



NATIONAL AGENCY
OF INVESTMENT
AND PRIVATIZATION
REPUBLIC OF BELARUS



INVESTMENT OPPORTUNITY CONSTRUCTION OF A VEGETABLE PROCESSING COMPLEX IN ORDER TO PRODUCE FRENCH FRIES

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

70 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.



ABOUT THE PROJECT

THE INVESTMENT PROJECT AIMED AT IMPLEMENTATION OF INITIATED BY ICEPRODTORG LLC CONSTRUCTION OF A NEW VEGETABLE PROCESSING COMPLEX IN ORDER TO PRODUCE FRENCH FRIES, AS WELL AS PROVIDE PROCESSING, PACKING, STORING SERVICES FOR POTATOES AND FACILITATE SHIPPING TO CONSUMERS.

PROJECT DESCRIPTION

Implementation of the investment project will allow the company to produce import-substituting goods, to reduce agricultural products storage losses, meet the demand for this type of product in Belarus, as well as increase export and gain extra profit.

ABOUT THE COMPLEX

A vegetable processing complex is planned to be set up at the land plot square of 4 ha (territory of FEZ «Brest»), in 2 kilometers on the highway from the checkpoint "Kozlovichi".

The following structure of the complex is proposed:

- Vegetables storage with 12 000 tons capacity;
- French fries processing plant with 5 000 tons per year production;
- Warehouse-refrigerator with 3 000 tons capacity.

A background image featuring a glass of dark beer with a textured surface, possibly a craft beer, and a plate of food. The food includes golden-brown french fries, a piece of meat, and some green herbs. The lighting is warm and focused on the food and drink.

PREREQUISITES FOR PROJECT IMPLEMENTATION

- Growing demand for healthier and higher food quality within the supply shortages of eco-friendly products;
- The country has virtually no industrial production of French fries for large consumers, such as fast food restaurants;
- Food consumption patterns of Belarusians can be characterized by increased reliance on the convenience of foods prepared outside of the home and frequency of eating out at fast-food restaurants. Therefore a rapid development of the catering services is taking place now.
- Availability of raw materials (potato production in 2018 amounted to 5.8 million tons) and guaranteed supplies from agricultural farming companies of the Brest and Grodno regions;
- Qualified personnel with hands-on experience in the sphere of agriculture;
- Access to the local market as well as markets of EEU countries;
- Unsaturated French Fries market in Belarus (annual import exceeds 5 000 tons).

PROJECT IN NUMBERS

PROJECT'S COSTS

Total investment amount required for the implementation of the project is 12.5 million EUR.

PROJECT'S GOAL

Construction of a new vegetable processing complex and setting up of French fries production line with the capacity of 5 000 tons of products per year in order to:

- Meet the demand for this type of product in Belarus and abroad;
- Reduce potato storage losses;
- Gain an extra profit and stable income;
- Expansion to the new geographical markets;
- Increase exports.

PRODUCTS AND SERVICES:

- French fries;
- Washed and packed potatoes;
- Washing and packing of potatoes;
- Commercial storage of fruits.

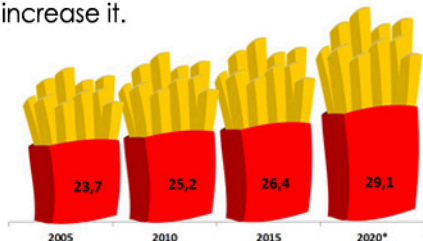
PROJECT EFFICIENCY

Annual profit	2.2 mln EUR
Simple pay back period	6 years
Profitability	40 %
Capacity	2 tons/h 5000 tons/year
Sales markets:	
EAEU and China	90 %
Belarus,Ukraine,etc.	10 %
Planned price	1100 EUR per ton

FROZEN FRENCH FRIES MARKET OVERVIEW

GLOBAL TRENDS

According to Euromonitor - the world's leading independent provider of strategic market research by 2020 the volume of the world market of frozen processed potatoes will exceed 29 million tons and there is a tendency to increase it.



Global market of frozen french fries, mln tons (estimated)

There are two types of French fries consumers :

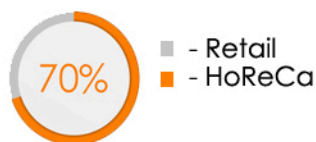
- HoReCa – approximately 70%;
- Retail – approximately 30%.

HoReCa is an abbreviation, which stands for the food service industry that covers hotel and catering businesses, where fast-food restaurants, café, hotels, restaurants, cafeteria operate.

Mostly, the French fries is consumed by the following fast-food restaurant chains:

- McDonald's
- Burger King
- KFC

Since about 70% of the French fries market's volume belongs to HoReCa segment, the growth of the market depends on the development of public catering services. Hence, in recent years, public catering services have been developed quite dynamically.



The growing body of research indicates that the share's expansion of fast food segment within the food industry market and especially fast food restaurant chains are justified by several factors. On the one hand, the leading players at the market are "McDonald's", KFC and Burger King - keep setting up new restaurants, increasing the geographical presence. On the other hand, the crisis forces consumers to reconsider their spending, that is why fast food chains get a part of the former restaurants' clients.

FROZEN FRENCH FRIES MARKET OVERVIEW

RUSSIAN FEDERATION

Russian frozen potatoes market is the youngest and most dynamic of all frozen food segments. Its development began with the opening of McDonald's restaurants in Moscow in the early 90th of the last century. The most popular frozen potato product is French fries.

The market's volume of French fries in the Russian Federation is estimated at 110-120 thousand tons per year. Annual imports are more than 80 million US dollars.

The average cost of imported French fries is approximately 1.2 US dollars per kg.

Among the main suppliers are Poland, the Netherlands, Germany, Belgium, France. Also, «McDonald's» annually imports approximately 55-60 thousand tons of French fries.

The main companies producing and exporting frozen French fries to Russia are:

- McCain Poland (Poland)
- Farm Frites Poland (Poland)
- Lamb Weston/Meijer (The Netherlands)

The main consumer region of the French fries is Moscow (83%) and together with the Moscow region its joint share reaches 90%.

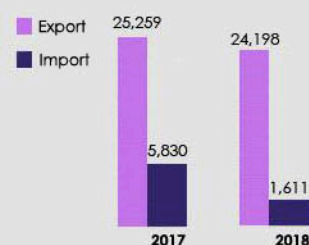
The growth of the French fries market is a key tendency of the Russian's market, with the most significant market growth of 38% observed in the assessment of the value index of the market volume.

In the structure of French fries consumption at the market - B2B consumption remains dominant, the consumption of French fries by households accounts for less than 8% of the total French fries market.

REPUBLIC OF BELARUS

A similar situation is observed at the market of the Republic of Belarus. Belarus annually imports more than 5,000 tons of French fries. In 2018, Belarus imported 5,621 tons of French fries at 1.6 million US dollars, and exported 143 thousand tons at 24.2 million US dollars.

DYNAMICS OF EXPORTS AND IMPORTS OF FRENCH FRIES, BELARUS, thsd. USD



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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