



CONSTRUCTION OF AN ENERGY-SAVING GREENHOUSE AT “VOSTOK” AGRICULTURAL COMPANY

“Vostok” is a modern, multi-profile, dynamically developing agricultural company that specializes in indoor and outdoor growing of vegetables, potatoes, apples, mushrooms, as well as in rearing, milk and meat production, production of canned vegetables and mushrooms. The company also provides woodworking services, sewing and logistic services

The investment project implies the construction of a new, high-tech, energy-saving greenhouse where cucumbers, gherkins, tomatoes and eggplants are planned to grow. The prerequisites for the project are a steady demand both in Belarus and abroad for organic, environmentally friendly vegetables throughout the year.

REPUBLIC OF BELARUS

Business Environment

EURASIAN ECONOMIC UNIT



512 mln
consumers

EAEU



183 mln consumers in the EEU

10 mln consumers in Belarus

INVESTMENT LEGISLATION

73 agreements on
avoidance of double
taxation

**The Republic of Belarus is a member of
the Multilateral Agency for Guarantees
and Investments**

66 agreements on assistance
in the mutual protection of
investments

Law on investment

1. Protection against nationalization
2. Unhindered transfer of profit (income) abroad
3. Equality and non-discrimination of investors

VISA REGIME

In 2018, Belarus extended the visa-free stay for foreigners to 30 days. Visa-free visits are provided on condition of the entrance through the National Airport Minsk for citizens of 74 countries, including European countries, as well as Brazil, Indonesia, the United States, Japan and other countries.

"VOSTOK"

AGRICULTURAL COMPANY

Location	Uritskoe rural town, Gomel district, Gomel region
Ownership	Open joint stock company
Statutory fund	7.9 mln USD (6.94 mln EUR)
Type of activity	"Vostok" is a modern, multi-profile, dynamically developing agricultural company that specializes in indoor and outdoor growing of vegetables, potatoes, apples, mushrooms, as well as in rearing, milk and meat production, production of canned vegetables and mushrooms. The company also provides woodworking services, sewing and logistic services
Territory	The total farmland's area of the agricultural company is 4,773 ha, including 3,042 ha of arable land. Also the agricultural company owns a greenhouse complex, modern cannery plant with mushrooms cultivation workshop in Kalinkovichi district, a large storage for vegetables, apple garden, lake, vineyard, 2 machine and tractor parks and 4 livestock farms.
Number of staff	596 employees
Net profit in 2017	73 th. USD (64 th. EUR)
Competitive advantages of the agricultural company	<ul style="list-style-type: none"> • Moderate price level; • Certified product quality; • Closeness to main consumers; • Advantageous terms of delivery and payment for products

ABOUT PROJECT

THE INVESTMENT PROJECT IMPLIES THE CONSTRUCTION OF A **NEW, HIGH-TECH, ENERGY-SAVING GREENHOUSE** WHERE CUCUMBERS, GHERKINS, TOMATOES AND EGGPLANTS ARE PLANNED TO GROW.

PROJECT OBJECTIVES

Construction of an energy-saving greenhouse has the following purposes:

- Growing the most popular among the consumers of Belarus vegetables, increasing yields;
- Reduction of imports, gain more profits and stable income;
- Meeting the demand for this type of product in Belarus;
- Expansion to the new geographical markets;
- Increase of exports;
- Decrease of energy resource consumption.

INVESTMENTS

Total investments needed for the implementation of the project is 13 mln USD (11.5 mln EUR)

PROJECT EFFICIENCY

Period of implementation	up to 2 years
Simple payback period	7.2 years
Dynamic payback period	8.6 years
Internal rate of return (IRR)	12.8 %
Prospective annual revenue	2.5 mln USD (2.2 mln EUR)



PREREQUISITES FOR THE REALIZATION

- Optimal condition and infrastructure of the “Vostok” agricultural company (electricity, water supply, sewerage, heat);
- Raw material base;
- Qualified labor resources with experience in the field of agriculture (in 2018 the staff of the company was 569 employees);
- Access to the local market and markets of the EAEU countries;

COMPETITIVE ADVANTAGES OF THE AGRICULTURAL COMPANY

- Vast range of qualified and well-packed products;
- Regular product development;
- Own trade mark “Eastern garden”;
- Longstanding experience;
- Own raw material base;
- Flexible regulation of the production process;
- Advanced technologies;
- Customers loyalty;
- Highways;
- Marketing campaign;
- Stable position at the market of Belarus.

