



Food industry in the Republic of Belarus



NATIONAL AGENCY OF
INVESTMENT AND PRIVATIZATION
REPUBLIC OF BELARUS

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1. Current state of the industry

1.1 Key indicators of the industry

Food industry takes a leading place in the structure of industrial production in Belarus. It accounts for 25,9 % of the total volume of industrial production. As of 2020, 11% of fixed assets ,16,2% of industrial workers and more than 1100 organizations are concentrated in the industry. Food industry output is diverse and include more than 20 types of production.

In 2020 the volume of food stuffs, beverages and tobacco amounted to 30 724 million BYN, an increase of 12,6 % compared to the previous year.

Food production increases annually. So for 5 years (from 2015 to 2020) the production of meat and offal food increased by 20,3%, whole-milk products and fish, seafood by 7.1% and 29.9% respectively.



Meat and offal food

1 228.3 thousand tons
(+20,3% compared to 2019)



Whole-milk products

2 102 thousand tons
(+7,1% compared to 2019)

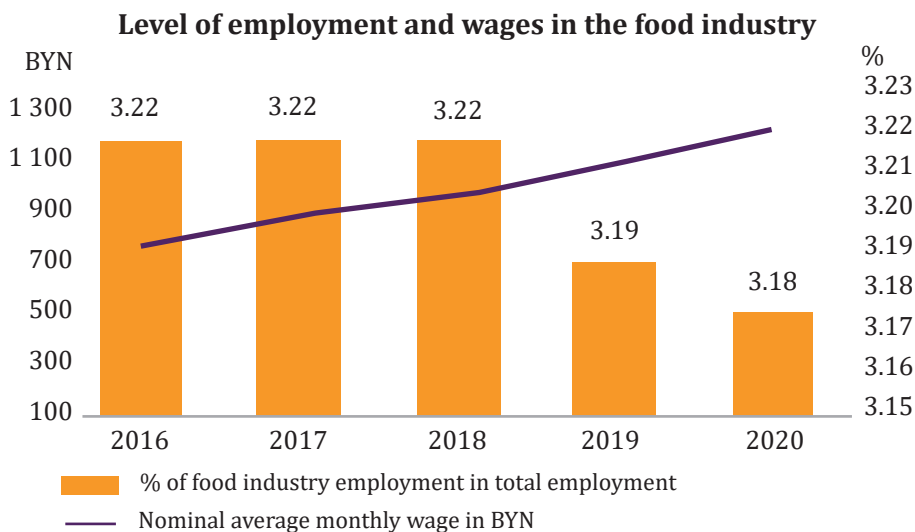


Fish and seafood

127,9 thousand tons
(+29,9% compared to 2019)

Over the last five years, the number of people employed in the food industry decreased from 3,22% of total employment in 2016 to 3,18% in 2020. However the average monthly wage in the food industry has increased during the specified period. This fact indicates an increase in the efficiency of the use of labor resources in the «Food industry» of Belarus in general.





Belarus fully meets its food requirements. More than $\frac{3}{4}$ of the food products that score a basket of Belarusians are of domestic production. Import ratio in retail turnover of food products in the first half of 2021 amounted to 23.6%. Food industry is the backbone of the country's food security.

The main objectives of the National Food Security of the Republic of Belarus until 2030 include:

- ensuring a high-quality nutrition for the population;
- demand for Belarusian products in foreign markets;
- integration into the world food market.

According to the Food and Agriculture Organization of the United Nations (FAO), Belarus is in the leading position in terms of the volume of individual crops: the 5th place in terms of rye grown, 11th for potatoes, 12 for buckwheat and 14 for sugar beet.

In the CIS, Belarus leads in per head production per head of potatoes (558 kg in 2020), sugar beet (428 kg), meat (137 kg), milk (828 kg), and grain remains in the top five producers with a total of 935 kg. And this is not only the merit of agricultural organizations - 82.5% of all potatoes and 67.8 % of vegetables are grown by private farms.



In 2021, out of 113 countries, Belarus ranked 36th on the food security index

1.2. Legal environment

The Belarusian State Concern of Food Industry "Belgospischeprom" is the main producer of food products in the country and implements a coherent economic, technical and technological policy in the food industry of the republic.

In line with Council of Ministers' Resolution No. 1683 as of 2 November 2000 "Concerning the Belarusian State Concern of Food Industry "Belgospischeprom", major objectives of the concern are:

- to implement a coherent economic, technical and technological policy in the food industry companies of the Republic of Belarus regardless of their form of ownership;
- to create the conditions stimulating the production of food resources and agricultural raw materials, to improve the country's food supply;
- to ensure the growth of production in food industry organizations to meet the needs of the domestic market and increase export supplies; to participate along with local executive and administrative authorities in the formation of raw material zones for the production of agricultural products necessary to provide the food industry with raw materials;
- to increase the efficiency and competitiveness of export of products manufactured by affiliated companies, to expand the commodity distribution network abroad that promotes the sale of products manufactured by affiliated companies;
- to organize external fund raising for technical refitting and modernization of production facilities.



The main statutory instruments regulating the work of industry enterprises are:

- Law of the Republic of Belarus as of 27.08.2008 No. 429-Z "On state regulation of production and turnover of alcoholic, non-food alcohol-containing products and non-food ethyl alcohol";
- Law of the Republic of Belarus as of 08.01.2014 No. 128-Z "On State regulation of trade and public catering in the Republic of Belarus";
- Decree of the President of the Republic of Belarus as of 17.12.2002 No. 28 "On state regulation of production, turnover and consumption of raw tobacco and tobacco products";
- Decree of the President of the Republic of Belarus as of 29.02.2008 No. 3 "On some issues of state regulation of production, turnover and advertising of beer, alcoholic beverages and tobacco products".

At the moment, a system for achieving the quality of food products has been created and is functioning as part of:

- National Technical Committee for Standardization "Food staples and products of its processing" TC BY 16;
- Republican control and test complex for the quality and safety of food BY/112 02.1.0.038;
- Central Tasting Commissions (CDCs) for the main groups of food products;
- Certification body for food and perfumery and cosmetic products BY / 112 038.01.



1.3. Scientific research base and staffing

Food Industry has significant human resources potential in Belarus. A whole range of specialties is provided for the food processing industry in the Republic of Belarus, balanced by education levels. The highest number of specialties are vocational education. The specialties of secondary special education are represented in a smaller volume. And least of all higher education specialties.

According to the results of 2020 in the profile «Public Catering», a total of 4.8 thousand specialists were graduated from Consumer Services, 71% of them graduated from vocational education, 25% from institutions of secondary special education and 4% from institutions of higher education.

Number of graduates

Type of educational institution	Number of graduates (thousand people)		Share of specialists in the profile «Food services» «Housekeeping services» among all graduates (%)
	in the profile «Food services» «Housekeeping services»	Total	
Vocational education	3.4	24,2	14
Secondary special education	1.2	33,4	4
Higher education	0.2	54,6	0,4
Total	4.8	112.2	4,3

The ratio of hired and dismissed employees in 2020 is almost one, which means that the number of dismissed employees equals the number of hired employees (36.3 thousand).

