

Belarusian shrimps anyone?

How EU food products make their way to Russia through Belarus

*Andrei Yeliseyeu**

Abstract

Although it is an open secret that Belarus keeps its doors ajar for re-export of embargoed Western products to Russia, so far no systematic analysis of this phenomenon has been made. This paper fills this gap by giving a comprehensive review of Belarus' trade in embargoed products since the sanctions were introduced. First, it assesses volumes of trade in embargoed products and specifies their fake countries of origin. Second, it presents the impact of this phenomenon on Belarus-Russia relations and developments within the Eurasian Economic Union.

To sum up, total cost of embargoed products which had made their way to Russian market through Belarus since the introduction of a ban until 2017 is assessed to be as high as USD 2.7 billion. The figure is rather substantial, considering that total Belarus' food exports to Russia in 2013 equaled USD 4.5 billion. The largest categories of re-exported banned food were apples and pears, apricots, peaches and nectarines as well as tomatoes and cabbage.

Trade data analysis reveals that geographical distribution of the largest fake countries of origin changes over time. In late 2014 and throughout 2015 these were Morocco, Turkey, Moldova, a number of Balkan and Latin American states. In 2016, a handful of West and Central African countries came in the spotlight. Finally, in 2017 Yemen emerged as an important fake country of origin. In addition to large-scale manipulations with product certificates, Belarus considerably underreports export of sanctioned products to Russia in general.

* Andrei Yeliseyeu is a co-founder and research fellow at the Eurasian States in Transition ([EAST Center](#)), a Warsaw-based think-tank focused on Post-Soviet and East European studies.

This analysis was produced within the Think Visegrad Non-V4 Fellowship programme.

Think Visegrad – V4 Think Tank Platform is a network for structured dialog on issues of strategic regional importance. The network analyses key issues for the Visegrad Group, and provides recommendations to the governments of V4 countries, the annual presidencies of the group, and the International Visegrad Fund.

For more information about Think Visegrad and its members visit www.thinkvisegrad.org

Contents

1. Categories of re-exported embargoed food.	3
2. The sanctions-driven metamorphosis of Belarusian trade.	6
2.1. From an insignificant importer into the world's largest peach trader.	6
2.2. Gigantic trading losses, or rather a large-scale misreporting?	8
2.3. Unjustly forgotten cherries from Somalia.	9
3. Consequences for Belarus-Russia relations and EAEU development.	12
4. Conclusions.	15
Annexes.	16

1. Categories of re-exported embargoed food.

The United States, the EU and Canada introduced the first round of sanctions targeting Russia on March 17, 2014, the day after the Crimean referendum and a few hours before Russian president Vladimir Putin, by signing a decree recognizing Crimea as an independent state, laid the groundwork for its annexation by Russia. The principal EU sanctions that day aimed to "prevent the entry into, or transit through, their territories of the natural persons responsible for actions which undermine or threaten the territorial integrity, sovereignty and independence of Ukraine, and of natural persons associated with them".¹

Soon afterwards other states including Japan, Norway, Australia, Iceland and Montenegro followed the sanctions against Russia. In the following months the sanctions were expanded. Although the scopes of sanction regimes somewhat differ, in most cases they eventually targeted Russian arms, energy sector and financial entities. Since July 31, 2014 the EU economic sanctions included an embargo on arms and related material, and embargo on dual-use goods and technology intended for military use or a military end user, a ban on imports of arms and related material, controls on export of equipment for the oil industry, and restrictions on the issuance of and trade in certain bonds, equity or similar financial instruments on a maturity.² They are currently extended until 31 January 2018.

On August 6, 2014, Vladimir Putin retaliated by signing a decree "On the use of specific economic measures", which mandated an effective embargo for a one-year period on imports of most of the agricultural products whose country of origin had either "adopted the decision on introduction of economic sanctions in respect of Russian legal and (or) physical entities, or joined same".³ The next day, the Russian government ordinance was adopted and published with immediate effect, which specified the countries of origin as well as banned categories of food including meat, sausage, fish and seafood, vegetables, fruits and dairy products.⁴

A number of minor modifications have been introduced in the Russian sanctions list since then, including a ban on salt import from the designated countries effective since November 1, 2016. At present, Russian embargo is extended until 31 December 2018. Prior to the embargo, food exports from the EU to Russia reached €11.8 billion, or 10% of the total EU exports to Russia. Food exports from the United States, Canada and Australia to Russia totalled €1.5 billion.⁵ Not all categories of embargoed food have transited Belarus on their way to the Russian market, since some types of sanctioned food could be – and eventually were – quite easily replaced with supplies from other third countries not in the embargo list. However, in those cases (e.g., apples, peaches, tomatoes) when the EU countries were main exporters to Russia and no good alternatives in “clean” countries could be found, Belarus was indeed used as an important transit point for sanctioned products (see *Table 1* in

¹ Council decision 2014/145/CFSP of 17 March 2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine. Official Journal of the European Union. Retrieved October 10, 2017,

<http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014D0145>

² Council regulation (EU) № 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine. Official Journal of the European Union. Retrieved October 10, 2017, http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:JOL_2014_229_R_0001&from=EN

³ Указ Президента РФ от 6 августа 2014 г. N 560 "О применении отдельных специальных экономических мер в целях обеспечения безопасности Российской Федерации" [Presidential Decree of August 6, 2014 N 560 "On the application of certain special economic measures to ensure the security of the Russian Federation"], August 6, 2014. Official Webpage of the President of Russia. Retrieved October 10, 2017, <http://kremlin.ru/events/president/news/46404> (in Russian)

⁴ О мерах по реализации Указа Президента России "О применении отдельных специальных экономических мер в целях обеспечения безопасности Российской Федерации" [On measures to implement the Decree of the President of Russia "On the application of certain special economic measures in order to ensure the security of the Russian Federation"]. Official Webpage of the Government of the Russian Federation, August 7, 2014. Retrieved October 10, 2017, <http://government.ru/docs/14195/> (in Russian).

⁵ Russia hits West with food import ban in sanctions row, BBC, August 7, 2014. Retrieved October 10, 2017, <http://www.bbc.com/news/world-europe-28687172>

Annex which contains a list of sanctioned food categories along with their harmonized system codes and presents changes in corresponding Belarus' trade flows since the sanctions were introduced).

