

BELARUS

STATEMENT BY V I SEMASHKO EBRD GOVERNOR FOR BELARUS

May I begin by expressing my sincere gratitude to the government of the Hashemite Kingdom of Jordan for its hospitality and assistance with the organisation of the 27th Annual Meeting of the EBRD Board of Governors.

The world economy is currently at the peak of its business cycle. In 2017, its growth rate reached 3.8 per cent, the highest level since 2011. The international community expects the coming two years to bring a further slight acceleration in economic growth, to be followed by a weakening of the impact of cyclical factors.

In that regard, it is important to be well-informed in capitalising on the existing situation and in taking advantage of the emerging opportunities to carry out appropriate policies and structural reforms, as well as to build up reserves. These steps will enable our countries to increase the prosperity of their peoples, enhance their ability to withstand shocks and create strong foundations that will enable them to overcome the next slow-down.

For the Republic of Belarus, 2017 was the year we returned to positive growth rates after a two-year downturn. Based on 2017 results, the economy grew at a rate of 2.4 per cent. External and internal balance was restored this year. We succeeded in greatly reducing inflation and devaluation expectations (the annual inflation rate reached a historic national low of 4.6 per cent throughout the year), and in bringing down the current account deficit (– 1.7 per cent of GDP). We can therefore say with complete confidence that the country's economy has achieved macroeconomic balance.

This year, we are expecting the pace of economic growth to pick up, and Belarus is ready to take advantage of this opportunity as part of our cooperation with the EBRD.

At times such as these, many countries, including Belarus, find the support of development organisations especially important. We feel confident that the EBRD, with its unique mandate, vital experience and tools, will be able to offer them significant support.

In this context, the government of the Republic of Belarus is optimistic about the EBRD's ambition to investigate the potential of expanding the geographical scope of its operations. At the same time, however, it faces the complex task of retaining a balance between the interests of its existing countries of operations and a further build-up of its operating activities, which is possible because of its employees' high level of professionalism and a continuing constructive dialogue with the EBRD's member countries.

The Bank's management has identified the southern and eastern Mediterranean region as one of the potential areas of expansion for its operations. We feel confident that this is a region where the Bank will be able to offer countries significant support for their reconstruction and development, by facilitating capital investment, including the revival of the region's economies that have been destroyed or damaged by war. In this light, it would seem promising, subject to the EBRD's statutory bodies adopting the relevant decision on increasing the number of the Bank's countries of operations and on implementing joint projects in the region, to involve companies from the EBRD's member countries, including the Republic of Belarus, in project implementation. This would have a positive impact both

on strengthening bilateral international relations and developing the potential of member countries' private sectors.

It is particularly relevant that the Business Forum, which is part of the Annual Meeting, is being held under the banner *Energising Economies*; it confirms the Bank's willingness to act as partner to each participating country, providing assistance and creating added momentum for economic development.

In 2017, the EBRD made further progress. It increased its financing volumes from EUR 9.4 billion in 2016 to EUR 9.7 billion the following year. This demonstrates yet again that the Bank is actively developing, and focused on fruitful cooperation.

The experience of the Republic of Belarus when cooperating with the Bank also confirms that the EBRD is a reliable and successful partner. Currently, cooperation between the EBRD and the Republic of Belarus is framed by the delivery of the EBRD Strategy for Belarus 2016–2019, and focuses on two core areas: increasing the competitiveness of the real economy and enhancing the sustainability and quality of public services.

The Strategy is being successfully delivered, with the EBRD increasing its funding volumes in the country. In 2017, the Bank signed agreements with a total value of approximately EUR 163 million. That exceeded the level of its operations for 2016 by 23.9 per cent.

Joint projects with the EBRD promote our country's transition to a market-oriented economy, the development of entrepreneurial initiatives and private sector growth. The transition impact of the EBRD's Belarus portfolio is 86.1 per cent, which significantly exceeds this metric's average for the EBRD's other countries of operations (70 per cent).

One of the main areas of cooperation between the Republic of Belarus and the EBRD has traditionally been support for small and medium-sized enterprises, and for private sector development.

For the government of the Republic of Belarus, support for small and medium-sized enterprises constitutes one of the key priorities for the country's medium-term social and economic development. At the end of 2017, a series of legislative instruments was adopted about liberalising entrepreneurial activity and laying the foundations for creating a digital economy; this will inject additional momentum into the development of small and medium-sized enterprises and the private sector in Belarus.

We hope that the EBRD's active cooperation will continue in supporting small and medium-sized enterprises and in implementing new ambitious projects, which will promote the sustainable growth of our economy.

The resumption of the EBRD's involvement with the public sector has contributed to the social and economic development of Belarus. The Bank's support for the transport sector, housing and utilities, and environmental issues will facilitate the delivery of the government's main medium-term programmes. We continue to count on the Bank's cooperation in those areas.

We would like to express our firm belief that cooperation between the EBRD and Belarus has not yet reached its full potential and that new landmark projects still lie ahead. From our side, the Republic of Belarus is open to a constructive and mutually beneficial partnership.

On behalf of the government of the Republic of Belarus, may I express our gratitude to the Board of Directors, and the President and staff of the EBRD for the high professional standards and constructive dialogue that form part of our joint work.