



BELARUS: ECONOMIC SUMMARY

KEY TRENDS

- GDP growth while maintaining macroeconomic stability
- High export growth rates, growth of the foreign trade surplus and reduction of the current account deficit
- Growth of household income
- Keeping inflation within a target level
- Stability on the domestic foreign exchange market
- Growth of ruble deposits of the population with a decrease in foreign currency deposits
- Growth of lending in national currency
- Reduction of the government debt ratio to GDP

MAIN EVENTS

- A new legislation on business liberalization and entrepreneurship gave impetus to *the development of small and medium businesses*. The Strategy for the Development of Small and Medium Businesses "Belarus is a Country of Successful Entrepreneurship" for the period up to 2030 was approved (the decree of the Council of Ministers of the Republic of Belarus of 17.10.2018 No. 743)
- The Decree of the President of the Republic of Belarus of July 31, 2018 N 301 "On the Cancellation of Mandatory Sale of Foreign Exchange" was adopted
- The Decree of the President of the Republic of Belarus No. 154 of May 11, 2017 "On Financing of the Commercial Organizations under Concession of the Rights (Claims)" and the Law of the Republic of Belarus No. 52-Z of July 17, 2017 "On Investment Funds" came into the force in 2018. Both documents aimed at improving the institutional environment for the development of the domestic capital market
- Decriminalization of economic risks. The Law of the Republic of Belarus of January 9, 2019 No. 171-Z "On Amendments and Additions to Certain Codes of the Republic of Belarus" was adopted, which, inter alia, canceled the general confiscation of property, increased the size of large and especially large damage, decriminalized a number of articles
- A joint working group of state bodies and the business community prepared a new edition of the Tax Code of the Republic of Belarus. The updated edition provided for a number of measures to reduce the tax burden on the business and create favorable conditions for investment. Changes entered into force on January 1, 2019
- Maximum *approximating of the assessment of non-performing assets to international standards* for the assessment of NPL. A new edition of the "Instruction on the Procedure for Creation and Using of Special Reserves for Probable Losses on Assets and Operations not Reported on the Balance Sheet by the Banks, Development Bank of the Republic of Belarus JSC, and Non-bank Financial Institutions" was approved by the resolution of the Board of the National Bank of Belarus of 15.12.2017 No. 505 and came into the force from April 1, 2018
- The amount of lending for implementation of government programs and activities (policy lending) set for 2019 was reduced by 35% y/y (to 0.6% of GDP)
- On April 3, 2018 the Board of Executive Directors of the World Bank approved the *Country Partnership Framework for the Republic of Belarus for the period FY2018-2022*
- The Action Plan for the implementation of measures provided for by the Memorandum of Understanding between the National Bank, the Ministry of Finance and the EBRD, was signed on August 7, 2018
- In February 2018, a new issue of Eurobonds of the Republic of Belarus was placed in the amount of USD 600 with 6.2% interest and 12 years maturity
- *Belarus improved its position in the OECD country risks classification* in January 2018. International rating agencies confirmed long-term credit ratings of the Republic of Belarus: Fitch Ratings – at level B in July 2018, Standard & Poor's – at level B in October 2018. The outlook on the ratings is "stable"
- Assignment of *sovereign credit ratings* by the Chinese rating agency China Chengxin International Credit Rating Company Limited (CCXI) to the Republic of Belarus at AA+ level according to the Chinese national rating scale, with a stable outlook, according to the international scale – at BBg level
- The period of visa-free stay for foreign citizens in Belarus extended to up to 30 days (if they enter and depart via the National Airport Minsk)
- In January 2019, the Republic of Belarus became a member of the Asian Infrastructure Investment Bank. The resources of the AIIB can be used for the implementation of projects of the Belt and Road Initiative

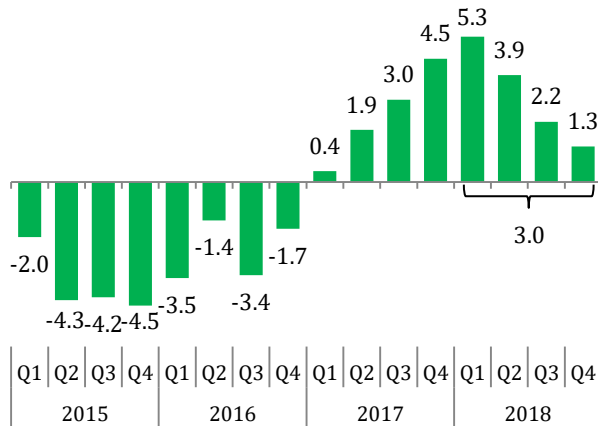


GROSS DOMESTIC PRODUCT

In 2018, the growth of the Belarusian economy accelerated to 3.0% against 2.5% in 2017 (Figure 1). The contribution of the cyclical component reached the maximum in the first quarter of 2018 then started to decline and at the end of the year became negative, while the structural component added about 2.5 percentage point. A gradual improvement in the quality of economic growth was facilitated by a balanced fiscal and monetary policy, prudent measures of monetary policy, as well as a number of structural measures.

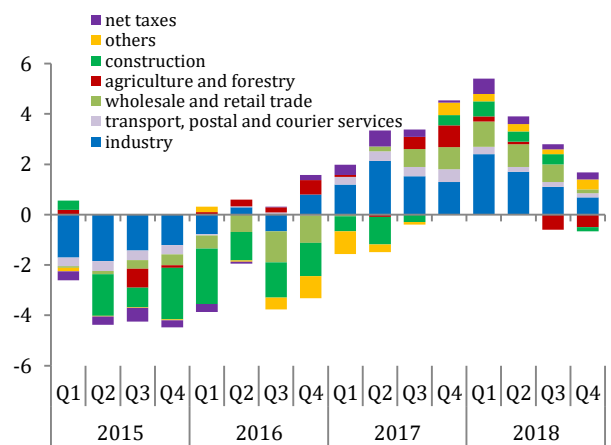
Industries with high value added made a major positive contribution to the growth of the economy - manufacturing (5.4% growth, 1.2 percentage point contribution to GDP) and IT sector (10.5% and 0.5 percentage points respectively). The fastest growth was observed in the production of machinery and equipment, other finished products, vehicles, wood and paper products, chemical and pharmaceutical products. Agriculture's contribution was negative (4% decrease, -0.3 percentage point contribution to GDP) (Figure 2).

