

# **Export potential of Belarus's agro-food sector on the markets of Europe, Asia and Africa**

## **Part 1: plant-origin products**

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# Structure

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3. Methodology for export potential assessment
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# 1. Introduction

- BEL exports of plant-origin products increased by robust 31% in 2018
- As such, they accounted for 20% of total BEL exports of agro-food products
- However, ca. 3/4 of exports of plant-origin products is shipped to Russia
- Against this background, it is useful to assess export potential of plant-origin products to other markets

## Aim of the study

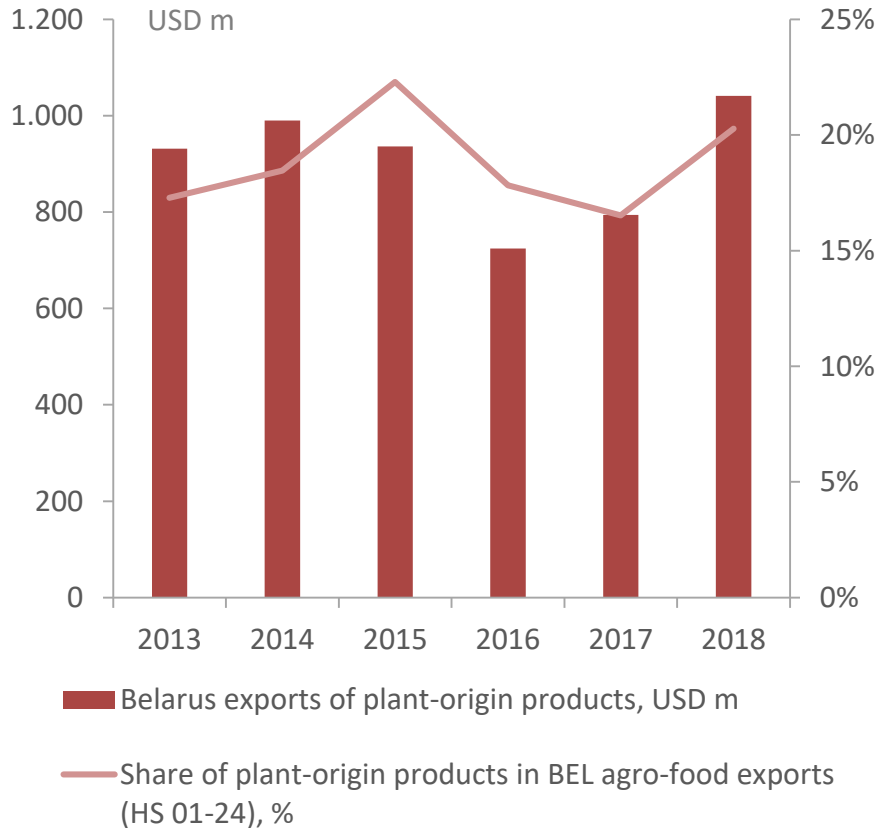
- Identification of BEL plant-origin products that could be channeled to the markets of Europe, Asia and Africa
- Focus: products already exported by BEL, i.e. short- to medium-term view

## Key questions

- Which plant-origin products have the highest export potential?
- Which destinations have the highest potential for identified products?

