



ORGANIC AGRICULTURE IN THE REPUBLIC OF BELARUS: CURRENT STATE AND FUTURE PROSPECTS



PREPARED BY



NATIONAL AGENCY
OF INVESTMENT
AND PRIVATIZATION

IN PARTNERSHIP WITH





CONTENTS

| | |
|---|-----------|
| Organic agriculture worldwide..... | 3 |
| Organic agriculture in The Eurasian Economic Union | 8 |
| Organic agriculture in The Republic of Belarus..... | 12 |
| Annex..... | 20 |
| Investment projects for implementation in Belarus..... | 26 |
| About the Republic of Belarus | 37 |
| Preferential Investment Regimes..... | 40 |
| Logistic opportunities..... | 41 |

WORLD ORGANIC AGRICULTURE

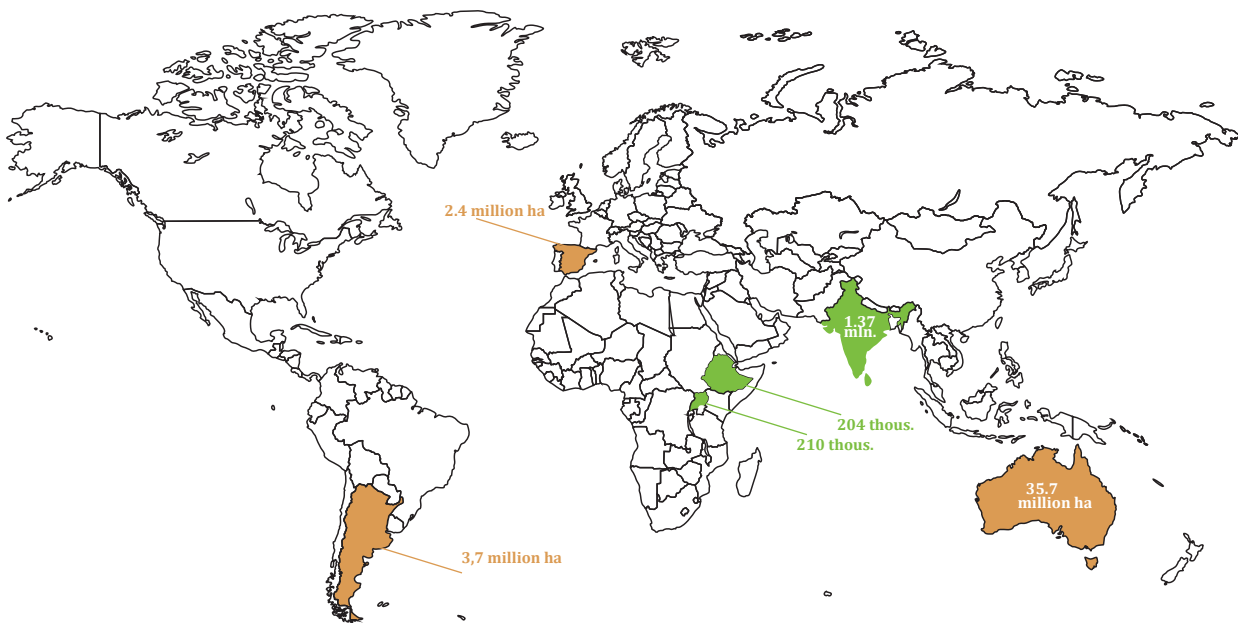
By definition of the Food and Agriculture Organization, organic agriculture is a holistic production management system which promotes and enhances agro-ecosystem health, including biodiversity, biological cycles, and soil biological activity. It emphasizes the use of natural resources, i.e., mineral and plant products, and the rejection of synthetic fertilizers and pesticides. It emphasizes the use of natural inputs, i.e. mineral and products derived from plants, and the renunciation of synthetic fertilizers and pesticides.

According to the International Federation of Organic Agriculture Movements (IFOAM), organic agricultural production methods are based on the principles of health, ecology, fairness and care.

These principles are supported in 187 countries, where 72.3 million hectares were under organic farming by early 2020 (an increase of 1.1 million hectares in 2019) (FiBL&IFOAM, 2021). The concept of organic agriculture is gaining rapid popularity and fast-growing interest around the world. Only in the last 20 years the area of land in the world certified for organic production has increased by about 6.5 times. The largest area of organic agricultural land has Australia (35.7 million hectares), Argentina (3.7 million hectares) and Spain (2.4 million hectares). At the same time, the ratio of land used for organic agriculture to the total amount of agricultural land is still low.

The global organic market is growing every year, and the demand for organic products is constantly increasing. There were about 3.1 million producers of organic products in the world by 2021. The largest number of producers is concentrated in India (1.37 million), Uganda (210 thousand) and Ethiopia (204 thousand).

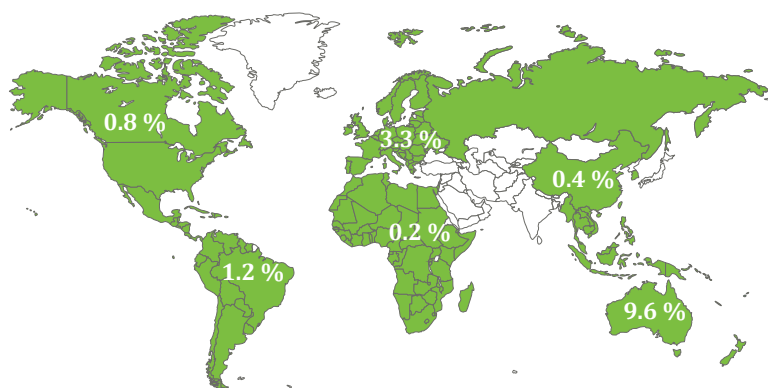
- the largest area of organic agricultural land, million hectares
- the largest number of organic producers



The global average value of this indicator is 1.5%. The ratio doesn't exceed 1% in more than 57% of countries. It is worth noting, that in some countries, mainly the EU countries, the share of organic land exceeds 10%. In the EU this indicator reached 8.1% by 2020.



The ratio of organic land to total agricultural land by region



| Region | Share of organic land |
|---------------|-----------------------|
| Africa | 0.2% |
| Asia | 0.4% |
| Europe/ (EU)* | 3.3% / (8.1%)* |
| Latin America | 1.2% |
| North America | 0.8% |
| Oceania | 9.6% |
| World | 1.5% |

Source: FIBL, 2021

The market for organic products is one of the fastest growing in the world. Retail sales of organic agriculture products increased more than sevenfold from 2000 to 2019 (from \$18 billion to \$129 billion), with a peak growth rate of 16% in 2019. Experts predict that the market will continue to grow at 10 - 12% per year and could reach about \$172 billion in 2021, and about \$212-230 billion in 2025, which would be approximately 5% of the global market for agricultural products.

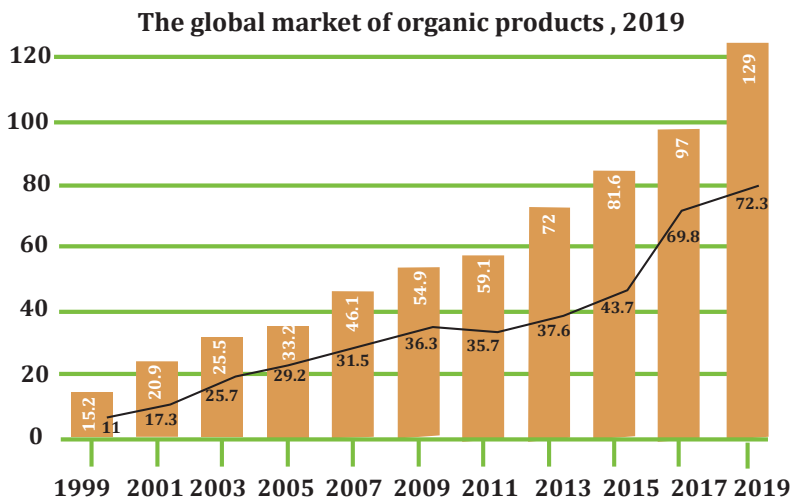


700 million people

the number of consumers of organic products in the world is also steadily growing

The number of consumers of organic products in the world is also steadily growing. Their number has increased more than fivefold since 2005 and is estimated at about 700 million people by 2020.

The U.S. is the leading market for organic products (43% of the world market), with an annual turnover of over \$ 54 billion. The EU market, the second largest organic market in the world, grew 8% to \$50 billion in 2019, accounting for 39% of the retail turnover of the global organic market.



■ Retail sales of organic products, in billions of US dollars

— Organic land area, million hectares

Source FIBL, 2021

Key Indicators and Top countries, 2019

> 35.7
mln. ha

Australia
is a global
leader in
organic farming

> \$54
billion

North America
has the largest
organic farming
market

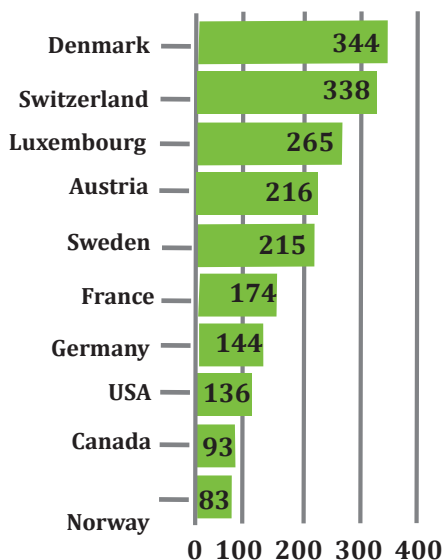
344€

Denmark has the
highest per capita
consumption of
organic food

>1.37
mln.

