

AGRICULTURE AND FOOD INDUSTRY



NATIONAL AGENCY
OF INVESTMENT
AND PRIVATIZATION

REPUBLIC OF BELARUS

REPUBLIC OF BELARUS

The country for a long-term partnership

The Republic of Belarus is a state in the center of Europe. Belarus surpasses such European countries as Greece, Portugal, Austria, the Netherlands, Belgium, the Czech Republic in terms of area.

The Republic of Belarus is an export-oriented state with a developed service and agricultural sectors. The potential of Belarus is based on its industry.

Belarus also carries out export and import operations with more than 200 countries of the world.



KEY INDICATORS, 2018



USD / BYN = 2.09

exchange rate
MAY of 2019

B/B/B3
credit rating
(S&P/F/M)

131%
FDI growth



9.5 mln
population

1.99 mln
capital – Minsk

207.6 thous. km²
total area



59.7 bn USD
GDP

19.9 THS USD
GDP, PPP

3.0 %
GDP growth

GDP STRUCTURE BY SECTORS



Industry



Trade



Agriculture



Transport



Construction



Services and
taxes on goods

IN 2018 THE PRODUCTION OF
AGRICULTURAL PRODUCTS IN
THE FARMS OF ALL
CATEGORIES IN CURRENT
PRICES AMOUNTED TO 9.3 BLN.



THE PRODUCTION OF FRUIT AND
BERRIES DISPLAYS THE
LARGEST INCREASE IN 2018 PER
CAPITA (BY 2 TIMES).

AGRICULTURE

Agriculture in Belarus is a dynamically developing industry. The Republic of Belarus successfully develops agriculture involving both the national and foreign investors. The state actively supports companies working in agriculture. The investor can take advantage of a wide list of benefits provided for the companies in the industry.

The Belarusian products are widely known abroad. In recent years Belarus has been awarded the status of one of the leading food exporters. Belarus is a recognized leader in foreign trade in dairy products. 16 holding associations have been established and operate in the agro-industrial complex of the Republic, including 12 holdings with the state participation.

In terms of attracting investors up to the present time the following tools are applied: 29 agricultural organizations are incorporated into the stable operating agricultural organizations, 4 organizations are handed over to the investors for the free use, a controlling packet of state shares is handed over to 3 organizations, 1 enterprise is being sold, 4 organizations concluded a management contract with another organization.

In 2018 the production of agricultural products in the farms of all categories in current prices amounted to 9.3 bln. USD, including 4.3 bln. USD in crop production and 5.0 bln. USD in animal breeding.

7.3 mln. tons of milk (100.3%) were produced in the farms of all categories of the Republic for 2018. The increase of milk production volumes is provided due to the increase in the productivity of the dairy herd of agricultural organizations.

FOREIGN TRADE

In 2018 there was a rise in exports in natural terms as compared to the level of 2017 by meat and meat byproducts by 8.6% (in value terms by 11%), including to non-CIS countries by 59.4%.

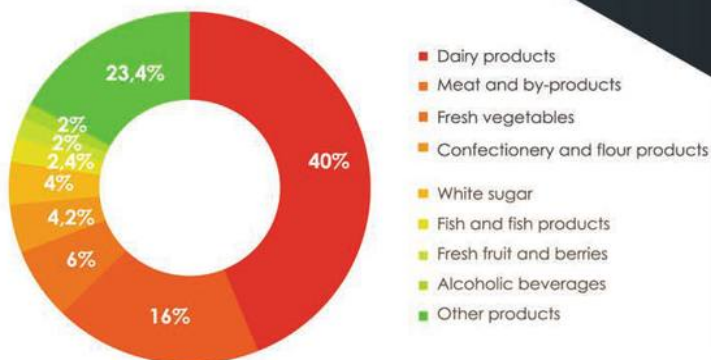
The exports of milk and dairy products in 2018 amounted to 978.6 thous. tons. In 2018 the exports of milk and dairy products to non-CIS countries increased 3.5 times.

In 2018 as compared with the same period of the previous year there was an increase in supplies to the common food and agricultural commodity market from the Republic of Belarus in dollar terms - by 1.6% (to 4.5 bln. USD).

