Agriculture in Belarus

NATIONAL AGENCY OF
INVESTMENT AND PRIVATIZATION
REPUBLIC OF BELARUS

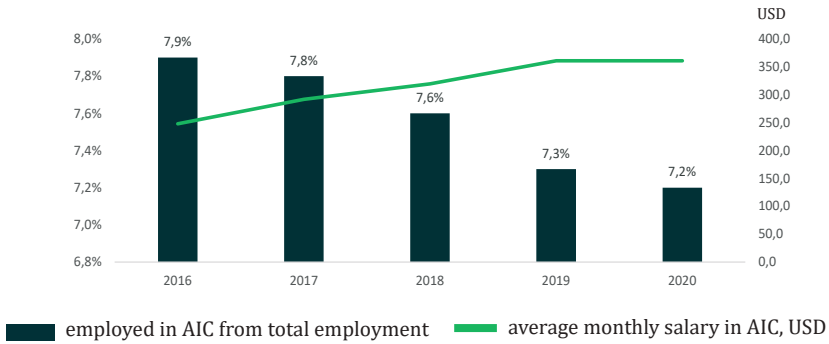
1. Sector current state

1.1 Strategic objectives and key indicators

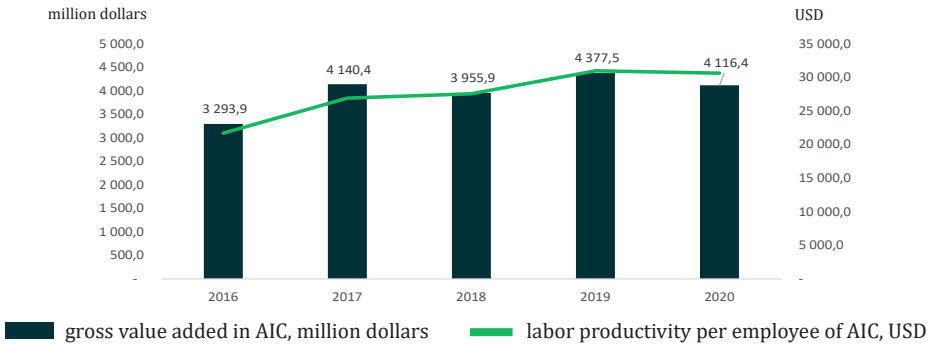
The agro-industrial complex (hereinafter - AIC) of Belarus is a strategically important sector of the economy for the country. In accordance with the statistical data, the contribution of agriculture, forestry and fisheries to the main socio-economic indicators of the Republic of Belarus is extremely significant.

In 2020 the prevalence of agriculture, forestry and fisheries in gross value added was 6.8%, in investments in capital assets - 13.1%, in aggregate employment - 7.2%.

The strategic importance of AIC is to ensure national food security: food is the largest item of household expenses and accounts for about 36% of the total consumer spending of Belarusians.



Percentage of employed and average monthly wages in AIC, 2016-2020

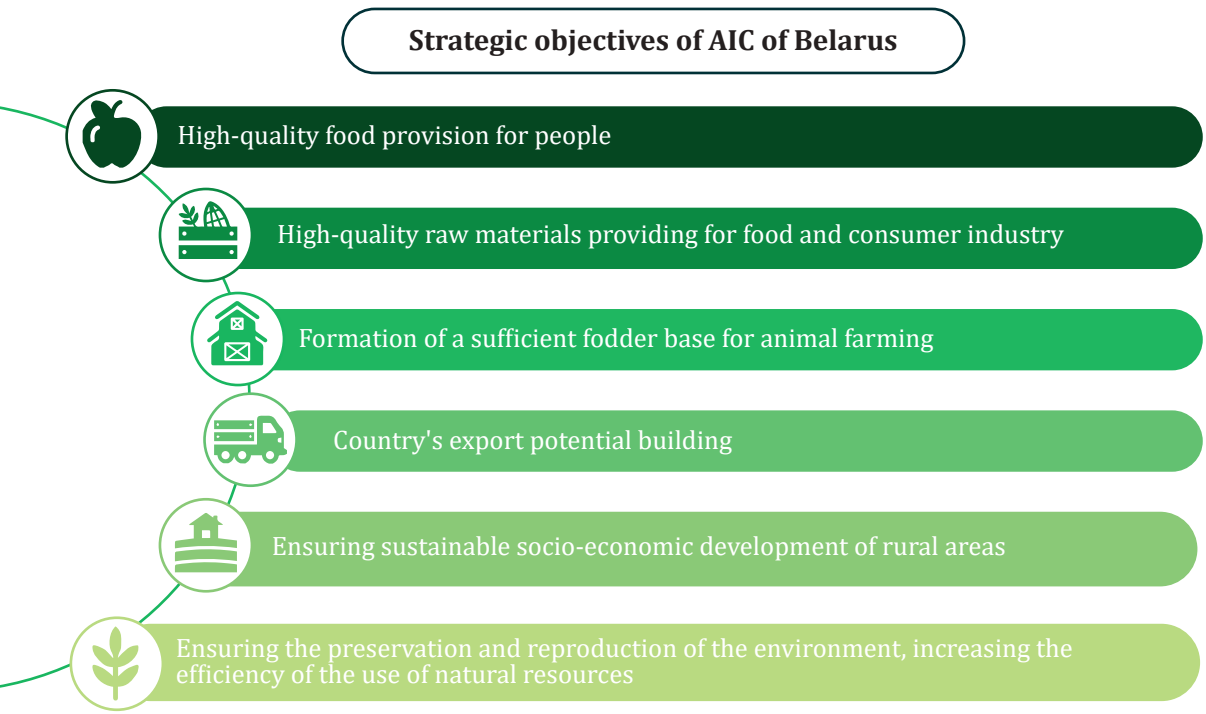


Gross value added and labor productivity per 1 employee in AIC, 2016-2020

Over the past 5 years of the review period the number of people employed in AIC decreased from 7.9% of total employment in 2016 to 7.2% in 2020. At the same time, labor productivity and average monthly wages increased during the specified period. These facts indicate an increase in labor productivity and in the efficiency of the use of labor resources in agriculture in Belarus.

Gross value added created in agriculture during 2016-2020 increased evenly by 9% per year, reaching 10.04 million rubles ($4.12 million) in 2020.

Crop farming is the most important component of AIC. It is responsible for the formation of a raw material base for animal farming, as well as food and consumer industry.



AIC plays an important role in strengthening the country's food security, ensuring good nutrition and a healthy lifestyle for the population, developing industry in terms of providing the most important sectors with raw materials and food, as well as the economy as a whole in terms of developing export potential, creating added value and ensuring employment for the population.

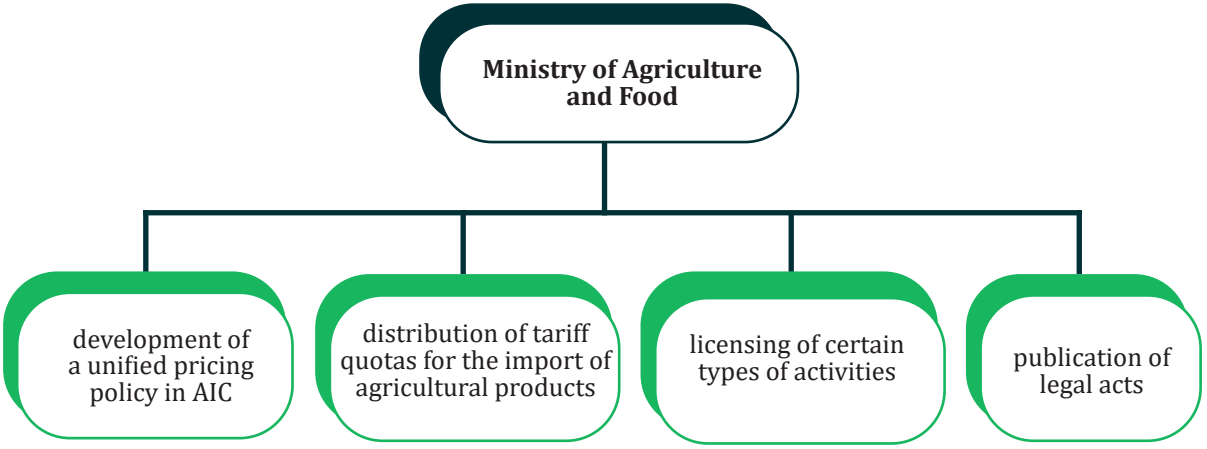
1.2. State regulation of agriculture

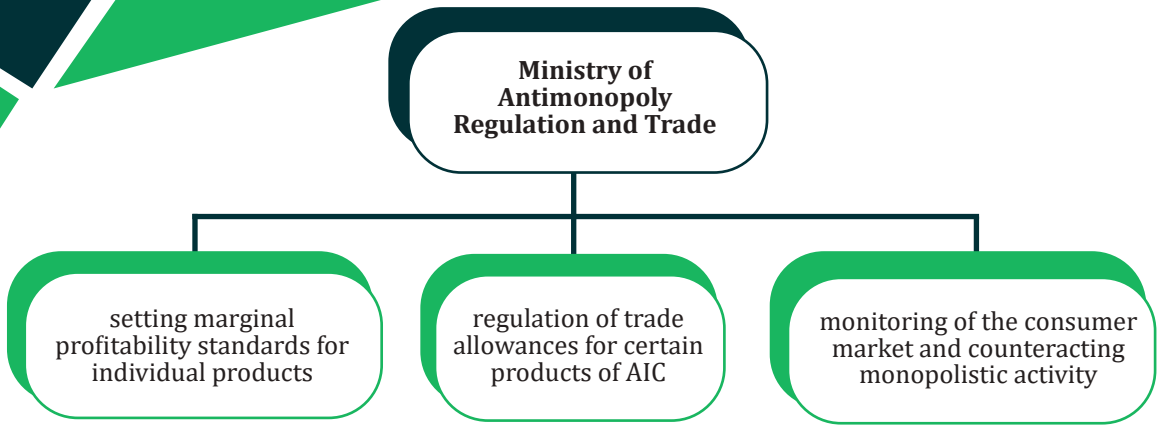
AIC is a priority sector of the belarussian economy.

The Ministry of Agriculture and Food of the Republic of Belarus is the single governing organization in the field of agriculture. It is authorized to pursue a unified state policy in the field of agriculture, to license certain types of activities, to determine the pricing policy for agricultural products by setting purchase and selling prices for individual products, as well as to introduce tariff quotas for the import of certain types of agricultural goods into the territory of the Republic of Belarus.

The Ministry of Antimonopoly Regulation and Trade is another governing organization that has the right to regulate prices for agricultural products in terms of setting marginal profitability standards, as well as marginal trade and wholesale allowances for certain agricultural products.

More than fifteen technical legal acts, including technical codes and regulations of both the Republic of Belarus and the EAEU, regulate the circulation of agricultural products produced and sold on the territory of Belarus.





1.3. Research base and human resources

The number of graduates in 2020 in the speciality "Agriculture"

4 252 university graduates

3 688 graduates of secondary specialized educational institutions

Belarusian AIC has a significant research and human resources potential. The research base of AIC is represented by 40 scientific organizations of various agricultural specializations, incl. 5 scientific and practical centers at the Academy of Sciences, the Research Institute of Mechanization and Electrification of Agriculture at the Belarusian State Agrarian Technical University, as well as the Research Center at the Belarusian State Agricultural Academy.

With the Ministry of Agriculture and Food of the Republic of Belarus and the State Committee for Science and Technology support, on the basis of the Educational Institution "Grodno State Agrarian University", an industry research laboratory "DNA-technologies" was created with the aim of introducing modern achievements of molecular biotechnology in agriculture.

The leading educational institutions for the training of qualified personnel for agriculture are the Belarusian State Agricultural Academy, the Belarusian State Agrarian and Technical University, the Grodno State Agrarian University and the Vitebsk State Academy of Veterinary Medicine.

There are 33 institutions of secondary specialized education in the Republic of Belarus, subordinate to the Ministry of Agriculture and Food, which annually graduate about 4,000 young specialists.

4,252 young specialists were educated by higher and 3,688 by secondary specialized educational institutions of the country in the specialty of "Agriculture" in 2020.

Name of educational institution	Admission plan for 2021, people
Universities:	
Belarusian State Agrarian Technical University	1 711
Grodno State Agrarian University	1 028
Belarusian State Agricultural Academy	1 292
Total (universities)	**4 031**
Secondary educational institutions:	
Bobruisk State Agrarian and Economic College	260
Buda-Koshelev State Agrarian and Technical College	198
Gomel State Agrarian and Economic College	230
Pinsk State Agrarian Technological College	345
Polotsk State Agrarian and Economic College	325
Oshmyany State Agrarian and Economic College	150
Total (secondary educational institutions)	**1 508**
Cumulative Student Enrollment	**5 539**

1.4. Technology

Domestic farmers widely use modern technologies in agricultural production process, as well as for rational planning of production purposes of and agricultural products marketing.

