

## BELARUS – THE LAND OF OPPORTUNITIES FOR FOREIGN INVESTORS

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The Republic of Belarus is on the way to building a democratic society with a market economy.

The authorized program of economic market reforms in the Republic of Belarus provides for formation of a new economic and social policy, legal maintenance of economic reforms and economic development as a whole, creation of highly effective manufacturers, transformation of property relations and realization of the principle of their multiplicity, development of business and formation of competitive conditions, development of the mechanism of moderate state regulation. Since 1991 there have been adopted a number of acts in the Republic of Belarus ensuring mutual economic relations with partners based on a market economy. To improve foreign economic relations the certain laws were adopted.

The general investment climate in the republic is fairly favorable for foreign investors. It is confirmed by a high influx of foreign investments from advanced countries of the world.

First-priority investment areas in this republic are petrol- and gas chemical industries, construction and modernization of enterprises manufacturing consumer goods and commodities, as well as investments to agriculture. Credit lines with Germany, Austria, Italy and other countries have already been started and are operating.

Treatment of foreign investment on the territory of the Republic is determined by the laws «On Enterprises», «On Investment Activities», «On Foreign Investments».

According to the legislation regulating problems of destatization and privatization of state property, foreign investors are granted equal rights to participation in this process alongside with Belarusian subjects.

A most widespread form of investing in the Republic of Belarus is the creation of enterprises together with Belarusian legal and physical entities or in complete possession of foreign investors.

The legislation of the Republic envisages certain privileges for enterprises with foreign investment. The general rule is: privileges are granted to the enterprises, whose ownership capital includes more than 30 % of foreign investment, and which realize products (work, services) of their own manufacture.

Such enterprises are allowed to export without licenses their own products and services, and to leave at their disposal all currency receipts from export (except the amount of tax payments). Besides, such enterprises are exempted from the tax on profits, during first three years from the day they declare their profits including the first profitable year.

Missions of foreign companies, firms, can be opened in the Republic of Belarus with the tasks of: effective assistance to the realization of agreements on cooperation in the field of trade, considering possibilities for the development of investment activity, creation of joint ventures or foreign enterprises, maintenance of commercial

and other transactions of a company, firm. A mission functions during the term of no more than 3 years. If necessary this term is prolonged.

The foreign investors are guaranteed a free transfer of the sums due to them in hard currency out of the country. In case of liquidation, a foreign investor has the right to receive the reimbursement of his share, in cash or in kind, on the residual value on the day of liquidation. The profit due to the foreign investor on the result of joint activities, if transferred abroad, is taxable at the rate of 15 per cent.

The favourable investment climate ensured within the territory of the Republic of Belarus found its reflection, first of all, in the economy of its capital, the city of Minsk. A number of investment projects have already been realized with the help of joint ventures and foreign enterprises.

Evidently, the Republic of Belarus is attractive enough for potential investors and it can offer them free capacity, comparatively cheap working forth and some long-term technologies, including technologies of the former military and industrial complex.

The socio-economic development of Belarus in January 2003 is characterized with positive dynamics of the main macro-economic indices. Thus, the GDP growth made 105.4%. Our republic has entered into agreements on mutual protection of investments with countries, including Great Britain. Memorandum is signed with the International Bank for Reconstruction and Development; as well as credit agreements with the European Bank for Reconstruction and Development, the EEC Committee and the International Monetary Fund.

## **MODERN PROBLEMS OF THE BUILDING MATERIALS INDUSTRY OF THE REPUBLIC OF BELARUS**

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The building materials industry of the republic is versatile and makes more than 130 kinds of building materials and products. The industry includes 16 subindustries, uniting more than 200 enterprises.

The available capacities allow producing the basic kinds of building materials and products in the necessary volumes, but at the same time the production nomenclature of finishing, facade and roofing materials, constructions and products for the small floor number and mansard building is insufficient.

The mathematical model of the given branch development, based on the statistical data on the economic parameters of the branch for the 1991 ... 2001 period analysis has been made by the author. The general tendencies of the branch development have been analyzed as the result. As to the adequacy of the model, the divergence between the forecast data received with the help of the model and real data for the subsequent period was insignificant.

As to the received model, the basic tendencies are the following. The significant reduction of the output volume has been, comparing with the period before 1991, in