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# MONITORING OF AGRI-FOOD TRADE DEVELOPMENTS BETWEEN BELARUS AND RUSSIA IN 2014

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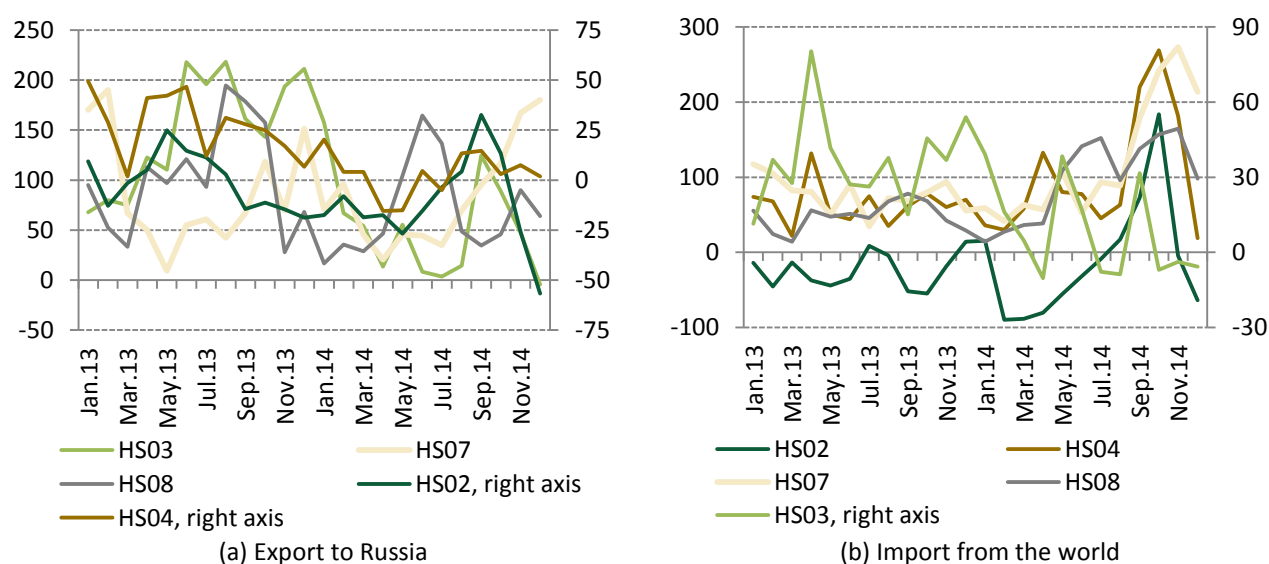
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## 1 Overview of recent trade developments

Agricultural and food products are important export commodities for Belarus. They stood for 15.2% of total merchandise export of Belarus in 2013 and 15.1% in 2014<sup>1</sup>. The key export goods are meat and dairy products as they constitute 30 and 40% of total agricultural and food products export respectively. Other important exported goods are sugar, beverages and tobacco. Most of the food exports are directed to Russia. The share of Russia in total agricultural and food products export of Belarus exceeds 80% (82.5% in 2013 and 88.8% in 2014), as Russia is a main destination country for key Belarus food products – dairy and meat products. Belarus exports only small share of these products to other countries (mainly Kazakhstan and Ukraine). Export of sugar and beverages (other important export goods) is more diversified, but Russian market stands for 70% of sugar and 50% of beverages exports by Belarus.

There were no positive changes in the foreign trade of key agricultural products in the first half of 2014. Volume of milk and dairy products export was close to the level of 2013, and even went down in the second quarter. Export of meat remained constrained due to negative effect of the African swine fever (ASF) burst out in the second half of 2013 and reduction of beef production. At the same time, exports of products, never being among key exports positions of Belarus, increased (see Figure 1a). In particular, export of fish products was on a rise (related food industry production increased), as well as export of fruits and vegetables (however, their production increased slightly or not increased at all). Still, export of these products took rather small share in Belarusian agri-food export<sup>2</sup>.



Note. HS02 – meat and edible meat offal, HS03 – fish, crustaceans, molluscs, aquatic invertebrates, HS04 – Dairy products, eggs, honey, HS07 – Edible vegetables and certain roots and tubers, HS08 – Edible fruit, nuts, peel of citrus fruit, melons.

Source: UN Comtrade.

Figure 1: Annual growth rates of food products foreign trade value (in %)

The state of affairs changed when Russia announced embargo on food import from the EU countries in August of 2014. First, it resulted in increase of dairy products export, which was partly supported by import of the raw milk (see Figure 1a and 1b). Second, export of meat products began to revive. It was also result of raw meat import, as well as statistical effect of the law base of the second half of 2013 (see Figure 1a). Illustrative change in export dynamics was observed for sausages: reduction in export of the first half transformed into growth in September (see Table 1). Third, export of fish and vegetables soared in the aftermath of the Russian embargo. Export of fruits was also on a rise, but growth rates were lower than in

<sup>1</sup> Goods covered by HS codes from 01 to 24 are viewed as agricultural and food products.

