



NATIONAL AGENCY
OF INVESTMENT
AND PRIVATIZATION
REPUBLIC OF BELARUS

INVESTMENT OPPORTUNITY

PRODUCTION OF AUTOMOTIVE FILTERS

REPUBLIC OF BELARUS

Business Environment

EURASIAN ECONOMIC UNIT



512 mln
consumers

EAEU



183 mln consumers in the EEU

10 mln consumers in Belarus

INVESTMENT LEGISLATION

70 agreements on
avoidance of double
taxation

**The Republic of Belarus is a member of
the Multilateral Agency for Guarantees
and Investments**

66 agreements on assistance
in the mutual protection of
investments

Law on investment

1. Protection against nationalization
2. Unhindered transfer of profit (income) abroad
3. Equality and non-discrimination of investors

VISA REGIME

In 2018, Belarus extended the visa-free stay for foreigners to 30 days. Visa-free visits are provided on condition of the entrance through the National Airport Minsk for citizens of 74 countries, including European countries, as well as Brazil, Indonesia, the United States, Japan and other countries.



ABOUT THE PROJECT

THE INVESTMENT PROJECT AIMED AT SETTING UP A COMPANY IN ORDER TO PRODUCE AUTOMOTIVE FILTERS (AIR, OIL AND FUEL) ON THE TERRITORY OF THE REPUBLIC OF BELARUS.

PROJECT DESCRIPTION

The project's implementation involves construction of a plant in order to produce filters for cars or (and) commercial vehicles, agricultural or (and) construction vehicles, as well as bikes.

ABOUT THE PRODUCT

An automotive filter is an element of a vehicle designed to clean certain streams (air, fuel and oil) from abrasive particles and dirt that affect the operation of an engine and the main components of a vehicle.

ADVANTAGES OF APPLICATION

- Extends the life of a motor
- Extends the resource of a fuel system
- Extends the resource of an air system
- Extends the resource of an oil system

- Increase the power of an engine
- Reduces financial costs and losses
- Reduces the impact on the environment
- In overall improves a vehicle's performance

PREREQUISITES FOR THE PROJECT IMPLEMENTATION:

- ✓ The growing level of the population's motorization and the resulting market of automotive components growth, which include automotive filters (about 90 million new cars are sold annually in the world and by 2021, sales rate are predicted to grow up to 106 million new cars);
- ✓ In the coming years, the market of automotive filters will increase in proportion to the number of vehicles, the final growth will not come until 2020-2022;
- ✓ Steadily increasing demand for automotive filters in the European Union, South-East Asia and the EEU countries;
- ✓ Necessity to replace imported automotive filters by filters of own production;
- ✓ Unsaturation of Belarusian and Russian markets by automotive filters of own production.

ADVANTAGES OF THE PROJECT IMPLEMENTATION IN BELARUS

- ✓ Availability of qualified labor resources;
- ✓ Possibility to implement the investment project as a resident of FEZ "Vitebsk";
- ✓ Guaranteed sales market on the territory of the Republic of Belarus and abroad;
- ✓ Benefits and preferences at implementation of the investment project;
- ✓ Possibility of further production expansion;
- ✓ Possibility to use the production facilities of domestic enterprises: JSC "Svetlogorsk pulp and paper mill" and JSC "Svetlogorsk khimvolokno" for the production of filter elements;
- ✓ Possibility to export products to the EEU countries (more than 180 million consumers) without paying customs duties and payments.

THE PROJECT IN NUMBERS

THE PROJECT'S COST

The cost of the project implementation is from 10 to 15 million USD.

INVESTOR'S PARTICIPATION

Setting up a new company.

PRODUCTS

- Air filters
- Cabin filters
- Oil filters
- Fuel filters

THE PROJECT'S EFFICIENCY

Time to reach design capacity	2-3 years
Internal rate of return (IRR)	22-28 %
Dynamic pay back period	3-4 years

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



MAIN CONSUMERS

Domestic market:

Professional market - supplies to public and private construction and service organizations, agricultural enterprises, bus parks, manufacturers of cars and trucks (JSC "MAZ", JSC "MTZ", JSC "BELAZ", JSC "Belgee", JSC "Unison", JSC "Gomselmash" and others).

Private market - retail and wholesale trade, sale to owners of large parks (taxi and delivery services), as well as to individuals.

Foreign market:

Products in the sphere of automotive components are in demand in developed and developing countries with a high level of motorization of the population (USA, Canada, EU countries, South-East Asia and BRICS, Japan, as well as CIS countries and others).

DISTRIBUTION OF SALES BY MAJOR REGIONS

CIS countries - 60 %

Belarus - 20 %

EU countries - 10 %

South-East Asia - 30 %



AUTOMOTIVE FILTERS MARKET OVERVIEW

GLOBAL TRENDS

According to research of "Roland Berger" analysts, the global market of automotive components will reach **886 billion USD** to the end of 2020. At the same time, the share of engines and gearboxes, which currently use various types of filters, in the global automotive components market is 32 %.

Global sales of passenger and commercial vehicles in 2019 amounted to **90.3 million** units, and by 2021, sales are predicted to grow up to **106 million** vehicles. From major automobile markets, however, the largest growth will be shown by India - from 7 % to 9 % and Brazil - 10 %. In other major Asian markets, growth will not exceed 2 %. In the future, until 2025, the main growth in global car sales (92 %) will be in the BRICS countries (Brazil, Russia, India, China, South Africa) and other rapidly developing countries with low autopark density.

In the coming years, the market of vehicle filters will increase in proportion to the number of vehicles, the final growth will not come until 2020-2022.



