Capital means much but not everything

Investment figures from past year

By Leonid Velekhovsky

The Belarusian Government has long been promoting our country abroad as a good investment location, stressing our membership of the Single Customs Space, our well-qualified yet relatively inexpensive labour force, our high technologies, our level of governmental support and our diverse investment privileges.

Naturally, investors are cautious with their money, so not every meeting yields fruit. According to the National Statistics Committee of Belarus, foreign investors injected $14.3bn into the private sector of our economy last year (down almost 25 percent on 2011). Of this, direct investments totalled $10.35bn and others stood at $3.94bn. Portfolio investments stood at $23.3m. In the crisis year of 2011, $18.8bn came in from abroad, with trade branches proving most popular (39.2 percent of the total, or $5.62bn). This was followed by transport (27.8 percent, or $3.9bn) and industry (24.4 percent, or $3.5bn). Only $134.7m was attracted into construction, $50.5m into hotel and restaurant businesses and $303m into communication technologies.

As ever, Russian companies remain the major investors, accounting for almost half of all funds. Those from the UK are placed second (25 percent), followed by investors from Cyprus (6.4 percent) and Austria (4 percent). Meanwhile, investments into CIS states are arriving through offshore schemes, as the Eurasian Development Bank notes. Cyprian and Dominican investors are often major foreign investors within the post-Soviet space while around half of direct foreign investments come from Russia (in goods, works and services). Last year, 3.2 percent of the total volume of direct investments came from British residents, followed by those from Cyprus (4.6 percent) and Ukraine (3.4 percent).

In 2012, Belarusian businesses also invested in foreign ventures: $6.1bn in total (up 11 percent on 2011). Significant amounts of investment went to Russia (35.8 percent of the total), the UK (16.5 percent), Ukraine (13.8 percent), the Netherlands (9.6 percent), Germany (8.2 percent), Switzerland (4.8 percent) and Austria (3.8 percent).

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Over the last few years, Belarus has failed to meet its targets for incoming direct foreign investments, despite having signed over 60 bilateral agreements to avoid double taxation and the same number on the mutual protection of investments. Moreover, our country is now a fully-fledged member of the Multilateral Investment Guarantee Agency and investors' interests are protected by the Investment Codex.

Last year, Belarus adopted a FDI attraction strategy for the period until 2015, which the Government believes will improve the situation.

At Turov Dairy Plant — the largest investment property in Belarus

BELTA

Kalinkovichi Factory of Household Chemical Goods implements investment to modernise enterprise

Good segment of total volume

By Ivan Veselovsky

In 2012, Belarus gained positive foreign trade balance

Belarus has raised its sales volumes during its sovereign history. Although the final results of last year's foreign trade are yet to be announced, the first eleven months allow us to be optimistic, despite the difficulties connected with the sale of oil products and potash fertilisers.

According to the National Statistical Committee, from January to November 2012, the volume of foreign trade in goods stood at $84.8bn, with exports accounting for $42.5bn and imports $42.3bn. The value of the Republic's exports (compared to January-November 2011) rose by 13.4 percent — or $5bn (calculating at current prices). Meanwhile, imports also rose a little — by 2.2 percent: $900m.

Belarus enjoyed a positive balance of $272m for its trade of goods. This is a great improvement on January-November 2011, which saw a negative balance of $3.833bn.

From January to November 2012, trade took place with 197 countries: goods were supplied to 156 states and were imported from 178. Belarus' major trade partners were Russia (accounting for 47.2 percent of total turnover), the Netherlands (9 percent), Ukraine (8.5 percent), Germany (4.7 percent), Latvia (4 percent), China (3 percent), Poland (2.5 percent), Lithuania and Italy (1.7 percent each) and Brazil (1.2 percent).

Belarusian exports comprised mostly of oil products (31.8 percent) and potash fertilisers (5.9 percent), followed by dairy products (3.9 percent) and machinery (3.3 percent for truck tractors and 3.1 percent for tractors). The remainder covered 49.4 percent of exported Belarusian produce. Imports were primarily represented by raw materials: 18.7 percent crude oil, followed by oil products (11.7 percent), natural gas (7.2 percent) and ferrous metals (5.1 percent).