TRANSPARENCY INTERNATIONAL RUSSIA

DIAGNOSING IMPORTS

CORRUPTION RISKS IN THE IMPORT OF MEDICAL EQUIPMENT TO RUSSIA

TRANSPARENCY INTERNATIONAL RUSSIA

2025

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Transparency International Russia is an integral part of the global Transparency International movement, committed to combatting corruption and promoting transparency and accountability worldwide. Our efforts include conducting thorough research, publishing detailed reports, and collaborating with various partners to expose and address all forms of corruption.

Since March 2022, we have been operating in exile due to Russia's repressive regime and stringent war censorship. Despite these significant challenges, we remain unwavering in our dedication to the principles of freedom and openness. We continue to advocate for a future where governments are transparent and accountable, free from corruption and injustice. We believe that, through collective effort, we can build a society where power is exercised with integrity and in people's best interest.

The report aligns with the Transparency International Health Initiative Strategy for 2024-2026[1]. The strategy highlights the complex, transnational, and opaque nature of global health supply chains, which renders them vulnerable to corruption and regulatory capture[2]. Transparency International Health Initiative aims to raise global awareness about corruption in health systems, to engage industry actors and civil society organizations to enhance global supply chain monitoring, and to mitigate corruption risks.

Our mission is to combat corruption and uphold the values of transparency, accountability, integrity, and honesty. We aspire to create a world free of corruption, and together, we will achieve this goal.

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All the questions related to methodology and our estimations may be submitted to info@ti-russia.org.

Cover Photo:
https://medlab.smart-rm.com/

1 Transparency International Global Health (2024, May 16). Transparency International Global Health: Strategy 2024-26. TI-Health.org. https://ti-health.org/content/transparency-international-global-health-strategy-2024-26/

2 Regulatory capture - a situation in which an industry which is regulated controls a regulatory agency's policies. The New Palgrave Dictionary of Economics and the Law (2017, January 1). Regulatory Capture. https://link.springer.com/referenceworkentry/10.1007/978-1-349-74173-1_316

KEY POINTS

Transparency International Russia in Exile researched Russia's customs data on imports of high-value medical devices to reveal the import schemes of Western medical equipment and the associated risks.

- Some goods, produced mainly by General Electric (GE) or Siemens, were imported to Russia through non-transparent schemes associated with the risks of corruption and financial irregularities.

- We have identified three risk areas: opaque middlemen, related party transactions between Russian and foreign counterparties, and non-specialized wholesale import traders.

- The risks are inflated prices, the transfer of corruption proceeds to foreign jurisdictions, the sale of used medical equipment as new, and the sale of medical equipment in Russia without warranty documents and unbeknownst to the manufacturer.

- The total value of the suspicious imports that, according to our data, took place between February 2022 and February 2024 was more than 5 million euros, equivalent to almost 333 million rubles.

- International trade of medical equipment has become more transparent compared to the first half of the 2010s. At the time, many expensive medical devices entered Russia through middlemen with characteristics of shell companies operating in offshore jurisdictions. We have not found any such companies in the customs data for the last two years.

- We hypothesize that the geography of shell companies is changing, and the middlemen used for trading medical equipment via grey schemes may now be operating in Central Asia and Belarus.

We urge manufacturers to pay attention to these risk areas and enhance checks on the third countries through which medical equipment is imported into Russia and the middlemen involved in these imports.

INTRODUCTION

Since the outbreak of the full-scale war in Ukraine, imports of high-tech medical equipment to Russia have become more complicated[3]. While Western retaliatory sanctions do not apply to medical equipment, these measures have significantly impacted Russian trade in this market[4].

1. Changes in supply chains

Direct flights from the EU and the US to Russia have ceased, and international container carriers have exited the market[5]. As a result, Western medical equipment is often shipped to Russia through third countries, such as Turkey, the UAE[6], and Armenia.

2. Supplier payment issues

EU correspondent banks frequently freeze Russian payments pending verification. A representative from one of the Russian importers claimed[7] that British banks refuse to accept transactions from Russia entirely. Consequently, the importers are concerned that their payments might not be processed, which could disrupt the delivery of equipment. To avoid such situations, they began turning to financial intermediaries in third-party jurisdictions, particularly in Central Asia, Turkey, and the UAE[8 9].

3. Dual-use goods

Some medical equipment components are classified as dual-use goods, which the EU has prohibited from being imported[10] into Russia since 2014 and from transiting[11] through the country since 2023. For example, among them are gas sensors for ventilators and X-ray tubes, the main components of X-ray devices and computed tomography scanners[12] (CT scanners). Although the EU makes exceptions for dual-use supplies for medical purposes[13], obtaining export permission is quite challenging[14 15].

We believe that under these conditions, medical equipment supply chains have become less transparent and more vulnerable to fraudulent activities such as smuggling, price gouging, and money laundering.

This report presents import schemes for high-value medical equipment, which are fraught with risks of corruption and financial irregularities. We aim to inform manufacturers and distributors about risky schemes and encourage them to collect and thoroughly analyse information on how medical equipment enters Russia, which could help reduce the risks of corruption.

We analysed Russia's customs data to identify risk areas in supply chains, looking for red flags such as rounded values and weights of goods, as well as instances of countries of origin or trading countries being opaque jurisdictions. We classified CT and magnetic resonance imaging (MRI) scanners and X-ray equipment, including angiography, mammography, and radiation therapy systems, as high-value medical equipment.

3 Transparency International Russia (2024, February 24). War and Corruption. Ti-russia.org. https://ti-russia.org/en/wp-content/uploads/sites/2/2024/06/war_corruption.pdf

4 Delovoy Profil (2024, May 27). The market of medical equipment and devices 2023. Delprof.ru. https://delprof.ru/press-center/open-analytics/rynok-meditsinskogo-oborudovaniya-i-izdeliy-2023/

5 Reuters (2022, March 1). World's largest container lines suspend shipping to Russia. Reuters.com. https://www.reuters.com/business/worlds-biggest-container-lines-suspend-shipping-russia-2022-03-01/

6 Kommersant (2023, March 20). "The process of supplying medical equipment to Russia has become much more complicated over the past year". Kommersant.ru. https://www.kommersant.ru/doc/5885887

7 MST (2023, February 2). "The market has not been destroyed, but dramatic changes have taken place". Medsyst.ru. https://medsyst.ru/about/publications/media-about/230954/

8 MST (2022, July 6). How do sanctions affect the medical equipment market? The CEO of MST explains. Medsyst.ru. https://medsyst.ru/about/publications/articles/3975/

9 New Retail (2024, August 19). The delays in currency transfers: how can businesses pay for import supplies? New-retail.ru. https://new-retail.ru/business/ekonomika/zaderzhki_valyutnykh_perevodov_kak_biznesu_oplachivat_importnye_postavki/

10 EUR-Lex. Council Regulation (EU) No 833/2014. https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014R0833

11 EUR-Lex. Council Regulation (EU) 2023/427. https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32023R0427

12 Official Journal of the European Union (2021, June 11). Regulation (EU) 2021/821 of the European Parliament and of the Council of 20 May 2021. Eur-lex.europa.eu. https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L:2021:206:FULL&from=EN

13 European Commission (2023, February 1). Frequently asked questions on medicines and medical devices concerning sanctions adopted following Russia's military aggression against Ukraine and Belarus' involvement in it. Finance.ec.europa.eu. https://finance.ec.europa.eu/system/files/2023-02/faqs-sanctions-russia-medical_en.pdf

14 Research and production company "Medikon". Sanctions on medical equipment. Ooomedikon.ru. https://ooomedikon.ru/articles/sanktsii-na-meditsinskoe-oborudovanie/?utm_referrer=https%3A%2F%2Fwww.google.com%2F

15 Meduza (2023, February 27). Summing up the first year of sanctions for the Russian drug market. Meduza.io. https://meduza.io/feature/2023/02/27/podvodim-itogi-pervogo-goda-sanktsiy-dlya-rossiyskogo-rynka-lekarstv-ponyatnoe-delo-chto-pechalnye-no-ne-katastroficheskie

A more detailed description of our research methodology can be found in the relevant section.

