

Protiviti Anti-Financial Crime

Identification of Countries at Higher Risk of Circumvention

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Global Business Consulting

Overview of a proposed methodology for the analysis of circumvention risk countries with reference to the measures imposed against Russia and Belarus as a result of the offensive mounted against Ukraine

In recent years, regulatory scrutiny on sanctions evasion has increased, pushing financial institutions to adopt more substantive, **risk-based approaches**. However, the lack of a clear list of countries involved in evasion creates uncertainty and risk. To address this, a targeted analysis was conducted to support financial institutions in enhancing risk assessments and aligning with evolving regulatory expectations.

The objective of the analysis is to provide a proposal for a structured multi-factor analysis that can provide a substantial basis for further risk-based and judgmental considerations by the AFC Functions.

To identify countries at risk of circumvention, the following factors were considered:

1. List of **countries that border Russia geographically**
2. List of **countries that have a trade link with Russia** and among those:
 - i. identification of **Russia's Top trading Partners**
 - ii. a review of **trade trends** involving these Top Trading Partners (TTPs) from 2020 to 2023 (i.e. period of introduction of significant sanctions packages directed at Russia and Belarus), both by total exports and with a specific focus on attentional goods

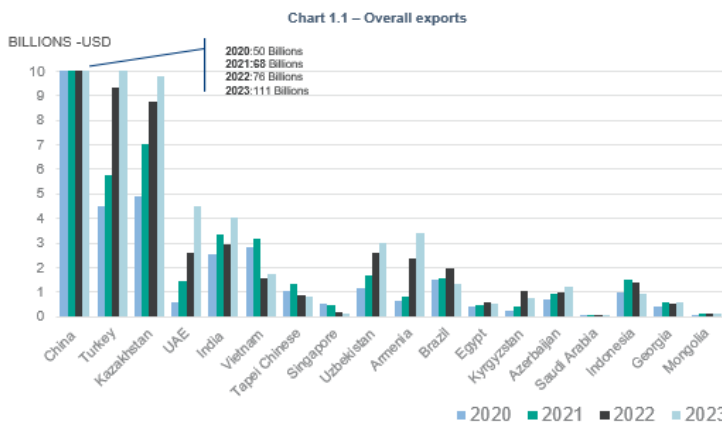


Chart 1.1 depicts the overall export operation to Russia by its TTPs from 2020 to 2023

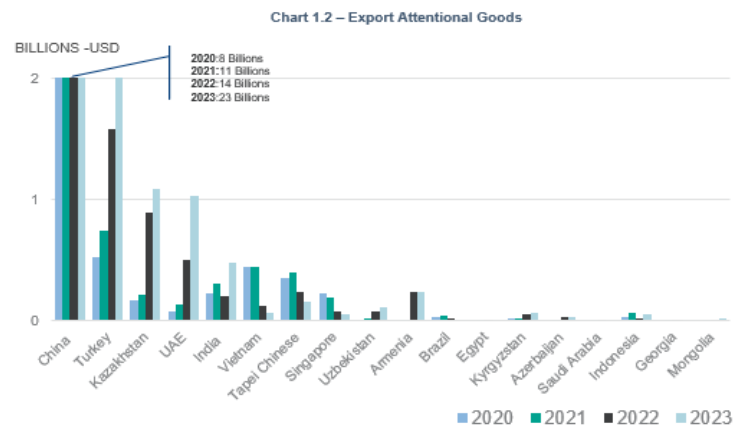




















Chart 1.2 depicts the export operation of the attentional goods* to Russia by its TTPs from 2020 to 2023

Building on the defined methodology and selection criteria, the analysis examines **overall export activity** and the **export trends of specific goods** of interest from Russia's Top Trading Partners between 2020 and 2023. It assesses the absolute growth in exports, the proportion of attentional goods, changes before and after sanctions, and year-on-year variations for both total and selected goods.

