

# BELARUS

**Statement by the Governor of the EBRD  
for Belarus, Deputy Prime Minister of the Republic of Belarus,  
V.I. Semashko  
EBRD Annual Meeting  
London, 11-12 May 2016**

May I begin by acknowledging with gratitude the hospitality of the European Bank for Reconstruction and Development. The fact that the 25<sup>th</sup> anniversary meeting of the Board of Governors is being held here in London, within the walls of the Bank's headquarters, is very symbolic.

I have no hesitation in saying that the Bank can rightly be proud of its contribution to the success and economic growth of the region achieved in those 25 years thanks to the implementation of over 20,000 projects in countries ranging from Central Europe to Central Asia and from the Western Balkans to the Southern and Eastern Mediterranean.

From its inception, the EBRD has remained committed to the cause of promoting transition to a market-oriented economy and to the development of private and entrepreneurial initiative: it has not wavered from this guiding principle. One of the Bank's most important distinguishing features has always been its efficiency and its ability to respond promptly and decisively to financial shocks and geopolitical changes.

The past year was one of great importance for the Bank as a whole and certainly also for its work in its region of operations. The EBRD achieved an unprecedented level of business – €4 billion, representing a record 381 transactions, and pointing to a recovery of market demand. However, while some countries have now overcome a period of instability, it has not yet been possible to achieve economic recovery and restore full economic stability to the region. In this context, expanding the EBRD's operations in the region and increasing the number of projects is of great significance.

As a shareholder of the Bank, Belarus places a high value on the Bank's efforts to stimulate economic activity in the financial sector with a strong focus on support for small and medium-sized enterprises, and on its efforts to support the development of the energy sector, infrastructure and the financing of environmental projects.

Over the many years of our cooperation with the Bank, underpinned by an even-handed and trust-based dialogue conducted at the very highest level, we too have managed to achieve a clear record – the EBRD’s investments in Belarusian projects reached €29 million in 2011–15. This represents one half of the total volume of operations during the whole period of our cooperation and points to the scale of the demand for the Bank’s resources in our country: we therefore urge the Bank to move beyond the familiar narrow confines by eliminating all restrictions on projects in the public sector.

For Belarus, which is a small open economy, the external environment has always played a significant role in the development of economic policy. The present-day external environment is highly unfavourable. What is more, the greatest source of vulnerability is not so much the low prices of oil, potassium and agricultural produce as price volatility. In today’s information-rich world, it is becoming ever harder to develop and implement correct economic policy measures, since price levels are now affected not only by such fundamental factors as supply and demand, but also by ‘verbal’ interventions - information about strikes, agreements, geopolitical tensions and so on.

In spite of the challenging external environment, in implementing its 2016-20 action plan the Government of Belarus intends to adhere to its stated policy of ensuring macroeconomic stability and modernisation of the economy to create new growth centres on the basis of a well-developed private sector and effective government regulation of the economy.

At the present time, in order to accomplish the objectives they have set themselves, the Government and the National Bank are implementing a stringent monetary and fiscal policy. However, bearing in mind the high volatility of raw material prices, they have been following a scenario approach to their economic policy. Every scenario, developed to correspond to specific external conditions, includes a list of specific economic policy measures. For instance, favourable external conditions would contribute to faster repayment of external debt, whereas the high-stress option would assume further consolidation of the budget and adherence to the debt repayment schedule as well as a wider range of social measures.

Economic reforms in Belarus will cover a wide range of areas: the formation of effective financial markets, support for the development of the private sector, strengthening of the social protection system and the creation of efficient commodities and services markets.

As part of our cooperation with the EBRD, our plans for 2016-20 include concentrating our efforts on increasing public sector projects in the following priority areas: housing and utilities and transport

infrastructure, energy efficiency, renewable energy, the green economy and public-private partnerships.

In conclusion, may I express my confidence that the results already achieved under the EBRD Strategy for Belarus for 2013-15, together with the available potential for public sector projects demonstrate the need for a shift to a fully-fledged cooperation strategy.

We trust that the areas outlined above will be reflected in the draft of the new EBRD Strategy for Belarus for 2016-19 and will receive the support of the Bank's management and its main shareholders.

Thank you for your attention.