<sup>2</sup> The share of fish products, vegetables and fruits in total Belarus agri-food export to Russia in 2013 was 2.1, 3.0, and 2.2% respectively (2.8, 5.1, 3.5% in 2014).

the second quarter of 2014. Growth of fruits and vegetables export was accompanied by respective imports increase. It implies that import goods filled in niche emerged on domestic market as Belarusian products were exported to Russia, and that re-export schemes of EU products to Russia were established.

Increase of exports to Russia in the short-run after embargo was possible against the background of corresponding imports increase, as domestic agri-food production could not react that quickly. First, production of animal products, that Belarus specializes, has a relatively long cycle. Second, capacity cannot be rapidly increased due to poor financial stance of Belarusian economy and lacking investment financing along with high risks related to possibilities of new epidemics of ASF and unclear prospects of trade regulations between Belarus and Russia.

Consequently, Russia introduced measures to prevent re-export of banned products even in processed form, prohibiting food import from Belarus by means of technical barriers (via phyto-sanitary control). As a result, the big share of positive trade effects for Belarus of Russian embargo came to end in November. Meat production suffered the most, as export of meat and sausages fell drastically. Dairy products suffered at lesser extent, but it was enough to minimize import of raw milk by Belarus. There were also measures taken to prevent re-export of fruits and vegetables, but they did not affect greatly trade volumes (see sections 4, 5 below for details). As a result, total macroeconomic effect of the Russian embargo over Belarus agri-food trade is very modest. In the second half of 2014, only export growth of dairy products and vegetables accelerated if compared to the first half of the year (see Table 1). Therefore, total export of agri-food products to Russia fell in 2014 by USD 263.2 m (by 5.1% yoy) due to negative export dynamics of the first half of 2014.

Table 1: Nominal change in trade value of selected food products at two-digit HS level (in USD m)

	Export						Import					
	02	03	04	07	08	16	02	03	04	07	08	16
Nominal change compared to the level of corresponding period of 2013												
January-June	-90.1	15.6	-4.1	31.5	30.7	-52.4	-79.6	25.5	23.4	60.6	122.2	4.3
July	-2.9	0.3	-10.0	4.0	10.0	-6.5	-3.2	-2.3	3.0	10.8	54.6	1.4
August	3.7	1.1	28.4	6.9	2.6	-15.7	5.6	-3.2	3.8	6.7	30.2	-0.1
September	21.8	11.5	27.2	11.3	2.1	3.0	13.0	11.4	13.3	15.6	38.4	0.6
October	9.4	8.8	5.8	20.8	4.2	-1.7	31.9	-2.9	21.0	29.9	52.9	0.3
November	-17.1	6.3	13.5	16.5	8.3	-5.8	-1.2	-1.8	13.9	37.7	66.8	0.3
December	-43.1	-0.8	3.2	15.7	8.6	-26.8	-27.3	-3.0	1.9	35.4	59.2	-3.0
July-December	-28.3	27.1	68.0	75.2	35.8	-53.5	18.8	-1.8	56.9	136.0	302.2	-0.5
January-December	-118.4	42.7	63.9	106.7	66.5	-105.8	-60.8	23.7	80.3	196.7	424.4	3.8
Trade volume												
2013	953.1	95.9	2186.4	140.2	104.3	521.8	310.4	423.0	84.8	163.1	443.3	54.3
2014	844.0	138.1	2247.0	248.4	169.8	402.6	249.0	444.1	157.5	359.5	867.0	58.2

Notes. HS02 – meat and edible meat offal, HS03 – fish, crustaceans, molluscs, aquatic invertebrates, HS04 – Dairy products, eggs, honey, HS07 – Edible vegetables and certain roots and tubers, HS08 – Edible fruit, nuts, peel of citrus fruit, melons, HS16 – Meat, fish and seafood food preparations.

Sum of monthly data differs from the annual figures due to annual amendments.

Source: UN Comtrade.

## 2 Meat products

### 2.1 Main characteristics of the market

Belarus is a net-exporter of meat products: the trade surplus within the HS Chapter 2 “Meat and edible meat offal” was USD 682.1 m in 2013, as export exceeded import more than 3 times. Most of the meat products were exported to Russia (96% of their total exports). The key products are beef, pork and poultry. Beef constituted 63.4% of meat exports in 2013. The role of poultry in export flows has been growing against the background of its production growth at several big private companies. However, its share in meat exports stays around 20% (22.1% in 2013), while its share in production is much higher (36.8% in 2013). The share of pork in meat export is also lower than it might have been expected based on the

volume of livestock production. The reason is that pork, as well as poultry, is broadly used in food industry for meat preparations production. Furthermore, pork produced in Belarus is not price competitive at the world market.

Another reason that constrained pork export in the second half of 2013 was an epidemic of the ASF. It resulted in the import bans that Russia imposed on Belarus pork from the affected regions. The bans were lifted in January 2014. Russia introduced new sanitary-epidemic barriers towards meat and meat preparations imports from Belarus in November 2014. Imports of food products from most of the Belarusian meat processing companies were banned in Russia based on the “violation of the sanitarian norms”. It was supposed that these “violations” occurred due to the use of the imported raw meat, as Russia tried to prevent re-export of meat products (although in processed form) originated from the countries fallen under Russian embargo.

