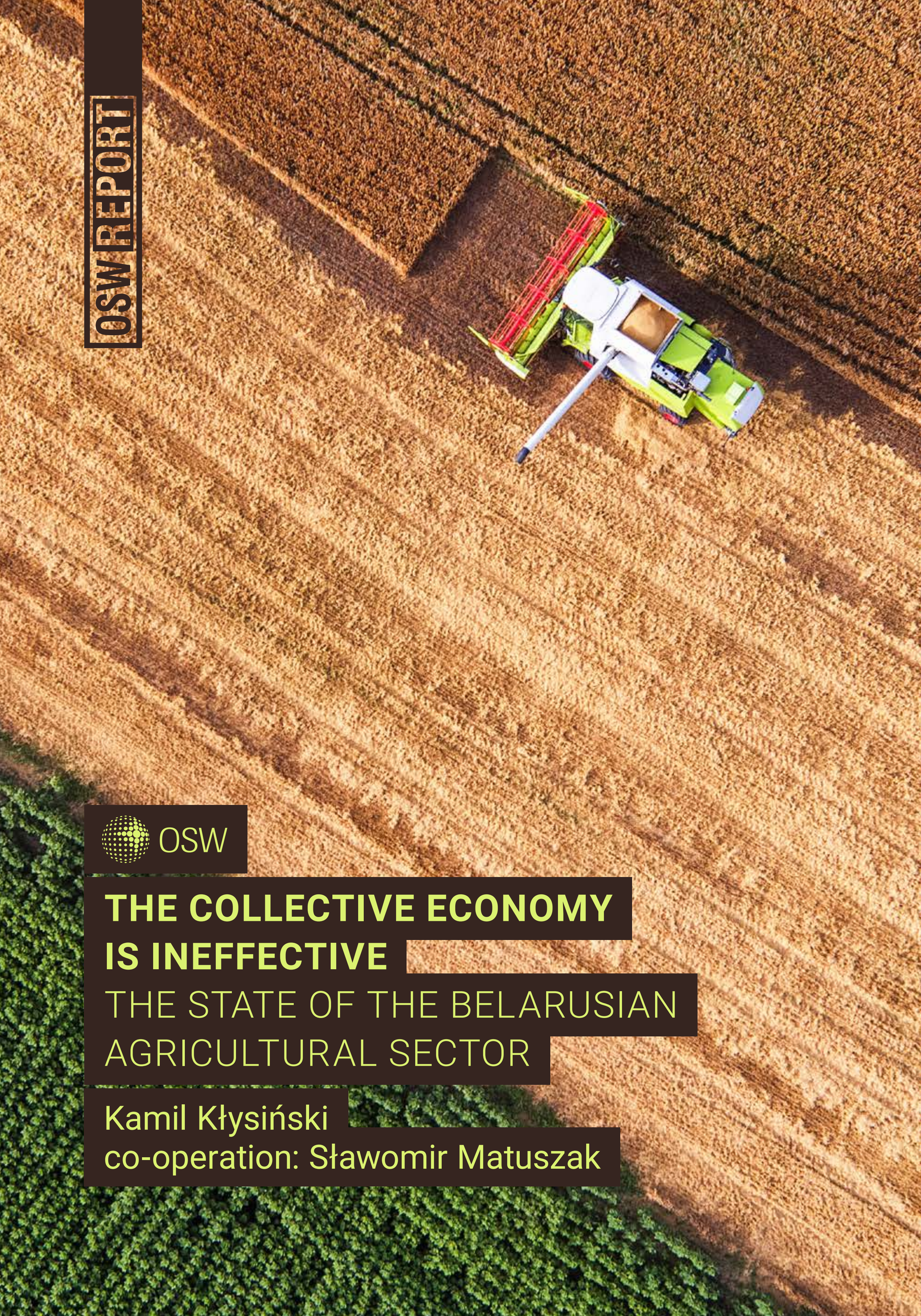

OSW REPORT

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THE COLLECTIVE ECONOMY IS INEFFECTIVE

THE STATE OF THE BELARUSIAN AGRICULTURAL SECTOR

Kamil Kłysiński
co-operation: Sławomir Matuszak

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MAIN POINTS

- Against the backdrop of other sectors of the Belarusian economy, the agricultural sector is most affected by its Soviet heritage. Since Belarus regained independence, large state-owned farms operating on the basis of the former *sovkhozes* and *kolkhozes* have invariably dominated the agricultural sector. This results both from Lukashenka's personal views regarding the advantages of a collective economy and the weakness of small private producers. According to 2023 figures, the share of state-owned farms in Belarus's total agricultural production was over 78.2%, while private farms (owned by individual farmers) accounted for just 2.9%. The remaining 18.9% involved agricultural production carried out in small allotment gardens, which are popular in Belarus.

- In 2023, agriculture accounted for 7.2% of the country's GDP (for comparison, the figure for Poland was 3.3%, and the EU average was 1.3%), which places this sector among the key branches of the economy. According to 2022 statistics, in Belarus it ranks third after industry (24% of GDP) and trade (10.7%). Other sectors, such as transport, logistics and IT, which were growing rapidly before the introduction of Western sanctions, have recently seen a downward trend and their contribution to the economy as a whole has declined with each consecutive year.

- The Belarusian agricultural model has effectively been petrified by numerous legal restrictions regarding the purchase, transfer and conversion of agricultural and forest land. Under the 2008 Agricultural Code, these issues are directly supervised by Lukashenka. This indicates that, from the regime's point of view, maintaining control of the sector is of strategic importance to state security. Foreign investment in this sector is rare and results solely from individual agreements between specific entities and Lukashenka or his aides, and thus should only be viewed as an exception to the rule of keeping most farmland in the hands of the state.

- For many years, Belarus's agricultural sector has grappled with a manpower shortage, which results from an increasing depopulation of the country's rural areas and the reluctance of their remaining residents to seek employment in that sector. The insufficient quantity and low quality of the workforce affect the manual workers and also the farm managers, who supervise their farms in an economically ineffective manner and are prone to corruption. Thus, the results reported by individual farm managers, which are then compiled to prepare the overall statistics, fail to fully reflect the actual state of the sector. This, in turn, prevents a detailed alternative assessment of the sector's situation from being made.

- At present, 6.9% of Belarus's total workforce is employed in the agricultural sector (in 2018 the figure was 7.6%), and the average salary offered in this sector is 1,475 Belarusian roubles (around $450), which is more than 400 roubles lower than the average salary in the Belarusian economy as a whole. Moreover, it should be added that, according to independent media outlets, most agricultural workers actually receive lower salaries. The sector's problems also include a lack of modern equipment and a rapid rate of wear and tear, which frequently comes under criticism from the government. Due to these difficulties, the productivity of state-controlled companies operating in the agricultural sector is lower than that of the privately-owned ones.

- Despite this, the Belarusian agricultural sector is not only able to produce foodstuffs for the needs of the domestic market (more than 75% of foodstuffs sold in Belarus are home-grown), but also forms a source of considerable export revenues – the only commodity Belarus needs to import are cereals. The agri-food sector accounts for around 20% of Belarus's total exports and in 2023 total revenue from the export of agricultural produce stood at $7.5 bn. Russia, which has valued Belarusian foodstuffs highly for many years, buys around 70% of these exports (in particular dairy products). Other major and increasingly important export partners include Uzbekistan, Kazakhstan, Kyrgyzstan, the United Arab Emirates and China. The latter country has been viewed as the most promising market, which is demonstrated both in the statistics and in the rhetoric of the Belarusian leadership. In this respect, the EU's importance is marginal. The EU's imports from Belarus are dominated by animal feed and its components, that is low-processed goods. In 2023, the value of the EU's imports from Belarus was more than €320 mn and the three biggest importers were Latvia, Lithuania and Poland.

- The significant increase in the value of the sector's exports which has been seen in recent years, and its growing share in Belarus's total exports are due to two factors. Firstly, the high competitive advantage of Belarusian foodstuffs on foreign markets; this is partly due to their lower price (which, in turn, is a consequence of lower labour costs), price dumping practices applied by Belarus and other factors. Secondly, because they have been exempt from EU and US sanctions. The potential for generating a production surplus, which is then exported, is mainly seen in the dairy industry. The Belarusian agricultural sector is also capable of organising an efficient and highly profitable production in selected facilities. The rapeseed processing sector, which has expanded in recent years, is one example. It has enabled the country to increase its exports of rapeseed meal and oil to markets such as the EU, while meeting EU standards.

- The agricultural sector is one of the main sources of export revenues which, at least to some degree, have enabled the country to offset the losses recorded in those sectors which used to be profitable and now are subject to Western sanctions, including petroleum processing and timber production. However, the poorer export results recorded in 2023 indicate that the potential for growth here is limited. This is because it does not rely on long-term factors, only deriving its dynamism from a temporarily favourable situation in selected segments of the global food market.

- Due to unfavourable weather conditions and the poor quality of most of its soil, the Belarusian agricultural sector is unable to ensure the country's self-sufficiency, even as regards the production of plants. Therefore, Minsk has to import cereals, including from Russia. Due to the its outdated organisational structure, which continues to rely on Soviet models, poor work culture and the growing workforce shortage, in the long term, the agricultural sector will cease to be a stable driver of Belarus's economic growth and will likely become an increasing burden on state finances unless a comprehensive reform is carried out. The cost of maintaining the current model may exceed Belarus's current profits from exports.

INTRODUCTION

The Belarusian agricultural sector is organised in a unique manner, as it simultaneously relies on certain outdated elements originating from the Soviet era and modern free market solutions. Large farms are the basic form of agricultural production and are a hybrid combination of Soviet-era *kolkhozes* and *sovkhozes* with state-controlled companies and were in theory intended to symbolise a transition from Soviet to modern farming methods.

The Belarusian government have viewed the agri-food sector as a strategic segment of the economy that forms one of the pillars of state security. This results to some degree from Alyaksandr Lukashenka's personal involvement in agricultural issues (in the late 1980s and early 1990s he worked as a *sovkhoz* manager). This is why the country continues to prohibit trading in agricultural land, and any ownership changes (such as land conversion) are directly supervised by Lukashenka. Despite its outdated structure, as well as staff and capital shortage, agriculture is an important sector of the economy, accounting for 7.2% of Belarus's GDP, and a source of significant export revenues; in recent years this accounted for up to 20% of the country's total exports.

This report aims to provide an insight into the peculiarities of the Belarusian agricultural sector, which has so far been insufficiently researched in the West. Nor has a comprehensive analysis of this topic been compiled in Belarus, although it should be noted that the Belarusian State Statistical Committee publishes a comprehensive guide to the current state of the country's agriculture annually. Its most recent edition of 2024 served as the basis for most of the charts contained in this report.

The text is divided into several parts. Part one is an introduction to the peculiarities of the Belarusian model of agriculture, with special emphasis on its profound reliance on Soviet-era traditions. The following parts discuss the current structure of the Belarusian agricultural sector and the basic macroeconomic indicators that illustrate its condition in official statistics. The statistics cited in the study mostly cover the years 2018–23. Due to the absence of comprehensive data for 2024 and the period prior to 2018, the authors relied on statements by representatives of the Belarusian authorities and on reports published in Belarusian media outlets dealing with agriculture.

It should be noted in this context that the reliability of official Belarusian statistics is dubious. Thus, the authors additionally consulted other sources such as the European Statistical Office (Eurostat), the USDA Foreign Agricultural Service and the Food and Agriculture Organization of the United Nations (FAO). The report places special emphasis on the dynamics and the commodity structure of Belarusian food exports which in 2023 were worth $7.5 bn. The closing paragraphs of the text provide a brief summary and an attempt at an assessment of the actual importance of agriculture to the country's economy.

I. NATURAL CONDITIONS

1. Climate and land formation

All of Belarus's territory is situated in the western part of the extensive East European Plain. The country's surface is mostly flat. Its central part contains the Belarusian Ridge made up of small hills, including the country's highest point, Dzyarzhynskaya Hara (345 m above sea level). The country's southern part is flat land known as the Polesia region, which includes several not very deep river valleys. Belarus's lowest situated area is the Neman River valley near the border with Lithuania (90 m above sea level).