This report consists of three main sections:

1. Background

This section provides background context to the Russian medical device market, including:

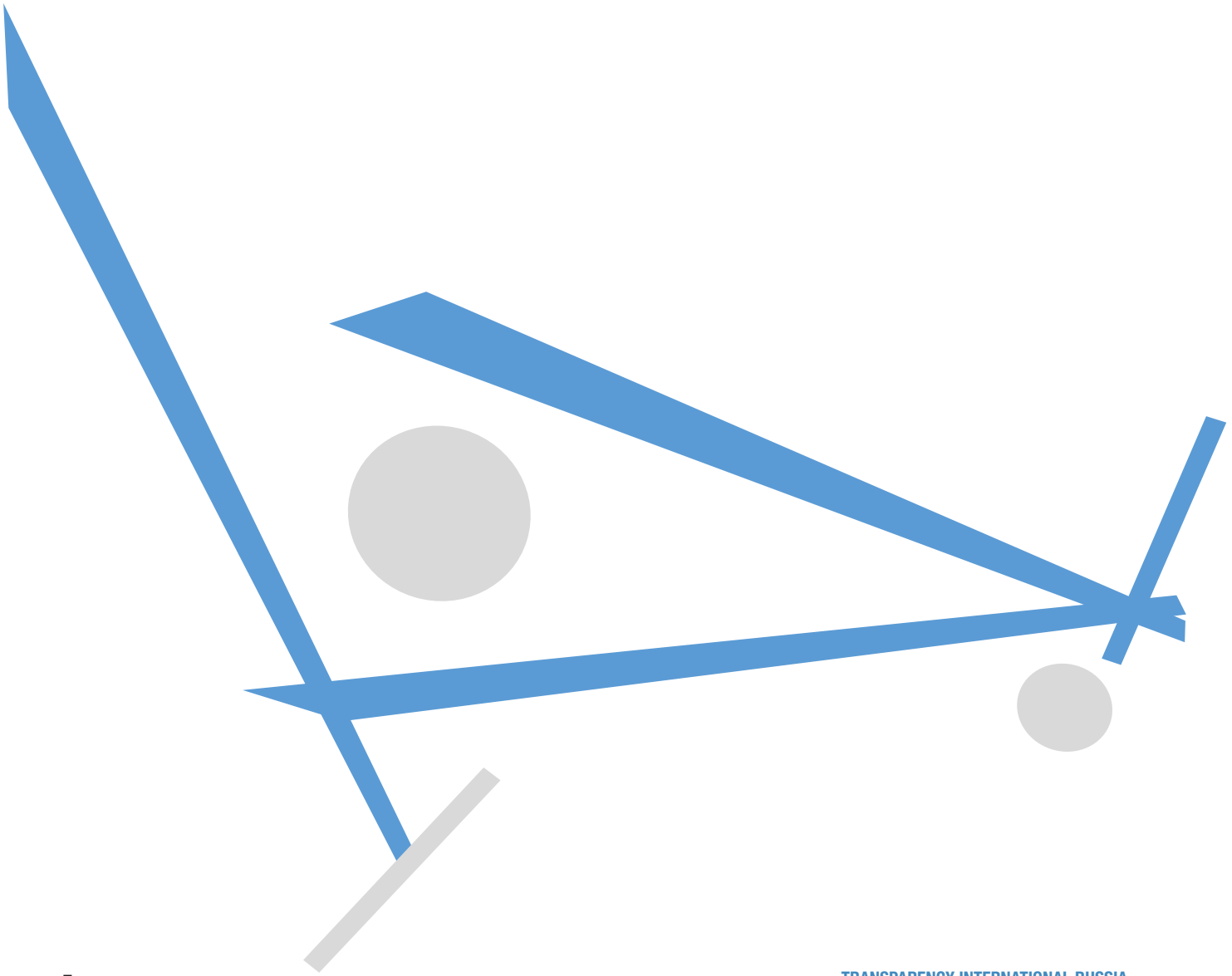
- the current corruption and irregularities in the international medical equipment trade;
- due diligence and legal liability of manufacturers and suppliers.

2. Risk areas

This section analyses risky medical equipment import schemes. For each scheme, we provide examples of imports with red flags that indicate potential violations.

3. Conclusion

In this section, we present conclusions and further hypotheses about the risk areas, as well as provide a general assessment of the transparency of medical equipment imports.



METHODOLOGY

This report seeks to address two questions regarding the import of high-value medical equipment into Russia in the wake of the Russian invasion of Ukraine:

1. Which import schemes are currently used to supply medical equipment to Russia?

2. What corruption risks are associated with these schemes?

We sought to answer these questions using the following methods:

Classification of high-value medical equipment

We reviewed official documents and statements issued by the Ministry of Health of the Russian Federation to determine which medical equipment can be classified as high-value. In 2015, the Ministry compiled[16] a list of high-value medical equipment when it assessed the efficiency of its utilization in Russian medical institutions. The list consisted of MRI and CT scanners, ultrasound machines, and X-ray devices, including stationary angiography, mammography, and fluorography systems.

Customs data analysis (case study)

The analysis was conducted in several stages:

1. Obtaining restricted Russian customs data

We received two years' worth of customs data from a trusted source, spanning the period between 24.02.2022 and 24.02.2024. The data included four codes of the Commodity Nomenclature of Foreign Economic Activity (CNFEA)[17]:

902212 — CT scanners;;

901813 — MRI scanners;

902214 — X-ray devices;

901812 — ultrasound machines.

2. Analysing the data

We categorized the data, flagging the following potential indicators of cross-border fraud:

- **Opaque jurisdictions** — for example, offshore zones and countries that facilitate money laundering — serving as the country of origin or the trading country. In this assessment, we used the Financial Secrecy Index[18] and the Basel AML Index[19] as references;
- **Rounded values and weights** of goods;
- **Missing information:** invoice value, weight, supplier name, and the full name of the declarant. The more information is missing, the more suspicious the shipment appears.

We compiled a list of suspicious deliveries for each type of high-value medical equipment. Where possible, we compared the invoice values of medical equipment models in these deliveries with similar items from other importers. We also considered the shipping date and the exchange rate to compare declarations with similar conditions.

3. Investigating suppliers

We investigated foreign suppliers and Russian importers to identify potential shell companies based on the following criteria:

- Mass registration addresses;

- Nominee directors and/or shareholders;

- Lack of a website or social media presence;

- Missing contact details, financial statements in business registries, or false information about directors or registration addresses.

In addition, we reviewed references to supplier companies and their owners in court records and news media to determine whether they had previously been involved in any economic violations.

