Agricultural Policy Monitoring in the Republic of Belarus

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Country view

key indicators for 2018

Population – 9,5 mln inhabitants

Area – 207,6 thous. sq. km

GDP at current prices – 59. 69 bln USD

GPD per capita – 5763.23 USD

6 administrative regions and

1 city with special status – Minsk (capital)

Human Development Index – 53 place

Doing Business Index - 37 place

Global Innovation Index – 72 place

Role of agriculture in the Belarussian economy

Indicator	2005	2010	2015	2016	2017	2018
Gross value of agriculture (current prices), bln USD	6,0	12,1	8,4	7,6	9,3	9,3
Share of agriculture in GDP, %	8,4	8,9	6,3	6,9	7,6	6,4
Gross value of food produced, bln USD	5,3	11,2	10,9	10,4	12,0	12,3
Share of rural population on total, %	27,8	24,9	22,4	22,1	21,9	21,6
Share of agrarian employees in total, %	10,6	8,8	8,0	7,9	7,8	7,6
Share agriculture in the total value of investment, %	13,3	16,7	10,1	9,3	10,4	9,8
Share of agricultural goods and food in total exports, %	9,2	13,4	16,7	18,0	17,0	15,6

Source: National statistical committee of the Republic of Belarus

Agriculture and agri-food trade

Export 2010 г.

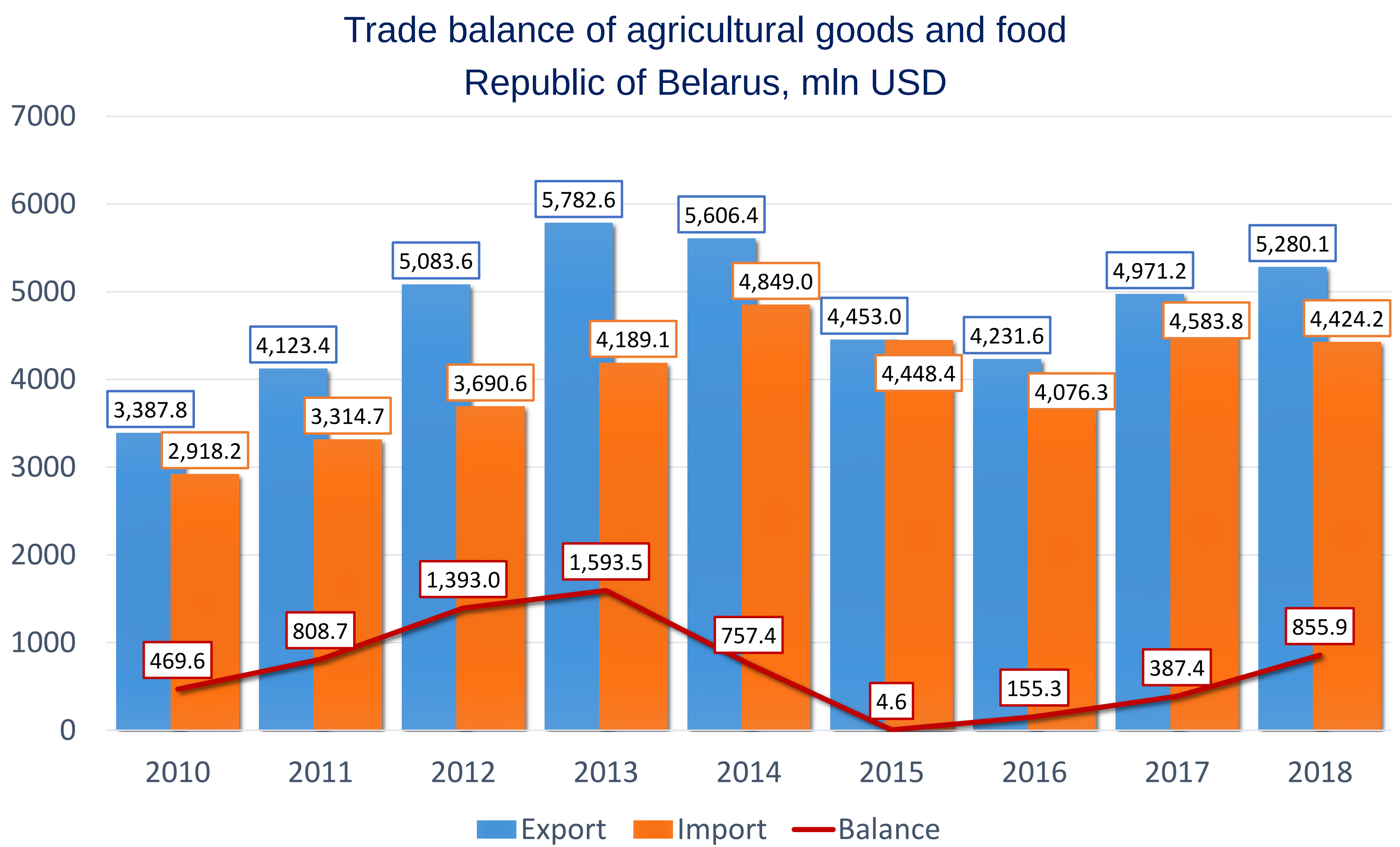
Import 2010 г.

Export 2017 г.

Import 2017 г.

