

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

Part 2: animal-origin products

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1. Introduction

- BEL exports of animal-origin products amounted to USD 3.8 bn in 2018
- They accounted for 12% of total exports, dominated in BEL agro-food exports
- However, 82% of exports of animal-origin products is shipped to Russia
- Against this background, it is useful to assess export potential of animal-origin products to other markets

Aim of the study

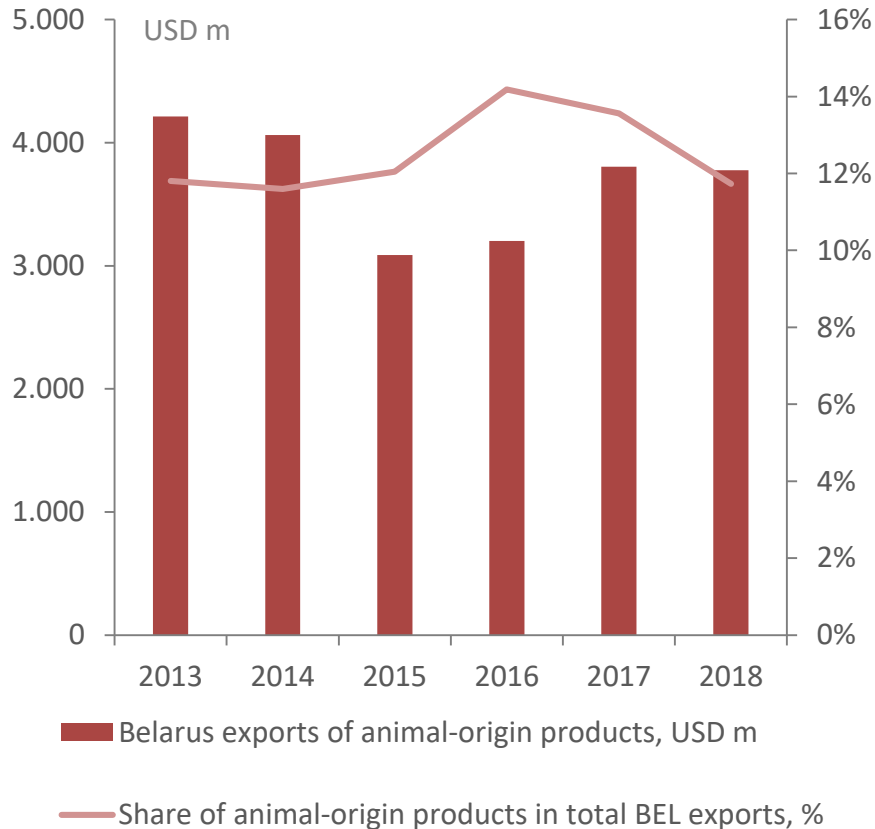
- Identification of BEL animal-origin products that could be channeled to the markets of Europe, Asia and Africa
- Focus: products already exported by BEL, i.e. short- to medium-term view

