

BELARUS

**STATEMENT BY MR ZAICHENKO, MINISTER OF ECONOMY,
ALTERNATE GOVERNOR FOR BELARUS,**

**AT THE
PLENARY SESSION OF THE SEVENTEENTH ANNUAL MEETING
OF THE BOARD OF GOVERNORS OF THE EBRD**

19 MAY 2008

(Draft)

Mr Chairman, Mr President, Governors, Ladies and Gentlemen

May I first of all commend the high level of organisation of this Seventeenth Annual Meeting of the Board of Governors of the European Bank for Reconstruction and Development and express my appreciation to the organisers and also to the Government of Ukraine and the Mayor's Office of the City of Kiev for their cordiality and hospitality.

Long-standing economic and cultural ties link Belarus and Ukraine. Our countries cooperate closely on a variety of mutually-advantageous economic projects. So it is even more of a pleasure that this Annual Meeting of the EBRD Board of Governors is being held in Ukraine, a country that is friendly to us.

The Board of Governors' decision to hold this Meeting in Kiev is evidence, chiefly, that the role of CIS countries in all-European regional policy and directly in the activities of the European Bank for Reconstruction and Development is increasing.

We should like to note with satisfaction that the year 2007 was founded on principles of constructive dialogue between Belarus and the Bank, both at the level of Bank staff and at the highest level.

The Government of Belarus learned with satisfaction of the appointment of Mr Valdas Vitkauskas as the Head of the EBRD Regional Office in Minsk.

The results of the dialogue set out in the Strategy for Cooperation between the Republic of Belarus and the EBRD for the period 2006-8 took specific form in the expansion of financing for the programme of support for micro, small and medium-sized businesses, the establishment of a specialised bank for microfinancing and other operations of the Bank.

At the same time, there is in our cooperation an unproductive factor that is holding back relations – the scenario-based approach in the implementation of the Strategy.

For more than 10 years, the economy of Belarus has been developing rapidly in an attractive investment climate. The Belarusian economy has reached the stage when we are using the advantages of economic liberalisation sensibly and effectively. A

number of decisions have been taken recently to this end. I shall list the most important of them:

- abolition of the “golden share”
- improvement of procedures for corporatisation, privatisation and the use of property
- development of the fund and financial markets
- optimisation of taxation for the real sector of the economy
- liberalisation of the external economic impact of customs legislation
- transition to the principle of declaration in the registration of management personnel
- encouragement of business development and attraction of investment in small, medium-sized and other towns

In this connection, we expect to build relations with the Bank on a qualitatively new level aimed at implementation of the Bank’s strategic development document, the Third Capital Resources Review for 2006-2010.

The Republic of Belarus, as a shareholder of the Bank, takes a positive view of the financial results of its work in 2007. The Belarusian delegation approves the Bank’s Annual Report and Financial Review for 2007.

However, we cannot agree with the adoption of a resolution on the distribution of the Bank’s net profit in 2007, in particular, the allocation of most of it to the strategic reserve. The adoption of this document will lead to the freezing of the overall volume of operations of the Bank for the period 2008-2010, which runs counter to the Bank’s basic mandate, that of helping to accelerate the process of transition to a market economy in countries in the region of its operations, and is also not in the interests of our countries.

Belarus supports the changes, started in 2007, in the EBRD’s planning and budgetary process, but at the same time we insist on the expansion of the Bank’s volume of operations in the near medium term through the allocation of part of the net profit achieved by the Bank to these ends.

In addition, we think that the amount of the Bank’s business profits allocated to technical assistance for the preparation and implementation of EBRD projects requiring such financing should be higher.

Mr President

On behalf of the Belarusian Government, I should like to express sincere thanks to the staff and management of the Bank for their professionalism, to the Board of Directors

and personally to Mr Lemierre, the President of the Bank, for their successful work during 2007. I should also like to express the hope that the results of the Bank's work in 2008 will be equally impressive.

We are sure that the Bank will be able to cope with the tasks it has set for 2008 and will be able to maintain its position and reputation as an authoritative international financial institution.

Thank you for your attention.