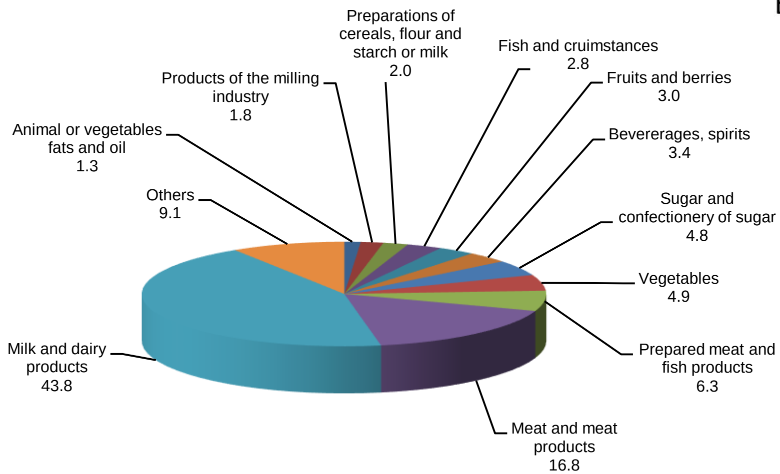
Source: National statistical committee of the Republic of Belarus

Agriculture and agri-food trade



Source: National statistical committee of the Republic of Belarus

Key market development and main trading partners



Belarus vital part of China-EU transit corridor

- Russia - 78 %
- Kazakhstan – 10.5 %
- Kyrgyzstan - 3%
- China – 3 %
- Ukraine - 1.5 %

Dairy products

- Russia – 95 %
- Kazakhstan – 3 %

Beef

- Russia – 91 %
- Kazakhstan – 7 %

Sausages and canned meat

- Russia - 86 %
- Ukraine – 4.4 %
- Kazakhstan – 4 %
- China – 1.3 %
- Uzbekistan – 1.2 %

Poultry

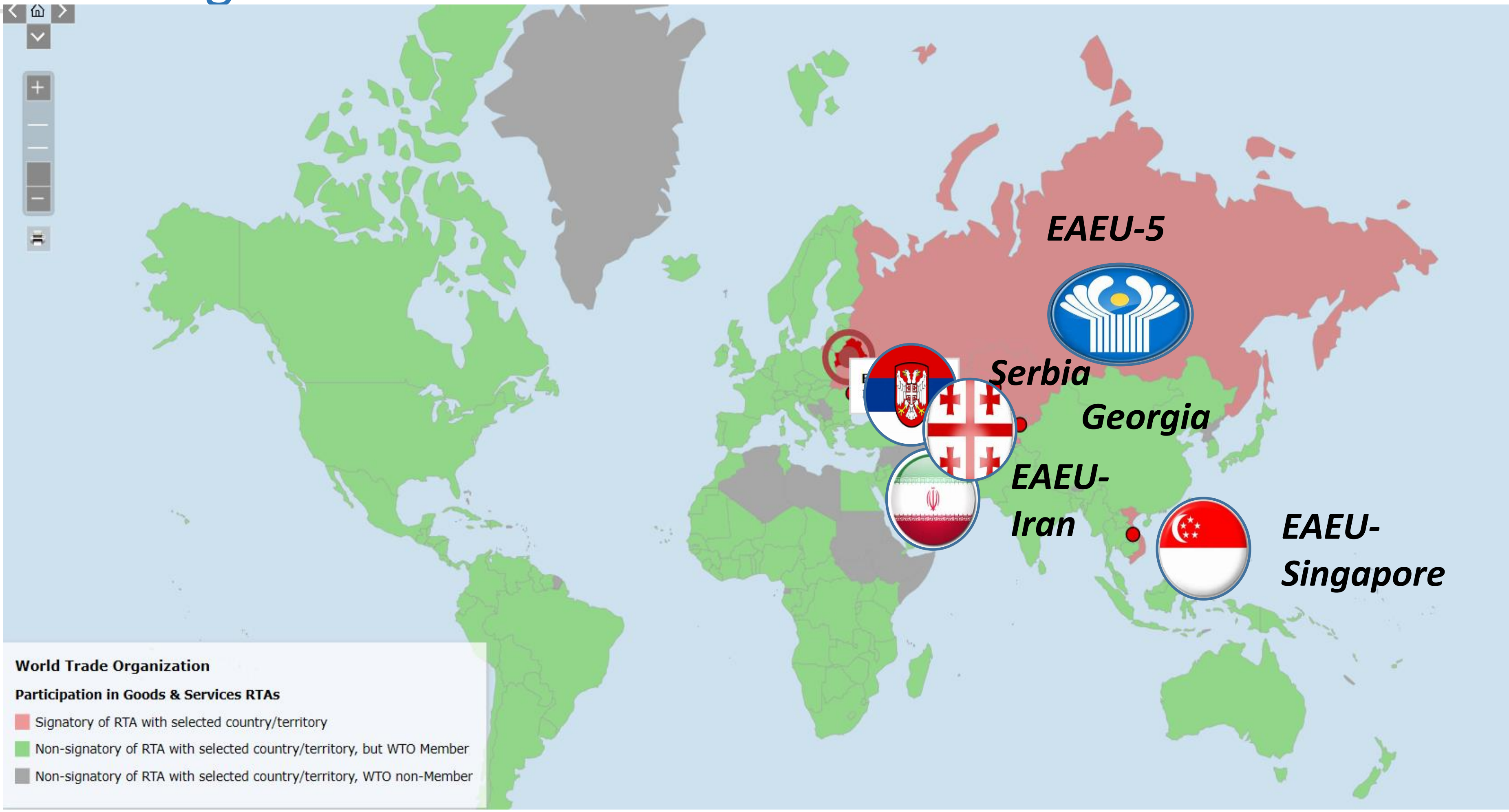
- Lithuania – 22.8 %
- Norway – 71.1 %
- Poland – 2 %
- Latvia – 1.2 %

Rape oil

- Russia – 55 %
- Kazakhstan – 9 %
- Ukraine – 9 %
- Tajikistan – 7 %
- Azerbaijan – 5 %