Belarus is heavily forested, at nearly 40% of its territory. A major portion of the particularly important Belovezhskaya Pushcha primeval forest is located in Belarus. Other well-known areas of this type are the Hrodna Pushcha and the Naliboki Pushcha. Swamps, marshes and peatlands make up a significant portion of the country's territory.[1]

Belarus is located in a temperate climate zone, which is a transitional zone between maritime and continental climates. Against the backdrop of the remaining portion of the East European Plain, Belarus's climate is relatively warm. Typically, its temperate climate is characterised by not very cold winters, summers which are mildly hot and quite humid, and rainy autumns and springs. Average annual temperatures range from 4.4°C in the east to 7.4°C in the west. The growing season usually lasts between 178 and 208 days, and winter lasts between 106 and 144 days. Average annual precipitation is 550–750 mm and up to 650–750 mm in the uplands. In dry years, total annual precipitation is 300 mm, while in particularly wet years it is up to 1,000 mm.[2]

2. Soil structure

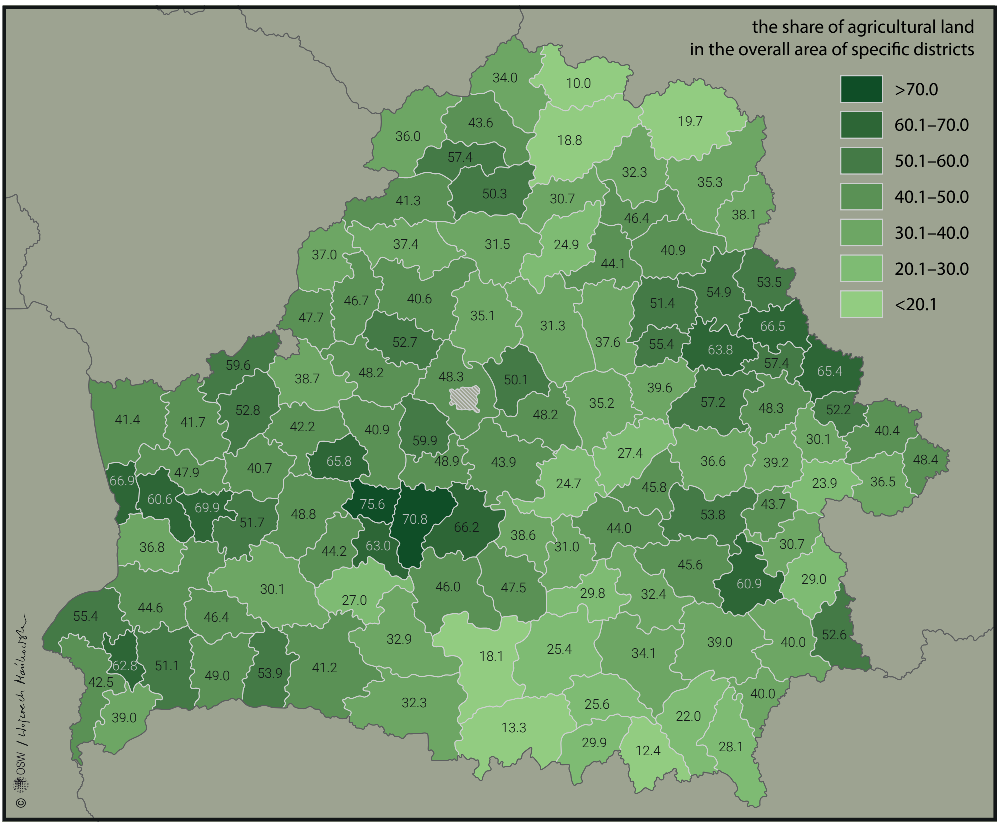
The structure of arable land is dominated by low-quality turf and podzolic soils (around 70% of total arable land area). Soggy swampy, peaty and waterlogged soils form in the wetlands of Polesia and by the lakes in the northern part of the country (around 25%). The floodplains of the rivers Pripyat, Dnieper and Dvina contain fluvisols (a total of 2% of the country's area). The higher situated

[1] 'Warunki naturalne – Białoruś', Geografia Regionalna, 26 October 2022, regionalna.gozych.edu.pl; 'Białoruś. Warunki naturalne', Encyklopedia PWN, encyklopedia.pwn.pl.
[2] 'Polska na Białorusi – Informator ekonomiczny', Official website of the Republic of Poland, gov.pl.

areas of Polesia and the tops of the moraine hills are covered with sands. Due to low soil fertility, high and stable yields of crops can only be achieved if sufficient amounts of mineral and organic fertilisers are used in their production.[3]

Arable land accounts for 40.8% of Belarus's territory and soil fertility differs in individual regions. The biggest share of agricultural land is found in the Hrodna region (48.5%), and the smallest in the Homel region (32.5%). Districts with the biggest share of agricultural land include the Nyasvizh district (75.6%) and the Kapyl district (70.8%) in the Minsk region, and the smallest share has been found in the Rasony district (10%) in the Vitebsk region and in the Naroulya (12.4%) and Lyelchytsy (13.3%) districts in the Homel region (see Map). Soils in the Hrodna region are the most fertile, while those in the Vitebsk region are the least fertile.[4]

Map. The share or agricultural land in the overall area of specific districts



Source: 'Агропромышленный комплекс', Белорусская Энциклопедия, belarusenc.by.

[3] В. Гусаков, В. Павловский, 'Ресурс земли', СБ. Беларусь Сегодня, 22 June 2010, sb.by.
[4] Т. Азарёнок, Н. Цыбулько, 'Земельные ресурсы и почвы', Белорусская Энциклопедия, 28 March 2024, belarusenc.by.

II. THE SOVIET PAST AND THE PRESENT SITUATION OF THE BELARUSIAN AGRICULTURAL SECTOR

In the Belarusian Soviet Socialist Republic (BSSR), agriculture was organised in line with the general principles of economic policy applied in the USSR, which envisaged a collective model of farming. As a consequence, cultivated and forested areas were owned exclusively by the state and were utilised in the system of *sovkhozes* and *kolkhozes*, that is collective farms. This resulted in the emergence of a poor organisational culture, a lack of work discipline and low wages, especially compared with those offered in the rapidly growing industrial sector. The booming industrial sector (including the construction of large factories), the attractiveness of employment in this sector and of urban life, combined with increasingly easy access to education, translated into a steady decline in the size of the rural population. Its share in Belarus's total population gradually decreased from 57% in 1970 to 38% in 1985. Despite this, immediately before the collapse of the USSR, Belarusian agriculture was one of the best developed agricultural sectors in the Soviet state as a whole. For example, in the context of its *per capita* production of potatoes, sugar beets and pork, Soviet propaganda went as far as to promote the view that it was similar to or higher than that of the US, West Germany and the United Kingdom.

According to official statistics, in 1989 the productivity of the BSSR's agricultural sector was the highest in the USSR as a whole. Although its crops accounted for just 1.7% of the Soviet Union's total acreage, their reported share in total Soviet agricultural production was much bigger for categories such as potatoes (15.4%), cereals (3.8%) and flaxseeds (25.2%), as well as for meat (6%) and milk (7%) production. However, the Belarusian agricultural sector was affected by the collapse of the outdated economic model at the turn of the 1990s. Thus, after regaining independence, Belarus faced an urgent need to thoroughly reform its agricultural sector. In the early 1990s, Belarus adopted several legal solutions which for the first time in history enabled agricultural workers to choose their form activity, including by establishing their own farm. However, the main problem these individuals encountered was the ban on purchasing agricultural land, as only land leasing was allowed. Moreover, the legal modifications were poorly prepared, as a result of which few individuals decided to operate in the new system. The young and weak Belarusian state was also unable to create favourable conditions for its citizens to start individual agricultural production, especially as back then it faced a capital deficit and a limited access to high quality seeds, fertilisers and agricultural machines.

Another important factor involved the unpopularity of private farming in Belarusian society.[5]

Another major challenge was linked with the completely severed cooperation between the former Soviet republics, which used to be the biggest recipients of Belarusian foodstuffs. As a consequence, in the first half of the 1990s, the collective farms, which continued to operate despite their inertia, recorded a significant decline in their production and profitability (on average by 50%). In addition, the salaries, which were already relatively low, also declined. Combined with their irregular payment, this resulted in a major pauperisation of the rural population and triggered an increased outflow of the skilled workforce to urban regions.

After taking office as Belarus's president in 1994, in an attempt to deliver on his campaign promises, Lukashenka launched efforts to 'heal' the ailing agricultural sector. In February 1995, he signed a decree 'On actions to assist the development of agricultural production' and in August 1996 Belarus adopted a Government Programme for Reform in the Belarusian Agricultural Sector, which supplemented the presidential initiative. The official purpose of the programme was to transform the *sovkhozes* and *kolkhozes* (at the time around 2,300–2,400 of these farms operated in Belarus, with *kolkhozes* accounting for 75% of them) into independent economic entities operating "according to free market principles with simultaneous actions by the state to regulate selected aspects of their activity".[6]

The peculiarities of *kolkhozes* and *sovkhozes* in the USSR

An agricultural reform carried out after the October Revolution, with the Decree on Land issued in 1917 as its first element, combined with collectivisation, which was implemented in the following years, resulted in the establishment of *sovkhozes* and *kolkhozes*, that is two basic forms of agricultural activity applied in Bolshevik Russia and subsequently in the USSR. A *sovkhoz* (this term is a portmanteau word formed on the basis of the Russian term '*советское хозяйство*' or a 'Soviet farm') was a state-owned farm established on the basis of an estate (usually a large one) confiscated

[5] В. Сакович, 'Сельское хозяйство Беларуси: исторический очерк развития', *Белорусский Экономический Журнал* 1999, no. 3, after: edoc.bseu.by.
[6] В. Гусаков, А. Шпак, 'Агропромышленный комплекс Беларуси в условиях трансформационной экономики', *Белорусский Экономический Журнал* 2018, no. 4, bem.bseu.by.

from its former owner. Employees of *sovkhozes* were hired on the basis of an employment contract they signed with the state, and received a regular salary. A *kolkhoz* (from Russian '*коллективное хозяйство*' or 'collective farm') was established by way of merging individual farms owned by peasants into a type of a cooperative (in the first years of their existence *kolkhozes* were referred to using various terms such as an artel, a commune or a society). Once they contributed their land and livestock to the collective farm, *kolkhoz* members were authorised to have a share in the farm's production and in the profits generated from its sale. Thus, they did not receive any salary and until the 1960s they were also not entitled to any form of old-age pension. Other challenges included the distribution of income, especially in the Soviet economic model which was significantly different from the free market rules.

The formal transformation of *kolkhozes* and *sovkhozes* into limited liability companies or other types of businesses did not solve the problem, as these farms continued to operate as collective farms involved in crop production and livestock farming on state-owned land.[7] Retaining the state's control of agriculture was an issue of major importance to Belarus, as shown by the fact that this issue was the subject of one of the four questions asked in a presidential referendum held on 1996. As a result of the referendum's outcome, Article 13 of the Belarusian Constitution adopted in 1994 was amended to include a provision on the basis of which the state was considered a monopolist arable landowner. Thus, the agricultural sector was included in the general framework of Lukashenka's programme for Belarus's (re)organisation in line with Soviet standards. This involved, among other things, the continued domination of state property over private property and a consolidation of the command and distribution economic model.

The subsequent attempts to reorganise the large state-owned farms, which were carried out post-2000, also failed to bring about a significant change in how they operated. In 2001, Lukashenka issued another decree regarding the agricultural sector's organisation. On the basis of this decree, a new type of organisational structure was introduced: the agricultural production cooperative. However, the implementation of this solution was prevented by problems with partitioning the farmland into smaller plots for individual members

[7] Н. Бычков, 'Проблемы правого обеспечения реформирования колхозов и совхозов в рыночные структуры', *Известия Академии аграрных наук Республики Беларусь* 1996, no. 1, after: belal.by.

of the cooperative (the former *kolkhoz*), which resulted from the valid legislation prohibiting natural persons from purchasing arable land.[8]

The transformation was also hampered by the emergence of so-called individual or auxiliary farms (Russian: *хозяйства населения*), that is plots of arable land operated by individuals who permanently or temporarily resided in rural areas. This form of farming activity is very widespread in the agricultural sectors of post-Soviet states, including in Belarus. A significant portion of production obtained at these farms is consumed by their owners' families and only surplus production is sold on the market.[9] The popularity of this unique form of farming activity was additionally consolidated by the widespread practice of city residents owning a seasonal or year-round second home (a dacha), which dates back to the Soviet era.

8 'Метаморфозы колхозов', Экономическая Газета, 13 June 2014, neg.by.

9 А. Гайдуков, 'Роль хозяйств населения в производстве продукции сельского хозяйства Беларуси и России', Белорусская Сельскохозяйственная Государственная Академия, 13 January 2020, after: cyberleninka.ru.

III. LEGAL FRAMEWORK

1. The legal basis

The Belarusian Agricultural Code (Russian: *Кодекс Республики Беларусь о Земле*) is the most important document regulating the legal aspect of the operation of the Belarusian agricultural sector. Its key provision (Article 15) prohibits natural persons from purchasing arable land, as well as bodies of water alongside land adjacent to them, and forested land. These plots of land can only be owned by the state and any decisions regarding the conversion of arable land to other land categories (for example as building plots which can be sold to private customers) always require the president's approval (Article 26). Alongside this, owners of small private farms (mostly mid-sized farms with an average acreage of 90 hectares) were stripped of their right to buy out their farmland, leaving them only entitled to its perpetual lease. Similar rules apply to individual farms as well as cooperatives grouping operators of small allotment gardens and orchards (Article 16).[10] The state is thus the monopoly owner of arable land and continues to apply solutions adopted in the Soviet era.

The most recent amendment of the code adopted in 2023 introduced a provision which permits bequeathing a developed plot of land to a citizen of another state (previously, this right only applied to the property built on this land). However, these modifications did not alter the state's monopoly on owning arable land.[11]

2. Doctrine, propaganda and reality

Belarus's agricultural policy is defined in its Food Safety Doctrine which has been in force for many years. The government adopted the current one (valid until 2030) on 15 December 2017. The most important recommendation contained in the document requires the country to maintain its food self-sufficiency and to export its production surpluses. It thus reflects one of several important elements of state propaganda – which Lukashenka also frequently uses – regarding the "exceptional food production potential of Belarus which could even feed the starving citizens of the United States".[12] Effectively, the sit-

[10] Кодекс Республики Беларусь о Земле, President of the Republic of Belarus, 18 July 2022, pravo.by.
[11] 'Участок можно купить по заявлению, увеличить и оставить в наследство иностранцу. Что нового появится в земельном кодексе с 1 января', Зеркало, 10 October 2022, news.zerkalo.io.
[12] 'Лукашенко вызвался накормить миллионы голодающих американцев', MK.ru, 11 February 2021, mk.ru.

uation is much more complex. In the 2022 edition of the Global Food Security Index published by *The Economist*, Belarus fell to the 55th place (in the previous edition it was ranked 36th). Among the problems affecting Belarus's food security, the authors of this ranking listed the high prices of foodstuffs, a significant proportion of the population living in poverty, and the poor quality of food security programmes. As regards the positive aspects, they pointed at the availability of foodstuffs and their quality.[13]

The doctrine also identifies the problems the Belarusian agricultural sector is facing. These mainly involve poor labour productivity, the negligible profitability of production (or the failure of some state-owned farms to generate profits) and the permanent deficit of the development outlays and funds which are necessary to finance the farms' running costs. The slowly increasing capital investment in core capital was viewed as insufficient in the context of both the improvement of the country's food security and the state of the agri-food sector itself. The doctrine also emphasises the relatively low purchasing power of some citizens, including families with many children, as their insufficient income prevents them from eating a healthy diet.[14]

Lukashenka: Belarus's 'principal *kolkhoznik*'

Numerous inspections, meetings dedicated to agricultural issues and 'owner's on-site visits' to state-owned farms have formed permanent elements of Lukashenka's public activity since the 1990s. Due to his professional experience (at the turn of the 1990s he worked as the director of the Gorodets *sovkhoz* in Mahiliau region and graduated from the Belarusian State Agricultural Academy in Gorky in extramural studies), he evaluates the work of the executive staff in the agricultural sector with visible expertise and enthusiasm, and instructs his subordinates regarding even the smallest details of the farms' operation. He is merciless in highlighting various irregularities and instances of mismanagement, and simultaneously emphasises the "superiority of the collective economy, which protects the country from poverty".[15]

13 'В Глобальном индексе продовольственной безопасности Беларусь оказалась на 55-й строчке', Thinktanks.by, 22 December 2022; *Global Food Security Index 2022*, The Economist Group, impact.economist.com.
14 'О Доктрине национальной продовольственной безопасности Республики Беларусь до 2030 года', Council of Ministers of the Republic of Belarus, 15 December 2017, faolex.fao.org.
15 W. Karbalewicz, *Aleksandr Łukaszenko. Portret polityczny*, PISM, Warszawa 2013, pp. 18–19, 104–105, 142–143.

