3 days from the date of termination of the contract, and FAS should include this information into the list within 3 days. Accordingly, a maximum of 7 days must elapse from the date of termination.

Here we summarize some facts about the blacklist:

1) Some number of breached contracts have not been included in the list. This number could be quite large due to the low popularity of judicial system as a resolution mechanism and due to the necessary condition of material breach of contract.

2) The average length of time it takes to add suppliers to the blacklist is longer than the period recommended by FL-94. By law, it should take less than 7 days to place unfair supplier on the list, but in practice an average of 84 days elapse before a supplier appears on the list. This could allow unscrupulous firms to cheat several customers during this time.

3) The list is maintained inaccurately and contains errors that could mislead its users.

4) The majority of entries in the list are situations when the supplier refused to sign a contract, and among the breached contracts the majority of entries are situations when customer cannot avoid going to court (for example, if the contract is concluded but the goods are not delivered or are only supplied in part).

5) The information presented in various official sources (the blacklist from FAS, the general statistical information according to the Federal Statistics Service, and the regional government procurement sites) does not match.

First, in this paper we explain how this institution works in different regions. Are there any differences in the demand for this institution? We suppose that blacklist usage is correlated with the transparency of information in the region. In the equilibrium, high transparency leads to a low number of cases entered on the blacklist due to incentives not to deviate from contract terms. This suggestion is based on the argument of Boehm and Olaya that greater transparency means low monitoring costs and greater control. (Boehm, Olaya, 2006, p. 440) In Russia, the level of transparency is very low in all regions, so the system is out of equilibrium. In this case, increased transparency would increase the number of firms entering the blacklist because it means lower costs of monitoring which are not accompanied with incentives to fulfill contract obligations. In addition, high transparency increased the level of competition (Boehm, Olaya, 2006, p. 440), and in the absence of a well-functioning control system more "bad" suppliers would be attracted to public procurement. Hence, the number of potential "bad" supplies could rise, which might increase the probability of contract breach. So in highly transparent regional procurement systems, the demand for blacklist usage will be higher.

Second, we deal with internal problems of the blacklist process. We look at the factors that determine a procurer's probability of winning a court case with minimal costs. The courts base their decisions only on formal contracts, and with a more detailed contract it is easier to prove your reasons to file for breach. The ability to write a complete contract depends on the type of good. There are no complete contracts in the real world, but following Nelson (1970) and Darby and Karny (1973) we can identify three types of goods associated with different levels of difficulty in specifying all details in the contract. They are search, experience

and credence goods (see more detailed description in the empirical results section), which differ according to the procurer's ability to identify the quality of the good and the procurer's ability to specify quality in the contract[1]. It is easy to specify details for search goods and very difficult for credence goods. Serious problems regarding questions of quality usually occur with credence goods. For goods and services with high measurement costs of quality, the demand for special resolution mechanisms is higher compared to simple standardized goods. According to the Russian procurement system, blacklisting is supposed to be such a resolution mechanism. But we show that for the credence goods, the use of blacklisting based on court decisions is too expensive because it is difficult to win a case associated with quality problems when the contract is incomplete.

TRANSPARENCY AND BLACKLISTING

Hypothesis 1: We argue that corruption, transparency and gross regional product influence the share of breached contracts. An increase in corruption and transparency has a positive impact on the percentage of breached contracts, and the size of the regional economy has a negative impact.

Data set

We now turn to the characteristics of the database. The data were downloaded from the site (http://rnp.fas.gov.ru/) on July 15, 2011 and contains the data since July 15, 2009. But we use the data of 2010 to examine the share of breached contracts because the transparency index was measured in 2010.

We use available regional self-reported statistical information on public procurement from the Federal State Statistical Service (www.gks.ru) to identify the number of procurement procedures conducted in one year and the amount of the gross regional product. We used the corruption perception index from the report of the Ministry for Economic Development of Russian Federation

"Situation with everyday corruption in the Russian Federation" http://www.economy.gov.ru/minec/activity/sections/anticorruptpolicy/doc20110614_027, which measured public perception of corruption in each Russian region in 2010.

