

## Real multi-vectorism

In today's world, the Republic of Belarus finds itself in a geopolitical situation where the need for balanced interaction with all major centres of power has objectively come to the fore in its foreign policy. Its status as a geopolitical crossroads has provided it with attractive opportunities to make the most of its advantageous geographical position and existing transit and industrial potential, while at the same time bringing conflicts close to its borders that have never before in its sovereign history flared up and developed so rapidly and unpredictably. In the context of growing hybrid threats and the deployment of information wars on virtually all media fronts, it is precisely the main principle of the Republic of Belarus' foreign policy – multi-vectorism – that has become the reliable foundation on which Belarusian geopolitical identity and Belarusian national interests are based today, the most important of which is ensuring balanced interaction with all participants in modern international relations, both bilaterally and multilaterally. This study discusses how this principle is being implemented in practice today.



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## Real multi-vectorism

*Belarus in the system of external relations*

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## INTRODUCTION

At the beginning of 2015, the Republic of Belarus maintained diplomatic relations with 174 countries, 56 of which hosted 67 Belarusian diplomatic missions. At the end of 2014, the legal framework for international cooperation of the Belarusian state consisted of 2,214 bilateral and 1,655 multilateral agreements. This reference data objectively reflects the main vectors of Belarus' foreign policy: active participation in Eurasian integration; multifaceted alliance with the Russian Federation; pragmatic interaction with the European Union; intensification of dialogue with the United States of America; comprehensive strategic partnership with the People's Republic of China; promotion of Belarusian interests and their consolidation in Asia, Africa and Latin America; effective membership in universal and specialised, global and regional international organisations.

This list shows that Belarus, in today's interdependent, contradictory and unstable world, finds itself in a geopolitical situation where the need for balanced interaction with all major centres of power has objectively come to the fore in its foreign policy. Its status as a geopolitical crossroads has provided Belarus with attractive opportunities to make the most of its advantageous geographical position and existing transit and industrial potential, while at the same time bringing conflicts closer to its borders than ever before in its sovereign history, conflicts that have never before flared up and developed so rapidly and unpredictably.

In the context of growing hybrid threats and the deployment of information warfare on virtually all media fronts, it is precisely the basic principle of foreign policy of the Republic of Belarus – the multivectoral approach – that has become the reliable foundation on which Belarusian geopolitical identity, located at the intersection of civilisational fault lines, and Belarusian national interests are based today, the most important of which is ensuring balanced interaction with all participants in modern international relations, both bilaterally and multilaterally. This study will discuss how this principle is being

implemented in practice today.

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## CHAPTER 1

### BELARUS - UNITED STATES OF AMERICA: PROSPECTS FOR COOPERATION BASED ON EQUAL DIALOGUE

At the end of February 2015, a meeting was held in Minsk between the Belarusian head of state and US Assistant Secretary of State E. Rubin, during which "the parties noted the recent positive dynamics in relations"<sup>1</sup>. This fact once again demonstrates that the normalisation of bilateral relations with the United States is an important direction of Belarus' foreign policy. The two countries established diplomatic relations on 28 December 1991 and, over the next few years, managed to lay the foundation for cooperation in the political, trade, economic and humanitarian spheres. However, since 1997, "the United States has pursued a policy of 'selective engagement' towards Belarus, which has led to a decline in the level of inter-state cooperation"<sup>2</sup>. Nevertheless, even under such conditions, Belarusian-American cooperation continued in areas of mutual interest and on issues of global and regional security.

In particular, in 2004, Belarus allowed the American side to use its airspace to land at Belarusian airfields when flying to Afghanistan. Since January 2011, rail transit of cargo for the American military in Afghanistan has been carried out through Belarusian territory. In 2013, "this agreement was confirmed and expanded"<sup>3</sup>. In addition, the parties continued to cooperate on preventing the illegal transit of nuclear materials and on investigating specific international crimes that harm the personal and property security of citizens. It is also a fact that the United States supported Belarusian initiatives in the United Nations to combat human trafficking and prevent illegal organ trafficking.

In December 2010, during a meeting in Astana between the foreign ministers of

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<sup>1</sup> Meeting with US Deputy Assistant Secretary of State Eric Rubin [Electronic resource]. - 2015. - URL: [http://president.gov.by/ru/news\\_ru/view/vstrecha-s-zamestitelem-pomoschnika-gossekreterija-ssha-erikom-rubinvm-10927/](http://president.gov.by/ru/news_ru/view/vstrecha-s-zamestitelem-pomoschnika-gossekreterija-ssha-erikom-rubinvm-10927/)

<sup>2</sup> Belarus and the Americas [Electronic resource]. - 2014. - URL: <http://mfa.gov.by/bilateral/america/>

<sup>3</sup> Answers by Dmitry Mironchik, Head of the Information Department and Press Secretary of the Ministry of Foreign Affairs, to questions from journalists during a briefing held on 5 June 2014 [Electronic resource]. - 2014. - URL: [http://mfa.gov.by/press/news\\_mfa/f34faf3469a5ce90.html](http://mfa.gov.by/press/news_mfa/f34faf3469a5ce90.html)

the two countries, Minsk and Washington adopted a joint statement on cooperation between Belarus and the United States in the field of nuclear security and non-proliferation, in which the American side recognised the historic decision of the Belarusian side to renounce its nuclear weapons, adopted in 1994, as a significant contribution to nuclear disarmament and reaffirmed its security guarantees to Belarus. The parties also pledged to continue joint work in the field of nuclear safety and to "strengthen global cooperation in the peaceful use of nuclear energy in accordance with international standards"<sup>4</sup>.

Two weeks later, at a meeting with representatives of American think tanks, the Belarusian head of state declared Belarus' readiness "for full-scale normalisation of relations with the United States on a partnership basis"<sup>5</sup>. And in a report to the Fourth All-Belarusian People's Assembly in December 2010, unilateral economic sanctions by the US were described as "the wrong tool, which gives the wrong result. It must become a thing of the past"<sup>6</sup>. It should be recalled that in 2007-2008, the US imposed restrictive economic measures against the Belneftekhim concern. In 2011, the sanctions policy was continued, and in August, the US imposed restrictions on four enterprises of the same concern at once.

However, in this case, the policy clearly contradicted economic reality, since, despite the tightening of sanctions against Belarus, trade between Belarus and the US grew by almost 30 per cent in 2011 compared to 2010, reaching \$642.7 million. At that time, the main Belarusian exports were metal products, petrochemical and oil refining products, casein, linen fabrics, optical products, woodworking products and food products.

This suggests that US business circles have developed a different view of how to develop relations with the Republic of Belarus. This is also evidenced by the fact

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<sup>4</sup> Joint statement by Foreign Minister Martynov and Secretary of State Clinton [Electronic resource]. - 2010. - URL:

[http://mfa.gov.by/press/news\\_mfa/e286adcf0ac2c2b.html](http://mfa.gov.by/press/news_mfa/e286adcf0ac2c2b.html)

<sup>5</sup> On 14 December, Alexander Lukashenko met with representatives of US think tanks [Electronic resource]. - 2010. - URL: [http://president.gov.by/ru/news\\_ru/view/14-dekabria-aleksandr-lukashenko-vstretilsia-s-predstaviteljami-analiticheskix-tsentrov-ssha-4959/](http://president.gov.by/ru/news_ru/view/14-dekabria-aleksandr-lukashenko-vstretilsia-s-predstaviteljami-analiticheskix-tsentrov-ssha-4959/)

<sup>6</sup> Our historical choice is an independent, strong and prosperous Belarus. Report by President A. G. Lukashenko at the Fourth All-Belarusian People's Assembly / SB - Belarus Today. - 2010. - 7 Dec.

that in the spring of 2010, major American companies Honeywell, Cisco Systems, Navistar, Arvin Meritor, Microsoft, and Siguler Gaff, together with Belarusian businessmen, created the Belarus-US Business Cooperation Council. And the volume of American investment in the Belarusian economy at the end of 2011 almost doubled compared to 2010, amounting to \$137.8 million.

Against this backdrop, it seems entirely logical that the first Belarusian-American Investment Forum was held in New York in September 2014, where representatives of US businesses discussed the investment climate in Belarus, national investment projects, opportunities for trade and economic cooperation, as well as in the IT sector and science, taking into account the functioning of integration structures in the post-Soviet space.

All this once again emphasises that the development of friendly and mutually beneficial relations with the United States of America on the basis of constructive and equal dialogue, the principles of mutual respect and partnership is one of the important directions of the modern consistent and balanced multi-vector foreign policy of the Republic of Belarus. In this regard, the Belarusian side proceeds from a simple principle: "If it is impossible to ensure the highest level of state relations at present, we need to find ways to improve relations in other areas, such as the economy, which is beneficial to both countries"<sup>7</sup>. That is why, over the past few years, the search for opportunities to intensify dialogue in a number of areas, including trade, economic, investment and interregional cooperation, has continued in relations with the United States. These efforts have had an impact on the final result: "The level of bilateral trade turnover at the end of 2014 exceeded half a billion dollars"<sup>8</sup>. An important detail: over the past two years, the number of joint Belarusian-American companies in Belarus has increased by more than a third, to 382.

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<sup>7</sup> Makei, V. The Republic of Belarus seeks to improve relations with the United States / V. Makei // [Electronic resource]. - 2012. - URL: <http://mfa.gov.by/press/smi/e3a16dddccc81955.html>

<sup>8</sup> Review of the results of the foreign policy of the Republic of Belarus and the activities of the Ministry of Foreign Affairs in 2014 [Electronic resource]. - 2015. - URL: <http://mfa.gov.by/publication/reports/a2973e28e4b86261.html>

In 2014, one of the largest American corporations, Culligan International, announced its intention to expand its business in Belarus, having already implemented a number of projects in the country. In particular, a number of large milk processing enterprises are equipped with its water purification and treatment systems. They are also used in ice-making technologies at sports arenas. Already implementing projects at water intakes in Minsk, the corporation decided to "significantly expand its production in Belarus and establish the company Culligan Eurasia"<sup>9</sup>, whose products will be targeted at the entire Eurasian space. Currently, the American manufacturer has similar production facilities in the United States and Italy. It is likely that the construction of a water treatment equipment plant in Zaslavl will significantly expand the opportunities for Culligan International in the markets of the post-Soviet countries.

Another US company, Meridican, stepped up its activities in Belarus in 2014 and plans to develop a natural gas engine in collaboration with the Minsk Motor Plant. This cooperation is expected to take place in two stages: the first stage involves the sale of Minsk diesel engines on the American market, and the second stage involves the manufacture of jointly developed gas engines. In addition, the company is interested in cooperating with Belarus in other areas. These include energy, the oil and gas sector, and nuclear energy"<sup>10</sup>.

In 2014, the main approaches to the creation of production facilities for passenger cars in Belarus were agreed with General Motors in order to "reach a level of localisation of no less than 30% by 1 January 2017 and 50% or more by 1 July 2018. To this end, in addition to large-scale assembly, we are talking about the creation of production facilities for welding and painting car bodies"<sup>11</sup>. The ultimate goal is to achieve production volumes of 20-25 thousand passenger cars per year. At the same time, Belarusian production will focus on new models that will not be mass-produced.

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<sup>9</sup> American corporation Culligan intends to expand its business in Belarus [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/economics/Amerikanskaja-korporatsija-Culligan-namerena-rasshirjat-svoj-biznes-v-Belarusi\\_i\\_681017.html](http://www.belta.by/ru/all_news/economics/Amerikanskaja-korporatsija-Culligan-namerena-rasshirjat-svoj-biznes-v-Belarusi_i_681017.html)

<sup>10</sup> Mikhail Myasnikovich met with representatives of the American company Meridican [Electronic resource]. - 2014. - URL: <http://government.gov.by/ru/content/5652>

<sup>11</sup> Mikhail Myasnikovich summed up the results of the Belarusian delegation's visit to the United States [Electronic resource]. - 2014. - URL: <http://www.government.by/ru/content/5701>

Interesting prospects for cooperation may open up in Belarus's interaction with such global brands as IBM and Microsoft. In particular, IBM "has expressed its readiness to launch the production of microchips based on its technologies and know-how at a Belarusian enterprise"<sup>12</sup> and has also shown interest in developing partnerships with the Belarusian High-Tech Park in the field of software development. As for Microsoft, it is ready to use its experience and knowledge in the context of to implement a programme to create an "electronic government" and has offered its solutions in the field of providing electronic services to citizens and businesses.

Finally, it is important to mention the intention announced in 2014 by the American company Boeing Commercial Airplanes to intensify further cooperation with Belarusian partners. This involves servicing Boeing aircraft in Belarus, cooperating in the production of components, working out the details of purchasing Boeing 777 intercontinental passenger and cargo aircraft, and providing credit financing for joint projects. In particular, in order to implement these plans, in the summer of 2014 the American company signed an agreement with Belavia for the sale of three new-generation Boeing 737-800 aircraft. The document refers to the direct purchase of aircraft by the Belarusian side with delivery scheduled for 2017. These Boeings "will be configured as economy class and will seat 189 passengers"<sup>13</sup>. Belavia plans to use them on existing charter routes.

There have been signs of increased activity by Belarusian companies in the American market. In January 2014, after a long hiatus, deliveries of tractors from Belarus to the United States resumed. It should be noted that at one time, the Belarus tractor dealer network in North America ranked 4th or 5th among the dealer networks of other global tractor brands. During the Soviet era, approximately 4,000 Belarusian machines were sold annually on the North American market. The reason is that "Belarusian tractors are more reliable and easier to operate, and they are easier to

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<sup>12</sup> Mikhail Myasnikovich met with IBM and Microsoft executives [Electronic resource]. - 2014. - URL: <http://www.government.by/ru/content/5706>

<sup>13</sup> Ivanyuk, T. Boeing and Belavia signed an agreement to purchase three Boeing 737-800 aircraft / T. Ivanyuk // [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/societyv/Boeing-i-Belavia-podpisali-soglashenie-o-pokupke-trex-samoletov-Boeing-737-800-i-673481.html](http://www.belta.by/ru/all_news/societyv/Boeing-i-Belavia-podpisali-soglashenie-o-pokupke-trex-samoletov-Boeing-737-800-i-673481.html)

repair. <...> Most farmers need a simple workhorse that they can repair themselves if necessary"<sup>14</sup>.

In February 2014, the products of the Minsk Tractor Plant were presented at the national agricultural machinery exhibition in the American city of Louisville. As a result, "representatives of the Louisville City Council proposed considering the possibility of organising the production of Belarusian machine-building products in Kentucky for subsequent delivery to the markets of North and South America."<sup>15</sup>. For this reason, negotiations with local companies on increasing supplies of Belarusian tractors and concluding an agreement on representing MTZ's interests in the American market are planned for 2015 as part of the 50th National Agricultural Machinery Exhibition in Louisville.

The state of Maryland is also interested in opportunities for cooperation with Belarusian partners in areas such as biotechnology, drug development and production, microelectronics design, and the chemical industry. This state is one of the most developed in the United States, with an annual gross product exceeding \$300 billion and a population of about six million people. "Every year, the US federal government alone allocates more than \$17 billion to the state for scientific and technological development, while such developments are also actively pursued and financed by private corporations."<sup>16</sup>. It is to be assumed that the agreements reached in 2014 with representatives of the Maryland government on establishing trade and economic cooperation will be followed up in 2015 with specific joint Belarusian-American projects.

Another American region ready to cooperate with Belarusian partners is the state of Texas. <sup>17</sup>In May 2014, the mayors of two cities, Houston and Mogilev, signed an

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<sup>14</sup> Belarus may increase tractor supplies to the American market, says vice president of MTZ Equipment Ltd [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/economics/Belarus-mozhet-narastit-postavki-traktorov-na-amerikanskij-rynok—vitse-prezident-kompanii-MTZ-Equipment-Ltd-i-681022.html](http://www.belta.by/ru/all_news/economics/Belarus-mozhet-narastit-postavki-traktorov-na-amerikanskij-rynok—vitse-prezident-kompanii-MTZ-Equipment-Ltd-i-681022.html)

<sup>15</sup> About the presentation of MTZ products at North America's largest agricultural machinery exhibition [Electronic resource]. - 2014. - URL: [http://mfa.gov.by/print/press/news\\_mfa/ce1411975683293f.html](http://mfa.gov.by/print/press/news_mfa/ce1411975683293f.html)

<sup>16</sup> About the meeting between Chargé d'Affaires O. Kravchenko and representatives of the Maryland state government [Electronic resource]. - 2014. - URL: [http://mfa.gov.by/press/news\\_mfa/ae582706434db10d.html](http://mfa.gov.by/press/news_mfa/ae582706434db10d.html)

<sup>17</sup> On the visit of the Belarusian delegation to Houston [Electronic resource]. - 2014. - URL:

agreement on establishing partnership relations, which may develop in such areas as petrochemicals, energy, oil production, and agriculture. And already in the first quarter of 2015, in Houston, as part of the 8th International Steel Pipe Exhibition, a meeting will be held between Belarusian manufacturers and the management of American Metal Market on increasing supplies of pipe products from Belarus to the American market.

In the Republic of Belarus itself, cooperation with American partners in the Brest region is developing very effectively. In particular, the joint Belarusian-American enterprise Kamsil, which produces chemical elements for use in electronics, exported \$1.2 million worth of its products to the American market in the first seven months of 2014. Overall, foreign trade turnover between the Brest region and the United States for the same period amounted to almost \$16 million. And "there is every opportunity to increase the pace of trade in the future"<sup>18</sup>.

Another interesting fact is that in September 2014, the Brest Fortress Development Fund won a prestigious competition organised by the US government as part of the Embassy Fund for Cultural Heritage Preservation. The fund's project "Inventory and Documentation of Forts and Fortifications of the Brest-Litovsk Fortress" received a grant of \$101,000. This project was the sixth to win funding from the US State Department. "Among such projects related to Belarus' iconic cultural sites are the preservation of Marc Chagall's heritage in Vitebsk, the digitisation of rare audio recordings from the National Library of Belarus, and support for the efforts of the University of Culture to preserve traditional Belarusian rituals"<sup>19</sup>.

Interesting prospects are opening up in relations with American partners for the Grodno region, whose trade turnover with the United States amounted to \$17.3 million in the first eight months of 2014. This Belarusian region imports "artificial fibres,

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[http://mfa.gov.by/press/news\\_mfa/db24ba677217bfb3.html](http://mfa.gov.by/press/news_mfa/db24ba677217bfb3.html)

<sup>18</sup> Vecherko, S. The Brest region offers good conditions for business development - Scott Roland / S. Vecherko // [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/regions/V-Brestskoj-oblasti-xoroshie-uslovija-dlja-razvitiia-Predprinimatelstva-Skott-Roland-i-680518.html](http://www.belta.by/ru/all_news/regions/V-Brestskoj-oblasti-xoroshie-uslovija-dlja-razvitiia-Predprinimatelstva-Skott-Roland-i-680518.html)

<sup>19</sup> Speech by US Chargé d'Affaires Scott Roland at the presentation of the Embassy Fund for the Preservation of Cultural Heritage award to the Brest Fortress Development Fund [Electronic resource]. - 2014. - URL: <http://belarusian.minsk.usembassy.gov/brest-fortress-award.html>

tractors and mechanical devices, blood components" from the US and exports "liquid crystal devices, binoculars, optical fibre, clothing, carpentry products and tableware"<sup>20</sup>. There are eight companies with American capital operating in the Grodno region. In the first half of 2014, \$3.9 million in American investment was attracted to the region's economy.

The cooperation between the Grodno Meat Processing Plant and the large American beef processor Rastelli Foods Group, which has four meat processing plants and a trade and logistics complex with an annual production volume exceeding \$1.2 billion. Back in 2014, the American side outlined its goal in partnership with Grodno: "to create a joint venture for the production and processing of premium beef, to help promote Belarusian products on world markets"<sup>21</sup>. A few months ago, the parties signed a business agreement on joint efforts to promote Grodno beef products to third-country markets. To this end, new types of products have already been developed jointly. Now, the Grodno Meat Processing Plant plans to launch a new workshop for the production of raw smoked sausage products with a capacity of 500 tonnes per month, which complies with international standards.

It is worth adding that in 2014, deliveries to the United States of products from enterprises of the Ministry of Agriculture and Food of Belarus increased by half. It is already a fact that "Belarusian dairy products, bakery and pasta products, and alcohol <...> have already established themselves in the North American market. The task is to increase supplies, expand the range of products supplied, and enter American retail chains"<sup>22</sup>.

