

Belarus slide package for a foreign investor



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April 2014



Contents

1. General information	3
2. Regional economy	6
3. Prosperity and consumption	16
4. External economic relations	18
5. Business environment	25
6. Additional information	32

The information in this document is compiled 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 location



Distances from Minsk to some European capitals:

 Vilnius	172 km
 Riga	403 km
 Warsaw	475 km
 Tallinn	640 km
 Moscow	675 km
 Helsinki	715 km
 Stockholm	837 km
 Berlin	953 km
 Copenhagen	979 km

1. General information

b) Basic facts

Official Name	Republic of Belarus
Area (World rank)	207 600 km ² (86 th)
Population (World rank)	9 468 100 (91 st)
Official languages	Belarusian, Russian
Currency	Belarusian ruble (BYR) (21/03/14: € 1 = 13 610 BYR)
Administrative-territorial division	Capital: Minsk Regions: 6 (Brest, Gomel, Grodno, Minsk, Mogilev, Vitebsk); Districts: 118; Cities: 112; Villages: 23 389
International organizations	Customs Union of Belarus, Kazakhstan and Russia; IMF; World Bank; OSCE; UN et al.
Main cities (thousand people)	Minsk (1 901), Gomel (515), Mogilev (367), Vitebsk (369), Grodno (352), Brest (326), Bobruysk (217), Baranovichy (171)
Borders with (border length)	Russia (959 km), Ukraine (891 km), Lithuania (502 km), Poland (407 km), Latvia (141 km)
Main industries	Metallurgical, mechanical engineering, including tractors and agricultural, cars, machine-tool constructing and tool industry, instrument making, radio engineering, electro technical, electronic, optics-mechanical industry; metal working, chemical and petrochemical, light and food industries
Natural resources	Wood, peat, small oil and natural gas fields, granite, dolomite, limestone, clay, sand

1. General information

c) Population and labour force

	2008	2009	2010	2011	2012	2013	2014
Population (thousand)	9 542	9 514	9 500	9 481	9 465	9 464	9 468
Population change from previous year (%)	-0,39	-0,29	-0,15	-0,20	-0,17	-0,01	+0,04
Unemployment (thousand)	37,3	40,3	33,1	28,2	24,9	20,9	22,7
Level of unemployment (ILO definition, %)	0,8	0,9	0,7	0,6	0,6	0,5	0,5
Development of labour force – economically active population (thousand)	4 654	4 686	4 705	4 686	4 606	4 541	4 483

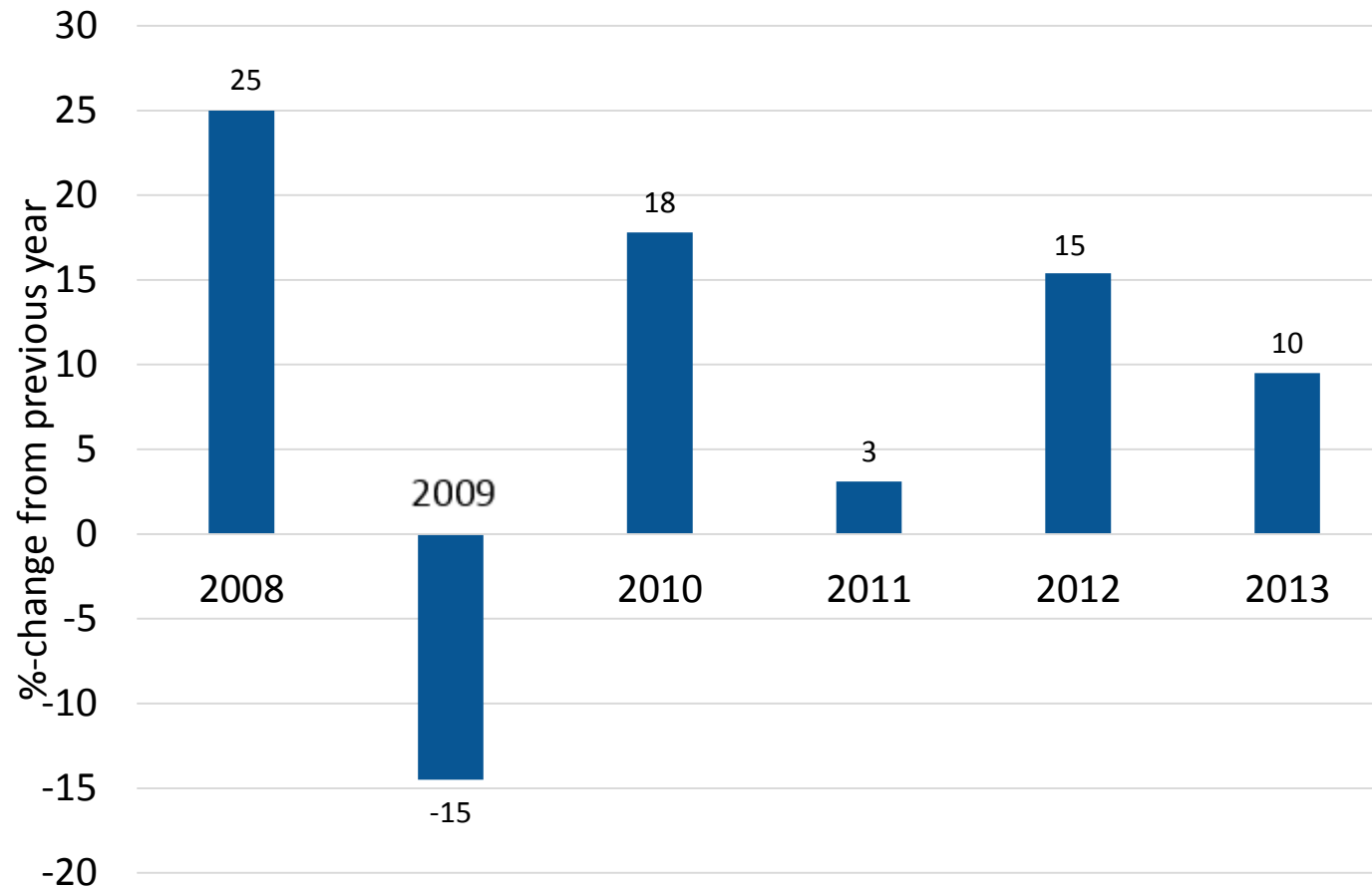
2. Regional economy

a) Belarus in the World economy

2013		
	Performance	Share in world's total
GDP (bn €)	54,0	0,09 %
Economically active population (thousand)	4 541,0	0,14 %
Retail trade (bn €)	21,9	-
Investment in fixed capital (bn €)	17,2	-
FDI (bn €)	8,3	0,82 %
Exports (bn €)	28,0	-
Imports (bn €)	32,3	-
Enterprises (thousand)	131,7	-