REVIEW OF CUCUMBERS, TOMATOES AND EGGPLANTS MARKET IN EAEU COUNTRIES AND BELARUS

According to the experts, the volume of world production of vegetables and melons is estimated to 1,150 million tons. The industry shows dynamic growth: since 1993 the total production has increased in more than 2 times. At the same time, the crop areas increased from 34.2 million ha to 58.2 million ha, and the yield growth was 25% (on average from 15 to 20 tons per hectare). The majority of vegetables are planted outside. Greenhouses are used for planting of no more than a quarter of total production.

There are 30-35 types of vegetable crops which are cultivated on industrial scale, but in different regions the structure of production changes depending on agro-climatic conditions. China is the largest vegetable producer in the world. In Russia the production of cucumbers and gherkins grew annually in 2014-2016.

According to the analysts of BusinesStat, in the following 4 years the production of cucumbers and gherkins in Russia will increase annually by 3-3.7 %. In 2022 the indicators will reach 2.28 million tons and exceed the level of 2017 by 17.8 %.

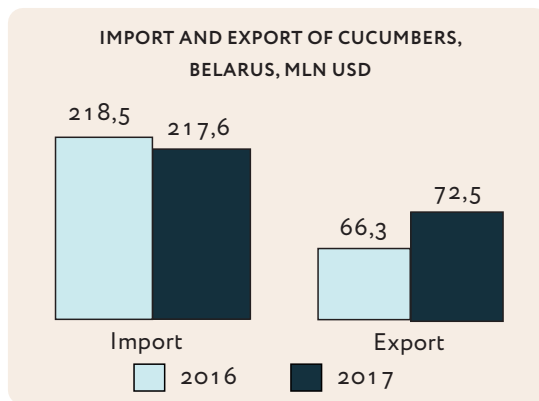
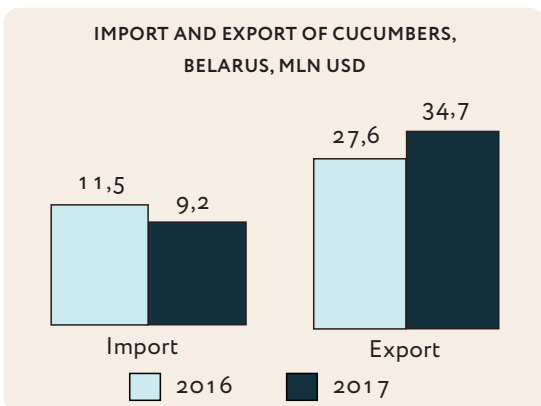
The volume of cucumbers export from Belarus in 2016 was more than 60 thousand tons, and in 2017 more

Russia (more than 53 thousand tons) and Kazakhstan (20 tons).

In 2017 Belarus imported cucumbers in the amount of more than 8 thousand tons and payed for it 9.2 mln USD (8 mln EUR). Thus, it can be concluded that the demand for cucumbers in Belarus is more than 8 thousand tons per year.

Belarus is one of the fastest growing exporters of cucumbers in the world, while, according to experts, export growth is 11.3 % per year. The average market price of cucumbers produced in Belarus and exported to Russia amounted to: in 2016 – 454 \$ (401 Euro) / t, and in 2017 – 644 \$ (569 Euro) / ton.

Tomatoes are the most consumed vegetables in the world. The total volume of the world production in 2016 amounted to 177 million tons. Ten years ago,



than 53 thousand tons. At the same time, the main importing countries were: in 2016 - Russia (more than 60 thousand tons) and Poland (42 tons), and in 2017 –

this indicator was lower by 30%. The planted area of tomatoes is 5 million ha worldwide. Average productivity per 1 sq. m is 3.7 kg.

