Belarus provides a disturbing picture of what can happen to a ‘democracy’ following the disintegration of the former Soviet Union. President Lukashenko runs a state in which opposition politicians have been known to conveniently ‘disappear’ and where peaceful street protest is met with brutal repression. Despite occasional lip service to market reforms designed to assuage foreign investors, virtually all economic activity, ‘market socialism’, is still controlled by the state. Belarus, like a number of former Soviet states, suffers from political schizophrenia. The West represents investment and international respectability. But Belarus citizens are Slavs, who still habitually speak Russian and in the final analysis are more likely to incline towards Moscow than to Washington or Brussels.

Authoritarian politics

In 2004 Belarus’ politics continued to be dominated by President Aleksandr Lukashenko, whose continued authoritarianism has effectively prevented the formation of a coherent opposition. There is a popularly-elected two-chamber parliament, the Narodnaya Volya Sbor (National Assembly), but much key legislation is implemented by presidential decree. In the 2003 local elections there was only a single candidate in 93 per cent of the constituencies. According to independent media, the opposition political groups succeeded in fielding candidates in only 3 per cent of constituencies; the rest were contested by non-partisans. Electoral commissions denied registration to 47 per cent of independent candidates; those that subsequently stood for election complained of irregularities. Nevertheless, some observers argued that in late 2002 and early 2003, political progress had been made with the emergence of dissident groupings in parliament. It is uncertain as to how successful these dissidents will be in challenging Lukashenko and the ruling coalition. The Belarus constitution...
does not allow presidents more than two terms in office; undaunted however, Mr Lukashenko has indicated his interest in running for a third term in 2006. He is reportedly also interested in seeking political office in Russia following the planned union between the two countries. Such reports are strongly dismissed by Russian officials and media.

While Lukashenko’s dictatorship is seen as distasteful to many outsiders, Belarus will remain a relatively unimportant oddity, which could still be swallowed up in the orbit of the Russian Federation. The outlook for democratisation in Belarus under Lukashenko is bleak. The President wields enormous political power, backed by a strongly loyal KGB and secret police. The monolithic state has been calculated and precise in harassing and ‘eliminating’ opponents before they become powerful. Meanwhile, the opposition is fractured, although by 2004 it had some semblance of a broad anti-Lukashenko front.

A key factor determining the pace and direction of political and economic change in Belarus will be the development of its proposed currency union and economic integration with Russia. Following his resounding March 2004 election victory, President Putin is in a strong position to compel the Lukashenko administration to change political and economic policy by simply threatening to withdraw co-operation.

**External relations**

Relations between Russia and Belarus are frequently awkward, despite agreement on elements of foreign policy. The proposed union with Russia seems to have been kicked in to touch, replaced with talk of a ‘Common Economic Space’, which would also include the Ukraine and Kazakhstan. Belarus is a member of the Russian-dominated Commonwealth of Independent States (CIS) which has its headquarters in Minsk and has maintained its unsavoury opposition to NATO. The obvious disparities in power between Russia and Belarus militate against an equal relationship. Under Lukashenko union with Russia has for some time been a central part of foreign and domestic policy. Politicians and activists, critical of the unequal union with Russia and of Lukashenko’s russification of Belarusian life (involving the abandonment of Belarussian symbols, the promotion of the Russian language and the practice of appointing Russians to top government posts) have continued to be repressed like all other opponents. A number of differences appear to have been settled at a meeting between the two presidents in January 2004, when it was confirmed that monetary union would be introduced some time between 2005–08. It was also announced the Belarussian state-owned gas transport company, Beltransgaz, a key supplier of services to Russia, would become a Russian-Belarus joint venture, although terms still had to be agreed. Russian newspaper reports in March 2004 suggested that the two sides were still arguing about the management of a single currency. Russia opposes the Belarussian central bank’s demand that it should also be able to act as an issuer of the currency.

President Putin reminded Lukashenko during a well publicised argument in January 2004 that Belarus would account for only 3 per cent of the union’s economy. President Putin was reported in June 2004 as again dismissing the likelihood of Belarus adopting the Russian rouble in January 2005. This contradicted remarks made by Russia’s Prime Minister Mikhail Fradkov in May 2004 that monetary union by then was still a possibility.

Belarus’s scope for negotiation in its relations with Russia is also limited by its increasing isolation from most Western states, many of which have expressed their unease at the Lukashenko regime’s failure to implement any meaningful economic and political reforms. In January 2004, the European Commission described Belarus as the ‘last dictatorship in Europe’, citing concerns over media censorship, fraudulent elections and government pressure on opposition parties. Belarus’ treatment of its trades’ unions has also been singled out by the EU, which has accused the government of systematic obstruction of trades’ union registration. Were the EU accusations to be confirmed, Belarus could lose the benefits it derives from membership of the EU’s Generalised System of Preferences (GSP), which would be a serious economic setback. To date, only one country – Myanmar – has ever lost its GSP status.