2. Regional economy

b) GDP of Belarus

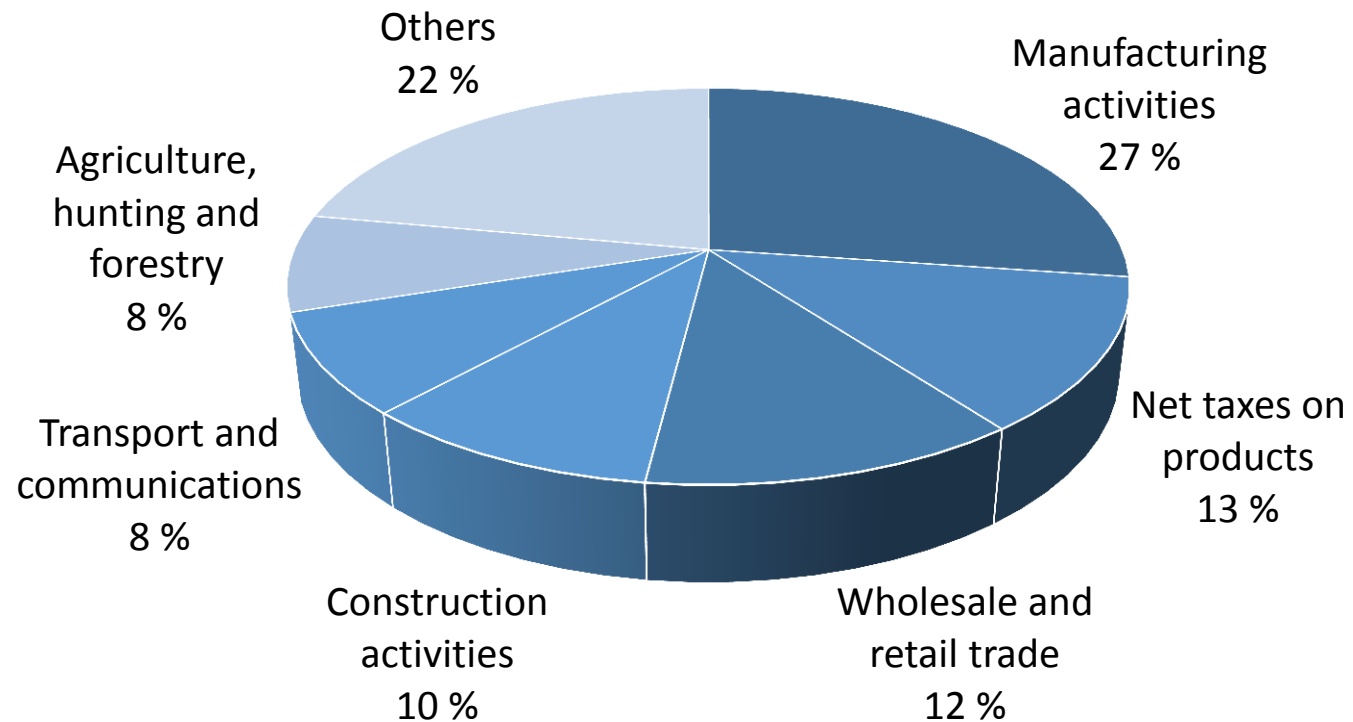


GDP of Belarus, bn €

Year	GDP
2007	33,0
2008	41,3
2009	35,3
2010	41,6
2011	42,9
2012	49,5
2013	54,0

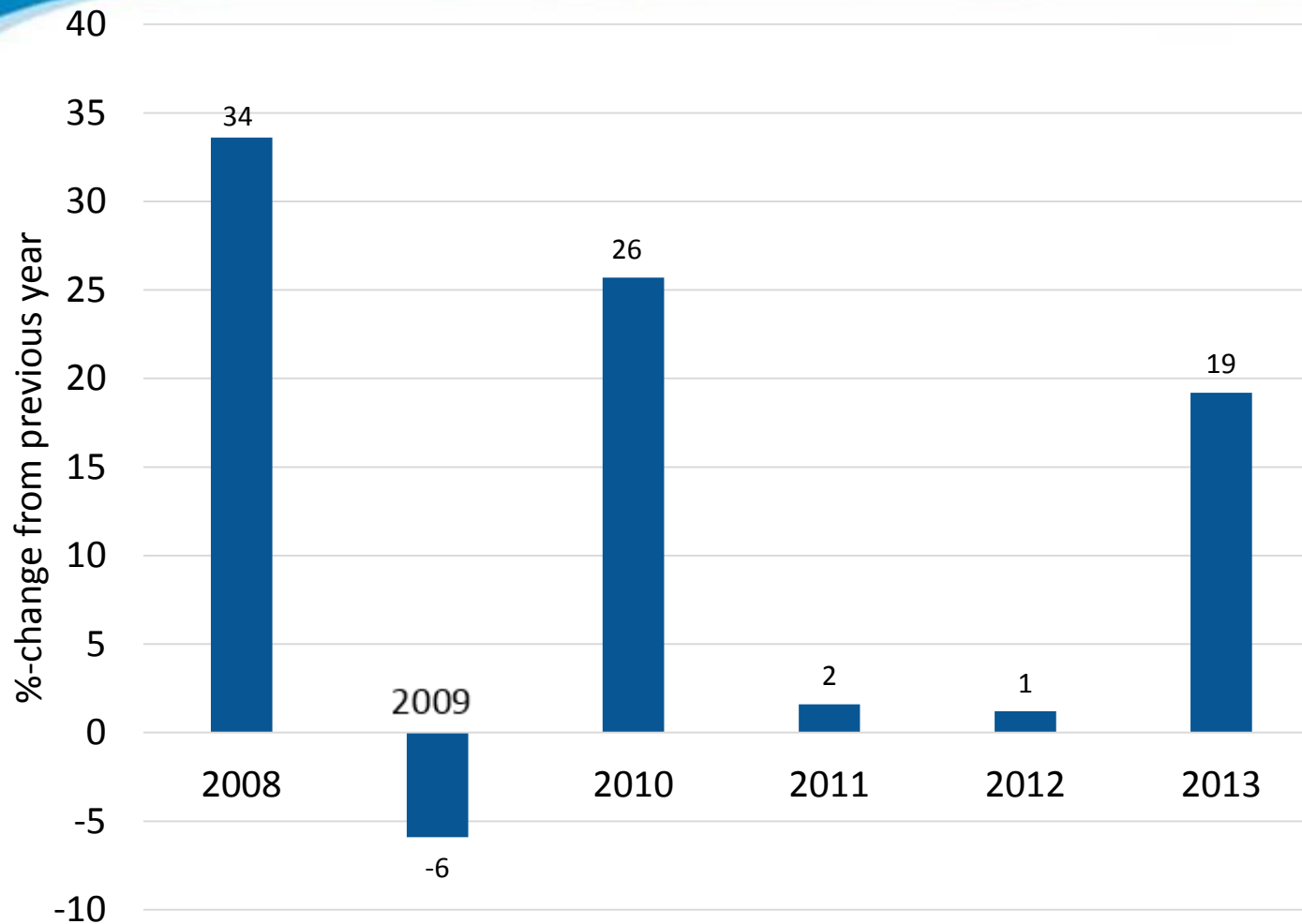
2. Regional economy

c) Structure of GDP in 2013



2. Regional economy

d) Development of investment in fixed capital

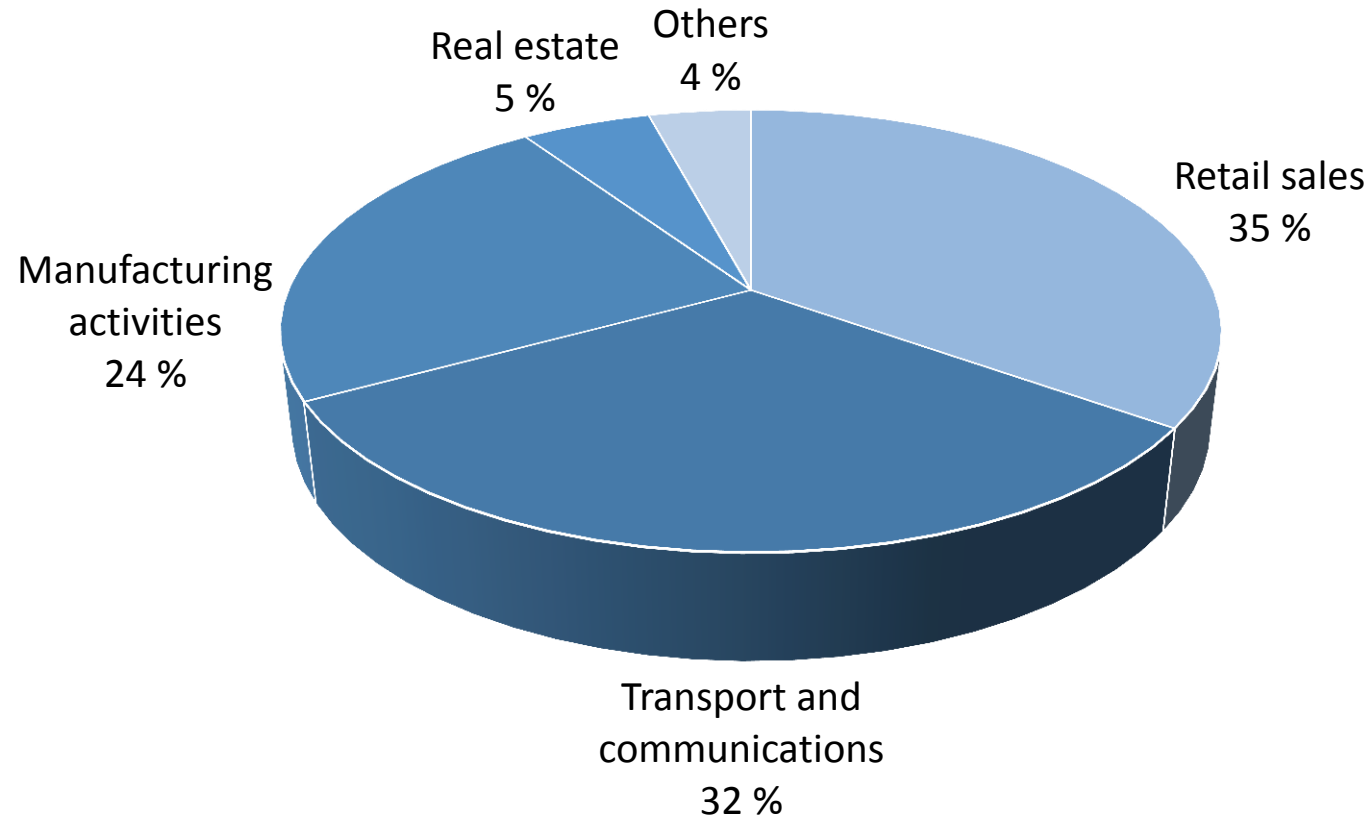


Investment in fixed capital of Belarus, bn €

Year	Investment
2007	8,9
2008	11,8
2009	11,1
2010	14,0
2011	14,2
2012	14,4
2013	17,2

2. Regional economy

e) Investments into fixed capital by sectors in 2013



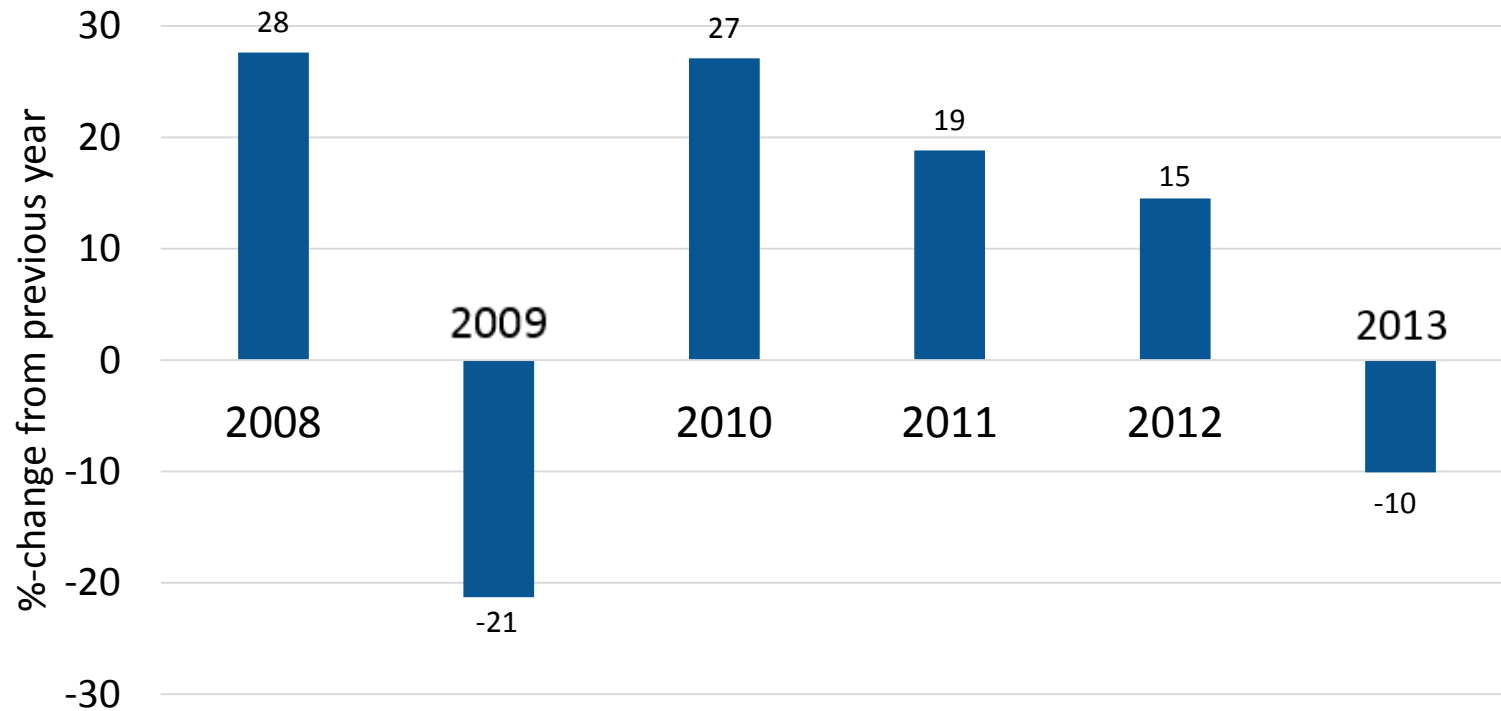
2. Regional economy

f) Transport infrastructure

	Republic of Belarus
Airports	• 7 international airports • Direct air links with most major countries and airlines • Over 2 mn passengers in 2013
Railways	• 21 railway terminals and 320 railway stations • Length of roads – 5 521 km, freight turnover – 140 mn tonnes • Trains to Russia, Poland, Ukraine, Latvia and Lithuania
Highways	• Length of roads – more than 86 000 km, freight turnover – 178 mn tonnes • Connected to main European countries through the European routes system (E28, E30, E85, E95, E271)
Public transport	• Minsk Metro: 28 stations, passengers in 2013 – 328,3 mn
Pipeline transport	• Transit system for delivering Russian gas and oil to the Czech Republic, Poland, Germany, Slovakia, Hungary, Latvia, Lithuania and Ukraine through the Yamal–Europe pipeline and the Druzhba pipeline • Length of pipes – 5,250 km (gas); 1,528 km (oil); 1,730 km (refined products), freight turnover – 134 mn tonnes