After Russia responded to sanctions by banning western food imports on August 6, 2014, media ridiculed appearance of Belarus-made shrimps and shellfish in the Russian market.⁶ In 2015 Belarusian Prime Minister Kobyakov did his best in explaining how shrimps, kiwi and papaya fruits get their way to Russia via Belarus without violating sanctions regime.⁷ Belarusian ruler Alexander Lukashenko vehemently denied that Belarus replaces stickers on sanctioned products, stating that this happens very rarely, “not even half per cent of all cases, but hundredths of a per cent”.⁸ Belarus' justifications, apparently, were not met with appraisal from the Russian side. In April 2017, disgruntled Russia's Minister of Agriculture Alexander Tkachev said boldly that Belarus became “the largest transit point for sanctions products”.⁹

Analysis of Belarusian trade flows in 2012-2016 reveals that no substantial change in Belarus' trade in the following categories of sanctioned products has taken place: **Frozen meat of bovine animals** (0202); **Fresh, chilled or frozen meat of swine** (0203); **Fresh, chilled or frozen meat & edible offal of poultry** (0207); **Meat & edible meat offal, salted, in brine, dried or smoked; flours & meals** (0210); **Fish** (0301 - 0305, 0307, 0308); **Crustaceans** (0306): In 2015 the volume of shrimp export to Russia and Kazakhstan by Belarus increased 18 times compared to 2013, but absolute numbers were very insignificant (129 tonnes worth of USD 380 thousand); **Cheese, butter and other dairy products** (0402 - 0406); **Potatoes** (0701), **provisionally preserved vegetables** (0711), **dried vegetables** (0712) and **dried leguminous vegetables** (0713); **Coconuts and nuts** (0801 - 0804); **Sausages and similar products** (1601), **food preparations of flour**, etc.

The food categories that seemingly bypassed Russian sanctions through Belarus in large quantities are the following¹⁰: **Fresh or chilled meat of bovine animals** (0201): In 2016, 105 times increase in terms of volume and 73 times increase in total cost of production is observed, compared to 2015. Although in this case a surge in trade is a result of Belarus' bypass of Russian sanctions against Ukraine, not the EU; **Vegetables** (0702-0710, 0714), multiple increase in volume of export and total costs of export in 2015 compared to 2013, in most of categories of sanctioned vegetables (tomatoes, cabbages, carrots, etc.); **Fruits**: multiple increase in trade flows of citrus fruits (0805), apples (0808), apricots, cherries and peaches (0809), other fruits (0810, 0811). The cost of re-exported products in 2014-2016 is estimated to be around USD 2.7 billion.

It should be stressed here that various cases of trade in embargoed products by Belarus have to be clearly differentiated. In case of Belarus-made boiled shrimps, salted salmon fillet or dairy products in the Russian market, the country could be in line with its legal obligations after processing imported frozen crustaceans, fresh salmon or milk, since exports of *processed* embargoed products by Belarus – even in case they originate from countries under sanctions – do not violate Russian or EAEU rules. For example, in 2014-2016, milk import by Belarus from the EU was 60-100 times higher compared to the year of 2013, but export of Belarusian dairy products made of the EU-produced milk to Russia did not violate Russian legislation.

As for the trade in vegetables and fruits, their re-export by Belarus does not violate Russian rules either, *conditioned that the products originate from the countries not on the Russia's sanctions list.*

⁶ After food ban, Russia markets shrimp “from Belarus”, EurActiv, August 20, 2014. Retrieved October 10, 2017, <https://www.euractiv.com/section/global-europe/news/after-food-ban-russia-markets-shrimp-from-belarus/>

⁷ Papaya import from Belarus to Russia explained, BelTA, September 29, 2015. Retrieved October 10, 2017, <http://eng.belta.by/economics/view/papaya-import-from-belarus-to-russia-explained-85781-2015/>

⁸ Лукашенко: Беларусь не переклеивает наклейки на санкционные продукты, а перерабатывает импортируемое сырье [Belarus does not change stickers on sanctioned products but recycles imported raw products, Lukashenko says]. BelTA, February 3, 2017. Retrieved October 10, 2017, <http://www.belta.by/president/view/lukashenko-belarus-ne-perekleivaet-naklejki-na-sanktsionnye-produkty-a-pererabatyvaet-importiruemoe-231368-2017/> (in Russian).

⁹ Tkachev called Belarus the largest transit point for sanction products, The DairyNews, April 3, 2017. Retrieved October 10, 2017, <http://www.dairynews.ru/news/tkachev-called-belarus-the-largest-transit-point-f.html>

¹⁰ A more detailed overview of volume and cost of imports in embargoed products which substantially increased its flows through Belarus is given in **Table 2** (see in Annex).

And nominally – judged from the Belarusian customs statistics – in most of cases increases in trade flows in vegetables and fruits were indeed a result of a steep surge in imports of banned products from the countries not covered by the Russian sanctions. However, as a number of earlier journalistic investigations and Rosselkhoznadzor¹¹ reports revealed, the sanctions regime was repeatedly bypassed through Belarus, in most cases thanks to the counterfact certificates obscuring actual countries of origin.

This paper presents a comprehensive analysis of Belarus' export and import in embargoed products allowing to see supposed volumes of trade by specific food categories, something that occasional journalist materials and Rosselkhoznadzor press releases do not contain. It does so by analysing detailed trade data given by the Belarusian statistics office as well as by Belarus' trading partners. Significant increase in Belarus' trade in specific sanctioned product, coupled with a radical change of alleged countries of origin, point at a probable re-export case. Large differences between trade statistics given by Belarus and its alleged importing partners further confirm assumptions about largely used counterfeit phytosanitary certificates which accompany sanctioned products. For example, according to Belarusian trade data, import from Ecuador in 2015 totaled USD 71 mln, including imports of 25,000 tonnes of apples worth of USD 16 mln. In contrast, Ecuador reports that mostly roses and other flowers were exported to Belarus worth of USD 3.7 mln that same year.¹² Such big differences cannot be attributed to common discrepancies in bilateral trade statistics.

In fact, Ecuador is itself an apple-importing country, as its annual production of apples (around 10,000 tonnes) accounts for about 15% of domestic consumption.¹³ It allows us to speak with a high degree of certainty of a large-scale usage of counterfeit – alleging Ecuador as an apple-producer – certificates of origin accompanying EU-originated, most likely Polish, apples transiting Belarus throughout 2015. Cross-checking trade statistics for 2014-2016 in the United Nations Comtrade Database given by Belarus and such countries as Morocco, South Africa, Turkey and others reveals other substantial discrepancies.

¹¹ Federal Service for Veterinary and Phytosanitary Surveillance.

¹² Ficha Técnica País, Belarús. Webpage of the Institute for the Promotion of Exports and Investments of Ecuador. Retrieved October 10, 2017, <http://www.proecuador.gob.ec/> (in Spanish).

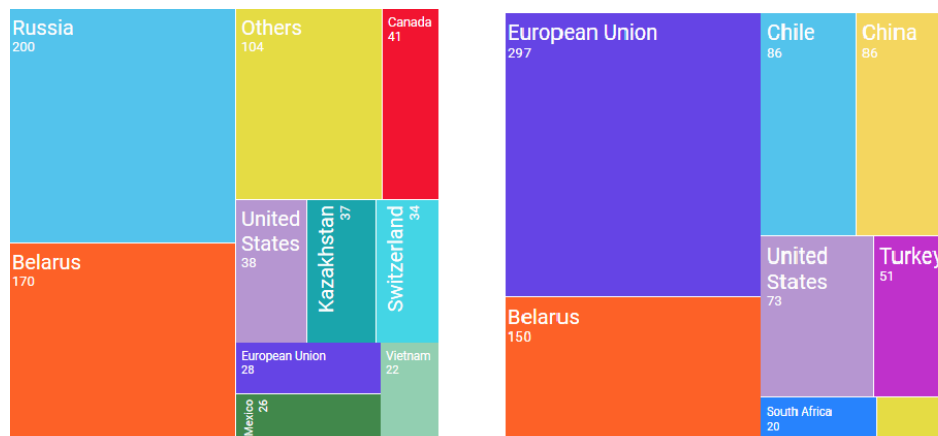
¹³ La producción local de manzanas no puede cubrir la demanda todo el año, El Comercio, March 24, 2015. Retrieved October 10, 2017, <http://www.elcomercio.com/actualidad/manzanas-produccion-local-salvaguardias-ecuador.html> (in Spanish).