Many agricultural enterprises use ERP systems of the Niva family, which are domestically developed and specially designed for agricultural enterprises in accordance with the accounting methodology of agricultural organizations. The capabilities of Niva accounting systems allow not only to automate business and management accounting, but also to maintain personnel and production and warehouse records and effectively manage sales.

The development of precision farming technology as one of the main directions for the development of crop production is strategically defined by the State Program "Agricultural Business" for 2021-2025.

Yield mapping has already been introduced in Belarus: sophisticated technology is equipped with a system that allows to count the yield from each square meter, as well as determine the nutrient content in the soil. Domestic enterprises of mechanical engineering have launched the production of the following types of facilities equipped with elements of the precision farming system:
- mineral fertilizer spreaders (JSC Shchuchinsky Repair Plant),
- tractor "Belarus-3522" with on-board control computer,
- tractor "Belarus-4522" with the control system "Autopilot",
- sprayers ROSA and OVS-4224 with a system of differentiated application of urea ammonia mixture based on a field map,
- combine harvesters KZS-2124 with a yield monitoring system.

Belarusian agricultural enterprises use extensively unmanned technologies (drones), which makes it possible to determine with high accuracy the biomass of crops, plant height, the presence of weeds and water saturation in certain areas of the field.

1.5. Production-territorial clusters in agro-industrial complex

The groundwork for agricultural clusters in Belarus was laid through a joint EU-Belarusian program to support the development of the private sector, which created two agro-industrial clusters – the Polesie innovation-industrial cluster in the Brest region, specializing in biotechnology and green economy, and the agricultural biotechnologies and "green" economy LLC "Technopark "Gorki" in the Mogilev region.

Technopark Polesie is a science and technology park established in 2010 by the Polessky State University (97% share), the Pinsk City Administration (1.5%) and the Belarusian Innovation Fund (1.5%). Polesie specializes in the development and adoption of innovative technologies by cluster members. The main activities of the cluster are micropropagation and plant breeding, cultivation of crops, production of milk and dairy products, processing of meat, fruits and vegetables, production and sale of fertilizers, agricultural machinery and repair services.

Technopark Gorki LLC was established to develop applied R&D and create a new agricultural business with the assistance of the Belarusian State Agricultural Academy in cooperation with start-ups, scientists, large enterprises and venture investors. The main activities of the Gorki Technopark are precision farming and animal husbandry, smart technologies and the Internet of Things (IoT) in agriculture, biological fertilizers and plant protection products, organic production, breeding and genetic engineering in crop production, genetic improvement of animal breeds, biological feed additives for animals, bioenergy and agricultural ecology.

The formation of industrial-territorial clusters is not only a modern trend, but also an example of the best international practice, which the republic has begun to successfully implement. The Ministry of Economy of the Republic of Belarus, within the framework of its functions for the development and implementation of the state cluster policy, are preparing regulatory legal acts aimed at creating favorable conditions for the intensive implementation of the cluster model for the development of the national economy, including agriculture.

In addition to agrarian clusters, there are also associations and professional agrarian consortiums in Belarus, such as the Brest Regional Agro-Industrial Union, the Minsk Regional Association of Farmers, the Association of Farmers of the Gomel Region, the Grodno Regional Association of Farmers and other sectoral non-profit consortiums.

1.6. Major agricultural clusters in Belarus

Innovative industrial cluster "Polesie"

Location

Brest region,
Pinsk

The innovation-industrial cluster was registered in 2018.

Strategic directions

- development of domestic demand for agricultural products;
- import substitution;
- increasing the export of biotechnological products

Planned infrastructure

- 150 small and medium enterprises
- 9 smart factories
- 8 laboratories
- 37 farms
- consulting center

Ecosystem members

- research laboratories of EE "PolesGU";
- biotechnology center;
- scientific and technological park “LLC Technopark “Polesie”;
- crowdinvesting platform

Agricultural Biotechnology and Green Economy Cluster JSC «Technopark Gorki»

Location

Mogilev region,
Gorki

The cluster was founded in 2017 on the basis of the Belarusian State Agricultural Academy to develop applied R&D.

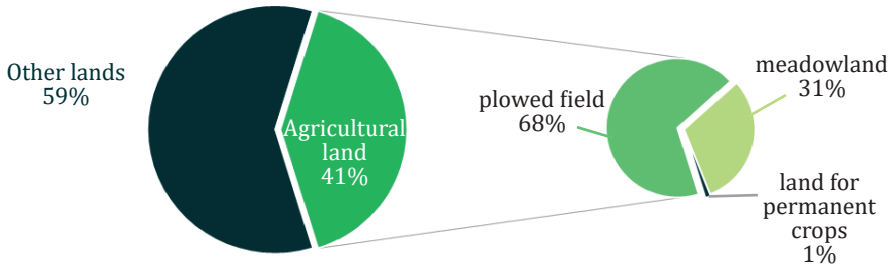
Strategic directions

- precision farming and animal husbandry;
- smart technologies and Internet of things (IoT) in agriculture;
- biological fertilizers and plant protection products;
- production of organic products
- selection and genetic engineering in crop production
- genetic improvement of animal breeds
- biological feed additives for animals
- bioenergy and ecology of agriculture

2. Resource base

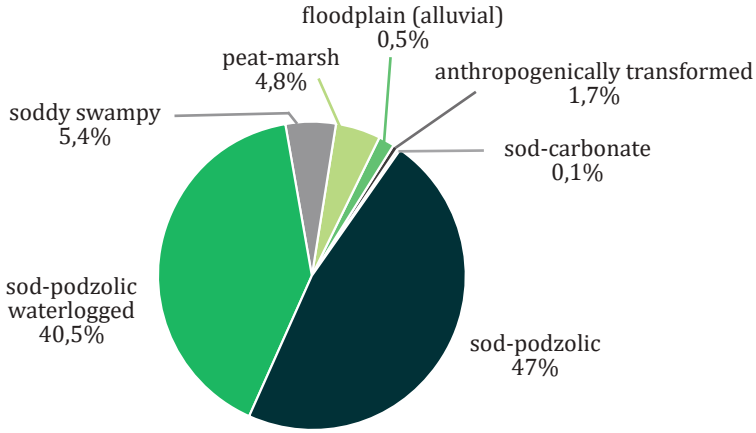
2.1 Crop production

Land is the main factor of agricultural production. According to the Republican Scientific Subsidiary Unitary Enterprise "Institute of Soil Science and Agrochemistry", the land fund of the Republic of Belarus remains unchanged and at the beginning of 2020 is 207.60 thousand hectares.
The territory of the Republic of Belarus is part of the taiga-forest zone. The land fund of Belarus at the beginning of 2021 was 20,760 thousand hectares, of which agricultural land occupied 8,390.6 thousand hectares, or 41% of the territory of the republic.

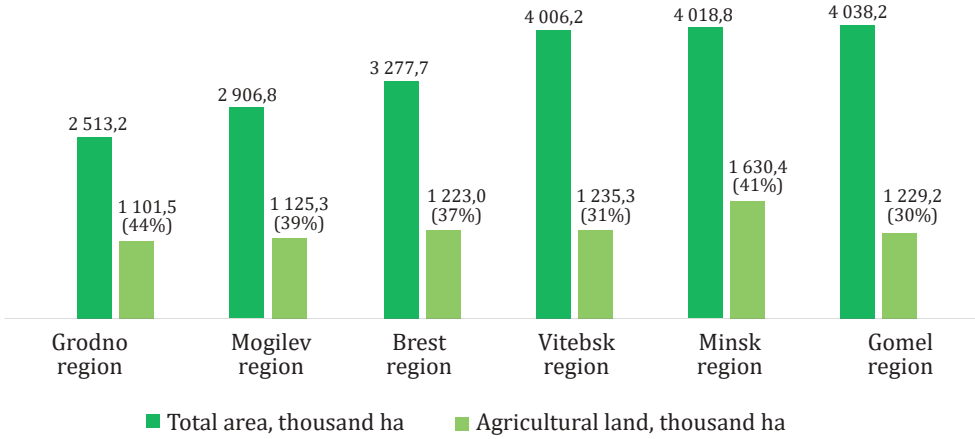


Land Fund of Belarus, 2020

In the structure of agricultural land, 68% falls on plowed field, 31% - on meadows. About 1% of agricultural land is occupied by permanent crops, which are mainly reserved for fruit and berry plantations.

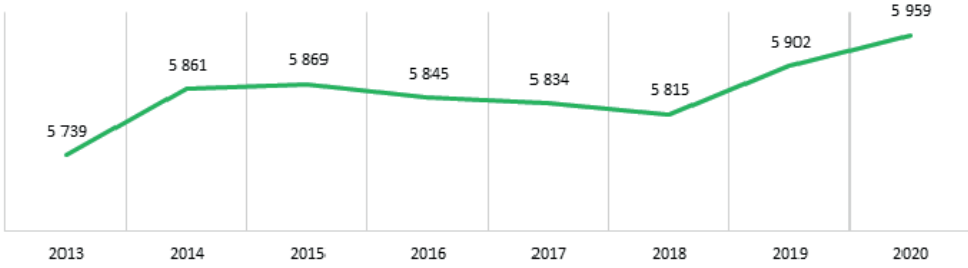


Structure of sowing land



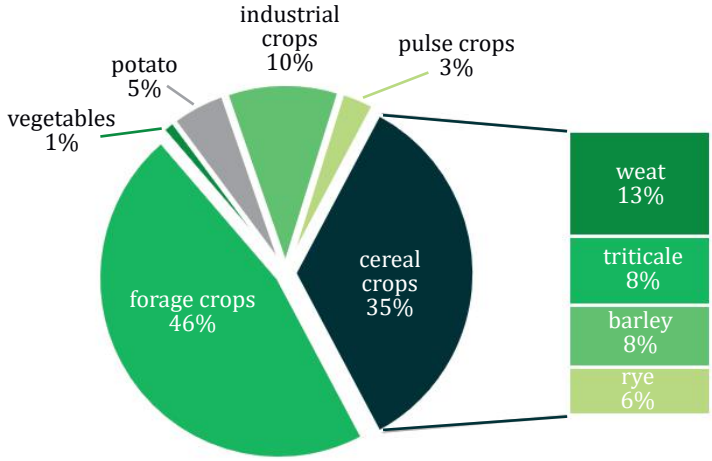
Distribution of sowing land by regions in 2020

At the regional level, the minimum share of agricultural land in the total area of the region (30%) is in Gomel region, the maximum (44%) is in Grodno region. The total sowing area in the country is increasing and by 2021 it has reached 5,959 thousand hectares.

