

Prospects of Medium-Term Development of the Republic of Belarus

Ministry of Economy of the
Republic of Belarus

Current problems in economic growth

- Contraction of external demand and growing foreign trade deficit
- Growing inventories
- Limited resources to maintain domestic demand

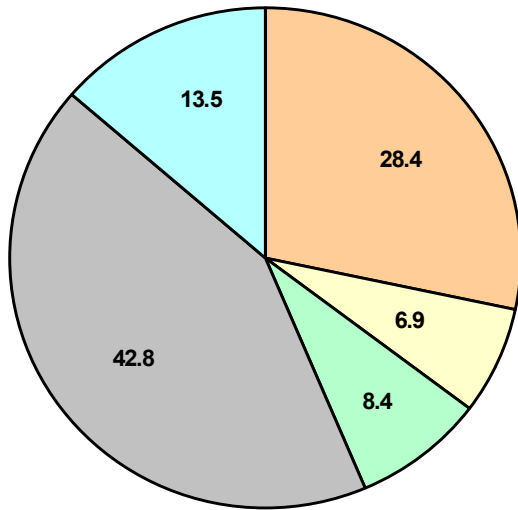
Major reasons for insufficient competitiveness of the economy

- High resource intensity
- Slow pace of exports diversification
- Insufficiently comfortable business environment, including that for entrepreneurship development
- Low level of innovation activity of production (=> and labor productivity)

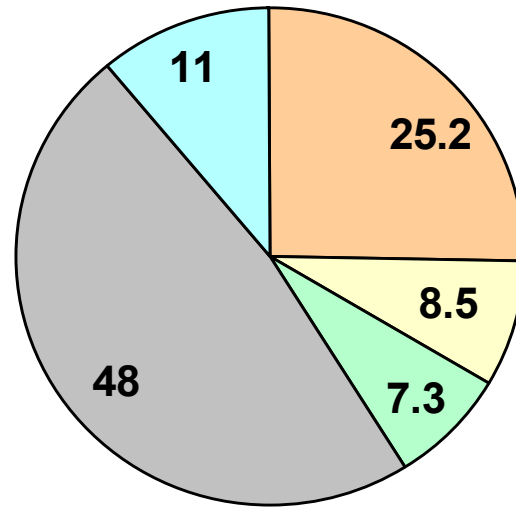
High resource intensity of the economy: solutions for the problem

- Structural transformation (developing the service sector, giving up out-of-date production consuming a lot of imported raw materials)
- Raising energy efficiency
- Import substitution