16 The Ministry of Health of the Russian Federation (2015, July 5). Monitoring the efficiency of the medical equipment utilization in medical institutions of the Russian Federation. Minzdrav.gov.ru. https://minzdrav.gov.ru/news/2015/07/05/2429-monitoring-effektivnosti-ekspluatatsii-meditsinskogo-oborudovaniya-v-meditsinskih-uchrezhdeniyah-rossiyskoy-federatsii

17 The Russian version of Harmonized Commodity Description and Coding System.

18 Tax Justice Network. Financial Secrecy Index 2022. https://fsi.taxjustice.net/

19 Basel AML Index. Global ranking in 2023. https://index.baselgovernance.org/ranking

Literature review

Our review included professional and academic literature on medical equipment supply chains, as well as media publications and reports from investigative authorities regarding fraudulent imports of medical equipment. Furthermore, we examined the relevant International Organization for Standardization (ISO) standard[20] that addresses the responsibility of medical device manufacturers in risk management.

Scope of the study

1) Our analysis covers only medical equipment imports from American and European manufacturers (copyright holders).

2) We did not analyse violations in public procurement and identified red flags only at the import stage.

3) We did not set a lower limit on the invoice value of the goods, since the difference in value between new and used medical equipment could range in the hundreds of thousands of euros.

4) Most customs declarations did not specify the medical equipment models, so we were able to compare invoice values for similar items for only a very small number of imports.

BACKGROUND

Corruption and legal abuses in medical equipment supplies in Russia

In Russia, foreign medical equipment is susceptible to counterfeiting[21] and unjustified price increases due to corruption or fraud. In our observations, Russian investigative authorities rarely solve such crimes promptly — years may pass between the initial misconduct and a criminal case being opened.

For instance, in 2024, Kommersant reported[22] a case of large-scale fraud involving medical equipment that had occurred in 2019. At that time, a body of the Ministry of Defense, the Main Military Construction Directorate for Special Facilities (GVSU), purchased a CT scanner at a price nearly 50 million rubles above market value. According to investigators, GVSU former head Andrey Belkov offered a contract to supply medical equipment to his friend Elena Lyakhovich, the founder of Partner Plus LLC. Lyakhovich contacted a dealer of a large German company[23] which had exited the Russian market due to sanctions, as reported by Kommersant. The dealer agreed to sell the CT scanner to the Ministry of Defense, though not directly, but through Partner Plus to minimise the risks of sanctions[24]. Consequently, GVSU held a fictitious tender, with Partner Plus predetermined as the winner. Under the contract, the company received almost 122 million rubles, part of which was transferred to the dealer's representative[25] as a reward for their involvement in the risky scheme. However, investigators claim[26] that the market value of the CT scanner was slightly over 70 million rubles. The Ministry of Internal Affairs opened a case of swindling on an especially large scale in 2023, and Elena Lyakhovich pleaded guilty. Andrey Belkov is suspected[27] of abuse of office in executing a state defense order.

Additionally, the proceeds from exorbitantly priced medical equipment can be transferred abroad through a network of shell companies. The Federal Customs Service (FTS) has reported two such schemes.

20 ISO (2019). ISO 14971:2019. Iso.org. https://www.iso.org/ru/standard/72704.html

21 Counterfeiting of a medical device is the provision of false information about its manufacturer and characteristics. https://www.consultant.ru/document/cons_doc_LAW_121895/ddcfddbdbb49e64f085b65473218611b4bb6cd65/

22 Sergeev S. (2024, July 24). Timur Ivanov and his squad of defendants. Kommersant. https://www.kommersant.ru/doc/6851721

23 The company name is not given in publications.

24 We assume that the CT scanner kit included parts the EU classifies as dual-use goods. At that time, the EU had already banned supplying such goods to Russian military organizations.

25 Rubnikovich O. (2024, November 11). A businesswoman paid for a tomograph. Kommersant. https://www.kommersant.ru/doc/7281979

26 Ibid.

27 Ibid.

At the beginning of 2019, the FTS exposed[28] a criminal group in Saint Petersburg and the Leningrad Region that supplied European medical equipment at inflated prices. In Estonia, the perpetrators replaced original commercial documents with forged ones, exaggerating the value of the medical devices by several dozen times. Using forged documents, they delivered the equipment to Russia, distributed the proceeds from sales among the accounts of over 50 legal entities, and then transferred the money to foreign banks. As a result, $2.5 billion was siphoned out of Russia.

Later, the FTS uncovered[29] a similar scheme in Moscow. From 2016 to 2020, a criminal group imported medical equipment into Russia using forged contracts with a significant markup. The group sold ultrasound machines, life support system consoles, and surgical laser systems through shell companies and then transferred the proceeds abroad. Investigators estimated that 500 million to 1 billion rubles were siphoned off. In some instances, goods were exported from Russia with intentionally understated values and then reimported with inflated values. Furthermore, the perpetrators counterfeited some of the medical equipment by importing Chinese devices and misrepresenting them to customs as European-made.

Another counterfeiting case involves replacing trademarks on European medical equipment after the customs declaration. In 2018, the Scientific Research Institute of Electromechanics (NIIEM), a company in the Roscosmos structure, supplied[30] hospitals in the Tomsk Region with Italian Moviplan X-ray devices disguised as Russian equipment. The replacement occurred according to the following scheme: first, NIIEM deputy director Vladislav Rasteryaev contracted Newton-MT LLC to provide four Moviplan X-ray diagnostic systems, intended to be used as key components of NIIEM's own X-ray equipment. However, instead of using the Moviplan systems to manufacture new equipment, Rasteryaev instructed his subordinates to replace the trademark stickers on the devices. Later, hospital specialists who had expected to receive NIIEM equipment found that the goods did not comply with the technical specifications.

28 The Federal Customs Service (2019, February 19). Customs officers exposed a criminal group that transferred over 2.5 billion rubles abroad through the import of medical equipment from Europe. Customs.gov.ru. https://customs.gov.ru/press/federal/document/173972

29 The Federal Customs Service (2020, June 29). Customs officers found in Moscow a criminal group that siphoned up to 1 billion rubles out of the country through the import of medical equipment. https://customs.gov.ru/press/federal/document/242464

30 Court decisions RF. Case № 1-11/2022 (1-385/2021). https://xn--90afdbaav0bd1afy6eub5d.xn--p1ai/62396552

DUE DILIGENCE IN SUPPLY CHAINS

The Organization for Economic Cooperation and Development (OECD) underscores[31] the importance of due diligence in supply chains. This process involves verification of the counterparty's integrity, including its business reputation, financial stability, and the presence of qualified employees capable of fulfilling contract terms.

OECD highlights[32] that due diligence is instrumental in reputational risk management. PricewaterhouseCoopers (PwC), one of the most influential auditing organizations, insists[33] that regular verification of counterparties is essential for mitigating corruption risks. According to PwC[34], companies must be especially diligent when establishing new business relationships.

Medical equipment manufacturers in the US, EU, Russia, Japan, and other countries follow the international standard ISO 14971 ("Application of risk management to medical devices")[35]. The standard recommends that manufacturers collect information about equipment "throughout the entire life cycle" and identify situations that may adversely affect its safety.

The latest 2021 revision provides a list of required information, which includes information generated by the supply chain.

The Russian legislation also stipulates the necessity of due diligence. The taxpayer may reduce the tax base and amount only in accordance with Article 54.1 of the Tax Code of the Russian Federation[36]. If a tax gap is discovered in a supply chain, meaning that one of its members has not paid VAT, tax authorities may refuse a VAT deduction to a bona fide company, citing suspicious financial and operating activities.

Nevertheless, medical equipment manufacturers rarely have strong insight into their supply chains. A 2020 study by McKinsey & Company[37] found that many manufacturers collect incomplete information about the companies that supply them with components or finished goods. "Most lack the latest intelligence about the financial resiliency of their tier-1 supply base, and even fewer have visibility into tier-2 and -3 suppliers," concluded the experts from the consulting company.

