



NATIONAL AGENCY  
OF INVESTMENT  
AND PRIVATIZATION

REPUBLIC OF BELARUS



# INVESTMENT OPPORTUNITY

## PRODUCTION OF COSMETIC VEGETABLE OIL

# 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 SETTING UP A COMPANY IN ORDER TO PRODUCE ORGANIC (NATURAL) COSMETIC VEGETABLE OIL FROM OIL CROP ON THE TERRITORY OF THE REPUBLIC OF BELARUS.

## PROJECT DESCRIPTION

The project's implementation involves construction of a plant in order to produce organic (natural) cosmetic vegetable oil from oil crop (mustard, hypericum, radish and agrimony) in cooperation with agriculture company JSC "Vetkovsky Agroservice", as well as production of co-product from processing of oil crop – vegetable oil cake.

## ABOUT THE PRODUCT

**Cosmetic vegetable oil** – natural organic product, without additives and chemical elements, obtained by cold pressing and consisting of triglycerides fatty acids, as well as their accompanying substances (phospholipids, free fatty acids, waxes, sterols, coloring substances and others).

## ADVANTAGES OF APPLICATION

- Rejuvenates human skin
- Restores human hair
- Normalizes blood circulation
- Stimulates human cell renewal

- The product has nutritional properties
- The product has a moisturizing effect
- Stimulates metabolic activity
- Promotes skin cell regeneration



## **THE PREREQUISITES FOR THE PROJECT IMPLEMENTATION:**

- ✓ Aging of the population and as a result the desire to preserve youth and good looks;
- ✓ Growing demand for anti-aging organic products;
- ✓ Developing of e-Commerce channels that influence product sales growth;
- ✓ Development of own cosmetic vegetable oils production from natural substances;
- ✓ Decrease the share of imports and increase the share of exports;
- ✓ Dynamic development of livestock and poultry industries;
- ✓ Stable demand for products in the EEU countries and the People's Republic of China.

## **ADVANTAGES OF THE PROJECT IMPLEMENTATION IN BELARUS:**

- ✓ Availability of qualified and cheap labor resources;
- ✓ Guaranteed sales markets on the territory of the Republic of Belarus and abroad;
- ✓ Benefits and preferences at implementation of the investment project;
- ✓ Possibility of further production expansion and setting up of additional capacities;
- ✓ Availability of raw material base and the possibility of its further expansion;
- ✓ Possibility to export products to the EEU countries (more than 180 million consumers) without paying customs duties and payments.

# THE PROJECT IN NUMBER

## PROJECT'S COST

The cost of the project implementation is \$ 1.5 million.

## INVESTOR'S PARTICIPATION

Setting up a joint venture in cooperation with JSC "Vetkovsky Agroservice".

## PRODUCTS

- Natural cosmetic vegetable oils based on mustard, hypericum, radish and agrimony.
- Vegetable oil cake.

## PROJECT'S EFFICIENCY

Production capacity	500 tons per year
Time to reach design capacity	1 year
Pay back period	3 years
Internal rate of return	27 %
Net present value	\$ 490 ths.
Profitability of sales	33 %

The analysis of the project's effectiveness was carried out taking into account the market's capacity of cosmetic vegetable oils in the Russian Federation, as well as other EEU and CIS countries.

## MAIN CONSUMERS

### Internal market:

*Professional market* - supplies to public or private medical centers, SPA and beauty salons, as well as supplies of oilseed products (vegetable oil cake) to livestock enterprises.

*Private market* - retail and wholesale trade, selling to individuals.

### Foreign market:

Cosmetic vegetable oils are in demand in developed and developing countries. Distribution of cosmetic oils market by region: EU countries - 33 %, North and South America - 30 %, Asia - 35 %, Africa and the middle East - 2 %.

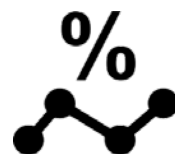
## DISTRIBUTION OF SALES BY MAJOR REGIONS

CIS countries – 50 %

Belarus – 10 %

EU countries – 10 %

South-East Asia – 40 %





# COSMETIC'S MARKET OVERVIEW

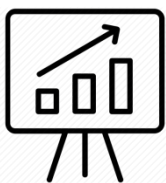
## GLOBAL TRENDS

The global market of cosmetic products in 2017 amounted to **\$ 532 billion** and by 2023, in accordance with experts' forecast, it will reach market's value of **\$ 805 billion**, reaching an average annual growth rate of **7 %** during 2018-2023.

Cosmetics for skin and hair care share a large part of the market (in 2018, **37 %** and **22 %**, accordingly). According to analysts' forecast, the volume of sales in this segment by the end of 2020 will be totally more than **\$ 315 billion**.

The leader of the cosmetics market is the United States, whose share is \$ 80 billion, the second place is taken by China with \$ 50 billion, and Japan in third place - \$ 32 billion. At the same time the Middle East and Africa countries demonstrate the highest average annual growth rates in the cosmetics market.

