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PRESS RELEASE

The AEB Crop Protection Committee: Russia is a desirable market for counterfeiters

Illegal pesticides market was constantly growing in Russia during the previous several years. Sizes of Russia as well as legislative gaps make the country one of the desirable targets for counterfeiters, according to the AEB Crop Protection Committee (CPC).

“Existing legislation and its implementation practice in Russia has a number of drawbacks which actually in a way help counterfeiters to enlarge their activity”, said Ulrich Vollmer, Chairman of the AEB CPC. “Illegal pesticides market by its organisation could be compared to the narcotic drugs market. It is very difficult to assess its real volumes in Russia, but experts estimate illegal market from 15% to 30% of total pesticides industry turnover”, he added.

According to the AEB CPC, the majority of illegal pesticides in Russia are:

- 1) counterfeits of different quality (package & product) illegally bearing trademarks of original producers such as Syngenta, Bayer, BASF, DuPont, DOW and others including well-known Russian companies;
- 2) fakes of different quality without any trademarks, sometimes just with active ingredients names written with a marker on canisters.

It is unlikely that well-known agricultural companies (agriholdings) are using illegal pesticides due to the fact that they usually purchase directly from original producers or from official distributors, and they do care about their image as food producers. In other cases agricultural companies and private farmers have a higher risk of fake pesticides usage when they purchase from suspicious suppliers.

Mr. Vollmer noted that not only Russia has legislative gaps used by criminals, but the general situation, sizes of the country and its potential market attract counterfeiters and make Russia one of their desirable targets.

“Industry takes many steps to fight with illegal pesticides: packaging protection measures, educational seminars with representatives of governmental regulatory bodies, police and customs, etc. To prevent farmers from illegal pesticide usage we communicate the packaging protection measures so they could differentiate fakes and advise them to buy only from trustful sources – official distributors. The problem is so sharp that even competitors - producers of original crop protection products (CPP) have to join their efforts to withstand it”.

There is a common opinion that fakes are used because they are cheaper, but it is not true on the CPP market. Fakes bearing world-known trademarks are designed to sell fake products of unknown quality at prices comparable to originals to get a bigger margin, according to the AEB CPC data.

Criminals use either deception (when farmers think that they are buying original products) or so-called “kick-back” (schemes to involve certain employees of agricultural companies in their criminal chain). Various types of deception are used: copies of packs/canisters which are difficult to differentiate from originals, re-usage of original packs/canisters to fill in with fake products, mixed supply of original and fake products in one party.

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All fake pesticides are dangerous and represent potential threat to food security. For example, some criminals may fill in their fakes with simple water or chalk and others with dangerous substances. In the first case, such products won't help to protect crops from insects, weeds or diseases, and it might be seriously damaged by them. In other cases, crop and land might be seriously damaged by fake products.

Fake pesticides don't have registration and were not tested so they are potentially dangerous for human health and environment.

Russia is an easy target for counterfeit products. There are a number of reasons, including legislation and its implementation, enforcement, control, big territory, infrastructure and corruption.

A significant part of fake pesticides is getting to Russia from Europe, but not because they are produced there. Most of them are coming from China and so far the easiest and cheapest way to transport them to central Russia is to ship via European ports. Special import license is needed to import pesticides to Russia so criminals usually smuggle them or declare as consumer chemical products, detergent liquids or powders.

“In our practice we usually see that by one or other reason counterfeiters either escape any punishment or get incomparably light ones. Lack of infrastructure and appropriate procedure of illegal pesticides destruction result in a situation when such fakes (which were subjected to destruction by court decision) go back to market (meaning on the fields)”, said Mr. Vollmer.

Today any company or person can sell pesticides in Russia and no license or permission is needed. According to the official statistics, more than 2500 companies stated wholesale of agrochemicals as their existing or potential activity.

Appropriate effective legal procedure of fake pesticides destruction can cause serious financial damage to counterfeiters. Threat of losing investments can substantially decrease volumes of illegal pesticides. Necessary infrastructure and certain legislation changes could partly solve the problem, according to the AEB CPC. Obviously, for such a deep and difficult problem complex approach is needed: legislative and executive governmental structures, regulatory bodies, public organisations and industry have to consolidate their efforts to work out necessary systemic solutions. “It is a long and hard way but we have no other option but to go it”, said Ulrich Vollmer.

As consumers have little possibility to define food products grown with illegal pesticides, special governmental regulatory bodies have to provide the necessary protection.

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About the AEB

Founded in 1995, the AEB is an independent non-commercial association with a membership of over 600 companies from across the European Union and Russia. Our members range from large multi-national corporations to SMBs and are united by their commitment to forging stronger economic ties between the EU and Russia, as well as improving the business environment here in Russia.

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