Sugar

Trade agreements



Ongoing negotiations

- EAEU- Egypt
- EAEU-Israel
- EAEU-India
- EAEU-Serbia

Ongoing negotiations

- EAEU- Singapore

Pending negotiations

- EAEU-EFTA
- EAEU-New Zeland

Indicator coverage for project

❑ Period covered: 2005-2016

❑ Commodities covered:

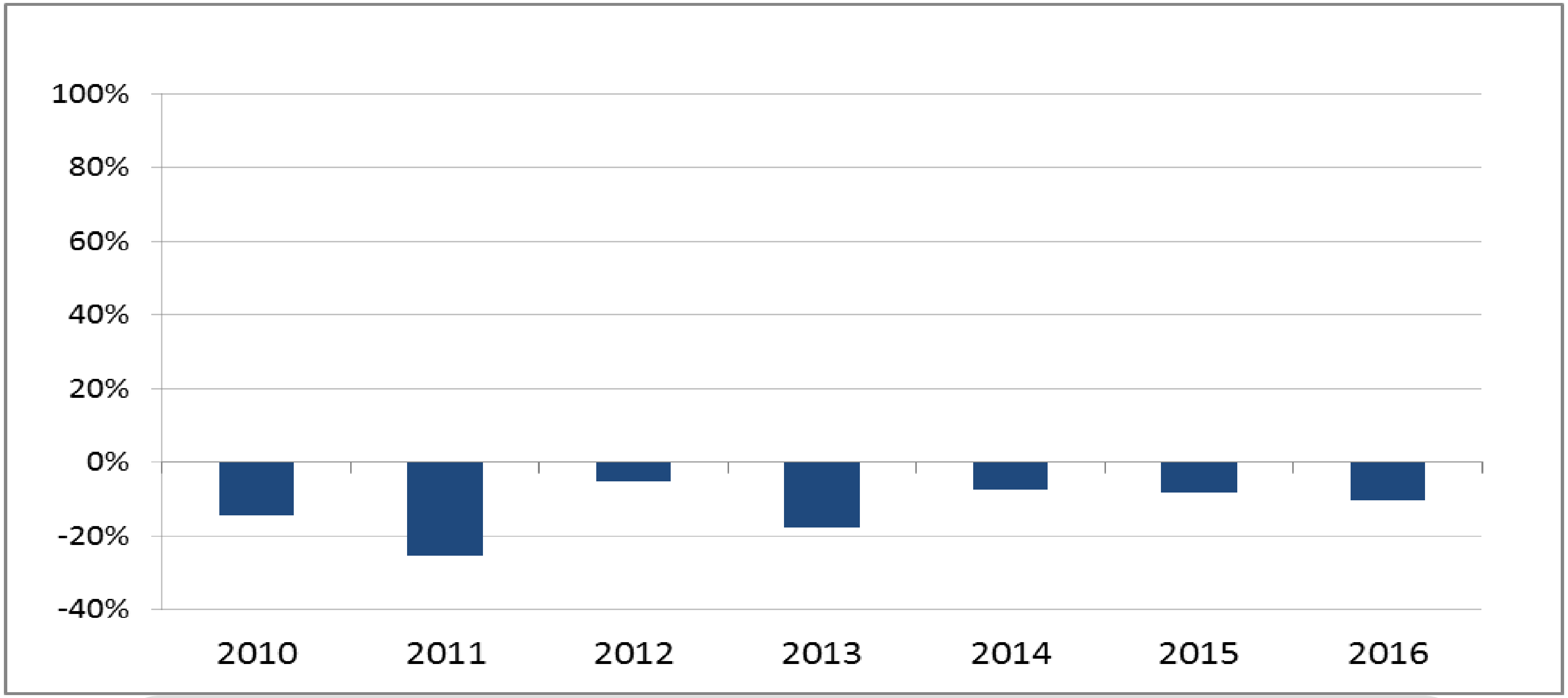
Share of individual products in agricultural output (%)												
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Milk	14.7	13.8	13.7	16.3	15.6	15.9	18.6	20.5	19.5	22.0	22.1	21.1
Fresh vegetables	13.8	15.2	15.2	14.3	12.3	12.8	14.1	10.7	11.6	10.9	11.6	13.5
Cattle	6.4	6.2	6.2	5.8	7.3	6.0	8.2	10.2	10.5	7.7	8.8	8.0
Pigs	6.4	6.2	6.2	5.8	7.3	6.0	8.2	10.2	10.5	7.7	8.8	8.0
Potatoes	13.1	13.9	11.5	10.8	11.0	18.1	12.9	7.6	10.9	12.1	9.8	6.1
Poultry	3.0	n/a	n/a	3.4	4.1	3.4	4.3	5.1	5.7	5.7	6.3	6.0
Common wheat	2.1	1.7	2.4	3.6	2.7	1.9	2.8	3.6	4.2	4.8	4.4	3.8
Maize	0.3	0.4	1.3	1.1	1.2	1.1	3.1	2.6	3.1	1.4	0.4	3.2
Eggs	3.0	2.7	2.6	2.4	2.6	2.2	2.7	2.9	3.1	3.1	3.1	3.1
Sugar beet	1.7	2.0	1.3	1.2	1.1	1.1	2.0	1.8	1.6	1.5	1.3	1.8
Barley	2.4	2.0	2.4	3.1	2.4	1.7	2.4	3.4	3.1	3.2	2.8	1.7
Rapeseed	0.4	0.3	0.5	1.4	1.4	0.8	1.5	2.3	2.3	2.0	1.1	1.2
Rye	1.3	1.1	1.4	1.6	1.2	0.5	0.7	0.9	0.7	0.8	0.8	0.7
Oats	0.6	0.5	0.5	0.5	0.4	0.3	0.3	0.5	0.5	0.6	0.5	0.4
Fibre Flax	0.2	0.0	0.1	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Other crop production	31.5	31.6	32.6	31.6	36.4	30.4	22.3	25.2	16.0	20.9	26.4	29.9
Other animal production	22.3	30.7	31.3	19.9	18.5	22.5	13.9	10.9	10.6	12.2	12.7	14.7
AGRICULTURAL GOODS OUTPUT	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
CROP OUTPUT	52.6	54.2	54.3	55.6	53.5	55.3	51.3	44.9	45.4	47.6	44.8	46.3
ANIMAL OUTPUT	47.4	45.8	45.7	44.4	46.5	44.7	48.7	55.1	54.6	52.4	55.2	53.7