The main increase in mutual trade in food products and agricultural raw materials with the member states of the Eurasian Economic Union on the market amounted to in dollar terms: from the Republic of Belarus to the Republic of Kazakhstan – by 2.1 times (161.6 mln. US dollars), to the Republic of Armenia - by 31.3% (by 3.1 mln. US dollars) and to the Kyrgyz Republic - by 11.6% (by 6.9 mln. US dollars).

The main commodity items in the structure of supplies to the common market of the Eurasian Economic Union from the Republic of Belarus are as follows - dairy products, meat and byproducts, finished meat and fish products, vegetables, sugar and finished products made of cereals (80 %).

EXPORT PRODUCT STRUCTURE IN THE TOTAL VOLUME OF FOREIGN TRADE IN 2018



The production of milk per capita, as well as the production of eggs per capita displays that Belarus is keeping ahead steadily of its EAEU partners. The gap between the leader and the outsider in the production of eggs, i.e. Belarus and Kyrgyzstan is 6.4 times. Belarus is ahead of its EAEU partners by 1.2-3.3 times at the beginning of 2019 by the production of livestock and poultry per capita. The severity of seasonal fluctuations in Belarus in the production of meat as contrasted with Armenia, Kazakhstan and Russia is minimal.

THE BELARUSIAN
AGRICULTURAL
PRODUCTS WERE
SUPPLIED TO 95
COUNTRIES

IN 2018 THE FARMS OF ALL
CATEGORIES PRODUCED
5.9 MLN. TONS
OF POTATOES



THE PRODUCTION OF
FRUIT AND BERRIES
DISPLAYS THE LARGEST
INCREASE IN 2018 PER
CAPITA (BY 2 TIMES).

DEVELOPMENT OF THE GRAIN SUB-COMPLEX

The grain production of grain and leguminous plants in the farms of all categories amounted to 6,151 thous. tons in 2018. The yield of grain and leguminous crops amounted to 26.7 centners per hectare.

DEVELOPMENT OF POTATO FARMING

Planting (sowing) of potatoes and vegetables for the harvest of 2017 was carried out with the optimum forecrops taking into account the required soil fertility, the phytosanitary situation and mainly in the optimum agrotechnical terms.

DEVELOPMENT OF THE SUGAR-BEET SUB-COMPLEX

The gross yield of sugar beet in the farms of all categories amounted to 4,806.0 thous. tons in net weight.

DEVELOPMENT OF FLAX PRODUCTION

In 2018 the gross harvest of flax fiber in the farms of all categories amounted to 40 thous. tons.

DEVELOPMENT OF SUB-COMPLEXES OF FRUIT AND VEGETABLES AND POTATO FARMING

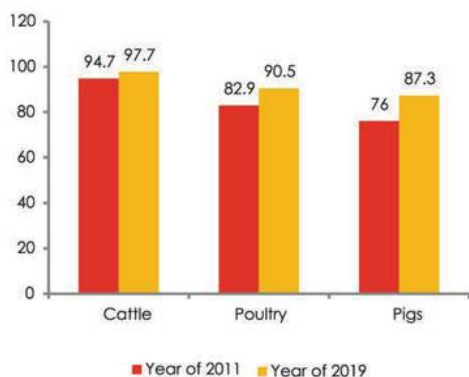
In 2018 the farms of all categories produced 5.9 mln. tons of potatoes. The production of vegetables in the farms of all categories amounted to 1.74 mln. tons. The production of fruit and berry products in the farms of all categories is 954.0 thous. tons (twice exceeded the value of 2017).

DEVELOPMENT OF ANIMAL BREEDING

The index of livestock and poultry sales in live weight in the farms of all categories amounted to 103.1% in 2018. The farms of all categories produced 7,345 thous. tons of milk and increased milk production by 24 thous. tons in 2018 as compared to 2017. The relative share of cattle sold for slaughter in the total sales volume was 32.4% (in 2017 - 32.3%), of pigs - 26.5% (27.3%), of poultry - 41% (40.4%). Animal breeding displayed an increase in sales of livestock and poultry (in live and carcass weight) by 3.1% and 1.5%, respectively in 2018. Dairy breeding in the Republic is one of the most dynamically developing and efficient livestock sections.

