

THE FOREIGN TRADE ACTIVITIES OF FOOD INDUSTRY ENTERPRISES OF THE REPUBLIC OF BELARUS

V. DUBEIKO, JOHN BANZEKULIVAHU MUHIZI

Polotsk State University, Belarus

The article presents the results of the analysis of foreign trade activities of food industry enterprises of the Republic of Belarus; the assessment of the country's export potential in recent years and in the context of the COVID-19 pandemic was given; it was concluded that measures were taken to improve the competitiveness of products of the country's food industry to expand the geography of exports.

The Republic of Belarus implements a multi-vector foreign economic policy and actively participates in international integration processes. Belarus is an export-oriented state with a well-developed manufacturing sector and agriculture. 61% of products manufactured by enterprises of the Republic of Belarus are exported. Belarus maintains foreign trade relations with more than 200 countries of the world.

The food industry of the Republic of Belarus is a strategically important sector of the national economy, which is developing dynamically and focused primarily on export. This industry produces almost 18% of the products of all enterprises of the agro-industrial complex of the country. In the country's gross domestic product, the share of agriculture is about 7% [1].

More than 1,100 enterprises are involved in the food industry of the Republic of Belarus that produce food products, alcoholic and non-alcoholic beverages, tobacco and tobacco products. The largest food industry enterprises in the country are typical for the meat and meat canning, dairy, confectionery and sugar sectors, small ones for the starch and butter sectors.

In large cities of the Republic of Belarus, there are bread, meat and milk factories, confectionery factories, and butter, sugar and canning factories are located in the places of mass production of raw materials that they process (figure 1).

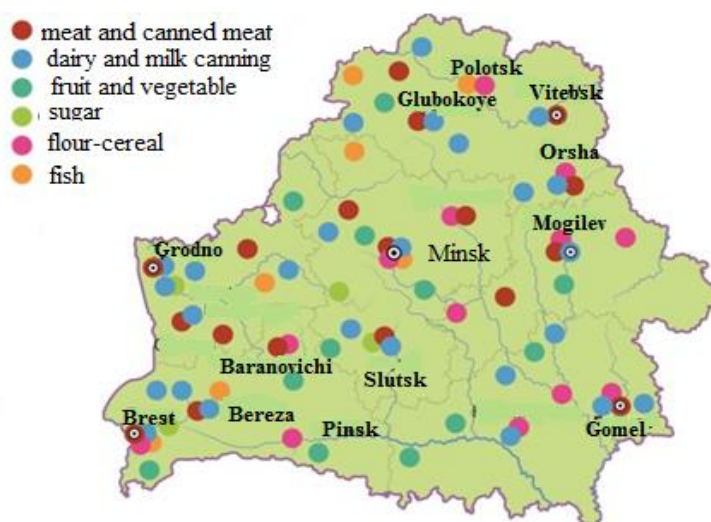


Figure 1. – Concentration of food industry enterprises on the territory of the Republic of Belarus

Note: source [1]

Only about 20 food industry enterprises of Belarus have the right to export food products to the countries of the European union, which is a very low figure. They supply the European Union mainly non-alcoholic and alcoholic beverages, confectionery, canned fish. 10 Belarussian food industry enterprises have recently got the right to supply milk and dairy products to the countries of the European union.

In 2020, the foreign trade turnover of the Republic of Belarus reached USD 61.7 billion, which is 21% more than in 2016. Of the total, the food industry showed an increase in exports by 4.4%.

Belarus is faced with the task of expanding the geography of agricultural exports. In 2019, the country's agricultural products were supplied to 104 countries of the world.

The exports geography of agricultural products and food products was 84.7% to the countries of the Eurasian economic union, 4.4% to the European union, and 10.9% to other countries and was formed taking into account the highest economic efficiency of export sales for agricultural and processing enterprises of the Republic. Belarus [2].

The unfavorable forecast of the prospects for the sale of Belarussian products on the Russian market also causes concern. In Russia, the food security doctrine has been adopted, which provides for the maximum saturation of the domestic market with its own products. In 2020, in comparison with 2010, it was planned to increase the production of agricultural products in comparable prices by 39%, and food products - by 60 % in the Russian Federation. Even higher growth rates are planned for the group of meat and meat products, milk and dairy products. This direction refers to the agricultural priorities of the first level. In such a situation, it is necessary to integrate with Russian and Kazakh manufacturers [3].

In order to increase the export of Belarussian organizations that produce food products, the main attention should be focused on the introduction of high-tech, waste-free and resource-saving technologies in them. At the same time, the capacities of enterprises should be increased in accordance with the growth of production of raw materials, especially at the meat and dairy, vegetable canning and sugar enterprises.

The Republic of Belarus is modernizing its food industry enterprises, increasing the production of dairy products and diversifying exports. According to the data of the Ministry of Agriculture and Food of the Republic of Belarus, in 2019 the export of dairy products amounted to USD 2,342.9 million, which is 34% higher than in 2015. By 2025, it is planned to increase the export of dairy products to USD 3,120.7 million, and by 2030 - to USD 3,959 million. At the same time, Belarus is really making a lot of efforts to diversify export supplies. The share of deliveries of dairy products to Russia in 2015 was 96.6% (taking into account the embargo introduced in 2014, this is an understandable figure), in 2018 the share dropped to 78%, and in 2019 it was 87.7%. This is a significant volume of supplies, which depends on the key sales market [4].