The enlargement of the EU in May 2004 brought the EU frontier to Belarus’ doorstep, increasing fears in Brussels of illegal immigration through Poland to the EU. In 2002, President Lukashenko had suffered the embarrassment of being denied a visa by the Czech Republic to travel to the NATO Summit in Prague. In support of the Czech move, a number of Western countries also imposed a travel ban on Lukashenko and his officials. The US had also accused Belarus of supplying illegal arms to Iraq. Significantly, Belarus was excluded from the list of countries, prepared by the US, qualified to tender for Iraqi reconstruction contracts. In June 2004, the Organisation of Security and Co-operation in Europe (OCSE) urged Minsk to investigate the cases of political ‘disappearance’, respect the freedoms of the press, media and non-governmental organisations and to conduct elections fairly. In December 2002 the OCSE had temporarily closed its office in Minsk.

<table>
<thead>
<tr>
<th>KEY INDICATORS</th>
<th>Belarus</th>
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<tbody>
<tr>
<td></td>
<td>Unit 1999</td>
</tr>
<tr>
<td>Gross domestic product (GDP)</td>
<td>US$bn</td>
</tr>
<tr>
<td>GDP per capita</td>
<td>US$</td>
</tr>
<tr>
<td>GDP real growth</td>
<td>%</td>
</tr>
<tr>
<td>Inflation</td>
<td>%</td>
</tr>
<tr>
<td>Unemployment</td>
<td>%</td>
</tr>
<tr>
<td>Exports (fob) (goods)</td>
<td>US$m</td>
</tr>
<tr>
<td>Imports (fob) (goods)</td>
<td>US$m</td>
</tr>
<tr>
<td>Balance of trade</td>
<td>US$m</td>
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<tr>
<td>Current account</td>
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<td>US$m</td>
</tr>
<tr>
<td>Foreign direct investment (FDI)</td>
<td>US$bn</td>
</tr>
<tr>
<td>Exchange rate per US$320,000.00</td>
<td>876.75</td>
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</table>

^ currency was re-denominated Jan 2000
Economy

Despite its flaws, the prospect of union with Russia has helped move Belarus towards economic stabilisation and convergence with the Russian economy. With it has come a realisation that Belarus needs to attract foreign investment, although Lukashenko appears to be reluctant to open the economy at the same pace as other economies in transitional Europe. This could hamper Belarus’ drive towards external competitiveness and its economic development. Belarus’ former position as the manufacturing assembly shop of the Soviet Union means, however, that it will need to rely on more than just Russian investor interest.

Nevertheless, with Russian help, Belarus has weathered the storm and economic fundamentals have improved greatly since the crisis of 1998. Lukashenko’s slow movement away from state domination has lifted the gloom over the country’s long-term prospects. Foreign direct investment (FDI) in 2003 increased by 130 per cent, to US$674.5 million according to official sources. Excluding the banking sector, cumulative FDI in 2003 had reached US$1.3 billion. Principal investment sectors were trade and catering (36.6 per cent) and telecommunications (17.2 per cent). Less than 1 per cent of all investment is in agriculture. The banking sector saw foreign investment of US$40 million. Twenty-five of the 30 banks in Belarus have foreign capital and six are wholly foreign owned.

Official data for 2002 indicated that 3,420 (1,746 joint ventures and 1,674 foreign-owned) companies with foreign capital were then registered, employing over 57,000 people. The largest national investor was the US (19.2 per cent), followed by Germany (18.2 per cent), the Netherlands (15.4 per cent), Cyprus (7.8 per cent) and the UK (6.4 per cent). A total of some 3,500 companies have been privatised, 40 per cent of which are in retail, 11 per cent in industry, 7 per cent in construction. Roughly half have been transformed into joint stock companies and the other half have been sold through tender or auction.

IMF concerns

In May 2004 the IMF acknowledged that Belarus seemed to be achieving stable economic growth, but advised the government to take steps to reduce inflation and implement structural reforms. Forecasting continued stable growth in 2004, the IMF politely referred to differences between Belarus’ statistical methodology and accepted international practice, differences which could be responsible for discrepancies of as much as one centage point in GDP calculations. While praising Belarus’ increased exports, the IMF expressed concern at the continued high levels of inflation, which the IMF forecasts will be over 20 per cent in 2004. The IMF also took the opportunity to draw attention to Belarus’ dangerously low levels of international reserves, which correspond to half a month’s imports.

Apparent growth figures put Belarus’ annual GDP growth at an impressive 9.5 per cent in February 2004. The forecast growth figure for 2004 was 9–10 per cent, which, by mid-2004 looked to be realistic enough. Subsequent official annual GDP growth figures for the first six months of 2004 were 10.3 per cent. Industrial production increased by 14.4 per cent, agricultural production by 5.5 per cent. Foreign trade, including services, grew at 27.5 per cent year on year in the period January–May 2004, exports rising by 28.3 per cent, imports by 26.5 per cent. The trade deficit with Russia over the first four months of the year increased by 13.9 per cent to US$1,074 million. The trade deficit with other CIS states for the same period was US$65.7 million. Annual inflation for the 12 months to May 2004 was 21.8 per cent, which, compared favourably with the 42.6 per cent recorded in 2002. Producer prices, were rising at a faster rate than inflation in the first quarter of 2004.