31 OECD (2018, May 31). OECD Due Diligence Guidance for Responsible Business Conduct. https://mneguidelines.oecd.org/due-diligence-guidance-for-responsible-business-conduct.htm

32 Ibid.

33 PwC (2024, June 12). Global Economic Crime Survey 2024. https://www.pwc.com/gx/en/services/forensics/economic-crime-survey.html?WT.mc_id=GMO-TRS-NA-FY24-RISK-LCWWSR-T56-CI-XLOS-SUR-GMOTRU000131-EN-CASURV-T1

34 Ibid.

35 ISO (2019). ISO 14971:2019. Iso.org. https://www.iso.org/ru/standard/72704.html

36 ConsultantPlus. Article 54.1 of the Tax Code. The Limits of Exercising the Rights as to the Estimation of the Tax Base and/or the Amount of a Tax, Fee and Insurance Contributions. https://www.consultant.ru/document/cons_doc_LAW_19671/456468126824fd90201c25b3613aed69768da607/

37 McKinsey & Company (2020, December 18). The resilience imperative for medtech supply chains. Mckinsey.com. https://www.mckinsey.com/capabilities/operations/our-insights/the-resilience-imperative-for-medtech-supply-chains

We contacted the manufacturer Siemens Healthineers and received a response about some of the company's due diligence procedures:

"The export control procedures within Siemens include, but are not limited to:

- checking each order with regard to destination, end-use and end-user, including checking involved parties against applicable Sanctioned Parties Lists (EU, U.S., etc.);
- checking each item against applicable governmental export lists of restricted hardware, software, and technology;
- checking all employees and recruiting activities against the applicable Sanctioned Parties Lists, in accordance with local laws;
- performing regular internal audit reviews of the worldwide export control compliance program;
- using multiple means to routinely communicate changes to sanctions policies to company stakeholders;
- and performing regular internal training for company stakeholders in the area of export control.

In addition, every transaction continues to be checked against the criteria of the applicable lists of goods and against the final deposition and designated purpose of the goods, independent of the country of destination. This is to make sure that any business is strictly conducted in accordance with applicable laws and group-wide policies."

RISK AREAS IN SUPPLY CHAINS

Opaque middlemen

We consider the following to be opaque middlemen:

- Founders of companies which are difficult to trace because jurisdictions do not disclose this information;
- Shell companies with nominee managers or owners, or mass registration addresses.

Typically, there is no open source information available about the phone numbers, email addresses, or websites of such companies.

In the customs data, we identified transactions involving suspicious middlemen. One of the Russian importers purchasing medical equipment from such middlemen had previously imported equipment without warranty documents through opaque British companies.

Individual Entrepreneur Shikina Galina Sergeevna (Russia), Perspektivnye Investitsii Kompanii LLC (Belarus), Medical Equipment LLP (Kazakhstan)

Individual Entrepreneur (IE) Shikina Galina Sergeevna[38] imports into Russia used medical equipment from Siemens and General Electric (GE). From February 2022 to February 2024, Shikina imported CT and MRI scanners and X-ray devices worth almost 1.4 million euros.

The primary senders were the Austrian companies AKoR GmbH[39] and m.e.d. GmbH Schulz[40], but in some of their shipments, the counterparty was the Belarusian Perspektivnye Investitsii Kompanii LLC[41]. On behalf of this company, AKoR sent Shikina one X-ray device, one CT scanner,

38 Rusprofile. IE Shikina Galina Sergeevna. Rusprofile.ru. https://www.rusprofile.ru/ip/318774600285528
39 Bimedis. Anna Riener (Firma: AKoR GmbH). De.bimedis.com. https://de.bimedis.com/user/anna-riener-108995
40 m.e.d. GmbH Schulz. Shop.m-e-d.at. https://shop.m-e-d.at/
41 Kartoteka. Perspektivnye Investitsii Kompanii LLC. Kartoteka.by. https://kartoteka.by/unp-193040032

and two MRI scanners worth 645,000 euros in total. Perspektivnye Investitsii Kompanii's core business is not related to the medical equipment trade or foreign trade in general; it is listed as advertising. We could not find contacts or a website for an advertising agency with such a name.

The Belarusian company also acted as a middleman in the shipment of medical equipment from AKoR to another Russian importer, MRT 10 LLC[42]. This company was registered in October 2022 and belongs to Zhanna Korchagina, a relative of AKoR owner[43] Anna Riener (Korchagina).

Another middleman for Shikina is Medical Equipment LLP[44], based in Kazakhstan. In December 2022, it sent a used Siemens CT scanner with an invoice value of 23,900 euros (1.6 million rubles) from Lithuania to Russia. An audit by the State Revenue Committee of Kazakhstan in 2023 showed[45] that Medical Equipment was not present at its registration address. The commercial register of Kazakhstan lists Alexander Alexandrovich Kosenkov as the director and founder of this company, but we assume that he owns it nominally. Medical Equipment was registered on the same day and at the same address as another company of Kosenkov's, Elephant Logistic LLP[46]. In Russia, Sergey Shikin, Galina Shikina's father, used to own a company with the same name. IE Shikin Sergey Vladimirovich[47] was registered in Kazakhstan shortly before the CT scanner was shipped to Russia.

The Shikin family has been importing medical equipment to Russia since 2006. They have a long history of trading with opaque middlemen. In the 2000s and 2010s, Sergey Shikin's companies imported American medical equipment without the knowledge of the copyright holder through intermediaries with characteristics of shell companies.

Shikin owned several Russian importers, including Elephant Logistic LLC[48] and MedicalService LLC[49]. These companies purchased[50] medical devices from British middlemen Sebastyan Eco LLP[51], Templemax Sales LLP[52], and Medical Equipment Trading LLP[53]. Subsequently, some Elephant Logistic and MedicalService customers refused to accept the goods due to the absence of warranty documents, and one customer filed a lawsuit.

42 List-Org. Organization MRT 10 LLC. List-org.com. https://www.list-org.com/company/13691344

43 Firmen ABC. AKoR GmbH. Firmenabc.at. https://www.firmenabc.at/akor-gmbh_zwOn

44 Business Analyst. LLP Medical Equipment. Ba.prg.kz. https://ba.prg.kz/750000000-almaty/220340019492-too-medical-equipment-medikal-ekipment/

45 Ibid.

46 Business Analyst. LLP Elephant Logistic. Ba.prg.kz. https://ba.prg.kz/750000000-almaty/220340019482-too-elephant-logistic-elefant-logistik/

47 Business Analyst. IE Shikin Sergey Vladimirovich. Ba.prg.kz. https://ba.prg.kz/750000000-almaty/040102500034-ip-shikin-sergey-vladimirovich

48 Information from the Russian service Kontur.Focus.

49 List-Org. Organization MedicalService LLC. List-org.com. https://www.list-org.com/company/6967151/show/founders_history#founders

50 Source: Russia's customs data.

51 Companies House. Sebastyan Eco LLP. Find-and-update.company-information.service.gov.uk. https://find-and-update.company-information.service.gov.uk/company/OC346250

52 Companies House. TEMPLEMAX SALES LLP. Find-and-update.company-information.service.gov.uk. https://find-and-update.company-information.service.gov.uk/company/OC382113

53 Companies House. Medical Equipment Trading LLP. Find-and-update.company-information.service.gov.uk. https://find-and-update.company-information.service.gov.uk/company/SO302933

1. Purchase of an ultrasound machine from a fake foreign supplier

According to the decision of the Supreme Court of the Russian Federation[54], in 2010, Elephant Logistic purchased a GE ultrasound machine from a British middleman Sebastyan Eco. The British middleman had allegedly purchased this device from the American company RPS Imaging. The letter from RPS Imaging's alleged manager, Bob Hope, served as a confirmation for this purchase. In this letter, he had stated that RPS Imaging was an authorized distributor of GE medical equipment.