In 2015, it is planned to intensify cooperation between Belarus and the following

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<sup>20</sup> Roland, S. It is important to familiarise American businesspeople with the opportunities for partnership with Belarus / S. Roland // [Electronic resource]. - 2014. - URL:

[http://www.belta.by/ru/person/opinions/Skott-Roland\\_i\\_0000515104.html](http://www.belta.by/ru/person/opinions/Skott-Roland_i_0000515104.html)

<sup>21</sup> Grigorovich, T. Belarus and Rastelli Foods Group discuss opportunities for supplying Belarusian beef to the Middle East / T. Grigorovich // [Electronic resource]. - 2015. - URL: [http://www.belta.by/ru/all-news/economics/Belarus-i-Rastelli-Foods-Group-obsuzhdaJut-vozmozhnosti-postavki-belorusskoi-goviadiny-na-Blizhnij-Vostok\\_i\\_696867.html](http://www.belta.by/ru/all-news/economics/Belarus-i-Rastelli-Foods-Group-obsuzhdaJut-vozmozhnosti-postavki-belorusskoi-goviadiny-na-Blizhnij-Vostok_i_696867.html)

<sup>22</sup> Grigorovich, T. Belarus and the US to discuss the possibility of establishing a joint venture in the field of pedigree pig breeding / T. Grigorovich // [Electronic resource]. - 2015. - URL: [http://www.belta.by/ru/all-news/economics/Belarus-and-the-US-discuss-the-possibility-of-organising-a-joint-venture-in-the-field-of-breeding-pig-farming\\_i\\_696482.html](http://www.belta.by/ru/all-news/economics/Belarus-and-the-US-discuss-the-possibility-of-organising-a-joint-venture-in-the-field-of-breeding-pig-farming_i_696482.html)



American regions: the District of Columbia and the state of Indiana – on the development of cooperation in agriculture and the implementation of joint projects in the field of pig breeding; the states of North Dakota and Nebraska - on issues of cattle breeding, sheep breeding and crop production; the state of Massachusetts - to establish supplies of Belarusian woodworking and furniture products to the American market.

All these facts indicate that the interaction between the Republic of Belarus and the United States of America is beginning to take on the character of a dialogue, which "always provides an opportunity to solve problems and promote certain processes, taking into account mutual interests"<sup>23</sup>. Moreover, according to the Americans themselves, Belarus is of interest to American business in terms of investment prospects, which is explained by the availability of qualified personnel and a favourable geographical location in the republic, especially in terms of access to the huge Eurasian market. Therefore, "American business is interested in any opportunity to establish good cooperation that would be successful and, of course, profitable"<sup>24</sup>.

In fact, it was for this reason that the Belarusian government announced in September 2014 that it "is counting on a reset of Belarusian-American relations"<sup>25</sup> and is ready to do everything in its power to make Belarus the best place for American investors to implement their projects. But to achieve this, of course, a certain path to mutual understanding must first be traversed. The first concrete step in this direction could be the creation of a reliable legal framework for more effective development of trade and economic cooperation between the two countries. That is why the Belarusian side has proposed to its American partners "to conclude at least three agreements in the very near future: on mutual protection and promotion of investments, on avoidance of

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<sup>23</sup> Belarus' relations with the EU and the US are dynamic - Guryanov [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/politics/Otnosheniia-Belarusi-s-ES-i-SShA-naxodjatsia-v-dinamike-Gurjanov\\_i\\_680601.html](http://www.belta.by/ru/all_news/politics/Otnosheniia-Belarusi-s-ES-i-SShA-naxodjatsia-v-dinamike-Gurjanov_i_680601.html)

<sup>24</sup> The development of business cooperation between Belarus and the US will lead to an improvement in political relations - representative of American business [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/politics/Razvitie-delovogo-sotrudnichestva-Belarusi-s-SShA-privedet-i-k-uluchsheniju-politicheskix-otnoshenij-predstavitel-amerikanskogo-biznesa\\_i\\_681019.html](http://www.belta.by/ru/all_news/politics/Razvitie-delovogo-sotrudnichestva-Belarusi-s-SShA-privedet-i-k-uluchsheniju-politicheskix-otnoshenij-predstavitel-amerikanskogo-biznesa_i_681019.html)

<sup>25</sup> Mikhail Myasnikovich took part in the first Belarusian-American Investment Forum in New York [Electronic resource]. - 2014. - URL: <http://www.government.by/ru/content/5699>

double taxation, and on legal assistance"<sup>26</sup> .

Let us hope that in light of the February visit to Minsk by US Assistant Secretary of State E. Rubin, the aforementioned draft documents will take shape in the near future. All the more so because such a development is fully in line with the official position of the American side: "We are exploring avenues of cooperation and examining areas of mutual interest. <...> We would like to have a constructive relationship with Belarus"<sup>27</sup> . It seems that all the necessary prerequisites for the development of Belarusian-American cooperation in this vein – on the basis of equal dialogue – have already been created. The time has come for concrete action in this direction.

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<sup>26</sup> Matveev, V. Belarus and the United States may soon sign an agreement on mutual protection and promotion of investments / V. Matveev // [Electronic resource]. - 2014. - URL: <http://www.belta.by/ru/all-news/economics/Belarus-i-SShA-mogut-v-blizhaishee-vremia-podpisat-soglashenie-o-vzaimnoj-zaschite-i-pooschrenii-investitsij-i-680999.html>

<sup>27</sup> Interview with Chargé d'Affaires Scott Roland to the Belapan news agency [Electronic resource]. - 2014. - URL: <http://belarusian.minsk.usembassy.gov/rauland-belapan102215.html>

## CHAPTER 2

### BELARUS - CHINA: REGIONAL ASPECTS OF A COMPREHENSIVE STRATEGIC PARTNERSHIP AND THE MEDIA

The highest level of relations – a comprehensive strategic partnership – was established between the Republic of Belarus and the People's Republic of China in July 2013. For the Belarusian side, this fact is of exceptional importance not only because "only nine countries in the world have such a high level of relations with Great China"<sup>28</sup>, but also because China's development in recent decades is a good example of non-standard, steady progress based on traditions, history and a skilful understanding of modern trends. Therefore, for official Minsk, "equal cooperation with the People's Republic of China has been and remains a long-term priority of Belarus' foreign policy"<sup>29</sup>.

Indeed, in 2013, China's imports and exports exceeded \$4 trillion, ranking first in the world in terms of this indicator. For 2014, the country's government planned a 7.5 per cent increase in gross domestic product. And by July of this year, China "had created a total of about 800,000 enterprises with foreign capital participation, utilising \$1.5 trillion in foreign capital. <...> GDP growth for the first half of this year was 7.4%"<sup>30</sup>. As for Belarusian-Chinese mutual trade, its volume grew by 17.2 per cent in 2013 and amounted to \$3.29 billion. This indicates that "the development of Chinese-Belarusian relations has clear priorities and a clear focus, a reliable political foundation and a guarantee of cooperation mechanisms"<sup>31</sup>.

The main guarantees of the Belarusian-Chinese cooperation mechanism include, first and foremost, the "Programme for the Development of Comprehensive Strategic

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<sup>28</sup> Mikhail Myasnikovich gave an interview to Chinese media [Electronic resource]. - 2014. - URL: <http://www.government.by/ru/content/5370>

<sup>29</sup> Congratulations to President Xi Jinping of the People's Republic of China on the 65th anniversary of the founding of the People's Republic of China [Electronic resource]. - 2014. - URL: [http://president.gov.by/ru/news\\_ru/view/pozdravlenie-predsedatelju-knr-si-tszinpinu-s-65-j- godovschinoj-provozglashenija-kitajskoj-narodnoj-respubliki-9891/](http://president.gov.by/ru/news_ru/view/pozdravlenie-predsedatelju-knr-si-tszinpinu-s-65-j- godovschinoj-provozglashenija-kitajskoj-narodnoj-respubliki-9891/)

<sup>30</sup> Cimin, C. Comprehensive strategic cooperation between Belarus and China is rapidly gaining momentum / C. Cimin // [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/person/interview/Tsuij-Tsimin\\_i\\_515040.html](http://www.belta.by/ru/person/interview/Tsuij-Tsimin_i_515040.html)

<sup>31</sup> Tsimin, C. Belarus - China: friendship based on mutual pragmatism / C. Tsimin // [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/person/interview/Tsuij-Tsimin\\_i\\_0000514734.html](http://www.belta.by/ru/person/interview/Tsuij-Tsimin_i_0000514734.html)

Partnership between the Republic of Belarus and the People's Republic of China for 2014-2018", which is seen as a "road map" for cooperation over the next five years. To implement the tasks set out in the programme, in September 2014 the parties established a high-level intergovernmental committee on cooperation, which is a "new mechanism for coordinating bilateral relations at the level of deputy prime ministers, created with the aim of further strengthening and developing a comprehensive strategic partnership"<sup>32</sup>. The committee consists of five commissions: two previously existing ones on trade and economic cooperation and scientific and technical cooperation, as well as three new ones in the fields of education, culture and security. At the committee's first meeting in Beijing, agreements were reached on continuing active cooperation in the credit and financial sphere, developing new mechanisms for interbank cooperation, promoting the construction of the China-Belarus Industrial Park, creating favourable conditions for the implementation of joint projects on the assembly of passenger cars, modernising motorways and rail transport, jointly creating heavy-duty tractors, and "intensifying interregional contacts"<sup>33</sup>.

Indeed, the rapid development of ties between the regions of Belarus and China has become an important driving force for bilateral cooperation in recent years. It is in the regions of Belarus, together with Chinese partners, that a large-scale modernisation of the country's cement industry has been carried out, two large power plants have been reconstructed and two new ones have been built, a bleached pulp mill, a hydroelectric power plant, motorways and a cardboard factory are under construction, and railway sections are being electrified. Among the most promising and large-scale interregional cooperation projects are the creation of the China-Belarus Industrial Park and the construction of a passenger car manufacturing plant in the Minsk region. All this suggests that the above facts are only the beginning of the implementation of the policy of comprehensive strategic partnership between Belarus and China at the regional level. This policy should yield impressive new results in the coming years, as

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<sup>32</sup> On the first joint meeting of the Belarusian-Chinese Intergovernmental Committee on Cooperation [Electronic resource]. - 2014. - URL:

<sup>33</sup> Anatoly Tozik took part in the meeting of the Belarusian-Chinese Intergovernmental Committee on Cooperation [Electronic resource]. - 2014. - URL: <http://www.government.by/ru/content/5677>

evidenced by current trends.

Thus, "the number of Belarusian and Chinese cities and regions that are twinned has increased to 12"<sup>34</sup>. The fact that at the end of September 2014, the parties, noting the transition to "a fundamentally new level of interaction, which is not only trade and economic, but also investment cooperation"<sup>35</sup>, signed an agreement between the Ministry of Economy of Belarus and the Ministry of Commerce of the PRC on the establishment of a working group on interregional cooperation of the Chinese-Belarusian Commission on Trade and Economic Cooperation of the Belarusian-Chinese Intergovernmental Committee on Cooperation. The scope of activities of this working group promises to be very broad.

In January 2014, Minsk and Shenzhen, China, became sister cities. Shenzhen is located in Guangdong Province, which has a population of over 10 million and where the existing special economic zone is one of the fastest growing in China. When signing the twinning agreement, the parties expressed their hope that it "will contribute to the creation of a comprehensive contractual basis for the implementation of joint projects"<sup>36</sup>, including ideas already under discussion for the creation of a Belarusian-Chinese venture fund and the establishment of a joint university in the field of information and communication technologies. This is not the first time that the Belarusian capital has established sister city ties with Chinese partners. Minsk has enjoyed a friendship lasting more than 22 years with Changchun, the administrative centre of Jilin Province, one of the largest industrial centres in north-eastern China with a population of about 8 million people, where science, automotive engineering and optical instrument manufacturing are well developed. The sister cities have signed a long-term cooperation programme until 2020, which, among other things, aims to "develop cooperation between the Sino-Belarusian Science and Technology Park, which operates in Changchun, and the Sino-Belarusian Industrial Park in Minsk"<sup>37</sup>.

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<sup>34</sup> Tsimin, C. Belarus - China: friendship based on mutual pragmatism / C. Tsimin // [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/person/interview/Tsuj-Tsimin\\_i\\_0000514734.html](http://www.belta.by/ru/person/interview/Tsuj-Tsimin_i_0000514734.html)

<sup>35</sup> Mikhail Myasnikovich met with Zhang Gaoli [Electronic resource]. - 2014. - URL: <http://www.government.by/ru/content/5713>

<sup>36</sup> Grigorovich, T. Minsk and Shenzhen, China, became sister cities / T. Grigorovich // [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/regions/Minsk-i-kitajskij-Shenchzen-stali-pobratimami\\_i\\_657832.html](http://www.belta.by/ru/all_news/regions/Minsk-i-kitajskij-Shenchzen-stali-pobratimami_i_657832.html)

<sup>37</sup> Minsk and Changchun, China, plan to develop cooperation between science parks [Electronic

Overall, dynamic ties with Chinese regions have enabled the Belarusian capital to increase trade turnover with China to \$610 million.

More than 20 years have passed since the establishment of cooperation between the Brest region and Hubei province. During this time, Brest and Xiaogan, Baranovichi and Chibi, located in these regions, have also become sister cities. In December 2013, the parties signed a new cooperation plan in the trade, economic, scientific, technical and cultural fields for 2014-2020, which should take this interregional cooperation to a whole new level. The starting point here can be 2013, when, according to , the foreign trade turnover of the Brest region with China amounted to about \$300 million. The main items of Brest's exports to the Chinese market were dry milk whey, as well as flax fibre, stone products, natural and mineral waters. Another important fact is that "in recent years, several investment projects have been implemented in the Brest region with Chinese capital, including the construction of a new power unit at the Berezovskaya GRES"<sup>38</sup> . And in Xiaogan, Brest's sister city, there is a Belarusian-Chinese joint venture called "Sangjiang-Volat".

In recent years, Heilongjiang Province has become an active participant in Belarusian-Chinese interregional cooperation. whose administrative centre, Harbin, saw the registration of the Harbin Dongjin Gomel agricultural machinery joint venture in 2009, which manufactures self-propelled forage harvesters. In 2013, about 900 units of equipment were assembled here, and in the coming years, they plan to increase production to 3,000 combines per year. In 2010, another joint venture, Harbin Dongjin Minsk Tractor, began operating in Harbin, specialising in the production of high-powered tractors. It is possible that this joint venture will be used as a basis for the production of heavy-duty tractors for the needs of Chinese agriculture, which could become one of the new areas of bilateral cooperation. "We are talking about tractors with 500 horsepower or more. <...> First and foremost, Chinese agriculture is interested

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- URL:

[http://www.belta.by/ru/all\\_news/economics/Minsk-i-kitajskij-Chanchun-planirujut-razvivat-sotrudnichestvo-mezhdu-nauchnyimi-parkami-i-677083.html](http://www.belta.by/ru/all_news/economics/Minsk-i-kitajskij-Chanchun-planirujut-razvivat-sotrudnichestvo-mezhdu-nauchnyimi-parkami-i-677083.html)

<sup>38</sup> Vecherko, S. Brest Region counts on fruitful cooperation with China's Hubei Province / S. Vecherko // [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/regions/Brestskaia-oblast-rasschityvaet-na-plodotvornoe-sotrudnichestvo-s-kitajskoj-provintsiej-Hubei-i-683503.html](http://www.belta.by/ru/all_news/regions/Brestskaia-oblast-rasschityvaet-na-plodotvornoe-sotrudnichestvo-s-kitajskoj-provintsiej-Hubei-i-683503.html)

in such equipment"<sup>39</sup> .

Heilongjiang Province has also signed an agreement to establish sister-city relations with the Vitebsk Region, which may develop in a wide variety of areas, according to . For example, flax cultivation and the meat and dairy industry. It should be noted that the Vitebsk region already has successful experience in implementing investment projects with Chinese participation in its region, such as the construction of a new unit at the Lukomlskaya GRES. And in July 2014, another landmark Belarusian-Chinese project was symbolically launched - the construction of the main hydraulic structures of the Vitebsk Hydroelectric Power Plant. The installed capacity of its four hydroelectric units will be 40 MW, "it will become the most powerful hydroelectric power plant in Belarus"<sup>40</sup> . The facility is expected to be commissioned in 2017. It should be noted that Belarus' Energy Security Concept until 2020 provides for the creation of a cascade of four hydroelectric power plants on the Western Dvina: Polotsk, Vitebsk, Beshenkovichi and Verkhnedvinsk. Taking this experience into account, the Vitebsk region has proposed "a number of projects to Chinese investors, including the creation of a logistics centre based at Vitebsk Airport"<sup>41</sup> .

In turn, the Chinese side has proposed detailed discussions on projects to build large bridges in Vitebsk, Beshenkovichi District and Polotsk, as well as in the pharmaceutical and radio-electronics sectors. It is not difficult to imagine that the implementation of these proposals could lead to a noticeable intensification of Belarusian-Chinese industrial cooperation, which is particularly important for this region of Belarus, given that "to date, not a single joint venture has been established in the Vitebsk region"<sup>42</sup> . In Heilongjiang Province, another participant in Belarusian-

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<sup>39</sup> Grigorovich, T. Belarus and China set themselves the task of developing heavy-duty tractors for agriculture in the PRC / T. Grigorovich // [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/economics/Belarus-i-Kitaj-staviat-zadachu-razrabotat-sverxmoschnye-faktory-dlja-selskogo-xozjajstva-KNR-i-657958.html](http://www.belta.by/ru/all_news/economics/Belarus-i-Kitaj-staviat-zadachu-razrabotat-sverxmoschnye-faktory-dlja-selskogo-xozjajstva-KNR-i-657958.html)

<sup>40</sup> The construction site of the Vitebsk Hydroelectric Power Plant was opened with the laying of a symbolic stone [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/regions/Stroiploschadka-Vitebskoj-GES-otkrylas-zakladkoi-simvolicheskogo-kamnja-i-676098.html](http://www.belta.by/ru/all_news/regions/Stroiploschadka-Vitebskoj-GES-otkrylas-zakladkoi-simvolicheskogo-kamnja-i-676098.html)

<sup>41</sup> Bogacheva, O. Belarusian-Chinese relations are developing at the level of strategic partnership - Cui Qimin / O. Bogacheva // [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/politics/Belorusko-kitaiskie-otnosheniia-razvivaiutsja-na-urovne-strategicheskogo-partnerstva-Tsui-Tsimin-i-665668.html](http://www.belta.by/ru/all_news/politics/Belorusko-kitaiskie-otnosheniia-razvivaiutsja-na-urovne-strategicheskogo-partnerstva-Tsui-Tsimin-i-665668.html)

<sup>42</sup> Bogacheva, O. Tsimin: Regional cooperation holds enormous potential for the development of relations

Chinese interregional cooperation is the city of Suifenhe, where since 2013, on the initiative of the China International Chamber of Commerce, the People's Government of Heilongjiang Province and the city of Suifenhe, the Department of Commerce of Heilongjiang Province, and the Heilongjiang branch of the China Council for the Promotion of International Trade have been holding the International Border Trade Exhibition. The first exhibition "attracted about a thousand enterprises and more than 60,000 visitors from different countries around the world"<sup>43</sup>, and the participants of the second border forum, held in August 2014, along with representatives of Russia, Vietnam and 26 Chinese provinces and autonomous regions, included enterprises from Belarus.

In January 2014, the Grodno Region and Gansu Province signed a memorandum of cooperation on strengthening economic and trade cooperation. In this document, the parties agreed to "promote the strengthening of trade and economic cooperation, the expansion of mutual trade, the development of cooperation in the fields of culture, education and tourism, the deepening of technical and economic cooperation, and the exchange of information"<sup>44</sup>. The parties have accumulated considerable potential for achieving the set goals of cooperation.

Gansu Province is located in central China and has a population of about 26 million people. The petrochemical industry and alternative energy sources such as hydro and wind farms, non-ferrous metallurgy, agricultural engineering. It is through Gansu that the 1,600-kilometre section of the ancient Silk Road passes<sup>45</sup>. It should be recalled that in autumn 2013, Xi Jinping, President of the

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between Belarus and China / O. Bogacheva // [Electronic resource]. - 2014. - URL: <http://www.belta.by/ru/all-news/regions/Tsimin-v-regionalnom-sotrudnichestve-kroetsia-ogromnyi-potentsial-dlja-razvitiia-vzaimootnoshenii-Belarusi-i-Kitaia-i-665800.html>

<sup>43</sup>Grishkevich, A. Belarus plans to participate in an international exhibition in the Chinese city of Suifenhe in 2014 / A. Grishkevich // [Electronic resource]. - 2013. - URL: <http://www.belta.by/ru/all-news/economics/Belarus-planiruet-priniat-uchastie-v-mezhdunarodnoj-vystavke-v-kitajskom-gorode-Suifeng-v-2014-godu-i-654796.html>

<sup>44</sup> Vishnevskaya, T. Grodno Region and Chinese Province of Gansu Sign Memorandum of Cooperation / T. Vishnevskaya // [Electronic resource]. - 2014. - URL: <http://www.belta.by/ru/all-news/regions/Grodnenskaja-oblast-i-kitajskaja-provintsija-Gansu-podpisali-memorandum-o-sotrudnichestve-i-657388.html>

<sup>45</sup> Stasyukevich, E. About 50 Chinese companies will present the industrial potential of Gansu Province in



People's Republic of China, announced the launch of the economic belt project, the Silk Road, which is intended to unite the economic interests of countries located from the Pacific Ocean to the Baltic Sea. For the Grodno region, the Chinese market is interesting primarily in terms of supplying various export goods there. In 2013, with a total trade turnover of \$194.9 million, Grodno's exports amounted to \$125.2 million. The main exports were nitrogen fertilisers, caprolactam and synthetic fibres. In 2013, the Rogoznitsky Starch Plant began supplying starch to the Chinese market, with exports amounting to one and a half million dollars.