What do we mean when say transparent? The amount and accessibility of information in Russian public procurement system differs among the regions. Though the FL-94 introduced some measures to increase the transparency of information on public procurement, the structure of the designated web sites, functions available for users, such as search options, the standard forms for the documents and protocols are not regulated by the law and are decided at the regional level. The law lists only the names of documents (calls for bids, the auction protocols, etc) that must be posted on the web site, and the basic information they must contain (starting price of the auction, date of the procedure etc.). Balsevich et al. (2011) estimated the index of transparency of information on public procurement in the end of 2010 on the basis of the data on the structure of a regional site of public procurement, information, and functions that are available. Their checklist includes four groups of parameters that are important from the information transparency perspective: (1) current procurements, (2) completed procurements, (3) search functions, and (4) additional features. They build four indicators that summarize the availability of information and functions for each group of parameters. The resulting index of the information transparency is a weighted sum of the four main indicators described above. Each of the first two indicators (current procurements and completed procurements) give 35% of the resulting index, the indicator of search functions gives 25%, and additional features give 5%. The weights assigned to each indicator reflect our estimation of the importance of a certain type of information for the functioning of the public procurement system. The low weight assigned to the additional features indicator also reflects the fact that the variation in this indicator is rather low (see below). The maximum possible value of the resulting index is 100.

An alternative index of information transparency was constructed to measure the usability of information available to potential bidders. This second index accounts for the relative quality of search related to the amount of information available and is

represented by the sum of the first two indicators multiplied by the relative measure of search quality.

How is transparency connected with the blacklist? A procurer might also appeal to the transparent information on his or her procurement procedures while bringing a case of a breached contract to court. The level of information transparency might have two different effects on the number of cases that the procurer has to bring to court. A procurer who runs a nontransparent system might be more corrupt and hence have "better knowledge" of his or her suppliers and fewer incentives to bring a case to court. A more transparent system might also attract more opportunistic suppliers to a given procedure, increasing the chance of breach. On the other hand, a transparent system combined with a well-functioning court system might create an incentive for suppliers to fulfill the contract obligations and maintain a "good reputation". The results of the OLS regressions considering the effect of information transparency on the percentage of contracts canceled by court in a given year (information provided by FAS, http://www.fas.gov.ru, and by Russian Bureau of Statistics, http://www.gks.ru) are presented in Table 1. The availability of well-structured information on the calls for bids has a significant positive impact on this measure, implying that "excessive" transparency might attract opportunistic bidders to the public procurement procedures. The availability of unstructured information, on the other hand, has a negative impact on the percentage of breached contracts.

Table 1. Transparency and percentage of contracts canceled by court

VARIABLES	(1) Canceled contracts	(2) Canceled contracts	(3) Canceled contracts	(4) Canceled contracts	(5) Canceled contracts	(6) Canceled contracts
LGRP	-0.00352***	-0.00389***	-0.00380***	-0.00391***	-0.00363***	-0.00393***
	(0.00141)	(0.00139)	(0.00140)	(0.00139)	(0.00141)	(0.00138)
Corruption 2010	0.0152*	0.0174**	0.0167**	0.0180**	0.0152*	0.0170**
	(0.00828)	(0.00813)	(0.00820)	(0.00819)	(0.00818)	(0.00803)
Court appeals rate	-0.00130	-0.00116	-0.00118	-0.00121	-0.00119	-0.00106
	(0.00102)	(0.00100)	(0.00101)	(0.000998)	(0.00103)	(0.00101)
Index1	0.000178					
	(0.000136)					
Search		0.00151**				
		(0.000711)				
Index2			0.000139*			
			(7.61e-05)			
ExAnte information * Search				0.000326**		
				(0.000151)		
ExPost information * Search					0.000214	
					(0.000148)	
Index1 - Index2						-0.000333

						**
						(0.000152)
Constant	0.0377***	0.0445***	0.0456***	0.0453***	0.0456****	0.0595***
	(0.0169)	(0.0159)	(0.0161)	(0.0159)	(0.0163)	(0.0174)
Observations	67	67	67	67	67	67
R-squared	0.164	0.198	0.184	0.200	0.168	0.202

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Court decisions and contract characteristics

Hypothesis 2: The probability to win a lawsuit with minimum costs depends on the value of measurement costs and on the reason of contract breach. Low measurement costs and clear reasons increase the probability of winning the lawsuit.