Thus, it can be concluded that the industry has a surplus of specialists in general. However, if we consider specialists with higher education and work experience, there is a shortage of highly qualified specialists. At the moment, job aggregators show that there is a need for about 1,500 specialists of different fields in the sector market.

1.4. Innovative technologies in the food industry

In the Republic of Belarus, **the scientific and practical Centre of the National Academy of Sciences of Belarus** (NAS of Belarus) on food is engaged in research, development of new technologies and projects in the food industry.

To ensure the proper level of research, the laboratory base of food Centre is equipped with modern equipment, and scientific projects are carried out using best practices and investigative techniques. This approach made it possible to implement a number of serious projects in various branches of the food industry only over the past year.

One of the most important research and practice results of 2021 is the creation of domestic production of foods for particular nutritional uses for children with phenylketonuria (mixtures for potato puree and dumplings, mixtures for baking, porridge, cereals).

For the first time a method was developed to intensify the malt production process based on the use of biostimulating properties of ozone, which improved the quality characteristics of the finished good.

For the canning industry, specialized canned products based in vegetables were created for the nutrition of pre-school and school children, meeting the criteria of quality and safety of food value of products of this group.



For the first time in the Republic of Belarus, innovative technological solutions have been developed to reduce the content of glycidyl fatty acid esters in vegetable oils and fats by an average of 94% compared to the raw material, and allowing the production of fat-and-oil products corresponding to the best import analogues in safety performance.

According to the Concept of the State program of Innovative Development of the Republic of Belarus for 2021-2025, the following are to be established in the food industry:

- high-tech production of waste-free and resource-saving type, biodegradable packaging and packaging that actively protects food from spoilage;
- technologies for the production of personalized therapeutic and preventive nutrition, including the production of baby milk powder based on natural goat milk without cow milk for infants;
- organic food production based on authentic vegetable raw materials.



In order to deepen the processing of agricultural raw materials, it is necessary to develop:

- new resource-saving technologies using biochemical modification of raw materials;
- technologies for the production of foods with specified properties using biologically active substances (BAV) and their complexes on the basis of local environmental raw materials;
- express methods of microbiological control of food raw materials and products, as well as elements of the production environment.

1.5. Industrial-territorial clusters

Program of socio-economic development of the Republic of Belarus for 2021-2025 sets tasks for the formation of industry clusters in the regions of Belarus.

This program provides for work on the formation of new organizational business models of interaction between enterprises, including by combining the initiatives of private business, large state-owned companies, educational and scientific institutions. It is planned to create thirteen clusters, the development of which will be aimed at the development of new products and their promotion on the market. It is planned to form at least six large State industrial associations in the engineering, wood, light and food industries. During the five-year period, it is planned to implement more than 500 investment projects in the industrial complex and to direct about 80B ruble investment in industrial development. As a result of the implementation of the planned measures, the added value per average employee will amount to at least 25 thousand US dollars in 2025, labor productivity will increase by 1.3 times, the profitability of sales in industry will be at least 9%.

Based on the degree of maturity (level of interaction based on the cluster model of development), clusters are divided into three categories: active, forming and potential. Currently, there are 23 clusters, of which 4 are active and forming, 15 are potential. The activity area «Agriculture and food industry» includes a potential cluster, which carries out processing of agricultural products, located in the Grodno region.

Formation of industrial and territorial clusters is not only a modern trend, but also an example of the best international practice that the republic has begun to successfully master.



Belarusian State Agricultural Academy



Polessky State University

2. Resource and raw materials base

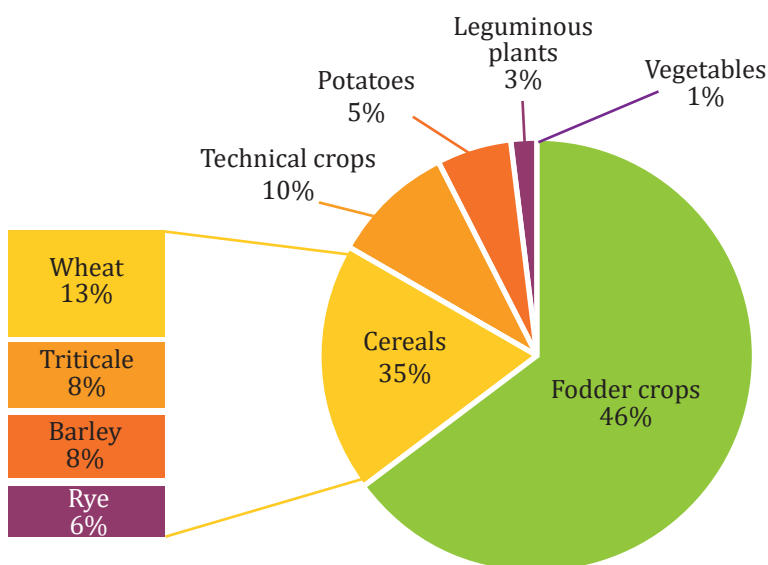
The raw material base for the food industry is agriculture, which is divided into raw materials of plant and animal origin.

2.1. Raw materials of vegetable origin

Crop production in Belarus is characterized by the cultivation of crops typical of temperate latitudes, such as cereals, potatoes and fodder.

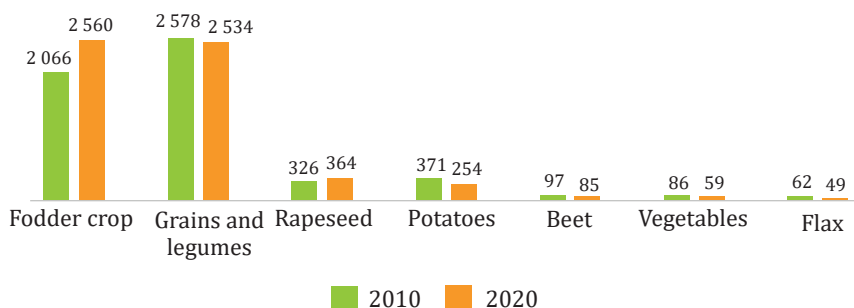
About 46% of the sown area is devoted to fodder crops, 35% - to grain crops, and 10% of arable land is occupied by industrial crops. Predominance of land for feed is explained by the strategic importance of the crop sector to meet the needs of animal husbandry. The structure of areas occupied by grain crops is dominated by wheat (13%), triticale (8%), barley (8%) and rye (6%).

