

ANALYSIS OF BELARUS'S TRADE WITH DEVELOPING COUNTRIES

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Summary

In recent years, Belarus has stepped up its efforts to promote relationships with developing countries in Latin America, Africa, South and Southeast Asia. Increasing difficulties with exports to the main trade partners make Belarus looking for new markets. This research paper analyzes the parameters of Belarusian trade with developing countries in 2011/12 based on official trade statistics.

Main conclusions:

- Belarusian export volume exceeds USD20 million per annum with about 30 developing countries. Out of those, in case of almost 20 countries potash and nitrogen fertilizers constitute the dominant export commodity, accounting for 70% to 90% of Belarus's total export supplies to these countries. The main export commodity to the Middle East and some African countries is steel products, whereas oil products became the main export commodity to Afghanistan and Mongolia in 2012. In the wake of the conflict between Belaruskali and Uralkali and continuing drop in global potash prices, the Belarusian trade structure with many developing countries will likely see major modifications;
- Among developing countries, which reportedly had two-way trade with Belarus in excess of USD100 million in 2012, the structure of Belarusian exports to only five countries was quite diverse, namely to China, Iran, Turkey, Venezuela, and Cuba. Interestingly, with all these countries Belarus developed rather active political relations. Belarusian exports to the rest of developing countries are dominated by a single commodity. For these countries Belarus is, in fact, a mono-exporting country. Belarusian mechanical engineering products are exported in rather large volumes to quite a few developing countries, namely to Venezuela, Mongolia, Pakistan, Iran, Egypt, and China;
- The value of total imports from China to Belarus exceeds the value of imports from the rest of developing countries. Of all developing countries, only China, Turkey, India, Thailand, Malaysia, and Indonesia supply a quite diverse variety of products to Belarus, whereas imports from the other major trade partners in the developing world is dominated by a single product category. In 2012, imports to Belarus from only 25 developing countries was worth at least USD10 million. For about ten of them, plant products and foodstuffs are the dominant export commodities to Belarus. In case of a number of countries in the Middle East and North Africa, the main export commodity was calcium phosphates. For the countries in the Southeast Asia and some African states, the largest export category to Belarus is natural rubber, while polymeric substances, ethylenes, and acyclic alcohols dominate Belarusian imports from Saudi Arabia.

Introduction

In 2011/13, Belarus stepped up its efforts to promote trade with the countries of Latin America, Africa, and South and Southeast Asia. High-ranking Belarusian officials, including President Lukashenka, would frequently lead large delegations to the countries of those regions. During that period, Belarus set up diplomatic missions or consular posts in a number of developing countries. They include Embassies in Indonesia and Nigeria, and the Consulate General in Istanbul (Turkey). Additionally, Belarusian embassies are expected to be set up in Ethiopia and Ecuador in the near future. At the same time, Belarus's relations with some developing countries in North Africa and the Middle East (Iran, Syria, and Libya) have been phased down over the last few years due to domestic political events in the countries of the region¹.

Amid recent drops in exports to the main trade partners, Belarus looks to approach new markets and promote its export supplies to developing countries. These efforts became the keynote of the recent reshuffle in the Foreign Ministry, when a number of senior officials were appointed ambassadors to developing countries. It is quite indicative that Lukashenka drew a parallel between the increasing exports to developing countries and his political accomplishments: *"We need [foreign] policy for the purposes of the representation of our country and for the protection of its interests abroad; everything else is trade and exports. This is our priority task... We won't do without exports. If we have exports — we'll have hard currency; if we have hard currency, our political opponents won't have anything to say against us."*²

So what do Belarus's foreign trade relations with developing countries look like at the moment? This is the question that this paper intends to answer by analyzing the Belarus's foreign trade with developing countries in 2011/12 based on official trade statistics. Two-year period was chosen because of the specifics of the Belarusian foreign trade. Given that in Belarusian exports to developing countries often just a single commodity dominates (just as a single commodity often dominates imports from a given developing country to Belarus), the export and import volumes to/from some countries differ a lot from year to year. For this reason, trade statistics covering two years in a row give a better overview of the bilateral trade relations.

Developing countries with annual imports in excess of USD20 million worth of commodities from Belarus are provisionally designated main trade partners in the developing world. When it comes to imports from those countries to Belarus, we use USD10 million as a benchmark to define more significant trade partners. The chosen benchmarks for the differentiation of the trade partners according to their significance are provisional and are used for the sake of convenience, as the paper comprises graphics which depict the main trade partners, as well as dominant export and import commodities. All of the figures for the charts in this research paper have been collected by the author based on official statistics published by the National Statistics Committee of Belarus (BelStat).