❑ Sources of data:

✓Trade data 6 –digit data- UN Comtrade - Statistical Committee of the Rep. of Belarus)
✓Exchange rates – National Bank of the Republic of Belarus
✓Agricultural output value, prices, etca – National Statistical Committee of the Rep. Belarus
✓Budgetary and other transfers – Ministry of Agriculture and Food of the Rep. of Belarus

Nominal Rate of Protection

Average aggregate nominal rate of protection (%) at farm gate, percent, 2010-2016

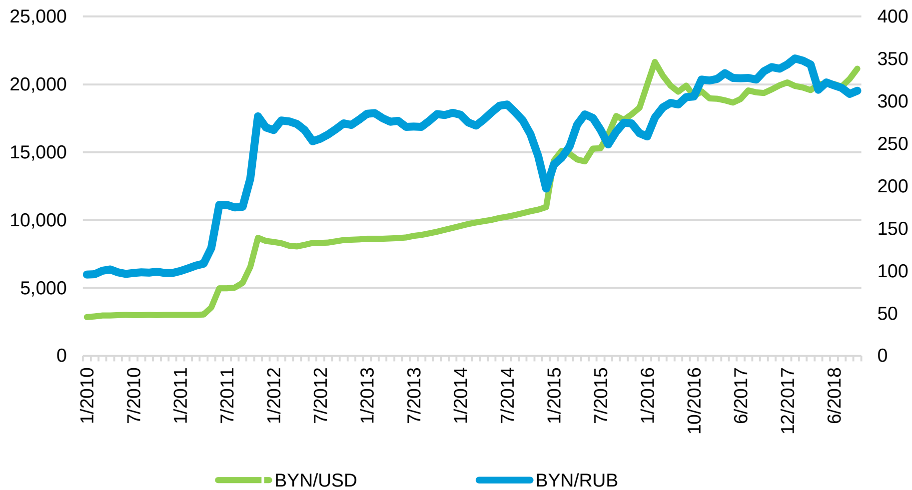


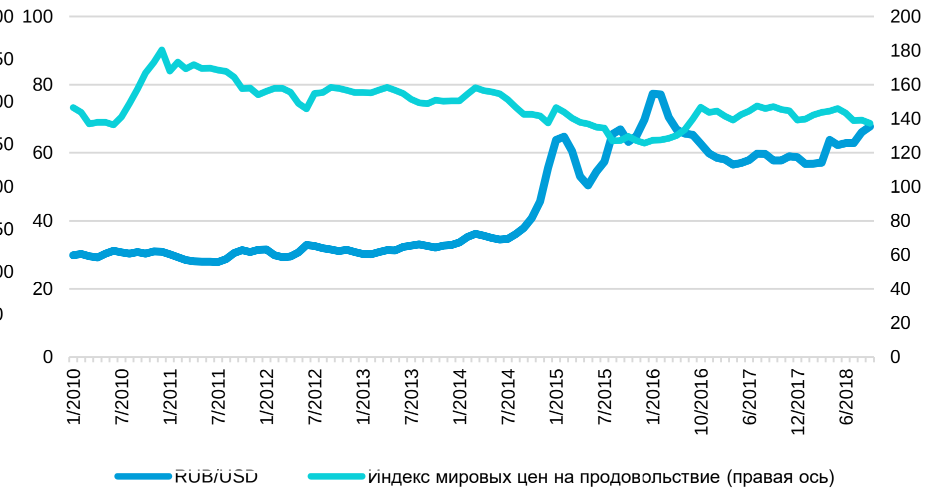
INTERPRETATION/COMMENTS

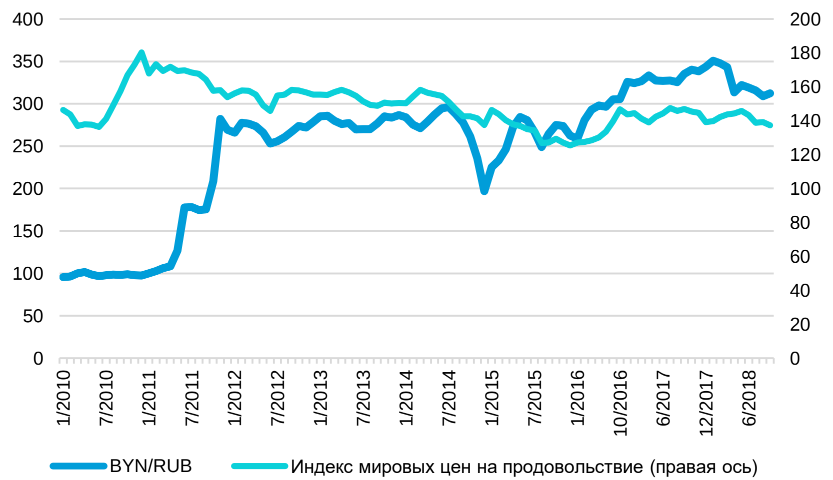
- Strong impact of devaluation factor
- Strong export orientation of sector
- Some identified products are produced for domestic consumption
- Difference in coefficients for processed products