Structure of sown areas by main crops, 2020



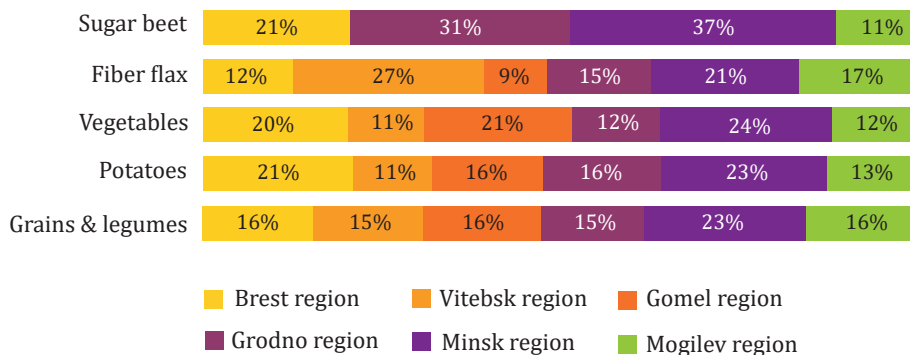
Based on the dynamics of the sown area of the main crops over the past ten years, we can note structural changes of the following nature: the share of fodder crops in 2020 increased significantly (+500 thousand hectares or 29%) from 2010, Against the background of the decrease in the sown area occupied for the cultivation of other crops, such as grains and legumes (a decrease of 44 thousand. hectares or 2%), beet (-12 thousand hectares or 12%). At the same time, the sown area of potatoes (-117 thousand hectares or -32%), vegetables (-27 thousand hectares or -31%), flax (-13 thousand hectares or -21%) was significantly reduced. It may be summarized that the area for fodder production has increased due to the increase in the total area of agricultural land in the Republic as a whole, as well as a reduction in the area occupied by other crops.

Dynamics of sown areas of main crops, thousand hectares



The analysis of the structure of arable land by region shows that the Minsk region leads in the area of the main agricultural crops, in particular, it accounts for 37% of all sown areas of sugar beet. It should be noted that beet in the Vitebsk and Gomel regions is not grown.

Share of regions in sown area structure, 2020



Thus, in Belarus, there is a tendency to increase the sown areas, which is explained by the growing need of the agro-industrial complex in factors of production in order to increase the production of agricultural, foodstuffs and raw materials for other sectors of the economy.

If we analyze the balances of vegetable raw materials for 2020, then the highest percentage of imports in the country for fruits, berries and their products after processing is 711.9 thousand tons, which is 36.4% of all berries and fruits in the republic. For vegetables and gourds, imports are 8.8% (262.5 thousand tons), for grain – 2.4%, for potatoes – 1.1% (116.5 thousand tons). This indicates a high level of self-sufficiency in crop production.

2.2. Raw materials of animal origin

Animal husbandry in Belarus is based on dairy and meat cattle-breeding, as well as on pig farming, accounting for 97.5 per cent of the country's total livestock.

Most of the livestock is grown in the Minsk region, which is 22.5% of the aggregate amount in the republic, the least is in the Mogilev region - 12.5%.

In the context of the categories of farms, livestock is grown mainly by agricultural organizations, they account for 92.4%, households of the population and farms – 6.6% and 1.0%, respectively.

Livestock number, thousand heads

Livestock	2017	2018	2019	2020	2021
Cattle	4295.1	4,357.9	4,336.7	4,290.8	4,288.1
Beef	1499.2	1,497.7	1,494.9	1,492.1	1,482.6
Pork	3121.1	3,130.1	2,812.9	2,853.1	2,844.7
Sheep	88.5	88.6	85.9	85.2	87.4
Goats	66.3	62.8	61.2	57.6	56.9



■ less than 2 433.0
 ■ 2 430.5 to 2 966.1
 ■ 2 966.1 to 3 337.4
 ■ more than 4 146.1

Livestock by region of Belarus in thousands of head

In the context of the categories of farms, livestock is grown mainly by agricultural organizations, they account for 92.4%, households of the population and farms – 6.6% and 1.0%, respectively.

As of 2021, there are 2.8 million head of cattle in dairy cattle. Breeding factories are located in all territorial regions of the republic.

Heads of cattle in beef cattle breeding - 1.5 million. The breeding system provides for the bulk of beef to be obtained through dairy and combined cattle and industrial crossing of planned breeds of cows with bulls of specialized beef breeds. There are about 34 thousand horses in the republic, including 13.6 thousand in agricultural organizations, 1.0 thousand in peasant farms, and 19.4 thousand horses in households of the population. Despite the small share (about 5%), the basis of the industry is the breeding direction of the use of horses.

There are 87 thousand heads of sheep in Belarus. The breed composition is currently represented by the following breeds: Prekos, Texel, Romanovskaya, Suffolk, Meronlandshaf, Askanian, Ile-de-France, Lacaune and others. There are 2.8 million of pig-heads in the republic in all categories of farms, including 2.5 million in agricultural organizations, 118 complexes for the production of marketable pork and 12 subjects of livestock breeding engaged in breeding pedigreed hogs.

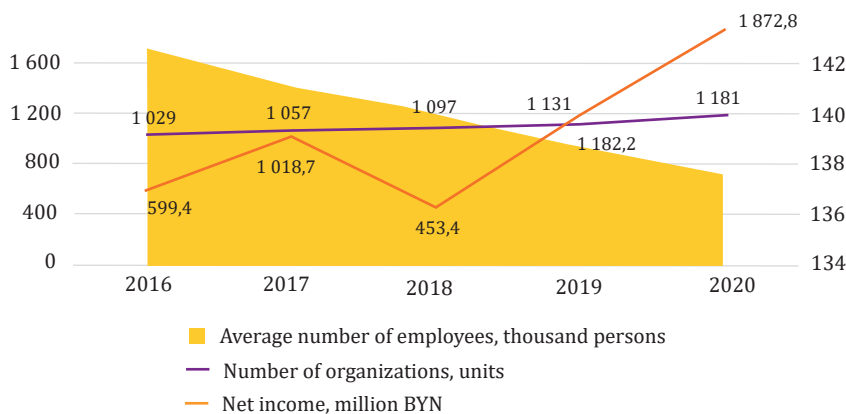
If we analyze the balances of livestock products for 2020, then the only product where imports are high enough is fish. We import 74.5% of fish (179.9 thousand tons). Otherwise – meat (import of pork – 7.6%, poultry – 3.2%, beef – 2.2%), milk (1.1%), eggs (0.5%) – imports are small. This suggests that the level of self-sufficiency is quite high.

3. Business environment

3.1. Production

For the period from 2016 to 2020 the number of organizations in the activity "Production of food, beverages and tobacco" increased by 152 units, which indicates the demand for production and increased consumption by the population. It is also worth noting that since the beginning of 2019, there has been an active growth in the net profit of organizations - more than 1.5 times, which indicates the profitability of sales.

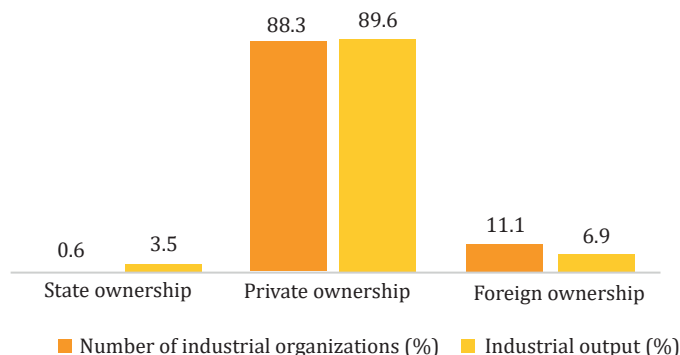
Dynamics of the number of employees, business entities in the « Food industry» and net profit of activity (2016-2020)



According to the forms of ownership, at the beginning of 2021, the private sector prevails in the food industry, which accounts for 88.3% of the organizations in this area, while producing 89.6% of the production. The share of companies with foreign ownership in 2021 was 11.1% with a production volume of 6.9%.