2. The sanctions-driven metamorphosis of Belarusian trade.

2.1. From an insignificant importer into the world's largest peach trader.

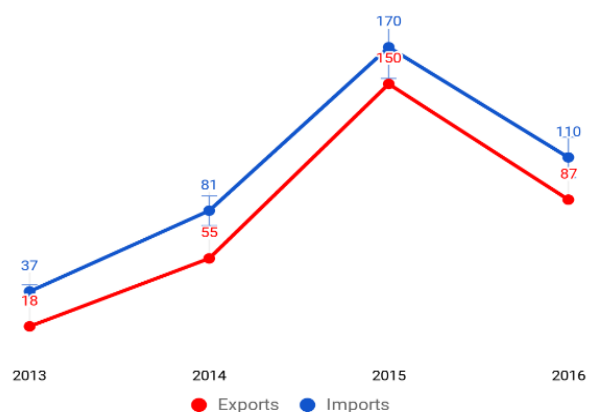
As a result of the Russian product sanctions, Belarus suddenly found itself among major tropical fruit traders. According to the Belarusian trade statistics, in January 2014 - June 2017 imports of apricots, peaches and nectarines, cherries and plums by Belarus totaled 550 thousand tonnes valued at USD 700 mln. Virtually all these volumes of fruits were consequently exported to Russia.

Graph 1.2. Peaches and nectarines world trade 2015 - 2016 (imports, left and exports, right)¹⁴.



As seen in the Graphs 1 & 2, by 2016 Belarus became a second world's largest peach importer exceeding the European Union, the United States, Canada and Mexico taken together. As for the peach exports, Belarus followed only the EU-28.

Graph 3 (on the right) shows (thousands of tonnes) how significantly Belarus' trade in peaches and nectarines surged after an introduction of Russian sanctions in August 2014¹⁵. Trade flows remain substantial even though they decreased in 2016, probably as a consequence of stricter customs control at the Belarus-Russia border and other measures directed at prevention of re-export taken by Russia.

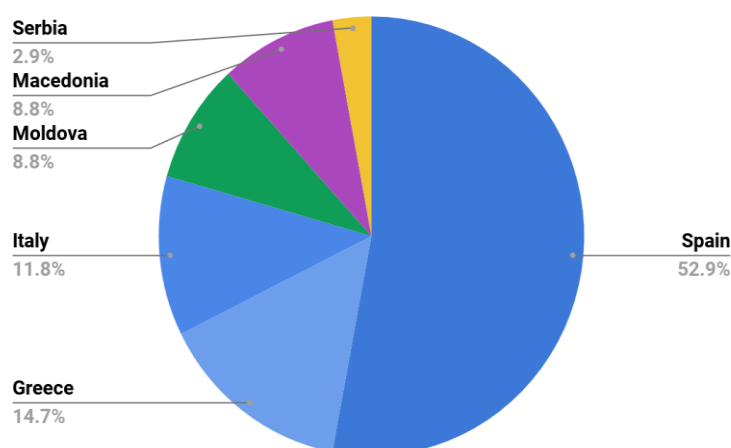


Before introduction of sanctions Belarus used to import the lion's share of peaches and nectarines from Spain, Italy and Greece. In 2015 the EU countries, according to the Belarus' official trade statistics, accounted for merely 7% of Belarus' imports, while Morocco, Turkey, South Africa and Egypt took the lead. Ecuador, Peru and Bosnia and Herzegovina (BiH) as other alleged major peach exporters made the official Belarusian geographical distribution of peach imports even more dubious.

¹⁴ Foreign Agricultural Service/USDA, September 2017. Compiled by author.

¹⁵ Belarusian statistics office. Compiled by author.

Graph 4. Peach and nectarine imports by Belarus, 2013¹⁶.

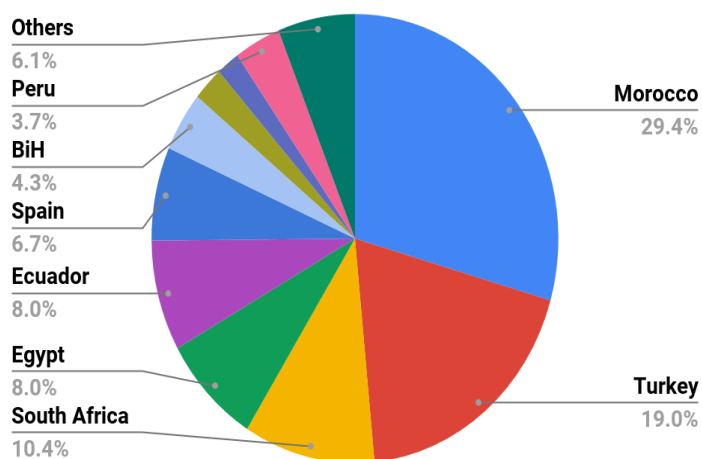


Among other things, in 2015 Belarus allegedly purchased around 13,000 tonnes of peaches from Ecuador worth of USD \$16 mln and as much as 50,000 tonnes of peaches from Morocco for USD \$64.5 mln. Noteworthy, these trade categories are not accounted for neither by Ecuadorian or Moroccan statistics offices.

As a result of visible large-scale fraud with certificates of origin (mostly concerning supplies of apples, citrus fruits, peaches and

nectarines), Belarusian statistics placed Ecuador and Morocco very high in the list of Belarus' 2015 trading partners. In terms of volume of imports, Morocco with its alleged USD 300,1 mln worth of imports turned out to become 10th largest Belarus' trading partner.¹⁷ In other words, sanctions-driven fraud distorted the ranking of the Belarusian trading partners.

Graph 5. Peach and nectarine alleged imports by Belarus, 2015¹⁸.



A year later, Belarusian statistics turned to the West and Central African countries, including Mali, Central African Republic, Guinea and Cote d'Ivoire as alleged major peach exporters. According to the Belarusian statistics office, in 2016 volumes of peach imports as well of imports of plenty of other fruits and vegetables from African countries skyrocketed hundreds of times to amount more than a half of Belarus' total peach imports (see Graph 11 for details).