Lukashenka's criticism often takes emotional forms. Without mincing his words (the terms he uses include: 'chaos', 'mess', 'total thievery' and 'utter bedlam'), he reprimands local officials and farm directors. Each time, the state media gives extensive coverage to these events and reports on them in a serious tone. Lukashenka's most controversial statements, which abound in spectacular and sometimes shocking metaphors, continue to be present in the media for a long time. One example involves the statement he made during his visit to a state-owned farm in the Shklov district in March 2019. When commenting on the conditions for cow farming, he compared them to the "standards of the Auschwitz concentration camp".

3. The management model

The state of the Belarusian agricultural sector is largely determined by how its dominant state-owned segment is managed. As in other sectors of the economy, the government applies central planning based on medium-term goals. Every four to five years the government devises a development programme which includes the investment plans, targets and indicators it intends to achieve. The currently programme in force for 2021–5, entitled 'Agrarian Business'[16], aims to increase the competitive advantage of agri-food products, to boost exports, introduce organic farming standards and strengthen the country's food security. As part of this strategy, nine measures have been identified regarding the development of crop and seed production, livestock farming and animal production processing; an increase in the cattle population; the development of freshwater fish farming; the development of flood control infrastructure; land improvement; support for small private farms; and other issues. According to the authors of the programme, the implementation of these measures is expected to result in increased productivity, an improvement in the raw material base, the modernisation of the agri-food industry, digitisation, the development of genetic research for agricultural purposes and in the creation of favourable conditions for the development of private business activity in the agricultural sector. Another target for 2025 involves an increase in the export of food and non-processed products of at least 21.3% compared with 2020 (that is up to $7 bn).[17]

16 'О Государственной программе «Аграрный бизнес» на 2021–2025 годы', Council of Ministers of the Republic of Belarus, 1 February 2021, pravo.by.

17 'Правительство определило направления развития аграрного бизнеса Беларуси на пятилетку', Прайм Пресс, 5 February 2021, primepress.by.

On the one hand, this is a standard document because it copies numerous previous initiatives (for example those contained in the 2016–20 programme) and, in a typical Soviet-era manner, sets out a detailed plan for their implementation. It also defines specific targets which should be achieved. On the other hand, it contains certain elements of modern thinking about agriculture, which is demonstrated, for example, in initiatives regarding the digitisation and popularisation of environmental standards. The government's strategies are also reflected in research projects carried out by the Scientific and Practical Centre on Food of the National Academy of Sciences of Belarus and other bodies. The implementation of the centre's current project entitled 'Technologies in Agriculture and Food Security' has been planned for 2021–5. It thus serves as a scientific supplement to the government programme discussed above.[18]

[18] '«Сельскохозяйственные технологии и продовольственная безопасность», 2021–2025 годы', National Academy of Sciences of Belarus, asio.basnet.by.

IV. STRUCTURE OF THE AGRICULTURAL SECTOR

1. The ownership structure

The most recent data for 2023[19] corroborates that the ownership structure of the Belarusian agricultural sector remains unchanged. It continues to be dominated by large state-owned farms: agricultural production companies owned by the state account for as much as 78.2% of the sector's production, while private farms account for just 2.9%. The remaining 18.9% is generated by (usually small) individual farms, which demonstrates that this type of farming is still deeply rooted in the Belarusian farming culture.

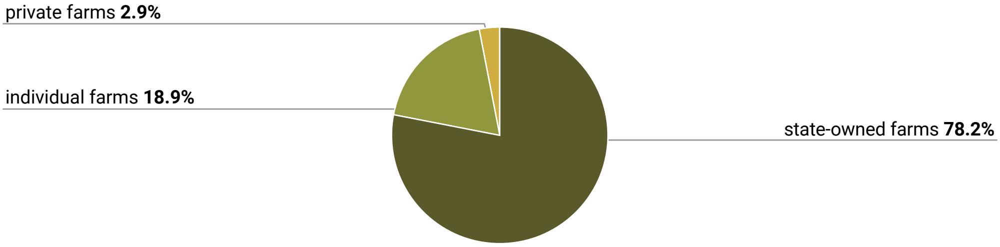
As regards the share of specific farm types in the total land area cultivated, the proportion is as follows: state-owned farms account for 89.8% of this land, individual farms for 5%, and small private farms for 4%. The average size of these farms is also highly varied. For state-owned farms it is around 6,000 hectares and for small private farms around 90 hectares.[20] It should be noted in this context that the size of individual farms has been declining. Compared with 2022 it fell by 3.5%, while the size of the other two types of farms has slightly increased.

The number of companies in the agricultural sector, both state- and privately-owned, has been on the rise. In 2018, Belarus had 1,389 state-controlled companies, while in 2023 this figure increased to 1,485 (this was partly due to the restructuring of unprofitable businesses). The number of farms was 2,700 and 3,364 respectively. It should be noted that in 2023 a year-on-year increase in production was only recorded for state-owned companies (of 2%).

19 A significant portion of statistics cited in this section and in other sections of this text comes from a comprehensive report on the agricultural sector, which was published by the Belarusian State Statistical Committee in August 2024. In line with the adopted methodology, change is presented for the period from 2019 to 2023. To obtain a more comprehensive analysis of the situation, figures for 2018 have also been taken into account on the basis of a similar report published in 2023. See *Сельское Хозяйство Республики Беларусь*, Белстат, Минск 2024, belstat.gov.by.

20 'Агропромышленный комплекс', Белорусская Энциклопедия, belarusenc.by.

Chart 1. The share of specific types of farms in Belarus's agricultural production

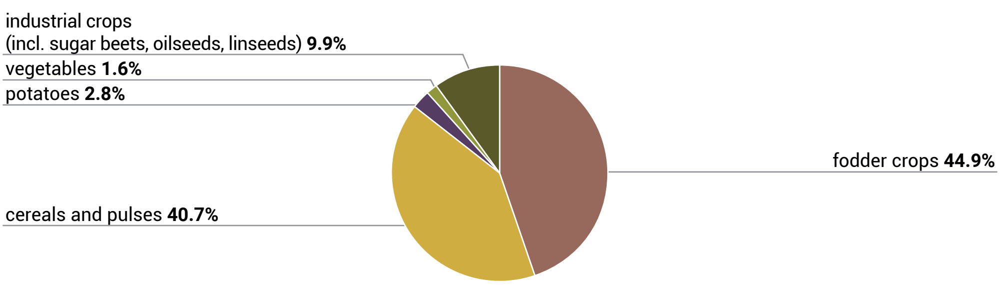


Source: Belarusian State Statistical Committee.

2. The crop structure

At the end of 2023, slightly more than 8 mn hectares of land was in use for agricultural purposes, of which almost 6 mn hectares (71.6%) was cultivated for crops, while the remaining acreage was used as livestock pastures etc.

Chart 2. The structure of crops according to their share in agricultural land, as at the beginning of 2023

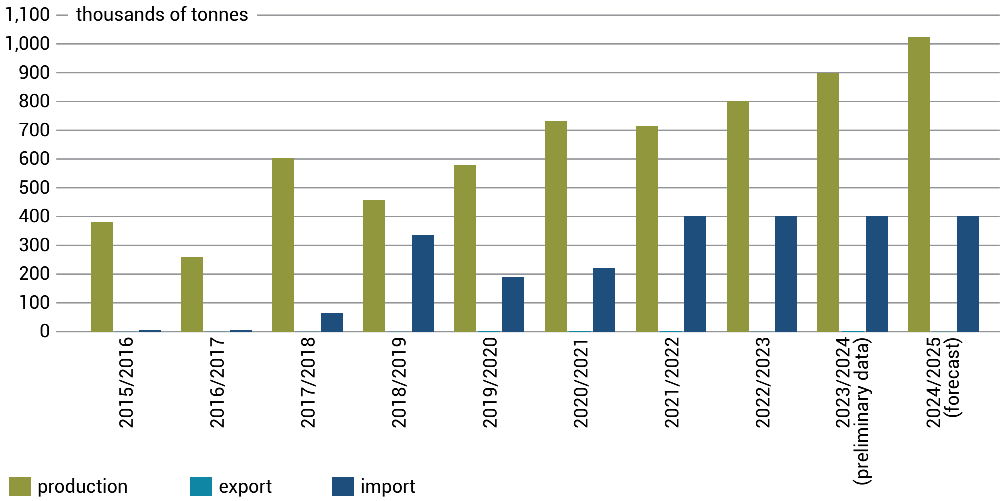


Source: Belarusian State Statistical Committee.

Wheat is the dominant type of cereal crop, followed by barley and maize. Rye and oat crops are of secondary importance (see Chart 7).

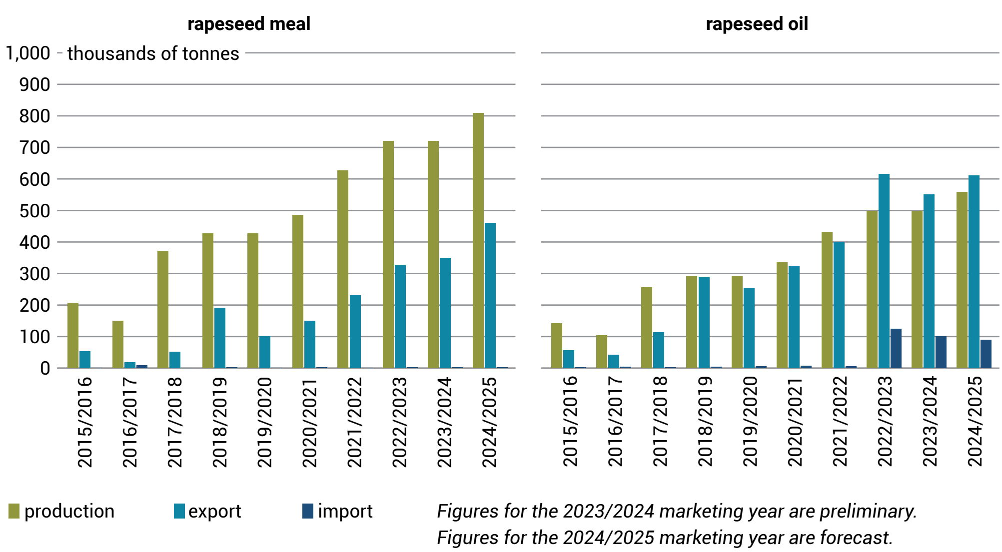
Rapeseed is noteworthy. At present, rapeseed processing is one of the most dynamically growing segments of the Belarusian agricultural production. The country mainly exports rapeseed oil and meal which is used in livestock farming (this particularly involves exports to the EU in the category of residues and waste from the food industry, see Chart 15). According to Belarusian experts, rapeseed is a plant which is perfectly suited to Belarus's natural conditions and climate, and its cultivation enables the country to generate significant profits. The present annual rapeseed production is around 1 mn tonnes, and its processing is carried out by a total of 90 companies, most of which belong to the state-controlled Belgospishcheprom holding company.[21]

Chart 3. Rapeseed production, export and import



Source: USDA Foreign Agricultural Service.

Chart 4. Production, export and import of rapeseed meal and oil



Source: USDA Foreign Agricultural Service.

21 '«Это революция будет на селе». На какую сельхозкультуру Лукашенко сделал верную ставку?', БелТА, 12 July 2023, belta.by.

The available data clearly indicates that fodder crops, which are used as animal feed, account for a significant portion of crops aside from various types of cereals. This results from a high demand for animal feed from farms (including the state-owned ones) which specialise in livestock farming, which forms the biggest and most profitable segment of the agricultural sector. Potatoes, an unofficial symbol of Belarus and an element of a widespread stereotype regarding this country, account for just 3% of the crops.

