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The London office block at the heart of Belarus's foreign finance empire

Ties run deep between Britain and Europe's last dictatorship

By Oliver Gill; Rachel Millard; Tom Rees and Danielle Sheridan

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Families living in Hammersmith Grove, a stone's throw from one of west London's busiest gyratories, could be forgiven for not giving the large 1970s beige building a second glance.

But inside the Regus serviced office block sits one of the most prominent outposts of Europe's last dictatorship.

BNK is at the heart of Belarus's burgeoning economic influence in Britain. Official filings show that under the direction of bureaucrats in Minsk, more than €2bn of Belarusian oil is sold through its London trading subsidiary each year.

Sitting in the lobby, Andrei Dashutin, 64, BNK's sole director, reflects on the growing international tensions following the [arrest by Belarus of dissident journalist Roman Protasevich](#) on Sunday.



The headquarters of Belarusian oil company BNK in Hammersmith Grove | CREDIT: Jamie Lorriman

"It's really very sad what's going on," says Dashutin.

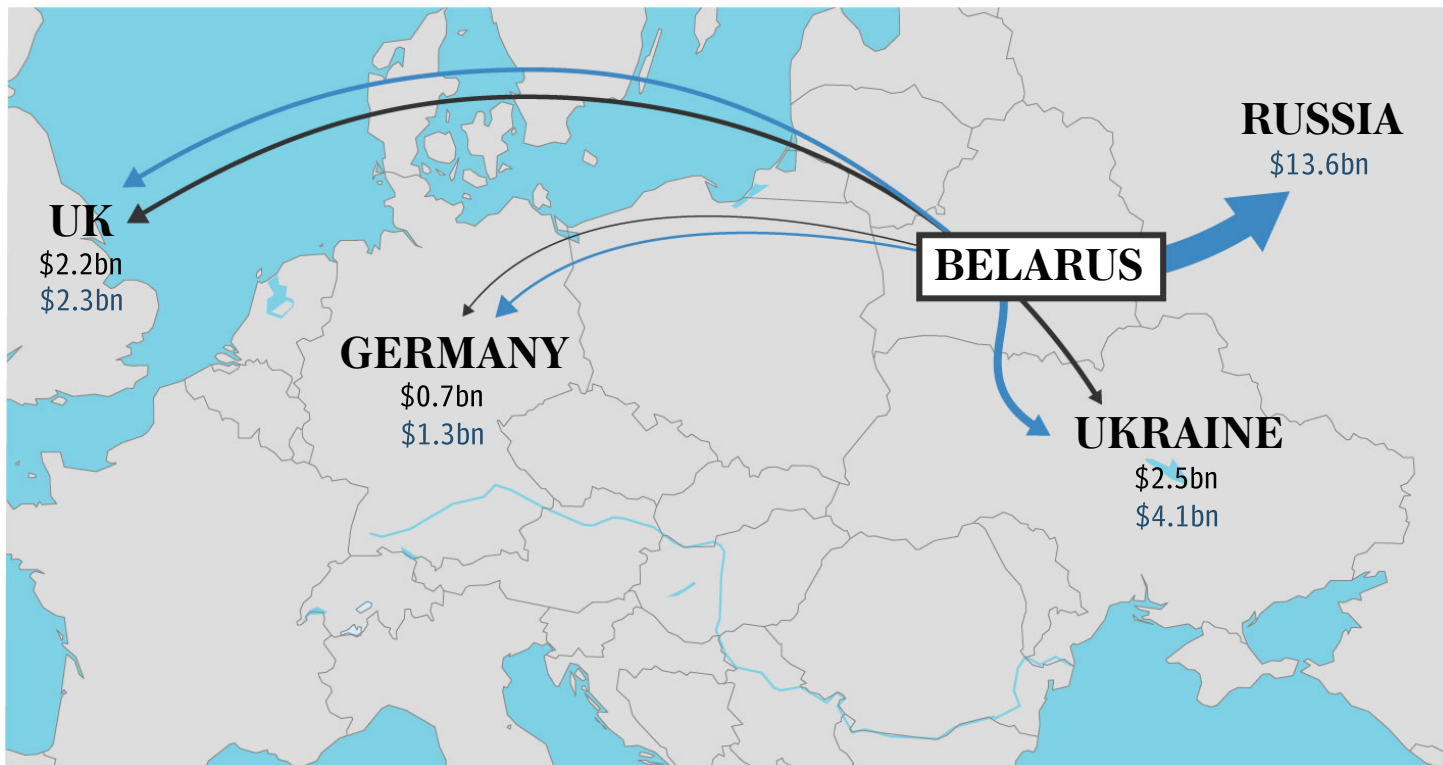
Insisting that inside the office is a small team of three, the grandfather warns that economic sanctions will have a counterproductive impact on political leaders back home.