For this reason, in 2016 Belarus reports Cote d'Ivoire import to be as

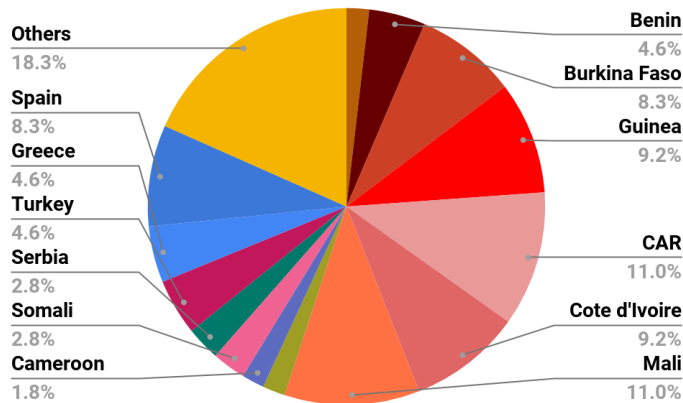
high as worth of USD 55.6 mln thus following – if not taking into account a number of western countries – only imports from China, Turkey, India, Saudi Arabia, Brazil and Argentina.

¹⁶ Belarusian statistics office. Compiled by author.

¹⁷ In terms of imports, Morocco followed only Russia, China, Germany, Poland, Ukraine, Italy, USA, Turkey and France.

¹⁸ Belarusian statistics office. Compiled by author.

Graph 6. Peach and nectarine alleged imports by Belarus, 2016¹⁹.



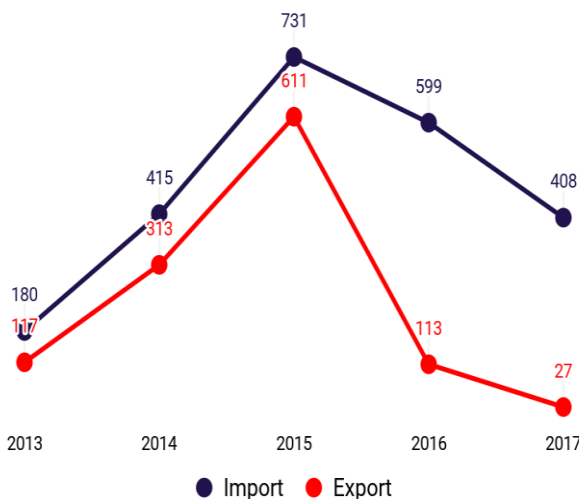
Benin turned out to be as important peach exporting country for Belarus as Greece, while Somalia outranked Italy, the Belarusian data shows. It should be noted here that, the UN Comtrade Database does not support these Belarus' allegations. In other words, African countries do not report similar trade flows with Belarus.

2.2. Gigantic trading losses, or rather a large-scale misreporting?

In addition to manipulations with countries of origin, analysis of detailed official Belarus' trade statistics reveals that exports in sanctioned products both in terms of volume and cost are occasionally seriously misreported. Illustrative examples in this regard are trade in fruits.

As seen in the Graph 7, in 2016 Belarus' apple export dropped more than five times compared to 2015, although decline in imports during that same year was quite moderate. It follows from the official statistics that during 2016 and a first half of 2017 Belarusians consumed almost a million of tonnes of imported apples.

Graph 7. Belarus' trade in apples in January 2013 - June 2017, thousand tonnes²⁰.

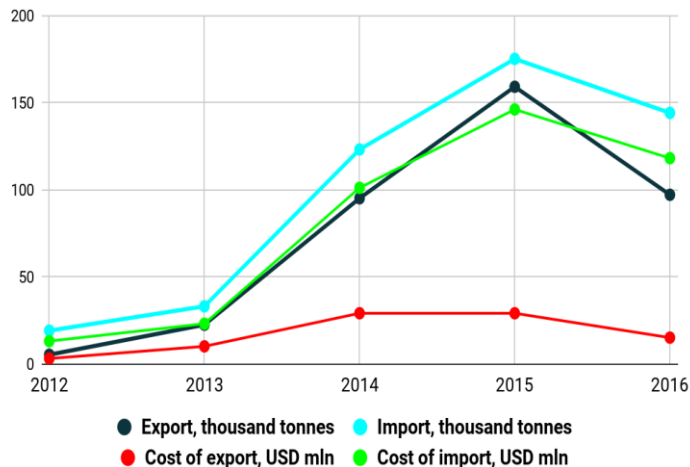


In case of pears, according to Belarusian statistics, the country carries huge trading losses. It follows that throughout 2014-2016 Belarus purchased 440 thousand of tonnes of pears which costed average more than USD 800 per tonne. However, for unknown reason, the pears were consequently exported to Russia for as cheap as USD 306, USD 182 and USD 156 per tonne in 2014, 2015 and 2016, respectively. As a result, in 2014-2016 Belarus, according its own trade statistics, lost around USD 300 mln in trading pears, and yet additional USD 65 mln in first half of 2017.

¹⁹ Belarusian statistics office. Compiled by author.

²⁰ Belarusian statistics office. Compiled by author.

Graph 8. Belarus' trade in pears, 2012 - 2016²¹.



Furthermore, Belarusian statistics office data shows that Belarus additionally lost around USD 500 mln by trading apricots, peaches and nectarines, cherries and plums during August 2014 - June 2017. A normal import price per tonne of peaches in 2015 stood at USD 1320, while a tonne of exported peaches by Belarus allegedly costed on average around USD 192, or almost seven times cheaper, official statistics says.

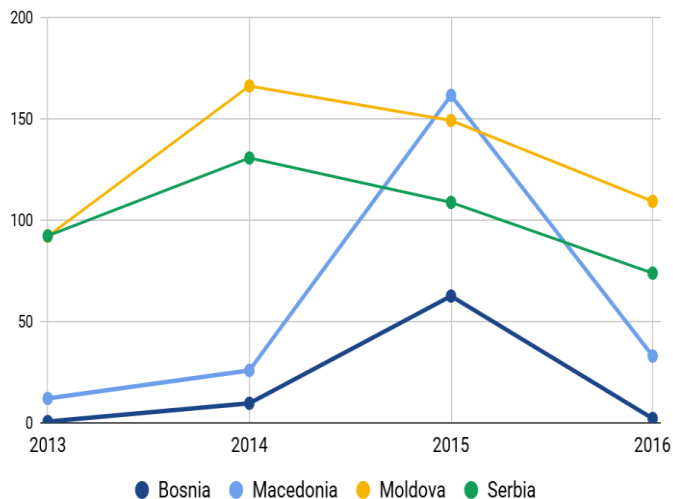
Kateryna Bornukova, academic director at the Belarusian Economic Research and Outreach Center, the country's leading economic think-tank, believes

that the only meaningful explanation of this phenomenon is deliberate misreporting by Belarus.²² Indeed, it would be naive to suppose that Belarusian companies consistently incur significant financial losses. Belarus seems to misreport exports of sanctioned products to Russia with intention to play down the latter's concerns over large-scale re-export.

2.3. Unjustly forgotten cherries from Somalia.

It is striking how the geographical distribution of Belarus' alleged importing partners has changed over time. Throughout late 2014 and 2015, Moldova and a number of Balkan countries as well as some countries of northern Africa and Latin America were the largest fake countries of origin of embargoed products transiting Belarus both in terms of trade volume and costs.