Values must be multiplied by 1000

	2020	%	Δ%	2021	%	Δ%	2022	%	Δ%	2023	%	Total	%
 China	50,504,392 USD		33.8%	67,550,055 USD		12.7%	76,122,649 USD		45.9%	111,057,216 USD		305,234,312 USD	
Operation of attentional goods	7,884,990 USD	15.6%	45.3%	11,455,754 USD	17.0%	23.5%	14,149,409 USD	18.6%	63.6%	23,155,347 USD	21%	56,645,500 USD	18.6%
 Turkey	4,506,813 USD		28.2%	5,775,897 USD		61.8%	9,343,472 USD		16.7%	10,907,631 USD		30,533,813 USD	
Operation of attentional goods	523,479 USD	20.4%	44.4%	742,368 USD	23.0%	75.4%	1,583,885 USD	17.0%	29.6%	2,053,349 USD	19%	4,903,081 USD	16.1%
 Kazakhstan	4,899,450 USD		43.3%	7,018,746 USD		25.1%	8,780,725 USD		11.5%	9,788,231 USD		30,487,152 USD	
Operation of attentional goods	172,704 USD	4.9%	29.3%	212,625 USD	4.4%	315.2%	894,899 USD	10.2%	22.2%	1,093,479 USD	11%	2,373,707 USD	7.8%
 UAE	615,192 USD		135.8%	1,450,654 USD		78.6%	2,590,577 USD		73.4%	4,492,378 USD		9,148,801 USD	
Operation of attentional goods	74,343 USD	27.0%	405.0%	137,676 USD	57.8%	134.3%	506,936 USD	19.6%	103.8%	1,033,385 USD	23%	1,752,340 USD	19.2%
 India	2,559,258 USD		30.3%	3,334,264 USD		-12.2%	2,927,176 USD		38.6%	4,056,145 USD		12,876,843 USD	
Operation of attentional goods	230,053 USD	23.1%	48.0%	308,491 USD	26.2%	-47.0%	206,067 USD	7.0%	135.6%	485,456 USD	12%	1,230,067 USD	9.6%
 Vietnam	2,849,201 USD		12.4%	3,203,484 USD		-51.4%	1,558,192 USD		11.9%	1,744,272 USD		9,355,149 USD	
Operation of attentional goods	442,105 USD	15.5%	0.0%	441,890 USD	13.8%	-73.0%	119,253 USD	7.7%	-48.1%	61,845 USD	4%	1,065,093 USD	11.4%
 Taipei Chinese	1,024,512 USD		29.1%	1,322,554 USD		-35.6%	852,327 USD		-6.8%	794,095 USD		3,993,488 USD	
Operation of attentional goods	349,147 USD	34.1%	15.9%	404,691 USD	30.6%	-40.8%	239,756 USD	28.1%	-32.1%	162,682 USD	20%	1,156,276 USD	29.0%
 Singapore	547,906 USD		-10.2%	488,296 USD		-62.6%	182,724 USD		-23.9%	138,971 USD		1,357,897 USD	
Operation of attentional goods	225,739 USD	41.2%	-12.7%	197,152 USD	40.4%	-61.9%	75,077 USD	41.1%	-24.2%	56,895 USD	41%	554,863 USD	40.9%
 Uzbekistan	1,161,766 USD		46.6%	1,703,536 USD		52.6%	2,599,858 USD		16.3%	3,023,085 USD		8,488,245 USD	
Operation of attentional goods	13,105 USD	2.1%	25.8%	19,919 USD	1.8%	214.3%	75,691 USD	2.9%	43.3%	108,455 USD	4%	217,170 USD	2.6%
 Armenia	659,106 USD		20.4%	793,870 USD		197.9%	2,365,199 USD		43.1%	3,383,879 USD		7,202,054 USD	
Operation of attentional goods	11,901 USD	1.8%	9.6%	13,048 USD	1.6%	1744.7%	240,698 USD	10.2%	0.5%	241,863 USD	7%	507,510 USD	7.0%
 Brazil	1,523,730 USD		4.2%	1,587,205 USD		24.3%	1,973,629 USD		-31.9%	1,343,314 USD		6,427,878 USD	
Operation of attentional goods	27,568 USD	1.8%	59.8%	44,057 USD	2.8%	-60.9%	17,206 USD	0.9%	-80.2%	3,399 USD	0%	92,230 USD	1.4%
 Egypt	423,639 USD		-0.9%	489,576 USD		39.2%	597,611 USD		-13.1%	519,229 USD		2,030,055 USD	
Operation of attentional goods	8,625 USD	0.4%	97.7%	1,282 USD	0.8%	127.2%	785 USD	0.1%	414.0%	4,035 USD	1%	14,727 USD	0.7%