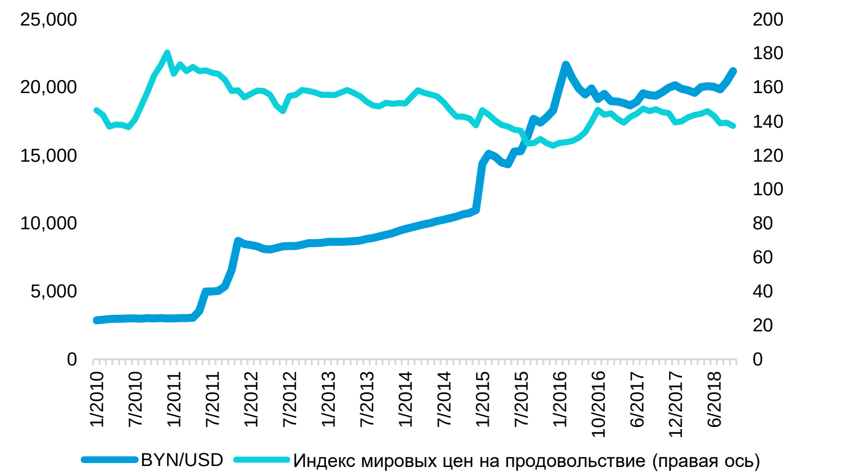
Nominal Rate of Protection: driving factors

Dynamics of exchange rates of BYN/RUB/USD, world prices









Nominal Rate of Protection by key commodities

Table 1. Main figures of the dairy subsector in Belarus, 2005-2016

Source: National statistical committee of the Republic of Belarus (BELSTAT).

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Production in farms of all types (1000 tonnes)	5676	5896	5904	6225	6577	6624	6500	6766	6633	6703	7047	7141
of which: share of agricultural organizations (%)	73.2	76.7	79.4	82.5	84.6	86.5	89.5	91.1	92.3	93.2	94.2	94.7
Marketability level (%)	80.3	81.8	83.2	85.5	84.7	83.8	85.8	87.7	86.6	89.3	89.9	89.7
Sales channels (in % to total sales):												
- processing companies	97.7	98.2	98.5	99.3	99.3	99.2	98.8	99.2	98.9	98.3	98.4	97.5
- other channels	2.3	1.8	1.5	0.7	0.7	0.8	1.2	0.8	1.1	1.7	1.6	2.5

Table 2. Prices at the different stages of value chain, 2005-2016

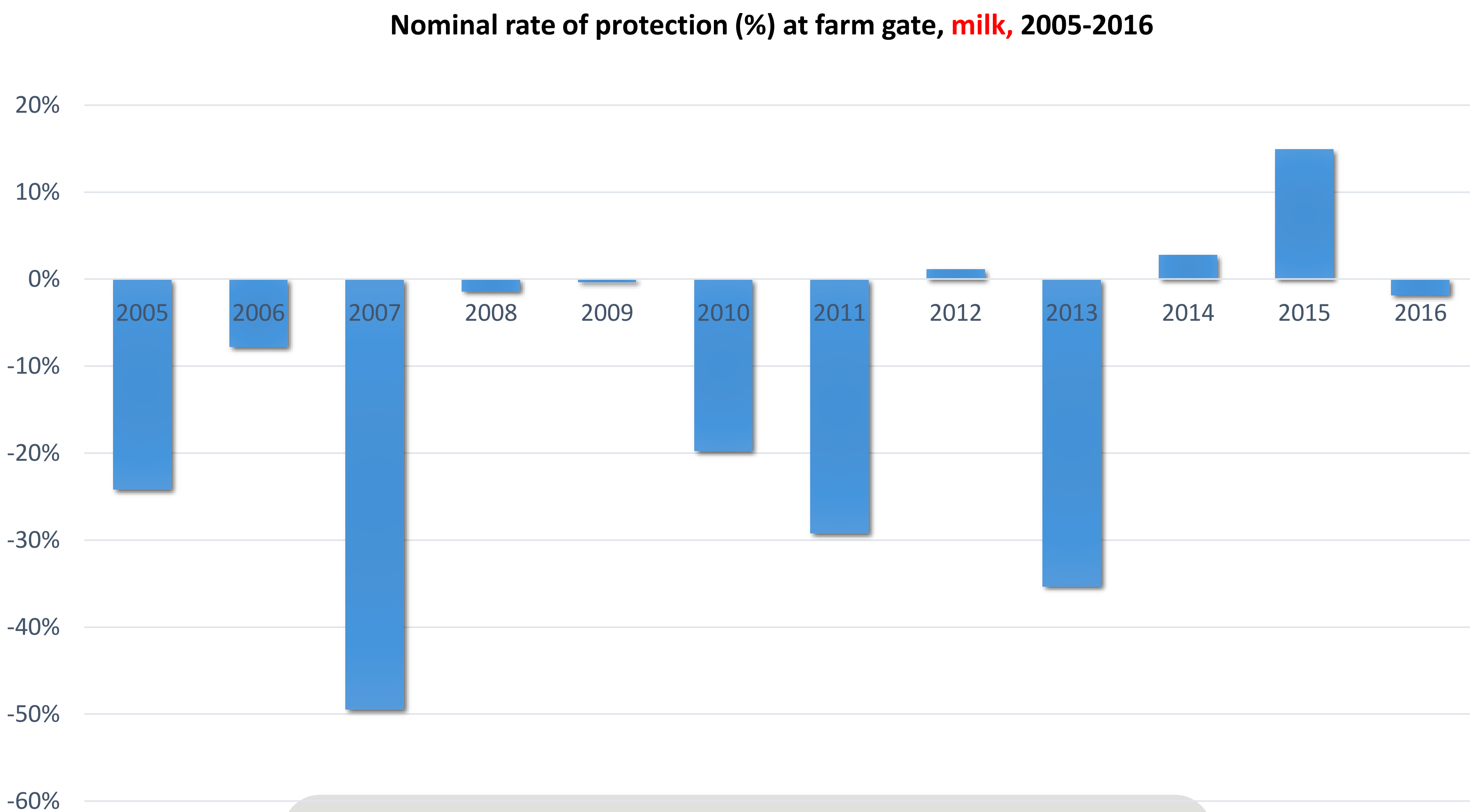
	Unit	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016*
SELLING OF RAW MILK (FARM GATE)													
Purchased price for raw milk	1000 NC/t	333.0	366.0	424.0	660.0	636.0	854.0	1545.0	2876.0	3055.0	4231.0	4244.0	458.0
	USD/t	154.5	170.5	197.3	307.1	226.9	285.3	275.6	343.6	340.5	412.4	261.1	229.1
SELLING AT FOREIGN MARKET (WHOLESALE/BORDER)													
Average export price of dairy products in milk equivalent (National coefficients)	1000 NC/t	426.3	474.5	705.3	779.4	725.8	1327.4	2750.8	4328.8	5627.5	6048.4	6251.1	797.3
	USD/t	197.8	221.1	328.2	362.6	258.9	443.4	490.7	517.2	627.3	589.5	384.6	398.7

