

Direct path for investments



On the eve of the Belarusian Investment Forum in Frankfurt-am-Main, Belarus' Deputy Prime Minister, Andrei Kobyakov, answers questions from *The Minsk Times*

Mr. Kobyakov, which aims are you pursuing in organising the Investment Forum in the financial capital of continental Europe? Is it likely to be as large in scale and as universal as the one held two years ago in London?

The Belarusian Investment Forum, held as part of Euro Finance Week, will enable us to attract the attention of international organisations, investment funds and foreign companies, including large transnational corporations. The conference aims to enhance investment attractiveness of our republic and position Belarus as a country with favourable conditions for doing business while also attracting foreign businesses into implementing investment projects.

With this in mind, we're organising a presentation of national economic and investment opportunities as part of the Forum. It will report on structural economic reforms in Belarus and strengthening of privatisation processes, as well as on the investment potential of various branches of the Belarusian economy. Challenges and benefits of the country's participation in the Customs Union will also be tackled.

The format of the event envisages two successive plenary sessions: 'Why Is It Profitable to Invest into Belarus' Economy?' and 'How to Invest into the Republic of Belarus?' Additionally, four parallel sections are planned as podium discussions. These will tackle the investment attractiveness of our banks and prospects for developing infrastructure within the Customs Union of Belarus, Russia and Kazakhstan. The attraction of investments into various spheres of our economy, including via privatisation, will be high on the agenda. We'll also be presenting projects relating to energy efficiency, ecology and alternative energy sources.

Unlike the event in London, the Forum in Frankfurt-am-Main primarily aims to attract direct foreign investments into the republic's economy; the number of representatives from foreign companies is due to match that of two years ago.

How do you assess Belarus' investment market at present? Why is it profitable to invest in the Belarusian economy?

We're seeing great competition on the market for attracting capital, with Be-

larus offering a range of comparative advantages to potential investors:

— highly-qualified staff. People with education, qualifications and experience determine the borders and opportunities of technological, economic and social modernisation. According to the UN Human Development Report, the adult literacy rate in Belarus stands at 99.6 percent, with that of youngsters reaching 99.8 percent. Belarus is ranked 68th in the Human Development Index (HDI), outstripping Turkey (76th), Ukraine (85th), Russia (71st) and Kazakhstan (82nd);

— geographical location. Belarus is situated at the crossroads of major transport highways and commu-

nication systems — between the European Union and the Russian Federation. It's ready for co-operation with foreign companies to ensure realisation of its transit potential;

— political and social stability, as well as consensus in society. The absence of regional and nationwide conflicts has greatly helped Belarus in overcoming the consequences of the global crisis while preserving positive rates of development;

— science and innovations. After Russia and Ukraine, Belarus' sci-tech potential is the highest among the former post-Soviet republics. There are four scientists in our country for each thousand residents. Meanwhile, our innovation infrastructure includes the High-Tech Park, a range of sci-tech parks, innovative centres and technology transfer centres, as well as business incubators and information and marketing organisations. There is serious potential for developing contemporary innovative trends.

Belarus was the first CIS state to adopt the Investment Code. How does it ensure real protection of investors' rights within Belarus?

The Investment Code of Belarus was adopted back in 2001, to create favourable conditions for investment, offering guarantees to investors and protecting their in-

vestments. Investors are guaranteed proprietary rights and protection of property, as well as equality of rights regardless of the form of property, with equal — non-discriminatory — protection of these rights. Investors' rights to conduct and cease investment activity are also granted, in addition to the protection of investments in line with Belarusian legislation.

We're currently working to adapt the Code to comply more closely with world experience and are actively co-operating with experts from international organisations: the World Bank, the International Finance Corporation and the United Nations

Conference on Trade and Development (UNCTAD).

The Foreign Investment Advisory Council is operational within the Belarusian Government. How does it influence the country's investment attractiveness?

The Foreign Investment Advisory Council at the



Deputy Prime Minister, Andrei Kobyakov

Council of Ministers of Belarus was set up in 2001, aiming to enhance the efficiency of attracting foreign

investments into the economy of our republic. It is also involved in preparing proposals to create organisational, legal, economic and information conditions for strengthening investment activity while promoting the country's positive image abroad.

In 2011, the Council is to celebrate its 10th anniversary; we're planning to bring its work to a whole new level, embracing the latest trends in our joint work. These will include extended sessions for the permanent commission, tackling the latest changes in the normative legal base and regulating the activities of investors in our country. This format for the permanent commission's work was tested in February 2010 and received a positive response from foreign investors; accordingly the experience is being continued.

A website on the Internet is to be created, covering the work of the Foreign Investment Advisory Council. It will give information on the Council's plans and its working parties, developed projects and normative legal acts, and analytical and other information which may prove interesting to commercial organisations with foreign investments.

Moreover, the Council and its working bodies are to be renewed in early 2011, aiming to enhance efficiency. Interaction will be set up with commercial organisations with foreign investments, who are taking an interest in the Council's work, but aren't yet members.

How is Belarus' efficiency in attracting foreign investments marked by the World Bank and UNCTAD rankings?

Belarus is conducting systematic work to form favourable conditions for doing business and attracting investments. Data from the WB's annual report — 'Do-

ing Business 2010' — shows the efficiency of our reforms. From June 2008 to June 2009, Belarus reformed six out of ten areas studied in the report, occupying fourth place among the top 10 regulatory reformers.

According to 'Doing Business 2010: Reforming through Difficult Times', prepared by the IFC and the WB, Belarus is ranked 58th for ease of doing business (out of 183 countries) — up almost 60 positions on the last two years.

Belarus is also gradually improving its other rankings. In 2009, Belarus came 73rd out of 145 states in the World Bank Knowledge Economy Index (KEI) and was 68th in the Human Development Index (UNDP) covering 182 states. The republic's ambitious goal of improving its investment climate and entering the top 30 states for favourable conditions for doing business requires improvement of its investment climate.

In this respect, in 2009, the United Nations Conference on Trade and Development (UNCTAD) completed its large-scale work to prepare an Investment Policy Review of Belarus (upon the request of the Belarusian Government). It was officially presented in Swiss Geneva on April 27th, 2010, and aroused great interest from representatives of international organisations and private business.

The Review explored areas, which require decisive and co-ordinated activities, to enhance the competitiveness of state and private sectors, as well as the attractiveness of the country for investments. It's important for us to see an independent view by a third party regarding state policy on investments and entrepreneurship.

New areas for promising collaboration with UNCTAD were also outlined, with a memorandum on mutual understanding signed between the Belarusian Government and UNCTAD on top priority avenues of co-operation in international trade, investments and development.

Credit agencies — Moody's and Standard & Poor's — have assigned our country with a 'B+' sovereign credit rating, with a stable outlook. Does this promote the attraction of investments?

Credit ratings have favourably influenced the republic's investment climate: (Continued on page 4)



Belarus is ready to make a name for itself at the Forum