

PM Myasnikovich Reveals Collapse of Belarusian Agriculture

In 2011, Belarus lost more than a quarter of its cows. Prime Minister Mikhail Myasnikovich, revealed this sad fact a week ago. He was bluntly exposing his country's illusory economic successes at a meeting with his colleagues. One of the core myths of Lukashenka's regime is its ability to maintain a viable agricultural sector. The truth is that the agricultural sector in Belarus is highly inefficient and barely survives only thanks to gigantic state subsidies.

The government has been trying to preserve the Soviet *kolkhoz* system of collective farming and at the same time to ensure national food security. But now, a top official in the regime has admitted that the government's Rural Revival Program implemented in recent years has been a huge failure. Despite Lukashenka's initiatives such as 'the revolution in pig farming', Belarusian agriculture currently needs not only huge subsidies but also new technologies and markets.

Belarusians Want to Buy Food, Not Grow it on Weekends

'Over the [last] year we have lost 381,000 cows, or 28.7 per cent of the total,' said Myasnikovich on 31 January 2012.

Many of those cows were purchased from abroad which makes the loss particularly damaging. How could so many cows die? The main reason was simple: a poor diet.

It took the Ministry of Agriculture several days to come up with some explanation for the lost cows. Yesterday the Deputy Minister Nadziya Katkaviec announced that the cows had not 'died' but were culled to produce meat, as though this could justify the terrific scale of losses.

Belarusian agriculture has been in dire straits for decades. Even huge funds assigned by the government to support agriculture do not compensate for the perverse logic of state plans with fixed output targets. As one expert, Kanstancin Skuratovich, notes on nmnby.eu, agriculture is an untrustworthy partner that threatens the whole Belarusian economy.

The authorities like to skew the statistics to make bad things look better. Some years ago, the government set the task of producing 6m tons of grain. Already at that time the experts doubted the necessity of this increase, because it would force the farms to give up production of other cash crops. As a result, the output targets and corresponding production of grain have risen each year, while the production of other commodities has fallen. In 2011, official statistics claimed that Belarus was producing a stupendous 10m tons of grain. But experts were very skeptical about the accuracy of this figure.

Agricultural production in Belarus reached its peak in 1990. Since then, the rural population has declined by more than a quarter, especially those of working age. Currently around 25 per cent of the Belarusian population lives in rural areas. This outflow reduced private production of vegetables, fruits, milk, and meat. At the same time, the urban population has increasingly renounced the old Soviet habit of producing some food for subsistence by working on their *datchas*. The urban dwellers no longer [grow their own potatoes](#) as they used to do in the past.

In a country with the largest per capita consumption of potatoes in the world, decline in potato output is a serious problem. The negative results of agricultural support for grain are becoming more egregious. Last August, Alexander Lukashenka stated that the government would provide less subsidies to agriculture than in the past. But with more [Russian subsidies](#), he could reconsider his decision.

Revolution in Pig Farming

Lukashenka used to start each new campaign to revive agriculture with bombastic slogans with references to Soviet traditions. In the mid-2000s, he launched a campaign to build 'agricultural towns' throughout the country. While this involved urbanization of larger villages, it also kept agricultural wages at about 40 per cent below the national average wage. Focus on agricultural towns also left agricultural management reform untouched.

In 2004, Lukashenka ordered the sale of all bankrupt collective farms to private or state firms. He argued that added investment would revive the farms. That resulted in the coercive handover of impoverished farms to firms that support them only to avoid punishment by the state. Even the National Bank of Belarus was ordered to manage its own *kolkhoz*.

In 2009, Lukashenka publicly launched a 'revolution in pig farming' by establishing pig farms on par with the latest Danish and Dutch standards. Like most campaigns by the Belarusian regime, the undertaking ended in silent failure. Indeed, under Lukashenka, Belarus has lost 720,000 hectares of arable land – more than 10 per cent of the total available.

Can Belarus Export Food to the EU?

Prime Minister Myasnikovich recently reminded the government about the tasks set by the president to export \$7bn worth of agricultural commodities by 2015. According to the Agriculture Ministry, that means that potato exports by 2015 should increase 14 times from the current level. However, the current acreage allotted to potato fields can produce only about 1m tons of market quality potatoes, just enough for the domestic market. In order to export, it needs more fields, and of course, more investment.

The same equation applies to cattle breeding and dairy products. At 70kg per capita, meat production in Belarus has

failed to return to the levels of the 1990s. That means there are few export opportunities. Export opportunities for dairy products are also limited; indeed, recent increases in dairy exports have constrained domestic supply. Of course, Belarus can also sell its rye and sugar abroad. But it has much more to import than export, like wheat, seafood, and vegetables. That means it can hardly use agricultural exports to boost the export performance of Belarus.

Belarusian agriculture, if properly managed, can feed the country and export its surpluses. The climatic conditions are no worse than in Denmark or the Netherlands. The leaders of the then newly established Belarusian Soviet Republic in the 1920s aimed to make Belarus the world's major agricultural producer alongside Switzerland or Denmark. Stalin and his successors stifled this goal and [murdered](#) its proponents. But it still has merit today.

One of the best ways to achieve this would be to open European markets to Belarusian products, including agricultural commodities. Most of them – 89 per cent – are currently exported to Russia. It could coincide with more European investment and technology transfers into Belarusian agriculture.

At the moment Belarus has negligible investments in agriculture with two of the most successful projects being implemented (somewhat ironically) by Israel and Iran. Foreign investments and new technologies could seriously boost production. Reviving agriculture, in turn, would help relieve the national economy of and cure the negative trade balance.