

Belarus slide package for a foreign investor



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May 2012

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The information in this document is compiled and edited from a variety of sources. The Pan-European Institute assumes no responsibility for the completeness or accuracy of the information.

1. General information

a) Geographical facts

Area:
207 600 km²

Borders with:

Latvia 141 km, Poland 407 km, Lithuania 502 km, Ukraine 891 km, Russia 959 km

Distance from Minsk to some

European capitals:

Helsinki 716 km,

Berlin 955 km,

London 1872 km,

Madrid 2767 km

(www.geobytes.com)

Provinces:

Brest, Homel, Horad Minsk*, Hrodna,
Mogiljov, Minsk, Vitebsk

*municipality



1. General information

b) Population

Population:
9,49 million (2010, World Bank)

Population growth (annual)
-0.18 % (2010, World Bank)

Largest cities:	(2011, City Population)
Minsk	1 864 090
Homel	491 790
Mogiljov	360 918
Vitebsk	354 566
Hrodna	338 287

Share of urban population:
75,1 % (2011, Belstat)

1. General information

c) Basic facts

Main industrial output:

metal-cutting, machine tools, tractors, trucks, earthmovers, motorcycles, televisions, chemical fibers, fertilizers, textiles, radios, refrigerators (CIA World Factbook)

National Currency:

Belarusian Ruble, BYR

Official languages:

Belarusian,
Russian

Official exchange rates:

(As at May 1, 2012, National Bank of the Republic of Belarus)

EUR/BYR 10 660

USD/BYR 8 050

RUB/BYR 274

Languages spoken:

Belarusian,
Russian,
Polish,
Ukrainian

1. General information

d) Resources and transport infrastructure

Natural resources:

forests, peat deposits, small quantities of oil and natural gas, granite, dolomitic limestone, marl, chalk, sand, gravel, clay

Major ports:

None, landlocked

Roads:

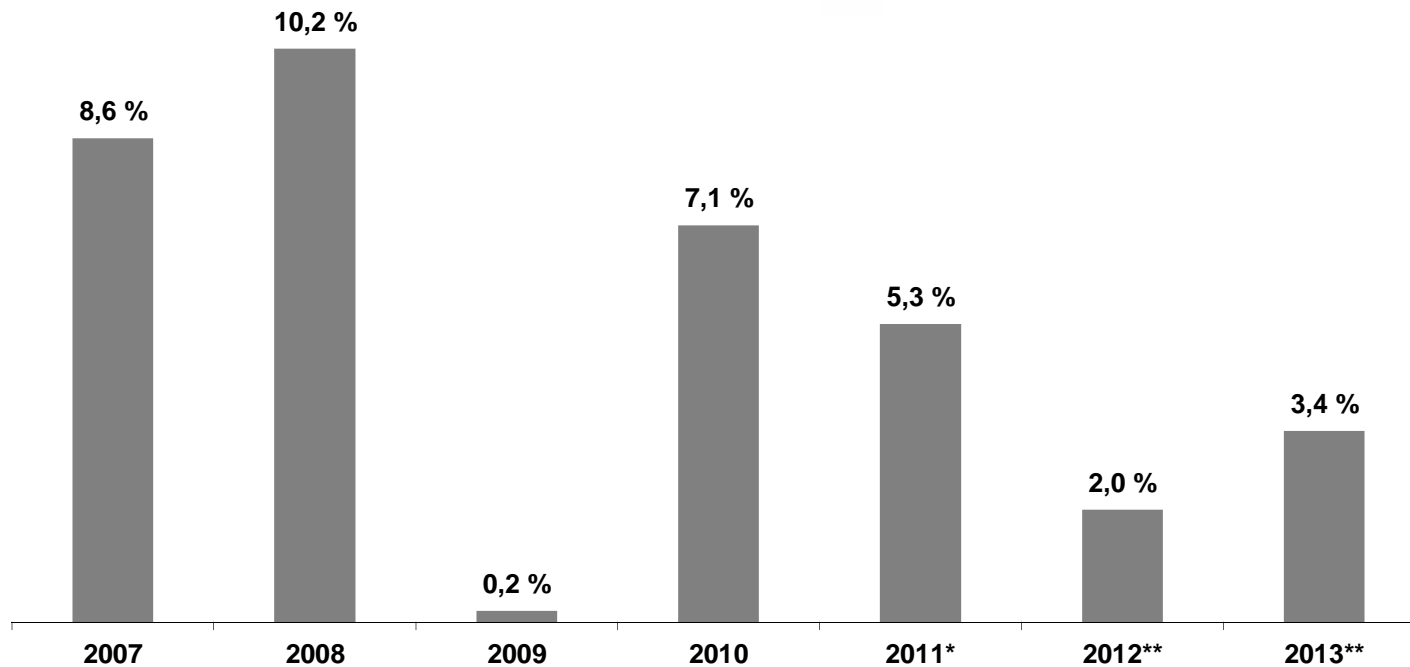
Total	94 797 km
Paved	84 028 km
Unpaved	10 769 km

Railways: 5 512 km

Source: CIA World Factbook

2. Economic development

a) Real GDP growth (annual %)



GDP per capita 2010: EUR 1620,7

GDP estimate 2011: EUR 18,85 bln***
(Economy Watch)