2. Regional economy

g) Development of industrial production

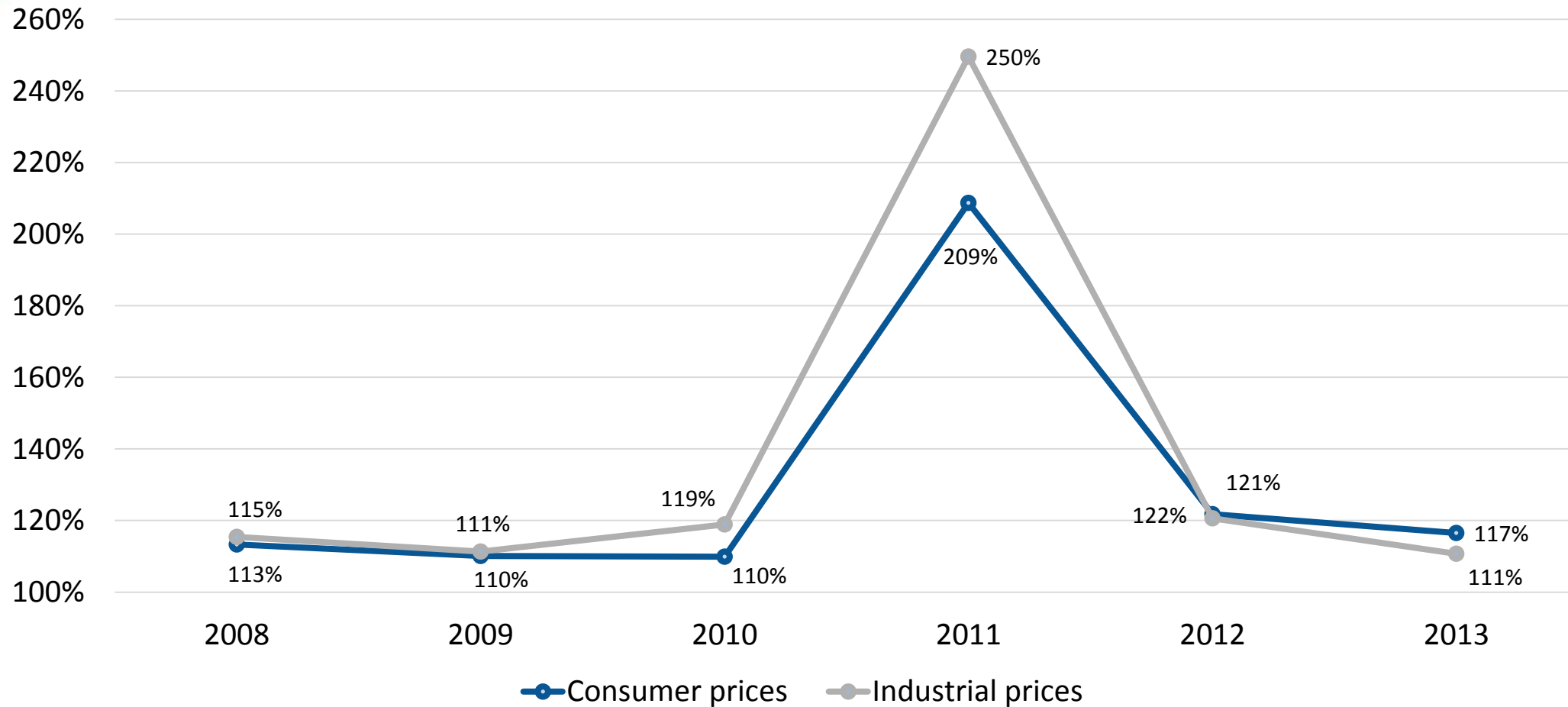


Volume of industrial production, bn €

Year	Volume
2007	33,1
2008	42,2
2009	33,2
2010	42,2
2011	50,2
2012	57,5
2013	51,6

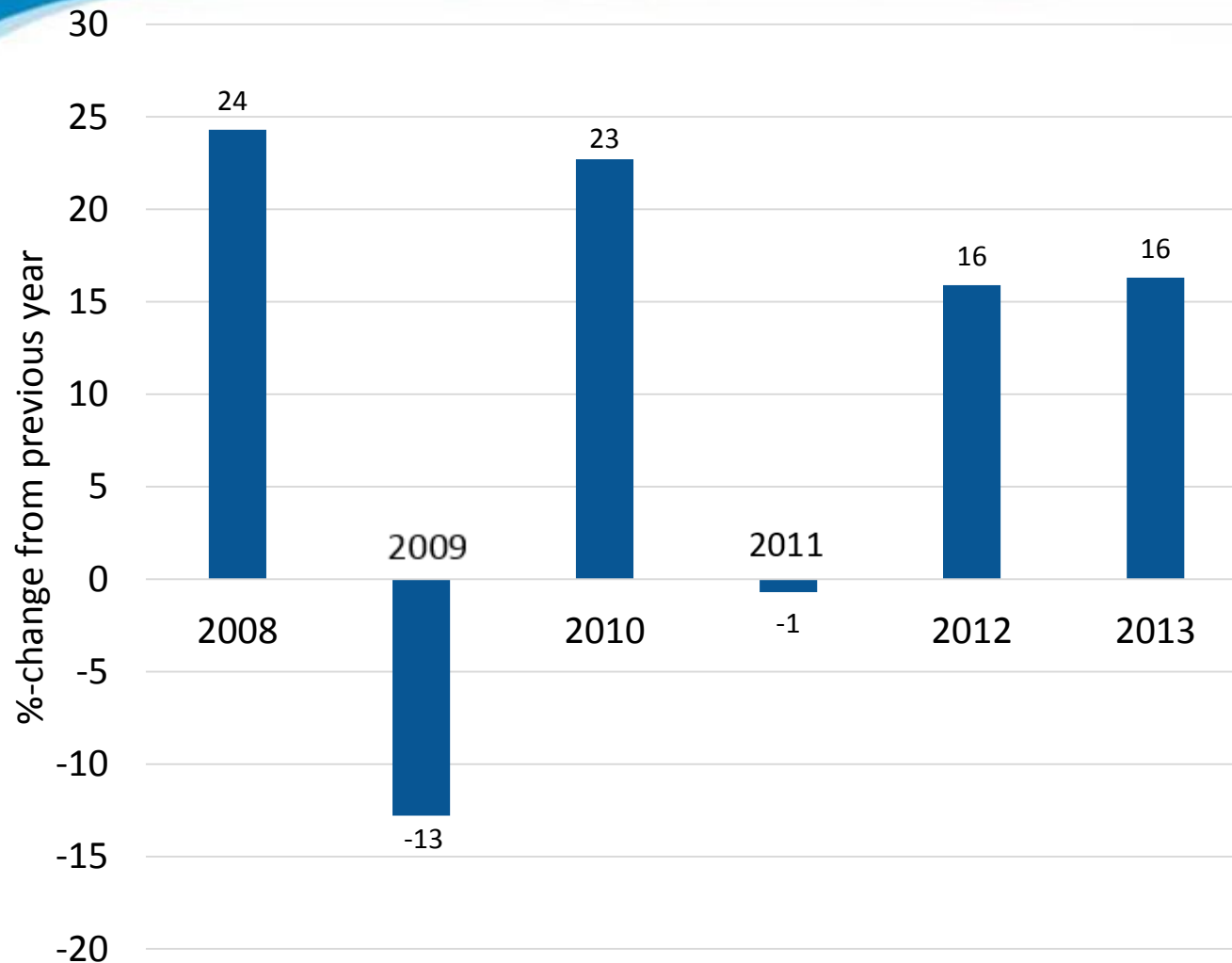
2. Regional economy

h) Development of prices (% , end of the year)



2. Regional economy

i) Development of retail trade

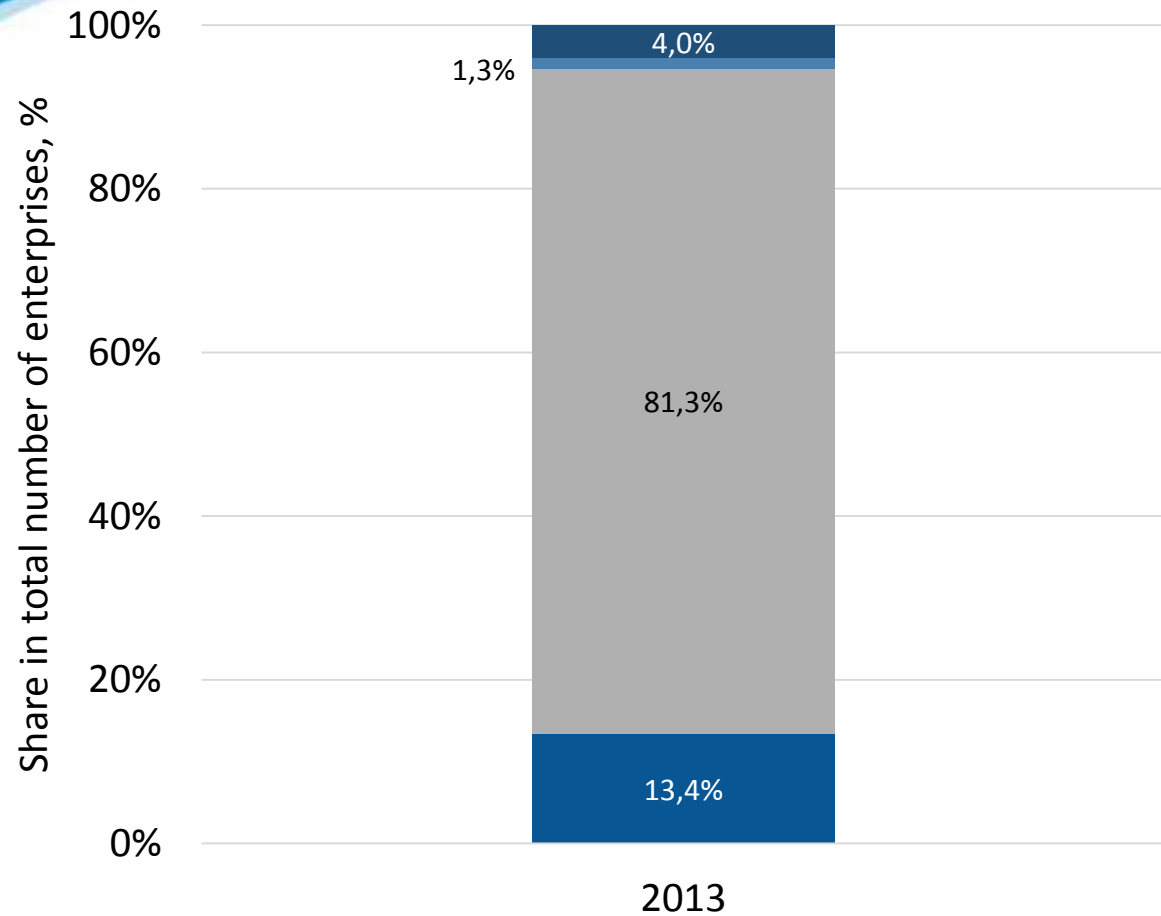


Retail sales of Belarus, bn €

Year	Retail sales
2007	12,3
2008	15,3
2009	13,4
2010	16,4
2011	16,3
2012	18,9
2013	21,9