Graph 9. Belarus' imports from Bosnia, Macedonia, Moldova and Serbia in 2013 - 2015, USD mln.²³



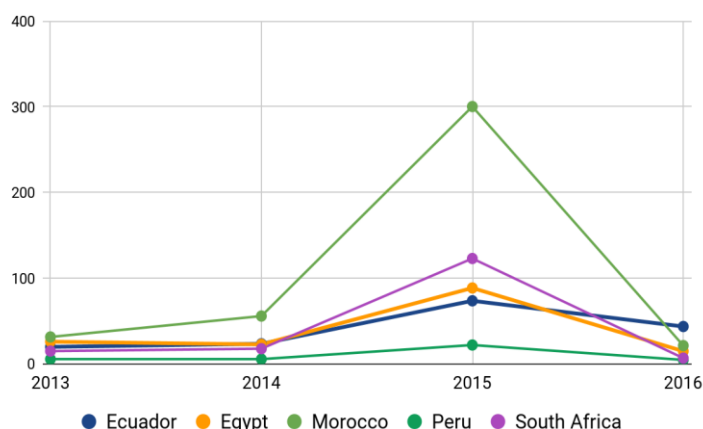
As seen in the Graph 9, according to Belarusian statistics, in 2015 imports from Macedonia and Bosnia surged multiple times and reached USD 161.3 and USD 62.3 mln, respectively. In cases of Moldova and Serbia, volumes of imports from these two countries allegedly increased in 2014.

²¹ Belarusian statistics office. Compiled by author.

²² Interview with Kateryna Bornukova, September 27, 2017.

²³ Belarusian statistics office. Compiled by author.

Graph 10. Belarus' imports from Ecuador, Egypt, Morocco, Peru and South Africa, USD mln.²⁴

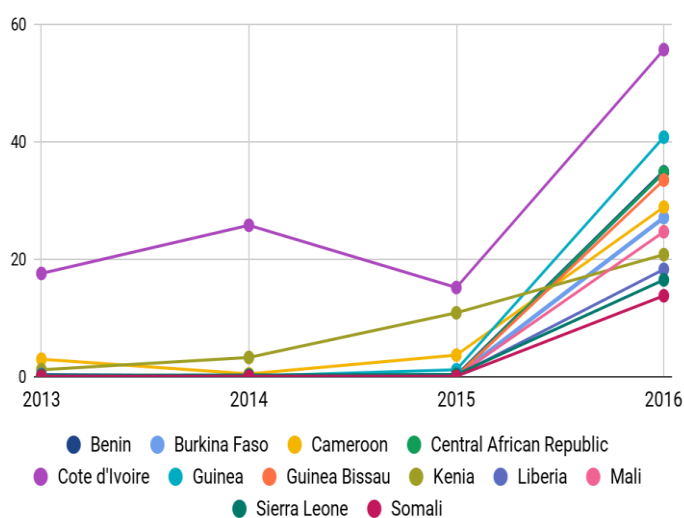


In 2015 imports from Ecuador, Egypt, Morocco, Peru and South Africa exceeded USD 600 mln, Belarusian official data shows. In their turn, according to the UN Comtrade data, Ecuador, Egypt, Morocco, Peru and South Africa reported that same year export worth of USD 3.7 mln, USD 4 mln, USD 23.8 mln, zero and USD 1.7 mln export to Belarus, respectively.

As seen in the Graph 11, until 2016 Belarus' imports from many West and Central African countries – with notable exceptions in case of Cote

d'Ivoire (thanks to cocoa beans import) and Kenya (flowers) – to Belarus was virtually non-existent. In 2016 plenty of countries of the region, according to Belarusian trade statistics, started importing substantial amounts of food categories from the Russian sanctions list. In 2016 Belarus' imports from 12 countries shown in the Graph 11 totaled USD 350 mln.

Graph 11. Belarus' imports from West and Central African countries, USD mln.²⁵



As a result of large-scale fraud with countries of origin, Belarus' trade statistics with the African continent for 2015-2016 became very distorted. While Belarus continuously had trade surplus with Africa (between USD 102 mln and USD 178 mln in 2010 - 2014), the country's trade turnout suddenly became negative in 2015 (USD 271 mln) and 2016 (USD 224 mln).

While Belarusian statistics exaggerates trade with many Asian, Latin American and African countries mentioned above, there are good reasons to believe that Belarus' imports from the EU states as actual countries of origin are substantially underreported by Belarus.

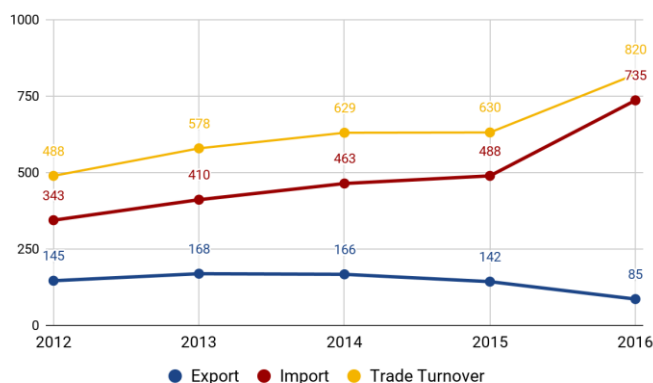
Belarus-Africa trade statistics is very dubious in many respects. In 2016 Belarus, among other things, reported imports of 4,000 tonnes of tomatoes from Guinea, 7,476 tonnes of pears from Central Africa, 38 tonnes of cranberries and other berries from Cote d'Ivoire, and 1,956 tonnes of cherries from Somalia.

In addition to the West and Central African countries, in 2016 Afghanistan, according to Belarus' statistics, became a rather large importer of pears, peaches, agaricus mushrooms, other fruits, berries and vegetables worth of 10.9 mln USD, compared to just USD 0.4 mln in 2015. Likewise, analysis of the official Belarusian trade statistics and findings of Rosselkhoznador show that western food products were massively exported to Russia under the guise of Turkish foods.

²⁴ Belarusian statistics office. Compiled by author.

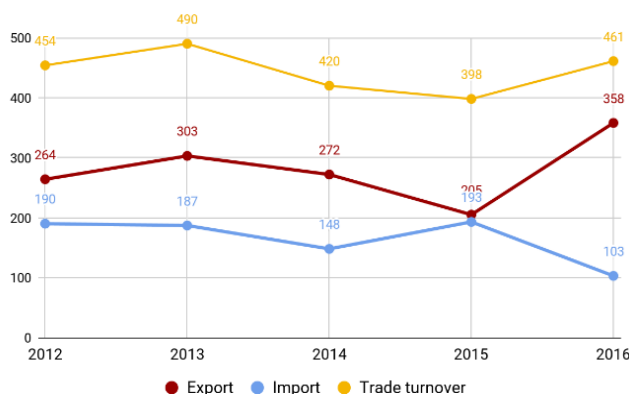
²⁵ Belarusian statistics office. Compiled by author.

Graph 12. Belarus-Turkey trade in 2012-2016, USD mln, Belarus' data.²⁶



Whereas Belarus' statistics shows an annual increase in trade with Turkey, according to Turkish data, trade turnover with Belarus went down in 2014. In 2016 Belarus reported a bilateral trade turnover valued at USD 820 million, which is almost twice as much as Turkish statistics shows (around USD 461 mln).