'The land of potatoes'

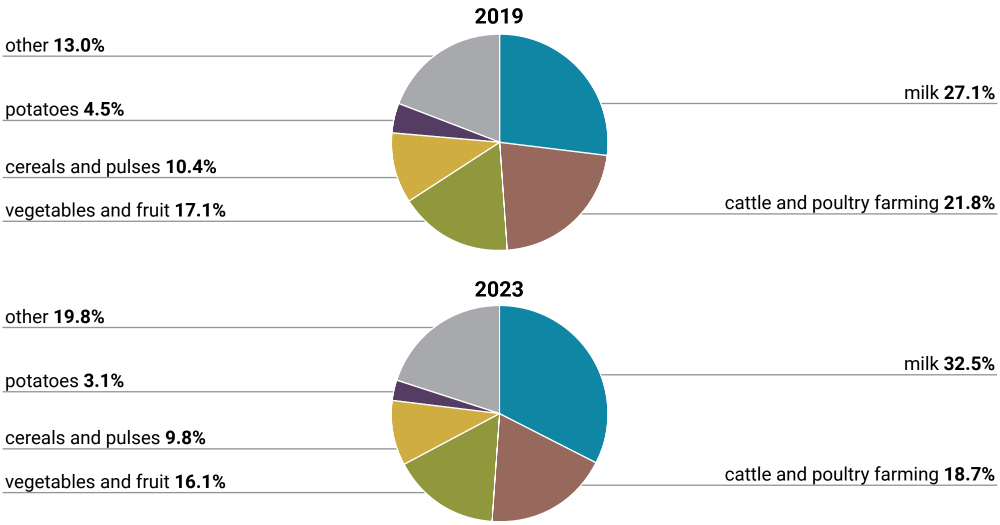
In the post-Soviet states, Belarusians continue to be colloquially referred to as 'bulbash', from the word *бульба*, meaning potato. This nickname results from a popular conviction that potato consumption is particularly high in Belarus. Although Belarusian cuisine does indeed feature numerous potato recipes (including for such popular dishes as potato pancakes and a baked or fried potato pie known as a *babka*), at the beginning of the 20th century Belarusian staple foods included various types of groats (*kasha*) and vegetables, and the potato-based diet gained popularity mainly due to the pauperisation of a large portion of the Belarusian population in the post-war years.

Belarusians themselves have an ambivalent attitude towards this stereotype. On the one hand, they view their 'potato' nickname as a form of mockery intended to highlight their alleged dedication to a simple rural lifestyle. On the other hand, attempts have been made to present this stereotype in a favourable light. In 2014, researchers from the National Academy of Sciences developed a recipe for a potato-based non-alcoholic carbonated beverage called Mikola. In 2021, a 'potato statue' was put up in a village in the Minsk region, in the form of a basket full of potatoes most likely harvested in autumn. This was an element of initiatives carried out by the local authorities to promote several potato fairs and festivals organised there.

3. The commodity structure

The commodity structure of the Belarusian agricultural sector indicates that it is dominated by livestock and poultry farming. Milk production and a well-developed dairy industry, which grew dynamically over the last five years, are of special importance in this context. These two segments taken together account for around 50% of Belarus's agri-food production.

Chart 5. Major commodities in the structure of Belarus's agri-food production in 2019 and 2023



Source: Belarusian State Statistical Committee.

As regards the livestock population, in recent years it has been relatively stable only in the case of cows, while in the remaining categories a downward trend has been recorded. Alongside this, there are no indications that the livestock population could increase in the near future, which may suggest that farming standards are low. Government representatives, including Lukashenka himself, have harshly criticised farm managers for this for many years (see Part VI).

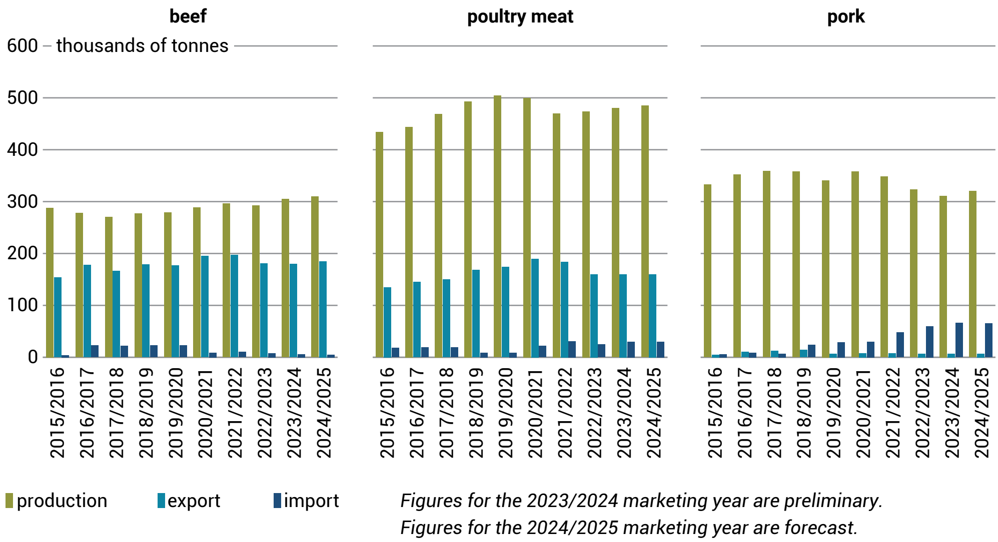
Table. The population of cows, pigs, horses, sheep and poultry in 2019 and 2024

Category	As on 1 January 2019	As on 1 January 2024
Cows	1.4 mn	1.4 mn
Pigs	2.8 mn	2.4 mn
Horses	38,000	20,000
Sheep	86,000	76,000
Poultry	51 mn	49 mn

Source: Belarusian State Statistical Committee.

The available statistics clearly indicate that almost all of the pork produced in Belarus is sold on the domestic market. Belarus also imports pork, which may suggest that it has a production capacity deficit in this sphere. The country exports the majority of its beef and poultry meat production.

Chart 6. Meat production, export and import



Source: USDA Foreign Agricultural Service.

Belarus is unable to achieve self-sufficiency as regards cereal crops. The fact that these crops have a small share in total crops partly results from the insufficient soil quality of most agricultural land and unfavourable weather conditions (see Part I). These include less intensive precipitation than, for example, that recorded in Lithuania which is situated in the Baltic Sea basin and produces more cereals. Thus, each year Minsk imports cereals, as these are essential for the production of flour and other foodstuffs.

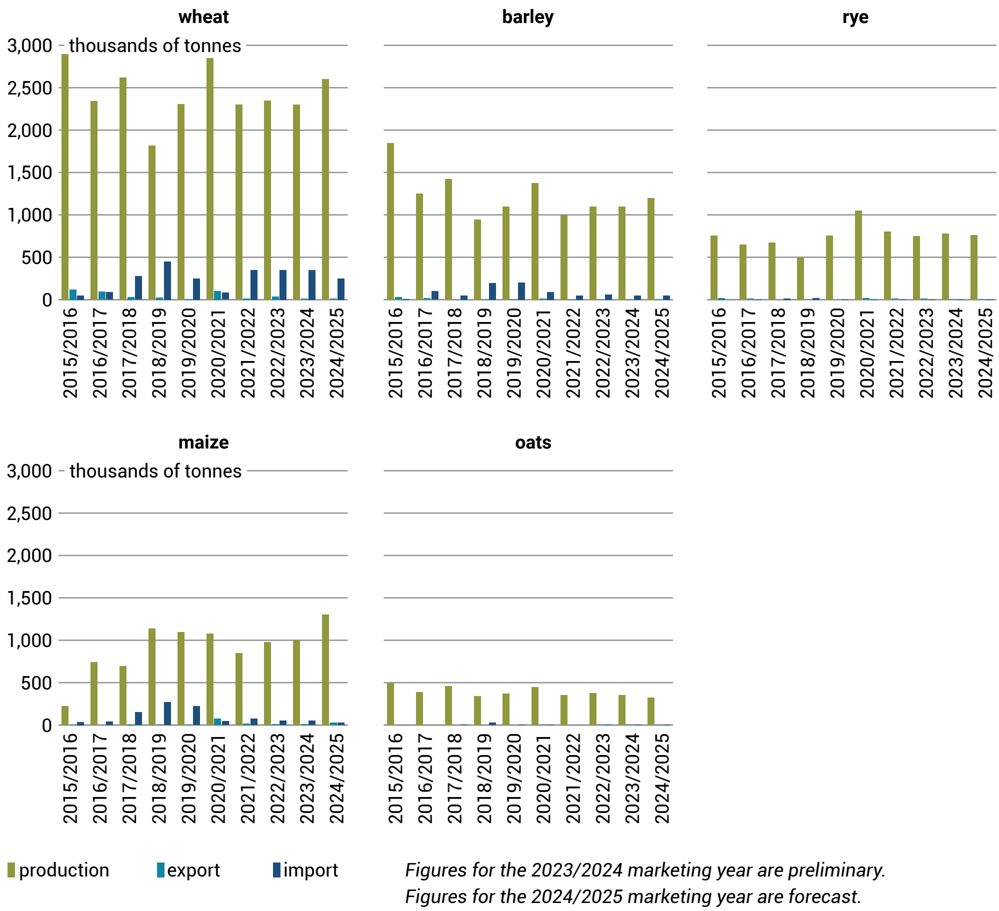
Livestock farming generates a significant demand for animal feed which is produced from imported cereals, maize and other ingredients.[22] Russia is the key supplier of cereals to Belarus. According to the available statistics, in 2021 Belarus bought more than 90% of its barley and wheat imports from Russia,[23] and in 2023 the volume of its cereal imports from that country was nearly

22 Д. Наривончик, 'Сельское хозяйство – точка опоры национальной экономики и региональной политики', Экономическая Газета, 19 November 2021, neg.by.

23 А. Кирейшин, 'Сколько зерна Беларусь закупает за границей', Myfin, 12 October 2023, myfin.by.

500,000 tonnes (statistics regarding the exact volume of supplies are not available). According to Belarusian estimates, imports of cereal in 2023 have enabled the country to maintain the profitability of its livestock farming, which is the most promising segment of the Belarusian agricultural sector.

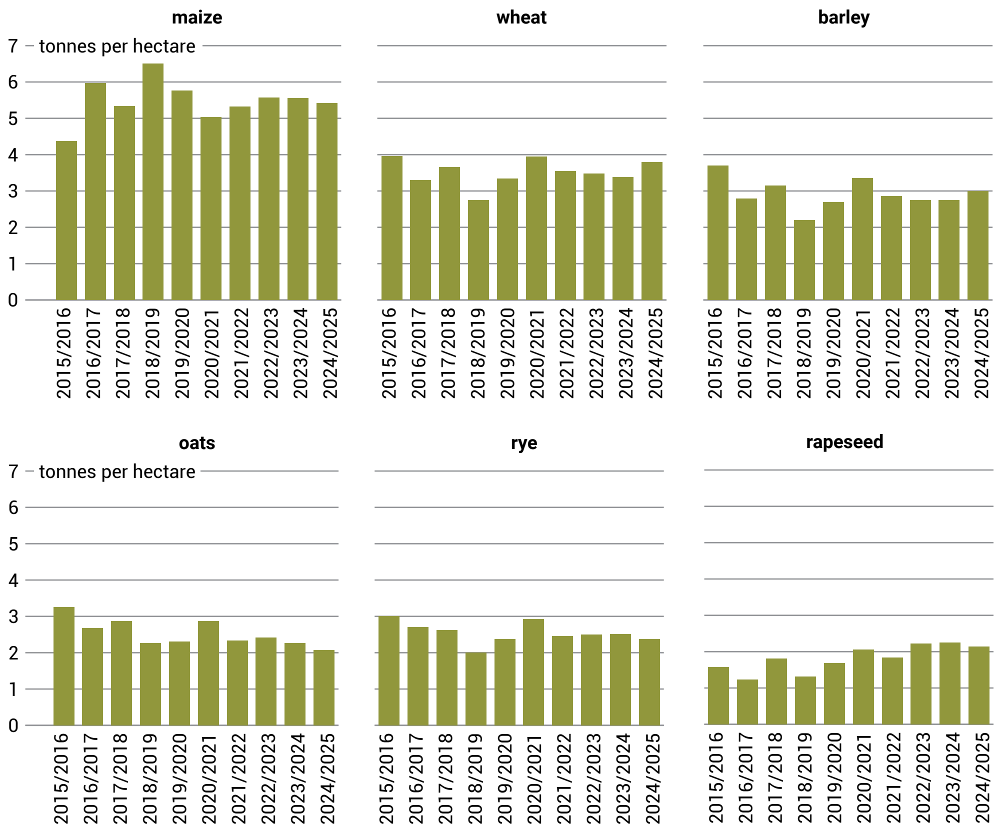
Chart 7. Cereal production, export and import



Source: USDA Foreign Agricultural Service.

It should be noted in this context that the production of cereals varied over the years (including due to the weather in a specific year), which prevents precise calculations regarding the production to imports ratio. An analysis of figures for 2022 and 2023 proves that the production volume varies, as in 2023 the total cereal production was 7.6 mn tonnes, down around 1 mn tonnes compared with 2022.[24] Thus, the likely size of cereal imports is 7–8% of domestic consumption and wheat is the main cereal import (13% of domestic wheat consumption).

Chart 8. Comparison of the production of selected crops



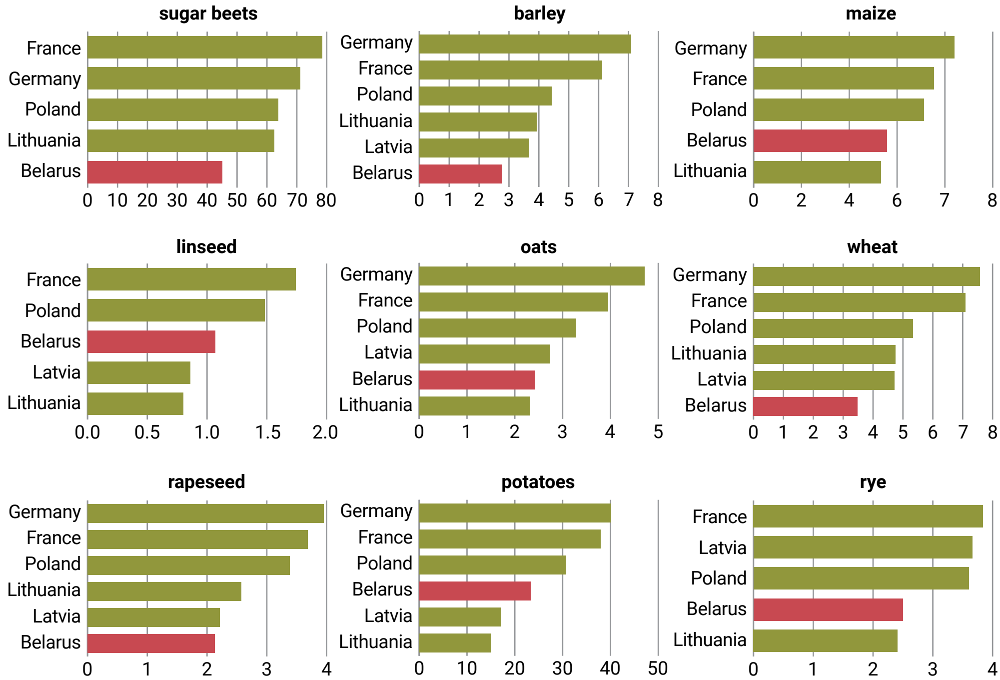
Figures for the 2023/2024 marketing year are preliminary.
Figures for the 2024/2025 marketing year are forecast.