By 2003, Belarus had US$282 million of outstanding arrears owed to Gazprom the country’s Russian gas supplier. In 2000, gas supplies were cut off for a period following a dispute with Gazprom over mounting payments arrears. These arrears had traditionally been paid off through the supply of agricultural machinery and foodstuffs. In early 2004 Belarus was paying US$46.68 per 1,000 cubic metres, slightly below the market rate of US$50 per 1,000 cubic metres. Russia’s Transnafta supplies the Belarus market with natural gas, as does Russia’s largest petrochemical holding company Sibur, (a subsidiary of Gazprom) which is expected to supply one billion cubic metres of natural gas in 2004. Gazprom itself again stopped supplies to Belarus on 1 January 2004. Protracted discussions between Gazprom and Belarus’ gas transport company Beltransgaz were broken off in March 2004 when the two sides failed to reach agreement on tariffs. Gazprom accused the Belarus company of making unacceptable proposals. The Belarus government is reported not to have ruled out the possibility of holding an international tender to privatise Beltransgaz if Gazprom is not prepared to buy shares at market value.

Outlook

There are a number of clouds on the Belarus horizon. Should Lukashenko succeed in standing for a further term, there is little prospect of economic or political reform. The much vaunted union with Russia looks of less consequence each time it comes under discussion and in any event is unlikely to generate increased foreign investment. This will only happen if fair elections are eventually held and a more representative government elected.

Risk assessment

<table>
<thead>
<tr>
<th>Category</th>
<th>Belarus</th>
<th>CIS Average</th>
</tr>
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<tbody>
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<td>Economy</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>Politics</td>
<td>High</td>
<td>Medium</td>
</tr>
<tr>
<td>Regional stability</td>
<td>Medium</td>
<td>Medium</td>
</tr>
</tbody>
</table>

COUNTRY PROFILE

Historical profile

During the thirteenth and fourteenth centuries, Belarus was part of the Grand Duchy of Lithuania. In 1500s the Grand Duchy was united with Poland. In 1800s the dismemberment of Poland led to Belarus becoming a part of the Russian empire. In 1918 Belarus became part of the Soviet Union, following the Russo-German treaty of Brest Litovsk. In 1941–44 Belarus was occupied by Nazi Germany.

After the war, Belarus was returned to its status as a Soviet republic, although, uniquely, it was granted membership of the UN in its own right. In 1988 The Narodni Front Belarusi (NFB) (Belarusian Popular Front) was formed. In 1991 Independence was declared. Following the disintegration of the Soviet Union, the Kommunisticheskaya Partuya Belarusi (KPB) (Communist Party of Belarus) quickly established itself as the main political force. Stanislau Shushkevich (NFB), a moderate reformer, was chosen as head of the Supreme Soviet, a body dominated by old-guard communists. 1994 Shushkevich was dismissed after a vote of no-confidence. The constitution was settled. Belarus was influential in the creation of the Commonwealth of Independent States (CIS). The first free presidential elections were won by Aleksandr Lukashenko.

1996 A constitutional referendum changed the structure of government and gave the president sweeping powers.
also extended President Lukashenko’s term of office until 2001.
1997 Belarus and Russia ratified the treaty establishing a Union of Russia and Belarus.
1998 Belarus and Russia agreed to begin steps to merge their currencies and taxation systems.
2000 The Belarus rouble exchange rate was re-denominated on 1 January. Prime Minister Sergei Ling was dismissed at the president’s request; he had been prime minister since November 1996. The parliamentary elections were boycotted by the opposition. The presidents of Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan (formerly the Customs Five) established the Eurasian Economic Community (EEC).
2001 The Russian Federation Council approved the introduction of a single currency (the Russian rouble) for Russia and Belarus as of 1 January 2005. President Lukashenko was returned to power and began a second five-year term amid controversy over the fairness of the election. The president appointed Henadz Navitski as prime minister.
2002 The IMF refused financial assistance stating that Belarus had not made sufficient reforms.
2003 Nearly 73 per cent of voters took part in Belarus’s local elections on 2 March. On 10 July, President Lukashenko dismissed Prime Minister Navitski and appointed Syarhey Sidsorski as acting prime minister. In September, Russia, Ukraine, Kazakhstan and Belarus signed an economic union treaty. On 19 December, the House of Representatives confirmed Syarhey Sidsorski as prime minister.
2004 On 20 July, the President said a popular referendum could be used to change the constitution so that he could run for a third term in 2006.

**Political structure**

**Constitution**
The 1994 constitution vested legislative power in a 260-member Sejm (Supreme Council).
The first free presidential elections were held in 1994, after which differences emerged over the distribution of power between the president and the Supreme Council.
The constitutional referendum held in late 1996 and the subsequent introduction of a new constitution allowed an expansion of presidential powers and introduced a new two-chamber National Assembly, replacing the Sejm.

**Form of state**
Authoritarian presidential republic, where political life is dominated by the president and no real opposition is allowed.

**The executive**
The president is directly elected for a maximum of two five-year terms and also serves as commander-in-chief of the armed forces, appoints the cabinet and prime minister and has the power to declare a state of emergency, but not to dissolve parliament.

**National legislature**
The Natsionalnoye Sobranie (National Assembly) has two chambers. The Soviet Respubliki (Council of the Republic) is the upper house. Eight of the 64 members are appointed directly by the president and form the Council of Ministers, and the 56 are indirectly elected by members of the local soviets in the six Belarusian regions and Minsk (eight each). The list of candidates is subject to the final approval by President Lukashenko. The 110-member Palata Predstavitelii (House of Representatives) is the lower house. Members are elected for four-year terms.