Figure 1. GDP growth, % q/q previous year



Source: <http://www.belstat.gov.by>

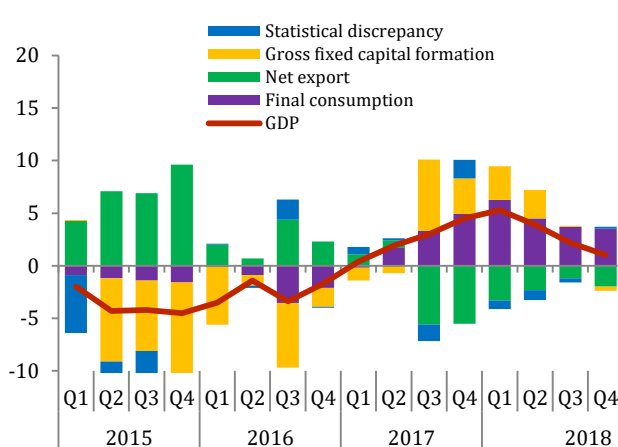
Figure 2. GDP decomposition by sectors, p.p.



Source: <http://www.belstat.gov.by>, calculations of the Ministry of Economy

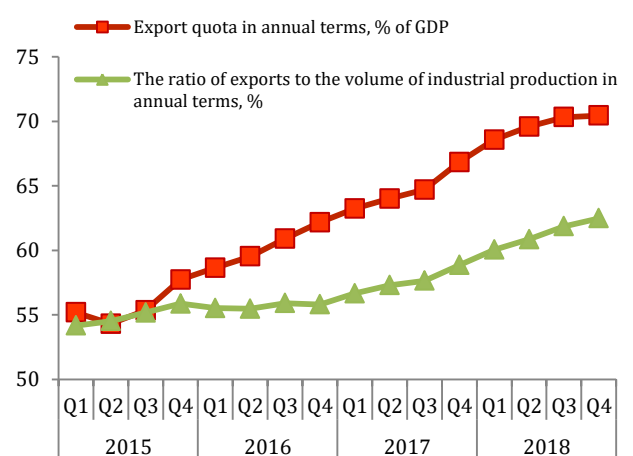
Positive dynamics of domestic demand (Figure 3), which was facilitated by an increase in household incomes and the availability of credit resources, supported GDP growth in 2018. Despite the expansion of domestic demand, including demand for import, the negative contribution of net export in the second half of 2018 decreased compared to 2017. This proved the outpacing growth of external demand as compared to import. This trend was also confirmed by the growth of the export quota and the ratio of exports of goods to the volume of industrial production (Figure 4).

Figure 3. Decomposition of GDP growth by expenditures, p.p.



Source: <http://www.belstat.gov.by>, calculations of the Ministry of Economy

Figure 4. Indicators of external demand, %



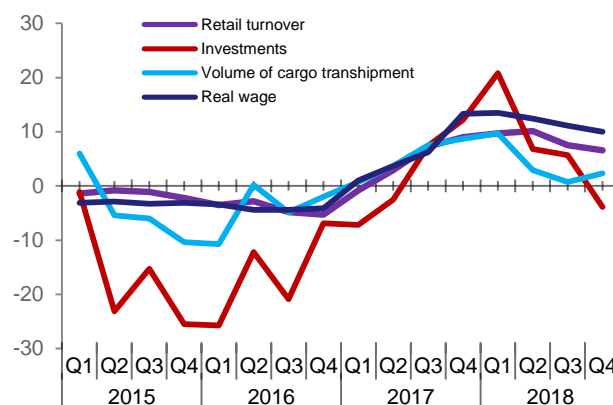
Source: <http://www.belstat.gov.by>, calculations of the Ministry of Economy



Figure 5. Domestic demand indicators, % q/q previous year

Wages were the main source of money income of the population. In 2018, real disposable money income grew by 8%, real wages – by 11.6%. The growth of the population's welfare led to an increase in consumer activity: in 2018 retail trade turnover grew by 8.4% y/y, paid services to the population - by 6.3% y/y.

Improvement of economic sentiments of legal entities against the backdrop of growing external and internal demand promoted investment activity. The growth of investments in fixed assets in 2018 amounted to 5.1%. Foreign direct investments into the real sector of the economy, including banks, increased to USD 1.5 billion on a net basis.



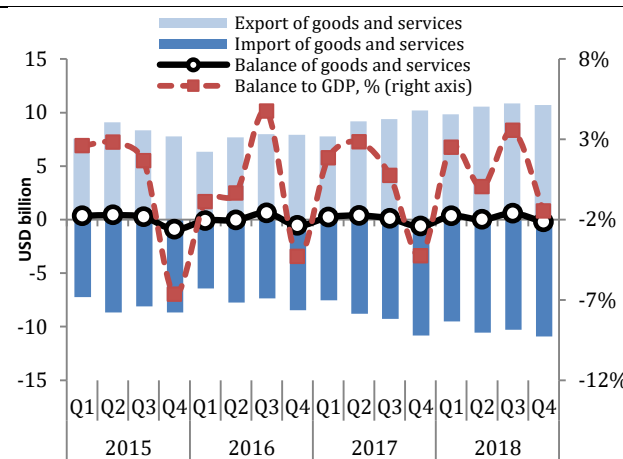
Source: <http://www.belstat.gov.by>

Foreign trade continued growing at a high pace in 2018. The export of goods increased by 15.3% y/y in value terms, including due to the growth of physical volumes of supplies - by 4.8%. Sales in foreign markets of basic positions of the Belarusian export grew, including potash and mixed mineral fertilizers, trucks, spare parts for automotive engineering, tires, medicines, furniture, particle boards, ferrous metals.

The growth in industrial production and recovery of consumer demand led to an increase in the import of goods by 12.2% y/y in value terms.

The improvement in the balance of export-import operations of the Republic of Belarus was facilitated by the growth of export of services – by 11.2%. Computer services were the driver of the growth, their exports in 2018 increased by 31.4%. Accelerating in the growth of the export of computer services was the result of a package of measures adopted at the end of 2017 to liberalize the conditions for business development and to extend preferential conditions for doing business in the field of information technology.

Figure 6. External trade



Source: <http://www.nbrb.by>, <http://www.belstat.gov.by>

The surplus of foreign trade in goods and services amounted to USD 693.8 million in 2018, or 1.2% of GDP, which was by USD 610.9 million higher than in 2017 (Figure 6).