Key questions

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

2. Belarus' exports of animal-origin products

Belarus' exports of animal-origin products

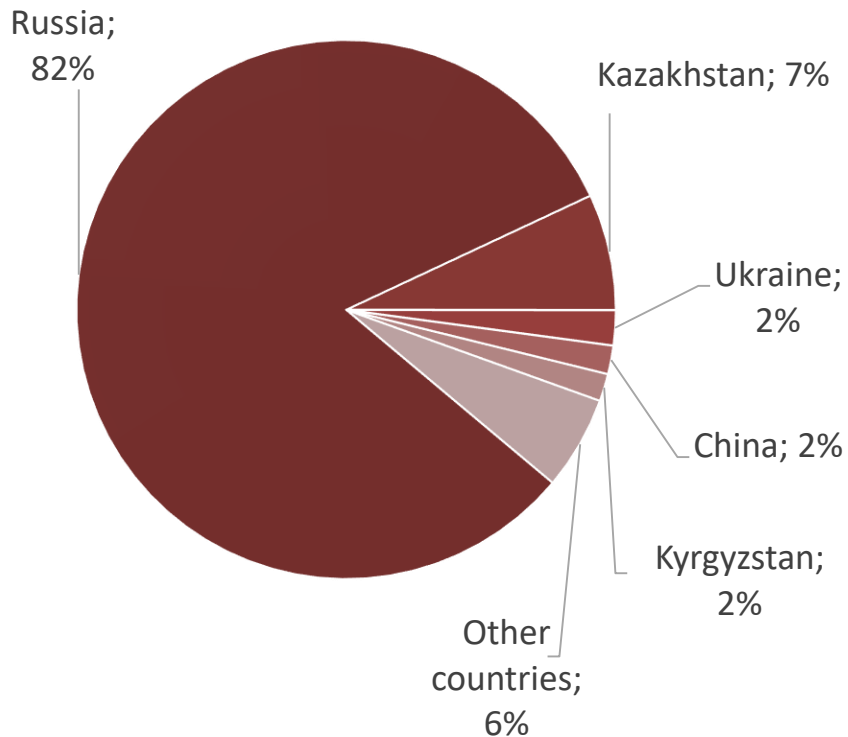


Source: UN ComTrade

- Belarus' exports of animal-origin products, 2018:
 - Nominal value: USD 3.8 bn
 - Growth (2018/2017): -1% yoy
 - Share BEL agro-food exports: 74%
 - Share BEL total exports: 12%
- ➔ **Animal-origin products dominate in Belarus agro-food exports**
- Key products:
 - Cheese: USD 811 m, +2% yoy
 - Butter: USD 403 m, +7% yoy
 - Milk concentrated: USD 402 m, -16% yoy
 - Bovine meat: USD 382 m, +7% yoy
 - Poultry meat: USD 254 m, +13% yoy

Exports by key destinations

Structure of Belarus exports of animal-origin products by countries, 2018



- Belarus exports mainly to the EAEU
- Key 'group' partners in 2018:
 - EAEU: 91% of total
 - EU: 1%
 - 'DCFTA' (UKR+MLD+GEO): 3%
- Key individual country partners:
 - Russia: 82%
 - Kazakhstan: 7%
 - Ukraine: 2%

→ High concentration on Russia's market

Source: UN ComTrade

Belarus access to markets of Europe, Asia and Africa

Import duties

- Belarus access is constrained by its limited participation in multilateral and regional trade agreements
- WTO membership: expected by end-2020
 - Access to agriculture-related TRQs
- Only two preferential trade agreements outside the CIS: Serbia and Vietnam

Safety requirements

- Belarus has already confirmed product safety requirements for many animal-origin products, for example:
 - EU: Belarus has verified establishments for 5 categories of food products (fish, milk, snails, casing, gelatin) and 9 categories of animal by-products
 - China: signed protocol on exports of frozen beef
- But still, further efforts will be needed to get verifications and thus open markets for each category of animal-origin products

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-10 products with the highest export potential

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

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

4. Export potential in Europe

Stage I

- Identification of 10 products with the highest potential on the market of Europe (“top-10”)

Stage II

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

Stage I: top-10 animal-origin products for Europe

rank	Composite score (max=100)	HS2012	HS 2012 Product Description	BEL total exports, 2018, USD m	Europe total imports, 2017, USD m
1	74	0406	Cheese and curd.	811	19,577
2	73	0405	Butter; dairy spreads.	403	5,353
3	72	1604	Prepared or preserved fish	184	7,402
4	67	0207	Meat and edible offal of poultry	254	9,346
5	67	0202	Meat of bovine animals, frozen.	162	2,299
6	65	1605	Crustaceans, other aquatic invertebrates, prepared or preserved.	29	4,973
7	65	0201	Meat of bovine animals, fresh or chilled.	382	11,587
8	64	0401	Milk and cream, not concentrated	177	6,768
9	63	1601	Sausages and similar products	105	3,146
10	57	0403	Buttermilk, curdled milk and cream, yogurt	158	2,954