## 2. Belarus' exports of plant-origin products

### Belarus' exports of plant-origin products



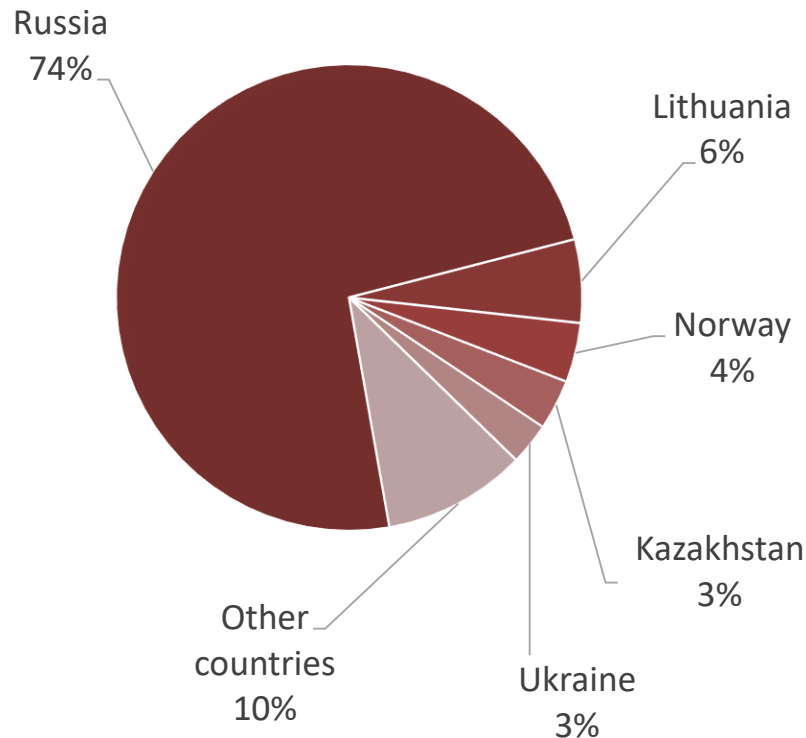
- Belarus' exports of plant-origin products, 2018:
  - Nominal value: USD 1.0 bn
  - Growth: +31% yoy
  - Share BEL agro-food exports: 20%
  - Share BEL total exports: 3%
- Key products:
  - Sugar: USD 182 m, -5% yoy
  - Rape, colza or mustard oil: USD 170 m, +254% yoy
  - Mushrooms, eggplants etc.: USD 82 m, +32% yoy

Source: UN ComTrade; exports of plant-origin products does not cover beverages and tobacco

→ **Strong recovery of exports**

## Exports by key destinations

### Structure of Belarus exports of plant-origin products by countries, 2018



- Belarus exports mainly to neighbors
- Key 'group' partners in 2018:
  - EAEU: 78% of total
  - EU: 12%
  - 'DCFTA' (UKR+MLD+GEO): 3%
- Key individual country partners:
  - Russia: 74%
  - Lithuania: 6%
  - Norway: 4%

**→ High concentration on Russia's market**

Source: UN ComTrade; exports of goods

# Belarus access to markets of Europe, Asia and Africa

## Import duties

- Belarus market access is constrained by its limited participation in multilateral and regional trade agreements
- WTO membership: expected by end-2020. It will provide access to agriculture-related TRQs maintained by WTO member countries
- Only two preferential trade agreements outside the CIS: Serbia and Vietnam

## Logistics

- Further efforts are needed to reduce logistics costs
- Belarus is ranked high – 25 out of 190 countries – in the category “Trading across borders” of WB Doing Business 2019
- BUT: Belarus is ranked 103 out of 160 countries in WB Logistic Performance Index 2018, with the lowest performance in categories “easiness to arrange competitively prices international shipments” and “efficiency of a clearance process at customs”

### 3. Methodology for export potential assessment

- Export potential assessment is based on the modified International Trade Centre (ITC) methodology
- Three dimensions of export potential assessment; see also Annex 1
  - i. *Supply side dimension*: export performance of Belarus
  - ii. *Demand side dimension*: import performance of potential partners
  - iii. *Trade cost dimension*: indicators for costs associated with BEL exports to a particular partner compared to other destinations

#### **Stage I (based on dimension i. and ii. + sector verification)**

- Identification of top products based on dimensions i. and ii.
- Verification of the list of top products using sectoral information
- Selection of top-20 products with the highest export potential

#### **Stage II (based on dimension ii. and iii.)**

- Identification of top-10 importing countries for each of top-20 products

## 4. Export potential in Europe

### Stage I

- Identification of 20 products with the highest potential on the market of Europe (“top-20”)

### Stage II

- Identification of top-10 destinations within Europe for each of top-20 product



## Stage I: top-20 plant-origin products for Europe (1/2)

rank	Composite score (max=100)	HS2012	HS 2012 Product Description	BEL total exports, 2018, USD m	Europe total imports, 2017, USD m
1	82	0603	Cut flowers and flower buds	71	5,112
2	75	0709	Other vegetables (e.g. mushrooms), fresh or chilled.	82	7,593
3	74	0810	Other fruit (e.g. berries), fresh.	20	6,237
4	74	0811	Fruit and nuts, frozen	62	2,644
5	68	2008	Fruit, nuts, prepared or preserved	14	6,203
6	65	2009	Fruit and vegetable juices.	10	8,626
7	65	1108	Starches; inulin.	9	1,124
8	65	2007	Jams, fruit jellies, marmalades	12	1,543
9	61	0808	Apples, pears and quinces, fresh.	38	3,866
10	60	1514	Rape, colza or mustard oil	170	2,860