Thus, the predominance of private companies in the Food Industry, as well as a wide variety of types of farms, contributes to the development of competition in the industry, providing efficient use of production factors, resources, technology development and, as a result, increased productivity and the best provision of food security.

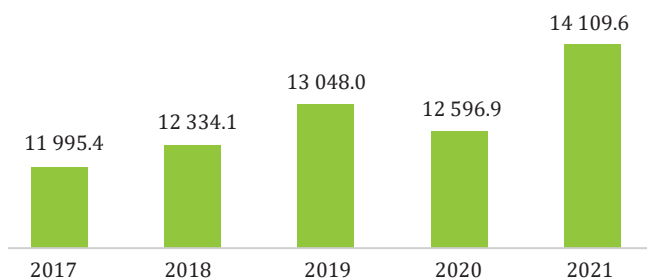
Organizations of the Food industry by form of ownership, 2020 (%)



Food, beverages and tobacco account for 23.2 per cent of total industrial production. The most widely represented products are processed from milk (butter, cottage cheese, kefir, cheese, dairy cream) and meat (salamis, sausages, beef, pork, poultry), vegetable oils and edible fats, pastries and confectionery, pasta, sugar, non-alcoholic (mineral water, kvass, birch juice, fruit and vegetable juices) and alcoholic beverages (vodka, cognac, wine, champagne, beer).

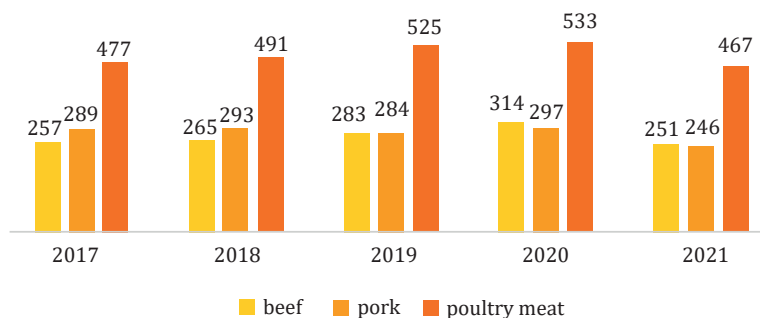
In 2021, the volume of production of foodstuffs, beverages and tobacco amounted to \$12.6 billion, compared to last year, the indicator increased by 12%.

The volume of output, \$ billion

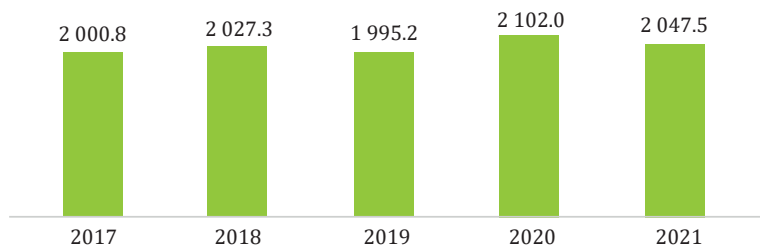


The main volume of production of the food industry accounts for dairy and meat products. In 2021, 2 million tons of whole-milk products (in terms of milk) and 1 million tons of meat and food products were produced. The largest share of meat is traditionally poultry meat (44.8%), beef and pork account for 24.1% and 23.6% respectively.

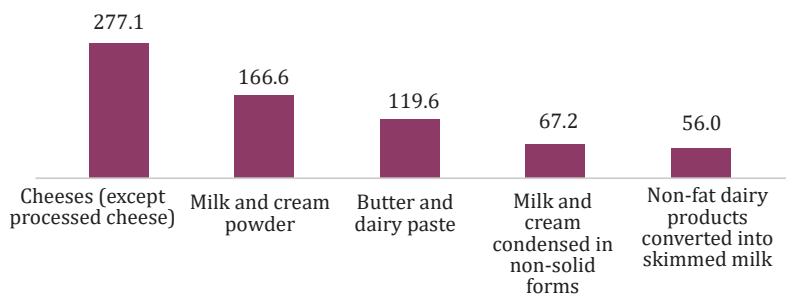
Meat and offal, thousand tons



Whole-milk products (in terms of milk) , thousand tons



Production of certain types of dairy products in 2021, thousand tons



It should be noted that Belarus is a leader among the CIS countries in the production of food staples per capita: potatoes and potato products, meat and processed meat, sugar and confectionery, milk and dairy products.

3.2. Consumption

The domestic food industry is successfully coping with the task of ensuring food security of the republic. At the end of 2021, Belarus took the 36th place in the Food Security Rating (from 113 countries).

Citizens of Belarus annually consume about 5.2 million tons of potatoes, 1.8 million tons of vegetables, more than 1.2 million tons of fruits and berries, more than 3.0 million tons of milk, about 0.95 and 0.13 million tons of meat and fish respectively.

Self-sufficiency rates are high (excluding fruits) and in 2020 were: 107.4% for grain, 100.4% for potatoes, 101.9% for vegetables, 157.5% for sugar and confectionery, 212.2 % for vegetable oil, 134.9% for meat, 256% for milk, 125.9% for eggs and 143.6% for fish. The remaining food resources, after subtracting domestic consumption, the country exports and also keeps in stocks. So, in 2020, the export of meat and meat products amounted to 28.5% of the volume of production, milk and dairy products - 59.6%, eggs and egg products - 20.4%.

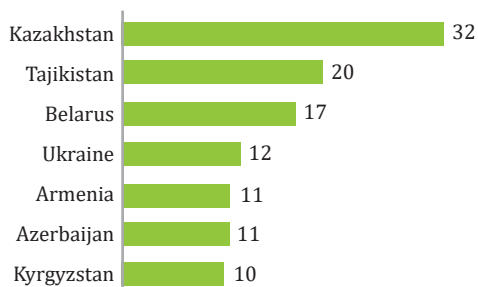
Balance of resources of some types of food (2020)

Types of food	Stocks at the beginning of the year (thousand tons)	Stocks at the end of the year (thousand tons)	Self-sufficiency ratio, %
Grain (thousand tons)	3758	8770	107,4
Potatoes and potato products (thousand tons)	4475	1637	100,4
Vegetables, food melons and products (thousand tons)	958	898	101,9
Fruits (including citrus fruits and grapes), berries and products of their processing (thousand tons)	425	473	66,8
Sugar and confectionery (thousand tons)	496	334	157,5
Vegetable oil (thousand tons)	30	28	212,2
Meat and meat products (thousand tons)	54	51	134,9
Milk and dairy products (thousand tons)	233	237	256
Eggs and egg products (million pieces)	62	69	125,9
Fish and fish products (thousand tons)	22	23	143,6

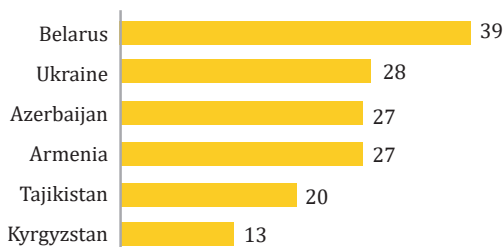
Among the CIS countries, Belarus is the leader in per capita consumption of sugar and confectionery, meat and meat products, and is also among the top three in consumption of vegetable oil and fish.