Graph 13. Belarus-Turkey trade in 2012-2016, USD mln, Turkish data.²⁷



Finally, as seen from the Belarusian trade data covering the first half of 2017, Yemen appeared in the top fake importing partners. In January - June 2017 this war-torn country allegedly imported to Belarus a variety of fruits and vegetables – mostly peaches and cherries – worth of USD 50 mln. Only in mid-October 2017 Rosselkhoznadzor banned import of tomatoes originated in Yemen and a number of other Asian and African countries via Belarus.²⁸ However, the ban does not concern alleged Yemen-originated fruits as of October 15, 2017. As in many

other previous cases, Rosselkhoznadzor was too late in introducing the ban of re-export of sanctioned products through Belarus from a dubious country of origin.

This is indeed a tricky and rather lengthy process, Russian authorities admit. “Our [Belarusian] colleagues say that [apples, peaches and pears] are re-exported from Sierra Leone. So we started a countdown: first Belarus, then moving to the [previously transited] EU countries. As we went into negotiations with the embassy of Sierra Leone, we found out in a couple of months that the country had not supplied any fruits to Belarus. By that time all those [allegedly originated in Sierra Leone] products were already sold in the Russian market. So we stopped re-export from Sierra Leone but soon afterwards we have to deal with, say, products from Liberia or Trinidad and Tobago. A story starts anew, and there are many countries in the world”, Sergei Dankvert, the head of Rosselkhoznadzor, complained in one of his interviews.²⁹

²⁶ Belarusian statistics office. Compiled by author.

²⁷ Belarusian statistics office. Compiled by author.

²⁸ Россельхознадзор вводит дополнительные меры защиты по недопущению ввоза в Россию запрещенной продукции через территорию Республики Беларусь [Rosselkhoznadzor to introduce additional protection measures preventing the entry of banned products to Russia through the territory of the Republic of Belarus], Rosselkhoznadzor Webpage, October 13, 2017. Retrieved October 15, 2017, <http://www.fsvps.ru/fsvps/news/23212.html> (in Russian).

²⁹ Россельхознадзор закрыл транзит через Белоруссию из 24 стран Африки [Rosselkhoznadzor banned a transit from 24 African states to Belarus], TASS, February 15, 2017. Retrieved October 10, 2017, <http://tass.ru/ekonomika/4025629> (in Russian).

3. Consequences for Belarus-Russia relations and EAEU development.

Trade sanctions against third countries inevitably bring a challenge of controlling the flows of goods through other member states of the customs union. As the Eurasian Economic Union (EAEU) members (Armenia, Belarus, Kazakhstan, and Kyrgyzstan) did not follow the Russian decision to ban some food imports from western countries, this challenge became a painful reality for Russia.

Following the ban on Western food products, Russian interdepartmental mobile groups of customs officers, border guards, police and inspectors of Rosselkhozadzor began patrolling territories bordering Belarus and Kazakhstan in order to put a barrier on the way of embargoed products. As of March 2017 more than 40 mobile groups were functioning, half of them at the Belarusian border. Border patrolling somewhat undermined the spirit of the Eurasian Economic Union³⁰ envisaging removal of control of the goods at the internal borders.

Statistics provided by Russian customs and Rosselkhozadzor indicates that Belarus is indeed the largest country of re-export of sanctioned products. In 2015 Federal Customs Service (FSC) initiated 256 administrative cases concerning re-export of embargoed food through Belarus, which is twice more the number of Lithuania-related or Poland-related (112) and almost 10 times more than Kazakhstan-related (28) cases.³¹

As Sergei Dankvert, the head of Rosselkhozadzor, acknowledged in late 2014, after selective checks were carried out at six main highways connecting Belarus and Russia, he realized how complicated the state of things was with re-export of sanctioned products. However, the Russian agency did not have enough human resources to check all products transiting Belarus.³² Indeed, according to Rosselkhozadzor, carriers who failed to pass the checks on a highway, often turned back only to find an uncontrolled road in order to eventually deliver products to Russian customers.³³

In order to address this issue, Russian agriculture minister Aleksandr Tkachev asked Vladimir Putin and the government to change legislation regulating state agencies' actions over detected sanctioned goods. On July 29, 2015 President Putin signed decree on destruction of sanctioned food products on Russian border. Therefore, from August 6, 2015 on, Russian agencies can destroy contraband on-site instead of sending it back to the country of origin.

As a result, from August 2015 to August 2017 the Russian side destroyed around 17,000 tonnes of embargoed products, mostly on the border with Belarus. Rosselkhozadzor believes that countermeasures would be much more effective if another state controlling agency, Rosпотребнадзор (Russian consumer protection agency), was more active in selling points, where Rosselkhozadzor's competences do not extend.³⁴ Vladimir Bulavin, the head of Russian customs service, also acknowledged his dissatisfaction with effectiveness of the mobile groups' work. The FSC demanded these units to be relocated to the places of sales of goods. Indeed, based on our assessment, 17,000 tonnes of detected and destroyed embargoed food is less than a per cent of actual volumes of re-exported products through Belarus.

³⁰ In 2014, it was yet the Eurasian Economic Space.

³¹ Белоруссия лидирует среди стран по фактам реэкспорта санкционных товаров в Россию [Belarus leads in factual cases of sanctioned products re-export to Russia], TASS, January 27, 2016. Retrieved October 10, 2017, <http://tass.ru/ekonomika/2618692> (in Russian).

³² "Мы вам глазки откроем и покажем" ["We will open your eyes and show it to you"], RBC, December 1, 2014. Retrieved October 10, 2017, <http://www.rbc.ru/newspaper/2014/12/01/56bd625b9a7947299f72c627> (in Russian).

³³ Россельхознадзор увеличит число постов на границе с Белоруссией и Казахстаном [Rosselkhozadzor is to increase a number of road posts at the border with Belarus and Kazakhstan], Lenta.ru, August 7, 2015. Retrieved October 10, 2017, <https://lenta.ru/news/2015/08/07/jamon/> (in Russian).

³⁴ Россельхознадзор отчитался об уничтожении санкционной продукции за два года [Rosselkhozadzor reported on destruction of sanctioned products in the last two years], Interfax, August 6, 2017. Retrieved October 10, 2017, <http://www.interfax.ru/business/573698> (in Russian).

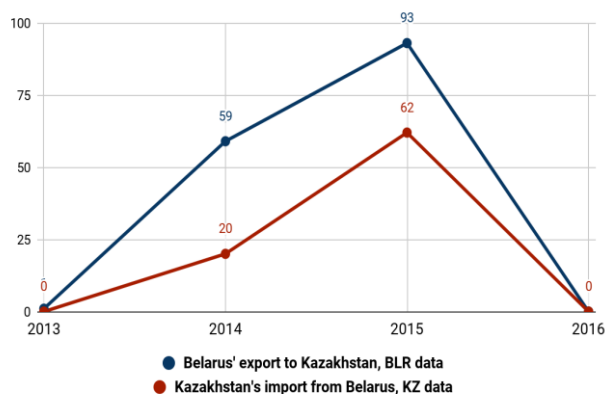
Sergei Dankvert repeatedly blamed Belarus for re-export of sanctions products and Belarus' unwillingness to assist Russia with re-export prevention. Furthermore, in the last three years Rosselkhoznadzor occasionally restricted access of Belarusian food products from certain enterprises to the Russian market. Although such restrictions concerned a few per cent of all Belarusian agriculture exporters and less than 1 per cent of Belarusian food export, Belarusian ruler Alexander Lukashenko publicly lashed out against Dankvert.