In 2014, the parties agreed to develop cooperation in agriculture, mechanical engineering, electronics, the chemical industry, non-ferrous metallurgy, construction contracting, and energy. The idea of establishing a Chinese industrial park in the Grodno region is of great interest. To this end, "vacant sites in the Shchuchin and Volkovysk districts, as well as unused production sites of existing Grodno enterprises, in particular OJSC "Radiovolna", are being considered"<sup>46</sup>. The Grodno region is interested in establishing assembly plants with Chinese partners to produce industrial components and assemblies, small agricultural machinery for gardens and orchards, household and electrical goods. In addition, the Chinese side has been invited to establish a joint logistics centre in this Belarusian region, which would contribute to increasing the export and import opportunities of both parties. This is especially important given that the Grodno region plans to increase its exports to China, for example, of dry milk and baby food. In particular, at the end of 2013, OJSC Bellakt already shipped trial batches of baby food to the Chinese market.

<sup>47</sup>In June 2014, the parties held interested talks "on the creation of joint ventures

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Grodno / E. Stasyukevich // [Electronic resource]. - 2014. - URL: <http://www.belta.by/ru/all-news/economics/Promyshlennyy-potentsial-provintsii-Gansu-predstavlyat-v-Grodno-okolo-50-kitajskix-kompanij-i-677396.html>

<sup>46</sup> Vishnevskaya, T. Chinese industrial park planned for Grodno region / T. Vishnevskaya // [Electronic resource]. - 2014. - URL: <http://www.belta.by/ru/all-news/regions/Kitajskij-industrialnyj-park-planiruetsja-sozdat-v-Grodnenskoj-oblasti-i-657382.html>

<sup>47</sup> Vishnevskaya, T. Grodno Region and Gansu Province agree to cooperate in agriculture and mechanical engineering / T. Vishnevskaya // [Electronic resource]. - 2014. - URL: <http://www.belta.by/ru/all-news/regions/Grodnenskaja-oblast-i-provintsija-Gansu-dogovorilis-sotrudnicat-v-sfere-APK-i-mashinostroenii-i-673490.html>

for the processing of dairy and meat products, a joint venture for the production of agricultural machinery and tractors, and a Chinese enterprise for the cultivation of agricultural products on the lands of the Grodno region." In particular, the focus was on the implementation of joint projects in the field of potato production, as the Chinese side expressed interest in Grodno potato harvesting equipment.

Finally, in August 2014, Grodno hosted the first ever exhibition of Chinese manufacturers, where they demonstrated their capabilities in the fields of agriculture and mechanical engineering, as well as the chemical and pharmaceutical industries. The Grodno residents, in turn, are planning to organise a similar trade and investment forum in the administrative centre of Gansu, the city of Lanzhou, which will undoubtedly contribute to the development of direct trade contacts. In addition, the exhibition in Grodno brought to the fore the idea of implementing a joint investment project with China in this Belarusian region to create a permanent exhibition centre, including for holding exhibitions and fairs of Chinese products. Another noteworthy fact is that Gansu Province is establishing a commercial representative office in Minsk to organise comprehensive contacts with Belarusian partners, with one of its main priorities being the development of economic partnership with the Grodno region.

The Mogilev region is also increasing its cooperation with Chinese partners. In 2013, its trade turnover with China increased by 20.6 per cent and amounted to \$48 million. So far, the main exporter of products from this Belarusian region to the Chinese market is OJSC Mogilevhimvolokno. Back in 2004, the Mogilev region signed an agreement on establishing friendly relations with Henan province. And in July 2014, the administrative centre of this province, Zhengzhou, became Mogilev's twin city. As part of this interregional cooperation, Mogilev residents have already proposed several investment projects related to the development of Mogilev's infrastructure, including the construction of a water park, a football arena, and a hotel complex<sup>48</sup>. <sup>49</sup>In June

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<sup>48</sup> Evmenkova, Yu. Chinese Zhengzhou became Mogilev's sister city / Yu. Evmenkova // [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/regions/Kitajskij-Chzhenchzhou-stal-pobratimom-Mogileva\\_i\\_672316.html](http://www.belta.by/ru/all_news/regions/Kitajskij-Chzhenchzhou-stal-pobratimom-Mogileva_i_672316.html)

<sup>49</sup> Mikhail Myasnikovich met with representatives of government and business circles of the People's Republic of China [Electronic resource]. - 2014. - URL: <http://www.government.by/ru/content/5588>

2014, the Belarusian side proposed at the government level to discuss with Chinese partners a draft contract for the creation of polyethylene terephthalate production at OJSC Mogilevhimvolokno, the construction project for which is currently being developed.

Mogilev's serious intentions to significantly intensify Chinese cooperation with foreign partners are also evidenced by the signing in September 2014 of a partnership agreement with the administrative centre of Jiangsu Province, the city of Nanjing, located in the lower reaches of the Yangtze River in the eastern part of the country. This document "is the first step towards signing another agreement on twinning relations"<sup>50</sup>. In cooperation with the Mogilev region, the Chinese side identifies the supply of food and agricultural products to China as a promising area, and in terms of investment, it is interested in implementing proposals related to "the construction of a sugar factory near Chausy, the processing of peat deposits in the Klichevsky district, the creation of a hub cargo airport near Mogilev, as well as a number of projects on renewable energy sources"<sup>51</sup>.

It should be noted that Jiangsu Province is gradually expanding its presence in other Belarusian regions. In April 2014, the Mozyr District Executive Committee and the People's Government of Xuzhou City, located in this province, signed a memorandum of understanding on cooperation in trade, economic, cultural and social spheres. At the same time, the parties identified two areas of cooperation between the regions of Belarus and Jiangsu at the highest level. The first "involves the entry of major Chinese enterprises into the capital of Belarusian joint-stock companies and the creation of modern production facilities on their platform. The second involves Belarusian organisations investing in the creation of joint ventures in Jiangsu Province"<sup>52</sup>. A wide variety of investment areas are possible here, ranging from the

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[http://www.belta.by/ru/all\\_news/regions/Mogilev-zakljuchil-dogovor-ob-ustanovlenii-partnerskix-otnoshenij-s-kitajskim-Nankinom-i-681610.html](http://www.belta.by/ru/all_news/regions/Mogilev-zakljuchil-dogovor-ob-ustanovlenii-partnerskix-otnoshenij-s-kitajskim-Nankinom-i-681610.html)

<sup>51</sup> Kulagin, S. China is interested in purchasing food products in Belarus and investing in processing - Cui Qimin / S. Kulagin // [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/economics/Kitaj-zainteresovan-pokupat-produkty-pitanija-v-Belarusi-i-investirovat-v-pererabotku-Tsui-Tsimin-i-685369.html](http://www.belta.by/ru/all_news/economics/Kitaj-zainteresovan-pokupat-produkty-pitanija-v-Belarusi-i-investirovat-v-pererabotku-Tsui-Tsimin-i-685369.html)

<sup>52</sup> Anatoly Tozik met with a delegation from Xuzhou (PRC) [Electronic resource]. - 2014. - URL: <http://www.government.by/ru/content/5511>

production of agricultural machinery and tractors to pharmaceuticals and mutual supplies of goods. The priority areas for bilateral cooperation have already been identified as supplies from Belarus to Jiangsu of agricultural products, flax fibre, dry milk products and baby food. The fact that the presentation of the China-Belarus Industrial Park took place in Jiangsu in May 2014, with representatives of almost 120 companies from Nanjing and Xuzhou participating, speaks volumes. During the event, Chinese participants paid special attention to "the revival of the economic direction of the Silk Road, whose eastern gateway is Jiangsu Province, with Belarus seen as a participant in the West-East corridor of this route"<sup>53</sup>.

The potential of the city of Shanghai looks quite significant in terms of intensifying interregional Belarusian-Chinese cooperation, where there are considerable opportunities for "promoting Belarusian products to the Shanghai market, increasing the investment activity of Chinese companies in Belarus, including the creation of joint innovative production facilities within the framework of the China-Belarus Industrial Park"<sup>54</sup>. However, the participation of Zhejiang Province in the development of partnership relations between the regions of Belarus and China will, apparently, be of a distinctly scientific and research nature, as evidenced by the opening in May 2014 of the Belarus - Zhejiang" centre for scientific and technical cooperation, which opened in May 2014 at Belarusian State University. The parties also signed an agreement to open a joint laboratory for the creation of environmentally friendly products and the transfer of "green technologies", where research will be conducted in the field of ecology and the development of environmentally safe products, technologies and materials. It is expected that "the Belarusian branch of this structure will operate on the basis of the Research Institute of Physical and Chemical Problems of BSU, and the Chinese branch will be located at Zhejiang Shuzhen University"<sup>55</sup>.

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<sup>53</sup> The potential of the China-Belarus Industrial Park is presented in the Chinese province of Jiangsu [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all-news/economics/Potentsial-Kitajsko-belorusskogo-industrialnogo-parka-predstavlen-v-kitajskoj-provintsii-Tszj-ansu\\_i\\_668315.html](http://www.belta.by/ru/all-news/economics/Potentsial-Kitajsko-belorusskogo-industrialnogo-parka-predstavlen-v-kitajskoj-provintsii-Tszj-ansu_i_668315.html)

<sup>54</sup> About the meeting of the Consul General of Belarus in Shanghai, V. Matsel, at the Office of External Relations of the People's Government of Shanghai [Electronic resource]. - 2014. - URL: [http://mfa.gov.by/press/news\\_mfa/f5081605f988e4b0.html](http://mfa.gov.by/press/news_mfa/f5081605f988e4b0.html)

<sup>55</sup> Belarus and China to open joint laboratory for the creation of environmentally friendly products

To sum up, let us recall that "Belarus and China are currently implementing more than 20 major projects. More than 40 representative offices and subsidiaries of Chinese corporations operate in Belarus"<sup>56</sup>. It is clear that even in the short term, their number will only increase. Therefore, it is becoming obvious today that Belarusian and Chinese regions can and should open new levels of cooperation, taking into account factors such as the formation of the Eurasian Economic Union and the implementation of the Silk Road zone. Representatives of the international segment of Belarusian and Chinese journalism, primarily at the regional level, should assist them in understanding these complex processes.

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[Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/society/Belarus-i-Kitai-otkroiut-sovmestnuiu-laboratoriiu-dlia-sozdaniia-ekologicheskii-chistykh-produktov-i-670216.html](http://www.belta.by/ru/all_news/society/Belarus-i-Kitai-otkroiut-sovmestnuiu-laboratoriiu-dlia-sozdaniia-ekologicheskii-chistykh-produktov-i-670216.html)

<sup>56</sup> Mikhail Myasnikov and Anatoly Tozik held working meetings with Zhong Shan, representative of the People's Republic of China at international trade negotiations [Electronic resource]. - 2014. - URL: <http://www.government.by/ru/content/5609>

## CHAPTER 3

### BELARUS - CHINA: INNOVATION AND INVESTMENT ASPECTS OF A COMPREHENSIVE STRATEGIC PARTNERSHIP

In January 2014, the Republic of Belarus and the People's Republic of China adopted a programme for the development of a comprehensive strategic partnership for 2014-2018, in which they outlined priority areas for cooperation. This document became a roadmap for the implementation of the task set at the highest level in July 2013 by the heads of the two states: to take Belarusian-Chinese cooperation to a new level with an emphasis on investment in modern high-tech projects. The existing experience of bilateral cooperation between Minsk and Beijing clearly shows that the parties have already "moved from simple trade to the implementation of credit and investment projects in various fields. These include energy, wood processing, construction, transport and space exploration. However, <...> it is necessary to expand cooperation in the form of direct investment."<sup>57</sup>

Indeed, the available statistics show that the pace of Belarusian-Chinese investment cooperation is not yet very high: "In recent years, Belarus has received about \$50 billion in foreign direct investment. ... Of this, only \$195 million came from China"<sup>58</sup>. That is why the Belarusian side is very clear about its interest in this regard: "We would like China to invest more actively in the Belarusian economy through direct investment, developing this area"<sup>59</sup>. It should be emphasised that in 2014, the parties took a number of important steps towards the implementation of major joint systemic projects. Speaking of the most promising areas in this regard, "Project No. 1 is the China-Belarus Industrial Park. <...> Project No. 2 today is the construction of a passenger car manufacturing plant "<sup>60</sup>.

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<sup>57</sup> Alexander Lukashenko held a meeting with representatives of Chinese business circles [Electronic resource]. - 2014. - URL: [http://president.gov.by/ru/news\\_ru/view/aleksandr-lukashenko-provel-vstrechu-s-predstaviteljami-delovyyx-krugov-kitaja-9061/](http://president.gov.by/ru/news_ru/view/aleksandr-lukashenko-provel-vstrechu-s-predstaviteljami-delovyyx-krugov-kitaja-9061/)

<sup>58</sup> M. Myasnikovich sees great prospects for cooperation between Belarusian and Chinese businesses [Electronic resource]. - 2014. - URL: <http://www.government.by/ru/content/5381>

<sup>59</sup> Alexander Lukashenko met with member of the Politburo of the CPC Central Committee Meng Jianzhu [Electronic resource]. - 2013. - URL: [http://president.gov.by/ru/news\\_ru/view/aleksandr-lukashenko-vstretilsia-s-chlenom-politbiuro-tsk-kpk-men-tszianzhzhu-7297/](http://president.gov.by/ru/news_ru/view/aleksandr-lukashenko-vstretilsia-s-chlenom-politbiuro-tsk-kpk-men-tszianzhzhu-7297/)

<sup>60</sup> Mikhail Myasnikovich and Anatoly Tozik held working meetings with Zhong Shan, representative of the People's Republic of China at international trade negotiations [Electronic resource]. - 2014. - URL: <http://www.government.by/ru/content/5609>

As for the first of these projects, its implementation, according to Minsk, "opens up prospects for the introduction of high technologies, as well as advanced global experience in business, management, construction and industrial enterprise management"<sup>61</sup>. Over the past few years, an administration and a joint venture for the development of the park have been established and are already operating, a statutory fund has been formed, a master plan for the territory has been developed and approved, a detailed plan for its initial development has been drawn up, and work has been carried out to attract investors from among large well-known companies. The ultimate goal looks very attractive: to create a virtually new city with a population of up to 155,000 people in the Smolevichi district of the Minsk region, combining industrial, residential, social and administrative infrastructure.

In June 2014, a ceremony was held to lay the foundation stone for this industrial park, named "Great Stone," and it was announced at a high level that the first production facility would appear here as early as 2015. At the same time, "there will be no problems with residents: there are many offers in the portfolio.<...> Not only Chinese companies, but also Taiwanese, South Korean, Japanese and European companies have expressed their desire to become residents of the park."<sup>62</sup>. They may be attracted by the favourable conditions laid out in the park's concept: convenient infrastructure for business development, significant tax breaks for a long period, namely no taxes for the first 10 years and a 50% tax rate for the following 10 years. The entire construction period for the Great Stone Park is 30 years. It is already known that around 15 types of economic activity will be possible on its territory, including "the production of pharmaceutical products, office equipment, computing technology, measuring instruments, optical devices and equipment, watches, research, development and experimental work in the fields of electronics, pharmaceuticals, fine

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<sup>61</sup> Alexander Lukashenko held a meeting on issues related to the China-Belarus Industrial Park [Electronic resource]. - 2014. - URL: [http://president.gov.by/ru/news\\_ru/view/aleksandr-lukashenko-provel-soveschanie-po-voprosam-kitajsko-belorusskogo-industrialnogo-parka-8027/](http://president.gov.by/ru/news_ru/view/aleksandr-lukashenko-provel-soveschanie-po-voprosam-kitajsko-belorusskogo-industrialnogo-parka-8027/)

<sup>62</sup> Mikhail Myasnikov took part in the ceremony of laying the first stone of the Chinese-Belarusian Industrial Park [Electronic resource]. - 2014. - URL: <http://www.government.by/ru/content/5587>

chemistry, mechanical engineering, biotechnology and new materials"<sup>63</sup>. To speed up the construction of the industrial park, an agreement was signed at the end of September 2014, under which the Chinese government provided the Belarusian side with "free assistance in the amount of 150 million Chinese yuan for the preparation and implementation of the project "Electrification of the priority development area of the China-Belarus Industrial Park"<sup>64</sup>.

In June 2014, the Chinese company Huawei, one of the world's three largest manufacturers and suppliers of telecommunications equipment for fixed, mobile and optical communication networks, became the first resident of the park. Founded in 1988, it came to Belarus in 2003, opening its representative office in Minsk. A year later, it signed its first contract to supply equipment to the operator BelCel. Another year later, it became a partner of MTS, providing this mobile operator with equipment to create a network throughout Belarus. In 2007, Bel Huawei Technologies LLC was established WITH 100% foreign capital, employing more than 150 people by the beginning of 2014. In the same year, RUE Beltelecom became a recipient of Huawei telecommunications equipment. All these facts indicate that the Belarusian market is very promising for this Chinese manufacturer, which is confirmed by the following statistics: "In 2013, the Chinese company sold more than 300,000 of its smartphones in Belarus. In the future, it expects to improve this result even further"<sup>65</sup>.

In September 2014, the Huawei Technologies training centre was opened at the Higher State College of Communications in Minsk, where two laboratories – intelligent video surveillance systems and modern information and communication technologies – train specialists from Promsvyaz OJSC, RUE Beltelecom, and the

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<sup>63</sup> The administration of the Great Stone Industrial Park has identified about 15 types of economic activity for residents [Electronic resource]. - 2014. - URL: <http://www.belta.by/ru/all-news/economics/Administratsija-industrialnogo-parka-Velikij-kamen-opredelila-okolo-15-vidov-hozdejatelnosti-dlia-rezidentov-i-685064.html>

<sup>64</sup> China will allocate 150 million Chinese yuan to Belarus for the implementation of technical and economic assistance projects [Electronic resource]. - 2014. - URL: <http://www.belta.by/ru/all-news/economics/KNR-vydelit-Belarusi-150-mln-kitajskix-juanej-na-realizatsiju-proektov-tekhniko-ekonomicheskoy-pomoschi-i-682405.html>

<sup>65</sup> Grigorovich, T. Myasnikovich proposed Huawei to cooperate in the field of research and development / T. Grigorovich // [Electronic resource]. - 2014. - URL: <http://www.belta.by/ru/all-news/economics/Miasnikovich-predlozhit-Huawei-sotrudni-chat-v-oblasti-nauchno-issledovatel'skix-i-opytno-konstruktorskix-rabot-i-657949.html>



Higher State College of Communications. The Chinese company plans to provide new developments for joint projects, technical documentation, and technological testing equipment to this centre, as well as send its specialists to train students and teachers in Belarus. According to the Belarusian side, the opening of this training centre "demonstrates a new approach to import substitution: manufacturing products for growing markets in cooperation with global leaders"<sup>66</sup>.

Another interesting area of cooperation between this Chinese company and Belarus could be the project to create an intelligent transport system in Minsk, which would "improve the efficiency of public transport and road safety, as well as reduce harmful emissions into the atmosphere"<sup>67</sup>. In this regard, it is important to note that Huawei already has experience in implementing similar projects, both in China (Chengdu) and in other countries, such as Tajikistan (Dushanbe) and Moldova (Chisinau). In the Velikiy Kamen industrial park, Huawei plans to implement an investment project to create a research and development centre.

Another resident of the industrial park in the Smolevichi district in 2014 was the Chinese corporation ZTE, founded in 1985 and now a world leader in the production of telecommunications equipment and the supply of ready-made network solutions. ZTE has been present on the Belarusian telecommunications market since 2001, where it first opened a representative office, then a subsidiary, and today supplies Belarus with telecommunications equipment to RUE Beltelecom, GSM and 3G mobile phones to operators Velkom, MTC, and Life, as well as equipment for Internet access.<sup>68</sup> In the Great Stone Industrial Park, the corporation, with the help of Telecommunications Equipment Plant LLC, of which it is the founder, plans to organise the production of modern telecommunications equipment for mobile and fixed-line telephone operators,

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<sup>66</sup> Mikhail Myasnikovich took part in the opening of the Huawei Technologies training centre [Electronic resource]. - 2014. - URL: <http://www.government.by/ru/content/5678>

<sup>67</sup> Mikhail Myasnikovich met with representatives of the Chinese company Huawei [Electronic resource]. - 2014. - URL: <http://www.government.by/ru/content/5436>

<sup>68</sup> Grigorovich, T. Chinese ZTE to become a resident of the Chinese-Belarusian Industrial Park / T. Grigorovich // [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/economics/Kitajskaja-ZTE-stanet-rezidentom-Kitajsko-belorusskogo-industrialnogo-parka-i-657830.html](http://www.belta.by/ru/all_news/economics/Kitajskaja-ZTE-stanet-rezidentom-Kitajsko-belorusskogo-industrialnogo-parka-i-657830.html)

transport system components, as well as electric transport and combined power sources. In particular, this refers to a logistics flow monitoring system based on RFID technologies and a project for the comprehensive modernisation of the infrastructure of the largest state-owned cable operator. In other words, "these are quite complex and costly projects. Their cost is estimated at approximately \$300 million"<sup>69</sup>.