Per capita consumption of certain types of food among the CIS countries (2020)

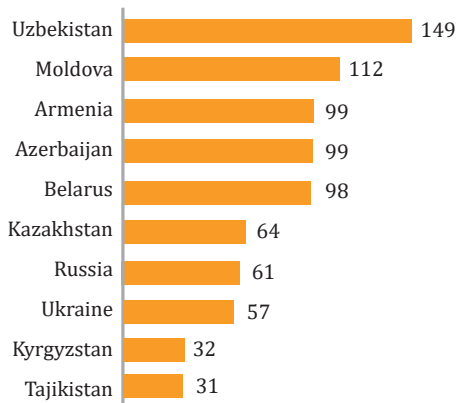
Vegetable oil (thousand tons)



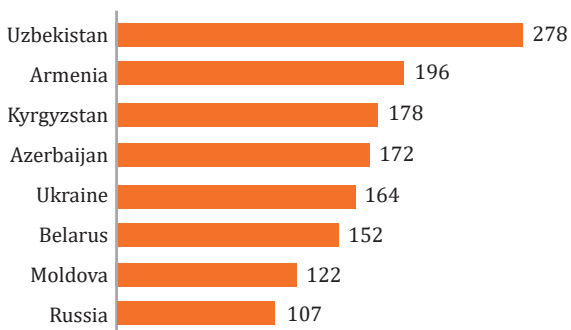
Sugar and confectionery (thousand tons)



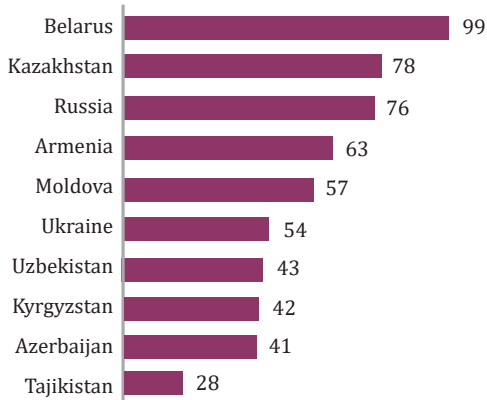
Fruit (thousand tons)



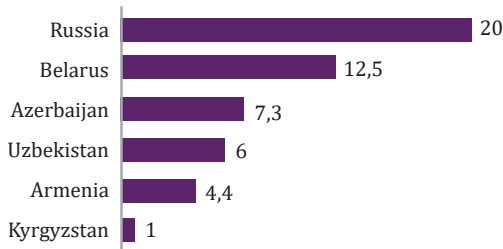
Vegetables (thousand tons)



Meat and meat products (thousand tons)



Fish and fish products (thousand tons)

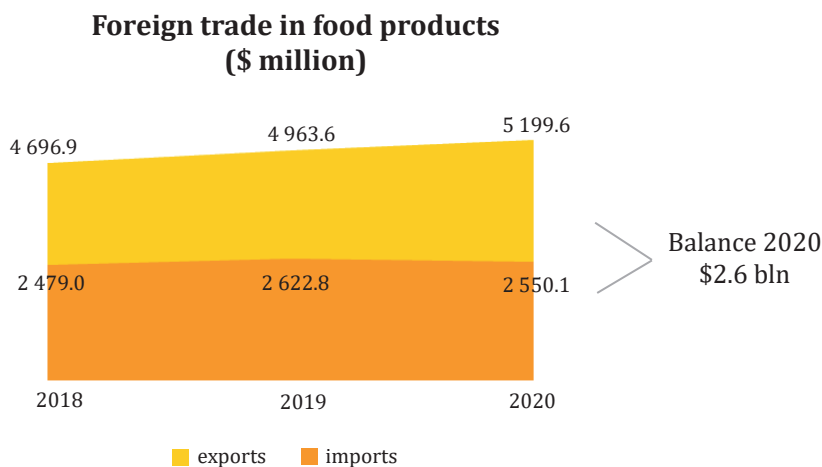


3.3. Foreign trade

The production of food, beverages and tobacco products is an export-oriented sector of the Belarusian economy. The products are of high quality and in demand abroad, which is confirmed by the annual growth of exports. In 2020, exports of products increased by 4.8%, while imports decreased by 2.8%. More than 1,100 companies produce food, alcoholic and non-alcoholic beverages, and tobacco. Their number has increased by 14.8% in the last 5 years (from 2016 to 2020).

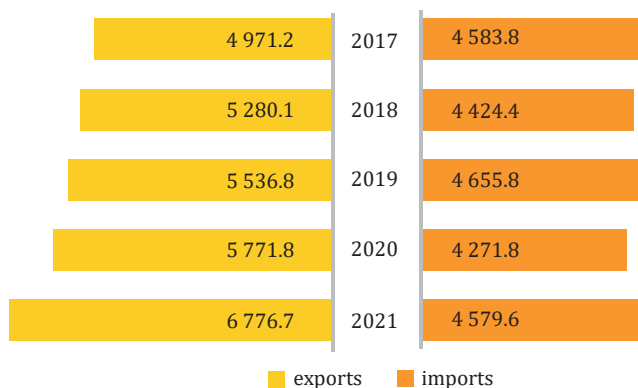
Belarus exports a wide range of food products. In particular, Belarus exports dairy products (milk, cheese, yogurt, etc.), meat products, canned goods, sweets, etc. The geography of food supplies by the end of 2020 numbered 98 countries, but the main buyers are still the CIS countries, mainly Russia.

In 2020, the food industry accounted for 18.8% of total exports.



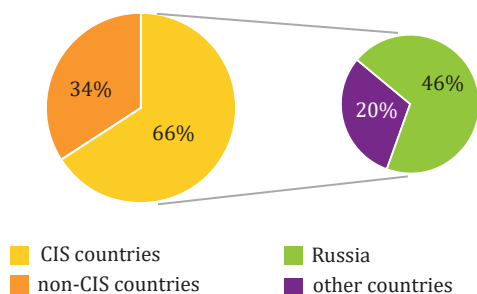
Belarus' main export market is Russia, where Belarus holds a significant share. From 2018 to 2020, the share of food industry exports to Russia was respectively: 79.2%, 79.8% and 74.9%.

Foreign trade in agricultural products and foodstuffs (million USD)

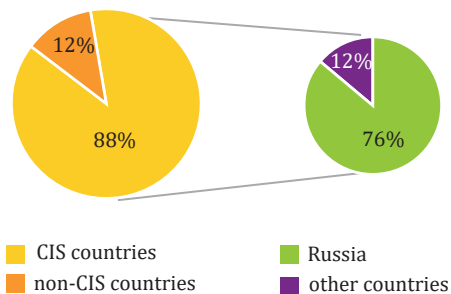


At the same time, Belarus practically equally imports food products from both CIS countries and outside the CIS. The regional structure of imports and exports is presented below.