Source: own estimates

## Stage I: top-20 plant-origin products for Europe (2/2)

rank	Composite score (max=100)	HS2012	HS 2012 Product Description	BEL total exports, 2018, USD m	Europe total imports, 2017, USD m
11	60	1104	Cereal grains worked (e.g., hulled, rolled, flaked)	3	629
12	59	1701	Cane or beet sugar and chemically pure sucrose, in solid form.	182	5,287
13	56	0707	Cucumbers and gherkins, fresh or chilled.	24	1,490
14	56	1704	Sugar confectionery, not containing cocoa.	13	4,564
15	56	0710	Vegetables, frozen.	33	3,344
16	55	0704	Cabbages, fresh or chilled.	7	1,364
17	53	1515	Other fixed vegetable fats and oils	1	1,667
18	53	2102	Yeasts; prepared baking powders.	3	898
19	52	0706	Carrots, turnips, salad beetroot, fresh or chilled.	38	811
20	52	2103	Sauces and preparations	1	5,000

Source: own estimates

## Stage II: Destinations within Europe with highest potential

**Result of Stage II:** 20 tables containing top-10 countries for each product; see TN/02/2019

**Due to space limitations:** here only table and map with most promising export destinations in Europe for the top-20 products as a group

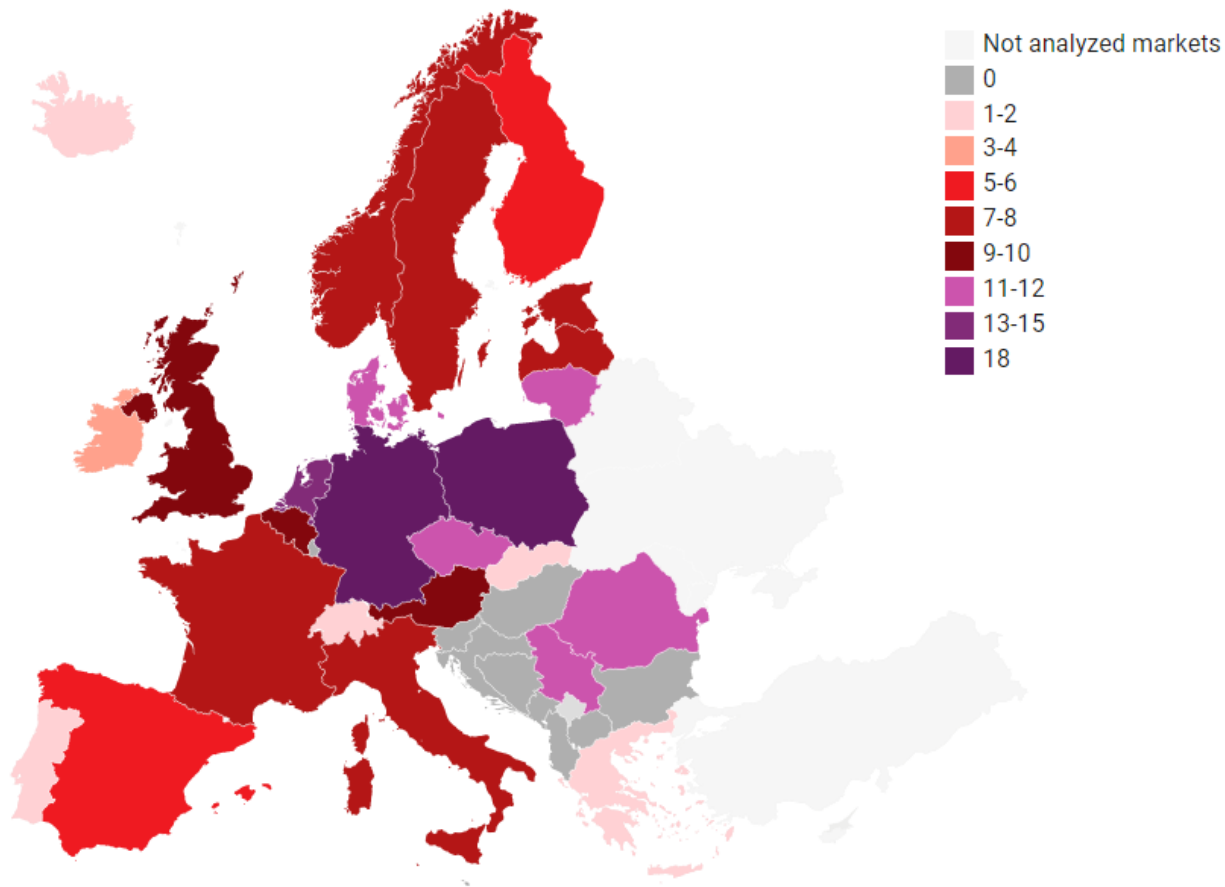
**European countries ranked by the export potential for top-20 BEL plant-origin products**