Source: own estimates

Stage II: Destinations within Europe with highest potential

Result of Stage II: 10 tables containing top-10 countries for each product; see TN/03/2019

Due to space limitations: here only table and map with most promising export destinations in Europe for the top-10 products as a group

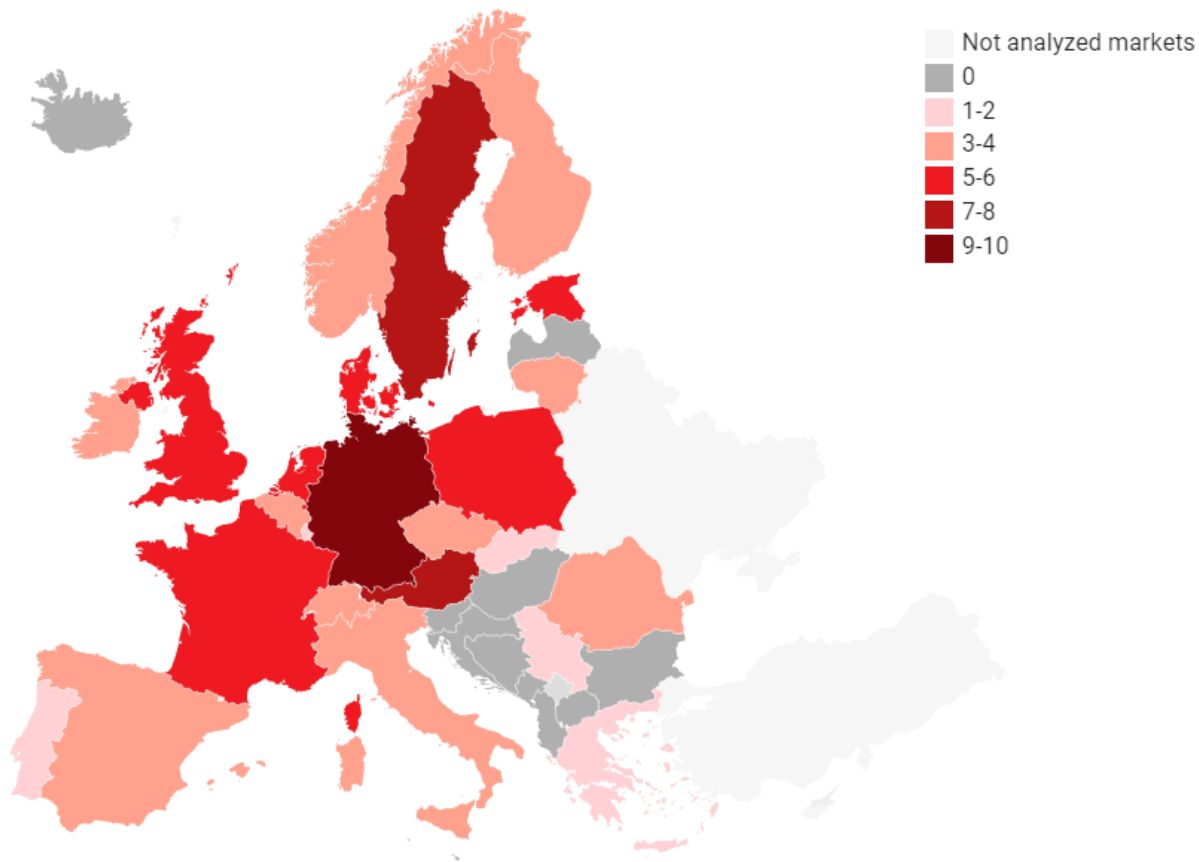
European countries ranked by the export potential for top-10 BEL animal-origin products

Country	Frequency
Germany	10
Austria, Sweden	7-8
France, Poland, United Kingdom, Denmark, Estonia, Netherlands	5-6
Belgium, Czechia, Ireland, Italy, Spain, Finland, Lithuania, Norway, Romania, Switzerland	3-4
Luxembourg, Serbia, Slovakia, Greece, Portugal	1-2
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-10

Map of Europe with the highest export potential for BEL animal-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-10 products