India concentrate
the largest
quantity producers of
organic products

Top 10 countries with the highest per capita organic products consumption, euros, 2019

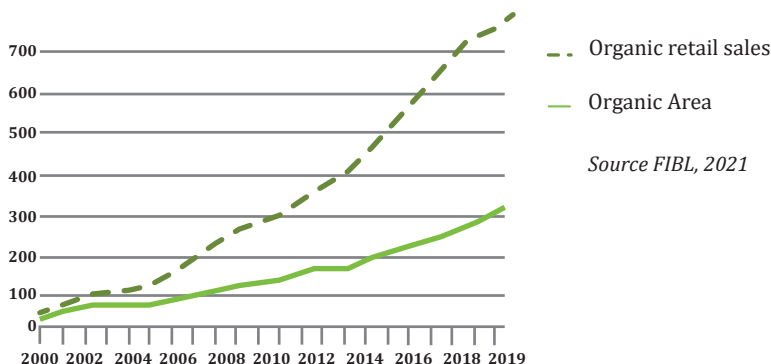


European countries are significantly ahead of other countries in the amount of organic products consumed per capita, expressed in value terms. The highest per capita consumption of organic food was in Denmark (344 euros) and Switzerland (338 euros).

The demand for organic products in developed countries is growing at an accelerated rate: in particular, the EU market for organic products has doubled from 2010 to 2019, and the market is growing faster than the area of organic land. By 2020, the difference between the growth rate of demand for organic products and the area of organic land has reached a maximum value: retail turnover of organics in the EU increased by 8% relative to 2018, while organic agricultural land - by 6%. It is expected that the divergence in the growth rate of the market and organic land area will continue to increase in the future for reasons including those stemming from the global coronavirus pandemic.

Data for certain countries showed significant growth in the organic products market in 2020, as residents of developed countries focused on healthy eating and strengthening immunity. For example, in the UK organic sales growth was 18% in the second quarter of 2020. Since the introduction of the quarantine, the owners of organic products retailers and online stores received a particular benefit: the increase in sales of some retail stores reached 30%, and online sales - 25%.

The discrepancy between the growth rate of demand for organic agriculture products and the area of organic land in the EU



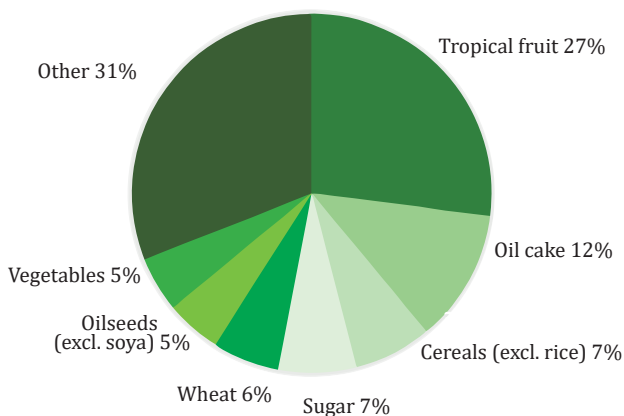


It is difficult to forecast the duration of this trend, but analysts predict the preservation of consumption in the short term at least at the same level due to a high degree of awareness of organic products, as well as the growing problems with the environment. Also obvious is the fact of rapid growth in demand for organic products from Western countries, which suggests that they import organic products to meet the growing demand.

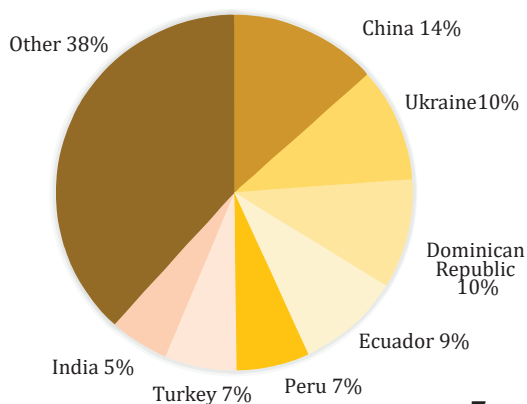
Thus, the EU imported 3.24 million tons of organic products in 2019 (+0.4%), while the number of importing companies in the EU increased by 14% and exceeded 5 700. Germany is the largest market for organic products in Europe, with the largest number of importers (1831).

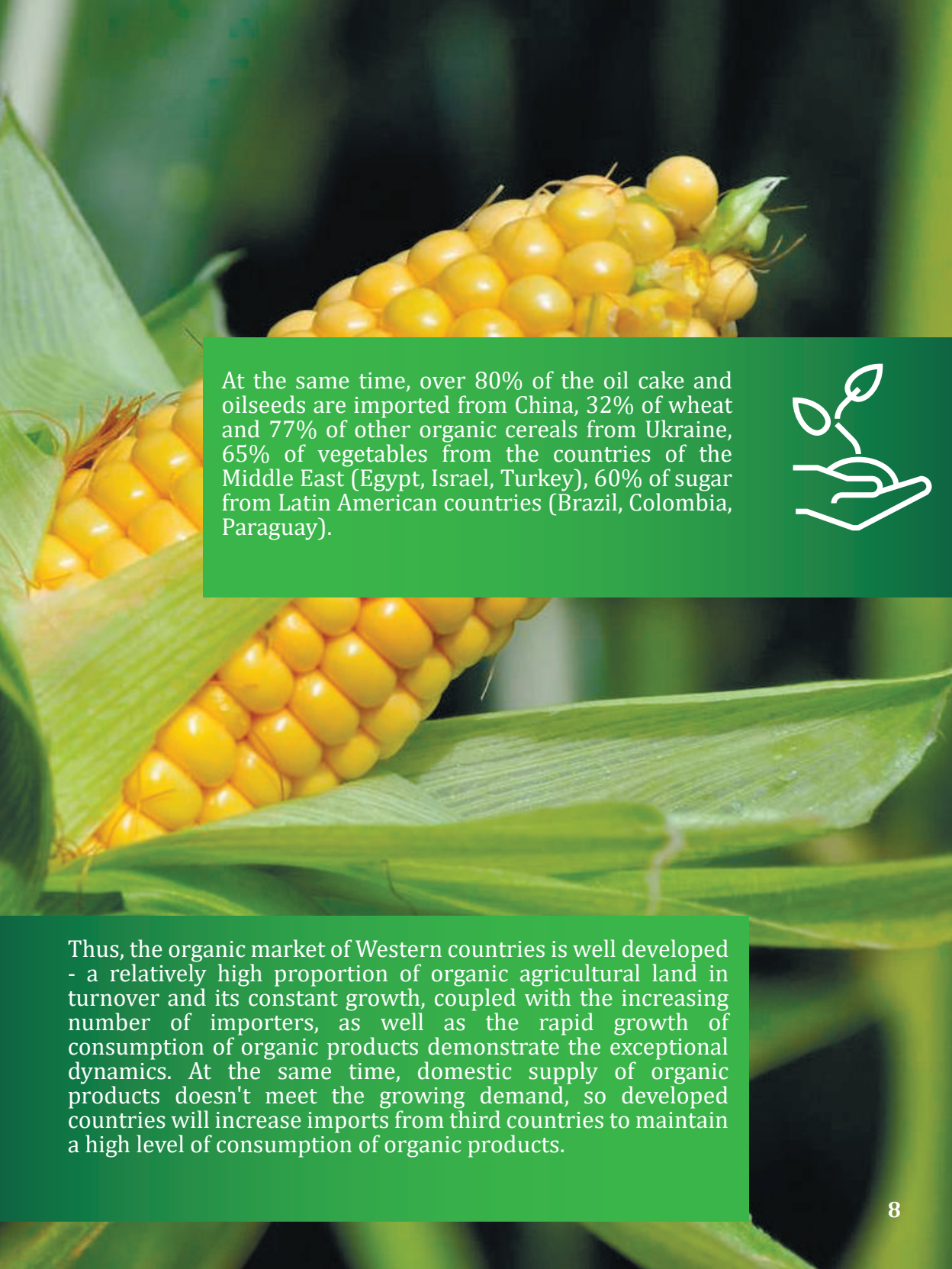
The main imported organic products in the EU in 2019 were fruits (27%), oil cake (12%), cereals (7%), sugar (7%) and wheat (6%), while the main exporting countries to the EU were China (13.0%), Ukraine (10.4%), Dominican Republic (10.0%) and Ecuador (9.4%).

Structure of organic products imports in the EU



The main exporters of organic products to the EU





At the same time, over 80% of the oil cake and oilseeds are imported from China, 32% of wheat and 77% of other organic cereals from Ukraine, 65% of vegetables from the countries of the Middle East (Egypt, Israel, Turkey), 60% of sugar from Latin American countries (Brazil, Colombia, Paraguay).