Boris Johnson warned President Alexander Lukashenko that there would be “consequences” for Belarus scrambling MIG fighter jets, diverting a Ryanair flight bound for Vilnius to Minsk and [taking Protasevich and his partner into custody](#).

Senior Conservatives are now calling on the Prime Minister to take action. Britain can turn up the heat on Minsk by taking advantage of an unbalanced trading relationship. While Belarus is only Britain’s 110th biggest trading partner, the UK is its third biggest export market after Russia and Ukraine.

The UK is Belarus's third biggest export market

— Belarus exports, 2019 — Belarus exports of petroleum oil and other oil products, 2019



SOURCE: THE OBSERVATORY OF ECONOMIC COMPLEXITY, CAPITAL ECONOMICS

BNK is Belarus's gateway into the West. Next to a picture of the clock face of Big Ben, the company's website reads: "BNK (UK) Limited is set up in the UK as a provider of intermediate services to 'BelOil' and other oil sector companies from Belarus, with the task to assist in pre export finance raising, streamlining transfers with European customers, establishing and maintaining direct contacts with the British and other European petroleum products traders, freight forwarding, bunkering and insurance European companies.

"BNK (UK) Limited is also interested to promote [sic] mutually beneficial proposals from UK and other European businesses for co-operation with Belarus in the petroleum sector."

The UK subsidiary was incorporated in 2008 and has expanded with the support of Amsterdam Trade Bank, a lender set up by Alexander Smolensky in 1994 to provide funding to companies wishing to do business with the former Soviet Union.

In Britain, BNK's €2.1bn (£1.8bn) of sales is matched by almost the same amount of money in purchases, according to its most recently filed accounts. Pre-tax profit was just €2.1m. Some

€1.6bn of the sales are concentrated among four parties - labelled simply as Customer A, B, C and D.

Accountancy firm Wilkins Kennedy, which specialises in auditing smaller companies, provided BNK with a clean bill of health in 2019. Not so in 2011, however, when the company's auditor Bond Group raised concerns that it had been unable to check all of BNK's accounting records. Bond resigned later the same year and was replaced by PKF, which resigned in 2012. Neither cited any reason for doing so.



The prospect of Britain clamping down on [Europe's last dictatorship](#) would deal a blow to the Belarusian economy, a Soviet throwback that still relies heavily on state-owned companies.

“It's like the last Soviet economy and they've really prioritised stability,” says Christopher Hartwell, an expert at the Zurich University of Applied Sciences School of Management and Law.

He says Belarus is dependent on heavy industry, such as refined oil products and fertilisers, but adds that new modern industries have emerged that “rest fairly uneasily with the old Soviet-style planning”.

“There's also an element of state-sanctioned illegal trade that goes on,” says Hartwell.

“They trade a tonne of cigarettes with Poland, but they're counterfeit. And the Belurians look the other way so they're actually pretty entrepreneurial when it comes to trade, both legal and illegal trade.”

Across the capital at the City headquarters of cigarette maker British American Tobacco (BAT), Belarusian dissidents have seized on a spotlight being shone on the [Lukashenko regime](#). A small group of activists gathered outside the FTSE 100 company's offices on Tuesday to protest over BAT's connections with the state-owned Grodno Tobacco Factory Neman.

Alexander Lukashenko has been in power in Belarus for 26 years | CREDIT: Maxim Guchek/BelTA Pool Photo via AP

The factory makes cigarettes under licence for BAT. Protesters claim workers have been subject to poor conditions, and allege the site has been involved in the illegal export of cigarettes on behalf of others in a letter dated Mar 15.