The dispute between the two sharpened in February 2017, when Lukashenko instructed Belarusian law-enforcement agencies to start criminal proceedings against Dankvert. Days later Belarus' Ministry of Interior announced that an investigation is underway whether the Russian official's actions contained signs of discreditation of Belarusian enterprises' business reputation. As a result, an inspection visit of Russian specialists to Belarus previously scheduled on February was cancelled by Rosselkhoznadzor, citing concerns over possible provocations.

“Taking into account the statements by the head of the [Belarusian] state, one can imagine what can happen to an ordinary [Russian] inspector [in Belarus]. It would not be easy to prove that one did not rape someone in the hotel or did not bring half a tonne of marihuana [to Belarus]”³⁵, Sergei Dankvert argued. Furthermore, he suggested to initiate a criminal case against “the entire Ministry of Agriculture of Belarus for avoiding cooperation with us and not letting joint actions either on the external [Belarus-EU] border or on the border with Russia”.³⁶ In the very late May 2017 Belarus' Minister of Interior reported that the “Dankvert case” was still open. Although the verbal conflict between Belarusian and Russian officials cooled down since then, the two sides have not achieved mutual understanding either.

Expectation of Russian controlling agencies that Belarus and Kazakhstan would be more proactive in preventing re-export of banned food to Russia did not come true. In 2015 Russia reportedly asked the EAEU countries to create a common database with e-control over issued phytosanitary and veterinary documents and a possibility to track the transportation of sanctioned products online.³⁷ The EAEU countries not only refused to do so, but were not willing to share the numbers of their trade volumes with the EU. “We keep asking Belarus and Kazakhstan how big volumes of products from the EU they got, but they treat these statistics as inmost and belonging only to them”, complained Dankvert.³⁸

Graph 14. Belarus' and Kazakhstan's apple trading data, thousand of tonnes.³⁹



This secrecy allowed Belarus and Kazakhstan to bypass Russian embargo under cover of mutual trade in sanctioned products until 2016. Before Russian ban against western products was introduced, Belarus' apple export to Kazakhstan was virtually non-existent. In 2014 and 2015, it suddenly increased up to 59,000 and 93,000 tonnes, respectively. Cross-checking with the Kazakhstan's foreign trade data reveals that about 70,000 tonnes of apples were “lost” on their way to Kazakhstan, i.e. remained in Russia.

³⁵ «Вслед за Минском можем закрыть поставки и других регионов Белоруссии» [“Following Minsk, we can ban supplies from other Belarus' regions”]. Izvestia, February 22, 2017. Retrieved October 10, 2017, <https://iz.ru/news/666352#ixzz4ZOxNPzLa> (in Russian).

³⁶ Глава Россельхознадзора считает правильным возбудить уголовное дело против Минсельхоза Белоруссии [The head of Rosselkhoznadzor believes a criminal case should be initiated against the Belarus' Ministry of Agriculture], RNS, April 12, 2017. Retrieved October 10, 2017, https://rns.online/consumer-market/Glava-Rosselkhoznadzora-predlozhit-vozbudit-ugolovnoe-delo-protiv-Minselhozproda-Belorussii--2017-04-12/?utm_source=push (in Russian).

³⁷ Россия предлагает странам ЕАЭС создать единую базу для отслеживания санкционных товаров [Russia proposes EAEU countries to create a common database for tracking sanctioned goods], TASS, August 13, 2015. Retrieved October 10, 2017, <http://tass.ru/ekonomika/2185584> (in Russian).

³⁸ “Мы вам глазки откроем и покажем” [“We will open your eyes and show it to you”], RBC, December 1, 2014. Retrieved October 10, 2017, <http://www.rbc.ru/newspaper/2014/12/01/56bd625b9a7947299f72c627> (in Russian).

³⁹ Author's compilation based on Belarus' and Kazakhstan's statistics offices data.

One of the latest Russian initiatives, which was discussed in the Eurasian Economic Commission, concerned a proposal for the EAEU countries to destroy food products when their transit detected without necessary accompanying documents.

According to Dankvert, in response to more intensive Rosselkhoznadzor checks at the border with Belarus and Kazakhstan, the number of cases increased when food products were destined to Russia undocumented.⁴⁰ The EAEU countries have not endorsed this proposal so far, thus leaving Rosselkhoznadzor to keep fighting with windmills. Therefore, the EUEU has not been instrumental for Russia in controlling re-export of embargoed products from Belarus or Kazakhstan.

⁴⁰ Россия предложила странам ЕАЭС уничтожить нелегальные продукты [Russian proposal the EAEU countries to destroy illegal food products], Izvestia, June 2, 2017. Retrieved October 10, 2017, <https://iz.ru/news/722417> (in Russian)

4. Conclusions.

Despite repeated assurances of Belarusian side about insignificant re-export of embargoed products originated in the countries under Russian sanctions, comprehensive assessment of the trade data proves the opposite. Although not all the categories of sanctioned food transit Belarus, many categories of fruits and vegetables are seemingly re-exported through Belarus into Russia in large quantities. Total cost of re-exported products through Belarus until 2017 is assessed at USD 2.7 billion.

While appearance of shrimps and oysters from land-locked Belarus on the Russian market was often ridiculed in the media and elsewhere, re-export of these very categories of food was actually very insignificant. Moreover, in most of these cases Belarus could have supplied *processed* seafood, as well as EU-originated milk, to Russia without a violation of the latter's sanctions regime. At the same time, the largest categories of re-exported banned food apparently were apples and pears, apricots, peaches and nectarines as well as tomatoes and cabbage.

In order to circumvent Russia's embargo on Western products, large amounts of products with counterfeit certificates of origin were supplied to the Russian market through Belarus. This is the main mechanism to bypass the Russian sanctions regime through Belarus. The geographical distribution of fake countries of origin has changed dramatically over time. While Balkan states, Morocco, Egypt, Turkey, South Africa and some other countries were often used in this capacity in late 2014 and throughout 2015, many West and Central African countries came to the spotlight in 2016.

For this reason, Belarusian official trade statistics with developing countries in 2015-2017 should be used with a great caution. This explains why Morocco and Ecuador appeared high in the list of largest Belarus' trading partners in 2015 as well as why imports from West and Central African countries including Cote d'Ivoire, Guinea and Central African Republic skyrocketed in 2016. In terms of total imports (USD 55.6 mln), last year Cote d'Ivoire – on paper – outranked Kazakhstan which is a Belarus' partner in the EAEU.

Russian countermeasures to re-export of banned products through Belarus are largely ineffective. According to Rosselkhoznadzor, from August 2015 to July 2017 about 17,000 thousand of tonnes of embargoed fruits and vegetables were detected. Our assessment shows that this is less than a per cent of actual volumes of re-exported products via Belarus.