Later, another Russian company, Medical Group, which had likely purchased this ultrasound machine from Shikin's Elephant Logistic, supplied it to Lipetsk Regional Hospital no. 2. However, the hospital refused to accept the delivery due to the absence of a manufacturer's warranty, a missing component, and another component not meeting the contract requirements.

Lipetsk Region Health Department asked the manufacturer, GE HealthCare, whether RPS Imaging was an authorized distributor of GE equipment. The manufacturer denied this and reported that it had not issued a warranty for this device that is valid for sales to Russia. GE HealthCare requested clarification from RPS Imaging. The head of RPS Imaging stated that they did not supply the ultrasound machine to Russia and that the person named Bob Hope was unknown to them.

2. Delivery of a used ultrasound machine instead of a new one

In 2013, Shikin's MedicalService was contracted[55] to supply a new GE ultrasound machine to the clinic diagnostic center Maternal and Child Health Care in the Sverdlovsk Region. Like Elephant Logistic in the previous case, MedicalService did not provide a manufacturer's warranty for the device; instead, it presented a warranty from the American company Imaging Equipment International.

The Ministry of Health of the Sverdlovsk Region suspended acceptance of the goods and sent a letter to the manufacturer asking whether it had issued a warranty for this ultrasound machine. In response, Austrian GE HealthCare stated that the warranty was no longer valid. They explained that the machine was not new, but used equipment "disassembled by untrained personnel" and imported into Russia "through unofficial channels." The manufacturer also reported that Imaging Equipment International was not authorized to issue warranties.

As a result, the contract between the Sverdlovsk Ministry of Health and MedicalService was terminated, and the Federal Antimonopoly Service (FAS) included[56] the company in the register of unscrupulous suppliers.

In August 2022, Sergey Shikin and his brother Alexey received[57] a suspended 2.5 year sentence for tax evasion. Their company, MDS LLC, entered into fictitious transactions with related shell companies and, on this basis, received a VAT refund. It has been declared bankrupt[58] and is obliged to pay over 49 million rubles to the Russian budget[59].

We suspect that Sergey Shikin continues to trade medical equipment through his daughter's entrepreneurship and likely imports devices without warranty documents from manufacturers GE and Siemens. We are also concerned about the quality of the medical equipment because Shikin had previously attempted to sell a used and unprofessionally disassembled ultrasound machine

54 Electronic Justice. Definition by the Supreme Court of the Russian Federation of March 10, 2015. Kad.arbitr.ru. https://kad.arbitr.ru/Document/Pdf/9f65d1f7-b524-4021-98a4-ddfdf77e5593/A36-7727-2012_20150311_Opredelenie.pdf?isAddStamp=True

55 Unified Information System in Public Procurement. № 0162200009113000895. Zakupki.gov.ru. https://zakupki.gov.ru/epz/contract/contractCard/document-info.html?reestrNumber=0162200009113000895&contractInfoId=12490161

56 Unified Information System in Public Procurement. № РНП.39682-15. Zakupki.gov.ru. https://zakupki.gov.ru/epz/dishonestsupplier/view/info.html?id=4238

57 Second General Jurisdiction Court of Cassation. Case № 7У-4160/2023 [77-1901/2023]. 2kas.sudrf.ru. http://2kas.sudrf.ru/modules.php?name=sud_delo&srv_num=1&name_op=case&case_id=8368633&case_uid=788a0c91-e14f-42f3-b983-8df08c6e6fb4&new=2450001&delo_id=2450001

58 List-Org. Organization MDS LLC. List-org.com. https://www.list-org.com/company/7217110

59 Second General Jurisdiction Court of Cassation. Case № 7У-4160/2023 [77-1901/2023]. 2kas.sudrf.ru. http://2kas.sudrf.ru/modules.php?name=sud_delo&srv_num=1&name_op=case&case_id=8368633&case_uid=788a0c91-e14f-42f3-b983-8df08c6e6fb4&new=2450001&delo_id=2450001

RELATED PARTY TRANSACTIONS

Related parties are individuals or legal entities whose relations may influence the terms or results of transactions between them[60]. For instance, a parent company and its subsidiary, two subsidiaries, or organizations with a common ultimate owner[61] [62].

Related party transactions are not illegal and are common within groups of companies[63]. Many economists note that transactions of this nature help holdings allocate resources and reduce costs efficiently[64] [65]. In particular, distributing medical equipment through a subsidiary in another country enables a manufacturer to gain better control over the supply chain, safeguard intellectual property, and minimise risks to the equipment and the company's reputation[66].

However, another approach focuses on the conflict of interest in such transactions. Lawmakers, regulators, and auditors consider related party transactions risky because they may occur on non-market terms, such as a price significantly higher or lower than the market value[67]. Possible consequences include an unjustified tax benefit in the form of an artificial increase or decrease in the tax base[68] and a withdrawal of funds from the company to the detriment of minority shareholders[69].

FATF documented a major corruption case involving related middlemen in the Russian medical market. In its report "Specific Risk Factors in Laundering the Proceeds of Corruption," the organisation described[70] a scheme involving an offshore company and an affiliated Russian company. The first company purchases medical equipment at the manufacturer's actual price, while the second company secures a public contract at an inflated price. The contractor then transfers the majority of the sum to the offshore company's account, in the amount equal to the difference between the contract price and the actual price of the equipment. A share of this transfer consists of corruption proceeds that may be redirected to foreign accounts of a corrupt official or their relatives and accomplices. We suspect that this scheme involving foreign middlemen (although not necessarily offshore companies) related to a Russian company may still be in operation.

Through the analysis of Russia's customs data, we identified four groups[71] of related foreign and Russian suppliers. In two cases, we found significant discrepancies in invoice values of the goods compared to the price of purchase directly from the manufacturers, with the values at least 1.5 times higher than the manufacturers' actual prices[72].

60 ConsultantPlus. Article 54.1 of the Tax Code. Related persons. Consultant.ru. https://www.consultant.ru/document/cons_doc_LAW_19671/eab507d8eb4d9c9196ed3567f9f3ee98dd0c2f76/

61 International Federation of Accountants (2024, August). Handbook of International Quality Management, Auditing, Review, Other Assurance, and Related Services Pronouncements. Ifac.org. https://ifacweb.blob.core.windows.net/publicfiles/2024-08/IAASB-2023-2024-Handbook-Volume-1.pdf

62 OECD iLibrary (2018, November 28). Flexibility and Proportionality in Corporate Governance. Oecd-ilibrary.org. https://www.oecd-ilibrary.org/governance/flexibility-and-proportionality-in-corporate-governance/related-party-transactions_9789264307490-9-en

63 Pizzo M. (2011). Related party transactions under a contingency perspective. Journal of Management & Governance. https://link.springer.com/article/10.1007/s10997-011-9178-1

64 Gordon E. A., Henry E., & Palia D. (2004). Related party transactions and corporate governance. Advances in Financial Economics. https://sites.rutgers.edu/darius-palia/wp-content/uploads/sites/218/2019/07/advances_04.pdf