Food industry imports, 2020 (%)



Food industry exports, 2020 (%)



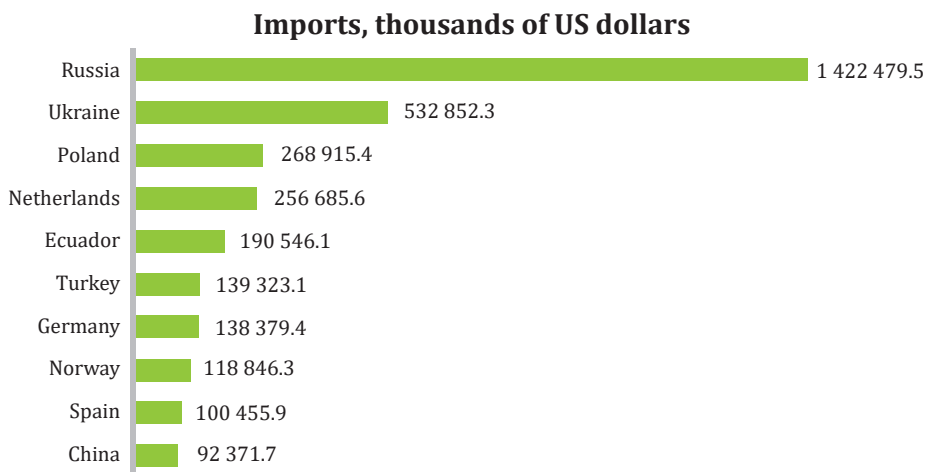
Categories of goods for which imports amount to over \$ 200 million per year: edible fruit and nuts; peel of citrus fruit or melons; live trees and other plants; bulbs, roots and the like; cut flowers; fish and crustaceans, molluscs and other aquatic invertebrates; residues and waste from the food industries; prepared animal fodder; oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial and medicinal plants; straw and fodder; beverages, spirits and vinegar.

There are no imports for a separate category of tobacco and manufactured tobacco substitutes.

Product	Belarus, million USD	EAEU, million USD
Edible fruit and nuts; peel of citrus fruit or melons	506,77	6180,17
Live trees and other plants; bulbs, roots and the like; cut flowers	441,55	874,37
Fish and crustaceans, molluscs and other aquatic invertebrates	302,85	1892,81
Residues and waste from the food industries; prepared animal fodder	281,79	1269,31
Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial and medicinal plants; straw and fodder	212,66	2105,51
Beverages, spirits and vinegar	206,85	2913,42
Miscellaneous edible preparations	146,56	1744,72
Vegetables and certain edible roots and tubers	143,98	1674,20
Cocoa and cocoa preparations	84,94	1306,84
Cereals	69,99	343,11
Preparations of vegetables, fruit, nuts or other parts of plants	67,38	1203,22
Meat and edible meat offal	61,63	1141,23
Preparations of cereals, flour, starch or milk; pastrycooks' products	54,16	902,71
Coffee, tea, maté and spices	52,55	1347,47
Animal, vegetable or microbial fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes	39,71	1369,15
Sugars and sugar confectionery	33,93	335,95
Preparations of meat, of fish, of crustaceans, molluscs or other aquatic invertebrates, or of insects	24,48	224,59
Live animals	17,15	268,04
Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere specified or included	15,00	882,42
Lac; gums, resins and other vegetable saps and extracts	8,06	236,93
Products of the milling industry; malt; starches; inulin; wheat gluten	6,45	93,46
Products of animal origin, not elsewhere specified or included	4,43	90,49
Vegetable plaiting materials; vegetable products not elsewhere specified or included	0,35	11,74
Tobacco and manufactured tobacco substitutes	-	975,14

Food exports in 2021 were worth \$6.7 billion (117.3% compared to 2020). This is a record figure compared to the annual values of previous years. Belarusian food was supplied to 109 countries. 11 new markets were developed compared to 2020: Cambodia, Kuwait, Burkina Faso, Gambia, Zambia, Congo, Antigua, Andorra, Iceland, San Marino, Slovenia.

Deliveries to foreign markets increased in almost all regions. Exports to CIS countries (including Russia) increased by 13%, to the European Union by 43.7%, to Asia and Oceania by 47.1% and to the Americas and the Caribbean region - by 42.1%. Export supplies increased to some African countries: Ghana, Egypt, Democratic Republic of Congo, Cote d'Ivoire, Libya, Mauritania, Mali and Equatorial Guinea. Overall, supplies to non-CIS countries increased by 45.1% compared to 2020.



The main trading partner in terms of import is the Russian Federation, followed by Ukraine and Poland.



3.4 Key players

Concern "Belgospischeprom" incorporates companies from across the entire spectrum of food production and processing industry of the Republic of Belarus:



Sugar

JSC "Gorodeya Sugar Refinery"
JSC "Skidelsky Sugar Refinery "
JSC "Zhabinkovsky Sugar Plant"
JSC "Slutsk Sugar Plant"



Confectionery

JSC "Kommunarka"
JSC "Spartak"
JSC "Krasny pischevik"
JSC "Krasny Mozyryanin"
JSC "Confectionery factory "Slodych"
JSC "Konfa"
JSC "Krasny pischevik - Slavgorod"



Fat-and-oil

JSC "Minsk margarine plant"
JSC "Vitebsk Oil Extraction Plant"
JSC "Bobruisk factory of vegetable oils"
JSC "Gomel Fat Processing Plant"



Brewing

JSC "Belsolod"
JSC "Krinitsa"



Cannery

JSC "Gamma Vkusa"
JSC "Malorita Canning and Vegetable Dehydration Plant"



Food Concentrates

JSC "Lida Food Concentrates"
JSC "Belkofs"



Tobacco

JSC "Grodno Tobacco Factory "Neman"



Alcoholic beverages

JSC "Brest Distillery "Belalco"
JSC "Vitebsk Distillery "Pridvinie"
JSC "Gomel Distillery "Radamir"
JSC "MINSK KRISTALL" - the management company
of the holding "MINSK CRYSTAL GROUP"
JSC "Grodno Distillery"
JSC "Klimovichi Distillery"
JSC "Mozyr Distillery"
JSC "Minsk Sparkling Wines Factory"
JSC "Food Processing Plant "Veselovo"
JSC "Pinsk Winery"

The concern "Belgospischeprom" also includes individual enterprises representing other branches of the food industry, like JSC "Mozyrsalt", JSC "Yeast Combine", LLC "Interferm", JSC "Mashpishcheprod", JSC "Orgpishcheprom", RUME "Ekzon-Glukoza", JSC "Eurotarex", LLC "Aquapak Industrial".

The development of these industries is currently very dynamic and allows us to meet not only the needs of the domestic market of the Republic of Belarus in basic food products, but also to increase the volume of export supplies.