The prospects for new residents in the Velikiy Kamen industrial park in 2015 look quite promising, as agreements have already been signed for the implementation of projects in the park by potential residents: UP Iridio Motore (Romania), F-Sintez CJSC, Grindex JSC (Latvia), and China Huadian Engineering (China). <...> Foreign direct investment from these companies is expected after the creation of engineering and transport infrastructure.<sup>70</sup>

Speaking about the second largest Belarusian-Chinese investment project, which is being implemented in the Borisov district of the Minsk region and includes "the construction and commissioning of a passenger car manufacturing plant and internal and external engineering and transport infrastructure facilities"<sup>71</sup> with a clearly defined commissioning date - On 1 July 2019, it should be recalled that in 2014, BelJi CJSC, established in December 2011, was granted a 99-year lease on a plot of land within the boundaries of the Minsk Free Economic Zone. This was done to attract investment in the creation of an export-oriented production facility with a capacity of 120,000 cars per year between the Belarusian cities of Borisov and Zhodino, 90 per cent of which are expected to be exported. "Overall, the project is estimated at approximately \$650 million, including investments in fixed capital of about \$450 million"<sup>72</sup>. These figures eloquently testify to the fact that this project really opens a

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<sup>69</sup> Mikhail Myasnikovich met with a delegation from the Chinese corporation ZTE [Electronic resource]. - 2014. - URL: <http://www.government.by/ru/content/5435>

<sup>70</sup> ZTE and Huawei to launch projects in the Great Stone Industrial Park in 2015 [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/tech/ZTE-i-Huawei-nachnut-realizatsiju-proektov-v-industrialnom-parke-Velikij-kamen-v-2015-godu-i-690459.html](http://www.belta.by/ru/all_news/tech/ZTE-i-Huawei-nachnut-realizatsiju-proektov-v-industrialnom-parke-Velikij-kamen-v-2015-godu-i-690459.html)

<sup>71</sup> Commentary on Decree No. 35 of 16 January 2014 [Electronic resource]. - 2014. - URL: [http://president.gov.by/ru/news\\_ru/view/kommentarii-k-ukazu-35-ot-16-ianvaria-2014-g-7853/](http://president.gov.by/ru/news_ru/view/kommentarii-k-ukazu-35-ot-16-ianvaria-2014-g-7853/)

<sup>72</sup> Alexander Lukashenko instructed to fully implement the project for the production of passenger cars in Belarus [Electronic resource]. - 2014. - URL: [http://president.gov.by/ru/news\\_ru/view/aleksandr-lukashenko-poruchil-v-polnom-obieme-realizovat-proekt-po-proizvodstvu-v-belarusi-legkovyx-7824/](http://president.gov.by/ru/news_ru/view/aleksandr-lukashenko-poruchil-v-polnom-obieme-realizovat-proekt-po-proizvodstvu-v-belarusi-legkovyx-7824/)

new page in Belarusian-Chinese cooperation: "This is truly the investment phase of our cooperation"<sup>73</sup>.

It should be added that this facility will be constructed in two stages. The first stage involves the construction of a separate plant with a production capacity of 60,000 units per year, including welding, painting and body assembly facilities, to be completed by 1 January 2017. By this time, it is planned to bring the level of localisation to 30%, and by the end of 2018 - to increase this level to 50%"<sup>74</sup>. Meanwhile, the initial stage of the project to create an assembly plant for passenger cars with a capacity of 10,000 units per year has been implemented in Borisov. The first car was assembled here in February 2013. In January-September 2014, BelGZ sold about 7,500 cars, of which 5,500 were shipped to Russia and Kazakhstan. The company already has dealerships in all regional centres and major cities of Belarus. With their help, it plans to increase sales of cars on the domestic market from 2,000 to 3,000 in 2015. A total of 12,845 cars will be produced this year. Therefore, "BelGi is currently looking for new markets, with Tajikistan, Turkmenistan, Uzbekistan, Kyrgyzstan, Armenia, Georgia, Azerbaijan and Moldova being considered as options"<sup>75</sup>. An interesting addition to this project could be the implementation of the Belarusian government's proposal to Geely to "consider the possibility of building an auto parts manufacturing plant in the China-Belarus Industrial Park"<sup>76</sup>, which could open up new innovative avenues for Belarusian-Chinese investment partnership.

The fact that the various reserves of investment cooperation between the two countries will be actively utilised in 2015 is also evidenced by the signing in September 2014 of a memorandum of understanding between the Belarusian Ministry of Finance

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<sup>73</sup> Mikhail Myasnikovich met with the management of the corporation and "Jili" [Electronic resource]. - 2014. - URL: <http://www.government.by/ru/content/5715>

<sup>74</sup> BelGili expects to sell at least 3,000 cars on the domestic market in 2015 [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/economics/BelDzhi-rasschitvvaet-v-2015-godu-prodat-na-vnutrennem-rynke-ne-menee-3-tys-avtomobilej-i-684404.html](http://www.belta.by/ru/all_news/economics/BelDzhi-rasschitvvaet-v-2015-godu-prodat-na-vnutrennem-rynke-ne-menee-3-tys-avtomobilej-i-684404.html)

<sup>75</sup> Minsk Region to increase exports in 2015 thanks to Geely cars and Stadler trains [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/regions/Minskaja-oblast-v-2015-godu-uvelichit-eksport-zaschet-avtomobilej-Geely-i-poezdov-Stadler-i-690421.html](http://www.belta.by/ru/all_news/regions/Minskaja-oblast-v-2015-godu-uvelichit-eksport-zaschet-avtomobilej-Geely-i-poezdov-Stadler-i-690421.html)

<sup>76</sup> Anatoly Tozik met with Geely management [Electronic resource]. - 2014. - URL: <http://www.government.by/ru/content/5470>

and the China Development Bank, in which the parties agreed that the Chinese bank would open two long-term credit lines totalling up to \$1 billion for a period of 15 years, including a 5-year grace period. The funds from these credit lines will be used "to implement investment projects in the republic in the fields of transport, energy, industry, and small and medium-sized businesses"<sup>77</sup>.

In particular, this involves directing Chinese investments into the transport and logistics sector of Belarus, enterprises producing rolling stock and vessels for inland waterways, as well as the creation of companies specialising in international road transport. In the field of rail transport, "joint work on the development of a land route for the transport of goods by express container trains from China to Europe, as well as the participation of the Chinese side in the development of high-speed rail transport in the republic, is of particular importance"<sup>78</sup>. In this regard, concrete discussions are already underway on the opportunities for Belarusian-Chinese cooperation in the construction of a railway in the Polesky region, the modernisation of infrastructure to increase the speed of rail transport, and the "organisation of high-speed rail service in the direction of Beijing - Moscow - Minsk - Brest with access to Western European countries"<sup>79</sup>. In December 2014, an agreement was reached between Belarusian Railways and the Chinese railway engineering group CREC on long-term cooperation and the development of the production of special equipment in the Great Stone Industrial Park.

Speaking about the prospects for investment cooperation between Belarus and China in the energy sector, we should first of all recall that since 2008, the two countries have been implementing joint projects worth a total of more than \$1.5 billion. Of particular interest today is the project "Construction of a nuclear power plant in the

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<sup>77</sup> China to allocate up to \$1 billion in loans to Belarus for investment projects [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/economics/Kitaj-vvdelit-Belarusi-kreditv-na-summu-do-1-mlrd-na-realizatsiju-investproektov\\_i\\_681417.html](http://www.belta.by/ru/all_news/economics/Kitaj-vvdelit-Belarusi-kreditv-na-summu-do-1-mlrd-na-realizatsiju-investproektov_i_681417.html)

<sup>78</sup> Belarus calls on China to invest more actively in the transport and logistics sector [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/economics/Belarus-prizyvaet-Kitaj-aktivnee-investirovat-v-transportno-logisticheskij-sektor\\_i\\_687942.html](http://www.belta.by/ru/all_news/economics/Belarus-prizyvaet-Kitaj-aktivnee-investirovat-v-transportno-logisticheskij-sektor_i_687942.html)

<sup>79</sup> Anatoly Tozik met with the management of the Chinese railway engineering group CREC [Electronic resource]. - 2014. - URL: <http://www.government.by/ru/content/5787>

Republic of Belarus. Power output and connection to the power grid", which is estimated at \$340 million and differs from those already implemented with the Chinese side in that it is designed to increase the reliability of our country's entire power grid and the level of national energy security. In particular, this project "provides for the construction of 1,033 km of 330 kV overhead power lines in the Grodno, Minsk and Vitebsk regions, the reconstruction of 672.4 km of existing 110-330 kV power lines, the reconstruction of four substations with the construction of 330 kV cells in Minsk, Rossi, Stolbtsy and Smorgon, construction of a new 330 kV substation "Postavy", installation of a second autotransformer at the 330 kV substation "Smorgon"<sup>80</sup>.

Another interesting area of cooperation in the energy sector is opened up by the Memorandum of Cooperation in the Field of Hydropower, signed in Beijing in 2014 by the Ministry of Energy of Belarus and the China National Complete Plant Import and Export Corporation Limited (COMPLANT). This document confirmed the parties' intention to continue cooperation "in the implementation of COMPLANT's investment projects for the construction of hydroelectric power plants in Belarus"<sup>81</sup>. In this case, we are talking about a "build-operate-transfer" scheme.

In the industrial sector, attention is drawn to the "big chemistry" project, which will be implemented by OJSC "Mogilevhimvolokno" and OJSC "Chinese Engineering Corporation SAMCE" and concerns the construction of a continuous polycondensation plant for polyethylene terephthalate with direct fibre formation and the production of technical yarns: "Upon completion of this project, the plant's capacity will be increased by 1.5 times to 200,000 tonnes of polyester per year, and energy costs will be reduced by more than 2.5 times"<sup>82</sup>.

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<sup>80</sup> Belarus and China are implementing joint energy projects worth \$1.5 billion [Electronic resource]. - 2014.  
- URL: [http://www.belta.by/ru/all\\_news/economics/Belarus-i-Kitaj-realizujut-sovmestnye-proekty-v-energetike-na-15-mlrd-i-661745.html](http://www.belta.by/ru/all_news/economics/Belarus-i-Kitaj-realizujut-sovmestnye-proekty-v-energetike-na-15-mlrd-i-661745.html)

<sup>81</sup> Chinese company COMPLANT is interested in building hydroelectric power plants in Belarus [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/economics/Kitajskaja-kompanija-COMPLANT-zainteresovana-v-stroitelstve-gidroelektrostantsij-v-Belarusi-i-672967.html](http://www.belta.by/ru/all_news/economics/Kitajskaja-kompanija-COMPLANT-zainteresovana-v-stroitelstve-gidroelektrostantsij-v-Belarusi-i-672967.html)

<sup>82</sup> Grigorovich, T. Myasnikovich proposed to Chinese partners to expand the investment project for the construction of a bleached sulphate pulp mill at the Svetlogorsk Pulp and Paper Mill / T. Grigorovich // [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/economics/Miasnikovich-predlozil-kitajskim-partneram-rasshirit-investproekt-stroitelstva-zavoda-belenoj-sulfatnoj-tselljulozy-na-Svetlogorskom-](http://www.belta.by/ru/all_news/economics/Miasnikovich-predlozil-kitajskim-partneram-rasshirit-investproekt-stroitelstva-zavoda-belenoj-sulfatnoj-tselljulozy-na-Svetlogorskom-)

The Chinese corporation CITIC Construction, whose calling card is the National Olympic Stadium it built in Beijing and which is known in our country for the implementation of three major projects at cement plants, also plans to move from contracting to investment activities in Belarus. Currently, there is talk of the possible construction of a plant for the production of calcined soda with a capacity of 200,000 tonnes per year, in which the Chinese side "plans to invest 15% of the contract value of this project"<sup>83</sup>. It is also important that in mid-2014, procedural issues were resolved regarding the creation of a Belarusian-Chinese engineering company in partnership with CITIC Construction, which has a significant amount of project work ahead of it, primarily in the Great Stone Industrial Park.

Another new project with this corporation opens up three areas of cooperation at once: the construction of a natural gas liquefaction plant, the creation of a network of cryogenic filling stations, and the production of gas cylinder equipment, equipment for gas filling compressor stations, and the modernisation of car engines. "The possibility of building a natural gas liquefaction plant in Kobrin is currently being considered"<sup>84</sup>.

In 2014, an agreement in principle was also reached "on the entry of Chinese investments into the Belarusian economy on a broad scale to create joint ventures and production facilities"<sup>85</sup> with the world's largest investment fund, China Investment Corporation, established in 2007 by the Chinese government to invest in foreign projects. This investment corporation specialises in direct investments, both in financial instruments and in the real sector of the economy. In Belarus, it is known for being one of the co-investors in the project to build the Beijing hotel complex in Minsk. It is likely that in 2015, the list of similar investment projects in our country with the

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<sup>83</sup> Grigorovich, T. China's CITIC shifts from contracting activities in Belarus to investment / T. Grigorovich // [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/economics/Kitajskaja-SITIC-perexodit-ot-podriadnoj-dejatelnosti-v-Belarusi-k-investitsionnoj-i-657576.html](http://www.belta.by/ru/all_news/economics/Kitajskaja-SITIC-perexodit-ot-podriadnoj-dejatelnosti-v-Belarusi-k-investitsionnoj-i-657576.html)

<sup>84</sup> A. Tozik and P. Prokopovich met with the management of CITIC Construction (PRC) [Electronic resource]. - 2014. - URL: <http://www.government.by/ru/content/5570>

<sup>85</sup> Mikhail Myasnikov held talks with the management of the Chinese investment corporation CIC [Electronic resource]. - 2014. - URL: <http://www.government.by/ru/content/5378>

help of CIC will be significantly expanded.

The Belarusian side also has high hopes for strengthening investment cooperation with the China National Foreign Economic Cooperation Corporation (CFEEC), which has already implemented two major energy projects in our country - the reconstruction of CHPP-2 and CHPP-5 in Minsk, and is also working with Belarusian partners to build a power plant in Venezuela. In 2015, the corporation is expected to increase its participation in projects to modernise light industry enterprises in Belarus<sup>86</sup>, as well as in the creation of pharmaceutical production in the Great Stone Industrial Park.

The task of intensifying Belarusian-Chinese investment cooperation is also highly relevant for the scientific and technical sphere, where cooperation has been developing quite actively and dynamically in recent years. In 2014, four contracts were signed between Belarusian State University and the Institute of Petrochemistry of the Heilongjiang Academy of Sciences to conduct research into the compatibility of organic and inorganic materials, promote the creation of phosphate compositions reinforced with carbon fibres, and the synthesis and subsequent determination of the characteristics of new chemical compositions. Organisational support and supervision of this work has been entrusted to the Belarusian-Chinese Innovation Centre at BSU, and scientists from the Research Institute of Physical and Chemical Problems at BSU, the Faculty of Chemistry and the Research Institute of Applied Physical Problems of BSU<sup>87</sup>.

In the same year, 2014, the Belarus-Zhejiang Centre for Scientific and Technical Cooperation was opened at Belarusian State University. Its activities are aimed at developing scientific ties between BSU and industrial organisations and higher education institutions in this Chinese province. It should be noted that over the past two years, BSU, in collaboration with universities in Zhejiang Province, has already

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<sup>86</sup> Anatoly Tozik met with the leadership of the China National Corporation for Foreign Economic Cooperation [Electronic resource]. - 2014. - URL: <http://www.government.by/ru/content/5449>

<sup>87</sup> Four contracts signed with the Chinese Institute of Petrochemical Engineering of the Heilongjiang Academy of Sciences at BSU [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/societv/Chetvre-kontrakta-s-kitaiskim-Institutom-nefteximii-Xejluntszjanskoi-akademii-nauk-podpisany-v-BGU-i-663892.html](http://www.belta.by/ru/all_news/societv/Chetvre-kontrakta-s-kitaiskim-Institutom-nefteximii-Xejluntszjanskoi-akademii-nauk-podpisany-v-BGU-i-663892.html)



implemented three projects, two of which are included in the Belarusian-Chinese intergovernmental programme of cooperation in science and technology. "One of the developments, 'Effective Anti-Corrosion Coatings for Marine Vessels', is a joint effort by specialists from BSU and Zhejiang Ocean University. The other two projects were aimed at studying technologies for creating new environmentally friendly packaging and materials for the food industry"<sup>88</sup>.

The high scientific level of these developments is evidenced by the fact that D. Grinshpan, head of the laboratory at the Research Institute of Physicochemical Problems at BSU, who participated in two joint projects with Zhejiang University - on the creation of biodegradable food packaging materials (films) and on the study of the biodegradation products of the natural polymer chitin, was named one of the 35 best foreign experts out of 39,000 experts from 18 countries working in Zhejiang Province, and in November 2014 was awarded the "West Lake Friendship" award, which is "awarded to foreign scientists who have made a significant contribution to the development of education, science and culture in Zhejiang Province"<sup>89</sup>.

Fruitful cooperation is developing between Belarusian State University and Dalian Polytechnic University, which in 2014 established a special fund to support cooperation with BSU for the first time in its history. The parties are currently discussing the creation of a Belarusian-Chinese training centre. In this regard, the Chinese side has proposed "considering the new branch of the university in Liaoning Province, opened in 2013 and designed for 10,000 students, as a venue for such a centre"<sup>90</sup>.

The Belarusian National Technical University, which has "more than 20 agreements in the field of education and science with Chinese universities," is also

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<sup>88</sup> Belarus and China to open joint laboratory for the creation of environmentally friendly products [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/society/Belarus-i-Kitaj-otkrojut-sovmestnuiu-laboratoriju-dlja-sozdaniia-ekologicheskii-chistyx-produktov-i-670216.html](http://www.belta.by/ru/all_news/society/Belarus-i-Kitaj-otkrojut-sovmestnuiu-laboratoriju-dlja-sozdaniia-ekologicheskii-chistyx-produktov-i-670216.html)

<sup>89</sup> Belarusian scientist receives Western Lake Friendship Award from China's Zhejiang Province for the first time [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/society/Belorusskij-uchenvi-vpervye-udostoen-nagrady-Zapadnoe-ozero-Druzha-kitajskoj-provintsii-Chzhetszjan-i-686410.html](http://www.belta.by/ru/all_news/society/Belorusskij-uchenvi-vpervye-udostoen-nagrady-Zapadnoe-ozero-Druzha-kitajskoj-provintsii-Chzhetszjan-i-686410.html)

<sup>90</sup> Anatoly Tozik met with the rector of Dalian Polytechnic University (PRC) [Electronic resource]. - 2014. - URL: <http://www.government.by/ru/content/5692>



actively developing ties with Chinese partners<sup>91</sup>. The Shanghai-2007 Chinese Cultural and Educational Centre is actively operating at BITU, and the Belarusian-Chinese Centre for Cooperation with Five Chinese Provinces is functioning within the structure of the Polytechnic Technopark. A joint Belarusian-Chinese enterprise, Road Construction Innovations, also operates here. A natural continuation of these Belarusian-Chinese ties was the opening of the Confucius Institute for Science and Technology at BITU in October 2014. The Chinese partner in this project is one of China's leading technical universities, Northeastern University, located in Shenyang, the capital of the northeastern province of Liaoning. The emergence of this structure is particularly important today for the development of scientific and technical cooperation between the two countries, as the Confucius Institute system in Belarus provides educational, scientific and informational support for the entire range of bilateral relations between Belarus and China.

Against the backdrop of these facts, which testify to the significant strengthening of scientific and technical cooperation between Belarus and China in recent years, the parties' stated intention in 2014 to create a joint venture fund to "finance Belarusian-Chinese venture and innovation projects for the creation of high-tech industries"<sup>92</sup> seems very timely. The emergence of such an instrument of cooperation will, presumably, only contribute to the implementation of the innovation and investment component of the "Programme for the Development of Comprehensive Strategic Partnership between the Republic of Belarus and the People's Republic of China for 2014-2018", adopted in January 2014.