Economic growth was achieved while maintaining macroeconomic equilibrium. Inflation in December 2018 was 5.6% y/y against the target parameter of 6%.

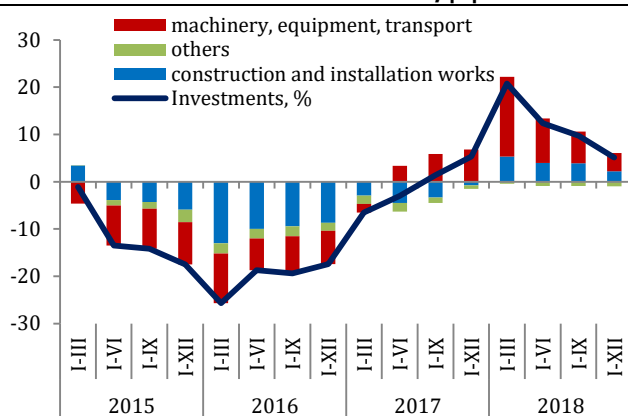
By the end of 2019, growth of the gross domestic product of the Republic of Belarus is projected at 4%. The growth in gross value added is expected in all sectors.



INVESTMENTS

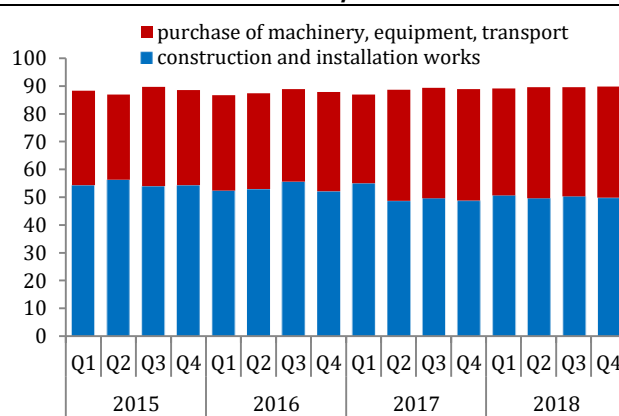
The growing trend in investment activity, which was formed in 2017, continued in 2018 (an increase of 5.1%). The recovery became possible due to several factors. First, the expectations of economic agents improved, and second, the macroeconomic situation stabilized (lower inflation, equilibrium in the foreign exchange market, intensification of economic activity). They all contributed to the resumption of deferred demand for investments. The renewal of the active part of the fixed capital was the driver of the investment growth (Figure 7) – investments in machinery, equipment, and vehicles increased by 9.8% in 2018. Their share in the structure of investments in fixed assets was increasing (Figure 8), which proved qualitative changes in investment spending and influenced the acceleration of the technological renovation of production.

Figure 7. The contribution to the growth of investments in fixed assets, p.p.



Source: <http://www.belstat.gov.by>, calculations of the Ministry of Economy

Figure 8. Technological structure of investment in fixed assets, %

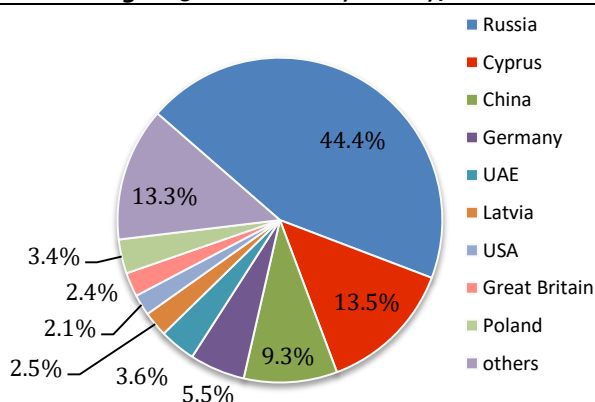


Source: <http://www.belstat.gov.by>, calculations of the Ministry of Economy

The Government of the country worked consistently to create a favorable investment and business climate. In the Doing Business 2019 ranking, Belarus ranked 37 out of 190 countries in ease of doing business.

In 2018, USD 10.8 billion were invested to Belarus, including USD 8.5 billion of direct investments. The volume of FDI on a net basis amounted to USD 1.6 billion. The main contributor was the Russian Federation, but diversification of capital flows was increasing, the share of countries outside the CIS was growing (Figure 9, 10).

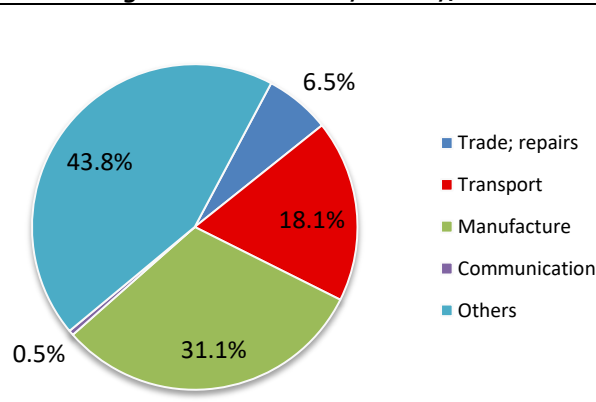
Figure 9. FDI inflows by country, 2018¹



Source: <http://www.belstat.gov.by>, calculations of the Ministry of Economy

¹ Excluding banks.

Figure 10. FDI inflows by industry, 2018¹



Source: <http://www.belstat.gov.by>, calculations of the Ministry of Economy



BALANCE OF PAYMENTS AND INTERNATIONAL RESERVE ASSETS

In 2018, the balance of payments of the Republic of Belarus was formed with an insignificant deficit of USD 0.1 billion (0.2% of GDP) (Figure 11, 12). The negative balance of the current account reduced from 1.7% of GDP in 2017 to 0.4% of GDP in 2018.