**Legal system**
Judicial power in the Republic of Belarus is vested in courts. The Constitutional Court adjudicates on whether law is constitutional. The prosecutor general is responsible for ensuring that all laws and presidential decrees are executed properly and uniformly across all state bodies and local Soviets.

**Last elections**
9 September 2001 (presidential); 18 March/1 April 2001, 15/29 October 2000 (parliamentary).

**Results:** Presidential: the official election commission said that President Lukashenko won with 75.6 per cent of the vote. There was controversy over the results. Parliamentary: the elections were boycotted by the opposition. Kommunisticheskaya Partiya Belarusi (KPB) (Communist Party of Belarus) (six seats), Agrarnaya Partiya Belarusi (APB) (Agrarian Party of Belarus) (five seats), Respublikanskaya Partiya Pratsy y Spravadyavasti (RPPS) (Republican Party of Labour and Justice) (two seats), LDP, SDPNZ and SSP (three seats); non-partisans (13 members were elected in 2001, in addition to 81 already in the House of Representatives).

**Next elections**
October 2004 (parliamentary); 2006 (presidential)

**Political parties**

**Ruling party**
Coalition of Kommunisticheskaya Partiya Belarusi (KPB) (Communist Party of Belarus) and Agrarnaya Partiya Belarusi (APB) (Agrarian Party of Belarus) (since 1995)

**Main opposition party**
Respublikanskaya Partiya Pratsy y Spravadyavasti (RPPS) (Republican Party of Labour and Justice)

**Population**
10.02 million (2004)

**Ethnic make-up**
Belorussian (78 per cent), Russian (13 per cent), Polish (4 per cent), Ukrainian (3 per cent), other (2 per cent).

**Religions**
Eastern Orthodox (80 per cent), Roman Catholic, Protestant, Jewish and Islam (20 per cent).

**Education**
School education is divided into three stages: primary from aged four; basic from aged nine; then secondary schooling, from aged 11. Secondary schooling may be taught through gymnasiuums, lyceums or colleges, as well as specialised or technical schools. Gymnasiuums provide secondary education at a higher level, while lyceums provide vocational education. The certificate of lyceum education gives right of admission to any higher education institution.

Specialised secondary education lasts for two to four years. Colleges are a new type of institution in Belarus and provide advanced specialist training.

Public expenditure on education is estimated at some 6 per cent of annual gross national income.

**Literacy rate**
99.7 per cent total adult literacy in 2002 (World Bank).

**Compulsory years:** 4 to 9.

**Enrolment rate:** 94.2 per cent net primary enrolment; 77.5 per cent net secondary enrolment, of the relevant age groups (including repetition rates), in 2002 (World Bank).

**Pupils per teacher:** 19 in primary schools.

**Health**
Expenditure on health is estimated at 5.7 per cent of GDP, of which government spending is 82.8 per cent. The population declined by 0.5 per cent per annum between 1994–2000 and is projected to decline at the same rate between 1999–2015. The Ministry of Statistics and Analysis reported that the cause of the decrease is due to the number of deaths exceeding the number of births. The dramatic fall in life expectancy since the early 1990s is caused by environmental degradation, economic distress and the ever-present radiation
from Chernobyl fall-out which continues to affect health, particularly among children. Medical care in Belarus is limited. There is a severe shortage of basic medical supplies, including anaesthetics, vaccines and antibiotics.

Life expectancy: 68.2 years in 2002 (World Bank).

Birth rate/Death rate: 14 deaths to 9 births per 1,000 people (World Bank).

Infant mortality rate: 17 per 1,000 live births in 2002 (World Bank).

Head of population per physician/bed: 4.3 physicians and 12.2 hospital beds per 1,000 people.

Welfare

For some years now both economic and political standards have deteriorated under President Lukashenko. As long ago as 1998, a poll by the Ministry of Economy reported that almost 80 per cent of families believed their material well-being had worsened since the collapse of the Soviet Union. Although the state exercises control and mobilises funds for social care and protection, Belarus, along with other Eastern European countries, is planning to privatise its social security systems. Foreign citizens and people permanently living in Belarus have equal rights to social services. Since independence, the number of local non-governmental organisations (NGOs) has increased dramatically in Belarus. To strengthen the NGO sector, USAID has created the Counterpart Alliance Program (CAP), which provides seed grants to social service organisations in Belarus.

There is a two-tiered system of social security coverage: general employed workers and special employees (such as aviators, civil servants and certain medical personnel). Contributions are acquired from three sources: workers, 1 per cent of earnings; employer, 4.7–35 per cent of the payroll, dependent on industry or enterprise; government revenue covers the cost of social pensions and subsidies as needed.

Social security payments are made to the unemployed and those without pension rights through a general social insurance.

Pensions

Pensions are provided for old age (beginning for men at age 60 and women at age 55, with 25 or 20 years contributions, respectively), disabilities and survivors, including payments for sickness and maternity benefits.

Main cities

Minsk (capital), estimated population 1.7 million in 2004, Homel (Gomel) (502,200), Brest (306,300), Hrodna (Grodno) (314,100), Mahiliou (Mogilev) (374,000), Vitsebsk (Vitebsk) (355,800).

Names in brackets are the Russian place-names.