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<sup>91</sup> A Confucius Institute for Science and Technology has opened at BNTU [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/society/V-BNTU-otkrylsja-institut-Konfutsija-po-nauke-i-tehnike\\_i\\_683736.html](http://www.belta.by/ru/all_news/society/V-BNTU-otkrylsja-institut-Konfutsija-po-nauke-i-tehnike_i_683736.html)

<sup>92</sup> Belarus and China plan to create a joint venture fund [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/economics/Belarus-i-KitaJ-planiruJut-sozdat- sovmestnvi-venchurnvi-fond\\_i\\_671882.html](http://www.belta.by/ru/all_news/economics/Belarus-i-KitaJ-planiruJut-sozdat- sovmestnvi-venchurnvi-fond_i_671882.html)

## CHAPTER 4

### **BELARUS - CHINA: THE SILK ROAD ECONOMIC BELT IN THE CONTEXT OF THE COMPREHENSIVE STRATEGIC PARTNERSHIP**

In September 2013, during a state visit to Kazakhstan, President Xi Jinping of the People's Republic of China proposed reviving the legendary Great Silk Road as a new model of cooperation between China and Central Asia, the Middle East and Europe, as a new "cooperation initiative and development concept"<sup>93</sup>.

It should be noted that the term "Silk Road" was introduced into scientific circulation in 1877 by German geographer and geologist F. Richthofen in his classic work "China". He used it to describe the extensive network of caravan routes that emerged in the second half of the 2nd century BC and crossed Europe and Asia from the Mediterranean Sea to China. They passed through the territories of modern-day China, Kyrgyzstan, Kazakhstan, Mongolia, India, Turkey, Iran, Greece and the Transcaucasus countries.

Having existed until the 16th century and ceasing to exist only with the discovery of sea routes, the Great Silk Road nevertheless became a "symbol of relations between the West and the East"<sup>94</sup>. After all, it served not only as a means of economic development and trade, but also contributed to cultural dialogue, the exchange of information, and the development of inter-civilisational relations. "The advantage of the cities on the Great Silk Road was tolerance, peaceful coexistence of different religions, respect for foreign customs and traditions, because any travelling merchant could adhere to the precepts of his people's culture"<sup>95</sup>.

Global trends in human civilisation in the second half of the 20th century prompted a search for and "creation of new opportunities for the development of trade relations between Asia and Europe, the unification of efforts of many countries at

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<sup>93</sup> Cimin, C. One plus one is more than two! / C. Cimin // [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/person/interview/Tsuij-Tsimin\\_i\\_514671.html](http://www.belta.by/ru/person/interview/Tsuij-Tsimin_i_514671.html)

<sup>94</sup> Ospanov, G. M. The current stage of development of the Great Silk Road / G. M. Ospanov // [Electronic resource]. - 2011. - URL: <http://articlekz.com/article/5557>

<sup>95</sup> Orynbaev, E. The revival of the Great Silk Road: prospects from the point of view of Kazakh-Chinese cooperation / E. Orynbaev // [Electronic resource]. - 2013. - URL: <http://russian.people.com.cn/95181/8470443.html>

different levels of economic development and with different political systems"<sup>96</sup>. The return to the theme of reviving the Great Silk Road began with culture when, in 1988, the United Nations Educational, Scientific and Cultural Organisation (UNESCO) announced the launch of a 10-year project entitled 'Integral Study of the Silk Road - the Road of Dialogue', which provided for a broad and comprehensive study of the history of civilisations, the establishment of close cultural contacts between East and West, and the improvement of relations between the many peoples inhabiting the Eurasian continent. It was during the implementation of this project that the slogan, which is extremely relevant today, was coined: "The revival of the Silk Road is the renewal of a thousand-year-old dialogue between civilisations"<sup>97</sup>. Its concrete results include dozens of scientific conferences and seminars, films, books, brochures, articles, and restored archaeological and architectural monuments. Having fulfilled its tasks of collecting and studying materials related to the peoples who lived in the regions along the Great Silk Road, this project became a "starting point" for UNESCO in the implementation of more specific projects, the essence of which was the revival and support of individual areas of culture in a particular locality.

The theme of the revival of the Great Silk Road was continued in the report "Transit Transport Systems of the New Independent and Developing Inland States of Central Asia and Their Transit Developing Neighbours: Current Situation and Proposals for Future Actions," presented in autumn 1994 at the 49th UN General Assembly.

Actions"; and the resolution adopted in 1996 at the 51st session of the UN General Assembly, "Transit System in Landlocked States in Central Asia and Neighbouring Developing Transit Countries". These documents emphasised the importance of countries' efforts to secure access to world markets through the creation of a large-scale transit system and called on donor countries and organisations involved in financing global projects to "to provide appropriate financial and technical assistance to new independent and developing states in order to improve their communication and transit

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<sup>96</sup> Fazylova, G. The revival of the Great Silk Road / G. Fazylova // [Electronic resource]. - 2011. - URL: <http://www.mesoeurasia.org/archives/3270>

<sup>97</sup> UNESCO and the Great Silk Road [Electronic resource]. - 2014. - URL: [http://www.manzaratourism.com/ru/gsr\\_unesco](http://www.manzaratourism.com/ru/gsr_unesco)

capabilities"<sup>98</sup>.

In October 2006, at the Meeting of Ministers of Transport of the United Nations Economic Commission for Asia and the Pacific, the Chinese government proposed a preliminary programme for Euro-Asian road transport links. The main idea was to encourage large-scale investment in road infrastructure development by the relevant countries in order to accelerate the formation of three main East-West routes: northern (China - Kazakhstan - Russia - Europe); central (China - Kazakhstan - Caspian Sea); southern (China - Central Asia [Caucasus region/Iran - Turkey] - Europe). According to the meeting participants, once these routes become operational, they will "significantly bring China and Northwest Asia closer to Central Asia and Europe, creating more favourable road transport conditions for the development of economic and trade ties between China, Russia and the countries of Central Asia, South Asia and Europe"<sup>99</sup>.

In other words, today, the initiative to create the Silk Road Economic Belt represents a long-term strategy for trade and economic cooperation with unhindered flows of international trade, a powerful logistics infrastructure for the rapid delivery of goods from Asia to the countries of the European Union, which will help to unite the potential of countries with different political systems and will become one of the most ambitious projects of our time. The figures speak for themselves. It is estimated that this project will cover 18 countries with a population of over 3 billion people. The construction of new highways, railways and pipelines will contribute to the development of energy, agriculture, mining, tourism and cultural exchange<sup>100</sup>, connecting the Asia-Pacific region and Europe on the principles of solidarity and mutual trust, equality and mutual benefit, tolerance, exchange of experience and

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<sup>98</sup> Chebotarev, A. The Revival of the Great Silk Road // A. Chebotarev, S. Bondartsev // [Electronic resource]. - 1999. - URL: [http://www.ca-c.org/journal/cac-03-1999/st\\_07\\_chebotar.shtml](http://www.ca-c.org/journal/cac-03-1999/st_07_chebotar.shtml)

<sup>99</sup> The revival of the Great Silk Road in the 21st century: from theory to practice. A joint project of the International Road Transport Union and the editorial board of [www.polpred.com](http://www.polpred.com). - M., 2007. - C. 7.

<sup>100</sup> China's Silk Road Economic Belt project is of interest to Belarus - IAC [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/economics/Kitajskij-proekt-ekonomicheskogo-pojasa-Shelkovogo-puti-predstavljaet-dlja-Belarusi-interes-IATs-i-690301.html](http://www.belta.by/ru/all_news/economics/Kitajskij-proekt-ekonomicheskogo-pojasa-Shelkovogo-puti-predstavljaet-dlja-Belarusi-interes-IATs-i-690301.html)

cooperation, which is in line with the main trends of the modern era.

China itself sees five aspects of the main content of this initiative, which include: coordination of political attitudes; development of transport links; stimulation of mutual trade; ensuring uninterrupted monetary circulation, conducting settlements in national currencies and mutual currency exchange; and intensification of contacts between ordinary people. It should be noted that the land-based part of this project begins in Xi'an, the administrative centre of Shaanxi Province in central China, where an urban development project has already been launched "New Starting Point of the Silk Road Economic Belt" has already been launched, which has become a kind of "road map" aimed at revitalising and developing mutually beneficial trade relations. Interestingly, "the Shaanxi provincial government has already submitted an application for the construction of a free trade zone that will extend to countries along the Silk Road"<sup>101</sup>, which continues eastward from Xi'an to the cities of Lanzhou and Urumqi, the administrative centres of Gansu and Xinjiang- Uyghur Autonomous Region (XUAR). Then, turning southeast, it rushes through Central Asia to the Middle East and Europe. There are three main scenarios for the revival of the Great Silk Road.

The participants in the first - "slow" - scenario are states, national carriers and other market operators whose goal is to implement national projects and programmes aimed at developing transport infrastructure and international transport, as well as initiatives by national transport companies to develop freight transport between Europe and Asia. The advantages of this scenario are the guaranteed benefits of developing transport on Euro-Asian routes within national frameworks for national carriers, freight forwarders and market operators. The main difficulties that may arise in this case are: lack of investment within the national framework for the development of infrastructure and international transport between Europe and Asia; inconsistency between measures taken to develop Euro-Asian transport links and similar measures taken by other transit countries; barriers in the international road transport market, especially when crossing borders; difficulty in attracting freight flows.

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<sup>101</sup> Elizarova, V. The New Silk Road - a platform for integration projects / V. Elizarova // [Electronic resource]. - 2014. - URL: <http://www.inform.kz/rus/article/2659526>

Participants in the second scenario – the "moderate" one – include associations of countries, joint business projects of carriers and other market operators pursuing the goals of regional transport integration, the signing of regional agreements, and the joint development of the transport market between Europe and Asia by a group of interested transit states.

The advantages of this scenario are: the rational use of investments aimed at developing "bottlenecks" in the land transport system between Europe and Asia; the broad participation of businesses from countries in the region in the development of transport in this direction and the resulting numerous multiplier effects; guaranteed freedom of transit and easier border crossing through the implementation of integration priorities and the use of international instruments. The challenges of implementing this scenario include: the lack of well-known brands among the companies and participants in projects to develop transport between Europe and Asia, which requires a serious PR campaign; the need to take steps to accelerate the removal of barriers and ensure freedom of transit on Euro-Asian routes.

Finally, the third scenario is an "intensive" one, in which transnational corporations and international organisations could and should participate in order to create global consortia of road transport and freight forwarding companies to carry out transport between Europe and Asia, and to conclude agreements or conventions under the auspices of international organisations on the regimes and conditions for land transport on Euro-Asian routes. The advantages here are the significant volume of investment that can be allocated in the short term to develop land transport between Europe and Asia; the attraction of significant volumes of cargo due to the economies of scale and global reputation of transnational transport and freight forwarding companies that will enter the Euro-Asian transport market; the creation of a reliable institutional framework for such transport through agreements or conventions concluded at the level of international organisations. The expected difficulties of this scenario include the requirements for a high level of transport infrastructure development and unified standards, guaranteed freedom of transit along the entire route, effectively a "green corridor", guaranteed availability of potential freight

carriers, as well as the possible transfer of profits from transport operations to the countries of origin.

Of course, the likelihood of each of these scenarios being successfully implemented in practice depends on many factors. First and foremost, it depends on the level of interest of the countries located in the Silk Road economic zone. For example, the Chinese leadership's initiative to revive the Great Silk Road was enthusiastically supported in Russia, where is already investing heavily in the modernisation of the Trans-Siberian Railway and expanding its cooperation with Asian countries. Speaking in September 2014 at the 14th summit of the Shanghai Cooperation Organisation in Dushanbe, Russian President Vladimir Putin named among the strategic directions of the economic agenda of this international organisation "the creation of a common transport system, within which it is proposed to use the transit potential of the Trans-Siberian Railway and the Baikal-Amur Mainline, in conjunction with the plans of the Silk Road of the People's Republic of China"<sup>102</sup>.

Back in May 2012, speaking at a meeting of the Foreign Investors Council in Kazakhstan, President Nursultan Nazarbayev announced the launch of a large-scale project called the New Silk Road: "Kazakhstan must revive its historical role and become the largest business and transit hub in the Central Asian region, a kind of bridge between Europe and Asia."<sup>103</sup>. The following compelling arguments were put forward in favour of this approach: the country's advantageous geographical location, steady growth in freight traffic, direct access to the markets of the Customs Union countries, and a favourable investment climate.

Two years later, at the plenary session of the 10th Asia-Europe Forum summit, the Kazakh leader, speaking about the need to find joint responses to contemporary challenges and threats, named the unlocking of the Eurasian region's integration potential as one of the most effective ways to overcome the current crises. The key condition for its development, he said, is "the strengthening of transport and transit

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<sup>102</sup> Kalinovskiy, I. The New Silk Road / I. Kalinovskiy // [Electronic resource]. - 2014. - URL: <http://expert.ru/2014/09/28/novyyj-shelkovyj-put/>

<sup>103</sup> The New Silk Road Economic Corridor [Electronic resource]. - 2013. - URL: <http://www.kazlogistics.kz/ru/media center/interview/detail.php?id=577>

infrastructure, in particular the revival of the Great Silk Road, which will provide Europe with the shortest and safest route to Asia"<sup>104</sup>.

In Kazakhstan, the competitive advantages of this project are seen in the implementation of the so-called five Cs principle: speed, service, cost, safety and stability. This means that the Great Silk Road can and must gain new strength and form through the joint efforts to create an economic corridor by increasing political contacts, building a unified road network, establishing trade links, activating currency flows, cultural and information exchange, and should be linked not only to trade, but also to the development of international research projects, student and scientific exchanges, and technology transfer. The country's government has already approved a comprehensive plan of measures for the implementation of the Kazakhstan - New Silk Road project, the concept of which is based on establishing global confidence in it, as it can be used to harness the enormous potential for economic development. For now, "only 0.2% of Chinese-European freight traffic goes by rail through Kazakhstan and its Customs Union partners, depriving the countries' budgets of billions in transit revenues"<sup>105</sup>.

Interesting prospects in the context of the development of the "Silk Road" from China to Europe may also open up for Ukraine, which, according to B. Danilishin, an academician of the Ukrainian National Academy of Sciences, will be able to derive the greatest benefit for itself if it prepares the conditions for: the development of modern national transport and infrastructure; the construction of a major research and training centre; the introduction of a new architecture of production relations into national industry and trade, based on the networked nature of interaction between the participants in these relations. "Only by cooperating with innovators (in this case, the Chinese) can we master their advanced production methods"<sup>106</sup>.

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<sup>104</sup> Nazarbayev spoke at the plenary session of the 10th Asia-Europe Forum summit [Electronic resource]. - 2014. - URL: <http://today.kz/news/kazakhstan/2014-10-16/nazarbaev-vystupil-v-plenarnoi-sessii-10-go-sammita-foruma-aziva-evropa/>

<sup>105</sup> Nesterov, V. The revival of the Great Silk Road is just around the corner / V. Nesterov // [Electronic resource]. - 2014. - URL: <http://liter.kz/ru/articles/show/3365-vozrozhdenie-velikogo-shirokogo-puti-ne-za-gorami>

<sup>106</sup> Danilishin, B. The Silk Road Economic Corridor and Ukraine / B. Danilishin // [Electronic



As for Belarus, the main goal of this ambitious project is seen as a call to the countries on the Great Silk Road to become open to each other, to ensure the free movement of citizens and free trade, without erecting barriers that hinder economic development, human contacts and mutually beneficial cooperation. Therefore, the Belarusian side is "ready to participate in the implementation of this initiative, as our country has the necessary infrastructure, and the Belarusian-Chinese park being created can serve as a transport and logistics centre"<sup>107</sup>.

The specific benefits for Belarus are that with the creation of a railway connection, the time required to deliver goods from China to Minsk will be reduced to 15 days, "whereas previously it took up to 40 days by sea. This is a clear reduction in the cost of exchanging goods"<sup>108</sup>. A convincing illustration of this argument was the first Yixinou freight train, which arrived in the Spanish capital Madrid on 9 December 2014 via a direct route from China. The length of this journey "was the most impressive in the history of international transport of this kind, and the journey time was 21 days"<sup>109</sup>. During this time, the train covered more than 13,000 kilometres, passing through countries such as Kazakhstan, Russia, Belarus, Poland, Germany and France.

In addition, the Belarusian side is particularly interested in this project because of its interaction with the Xinjiang Uygur Autonomous Region, a Chinese region that is set to play a major role as a production and reserve base for hydrocarbon resources, coal, wind energy and an important intra-continental energy transport corridor, and where there are already plans to build a transport hub and centres for trade and logistics, finance, culture, science and technology, and medicine. A special interregional working group of Belarus and the Xinjiang Uygur Autonomous Region has already been set up to work out the details of this cooperation.

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resource]. - 2014. - URL:

[http://blogs.lb.ua/bogdan\\_danyilvsyn/286180\\_ekonomicheskiv\\_koridor\\_shelkovogo.html](http://blogs.lb.ua/bogdan_danyilvsyn/286180_ekonomicheskiv_koridor_shelkovogo.html)

<sup>107</sup> Dylenok, Yu. The Velikiy Kamen Industrial Park may become part of China's Silk Road project / Yu. Dylenok // [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/economics/Industrialnyi-park-Velikij-kamen-mozhet-stat-chastju-kitajskogo-proekta-Shelkovij-put\\_i\\_679321.html](http://www.belta.by/ru/all_news/economics/Industrialnyi-park-Velikij-kamen-mozhet-stat-chastju-kitajskogo-proekta-Shelkovij-put_i_679321.html)

<sup>108</sup> Grishkevich, A. Belarus has great opportunities to participate in the Silk Road Economic Belt project - Zhang Chunlin / A. Grishkevich // [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/economics/Belarus-imeet-bolshie-vozmozhnosti-dlja-uchastija-v-proekte-ekonomicheskogo-poiasa-Shelkovogo-puti-Chzhan-Chunlin\\_i\\_673548.html](http://www.belta.by/ru/all_news/economics/Belarus-imeet-bolshie-vozmozhnosti-dlja-uchastija-v-proekte-ekonomicheskogo-poiasa-Shelkovogo-puti-Chzhan-Chunlin_i_673548.html)

<sup>109</sup> A new "Silk Road" has been laid through Belarus [Electronic resource]. - 2014. - URL: <http://news.open.by/economics/134543>

In May 2014, leaders of the Xinjiang Production and Construction Corps, established in 1954, paid their first visit to Minsk. Today, it is an "administrative body directly subordinate to the Communist Party of China (with the status of an independent province)"<sup>110</sup>. It administers an area of 80,000 square kilometres with a population of 2.7 million people, 175 farms, 3,000 enterprises in the fields of industry, transport, construction and trade, a scientific and technical academy, and educational, cultural and healthcare institutions. Discussing possible areas of cooperation in Minsk, such as joint production of agricultural machinery, creation of milk processing facilities, sheep breeding, mutual supplies of high-tech goods, the parties came to a consensus that the most promising areas of cooperation at the moment are "agriculture and agricultural equipment production, construction and building materials production, food and textile industries"<sup>111</sup>.

In conclusion, we note that the revived Great Silk Road, along the eastern part of which the vibrant economies of the Asia-Pacific region are concentrated, and the western vector of which is "tied" to the developed European economy, is today considered "the longest and most potentially significant economic corridor on Earth"<sup>112</sup>. Therefore, it is reasonably considered to be the most promising new development concept and an innovative form of regional cooperation that will contribute not only to the intensification of economic, political and cultural exchanges, but also to the exchange of information. In this regard, back in 2007, at the Eurasian Economic Forum, which was held in the city where the land part of this project begins, the "Xi'an Declaration" was adopted, in which the signatory countries came to a unanimous conclusion on the need to continue building a communication structure along the Great Silk Road in order to "create an information platform for the purpose of establishing a

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<sup>110</sup> Anatoly Tozik met with the leadership of SUAR [Electronic resource]. - 2014. - URL: <http://www.government.by/ru/content/5531>

<sup>111</sup> Markovich, E. Belarus and China's Xinjiang Uygur Autonomous Region are interested in cooperation in agriculture / E. Markovich // [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all-news/economics/Belarus-i-Sintzjan-Ujgurskij-avtonomnyj-okrug-Kitaja-zainteresovany-v-sotrudnichestve-v-selskom-xozjajstve\\_i\\_668313.html](http://www.belta.by/ru/all-news/economics/Belarus-i-Sintzjan-Ujgurskij-avtonomnyj-okrug-Kitaja-zainteresovany-v-sotrudnichestve-v-selskom-xozjajstve_i_668313.html)

<sup>112</sup> Annual Review: New Silk Road, New Idea, New Prosperity [Electronic resource]. - 2013. - URL: <http://russian.people.com.cn/31521/8496689.html>

Xi'an Declaration on the Results of the Eurasian Economic Forum - 2007 [Electronic resource]. - 2007. - URL: <http://russian.china.org.cn/china/txt/2007->

business partnership mechanism between local governments of countries"<sup>113</sup> . This means that the revival of the Great Silk Road poses fundamentally new challenges for representatives of the media sphere in the countries participating in this grandiose integration project, within the framework of which the rhetoric of information confrontation, quite often observed today, will soon have to give way to interested creative partnership. This will be a serious creative challenge for the international segment of national journalism in all countries participating in this mega-project.

