

EU Food Traders Seeking Ways Around Russian Ban

By [The Moscow Times](#)

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Russian media have been abound with jokes about shrimp being imported from landlocked neighbor Belarus.

People from Britain who go to Cyprus in August are usually after sun, sea and sand, but one Lincolnshire man, a trader in fruit and vegetables, is heading there this week for the potatoes.

Since Russia barred imports of food from most of the rest of Europe, businesses are jostling for new buyers and sellers.

In the case of Knightsbridge Foods, its Russian supermarket clients may get spuds this winter not from Lincolnshire but from the Mediterranean island, where the crop from breakaway Turkish-speaking Northern Cyprus. The spuds can be shipped via Turkey and so, the trader believes, evade Moscow's ban on European Union produce.

"You need quick thinking," said Knightsbridge's owner, who declined to be identified

by name before he visits the divided island, where the recognized government is an EU member. "You need very strong contacts. Things change every single week."

Knightsbridge is one of many European firms exploring ways to sidestep Russia's import embargo on fruit, vegetables, meat, fish and dairy produce from the EU and Norway, as well as from the U.S., Australia and Canada.

The ban, in retaliation for economic sanctions over the Ukraine crisis, could deny wealthy Russians delicacies like Norwegian smoked salmon, Italian ham and French cheese.

But, as with the communist nomenklatura in Soviet times, many expect the new elite will find ways to bypass customs controls — not least as a waiver on shipments for personal use leaves a gray area for importing small, high-value cargoes.

Some firms expect more traffic to countries that maintain trading ties with Moscow, such as Turkey, and to neighbors like Belarus and Kazakhstan, which form a customs union with Russia.

"Of course there is going to be a black market," said Luke Devlin, director of PDQ Specialist Couriers in Britain, which ships urgent products around Europe. "They will still want their French ... cheese and they are still going to be able to get it."

In recent weeks there has been more interest in EU products from ex-Soviet Belarus and other eastern states, Devlin said, noting that logistics firms were considering ways to meet new demand. "They have got established routes from Britain or France to Russia ... and they may as well see where they can build up."

A London-based stock analyst covering logistics companies said big, listed players that include Deutsche Post and Kuehne & Nagel would probably think twice about pouring too much new money into the region given the ban was likely to be temporary and the uncertainty of demand.

'Belarussian' Oysters

The waiver for personal use seems likely to promote some traffic between, for example, St. Petersburg and nearby Finland, from where shoppers can bring back small amounts of EU produce — and notably wine, vodka and other alcoholic drinks are not banned.

There are limits, however. Customs officers told the ITAR-Tass news agency they arrested a man driving home last week from Finland with 70 kilograms of French pheasant, duck and wild boar pate. Despite his claim that it was all for his own use, he was charged and faces a fine of up to twice the goods' value.

Russian officials also say they will be alert to large-scale importers trying to smuggle in embargoed goods via third countries. Exporters from Belarus will have to specify the country of origin of products when shipping goods onward to Russia, the Agriculture Ministry in Minsk told Reuters.

Nonetheless, at least one Belarussian trader saw room for maneuver: "At the level of small imports it is a very simple scheme, to change the country of origin in the paperwork and to

change the label to a Belarussian one," he said.

"Of course an expert would spot it," he conceded. "So the volume that gets through will depend on how much the Russian government is interested in stopping it."

Belarus and Kazakhstan said they will continue to import the foods Russia has banned but Minsk said it will stop them from traveling onward to Russia. Since the ban was announced, Russian media have joked that Muscovites will soon see supplies of oysters and shrimps from landlocked Belarus.

Russia and Belarus have clashed in the past over alleged abuses of their free trade agreement. For instance, Russia has accused Belarus of illegally re-exporting westward large volumes of refined products made from duty-free Russian oil.

"[Russian] regulatory bodies can track the origin of goods when they are being sold," said a Russian official familiar with the rules of the customs union with Belarus.

"And if goods that were not being supplied previously start to come from Belarus, it will be a signal to tighten checks."

Kazakh Poultry, Faroese Fish

President Vladimir Putin has already spoken to his Kazakh and Belarussian counterparts, seeking cooperation against Western foodstuffs simply being routed via their countries.

Russia's food standards watchdog said it had intercepted and turned back a truck carrying 20 tons of U.S. poultry meat that crossed the Kazakh border near Omsk in Siberia last week.

Some Western European traders are looking at other possible loopholes, including possible schemes based on Moscow's formal application of the ban specifically to the EU and Norway.

Not only does that leave out Switzerland and Iceland, as well as Liechtenstein, but some note it might also exclude territories like Denmark's Faroe Islands that are not in the EU.

However, any temptation for Norway's salmon farmers to route their big Russian trade through the Faroes may carry too much risk to future dealings with Moscow to be worth the effort.

In any case it remains unclear whether Russia will in fact view Faroese or other produce as exempt from the embargo.

Russian Deputy Prime Minister Arkady Dvorkovich cited the Faroes and Greenland, another Danish territory, in reported comments saying he was seeking clarification from the Moscow customs authorities on how they will treat such imports.

Theoretical hair-splitting about the geographical scope of the Russian ban should not apply, however, to the likes of Switzerland, Turkey, Serbia and some of its small, ex-Yugoslav neighbors that have not followed the EU in applying sanctions on Moscow and so are exempt from Russian retaliation.

EU leaders, offering compensation to some businesses such as fruit farmers that may be badly hit by the sudden closure of a market of 140 million consumers, seem unlikely to deter traders who circumvent the embargo by sending goods via third countries.

"This is absolutely legal. There is nothing amiss about it," former EU Agriculture Commissioner Franz Fischler told Austrian radio. "Any company in, say, Switzerland or the Balkans, is free to buy products from Austria and then to export them to Russia.

"The problem is significantly reduced this way."

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