2. Regional economy

j) Distribution of enterprises and organisations by ownership (number)

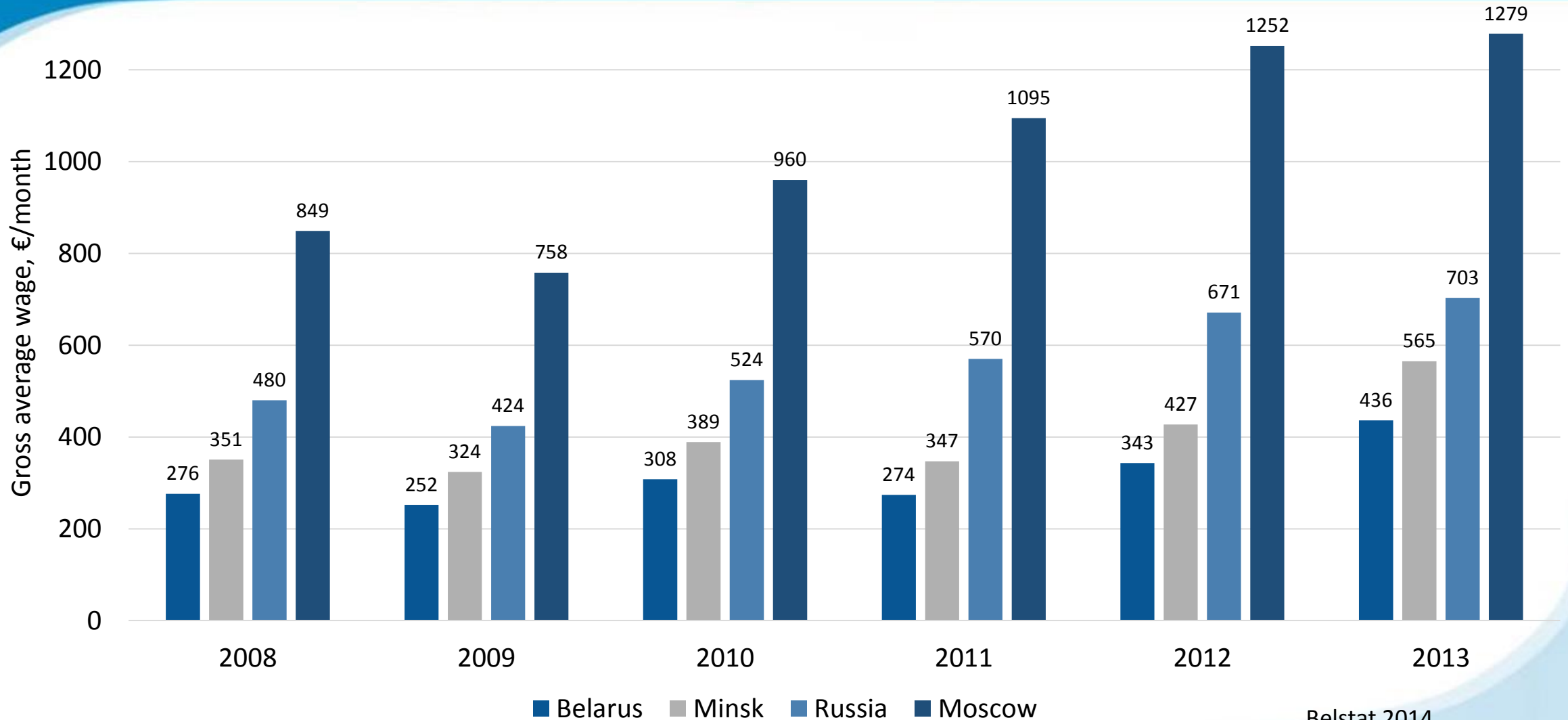


Ownership	Number
State- and municipal-owned	17 644
Private	107 105
Public-private	1 701
Foreign	5 217
Total	131 667