## 2.2 Recent trade developments

Export of beef, which is a key raw meat export product, was affected by reduction of its production by 10.5% in 2014. Thus, Russian embargo could not significantly influence export dynamics: beef export fell by 14.7% in 2014. The annual growth rates in July – October remained negative but showed slight recovery for export of fresh and chilled bovine meat, while export reduction of frozen meat only deepened. A part of the export recovery can be attributed to the bovine meat import increase (see Figure 2b). Still this import increase can explain only 25% of the export increase occurred in August – October (comparing to pre-embargo level of July), as bovine meat import in absolute terms remained rather low. Meat import is limited in Belarus by quotas set within Customs union, and related import tariffs applied to import above the quotas. In November – December, after introduction of sanctions on Belarus food production companies by Russia, export of beef contacted rapidly by 36.8% yoy on average.

Production of pork fell by 22.9% in 2014, as a result of ASF. Consequently, export of swine meat was also below historical average in 2014 (by 72.5% lower than in 2013). Slight recovery began in August (see Figure 2a), but export volume of 2.2 thsd t was still 2 times lower than in August 2013 (the last month before ASF undermined Belarus pork export). In September – October export volume reduced slightly comparing to the level of August, while annual growth rates are high due to low base. However, even this low base did not prevent export of pork from reduction in November – December, as Russian sanctions completely blocked export of pork from Belarus. On average, import of pork was also below the level of 2013, as import quotas in 2014 were 3 times lower for Belarus than in 2013. Increase in pork import took place only in October 2014, when Belarus imported 7.6 thsd t of swine meat which is 2.1 times more than in October 2013 and 2.4 times more than in September 2014.

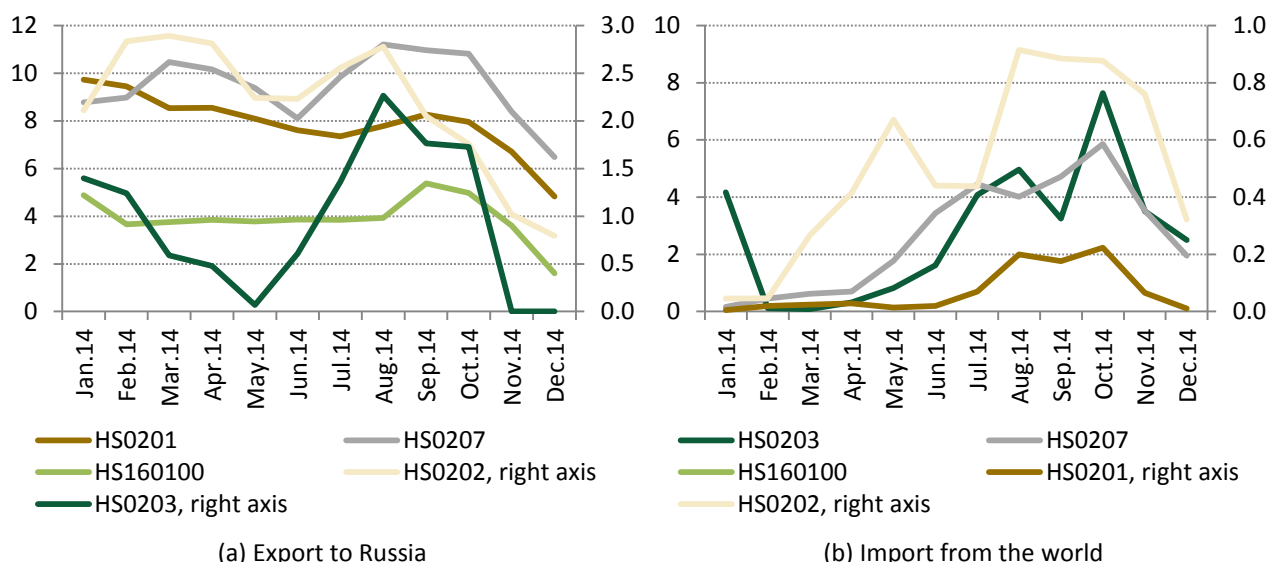
Poultry production grew by 3.6% in 2014 which was accompanied with poultry export increase of 8.2%. Export grew throughout the year, but growth rates significantly accelerated in the period of the Russian embargo in August – October. Simultaneously, import of poultry went up (3.9 times on average in August – October comparing to the level of the previous year). For instance, poultry import in October reached 5.9 thsd t, while volume of poultry export to Russia was 10.8 thsd t. Russian protection measures of November affected poultry export the same way as other meat products, as its export began to contract. Additionally, depreciation of the Russian Rouble against the Belarusian Rouble caused deterioration of price competitiveness of Belarusian producers and also contributed to poultry exports reduction.