Already in 2020, Belarus has increased the production and sale of almost all types of dairy products. According to the State Statistical Committee of the Republic of Belarus, the volume of production of whole milk products in terms of milk increased by 5.4% to nearly 2.1 million tons. The production of powdered milk and cream increased by 5.7% to 158.6 thousand tons, butter - by 3.4% to 119.5 thousand tons, cheeses - by 11.1% to 269.2 thousand tons, condensed milk and cream - by 20.6% to 78.4 thousand tons, ice cream - by 5.5% to 35.1 thousand tons. The only type of dairy products, the production of which has decreased, is low-fat dairy products. The volume of its production decreased by 26.9% to 66.3 thousand tons in terms of skim milk. Stocks of dairy products have grown, however, there is less than the average monthly production volume in warehouses for all types. Stocks of cheese amounted to 8.6 thousand tons or 38.2% of the average monthly production, dried milk and cream - 4.9 thousand tons or 40.6%, butter - 4.8 thousand tons or 48%, condensed milk and cream - 2.4 thousand tons or 46.9% [5, p. 24].

If we consider meat products, then, despite the pandemic, exports in 2020 were increased by 11%, and the geography of supplies expanded.

The Republic of Belarus exports 400 thousand tons of meat products to 24 countries of the world. In 2020, the export of meat products amounted to USD 973 million. The largest export volumes are poultry meat (190 thousand tons), beef meat (150 thousand tons). In addition, the export of finished sausages increased significantly - 57 thousand tons (an increase of 21%).

The three leaders in the export of Belarussian meat in 2020 are Russia, Kazakhstan and China. In the segment of meat supplies, Russia occupies 60% of all exported Belarussian meat products. In China, 26 Belarussian enterprises are certified (for poultry and beef). Meat exports doubled and amounted to USD 114 million [6].

Next, we will consider the export of sugar products, since there are four sugar factories in Belarus - two in the Minsk region, one each in Grodno and Brest.

Sugar factories have been modernized to varying degrees, to a greater extent this is the Slutsk sugar refinery. The modernization has increased the efficiency of the enterprises. Losses of sucrose in production are reduced by 50%, the content of sucrose in molasses (a by-product of sugar production) is reduced by 24%. In 2019, the sugar yield was 14.27% (in 2018 - 14.14%). Sugar losses in production averaged 0.37% of the beet weight (in 2018 - 0.53%), the degree of sucrose extraction was increased to 84.41% of the beet weight (in 2018 - 83.33%), reduced energy consumption [7].

But, after the modernization, the enterprises turned out to be a little on credit. Additional pressure came from the unfavorable external environment. The main problem of the decline in the efficiency of the sugar industry was the global overproduction of sugar and its surplus in the market of the Eurasian economic union. Russia and Kazakhstan have significantly strengthened their positions in the sugar market.

Taking into account weather conditions, the sugar beet harvest in 2020 turned out to be 20% lower than the level of 2019, the gross harvest is at the level of just over 4 million tons. Of the crop, the factories produced about 530 thousand tons of sugar (78% to the level of 2019). At the same time, the grown crop is enough

Economics

to provide the domestic market in full, the surplus is sold for export. We are not talking about excess stocks today, they, taking into account the beginning of the processing season, are within the normative values.

During the COVID-19 pandemic, the sugar market was influenced by two oppositely directed trends, on the one hand, sugar consumption in the HoReCa segment decreased, which is associated with restrictions on the work of restaurants and cafes, and on the other hand, in conditions of self-isolation, people became larger doing home-made baking. So, according to international experts, the first and second waves of the COVID-19 pandemic did not significantly affect sugar consumption.

In 2020, sugar factories of the Republic of Belarus shipped 361 thousand tons of sugar to the external market in the amount of US \$ 112 million. This was facilitated by the diversification of the external market. If in 2019 73.3% of export supplies of sugar accounted for Russia, then in 2020 - already at the level of 39.6% [7].

For the first time in the history of Belarusian sugar factories, in 2020 the Belgospischeprom concern was allocated a quota for sugar supplies to China in the amount of 20 thousand tons, which were successfully shipped. Now there is a discussion on the supply of at least another 10 thousand tons.

In 2020, Belarusian producers managed to enter the African market and supply 8.3 thousand tons worth USD 2.5 million to countries that do not have their own sugar production facilities. These are Guinea, Niger, Benin, Ghana, Djibouti, Somalia. These markets are high margin.

At the same time, the main buyers of Belarusian sugar are the countries of the Commonwealth of Independent States. In 2020, 315.7 thousand tons of sugar were supplied there for a total of USD 98.1 million, including 143.9 thousand tons for 44.6 million US dollars to Russia.