***Exchange rate according to the National Bank of
Belarus 1.05.2012, EUR1= BYR 10660

Sources: Economist Intelligence Unit

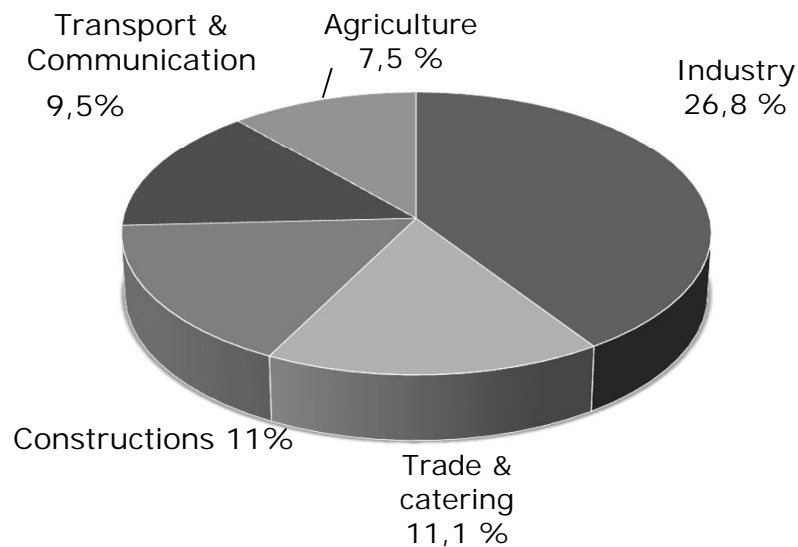
*estimate

** forecast (Belarus, May 2012)

2. Economic development

b) Origin and components of GDP in 2010

Origin of GDP



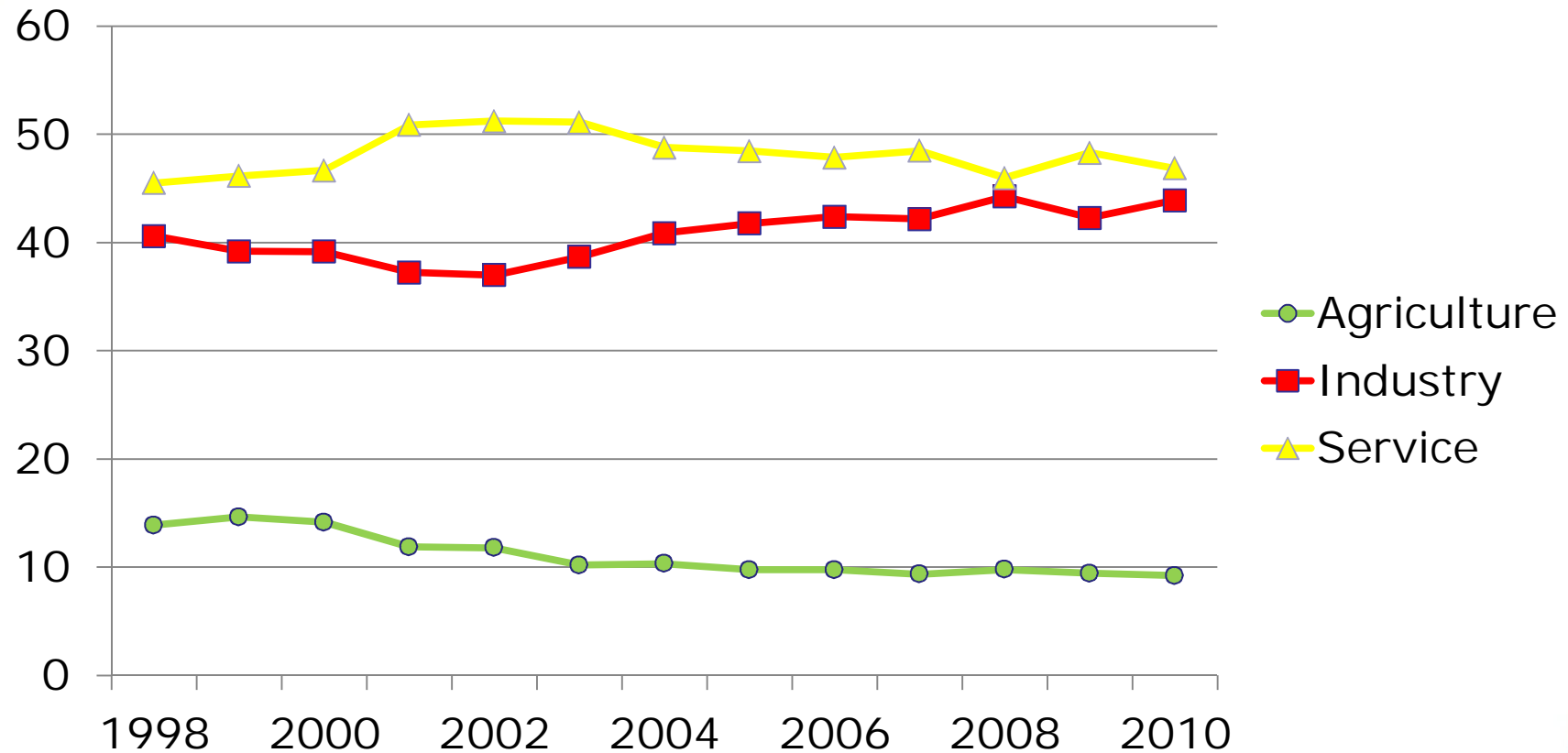
GDP composes of

Private consumption	55,5%
Gross fixed capital formation	39,2%
Public consumption	16,3%
Increase in stock	2,0%
Net exports of goods & services	-13,9%

Source: Economist Intelligence Unit

2. Economic development

c) GDP by sectors



Source: Economist Intelligence Unit

2. Economic development

d) Population and labour force

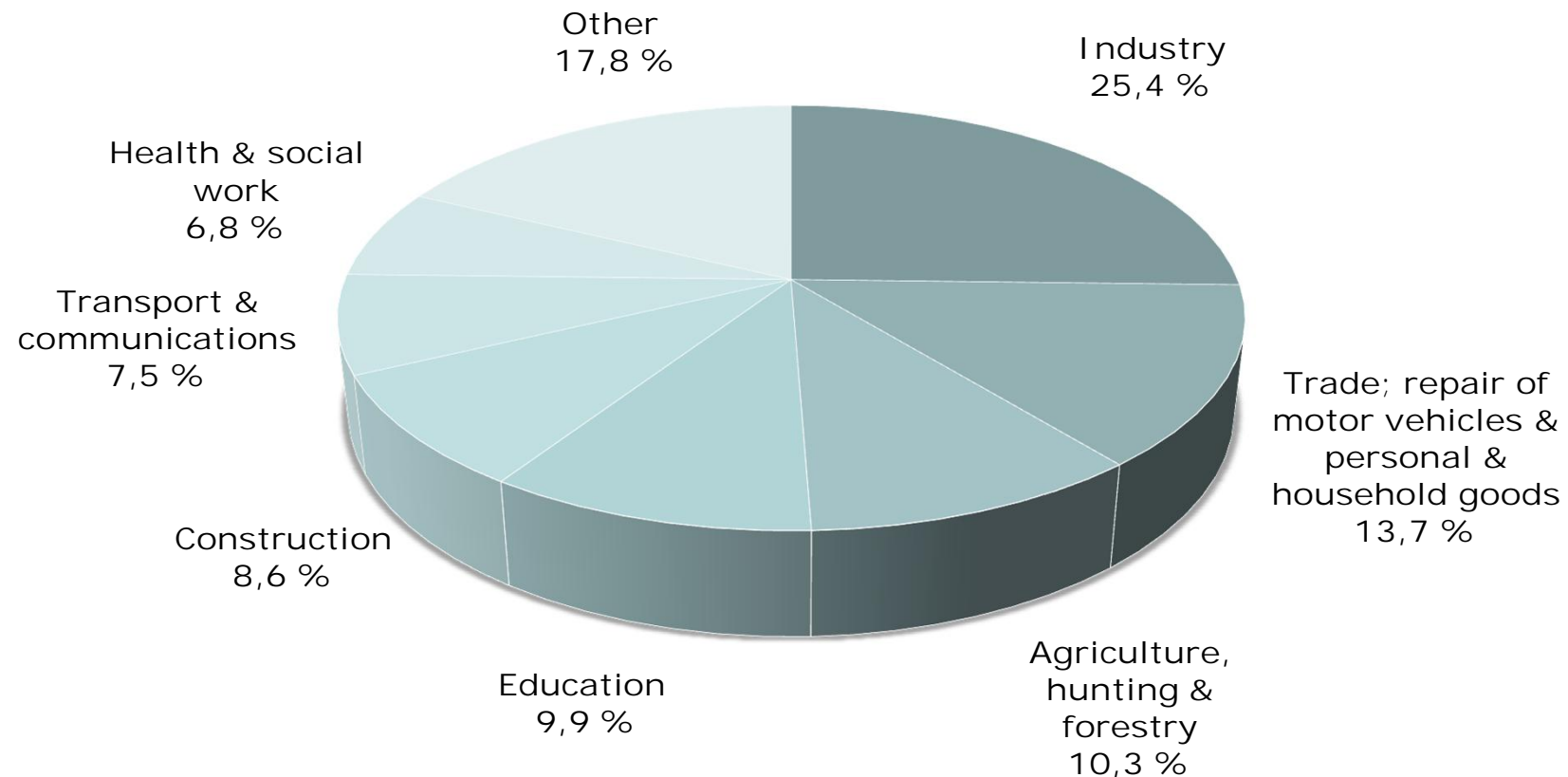
	2001	2005	2010	2011
Population (thousands)	9 957	9 697	9 500	9 481
Economically active population (thousands)	4 523,9	4 490,6	4 705,1	4 663,5*
Unemployed (thousands)	102,9	67,9	33,1	28,2
Registered unemployment rate (as a % of economically active population)	2,3%	1,5%	0,7%	0,6%