■ State- and municipal-owned ■ Private ■ Public-private ■ Foreign

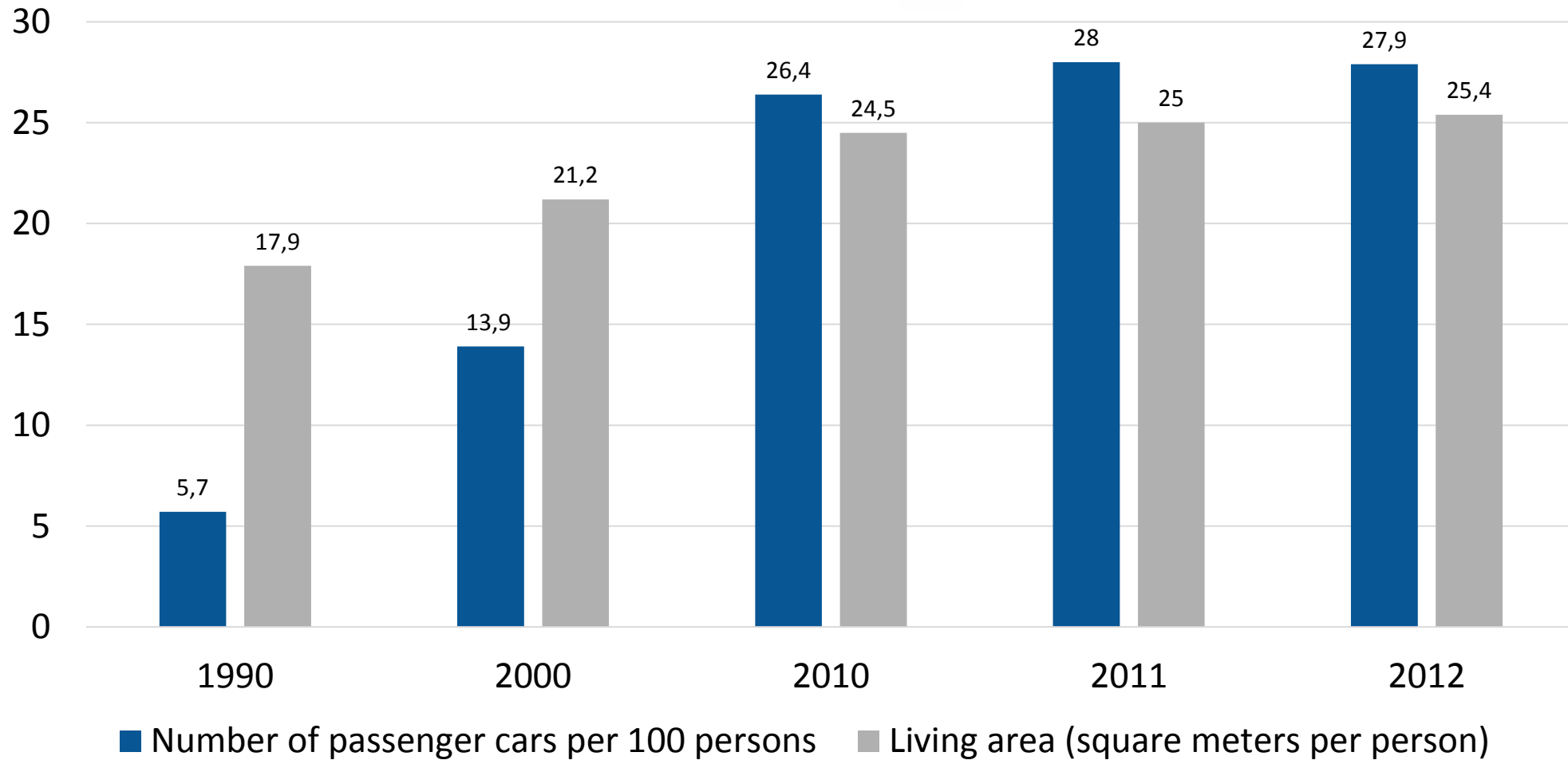
3. Prosperity and consumption

a) Development of gross average wages, €/month



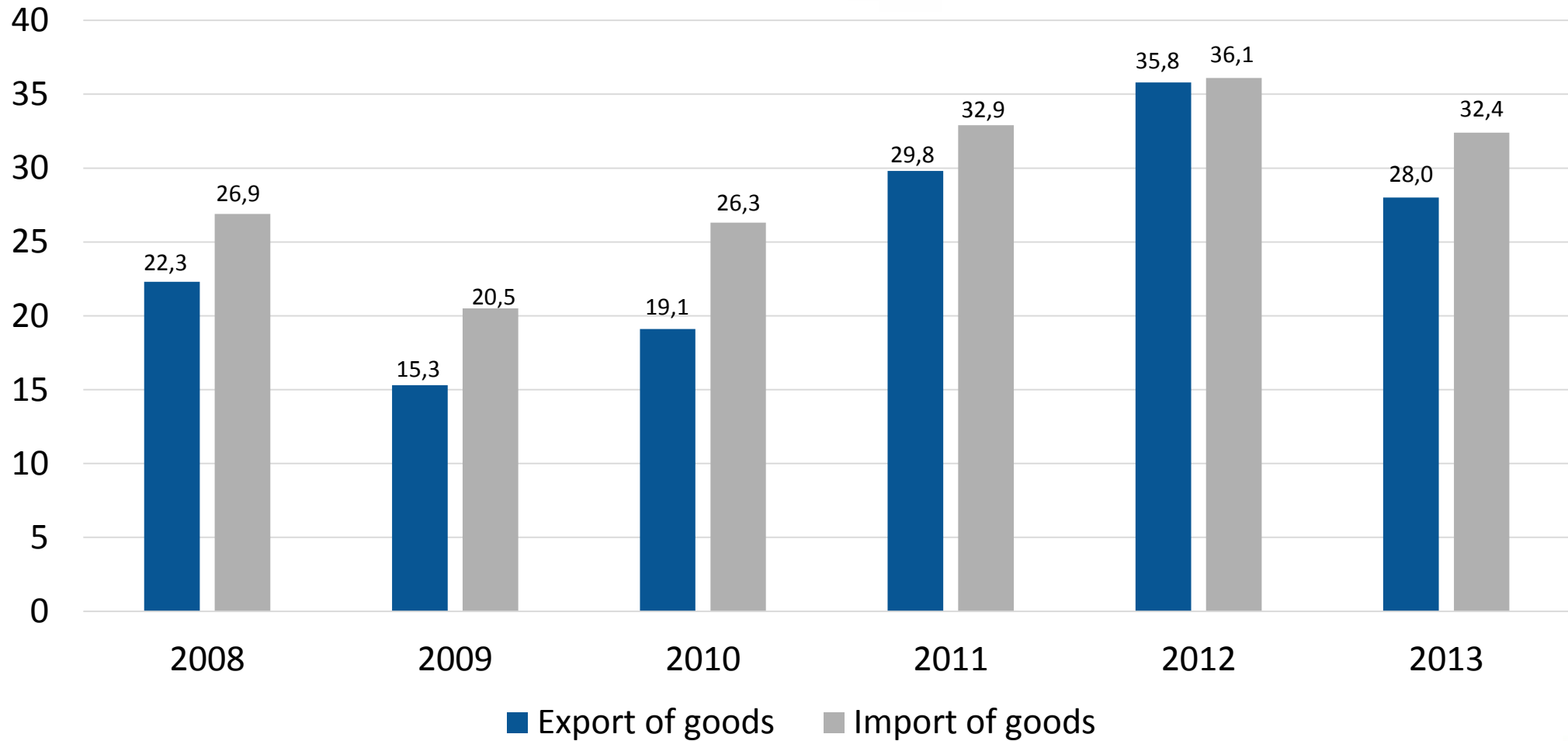
3. Prosperity and consumption

b) Some socio-economic indicators of living standards



4. External economic relations

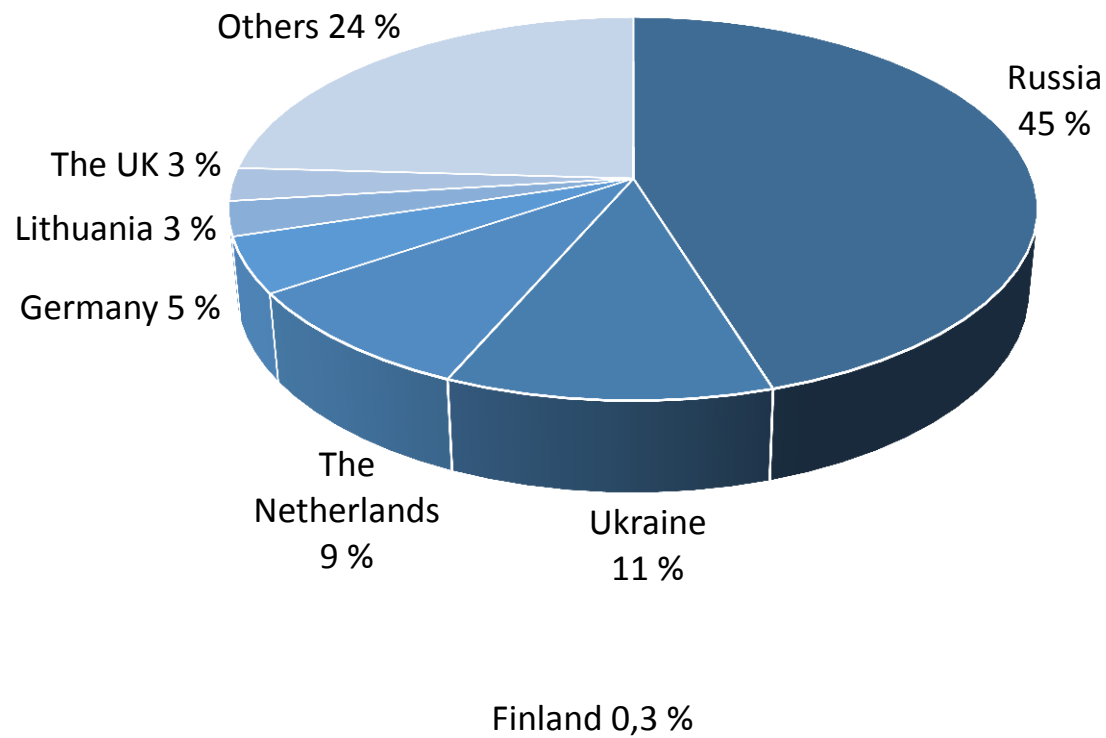
a) Exports & imports, bn €



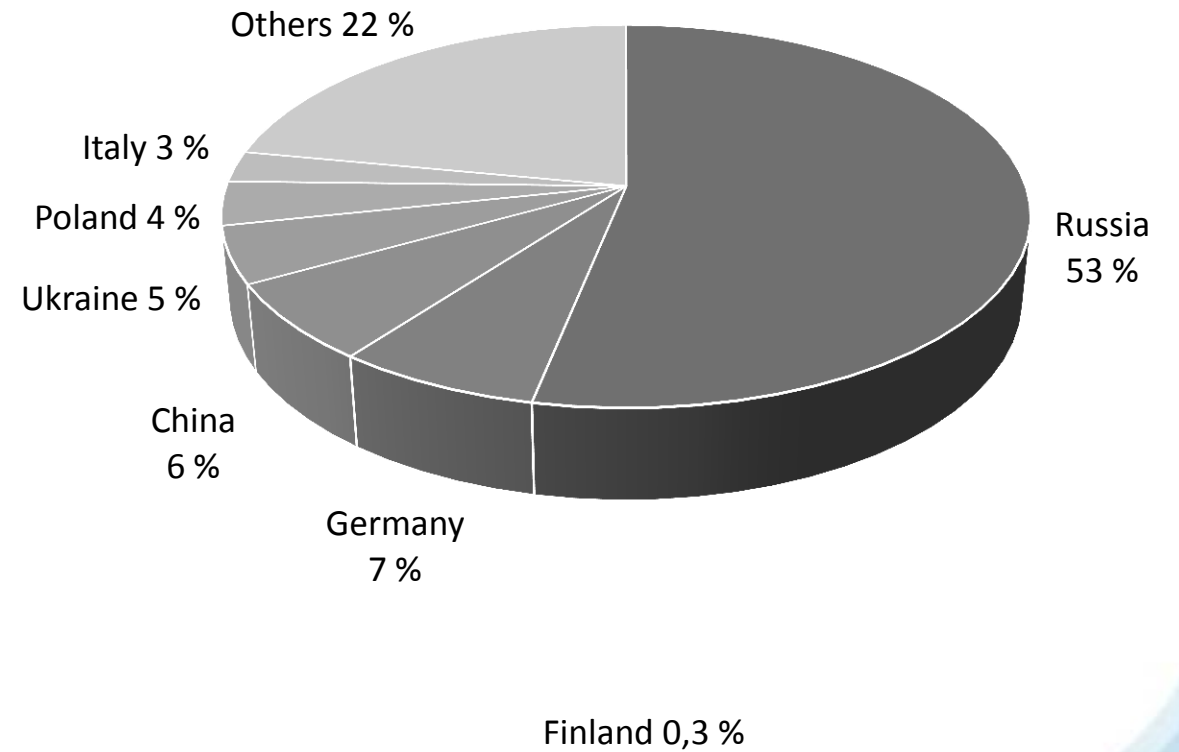
4. External economic relations

b) Exports and imports by country in 2013