The first section of the research centers on the analysis of the volume and categories of Belarusian exports to the developing countries. The second section focuses on imports from developing countries to Belarus. In this paper the EU Member States and associated countries, the United States and Canada in North America, Australia and New Zealand in Oceania, Japan, South Korea, Singapore, Brunei, the United Arab Emirates, Taiwan, and Israel in Asia, as well as the Southern African Customs Union in Africa are regarded as "developed countries", whereas "developing countries" do not include the former Yugoslav countries, the CIS countries, and Georgia³.

¹ For a detailed chronology of the development of political relations with developing countries, see the regular BISS monitoring issues "Belarus Foreign Policy Index", available at <http://belinstitute.eu/en/analyticscomments/belarus-foreign-policy-index>

² Лукашенко провел кадровые рокировки, направив сотрудников МИДа наращивать экспорт [in Russian], TUT.BY, 3 December 2013, <http://news.tut.by/politics/377308.html> (accessed 15 January 2014).

³ There is no universal definition of "developed" and "developing" countries. The classifications of international organizations differ in this regard.

Although Belarus's trade relations with individual developing countries or groups of countries were previously analysed⁴, no comprehensive analysis of Belarusian exports and imports in relations with all developing countries has been done to date. This paper is designed to fill this gap.

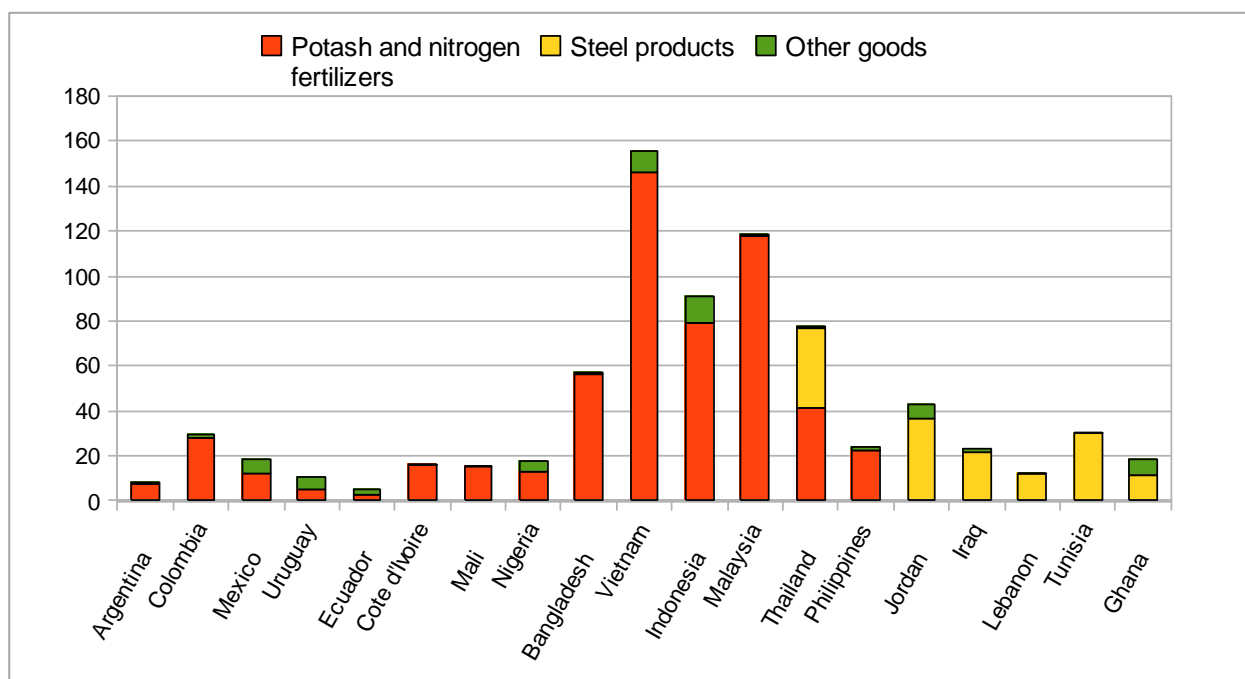
⁴ Analysis of the main trends in Belarus's relations with developing countries is given in the editions of the "Belarusian Yearbook" at <http://belinstitute.eu/en/analyticscomments/belarusian-yearbook>

1. Characteristics of Belarus's exports to developing countries

Belarus is a mono-exporting country for almost all of its trade partners in the developing world, meaning that often a single commodity dominates in the Belarusian export structure. This dominant Belarusian export product in Latin America, South and Southeast Asia and some African countries is either potash or nitrogen fertilizers, whereas steel products are the dominating export category for a number of countries of the Middle East and North Africa⁵.