Table 2: Structure of meat products export to Russia (in %) and growth rates of exports of individual products (in % yoy)

		Share in exports, HS02		Growth rates, yoy			
		2013	2014	Jan.-Jun.	Jul.-Aug.	Sep.-Oct.	Nov.-Dec.
0201	Meat of bovine animals, fresh or chilled	45.3	48.8	8.3	-11.9	-8.7	-26.5
0202	Meat of bovine animals, frozen	17.2	12.3	-42.1	-13.3	-32.0	-66.5
0203	Pork, fresh, chilled or frozen	13.3	6.8	-84.0	-66.7	908.0	-99.9
0207	Meat and edible offal of the poultry	22.8	30.9	8.1	21.4	25.5	-19.3
1601	Sausages and similar products of meat, meat						
00	offal or blood;	--	--	-28.8	-41.2	26.6	-33.1

Note. Growth rates capture physical volume of export, and shares – export value.

Source: UN Comtrade.



Source: UN Comtrade.

Figure 2: Export and import of meat products, physical volume (in thsd t)

October increase of poultry and pork import was reflected in sausages and similar products export dynamics. Export of sausages to Russia was permanently below the level of 2013. The only exception was September – October, when export of sausages went up by 26.6% yoy. This shift was obviously fuelled by Russian embargo on food products import from the EU and some other selected countries. It provided incentives to increase export oriented production of sausages and similar products, which demanded increase in raw materials import. Consequently, Russian ban on import of food products from the range of Belarusian food producers led to reduction of sausages export and demand for imported raw products.

### 3 Dairy products

#### 3.1 Main characteristics of the market

Foreign trade in dairy products generated trade surplus of USD 2.3 and 2.2 bn in 2013 and 2014 respectively. Import of dairy products is very low (USD 157.5 m in 2014 and USD 84.8 m in 2013), as Belarus produces a wide range of dairy products. Most of the dairy products export is directed to Russia (93.3% of total exports in 2013 and 95.5% in 2014). The key export products are concentrated milk, butter, cheese, as well as non-concentrated milk. The role of concentrated milk grew in the last years, as its production growth was a key driver for the sector. Besides, growth was observed in exports of non-concentrated milk, buttermilk, cream, and yoghurt, which is explained by competitive advantage of Belarus at the Russian market due to its geographic location and short transportation time vital for perishable products. However, volume of their export is much lower than one of concentrated milk or export volumes of cheese and butter that did not show much increase in recent past.

Export of Belarusian dairy products to Russia is exposed to the risks related to introduction of technical barriers by Russia and depends greatly on the negotiations on the expected trade volumes between the governments. For instance, Belarusian dairy products export affected by the sanitary-epidemic barriers that were introduced by Russia in November 2014. Alongside with meat products, dairy products from several Belarusian companies were banned in Russia based on the “violation of the sanitarian norms”. The Russian side expressed suspicion (as in case of meat), that these violations occurred due to the use of the imported raw milk.

#### 3.2 Recent trade developments

Production and export of the majority of dairy products was on a rise in 2014. Volume of production of whole milk products (HS 0401) increased by 6.2% in 2014. Export of related products to Russia increased by 14.9%. Positive dynamics was observed throughout the year, but most of the increase happened in the

second part of 2014 (see Table 3). Some slowdown occurred only in December of 2014 as a result of the measures, taken by Russia to protect local market from Belarus products. The same trend was observed in production and export of fermented milk (HS 0403). Production grew by 3.1% and export to Russia – by 23.6%, having accelerated in the second half of the year.

However, the most prominent change in export dynamics as a result of Russian embargo was observed in cheese and curd (HS 0406). In the first half of the year production of these products grew (by 10.7% in case of cheese), but export was slightly falling. However, in the second half of the year Belarus managed to exploit broadened opportunities to export, and average growth rate of cheese and curd export was 82.7% in July – December. As a result, annual production of cheese grew by 26.3%, and its export – by 21.1%.

Export of butter (HS 0405) was also on a rise in the second half of 2014<sup>3</sup>. However, its export started to grow in June and reached its peak in August 2014 (8.3 thsd t). In the following months, export volume fell slightly, but still it was significantly higher than in 2013. Russian technical barriers did not influence export of these products, and its production grew by 7.4% in 2014. Similar export dynamics observed for concentrated milk (HS 0402). Its export volume fell significantly after August 2013 (from 21.9 thsd t per month in August 2013 to average 12.8 thsd t per month in the first half of 2014<sup>4</sup>). In August 2014, export of concentrated milk recovered up to 17.6 thsd t. The next hike occurred in December of 2014 (up to 20.2 thsd t), stressing demand for this product in Russia and absence of barriers for concentrated milk export to Russia. This increase of the second half of 2014 allowed to keep annual production and export volume at the level comparable to previous years (production and export to Russia fell by 2.3 and 5.8% respectively).