Exports by country



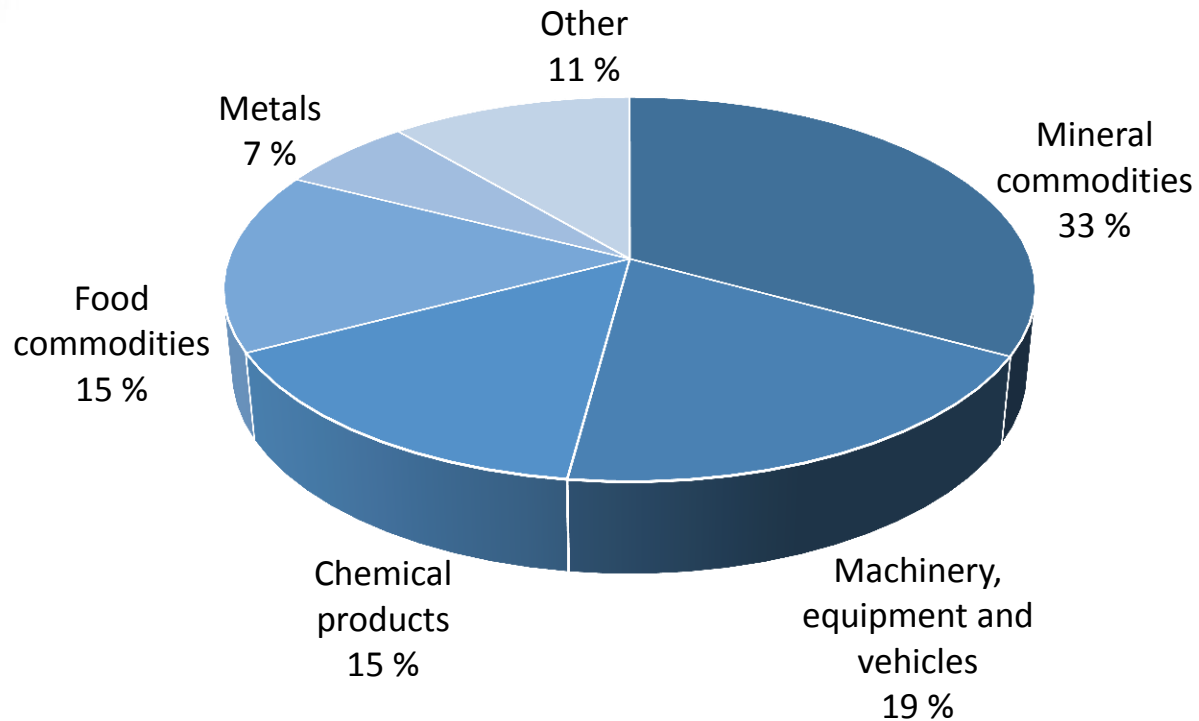
Imports by country



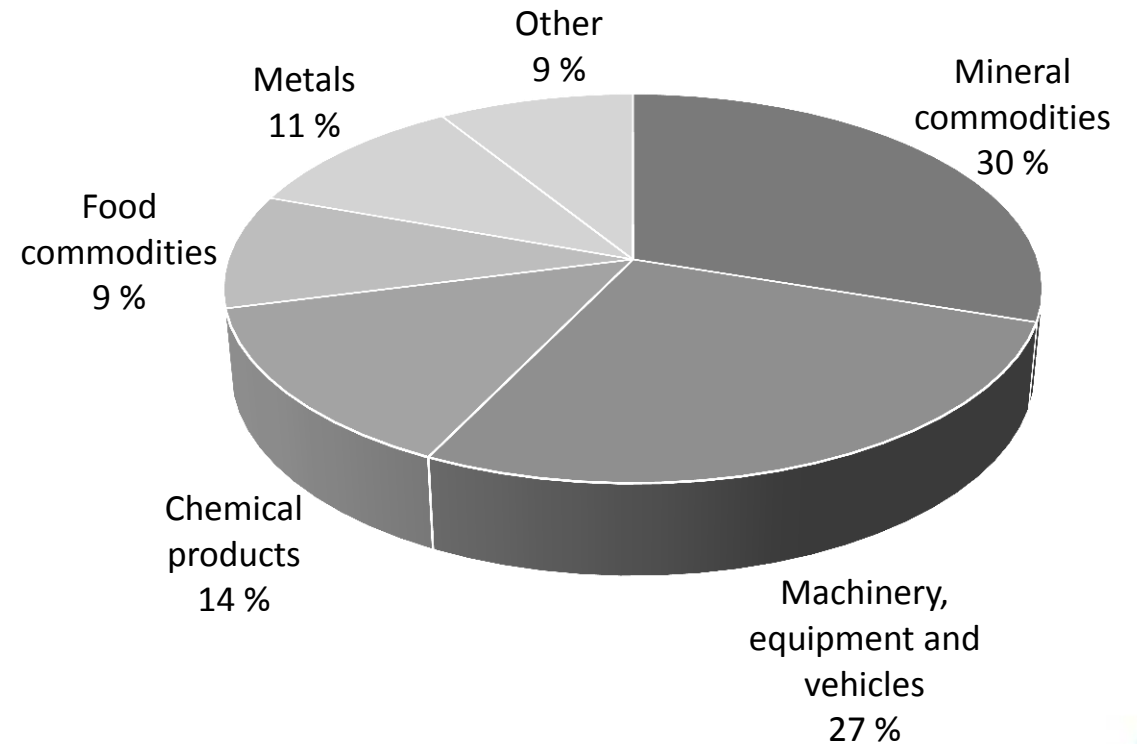
4. External economic relations

c) Export and import structures in 2013

Export structure



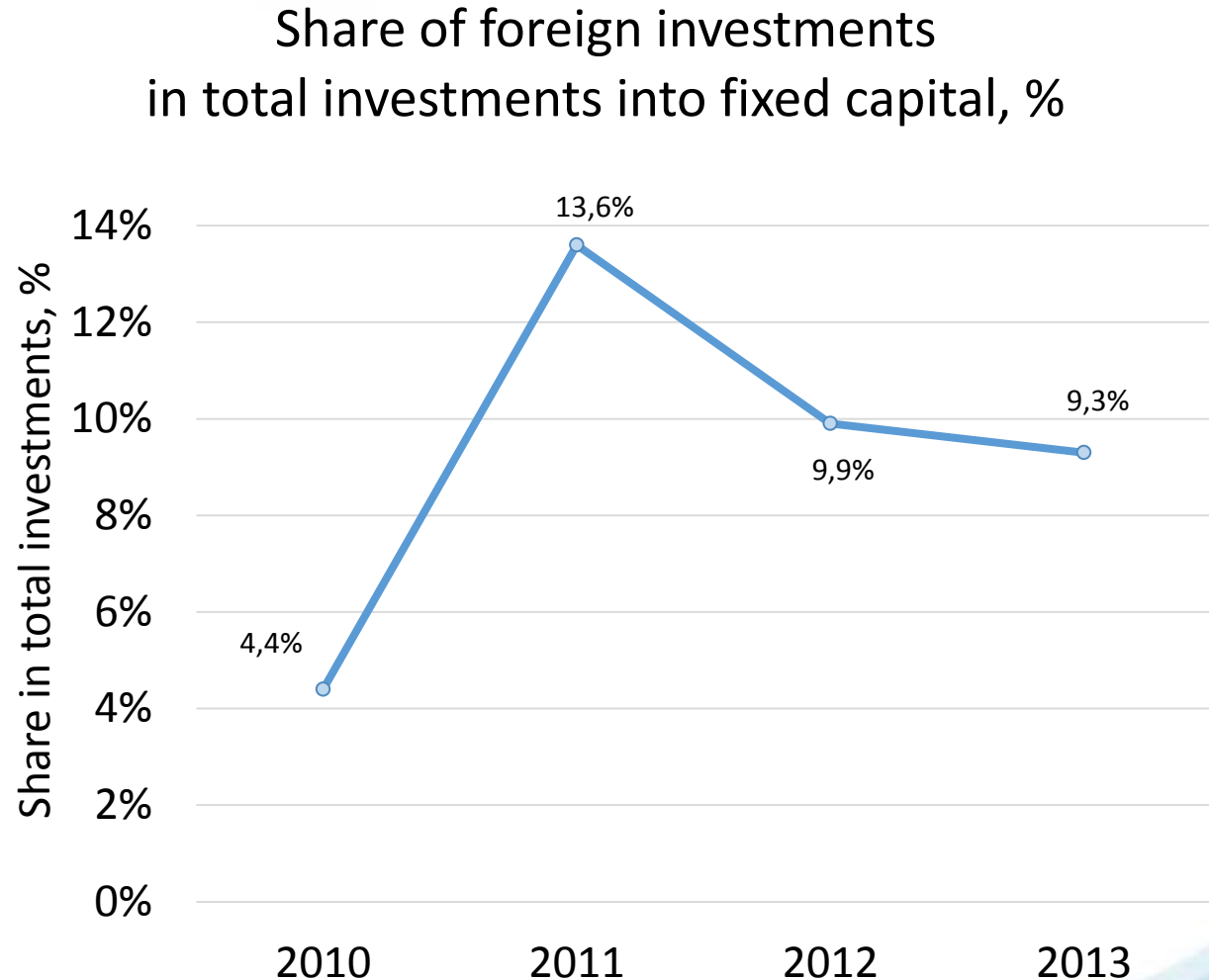
Import structure



4. External economic relations

d) Foreign investment inflow, bn €

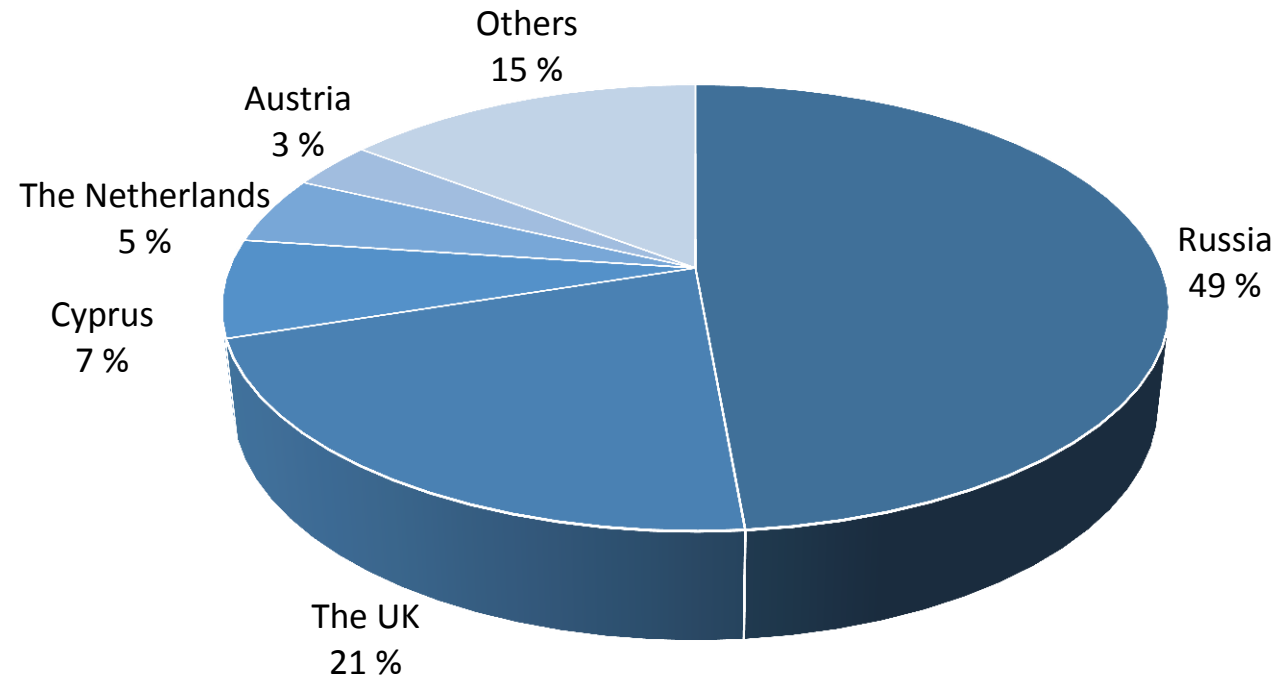
	2010	2011	2012	2013
FDI	4,202	9,523	8,058	8,347
Portfolio	0,001	0,002	0,018	0,009
Other	2,652	4,046	3,071	2,921
Total	6,855	13,571	11,147	11,277