In 2017 the dairy herd productivity in the Republic exceeded the five thousand level, which amounted to 5,005 kilograms of milk, which is by 150 kilograms more than last year. As of January 1, 2018 the number of dairy cows was 1,395.5 thous. heads (100.5 percent as compared to the relevant date of the previous year). There were 4.3 mln. heads of cattle (of which 1.4 mln. heads were cows), 2.8 mln. heads - pigs, 51.2 mln. - birds (an increase was 1.0%) as of January 1, 2019 in the farms of all categories (in agricultural organizations, peasant (farmer) farms, households).

The cattle and poultry stock in agricultural organizations in 2018, % of the number of cattle and poultry in farms of all categories:



In 2018 the farms of all categories sold livestock and poultry for slaughter (live weight) in the amount of 1,728.7 thous. tons (an increase was +3.1%). Of the total sales almost 40% accounted for the sales of poultry. There were sold: cattle - 31.4%, pigs - 28.7%. 7,345.4 thous. tons of milk were produced. 3,362.8 million pieces of eggs were obtained.

DEVELOPMENT OF THE DAIRY BRANCH

Based on the data of the Tetra Pak company, the global consumption of dairy products, including milk, cheese and butter, is expected to increase by 22-25% by 2020 and will amount to 650 mln. tons of whole milk products (in milk equivalent). The market growth will be provided due to population growth, as well as wealth and urbanization growth in Africa, Asia and Latin America.

Belarus remains an important player in the Russian market.



**THERE ARE 330 TYPES
OF CHEESES IN
THE BELARUSIAN RETAIL**

60 THOUS. TONS
OF CHEESES AND COTTAGE
CHEESE WERE SUPPLIED
BY DOMESTIC PRODUCERS
FOR JANUARY-MARCH 2019



2841 THOUS. HEADS
PIGS IN THE FARMS OF
ALL CATEGORIES
OF THE REPUBLIC OF
BELARUS

The share of Belarus in the Russian import of milk and dairy products exceeds 80% having doubled in the recent years. The Belarusian dairy industry is consolidated - since the beginning of the decade more than 140 enterprises have formed 40 large holding companies. The dairy market structure: cheeses and powdered milk. The milk whey processing is brought up to 94%. The largest milk processors in Belarus are: OJSC Savushkin Product, OJSC Slutsk Cheese Factory, OJSC Babushkina Krynka, Danone Belarus, OJSC Milkavita.

Domestic producers of cheeses and cottage cheese supplied almost 60 thous. tons of product for January-March 2019 (by 11 tons more than the same period of 2018).

The export indicator shows that Belarus is ahead of Australia, Iran and Switzerland, ranked 4th. The European Union is ranked first - cheese export amounted to 262 thous. tons, the USA - second -- 99, New Zealand - third - 89.8 thous. tons.

The main share of exports (94%) goes to Russia. Also the Belarusian products are purchased by Bulgaria, Georgia, Jordan, China, Latvia, the United Arab Emirates, the USA and Japan.

There are 330 types of cheeses in the Belarusian retail. The three leaders in cheese production in Belarus are OJSC Savushkin Product, OJSC Berioza Cheese-Producing Plant and OJSC Turov Dairy Industrial Complex. These three companies produce in total almost a third (31.3%) of all cheeses in the Republic. The rating leader is Savushkin Product which produces 13.3% of the Belarusian cheeses. And taking into account Berioza Cheese-Producing Plant controlled by it - about a quarter: 24% of all cheeses produced in the country. Dutch cheeses are most often exported from Belarus. They are also among the most popular with the Belarusians. The domestic producers have also recently mastered the production of Finnish cheese and cream cheese (Cream Cheese).

CATTLE BREEDING

The cattle population as of January 1, 2019 was 4,341 thous. heads, including cows - 1,498 thous. heads, birds - 51 mln. heads.

The pig population in the farms of all categories of the Republic of Belarus amounted to 2,841 thous. heads for 2018. 5 new pig-breeding farms are also being built with a total capacity of 255 thous. heads for fattening-off per year. After reaching the project capacity in 2019-2020 the annual production of pigs will amount to about 28 thous. tons in live weight at these facilities.

DEVELOPMENT AND SUPPORT OF SMALL BUSINESS PATTERNS

In Belarus the conditions are being created for the development and support of small business patterns in agriculture. Owner-operated farms are the most widespread in the field of small business in agriculture.