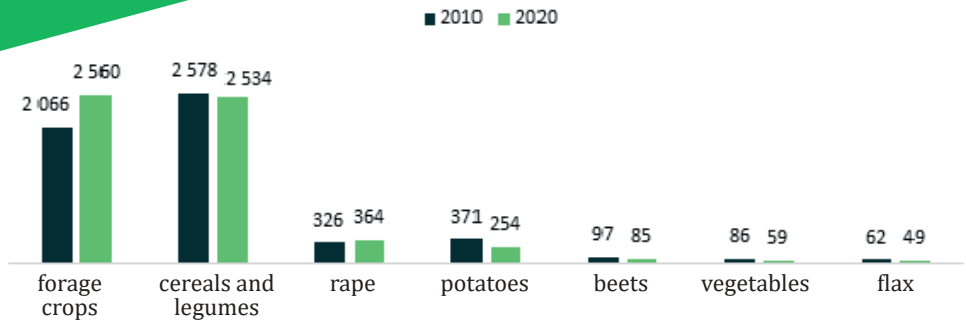


Dynamics of sowing land, thousand ha

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



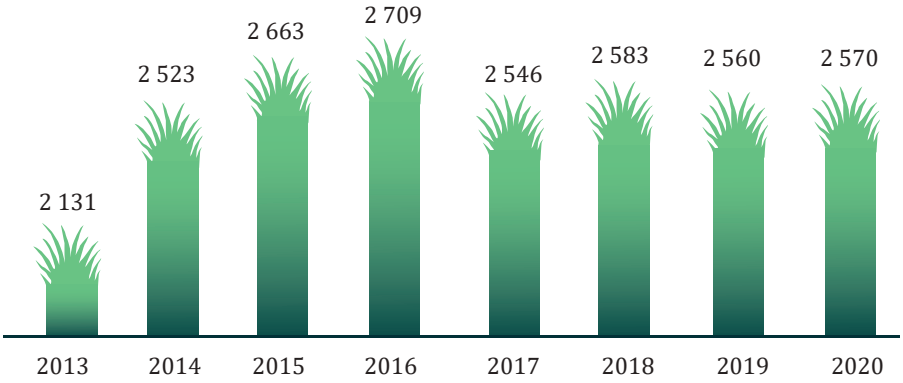
Structure of sowing areas in the context of main crops, 2020



Dynamics of sowing areas of main crops, thousand ha

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

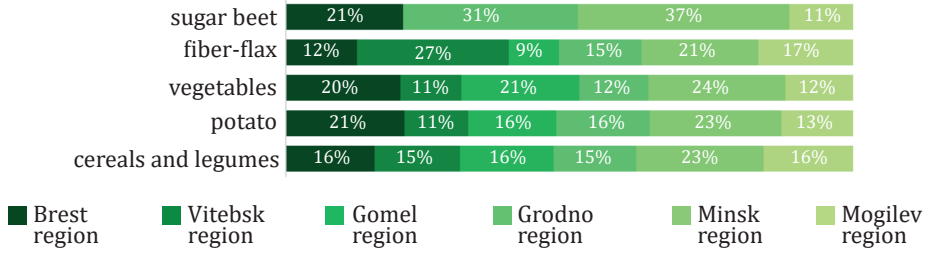
Based on the dynamics of the sowing areas of the main crops over the past 10 years, one can observe the following structural changes: the areas share for forage crops in 2020 increased significantly (+500 thousand hectares or 29%) compared to 2010, against the background of a reduction in sown areas occupied by cultivation of other crops, such as cereals and legumes (decrease by 44 thousand hectares or 2%), beets (-12 thousand hectares or 12%). At the same time, the sown area of potatoes (-117 thousand ha or -32%), vegetables (-27 thousand ha or -31%), flax (-13 thousand ha or -21%) decreased significantly.



Area of forage crops (thousand ha)

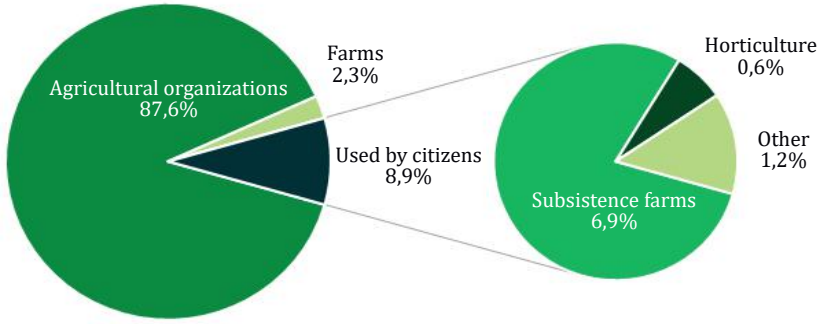
It can be summarized that the area under fodder production has increased due to an increase in the total sown area of agricultural land in the country, as well as a decrease in the area occupied by other crops.

The growth of forage areas in recent years is due to an increase in the output of animal husbandry products, since crop production serves as a fodder base and the basis for the development of the animal husbandry complex.



Specific weight of regions in the structure of plowed fields, 2020

An analysis of the structure of plowed fields in the context of regions shows that the Minsk region is the leader in terms of the area covered with the main agricultural crops, in particular, it accounts for 37% of all areas under sugar beet. It should be noted that the latter is not planted in the Vitebsk and Gomel regions.



Land structure by categories of land users

Agricultural organizations dominate in the structure of agricultural land, accounting for more than 87% of land plots. The land plots of farmers and citizens occupy about 2 and 9% accordingly.

There is a tendency to increase the area under crops in Belarus, which is explained by the growing need of the agro-industrial complex for production factors in order to increase the output of agricultural products and food, as well as raw materials for other sectors of the economy.

2.2 Animal husbandry

Diary cattle breeding

There are 2.8 million heads of cattle in dairy cattle breeding. Breeding factories are located in all regions of the country.

Dairy cattle breeding in Belarus is represented by Holstein and Black-and-White breeds, which have a high genetic potential for productivity. Cattle of this breed is practically the only source of milk and beef in country.

Beef breeding

There are 1.5 million heads of cattle in beef cattle breeding in Belarus. The breeding system provides for the bulk of beef to be obtained through dairy and combined cattle and industrial crossing of cows of planned breeds with bulls of specialized beef breeds.

It was found out that with such crossing, meat productivity increases by 15 % or more, feed costs were reduced, and meat quality was significantly improved. Interbreeding industrial breeding of cows of dairy and dairy and meat breeds with producers of specialized meat breeds (Charolais, limousine, Aberdeen Angus and Hereford) makes it possible to significantly increase meat productivity by using heterosis in a fairly short time, improve the quality of meat and leather raw materials of cattle, and also accelerate the creation of broodstock for the rapid development of beef cattle breeding.

Horse breeding

There are about 34 thousand horses in the country, including 13.6 thousand in agricultural organizations, 1.0 thousand in peasant farms, and 19.4 thousand horses in households.

Despite the small specific gravity (about 5%), the mainstay of the industry is the breeding direction of horses.

Currently 18 horse breeding agricultural enterprises are certified and work. The breeds bred in Belarus are quite diverse and can satisfy the needs of the domestic market. Heavy-draft, light-draft and riding breeds of horses are bred.

The Belarusian draft breed is the most wide-spread. Belarusian draft horses are valued for their universal performance, longevity, and original colors.

Pig breeding

In Belarus, there are 2.8 million heads of pigs in all categories of farms, including 2.5 million in agricultural organizations, there are 118 complexes for the production of commercial pork and 12 breeding stock-breeding entities engaged in breeding pigs.

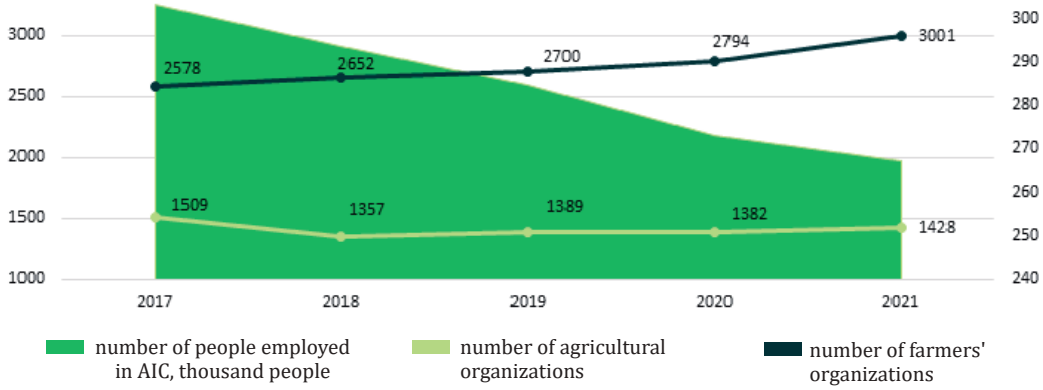
Sheep breeding

There are 87 thousand heads of sheep in the country. The breed composition is currently represented by the following breeds: Prekos, Texel, Romanovskaya, Suffolk, Meronlandshaf, Askanian, Ile-de-France, Lacaune and others.

3. Business climate

By 2021, the number of people employed in agriculture amounted to 267.4 thousand people, or 7.2% of the total number, having decreased from 303.2 thousand people (7.9% of the total number) since 2016, which is explained by an increase in labor productivity in the industry and corresponds to the global trend of developed countries.

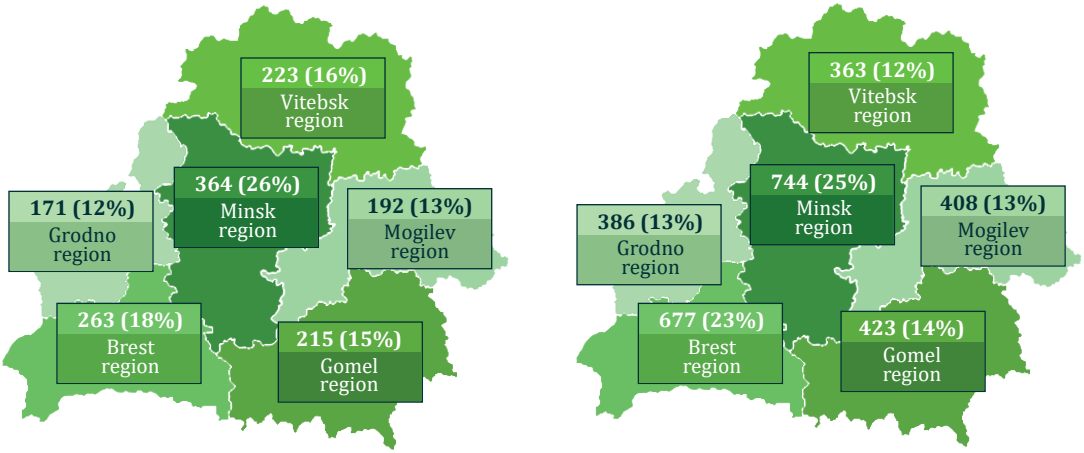
During 2018-2020 the number of agricultural organizations fell below 1,400 due to the restructuring of state-owned enterprises in the agro-industrial complex and the optimization of business conditions in the sector. In 2020, the number of agribusiness organizations increased to 1,428. At the same time, the number of farms over the past five years has steadily increased by 3% per year, reaching a maximum number of 3,001 in 2021.



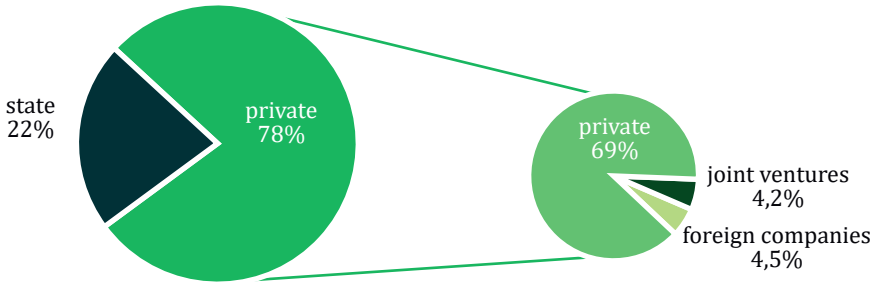
Dynamics of the number of employees and business entities in the agro-industrial complex, 2017-2021

In terms of regions, the highest concentration of organizations accounts for the Minsk region, the share of which is 26%. The distribution of farms by regions is similar to the distribution of agricultural organizations - the majority of farms are concentrated in the Minsk region, which accounts for 25%, followed by the Brest region with a share of farms of 23%.

In terms of ownership, agriculture is dominated by the private sector, which makes up 78% of agribusiness organizations, including the share of foreign companies, as well as organizations with foreign participation in 2021 accounting 4.0% and 4.9%, respectively.

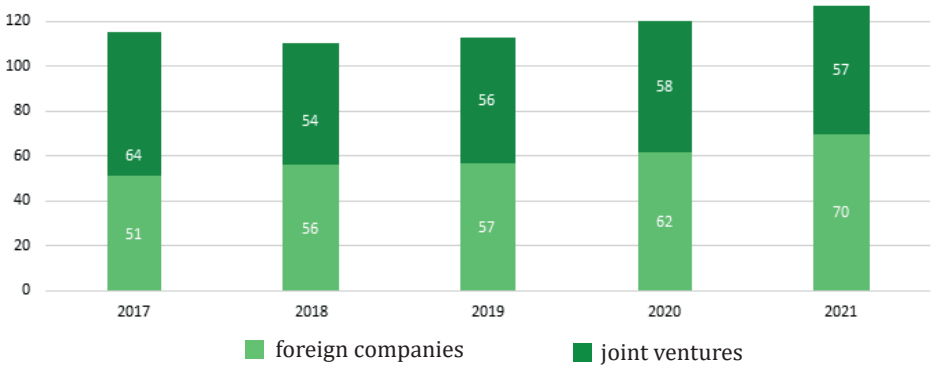


Distribution of agricultural organizations (left) and farms by regions (right), 2021



Agricultural organizations by form of ownership

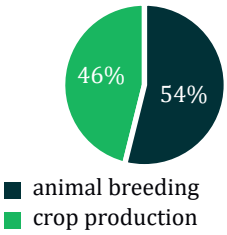
The predominance of private companies in the agro-industrial complex, as well as a wide variety of types of farms, contributes to the development of competition in the industry, which ensures the efficient use of production factors, resources, the development of technologies and, as a result, an increase in productivity and the best food security.