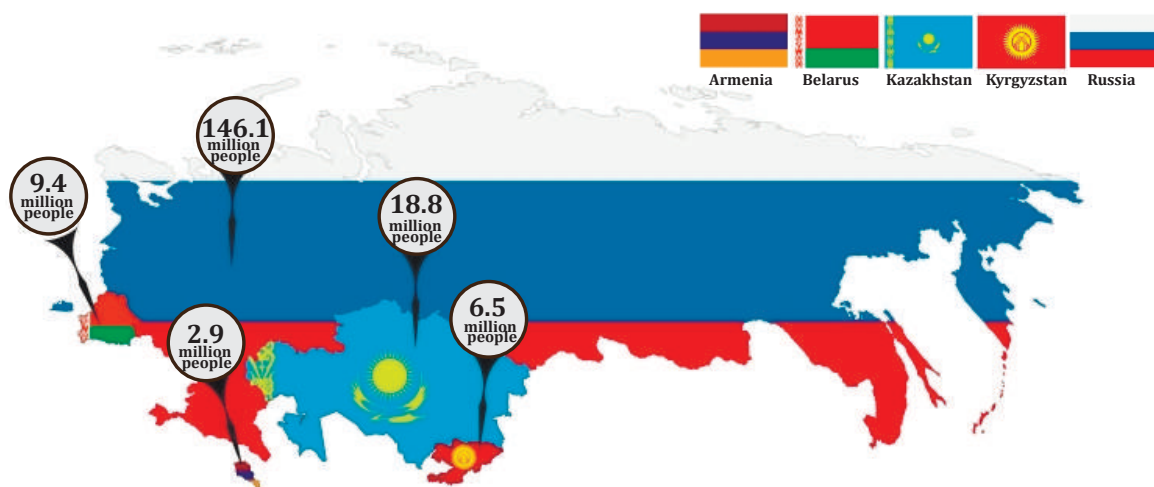


Thus, the organic market of Western countries is well developed - a relatively high proportion of organic agricultural land in turnover and its constant growth, coupled with the increasing number of importers, as well as the rapid growth of consumption of organic products demonstrate the exceptional dynamics. At the same time, domestic supply of organic products doesn't meet the growing demand, so developed countries will increase imports from third countries to maintain a high level of consumption of organic products.

ORGANIC AGRICULTURE IN THE EURASIAN ECONOMIC UNION

The Eurasian Economic Union (EAEU) is the largest economic integration commonwealth in the CIS, which includes five states with a population of over 184 million people.

Population of the EAEU, 2020, million people













In general, the sector of organic agriculture of EAEU countries is characterized by weak development of the domestic market, the lack of comprehensive state support for producers of organic agriculture and accounting systems of production and trade of organic products. It should also be noted that there are many systems of certification of organic products, which creates barriers to the circulation of organic products in the domestic market, and consequently the development of a single EAEU market.

Despite the outlined obstacles, there is a steady development of organic agriculture in the EAEU countries, which corresponds to the global trends. So, according to FIBL, since 2010 the area of land used for organic production in the EAEU has increased by more than 4 times to 824 thousand ha. Nevertheless, the share of organic agricultural land in the total area of agricultural land in the EAEU countries remains significantly below the global average of 1.5%.

About 70% of all organic crops account for three crops: wheat (37.9%), soybeans (20.9%) and corn (10%). It should be noted that the share of the EAEU countries in world sowing of organic flax is 99.2%, lentils - 38.6%, peas - 24.9%, sunflower - 17.6%, soybeans - 12.2%, rapeseed - 11.6%, wheat - 10.1%.



EAEU organic agricultural land, its structure and share by crops, 2018

| Crops | | Organic land area per crop in The EAEU, thousand ha | Structure of organic land area, % | The share in the world organic land area, % |
|-------------|---|---|-----------------------------------|---|
| Wheat |  | 163.3 | 37.9 | 10.1 |
| Soybeans |  | 90.1 | 20.9 | 12.2 |
| Corn |  | 42.9 | 10.0 | 7.4 |
| Sunflower |  | 28.6 | 6.6 | 17.6 |
| Peas |  | 23.6 | 5.5 | 24.9 |
| Lentils |  | 16.7 | 3.9 | 38.6 |
| Flax |  | 14.3 | 3.3 | 99.2 |
| Barley |  | 12.1 | 2.8 | 2.6 |
| Canola |  | 10.7 | 2.5 | 11.6 |
| Other crops |  | 28.7 | 6.7 | - |
| Total | | 431.0 | 100.0 | - |

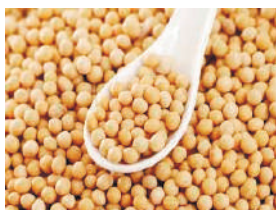
Source: FIBL&IFOAM, 2021



Domestic market of organic products of the EAEU countries is at the stage of formation. It has a fragmented nature and covers mainly large cities. Due to the lack of official statistical information, the assessment of domestic markets for organic products of the EAEU is of an expert nature and is limited to the amount of information on the main market players.

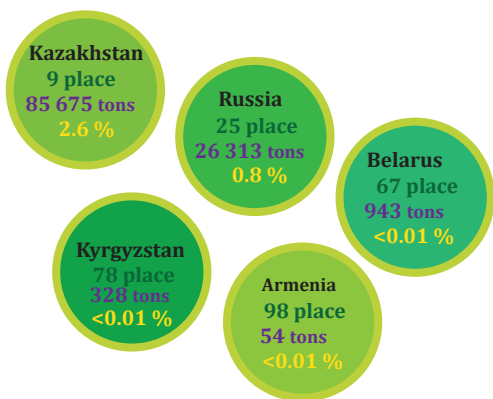


According to estimates of the Eurasian Center for Food Security at Lomonosov Moscow State University, sales of organic products within the EAEU is about \$240 million a year, or 0.2% of global sales. At the same time, the share of the EAEU countries in world trade in organic products is much higher. The share of the EAEU countries in the import of organic products of the EU is 3.5%



The largest exporters to the EU are Kazakhstan, which entered the top nine exporters of organic products in the EU in 2019 (9 million euros or 2.6% of EU imports of organic products) and Russia (4 million euros or 0.8% of imports)..

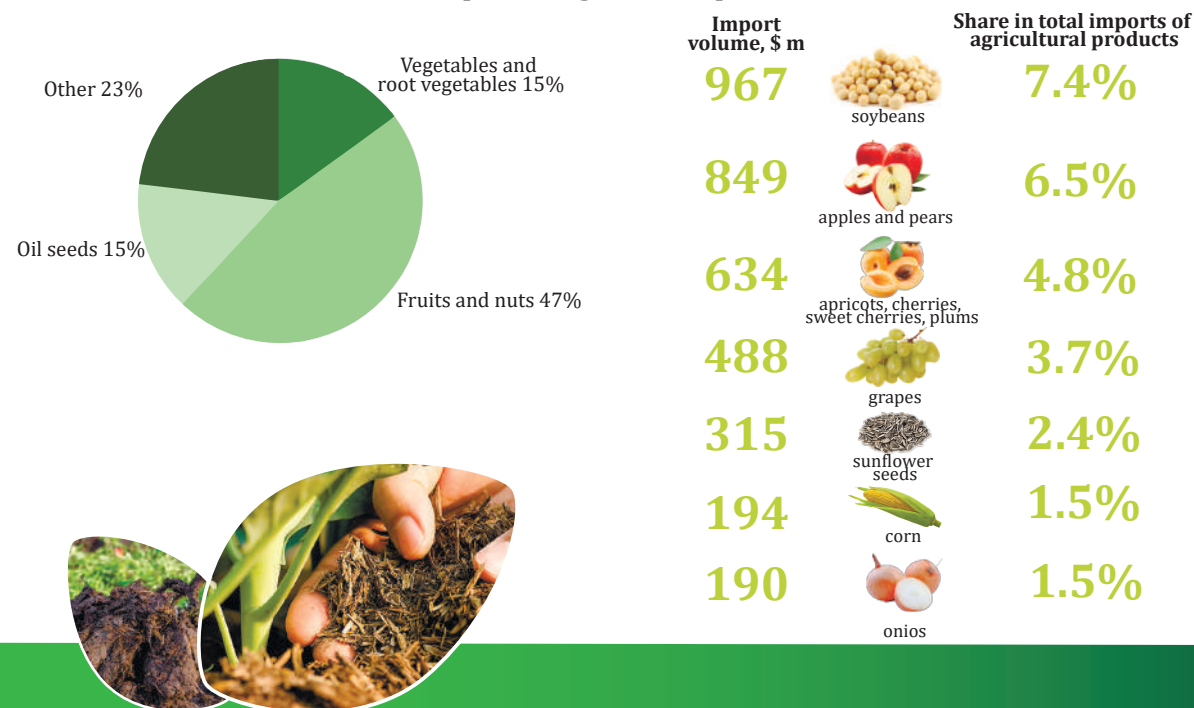
The share of the EAEU countries in the exports of organic products to the EU, 2019



| EAEU country | Rank of exporting countries to the EUC | Exports of organic products to the EU from the EAEU countries (tons) | The share of the EAEU countries in the EU imports of organic products (%) |
|--------------|--|--|---|
| Kazakhstan | 9 | 85 675 | 2.6 |
| Russia | 25 | 26 313 | 0.8 |
| Belarus | 67 | 943 | <0.01 |
| Kyrgyzstan | 78 | 328 | <0.01 |
| Armenia | 98 | 54 | <0.01 |
| EAEU | - | 113 313 | 3.5 |

Source: FiBL&IFOAM, 2021

Structure of imports of agricultural products in the EAEU



For comparison, Ukraine is the second largest exporter of organic agricultural products after China, with shares of 13.4% and 10.4%, respectively.

Noteworthy is the fact that over 80% of EU imports of organic oilcake and oilseeds are imported from China, 32% of wheat and 77% of other organic cereals being from Ukraine, while the EAEU has the world biggest areas for producing organic oilseeds and holds 1st place in the world in wheat exports, almost twice surpassing Ukraine.