Minsk is the headquarters for the Commonwealth of Independent States (CIS).

Languages spoken

Ukrainian, Polish and Yiddish.

Official language/s

Belarusian since 1990 and Russian since 1995 referendum.

Media

Press

Dailies: All the major widely circulated national newspapers (some of them heavily subsidised) are owned by the state. The most influential dailies include Narodnaya Gazeta, Beloruska Niva and Savetskaya Belorussia. Independent newspapers include Narodnaya Volya, Naviny and Nasha Niva. Belorusksaya Delavaya Gazeta contains political and economic analysis and is the leading opposition newspaper. Russian newspapers have a strong hold on the Belarusian market. Vechny Minsk is a national daily that is privately owned.

Weeklies: There are four national weekly newspapers, including Argumenti i Fakty.

Business: Minsk Economic News provides recent economic and political information for businessmen, scientists, and analysts.

Broadcasting

The Belarusian National State Teleradio company operates domestic radio and TV channels and an external (international) radio service. Radio Baltic Waves (RBW) (Baltijos Bangos) was established in 1999 to deliver uncensored news and information to Belarus, incurring the complaints from the Belarusian government. RBW also relays Belarusian language broadcasts from Poland, Lithuania and the Czech Republic. In similar vein, Radio Ratsyya (Radio Reason) broadcasts in Belarusian from Białystok in Poland.


Television: BTV is the state-run channel; there are also Russian, and occasionally Polish and Ukrainian, channels available.

Advertising

The advertising market has been developing very slowly. Advertisers use radio, television, newspapers (rarely used by foreign advertisers) and outdoor media.

Economy

During the Soviet era, the Belarus economy was geared towards industrial production of chemicals, metals and machinery, resulting in serious environmental problems. The break-up of the Soviet Union had a strongly negative impact on the economy. Continuing dependency on Russia for trade and aid has also undermined the country, particularly following the Asian financial crisis of 1997/98 which dragged Russia and consequently Belarus into economic turmoil. Belarus is one of the poorest and least democratic countries in Eastern Europe. According to official figures, around a half of the population live below the national poverty line.

President Lukashenko has gradually reversed economic reforms and returned to Soviet-style centralised planning, after public disillusionment with the negative effects of liberalisation swept him to power in 1994. More than 95 per cent of the economy is in state hands. Under Lukashenko, price controls were reintroduced, export regulations reimposed, privatisation halted and the government continues to prevent output collapse through subsidised credits to enterprises and farms.

Ironically, Belarus has enormous potential since it provides a gateway between Russia and markets in Central Europe, with highly developed transport corridors. The economy is diverse compared to many CIS states, with a high level of industrialisation, producing machinery, vehicles, construction materials and chemicals. The labour force is highly skilled with a large number of engineers and scientists.

Belarus supported 4.8 per cent growth of GDP in 2003. This is a good growth rate and is likely to continue through 2004. Increasing political isolation, high inflation and lack of investment are minimising Belarus’ potential.

External trade

Belarus is highly dependent on its trading relations with Russia, which are growing as the two countries move towards political and economic union. A large percentage of this trade is done through barter rather than cash transactions, although Russia is increasingly demanding trade in payments.

Imports

Principal imports include mineral products, machinery and equipment, metals, chemicals, foodstuffs.

Main sources: Russia (68.1 per cent of 2002 total), Germany (9.4 per cent), Ukraine (3.2 per cent), Poland (2.3 per cent), Italy (2.0 per cent).

Exports

Principal exports include machinery and transport equipment, chemicals, foodstuffs, metals and textiles.

Main destinations: Russia (50.8 per cent of 2002 total), Latvia (7.3 per cent), Ukraine (6.3 per cent), Lithuania (4.1 per cent), Germany (4.1 per cent).

Agriculture

Farming

About 60 per cent of arable land is used for livestock (cattle and pigs), the rest...
technologies. Processing activity by introducing new processing, increasing the volume and efficiency of fish production from rivers and lakes and increasing the level of inland water catching in the Russian exclusive economic zone (EEZ) for the next 10 years with Belarusian fishermen receiving equal rights with Russians. **Forestry**

Forest and other wooded land accounts for over two-fifths of the land area, with forest cover of 9.4 million hectares. About three-quarters of the forest is available for wood supply. Timber includes spruce and birch, which are generally of high quality. The state owns all forest and other wooded land. The Belovezhskaja Pusha Nature Reserve (north of Brest on the Polish border) is Europe’s largest remaining area of primeval forest, totalling 1,300 square km in size.

In the period 1990–2000, afforestation increased forest cover at an annual average rate of 3.23 per cent, the equivalent of 256,000 hectares.

The forest sector in Belarus makes an important contribution to the economy. The government has attempted to turn back the sector’s deterioration in recent years by attempting to increase exports of wood, wood processing and pulp products. It has also investigated environmentally sustainable forestry and has launched a programme of information collation, using satellite technology, to assess the best use of forestry resources.

There is abundant roundwood production, which is mainly used for sawnwood in both large state-owned and small private enterprises. A significant proportion of roundwood and nearly half of pulpwood production is exported. There is very little domestic consumption of production of sawnwood and panels, but pulp and paper production do not meet domestic demand.