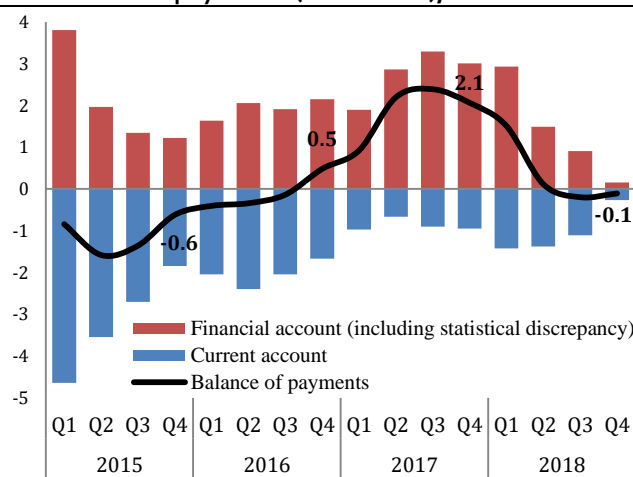
Its reduction was caused by an increase in the surplus of foreign trade in goods and services (to 1.2% of GDP due to the growth of services export) and in the surplus of secondary incomes (to 2.4% of GDP), which was due to the transfer of duties on energy resources in line with agreements with the Russian Federation.

The inflow of financial resources to the Republic of Belarus from direct foreign investments amounted to 2.4% of GDP against 2.2% in 2017.

In 2018, the Republic of Belarus placed (USD 0.6 billion) and redeemed (USD 0.8 billion) Eurobonds. The next tranche of the EFSF loan in the amount of USD 0.2 billion was received.

In general, the financial account of the balance of payments in 2018 was close to nil against the net attraction of funds in the amount of USD 2.4 billion (4.4% of GDP) in 2017. The significant amount of raising funds in 2017 was caused by the need for a scheduled repayment of external liabilities that fell due in the first half of 2018.

Figure 11. Dynamics of the main indicators of the balance of payments (annualized), USD billion

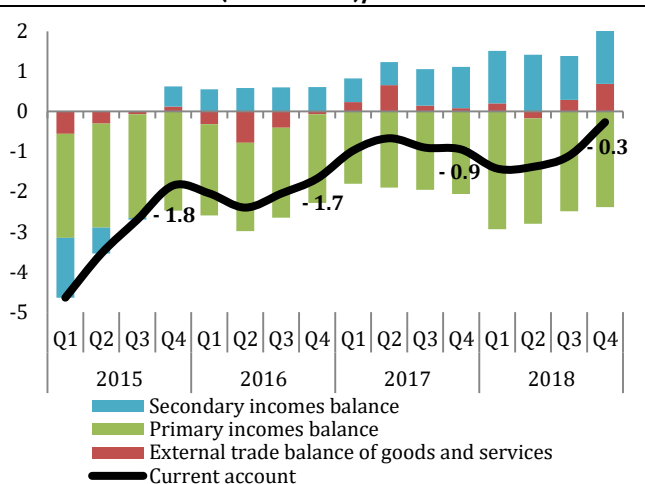


Source: <http://www.nbrb.by>

As of January 1, 2019, the international reserve assets amounted to USD 7.2 billion, covering 2.1 months of import of goods and services (Figure 13). They declined by USD 0.2 billion due to the scheduled redemption of external and internal liabilities.

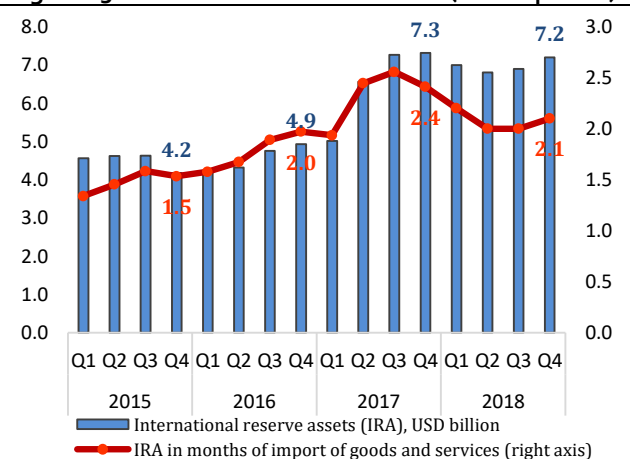
The structure of the international reserve assets is largely dominated by foreign currency assets (58.7% as of January 1, 2019) and monetary gold (27%).

Figure 12. Dynamics of the main items of the current account (annualized), USD billion



Source: <http://www.nbrb.by>

Figure 13. International reserve assets (end of period)



Source: <http://www.nbrb.by>



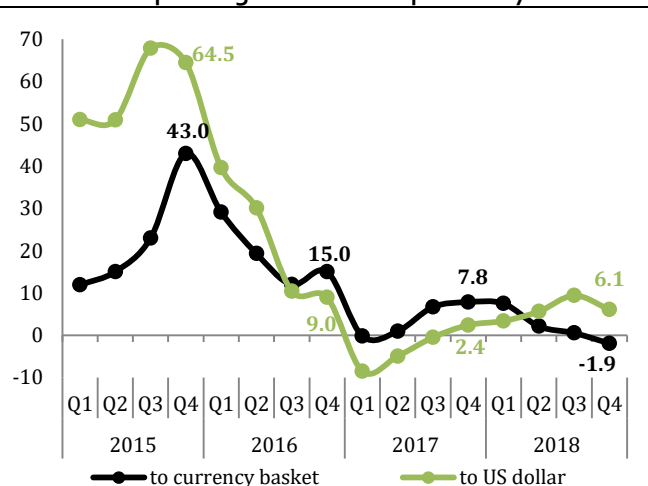
DOMESTIC CURRENCY MARKET AND CURRENCY LIBERALIZATION

In 2018, the situation in the domestic foreign exchange market was determined by a net supply of foreign currency mainly from the population. As a result, the dynamics of the exchange rate of the Belarusian ruble was stable. The value of the currency basket (calculated at the average official exchange rates of the Belarusian ruble against USD, Euro, and the Russian ruble) decreased by 1.9% in 2018 (Figure 14).

Formation of the net supply of foreign currency allowed the National Bank of the Republic of Belarus to purchase foreign currency and contributed to a more restrained decline in the country's gold and currency reserves. The National Bank of the Republic of Belarus conducted interventions with a view to smooth the excessive volatility of the Belarusian ruble's exchange rate and did not impede its fundamental trend.

The share of the foreign currency component in the assets and liabilities of the banking sector decreased in 2018 (Figure 15). The gradual increase in the ratio of mandatory reserves for borrowed funds in foreign currency (from 7.5% at the beginning of 2017 to 17% from 2018), as well as changes in classification and formation of special reserves for covering possible losses on loans in foreign currency that were not secured by foreign exchange receipts for timely and full repayment by the borrower, both contributed to the reduction of dollarization of financial contracts.