INTERPRETATION/COMMENTS

DRIVING FACTORS

- Strong impact of devaluation factor
- Strong export orientation of sector
- Difference in coefficients for cconversing dairy commodities (cheese, butter, skimmed milk) in milk equivalent

Nominal Rate of Protection by key commodities

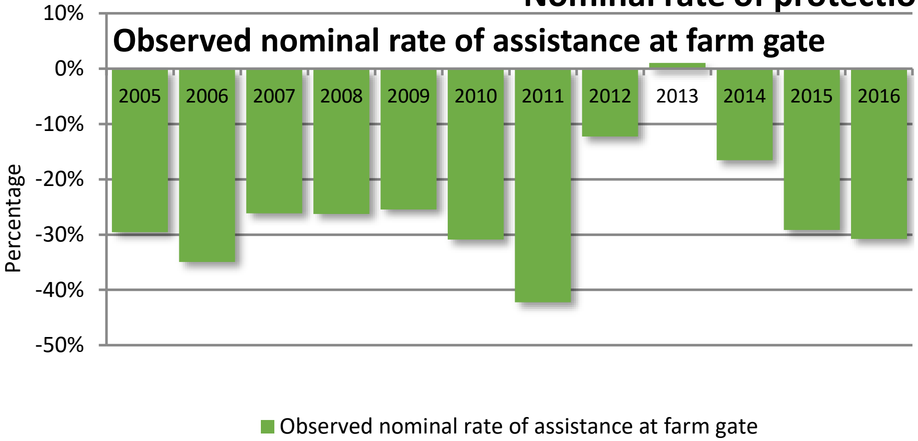


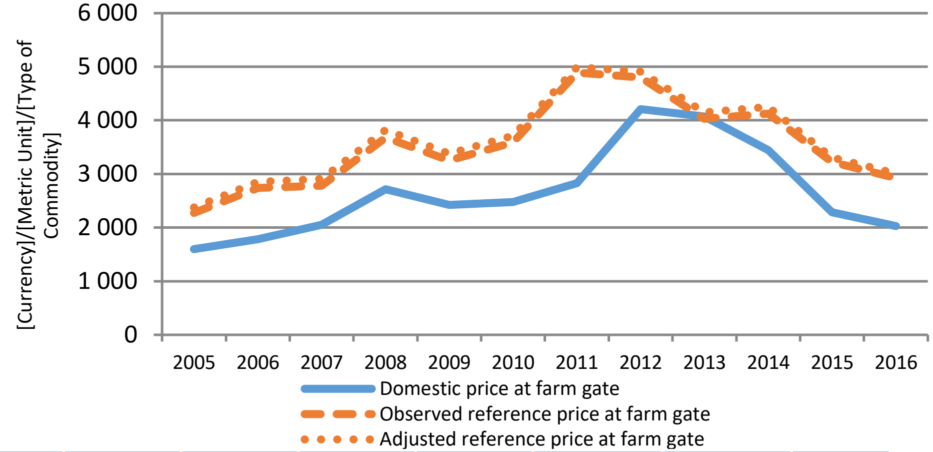
DRIVING FACTORS

- **Strong impact of devaluation factor**
- **Strong export orientation of sector**
- **Difference in coefficients for cconversing dairy commodities (cheese, butter, skimmed milk) in milk equivalent**