**Industry and manufacturing**

The industrial sector accounts for around half of GDP and employs 40 per cent of the workforce. It has benefited from Soviet-era industrialisation, which transformed Belarus from an agricultural economy into the region’s industrial hub. The sector is diverse and comprises heavy machine production, micro-electronics, computers, chemical and mineral processing, synthetic fibre production, textiles, consumer durables and food processing. Raw materials have to be imported and manufacturing remains reliant on energy imports, mainly from Russia. One of the country’s prime industrial sub-sectors is the automotive industry. Belarus is the world’s third largest producer of tractors and also produces a large number of lorries, motorbikes and other vehicles which are exported mainly to Europe. The Minsk Tractor Works (MTZ) produces up to 8 per cent of the world’s tractors, which are exported to more than 100 countries.

Belarus’ electronics sector is highly developed, due to its role in supplying the Soviet military machine. It manufactures radios, televisions and electronic devices used in engineering. With its advanced industrial base and a highly skilled workforce, the country has a large potential in the development of high technology industries, including robotics and computers. It also supplies consumer goods, including refrigerators and freezers, to consumers inside and outside the former Soviet Union.

Production of chemicals is concentrated in Soligorsk, Gomel and Grodno. Potassium and nitrate fertilisers, aminophosphates, medicines, polymers and plastics, chemical and synthetic fibres, pesticides, rubber goods and building materials are all produced by the chemical sector. Industrial production increased by 2.5 per cent in 2003.

**Tourism**

The prospects for the tourist industry may take a turn for the better with new legislation allowing tourist zones to be set up and the relaxation in rules for government entities to purchase goods and materials for these developments. Currently tourist facilities are weak with poor quality hotels and bureaucratic obstacles hindering visitors; visas cost more than those charged by neighbouring states, border crossings are tedious and costly and levies on hotel rooms for tourists put them out of most visitor’s pockets. Travellers to Belarus have never topped 60,000, since the collapse of the Soviet Union, and those visiting now only stay for one or two days. Tourist arrivals increased by 10.34 per cent in 2003, compared to 2002.

**Environment**

One-third of the nation’s agricultural land has been unusable since it was contaminated by fallout from the 1986 Chernobyl nuclear accident. **Mining**

Belarus is rich in natural resources, except for deposits of peat, used in power stations and for the manufacture of chemicals. There are some deposits of potash, rock salt, clay, sand, cement, iron ore, cobalt, phosphate, silver and gold. **Hydrocarbons**

Belarus has very low, and falling, levels of oil and gas production. In 2003, Belarus had oil reserves of 198 million barrels. The country typically produces over 35,000 barrels per day (bpd), but imports 75 per cent of its oil needs, all...
of which came from Russia. Belarus’ refining capacity is over 300,000 bpd, higher than both domestic production and consumption. There are two refineries in the regions of Navapolatsk Vitsebsk and Gomel. Natural gas reserves stood at 2.83 billion cubic metres (cum) in 2003. Belarus produced a total of 210 million cum of natural gas in 2002, but with consumption amounting to 19.6 billion cum, the country is heavily reliant on Russian gas imports.

Energy
Belarus has a total generating capacity of 7.5MW. Net electricity imports amount to 20 per cent of annual electricity demand. Gas accounts for approximately 71 per cent of electricity generation, oil just under 29 per cent and hydropower 0.1 per cent of production. Prices still do not cover costs. Fears of accelerating inflation have slowed the implementation of tariff reform and price rises have been consistently outstripped by inflation. In the year up to February 2004, Belarus electricity production was 5.8 billion kilowatt-hours, an increase of 22.2 per cent over the previous year.

Banking and insurance
The National Bank of the Republic of Belarus (NBRB) (central bank) and the Commercial Bank for Foreign Economic Activity (CBFEA) were established in 1991. All enterprises were instructed to transfer hard currency funds from the Russian Vnesheconombank to the CBFEA. The banking system has seen an increase in state participation since President Lukashenko was first elected in 1994. Priorbank is the largest private bank and holds 8 per cent of the total assets of the banking system, making it the fifth largest in Belarus. Foreign capital participation is present in 19 banks, including two which are wholly foreign owned. Credit to the private sector amounts to 8 per cent of GDP. In January 2003, Austria’s Raiffeisenbank bought a 50 per cent stake in Priorbank for US$30.5 million, injecting competition into the sector.

Central bank
The National Bank of the Republic of Belarus.

Time
GMT plus two hours (GMT plus three hours from late March to late September)

Geography
Belarus is situated in north-eastern Europe. It has a short frontier with Poland to the west. Lithuania lies to the north-east, Latvia to the north, Russia to the north, north-east and east, and Ukraine to the south-east and south. The land is a plain with numerous lakes, swamps and marshes. There is an area of low hill country north of Minsk. The highest point, Mount Dzyarzhynskaya, is only 346 metres above sea level. The southern part of the country is a low flat marshland. Forests cover some 30 per cent of the territory. The main rivers are the Dniepr which flows south to the Black Sea, and the Pripyat which flows eastwards to the Dniepr through the Pripyat Marshes.

Climate
Temperature ranges from -6 degrees Celsius (C) in January, to a high of 18 degrees C in August. The average annual rainfall is 550mm to 700mm.