\$886 billion

Market's volume of automotive components to the end of 2020

RUSSIAN FEDERATION

At the end of 2018, the Russian's car market ranked **11-th** place in the world and **5-th** place among European countries. In comparison with Western countries, domestic market has significant growth potential. In 2018, the number of passenger cars in Russia per 1000 people was **371 units**, which is significantly lower than in Western Europe (642 units) and North America (928 units).

According to AEB data, sales of passenger and commercial vehicles increased up to **1.8 million units** in 2018, which is **12.8 %** higher than the previous year.

The autopark of passenger and commercial vehicles in 2018 amounted to **47.5 million units**, increased at 3.0 % over the year compared to 2017, and in 2019, **51.8 million** vehicles, increased at **9 %** over the year.

The market's capacity of filters for passenger cars is estimated at **200 million units**, and in monetary terms is approximately **300 million USD**. At the same time, there is an annual increase in the share of oil filters by 1-2 %. The market's volume of air filters is approximately **50 million units** per year.

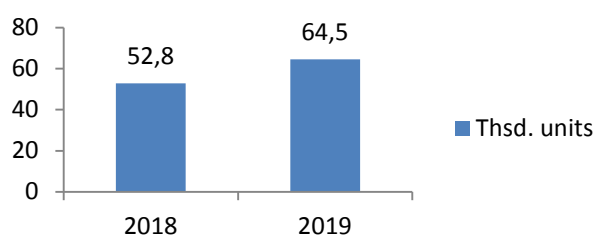
In 2016, Russia imported more than **55 million units** of oil and fuel filters amounted to **199.4 million USD**. The average monthly import volume was **4-5 million units**.

AUTOMOTIVE FILTERS MARKET OVERVIEW

BELARUS

According to the results of 2018, the volume of passenger and commercial vehicles sales increased up to **52.8 thousand** units, which is **54 %** more than in 2017. And at the end of 2019, **64.5 thousand** new cars were sold, which is **22 %** more than in 2018.

Sales of new cars



In 2018, the Belarusian's autopark consisted of more than **3 million** passenger cars owned by citizens. This is **58.3 thousand** more cars than in 2017, and 2 times more than in 2005. Overall, there are **320** passenger cars per 1 000 people.

In 2019, import of passenger cars to Belarus increased by 13 % up to **1.2 billion USD**. Belarus imported **106.6 thousand** passenger cars (**+22.8 %** compared to 2018).

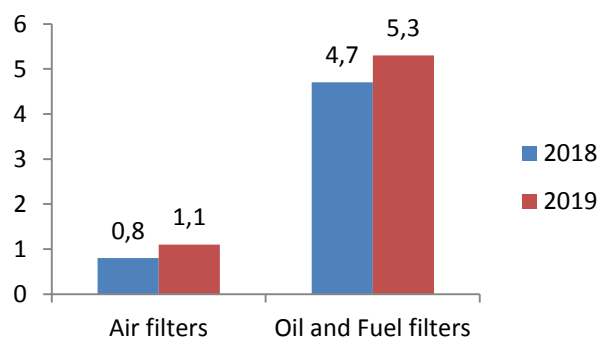
Car production increased from 3.6 thousand units in 2017 to **13.3 thousand units** in 2018 (**+369 %** compared to 2017). The growth is associated with the launch of mass production at the plant of the Chinese company "Geely".

Thus, the total capacity of the automotive filters market in Belarus is comparable to the number of cars and is approximately more than **12 million units** per year, and in monetary terms more than **80 million USD**.

EXPORT AND IMPORT

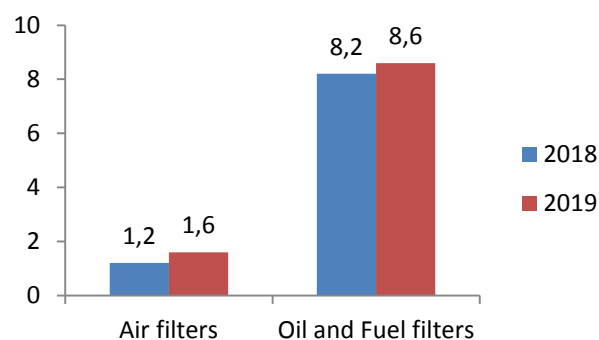
In 2019, Belarus exported **1.1 million units** of air filters for engines in the amount of **4.1 million USD** (**+37 %** in quantitative terms and **+15 %** in monetary terms compared to 2018), and **5.3 million units** of oil and fuel filters in the amount of **11.7 million USD** (**+13 %** in quantitative terms and **+17 %** in monetary terms compared to 2018).

Export (mln units)



In 2019, Belarus imported **1.6 million units** of air filters for engines in the amount of **9.5 million USD** (**+36 %** in quantitative terms and **+14 %** in monetary terms compared to 2018), and **8.8 million units** of oil and fuel filters in the amount of **28.2 million USD** (**+6 %** in quantitative terms and **+5 %** in monetary terms compared to 2018).

Import (mln units)



NATIONAL AGENCY OF INVESTMENT AND PRIVATIZATION

The Agency is ready to help foreign investors interested in doing business in Belarus:

- Presentation of information on investment opportunities, preferential regimes and benefits, industries, legislation
- Provision of current information on investment projects
- Selection and provision of information on options for land and premises
- Search for potential partners for the implementation of the investment project; organization of meetings, negotiations with potential partners to establish cooperation
- Providing a platform for negotiations and support for the investor during the negotiations
- Organization of visits to the Republic of Belarus (development of a program of stay, assistance in obtaining a visa)
- Representing the interests of the investor in negotiations with government officials on the implementation of investment projects, as well as on improving business practices in the Republic of Belarus
- Post investment support



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