Country	Frequency
Germany, Poland	16-18
Netherlands	13-15
Czechia, Lithuania, Serbia, Romania, Denmark, Austria	10-12
Belgium, United Kingdom, France, Latvia, Sweden, Estonia, Italy, Norway	7-9
Finland, Spain	4-6
Ireland, Greece, Iceland, Portugal, Slovakia, Switzerland	1-3
Other countries of Europe	0

*Sources: Own estimates*

*Note: The value assigned to each country refers to how often the country was mentioned in the Top-10 destinations calculated for each of the Top-20*

# Map of Europe with the highest export potential for BEL plant-origin products



Sources: Own estimates

Note: The value assigned to each country refers to how often the country was mentioned in the Top-10 destinations calculated for each of the Top-20 products

## 5. Export potential in Asia & Africa

### Stage I

- Identification of 20 products with the highest potential on the markets of Asia and Africa (“top-20”)

### Stage II

- Identification of top-10 destinations within Asia and Africa for each of top-20 product

## Stage I: top-20 plant-origin products for Asia & Africa (1/2)

rank	Composite score (max=100)	HS2012	HS 2012 Product Description	BEL total exports, 2018, USD m	Asia & Africa total imports, 2017, USD m
1	71	2101	Extracts, essences and concentrates	6	2,322
2	67	0808	Apples, pears and quinces, fresh.	38	2,860
3	66	1701	Cane or beet sugar and chemically pure sucrose, in solid form.	182	16,313
4	66	0603	Cut flowers and flower buds	71	315
5	65	2008	Fruit, nuts, prepared or preserved	14	2,125
6	60	0709	Other vegetables (e.g. mushrooms), fresh or chilled.	82	866
7	60	1108	Starches; inulin.	9	1,731
8	60	0810	Other fruit (e.g. berries), fresh.	20	4,031
9	58	2007	Jams, fruit jellies, marmalades	12	430
10	58	1104	Cereal grains worked (e.g., hulled, rolled, flaked)	3	429

Source: own estimates

## Stage I: top-20 plant-origin products for Asia & Africa (2/2)

rank	Composite score (max=100)	HS2012	HS 2012 Product Description	BEL total exports, 2018, USD m	Asia & Africa total imports, 2017, USD m
11	58	0703	Onions, shallots, garlic, fresh or chilled.	3	2,223
12	57	0811	Fruit and nuts, frozen	62	372
13	56	1107	Malt, whether or not roasted.	23	850
14	55	0706	Carrots, turnips, salad beetroot, fresh or chilled.	38	323
15	55	1704	Sugar confectionery, not containing cocoa.	13	1,859
16	55	0710	Vegetables, frozen.	33	698
17	53	1514	Rape, colza or mustard oil	170	1,304
18	51	0704	Cabbages, cauliflowers, fresh or chilled.	7	582
19	50	2102	Yeasts; prepared baking powders.	3	650
20	50	2103	Sauces and preparations	1	2,124

Source: own estimates

## Stage II: Destinations within Asia & Africa with highest potential

**Result of Stage II:** 20 tables containing top-10 countries for each product; see TN/02/2019

**Due to space limitations:** here only table and map with most promising export destinations in Asia & Africa for the top-20 products as a group