Dress codes
With grey, freezing winters and wet summers, fashion takes second place to practicality in Belarus. Smart dress is required for business.

Entry requirements
Passports
Valid passport required by all. Must be valid for six months after departure. All foreign nationals must register their passports at the local police station within three days of their arrival. If staying at a hotel, reception will do this automatically.

Visa
Visas are required by almost all. Some exceptions include nationals of the CIS, travelling as tourists. For further details of those exempt and full requirements for visas visit www.mfa.gov.by/eng/consul/3. Business visas allow stays up to 90 days. Applications must include an invitation, (may be originally supplied as fax) an official letterhead and should have a signature of the head of a company as well as a corporate seal. It should also indicate the expected period of stay and a pledge by the host company to provide the invited person full support during their stay in Belarus including all possible medical expenses. Exit permits are required by foreigners intending to leave the country with expired visas.

Currency advice/regulations
Import and export of the local currency up to R100 is permitted. Import of foreign currency is unlimited, while export is possible within the limits of the declaration given. Less amounts exchanged or spent. US dollars and Deutsche marks should be imported since many public services can only be paid for in hard currencies. The Belarus rouble is non-convertible outside Belarus.

Customs
Small amounts of personal goods are duty-free. On arrival declare all foreign currency and valuable items such as jewellery, cameras, computers and musical instruments. Foreign currency up to US$500 per person can be exported from the country.

Health (for visitors)
Medical insurance is required by all foreign citizens visiting Belarus.

Mandatory precautions
None

Advisable precautions
Water precautions are recommended (water purification tablets may be useful) and the avoidance of dairy products, mushrooms and fruits of the forest (all of which may still be contaminated by radiation from the Chernobyl disaster). Some immunisations may be advantageous: polio, typhoid, diphtheria and tetanus, and hepatitis ‘A’ for longer term visitors. It is wise to carry adequate supplies of prescribed medicines, and have precautionary antibiotics if going outside major urban centres. A travel kit including a disposable syringe is a reasonable precaution. A reciprocal health agreement for urgent medical treatment exists with the UK. Proof of UK residency is essential.

Hotels
There are no Western-standard hotels in Belarus. Intourist operates a number of hotels that can be booked from the West, but visitors have reported bad conditions.

Credit cards
Only valid in a few locations such as major hotels.

Public holidays
Fixed dates
1 Jan (New Year), 7 Jan (Christmas), 8 Mar (International Women’s Day), 1 May (May Day), 9 May (Victory Day), 3 Jul (Independence Day), 27 Aug (Independence Day), 2 Nov (Disiady (Remembrance Day)), 7 Nov (Day of the October Revolution), 25 Dec (Christmas).

Variable dates
Easter, Orthodox Easter, Radounitsa (ninth day after Orthodox Easter Monday – Orthodox Remembrance Day).

Working hours
Banking
Mon-Fri: 0930-1730. Priorbank, Minsk 2 airport, daily: 0900-1700. Exchange outlets are open all day until late, and some open 24 hours.

Business
Mon-Fri: 0900-1800 (appointments best between 0900-1000).

Shops
Telecommunications
The sector is state-owned and controlled. Beltelecom, the national operator, was established in 1995 under the Ministry of Posts and Telecommunications. Beltelecom is made up of several regional operating divisions: Brestobiltelecom, Vitsebskobiltelecom, Grodnoobiltelecom, Mogilevobiltelecom, Minskobiltelecom, and the Minsk Local Telephone Network. Beltelecom is a member of several international fibre optic projects.

Telephone/fax
It is usually necessary to make international calls via the operator. Grey public telephones booths are for local calls and blue for international.

Mobile phones
The main operators are Velcom and MTS; coverage is limited to main towns.

Internet/e-mail
Local ISPs include Belpak and Solo. A few internet cafés exist in Minsk; access is also available at some post offices.

Electricity supply
220V AC 50Hz. European-style round two-pin plugs are in use.

Social customs/useful tips
A firm handshake is important as is negotiating an agenda at the beginning of the meeting. Smoking in meetings is very common. Ask permission before lighting a cigarette and offer cigarettes generously. Written communications are particularly important with large bureaucracies. Address the recipient formally and keep a copy of everything. It is customary to take a small gift on a business or social visit. Offering basic food is considered insulting. Offer little luxuries. It is impolite to take along people who are not invited to a social function. Business is conducted formally and appointments are essential. Gratuities are not obligatory but are becoming more widespread. Vodka is drunk.

Security
Crime levels have risen since 1991 as the economic situation has deteriorated. However, crime is still negligible in this police state and visitors should be more fearful of the law enforcers and avoid political demonstrations.

Getting there
Air
National airline: Belavia Belarus (Belarusian Airlines)

International airport/s: Minsk 2 (MSQ), 43km east of the city, facilities include banks and bureaux de change, bars, car hire, duty-free shops, post office and restaurants.

Airport tax: None.

Surface
Road: Good road connections exist with Ukraine, the Baltic States, Poland and Russia. Visitors arriving by car are advised to insure their vehicle with a Belarusian insurer (eg Belingosstrakh); offices can be found at crossing sites. Note that petrol is limited and only 4-star and diesel are available. Most petrol stations only accept cash.

Rail: There are train connections with all neighbouring countries, with express trains from most European capitals.