Changes in GDP structure,%



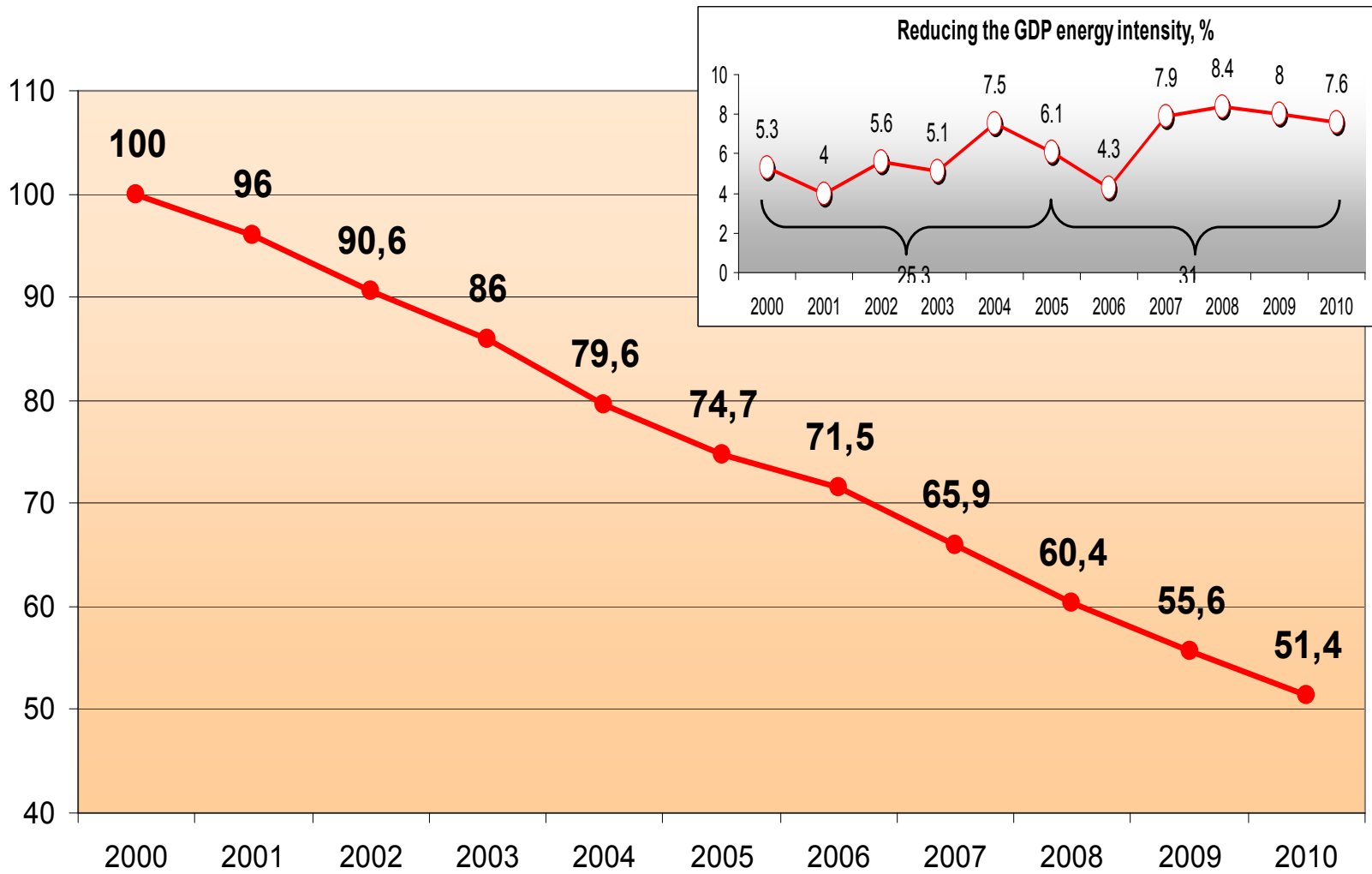
2005



2010

- Industrial output
- Construction
- Agricultural and forestry output
- Services
- Others

Reducing rate of GDP energy intensity to 2000 level, %



Major directions of export policies

- To improve the technological effectiveness of exports
- To expand the country's export basket and reduce export concentration
- To develop the distribution network
- To support export-oriented small and medium enterprises

Reforms to liberalize the economic environment

(implemented during the first seven months of 2009)

- Application registration principle has been introduced
- Control (supervision) over economic entities has been suspended
- In the area of property relations, the terms for leasing contracts, confiscation and allocation of land have been simplified, the state property management has been streamlined
- A number of procedures in the area of pricing have been abolished
- The tax burden for economic entities has been reduced
- Certification has been simplified