Companies with foreign capital in AIC

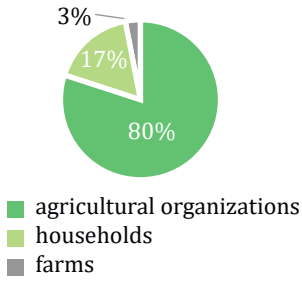
It should be noted that the share of foreign companies in the agro-industrial complex increases every year.

3.1. Production



Structure of agricultural products

In the structure of agricultural production in Belarus in value terms, the shares of animal breeding and crop production are about 54% and 46% respectively.

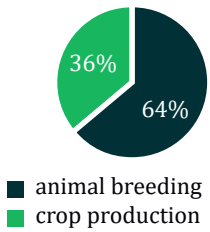


Structure of production by categories of farms

Based on the structure of agricultural production by category of subjects, 80% of agricultural products are delivered by agricultural organizations, while farms produce only 3% of gross output. It should be noted that households account for more than 17% of agricultural production.

In terms of industry entities, the structure of agricultural production is very different - 64% of the products of agricultural organizations are animal breeding, while farms mainly specialize in crop production.

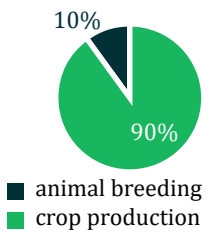
Over the past 5 years, a positive trend in agricultural production has been established relating to 2015.



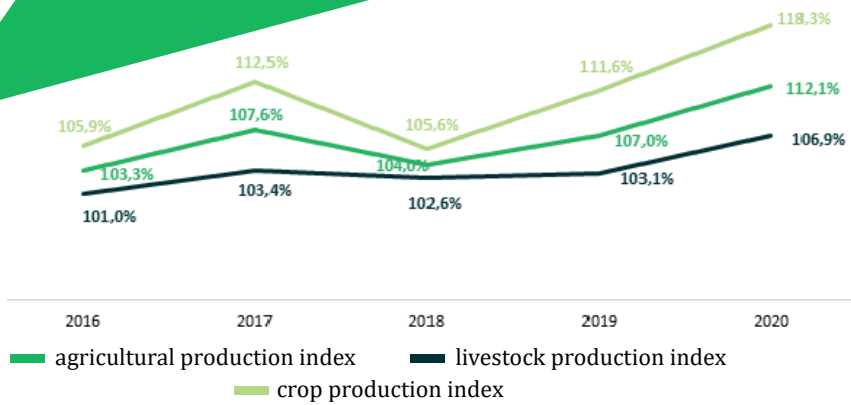
Structure of agricultural products of agricultural organizations

The growth of gross agricultural output for 2016-2020 compared to 2015 amounted to 12.2%, including crop production by 18.4%, animal breeding by 6.9%. In 2020, compared to 2015, the production of grain increased (growth rate - 101.3%), rapeseed (191.4%), sugar beet (121.5%), flax fiber (116.6%), vegetables (103.8%), fruits (148.1%).

It should be noted that over the past 5 years there has been a dynamic growth in the production of agricultural products. If in 2016 the agricultural production index was 103.3%, then at the beginning of 2021 this indicator exceeded 112%. At the same time, the indices of crop production and livestock production for the specified period also increased in proportion from the value of 105.9% and 101.0% in 2016 to 118.3% and 106.9%, respectively.

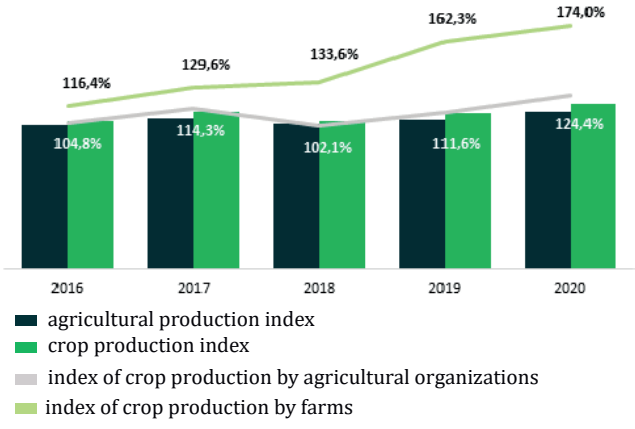


Structure of agricultural products of farms

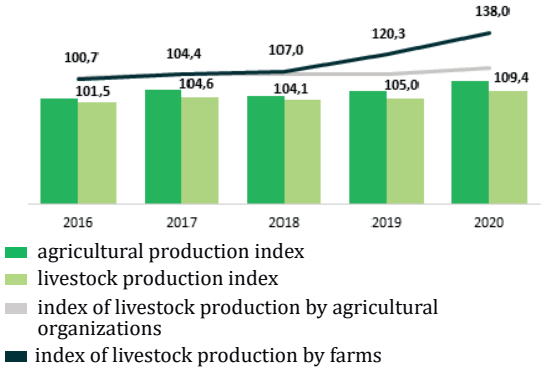


Agricultural production indecies

It can be noted that crop production is produced at a faster pace than the agricultural products in general, while the growth rate of livestock production is lower than this indicator, which is explained by the higher capital intensity of livestock products relative to crop products, and therefore, the increase in the volume of output of the latter occurs at a faster pace.

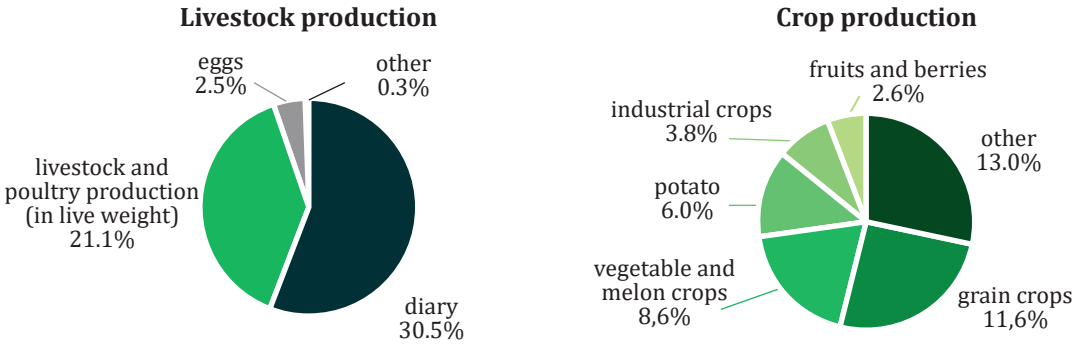


Indices of crop production



Indices of livestock production

The growth rate of agricultural production by farms significantly exceeds the corresponding indicator for agricultural organizations. In 2020 this gap reached its maximum value. This phenomenon can be explained by the outpacing growth in the number of farms relative to agricultural organizations, as well as the fact that farms have more modern technologies and flexible production systems, better technical equipment and more efficient resource management, which allows them to quickly increase the volume of agricultural production.



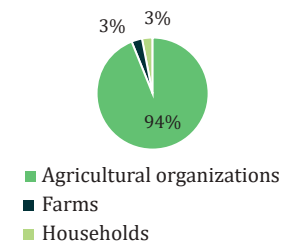
The share of products in AIC (%)

The basis of crop production is cereals and vegetables and gourds, which respectively account for 11.6% and 8.6% of the production volume. The volume of production of potatoes, industrial crops, vegetables and fruits is approximately 6.0%, 3.8% and 2.6% respectively.

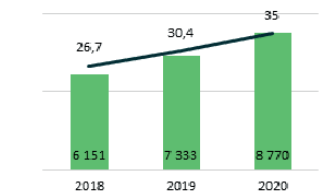
In the structure of livestock production, the largest share of output falls on meat and dairy production, which is 21.1% and 30.5% of the total livestock production. Based on the current structure of agricultural production, it is possible to single out its main production segments.

Key segments of crop production

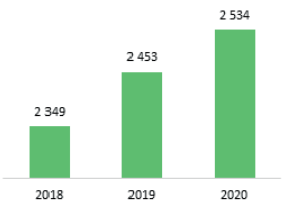
Grain farming



Production structure in 2020(%)

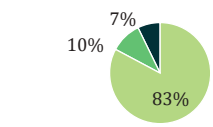


Gross harvest and yield

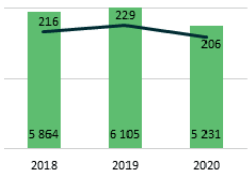


Cultivated area (thousand ha)

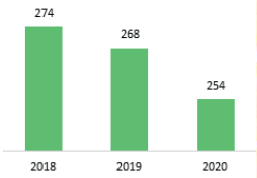
Potato farming



Production structure in 2020(%)

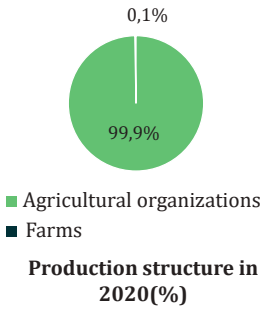


Gross harvest and yield

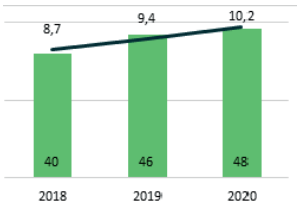


Cultivated area (thousand ha)

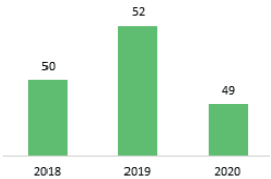
Flax breeding



Production structure in 2020(%)

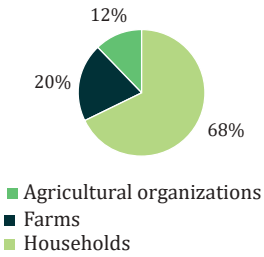


Gross harvest and yield

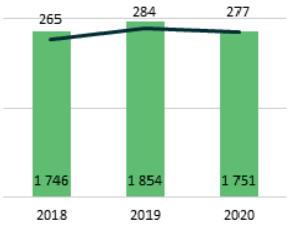


Cultivated area (thousand ha)

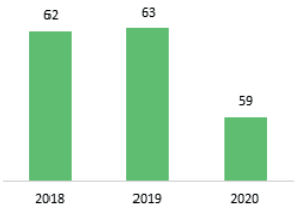
Vegetable farming



Production structure in 2020(%)

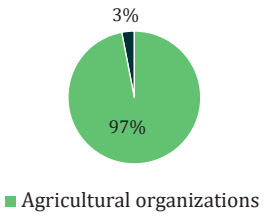


Gross harvest and yield

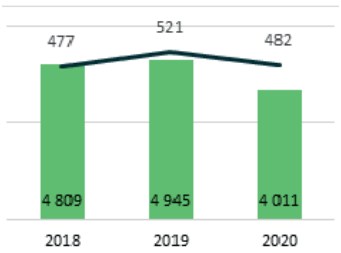


Cultivated area (thousand ha)

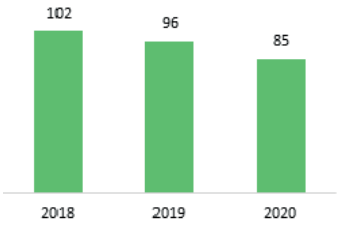
Sugar beet farming



Production structure in 2020(%)

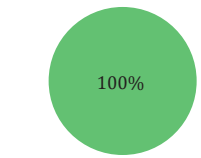


Gross harvest and yield

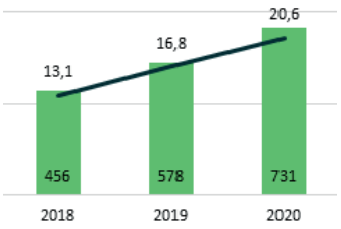


Cultivated area (thousand ha)

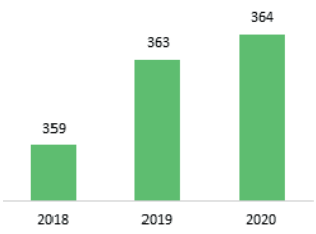
Rape farming



Production structure in 2020(%)

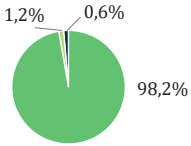


Gross harvest and yield

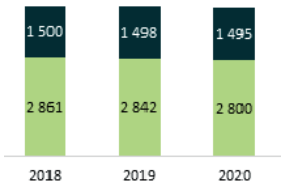


Cultivated area (thousand ha)

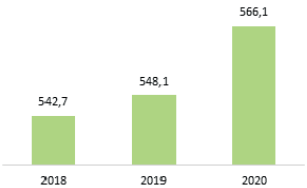
Cattle



Production structure in 2020 (%)