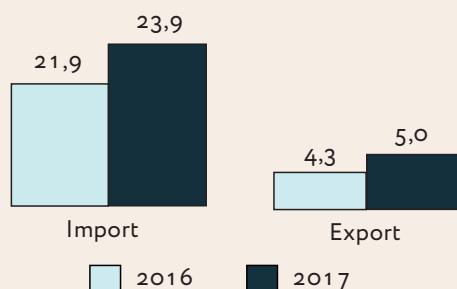
The volume of tomatoes' exports from Belarus in 2016 amounted to more than 86 thousand tons, and in 2017- more than 85 thousand tons. At the same time, the main importing countries were: in 2016 - Russia (more than 86 thousand tons) and Moldova (60 tons), and in 2017 - Russia (more than 85 thousand tons) and Kazakhstan (20 tons). In 2017 Belarus imported tomatoes in the amount of more than 168 thousand

tons and paid for it 217 mln USD (192 mln EUR). Thus, it can be concluded that the demand of Belarus in tomatoes is more than 168 thousand tons per year.

The total volume of global eggplants production in 2016 amounted to more than 47 million tons. The total volume of world trade of eggplants in 2014 amounted to 524.3 thousand tons.

The volume of eggplants export from Belarus in 2016 amounted to more than 11 thousand tons, and in 2017 more than 13 thousand tons. At the same time, the main importing country in 2016-2017 was Russia (11 and 13 thousand tons respectively). In 2017 Belarus

**IMPORT AND EXPORT OF CUCUMBERS,
BELARUS, MLN USD**



imported more than 14 thousand tons eggplants and paid for it 23.9 mln USD (21 mln EUR). Thus, it can be concluded that the demand of Belarus for eggplants is more than 14 thousand tons per year.

The average market price of eggplants produced in Belarus and exported to Russia was: in 2016 – 386 USD (341 EUR) / t, and in 2017-371 USD (328 EUR) / t.

THE PRODUCTION PLAN OF THE PROJECT

Depending on prices environment for products (cucumbers, tomatoes and eggplants) to be planted at the energy-saving greenhouse 42,000 m² in the following proportion for growing products:

1. 55% – cucumbers;
2. 40% – tomatoes;
3. 5% – eggplants.

When the energy-saving greenhouse reaches its project capacity, the volume of production per year will be:

1. Cucumbers – 2,310 tons;
2. Tomatoes – 1,176 tons;
3. Eggplant - 84 tons.

In case the average export prices for cucumbers produced in Belarus and exported to Russia in 2017 remain approximately 644 USD (569 EUR) / t, the annual revenue will be 1.5 mln USD (1.3 mln EUR).

In case the average export prices for tomatoes produced in Belarus and exported to Russia in 2017 remain approximately 850 USD (750 EUR) / t, the annual revenue will be 1 mln USD (0.8 mln EUR).

In case the average export prices for eggplants produced in Belarus and exported to Russia in 2017 remain approximately 371 USD (328 EUR) / t, the annual revenue will be 31.2 thousand USD (27.5 thousand EUR).

Overall revenue of the agricultural company is expected to be more than 2.5 mln USD (2.2 mln EUR) per year.

NATIONAL AGENCY OF INVESTMENT AND PRIVATIZATION

The Agency is ready to help foreign investors interested in doing business in Belarus:

- Presentation of information on investment opportunities, preferential regimes and benefits, industries, legislation
- Provision of current information on investment projects
- Selection and provision of information on options for land and premises
- Search for potential partners for the implementation of the investment project; organization of meetings, negotiations with potential partners to establish cooperation
- Providing a platform for negotiations and support for the investor during the negotiations
- Organization of visits to the Republic of Belarus (development of a program of stay, assistance in obtaining a visa)
- Representing the interests of the investor in negotiations with government officials on the implementation of investment projects, as well as on improving business practices in the Republic of Belarus
- Post investment support



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