This extreme prevalence of a single export commodity in trade with many of the main partners in the developing world is shown in the **Chart 1**. A single export category often accounts for more than 90% of total export supplies from Belarus, and sometimes its share is as large as 99.9%.

Chart 1. The structure of Belarusian exports to some developing countries in 2012, USD million.⁶



This chart does not present data for India, China and Brazil⁷ for the sake of convenient visual representation. For these three countries, the shares of potash fertilizers in Belarus's exports are also very large (87%, 45.7% and 98.9% in 2012, respectively).

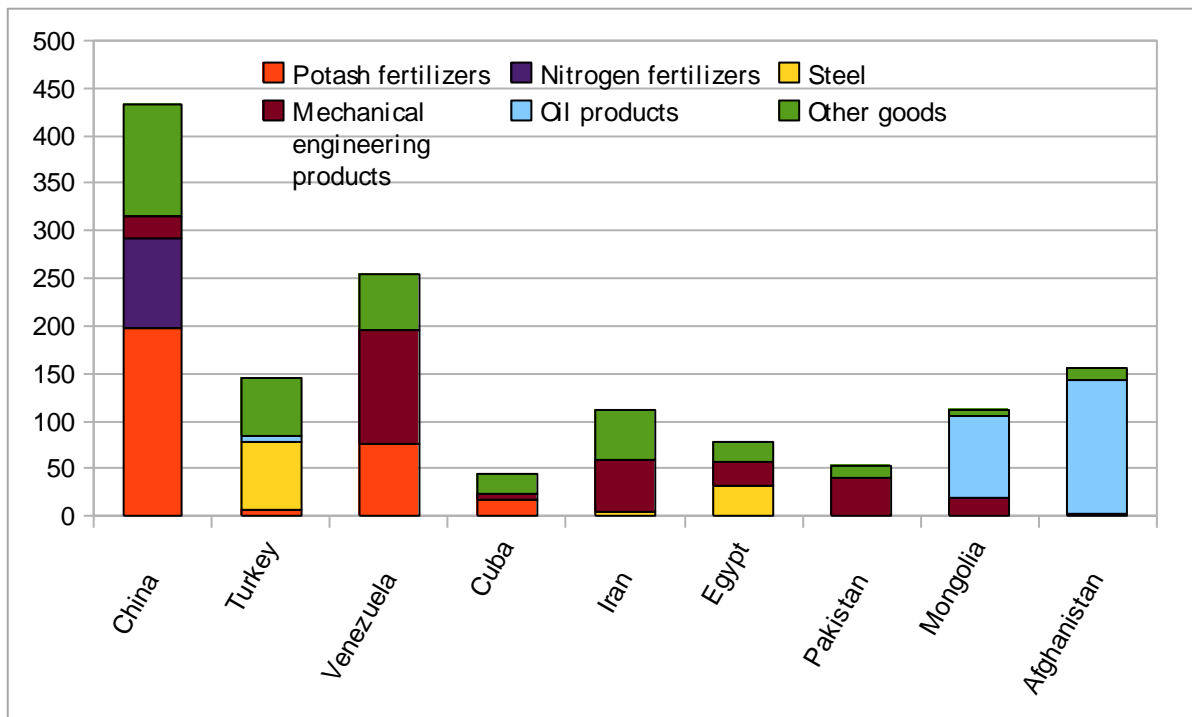
In 2012, of all the developing countries with imports from Belarus worth of more than USD20 million only Iran, Egypt, Pakistan, Mongolia, Afghanistan, Venezuela, and Cuba saw the share of potash and nitrogen fertilizers less than 50% of total imports.

⁵ This product category includes *inter alia* semi-finished non-alloy steel products, flat-rolled non-alloy steel products, non-alloy steel wire.

⁶ Compiled by the author based on statistics released by the National Statistics Committee of the Republic of Belarus.