Source: BelStat

*estimate

2. Economic development

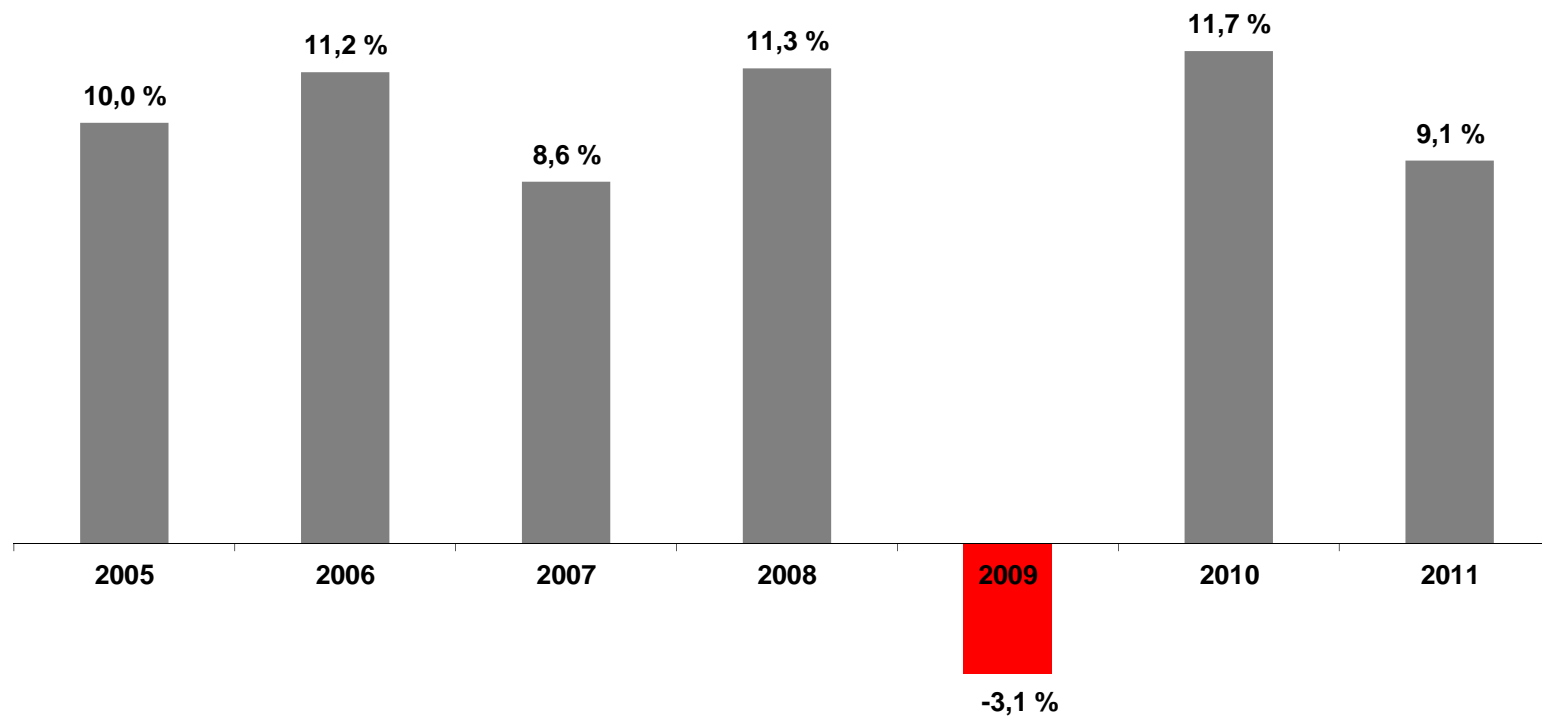
e) Employment by economic activity in 2011*