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## CHAPTER 5

### **BELARUS - SWITZERLAND: EVOLUTION OF RELATIONS BASED ON THE PRINCIPLES OF PARTNERSHIP AND RESPECT**

The comprehensive development of relations with European countries in a constructive and pragmatic manner, with an emphasis on trade, economic, investment and innovation components, is a natural direction for modern Belarusian foreign policy. In Western Europe, an important and promising partner for the Republic of Belarus is the Swiss Confederation, with which diplomatic relations were established on 10 February 1992. The Belarusian side sees the development of a full-scale dialogue based on the principles of partnership and mutual trust with Switzerland as "the necessary potential for a significant intensification of bilateral economic cooperation"<sup>114</sup>.

Switzerland is known for a number of interesting features. Until the mid-19th century, it was considered one of the poorest European countries, with a population consisting of many peoples of different ethnic, cultural, religious and linguistic origins. At the beginning of the 21st century, this country, which has no significant natural resources and no direct access to sea trade routes, was classified by the World Bank as "one of the richest countries in the world"<sup>115</sup>. This radical transformation can be explained by two factors: the introduction of a highly effective socio-political management system and a policy of neutrality, the essence of which is as follows. On the one hand, they strive to avoid any clashes in international relations, and on the other, they try to help conflicting parties reach agreements. At the same time, they do not create conditions for open confrontation with their neighbours. Located at the crossroads of the main routes of communication between European countries, the Swiss see their national identity in the need to "preserve themselves and not dissolve among their larger neighbours. This is only possible if we ourselves defend our right to make decisions without looking back at everyone else. We value partnerships

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<sup>114</sup> Alexander Lukashenko congratulated the Federal President of Switzerland on the National Holiday [Electronic resource]. - 2013. - URL:

[http://president.gov.by/ru/news\\_ru/view/aleksandr-lukashenko-pozdravil-federalnogo-prezidenta-shveitsarskoi-konfederatsii-uli-maurera-6637/](http://president.gov.by/ru/news_ru/view/aleksandr-lukashenko-pozdravil-federalnogo-prezidenta-shveitsarskoi-konfederatsii-uli-maurera-6637/)

<sup>115</sup> Switzerland's foreign policy [Electronic resource].

<http://mahc.su/article.php?ID=44507>

- 2014. - URL:

without aggression"<sup>116</sup>.

As a result, Switzerland today is a developed industrial country with highly productive agriculture and leading economic sectors such as microelectronics, mechanical engineering, metallurgy, pharmaceuticals, electrical engineering and the chemical industry, where around 25,000 new jobs were created in 2014 and a further 20,000 will be created in 2015. The growth in employment, primarily in publicly funded sectors, including healthcare and education, was driven not so much by the ageing population as by the Swiss people's fundamental approach to the knowledge economy, which is focused on intellectual values and new technologies.

The stated goals of Swiss foreign policy are: maintaining peace, respecting human rights and developing democracy, defending the interests of national business abroad, combating poverty and deprivation, and protecting the environment. Trade and economic policy is aimed at developing free trade with other countries by reducing customs duties on imported goods and reducing import restrictions. It is characteristic that Bern pursues this strategy both within the framework of bilateral agreements with European Union countries and as a member of the European Free Trade Association, which includes Switzerland, Iceland, Norway and Liechtenstein. Therefore, "the implementation of joint projects or the opening of a representative office in this country for Belarusian companies is a good opportunity to expand the geography of supplies and increase the competitiveness of their business"<sup>117</sup>.

The history of Belarusian-Swiss cooperation since the establishment of diplomatic relations shows that for the first fifteen years, the parties focused their efforts on creating a legal framework for bilateral cooperation, which now includes "eight inter-state and intergovernmental international agreements"<sup>118</sup>. These include agreements on the promotion and mutual protection of investments (1993), on trade

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<sup>116</sup> Rakhimov, A. Switzerland's foreign policy: priorities and goals / A. Rakhimov // [Electronic resource]. - 2013. - URL: <http://nashagazeta.ch/news/politica/15873>

<sup>117</sup> Belarus - Switzerland: the basis for strengthening cooperation - investments [Electronic resource]. - 2011. - URL: [http://export.by/resources/izdaniva\\_i\\_publicacii/belarus%E2%80%94shveicariva\\_osnova\\_ukrepl\\_eniva\\_vzaimod.html](http://export.by/resources/izdaniva_i_publicacii/belarus%E2%80%94shveicariva_osnova_ukrepl_eniva_vzaimod.html)

<sup>118</sup> Bilateral political relations [Electronic resource]. - 2014. - URL: [http://switzerland.mfa.gov.by/ru/bilateral\\_relations/](http://switzerland.mfa.gov.by/ru/bilateral_relations/)

and economic cooperation (1993), on regular air services (1994), on the avoidance of double taxation with respect to taxes on income and capital (1999), on international road passenger and freight transport (2000), on cooperation in the event of natural disasters, crises or major accidents (2004), and on the conditions for the rehabilitation of minors from the Republic of Belarus in the Swiss Confederation (2010).

The decision by Switzerland in 2007 to include Belarus in the group of developing countries and territories classified by the Swiss Federal Customs Administration, for which customs duties on imports into the cantons of that country were reduced or abolished altogether, gave a certain impetus to the intensification of bilateral trade and economic cooperation. As a result, by 2008, Belarusian-Swiss trade turnover had already approached \$275 million. Belarus' share of exports in this amount barely exceeded \$9 million. But this fact in itself showed that Belarusian food and agricultural products, polymer materials and plastic products, optical devices and medical equipment - orthopaedic devices and X-ray equipment - had found buyers in the demanding Swiss market. As for supplies from Switzerland, these are, as a rule, modern knowledge-intensive imports: industrial machinery, machine and instrument engineering products, pharmaceuticals, and chemical compounds. An important detail: most Swiss goods "fall into the category of investment goods and are supplied based on the results of international tenders"<sup>119</sup>.

A year later, the investment component of cooperation became a significant part of bilateral relations between Belarus and Switzerland: in 2009, Swiss investment in the Belarusian economy amounted to \$371.2 million. And in 2010, one of the most significant investment projects involving a foreign partner was a contract worth over €60 million between Belarusian Railways and the Swiss company Stadler Bussnang AG, which won a tender to supply Belarus with 10 state-of-the-art high-speed trains.

The implementation of such a large-scale project marked a new level of mutually beneficial bilateral cooperation, with the parties moving from ordinary trade operations to more complex schemes of interaction. The start of construction of a Belarusian-

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<sup>119</sup> Bilateral economic cooperation [Electronic resource]. - 2014. - URL: [http://switzerland.mfa.gov.by/ru/bilateral\\_relations/trade\\_economic/](http://switzerland.mfa.gov.by/ru/bilateral_relations/trade_economic/)

Swiss plant for the production of urban passenger and railway transport in the city of Fanipol, Minsk Region, in October 2012 became a concrete manifestation of a new stage in the development of partnership relations between the two countries. The participants in this investment project, scheduled for 2012-2016, are the Belarusian OJSC "Belkommunmash Holding Management Company" and the Swiss company "Stadler Rail AG", which specialises in the production of regional trains, urban transport, trams and double-decker trains. To this end, in January 2012, a joint venture, OJSC Electric Transport, was registered in Belarus with Swiss capital holding a 60 per cent stake in the authorised capital of . In November 2013, it was transformed into OJSC "Stadler Minsk". A plot of land with an area of 18.9 hectares in the Dzerzhinsky district, which is included in the boundaries of the Minsk free economic zone, was allocated for the construction of the plant. Thus, the first and so far the only enterprise was formed in the CIS territory, which combines the production of a whole range of electric transport not only for railways but also for cities.

From the very beginning of this project, a lofty goal was set: "to build a truly high-tech, European, world-class production facility for railway and urban electric passenger transport"<sup>120</sup> . And in November 2014, the grand opening of this unique plant for Belarus took place, which is of particular importance for the Belarusian side: "Firstly, it strengthens the country's export potential, and secondly, it will play a social role by helping to breathe new life into Fanipol, which is set to become one of Minsk's satellite cities"<sup>121</sup> .

Another important point is that the new enterprise, which has already become a striking example of foreign direct investment by foreign partners who have come to Belarus with their technologies and their sales market, plans to pull Belarusian electric transport manufacturer Belkommunmash along with it to new technological heights. And this is well within the Swiss company's capabilities, as Stadler Rail Group is a system supplier of customised solutions for railway transport manufacturing. Today,

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<sup>120</sup> Prime Minister of Belarus Mikhail Myasnikovich took part in the ceremony marking the start of construction of a new plant [Electronic resource]. - 2012. - URL: <http://www.government.by/ru/content/4625>

<sup>121</sup> Working trip to the Minsk region [Electronic resource]. - 2014. - URL: <http://president.gov.by/ru/news/ru/view/raboचाia-poezdka-v-minskuiu-oblast-10239/>

its factories are located in Switzerland, Germany, Poland, Hungary, the Czech Republic, Italy, Austria, Algeria and the United States. The company employs around 6,000 people, half of whom work in Switzerland.

The most well-known models in the Stadler Rail Group product line are the GTW articulated electric trains, Regio-Shuttle RS1 rail buses, Flirt trains, and Kiss double-decker trains. In the tram segment, the Variobahn and Tango low-floor trams are included in a similar list. Another addition to the suburban rail market is the Metro model. The company also manufactures metre-gauge trains, passenger carriages and locomotives, and is the world's leading manufacturer of rolling stock for rack railways.

The Swiss decided to locate their plant in Belarus for a number of reasons, including the availability of skilled labour in the republic, its proximity to countries with broad-gauge railways, and the creation of the Eurasian Economic Union. The plant, which is already in operation, welds and paints aluminium carriages, as well as carrying out final assembly of rolling stock and commissioning work. The first project in which Stadler Minsk is participating will be the production of 21 double-decker trains for the Russian railway operator Aeroexpress, which provides passenger transport to Moscow airports. The Swiss side sees a real prospect for capacity utilisation in Fanipol in placing all subsequent orders for the post-Soviet countries here, including deliveries for the Belarusian railway itself, which has already purchased 18 Flirt trains.

Of course, the Commonwealth of Independent States is particularly attracted to the Russian market, where the Swiss manufacturer began to establish itself<sup>122</sup> in 2011, when it signed a framework agreement for the production of 100 four-axle diesel drives, which are installed in 50 multi-unit trains manufactured by Metrovagonmash. Based on this experience, the company's management proposed "to build a train for the Minsk metro, which would serve as a model for future projects, including entering other countries' markets with it"<sup>123</sup>. As for other CIS countries,

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<sup>122</sup> Grishkevich, A. Belarus will become a good platform for promoting the products of the Stadler Rail Group to the EAEU market - Shpuler / A. Grishkevich // [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/economies/Belarus-stanet-horoshej-ploschadkoi-dlja-prodvizhenija-produktsii-kompanii-Shtadler-Reil-Grupp-na-rynok-EAES-Shpuler-i-686754.html/](http://www.belta.by/ru/all_news/economies/Belarus-stanet-horoshej-ploschadkoi-dlja-prodvizhenija-produktsii-kompanii-Shtadler-Reil-Grupp-na-rynok-EAES-Shpuler-i-686754.html/)

<sup>123</sup> Alexander Lukashenko met with representatives of Swiss business circles [Electronic resource]. - 2014. -



Stadler Rail Group "signed a contract to supply 30 sleeping cars, including restaurant cars, to Azerbaijan for the Baku-Tbilisi-Istanbul railway line"<sup>124</sup> .

As we can see, the Swiss Confederation really wants to be considered one of those European countries with which the Republic of Belarus is genuinely keen to develop full-scale cooperation. In this regard, official Minsk sees "promising areas in industry, science and innovation, credit, culture and tourism"<sup>125</sup> . The Swiss side has also identified priority areas for the development of business cooperation with Belarus, including the banking sector, mechanical engineering, agriculture and the food industry, as well as pharmaceuticals. More specifically, Switzerland is interested not only in implementing an investment project related to the production of municipal equipment. "In the food industry, Swiss partners are particularly interested in meat processing and the production of environmentally friendly products"<sup>126</sup> .

To strengthen the planned partnership ties, in June 2013 the parties signed an agreement on the establishment of a Belarusian-Swiss Business Council with the aim of "promoting not only increased interest among representatives of the business communities of the two countries, but also the development of relations in various spheres and areas, as well as increased investment in industry"<sup>127</sup> . The creation of this council has provided an effective platform for discussing issues that hinder the development of mutually beneficial cooperation and ways to find constructive

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URL: [http://president.gov.by/ru/news\\_ru/view/aleksandr-lukashenko-vstretilsja-s-predstaviteljami-delovyx-krugov-shveysarii-8830/](http://president.gov.by/ru/news_ru/view/aleksandr-lukashenko-vstretilsja-s-predstaviteljami-delovyx-krugov-shveysarii-8830/)

<sup>124</sup> Grishkevich, A. "Shtadler Rail Group" does not rule out the possibility of manufacturing metro carriages in Belarus / A. Grishkevich // [Electronic resource]. - 2014. - URL: <http://www.belta.by/ru/all-news/economics/Shtadler-Reil-Grupp-ne-iskljuchaet-vozmozhnosti-proizvodstva-v-Belarusi-vagonov-dlja-metro-i-686757.html>

<sup>125</sup> On 27 June, Alexander Lukashenko accepted the credentials of foreign ambassadors [Electronic resource]. - 2013. - URL: [http://president.gov.by/ru/news\\_ru/view/aleksandr-lukashenko-prinjal-veritelnye-gramoty-poslovinostrannyyx-gosudarstv-6384/](http://president.gov.by/ru/news_ru/view/aleksandr-lukashenko-prinjal-veritelnye-gramoty-poslovinostrannyyx-gosudarstv-6384/)

<sup>126</sup> Markovich, E. Switzerland is interested in cooperating with Belarus in banking, mechanical engineering, pharmaceuticals and agriculture / E. Markovich // [Electronic resource]. - 2013. - URL: <http://www.belta.by/ru/all-news/economics/Shveysarija-zainteresovana-v-sotrudnichestve-s-Belarusiu-v-bankovskoi-sfere-mashinostroenii-farmatsevtike-i-selskom-xozjajstve-i-652055.html>

<sup>127</sup> Markovich, E. Belarus and Switzerland are not fully utilising the potential of their economic relations, says diplomat / E. Markovich // [Electronic resource]. - 2013. - URL: <http://www.belta.by/ru/all-news/economics/Belarus-i-Shveysarija-ne-polnostiu-ispolzuiut-potentsial-vzaimootnoshenij-vekonomicheskoi-sfere-diplomat-i-652047.html>

solutions to them. The parties hope that the new body will result in the development of direct business contacts, deeper cooperation between Belarusian and Swiss enterprises in the field of trade and investment, overcoming barriers to mutually beneficial cooperation, developing recommendations for doing business in Belarus and Switzerland, and identifying specific opportunities for expanding and diversifying bilateral cooperation in the business sphere, including joint investment projects.

It should be noted that within a year, the activities of this business council contributed to the introduction of such an interesting form of interaction into Belarusian-Swiss relations as the holding of national economy days. In particular, on 30 October 2014, Belarusian Economy Day in Switzerland was held in the Swiss city of Bussnang. It was attended by more than 110 representatives of Swiss structures - the parliament and the foreign ministry, the State Secretariat for Economic Affairs and the Export Risk Insurance Agency, the Swissmem association of the mechanical engineering, electrical engineering and metallurgical industries, leading banking, insurance and consulting organisations, as well as Belarusian and Swiss business circles. This forum demonstrated the urgent need for ongoing dialogue between the parties on a wide range of economic issues and highlighted the significant potential for cooperation not only in trade, economics, credit and investment, but also in research and education.

One of the important topics of discussion during Belarusian Economy Day was Belarus' potential as a partner in the field of transport and logistics. In this regard, the forum participants' attention was drawn to the significant potential of the Swiss economy in terms of investing in the construction and modernisation of Belarusian logistics infrastructure. In particular, the BIT-Union Group of Companies, with the support of its subsidiary VID ALLIANCE AG, located in Frauenfeld (canton of Thurgau, Switzerland), invited private capital owners and representatives of the Swiss public sector to participate in an investment project for the purchase of land and the construction of a multimodal logistics centre"<sup>128</sup>.

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<sup>128</sup> Belarusian Economy Day in Switzerland [Electronic resource]. - 2014. - URL: <http://bit-union.bv/infocentr-0/novosti/den-belorusskov-ekonomiki-v-shvevcarii>

Statistics show that there are 99 companies with Swiss capital registered in Belarus, of which 45 are joint ventures and 54 are foreign companies. There are 12 Swiss companies operating in Belarus, including ABB International Marketing AG, Tetra Pak Service S.A. and 3M (East) AG. As mentioned above, a landmark project in Belarusian-Swiss business cooperation is the Stadler Minsk plant, which opened in November 2014 in the city of Fanipol in the Minsk region. But this is not the only example of Swiss companies' activity in Belarus. For example, Buhler, the world leader in food processing machinery, has been supplying pasta-making machines to the Belarusian market for several years. Work is also underway on a major glass production project worth CHF 10 million. Another leading global manufacturer of industrial robots and electrical equipment, the Swiss-Swedish concern ABB, is fulfilling "the largest order in the company's history: train converters that will be assembled in Belarus"<sup>129</sup>.

Back in 2009, Swiss company Franck Muller expressed interest in implementing an investment project in Belarus to manufacture watches at the Luch factory in Minsk. The Swiss investor proposed to "restore production at the Minsk watch factory, in particular, to supply modern equipment worth \$10 million, set up a completely new production facility, provide jobs for 800 people, and double the wages at the enterprise"<sup>130</sup>. A few years later, "the investments made in the development of the Minsk Watch Factory had a positive impact on the company's operations. The main task remains the production of new watches for different categories of buyers"<sup>131</sup>. In this regard, the company plans to release 15 new models of watch cases of its own production. "The new brass cases will mainly be used for watches with a rectangular or round classic shape with a diameter of at least 45-50 mm. Such large wristwatches

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<sup>129</sup> Results of the Belarusian Business Forum in Switzerland [Electronic resource]. - 2014. - URL: [http://www.tvr.by/news/ekonomika/itogi\\_belorusskogo\\_biznes\\_foruma\\_v\\_shveysarii\\_03\\_11\\_2014\\_21\\_05\\_00\\_00000054/](http://www.tvr.by/news/ekonomika/itogi_belorusskogo_biznes_foruma_v_shveysarii_03_11_2014_21_05_00_00000054/)

<sup>130</sup> Head of State Alexander Lukashenko visited the Minsk Watch Factory [Electronic resource]. - 2009. - URL: [http://president.gov.by/ru/news\\_ru/view/glava-gosudarstva-aleksandr-lukashenko-posetil-minskij-chasovoi-zavod-4864/](http://president.gov.by/ru/news_ru/view/glava-gosudarstva-aleksandr-lukashenko-posetil-minskij-chasovoi-zavod-4864/)

<sup>131</sup> Swiss company Franck Muller will retain Luch as Belarus' watch brand [Electronic resource]. - 2012. - URL: <http://www.government.by/ru/content/4707>

under the Luch brand will be produced for the first time"<sup>132</sup> . Another new product at the factory will be the start of production of spherical glass for watch cases, which will also improve the appearance of the finished watches.

In addition, "Belarus and Switzerland are planning to set up joint ventures in logging, wood processing and wood fuel production" <sup>133</sup> , and Belarusian forestry enterprises have already offered their Swiss partners their forest products and hunting and eco-tourism services. Representatives of the Swiss pharmaceutical company Actelion Pharmaceuticals Ltd have also expressed interest in establishing pharmaceutical production facilities in Belarus. With the participation of Swiss capital, projects are also being implemented in Belarus to build a plant for processing solid municipal waste and producing heat and electricity from it in Brest, to create hydro and power stations on the Western Dvina and Dnieper rivers, and to manufacture prostheses and surgical instruments. The intensification of Belarusian-Swiss business ties following the creation of a business council led to the opening of a direct flight from Minsk to Geneva in December 2013, which, of course, further contributed to the development of economic relations between the countries, as well as student, cultural and tourist exchanges. "Flights to Geneva International Airport (Switzerland) will operate <...> three times a week on Tuesdays, Fridays and Sundays. The cost of a flight in economy class is from €245 in both directions"<sup>134</sup> .

All these facts indicate that Belarus and Switzerland are currently experiencing a kind of "renaissance" in their inter-state relations. This process may well develop into a full-scale dialogue based on the principles of partnership and mutual trust, contributing to the implementation of one of the most important areas of Belarusian economic policy: attracting foreign investment based on the most modern technologies.