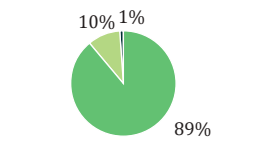


Livestock (thousand heads)

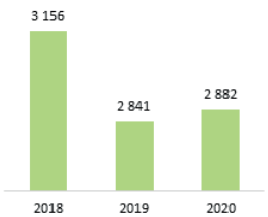


Production, thousand tons

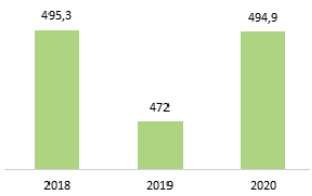
Pig breeding



Production structure in 2020 (%)

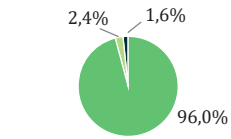


Livestock (thousand heads)

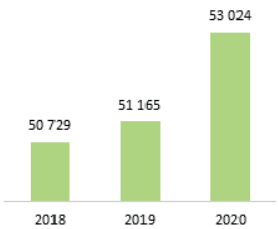


Production, thousand tons

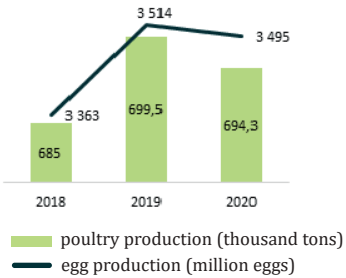
Poultry breeding



Production structure in 2020 (%)

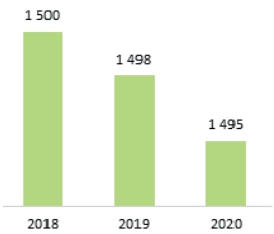


Livestock (thousand heads)

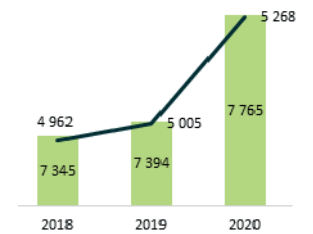


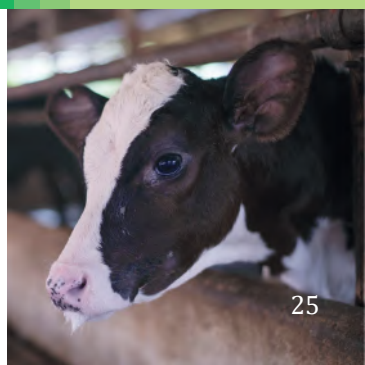
Dairy production

Production structure in 2020 (%)



Livestock (thousand heads)





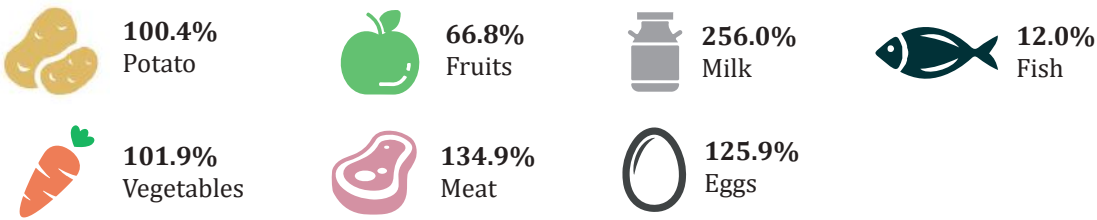
3.2. Consumption

The domestic agro-industrial complex is successfully coping with the task of ensuring the food security of the country. Belarus ranked 23rd place in the Food Security Ranking at the end of 2020.

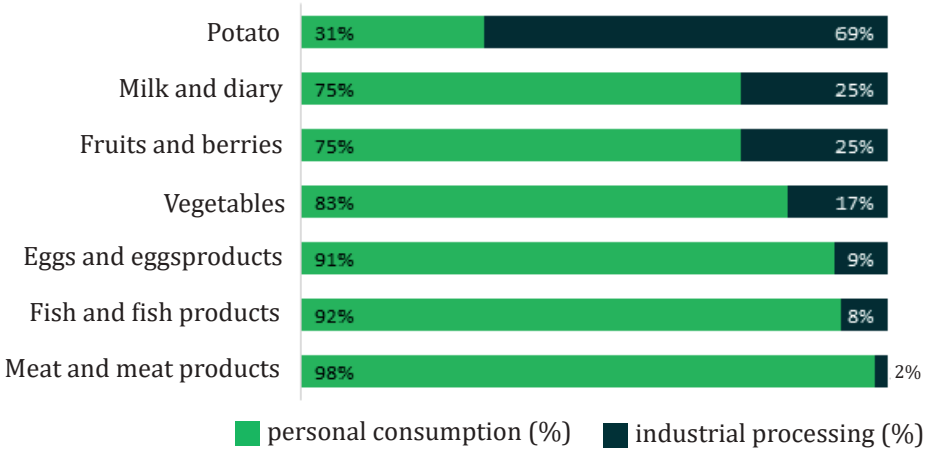
In the crop segment Belarus covers more than 100% of domestic needs for potatoes and vegetables and 67% for fruits.

In the livestock segment self-sufficiency indicators also reach a high level (with the exception of fish): 134.9% for meat, 256.0% for milk, 125.9% for eggs, 12.0% for fish.

The level of self-sufficiency of Belarus in agricultural products (%)

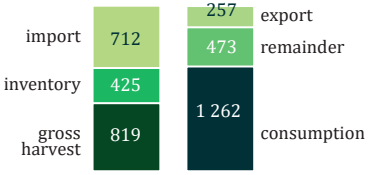


Belarus annually consumes about 5.2 million tons of potatoes, 1.8 million tons of vegetables and more than 1.2 million tons of fruits and berries. A large share of vegetables and fruit farming falls on personal consumption by households - 83% and 75%, respectively, with the exception of potatoes, 70% of the consumption of which goes to industrial processing. In terms of animal husbandry, milk consumption amounted to more than 3.0 million tons, meat and fish - about 0.95 and 0.13 million tons respectively, and eggs - 2.8 million pieces.

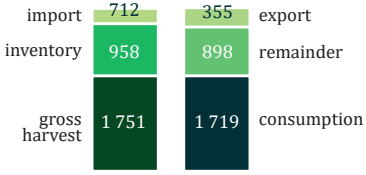


Structure of consumption of agricultural products, 2020 (%)

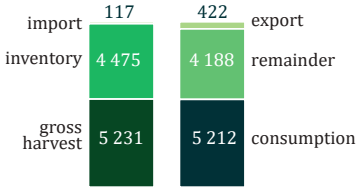
Balance of resources for some types of crop production



Balance of fruits and berries resources (thousand tons)

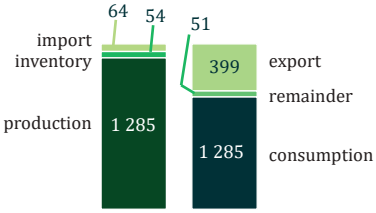


Balance of resources of vegetables and melons (thousand tons)

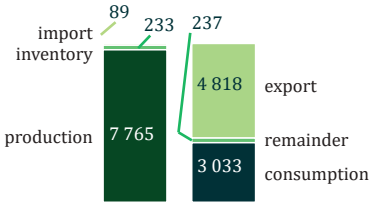


Potato resource balance (thousand tons)

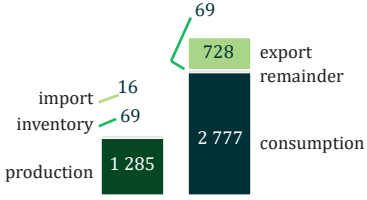
Balance of resources for some types of livestock products



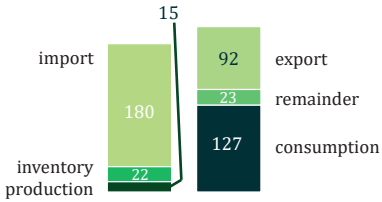
Balance of meat and meat products (thousand tons)



Balance of milk and dairy products (thousand tons)



Balance of eggs and egg products (thousand tons)



Balance of fish and fish products (thousand tons)

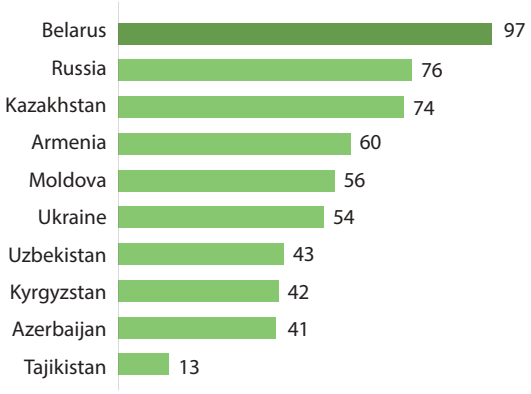
The country exports the remaining resources of agricultural products after satisfying domestic consumption and also keeps them in stocks.

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% in 2020.

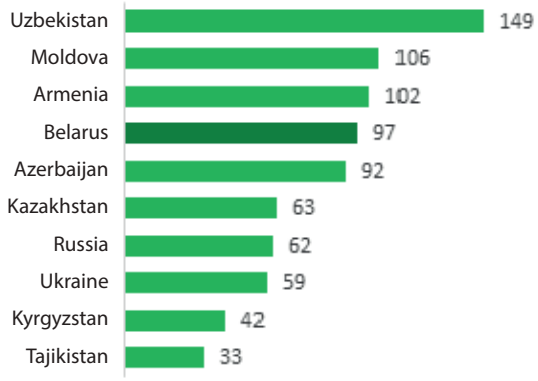
It should be noted that in Belarus there is a significant potential for increasing the production of fish, as well as fruits and berries, at least as part of meeting domestic demand and import substitution. At the moment production meets the country's needs for fish by only 12%, and for fruits and berries less than 70%. Belarus lags far behind its neighbors in terms of consumption of fish, as well as vegetables and fruits per capita among the CIS countries.

It seems promising to increase the domestic production of imported items of agricultural products, as well as items, in terms of consumption of which Belarus lags behind its partners in the CIS.

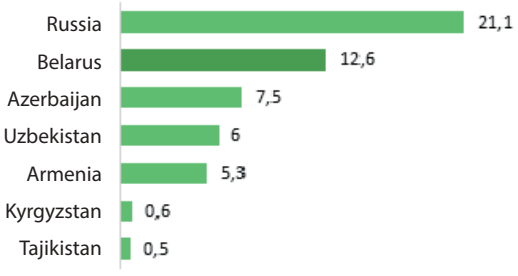
Consumption of meat and meat products per capita (2019, thousand tons)



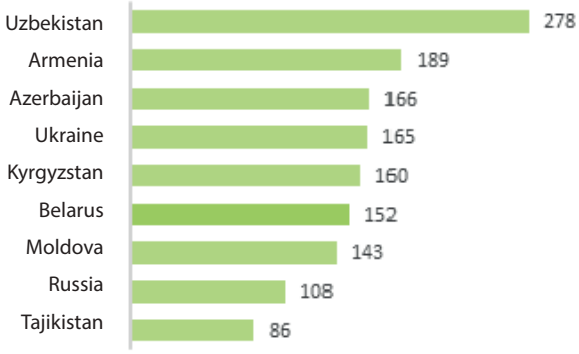
Fruit consumption per capita (2019, kg)



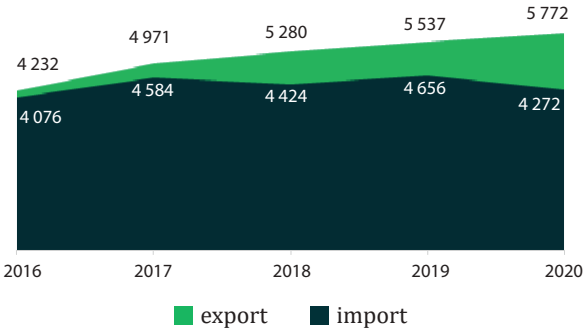
Consumption of fish and fish products per capita (2019, thousand tons)



Consumption of vegetables and melons per capita (2019, kg)

