



Country report Belarus 2006

ECONOMY

Belarus is one of the most economically developed countries in the CIS.

The processes of building of a democratic society and formation of market economy are actively underway in the Republic of Belarus. A socio-oriented market economy offering the possibility of combining free private initiative and competition with an active role of state, economic efficiency with a high level of social security for population has been adopted as a national development model. Over the last years Belarus never stopped its effort in developing private business, completed denationalization of finance and banking, saturated the market with goods and resources produced by Belarusian enterprises of any ownership and imported.

The achievements in the socio-economic development of the country testify that the adopted policy of improving the health of the economy has been sound. In 1995 was interrupted the recession of the production in the country, and in the last years was provided the increase of the gross domestic product and production in the number of branches of economy.

The chief trading partners of Belarus are Russia, Ukraine, Poland, and Germany.

Source: Belarusian Chamber of Commerce and Industry

MAIN INDUSTRY SECTORS

Engineering and metalworking are believed to be the leading industrial sectors of the Republic of Belarus. They constitute 20 % to the total industrial production output of the country. The industry is mainly consisting of three sub-sectors: machine building, metal structures and products industry, repair of machines and equipment. As the most integrated sector within the single national economy complex of the Soviet Union, the industry has a long history of meeting the demands of a big region of industrial and private users. After undergoing the greatest structural changes with disintegration of Soviet Union, the industry is developing slowly. The available scientific, technical and production potential of the industry can be attractive for outsourcing projects. Moreover, a significant growth of demand for products on the domestic market gives a possibility for local market penetration as well.

The leading sectors of the machine building are automobile industry, instruments making and electrical engineering industry (including conversion), radio electronics, tractors and agricultural machines building.

Optical mechanics and electronics used to be a part of the defence complex in Belarus. The industry continues to manufacture products developed in its time for military purposes, but now it is oriented towards peaceful application spheres. The industry is engaged in manufacturing science-intensive products, including products for cosmic purposes: video projection equipment, observation devices, desktop and portable semi-tone scanners, graphical projectors, day and night sightseeing devices, machines for processing optical parts, vacuum installations for coating optics, ceramics, metal, metal-cutting machines, high- and low-voltage compressors for refrigeration machines, and medical equipment using lasers.

With expansion of the technical level of the electronic component base across Europe the complexity of local production is also gradually increasing. According to Import Substitution State Program products that were previously imported are now manufactured in Belarus. New varieties of medical equipment and appliances are manufactured: control and diagnosis instruments, incubators for new-born children, and artificial cardiac valves.

Textile industry in Belarus is one of the main economy drivers. The scientific and technical level of the industry is sufficiently high. A significant share of the industry is competitive on the world market, including the EU markets. Moreover, in 2004 – 2005 the government has initiated conditions for introduction of the ISO-9000 international quality management system and certification of production with the CE mark for textile producers.

The main production includes textile, knitted and sown items, and leather footwear and accessories. However, the European customers for these products shall be aware of the government's plan to increase the quotas for the export of Belarusian textile into the EU countries in the future.

Wood processing industry in Belarus is relatively young. However, the full speed for development is promised by governmental support for starting developing deep wood processing methods in 2006. According to the premier Sergei Sidorskiy, a number of companies received orders for deep wood processing last year. In particular, there are projects to produce laminboards, plywood and medium density fibreboards which are in demand on the furniture market. The focus has shifted from raw wood and by-product sales abroad to local production and finished goods trade. One important justification for this decision has been the goal to utilise the local forest resources that is one of the major natural wealth of Belarus (total wood stock of 1.3 billion cubic meters).

The main production areas currently found are industrial timber, wood-processing products, furniture, cardboard and paper products, components, assemblies, parts and semi-products, furniture finish. The main export markets are Russia, CIS countries, Germany and Denmark.

INFRASTRUCTURE

Belarus has an exclusively beneficial geographic location within the trans-European system and is a link and a shortest way between East and West. Due to this, the transport and communication's added value of the local GDP accounted for 9.8 % in 2004 (ranking second after the industry). Here, the railway (5.500 km) transport dominates the country's transport system leaving the road transport at the second place. Over the last years, transit freight traffic through Belarus has significantly increased. It has become a strategically important factor for the Belarusian economy. Carriers from over 50 states perform motor transit freight traffic through Belarus. Currently, the Republic of Belarus is the party to nearly 40 Agreements on International Motor Service with 38 states.

The Belarusian Railway efficiently cooperates with Railways of Russia, Poland, Germany and Lithuania in implementing a number of projects of shipping cargo by specialized container and freight trains which move according to the special approved schedules significantly reducing the shipment time and are provided with the appropriate engineering and information support.