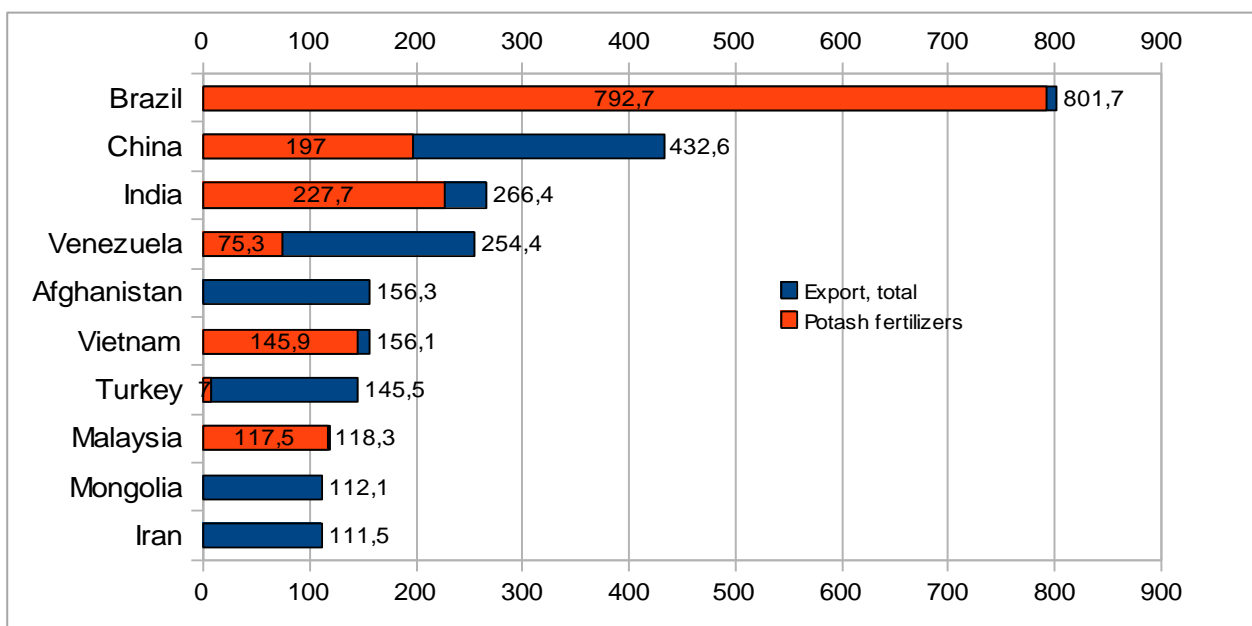
⁷ The value of Belarus's exports to India, China and Brazil is several times higher than the one to the countries indicated in the chart. Therefore, depiction of India, China and Brazil in the chart would render it unnecessarily complicated by making visualization of the data for the rest of the countries difficult.

Chart 2. The structure of Belarusian exports to China, Iran, Turkey, Venezuela, Cuba, Mongolia, Pakistan, and Afghanistan in 2012, USD million.⁸



In 2012, Belarus’s dominant export category to Mongolia and Afghanistan was oil products (83,000 tons and 141,000 tons, respectively). Oil product deliveries explain the unexpectedly large export volumes to these two countries (USD112.1 million and USD156.3 million, respectively). In 2012, Pakistan was the only developing country with a substantial share of mechanical engineering products in imports from Belarus. Pakistan purchased more than 4,000 tractors and truck tractors worth of USD39.8 million, which accounted for 74% of the Belarus’s total export supplies to Pakistan (USD53.9 million).