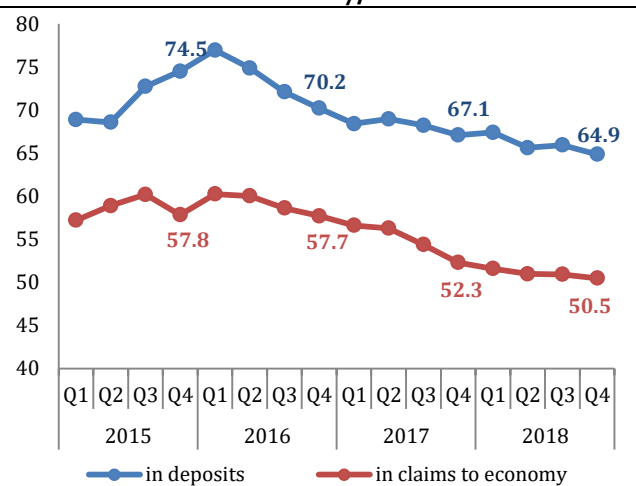
Figure 14. The growth rate of the weighted average official rate of the Belarusian ruble, % month to corresponding month of the previous year



* the basket of foreign currencies was calculated using weights of foreign currencies as of December 2017.

Source: <http://www.nbrb.by>

Figure 15. The share of the foreign currency component in banks' deposits and banks' claims to economy, %



Source: <http://www.nbrb.by>

In 2018, measures continued to liberalize foreign exchange relations, the implementation of which had begun in 2017. The rate of the mandatory surrender of foreign exchange proceeds by legal resident entities was 10% in 2018. On April 11, 2018, the Resolution of the Board of the National Bank dated December 28, 2017, № 538 "On Some Issues of Currency Regulation and Currency Control" entered into the force. It abolished the restrictions on the target purchase of foreign currency by legal entities – residents. Since August 3, 2018, in accordance with the Decree of the President of the Republic of Belarus of July 31, 2018 No. 301 "On the Cancellation of Mandatory Sale of Foreign Currency", the requirement of the mandatory sale of foreign currency proceeds by resident legal entities and individual entrepreneurs was canceled.

As the next step to liberalize foreign exchange relations, the National Bank adopted Resolution No. 612 of the Board of the National Bank of the Republic of Belarus dated December 19, 2018 "On Some Issues of Conducting Currency Transactions" (effective from March 1, 2019). It introduced the registration procedure for foreign exchange operations related to the movement of capital for legal entities - residents, for which permission was previously required from the National Bank.

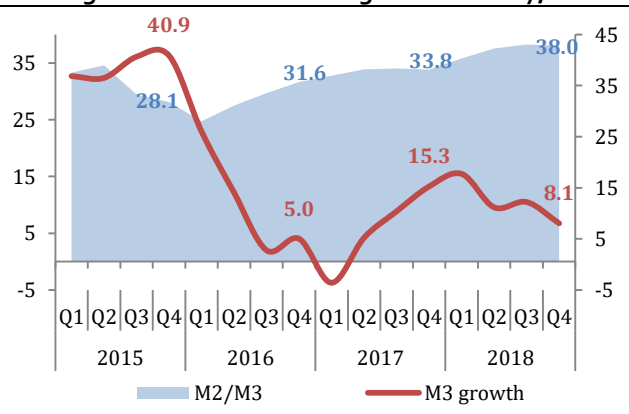


MONETARY POLICY

To achieve the main goal of the monetary policy – to reduce inflation – the National Bank of the Republic of Belarus in 2018 continued to control the money supply using primarily open market operations to regulate banking liquidity. The average broad money supply increased by 8.1% y/y in December 2018 with a 12-16% intermediate target set for the year (Figure 16). The growth of average domestic money supply by 21.6% y/y in December 2018 (23.2% in December of 2017) reflects the measures taken for de-dollarization of the economy and positively affects the currency structure of the money supply. In 2018, the level of liquidity of the banking system was mostly positive, with periodic deviations to the negative side in periods of tax payment by business entities.

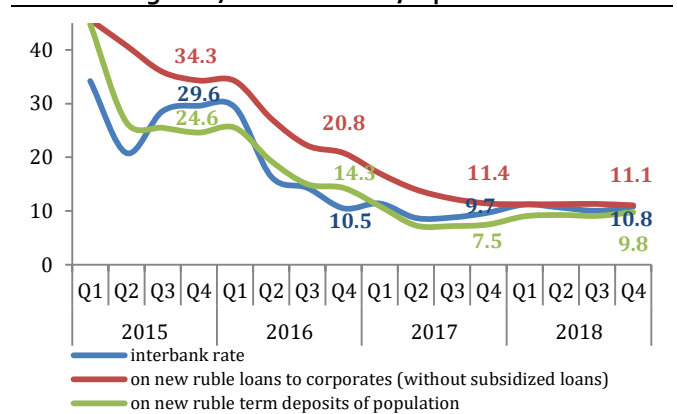
In order to strengthen the work of the interest channel, the National Bank pursued a policy of narrowing the interest rate corridor, set by the rates for constantly available operations, ensuring its change towards greater symmetry relative to the level of the refinancing rate. In 2018, the refinancing rate decreased from 11 to 10% per annum, the rates on operations of current liquidity support of banks – from 12 to 11.5% per annum, liquidity withdrawals – kept at the level of 8% per annum. In December 2018 average interest rates for new loans to legal entities were 11.1% per annum (in December of 2017 – 11.4% per annum), for new term deposits of individuals – 9.8% per annum (in December of 2017 – 7.5% per annum) (Figure 17).

