

Ban on imports of flat glass from Russia, trade flows and circumvention practices

The import of float glass, HS codes 7005, originating from Russia has been banned since the first round of economic sanctions following the invasion of Ukraine¹. Yet, our industry witnesses flow of flat glass, of utmost probability from Russian origin, that continues to enter the European market, either via third countries and sometimes with falsified documents of origin.

This paper aims to bring forward some evidence of these practices to the attention of decision-makers in the European Union. Against this background, Glass for Europe specifically calls for:

- ⇒ **A reinforcement of customs control on flat glass imported into the Single Market.**
- ⇒ **The establishment of stricter measures and penalties on entities contributing to the circumvention of imports bans.**
- ⇒ **The introduction of a ban on imports of flat glass from third countries active in circumvention practices and, specifically, from Belarus.**

1. Suspicious glass from Belarus imported into the European Union

While the import of flat glass from Russia into the European Union is prohibited, flat glass from Belarus is allowed to legally enter the EU. There is a producer of flat glass in Belarus, 'Gomel glass', that has been exporting to the EU a small part of its production, historically.

The EU glass industry is concerned that the ban on imports of flat glass from Russia into the EU is being circumvented through Belarus for several reasons:

- Significant increase in imports of float glass from Belarus into the EU, indicating a 54% rise in Q4 2022 compared to Q4 2021. This data suggests that over half of Belarus' production capacity is being exported to the EU.
- Market pressure observed in Poland and the Baltics due to the availability of glass of 'uncertain origin' being traded at prices 'out of the ordinary / typical market price range'.

The falsification of documents of origin raises suspicions that this flat glass does not come from Belarus (no need to falsify documents) and may originate from Russia.

2. Cases of flat glass of fraudulent origin within the European Union

In mid-2022, a notice from the State Customs Service of Ukraine alerted a Glass for Europe flat glass manufacturer that they have intercepted at the Polish-Ukrainian border four truckloads of counterfeit glass products wrongfully identified as manufactured by the said EU-based manufacturer. The shipment was identified as flat glass coming from a plant in Poland but originated from Lithuania, contradicting regular export routes, which caused initial suspicion. Further discrepancies, including on branding, packaging variations, unfamiliar tag number systems, etc. confirmed the fraudulent nature of the products.

While the company's inquiries to Ukrainian Customs Authorities on this specific case are ongoing, unconfirmed market information signals that attempts to ship and sell counterfeited flat glass products on the Ukrainian market have been successful.

¹ Council Regulation (EU) 2022/879 of 3 June 2022 amending Regulation (EU) No 833/2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine (OJ No L153 dated 3 June 2022).



Although glass was specifically destined to Ukraine in this instance, this specific case shows that:

1. An EU-based import-export company traded counterfeited flat glass.
2. Since, this glass could have been legally sold into the EU or to Ukraine if it was not of Russian origin, the probability is very high that this glass originates from Russia.
3. Although intercepted at the Ukrainian border, this glass transited through the EU territory, i.e. Poland and Lithuania.

3. Increase in imports of Russian flat glass by EU neighbours and risks of diversion

A notable surge in Russian-made flat glass², specifically from the company 'Saratovstroysteklo', being shipped to Montenegro's seaport Bar has been observed since early 2023.

These goods are primarily procured and distributed by a Serbian company. While these transactions technically do not bypass EU sanctions as the products are not unloaded within the EU borders, this trade flow raises two concerns:

- The significant price disparities between Russian and EU-made glass, resulting from Russia's lower energy and production costs, are disrupting the balance in the Balkan region markets, and is putting heavy pressure on EU manufacturers.
- Due to the quantities involved, and the significant price disparities, there are strong concerns that some of this Russian glass may be re-exported to EU neighbouring countries, where increasing competition is also observed.
- There is evidence in at least one EU Member State that some flat glass from Russia was allowed to enter the territory despite the EU ban in place.

Both Montenegro and Serbia are currently negotiating their respective entry into the European Union. The work on the adoption of the acquis on chapter 1 on 'free movement of goods' should offer room for the European Union to address concerns over trade flows of Russian goods.

The above evidence is quite significant considering that effective customs control on flat glass products is not common practise and proving the exact origin of glass is burdensome. It requires complex and costly mineralogical testing. Against this evidence, Glass for Europe calls for:

- ⇒ **A reinforcement of customs control on flat glass imported into the Single Market.**
- ⇒ **The establishment of stricter measures and penalties on entities contributing to the circumvention of imports bans.**
- ⇒ **The introduction of a ban on imports of flat glass from third countries active in circumvention practices and, specifically, from Belarus due to its economic and geopolitical ties with Russia.**

Glass for Europe is the trade association for Europe's flat glass sector. Flat glass is the material that goes into a variety of end products, primarily in windows and facades for buildings, windscreens, and windows for automotive and transport as well as solar energy equipment, furniture and appliances. Glass for Europe brings together multinational firms and thousands of SMEs across Europe, to represent the entire building glass value-chain. It is composed of flat glass manufacturers, AGC Glass Europe, Guardian, NSG-Group and Saint-Gobain Glass Industry, and works in association with national partners gathering building glass processors all over Europe.

² At least two chartered and fully loaded vessels of flat glass arriving to the seaport of Bar were observed between January and April 2023. Official data on imports from Russia to Montenegro are not yet available.