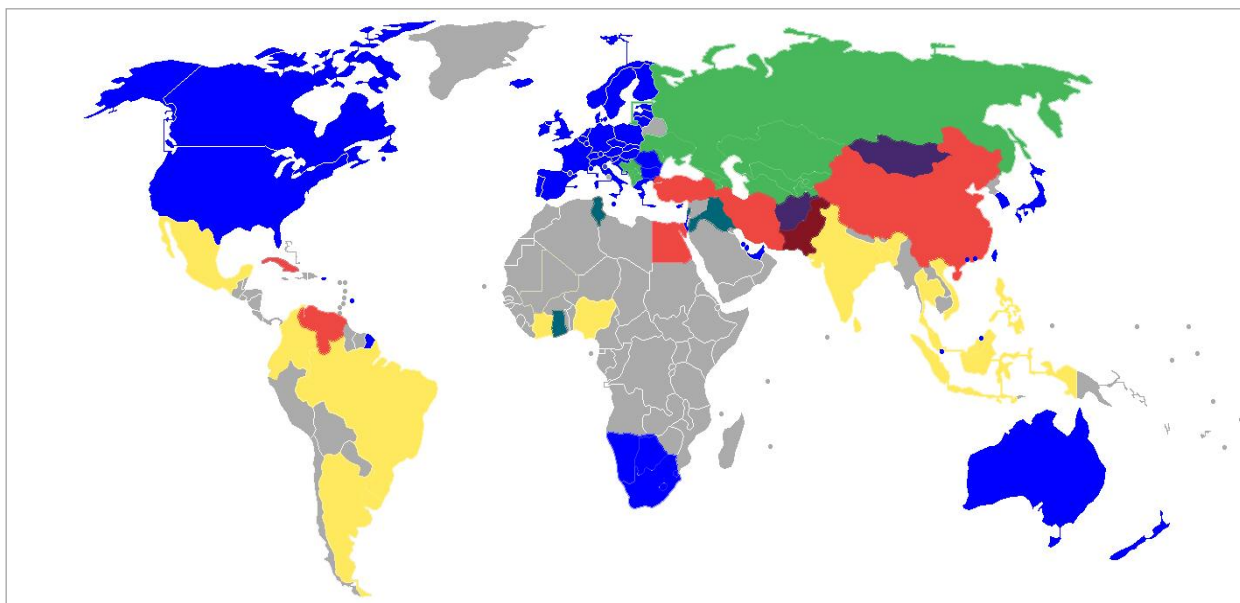
Chart 3. Top-10 developing countries by the volume of Belarusian exports in 2012 and the share of potash fertilizers in total exports, USD million.



⁸ Compiled by the author based on statistics released by the National Statistics Committee of the Republic of Belarus.

Chart 3 shows that in 2012 Brazil, India, and China were the largest importers of Belarusian-made products among developing countries. Potash fertilizers accounted for 98.9%, 87% and 45.7%, respectively, of total export supplies to these three countries. In fact, Brazil, India, and China are the world’s largest importers of potash fertilizers. Potash fertilizers also prevail in Belarus’s export to Vietnam and Malaysia (93.5% and 99.3% of the total Belarusian exports, respectively). Engineering products dominated in Belarus’s export supplies to Venezuela and Iran, and steel products are the main Belarusian export commodity to Turkey (49.9% of the total exports). In 2012, Afghanistan and Mongolia made it into the top-10 developing nations by the volume of export supplies from Belarus due to their purchases of Belarusian oil products.

Figure 1. Belarusian exports to developing countries, 2011/12.⁹



Dominant (50% and more of the total exports) categories of Belarusian exports to the developing countries which imported Belarusian goods worth of USD20 million or more in 2011/12: yellow – potash and/or nitrogen fertilizers; purple – oil products; turquoise – steel products; maroon – engineering products. Light red represents the countries which import relatively diverse range of goods from Belarus.

Figure 1 shows developed countries in blue; the CIS countries, Georgia, and some of the Balkan countries are marked in green; the developing countries with imports from Belarus worth of less than USD20 million in 2011/12 are grey coloured. If a developing country imported more than USD20 million worth of products from Belarus in at least one of the years (2011 and 2012), see its color depending on the structure of Belarusian supplies.

Yellow depicts the developing countries with potash and/or nitrogen fertilizers prevailing in the imports from Belarus. These are India, Brazil, Argentina, Colombia, Ecuador, Uruguay, Mexico, Nigeria, Cote d’Ivoire, Bangladesh, Thailand, Vietnam, Indonesia, and the Philippines. Turquoise depicts the developing countries with steel products being the principal export category from Belarus: Tunisia, Iraq, Jordan, Lebanon, and Ghana. Purple shows those importers of Belarusian goods, where oil products prevailed — Mongolia and Afghanistan, whereas maroon represents the only major importer, in which mechanical engineering products dominated, i.e. Pakistan.