Figure 16. Increase in average broad money, %



Source: <http://www.nbrb.by>, calculations of the National Bank

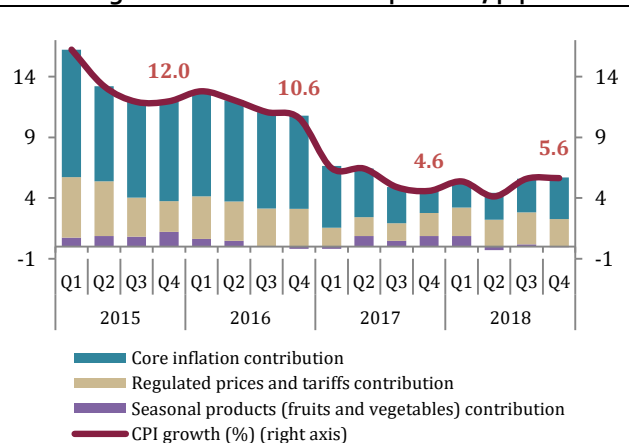
Figure 17. Interest rates, % per annum



Source: <http://www.nbrb.by>

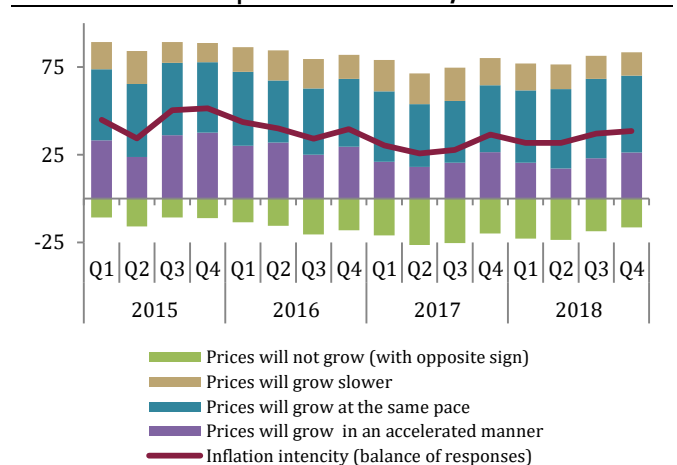
At the end of 2018, the inflation met the target: consumer prices increased by 5.6% in 2018 against 6% forecast (Figure 18). Two key factors influenced the consumer prices growth: unfavorable market conditions for agricultural products and a significant increase in fuel prices. Inflation expectations of economic agents remained at a high enough level and also put pressure on consumer price dynamics. (Figure 19).

Figure 18. Inflation decomposition, p.p.



Source: <http://www.nbrb.by>

Figure 19. Inflation expectations for 3 months, share of respondents' answers, %



Source: <http://www.nbrb.by>, calculations of the National Bank



BANKING SECTOR

As of January 1, 2019, the banking sector of the Republic of Belarus included 24 operating banks. 19 banks had foreign capital, from which 14 banks had the share of foreign investors over 50% in the authorized fund, including 4 banks with 100% foreign capital. There were 5 representative offices of foreign banks in Belarus (Russian – 2, Chinese – 1, German – 1, and a representative of the Interstate Bank).

In 2018, the total registered authorized fund of operating banks increased by 270.6 million rubles and amounted to 5,425.53 million rubles, which is equivalent to about USD 2.5 billion, as of January 1, 2019. The assets of operating banks amounted to 73,661.5 million rubles (an increase of 10.7%). The share of assets in foreign currency decreased from 56% as of January 1, 2018, to 55.2% as of January 1, 2019. The volume of the regulatory capital of operating banks amounted to 10,673.3 million rubles as of January 1, 2019, having increased by 820.2 million rubles, or by 8.3% in nominal value as compared to the beginning of 2018. The bulk of the capital (71.5%) concentrated in the five largest banks. In 2018, all commercial banks had a profit of 1,096.3 million rubles.

The decrease in the cost of credit resources contributed to the growth of customers and banks' debts on credits and other active operations, which increased by 15.5% in 2018 and amounted to 48,791.4 million rubles as of January 1, 2019 (42,249.8 million rubles as of January 1, 2018).

In 2018, the banking sector remained resilient to the most significant risks. Overall, the key financial stability and soundness indicators met the requirements (table). The capital adequacy ratio on average for the banking system remained high (17.7% as of January 1, 2019), compared to the reference value set by the regulator for an individual bank at the level of not less than 10.0% (with a conservation buffer – 11.875%).

In the second quarter of 2018, a new edition of the Instruction on the Procedure for Building Up and Use of Special Reserves for Covering Probable Losses on Assets and Transactions Not Reported on the Balance Sheet by the Banks, Development Bank of the Republic of Belarus JSC, and Non-Bank Financial Institutions came into the force, according to which the term "non-performing assets" (NPA) was introduced. NPA include assets subject to credit risk classified in V-VI risk groups as well as restructured debt classified in IV-VI risk groups. As of January 1, 2019, NPA of acting banks amounted to 2,789.3 million rubles and the share of NPA in assets subject to credit risk was 5%. The special reserve for covering possible losses on assets subject to credit risk was 100% (actual reserve to the estimated) as of January 1, 2019. The value of the leverage in operating banks was 10.3% (the regulatory level is not less than 3%).

An improvement in banking supervision continued in the banking sector. Based on the recommendations for assessing the economic capital of banks, developed by the Basel Committee on Banking Supervision, the National Bank has established requirements for the organization of internal procedures for assessing capital adequacy in banks, including identification of significant risks, calculation of available and economic capital, capital adequacy assessment, use of economic capital and appropriate management reporting.

| Indicators | 01.01.2018 | 01.01.2019 |
|--|------------|------------|
| Authorized capital (registered), million rubles | 5,181.9 | 5,452.5 |
| Regulatory capital, million rubles | 9,853.1 | 10,673.3 |
| Regulatory capital adequacy, % | 18.5 | 17.7 |
| Profit, million rubles | 886.7 | 1,096.3 |
| Profitability of assets, % | 1.36 | 1.56 |
| Profitability of regulatory capital, % | 9.55 | 10.72 |
| Share of non-performing assets in the assets subject to credit risk, % | – | 5.0 |
| Adequacy of the provision for assets subject to credit risk, % | 100.0 | 100.0 |



GOVERNMENT BUDGET

In 2018, the execution of the Republican and local budgets was carried out under favorable external economic conditions (export growth, including potash fertilizers, a higher actual price compared to the budget price for oil) and a qualitative improvement in a number of the most important parameters of socio-economic development in 2018 compared to the forecast. The formation of the budget on the basis of a conservative scenario for economic development also contributed to strong budget execution. The conservative scenario for 2018 budget provided GDP growth at the rate of 1.2% (in fact, following the results of 2018, it was 3.0%), inflation (at the end of the year) - 7.4% (actually - 5.6%), the oil price – USD 43 per barrel (in fact, around USD 70 per barrel).