BAT responded on Monday. “We have confidence in both the robustness of our group-wide approach to human rights management,” the group's governance chief wrote.

“However, we recognise the importance of the issues that you raise and so, in line with our commitment to respect fundamental human rights, our due diligence plans will be enhanced in 2021.”

The tobacco firm says it has seen no evidence that BAT brands are subject to illicit trade, instead highlighting a KPMG report that concludes local Belarus brands are illicitly traded - not those made by the FTSE 100 cigarette maker.

Exports from Belarus to the UK amounted to \$2.3bn (£1.6bn) in 2019, according to data from the International Trade Centre. That is a drop in the ocean of the UK's £542bn total imports that year, but a 7pc slice of Belarusian exports.

Flightpath for Ryanair flight 4978



SOURCE: FLIGHTRADAR24

The vast majority of UK imports from Belarus are refined petroleum products, but the country is also a huge producer of potash - third globally behind only Canada and Russia.

Britain imports next to no potash from Belarus, according to Jo Gilbertson from the Agriculture Industries Confederation, preferring to source it at home and from Africa instead.

Even as international criticism over Lukashenko's regime has grown in recent years, the UK has moved towards strengthening trade ties. In the run-up to last year's election - which was widely condemned by Western observers as being rigged - the Government held a "Belarus-UK Season 2020" in Minsk in which officials and companies looked at "expanding investment and trade ties".

Despite being a tiny economy, Belarus was also the tenth biggest beneficiary from the UK's trade finance support programme in 2019-20, a scheme that provides insurance, taxpayer-backed guarantees and loans to support exports.

Meanwhile, last year the Ministry of Justice announced a breakthrough in the fight against prisoners smuggling in mobile phones, drugs and other contraband by awarding Belarussian firm Adani a £29m to roll out X-ray body scanners.

As the [EU imposes sanctions](#) and the Prime Minister considers what action to take next, MPs are split over how draconian Britain needs to be.

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Roman Protasevich was born in 1995 in Minsk into a military family. He became involved in ...

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Sir Iain Duncan Smith, the former leader of the Conservative party, argues: "The behaviour of Belarus should not be tolerated because it is quite clearly being [supported by Putin and Russia](#). We need to ensure that they understand that there are strong repercussions for the kind of action they've taken. The one thing that will hurt them is the imposition of sanctions."

Tom Tugendhat, chairman of the Foreign Affairs Select Committee, adds: "There is a very strong argument in reducing the dependency that we have on tyrannies and dictatorships. It exposes us to risk and means we aren't in control of our own administration and companies, and as far as possible we should opt out of trading with those who threaten our citizens and interests."

However, Tobias Ellwood, Chairman of the Defence Select Committee, said that by pursuing sanctions, the West is "failing to appreciate the bigger picture at play".

Belarus "would have factored in any Western response, knowing that Putin has Lukashenko's back and [Chinese] President Xi has Putin's", he adds.

Experts say sanctions on Belarus have had little notable impact on its economy yet, but the EU has agreed to turn up the heat on Minsk with new targeted measures expected to be aimed at oligarchs and businesses accused of helping to prop up the regime. Some are not hopeful the latest measures can dislodge Lukashenko, however.

"I'm not sure this package will be enough for the regime to stop the repression," says Ales Alachnovič, economic adviser to exiled opposition leader Sviatlana Tsikhanouskaya.

"This fourth package will be more severe than any package from the EU... [but] some additional sanctions will be needed and it's very important that the pressure should be coordinated."

He calls on the UK and the EU to make the regime "so toxic" even supportive governments, such as Russia, are forced to distance themselves.

Back at BNK, Dashutin says that any sanctions are likely to hurt those who can least afford it. "We have refineries and we have thousands of people working there," he says.

"Life will deteriorate for people."

He cautions Belarusians will end up blaming Europe for harm in their lives.

Sanctions could "push us closer to Russia", Dashutin says.

Whatever happens next, the geopolitical ramifications are likely to wash up at Hammersmith Grove.

Additional reporting by Sam Hall

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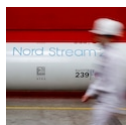
Belarus, Boris Johnson, European Union, Alexander Lukashenko

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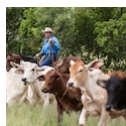
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