5. Export potential in Asia & Africa

Stage I

- Identification of 10 products with the highest potential on the markets of Asia and Africa (“top-10”)

Stage II

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

Stage I: top-10 animal-origin products for Asia & Africa

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	0406	Cheese and curd.	811	3,727
2	70	0202	Meat of bovine animals, frozen.	162	10,959
3	70	0405	Butter; dairy spreads.	403	2,342
4	70	0201	Meat of bovine animals, fresh or chilled.	382	2,057
5	69	0402	Milk and cream, concentrated	402	11,065
6	66	0207	Meat and edible offal, of the poultry	254	6,983
7	66	2301	Flours, meals and pellets, of meat or fish	13	3,565
8	61	0401	Milk and cream, not concentrated	177	1,801
9	61	0403	Buttermilk, curdled milk and cream, yogurt	158	704
10	60	1605	Crustaceans, other aquatic invertebrates, prepared or preserved.	29	3,526

Source: own estimates

Stage II: Destinations within Asia & Africa with highest potential

Result of Stage II: 10 tables containing top-10 countries for each product; see TN/03/2019

Due to space limitations: here only table and map with most promising export destinations in Asia & Africa for the top-10 products as a group

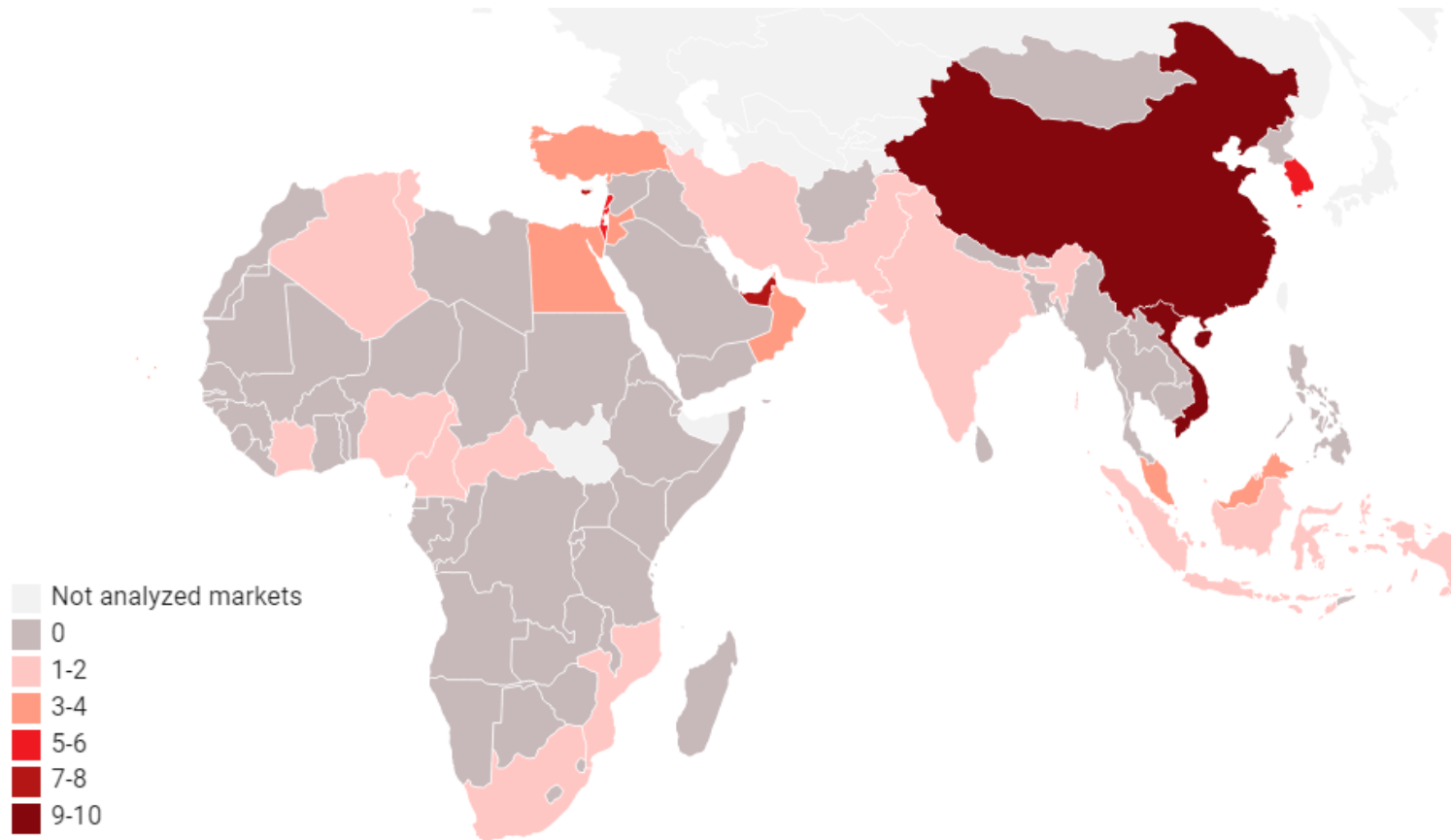
Asian & African countries ranked by the export potential for top-10 BEL animal-origin products