65 Pizzo M. (2011). Related party transactions under a contingency perspective. Journal of Management & Governance. https://link.springer.com/article/10.1007/s10997-011-9178-1

66 KPMG (2020, March). The changing landscape of the medical devices industry in the APAC region. Kpmg.com. https://assets.kpmg.com/content/dam/kpmg/jp/pdf/2020/jp-medical-device-apac-en.pdf

67 Kohlbeck M. J., Mayhew B. W. (2016). Are Related Party Transactions Red Flags? SSRN. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2427439

68 Shperlik K. (2022, July 29). Who are interdependent persons, and why the tax authorities do not like them. Kontur.Journal. https://kontur.ru/articles/5281

69 OECD iLibrary (2018, November 28). Flexibility and Proportionality in Corporate Governance. Oecd-ilibrary.org https://www.oecd-ilibrary.org/governance/flexibility-and-proportionality-in-corporate-governance/related-party-transactions_9789264307490-9-en

70 FATF (2012, June). Specific Risk Factors in Laundering the Proceeds of Corruption. Fatf-gafi.org https://www.fatf-gafi.org/content/dam/fatf-gafi/reports/Specific%20Risk%20Factors%20in%20the%20Laundering%20of%20Proceeds%20of%20Corruption.pdf

71 At least three more groups have the characteristics of related companies, including foreign and Russian counterparties with the same name. However, we were unable to prove the presence of common control due to a lack of information on the ultimate owners.

72 Since significant rate fluctuations affected ruble values, we compared the invoice values in foreign currencies.

1. Monotek Stroy LLC (Russia) and Teknikon Yapı JSC (Turkey)

The construction company Monotek Stroy LLC began actively trading in medical equipment in 2022[73]. Over two years, it imported CT, MRI, ultrasound, and X-ray equipment manufactured by GE worth about $188 million in total. However, the organization is not listed[74] as an official distributor on the Russian GE HealthCare website.

Monotek Stroy secures significant government contracts for hospital construction. Among the company's recent projects is the construction of facilities on the territory of the International Medical Cluster in the Skolkovo Innovation Center[75]. The customer is the International Medical Cluster Foundation[76], established by the Moscow City Construction Department[77].

50% of the company indirectly belongs to businessmen from Tatarstan, members of the entourage of Russia's Minister of Construction, Housing and Utilities Irek Fayzullin[78 79] and Deputy Prime Minister Marat Khusnullin[80 81 82]. One of these businessmen, Marat Khafizov, heads the Industrial Competence Center "Stroitelstvo" at the Ministry of Construction, Housing and Utilities of Russia[83].

In 2022, Monotek Stroy purchased two GE MRI scanners from its other founder, the Turkish construction company Teknikon Yapı JSC. The invoice values of these Signa Voyager scanners significantly exceeded those of importers who traded directly with the manufacturer[84], with the dollar price difference ranging from 49%[85] to 89%[86].

Table 1. Comparison of invoice values of Signa Voyager MRI scanner, manufacturer GE Healthcare (Tianjin) Company Limited

Date	Importer	Foreign Supplier (country)	USD value	RUB value	Exchange rate	Net weight
2022, July 1	Monotek Stroy LLC	Teknikon Yapı JSC (Turkey)	1,616,461	84,884,085	52.5123	8,405 kg
2022, August 22	Monotek Stroy LLC	Teknikon Yapı JSC (Turkey)	1,616,461	95,584,733	59.1321	9,415 kg
2022, November 7	Paritet LLC	GE Medical Systems (France)	1,078,651	66,979,373	62.0955	8,217 kg
2022, December 9	Sfera M LLC	GE HealthCare (France)	N/A	72,150,115	N/A	8,173 kg
2022, December 10	Sfera M LLC	GE HealthCare (France)	854,735.94	53,319,539	62.3813	7,934 kg

73 Source: Russia's customs data.

74 GE Healthcare. Official Distributors of GE HealthCare. https://www.gehealthcare.ru/about/partners-list#02-product-icon-list

75 Monotek Stroy. https://monotekstroy.ru/

76 Garant. Resolution of the Moscow District Commercial Court dated September 26, 2024 № Ф05-20306/24 in case № А40-303243/2023.

77 MIMC. The Moscow Government. Resolution of September 21, 2015 № 600-ПП. https://mimc.ru/upload/iblock/057/Postanovlenie_Pravitelstva_Moskvy_ot_21_09_2015_N_600_PP_r.13.10.20.pdf

78 Publication «Digital Construction» (2023, August 7). Amethyst Group CEO Marat Khafizov is awarded the Honorary Badge of the Ministry of Construction, Housing and Utilities of the Russian Federation. https://digital-build.ru/news/generalnyj-direktor-gk-ametist-grupp-marat-hafizov-nagrazhden-pochetnym-znakom-ministerstva-stroitelstva-i-zhkh-rf/

79 CifraStroy (2024, August 30). Digitalization of construction in Russia – challenges, trends and the future. https://cifrastroy.ru/news/marat-hafizov-tsifrovizatsija-stroitelstva-v-rossii-vyzovy-trendy-i-buduschee

80 Sergeev A. (2018, March 23). Khusnullin's «Construction Team». How managers from Tatarstan took Moscow. Life. https://life.ru/p/1098434

81 Dolinina I., Marokhovskaya A. (2018, September 17). VIP nomads. Novaya Gazeta. https://novayagazeta.ru/articles/2018/09/17/77842-svoih-ne-brosaem

82 Yushkov I., Belovodyev D. (2020, April 6). Gaskar Group, whose technology was used for the Social Monitoring app, is affiliated with VIP nomads from Tatarstan. Daily Storm. https://dailystorm.ru/rassledovaniya/gaskar-group-chi-tehnologii-ispolzovalis-dlya-prilozheniya-socialnyy-monitoring-svyazana-s-vip-kochevnikami-iz-tatarstana

83 CifraStroy (2024, August 30). Digitalization of construction in Russia – challenges, trends and the future. https://cifrastroy.ru/news/marat-hafizov-tsifrovizatsija-stroitelstva-v-rossii-vyzovy-trendy-i-buduschee

84 We compared deliveries that were close in departure date and dollar exchange rate.

85 The difference between the delivery for Monotek Stroy in July and the delivery for Paritet in November.

86 The difference between the delivery for Monotek Stroy in August and the delivery for Sfera M in December.

Several explanations for these discrepancies are possible, including markup and the higher cost of components for the Monotek Stroy scanners. We have therefore addressed further questions about these deliveries to Monotek Stroy and GE HealthCare.

2. Dina International JSC (Russia) and SarLax Healthcare GmbH (Germany)

The Dina International group companies have been operating in Russia for over 30 years. Based on its performance in 2021, Dina International JSC entered the top 50 largest medical equipment suppliers under government contracts[87]. Between 2022 and 2024, the company imported CT, MRI, and X-ray equipment worth approximately 12.5 million euros[88]. While Siemens manufactured most of that equipment, Dina International is not listed[89] as a business partner on the Siemens Healthcare LLC website.

The German company SarLax Healthcare GmbH supplied Dina International with Siemens MRI scanners. Dina International CEO and majority shareholder[90] Saroj Kumar Sinha owns half of SarLax Healthcare[91].

We compared the invoice value of a Siemens MRI scanner that Dina International received from Germany with the deliveries of the same model from Siemens to its Russian subsidiary, Siemens Healthcare[92]. The euro invoice value of the MRI scanner sold to Dina International was 270–277% higher.