Data set

We consider 181 judicial decisions on cancelled contracts that entered the blacklist from 14th of April to 15th of July, 2011. We use information related to public procurement procedures and contract features such as reserve price, contract dates, term of a contract, etc.

We collect all judicial decisions related to the cancelled contracts in order to identify additional information on the contract's budget, the reasons for contract cancellation, the pecuniary claims of plaintiffs, the results of case consideration, and the initiator of judicial recourse.

Below we describe the factors and the indicators used in our analysis.

The probability to win a case in court. It is a dependent variable. It is equal to 1 if the claim was satisfied at first instance and equal to 0 if the claim was partially satisfied or rejected. In general judicial decisions, the claim could be satisfied, partially satisfied or rejected. If the claim is partially satisfied or rejected, the initiator would have the opportunity to appeal a judgment. Lawsuits are costly, as parties must pay lawyers, firms could lose their reputation, and so on. When lawsuits move to another instance, costs increase sufficiently. All parties face minimal costs if they agree on the court's decision at first instance.

The measurement costs. We divide all contract subjects into three groups following the goods classification by Darby, Karny and Nelson (Nelson (1970), Darby and Karny (1973)). The first group includes goods for which their quality can be checked through visual inspection or in the process of performing work and rendering of services. This group is named search goods. The second group includes goods for which their quality can be checked during the use of the good or just after completion of work and rendering of services. This group is named experimental goods. The last group includes goods whose quality can't be checked. This group is named credence goods. Therefore, if the

contract subject is a search good this variable was set equal to 1, if it is an experimental good the variable was set equal to 2, and for credence goods the variable was set equal to 3. The maximum measurement costs arise when this variable equals 3.

The reason to sue. We classify reasons by how easily the claim can be supported and disputed. We divide all reasons into five groups according to the type of evidence present. These are quality claims, out of time deliveries, a mismatch with document standards, delivery size, and the absence of the delivery. The most evident reason is absence of the delivery. Claims of delivery size are less evident because an additional inspection is needed to check how substantial the breach of the contract was. In Russian procurement practice, procurers often discover that they have not received exactly the same goods they expected to get. A mismatch with documents standards is even less evident because it is sometimes difficult to prove. For out of time deliveries, the purchased goods are delivered after the expected date. The procurer must prove that out of time delivery is a significant reason to cancel the contract. Claims of quality are the least evident because in most cases there is no objective test of quality, and if the procurer deals with experimental or credence goods it may be too difficult to judge quality and to prove that the delivered goods do not meet the specified quality. This reason to sue is difficult to prove in court. When the indicator equals 1, the reason to sue is difficult to prove in court.

The length of the contract is a range in days between the day when a contract was signed and the day of its scheduled expiration. The minimum length is 0 days and the maximum is 950 days.

The amount of pecuniary claims. The amount of pecuniary claims was used as a control variable. To calculate it we separated all possible amounts of pecuniary claims in five intervals. The indicator took on a value from 0 for the lowest sums to 5 to the highest. The minimum value of the amount is 0 rub and the maximum is 302878493,6 rub. The standard deviation is 23403084,54.

The reserve price is also an ordinal variable. Value distribution of prices was separated into four intervals. As the threshold values we used the median, the first quartile and the third quartile. The indicator took on a value from 1 to 4 subject to the interval that

included the respective value of price. The minimum value of the price is 3081.55 rub and the maximum is 700000070 rub. The standard deviation is 58115065,26 rub.