Reforms to liberalize the economic environment

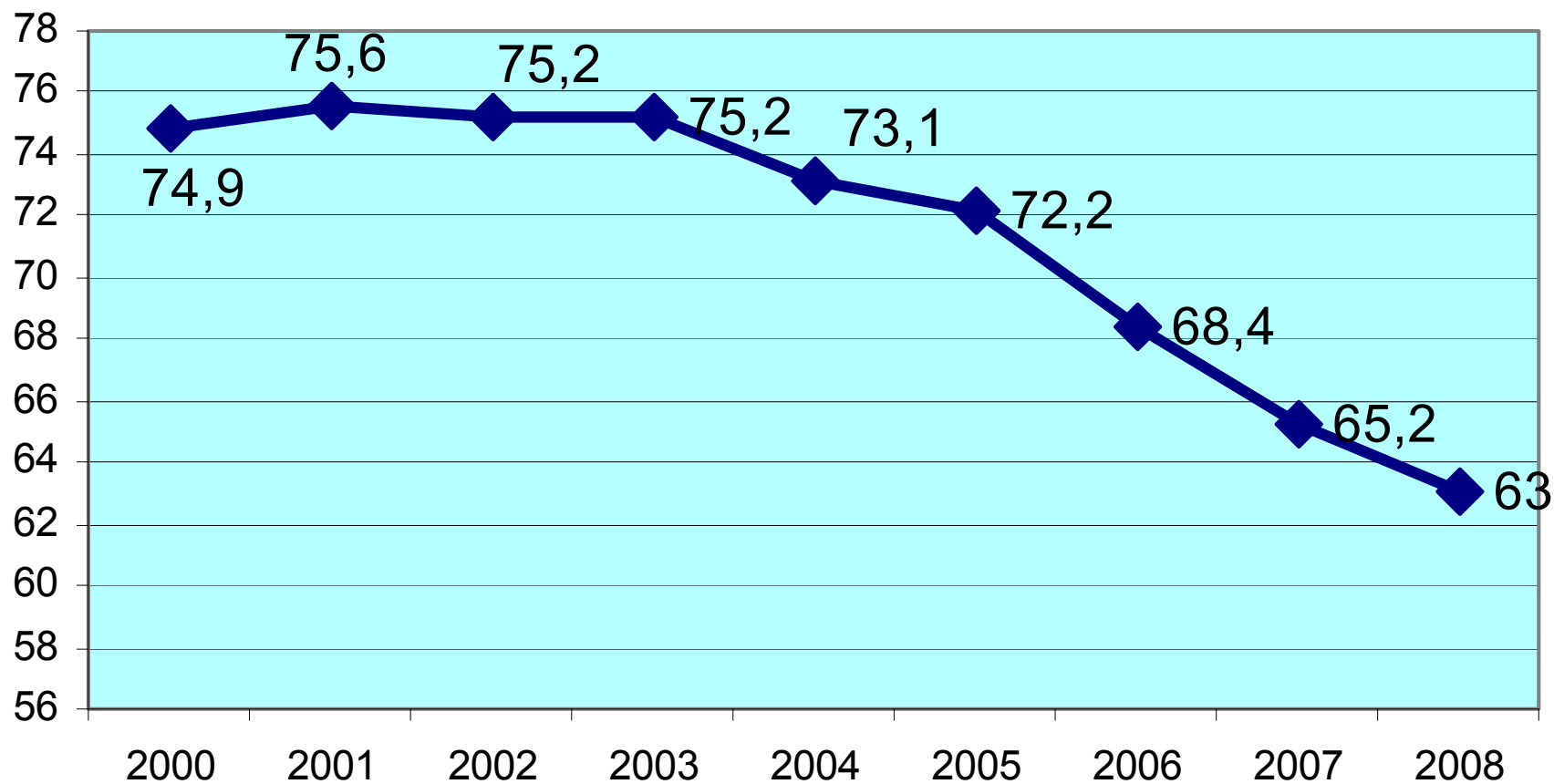
(to be implemented in the near future)

- To reduce the list of licensed activities and time needed to perform licensing procedures
- To establish a comprehensive system ensuring efficient interaction of investors with government bodies
- To improve the anti-monopoly regulation
- To expand participation of small enterprises in state procurement
- To move to international financing accounting and reporting standards