Besides manipulating countries of origin of embargoed productions, Belarus deliberately misreports trade statistics, underestimating volumes of export and cost of export of fruits to Russia. It follows from the official Belarusian statistics that during 2016 and a first half of 2017 almost a million of tonnes of imported apples were "lost". The cost of Belarus' export of apples, pears, apricots, peaches and nectarines, cherries and plums to Russia during the sanctions period is more than USD 1 billion underreported by the Belarusian statistics office, probably with intention to cool down Russian concerns over large-scale re-export of sanctioned products.

Re-export of sanctioned products worsened Belarus-Russia bilateral relations, led to Belarusian and Russian officials' mutual accusations and even to a criminal investigations against the Head of Rosselkhoznadzor Sergei Dankvert by Belarus. Russia tried using the Eurasian Economic Union mechanisms repeatedly to impose a more efficient system of control over re-export on the EAEU countries, but largely without success.

Annexes.

Table 1. Embargoed food categories and their flows through Belarus.⁴¹

HS Code	Description	Post-embargo change in flows through Belarus
0201	Meat of bovine animals, fresh or chilled	105 times increase in terms of volume and 73 times increase in total cost in 2016 compared to 2015. Re-exported from Ukraine, not the EU.
0202	Meat of bovine animals, frozen	No change
0203	Meat of swine, fresh, chilled or frozen	No change
0207	Meat & edible offal of poultry, fresh, chilled or frozen	No change
0210	Meat & edible meat offal, salted, in brine, dried or smoked; flours & meals	No change
0301 - 0308	Fish, crustaceans, molluscs and aquatic invertebrates	Multiple increase in shrimp import to Russia and Kazakhstan in 2015 compared to 2013, but in absolute numbers the volumes were very insignificant.
0401 - 0406	Milk & cream, butter, cheese and other dairy products	Volume of import of milk (0401) in 2014 - 2016 was as much as 60-100 times compared to 2013.
0701 - 0714	Vegetables, roots & tubers	Multiple increase in export volume and costs in 2015 compared to 2013, in all categories except for provisionally preserved vegetables (0711), dried vegetables (0712) and dried leguminous vegetables (0713).
0801 - 0811, 0813	Fruits, coconuts & nuts	Multiple increase in export of citrus fruits (0805), apples (0808), apricots, cherries and peaches (0809), other fruits (0810, 0811).
HS1601	Sausages & similar products, of meat, meat offal or blood; food preparations based on these products	No change
HS1901 90 110, HS1901 90 910	Malt extract; food preparations of flour, meal, starch or malt extract, not containing more than 50% cocoa powder; food preparations of dairy products, etc.	No change
HS2106 90 920 0, HS2106 90 980 4, 5, 9	Food preparations containing milk, based on vegetable oils n.e.s.o.i.	No change

⁴¹ Author's compilation based on Belarus' and Kazakhstan's statistics offices data.

Table 2. Volume and costs of Belarus' imports of embargoed products in 2013-2016.⁴²

Product, HS Code	Measure	2013	2014	2015	2016	Estimated volume / cost of re-exported products in 2014-2016
Meat of bovine animals, fresh or chilled (0201) [Note: re-exported from Ukraine not the EU]	Volume, tonnes	353	855	151	15,930	16,000 tonnes
	Cost, USD mln	1,9	3,5	0,5	37,3	USD 40 mln
Crustaceans (0306)	Volume, tonnes	3,545	2,833	1,583	1,144	-
	Cost, USD mln	18,4	15,7	8	5,9	-
Milk & cream (0401)	Volume, thousand of tonnes	1,1	67,8	56,8	105	Not re-exported, but served for production of dairy food
	Cost, USD mln	3,1	43,3	22,6	41,3	
Tomatoes (0702)	Volume, thousand of tonnes	79,4	119,1	144,6	187,2	200,000 tonnes
	Cost, USD mln	66,1	126,8	161	218,5	USD 320 mln
Onions, shallots, garlic, leeks & other alliaceus vegetables (0703)	Volume, thousand of tonnes	9,6	14,8	26,5	10,7	25,000 tonnes
	Cost, USD mln	6,7	10,7	17,4	9	USD 15 mln
Cabbages, cauliflowers, kohlrabi, kale & similar edible brassicas (0704)	Volume, thousand of tonnes	22	65,8	88	47,1	120,000 tonnes
	Cost, USD mln	10,8	34,5	51,7	31	USD 80 mln
Lettuce (0705)	Volume, thousand of tonnes	0,9	7,7	20,2	16,6	40,000 tonnes
	Cost, USD mln	1,8	8,7	19	15,8	USD 40 mln
Carrots, turnips, salad beetroot, salsify, celeriac, radishes & similar edible roots (0706)	Volume, thousand of tonnes	8,8	13	22,5	9,2	20,000 tonnes
	Cost, USD mln	4,5	7,2	12,9	5,3	USD 10 mln
Cucumbers & gherkins (0707)	Volume, thousand of tonnes	6,6	13,8	16,1	9,3	15,000 tonnes
	Cost, USD mln	7,3	16,5	19,9	11,5	USD 25 mln
Leguminous vegetables (0708)	Volume, tonnes	3,2	95,4	140,5	20,6	250 tonnes
	Cost, USD thousands	9,2	100,7	149,2	22,7	USD 0,25 mln
Vegetables, other than above (0709)	Volume, thousand of tonnes	38,6	87,1	118,5	99,1	180,000 tonnes
	Cost, USD mln	38,8	114,8	150,3	124,6	USD 280 mln
Vegetables, frozen (0710)	Volume, thousand of tonnes	11,2	35,6	56,8	69,5	130,000 tonnes
	Cost, USD mln	11,3	21,9	41,6	49,9	USD 70 mln

⁴² Author's compilation and assessment based on Belarusian statistics office data.

Manioc, arrowroot, salep, jerusalem artichokes, sweet potatoes & similar roots & tubers (0714)	Volume, tonnes	4,6	23,9	83,5	22	100 tonnes
	Cost, USD thousand	13,8	36,3	93,7	30,1	USD 0,12 mln
Citrus fruit, fresh or dried (0805)	Volume, thousand of tonnes	96,1	105,1	122,1	92,2	30,000 tonnes
	Cost, USD mln	88,1	97	121,1	90,4	USD 50 mln
Apples, pears & quinces, fresh (0808)	Volume, thousand of tonnes	214	539	908	744	1,550,000 tonnes
	Cost, USD mln	109,9	318,2	586	427,1	USD 1 bln
Apricots, cherries, peaches (inc nectarines), plums & sloes, fresh (0809)	Volume, thousand of tonnes	55,1	123,1	246,2	140,5	340,000 tonnes
	Cost, USD mln	50,9	150,9	315,4	173	USD 480 mln
Fruit, other than above (0810)	Volume, thousand of tonnes	37,6	68,9	104,1	91,7	150,000 tonnes
	Cost, USD mln	42,6	94,4	163	135,1	USD 260 mln
Fruit & nuts (0811)	Volume, thousand of tonnes	1,3	11,4	41,3	48,1	100,000 tonnes
	Cost, USD mln	2,6	11,3	34,6	38,7	USD 75 mln
Total, all categories except meat of bovine animals						2.9 million tonnes
						USD 2.7 bln