Source: USDA Foreign Agricultural Service.

The efficiency of cereal production in Belarus is lower than in other European states, which is mainly due to poor soil quality and the low effectiveness of the agricultural sector. In this context, linseed production, which is deeply rooted in Belarus's farming tradition, is an exception.

24 'В Беларуси недобрали больше миллиона тонн зерна, зато есть прибавка по кукурузе', Першы, 19 January 2024, 1pr.by.

Chart 9. A comparison of the production of selected crops in Belarus and in other countries



Data in tonnes per hectare.

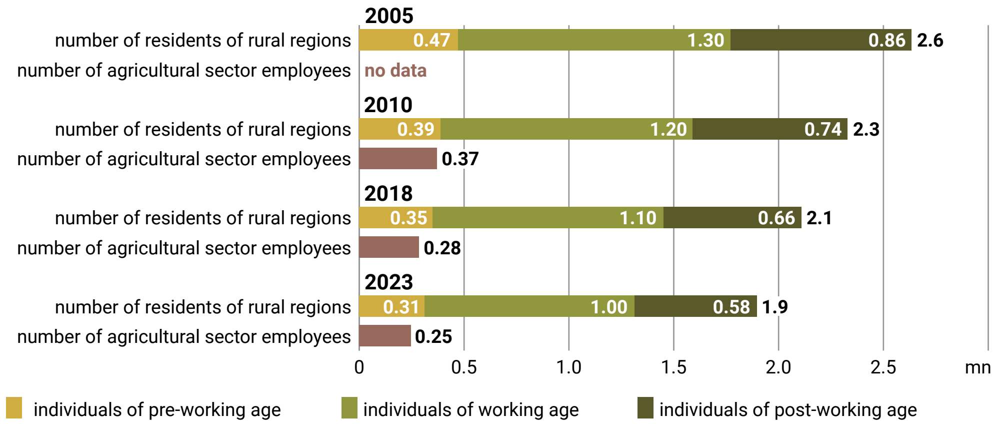
Source: USDA Foreign Agricultural Service, Belstat.

4. Increasing depopulation of Belarus's rural regions

Statistics compiled in recent years corroborate the decline in the number of individuals employed in the agricultural sector, which was already visible in the Soviet era. At the same time, Belarus's rural regions have an ageing and continuously shrinking population. This is clear regardless of these individuals' age and professional activity. It should be noted that the negative demographic trends apply to individuals of working age, children and senior citizens alike.[25] This results in a decline in the number of agricultural workers. In 2018, this group included 284,000 individuals (7.6% of the total workforce), while in 2023 this number shrank to 246,000 (6.9%).

25 For more see K. Kłysiński, 'A depopulating country. Belarus's demographic situation', *OSW Commentary*, no. 547, 17 October 2023, osw.waw.pl.

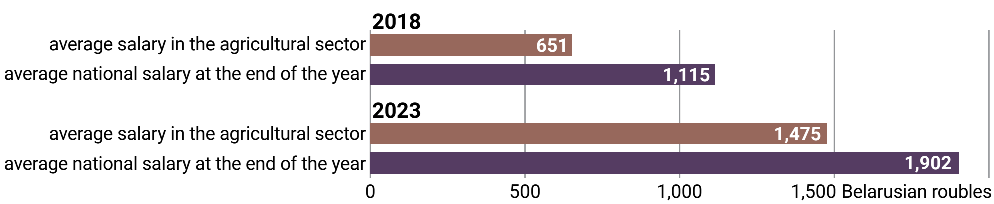
Chart 10. Demographic structure of Belarus's rural regions



Source: Belarusian State Statistical Committee.

The outflow of workforce from the agricultural sector is certainly due to the salaries it offers. Since the regaining of independence, salaries paid to agricultural sector employees, as well as to individuals working in the culture and education sectors, have been lower than the average salary. Figures for Q4 2023 confirm this trend and indicate that agricultural sector employees are among the least well-paid: at that time the average salary in agriculture was over 400 Belarusian roubles (around $120) lower than the average national salary.[26]

Chart 11. Salaries paid to employees of the Belarusian agricultural sector compared with the average national salary



Source: Belarusian State Statistical Committee.

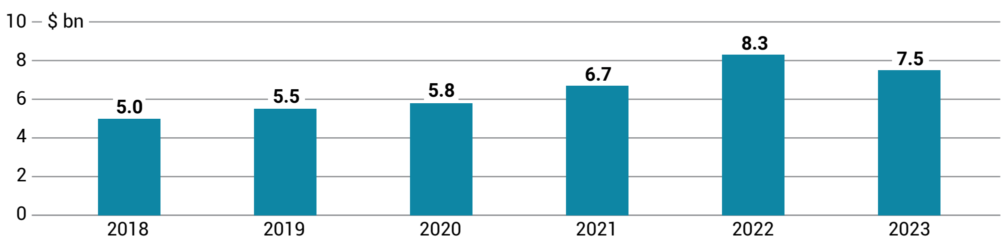
26 See А. Кирейшин, 'Кто в Беларуси зарабатывает больше и меньше всех', Myfin, 5 March 2024, myfin.by.

V. EXPORT POTENTIAL

The agricultural sector is largely export-oriented, as Belarus sells a total of around 60% of its agricultural production to more than 100 countries. In recent years, agri-food products accounted for as much as 20% of the value of Belarusian exports, and in 2021–2 the growth rate clearly accelerated despite the country's increasingly toxic status as a trading partner, earned due to its complicity in the Russian invasion of Ukraine.[27]

It is visible that agricultural exports have been on the rise despite Minsk's isolation by the West (although foodstuffs were exempt from the EU embargo, cooperation has stalled due to Belarus's minor attractiveness as a trade and investment partner). In between 2018 and 2020 the value of Belarusian food exports increased by $0.3–0.5 bn annually, but in 2021 it rose by $0.8 bn and in 2022 by as much as $1.7 bn[28] (see Chart 12). The figures for 2022 are thus considered to be record high. The decline recorded in 2023 is mainly due to a downturn in prices and to dumping practices applied by local exporters. As a consequence, it is difficult to clearly assess whether this decrease marks the start of a long-term trend.

Chart 12. The value of Belarusian food exports in 2018–2023



Source: neg.by, belta.by.

1. Russia as the priority export partner

The high export potential of the Belarusian agricultural sector mainly results from the fact that prior to 2020 the country exported around 70% of its agri-food products to Russia for many years. In recent years, Minsk and Moscow

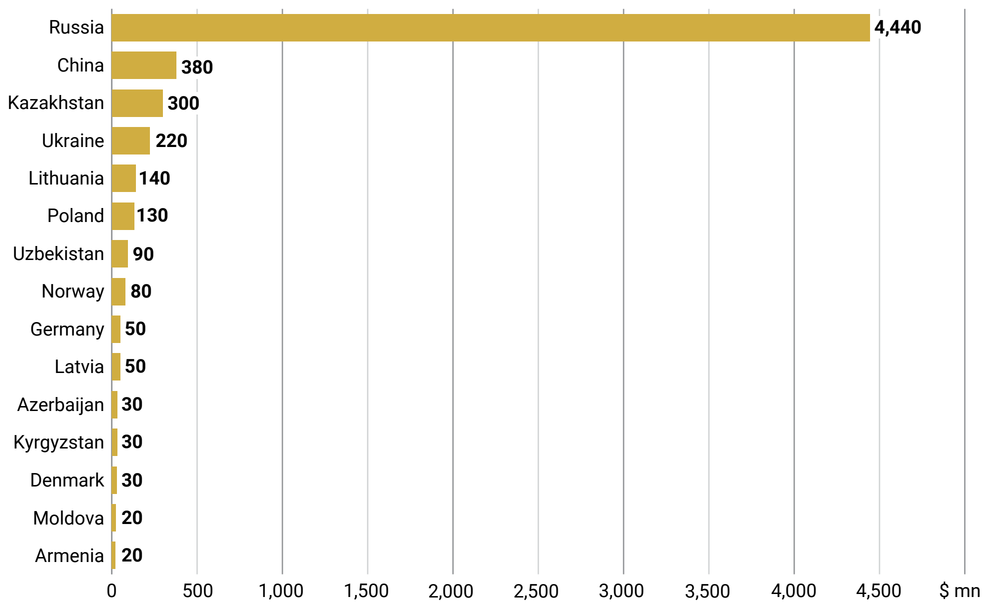
[27] Due to Western sanctions, since 2021 the Belarusian State Statistical Committee has not disclosed numerous statistics, including the structure of exports/imports according to commodity categories. Thus, at present it is impossible to compile a list of most profitable commodities.

[28] А. Светлова, 'Белорусский АПК намерен превзойти рекордный результат 2022 г. по экспорту сельхозпродукции', Экономическая Газета, 8 September 2023, neg.by.

have enhanced their cooperation in all aspects of their bilateral relations.[29] Moreover, the Western restrictions targeting Russia (as regards foodstuffs, these involved corporate boycotts and the withdrawal of investors from the market rather than direct sanctions) and the counter-sanctions introduced by the Kremlin have enabled Belarusian exporters to fill the niches present on the Russian market.[30]

China is the second biggest recipient of Belarusian agri-food products. It mainly imports meat, dairy products and rapeseed oil.[31] Thus, the significant domination of Moscow and Beijing among the importers of Belarusian foodstuffs, which was visible as early as 2021, continued to increase in the following years.[32]

Chart 13. Fifteen biggest importers of Belarusian agri-food products in 2021



Source: FAO.

[29] For more on increasingly close cooperation between Russia and Belarus see K. Kłysiński, P. Żochowski, 'The reluctant co-aggressor. Minsk's complicity in the war against Ukraine', *OSW Commentary*, no. 488, 10 February 2023, osw.waw.pl.

[30] А. Полухин, 'Белоруссия снижает цены на молочную продукцию для России', Ведомости, 2 March 2023, vedomosti.ru.

[31] 'Белорусские производители в 2023 году стали поставлять в Китай товары по 134 новым позициям', БелТА, 3 March 2024, belta.by.

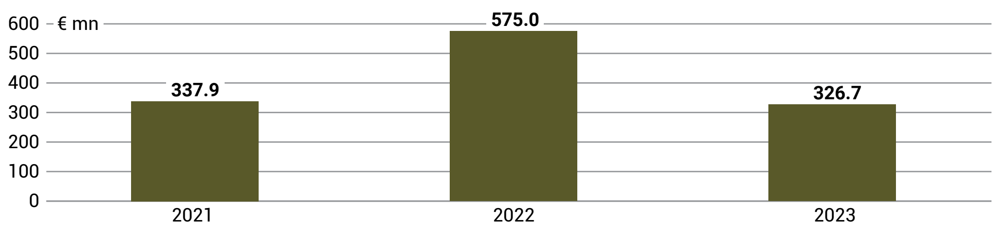
[32] Due to the lack of access to statistics for 2022–3, figures for 2021 were taken into account in some charts.

2. Export to the European Union

For many years, Belarusian foodstuff exporters viewed the EU markets as partners of secondary importance. Strict phytosanitary standards, problems with certification of goods and strong competition from local producers have effectively hindered the development of Belarusian agri-food exports.

Statistics compiled over the last few years indicate (see Chart 15) that the structure of Belarusian exports is to a large degree dominated by non-processed or low-processed products, for example those which in the agricultural sector are used to manufacture animal feed. Poland is among the largest recipients of these goods (such as oilseed cake). However, statistics compiled for both Poland and the other EU member states indicate that the value of the Belarusian agri-food products and the components they import has been on the wane (the increase in recorded in 2022 was an exception). This is a manifestation of a general trend in the Belarus-EU trade, which is linked with the introduction of sanctions packages and the Minsk regime's toxic status for Western importers.[33] At the same time, the share of the agri-food segment in the EU's imports from Belarus increased from 6% in 2021 to 18% in 2022 and 22.6% in 2023.

