

PARALLEL IMPORT LOGISTICS ROUTES

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Abstract

The article considers the main logistical directions of parallel imports. It is possible that in the process of developing this scheme, new routes will appear. The analysis of these schemes is important in terms of the costs of purchasing goods through intermediaries and transporting products through third countries, as well as the risks associated with the parallel import scheme itself. The study of issues based on the nuances of regulatory regulation, the specifics of cross-border movement of goods and the organization of supply chains in the new conditions is a topic for further research.

Keywords: parallel imports, sanctions, supply chains, delivery routes, transportation operators, risk, secondary sanctions, logistics costs.

Introduction

In March 2022, the Government of the Russian Federation allowed parallel import to mitigate the negative effects of imposed sanctions. The decision was published in Government Decree No. 506 of March 29, 2022, and Ministry of Industry and Trade Order No. 1532 of April 19, 2022. The import of goods under this scheme became possible from May 6, 2022. The complete list of parallel import goods is presented in Ministry of Industry and Trade Order No. 2299 of June 3, 2022. This list is constantly updated.

The parallel import scheme allows the importation of products under a trademark where the rights holder has prohibited import into the country. That is, such products are imported in parallel to official channels, bypassing direct deliveries. Parallel import should not be considered illegal. The international exhaustion of rights regime allows the sale of goods without the permission of the rights holder, provided that the first supplier purchases the goods with the brand's permission and has the appropriate documentation.

Currently, Armenia, Georgia, Kazakhstan, Uzbekistan, Tajikistan, China, India, UAE, Brazil, Israel, Mexico, Nicaragua, Singapore, South Africa, and Serbia operate parallel import schemes with Russia. However, due to instability in the transport and logistics market and the threat of secondary sanctions, some countries may refuse cooperation under this scheme.

Parallel import goods can come directly from the country of origin or through third countries, which may increase the cost of goods purchased through intermediaries. Logistics costs may also rise due to changes in transportation routes and schemes.

Since foreign manufacturers will no longer supply their products in large volumes, and goods must be purchased and transported in parts via intermediaries, restoring previous delivery volumes is difficult. Changes in the transport and logistics market during the pandemic and following sanctions also complicate the process, including foreign logistics companies, such as maritime carriers Maersk, CMA, CGM, and MSC, suspending operations in Russian ports and refusing container bookings for Russian companies. Traditional European routes are almost non-functional, while Chinese routes are heavily congested.

This situation has completely reshaped market structures and supply chain routes. The main flow of parallel import goods will pass through neighboring countries – Kazakhstan, Armenia, Kyrgyzstan, Belarus (members of the EAEU), as well as through China and Turkey, which is expected to become the most popular direction in this distribution scheme.

Main logistics routes of parallel import to Russia

Kazakhstan is the first key point in the logistics scheme of parallel import due to several reasons. Russia and Kazakhstan share a border of over 7,500 km, the longest land border in the world. Both countries are members of the EAEU, which establishes a common customs regime—no customs duties and VAT refund applies. Kazakhstan supplies local products that can be conveniently and profitably delivered to the Russian internal market. Transit shipments from China can also pass through Kazakhstan.

The benefits of organizing freight transport through Kazakhstan are clear. Goods imported from Kazakhstan to Russia are not subject to customs duties. Document processing is straightforward: companies submit a goods movement accounting form instead of a declaration. Import VAT is 10% or 20%, equivalent to domestic trade rates, with some products subject to a zero rate, including raw materials and tools for manufacturing anti-infective products, cultural values for state institutions, products manufactured abroad by Russian companies, certain technological equipment not produced in Russia, diamonds, and others, as specified in Articles 149 and 150 of the Russian Tax Code.

However, the parallel import flow through Kazakhstan is limited by the government's ban on transporting sanctioned goods to Russia. Under the EAEU agreement, the regional exhaustion of intellectual property rights allows resale within EAEU countries only if goods were imported by the rights holder or distributor with permission. Therefore, the Kazakh government's decision is consistent, and customs authorities are required to verify goods' origin.

Another limiting factor is the lack of quality warehousing and 3PL operators providing full logistics services according to modern standards. Large warehouses are mainly oriented to Kazakhstan's domestic market rather than transit cargo flows, causing a shortage of

warehouse space. Container processing occurs at border container terminals. Class “A” warehouses are in highest demand. The “Nurly Zhol” program (2020-2025) aims to develop roads and warehouse networks, but currently, available space is insufficient.