In general, the EAEU is a net importer of agricultural products. By 2020, imports of plant products in the EAEU totaled more than \$13.1 billion, of which fruits and nuts (47%), oilseeds and fruits (15%), vegetables and root crops (15%) were the main constituents. The largest commodity items were tomatoes (\$650 million), onions (\$190 million), grapes (\$488 million), apples and pears (\$849 million), apricots, cherries, plums (\$634 million), corn (\$194 million), soybeans (\$967 million), sunflower seeds (\$315 million).

The basis of the EAEU market is Russia, which accounts for 87% of GDP and 75% of the turnover of agricultural products of the Union. According to SBS Consulting, the organic market in Russia has grown rapidly since 2008, having increased more than 5 times, and is currently estimated at \$194 million a year. Due to the low base, the market for organic products in Russia has grown 3 times faster than the food market (8% per year) and 2 times faster than the global market organic products. During the recession of 2014-2015 the development of the Russian market for organic products has slowed significantly, but despite that, the market is at an early stage of formation: the share of organic products in the food market is 0.1% and about 1% of the population is an active consumer of organic products. In this case, the cost of buying organic products in Russia is approximately 1 euro per capita per year (the world average is 12.8 euros per year). Further increase in spending on organic products in Russia is expected.

According to expert estimates, more than 90% of organic products in Russia are imported. The most promising

centers of trade in organic products are Moscow and St. Petersburg. They account for over 90% of sales (of which approximately 80% is the Moscow market and 10% is the St. Petersburg market). Russian organic products are exported mainly to the EU countries and the USA. The main competitors of Russia on the EU organic market are Ukraine and Kazakhstan, with shares of 10.4% and 2.6% respectively. The basis of Russian exports of organic products consists of crop products: grains (wheat, corn), pulses (peas, soybeans, chickpeas, lupine, vetch), oilseeds (sunflower, canola, flax, sesame) and oilcake.

It should be noted that the Russian Federation is not only the largest consumer of organic products in the EAEU countries, but also a market with a pronounced dependence on imports of organic products.

Thus, according to official statistics, imports to Russia for the "Vegetables and Fruits" amount to \$7.7 billion (82% of EAEU imports of vegetables and fruits), while exports account for only \$0.6 billion. Overall, in the section "Products of plant origin", imports to Russia amount to \$10.4 billion or about 80% of imports to the EAEU.

Thus, the Russian market of organic products is in its early stages of formation and is far from saturation - about 90% of products are imported.



Based on the above-mentioned facts, and also considering that the global market for organic products demand exceeds its supply, under the current conditions an increase of the supply of organic products to the domestic markets of the Union member states, especially Russia, as a part of the substitution for imports from third countries, as well as the expansion of exports to the world market, is seen as the main direction of the development of organic agriculture in the EAEU countries. Russia is an attractive and capacious market for its partners in Eurasian integration, especially for the Republic of Belarus, where about 80% of agri-food exports are supplied to Russia. In this regard, gaining access to the Russian market is a significant incentive for Russia's partners to participate in the regional economic integration project.



The road map provides for elaborating a draft international treaty, which aims at establishing common legal requirements of the EAEU countries in the field of organic agriculture relating to production, marking, certification and importation of such products into the EAEU customs territory and ensuring mutual recognition of conformity assessment documents.

It is expected that these measures will serve as a driver of development of a single market for organic products of the EAEU countries, which will help to meet the growing demand for organics within the Union, as well as access to foreign markets of developed countries, the dynamics of which opens up great opportunities for the countries of the Eurasian Economic Union.



ORGANIC AGRICULTURE IN THE REPUBLIC OF BELARUS: CURRENT SITUATION AND FUTURE VISION

Agriculture in Belarus is a dynamically developing sector, accounting for 15% of all investments in fixed capital. With forestry and fish sector, agriculture contributes about 7% to GDP. Belarus is interested in the development of the agro-industrial complex, including the creation of high-margin agricultural production of organic goods, which will expand the export of agricultural products, as well as promoting the development of regions and farms. Moreover, according to the National Action Plan for the Development of a Green Economy in Belarus, environmentally friendly agricultural products and keeping of agricultural products are referred to the priority directions of the country's development. Organic agriculture in Republic of Belarus has 3 trends:

- making legal and regulatory frameworks for production organic goods;
- development of specialized organizations for production organic goods;
- popularization of the organic agriculture among the population

Legal and regulatory framework

First steps for the creation legal and regulatory frameworks regulating organic agriculture sphere in the Republic of Belarus were made in 2012 when “The Plan for the implementation of the Measures for the organization of the organic agriculture production” was introduced by the Decision of the Council of Ministers of the Republic of Belarus No 639. In November 2019 the legislation act of the Republic of Belarus “About the production and circulation of organic goods”, based on the international experience, came into force. Also there was imposed technical code 635 “Common rules of the production of organic goods”.

To support local producers the government amended Decree No. 347 “About public agriculture policy”, which provides for the reimbursement to the organizations for certification procedures.

Moreover, according to the Decree No. 667 of the President of the Republic of Belarus dated December 12, 2007 “About expropriation and provision of the land plots”, the citizens and organizations are provided with the land plots for organic farming at no charge as well as no fee is collected for signing a land lease.



Certification

In Belarus, there is a voluntary certification system for organic produce and its production, which implies a full environmental audit (technological, product movement, financial) and has 2 levels (first level - on-site inspection on the farm and 2 level - assessment of the documents). Producers are obliged to comply with the requirements of The National Standard "GOST 33980 "Organic Products. Rules for production, processing, labeling and sale", Technical Act 635" General rules for the production of organic products". When the certification results are positive, a certificate of conformity for farmlanding is conferred on. There are listed crops, that are being grown according to the organic standards. Also, obtaining a certificate gives the right to mark products with a special label - the sign "Organic product". Information about producers of organic products is placed into a special register - the Register of producers of organic products of the Republic of Belarus.

In the Republic of Belarus, there are national accredited authorities for certification of organic products and the processes:

1. RUE "Scientific and Practical Center of the National Academy of Sciences of Belarus for Food" - authority for certification of products;
2. RUE "Belarusian State Institute of Metrology" - authority for certification of products and services.

In addition, 11 organizations in Belarus issue certificates according to the standards of the European Union.



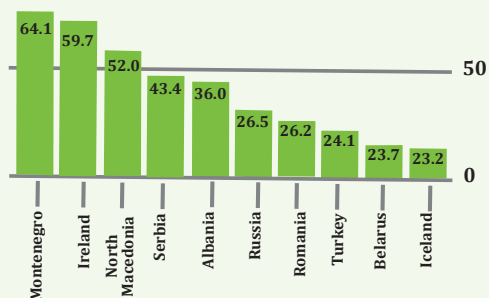
Resource base

Belarus has significant opportunities for the development of the organic system of agriculture, taking into account the natural conditions, land fund, low level of environmental pollution, developed transport infrastructure, strong research and human capacity.

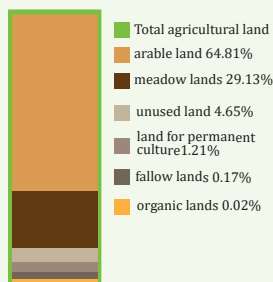
According to the 2018 FiBL data, the Republic of Belarus entered the top 10 European countries with the biggest growth rate of organic land areas. However, the share of land areas for agriculture in the total area of agricultural land is only 0.02%, which is significantly lower than the world average (1.5%). At the same time, the republic has good prospects for increasing the area under organic agriculture. Thus, according to

the land monitoring, the area of unused agricultural land was 410 thousand hectares, and fallow lands - 15.2 thousand hectares (5% and 0.2% of agricultural land, respectively). In theory, it is a resource for the development of organic production.

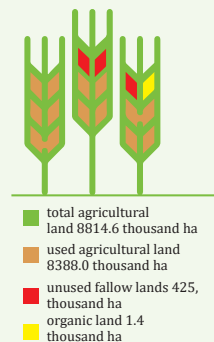
Growth rate of the land for organic agriculture top 10 Europe countries



Agricultural land structure destination, thousand hectares

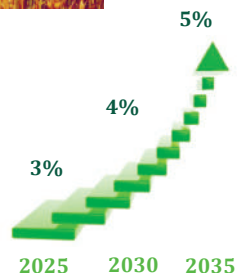


Agricultural land structure

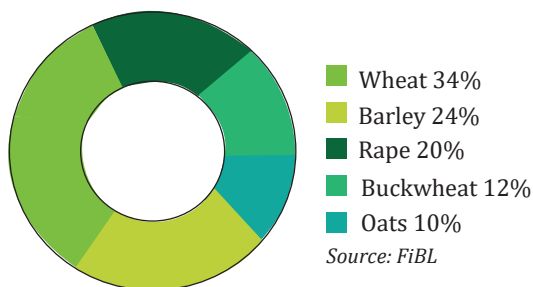


According to the national strategy for sustainable socio-economic development of the Republic of Belarus for the period up to 2030, the share of areas for organic farming in the total area of agricultural land is projected to be 3-4% by 2030. This indicator reflects the high projected dynamics of the development of organic agriculture in the republic. Thus, the introduction of unused and fallow lands into circulation will allow in a relatively short time to increase the share of organic lands in the total area of agricultural land to 5.2%.

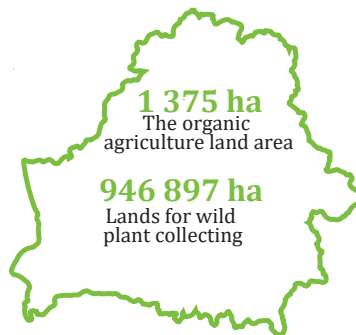
Belarus specializes in the cultivation of organic wheat, rapeseed, barley, buckwheat and oats.