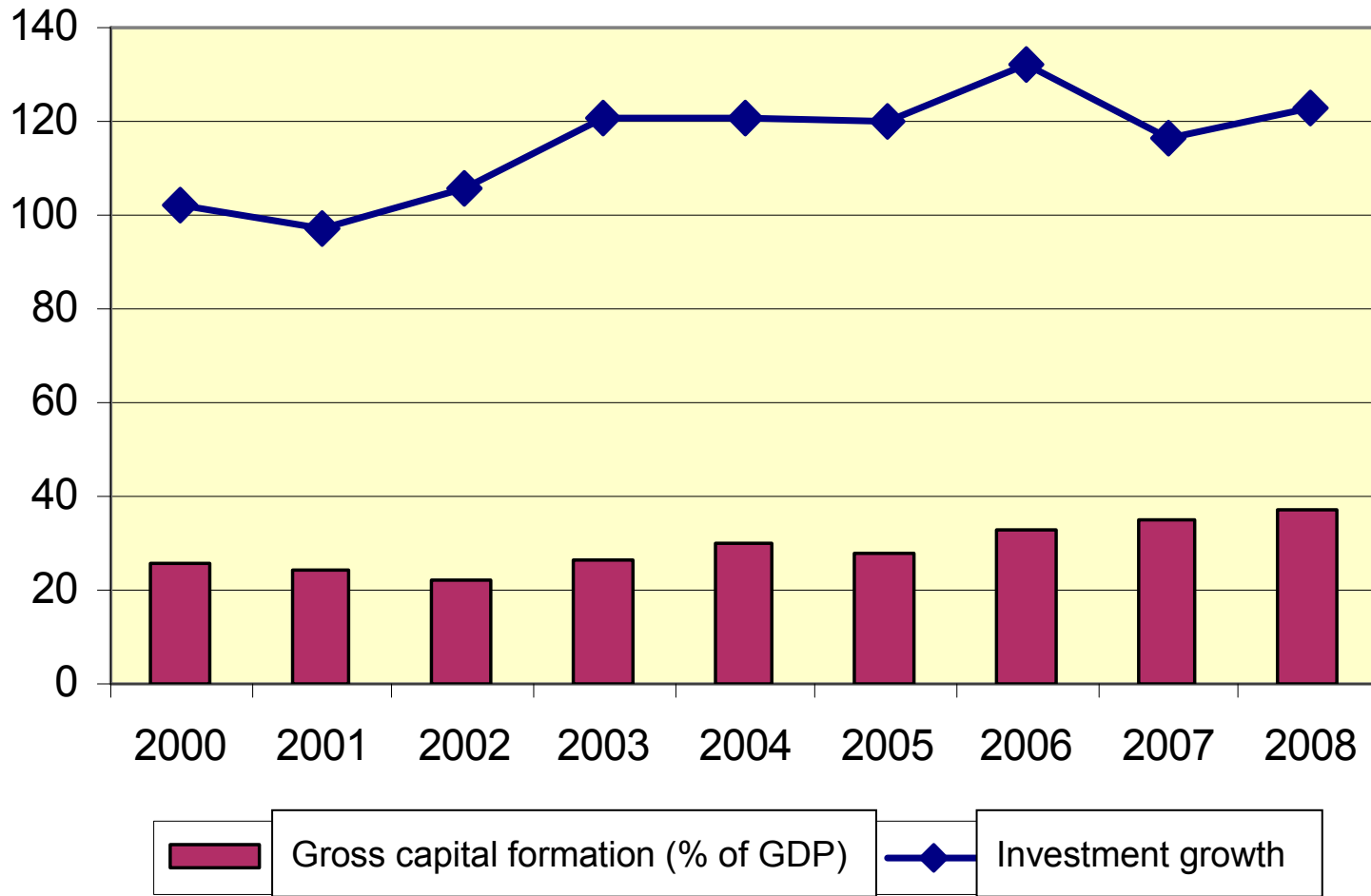
Innovative development

- Modernizing the existing and developing new production
- Attracting strategic investors with new technologies
- Supporting domestic developers and producers of new high-tech products

Rate of depreciation of the active part of fixed production assets(%)