Due to these factors, goods flows shifted through Turkey, which is geographically and infrastructurally suitable for this distribution scheme. Turkey acts as a bridge between Europe and Russia and is now the largest transport and logistics hub for parallel import. Additionally, Turkey has not imposed sanctions on Russia. Turkey’s activity as a transit country is supported by the re-export regime.

Turkey’s geographic position provides a short logistics route. Goods are often transloaded from global maritime containers, which no longer enter Russian ports, into local line containers with re-export documentation. Proposals exist for consolidated shipments by sea from Turkey to Novorossiysk, and exporting Russian goods via Turkish ports. Transshipment increases delivery time and cost. Most goods are transported by sea through Novorossiysk, handled by Turkish and Russian operators, with Turkish citizens of Russian origin performing imports, avoiding sanction violations.

Four main transit schemes are used for sanctioned goods via Turkey:

1. **Indirect re-export:** Turkish companies purchase goods from EU suppliers and deliver them to Russia, reselling them in the process. Russian buyers clear customs under “Import 40”. Companies must have a legal entity in Turkey or a partner company, incurring extra costs for intermediary services, foreign trade operations, and customs brokers.
2. **False transit:** Goods are shipped from the EU, supposedly through Russia to Turkey. Upon arrival at Russian customs, the goods are resold. Double customs procedures and extra financial transactions increase costs.
3. **Direct re-export:** Goods are transported to Turkey by the first buyer and sold to Russian companies at a transit customs warehouse. Logistics costs for EU-Turkey transport increase the price.
4. **Import via third countries:** Goods are imported and cleared in a third country, then shipped to Russia under “Export” procedures. This is the most expensive scheme, as customs duties in the third country are added, but it hides the final Russian buyer from the EU manufacturer.

The main cargo flow from Turkey enters Novorossiysk, mainly via local shipping lines. Routes from China to Russia, both direct and via Turkey, have recently opened.

Another relevant route is the international transport corridor “North–South,” connecting Russia and India via Iran (~7,000 km). The advantage is halving the shipping distance compared to the Suez Canal, reducing container costs. The corridor has western and eastern branches; the western branch is most used, passing from India through Iran (Port of Bandar Abbas) and Azerbaijan to Russia by rail (transit 37-45 days). The eastern branch (new) passes from India via Iran, Turkmenistan, Kazakhstan, and Russia (55-57 days). Another route crosses the Caspian Sea from Bandar Anzali (Iran) to Astrakhan (Russia).

Parallel import from China is also relevant, but Chinese suppliers are highly dependent on secondary sanctions. They may refuse to supply goods to Russia, requiring third-country routes. Key routes include Russian Far East ports, especially Vladivostok, where container imports have increased by 1.5 times recently. Southeast Asian shipping is handled mainly by Fesco and Sinokor, alongside smaller private carriers. Containers can be shipped from Southeast Asia and the Middle East via Chinese ports, then by rail through China to Russia.

Road transport via the new bridge in Blagoveshchensk opened June 10, 2022, connecting Blagoveshchensk with Heihe, China. Containers go from Chinese ports to Dalian, then by rail or truck to Heihe, exported and then trucked across the bridge to the Russian terminal, cleared, and transported by truck to Blagoveshchensk railway station, then to Moscow (transit 30-35 days).

These are the main current parallel import routes to Russia. New routes may emerge as the situation develops, ideally along EU-Russia delivery paths to reduce delivery time and logistics costs. Delays may occur due to internal processes and import/export procedures. The parallel import scheme inherently extends delivery times and accumulates large warehouse inventories.

Logistics costs increase due to longer routes, additional transshipment, overpayments for duties and intermediary services. Companies willing to work despite sanctions often require full prepayment, increasing working capital requirements. Container shortages caused by the exit of major lines and China's lockdowns are partially covered by Russian and Chinese container owners. Seasonal demand spikes may raise container prices.

Russia currently leads in sanctions, with multiple packages imposed. Due to the extraordinary political and economic situation, Russian legislation must address complex challenges, including avoiding domestic shortages caused by the withdrawal of Western manufacturers and logistics operators. Allowing parallel import is a necessary measure under these geopolitical circumstances, developing new distribution schemes and logistics routes for sanctioned goods. Clear regulation of supply chain processes is essential. The main element—purchasing goods via intermediaries in third countries—is permitted under international exhaustion of rights provisions. Despite risks, parallel import is a forced measure to prevent import shortages and contain price growth.

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