Light red represents the developing countries which import rather diverse categories of Belarusian goods (i.e. no single commodity accounts for more than 50% of the total exports): China, Egypt, Turkey, Iran, Venezuela, and Cuba. However, even in the structure of Belarusian exports to these countries, except Iran, potash fertilizers and/or steel products constitute large shares. In 2012, steel products and potash fertilizers accounted for 49.9% and 4.4% of Belarus’s total export deliveries to Turkey, respectively, thus making a combined share of 54.3% of the total Belarusian

⁹ Compiled by the author based on BelStat data.

exports. In trade with China, potash fertilizers combined with nitrogen-containing heterocyclic compounds totaled 67.2% of all export deliveries from Belarus.¹⁰

Selection of countries for graphic representation on a two-year basis is necessitated by significant short-term changes in the volumes of Belarusian exports. For instance, in 2012, total Belarusian exports to Argentina (USD8 million) was seven times lower compared to the 2011 export volume. In 2012, Belarusian exports to Uruguay, Ecuador, and Colombia (equaled USD 5.4 million, USD5.2 million, USD29.2 million, respectively), dropped by five, four and three times compared with the 2011 indicators, respectively.

2. Characteristics of imports from developing countries to Belarus

Chart 4 shows that imports from China to Belarus significantly exceed the value of imports from any other developing country. In 2012, China supplied USD2.364 billion worth of products to Belarus. The other nine countries from the top-10 suppliers, taken together, delivered USD1.697 billion worth of commodities to Belarus in 2012. In fact, imports from China to Belarus essentially exceed the total imports to Belarus from all the other developing countries.

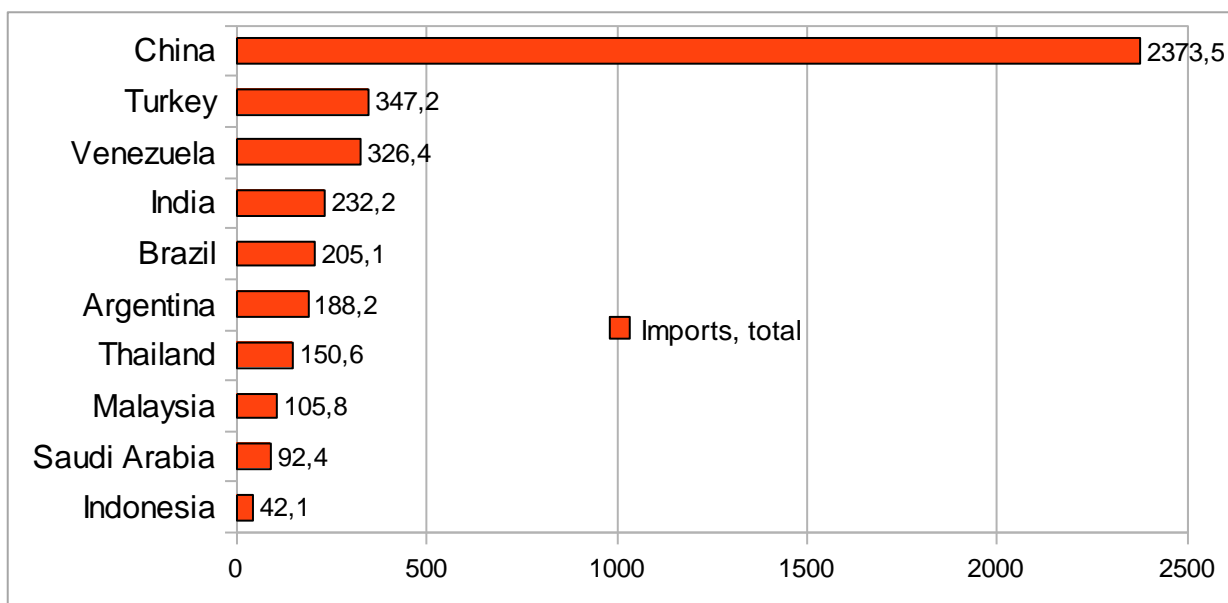
Whereas import supplies from China are quite diverse (machines, steel, footwear, computing machines, etc.), a single product category dominates imports to Belarus from many other developing countries. Sugar is the traditional import category from Cuba (up to 99% of the country's total imports to Belarus) and Brazil; waste soybean oil accounts for 77.6% of Belarus's imports from Argentina, at USD146 million out of the total of USD188 million. The steep increase in Cuban sugar purchases in 2012 resulted in a boost in imports from the island by 250%, whereas the termination of deliveries of Venezuelan oil in June 2012 led to a dramatic drop in imports from this country.