Table 2. Comparison of invoice values of Magnetom Sola MRI scanner, manufacturer Siemens Healthcare

Date	Importer	Foreign Supplier (country)	USD value	RUB value	Exchange rate	Net weight
2022, June 22	Dina International JSC	SarLax Healthcare GmbH (Germany)	1,345,600	77,313,601	57.4566	11,163.895 kg
2022, August 4	Siemens Healthcare LLC	Siemens Healthcare (Germany)	498,881.64	30,493,791	61.1243	11,210 kg
2022, October 21	Siemens Healthcare LLC	Siemens Healthcare (Germany)	485,816.64	29,361,349	60.4371	11,341 kg
2022, October 26	Siemens Healthcare LLC	Siemens Healthcare (Germany)	486,116.64	29,392,945	60.4648	11,308 kg

More expensive components or higher transportation costs hardly explain such a vast discrepancy. In Russia, additional charges, such as transportation and insurance fees, are included in the customs value[93], not the invoice value. Either way, both the manufacturer and SarLax Healthcare shipped the MRI scanners from Germany to Moscow, so the transportation costs should be relatively similar.

We have contacted Dina International and Siemens Healthineers with questions regarding this delivery.

87 Vademecum (2022, August 15). How the companies from the Vademecum ranking "TOP100 suppliers of medical devices in the government procurement market" managed through the coronavirus waves. Vademec.ru.https://vademec.ru/article/pandemite_mne_veki-_kak_perenesli_koronavirusnye_volny_uchastniki_reytinga_vademecum_-top100_postavshch/

88 Source: Russia's customs data.

89 Siemens Healthineers. Business partners for sales of medical equipment. https://www.siemens-healthineers.com/ru/business-partners/business-partners-medical-equipment

90 As of May 2022. Source: Kontur.Focus.

91 North Data. SarLax Healthcare GmbH, Neufra. Northdata.de. https://www.northdata.de/SarLax+Healthcare+GmbH,+Neufra/Amtsgericht+Ulm+HRB+732340

92 Since other companies did not import the same model of MRI scanner, we were unable to compare Dina International's import with transactions in which parties were unrelated. However, German Siemens Healthcare and Russian Siemens Healthcare are not simply related entities but the manufacturer and the subsidiary. Therefore, a comparison with their transactions seemed appropriate to us.

93 ConsultantPlus. CC of the EEU Article 40. Adjustments to the Price Actually Paid or Payable for Imported Goods. https://www.consultant.ru/document/cons_doc_LAW_215315/66248a91f91265e74f977a3bb45a5ec7cabbc456/

Non-specialised traders

Some medical equipment dealers partially or entirely outsource the delivery of goods to import-export companies engaged in non-specialised trade. Such companies provide various services, including logistical support, organising transportation, and declaring goods for customs clearance.

High-tech medical equipment is fragile and difficult to transport. Transportation of CT and MRI scanners, X-ray devices, and ultrasound machines requires careful planning, since this kind of equipment is sensitive to disturbances and environmental factors, especially humidity[94] [95].
"The transportation of medical cargo has its own specifics and is one of the most complex and demanding sectors. Carriers must meet strict requirements, as failing to do so can affect product quality. The delivery of certain types of medical equipment and pharmaceutical products requires a tailored approach," explained[96] Svetlana Golovatenko, an expert in logistics and international transportation. It is therefore unlikely that a responsible distributor of medical equipment would collaborate with an inexperienced importer, as that would introduce additional risks to the equipment's performance and safety.

Another risk is associated with non-specialised traders not disclosing their customers — i.e., Russian medical equipment distributors — in customs declarations. In this scenario, medical devices may ultimately be distributed through unofficial channels, which could void the manufacturer's warranty. Used equipment is particularly susceptible to this risk. We identified companies that began importing used medical equipment worth tens of thousands of euros in 2023, despite having no previous experience in the sector.

Vash Importer LLC (Russia) and Ostuni Trejd LLC (Kyrgyzstan)

Vash Importer LLC[97] is a Russian company that has been delivering industrial equipment and components, car parts, building materials, clothing, footwear, food products, and other goods for over ten years.

The company first imported medical equipment in the summer of 2023 under an agreement with Ostuni Trejd LLC, a foreign trade agent from Kyrgyzstan, which had been registered several months prior to the transaction[98]. On behalf of Ostuni Trejd, two British resellers of used medical devices, Hilditch Group[99] and British Medical Auctions[100], shipped medical equipment from the UK to Russia. These companies supplied 10 used X-ray devices worth 92,000 euros. Vash Importer received seven Hologic mammography systems from Hilditch Group, as well as a Siemens C-arm and a GE C-arm from British Medical Auctions.

It is highly likely that Vash Importer fulfilled orders from Russian medical equipment distributors. However, since the company concluded trade agreements in its own name, the recipients of the X-ray devices are not listed in the customs declarations.

94 Central Trans (2024, April 3). Medical equipment logistics - transportation, delivery, customs clearance. Centraltrans.ru. https://centraltrans.ru/articles/perevozka-medicinskogo-oborudovaniya-transportirovka-dostavka-tamozhennoe-oformlenie-statya?ysclid=m3dglx7m6i812644093

95 Standard Line. Customs clearance of medical equipment. S-standard.ru. https://s-standard.ru/import-i-tamozhennoe-oformlenie-medicinskogo-oborudovaniya

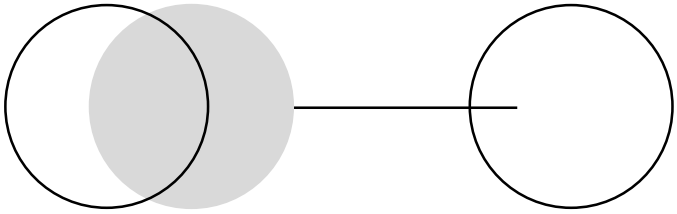
96 Livandovskaya A. (2021, March 9). Export and import of medical products during the pandemic: problems and solutions. the Pharma media. https://thepharma.media/publications/articles/25186-eksport-i-import-medicinskih-tovarov-v-period-pandemii-problemy-i-sposoby-ih-reshenija

97 List-Org. Vash Importer LLC. List-org.com. https://www.list-org.com/company/1417795

98 Statsnet. Ostuni Trejd LLC. Statsnet.co. https://statsnet.co/companies/kg/174095863

99 Hilditch Group. https://hilditchgroup.com/

100 BMA. About us. https://www.britishmedicalauctions.co.uk/about/about-us/



CONCLUSION

Our analysis of customs records has revealed opaque supply chains for high-value medical equipment and risks associated with corruption, financial irregularities, and fraud in this industry. We have identified three key risk areas and four suspicious cases.

1. Opaque middlemen

The transparency of Russian foreign trade in medical equipment has improved compared to the first half of the 2010s. During that period, a significant amount of medical equipment was imported into Russia through middlemen from offshore jurisdictions who bore the characteristics of shell companies. In Russia's customs data from February 2022 to February 2024, we have not identified any opaque middlemen from the UK or offshore zones, such as the British Virgin Islands and Panama. Several UAE companies were among the shippers, but we have not found any red flags in the transactions associated with them.

We believe that since dozens of Russian banks have been sanctioned and foreign banks are freezing Russian payments, middlemen with shell company characteristics may now be being registered in Central Asian countries and Belarus. There is a widespread practice of companies from one of these countries acting as counterparties to Russian importers, while in reality serving only as middlemen between Russian and Western companies[101] [102] [103] [104]. Through a scheme of this nature, Vash Importer LLC purchased used medical equipment from the UK through its counterparty Ostuni Trejd LLC from Kyrgyzstan. Similarly, Medical Equipment LLP from Kazakhstan was likely only a nominal supplier to Galina Shikina, as that transaction involved shipping a medical device from Lithuania to Russia. Shikina's Belarusian counterparty, Perspektivnye Investitsii Kompanii LLC, may also be a financial intermediary involved in transferring money to the Austrian supplier AKoR.