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<sup>132</sup> Trofimovich, S. Swiss investor transfers drawings for new mechanisms to Minsk Watch Factory / S. Trofimovich // [Electronic resource]. - 2013. - URL: <http://www.belta.by/ru/all-news/economics/shveitsarskij-investor-peredal-minskomu-chasovomu-zavodu-chertezhi-dlja-osvoenija-novyx-mexanizmov-i-620806.html>

<sup>133</sup> Switzerland interested in Belarusian timber [Electronic resource]. - 2012. - URL: <http://www.movbv.com/news/74353/>

<sup>134</sup> Ivanyuk, T. The launch of a flight from Minsk to Geneva will serve to strengthen diplomatic ties between Belarus and Switzerland - Khvostov / T. Ivanyuk // [Electronic resource]. - 2013. - URL: <http://www.belta.by/ru/all-news/politics/Otkrytie-reisa-iz-Minska-v-Zhenevu-posluzhit-ukrepleniju-dipsvjazej-Belarusi-i-Shveitsarii-Xvostov-i-655048.html>

## CHAPTER 6

### **BELARUS - MOLDOVA: COOPERATION IN THE CONTEXT OF THE TRANSITION TO A NEW LEVEL**

The Republic of Moldova is one of the countries belonging to the Commonwealth of Independent States with which the Republic of Belarus has seen steady growth in trade turnover and expansion of partnership ties in a number of areas of mutual interest over the past five to six years. It is interesting to note that this trend is developing against the backdrop of Moldova's obvious gravitation towards integration with the European Union.

This course of action by Chisinau became particularly clear in mid-2009, when representatives of right-wing and centre-right parties that had joined the Alliance for European Integration came to power in the country. This vector of Moldovan foreign policy received new impetus from subsequent events: Moldova's initialing of the Association Agreement with the European Union at the Eastern Partnership summit in Vilnius at the end of November 2013 and the signing of the Agreement with the European Union at the end of June 2014, providing for the country's entry into a free trade area with the EU and setting out jointly agreed priorities for the period up to 2016 in order to prepare for the implementation of the Association Agreement with the European Union. This course is explained in Moldova itself by its original historical affiliation with European civilisation and European culture, since "the choice of regional directions and partners in foreign economic relations, the nature and scope of relations with various countries should be guided by the effective use of international cooperation in the interests of Moldova's socio-economic development"<sup>135</sup>.

However, in order to integrate into European structures as an equal partner, Chisinau needs to ensure an appropriate level of economic development, above all. That is why the growing role of economic diplomacy is seen in Moldova as an effective way of promoting the country's economic interests in a globalising world, deepening the integration of national economies and increasing competition in the global market.

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<sup>135</sup> Conceptual foundations of the foreign policy of the Moldovan state [Electronic resource]. - 2011. - URL: <http://www.moldovenii.md/ru/section/595>

That is why one of the main priorities of Moldovan foreign policy remains "strict implementation of the friendship and cooperation agreements concluded by Moldova within the CIS, in a climate of mutual trust and respect, maintaining favourable relations in the fields of politics, economics, science and technology, and culture"<sup>136</sup>.

In line with this priority, Moldova ratified the CIS Free Trade Area Agreement in September 2012, which is designed to promote trade with the Commonwealth countries by removing barriers to trade in the post-Soviet space and creating conditions for attracting new investment. This is particularly important for Chisinau given that, according to statistics, "the growth rate of Moldovan exports to CIS countries exceeds the average rate of overall growth in Moldovan exports. Despite the vector of European integration, strengthening economic ties within the CIS is a priority of the country's foreign policy"<sup>137</sup>. Taking all these circumstances into account, Minsk hopes that Moldova's signing of the Association Agreement with the European Union will not affect relations with Belarus. At the very least, "the different vectors of integration development in Belarus and Moldova should not hinder bilateral economic cooperation"<sup>138</sup>.

It should be recalled that Belarus and Moldova signed a large-scale agreement on long-term trade and economic cooperation for 2000-2008 in June 2000. In 2010, the Belarusian side noted that there were significant prospects for expanding cooperation between Belarus and Moldova. The dynamic development of relations between the two countries is facilitated by the complementary nature of their economies, the absence of competition in foreign markets, and the fact that "in the most difficult times, Belarus and Moldova stood together. Belarus negotiated with every government in Moldova because every government always put the interests of the people first"<sup>139</sup>. Today, there

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<sup>136</sup> Main priorities of Moldova's foreign policy [Electronic resource]. - 2011. - URL:

<http://www.moldovenii.md/ru/section/596>

<sup>137</sup> Gusin, A. Moldova ratified the CIS Free Trade Area Agreement / A. Gusin // [Electronic resource]. -

2012. - URL: <http://www.cis.minsk.by/news.php?id=893>

<sup>138</sup> Official visit to the Republic of Moldova [Electronic resource]. - 2014. - URL:

[http://president.gov.by/ru/news\\_ru/view/aleksandr-lukashenko-24-25-sentjabria-sovershit-ofitsialnyj-vizit-v-respubliku-moldova-9861/](http://president.gov.by/ru/news_ru/view/aleksandr-lukashenko-24-25-sentjabria-sovershit-ofitsialnyj-vizit-v-respubliku-moldova-9861/)

<sup>139</sup> On 25 October, the Head of State accepted the credentials of foreign ambassadors [Electronic resource]. - 2010. - URL: [http://president.gov.by/ru/news\\_ru/view/25-oktiabria-glava-gosudarstva-prinjal-veritelnye-gramoty-poslov-inostrannyx-gosudarstv-5000/](http://president.gov.by/ru/news_ru/view/25-oktiabria-glava-gosudarstva-prinjal-veritelnye-gramoty-poslov-inostrannyx-gosudarstv-5000/)

is a clear understanding in Minsk and Chisinau that in the current dialogue between the parties, taking into account Belarus' commitments to the Eurasian Economic Union and Moldova's orientation towards the European Union, it is necessary to find additional ways of partnership.

In September 2014, a joint working group was set up to focus on the whole range of issues related to bilateral Belarusian-Moldovan economic cooperation "in the context of the signing of the Agreement on the establishment of a Deep and Comprehensive Free Trade Area between Moldova and the European Union"<sup>140</sup> with an emphasis on identifying specific areas of cooperation that would expand the parties' export potential to third country markets, in particular the EU and the EAEU. The work already done in this regard allows us to conclude that "Belarus can serve as a good example for other countries in terms of using the opportunities provided by Moldova to promote jointly produced products to third-country markets"<sup>141</sup>, as evidenced by specific figures and facts.

In 2014, trade turnover between Belarus and Moldova amounted to \$411.8 million, a record high since the establishment of diplomatic relations between the two countries on 19 November 1992. Five years ago, this figure was 1.6 times lower. In 2009, the economic crisis had a negative impact on the dynamics of Belarusian-Moldovan bilateral trade. However, as noted above, the economies of the two countries are complementary. On the one hand, Moldovan consumers are well acquainted with Belarusian household appliances, consumer goods, dairy products and medicines. In turn, Belarus is a leading importer of wine products from Moldova: "Belarus currently accounts for 35% of Moldova's total wine exports in terms of volume and 27% in terms of value, as well as more than 10% of Moldova's total fruit and vegetable exports"<sup>142</sup>.

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<sup>140</sup> Gusin, A. Belarus and Moldova have identified areas of cooperation to increase exports to the EU and CIS markets / A. Gusin // [Electronic resource]. - 2014. - URL: <http://www.belta.by/ru/all-news/economics/Belarus-i-Moldova-opredelili-napravlenija-sotrudnichestva-dlja-uvlechennija-eksporta-na-rynki-stran-ES-i-SNG-i-681233.html>

<sup>141</sup> Gusin, A. Belarus could serve as a good example of how Moldova can leverage opportunities to promote its products on EU markets - Lazarev / A. Gusin // [Electronic resource]. - 2014. - URL: <http://www.belta.by/ru/all-news/economics/Belarus-mozhet-stat-xoroshim-primerom-ispolzovanija-vozmozhnostei-Moldovy-po-prodvizheniju-produktsii-na-rynki-ES---Lazer-i-681197.html>

<sup>142</sup> Gusin, A. Belarus and Moldova will increase trade and economic cooperation / A. Gusin // [Electronic resource]. - 2014. - URL:



This complementarity helped the parties make the right decisions to overcome the crisis in difficult times.

In February 2010, Minsk and Chisinau signed an Economic Cooperation Agreement for 2010-2013, in which they declared their intention to "expand cooperation in the field of industrial cooperation"<sup>143</sup>. In this document, the parties agreed to redirect their efforts in cooperation from simple "buy-sell" schemes, which had prevailed in bilateral relations for almost two decades, to the creation of joint ventures for the production of high value-added products and their sale, including in third-country markets.

Given that the Moldovan economy is based on the agro-industrial sector, which employs up to half of the country's working-age population, and that the industrial production structure is dominated by agriculture-related industries, the first step in implementing the planned course was a project for the joint assembly of tractors in Moldova based on the supply of kits from Belarus. Already in 2011, 40 such machines were assembled in Chisinau. In subsequent years, production increased to 50 units. In 2015, Moldova will also receive "50 tractor kits for the industrial assembly of horticultural and vineyard tractors worth a total of approximately \$1.5 million"<sup>144</sup>. The relevant contract was signed in September 2014 by RUE "Smorgon Auto Aggregate Plant" and LLC "Agrofermotech".

The next area of Belarusian-Moldovan cooperation in the field of industrial cooperation was the modernisation of urban electric transport. The first step in implementing these partnerships was the signing in November 2010, following an international tender, of a contract between OJSC Belkommunmash and the Chisinau Electric Transport Authority for the supply of 102 trolleybuses to the Moldovan capital, which was successfully implemented in 2011. But the partnership between the parties

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[http://www.belta.by/ru/all\\_news/economics/Belarus-i-Moldova-budut-naraschivat-torgovo-ekonomicheskoe-sotrudnichestvo-i-674023.html](http://www.belta.by/ru/all_news/economics/Belarus-i-Moldova-budut-naraschivat-torgovo-ekonomicheskoe-sotrudnichestvo-i-674023.html)

<sup>143</sup> Belarus and Moldova signed an agreement on economic cooperation for 2010-2013 [Electronic resource]. - 2010. - URL: <http://www.government.by/ru/content/284>

<sup>144</sup> Polezhai, T. Belarus and Moldova sign contracts worth \$20 million / T. Polezhai // [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/economics/Belarus-i-Moldova-zakliuchili-kontrakty-na-20-mln-i-681203.html](http://www.belta.by/ru/all_news/economics/Belarus-i-Moldova-zakliuchili-kontrakty-na-20-mln-i-681203.html)



did not end there.

Due to the fact that more than 150 trolleybuses in Chisinau needed to be replaced because they were physically and morally obsolete, Belarus and Moldova agreed in the summer of 2012 to implement another joint project - this time for the assembly of Belarusian trolleybuses in Chisinau with the participation of the Minsk-based enterprise Belkommunmash. These vehicles began to be assembled on a modernised trolleybus repair line at the Moldovan capital's Electric Transport Authority by employees who had been trained in Minsk. Thus, on 17 July 2012, the first Belarusian trolleybus assembled in Moldova appeared on the streets of Chisinau. A total of 10 units of this equipment were assembled that year. In 2013, the Chisinau City Council allocated about three million euros for the assembly of 20 trolleybuses, with a view to increasing this figure to 50-60 vehicles in subsequent years.

The Moldovan side took notice of Belarusian technology for several reasons. First, Minsk trolleybuses consume 35 per cent less electricity than older vehicles. Second, they allow for an increase in the number of passengers carried and a 22 per cent increase in revenue per trolleybus. Thirdly, "Belarusian trolleybuses fully comply with all European standards. They stand out from Russian and Ukrainian models thanks to their optimal combination of price and quality, reliability, modern design, increased comfort for passengers and drivers, energy efficiency, and maximum convenience for people with disabilities"<sup>145</sup>. All these arguments formed the basis for the conclusion reached by the municipal authorities of the Moldovan capital that "the implementation of the project will allow for the complete modernisation of the electric transport fleet in Chisinau and Balti, and in the future, the modern Belkommunmash trolleybuses manufactured in Chisinau will be successfully promoted on European markets, taking into account Moldova's trade preferences with the European Union."<sup>146</sup>.

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<sup>145</sup> Gusin, A. Chisinau authorities satisfied with the efficiency of Belkommunmash trolleybuses / A. Gusin // [Electronic resource]. - 2013. - URL: [http://www.belta.by/ru/all\\_news/economics/Vlasti-Kishineva-dovolny-effektivnostju-raboty-trollejbusov-Belkommunmash-i-628481.html](http://www.belta.by/ru/all_news/economics/Vlasti-Kishineva-dovolny-effektivnostju-raboty-trollejbusov-Belkommunmash-i-628481.html)

<sup>146</sup> Gusin, A. Twenty Belarusian trolleybuses assembled in Moldova will be put into service in Chisinau by the end of the year / A. Gusin // [Electronic resource]. - 2013. - URL: [http://www.belta.by/ru/all\\_news/economics/Na-marshruty-v-Kishineve-do-kontsa-goda-vyidut-20-belorusskix-trollejbusov-sobrannyx-v-Moldove-i-645401.html](http://www.belta.by/ru/all_news/economics/Na-marshruty-v-Kishineve-do-kontsa-goda-vyidut-20-belorusskix-trollejbusov-sobrannyx-v-Moldove-i-645401.html)

During the Belarusian head of state's visit to Moldova in September 2014, it was noted that Belarus considers cooperation with Moldova in industrial cooperation to be promising, with a view to ultimately entering the markets of third countries and the European Union. The prerequisites for such a development have already been created in the form of the assembly of Belarusian agricultural machinery and trolleybuses on Moldovan soil. " , the next step is the assembly of buses. <...> In this regard, Belarus and Moldova should aim to increase trade turnover to \$1 billion"<sup>147</sup> . This stated goal has prompted Minsk and Chisinau to seek other new opportunities and areas for production cooperation.

Thus, when it comes to the assembly of Belarusian buses equipped with Mercedes engines, this project is particularly important for the Moldovan capital: "Currently, most of the buses in Chisinau's fleet are morally and physically obsolete. About 150 buses need to be replaced"<sup>148</sup> . That is why, as part of a joint project with OJSC Minsk Automobile Plant, there are plans to open a special assembly line, with components and spare parts to be imported from Belarus. As for other areas of planned cooperation, the parties are already discussing the prospects of producing biofuel-powered energy equipment in Moldova with the help of Belarus.

It is noteworthy that, despite the overall positive dynamics of bilateral cooperation, Minsk and Chisinau believe that there is still great untapped potential for cooperation and good prospects for increasing the volume of mutual trade. In particular, Belarus is ready to further meet the needs of its Moldovan partners in terms of machine-building and petrochemical products, light industry goods, building materials, household appliances, medicines and food. However, perhaps the greatest potential for

increasing the volume of Belarusian-Moldovan trade and economic cooperation lies in the agro-industrial sector.

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<sup>147</sup> Official visit to the Republic of Moldova [Electronic resource]. - 2014. - URL: <http://president.gov.by/ru/news ru/view/aleksandr-lukashenko-24-25-sentjabria-sovershit- ofitsialnyi-vizit-v-respubliku-moldova-9861/>

<sup>148</sup> Gusin, A. Plans to assemble MAZ buses in Chisinau / A. Gusin // [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/economics/V-Kishineve- planiruetsia-naladit-sborku-avtobusov-MAZ\\_i\\_657398.html](http://www.belta.by/ru/all_news/economics/V-Kishineve- planiruetsia-naladit-sborku-avtobusov-MAZ_i_657398.html)

It should be recalled that today the legal framework for relations between Belarus and Moldova "includes more than 100 bilateral international agreements, which cover almost all areas of cooperation"<sup>149</sup>. Nevertheless, in the summer of 2014, the Moldovan government approved another document - an agreement on economic and scientific-technical cooperation between the agricultural departments of the parties, which "should contribute to an increase in the volume of mutual supplies of products, attract investment in the agricultural sector of the two countries, and intensify cooperation between research institutions operating in the field of agriculture"<sup>150</sup>.

The agreements reached in the agreement provide for the development of cooperation in all sectors and areas of agriculture, the introduction of modern technologies, the exchange of scientific and technical information, statistics and market data, scientific research results, support for the participation of Belarusian and Moldovan business circles in exhibitions and fairs, scientific seminars and symposiums, and the exchange of seed samples, planting and biological material. In addition, the parties intend to intensify cooperation in crop production, vegetable growing, horticulture, animal husbandry, the food industry and agricultural mechanisation. There is also talk of creating new entities in Moldova within the commodity distribution network of organisations subordinate to the Ministry of Agriculture and Food of Belarus.

So far, the following distribution network structures have been created in this country with the participation of Belarusian capital: the MTZ-Leader trading house, the Santa-Briz joint venture, the Vestail joint venture, and Agrobelmilk. At the same time, the Belarusian distribution network includes more than 60 Moldovan companies that sell Belarusian products on the basis of dealer agreements and direct contracts<sup>151</sup>

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<sup>149</sup> Onila, O. Belarus - Moldova: common business, common interests / O. Onila // [Electronic resource]. - 2014. - URL: <http://www.businessclass.md/%D0%B4%D0%B5%D0%BD%D1%8C%D0%B3%D0%B8/Belarusi-moldova-obshie-interesi-obshii-biznes/>

<sup>150</sup> Gusin, A. Cooperation agreement between the Ministries of Agriculture of Belarus and Moldova approved in Chisinau / A. Gusin // [Electronic resource]. - 2014. - URL: <http://www.belta.by/ru/all-news/economics/Soglashenie-o-sotrudnichestve-mezhdu-Minselkhozami-Belarusi-i-Moldovy-odobreno-v-Kishineve-i-671493.html>

<sup>151</sup> Trade and economic relations [Electronic resource]. - 2015. - URL:

. In September 2014, the grand opening of a commercial centre for the sale of ceramic tiles and sanitary ceramics from the leading Belarusian enterprise Keramin took place in Chisinau, which became a landmark event that testified to the transition of business cooperation between the two countries to a qualitatively new level.

So, the Belarusian side has experience in creating new forms of promoting its products on Moldovan soil. Therefore, today we are talking about filling these forms of interaction with new content. In agriculture, several interesting ideas are being discussed in this regard. In particular, "Belarus plans to grow grapes on an industrial scale and is interested in Moldovan technologies for cultivating this crop"<sup>152</sup>. This is especially true given that vineyards have already been planted in some Belarusian regions and the first grape harvests have even been obtained. The "grape" theme is also covered by an agreement signed in September 2014 between Minsk Grape Wine Plant CJSC and Moldova's largest producer of wine materials, which owns extensive vineyards and the most modern wine production equipment - Vinaria din Vale JSC. The two companies, which have been working together for almost 15 years, agreed that wine materials produced from grapes grown on plantations in the Cahul region of southern Moldova will be supplied to Belarus. Its distinctive feature is that grapes grown here on an area of about 160 hectares meet all the environmental standards of the European Union, which is particularly important for Belarus, which was seriously affected by the Chernobyl nuclear accident.

Noting all these facts of the steady development of cooperation between Belarus and Moldova, special emphasis should be placed on the activities of such an important instrument for coordinating partnership relations as the Intergovernmental Belarusian-Moldovan Commission on Trade and Economic Cooperation. Established in the mid-1990s, it played a significant role in 2000-2008, when the volume of bilateral trade between Belarus and Moldova grew almost fivefold. The need for an active transition to new forms of cooperation – cooperative supplies, the creation of joint ventures and

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[http://moldova.mfa.gov.by/ru/bilateral\\_relations/trade\\_economic/](http://moldova.mfa.gov.by/ru/bilateral_relations/trade_economic/)

<sup>152</sup> Belarus is interested in Moldovan technologies for industrial grape cultivation [Electronic resource]. - 2012. - URL:

[http://www.belta.by/ru/all\\_news/economics?id=616877](http://www.belta.by/ru/all_news/economics?id=616877)

production facilities, including those oriented towards third countries has highlighted the growing influence of the intergovernmental commission in the post-crisis period on the adoption of adequate decisions on the development of a long-term strategy for mutually beneficial cooperation between the two countries in all sectors and areas of the national economy.

Thus, at the 12th meeting of the commission in February 2010, the parties identified measures to develop cooperation in priority areas and stimulate the growth of mutual trade. The next meeting, in October 2011, was marked by the development of new initiatives and agreements on the development of cooperation on the mutually beneficial use of the trade regime within the Customs Union of Belarus, Russia and Kazakhstan and Moldova's trade preferences regime with the European Union. At the same time, there was talk of "intensifying joint work in the field of crop breeding and seed production, and the reproduction of various breeds of cattle bred in Belarus and Moldova"<sup>153</sup>.

At the 14th meeting in November 2012, the parties noted the beginning of a transition from simple trade to cooperation and the creation of assembly plants for Belarusian equipment on Moldovan soil, and also focused on new areas of inter-sectoral and inter-regional cooperation. In particular, in connection with the major reconstruction of its railway and the renewal of its rolling stock, the Moldovan side announced its intention to purchase carriages from Belarus in the future. In the field of ecology, a joint cooperation plan until 2015 was adopted by the Ministry of Natural Resources and Environmental Protection of Belarus and the Ministry of Environment of Moldova. In the field of agro-industrial complex, the parties "agreed on a strategy for the supply of Belarusian sugar to Moldova, as well as on the supply of wine materials to Belarus"<sup>154</sup>.