The farming experience in the Republic indicates that the farming sector is one of the fastest growing sectors of the agriculture-based economy. The main direction of production activity of the farms is crop production which accounts for more than 80% of all their products.

BELARUS IN THE WORLD MARKET

THE 4TH PLACE

FLAX

THE SHARE IN THE WORLD
EXPORTS - 2.2%

THE 7TH PLACE

BUTTER

THE SHARE IN THE WORLD
EXPORTS - 3.7%

THE 7TH PLACE

BUTTERMILK, SOUR MILK, YOGURT, KEFIR

THE SHARE IN THE WORLD
EXPORTS - 3.8%

THE 12TH PLACE

CHEESE AND COTTAGE CHEESE

THE SHARE IN THE WORLD
EXPORTS - 2.6%

THE 12TH PLACE

CONDENSED MILK AND CREAM

THE SHARE IN THE WORLD
EXPORTS - 2.3%



1.74 MLN. TONS
OF VEGETABLES WERE
PRODUCED IN THE FARMS OF
ALL CATEGORIES



NEW SEMI-FINISHED GOODS PRODUCTION AT 'BOBRUISK MEAT-PACKING PLANT' OJSC



The **strategy** and the **aim** of a new shop development is the organization of the semi-finished goods production manufactured and packaged with the help of modern automated production lines.



The prerequisites for the development are the **steady demand** of the population for semi-finished products, change in priorities from home cooking to **semi-finished products**.

FINANCIAL AND ECONOMIC INDICATORS

profit margin – 7.60%

working capital to current assets ratio – 0.839

sales margins – 8.72%

asset coverage – 0.084

2,9 MLN EURO
required investment
amount

1,6 MLN EURO
NPV by 2024

1,39
project profitability
index



3 YEARS
simple pay-back period

4,1 YEARS
dynamic pay-back
period

31,15 %
internal rate of return



COMPREHENSIVE PROCESSING OF YEAST BASED ON OSHMIANY YEAST PLANT



The project goal is to maintain a technology of comprehensive yeast processing in order to get valuable products of higher value added: yeastrel, mycotoxin adsorbent.



Feedingstuffs nonreactive yeast are used in biology preparations and feed-stuff production, as well as additive which increase digestibility and accessibility of feeding-stuffs.

SCOPE OF APPLICATION



Food industry (absorbent, stabilizer, emulsifier)



Agriculture
(feed additives, adsorbents)



Water purification
(floculant, sorbent)



Cosmetic field
(creams, lotions, anistatic substances, skin and hair care products, tooth paste)



Medicine
(pharmaceutical products, salves)

PROJECT BENEFITS

MARKET OUTLETS (EFFECTIVE DEMAND), IMPORT-SUBSTITUTING PRODUCTION

PRODUCTION CAPACITIES (BUILDINGS AND EQUIPMENT)

LAND PLOT— 2.04 HA

HIGHLY SKILLED SPECIALISTS

GEOGRAPHIC LOCATION (20 KM FAR FROM THE EU'S BORDER)

MARKETING OPPORTUNITY (THE COMPANY IS OVER 137 YEARS OLD)

HIGH EXPORT POTENTIAL



IMPLEMENTATION OF POTATO FLAKE MANUFACTURING LINE AT 'VOSTOK' OJSC



The investment project provides for reconstruction and modernization of the potato warehouse per **3000 tons** with installation of equipment for potato flakes production.



The implementation will help the factory to manufacture new import-substituting products, cut losses during agricultural goods storage, increase exports and **grow their bottom line**.

INFRASTRUCTURE

4.93 mln \$

annual revenue
(without VAT, after
reaching the design
capacity)

4 years

dynamic pay back
period

32.6 %

internal rate of return

150.6 ths \$

net present value

electricity supply – **585 kV**

water supply – **705 m³/day**

canalization – **211 m³/day**

total goods volume – **32.5 ths.**

tons 13 km from the branch

railway line **3 km** from the
republic highway



'Vostok' factory
specializes in production
of potato, field and
indoor vegetables.

Primary products:
potato, field and indoor
vegetables, cattle milk
and meat, preserves,
mushrooms.

DEVELOPMENT OF 'CONFA' OJSC



The project provides for the development and **modernization** of the production and further maintenance of the enterprise economic welfare.