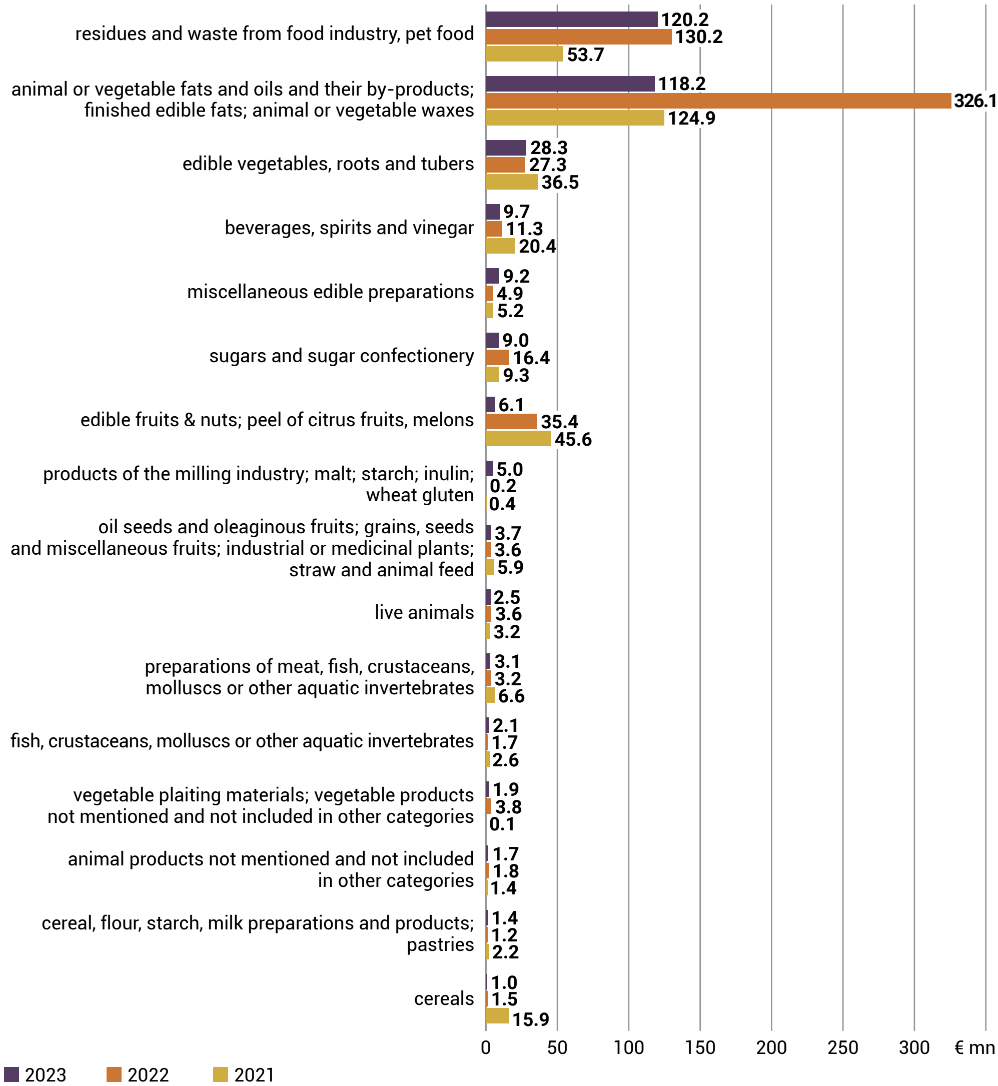
Chart 14. The value of Belarus's food exports to the European Union in 2021–2023



Source: Eurostat.

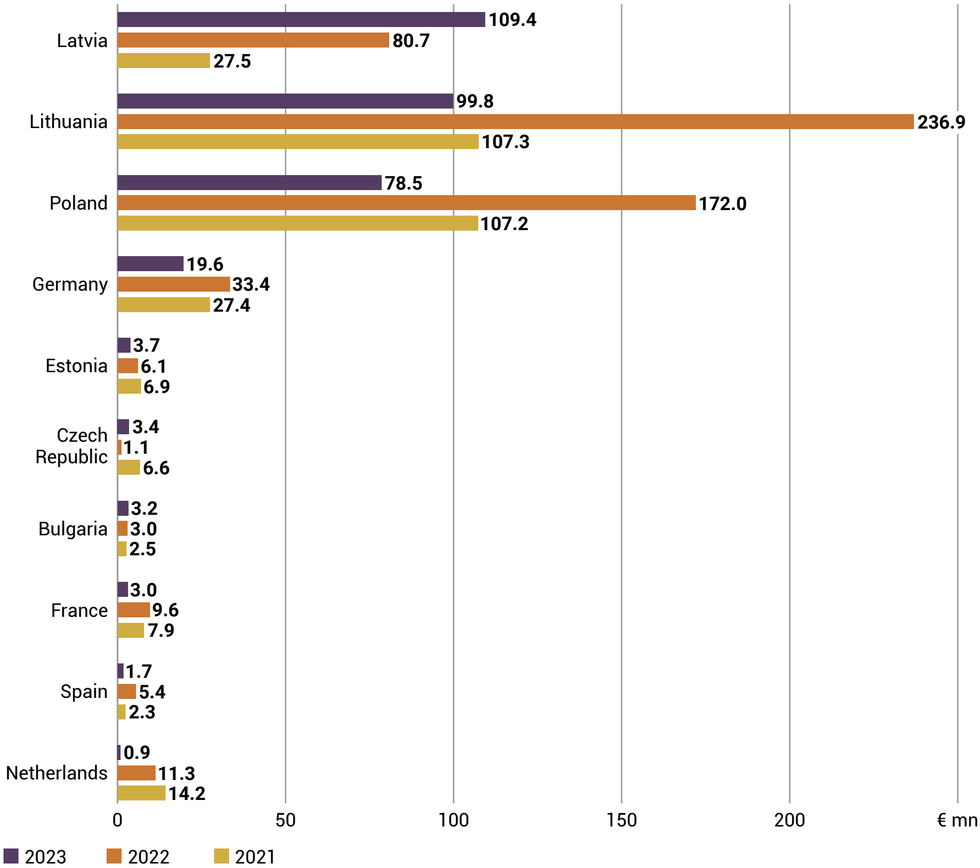
[33] For more see K. Kłysiński, S. Matuszak, 'Dynamic imports vs. dwindling exports. Belarus–EU trade in 2023', OSW, 11 March 2024, osw.waw.pl.

Chart 15. The commodity structure of Belarus's food exports to the European Union in 2021–2023



Source: Eurostat.

Chart 16. The EU's ten biggest importers of Belarusian agri-food products in 2021–2023



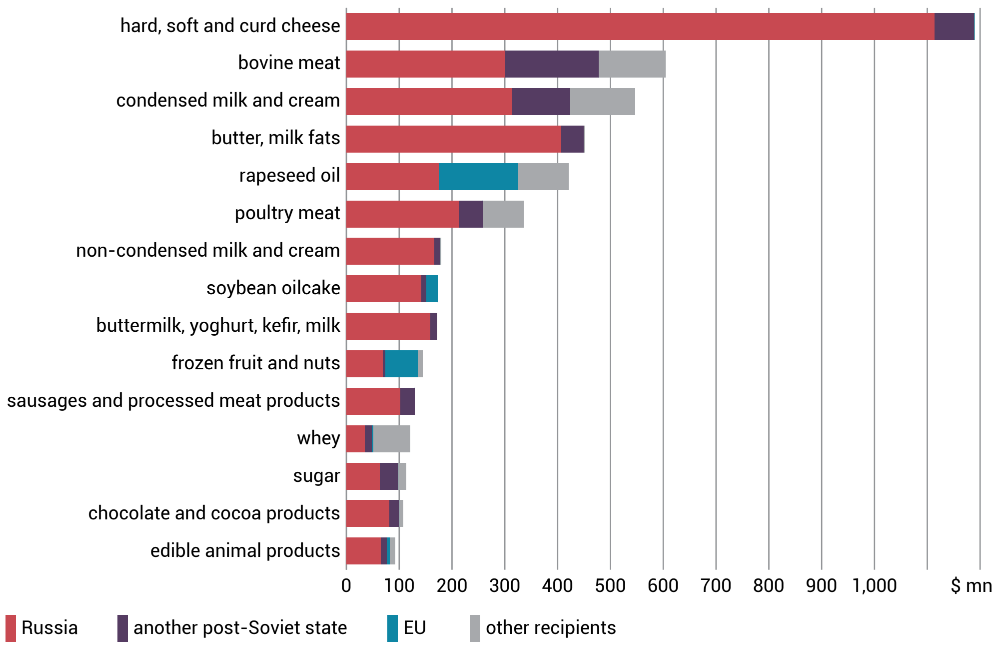
Source: Eurostat.

3. The dairy industry as the driving force of Belarusian exports

For many years, dairy products have been Belarus's main agri-food export, accounting for around 40% of its food exports, which results from the fact that the dairy industry has the biggest production surplus (see Chart 19). The range of goods produced by Belarusian dairy factories for export includes more than 50 products, such as fresh milk, powdered and condensed milk, butter, yoghurt, kefir and various types of cheese. These are mainly exported to Russia, which is Belarus's key export partner, and China, Uzbekistan, Kazakhstan, Kyrgyzstan, the United Arab Emirates, Turkey and Bangladesh, and more recently also to African countries, including Senegal and Egypt.[34]

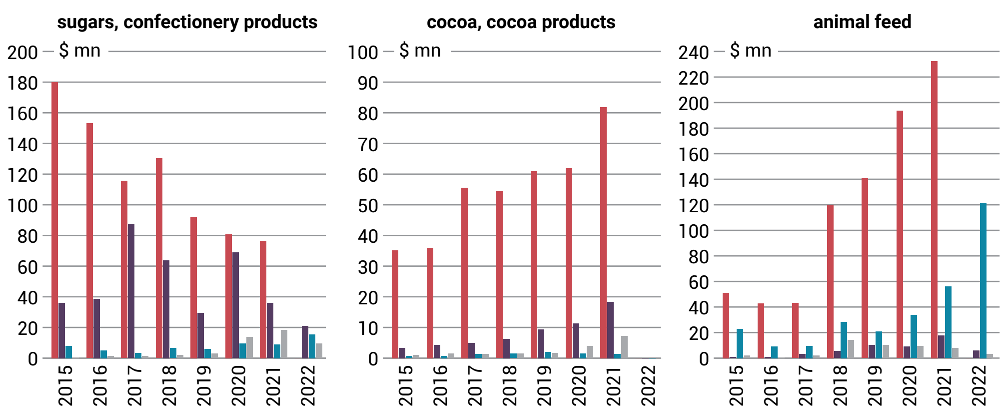
[34] 'Новые товарные позиции и перспективные рынки. Как Беларусь наращивает экспорт молочной продукции', Belarus.by, 27 October 2023.

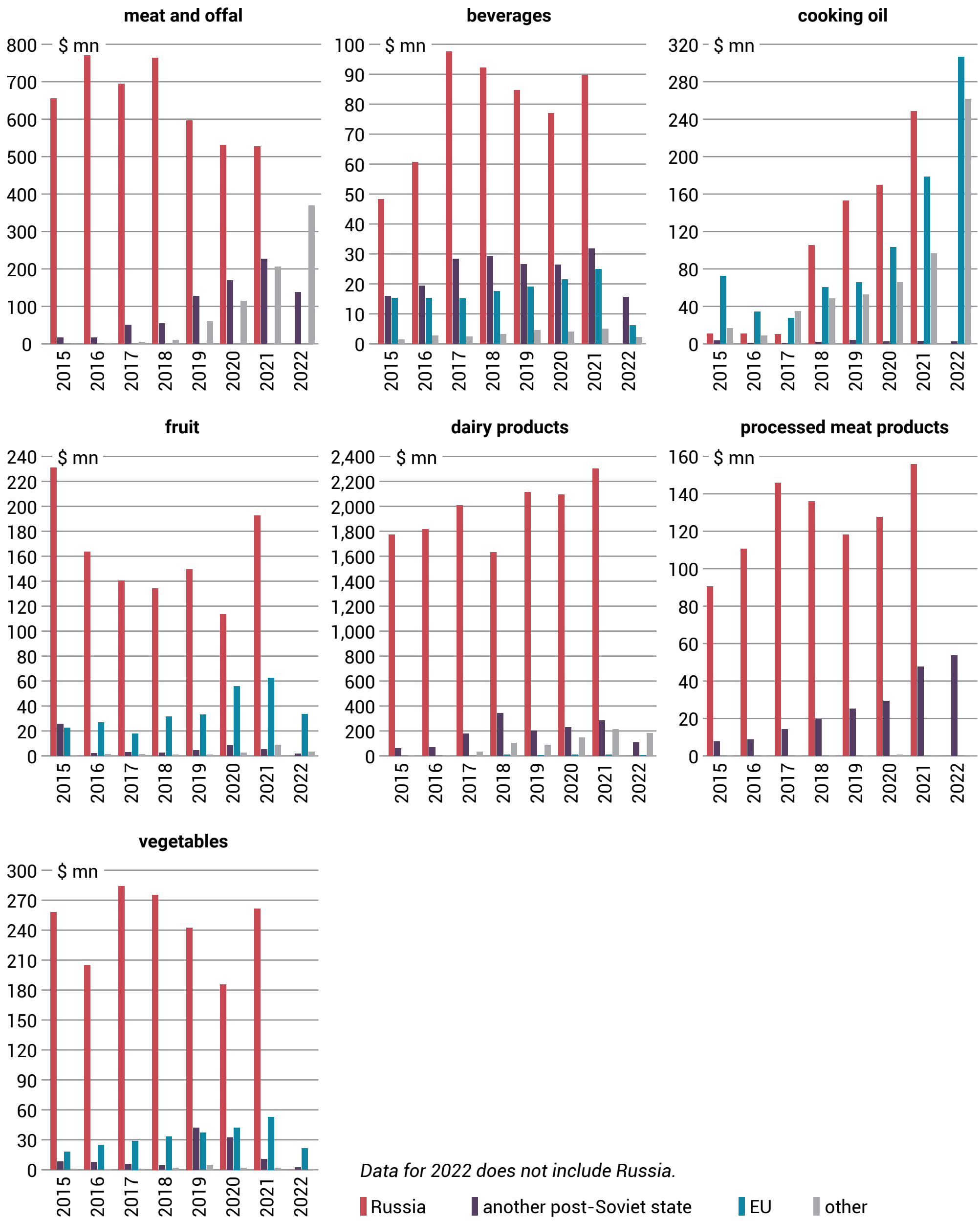
Chart 17. Fifteen most important agri-food products Belarus exported in 2021



Source: FAO.