2. Related party transactions

Trade through related foreign middlemen is common among importers that are part of international groups. Monotek Stroy LLC and Dina International JSC are members of such groups, but we find it suspicious that they are not listed as official distributors on manufacturers' websites while importing equipment worth millions of euros.

We compared deliveries of MRI scanners to Monotek Stroy and Dina International with similar transactions made by other importers. The invoice values of these MRI scanners exceeded manufacturers' actual prices by 49 to 277%.

Deliveries arranged through middlemen are typically more expensive than deliveries received directly from manufacturers, and differences in equipment kits may also explain higher invoice values. Because of that, we do not claim that there is intentional price inflation in these transactions. Nevertheless, such discrepancies raise suspicions, given that similar value differences led to criminal charges of price gouging in Russia at the beginning of the 2010s, during which time public contract prices were frequently two times higher than manufacturers' prices.

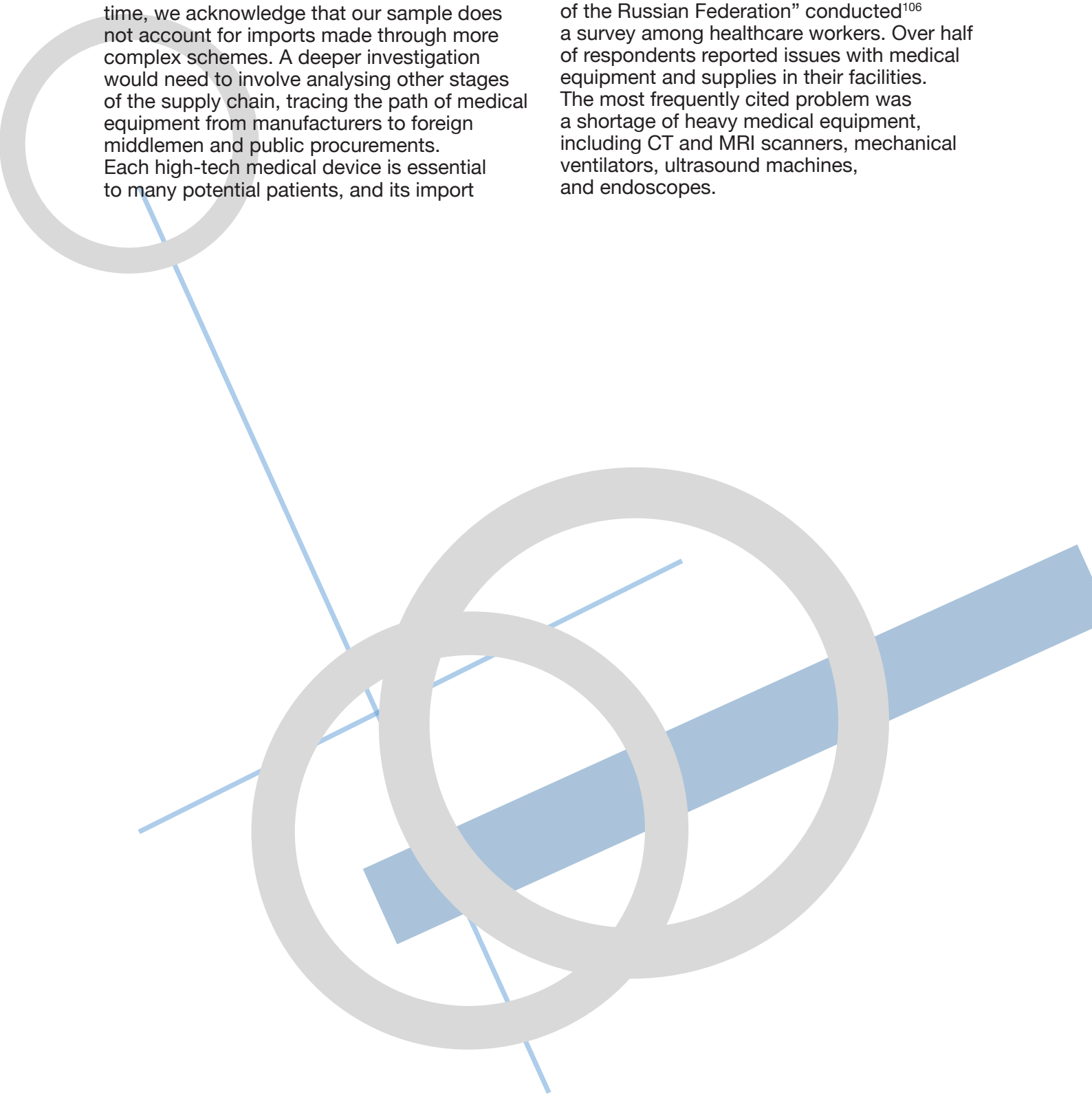
3. Non-specialised traders

Schemes in which non-specialised importers serve as counterparties to foreign medical equipment suppliers raise concerns. Transactions of this nature may conceal the actual recipient of goods, a Russian medical distributor, thereby calling their integrity into question.

Another red flag is importers' lack of experience with delivering medical equipment. A Russian distributor that entrusts a delivery of a high-tech medical device to an unqualified importer does not exercise due diligence and may itself be an unscrupulous supplier.

101 Consulting Group "Etalon". Foreign economic activity guide for working with Kazakhstan. https://www.etalon-cons.ru/blog/gajd-ved-po-rabote-s-kazahstanom/
102 Sary-Arka. Foreign economic activity outsourcing. https://importparalel.ru/autsorsing-ved/
103 Import-Export. Foreign economic activity outsourcing. https://import-export-trade.com/transh
104 AsstrA-Associated Traffic AG. Foreign economic activity outsourcing, DDP. https://www.asstra.by/ru/trade-services/

According to our analysis, suspicious deliveries of Western medical equipment constitute a small part of total imports. In particular, we have not found any red flags in the imports of ultrasound machines, perhaps because Western manufacturers have a relatively small share of this market[105]. At the same time, we acknowledge that our sample does not account for imports made through more complex schemes. A deeper investigation would need to involve analysing other stages of the supply chain, tracing the path of medical equipment from manufacturers to foreign middlemen and public procurements. Each high-tech medical device is essential to many potential patients, and its import through unofficial or illegal channels may directly or indirectly affect their health. This aspect is especially sensitive in the current climate, as many healthcare facilities in Russia are experiencing a shortage of high-tech medical equipment. At the beginning of 2024, the community "The Doctors of the Russian Federation" conducted[106] a survey among healthcare workers. Over half of respondents reported issues with medical equipment and supplies in their facilities. The most frequently cited problem was a shortage of heavy medical equipment, including CT and MRI scanners, mechanical ventilators, ultrasound machines, and endoscopes.



105 Medic-Service (2023, December 9). The impact of the Western sanctions on the Russian import. https://xn----8sbaa5ag5cakvb0i.xn--p1ai/stati/vliyanie-zapadnykh-sanktsiy-na-rossiyskiy-import/

106 Shamardina L. (2024, April 18). Patriotism added to medicine: 10 years since the beginning of import substitution. Medvestnik. https://medvestnik.ru/content/news/Medicine-dobavili-patriotizma-10-let-s-nachala-importozamesheniya.html

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