At the end of 2018, the executed Republican budget had a surplus of 4.7 billion rubles (4% of GDP) while the planned surplus was 3.4 billion rubles. The excess surplus formed from extra proceeds of several revenue items, mainly depending on the cost of oil, as well as from allocations that were not claimed by budget recipients. In accordance with the Law of the Republic of Belarus On the Republican Budget for 2018, the surplus was partially allocated for the redemption of the outstanding public debt of the Republic of Belarus. The remaining part of the surplus retained in the budget balances.

The Consolidated budget (the Republican and local budgets) executed with a surplus of 4.6 billion rubles or 3.8% of GDP. The main share of revenues of the Consolidated budget (83.6%) formed by tax revenues, VAT built up the bulk of them. Revenues of the Consolidated budget grew by 6.7% in real terms. Expenditures of the Consolidated budget increased in 2018 by 3.2% in real terms. At the end of 2018, the budget of the government sector also executed with a surplus (4.9 billion rubles or 4.0% of GDP) ([Figure 20](#)).

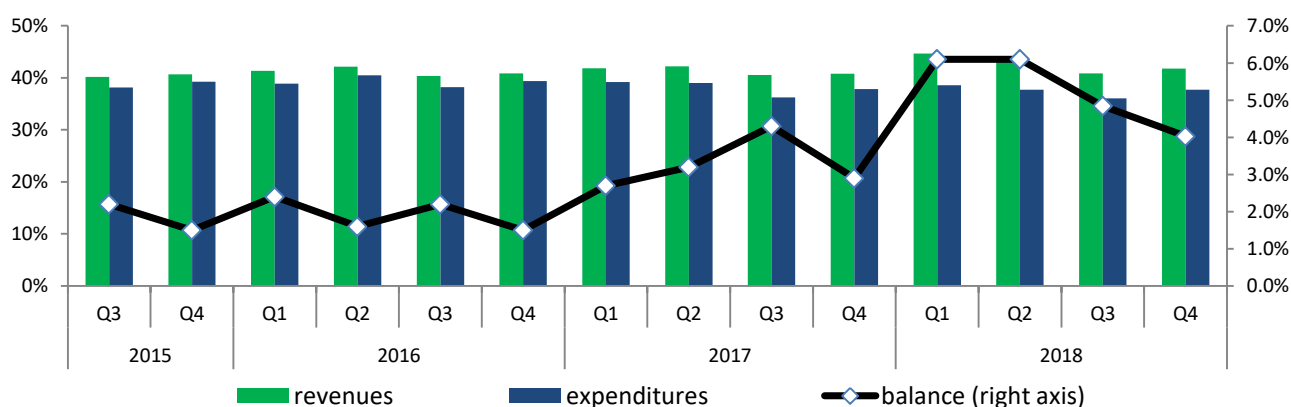
Taking into account the current economic situation and the dynamics of budget execution, the Government, with the approval of the Head of State, decided to use additional budget revenues to increase labor remuneration in the public sector, as well as to repay a part of external state obligations before maturing to reduce the debt burden in the medium term.

When forming the budget for 2019, a conservative scenario of economic development was also adopted, with GDP expected at 2.1%, consumer price index (average annual) - 5.3%, oil price - USD 60 per barrel.

In 2019, Consolidated budget revenues are projected at 37.8 billion rubles, Consolidated budget expenditures - 36.4 billion rubles, and a surplus - 1.4 billion rubles.

The Republican budget for 2019 was approved with revenues of 23.7 billion rubles, expenditures - 22.0 billion rubles, and a surplus of 1.7 billion rubles, provided to use it for the redemption of a part of the public debt. The Republican budget for 2019 makes provision for the losses of budget revenues from the implementation of oil tax maneuvers in the Russian Federation.

Figure 20. General government budget, % of GDP



Source: <http://www.minfin.gov.by>



PUBLIC DEBT

At the end of 2018, the public debt of the Republic of Belarus amounted to 45.4 billion rubles or 35.4% of GDP, including external public debt 28.4% of GDP and domestic public debt 7% of GDP (Figure 21).

Over the past year, public debt in ruble equivalent increased by 3.2 billion rubles, but in foreign currency equivalent it decreased by USD 0.4 billion (to USD 21.0 billion), i.e. debt growth was due to the revaluation of its currency component. The ratio of public debt to GDP in 2018 decreased by 3.7 percentage points up to 35.4% against the economic security threshold of no more than 45% of GDP.

As of January 1, 2019, external public debt amounted to USD 16.9 billion and increased from the beginning of the year by USD 0.2 billion (taking into account exchange rate changes), or by 1.0%.

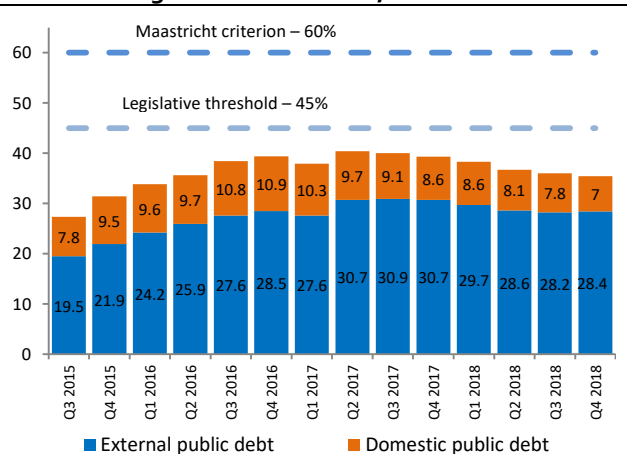
In 2018, external state loans in the amount of USD 2.4 billion were raised, including from the Government and banks of the Russian Federation (USD 0.9 billion), Eurobonds placement (USD 0.6 billion), banks of the PRC (USD 0.5 billion), other creditors (USD 0.4 billion). Repayment of external public debt amounted to USD 2 billion, including USD 0.8 billion Eurobonds, USD 0.4 billion to the Government of the Russian Federation, USD 0.4 billion to banks of the PRC, USD 0.4 billion to EFSD.

Domestic public debt amounted to 8.9 billion rubles as of January 1, 2019, having decreased by 0.3 billion rubles or by 3.1% (taking into account exchange rate changes) since the beginning of the year.

In 2018, foreign currency government bonds for legal entities and individuals were placed for a total of USD 529.5 million. Repayment of the bonds was in the amount of USD 864.9 million and 123.4 million rubles.