The global market of organic cosmetics reached **\$ 36 billion** in 2019, according to research by analysts from "Transparency Market Research". According to experts' opinion, global sales of natural cosmetics will reach **\$ 55 billion** by 2027.



**\$ 805 billion**

Market's volume of cosmetics by 2023

## RUSSIAN FEDERATION

According to "Euromonitor International", the Russian's cosmetics market reached **\$ 8.8 billion** in 2018 with the forecasts of **10 %** growth by the end of 2020. At the same time, the Russian's market shares about **4 %** of the global turnover of cosmetics and perfumes.

In terms of market's volume, Russia currently ranks 4th in Europe after Germany, France and the UK, and in terms of cosmetics consumption per capita - 6th in the world.

A large share of the cosmetic market in Russia is the segment of care cosmetics. There is a growing interest in facial care with a particular focus on facial masks, and at the same time there is growing demand for organic and natural cosmetics products.

The largest categories of beauty and personal care products are still hair care and perfumes (**23 %** and **22 %** of the Russian's beauty market). Perfumes and skin care are the most dynamic.

## CHINA

The Chinese's cosmetics market is developing faster than the global (growth rate is **7 %** per year). In 2018, it amounted to about **\$ 67 billion** and ranks the second place after the United States.

The reports of many global analytical companies predict that by the end of 2020, the Chinese's cosmetics market will overtake the American one and will amount to about **\$ 95 billion**, with a global share of **16-18 %**.

# COSMETIC'S MARKET OVERVIEW

If we look at the market by segment, the largest segment of the Chinese's cosmetics market is the skin care (47 %) and hair care (15 %) segments.

The market of cosmetic oils is quite saturated and is characterized by a wide variety of products. The own production is 31 000 tons and it is no longer enough, which forces China to import up to 50 % of the total consumption. According to Chinese's customs, the volume of cosmetic's oils import is 7 000 tons per year or \$ 312 million.

According to the study of "CBI", China ranks 2nd place in terms of cosmetic oils production and 3rd place in terms of its consumption. The volume of the Chinese's market is about \$ 2 billion (31 000 tons) and growing at an average annual rate of 5 %. Demand for cosmetic oils in China will grow at a rate of up to 10 % per year and will reach \$ 2.9-3 billion by the end of 2020.

## **BELARUS**

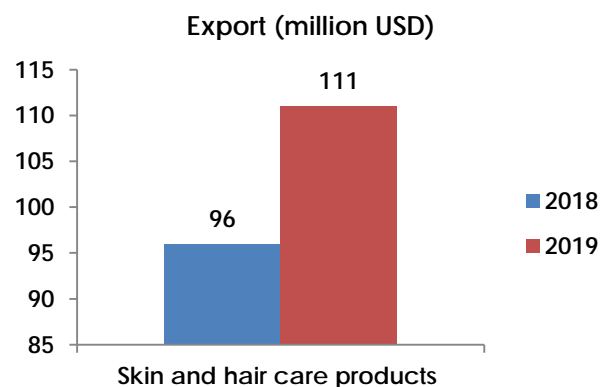
Currently, the consumption of perfumes and cosmetics is increasing at a high rate. The growth of the population's solvency promotes the development of perfumes and cosmetics market. The demand for cosmetics in a higher price category is increasing.

The largest segment of the cosmetics market is the segment of hair care (23 %) and skin care (18 %).

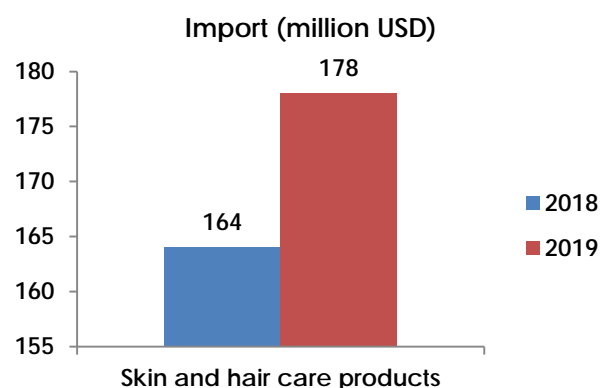
The market's volume in 2018 in these segments was 33 088 tons and 11 909 tons accordingly, and in monetary terms approximately \$ 300 million.

## **EXPORT AND IMPORT**

Belarus in 2019 exported 5 657 tons of skin care products and 17 158 tons of hair care products by the amount of \$ 67 million and \$ 44 million accordingly (+5 % and 7 % in quantitative terms as well as +18 % and 13 % in monetary terms compared to 2018).



Belarus in 2019 imported 6 851 tons of skin care products and 19 146 tons of hair care products by the amount of \$ 90 million and \$ 88 million accordingly (+4 % and +8 % in quantitative terms as well as +12 % and 4 % in monetary terms compared to 2018).



# 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



NATIONAL AGENCY  
OF INVESTMENT  
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REPUBLIC OF BELARUS

## Phone

+375 17 200 81 75  
+375 17 226 41 66

## Fax

+375 17 226 47 98

## E-mail

[mail@investinbelarus.by](mailto:mail@investinbelarus.by)