Flour supplies for export in 2020 increased by 68.2%, to USD 9.7 million, casein - by 46.2%, to USD 10.9 million, rapeseed oil - by 19%, to USD 243.9 million, gelatin - by 9.5%, to USD 8.9 million, sugar - by 37.7%, to USD 152 million, oilcakes (soy and other obtained in the manufacture of vegetable oils) - by 38 %, to USD 190.4 million dollars, chocolate and products containing cocoa - by 3.7%, to USD 80.2 million.

Speaking about crop products, the Ministry of agriculture and food of the Republic of Belarus especially emphasizes fresh vegetables, they constitute the bulk of exports - more than 44%. In second place are fruits and berries, in third place are potatoes. Potatoes account for only 7.7% of the total export of crop products.

The geography of export of crop products in 2020 includes 39 countries of the world. The largest supplies traditionally fall on the countries of the Commonwealth of Independent States - the Russian Federation, Ukraine, Moldova, Kazakhstan, and the countries of the European union - Germany, Lithuania, Poland, France.

China, Russia and Lithuania have become the main importers of Belarusian flax fiber in recent years.

The current difficult conditions in the world, namely the COVID-19 pandemic, negatively affect the development of the export potential of the Republic of Belarus. Export chains are broken, and the opening of new markets requires an intensive negotiation process and personal participation, and this mechanism is disrupted due to restrictions on movement. Nevertheless, in 2020, the export rate was maintained. During this period, Belarus sold products by USD 250 million more compared to 2019.

Belarusian food industry enterprises continue to develop and introduce technologies for the production of new types of products, including functional, therapeutic and prophylactic ones, and increase the production of semi-finished products of a high degree of readiness in aseptic packaging. At the same time, special attention, as before, is paid to improving the quality of manufactured goods. In particular, we are talking about their compliance with international standards. Manufacturers strive to conquer the foreign market and satisfy the demands and needs of the consumer as much as possible by developing quality control systems for their products.

Entering the foreign market, domestic producers are beginning to take food safety issues more seriously. This is due not only to the requirements of foreign partners and consumers, but also to the relevant regulatory provisions of foreign legislation regulating the access of foreign goods to the market. But when delivering abroad, in addition to the reputation of an individual enterprise, the image of the entire country is often at stake.

Thus, there are a number of problems in the development of export of products of food industry enterprises of the Republic of Belarus, namely:

- the lack of funds from enterprises for the modernization and renewal of production facilities, investment in promising export projects;
- the main export flow falls on Russia, insignificant - to the countries of the Commonwealth of Independent States and, quite a small amount of products is supplied to other countries;
- the slow modernization of technologies;
- the lack of the process of forming transnational corporations. In the modern world, it is more profitable to compete with major players. Therefore, it is necessary to set up with the participation of Belarusian enterprises, powerful international transnational corporations which are capable of influencing the markets for raw materials, selling finished products, joining global distribution networks, while defending national interests. Integration

of private companies in Kazakhstan and Russia with ours, controlled by the state, can be significantly hampered by differences in forms of ownership, management methods and methods of financing. In such a situation, it will not be easy to find new sales markets for food industry enterprises products of the Republic of Belarus.

The analysis showed that the problems of exporting products of food industry enterprises of the Republic of Belarus largely depend on the international integration processes that are taking place in this global economic space, especially in today's conditions of the rapid spread of the COVID-19 pandemic. The Eurasian economic union significantly facilitates the export of Belarus to its member countries, mainly to Russia and Kazakhstan, while there are still unsolvable problems with other countries.

REFERENCES

1. Pishchevaya promyshlennost' Respubliki Belarus' [Electronic resource]. – Mode of access: <https://president.gov.by/ru/belarus/economics/osnovnye-otrasli/promyshlennost/pishhevaya>. – Date of access: 2021.04.09.
2. Vneshnetorgovaya deyatel'nost' [Electronic resource]. – Mode of access: <https://mfa.gov.by/trade>. – Date of access: 2021.04.09.
3. Perspektivy eksporta belorusskoy produktsii [Electronic resource]. – Mode of access: <https://www.belarus.by/ru/business/>. – Date of access: 2021.04.09.
4. Ofitsial'naya statistika rezul'tatov vneshney torgovli [Electronic resource]. – Mode of access: <https://www.belstat.gov.by/ofitsialnaya-statistika/realny-sector-ekonomiki/vneshnyaya-torgovlya/>. – Date of access: 2021.04.09.
5. Promyshlennost' Respubliki Belarus': statisticheskiy sbornik. – Minsk: Natsional'nyy statisticheskiy komitet Respubliki Belarus', 2020. – 52 p.
6. Eksport myasnoy produktsii [Electronic resource]. – Mode of access: <https://sputnik.by/economy/20210324/1047210173/Belarus-v-proshlom-godu-eksportirovala-myasnoy-produktsii-na-973-mln-dollarov.html>. – Date of access: 2021.04.09.
7. Sakharnyye zavody [Electronic resource]. – Mode of access: <http://www.government.by/ru/content/9680>. – Date of access: 2021.04.09.