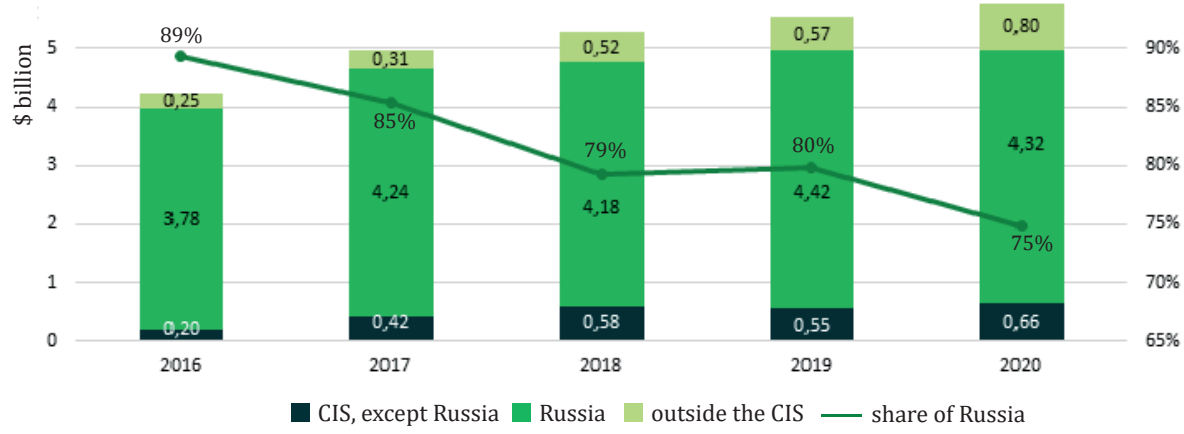


3.3. Foreign trade

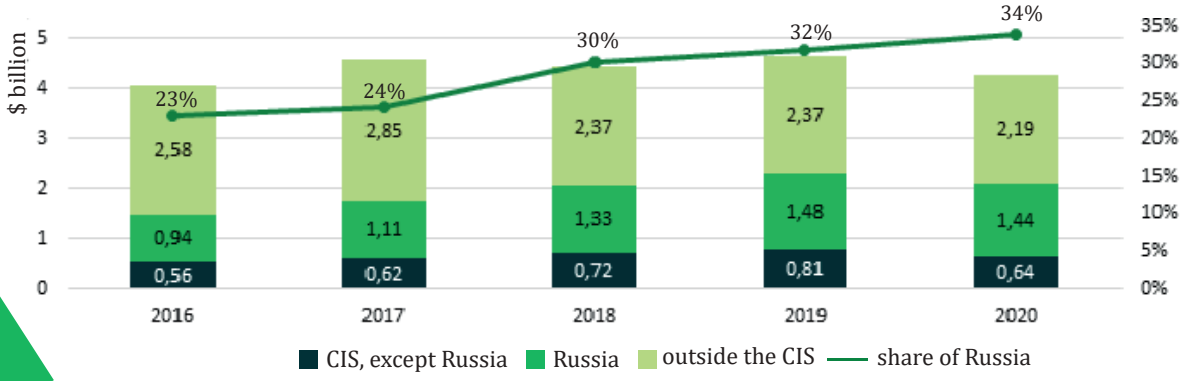


Foreign trade in agricultural products (million US dollars)

Agriculture is an export-oriented sector of the Belarusian economy. The products of the domestic agro-industrial complex are competitive in terms of quality and price, as evidenced by the increasing growth rates of exports of agricultural products. So, during 2016-2020 the average export growth rate was 6.4% per year.



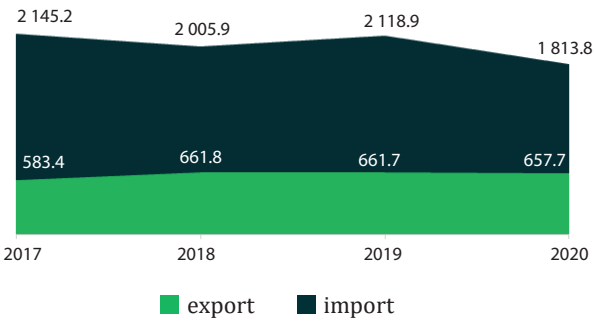
Dynamics of exports of agricultural products



Dynamics of imports of agricultural products

The growth rate of exports exceeds the corresponding indicator of imports, as a result of which, over the past 5 years, Belarus has been building up a positive foreign trade balance in agricultural products, the maximum value of which (1.5 billion US dollars) was reached in 2020.

Agricultural products are exported mainly to Russia, whose share in exports decreased from 89% to 75% over the specified period. In the structure of imports of agricultural products, foreign countries outside the CIS are the main suppliers of products to the Republic of Belarus. At the same time, in the period under review, there is a tendency to reduce their share in the import of agricultural products to the republic with a simultaneous increase in the corresponding share of Russia and the CIS.



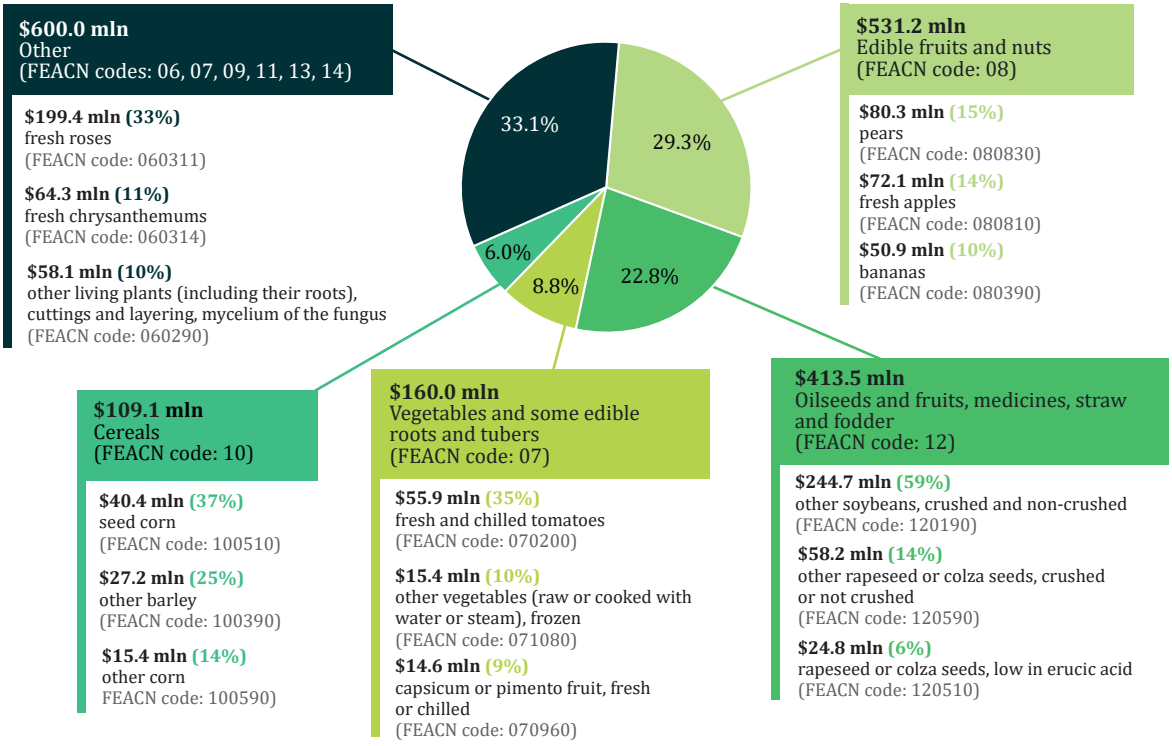
Foreign trade in crop products of Belarus (million US dollars)

The foreign trade of the Republic of Belarus in crop products is characterized by a negative balance. The foreign trade volume of the Republic of Belarus in crop products in 2020 amounted to 2,471.5 million US dollars, exports and imports of 657.7 and 1,813.8 million US dollars, respectively.

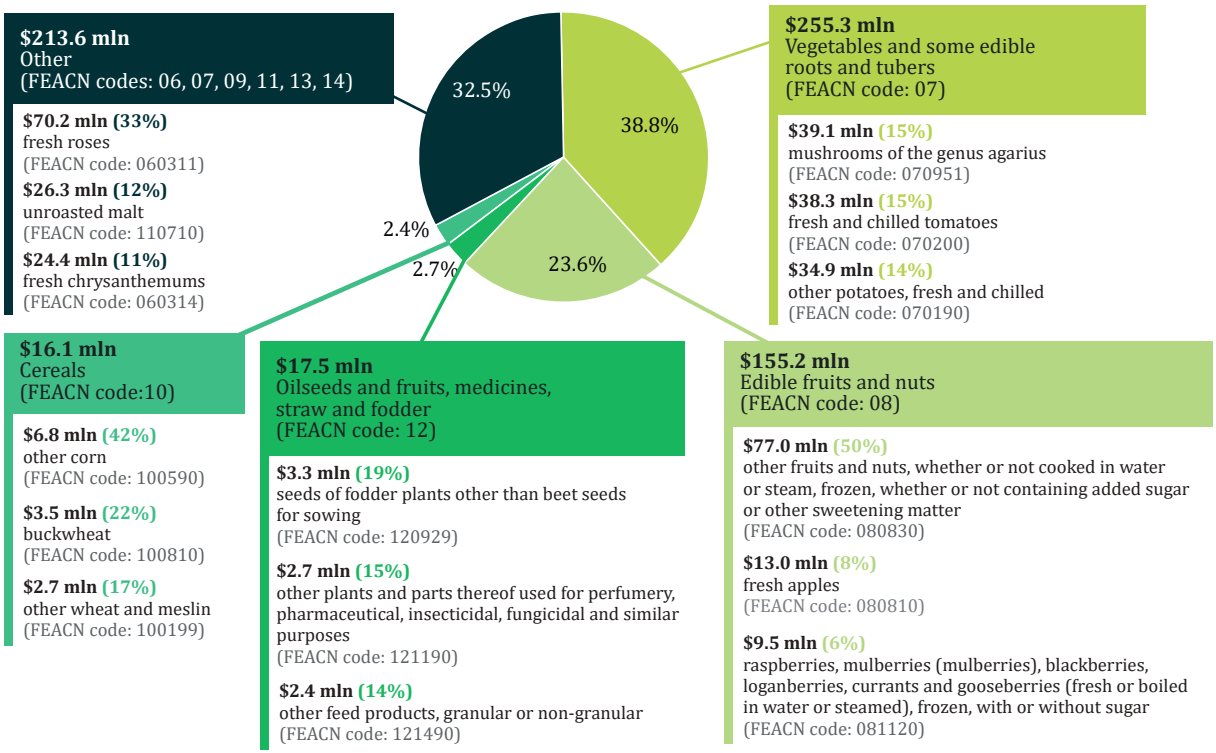
Compared to the 2019, imports decreased by 14.4%, and exports by only 0.6%, as a result of which, in 2020, the negative balance of foreign trade in crop products of the Republic of Belarus decreased by 21%.

Export of crop products for 2020 amounted to $657.7 million, most of which was vegetable products (38.8%), 23.6% were fruits and nuts, 2.7% and 2.4% were oilseeds, medical plants and cereals, respectively, the rest of the products amounted to 32.5%.

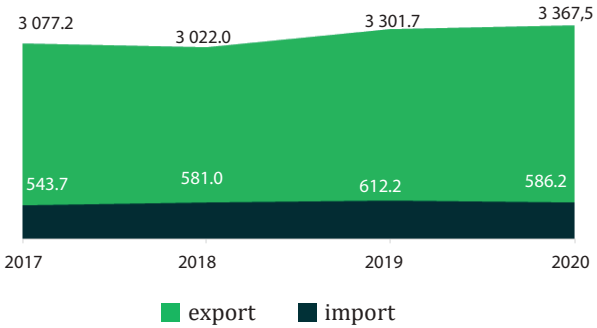
Imports of crop products for 2020 amounted to $1,813.8 million, the main part of which fell on fruits and nuts (29.3%), 22.8% - oilseeds, medicines, 8.8% and 6.0% - vegetables and cereals, respectively, the rest of the products amounted to 33.1%.



Structure of imports (top) and exports (bottom) of crop products, 2020



The foreign trade of the Republic of Belarus in livestock products is characterized by a positive balance, which in 2020 amounted to 2.8 billion US dollars. At the same time, exports and imports amounted to 3,367.5 and 586.2 million US dollars, respectively.



Foreign trade in livestock products of Belarus (million US dollars)

It should be noted that compared to 2019 exports of livestock products increased by almost 2%, while imports decreased by about 4.3%, which had a positive impact on the formation of a positive balance in foreign trade in livestock products.

In the structure of exports of livestock products for 2020 ($ 3,367.5 million), the main part fell on dairy products (71.9%), 24.2% on meat products, 3.4% on fish products, the remaining 0.5% on other products of animal origin.

Imports of livestock products in 2020 amounted to $586.2 million, the bulk of which fell on fish products (63.5%), 21.3% on meat products, 10.3% on dairy products, and 4.9% on other products of animal origin.