Nominal Rate of Protection by key commodities

Nominal rate of protection (%) at farm gate, beef, 2005-2016





	Unit	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016*
SELLING OF LIVESTOCK (FARM GATE)													
Purchased price for livestock (live weight)	1000 NC/t	1861.0	2064.6	2382.6	3148.0	3671.0	4007.0	8556.0	19031.0	19726.0	19072.0	20048.0	2187.5
	USD/t	863.5	961.9	1108.7	1464.6	1309.5	1338.5	1526.3	2273.8	2198.8	1858.8	1233.4	1093.9
SELLING OF BEEF (PROCESSING FACTORY GATE)													
Average sales price of processing factory, as of end of the year	1000 NC/t	4780.3	5410.3	6088.3	8016.2	8411.6	10195.7	19165.9	31280.0	30854.7	43718.1	44564.9	
	USD/t	2218.1	2520.8	2833.2	3729.5	3000.6	3405.7	3418.9	3737.3	3439.4	4260.9	2741.8	
SELLING AT FOREIGN MARKET (WHOLESALE/BORDER)													
Average export price beef (fresh and chilled)	1000 NC/t	5426.6	6501.1	6459.6	8537.5	9957.2	11606.7	28516.9	42325.6	39221.5	44560.0	54222.0	6059.4
	USD/t	2518.0	3029.0	3006.0	3972.0	3552.0	3877.0	5087.0	5057.0	4372.0	4343.0	3336.0	3030.0
Average export price beef (frozen)	1000 NC/t	5088.3	6082.6	6158.7	7963.6	9057.4	10493.1	26549.3	38191.0	33471.0	40496.9	52547.9	5929.4
	USD/t	2361.0	2834.0	2866.0	3705.0	3231.0	3505.0	4736.0	4563.0	3731.0	3947.0	3233.0	2965.0

INTERPRETATION/COMMENTS

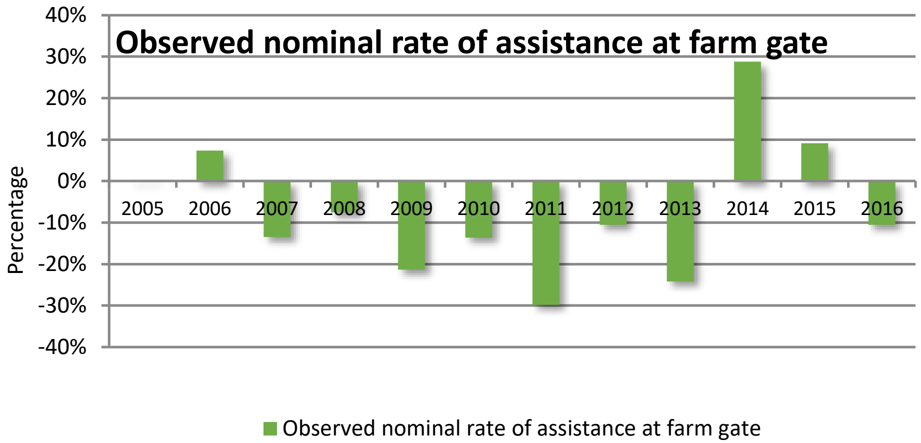
- In economic value, cattle contribute around 11 % in total output produced by agricultural organizations (2016), in the same time beef is considered as one of the most important export agricultural commodities, import is insignificant.
- Access costs – transport costs, veterinary documents, commercial costs

DRIVING FACTORS

Belarus exports mostly chilled beef (67 % in 2016), for comparison in 2005-2006 share of frozen meat was predominant (90 %).

Nominal Rate of Protection by key commodities

Nominal rate of protection (%) at farm gate, pork, 2005-2016



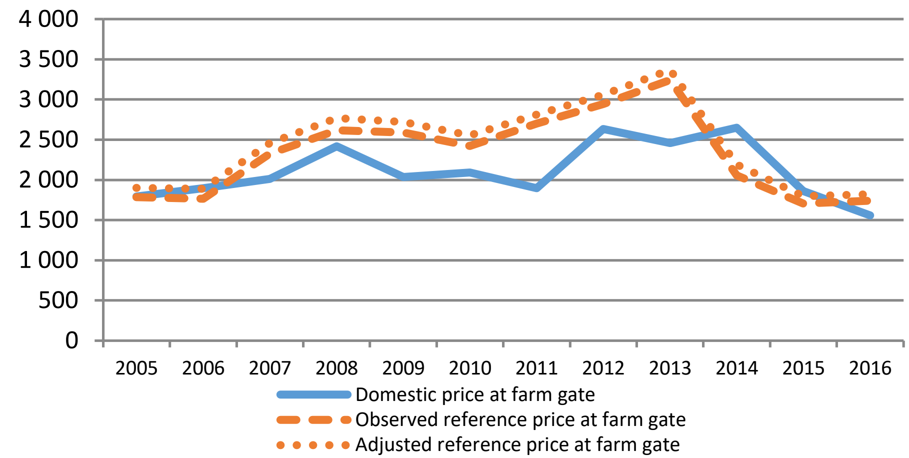


Table Prices at the different stages of value chain, 2005-2016

	Unit	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016*
SELLING OF LIVESTOCK (FARM GATE)													
Purchased price for pig (live weight)	1000 NC/t	3012.0	3174.7	3373.5	4058.0	4454.0	4885.0	8288.0	17187.0	17213.0	21197.0	23600.0	2430.4
	USD/t	1397.6	1479.1	1569.9	1888.0	1588.9	1631.7	1478.5	2053.5	1918.7	2065.9	1452.0	1215.3
SELLING OF PORK (PROCESSING FACTORY GATE)													
Average sales price of processing factory, as of end of the year	1000 NC/t	4910.3	5785.5	6759.2	8316.5	8411.6	9185.5	18382.1	28920.6	29379.9	41109.5	38793.6	n/a
	USD/t	2278.4	2695.6	3145.4	3869.2	3000.6	3068.2	3279.1	3455.4	3275.0	4006.7	2386.8	n/a