The structure of organic crops producing in the Republic of Belarus in 2019



Total square of land for the production of organic agriculture goods and collection of organic wild plants in the Republic of Belarus (hectares)



The distinction of Belarusian arable lands is the predominance of the land used for collection of organic wild plants.

Belarus forest fund has significant potential - it can harvest up to 50 thousand tons of berries and fruits, 60 thousand tons of mushrooms and 90 thousand tons of medical raw materials, and the biological resources of birch sap amount to 480 thousand tons annually.

In 2020, there were 8 certified operators for the harvesting of organic berries in the Republic. Annually the leading positions for the indicator volume harvesting are occupied by blueberries (5 thousand tons) and cranberries (1 thousand tons). Consequently, it is possible to multiply the volume of harvesting organic wild products, especially berries, that's resources are used only for 12%.

Another important segment of agriculture with a high export potential is the production of organic products based on medical and aromatic raw materials. In a number of organizations in the Vitebsk, Grodno and Brest regions, where a full cycle from the production of raw materials to processing is organized, a further expansion of the areas for medicinal and aromatic plants is noted. The production of medicinal and spicy-aromatic raw materials in agricultural organizations and peasant (farmland) farms in 2019 amounted to 759 tons.

Manufacturing

In 2020, there were 45 producers of organic agricultural products in the Republic of Belarus. Since 2017, this indicator has increased 2.5 times.

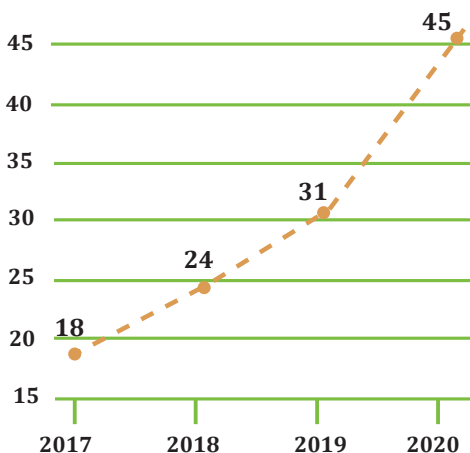
Despite this, as of 2020, Belarus is in last place among the EAEU countries in terms of the number of both producers and processors of organic products. In 2019, organic production developed in four of the six regions of the republic. The main part of producers is represented by farms and private subsidiary plots of the population. In the future, the number of producers engaged in the production of organic products may reach up to 120 units (15–20 farms in each region). The main increase is planned to be provided at the expense of existing farmers. Agricultural estates are also a promising direction, the total number of which in the republic in 2018 exceeded 2,300 units.

In 2019, the most intensive development of agricultural agriculture was in the Minsk and Brest regions, which accounted for more than 80% of all land in the republic for the production of organic products. At the same time, the Brest region was the leader in the development of the agricultural sector. In 2020, on the territory of the region, certificates for the production of organic products were received by LLC Biologiko Company of the Pinsk District (the area of agricultural land certified for the production of organic products is about 400 hectares); farming enterprise "AgroFerma" Pinsk region (area - 4 hectares, produced 30 tons of

strawberries); Peasant farm "FortunaAgro" Baranovich region (land area - 194.33 hectares, 6.1 tons of lupins, 63.9 tons of beans, 3.7 tons of pierced sylphia, 129.6 tons of potatoes, 78.2 tons of cabbage, 143.3 tons of buckwheat, 138.7 tons of oats, 13.9 tons of phacelia with over-sowing of sweet clover); farming enterprise "Lutaev Dmitry Ivanovich" Berezovsky district (land area - 3.3 hectares, produced 8 tons of vegetable crops).



The amount of the producers of the organic products in the Republic of Belarus



Organic product market



80 %

of mushroom produce
(mainly chanterelles and
porcini mushrooms)
are sold abroad



30 %

of wild fruits
and berries
(mainly blueberries)
are sold abroad



wild plants (birch sap, mushrooms
and berries) are supplied to the
markets of the EU, USA and Japan

Due to the lack of official statistical information, the assessment of the organic market in the Republic of Belarus is limited.

The available expert assessments and a review of the literature on Belarus characterize its domestic market as emerging, and the domestic demand for organic products is in its infancy phase. The ecosystem of the Belarusian export of organic products is just being created. Deliveries are carried out both by the manufacturers themselves under direct contracts, and through intermediaries and traders. There is no single organization in the republic dealing with the promotion of organic products to foreign markets. Thus, the export mainly includes products of wild plants - mushrooms, berries and birch sap. Regarding the development of trade in organic products in the domestic market of Belarus, one can also state the fact of its initial formation in the republic. According to available

information, in August 2019, the Biomelnitsa company opened the largest offline multi-brand Veska ecoproduct store in Belarus, where you can buy imported and domestic organic products. Products are also sold through the website. The target audience of the store is high-income consumers and adherents of a healthy lifestyle.

Retail chains and hypermarkets, in particular, the capital "Korona", "Green" are also showing interest in organic products, inviting eco-friendly farmers to cooperate to expand the range and meet the demand for organic products.

Among the problems of the development of domestic retail, it is worth noting the high cost of certified organic products, short shelf life, as well as limited and unstable supplies.

Assistance in the development of organic agriculture in terms of expanding domestic consumption and marketing of organic products, as well as the popularization of the concept organic produce among the population, is provided by non-profit public associations. For example, the institution "Agro-Eco-Culture" in partnership with the public association "Ecodom" with the support of "Coalition Clean Baltic" hold fairs of organic and ecological products "In harmony with nature" in Minsk

In addition, on the platform of the Center for Environmental Initiatives, there is an information project "Earthlings", addressed to organic farmers, which provides information about the history of the establishment of a farm, its directions of work and contact information, which allows consumers to directly contact producers and order the desired products. The electronic portal "ROBIM RAZAM" is also an information platform for interaction between producers and consumers. In order to promote the products of farmers and personal subsidiary plots, the portal allows manufacturers to create a personal page, post information about the farm and products with scenes and photographs.





Educational base

In Belarus, the leading institutions in the field of ecological agriculture are the Belarusian State Agricultural Academy (BSAA) and the Grodno State Agrarian University (GSAU). At BSAA, students are trained in the specialty "Ecology of Agriculture". In 2018, a course of lectures "Ecology of agrocenoses" was developed. With the support of the Center for Environmental Solutions, the textbook "Fundamentals of Organic Production" was prepared (Dobrodkin, 2018).

At GGAU, they deliver courses on "Biological plant protection" and "Production of ecologically clean agricultural products." Also, methodological recommendations "Norms and rules of ecological farming" were developed, a textbook "Biological plant protection" was published, as well as a production-practical publication "In the world of ecologized and organic vegetable growing".

Moreover, the Center for Environmental Solutions annually runs the Organic School educational program in order to increase the level of theoretical and practical knowledge of students in the field of organic production, including soil cultivation technologies, protection of plants from diseases and pests, environmentally friendly methods of growing plants and animals, as well as the economic foundations of doing business.



Scientific-research base

Belarus has a significant research and development potential. The Institute of Soil Science and Agrochemistry at the Academy of Sciences operates in the country, which has developed technological regulations for the cultivation of buckwheat and potatoes in the system of organic farming. In 2020, the work was underway to develop a similar regulation for the cultivation of zucchini. The Institute of Plant Protection of the National Academy of Sciences of Belarus operates a laboratory for the microbiological method of protecting crops from pests and diseases, one of the areas of work of which is the development of technologies for the use of microbiological preparations in modern plant protection systems, including organic farming.

"TEKHMASH" and CJSC "AgroPromSelmash" of the Grodno region together with scientists from the Grodno State Agrarian University have developed a set of machines for organic and environmentally friendly production of vegetables, spices, aromatic, medicinal crops and potatoes.



Conclusion and perspectives

Based on the above mentioned, there is a weak development of the output and the trade infrastructure of organic products in Belarus. At the same time, the Republic has significant opportunities for the development of organic agriculture, close to the level of developed countries. In particular, the land resources that can be engaged in the agricultural sector will make it possible to multiply the volume of production and, as well as that, the export of eco-products with high added value. Considering that in 2020, 72.3 million hectares of land are involved in organic agriculture worldwide with the global turnover of the organic products market being \$ 129 billion, it can be assumed that 1 hectare of agricultural land may produce organic products worth \$ 1,780. Consequently, the introduction into circulation of 425 thousand hectares of unused and fallow lands will enable to bring Belarus 756 million dollars of export earnings per year. In addition, the use of resources for harvesting wild mushrooms and berries also holds great promise. According to OrganicPriceTracker.ca, the minimum wholesale price for berries and mushrooms was \$ 6 and \$ 3 per pound as of 2021, respectively. If 50 thousand tons of berries and 60 thousand tons of mushrooms are sold for export, the revenue can amount to about 847 million US dollars per year. A strong research and educational base has been created in the country, which develops progressive technologies and prepares highly qualified personnel for the development of the agricultural sector. In addition, Belarus has a high export potential, occupying an advantageous geographical position between the two largest markets - the European Union and the EAEU. Thus, the republic holds a more advantageous geographical position than China does, the main exporter of eco-products to the EU. Agricultural wages in Belarus (\$ 360) are lower than those in China (\$ 2,700) and Russia (\$ 435).

