The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Minsk Cheats Moscow Out of $1Bln in Duties

By The Moscow Times

September 27, 2012

MINSK — Belarus has dodged about $1 billion in customs duties payments to Russia this year by exporting gasoline and other oil products under the guise of solvents and thinners, official data show, and that has infuriated Moscow.

Authorities in Belarus say that after a sharp rebuke from Moscow, they ended the practice. A Russian government source, however, told Reuters in Moscow that Belarus was still violating the terms of its preferential trade status.

"They said they understood (our concerns), but they did not understand anything. They keep pumping solvents (abroad). We are talking about millions of tons," said the source, who did not wish to be identified.

Russia, which collects hefty export duties from sales of crude oil, does not levy duty on oil supplies to Belarus and Kazakhstan because they are foreign trade allies in a Moscow-led

customs union.

In return, however, these countries are expected to repay most of this duty if they refine the imported oil and export it as fuel and other oil products. The duty repayable on gasoline exported to world markets is 90 percent of that for crude.

But in a move highlighting the unusual political and economic relationship between the two countries, Belarus this year began exporting oil products, which figured in cross-border customs documentation as "complex organic solvents," the Russian government says.

Under customs union regulations, solvents and thinners can be exported to world markets duty-free.

According to data published by Belarus' Customs Committee this month, between January and July the country exported 3.3 million tons of goods that were described in customs documentation as "other chemicals." That was a fivefold increase year on year.

Related articles:

- Belarus to Cut Rates
- Belarus Plans MTS Auction This Year
- U.S. Honors Belarussian

Original url:
https://www.themoscowtimes.com/2012/09/27/minsk-cheats-moscow-out-of-1bln-in-duties-a18128