'Konfa' is a modern specialized manufacturer of **flour confectionery goods** : gingerbreads, oatmeal and wheat cookies, classic waffles, marsh-mallows.

INFRASTRUCTURE

gas-supply : 11 880 м3/day

canalization : 48 м3/day

power-supply : 1 260 kV

heat supply : 1.35 Gcal/hr

water supply : 48 м3/day

1 km to the railway station

>110

items of confectionery products are made at the enterprise

3720 M²

total area of manufacturing facilities



2.7 mln \$
sales 2017

10.4 %

profitability of the sold products

Processing of berry raw materials and industrial waste for the production of fatty acids

Production of substances of linophilic nature, including linolenic acid from plant objects such as black and red currant seeds, gooseberries and other berries.



INVESTOR'S FORM OF PARTICIPATION

new venture / joint venture

10
mln \$

EXPECTED INVESTOR'S CONTRIBUTION

150-350
tons

REQUIRED RAW MATERIAL VOLUME

7-10
years

PROJECT SIMPLE PAY-BACK PERIOD

APPLICATION



therapeutic and preventive trend in medicine

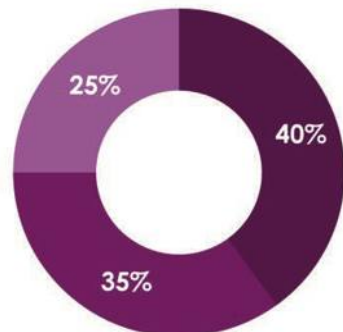


diet food for babies, children and the elderly



dermatology and cosmetics
(creams and lotions)

DISTRIBUTION OF SALES



■ EEU

■ Belarus

■ EU



CONSTRUCTION OF ENERGY- CONSERVING GREENHOUSE AT 'VOSTOK' OJSC



The investment project provides for the construction of energy-conserving greenhouses with an **area of 6 ha**, which will allow the plant to speed up and increase production.



By increasing crop productivity, reducing energy consumption, as well as increasing exports, the enterprise will be able to get **additional profit**.

13 MLN \$

required amount of
investment

2.6 mln \$

annual revenue
(without VAT, after
reaching the
design capacity)

7.2 years

simple pay-back period

8.6 years

dynamic payback
period

12.8 %

internal rate of return

INFRASTRUCTURE

electric power supply – **585 kV**

water supply – **705 m3/day**

canalization – **211 m3/day**

total amount of storable products – **32.5 thnd tons**

13 km from the railway line

3 km from the republic highway



'Vostok' factory
specializes in
production of potato,
field and indoor
vegetables, milk and
meat, canned food,
mushrooms.



MODERNIZATION OF LYAKHOVICHSKY CANNING PLANT



The **investment project** provides for the modernization of the production capacity of Lyakhovichsky Canninh plant OJSC , which will **expand** the range of output products.



Planned **manufacture of products**:
canned green peas, not-from-concentrate juices from fruit and berries, mashed potatoes semi-finished aseptic canning

THE PROJECT PROVIDES FOR:

- construction of a production department and a transformer substation;
- installation of production flow lines;
- construction of a new high-efficient modern boiler- house (on electricity or gas);

- construction of water communication networks;
- construction of water and wastewater treatment facilities for primary wastewater treatment;
- purchase of seeder units, combines for harvesting peas.

25 MLN \$
required
amount of
investment

1175 THND \$
net present value (NPV)

17 MLN \$
annual revenue after
reaching the project
capacity



6 YEARS
simple pay-back
period of the project

8 YEARS
dynamic pay-back
period of the project

7.28 %
internal rate of return
of the project

ORGANIZATION OF TROUT AND POND FISH FARM FOR GROWING AND PROCESSING FISH IN THE SYANNO DISTRICT OF THE VITEBSK REGION

The project will result in the restoration and increase in fish production volume (trout, common carp, silver carp, grass carp) on the basis of the Bogushevsky pond complex. The implementation of the investment project will contribute to the sustainable development of the region and will provide a stable supply of high-quality fish products to the population.

Range of cultivated aquaculture

- Trout
- Common carp
- Silver carp
- Grass carp
- Crucian carp

Project tasks

- providing the customers with a stable supply of high-quality fish products;
- an increase in consumption of delicatessen fish and processed fish products;
- fish export;
- an increase in the production volume of fish products;
- import substitution;
- rational use of fish resources in fishing waters.