Thus, according to a set of factors, the development of agriculture in the Republic of Belarus has sustainable competitive advantages.



ANNEX



COMPETITIVE ADVANTAGES OF BELARUS IN ORGANIC AGRICULTURE

| Factors determining the competitive advantages of Belarus | Description of factors |
|---|--|
| Strong R&D base | <i>The Institute for Soil Science and Agrochemistry and the Institute of Plant Protection operate under the Academy of Sciences</i> |
| Highly qualified workforce | <i>Two leading universities prepare specialists in the field of organic agriculture</i> |
| Resource base | <i>The area of unused and fallow lands is more than 425 thousand ha -there is a possibility of increasing the area of organic agricultural land up to 5% of agricultural land</i> |
| Export potential | <i>The use of wild plants resources can generate revenues of up to \$0.8 billion a year</i> |
| Strategically advantageous geographical location | <i>Belarus is located between the largest regions - the EU and the EAEU</i> |
| Labor cost | <i>Relatively low wages in agriculture (360 USD)</i> |

ORGANIC STANDARDS MARKS IN THE WORLD



EU STANDARD



JAPANESE STANDARD, JAS



ENGLISH STANDARD
SOIL ASSOCIATION



U.S. STANDARD, NOP



BELARUSIAN STANDARD



FOREIGN ORGANIZATIONS THAT CERTIFY BELARUSIAN PRODUCTS ACCORDING TO EU AND U.S. STANDARDS

| Company name | Country | Certification authority code | Categories |
|---|-----------------|------------------------------|------------------|
| Organic Standard | Ukraine | BY-BIO-108 | A, B, C, D, E, F |
| Ekoagros | Lithuania | BY-BIO-170 | A, B |
| Ecoglobe | Armenia | BY-BIO-112 | A,B,D |
| SIA Sertifikācijas un testēšanas centrs | Latvia | BY-BIO-173 | A, B, D, E, F |
| CERES Certification of Environmental Standards GmbH | Germany | BY-BIO-140 | A, D |
| Kiwa BCS Öko-Garantie GmbH | Germany | BY-BIO-141 | A, D, E |
| Control Union Certifications | The Netherlands | BY-BIO-149 | A, B, C,D, E, F |
| Ecocert SA | France | BY-BIO-154 | A, D |
| CCPB Srl | Italy | BY-BIO-102 | A, D, E |
| A CERT European Organization for Certification S.A. | Greece | BY-BIO-171 | A, D |
| Letis S.A | Argentina | BY-BIO-135 | A, D |

Note. Categories:

A. Unprocessed crop products

B. Live animals or unprocessed animal product

C. Aquaculture products and seaweeds

D. Processed agricultural products for use as food

E. Processed agricultural products for use as feed

F. Vegetative propagating material and seeds for cultivation

HIGHLY QUALIFIED WORKFORCE

State educational institutions that train specialists for the agro-industrial complex of Belarus



The Belarusian State of the Orders of the October Revolution and the Order of the Labour Red Banner Agricultural Academy

Today the Belarusian State of the Orders of the October Revolution and the Order of the Labour Red Banner Agricultural Academy is the largest multidisciplinary agricultural institute of higher education among the countries of CIS and Europe.

Throughout its history BSAA has trained over 100 000 highly qualified specialists for the country's agro-industrial complex and other sectors of the national economy. Many of them graduates became prominent statesmen, scientists, heads of large establishments, enterprises, and made a great contribution to the development of the country's national economy.



Belarusian State Agrarian Technical University

Belarusian State Agrarian Technical University is a leading educational, scientific and innovative center of the Republic of Belarus, which is training highly qualified specialists for agricultural sector of the republic. Since the date it was founded, the University has trained over 57 thousand specialists for the Republic of Belarus and over 1,100 foreign specialists.



Grodno State Agrarian University

The University conducts training at 7 faculties in 13 specialties of agricultural, engineering-technological and economic profiles. Progressive methods and technologies of teaching are used, joint educational and research activities are carried out with specialists from countries of near and far abroad, where scientists and university students have a unique opportunity to exchange experience and scientific information.



Investment projects
for implementation
in the Republic of Belarus

ESTABLISHMENT OF THE ENTERPRISE FOR THE BLUEBERRIES AND LINGONBERRY CULTIVATION

ABOUT THE PROJECT

The investment project involves the establishment of the enterprise for blueberries and lingonberry cultivation.

PRECAUTIONS FOR IMPLEMENTATION:

- ✓ The tendency to consume "healthy" and useful products among the population;
- ✓ Decrease in the share of imports and increase in export supplies;
- ✓ Development of own production of berry crops.

IMPLEMENTATION ADVANTAGES:

- ✓ Availability of qualified labor resources;
- ✓ Guaranteed market outlet in the Republic of Belarus and abroad;
- ✓ Benefits and preferences in the investment project implementation
- ✓ Availability of the land plot
- ✓ Increasing demand for nonpolluting products

OUTPUT PRODUCTS:

- Fresh berry;
- Frozen semi-finished products;
- Canned products;
- Juices and jams.

INVESTMENT ATTRACTIVENESS OF THE PROJECT:

- Expansion of the products range;
- Stable demand for products in Belarus and abroad;
- Lack of high competition

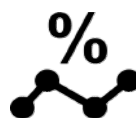
SALES DISTRIBUTION BY REGIONS

CIS countries – 80%

Belarus – 30%

EU countries – 10%

Southeast Asia – 10%



POSSIBLE PROJECT IMPLEMENTATION LOCATIONS:

OSIPOVICHY DISTRICT

COST – \$ 0,25 MLN

INFRASTRUCTURE:



OSHMYANY DISTRICT

COST – \$ 1,5 MLN

INFRASTRUCTURE:



BEREZOVSKIY DISTRICT

COST – \$ 0,12 MLN

INFRASTRUCTURE:



PINSK DISTRICT

COST – \$ 1,8 MLN

INFRASTRUCTURE:



GOMEL DISTRICT

COST – \$ 0,5 MLN

INFRASTRUCTURE:



THE SETTING UP OF AN ENTERPRISE FOR THE CULTIVATION AND INDUSTRIAL PROCESSING OF MUSHROOMS

ABOUT

The project involves the setting up of an enterprise for the cultivation of mushrooms (champignons, oyster mushrooms), as well as their industrial processing.

PREREQUISITES:

- ✓ The intention of the population to consume «healthy» and useful products;
- ✓ Decrease in the share of imports and increase in exports;
- ✓ Development of own production of mushroom.

ADVANTAGES OF IMPLEMENTATION :

- ✓ Availability of qualified and cheap labor resources ;
- ✓ Guaranteed sales markets on the territory of the Republic of Belarus and abroad;
- ✓ Benefits and preferences in the implementation of an investment project;
- ✓ Availability of land;
- ✓ Increasing demand for environmentally friendly products.

PRODUCTION:

- Fresh mushrooms;
- Frozen mushrooms;
- Canned mushrooms;
- Dried mushrooms;
- Mushroom powder.

INVESTMENT APPEAL:

- Expansion of the range of products ;
- Stable demand for products in Belarus and abroad ;
- Lack of high competition .