Getting about
National transport
Road: Belarus has a road network of over 55,000km, the majority of which is surfaced. It is advisable to keep away from military establishments. Petrol is limited; only 4-star and diesel are available; and most petrol stations only accept cash. Motorways connect many of the major cities.

Rail: Total rail network is about 5,523km broad gauge, of which approximately 875km is electrified. Train tickets and reservations can be purchased at Frantsy ska Skarzyny Prospekt No 18, Minsk.

Water: Belarus is landlocked, but there is an extensive network of inland waterways (3,800km) which mainly convey cargo goods. The Mukhavets and Pripyat rivers in south Belarus are connected by the strategic Doner-Buh Canal, which in turn gives access to the Baltic and Black Seas.

City transport
Taxis: Taxis are plentiful; they can be found waiting in front of hotels, at the airport, railway station and bus station. Journey time from the airport to city centre is about 40 minutes.

Buses, trams & metro: The city of Minsk has a metro that covers the central district (16 stations) and is in the process of being expanded. Trains run between 0600-0100; buses, trams and trolleybuses between 0535-0055. Tickets for buses, trams and trolleybuses can be purchased at news-stands or kiosks and are punched on board. Entry to the underground is by tokens which are obtainable from stations. There are buses from the international airport to city centre, journey time about 60 minutes.

Car hire
Cars can be rented, with or without a driver. An international driving licence with international permit is required. There are numerous restrictions that apply to driving. It is illegal to drive after consuming any amount of alcohol, no matter how little. Driving is on the right. International traffic signs and regulations are in use. Speed limits are 60kph (37mph) in towns and cities and 90kph (55mph) on country lanes.

Business directory
The addresses listed below are a selection only. While World of Information makes every endeavour to check these addresses, we cannot guarantee that changes have not been made, especially to telephone numbers and area codes. We would welcome any corrections.

Telephone area codes
The international direct dialling (IDD) code for Belarus is +375, followed by area code and subscriber’s number:

Brest 16
Minsk 17
Gomel 23
Magilev 22
Grodno 15
Vitebsk 21

Chambers of Commerce
Belarusian Chamber of Commerce and Industry, 14 Masherova Avenue, 220035 Minsk (tel: 226-9127; fax: 226-9860; e-mail: mbx@cci.by).

Brest Chamber of Commerce and Industry, 14 Kubysheva Street, 224016 Brest (tel: 223-2400; fax: 223-4854; e-mail: bo@tpbbrs.belpak.brest.by).

Grodno Chamber of Commerce and Industry, Sovetskaya Street, 20023 Grodno (tel: 224-9070; e-mail: anati@gracci.belpark.grodno.by).

Minsk Chamber of Commerce and Industry, 65 Ya Kolas Street, 220113 Minsk (tel: 266-0473; fax: 266-2604; e-mail: secret@mbcci.belpak.minsk.by).

Vitebsk Chamber of Commerce and Industry, Kosmonavtov Street, 210001 Vitebsk (tel: 236-3052; fax: 236-4674; e-mail: vlebsk@cci.by).

Banking
Belagroprom Bank, 44 Kropotkina Street, Minsk 220002 (tel: 503-958).

Bel Vnesh Econom Bank (Belarus Bank for Foreign Economic Affairs), 10 Zaslavskaya Street, Minsk 220004 (tel: 269-757, 267-022; fax: 269-759).

Commercial Bank for Reconstruction and Development (Belbusinessbank), 6a Partizanskaya Ave, 220033 Minsk (tel: 298-147, 768-942; fax: 298-147, 768-504).

Central bank
The National Bank of the Republic of Belarus, 20 F Skorina Avenue, 220008 Minsk (tel: 219-2303; fax: 227-4879; e-mail: email@nbrb.by).

Travel information

Belavia Belarusian Airlines, 14 Nemiga Street, Minsk 220004 (tel: 229-2290; fax: 229-2383).
National tourist organisation offices
Belintourist, 19 Masherov Avenue, 220004 Minsk (tel: 226-9840; fax: 223-1143; email: office@belintourist.by; internet: www.belintourist.by).

Ministries
Department of Foreign Economic Co-operation (tel: 269-169).
Department of International Relations (tel: 269-187; fax: 269-936).
Ministry of Statistics and Analysis of the Republic of Belarus, 12 Partizan Avenue, Minsk 220658 (tel: 491-261, 495-200; fax: 492-204).
Ministry of Trade, Kirov St. Building, Minsk 220084 (tel: 276-121).


Other useful addresses

National Centre for Marketing and Price Study, 7-1117 Masherov Avenue, Minsk, PO 220004 (to reach the National Centre call for voice connection and/or fax: 266-758).

Internet sites
Belarus Railways: http://www.belrw.com
Belarusian web links: http://www.belarusian.com/links/
Belarusian web sites: http://www.ac.by/country/behwvw.html
General information: http://www.belarus.net
Investment: http://www.ib.by
Chamber of Commerce: http://www.cci.by
Business information: http://www.delobelarus.com
General information: http://www.open.by

Union of Entrepreneurs, 13 Internatsional’naya St, Minsk 220050 (tel: 172-587; fax: 271-596).
US Embassy, 46 Starovilenskaya Street, Minsk 220002 (tel: 210-1283; fax: 234-7853).