**Asian & African countries ranked by the export potential for top-20 BEL plant-origin products**

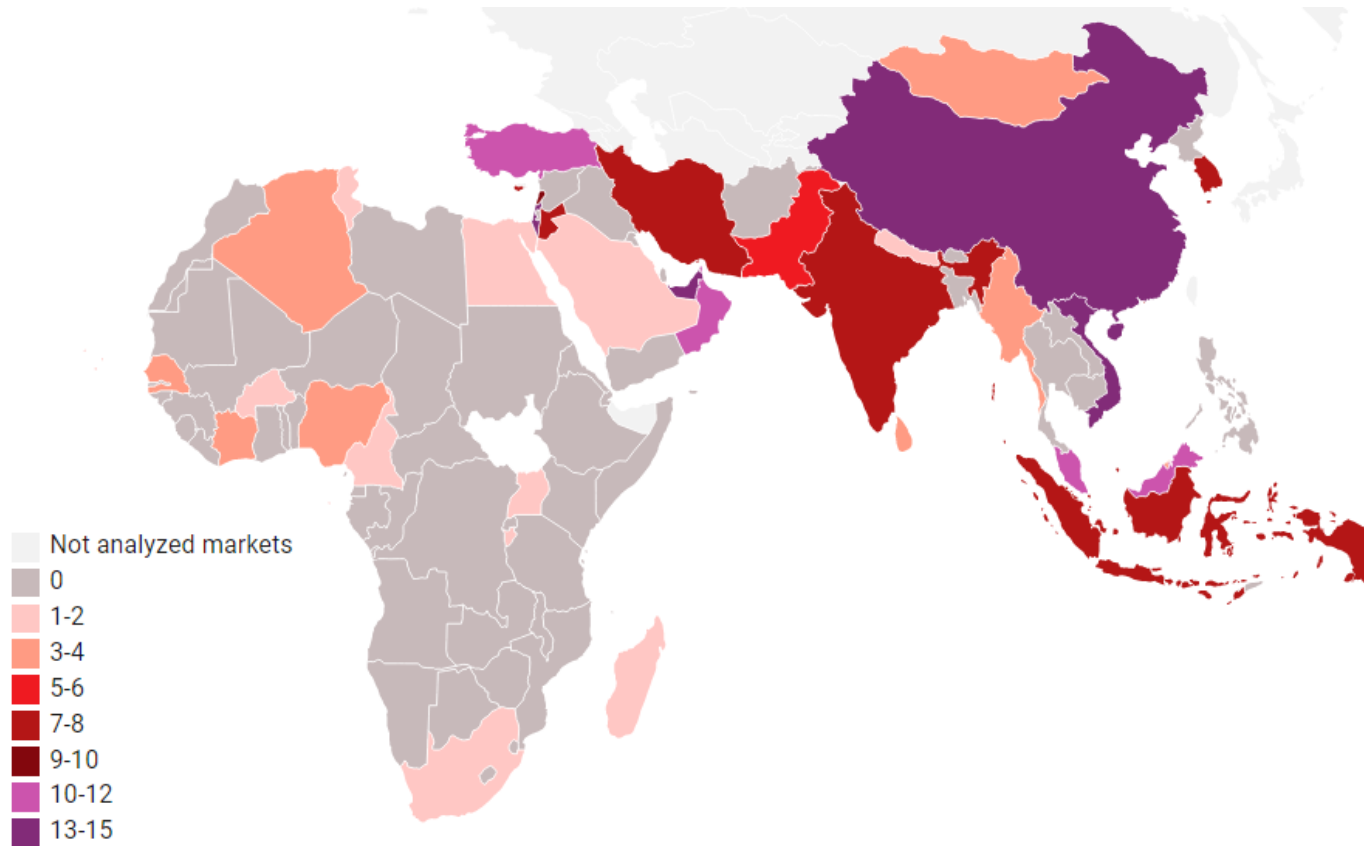
Country	Frequency
China, Israel, United Arab Emirates, Vietnam	13-15
Malaysia, Oman, Turkey, Lebanon	10-12
Cyprus, India, Jordan, Korea, Hong Kong, Indonesia, Iran	7-9
Pakistan, Cote d'Ivoire, Nigeria	4-6
Algeria, Brunei , Mongolia, Myanmar, Senegal, Singapore, Sri Lanka, Maldives, Nepal, Tunisia, Uganda, Burkina Faso, Burundi, Cameroon, Cape Verde, Egypt, Madagascar, Mauritius, Sao Tome and Principe, Saudi Arabia, South Africa	1-3
Other countries of Asia & Africa	0