Dairy products export dynamics demonstrated that Belarus benefited from the Russian embargo. In August and November – December of 2014 it resulted in increase of concentrated milk and butter export, while in September – October most of the effect came through non-concentrated milk, fermented milk and cheese. Part of this growth was secured by increase of concentrated and whole milk import, as domestic production of raw milk grew only by 1.1% in 2014. In October, Belarus imported 3.8 thsd t of concentrated milk and 26.3 thsd t of whole milk, which corresponded to around 5% of domestic raw milk production<sup>5</sup> (a year ago this share was about 0.04%). In December import of whole milk stopped as a result of Russian protectionist measures against Belarusian food products.

Table 3: Structure of dairy products export to Russia (in %) and growth rates of exports of individual products (in % yoy)

	Share in exports, HS04		Growth rates, % yoy			
	2013	2014	Jan.-Jun.	Jul.-Aug.	Sep.-Oct.	Nov.-Dec.
0401 Milk and cream, not concentrated nor containing added sugar or other sweetening matter	10.3	11.7	5.1	31.9	29.0	21.3
0402 Milk and cream, concentrated or containing added sugar or other sweetening matter	35.1	27.2	-30.3	-27.5	-0.3	40.6
0403 Buttermilk, curdled milk and cream, yogurt, kefir and other fermented or acidified milk and cream	4.1	5.0	12.7	27.6	42.7	38.6
0404 Whey, products consisting of natural milk constituents	3.0	3.3	3.5	-12.1	48.3	52.6
0405 Butter and other fats and oils derived from milk	15.1	14.9	-17.5	30.4	15.6	53.6
0406 Cheese and curd	28.7	34.9	-3.2	21.2	50.2	61.7

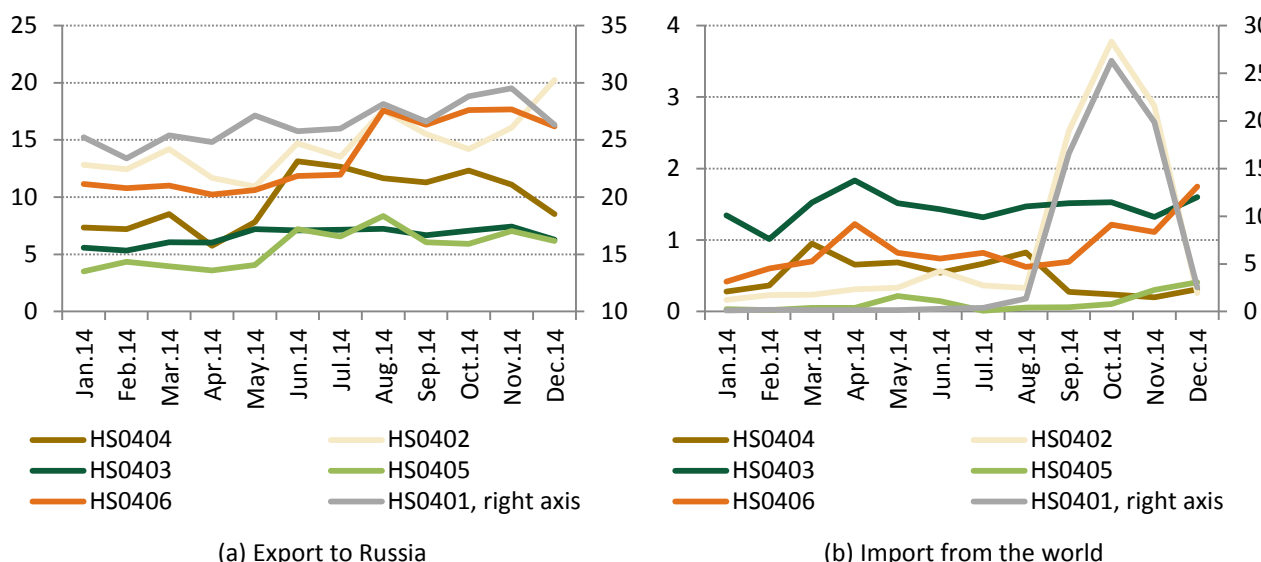
Note. Growth rates capture physical volume of export, and shares – export value.

Source: UN Comtrade.

<sup>3</sup> In the first half of 2014 butter export was below the level of 2013 by 17.5%, while annual growth rate was positive – 8.1%.

<sup>4</sup> It was explained by the revision of the negotiated trade balances of dairy products between Belarus and Russia in June 2013 in favour of cheese and curd export increase.

<sup>5</sup> Domestic production of raw milk in October 2014 was 545.5 thsd t.



Source: UN Comtrade.

Figure 3: Export and import of dairy products, physical volume (in thsd t)

## 4 Vegetables products

### 4.1 Main characteristics of the market

Key crops produced in Belarus are potatoes, cabbages, carrots, onions, tomatoes and cucumbers. They are produced mainly by small farmers and households. Most of the produced volumes are supplied to domestic market, so export volumes of vegetables are rather low. On average, Belarus foreign trade in vegetables is balanced. In 2013, trade surplus within the Chapter 7 “Edible vegetables and certain roots and tubers” was USD 15 m, and in 2014 there was deficit of USD 68.4 m. The surplus is formed in trade with Russia (85.3% of Belarus export of vegetables in 2014 and 78.7% in 2013). Dynamics of trade in vegetables is highly seasonal, so trade volumes differ greatly throughout the year. In August – October Belarus has usually trade surplus, while in winter and spring there is significant deficit.