Source: BelStat
*preliminary data

2. Economic development

f) Growth of industrial output*

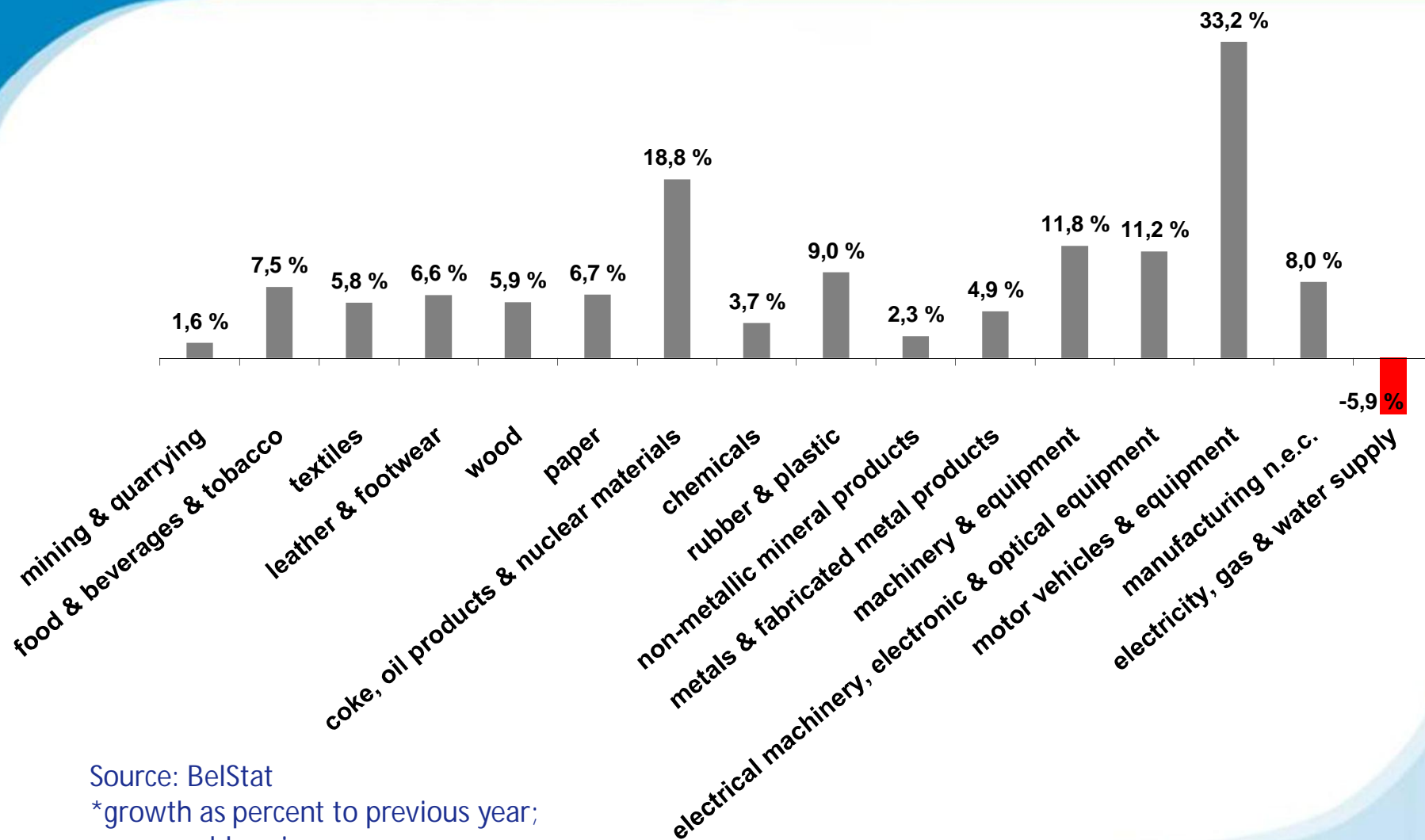


Source: BelStat

*growth as percent to previous year;
comparable prices

2. Economic development

g) Growth of industrial output by sectors in 2011 *



Source: BelStat

*growth as percent to previous year;
comparable prices

3. Political scene

a) Democracy

Democracy Index 2011	Overall rank
Regime type: Authoritarian	139/167
<i>Democracy under stress</i>	

Electoral process	1,75
(on a scale from 0 to 10)	
Functioning of government	2,86
(on a scale from 0 to 10)	
Political participation	3,89
(on a scale from 0 to 10)	
Political culture	4,38
(on a scale from 0 to 10)	
Civil liberties	2,94
(on a scale from 0 to 10)	

Source: Economist Intelligence Unit

3. Political scene

b) Business freedom

Ranking index	Rank of Belarus/ Total number of countries
World Democracy Audit overall ranking (World Audit, May 2012)	143/150
Press Freedom ranking (World Audit, May 2012)	144/150
The 2012 Index of Economic Freedom (The Heritage Foundation)	153/179 (+1,1 change from previous)
Corruption Perceptions Index 2011 (Transparency International)	143/183 (14/20 within Eastern Europe and Central Asia)
Ease of Doing Business 2012 (World Bank)	69/183 (11/24 within Eastern Europe and Central Asia)

3. Political scene

c) Starting a business

Indicators	Belarus	Eastern Europe & Central Asia	OECD
Time (days)	5	16	12
Cost (% of income per capita)	1,3	8,3	4,7
Paid-in Min. Capital (% of income per capita)	0	10	14,1
Procedures:	5	6	5
1. Obtain an approval of the company name with the Registry Office	1 day	no charge	
2. Open a temporary bank account	1 day	no charge	
3. Business registration with the State Registry	1 day	16,40 €	
4. Open a regular bank account	1 day	no charge	
5. Make a company seal	1 day	4,69 €	

Source: The World Bank: Doing Business

Exchange rate according to the
National Bank of Belarus
7.05.2012, EUR1= BYR 10670

3. Political scene

d) Property rights

The structure of property rights is largely unchanged since the Soviet period, with state ownership of land and government-controlled collective and state farms. Though, with the progress of democracy the state has involved in many commercial transactions.

However, property rights and corruption remain problematic issues for foreign investors in Belarus.

Topic rankings	Rank of Belarus/ Total No of countries
Property rights	143/179
Registering property	4/183
Protecting investors	79/183
Enforcing contracts	14/183
Resolving insolvency	82/183

Source: The World Bank,
The Heritage Foundation, May 2012

3. Political scene

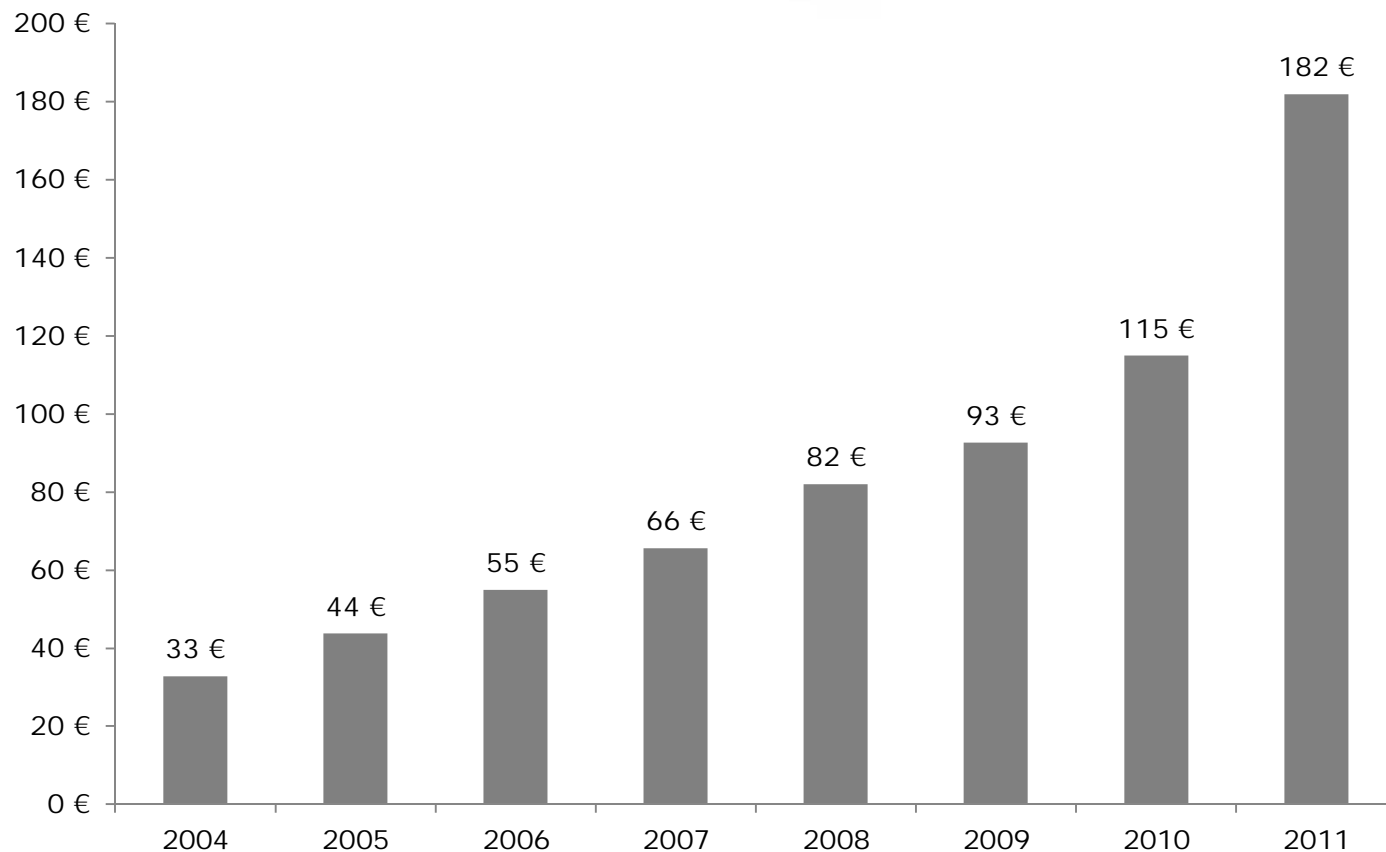
e) Taxes & government spendings

Taxes	Rate
The income tax	12%
The top corporate tax	24%
Other taxes (excise taxes & VAT)	20%
Total domestic income tax burden	24,9 %
Government spendings	46,6% of total domestic output
Public debt	26,5% of GDP