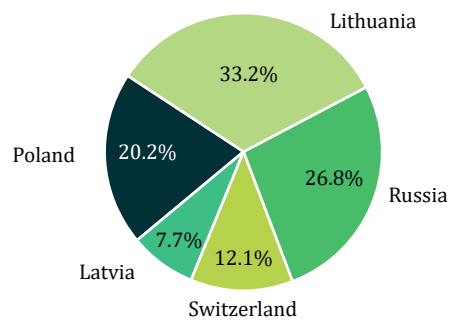
At the same time, the geography of exports is expanding. In 2019 deliveries were made to 104 countries of the world compared to 78 in 2015. At the end of 2021 exports are estimated at over $6 billion, or 103 percent by 2020.

export of agricultural products

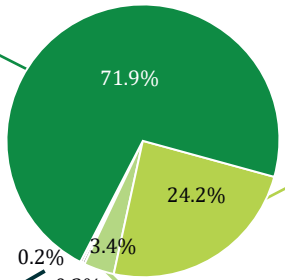
2010 - **$3.4 billion**

2020 - **$5.8 billion**

2021 - expected more than **$6 billion**



Main markets for agricultural products, January-September 2021 (million US dollars)



$114.5 mln
Fish and crustaceans, mollusks and other aquatic invertebrates (FEACN code: 03)

$81.2 mln (70.9%)
fish fillets, dried, salted or in solution, but not smoked, other
(FEACN code: 030539)

$4.2 mln (3.6%)
atlantic salmon (salmo solar) and Danube salmon (hucho hucho), frozen
(FEACN code: 030313)

$4.1 mln (3.5%)
other edible fish offal, dried, salted or in brine
(FEACN code: 030579)

$2 420.8 mln
Dairy products, bird eggs, natural honey, food products of animal origin (FEACN code: 04)

$842.8 mln (34.8%)
other cheeses
(FEACN code: 040690)

$319.2 mln (13.2%)
butter
(FEACN code: 040510)

$281.8 mln (11.6%)
milk and cream, condensed and containing added sugar or other sweetening matter, in powder, granules or other solid forms, with a fat content not exceeding 1.5% by weight
(FEACN code: 040210)

$5.7 mln
Live animals (FEACN code: 01)

$2.3 mln (39.6%)
other live horses
(FEACN code: 010229)

$1.7 mln (29.7%)
domestic live chickens (callus domesticus), weight not exceeding 185 g
(FEACN code: 010511)

$0.8 mln (13.3%)
purebred breeding animals of domestic cattle
(FEACN code: 010221)

$815.3 mln
Meat and edible meat offal (FEACN code: 02)

$172.6 mln (21.2%)
boneless bovine meat, fresh or chilled
(FEACN code 020130)

$170.5 mln (21.0%)
other cuts of bovine animals, deboned, frozen
(FEACN code: 020230)

$126.5 mln (15.5%)
parts of carcasses and offal of poultry, frozen
(FEACN code: 020714)

$11.2 mln
Other products of animal origin (FEACN code: 05)

$7.4 mln (66.1%)
intestines, bladders and stomachs of animals (other than fish), whole or in pieces, fresh, chilled, frozen, salted, in brine, dried or smoked
(FEACN code: 050400)

$1.4 mln (12.2%)
ambergris gray, beaver stream, civet and musk, flakes, bile, including dry bile, glands and other products of animal origin used in the manufacture of pharmaceutical products
(FEACN code: 051000)

$0.9 mln (8.1%)
products of fish, crustaceans, molluscs and other aquatic invertebrates, dead animals of group 03
(FEACN code: 051191)

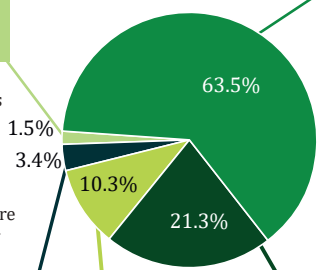
Структура импорта (снизу) и экспорта (сверху) продукции животноводства, 2020

$9.0 mln
Other products of animal origin (FEACN code: 05)

$5.7 mln (63.2%)
intestines, bladders and stomachs of animals (other than fish), whole or in pieces, fresh, frozen, salted, in brine, dried or smoked
(FEACN code: 050400)

$1.3 mln (14.2%)
other products of animal origin, not elsewhere specified, dead animals of group 01, unfit for human consumption
(FEACN code: 051199)

$0.8 mln (9.2%)
products of fish, crustaceans, molluscs and other aquatic invertebrates, dead animals of group 03
(FEACN code: 051191)



$372.3 mln
Fish and crustaceans, mollusks and other aquatic invertebrates (FEACN code: 03)

$61.4 mln (16.5%)
fresh or chilled trout (salmo trurra, Oncorhynchus mykkis, Oncorhynchus clarki, Oncorhynchus aguabonita, Oncorhynchus gilae, Oncorhynchus apache, Oncorhynchus chrysogaster)
(FEACN code: 030211)

$37.0 mln(10.0%)
herring fillet (Clupea harengus, Clupea pallasii), frozen
(FEACN code: 030486)

$30.3 mln (8.2%)
fresh or chilled fish, other than fish fillets and other fish meat of heading 0304; salmon with the exception of liver, caviar and milk; Atlantic salmon and Danube salmon
(FEACN code: 030214)

$19.9 mln
Live animals (FEACN code: 01)

$11.5 mln (57.6%)
domestic live chickens (callus domesticus), weight not exceeding 185 g
(FEACN code: 010511)

$3.2 mln (16.0%)
purebred breeding animals of domestic cattle
(FEACN code: 010221)

$60.3 mln
Dairy products, bird eggs, natural honey, food products of animal origin (FEACN code: 04)

$11.8 mln (19.5%)
other cheeses (FEACN code: 040690)

$11.2 mln (18.5%)
yogurt (FEACN code: 040310)

$6.4 mln (10.6%)
other dairy products
(FEACN code: 040390)

$124.7 mln
Meat and edible meat offal (FEACN code: 02)

$32.1 mln (25.8%)
Parts of carcasses and offal of poultry, frozen
(FEACN code: 020714)

$22.6 mln (18.1%)
Other frozen pork (FEACN code: 020329)

$15.9 mln (12.7%)
Carcasses and half carcasses of pigs, fresh or chilled
(FEACN code: 020311)

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

4.1 Material and technical base

A necessary condition for the functioning and development of the agro-industrial complex is its timely and modern logistics. The state recognizes the importance of having a modern highly productive material and technical base of agriculture, as evidenced by significant budget expenditures for the renewal of the fixed production assets of the agricultural complex.

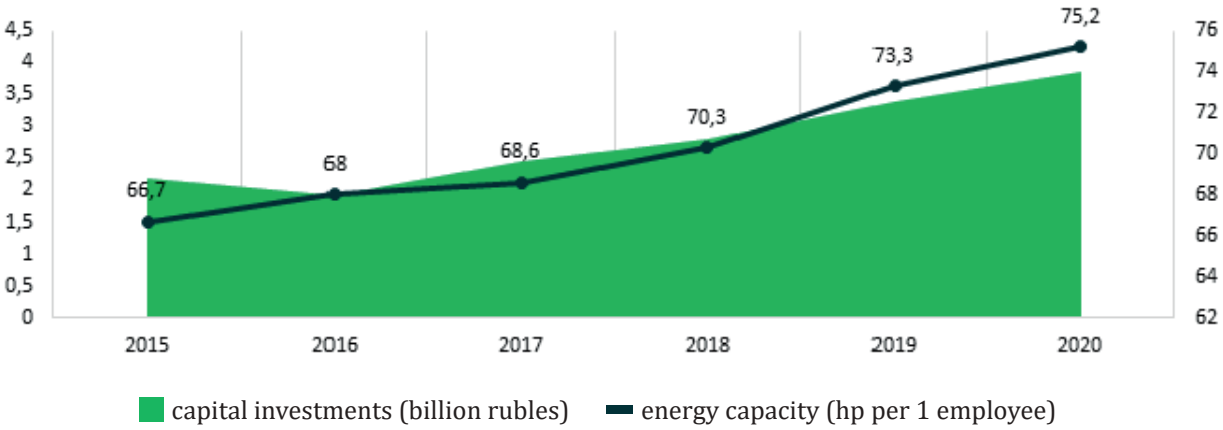
For example, according to the law on the republican budget for 2021, when converted into US dollars, spending on financing the republic's agriculture exceeded $268 million, or 18% of total spending on the national economy, which is 6% more than the same indicator of the previous year.

> $268 mln
expenses on financing agriculture in Belarus

+6%
compared to 2020

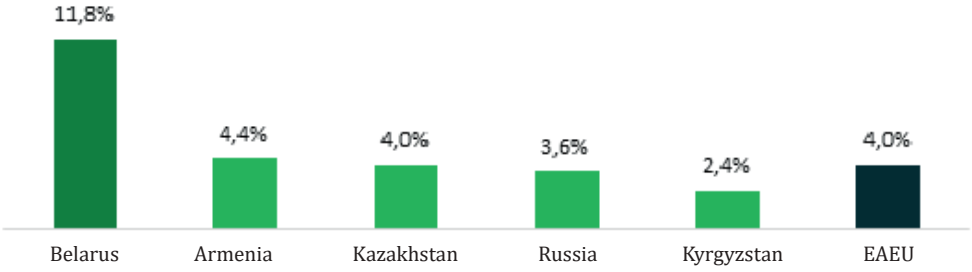
18%
of total expenses on the national economy

As a result, the volume of investment in fixed assets of agriculture in the Republic of Belarus remains at a high level. In 2020 agriculture, forestry and fisheries accounted for more than 13% of all investments in the country's fixed capital, and the energy capacities of agricultural companies are growing from year to year.



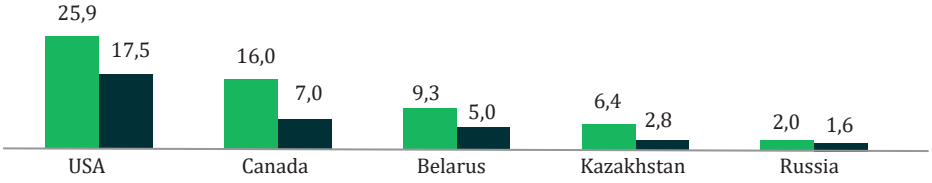
Capital investments and energy capacities, 2015-2020

It should be noted the high share of capital expenditures directed to agriculture in Belarus relative to other countries, in particular the EAEU. The Republic of Belarus is significantly ahead of its partners in the commonwealth in terms of the share of fixed assets of the agro-industrial complex in the overall structure of fixed production assets of the economy, and the share of investments in fixed capital of agriculture.



The volume of investments in fixed assets of agriculture, forestry and fisheries in 2019, (% of the total investment in fixed assets)

Belarus occupies a leading position among a number of countries in terms of the provision of agricultural companies with agricultural machinery. There are 8 tractors and 4 grain harvesters per 1,000 hectares of arable land in Belarus.



Provision of basic types of agricultural machinery in selected countries of the world in 2017 (tractors per 1000 ha of arable land, combines per 1000 ha of grain crops)

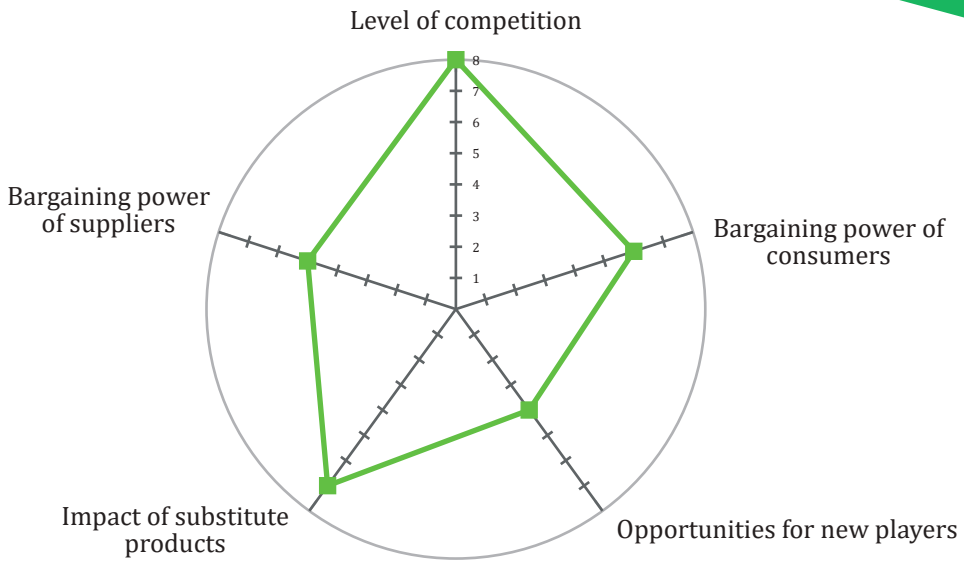
The material and technical supportof domestic organizations of the AIC is characterized by a high level of state support, as well as a significant amount of capital investment, which is significantly higher compared to other members of the EAEU.