*Sources: Own estimates*

*Note: The value assigned to each country refers to how often the country was mentioned in the Top-10 destinations calculated for each of the Top-20*



# Map of Asia & Africa with the highest export potential for BEL plant-origin products



Sources: Own estimates

Note: The value assigned to each country refers to how often the country was mentioned in the Top-10 destinations calculated for each of the Top-20 products

## 6. Conclusions

- The study focused on the analysis of export potential of goods that Belarus has already exported actively, but mostly to Russia
- Our research shows that BEL plant-origin products also have a high export potential in other countries, in particular:
  - **Europe:** Germany, Poland, the Netherlands, Czechia, Lithuania and Serbia
  - **Asia & Africa:** China, Israel, UAE, Vietnam, Malaysia, Oman and Turkey
- The highest export potential, i.e. the best combination of supply and demand characteristics, is given for the follow products:
  - **Europe:** cut flowers; other fresh vegetables, incl. mushrooms and eggplants; other fresh fruits, namely berries
  - **Asia & Africa:** extracts and essences; fresh apples; sugar
- To get the most from the identified export potential, export promotion efforts should be coupled with logistics development and improved market access

## Contacts

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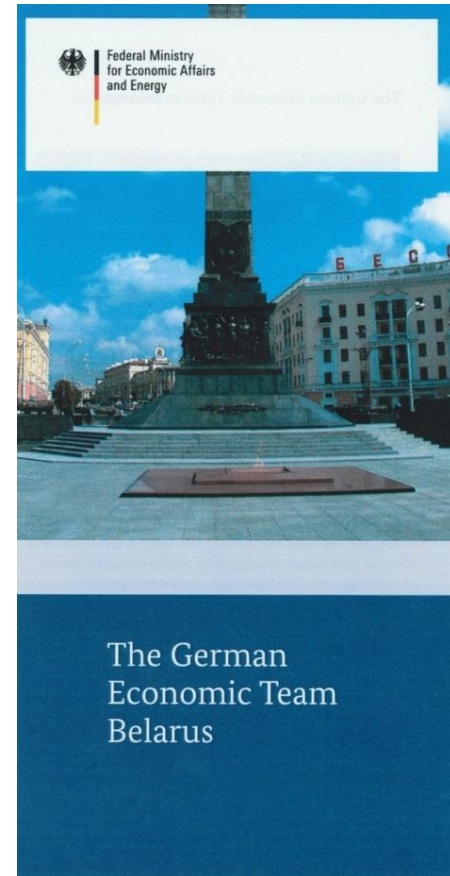
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## Annex 1.1: Supply side dimension of methodology

- *Total export value.* The larger the total exports of the country, the greater its potential for expansion
- *World market share.* It is an indicator of the competitiveness of the product. While the total export value is biased towards large industries, the world market share could show the potential of smaller industries
- *Total export growth (in volume).* The faster the export growth, the better it is for export potential
- *Revealed comparative advantage (RCA).* The RCA is traditionally used to evaluate competitiveness of exporters

## Annex 1.2: Demand side dimension

- *Total value of imports.* It shows the potential size of the market
- *Import growth (in volume).* Higher import growth signals a demand expansion and thus could produce more opportunities for the exporter than a stagnant or declining market
  
- In this analysis, the calculations are done separately for:
  - Target market as a whole (Europe, Asia & Africa)
  - Individual countries (threshold at USD 1 million is applied to exclude 'shallow' markets)

## Annex 1.3: Trade cost dimension

- *Average tariff faced by Belarus.* It allows comparing different markets putting the countries with more liberal tariff regime up
- *Average tariff advantage of Belarus compared to the country's applied average.* It reveals the relative competitiveness of the exporter on the importing market
- *Relative unit value.* It shows whether the exporter can supply to the importing market cheaper than its competitors can.
- *Distance to the country from Belarus.* The distance is an important proxy of transportation costs
- *Distance advantage of Belarus compared to the country's average distance of imports.* It reveals whether Belarus is better off placed than its potential competitors if the distance of shipping is compared