Project Benefits

- rearing does not require a large amount of feedstuff for growth and development.
- a high fish birth rate, so one female carp gives 1 million and more fish eggs from which you can grow from 60 to 80 tons of harvestable fish.
- low cost of fuel and electricity for the cultivation of fish, especially in pond farms.
- fish rearing directly in the regions of its consumption ensures active sales of products.
- on the world market, fresh fish is a popular product.

INVESTMENT OFFER

Productive capacity, tons/ year	Output of harvestable trout - up to 70 tons, common carp - 30 tons, grass carp - 3 tons, silver carp - 3 tons.
Concept	A stand-alone complex consisting of a system of ponds for growing cyprinoid fishes and pool blocks of the trout farm
Area of the complex	The total area of the complex is 100 hectares, the area of all ponds is 62 hectares
Electric power demand	475,000 kWh per year
Estimated investment	From 2.5 million USD (2.3 million EUR)
Possible investment schemes	Creating a joint venture / a complex purchase

The ponds are located in two systems - the left bank and the right bank systems. The big advantage of the Bogushevsky pond farm is that the ponds communicate with each other without an external source of energy but due to the difference in the elevations established in the system.

For the cultivation of harvestable trout it is necessary to provide purchases:

- trout seeds in the amount of 45-50 thousand pcs., with an average weight 200-300 grams (total weight - 10 tons);
- feedstuff for trout - 65 tons.

For the cultivation of pond fish it is necessary to perform stocking of ponds with fish for which you should purchase:

- Two-year-old common carp - 24,000 pcs., with an average weight of 200-210 grams.
- Two-year-old grass carp - 2,000 pcs., with an average weight of 250 grams.
- Two-year-old silver carp - 2,000 pcs., with an average weight of 250 grams.

RENTIAL TREATMENTS OF INVESTMENTS

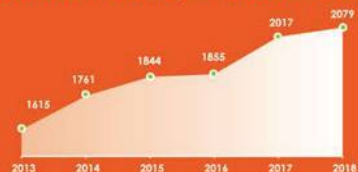
FREE ECONOMIC ZONES

1. Exemption from income tax
2. Exemption from real estate tax in relation to the buildings on the FEZ territory
3. Exemption from payments for the right to conclude a lease agreement for up to five years from the date of registration
4. Exemption from payment for 5 years for the lease of land allocated for construction

* Minimum investment amount 0.5 mln. EUR

INVESTMENT CONTRACT

1. Exemption from import and customs duties and VAT when importing technological equipment
2. VAT deduction in full
3. Granting a lease of a land plot without an auction



SMALL AND MEDIUM TOWNS

1. Exemption from income tax for 7 years from the date of registration
2. Exemption from real estate tax for 7 years from the date of registration
3. Exemption from income tax in terms of profits derived from the sale of own-produced goods
4. Exemption from payment of a state duty for issuing a license
5. Exemption from personal income tax for 7 years

The South-Eastern district of Mogilev region (SED)

1. Personal income tax - 10% for 7 years from the date of commencement of business
2. Pension insurance for subjects - 24% for 7 years from the date of commencement of business
3. Preferential loans for natural persons for the construction of residential premises for 20 years at 1 percent per annum
4. Financing of expenses for the creation of engineering and transport infrastructure for the implementation of agricultural and industry projects

Great Stone Industrial Park

Great Stone Industrial Park has a status of an international special zone. In the park there can be implemented the projects in the fields of electronics and telecommunications, pharmaceuticals, fine chemistry, biotechnology, engineering manufacture, new materials, comprehensive logistics, e-commerce, storage and processing of large volumes of data, telecommunications, scientific research and development engineering activity.

An unprecedented regime has been established for the investor in the Park:

1. Exemption from income tax for 10 years, and subsequently at a rate of 50% from the current rate valid in the Republic
2. Exemption from real estate tax
3. Exemption from land tax
4. Exemption from rent
5. Personal income tax - 9% until January 01, 2027
6. Exemption from compensation for losses of forestry and agricultural production
7. Tax on income of foreign organizations - 0% for 5 years from the first year of gross profit



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