Belstat 2014,
Author's calculations

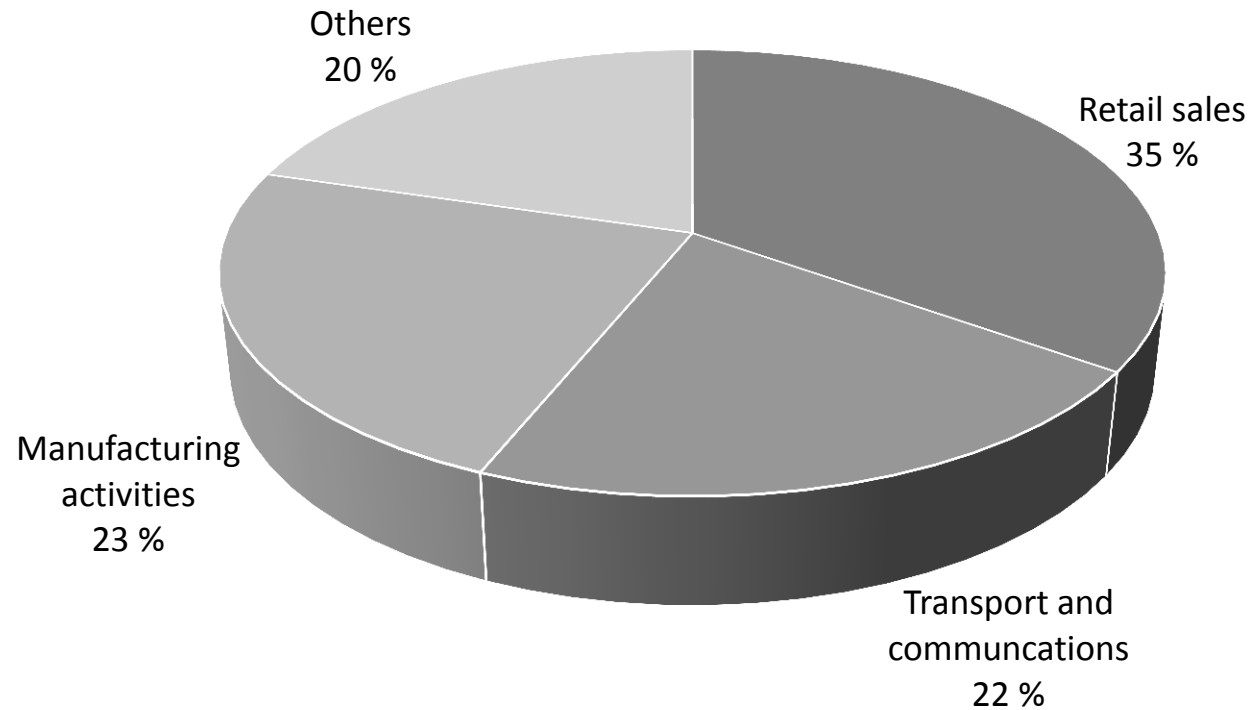
4. External economic relations

e) Foreign investment by country of origin in 2013



4. External economic relations

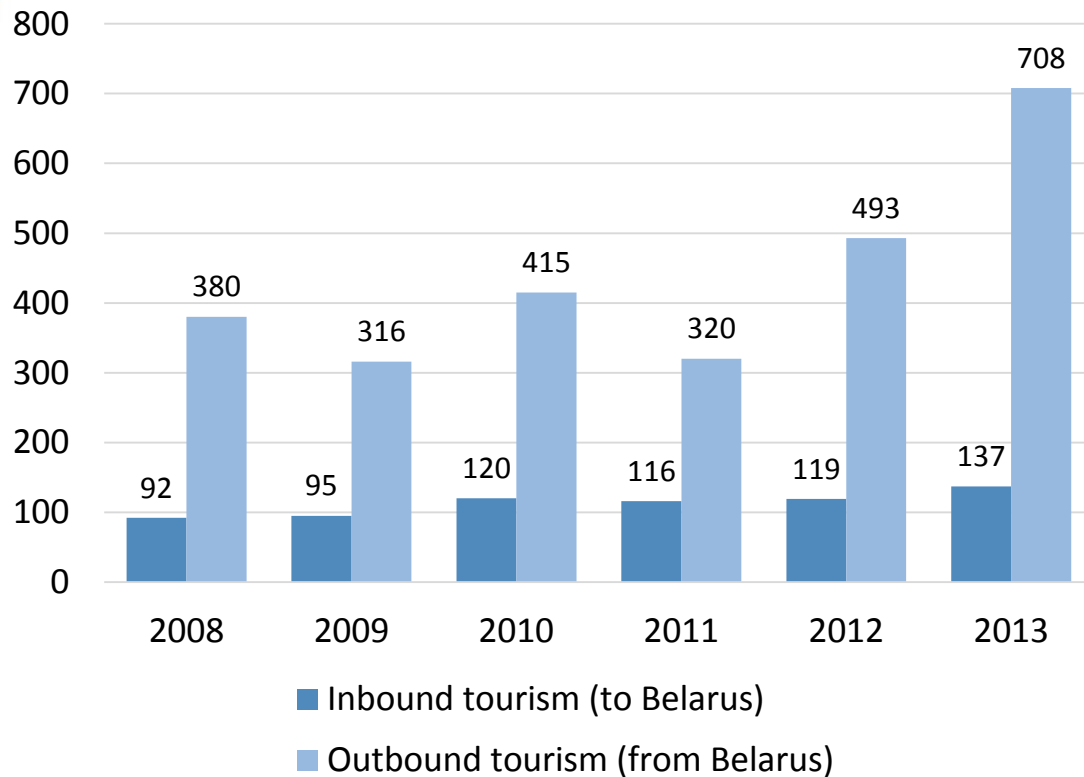
f) Foreign investment by sectors in 2013



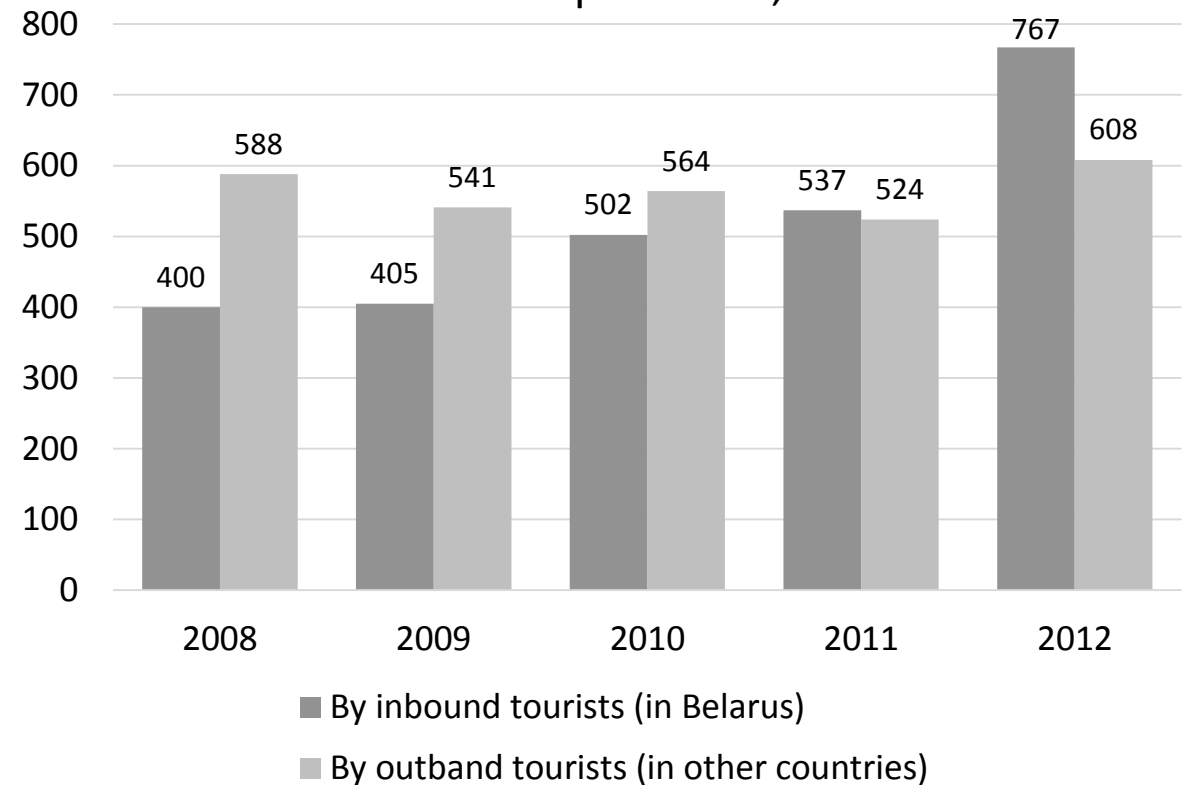
4. External economic relations

g) Tourism

Number of tourists, thousands



Tourism expenditure, mn €



5. Business environment

a) Free economic zones (FEZ)

- Six free economic zones have been established in the Republic of Belarus.
- At present over 280 resident companies operate in the free economic zones. They employ more than 61,000 people. The investments come from over 30 countries across the globe.
- The main activity of FEZ residing companies is manufacturing of industrial products (nearly 90 % of the total number of enterprises).
- Resident companies are registered by a FEZ administration provided they pledge to invest at least \$ 1 million in an investment project.
- The number of documents required to get registered as a resident company has been reduced.
- The documents are processed within 14 days. The denial to register a resident company can be challenged in a court.
- All the resident companies of the free economic zones enjoy a special legal regime for the first seven years since their registration.
- Both national and foreign currencies are accepted for settlement within free economic zones in accordance with the rules and regulations endorsed by the National Bank of the Republic of Belarus.

<http://www.economy.gov.by/en/investors/lgoty-preferencii/cez>

5. Business environment

b) Taxation within free economic zones

Tax, duty type	Residents of the Republic of Belarus	FEZ residents
1. Profit Tax	18 %	Profit tax is calculated and paid at the rate reduced by 50 % of the rate established by tax legislation (9 % rate). Profit of FEZ residents earned from the sale of products (works and services) of own manufacture is exempted from taxation for the period of 5 years from the date of profit declaration.
2. Value Added Tax	20 %	VAT is paid by FEZ residents in the 50 % amount of the turnover tax sum from sales at the local market, subject to payment, provided that the goods of the own manufacture sold on the territory of the Republic of Belarus are produced on FEZ territory and are import substituting ones according to the Specification of import-substituting products. The VAT sums released as above are not liable to taxation (charges).
3. Excises	By tax rates for every type of excised products or goods	The same
4. Land Tax (Land Rent Payment)	Tax rates is calculated according to the cadastre cost of the land plot.	Rent payment rates for land plots is defined proceeding from the cadastral cost of these plots using rations depending on the land functions and purpose of usage.
5. Ecological Tax	By tax rates depending on volumes of pollutant emissions (dumping) and minerals outputs.	The same
6. Real Estate Tax	1 % of depreciated cost of fixed production and non-production assets	Not paid for fixed assets (excess construction-in-progress objects) situated on FEZ territory regardless of the above-mentioned assets purpose.
7. Offshore Fee	15 % of the amount transferred to non-residents of the Republic of Belarus registered in offshore zones or transferred to the accounts opened in these zones.	The same

<http://www.gomelraton.com/en/taxation>

5. Business environment

c) List of free economic zones

	Specialisation	Basic information	Contact details
FEZ Brest	Medicines, energy saving, electronic devices, plastic pipes, perfumes, floor coverings, hygienic articles	The zone was created in 1996. 88 enterprises (more than € 660 mn investments), 26 000 employees.	http://www.fez.brest.by/en/ info@fez.brest.by + 375 162 20 46 31
FEZ Vitebsk	Oil and petroleum; veterinary medicines, chemicals for agrarian sector; electronics engineering; light and food industries;	The zone was created in 1999, for 30 years. 51 enterprises (€ 375 mn investments), 5 000 employees.	http://www.fez-vitebsk.by/en/ fez@vitebsk.by +375 212 26 08 02
FEZ Gomel-Raton	Radio electronics; mechanical instrument engineering; machine building; electro technical and cable industries	The zone was created in 1998, for 30 years. 74 enterprises	http://www.gomelraton.com/en info@gomelraton.com +375 232 68 27 90
FEZ Grodnoinvest	Thermal insulating materials; logistics; silex brick production; radio-controlled toys; chrome and yuft leather goods	The zone was created in 2002. 95 enterprises (more than € 190 mn investments), 11 000 employees.	http://www.grodnoinvest.com/eng/ info@grodnoinvest.by +375 0152 43 01 75
FEZ Minsk	Mechanical engineering products, building industry and manufacture of packing and energy-saving products	The zone was created in 1998, for 30 years. 144 enterprises, over 26 000 employees.	http://www.fezminsk.by/en/ info@fezminsk.by +375 17 327 46 96
FEZ Mogilev	Chemicals, logistics, erosion-preventive mats, railroad and large-size casting, forestry, yarns	The zone was created in 2002, for 30 years. 50 enterprises	http://fezmogilev.by/page-679-en.html info@fezmogilev.by +375 222 31 01 48

5. Business environment

d) Belarus Hi-Tech Park

HTP Belarus provides special business environment for IT business with incentives unprecedented for European countries.

Due to the legislative initiative of the Belarus government, IT companies are exempt from all corporate taxes, including VAT, profit, real estate and land taxes. Individual income tax has a fixed rate of 9 % for the employees of HTP companies.

First residents were registered in 2006. Currently 140 companies are registered as the Parks residents. Half of Belarus HTP resident-companies are foreign companies and joint ventures. By the origin of investments attracted to the sphere of new and high technologies:

- 53 % HTP residents were set up by Belarusian investors,
- 47 % HTP resident was set up with foreign investors participation:
- 20 % – joint ventures
- 27 % – enterprises with 100 % foreign investments.

Belarus Hi-Tech Park Administration
9 floor - 1/1, Kuprevicha Str.
Minsk Belarus 220141
Phone: +375 17 268-69-11
Fax: +375 17 268-69-22
<http://www.park.by/?lng=en>
E-mail: info@park.by

- More than 70 % of the Park's employees are young people under 28 years old
- The customers of the Park's resident companies are situated in 50 countries of the world
- 87,4 % of the software produced in the Park account for exports. 39 % account for the USA and Canada, 48 % account for the European countries, 12 % - for Russia and CIS countries.
- The Park's resident EPAM Systems is the # 1 software engineering outsourcing services provider in Central and Eastern Europe

<http://www.park.by/?lng=en>

5. Business environment

e) Industrial Park in Belarus

The China-Belarus industrial park is a territorial entity with the area of approximately 80 sq. km with a special legal status for the provision of comfortable conditions for business conducting.

The aim of park construction is to create a new international city which will attract intellectual assets due to its closeness to universities and scientific centers, will combine advanced industries and modern services, and will be based on the harmony of nature, production and innovations.

A modern international eco-city is being built with an emphasis on high-tech and competitive innovation productions with high export potential.

Any company regardless of country of capital origin can act as a resident of the industrial park.