Source: The Heritage Foundation

4. Prosperity and consumption

a) Nominal gross average monthly wages*

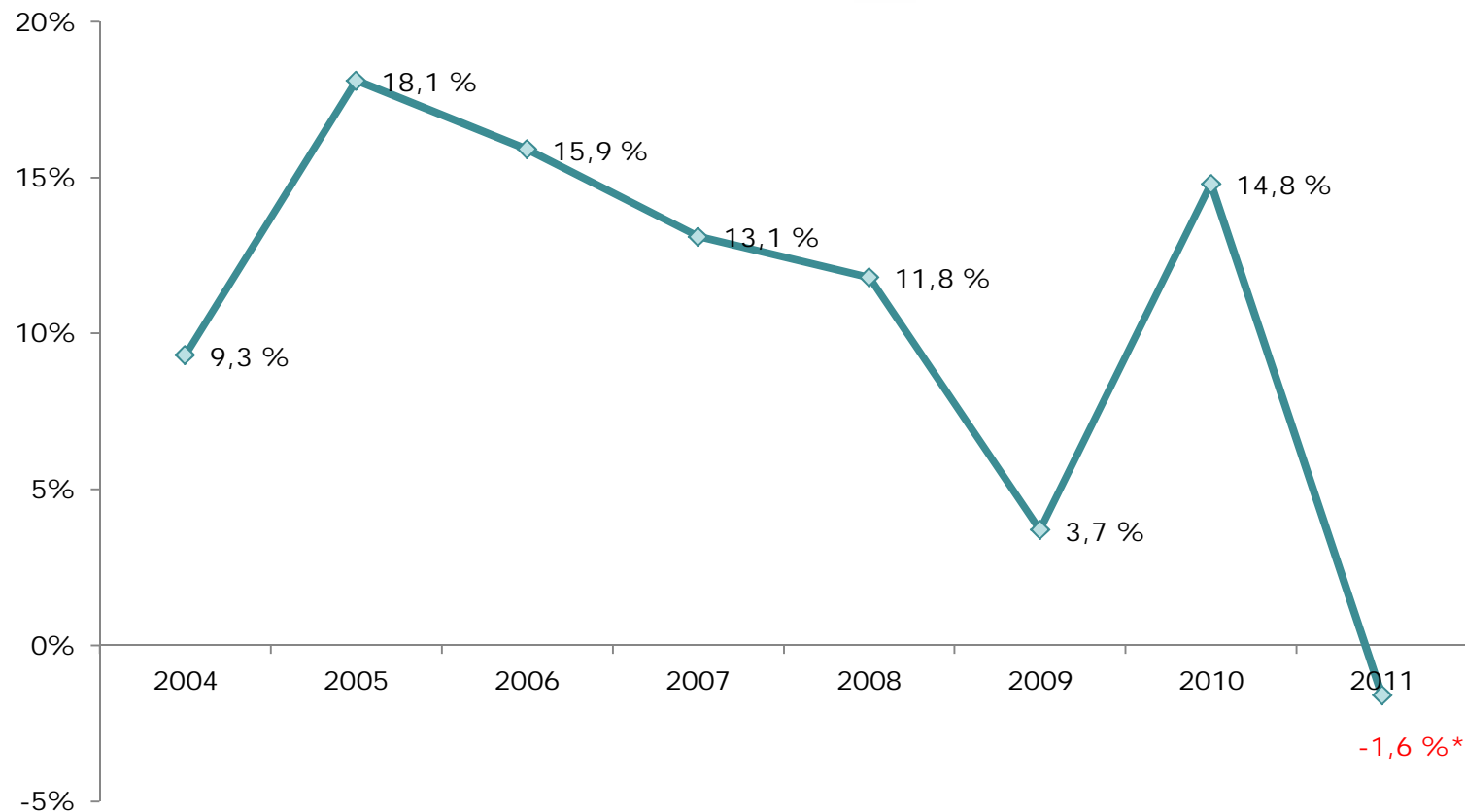


Source: BelStat
*per employee

Exchange rate according to the National Bank of
Belarus 3.05.2012, 1 EUR = 10590 BYR