Country	Frequency
China, Vietnam	9-10
United Arab Emirates, Cyprus	7-8
Korea, Israel, Lebanon	5-6
Hong Kong, Jordan, Malaysia, Mauritius, Oman, Singapore, Cape Verde, Egypt, Maldives, Turkey	3-4
Brunei, Pakistan, Algeria, Cameroon, Central African Republic, Cote d'Ivoire, India, Indonesia, Iran, Mozambique, Nigeria, South Africa, Tunisia	1-2
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-10

Map of Asia & Africa with the highest export potential for BEL animal-origin products in Asia & Africa



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-10 products

6. Conclusions

- The study focused on the analysis of export potential of goods that Belarus has already exported actively, but predominantly to Russia
- Our research shows that BEL animal-origin products also have a high export potential in other countries, in particular:
 - **Europe:** Germany, Austria, Sweden, France, Poland, the UK
 - **Asia & Africa:** China, Vietnam, UAE, Cyprus, Korea, Israel, Lebanon
- The highest export potential, i.e. the best combination of supply and demand characteristics, is given for the following goods:
 - **Europe:** cheese, butter and dairy spreads, prepared and preserved fish
 - **Asia & Africa:** cheese, bovine meat, and butter and dairy spreads
- To get the most from the identified export potential, export promotion efforts should be coupled with the improved market access, logistics development, and further verification of the compliance of safety regulations with international standards

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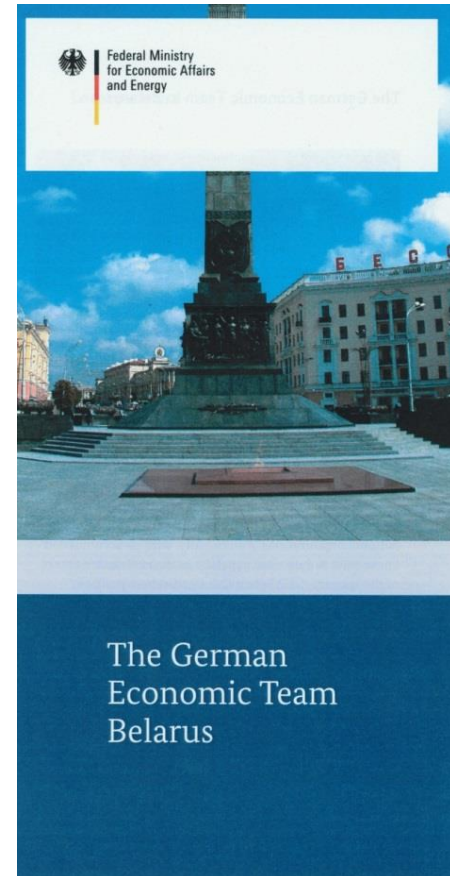
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Annex 1.1: Supply side dimension of methodology

- *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