As of January 1, 2019, debt guaranteed by the Government of the Republic of Belarus amounted to 6.6 billion rubles or 5.1% of GDP, having decreased by 1.1 billion rubles from the beginning of 2018. It included external debt guaranteed by the Republic of Belarus of 2.8% of GDP and domestic debt guaranteed by the Republic of Belarus of 2.3% of GDP (Figure 22).

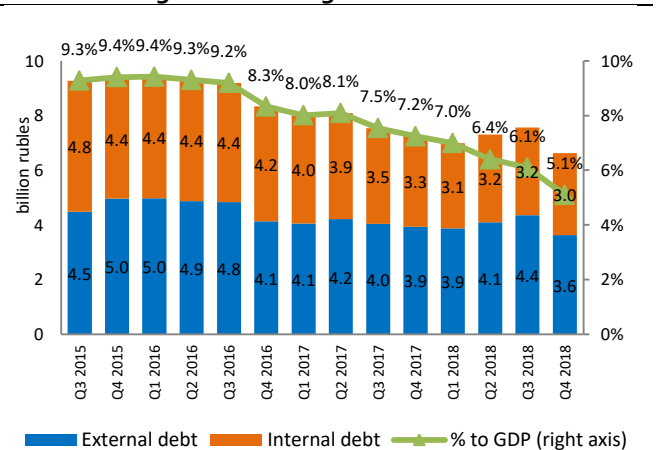
Figure 21. Public debt, % of GDP



Source: <http://www.minfin.gov.by>

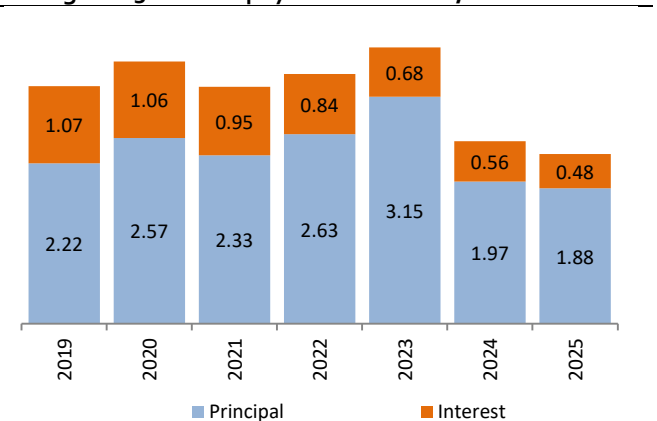
In 2018, a number of measures were taken to reduce the level of public debt. First, due to the admission of revenues over planned volume under the agreements in the oil and gas sector, a number of the most expensive liabilities in the debt portfolio were prematurely repaid, thus reducing the level of public debt and the budget expenditures on its servicing in the medium term. Secondly, interest rates on the most "expensive" issues of government bonds reduced. A more stringent approach was adopted to attract government loans for project financing: In fact, government decisions from September 2018 actually introduced a moratorium on new borrowings of a commercial nature.

Figure 22. Public guaranteed debt



Source: <http://www.minfin.gov.by>

Figure 23. Debt repayment schedule, USD billion



Source: <http://www.minfin.gov.by>



SECURITIES MARKET

The debt securities market in the Republic of Belarus is represented by bonds issued by banks, enterprises of the real sector of the economy, other business entities, local state authorities, and the National Bank and the Ministry of Finance as the issuer of government securities.

By the end of 2018, the total number of bond issuers amounted to 275 subjects, having increased over the year by 10.4%. The corporate bonds sector (183 issuers) demonstrated the largest growth rate - 15.8%. There were 1001 bond issues in circulation. The total number of bond issues increased during the year by 11.2%.

In 2018, the total amount of bonds issued by all categories of issuers was 30.6 billion rubles at a nominal value, including: bank bonds - 8.5 billion rubles (up by 18% over 2017), enterprises - 7.5 billion rubles (up by 24.9%), local authorities - 3.4 billion rubles (down by 4.6%); government bonds - 8.9 billion rubles (down by 3.2%), bonds of the National Bank - 2.3 billion rubles (down by 51%).

Bonds were issued for a period of 1 to 5 years - 7.7 billion rubles (+ 18.2% compared to 2017), for a period of 5 to 10 years - 7.6 billion rubles (+ 12.4%); for a period of more than 10 years - 4.1 billion rubles (+ 17.3%).

In 2018, the total amount of transactions in the primary and secondary markets with all types of bonds amounted to 29.14 billion rubles and increased by 93.3% compared with 2017. At the same time, the volume of operations with government bonds amounted to 3.8 billion rubles (+ 82.5% compared with 2017), bonds of the National Bank - 1.01 billion rubles (-25.2%), bonds of local authorities - 82.1 million rubles (-78.3%), bonds of banks - 16.6 billion rubles (+ 240.3%), bonds of enterprises - 2.1 billion rubles (-16.2%).

In the Republic of Belarus, 4 411 joint-stock companies are registered, of which 2 338 are open JSC, 2 073 are closed JSC. As of January 1, 2019, the total issue of shares amounted to 32.7 billion rubles at par value (+ 5.1%). The volume of transactions with shares in 2018 amounted to 718.01 million rubles, having decreased by 12.5% compared with the volume of operations in 2017 (820.9 million rubles).

The total issue of all types of securities amounted to 63.3 billion rubles in 2018.

In 2018, the total volume of operations with all types of securities (stocks and bonds) in all segments of the stock market amounted to 29.9 billion rubles, increasing by 87.8% compared to 2017 (15.9 billion rubles). At the same time, the volume of transactions in the organized securities market amounted to 13 billion rubles (+ 64.7%), the unorganized segment of the securities market reached 16.9 billion rubles (+ 110.7%).

On July 1, 2018, the Decree of the President of the Republic of Belarus No. 154 dated May 11, 2017 "On Financing of the Commercial Organizations under Concession of the Rights (Claims)" came into the force. The decree aims to create legal conditions for financing business entities under the assignment of rights (claims) on issued loans, other receivables by issuing a new type of bonds, i.e. using securitization mechanism.

In July 2018, the Law of the Republic of Belarus dated July 17, 2017 "On Investment Funds" came into the force. The law aimed at shaping the institution and mechanisms for collective investments, which creates prerequisites for expanding the use of securities market instruments by a wide range of investors.

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