4. Prosperity and consumption

b) Real disposable money income of population



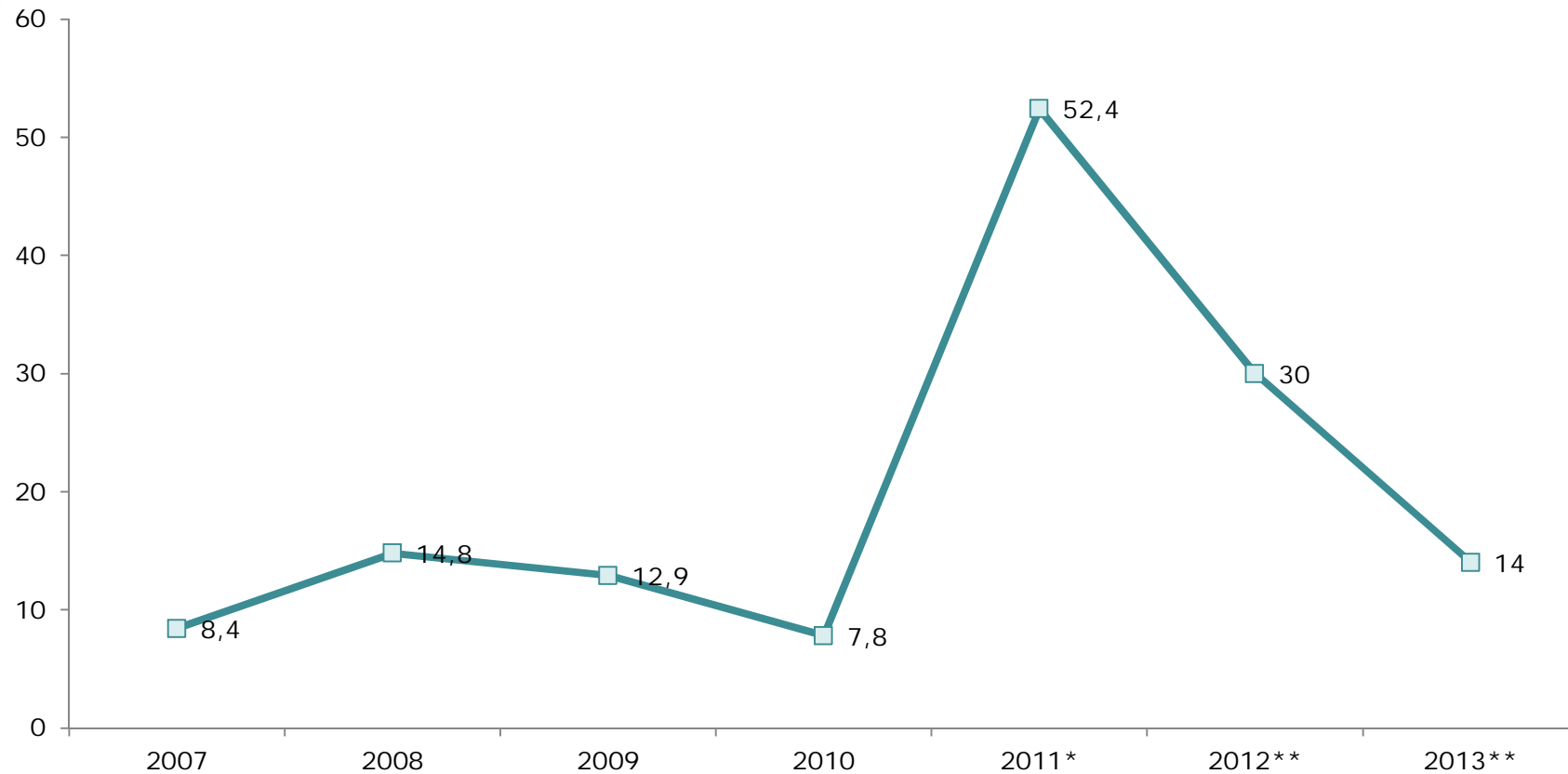
Source: BelStat

*preliminary data

% change, year-on-year

4. Prosperity and consumption

c) Consumer Price Inflation (average, %)



Source: Economist Intelligence Unit

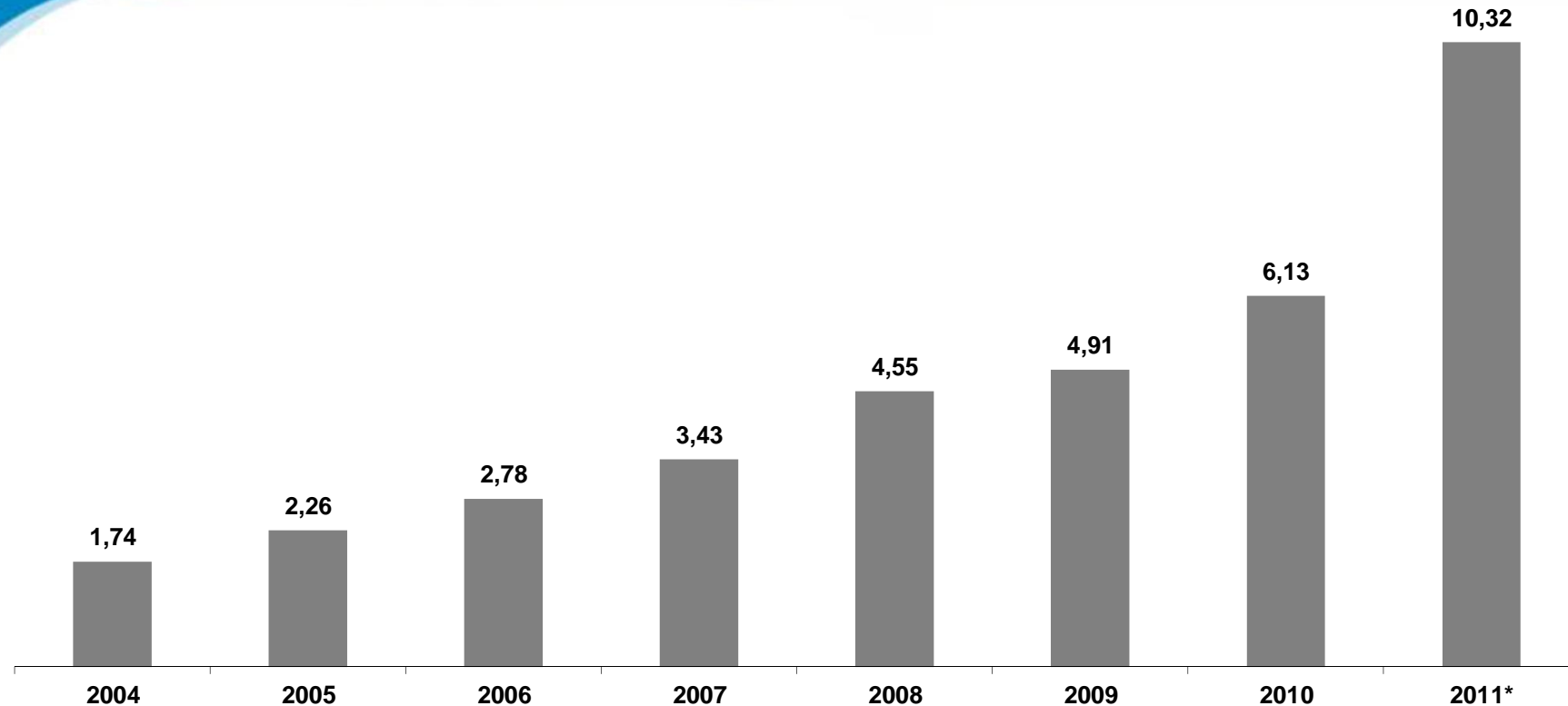
*estimate

**forecast (Belarus, May 2012)

Average for the year, not end-of-period data

4. Prosperity and consumption

d) Retail turnover in trade (€ billion)