SHARE OF SALES BY REGION

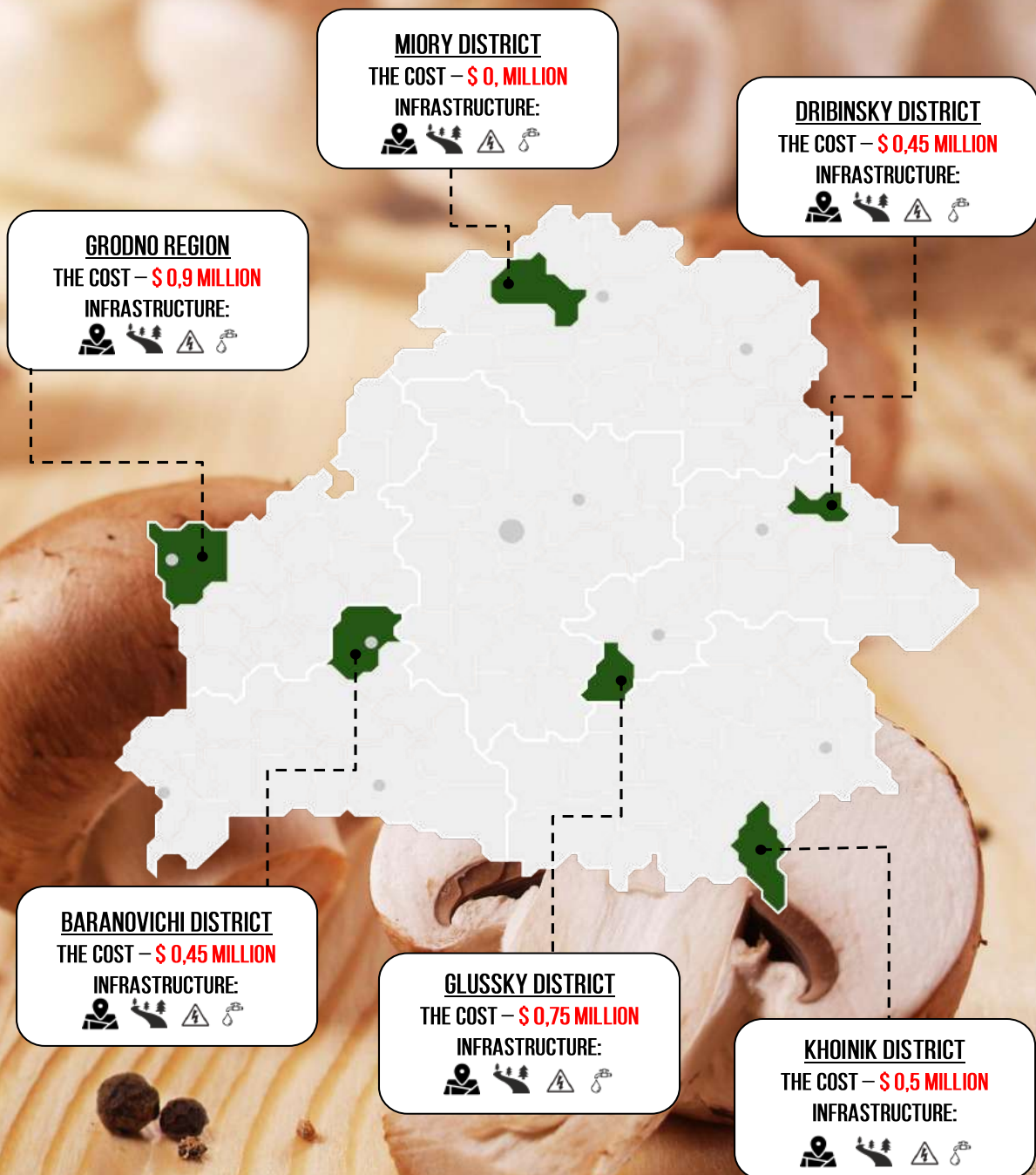
CIS – 80%

Belarus – 10%

EU – 10%

Southeast Asia – 10%

POSSIBLE LOCATIONS OF THE PROJECT:



SET UP OF A CRANBERRY PLANT

ABOUT THE PROJECT

The investment project involves the set up of an enterprise for the cultivation and processing of cranberries.

PREREQUISITES FOR IMPLEMENTATION:

- ✓ The desire of the population to consume "healthy" products;
- ✓ Reduced share of imports and increased exports;
- ✓ Development of own production of berry crops.

IMPLEMENTATION ADVANTAGES:

- ✓ Availability of qualified labor resources;
- ✓ Guaranteed market outlet in the Republic of Belarus and abroad;
- ✓ Benefits and preferences in the investment project implementation
- ✓ Availability of the land plot
- ✓ Increasing demand for nonpolluting products

PRODUCTS:

- Fresh berry;
- Frozen semi-finished products;
- Preserved product;
- Juices and jams.

ATTRACTIVENESS OF THE PROJECT:-

- Expansion of the products range;
- Stable demand for products in Belarus and abroad;
- Lack of high competition.

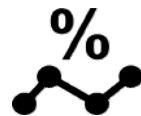
SALES DISTRIBUTION BY REGIONS

CIS countries – 80%

Belarus – 30%

EU countries – 10%

Southeast Asia – 10%



POSSIBLE PROJECT IMPLEMENTATION

BRASLAV DISTRICT

COST – \$ 0,25 MLN

INFRASTRUCTURE:



KOBRIN DISTRICT

COST – \$ 3 MLN

INFRASTRUCTURE:



THE SETTING UP OF AN ENTERPRISE FOR THE CULTIVATION AND INDUSTRIAL PROCESSING OF HAZELNUTS

ABOUT

The investment project involves the setting up of an enterprise for the industrial cultivation of hazelnuts (hazelnuts) in the Vitebsk region, as well as its industrial processing.

ADVANTAGES:

- ✓ Availability of qualified and cheap labor resources;
- ✓ Guaranteed sales markets on the territory of the Republic of Belarus and abroad;
- ✓ Benefits and preferences in the implementation of an investment project;
- ✓ Availability of land and free premises;
- ✓ Increasing demand for environmentally friendly products.

PRODUCTION:

- Hazelnut in shell;
- Peeled hazelnuts;
- Trees and shrubs producing edible fruits.

EFFICIENCY



\$ 1,5 MILLION

The cost



2 YEARS

Time to reach design capacity



5 YEARS

Dynamic payback period

INVESTMENT APPEAL:

- Expansion of the range of products;
- Stable demand for products in Belarus and abroad;
- Lack of high competition.

SET UP AN ENTERPRISE FOR THE HARVESTING AND PROCESSING OF WILD BERRIES

ABOUT THE PROJECT

The investment project aim is setting up of an enterprise for the harvesting and processing of wild berries (blueberries, cranberries, lingonberries) and mushrooms (borovik, podosinovik, podberezovik, chanterelles, honey agaric).

PREREQUISITES FOR IMPLEMENTATION

- ✓ The desire of the population to consume "healthy" products;
- ✓ Reduced share of imports and increased exports;
- ✓ Development of own production of berry crops.

ADVANTAGES:

- ✓ Availability of qualified labor resources;
- ✓ Guaranteed market outlet in the Republic of Belarus and abroad;
- ✓ Benefits and preferences in the investment project implementation
- ✓ Availability of the land plot
- ✓ Increasing demand for nonpolluting products

PRODUCTS:

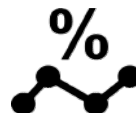
- Fresh berries and mushrooms;
- Frozen semi-finished products;
- Canned products;
- Jam;
- Juice.

ATTRACTIVENESS OF THE PROJECT:-

- Expansion of the products range;
- Stable demand for products in Belarus and abroad;
- Lack of high competition.

SALES DISTRIBUTION BY REGIONS:

- CIS countries – 80%
- Belarus – 30%
- EU countries – 10%
- Southeast Asia – 10%



POSSIBLE PROJECT IMPLEMENTATION

MIORY DISTRICT

COST – \$0,75 MLN

INFRASTRUCTURE:



ZITKOVICHY DISTRICT

COST – \$3 MLN

INFRASTRUCTURE:



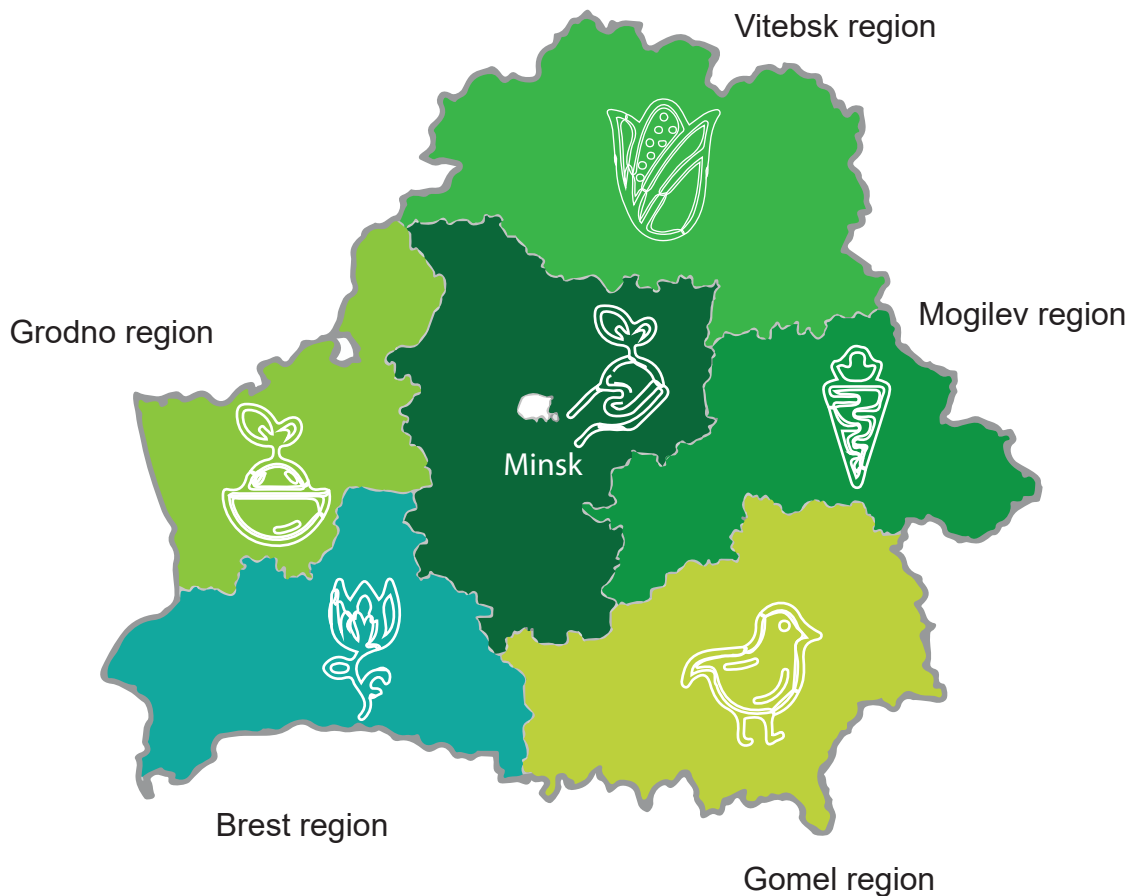
LELCHICY DISTRICT

COST – \$0,5 MLN

INFRASTRUCTURE:



Projects of the organic agriculture are represented at the interactive portal «Investor`s Roadmap»



map.investinbelarus.by

More investment projects and ideas, as well as land plots and real estate objects for the implementation of investment projects can be found on the interactive portal «Investor`s Roadmap»

The Republic of Belarus

Population: 9.41 million

Territory: 207, 600 km²

The Republic of Belarus is a state in the center of Europe. The shortest transport communications that connect the CIS countries with the states of Western Europe run through the territory of Belarus. By area Belarus surpasses such European countries as Austria, Belgium, Greece, the Netherlands, Portugal, and the Czech Republic.