In 2012, in absolute terms, imports to Belarus from all major partners in South and Southeast Asia increased, except for Indonesia and Vietnam (which reported a slight decrease). In the Asian region, Belarus exports a more diversified range of products from China, India (medications, tobacco, yarn), and Turkey (synthetic filament, knitted goods, vehicle parts, and citrus fruits).

Imports from Iran to Belarus remains minute, at USD8.4-9.1 million in 2009/12, despite the active political dialogue between the two countries over the past years. The volume of import supplies from such countries as Costa Rica, Ghana and Morocco is larger than the Iranian imports to Belarus. Imports from Turkey have been growing steadily from USD188 million in 2009 to USD347 million in 2012.

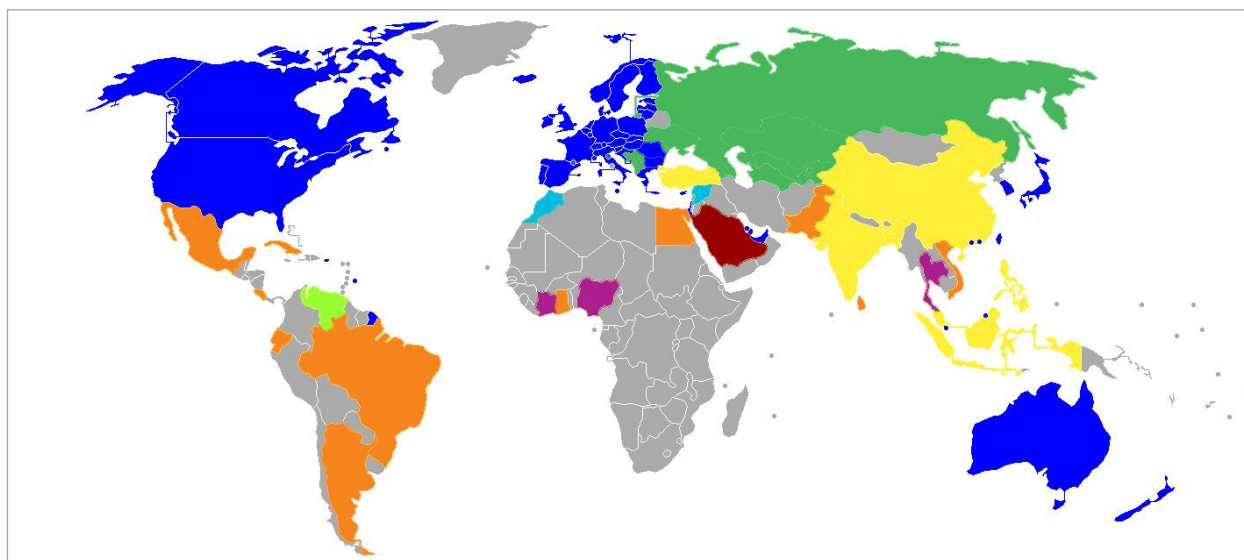
¹⁰ In 2012, heterocyclic compounds containing nitrogen atoms accounted for 21.5% of Belarus's export to China, while potash fertilizers accounted for 45.7%.

Chart 4. Top-10 developing countries by the volume of imports to Belarus in 2012, USD million.¹¹



The main import category from developing countries in the Middle East and North Africa (Syria and Morocco) is natural phosphates, whereas Saudi Arabia mostly supplies derivatives of acyclic alcohol and ethylene polymers. The dominant import commodity from the Southeast Asia and some African countries is natural rubber (Thailand, Nigeria, and Cote d'Ivoire). Natural rubber is also an important import commodity from Indonesia and Malaysia, although it accounts for less than 50% of the total imports from these two countries.

Figure 2. Imports to Belarus from developing countries, 2011/12.¹²



¹¹ Compiled by the author based on the statistics released by the National Statistics Committee of the Republic of Belarus.

¹² Compiled by the author based on statistics released by the National Statistics Committee of the Republic of Belarus.

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Dominant (50% and more of the total import) categories of imports from the developing countries to Belarus with the volume of imports worth of more than USD10 million in 2011/12: orange – plant products, foodstuffs; light blue – phosphates; purple – natural rubber; maroon – ethylene polymers and acyclic alcohol; light green – crude oil. Yellow depicts the developing countries with relatively diverse categories of exports to Belarus without dominance of a single product category.