Russia introduced some technical barriers to export of vegetables originated from Belarus as a side-effect of the embargo on EU agri-food products in the end of 2014. First, it introduced control over the cargo transport at the border with Belarus to prevent re-export of fruits and vegetables from EU countries on October 20, 2014. Second, Russia prohibited transit of fruits and vegetables that comes from Belarus through its territory on November 30, 2014.

### 4.2 Recent trade developments

Export of vegetable products to Russia and their import from the world were growing during 2014. Still, this growth extremely accelerated after October 2014.

One group of vegetables, which export to Russia increased in the aftermath of the Russian embargo, includes potatoes, carrots, and cabbages (HS 0701, 0706, 0704). These products are harvested in Belarus in this period, and farmers used opportunity to sell the crops to Russia on better financial terms comparing to the domestic market. Still export volumes were much lower than domestic production<sup>6</sup>, and needs of domestic market were also satisfied by local producers. Hence, annual production dynamics was not strictly correlated with export volumes, and export increase did not demand significant increase of imports of these products. Some growth of import was observed for carrots and cabbage, but import volume was below the level of the first half of 2014.

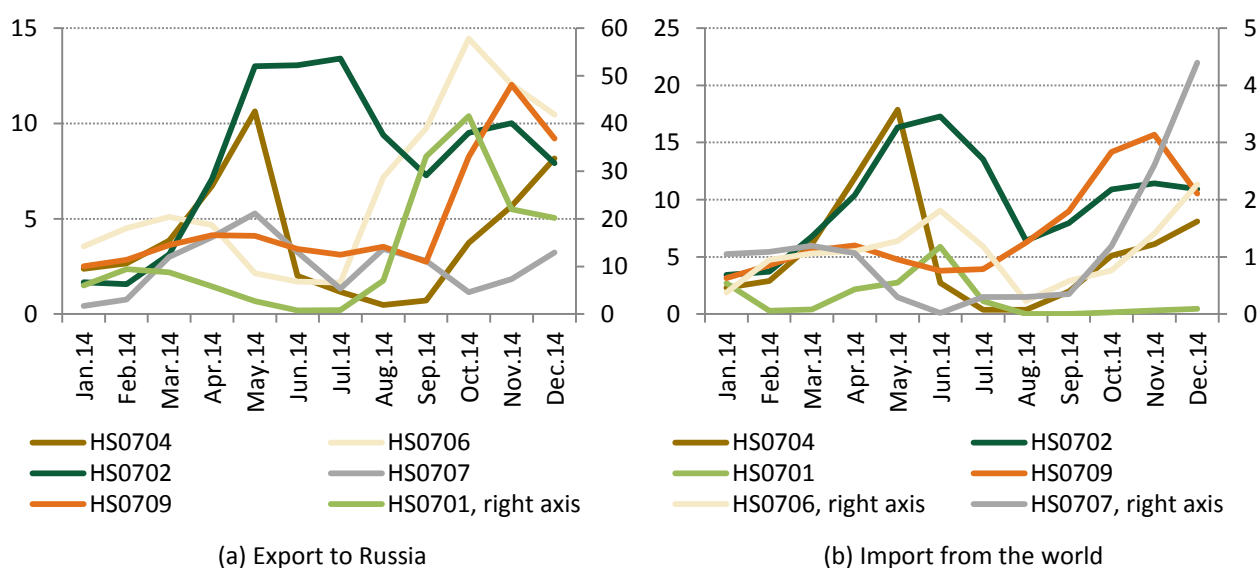
<sup>6</sup> In 2014, the ratio of domestic production to export for potatoes, cabbages and carrots were 3.3, 12.2, 17.3% respectively.

Table 5: Structure of vegetables export to Russia (in %) and growth rates of exports of individual vegetables (in % yoy)

	Share in exports, HS07		Growth rates, % yoy			
	2013	2014	Jan.-Jun.	Jul.-Aug.	Sep.-Oct.	Nov.-Dec.
0701 Potatoes, fresh or chilled	12.2	9.6	27.4	0.6	212.2	229.3
0702 Tomatoes, fresh or chilled	43.4	33.0	53.4	32.4	12.4	156.9
0703 Onions, shallots, garlic, leeks and other alliaceous vegetables, fresh or chilled	0.6	0.6	-11.9	-6.6	1126.3	1723.3
0704 Cabbages, cauliflowers, kohlrabi, kale and similar edible brassicas, fresh or chilled	3.1	5.5	365.3	-11.8	227.1	246.9
0705 Lettuce 'lactuca sativa' and chicory 'cichorium spp.', fresh or chilled	0.1	0.9	130.9	190.9	3319.2	4878.9
0706 Carrots, turnips, salad beetroot, salsify, celeriac, radishes and similar edible roots, fresh or chilled	5.9	9.1	46.8	215.1	221.1	173.1
0707 Cucumbers and gherkins, fresh or chilled	16.7	13.0	17.3	35.3	59.1	310.0
0709 Other vegetables, fresh or chilled (excl. potatoes, tomatoes, alliaceous vegetables, edible brassicas, lettuce 'lactuca sativa' and chicory 'cichorium spp.', carrots, turnips, salad beetroot, salsify, celeriac, radishes and similar edible	16.2	14.7	73.5	35.8	74.1	238.8
0710 Vegetables, uncooked or cooked by steaming or boiling in water, frozen	1.1	3.2	-20.6	33.7	896.6	1920.8

Note. Growth rates capture physical volume of export, and shares – export value.