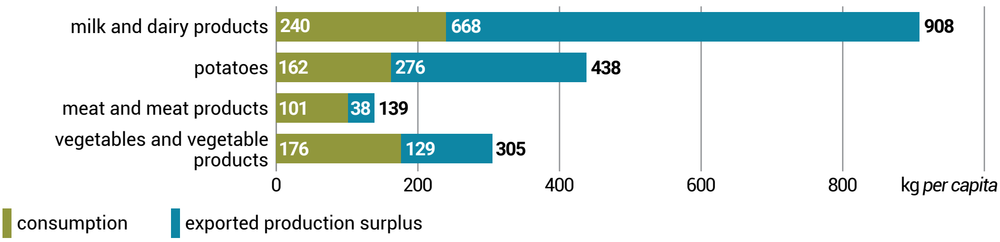
Chart 18. Ten key commodity groups in Belarusian exports in 2021




meat and offal
beverages
cooking oil
fruit
dairy products
processed meat products
vegetables
$ mn
Data for 2022 does not include Russia.
Russia
another post-Soviet state
EU
other

Source: FAO.

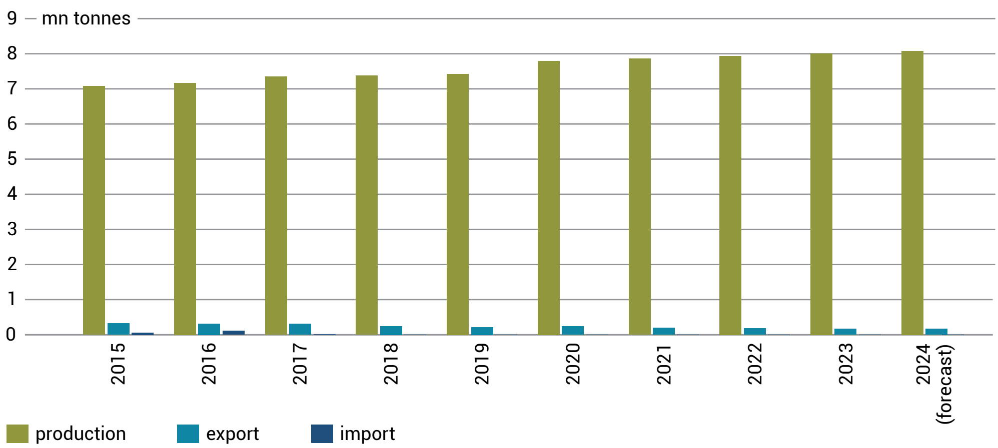
Chart 19. Exported production surplus versus consumption *per capita* in selected commodity categories in 2023



Source: Belarusian State Statistical Committee.

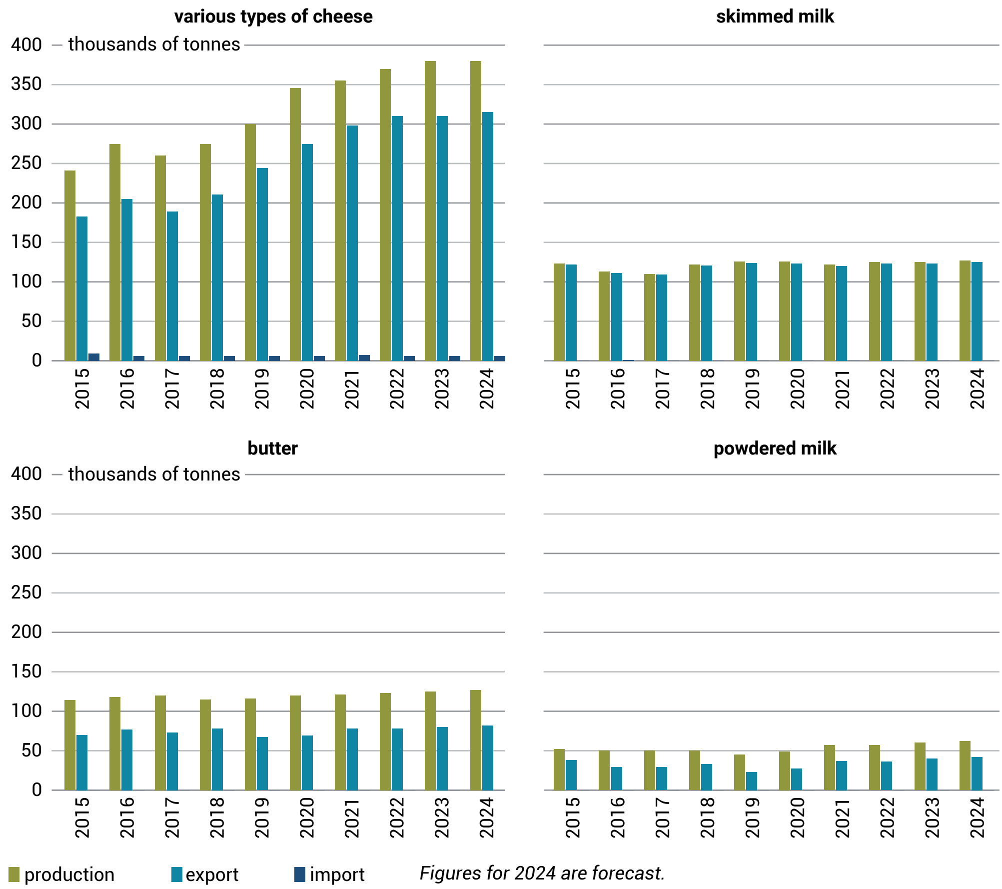
It should be noted in this context that although Belarus produces large amounts of fresh milk (8 mn tonnes in 2023), its milk exports are insignificant. Most popular dairy exports include processed milk products such as butter, various types of cheese, powdered milk and skimmed milk.

Chart 20. Production, export and import of fresh milk



Source: USDA Foreign Agricultural Service.

Chart 21. Production, export and import of dairy products



Source: USDA Foreign Agricultural Service.

4. Barriers to further growth

For a major portion of 2023, the Belarusian leaders avoided publishing export statistics limiting themselves to stating that in general "the positive trend was maintained and total exports slightly exceeded those recorded last year". They also cited several arguments proving Belarus's successful export activity in an attempt to impress citizens. One of these suggested that "daily revenue" generated by agri-food production was $23 mn. Other ambitious statements argued that the country intends to "quickly reach the expected revenue threshold of $10 bn annually from agri-food exports".[35] However, in April 2024

35 'Минсельхозпрод: экспорт белорусского продовольствия по итогам года будет не меньше уровня предыдущего', БелТА, 14 November 2023, belta.by; 'Агросектор Беларуси ежедневно

Lukashenka announced that in 2023 Belarus's food export revenues stood at $7.5 bn,[36] down $800 mn compared with 2022. This decrease was corroborated by Dzmitry Krutoi, the then Belarusian ambassador to Russia, who highlighted the "unfavourable" trend involving a rise in the volume of goods exported to Russia and a simultaneous fall in revenues generated by these exports, which in his opinion resulted from the depreciation of the rouble and other factors.[37]

However, it seems that this was not the only problem. Now that they have filled the niches on the Russian market, Belarusian producers are grappling with strong competition from their Russian counterparts. Moreover, business activity in non-European countries, which received a large amount of publicity in the regime-controlled media outlets, is unlikely to enable the Belarusian exporters to significantly increase their revenues. Due to complex and costly logistical operations and unique customer preferences, only selected products, in particular powdered milk, can be sold to remote Asian and African states. As a consequence, according to incomplete data for the first nine months of 2023, the profitability of the agri-food sector fell from 9.3% in 2022 to 7.1%. As many as 30% of farms generated no profit, while a further 30% recorded insignificant profits not exceeding 5%.[38]

зарабатывает $23 млн – вице-премьер', Sputnik Беларусь, 6 June 2023, sputnik.by.

36 '«Есть чем гордиться, но надо двигаться дальше». Вот что требует Лукашенко от сельского хозяйства', БелТА, 16 April 2024, belta.by.

37 'Крутой – об экспорте белорусских товаров в Россию: рекордный уровень за последние годы', СБ. Беларусь Сегодня, 26 December 2023, sb.by.

38 'Агропромышленный комплекс: реалии и перспективы', ibMedia, 9 January 2024, ibmedia.by.

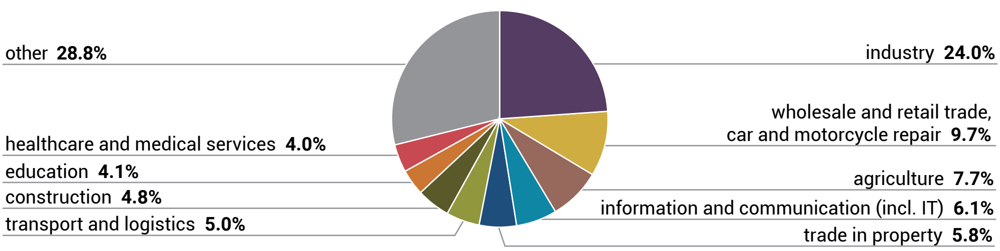
VI. THE FAÇADE OF POSITIVE INDICATORS

Alongside other sectors of the economy, Belarusian agriculture is characterised by features that are typical of all non-market economies. Due to central planning and an excessive reliance on indicators, the available data fail to fully reflect the situation in the country's economy. The upward trends recorded over the years in spheres such as investment, production and productivity are to some degree inconsistent with the declining number of fully operational agricultural machines, low salaries, staff shortages, widespread corruption and mismanagement.

1. The growth factors

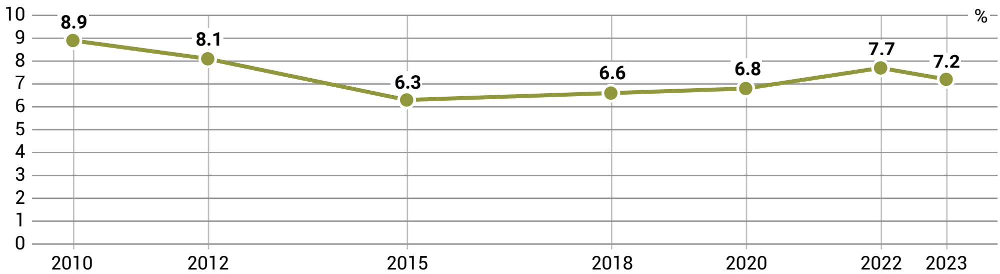
Despite the relatively low salaries, poor demographic indicators and legal constraints, the agricultural sector's share in Belarus's GDP continuously increased, reaching 7.7% in 2022 (although in recent years this increase was just several per cent annually). Agriculture is thus among the most important sectors generating revenues to the state budget. Although in 2023 a year-on-year decrease of 0.5% was recorded, it may be temporary and should not be viewed as the beginning of a new trend.

Chart 22. The most important sectors of the Belarusian economy and their share in the country's GDP in 2022



Source: Belarusian State Statistical Committee.

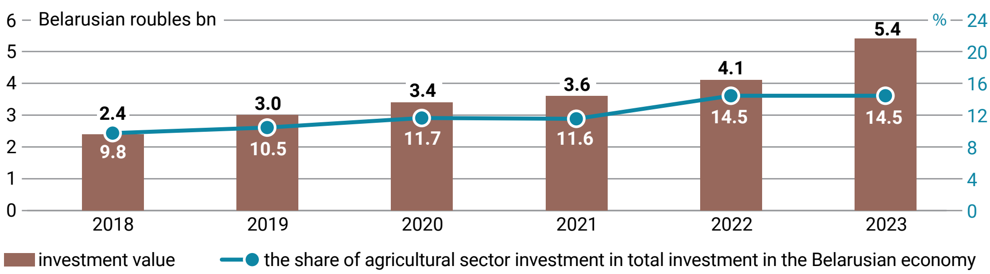
Chart 23. Change in the agricultural sector's share in Belarus's GDP in 2010–2023



Source: Belarusian State Statistical Committee.

Investment in core capital is also increasing, at least according to statistics, both in terms of the invested funds and their share in total investment spending in the economy as a whole. Alongside this, due to inflation the upward trend recorded in recent years has been more visible in nominal terms than in real terms.

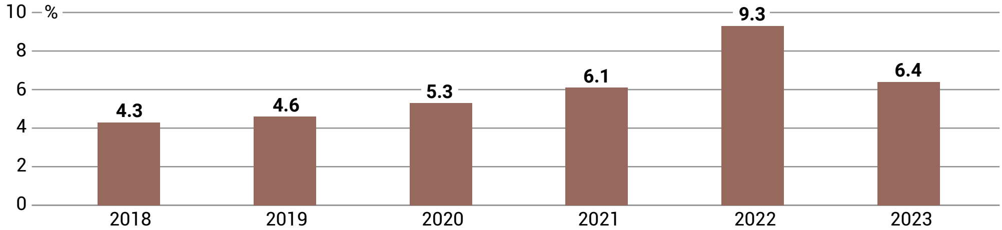
Chart 24. Investment in the agricultural sector and its share in total investment in the Belarusian economy



Source: Belarusian State Statistical Committee.

The profitability of agricultural production, which is one of the key determinants of the sector's state, was also steadily improving prior to 2022. After 2021, the trend accelerated and the profitability ratio reached almost 10%. Due to the negative trends regarding salaries and workforce size, and also the deteriorating state of repair of agricultural machinery, rising commodity prices should be viewed as the only real growth factor. However, it should be remembered that the statistics showing positive growth trends may have been manipulated. A major decline in the profitability of the Belarusian agricultural production recorded in 2023 (that is during an economic downturn) likely corroborates this view.

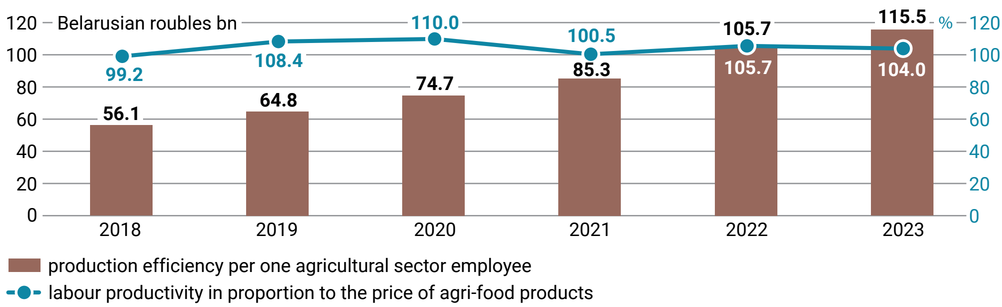
Chart 25. Profitability of the Belarusian agricultural sector's production in 2018–2023



Source: Belarusian State Statistical Committee.