Figure 2 shows developed countries in blue; the members of the CIS, Georgia and some of the Balkan countries are green-coloured. Developing countries with exports to Belarus totaled less than USD10 million in 2011/12 are grey-coloured.

Orange depicts the developing countries, which mostly supplied plant products (sugar, cacao beans, etc.), ready-to-eat foods (citrus fruit, rice, fish, etc.) and/or tobacco to Belarus in 2011/12: Mexico, Cuba, Costa Rica, Ecuador, Brazil, Argentina, Ghana, Egypt, Pakistan, Sri Lanka, and Vietnam.

Light blue represents countries that mostly exported phosphates (Morocco and Syria), purple shows exporters of natural rubber (Nigeria, Cote d'Ivoire, and Thailand), maroon marks Saudi Arabia as the main supplier of ethylene polymers and acyclic alcohol to Belarus, and light green indicates Venezuela as a supplier of crude oil (deliveries were halted in the mid-2012). Finally, yellow depicts the developing countries with relatively diverse export supplies to Belarus with no prevalence of a single product category: China, Turkey, India, Malaysia, the Philippines, and Indonesia.

It appears from trade statistics that the contemporary industrial Southeastern Asian countries — Thailand, Malaysia, the Philippines, and Indonesia — constantly diversify the structure of their exports to Belarus, as the shares of such categories of industrial products as internal combustion engines, bearings, computing machines, and electric transformers are on rise in their import structure.

Conclusion

Exports and imports in Belarus's trade with developing countries are often dominated by a single commodity. Potash or nitrogen fertilizers is the dominant Belarusian export commodity for most of the main trade partners in South and Southeast Asia and Latin America (in some countries, it accounts for up to 99.9% in the structure of the Belarus's exports), whereas steel products are the dominant export commodity to many countries of the Middle East and North Africa.

Trade statistics for 2011/12 show that the Belarusian exports are diversified only to five major trade partners in the developing world: China, Turkey, Venezuela, Iran, and Cuba. Notably, it is with these countries that Belarus promotes rather active political dialogue. Belarusian official delegations have repeatedly paid visits to each of these countries. Developed political relations obviously give an impetus for the development of bilateral trade relations with non-democratic countries and states with large public sectors. For the rest of the major trade partners in the developing world, Belarus remains a mono-exporting country with a single dominant export commodity.

Although, the degree of diversity of Belarusian exports even to the five aforementioned trade partners shall not be overestimated. Potash fertilizers account for almost half of the Belarusian export supplies to China (45.7%), meanwhile steel products account for 49.9% of Belarus's total deliveries to Turkey. The volume of the Belarusian exports to Iran is quite significant, while the volume of imports from Iran is very insignificant. Crude oil made up 99% of supplies from Venezuela, and sugar accounts for 99% of Cuban export deliveries to Belarus.

The three main importers of Belarusian products in the developing world are the largest global importers of potash fertilizers (China, India, and Brazil). The value of China's imports to Belarus exceeds imports from the rest of the developing economies take together. Food, plant products and tobacco dominated the structure of exports from about a half of the developing countries with exports to Belarus exceeding USD10 million in 2011/12. Natural rubber prevails in the export baskets of a number of countries in Southeast Asia and Africa. Only Turkey, India, China, and, to some extent, Malaysia and Indonesia, have relatively diverse export baskets in trade with Belarus, without dominance of a single product category.

In 2011/12, only five African countries imported Belarusian goods worth of more than USD20 million. Potash fertilizers accounted for most of the export deliveries to two African states — Nigeria and Cote d'Ivoire — while steel products prevailed in Belarus's exports to Ghana and Tunisia. Belarusian exports were comparatively diverse only in trade with Egypt, as Cairo bought Belarusian mechanical engineering products. In 2012, only five African countries supplied more than USD10 million worth of products to Belarus. Natural rubber became virtually the only import commodity from Nigeria and Cote d'Ivoire, calcium phosphates dominated exports from Morocco, cacao beans formed the bulk of supplies from Ghana, and Egypt mostly exported citrus fruits to Belarus during 2011/12.

If Belarus further delays an introduction of structural reforms and its public sector keeps prevailing in the national economy, no reasons exist to expect the change in the current trends of Belarus's trade with developing countries in the medium term. At the same time, given the decrease in potash prices after the dissolution of the Belaruskli-Uralkali potash consortium, the structure of Belarusian exports to many developing countries will likely to be changed.