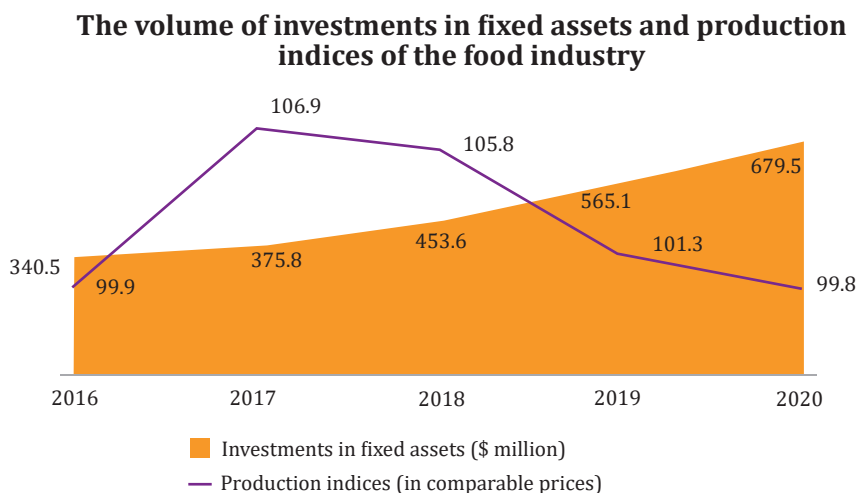


4. Investment potential and prospects for the development of the industry

4.1. Physical facilities

Improving the material and technical base of industry, including food, to the level of world standards is a necessary condition for improving the national competitiveness of the economy. The state supports and stimulates the development of the material and technical base of industry in every possible way. The main activities are explicated in the program "Agricultural business" for 2021-2025. About 114 billion US dollars (with an average annual exchange rate of 2.5 rubles per dollar) are included in the program to finance activities in the period from 2021 to 2025. During the first year of carrying-out the programme in 2021, US\$ 20.5 billion was pledged to finance the activities (with an average annual exchange rate of the National Bank of 2.5384 rubles per dollar), which amounted to 30% of the country's GDP in 2021 (US\$ 68.22 billion).

The increase in the volume of production of the food industry, the growth of investments in their fixed assets contribute to the growth of productivity and competitiveness of enterprises using a high level of production capacity.

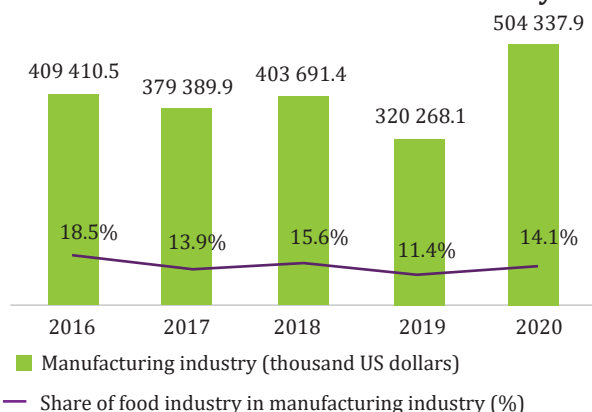


Thus, it can be concluded that the material and technical support of domestic organizations of the food industry is characterized by a high level of investment, which is positively reflected in the results of enterprises' activities.

4.2. Investment potential

In 2020, net foreign direct investment inflows into the food industry almost doubled compared to the previous year reaching 71200.5 thousand US dollars and amounted to 14.1% of investments in the manufacturing industry (504 337.9 thousand US dollars).

The volume of production of the manufacturing industry and the share of the food industry



Despite the fact that the industry is represented by a significant number of players with homogeneous products and is characterized by a high degree of state regulation, it should be noted that there are such competitive advantages of domestic food industry products as stable demand, stable dynamics of production growth, as well as the possibility of obtaining state support in the form of concessional financing and tax preferences.

The investment prospects of the food industry are closely related to agriculture. At the moment, there are many advantages in Belarus for the location of agricultural and food industries. The geographical position of the country allows it to benefit from logistics, optimize and diversify both the markets for finished products and the supply of raw materials and equipment. It is especially important that Belarus is a kind of bridge between East Asian and European countries.



Belarus has serious technological developments and a scientific base, highly qualified specialists, developed international relations. Moreover, the country has its own base in the fields of mechanical engineering and mineral fertilizers. It should be noted that the barriers to entry into the agricultural business are quite low. The peculiarity of work in the industry is the absence of private ownership of land, therefore, the country has developed a mechanism of concessions, when land is leased for business under a concession agreement for up to 99 years.

Favorable conditions and resource and raw material base contribute to the development of the food industry, being an attractive area for investment. This is evidenced by the high level of exports of food products which in 2020 exceeded imports by 103.9%, and the foreign trade balance for this period amounted to \$ 2.6 billion.

The annual growth of the food industry production index (2019 - 102.1%; 2020 - 102.7%, 2021 - 101.9%) is an indicator of the demand and high demand for products.

The food industry in Belarus is becoming one of the most attractive sectors for investors. The maximum value added in the food industry is achieved through the full production cycle: crop production forms the feed base for livestock, and advanced processing allows the maximum added value.

4.3. Development potential

The National Food Security Doctrine for the period up to 2030 was approved with a view to implementing State policy in the area of national food security aimed at improving food quality. Taking into account relevant measures in the following areas:



№	Measures
1	Improving the structure of sown areas in accordance with zonal farming systems
2	Preservation and improvement of soil fertility through annual accumulation and application of at least 1.7 million tons of active mineral fertilizer
3	Increasing the efficiency of crop production by deepening specialization, taking into account soil-climatic and economic conditions
4	Innovative development and comprehensive modernization of the material and technical base of organizations engaged in the production, storage and processing of crop and livestock products
5	Increasing the efficiency of agricultural production through the introduction of resource-saving technologies that reduce material, labor costs and net costs; Improving product quality to ensure competitiveness in domestic and foreign markets
6	Maximum realization of the productivity potential of farm livestock through compliance with technological regulations in the production of livestock products
7	Optimization of the use of state support and regulation in the field of agro-industrial complex, establishment of clear rules for subsidizing agricultural production, in accordance with EAEU and WTO rules, use of opportunities of «green box»
8	Increasing the level of protection of the country in the field of biological safety of livestock and food safety
9	Creation and introduction of new technologies for the deep and integrated processing of food raw materials, methods of storage and transportation of agricultural products
10	Formation of a system of interest in the results of agricultural workers, improvement of training for agro-industrial complex, retention of personnel through incentives and ownership

This Doctrine assumes the achievement of the parameters for the development of exports and imports of agricultural products, raw materials and food of Belarus at the following level:

Indicator	Average annual level	
	2020	2030
Agricultural and foodstuffs export growth index, percentage of the previous year	7.0–8.0	5.0–6.0
Index of growth in the value of imports of agricultural products and foodstuffs, percentage of the previous year	5.0–6.0	2.0–3.0
Ratio of the value of exports of agricultural products and foodstuffs to the value of produced products, %	40.0	45.0
Ratio of the cost of consumed imported resources to the cost of producing agricultural products and foodstuffs, %	20.0–22.0	18.0–20.0
Share of domestic sales of imported food products by trading organisations in total food product sales, %	15.0	14.0

Realization of the set tasks will ensure sustainable development of domestic production of basic agricultural products, raw materials and food, sufficient for ensuring food independence and realization of export potential of agro-industrial complex, including the development of production of new products in demand on the world market, including organic products; It will also ensure the safety and quality of agricultural raw materials and food products, including the transition to a system of quality assessment according to international standards, Improving food safety regulations for human health at all stages of the technological cycle.