The type of procurement procedure. Each type of procedure was given a value from 1 to 5: (1) quoted price request, (2) auction, (3) e-auction, (4) tenders, or (5) single procurer. Transaction costs theory tells us that there is a link between ex ante and ex post costs. If a procurer decided not to spend much time and effort ex ante to choose the right supplier, than he faces trouble ex post with contract fulfillment. This factor allows us to fix ex ante inefficiency of one of the procedures (for example, one type of procedure frequently doesn't allow the procurer to choose a better supplier, and hence he faces problems during the contract).

The budget level. The procurements could be municipal, regional or federal. To encode this indicator we assigned a value from 1 to 3 to each type respectively. All types of procurement are regulated by FL-94, but there are different incentives in state agencies of different levels. Usually, federal agencies face stricter rules and greater control.

The initiator of judicial recourse. This indicator is equal to 0 if the initiator was a procurer and 1 if the initiator was a supplier.

To check the hypothesis we tested the statistically significant relationship between the probability to win a lawsuit at first instance and two indicators: the type of procurement according to quality measurement costs and the type of cancellation reasons. Thus we ran probit regressions with the probability to win the lawsuit at first instance as a dependent variable and another two indicators mentioned above as control variables being the regressors. The results are presented in Table 2.

Table 2. Quality measurement costs, cancellation reasons and probability of case satisfied

VARIABLES	The probability to win
Measurement costs	-0.213**

	(0.0846)
Reason to sue	0.137***
	(0.0302)
Length of contract	0.000483*
	(0.000263)
Pecuniary claims	-0.0976***
	(0.0256)
Procedure	-0.0259
	(0.0512)
Budget level	0.00611
	(0.0942)
Initiator	0.0458
	(0.301)
Observations	180
Pseudo R-squared	0.251

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

We concluded that the greater the measurement costs, the lower the probability of the case being satisfied with minimal costs. If it is difficult to measure the quality of the goods, the measurement costs can exceed the benefits after contract cancellation. Much information is needed not only to check the quality of goods, but also to prove in court that quality is low. For example, some suppliers had to involve a third party to estimate the result of the work performed. Indeed, there are some types of goods when the quality couldn't be checked at all because there were no objective parameters of quality. In these cases, the contract is characterized as incomplete. This idea was described by Posner (1986), Tirole (1999) and Battigalli and Maggi (2002). They consider that parties sometimes do not write some details in the contract because the costs of writing them can exceed the benefits of being written, for example because of a low probability of an unfavorable outcome.

This relationship is connected with the influence of the cancellation reason on the probability of winning the lawsuit at first instance. According to the results of the regression analysis, the more evident the reason for contract cancellation, the higher is the probability to win a lawsuit. It is easier to win the case if the cancellation reason is not connected with the quality of the good or pace of work performance because it is not necessary to prove them and these reasons provide too little grounds to dispute such claims. But if the supplier has a claim of characteristics, they needed considerably more efforts, information and time and consequently the means to prove it.

Besides the relationships that we aimed to check, we obtained two more statistically significant relationships. The first relationship is the greater the amount of pecuniary claims, the lower the probability of the case being satisfied. This result was unexpected because there were not subjective pecuniary claims like reparation of moral damage that could be considerably overestimated. All pecuniary claims that are penalty, debt or interests on debt were calculated with reference to legislation, so they may influence the probability of case satisfaction only if the legal system is not sufficiently effective. In addition, information about characteristics and terms of contract that related to it may be unobservable or not verifiable by the third party, so the contract is characterized as incomplete and it is impossible to prove the violation of terms in court. The same idea was described by Shavell (1984) and Schwartz (1992). As a possible explanation of this relationship, if a defendant believes there is a high probability that the court's decision will change at the second instance, then he will definitely appeal the judgment. This argument also demonstrates some inefficiency in the judicial system. Judicial system should provide incentives for contract parties to fulfill all their obligations in time when a contract is signed. It is hard to provide such incentives if parties suppose that the decision could be different in different courts.

The second relationship is the greater the length of the contract, the higher the probability of the case being satisfied. We explained it by the fact that contract breach is found in the early stages of the contract performance. Usually long contracts are split into several stages where the desired amount of goods and services is specified in each stage. If the procurer receives nothing during the first stage, if he goes to court he will easily win

the suit because the claims are not yet considerable. As a rule, if the contract is violated unfairly it becomes clear at an early stage.