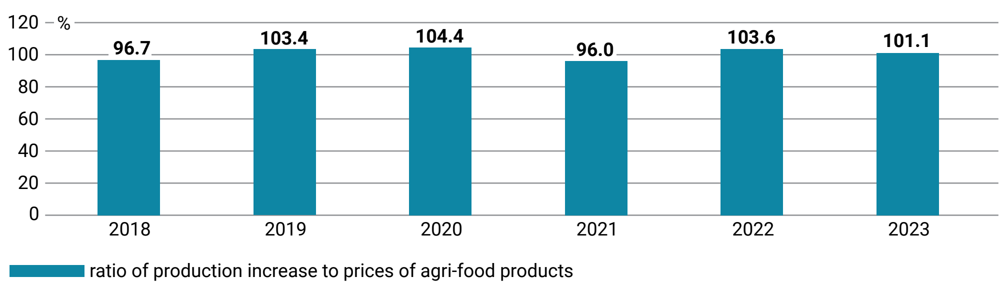
The productivity of agricultural labour, expressed in roubles per worker, is also improving, albeit slowly. The same applies to production efficiency. However, these two positive trends are hampered by an increase in the price of numerous commodities, including agri-food products, which has been seen since 2020. At the same time, the value of agricultural production (expressed in roubles) has increased significantly in recent years. It should be noted that this increase is noted for all types of farms, including those run by individual farmers.

Chart 26. Production efficiency and labour productivity in the agricultural sector



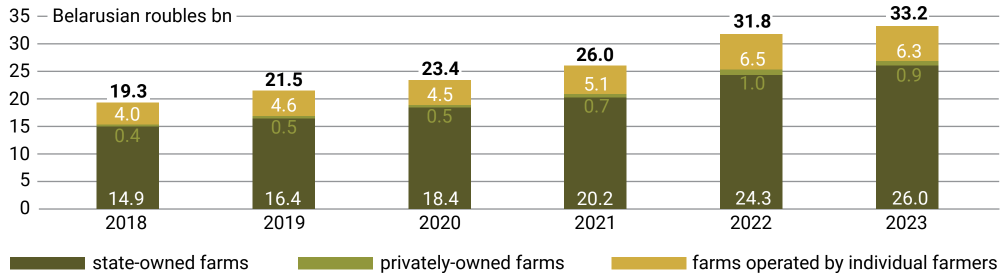
Source: Belarusian State Statistical Committee.

Chart 27. Total agricultural production



Source: Belarusian State Statistical Committee.

Chart 28. The value of produced goods according to farm type

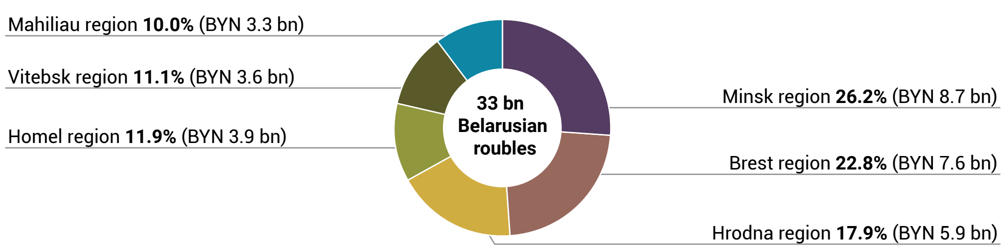


Source: Belarusian State Statistical Committee.

2. Geographical differences

As regards geographical differences, the Minsk region ranks first in terms of the value of agricultural production. Its contribution to the output of the sector as a whole is the largest (over 26%), which may be due to its well-developed infrastructure and large cultivated area. The worst performing region in this respect is the Mahiliau region (over 10%), which is smaller (by more than 10,000 km²) and less populated (by around 0.5 million inhabitants) than the Minsk region. Other important factors include the weather conditions, the size of agricultural land and soil quality (see Part I). These factors translate into significant disparities. The difference between the value of agricultural production obtained in the best performing region and that in the worst performing one is more than 5 bn roubles.

Chart 29. Agricultural production in specific regions of Belarus in 2023

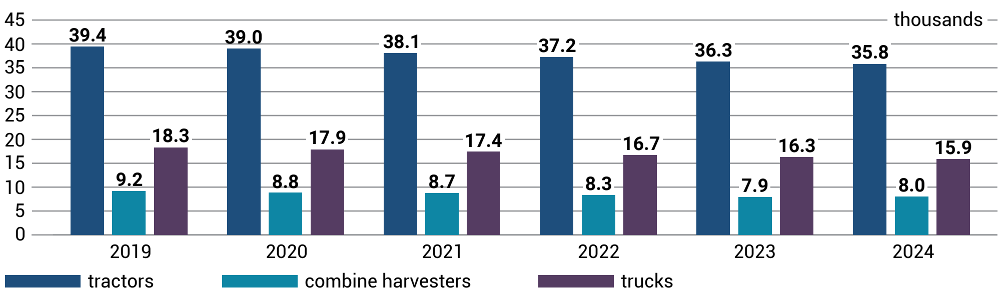


Source: Belarusian State Statistical Committee.

3. The state of repair of agricultural equipment

Against the backdrop of these indicators, which paint a relatively positive picture of the state of Belarusian agriculture, the declining number of pieces of agricultural equipment recorded in 2018–23 is puzzling. The authorities have downplayed this problem and highlighted the fact that the majority of the equipment operated by state-owned farms was made in Belarus – in 2022 this proportion was 87%.[39] Agriculture experts, for their part, have for many years been emphasising that the number of agricultural machines and vehicles used in the Belarusian agricultural sector is insufficient, which in turn reduces the actual production efficiency and contributes to an excessive use of this equipment, leading to its premature wear and tear.[40]

Chart 30. The number of pieces of agricultural equipment operated by state-owned farms in 2019–2024 (as on 1 January)



Source: Belarusian State Statistical Committee.

4. The key role of artificial fertilisers

It should also be noted that in recent years the agricultural sector has seen a significant increase in the use of artificial fertilisers (which were widely used anyway due to poor soil quality), in particular potassium salts. Before the beginning of 2022, when the EU and the US introduced an embargo on the export of it, these products were among Belarus's main exports.[41] Recently, due to the ban on the use of the port infrastructure in the Baltic states (especially

39 В. Гедройц, 'Доля отечественной техники на селе достигла 87 процентов', СБ. Беларусь Сегодня, 20 April 2022, sb.by.

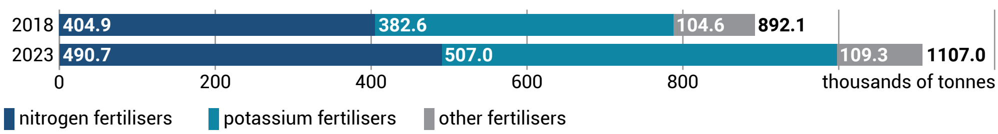
40 А. Шевко, 'Не хватает лошадиных сил', AgroBelarus.by, 7 December 2012; И. Ковалёв, А. Ефремов, 'Краткий анализ обеспеченности сельскохозяйственной техникой аграрных предприятий Республики Беларусь', *Нормирование и оплата труда в сельском хозяйстве* 2022, no. 1, panor.ru.

41 For many years – prior to the coming into effect of the Western embargo at the beginning of 2022 – Belarus was one of the biggest providers of potassium fertilisers globally. Its share in the global market was around 20%.

Klaipėda in Lithuania) and to the introduction of US financial restrictions, Belarus had to significantly reduce its fertiliser exports to countries such as India and Brazil, which used to be its most important export partners in this product category.

It seems that due to reduced exports, surplus potassium fertilisers are being sold on the domestic market (see Chart 31). Although the price of these fertilisers paid by local agricultural operators is unknown, it is likely lower than the price offered to foreign partners, which equates to a form of subsidisation of domestic agri-food production. Calculations performed by journalists loyal to the regime indirectly corroborate this view. In spring 2023, these journalists compared the prices of fertilisers sold to farmers in Italy, Belgium, France, the Czech Republic and Belarus, and concluded that Belarusian buyers paid four to six times less for their fertilisers than the other countries analysed.[42]

Chart 31. The use of artificial fertilisers in the Belarusian agricultural sector in 2018 and 2023



Source: Belarusian State Statistical Committee.

Chart 32. Concentration of fertilisers of all types in crops in 2018 and 2023

Source: Belarusian State Statistical Committee.

[42] 'Битва за урожай. Сравнили цены на удобрения в странах ЕС и Беларуси', Минская правда, 8 April 2023, mlyn.by.

VII. THE BELARUSIAN LEADERSHIP'S CRITICAL NARRATIVE VS. THE OFFICIAL PROPAGANDA OF SUCCESS

Although official statistics paint a favourable picture of the Belarusian agricultural sector, officials responsible for its management openly express their dissatisfaction with its performance. Occasionally, instances of fake statistics regarding the sector's activity come to light at various levels of government and corrupt practices are revealed, such as the appropriation of movable property and animals, and the use of state infrastructure for private purposes. Insufficient care for state property and for the quality of crops and livestock, which results in reduced production and herd losses, is another problem. These reports often lead to arrests and the subsequent sentencing for the most corrupt officials. It is believed that these problems are due to the incompetence of the executive staff and poor workforce quality, which in turn result from very low salaries offered in the agricultural sector (as well as other factors).[43]

Lukashenka is very active in pointing out mistakes. His narrative, which is critical of the agricultural sector, is an element of his political style which relies on using propaganda methods to pose as a 'concerned farm supervisor' who is ready to severely punish his 'incompetent and cheating' subordinates. Similar strategies are also applied in other sectors of the economy and are intended to win the confidence of the public in order to make Belarusians feel 'protected' by the highest authority in the country's system of governance. Moreover, Lukashenka's personal interest in agricultural production and his deep reliance on Soviet standards, which impacted on his formation at the very beginning of his professional career, are also very important. Alongside this, Lukashenka seems to be aware of the profound structural problems affecting the country's agriculture, which are not reflected in the manipulated statistics published by the Belarusian Statistical Committee; these latter are often compiled on the basis of reports provided by unreliable officials. Numerous corruption scandals seem to corroborate the view that official Belarusian statistics are not accurate. However, it is impossible to prepare an accurate alternative assessment of the state of the Belarusian agricultural sector without comprehensive statistics, basing it solely on selected media reports.

[43] '«На местах бардак! Хронические приписки и воровство!» Лукашенко жестко раскритиковал исполнительную вертикаль Гомельщины', Беларусь 1, 25 November 2022, tvr.by; 'Аграрный беспредел или… грустная аграрная обыденность?', Agrolive.by, 5 October 2023; Д. Тараторин, 'Лукашенко чествует тружеников и грозит коррупционерам', Независимая газета, 19 November 2023, ng.ru.

The sowing and harvesting campaigns, which receive extensive media coverage, are an important aspect of the agricultural policy which Lukashenka has directly supervised for many years. The media reports on the progress – or the lack of it – in individual districts and regions.[44] Once these campaigns end, spectacular annual harvest festivals are organised in individual districts and regions, occasionally with Lukashenka in attendance. These events are dominated by a positive narrative highlighting the achievements of the agricultural sector, and the best-performing workers (such as combine harvester operators) receive awards.[45]

Similar media coverage is given to various types of meetings with high-ranking state officials on the current problems faced by the agricultural sector. A meeting held on 16 April 2024 is a good example. During the event Lukashenka emphasised the need for improvement in spheres such as the efficiency of cereal production, the use of artificial fertilisers, land reclamation, the state of repair of agricultural equipment and the plan to merge unprofitable farms with profitable ones. He also encouraged a more extensive implementation of new technologies, for example in livestock farming.[46]

[44] П. Господарик, '«Из рук вон плохо». Лукашенко раскритиковал работы на полях', Белновости, 2 April 2019, belnovosti.by.

[45] М. Мануйлик, 'Ярко, зрелищно и с караваем. В Солигорске празднуют «Дажынкі-2023»', БелТА, 16 September 2023, belta.by.

[46] '«Есть чем гордиться, но надо двигаться дальше»...', *op. cit.*

SUMMARY: AGRICULTURE AS ONE OF THE PILLARS OF THE BELARUSIAN ECONOMY?

The cited statistics indicate that the agri-food sector plays an important role in the Belarusian economy. Its share in the country's GDP has remained stable at over 7% in recent years. Alongside this, the IT sector, which grew dynamically before the Russian invasion of Ukraine and which the government viewed as an opportunity to modernise the country, is now rapidly shrinking. At the beginning of 2022, it accounted for slightly less than 6% of Belarus's GDP, while at present its share is less than 4%. Thus, farms and agri-food companies, which traditionally focus on Russia as their trade partner, have turned out to be much more resilient to the deterioration of the political and business climate around Belarus than have the innovative and development-oriented IT companies that are closely linked with Western partners.

The juxtaposition of the current situation in these two sectors aptly illustrates the real state of the economy and the unfavourable changes in foreign trade resulting from the sanctions which were introduced following the rigged presidential elections in 2020 and Belarus's subsequent complicity in Russia's invasion of Ukraine in 2022. Although the agricultural sector is grappling with an increasing staff shortage, structural problems, underinvestment, a permanent lack of capital and unstable profitability, it continues to form one of the main sources of state budget revenues. However, if the necessary reforms are not carried out (in particular involving the liberalisation of the land market and the privatisation of state-owned farms), in the long term it will fail to become one of the pillars of the Belarusian economy and will start to generate only occasional revenues for the state budget.