Source: UN Comtrade.



Source: UN Comtrade.

Figure 3: Export and import of vegetables, physical volume (in thsd t)

Another group of vegetables export that was affected by Russian embargo include lettuce, other vegetables, and frozen vegetables (HS 0705, 0709, 0710). They were not broadly produced in Belarus and their export growth in September – December was fully determined by the import increase. In fact, import increase in volume terms exceeded export growth (in relation to the corresponding month of the previous year), thus, re-export of these products may have not been fully registered.

However, trade in key export vegetables – cucumbers and tomatoes – were not significantly affected by the Russian embargo. Export of these products was on a rise during the whole year, and only minor acceleration was observed in November – December. Most of this growth can be attributed to re-export within CEA, as Belarus customs procedures are less costly than in Russia<sup>7</sup>. In addition, acceleration of the

<sup>7</sup> According to Domestic Logistics Performance Index, Belarusian customs procedures are slower than in Russia but several times cheaper. In addition, one should take into account the fact that only 1.6% of shipments passing through

end of the year is related to Russian embargo and seasonal factor, as demand for import vegetables before November – December is limited. As a result, production of tomatoes in Belarus grew by 18% in 2014, while export to Russia and import from the world increased by 48.6 and 49.9% respectively<sup>8</sup>. Moreover, import value grew much faster than export value (91.7 vs 34.7%), which may reflect understatement of import volumes in customs documentation<sup>9</sup>. Production of cucumbers fell by 6.6%, while their export grew by 6.3%. Therefore, import of cucumbers increased by 108.4%, although import to production ratio remained rather low (6.8%).

## 5 Fruits products

### 5.1 Main characteristics of the market

Only limited range of fruits is produced in Belarus, including apples, berries and some drupaceous. Most of these fruits and berries are produced by households for personal consumption. Farmers and large agricultural enterprises also produce some crops. The state supports this process by construction of storage facilities. In fact, absence of storage capacities is one of the factors that undermines export potential of fruits production in Belarus. Another factor is poor appearance of the fruits produced in Belarus. So foreign trade within the HS Chapter 8 “Edible fruit, nuts, peel of citrus fruit, melons” is characterized by trade deficit (USD 296.3 m in 2013 and USD 660 m in 2014) and low export volumes (USD 147 m in 2013 and 207 m in 2014). However, within fruit trade with Russia there was small surplus of USD 68.4 m in 2013 and 139.7 m in 2014.

Introduction of Russian embargo on agri-food import influenced fruits trade regulations between Belarus and Russia, as Russia introduced control at the border with Belarus to reduce re-export of EU fruits and disallowed then transit of fruits through its territory.

### 5.2 Recent trade developments

There was significant growth of fruits exports to Russia in the first half of 2014 (export value grew 2.6 times yoy in June 2014). However, this growth was accompanied by corresponding increase of the value of imports from the world (2.4 times in June 2014). Russian embargo broke this dynamics. It resulted in faster growth of fruits import but slower growth of fruits export to Russia. However, export slowdown occurred only in trade with Russia, while (according to Belarusian trade statistics) export value to Kazakhstan, another partner in the Common Economic Area (CEA), skyrocketed: it went up 4.2 times in October 2014 comparing to October 2013. Another reason for relative slowdown of export value growth was divergence between export and import prices<sup>10</sup>.

Changes in the volume of foreign trade in apples contributed most to the dynamics of fruits export and import. Volumes of apples export to Russia began to grow starting from the beginning of 2014 reaching 43.4 thsd t in April 2014 (19.6 thsd t in April 2013). Similar growth rates were observed for apples import. It was a result of re-export schemes applied within the sector. Technical barriers for fruits import are less strict in Belarus than in Russia, thus providing ground for this kind of business within CEA.

In the second half of 2014 volumes of apples export to Russia began to fall due to seasonal factor, thus remaining at least twice higher than in previous year. The only exclusion was September, when export growth rate was 2-digit (69.4% yoy). A new hike occurred in November – December (see Figure 5), when supply of domestically produced apples fell in CEA region. At the same time, Belarus import of apples had a bit different dynamics: its growth began to accelerate in September – October 2014 and import growth

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Belarusian borders subject to physical inspection and 4.2% to multiple inspection, while in Russia these indicators are 16.5 and 3.1% respectively.

<sup>8</sup> The ratio of imported tomatoes to domestically produced grew from 44.6 in 2013 to 56.6% in 2014.