There was the reserve price in the preliminary specification of the model. We excluded this indicator from the regression because it was significantly correlated with "Pecuniary claims" and "Length of contract" but not correlated with the dependant variable.

CONCLUSION

The main point of this paper is to analyze how blacklisting as an institution functions in Russia. We focus on factors that influence demand for this institution in different Russian regions and analyze the factors that influence the ability to use this institution. We point out and show two relationships between the outlined factors. First, we argue that corruption, transparency and gross regional product influence the share of breached contracts. Corruption and transparency have a positive impact on the share, and the size of the regional economy has a negative impact. Second, we show that the probability to win a lawsuit with minimum costs depends on the value of measurement costs and on the reasons for contract breach. When measurement costs are lower and the reason to sue is clear, the procurer's probability of winning the suit is higher. Additionally, we find that the length of a contract influences the probability of winning with minimal costs. Our data shows that the probability to win is higher for longer contracts. One possible explanation is that the buyer goes to court in the first stage of contract execution, and it is easier to show that nothing has been done and to cancel the contract in court.

One more interesting outcome is the link between the probability of winning and the amount of financial compensation requested by the plaintiff. The probability of winning with minimal costs is lower when the plaintiff requests more compensation. One possible explanation is that the more the plaintiff wants, the probability is higher that the defendant will disagree with the court's decision.

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APPENDIX

Figure 1. Six indicators of the quality of the institutional environment in Russia
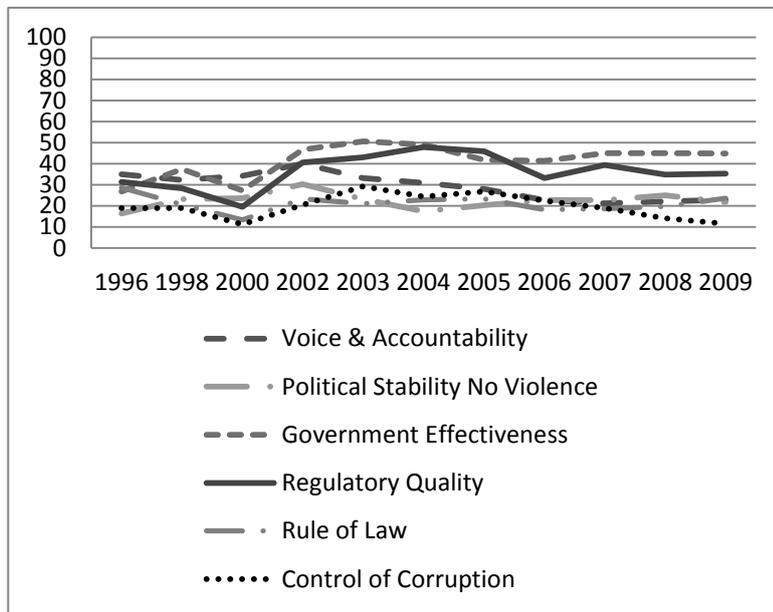
The figure is based on the site of the World Bank (http://www.worldbank.org/wbi/governance/)

Table 1. Statistics on tenders and problem situations

	January – December 2008	January – December 2009	January – December 2010	January – June 2011
Number of all tenders	9338807	10832241	11717996	5110787
Number of signed contracts	9320410	10851866	11684517	5086651
Number of additional agreements to signed contracts		97346	102163	20419
Number of canceled contracts, including:	11793	25963	29880	9976

Mutual Agreement	11644	25741	29425	9735
Court decision	149	222	455	241
Number of invalid tenders, including:	1164	1611	1291	722
Court decision	125	72	-	-
Decision of the control authority	1039	1539	-	-

The table is based on the information from the site of the Federal Statistics Agency (www.gks.ru/metod/torg.html).

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[1]For example, stationery is a search good, technical equipment is an experience good, and medicine is a credence good.