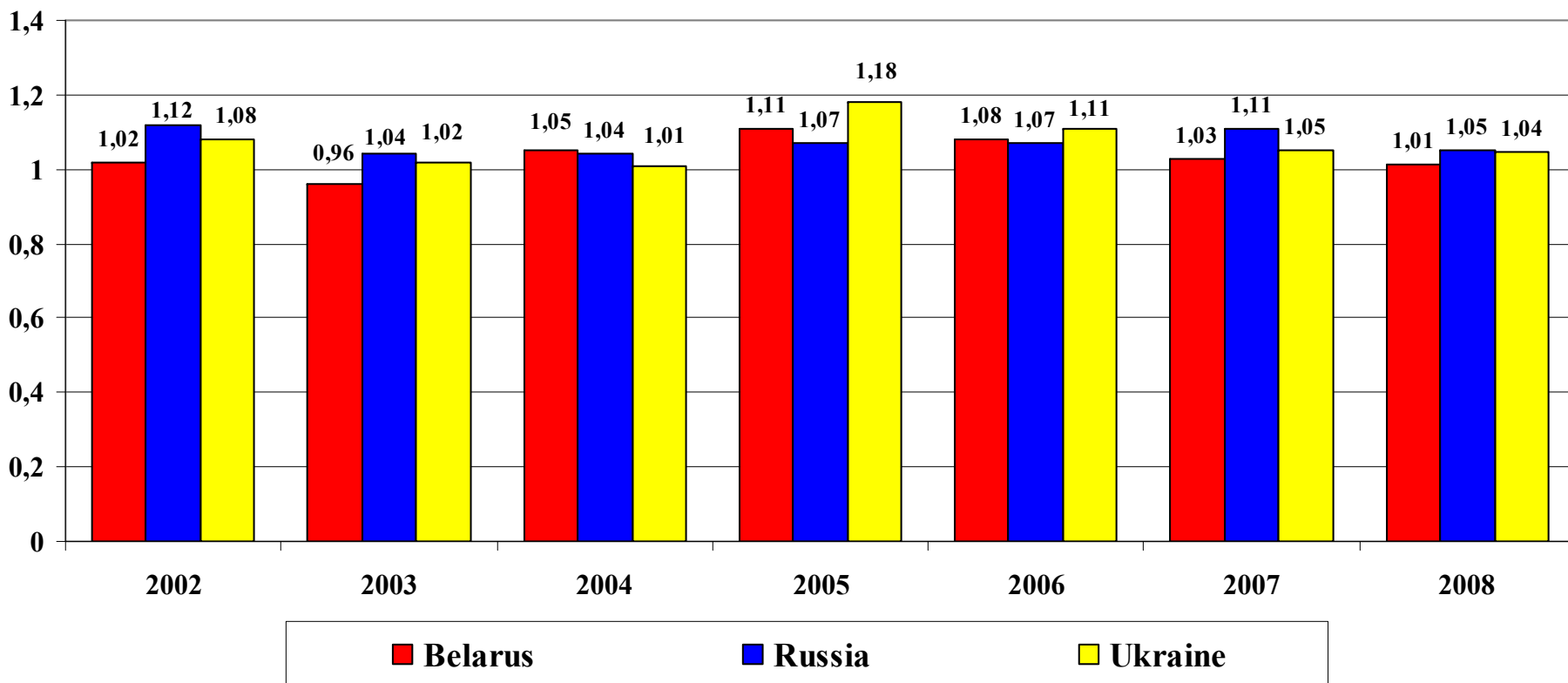
Pattern of investment and gross capital formation



Pattern of real wages and household expenses on final consumption



Ratio of the rate of real wage growth and labor productivity in the CIS countries



We have no illusory hopes that the global crisis will end tomorrow and Belarus' economy will recover its high rates of growth. We need to continue our reforms, which would allow creating preconditions in the country for its recovery and sustainable development. But we also realize that time, relevant conditions, and significant efforts are needed to achieve positive changes. However, we are not scares of that—industry is a specific feature of the Belarusian mentality