Park residents may use the territory on preferential terms up to 99 years as well as purchase land parcels.

Industrial park in Belarus is based on the experience of the China-Singapore Suzhou Industrial Park, PRC.

Industrial Park in Belarus

Investment department

+375 17395 86 24

<http://www.industrialpark.by/en/>

E-mail: welcome@industrialpark.by

- **Preferential taxation by formula «10 + 10»:** exemption from all corporate taxes for 10 years from the date of registration as a Park resident and reduction of the effective tax rate by 50 % for the next 10 years of activity in the Park.
- **Exemption from customs duties and VAT**
- **Regime of a free customs zone**
- **Rate of personal income tax is fixed and comprises only 9 %**
- Park residents, as well as foreign employees **are exempt from compulsory insurance contributions**
- **Exemption from tax** on dividend income accrued for the founders **for 5 years**
- On the territory of the Park a system of end-to-end servicing is created for all residents on all issues according to the principle “one stop” service.

<http://www.industrialpark.by/en/>

5. Business environment

f) Belarus in international rankings

Ranking	Rank	Source
Human Development Report 2013	0,79 (1=best) – 50 th place out of 187 countries	https://data.undp.org/dataset/Table-1-Human-Development-Index-and-its-components/wxub-qc5k
World Bank Doing Business 2014	63 rd place out of 189 countries	http://www.doingbusiness.org/rankings
Corruption Perceptions Index 2013 (Transparency International)	29 (100=best) – 123 rd place out of 177 countries	http://cpi.transparency.org/cpi2013/results/
Index of Economic Freedom 2014 (The Heritage Foundation)	50,1 (100=best) – 150 th place out of 178 countries	http://www.heritage.org/index/ranking
World Press Freedom Index 2013 (Reporters Without Borders)	48,35 (1=best) – 157 th place out of 179 countries	http://en.rsf.org/press-freedom-index-2013,1054.html
Democracy Index 2012 (The Economist)	3,04 (10=best) – 141 st place out of 167 countries	https://www.eiu.com/public/topical_report.aspx?campaignid=DemocracyIndex12
Legatum Prosperity Index 2013	58 th place out of 142 countries	http://www.prosperity.com/#!/?aspxerrorpath=%2FRanking.aspx
Environmental Performance Index 2014 (World Economic Forum)	67,69 (100=best) – 32 nd place out of 178 countries	http://epi.yale.edu/epi/country-rankings

Credit rating agency	Belarus
Standard and Poor's	B- (stable)
Moody's	B3 (negative)
Fitch Ratings	B- (stable)

5. Business environment

g) 2014 IIHF World Championship in Minsk



- The 2014 World Ice Hockey Championship will be held in Belarus on **9 – 25 May 2014**
- The Belarusian authorities have ruled to make the entry to Belarus during the 2014 IIHF World Championship (25 April – 31 May 2014) visa-free
- Around **20 000 foreign tourists** are expected to come in Belarus
- Tickets for the 2014 IIHF World Championship cost from € 6 to € 400 (final matches)
- More than **700 000 tickets** to be sold (75 % of the tickets are bought)

Implemented projects:

- Minsk-Arena for 15 000 people for € 265 mn
- Chizhovka-Arena for 9 600 people for € 145 mn
- Student Village for € 60 mn (first stage development is completed)
- Minsk's airport modernization for € 36 mn
- 11 new hotels, about 40 projects are being implemented by hotel operators from Belarus and abroad (Kempinski, Marriott, Hilton)
- Four new traffic interchanges
- Development of metro (four new stations), urban and commuter transport

6. Additional information

a) Embassies and consulates general in Minsk (1)

Country	Phone	Address	E-mail	Web page
Armenia	+ 375 17 227 51 53	17, Kirov Str.	armbelarusembassy@mfa.am	http://belarus.mfa.am/ru/
Bahrain	+ 375 17 541 63 05	9, Pr. Gazety 'Pravda', Office 4	consulate@belarusbahrain.com	http://www.belarusbahrain.com
Belgium	+ 375 17 293 19 44	54 Masharova Avenue, app 94	consulbel@tut.by	http://consulbel.at.tut.by
Bulgaria	+ 375 17 328 65 58	11, Square Svoboda	embassy@bulgaria.by	
China	+ 375 17 284 97 28	22, Berestyanskaya Str.	chinaemb_by@mfa.gov.cn	http://by.china-embassy.org
Cuba	+ 375 17 200 03 83	13, Krasnozvezdnaya Str.	embacuba@bn.by	http://www.cubadiplomatica.cu/belarus
The Czech Republic	+ 375 17 226 52 44	1/2, Muzychny zav.	minsk@embassy.mzv.cz	http://www.mzv.cz/minsk
Estonia	+ 375 17 219 88 30	1B, Platonova Str.	consulate.minsk@mfa.ee	http://www.estemb.by
Finland	+ 375 17 200 79 90	15, Revolutsionnaya Str.	sanomat.min@formin.fi	http://www.finland.lt/Public/Default.aspx
France	+ 375 17 229 18 00	11, Square Svoboda	webmestre.by@diplomatie.gouv.fr	http://www.ambafrance-by.org/
Georgia	+ 375 17 227 62 19	26, Square Svoboda	minsk.emb@mfa.gov.ge	http://www.belarus.mfa.gov.ge/
Germany	+ 375 17 213 37 52	39, Zaharova Str.	germanembassy@mail.belpak.by	http://www.minsk.diplo.de/
Greece	+ 375 17 227 40 36	13, Engelsa Str.	greceminsk@solo.by	
India	+ 375 17 262 93 99	63, Sobinova Str.	amb.minsk@mea.gov.in	http://www.indembminsk.in/index_ol.php
Israel	+ 375 17 227 44 31	6A, Partizanskiy Prospect	info@minsk.mfa.gov.il	http://embassies.gov.il/minsk
Italy	+ 375 17 229 29 69	37, Karl Marx Str.	ambitminsk@belsonet.net	www.ambminsk.esteri.it
Japan	+ 375 17 203 62 33	23, Pobediteley Str.		http://www.by.emb-japan.go.jp/j/
Kazakhstan	+ 375 17 288 10 26	12, Kuybisheva Str.	kazemb@nsys.by	http://www.kazembassy.by/
Kyrgyzstan	+ 375 17 234 40 38	57, Starovilenskaya Str.	manas@nsys.minsk.by	http://www.kgembassy.by/



6. Additional information

a) Embassies and consulates general in Minsk (2)

Country	Phone	Address	E-mail	Web page
Latvia	+ 375 17 211 30 33	6A, Doroshevicha Str.	embassy.belarus@mfa.gov.lv	http://www.am.gov.lv/belarus
Lithuania	+ 375 17 217 64 91	68, Zacharova Str.	embassy.lt@belsonet.net	http://by.mfa.lt
Moldova	+ 375 17 289 14 41	2, Belarusskaia Str.	emmdby@anitex.by	http://www.belarus.mfa.md/
The Netherlands	+ 375 17 262 53 23	133, Vostochnaya Str.	nlconsulate@mail.by	
Palestine	+ 375 17 237 10 87	133, Vostochnaya Str.	palestine_bel_emb@hotmail.com	
Poland	+ 375 17 288 23 21	6, Rumiancewa Str.	minsk.amb.sekretariat@msz.gov.pl	http://minsk.msz.gov.pl/be/
Romania	+ 375 17 203 77 26	4, Pereulok Moskva	romania@mail.belpak.by	
Russia	+ 375 17 233 35 90	1A, Novovilenskaya Str.	rusemb-minsk@yandex.ru	http://www.belarus.mid.ru/
Serbia	+ 375 17 226 34 92	66A, Razinskaja Str.	jugoslav@anitex.by	
Slovakia	+ 375 17 216 15 63	133, Vostochnaya Str.	emb.minsk@mzv.sk	http://www.mzv.sk/minsk
Switzerland	+ 375 17 227 18 42	22A, Krasnoarmeyskaya Str.	minsulat@gin.by	
Taiwan	+ 375 17 223 92 89	23, Masherov Ave.	blr@mofa.gov.tw	
Tajikistan	+ 375 17 549 01 83	42, Zelyonaja Str.	tajembbel@gmail.com	http://www.tajembassy.by/
Turkmenistan	+ 375 17 335 24 51	90, Nekrasova Str.		http://www.turkmenistanembassy.by/
Ukraine	+ 375 17 283 19 89	51, Starovilenskaya Str.	emb_by@mfa.gov.ua	http://belarus.mfa.gov.ua/ru
USA	+ 375 17 210 12 83	46 Starovilenskaya Str.	webmaster@usembassy.minsk.by	http://minsk.usembassy.gov/
Uruguay	+ 375 17 211 06 68	8, Nemiga Str.		http://urubel.by/
Uzbekistan	+ 375 17 229 35 28	17, Kirov Str.		
Vietnam	+ 375 17 239 15 38	3, Mozajskovo Str.	dsqvn.belarus@mofa.gov.vn	

6. Additional information

b) Some authorities

Ministry of Foreign Affairs of the Republic of Belarus

- Address: ul. Lenina 19, Minsk 220030
- +375 17 327 29 22
- <http://www.mfa.gov.by/en/>
- mail@mfa.gov.by

Economy Committee of Minsk City Executive Committee

- Address: ul. Nezavisimosti 8, Minsk, 220030
- +375 17 218 00 68
- <http://www.kemgik.by/en/>
- interdep2@minsk.gov.by

Ministry of Economy of the Republic of Belarus

- Address: ul. Bersona 14, Minsk, 220030
- +375 17 200 53 16
- <http://www.economy.gov.by/en>
- minec@economy.gov.by

National Agency of Investment and Privatization

- Address: ul. Bersona 14, Minsk, 220030
- +375 17 200 81 75
- <http://investinbelarus.by/en/>
- mail@investinbelarus.by

6. Additional information

c) Some useful links and business supporting services (1)

- Official website of the Republic of Belarus – <http://www.belarus.by/en>
- President's official site – <http://www.president.gov.by/en/>
- E-Government in Belarus – <http://www.e-belarus.org/links/egov.html>
- National Agency of Investment and Privatization – <http://investinbelarus.by/>
- The 1st investment portal of Belarus – <http://www.investarby.com/>
- National Bank of the Republic of Belarus – <http://www.nbrb.by/engl/>
- Belarus news – <http://news.belta.by/en>
- News and analysis of Belarusian economics and politics – <http://belarusdigest.com/>
- Belarus entry at the World Factbook – <https://www.cia.gov/library/publications/the-world-factbook/geos/bo.html>

6. Additional information

c) Some useful links and business supporting services (2)

- Baltic Rim Economies
<http://www.utu.fi/en/units/tse/units/PEI/BRE/Pages/home.aspx>
- Electronic publications of the Pan-European Institute
<http://www.utu.fi/en/units/tse/units/PEI/reports/Pages/home.aspx>
- Liuhto, Kari: Experiences of Finnish firms operating in Belarus – balancing between profits and political peculiarities
http://www.utu.fi/en/units/tse/units/PEI/reports/Documents/Liuhto%204_2014.pdf
- Slide packages for foreign investors
<http://www.utu.fi/en/units/tse/units/PEI/reports/Pages/Slide-packages-for-foreign-investors.aspx>