<sup>9</sup> This puzzle of significant import price increase not accompanied by corresponding export price increase was observed also in foreign trade of apples, grapes and other fruits.

<sup>10</sup> For example, unit value of export of apples in January 2015 was USD 191.9 per t, while import unit value was USD 690.6 per t.

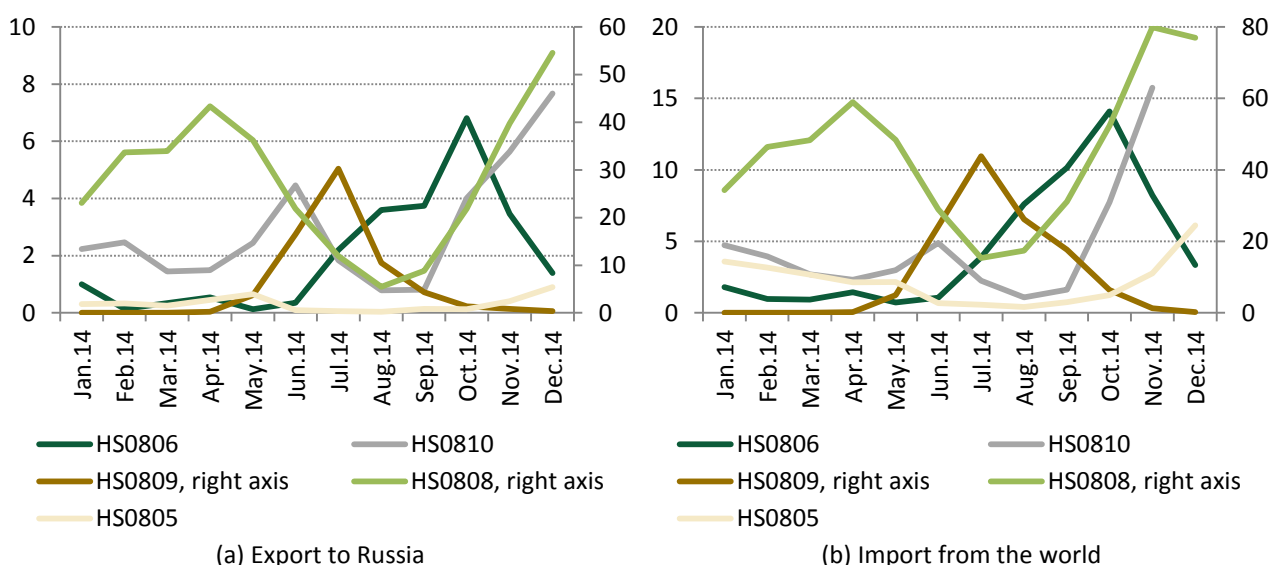
rates exceed rates of export (import grew 4–5 times comparing to the same period of the previous year). It occurred due to formal redirection of re-export flows to Kazakhstan<sup>11</sup>. It explains why Russia imposed ban on transit of fruits and vegetables through its territory later in 2014.

Table 5: Structure of fruits export to Russia (in %) and growth rates of exports of individual fruits (in %)

		Share in exports, HS08		Growth rates, % yoy			
		2013	2014	Jan.-Jun.	Jul.-Aug.	Sep.-Oct.	Nov.-Dec.
0805	Citrus fruit, fresh or dried	4.1	4.5	268.9	3710.2	36.9	79.6
0806	Grapes, fresh or dried	7.9	5.9	135.6	412.2	109.9	0.8
0808	Apples, pears and quinces, fresh	58.7	57.3	123.3	249.9	101.8	200.3
0809	Apricots, cherries, peaches incl. nectarines, plums and sloes, fresh	11.2	14.0	285.8	186.0	1.5	304.6
0810	Strawberries, raspberries, blackberries, black, white or red currants, gooseberries and other edible fruit n.e.s., fresh	10.1	10.1	208.1	41.2	143.4	152.7

Note. Growth rates capture physical volume of export, and shares – export value.

Source: UN Comtrade.



Source: UN Comtrade.

Figure 5: Export and import of fruits, physical volume (in thsd t)

Similar dynamics of foreign trade is observed for berries (HS0810) (see Table 5 and Figure 5). Growth of exports in May – June is related to domestic production, while another surge at the end of the year is related to re-export schemes within CEA. Dynamics of export and import of plums, cherries and other drupaceous (HS 0809) differ only due to the low export volumes at the end of 2014 in absolute terms which make relative increase of trade in November – December insignificant.

In contrast to these traditional fruits cultivated in Belarus, trade dynamics of frozen fruits (HS0811), dates, figs, pineapples (HS0804), grapes (HS0806) was more straightforward. Export of these fruits to Russia skyrocketed in the aftermath of the Russian embargo, following related import hike. However, trade volumes of these products remained rather low.

<sup>11</sup> Belarus imported 52.3 thsd t of apples in October 2014. Total export volume of apples equaled to 39.9 thsd t, including 21.9 thsd t to Russia and 17.9 thsd t to Kazakhstan. In October 2013 Belarus exported apples only to Russia at the volume of 10 thsd t (import of apples was 13.1 thsd t).