 Kyrgyzstan	241,577 USD		70.9%	412,926 USD		133.3%	1,069,411 USD		-30.2%	746,369 USD		2,470,283 USD	
Operation of attentional goods	20,559 USD	11.5%	59.7%	24,850 USD	10.7%	65.4%	50,378 USD	4.7%	40.1%	70,580 USD	9%	166,367 USD	6.7%
 Azerbaijan	709,345 USD		29.8%	920,820 USD		5.9%	975,456 USD		22.7%	1,196,411 USD		3,802,032 USD	
Operation of attentional goods	4,228 USD	0.6%	44.2%	6,096 USD	0.7%	444.5%	33,195 USD	3.4%	8.6%	36,051 USD	3%	79,570 USD	2.1%
 Saudi Arabia	48,195 USD		68.1%	81,038 USD		-45.2%	44,426 USD		-57.6%	18,832 USD		192,491 USD	
Operation of attentional goods	7,509 USD	15.6%	-49.4%	3,802 USD	4.7%	-39.1%	2,316 USD	5.2%	168.7%	6,224 USD	33%	19,851 USD	10.3%
 Indonesia	973,824 USD		53.3%	1,492,931 USD		-7.1%	1,386,511 USD		-34.1%	913,038 USD		4,766,304 USD	
Operation of attentional goods	27,437 USD	2.8%	148.4%	68,147 USD	4.6%	-61.8%	26,049 USD	1.9%	101.8%	52,562 USD	6%	174,195 USD	3.7%
 Georgia	410,962 USD		38.0%	566,971 USD		-2.7%	551,727 USD		2.2%	563,627 USD		2,093,287 USD	
Operation of attentional goods	450 USD	0.1%	239.6%	1,528 USD	0.3%	-81.0%	291 USD	0.1%	-99.7%	1 USD	0%	2,270 USD	0.1%
 Mongolia	57,275 USD		96.9%	112,784 USD		-0.5%	112,166 USD		-0.9%	111,188 USD		393,413 USD	
Operation of attentional goods	308 USD	0.5%	379.5%	1,477 USD	1.3%	112.4%	3,137 USD	2.8%	511.0%	19,166 USD	17%	24,088 USD	6.1%
Total	73,716,143 USD		33.4%	98,305,607 USD		16.0%	114,033,836 USD		35.7%	154,797,911 USD		440,853,497 USD	
Operation of attentional goods	10,024,250 USD	13.6%	40.5%	14,084,853 USD	14.3%	29.4%	18,225,028 USD	16.0%	57.2%	28,644,774 USD	19%	70,978,905 USD	16.1%

Based on the analyses conducted—covering overall export volumes, trade in sensitive goods, and the evolution of trade flows before and after the conflict—a group of countries was identified as **potentially involved in the circumvention of sanctions**. These countries have been categorized into **risk tiers** according to observed **changes in export patterns**. Significant **increases** in total exports or in goods of concern were indicative of higher risk, whereas countries that implemented effective **anti-evasion measures** were assessed as low risk or excluded from the categorization. Countries already subject to **international sanctions** were not included in the analysis.

The countries examined have been categorized according to the following risk tiers:

LOW	MEDIUM LOW	MEDIUM HIGH	HIGH
EXAMPLE	EXAMPLE	EXAMPLE	EXAMPLE
• Brazil	• Saudi Arabia	• Turkey	• UAE

Depending on each institution's specific exposure, these countries may represent a differentiated level of risk. Such categorization may also be influenced by targeted assessments conducted considering the **institution's operational profile** and **exposure** within the specific context under analysis.

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