5. Investment environment

5.1. Macro-indicators

Indicator	2017	2018	2019	2020	2021
Export of agricultural products and foodstuffs, million US dollars	4 971.2	5 280.1	5 536.8	5 771.8	6776.7
Average number of employees, thousands of people	140.4	139.5	138.2	137.2	136.8
Volume of production of foodstuffs, beverages and tobacco, billion US dollars	12.0	12.3	13.0	12.6	14.1
Indices of production of food, beverages and tobacco (to the previous year)	103.5	103.7	102.1	102.7	101.9
Nominal average monthly wages of food industry workers, US dollars	440.1	459.1	503.9	488.2	542.7
Fixed investment at current prices, (million rubles)	375.8	453.6	565.1	679.5	579.3



5.2. Belarus' place in world food industry rankings

Belarus holds high positions in the world rankings for the production of certain types of agricultural products.

As of 01.01.2019, according to the Food and Agriculture Organization of the United Nations (FAO), Belarus ranks the following places in the world in terms of production:



3rd place
Flax-fiber



4th place
Triticale



5th place
Rye



10th place
Cranberry



11th place
Potatoes



14th place
Sugar-beet



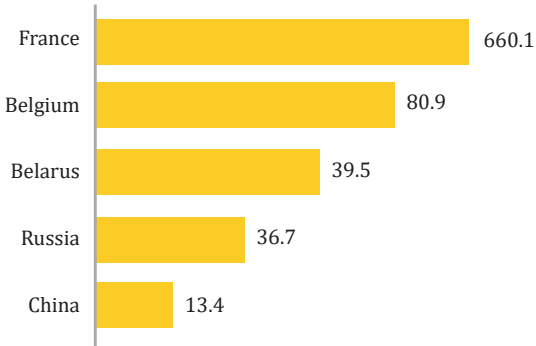
15th place
Strawberry



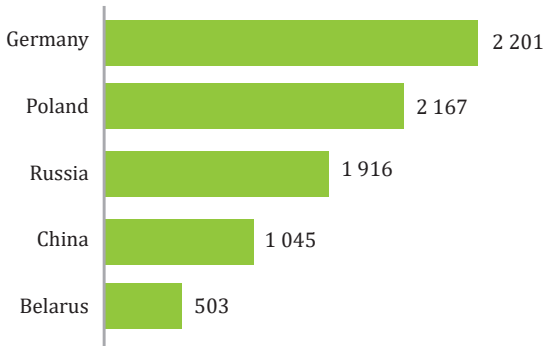
18th place
Oat

Belarus is the fifth largest producer of rye, after Germany, Poland, Russia and China. Only France and Belgium were in the lead for the production of linen. High production volumes show the demand and quality of products exported to many countries of the world.

Rye, thousand tons



Flax fiber, thousand tons



5.3 Investor Roadmap



map.investinbelarus.by

Investment projects and PPP
>1000

**Production sites
and properties**
>900

Investment ideas
>700

Land plots
>1000

Concessions
9

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"

5.4 The main preferential regimes for the implementation of investment projects in food industry

Small and medium-size cities, rural territories

- ▶ tax on profits – 0%*
- ▶ property tax – 0%*
- ▶ exemption from import duties and VAT in respect of goods made to the statutory fund
- ▶ personal income tax – 0%*
- ▶ exemption from state duty for the issuance of licenses

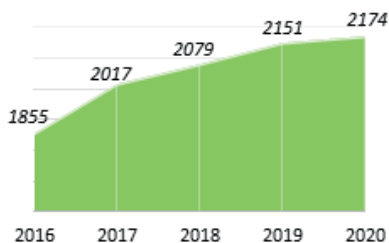
* - within 7 years

Southeastern region of the Mogilev region

- ▶ personal income tax – 10% (for 7 years)
- ▶ pension insurance for entities – 24%
- ▶ state financial support for the construction of engineering and transport infrastructure
- ▶ reimbursement to investors of up to 35% of the capital costs of investment projects in 2021 - 2025

Investment agreement

- ▶ VAT deduction in full amount
- ▶ import customs duties on technological equipment, raw materials, materials – 0%
- ▶ land plot provision for lease without an auction



Number of concluded investment agreements

Orsha district of Vitebsk region

- ▶ Simplified taxation system rate – 1% or 2%**;
- ▶ pension insurance – 24%;
- ▶ exemption from payment of duty for issuance of special permits for the right to engage in labor activity to foreigners;
- ▶ exemption from VAT on the import of foreign technological equipment and spare parts for it, for which the rate of import customs duty is set to 0.

** - 1% in relation to revenue from goods of own production, 2% in relation to revenue from works (services) of own production

National Agency of Investment and Privatization

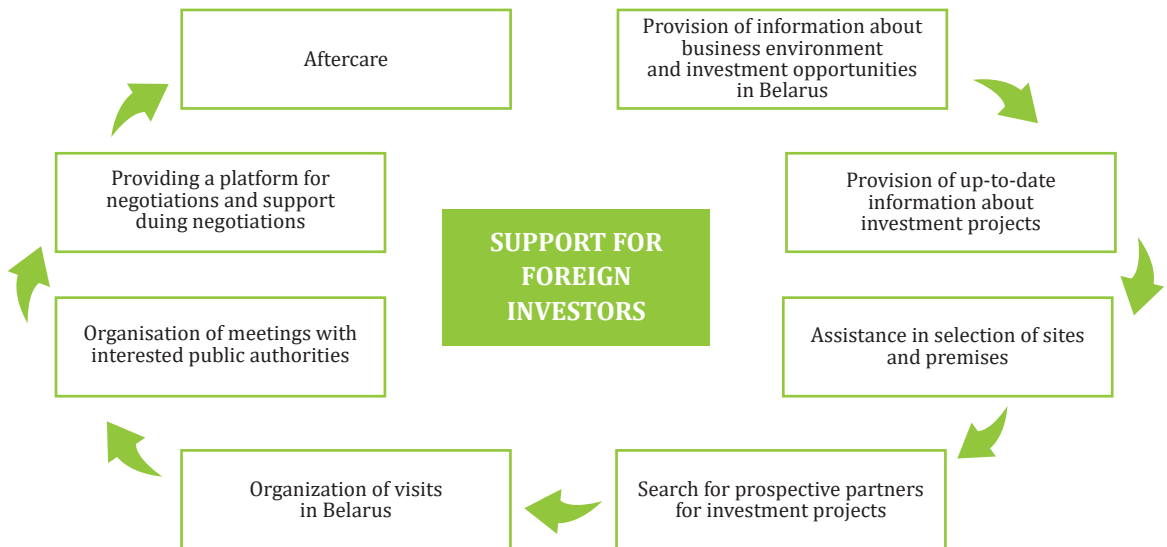
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