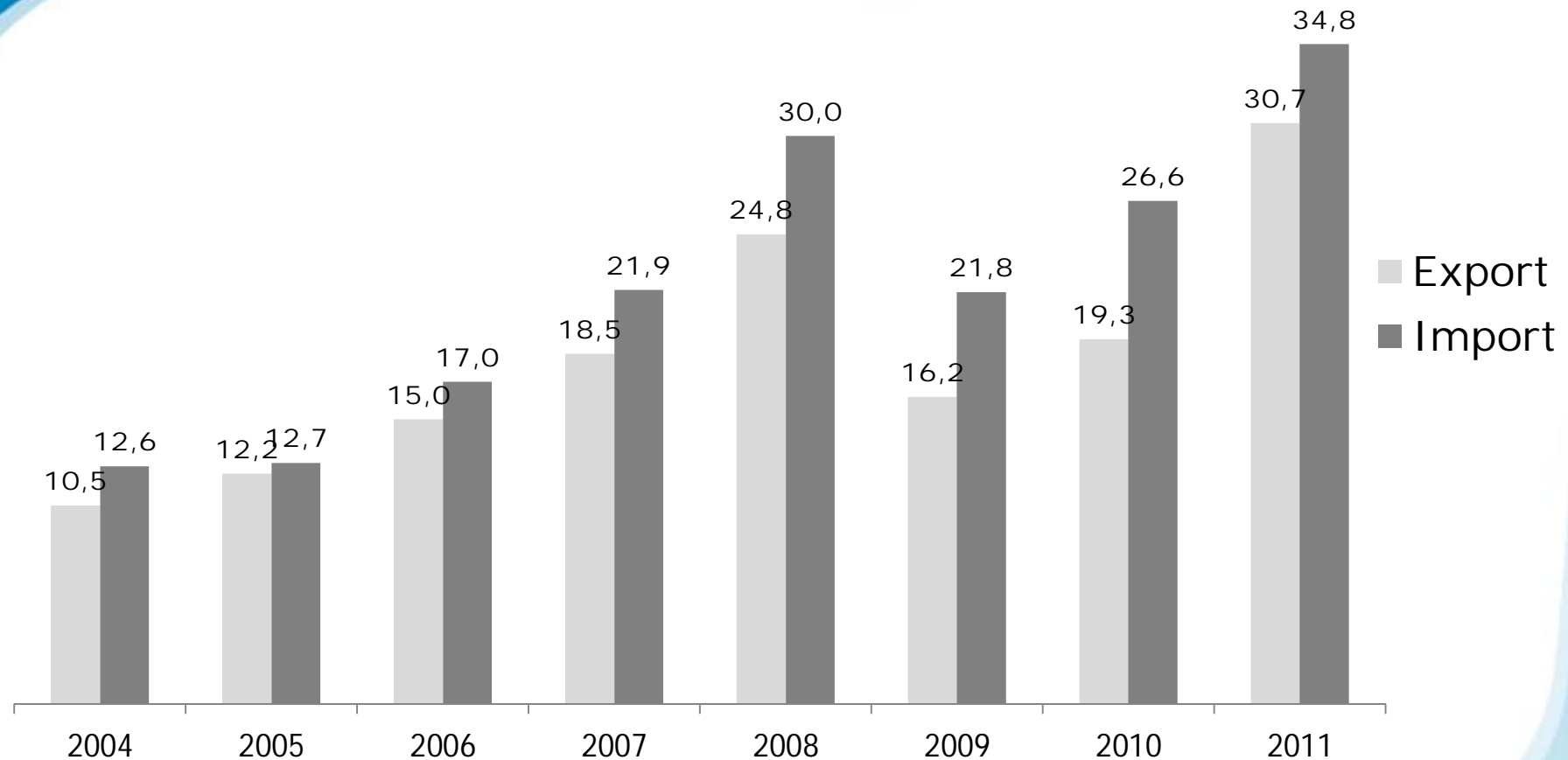


Source: BelStat
*preliminary data

Exchange rate according to the National Bank of
Belarus 3.05.2012, 1 EUR = 10590 BYR

5. External economic relations

a) Development of foreign trade (€ billion)



Source: BelStat

Exchange rate according to the Bank of Finland
3.05.2012, 1 EUR = 1,3131 USD

5. External economic relations

b) Foreign trade structure in 2011

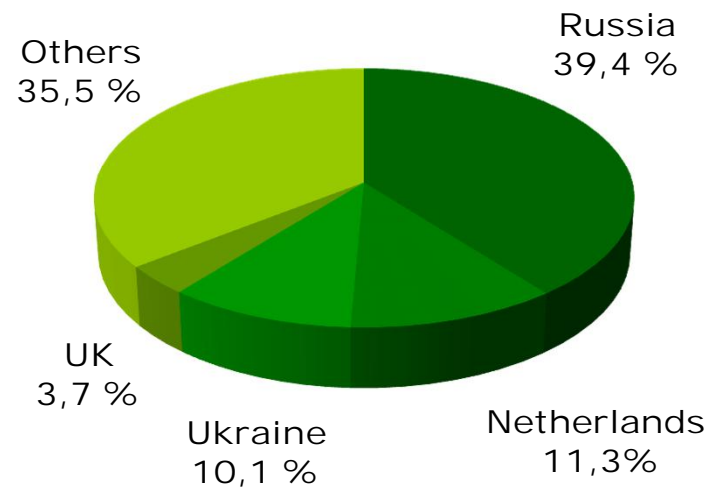
Commodities	Exports	Imports
Mineral products	36,0 %	41,7 %
Chemical products, rubber (incl. Chemical fibres & filaments)	21,5 %	11,7 %
Machinery, equipment & transport vehicles	18,1 %	23,1 %
Food goods & agricultural raw materials	9,6 %	7,0 %
Ferrous, non-ferrous metals	6,1 %	10,0 %
Other	8,7 %	6,5 %