4.2. Investment attractiveness

The investment attractiveness of the agro-industrial complex was assessed according to Porter five forces analysis.

Porter forces	Component of Porter's force	Grade
Level of competition	Agriculture in Belarus is characterized by a high level of competition with a large number of players in the market offering homogeneous products.	8
Impact of substitute products	The market offers many homogeneous products of similar quality and with little differentiation. However, there are ample opportunities for differentiation in the form of focusing on promising segments of the production of organic products.	6
Bargaining power of suppliers	Agro-industrial complex has a wide choice of suppliers of raw materials, while the cost of switching to other suppliers is low.	4
Bargaining power of consumers	Demand for agricultural products is elastic. When prices rise consumers switch to substitute products. In addition prices for individual agricultural products are regulated by the state.	7
Opportunities for new players	The industry is dynamically developing and has a high export potential. There is a stable demand for agricultural products. The level of investment and costs to enter the market is relatively low. There is an opportunity to receive state support in the form of subsidies and concessional financing. The state provides a number of preferences for doing agricultural business.	5

Despite the fact that the industry is represented by a significant number of players with homogeneous products and at the same time is characterized by a high degree of state regulation, it should be noted such competitive advantages of domestic crop and livestock production 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.



Assessment of the investment attractiveness of the agro-industrial complex according to M. Porter

Favorable conditions and resource base contribute to the development of agricultural production, being an attractive area for investment. This is evidenced by the high level of exports of agricultural products, which in 2020 exceeded imports by 35.1%, and the balance of foreign trade for this period amounted to
$1.5 billion.

The annual growth of the agricultural production index (2018 - 104.0%; 2019 - 107.0%; 2020 - 112.1%) is an indicator of demand and high demand for products.

The agro-industrial complex of Belarus is becoming one of the most attractive industries for investors. In addition to agriculture itself, the machine-building industry is developed in the country, capable of fully providing the village with the necessary equipment. Belarus produces all types of fertilizers: potash, nitrogen and phosphate. The maximum added value in the agro-industrial complex can be achieved through a full production cycle: crop production forms a fodder base for livestock, and advanced processing allows to get the maximum added value.

State program "Agricultural business 2021 - 2025"

Sub-program:
"Development of crop production, processing and sales of crop products"

Budget: $236.5 million

Sub-programs:
1. "Development of animal husbandry, processing and sale of livestock products"
2. "Development of breeding business in animal husbandry"
3. "Development of fisheries activities"

Budget: $1,721.5 million

Expected results in 2025

1. Index of crop production - 114.5% (2025/2020)
2. Ensuring that by 2025 the achievement of indicators:
• grain farming:
- volume of grain production min 10 million tons;
- grain yield min 40 c/ha;
• fodder production:
- area under crops of perennial grasses min 1 million ha;
- meeting the needs of animal husbandry in vegetable protein of at least 70%;
• sugar beet production:
- production volume min 5 million tons;
- yield min 526 q/ha;
• production of industrial crops:
- production volume min 820 thousand tons;
- yield min 18.2 q/ha;
• horticulture and potato growing:
- volume of potato production min 6 million tons, vegetables - 1.9 million tons, fruits and berries - 687 thousand tons;
- potato yield min 305 c/ha, vegetables – 335 c/ha, fruits and berries – 100 c/ha.

1. Growth in production volumes (2025/2020) by 13.8%;
2. Production growth (2025/2020):
- cheeses by 21.2%;
- animal oils by 9.4%;
- whole milk products by 17.6%;
- skimmed milk powder by 6.9%;
- dry whey by 16.7%;
- beef by 14%;
- pork by 14%;
- sausages and meat products by 9.8%.
3. Achievements of production indicators (2025/2020):
- milk >9,200 thousand tons;
- eggs >3.6 billion pieces;
- pigs >566 thousand tons;
- cattle>713 thousand tons;
- birds >772 thousand tons.
- increase in the production of fish resources in water bodies up to 17,680 tons
- reduction to two years of the cycle of growing marketable fish (which will reduce the cost by 15%)

4.3. Development prospects

The state program "Agricultural Business" sets the main vector for the development of the AIC of the Republic of Belarus. This is a fundamental strategic document that defines the goals for the development of the industry and the corresponding indicators for their achievement for the 5-year period.

The implementation of the State Program will contribute to:

- improvement of the efficiency of agricultural production through the introduction of resource-saving technologies that reduce material, labor and self costs, improve product quality to maintain its competitiveness in the domestic and foreign markets;

- strengthening the raw material base of agro-industrial production on the basis of intensification, concentration, improvement of specialization and distribution, including through the formation of highly efficient sustainable resource zones;

- modernization of the existing and to develop a new competitive industries, increasing the competitiveness of food industry products;

- digitalization of the industries and sub-sectors of the AIC, aimed at increasing the sustainability of functioning and the introduction of innovative technologies and business models;

- development of the breeding and genetics for the needs of sustainable agriculture; conservation, restoration, improvement, increase of fertility and rational use of agricultural lands;

- formation, modernization and development of the infrastructure of the AIC, corresponding to the level of production potential and the requirements of the world market and the EAEU, ensuring the growth of competitive advantages of domestic producers at the stages of supply, procurement, marketing and promotion;

- creation favorable conditions for the development of entrepreneurship in

Subject to the achievement of target volumes of agricultural production and a favorable price environment, an increase in exports of food products and agricultural raw materials in 2025 by 21.3% compared to 2020 (up to 7 billion US dollars) is forecasted. The implementation of the activities of the State Program is likely to lead to an increase in sales in agriculture at a level of at least 10% by the end of 2025.

5. Investment climate

5.1 Macro indicators

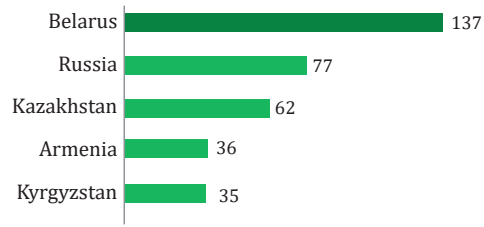
Indicators	2016	2017	2018	2019	2020
GDP at current prices (billion US dollars)	47 770.7	54 723.8	60 028.3	64 422.0	60 273.1
Export of agricultural products and foodstuffs (million US dollars)	4 231.6	4 971.2	5 280.1	5 536.8	5 771.8
The number of employees of agricultural organizations on average per year (thousand people)	302.2	293.6	284.6	273.2	267.4
Labor productivity in agriculture per worker (US dollars)	21 686.0	26 916.3	27 553.6	30 963.0	30 622.4
Indices of crop production to the previous year (in percent; in comparable prices)	105.9	106.2	93.9	105.7	106.0
Nominal accrued average monthly salary of employees (US dollars)	248.1	291.9	319.7	361.1	361.0
Investments in fixed assets at current prices (million US dollars)	871.6	1 127.4	1 204.0	1 449.0	1 026.0

5.2. The place of Belarus in the production of certain types of agricultural products among the EAEU countries

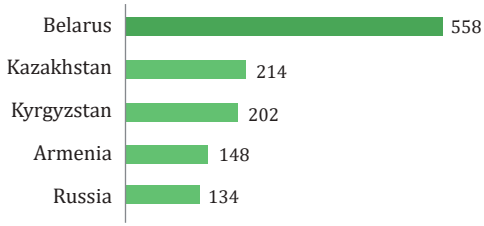
According to the Food and Agriculture Organization of the United Nations (FAO), Belarus ranks in the world in terms of production (in physical terms):

- flax-fibre – **3d place**
- rye – **5th place**
- cranberry – **8th place**
- buckwheat – **10th place**
- potato – **11th place**
- sugar beet - **14th place**
- strawberry – **16th place**
- oat – **17th place**

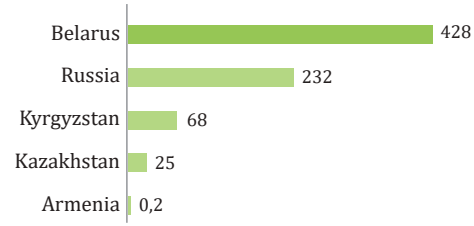
Production of livestock and poultry for slaughter per capita, kg



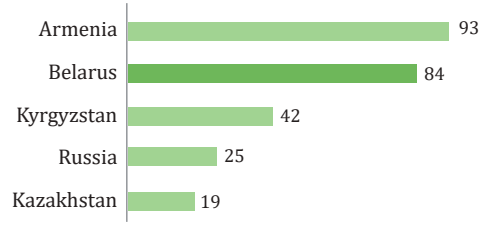
Gross potato harvest per capita, kg



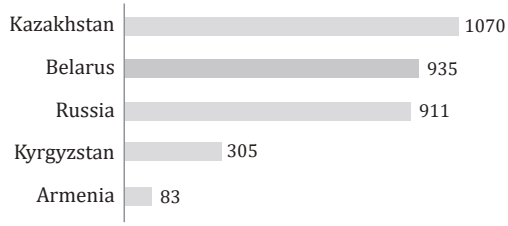
Gross harvest of sugar beets per capita, kg



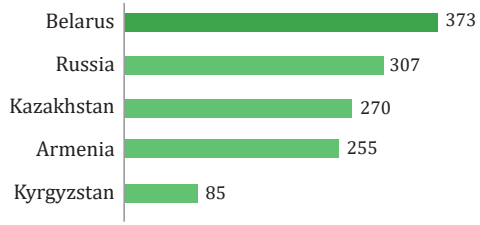
Gross fruites and berries harvest per capita, kg



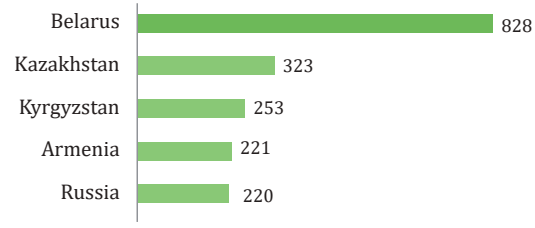
Gross harvest of grain and leguminous crops per capita, kg



Egg production per capita, pcs.



Milk production per capita, kg



5.3 Investor Roadmap

Investment projects and PPP
>1000

Investment ideas
>700

Concessions
9

Manufacturing sites and real estate
>900

Land plots
>1000

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"

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

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 auctio

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

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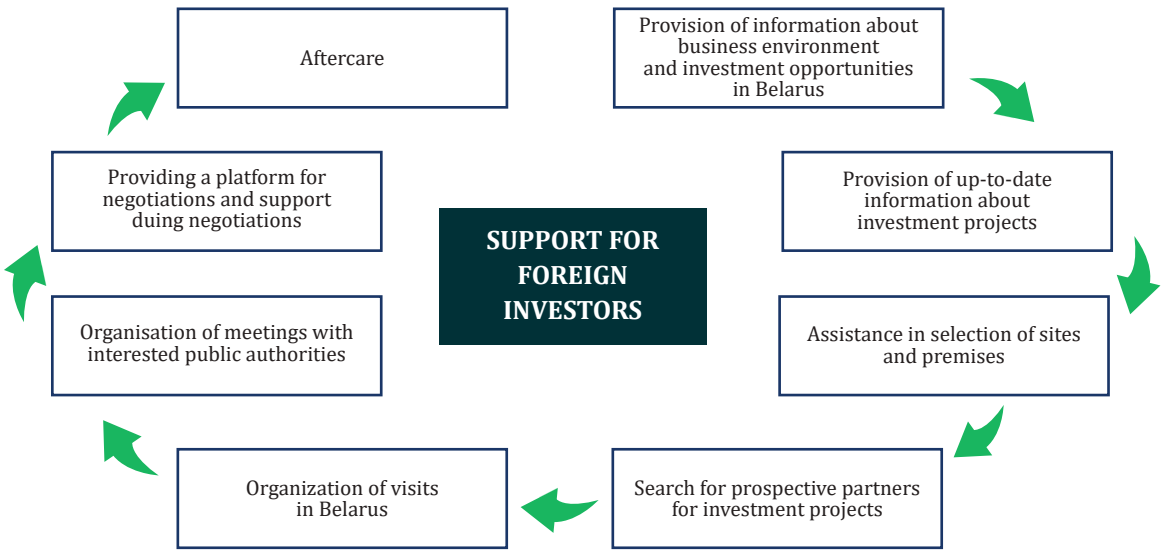

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