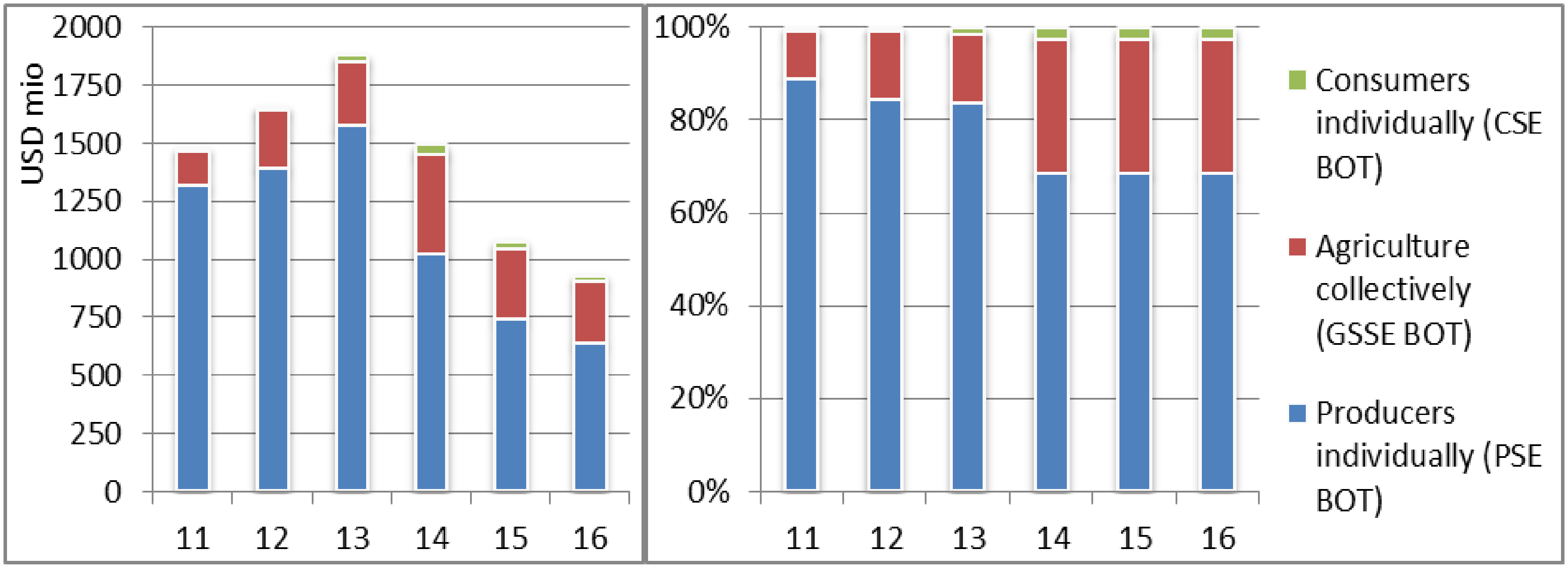
INTERPRETATION/COMMENTS

- In economic value, swine meat contributes around 9.6 % in total output produced by agricultural organizations (2016). During 2010-2013 Belarus imported significant volume of pork, for example, in 2012 – 115.4 thous. tons when production was – 272.3 thous tons. of which 22 % – exported. Imported swine meat should be fully processed, sales of imported meat directly (without processing) in retailers is prohibited. Currently Belarus orients on meeting the requirement in domestic demand including raw materials almost without import Access costs – transport costs, veterinary documents, commercial costs

DRIVING FACTORS

Budgetary transfers to agriculture

Budgetary transfers to agriculture by economic group to which the transfer is provided, 2005-2016



INTERPRETATION/COMMENTS

- Budgetary support to producers is almost exclusively composed of measures oriented towards cost reduction for variable inputs (and on-farm services) on-farm investment support
- Recent trends on declining of budgetary support are observed

Agricultural Policy Outline in Belarus

Indicators of domestic support in Belarus

	2005	2010	2011	2012	2013	2014	2015	2016
Share of expenditures on agriculture in national consolidated budget, %	11,7	10,0	10,0	8,9	8,8	7,5	7,3	7,3
Share of expenditures on agriculture in GDP, %	4,5	3,2	2,9	3,0	2,8	2,0	2,0	2,1
Share of expenditures on agriculture in value of agricultural output, %	18,7	15,0	14,7	14,5	15,9	12,3	13,6	12,9
Growth rate of gross agricultural output *(at constant prices to previous year), %*	106,3	101,3	108,6	107,2	96,6	103,1	97,5	103,3
Growth rate of gross food production including beverages and tobacco, *(at constant prices to previous year), %*	109,5	110,7	108,7	104,5	102,0	98,5	98,8	102,5

Conclusions

- ❑ Belarus is enough large producer of agriculture and food, particularly of meat and dairy products. And in the whole – animal origin production takes 55 % of total agricultural production. The main agricultural products are meat (share is about 26 %), dairy (25.7 %), grain (12 %), also potato, flax, sugar beet, fruits and vegetables. Belorussian export box includes mainly: milk products (butter, cheese, skimmed milk and whey), meat (mainly beef and chicken), sugar, rape oil and so on.
- ❑ Agricultural production is concentrated in large agricultural enterprises, but a considerable part (about 22 percent) derives from the farmers and family farms in rural areas (85.1percent of vegetables, 85.5 percent of potatoes).
- ❑ One more positive factor for development export potential is neighboring with world consumer of food – Russian Federation, and Russia is the main trading partner in agricultural goods **enjoying free-trade regime**.
- ❑ Fluctuations in exchange rates (as a consequence of the Russian ruble devaluation, and repeated national currency devaluations) contribute to the price disincentives, as well as the volatility of key trading markets

- Budgetary support to producers is almost exclusively composed of measures oriented towards cost reduction for variable inputs (and on-farm services) on-farm investment support
- Recent trends on declining of budgetary support are observed

Thanks for your attention!

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