Belarus is an export-oriented state with developed industry, services sector and agriculture.

Belarus maintains trade relations with almost all countries in the world.



Key indicators, 2020



Nominal GDP

\$ 63.3 b



Foreign trade in goods and services

\$ 72.2 b



GDP per capita

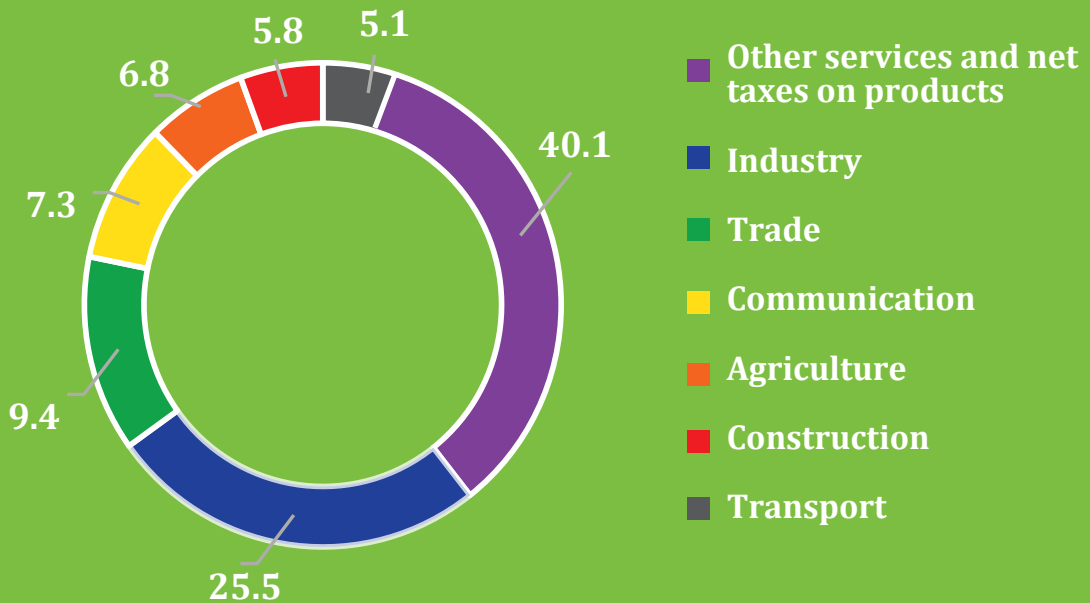
\$ 20.1 k
(2019)



Net FDI

\$ 1.4 b

GDP structure, 2020



Global rankings



E-Government Development Index 2020

| | |
|------------|----|
| Belarus | 40 |
| Latvia | 49 |
| Armenia | 68 |
| Kyrgyzstan | 83 |



Human Development Index 2020

| | |
|------------|----|
| Belarus | 53 |
| Georgia | 61 |
| Ukraine | 74 |
| Azerbaijan | 88 |



The Human Capital Index 2020

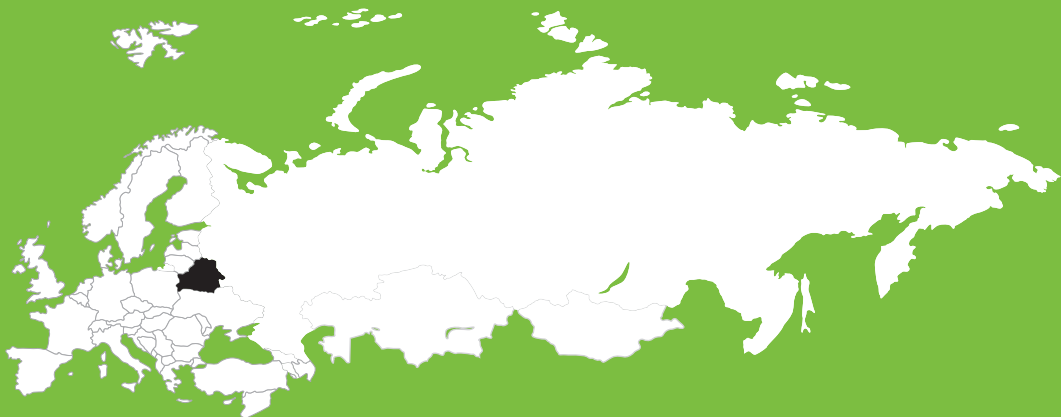
| | |
|------------|----|
| Belarus | 36 |
| Russia | 41 |
| Ukraine | 53 |
| Kazakhstan | 55 |



Global Food Security Index 2019

| | |
|------------|----|
| Belarus | 36 |
| Romania | 38 |
| Russia | 42 |
| Kazakhstan | 48 |

10 mln consumers in Belarus



184 mln consumers in EAEU

Investment agreement

Investment agreement with Belarus provides substantial benefits and additional governmental support.



**agreements with countries for
promotion and mutual protection
of investments**



**agreements with countries
on avoidance
of double taxation**

Visa-free regime

Visa-free travel to Belarus for 30 days for the citizens of 70 + countries coming through the national airport. Visa-free travel to Brest and Grodno regions for 15 days for citizens of 70 + countries coming through 12 international checkpoints on the EU border.

Preferential Investment Regimes

Free Economic Zones

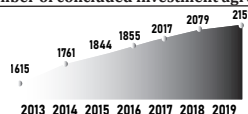
1. Exemption from income tax upon sale for export customers and to other residents of FEZ
2. Exemption from real estate tax on objects within the territory of FEZ for three years from the date of registration
3. Exemption from land tax and lease of land for the period of design and construction, but no more than 5 years from the date of registration. Exemption holds no matter what actual uses of the land are, provided that it is used for export sales and (or) for sales to other residents.
4. Exemption from payment for the right to conclude a land lease agreement

*Minimum investment amount 0.5 million EUR

Investment agreement

1. VAT deduction in full
2. Exemption from import customs duties and taxes upon import into the Republic of Belarus of technological equipment, raw materials
3. Exemption from compensation for losses of forestry and agricultural production

Number of concluded investment agreements



Small towns

1. Exemption from income tax for 7 years from the date of registration, on the sale of goods (works, services) of own production
2. Real estate tax exemption for 7 years from the date of the building registration
3. Exemption from import customs duties in respect to the imported goods contributed to the shareholders capital, provided that no more than 5 days have passed from the date of their manufacture
4. Exemption from income tax in respect to profit derived from the sale of goods of own production
5. Income tax exemption for 7 years

Southeastern region of the Mogilev region

1. Income tax - 10% for 7 years from the date of commencement of business
2. Pension insurance for entities - 24%, within 7 years from the start of business
3. Financing the costs of building engineering and transport infrastructure for the implementation of projects in agriculture and industry

Industrial park "Great Stone"

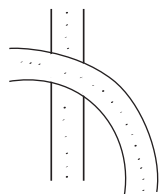
1. Exemption from income tax for 10 years, and 50% of the current tax rate from then on
2. Real estate tax exemption
3. Land tax exemption
4. Rent exemption
5. Exemption from compensation for losses of forestry and agricultural production

Orsha district

1. VAT deduction in full for the objects built and equipped within Orsha district
2. Exemption from charges for issuing work permits for foreign citizens
3. Exemption from compensation for losses of forestry and agriculture production
4. Pension insurance for entities - 24%
5. Financial support for medium-sized enterprises at the expense of the regional budget



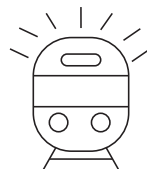
Favorable geographical location



103
thsd km
motorway total
length



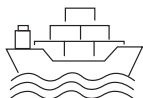
6
international
airports



5480
km
railway total
length



2,067.4
km
length of inland
waterways



8
river ports

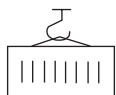


Distance to the ports
of the Baltic Sea

- ➔ Riga-600 km
- ➔ Klaipeda-700 km
- ➔ Ventspils-760 km
- ➔ Tallinn-760 km
- ➔ Gdansk-900 km

Belarus is located on the crossing of the main Trans-European Transport Corridors (II West-East and IX North-South, with branching Corridor IXB). The country's beneficial geographical location determines its advanced transport infrastructure.

The Trans-European Transport Corridor with its branching opens direct access to the specialized sea ports of Klaipeda, Ventspils and Kaliningrad for cargo owners from Central Russia and Eastern Ukraine.



20-foot container delivery charge (from Minsk)







National Agency of Investment and Privatization

The Agency provides assistance for foreign investors interested in launching a business in Belarus:

- ▶ provision of information about investment opportunities, preferential regimes and benefits granted, economic sectors and legislation
- ▶ provision of up-to-date information about investment projects
- ▶ assistance in selection of sites and premises
- ▶ search for prospective partners for investment projects, arranging meetings and negotiations for establishing cooperation
- ▶ providing a platform for negotiations and support during negotiations
- ▶ organization of visits to the Republic of Belarus (schedule development, visa support)
- ▶ representation of investor's interests during negotiations with governmental representatives concerning implementation of investment projects, as well as improvement of investment climate in the Republic of Belarus
- ▶ aftercare



Phone:
+375 17 200 81 75
+375 17 226 41 66

Fax:
+375 17 226 47 98

E-mail:
mail@investinbelarus.by



investinbelarus.by



map.investinbelarus.by

Follow us:



[/investinbelarus.by](https://www.instagram.com/investinbelarus)