Source: BelStat

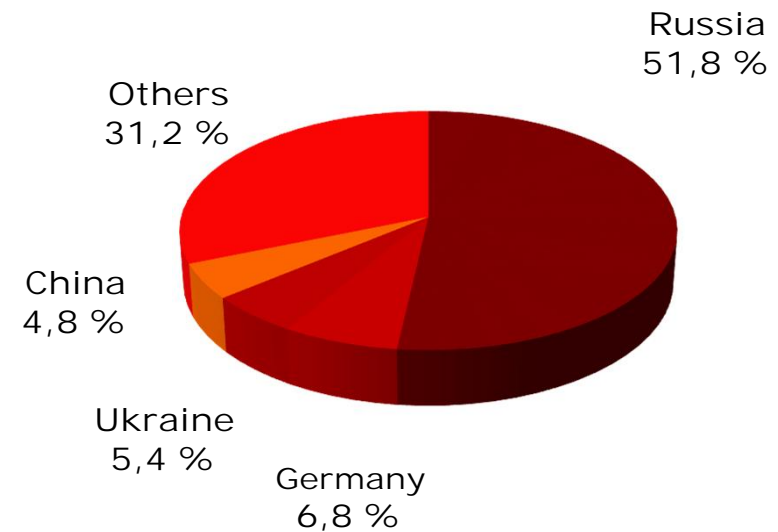
5. External economic relations

c) Major export and import partners in 2010

EXPORTS



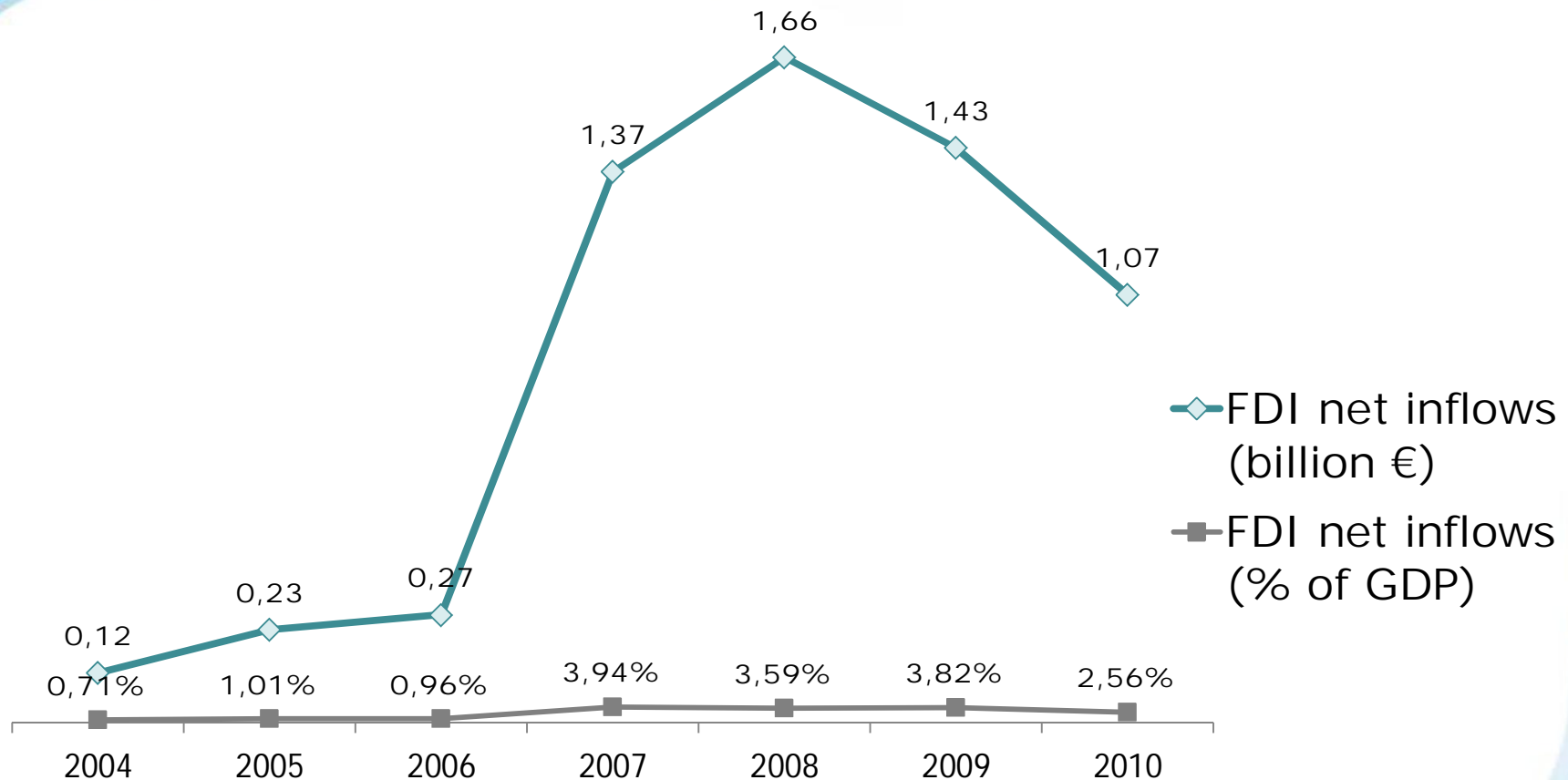
IMPORTS



Source: Economist Intelligence Unit

5. External economic relations

d) FDI net inflows (€ billions)



Source: The World Bank

Exchange rate according to the
Bank of Finland 4.05.2012,
EUR 1 = USD 1,3132

5. External economic relations

e) Foreign investment in 2009

Inward stock

2000	994,52 €
2010	7 569,30 €

Countries, 2010

CIS	66 %
Russia	45,54 %
Kazakhstan	8,58 %
Ukraine	6,60 %
Other	5,28 %
EU-10	30 %
SEE	4 %

Foreign investments, 2009 over 7,4 billion €
1,4 fold increase against 2008

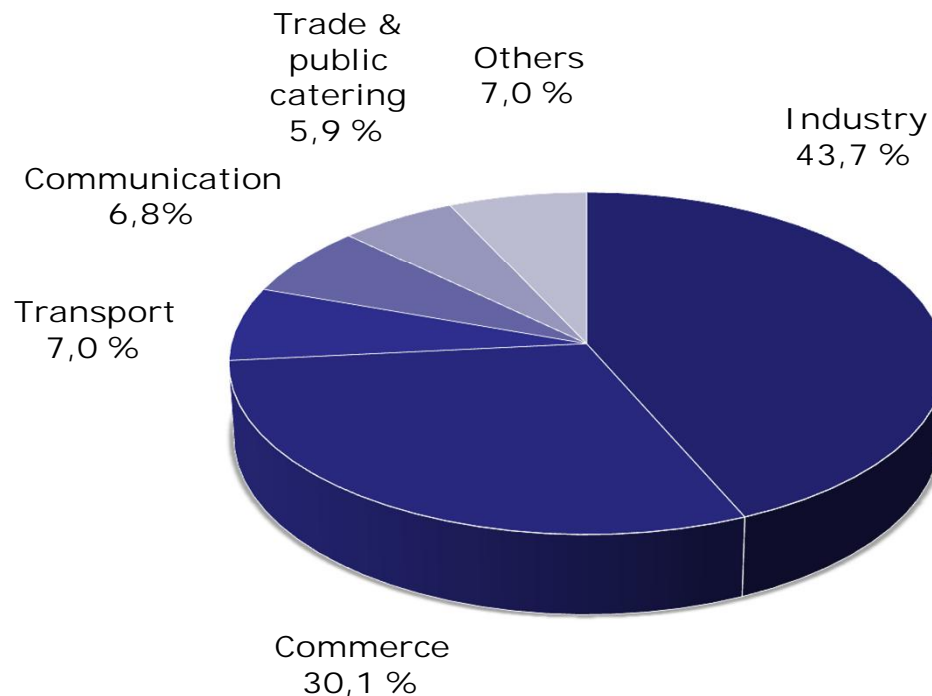
FDI	3,7 billion €
Portfolio investments	1,5 million €
Other types	3,4 billion €

Source1: UNCTAD, World Investment Report 2011
Exchange rate according to the Bank of Finland
4.05.2012, EUR 1 = USD 1,3132
Source2: Ministry of Foreign Affairs of Belarus

The geographical distribution of the inward FDI flows in Belarus in the period 2002 to 2008 shows that the major investing countries are Switzerland, Russia, Cyprus, Austria & UK.

5. External economic relations

f) FDI by sectors, 2007



Source: Ministry of Foreign Affairs of Belarus

The M&A market in Belarus is in the making at present. However, in recent years the M&A activity has become more intense in such areas as:

banking,

telecommunication,

insurance

and other sectors, mainly due to the heightened interest in Belarusian economy and constant liberalization of business regulations.

Source: Global Trade

6. Additional information

a) Business services and authorities

BUSINESS SUPPORTING SERVICES

Finpro Northern Europe

<http://www.finpro.fi/fi-FI/Business/>

Invest in Belarus

www.invest.belarus.by/en/belarus

SOME AUTHORITIES

Official Government Portal (in Russian)

w3.economy.gov.by

Foreign Ministry

<http://www.mfa.gov.by/en/>

Ministry of Economics (in Russian)

www.economy.gov.by

National Bank of Belarus

www.nbrb.by/engl/default.asp

Information subject to changes

6. Additional information

b) Embassy and European Commission's Delegation

Finland's Embassy, Belarus (in Lithuania)

www.finland.lt

Address:

Embassy of Finland
Klaipedos gatve 6, 3rd floor
Lt-01117 Vilnius
Lithuania
Tel. +370-5-212 1621, 212 2775 (visas)
Fax +370-5-212 2463, 2122 441
E-mail: sanomat.vil@formin.fi

The European Commission's Delegation to Belarus

www.delblr.ec.europa.eu/page63.html

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34a Engels Street
Minsk 220030
Republic of Belarus
Phone +375 17 328 66 13, +375 17 328 35 82
Fax +375 (17) 2891281
E-mail: delegation-belarus@ec.europa.eu

Information subject to changes

6. Additional information

c) Other sources

Economist Intelligence Unit

www.eiu.com

EBRD

www.ebrd.com/country/country/belarus/index.htm

Electronic Publications of the Pan-European Institute

www.tse.fi/pei/

IMF

www.imf.org/

Ministry of Statistics and Analysis of Belarus

www.belstat.gov.by/homep/en/main.html

Worldbank

www.worldbank.org

Information subject to changes