Strengthening ties between the regions, plans and programmes for joint

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<sup>153</sup> On the 13th meeting of the Belarusian-Moldovan Commission on Trade and Economic Cooperation [Electronic resource]. - 2011. - URL: <http://mfa.gov.by/press/news/mfa/c5e2ac51a65082b5.html>

<sup>154</sup> Belarus and Moldova agree to develop cooperation [Electronic resource]. - 2012. - URL: <http://www.government.by/ru/content/4717>

activities for 2013-2014 were approved by the Minsk City Executive Committee and the Chisinau, Polotsk and Balti City Halls, while the Frunzensky District of Minsk and the Botanica Municipal Sector of Chisinau signed an Agreement on Friendly Relations and Cooperation. In the spring of 2013, interregional cooperation was also intensified between the cities of Orsha and Balti. Orsha residents expressed their willingness to exchange experience and cooperate with Bălți "in the field of housing and communal services and healthcare"<sup>155</sup>, while the Moldovan joint-stock company Incomlac became interested in organising supplies from Belarus of packaging, semi-finished products and other products used in its production process.

In autumn 2014, Minsk and Chisinau expanded their plan of joint activities in the field of economic, scientific, technical, and socio-cultural cooperation for 2015-2016, demonstrating the high effectiveness of cooperation at the capital city level and showing the enormous potential of regional partnerships, which have now also been established between the Mogilev region and the autonomous territorial entity of Gagauzia, Bobruisk and the district of Anenii Noi, the Gomel district and the district of Edinet. These facts eloquently testify to the growing interaction at the level of specific regions and districts of the two countries, which also creates "the foundation necessary for the further development of bilateral relations between Belarus and Moldova"<sup>156</sup>.

A concrete result of the 15th meeting of the Belarusian-Moldovan Intergovernmental Commission on Trade and Economic Cooperation in December 2013 was the signing of "four contracts for the supply of kits and trolleybuses to Moldova in 2014 for subsequent assembly, ceramic tiles and confectionery products"<sup>157</sup>. Among the new areas of cooperation, the Belarusian government announced its readiness to participate financially in the development of such

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<sup>155</sup> Gusin, A. Sister cities Orsha and Bălți (Moldova) intensify trade and economic cooperation / A. Gusin // [Electronic resource]. - 2013. - URL: [http://www.belta.by/ru/all\\_news/regions/goroda-pobratimv-orsha-i-beltsy-moldova-aktivizirujut-torgovo-ekonomicheskoe-sotrudnichestvo-i-626012.html](http://www.belta.by/ru/all_news/regions/goroda-pobratimv-orsha-i-beltsy-moldova-aktivizirujut-torgovo-ekonomicheskoe-sotrudnichestvo-i-626012.html)

<sup>156</sup> Belarus and Moldova to increase trade turnover to \$500 million [Electronic resource]. - 2012. - URL: [http://naviny.by/rubrics/economic/2012/06/29/ic\\_news\\_113\\_396505/](http://naviny.by/rubrics/economic/2012/06/29/ic_news_113_396505/)

<sup>157</sup> On the meeting of the Belarusian-Moldovan Commission on Trade and Economic Cooperation [Electronic resource]. - 2013. - URL: [http://mfa.gov.by/press/news\\_mfa/e4346086de71b253.html](http://mfa.gov.by/press/news_mfa/e4346086de71b253.html)

cooperation instruments as the acquisition of Belarusian road automotive equipment, and any other rolling stock within the framework of reducing interest rates on loans, as well as in the creation of "state-of-the-art technologies for transporting passengers on small electric trains from the centre to regional cities or from the capital to the airport"<sup>158</sup> .

With regard to expanding the range of products supplied and including new enterprises in production relations for cooperation, the parties agreed at this meeting of the commission to work out: the possibility of RUE "Mogilevliftmash Plant" participating in Moldova's programmes to modernise the lift industry in the municipal housing stock; issues related to the repair and purchase of rolling stock, including through the implementation of leasing schemes with the involvement of Promagroleasing OJSC, as well as continuing "the overhaul and restoration of the inventory fleet of the Moldovan Railway state enterprise at the Minsk Car Repair Plant OJSC"<sup>159</sup> . In 2014, in order to develop these areas of cooperation , the Moldovan side presented its Belarusian partners with opportunities for cooperation in the field of mechanical engineering on the platform of industrial parks and free economic zones, which aroused great interest in Minsk "in developing the potential in this area of industry and opening a plant in Moldova in the future"<sup>160</sup> .

The rapid pace of development of business cooperation between the two countries, even in today's difficult conditions, is also evidenced by the following fact. In September 2014, a Belarusian-Moldovan business forum was held in Chisinau, during which its participants signed contracts worth \$20 million. In particular, OJSC Keramin and the joint venture Keramin-Chisinau agreed to supply ceramic tiles worth

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<sup>158</sup> Gusin, A. Belarus and Moldova will move from assembling equipment to creating joint ventures / A. Gusin // [Electronic resource]. - 2013. - URL: [http://www.belta.by/ru/all\\_news/economics/Belarus-i-Moldova-perejdut-ot-sborki-texniki-k-sozdaniju-sovmestnyx-predpriyatij-i-654187.html](http://www.belta.by/ru/all_news/economics/Belarus-i-Moldova-perejdut-ot-sborki-texniki-k-sozdaniju-sovmestnyx-predpriyatij-i-654187.html)

<sup>159</sup> Gusin, A. Belarus and Moldova to deepen industrial cooperation and investment collaboration / A. Gusin // [Electronic resource]. - 2013. - URL: [http://www.belta.by/ru/all\\_news/economics/Belarus-i-Moldova-uglubjat-promyshlennuju-kooperatsiju-i-investitsionnoe-sotrudnichestvo-i-654464.html](http://www.belta.by/ru/all_news/economics/Belarus-i-Moldova-uglubjat-promyshlennuju-kooperatsiju-i-investitsionnoe-sotrudnichestvo-i-654464.html)

<sup>160</sup> Gusin, A. Moldova intends to remove all barriers to trade and economic relations with Belarus / A. Gusin // [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/economics/Moldova-namerena-iskljuchit-vse-barjery-v-torgovo-ekonomicheskix-otnoshenijax-s-Belarusju-i-675772.html](http://www.belta.by/ru/all_news/economics/Moldova-namerena-iskljuchit-vse-barjery-v-torgovo-ekonomicheskix-otnoshenijax-s-Belarusju-i-675772.html)

\$10 million to Moldova in 2015. OAO Stadler-Minsk and the municipal enterprise Directorate of Urban Electric Transport of Chisinau signed a contract worth \$8 million for the export of 80 trolleybus sets to the Moldovan capital in 2015-2018. Brest Distillery Belalko and Tiraspol Wine and Cognac Factory Quint also agreed on long-term supplies of alcohol from Belarus.

As we can see, even in the context of multidirectional integration with large regional blocs, Belarus and Moldova nevertheless demonstrate an extremely pragmatic and concrete approach to the implementation of their planned bilateral prospects, contributing to the realisation of the significant potential for mutually beneficial cooperation, "based on the traditionally friendly relations between our countries"<sup>161</sup>.

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<sup>161</sup> Congratulations to the President of the Republic of Moldova Nicolae Timofti [Electronic resource]. - 2014. - URL: [http://president.gov.by/ru/news\\_ru/view/pozdravlenie-prezidentu-respubliki-moldova-nikolaiu-timofti-10497/](http://president.gov.by/ru/news_ru/view/pozdravlenie-prezidentu-respubliki-moldova-nikolaiu-timofti-10497/)



## CHAPTER 7

### **BELARUS - TAJIKISTAN: COOPERATION BASED ON RESPECT, MUTUAL SUPPORT AND CONSIDERATION OF INTERESTS**

March 2016 will mark the 20th anniversary of the establishment of diplomatic relations between Belarus and Tajikistan. Today, Tajikistan is regarded in Minsk as an important and reliable partner in Central Asia, with whom cooperation is based on mutual trust, respect and friendly support, and with whom the implementation of agreements already reached will "allow for a significant increase in the dynamics of a multifaceted partnership"<sup>162</sup>.

It should be recalled that in the 1990s, this former Soviet republic, more than 90 per cent of whose territory is mountainous, had to go through a five-year civil war after the collapse of the Soviet Union, which claimed the lives of more than 100,000 people, as well as a difficult period of national economic recovery. However, thanks to sustainable socio-economic development in subsequent years, Tajikistan has managed to significantly strengthen its position and authority in the international community, expanding productive cooperation with many countries around the world and authoritative international organisations. Today, it is recognised by 147 countries and maintains diplomatic relations with 128 countries.

By pursuing an "open door" policy, which involves creating effective means of combining national interests with international ones, Tajikistan demonstrates its commitment to developing regional cooperation within existing international organisations that contribute to the resolution of purely national issues. Thus, in a very short period of time, the United Nations has already approved three initiatives of this country: the declaration of 2003 as the International Year of Clean Water ( ), the approval of 2005-2015 as the Decade of Action "Water for Life" and the declaration of 2013 as the International Year of Water Cooperation.

Tajikistan has also made a significant contribution to strengthening the

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<sup>162</sup> Congratulatory message to President of the Republic of Tajikistan Emomali Rahmon [Electronic resource]. - 2014. - URL: [http://president.gov.bj/ru/news\\_ru/view/pozdravlenie-prezidentu-respubliki-tadzhikistan-emomali-raxmonu-9755/](http://president.gov.bj/ru/news_ru/view/pozdravlenie-prezidentu-respubliki-tadzhikistan-emomali-raxmonu-9755/)

Commonwealth of Independent States, as evidenced by specific facts. In particular, at the summit in Dushanbe in 2007, the heads of state approved the Concept for the Further Development of the CIS, which formulated the immediate and long-term goals of this entity in the post-Soviet space, as well as specific ways to achieve them. In addition, "under the auspices of Tajikistan's chairmanship of the Commonwealth in 2011, fundamental documents were adopted, including a free trade agreement, an intergovernmental programme of innovative cooperation, a concept for the strategic development of rail transport, the framework programme "Atom-CIS Cooperation", and the concept of cooperation in the field of culture"<sup>163</sup> .

Speaking about the CIS space, Tajikistan's President Emomali Rahmon noted that in Dushanbe, "the specifics and beneficial aspects of cooperation with member states, that is, with our traditional partners, have been defined, and we will continue to develop this cooperation." Rakhmon noted that in Dushanbe, "the specifics and beneficial aspects of cooperation with member states, that is, with our traditional partners, have been defined, and we will contribute to the development and improvement of integration processes in the Commonwealth with the aim of utilising their creative potential and developing mutually beneficial cooperation"<sup>164</sup> . Among such specific partners in the post-Soviet space that have significant creative potential and are able to use it effectively in the implementation of integration processes, the Tajik side sees the Republic of Belarus.

The first impetus for the intensification of bilateral Belarusian-Tajik relations came in April 2000 and July 2001 with visits by the heads of the two states to Dushanbe and Minsk, respectively. This high-level dialogue resulted in a basic document, the Treaty of Friendship and Cooperation, which "defined the basic principles of bilateral relations: mutual respect for independence and state sovereignty, equality, non-interference in each other's internal affairs, and a mutual desire to establish mutually

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<sup>163</sup> Garkun, V. Tajikistan makes a significant contribution to strengthening and improving the activities of the CIS / V. Garkun // [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/person/opinions/Vladimir-Garkun\\_i\\_514987.html](http://www.belta.by/ru/person/opinions/Vladimir-Garkun_i_514987.html)

<sup>164</sup> Speech at a meeting with the country's diplomatic staff on the occasion of the opening of the new building of the Ministry of Foreign Affairs of the Republic of Tajikistan [Electronic resource]. - 2013. - URL: <http://www.prezident.tj/ru/node/4114>

beneficial economic partnerships"<sup>165</sup> .

Even earlier, in 1999, the Belarusian-Tajik Intergovernmental Commission on Trade and Economic Cooperation was established, whose sphere of interest covers such priority areas as: the supply of machine-building products based on new leasing schemes; cooperation in the agro-industrial complex and energy sector; participation in joint economic projects; creation of a network of joint production enterprises on the territory of both states. However, a truly new page in relations between Belarus and Tajikistan was opened by the visit of the Belarusian head of state to Dushanbe in October 2011, during which the Belarusian side expressed its interest in actively developing mutually beneficial cooperation with Tajikistan in all areas, from agriculture and industry to security and cooperation within international organisations. The Tajik side, in turn, noted that "relations with Belarus occupy one of the leading places in Tajikistan's foreign policy and foreign economic strategy. We are interested in their steady development"<sup>166</sup> .

The talks resulted in the signing of a number of bilateral Belarusian-Tajik documents that defined the nature of relations between the two countries in the short and long term. Firstly, the heads of Belarus and Tajikistan adopted a joint statement instructing their governments to focus their efforts on priority areas of economic, scientific, technical and humanitarian cooperation. Secondly, a long-term cooperation agreement for 2011-2020 was signed, under which the parties agreed to "promote the creation of favourable conditions for the development of trade and economic ties, the strengthening of interbank relations, the formation of individual projects and programmes, joint production structures and the implementation of investment activities"<sup>167</sup> .

Thirdly, an Intergovernmental Cooperation Programme for 2011-2020 was

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<sup>165</sup> Cooperation between the Republic of Tajikistan and the Republic of Belarus [Electronic resource]. - 2012. - URL: <http://khovar.tj/rus/foreign-policy/30297-sotrudnichestvo-respubliki-tadzhikistan-s-respublikov-belarus.html>

<sup>166</sup> Alexander Lukashenko pays an official visit to Tajikistan [Electronic resource]. - 2011. - URL: [http://president.gov.by/ru/news\\_ru/view/aleksandr-lukashenko-sovershaet- ofitsialnyi -vizit-v-tadzhikistan-5173/](http://president.gov.by/ru/news_ru/view/aleksandr-lukashenko-sovershaet- ofitsialnyi -vizit-v-tadzhikistan-5173/)

<sup>167</sup> Agreement between the Republic of Belarus and the Republic of Tajikistan on long-term cooperation for 2011–2020 [Electronic resource]. – 2011. – URL: <http://www.taiembassy.by/files/dpb-2.pdf>

approved, in which the parties identified nine main areas of Belarusian-Tajik cooperation as priorities for the long term:

1) cooperation in the agro-industrial complex, mechanical engineering, the petrochemical industry, the food industry and light industry;

2) supply of Belarusian quarry and road construction equipment, heavy-duty dump trucks for the needs of the Republic of Tajikistan, further development of the service and warranty repair system;

3) creation of assembly plants for industrial products, including tractors and other agricultural machinery;

4) supply of agricultural machinery, including through leasing schemes;

5) supply of cotton fibre, fruit, vegetables and other products from Tajikistan;

6) development of regional cooperation and interaction through chambers of commerce and industry;

7) involvement of Belarusian enterprises in the development of mineral deposits in the Republic of Tajikistan ( );

8) military-technical cooperation;

9) <sup>168</sup>cooperation in the field of freight transport.

At the same time, the Chambers of Commerce and Industry of the two countries established the Tajik-Belarusian Business Council, which set as its main goal the expansion and development of business contacts and mutually beneficial cooperation between entrepreneurs, the promotion of business in the markets of both countries, and the attraction of mutual investments to Belarus and Tajikistan. And already at the 8th meeting of the Belarusian-Tajik Intergovernmental Commission on Trade and Economic Cooperation, held in April 2013 in Dushanbe, the parties discussed specific opportunities for expanding bilateral trade, the legal framework and partnership ties between the regions of the two countries, as well as cooperation in the fields of agriculture, transport, social protection of the population, migration, health care, education and culture, and industry, "including the creation of joint ventures for the

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<sup>168</sup> Interstate programme of cooperation between the Republic of Belarus and the Republic of Tajikistan for 2011-2020 [Electronic resource]. - 2011. - URL: <http://www.tajembassy.by/files/dpb-2.pdf>

processing of agricultural products, the assembly production of MTZ tractors in Tajikistan, the supply of quarry equipment by BelAZ in 2013-2014, and the organisation of its service and maintenance"<sup>169</sup> .

The timeliness of the measures taken was evident, as in 2012 the volume of Belarusian-Tajik trade decreased by 20.6 per cent, amounting to 57.7 million dollars, with a positive balance for the Belarusian side of 39 million dollars. At that time, Belarusian exports consisted mainly of "sugar, ferrous metals, tyres, furniture, machinery, equipment, medicines, vehicles, wood and wood products, inorganic products"<sup>170</sup> . However, the downward trend in bilateral trade between Belarus and Tajikistan continued in 2013, when its volume amounted to \$41.8 million. At the same time, Belarusian exports fell significantly, by almost 40 per cent, and their commodity structure underwent certain changes. "The main trend is a reduction in the share of food and raw materials due to a decrease in supplies of sugar, fluoride alumina and petroleum products, with a significant increase in the share of engineering products due to the resumption of supplies of BelAZ quarry equipment"<sup>171</sup> . This alarming signal became the main topic of discussion at the 9th meeting of the intergovernmental commission held in Minsk in early May 2014. Within the framework of this format of interaction, the parties, noting the slowdown in trade turnover growth, stated the need to "intensify trade and economic cooperation in the fields of agriculture, food and light industry, machine building, and the humanitarian sphere"<sup>172</sup> .

This topic was discussed in even greater depth by the heads of the two states during the visit of Tajik leader Emomali Rahmon to Belarus at the end of May 2014. The Belarusian side then stated a very specific position: "We need not only to restore the economic relations that once existed, but also to significantly exceed them, despite

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<sup>169</sup> On the regular meeting of the Belarusian-Tajik Intergovernmental Commission on Trade and Economic Cooperation [Electronic resource]. - 2013. - URL: [http://mfa.gov.by/press/news\\_mfa/be5f2ec75d7008b2.html](http://mfa.gov.by/press/news_mfa/be5f2ec75d7008b2.html)

<sup>170</sup> On the meeting of the Belarusian-Tajik Intergovernmental Commission [Electronic resource]. - 2013. - URL: [http://mfa.gov.by/press/news\\_mfa/a6bf2f8f586c159a.html](http://mfa.gov.by/press/news_mfa/a6bf2f8f586c159a.html)

<sup>171</sup> On trade and economic cooperation between Belarus and Tajikistan in 2013 [Electronic resource]. - 2014. - URL: <http://tajikistan.mfa.gov.by/ru/embassy/news/ab80403d8ea1de2f.html>

<sup>172</sup> Belarus and Tajikistan intend to intensify cooperation in agriculture, food and light industry [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/economics/Belarus-i-Tadzhikistan-namereny-aktivizirovat-sotrudnichestvo-v-selskom-xozjajstve-pischevoi-i-legkoj-promyshlennosti\\_i\\_667853.html](http://www.belta.by/ru/all_news/economics/Belarus-i-Tadzhikistan-namereny-aktivizirovat-sotrudnichestvo-v-selskom-xozjajstve-pischevoi-i-legkoj-promyshlennosti_i_667853.html)

the fact that we have seen a certain decline in trade at the end of last year"<sup>173</sup>. To solve this problem, the official Minsk announced a number of specific initiatives.

In particular, Tajik partners were offered the supply of Belarusian goods under leasing schemes, as well as preferential lending, including with the participation of Tajik banks. Given that Tajikistan's priority task is now to renew its machine park and create service centres for its maintenance, the Belarusian side expressed its readiness to fully meet this demand for both equipment and comprehensive service support. To this end, a network of machine and tractor stations could be formed jointly with the Tajik side, and joint assembly plants for agricultural machinery could be created. In this regard, the idea of creating production of agricultural mounted and trailed equipment on Tajik soil was considered promising.

As a result, the parties adopted a substantial package of documents expanding Belarusian-Tajik cooperation in a number of areas. In the field of construction, cooperation agreements were reached between the Ministry of Architecture and Construction of Belarus and the Committee for Architecture and Construction under the Government of Tajikistan; in the field of sports, the National Olympic Committees of the two countries; in the field of mass media, the National State Television and Radio Company of Belarus and the Committee on Television and Radio under the Government of Tajikistan; in the industrial sphere - the Bellegprom concern and the Ministry of Industry and New Technologies of Tajikistan; in the field of education - Grodno State Agrarian University and the Sh. Shotemur Tajik Agrarian University. The agreements on trade, economic, scientific, technical and cultural cooperation signed during this summit between the Minsk and Sughd regions, the Uzden and Yavan districts, and the cities of Mogilev and Khujand testify to the significant intensification of bilateral interregional cooperation.

Speaking about the need to more actively engage the potential of regional cooperation, both sides drew attention to the need to involve small and medium-sized businesses, as well as business

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<sup>173</sup> Alexander Lukashenko met with President of Tajikistan Emomali Rahmon [Electronic resource]. - 2014. - URL: <http://president.gov.by/ru/news ru/view/aleksandr- lukashenko-vstretilsia-s-prezidentom-tadzhikistana-emomali-raxmonom-8846/>

associations from both countries, in joint work. In this regard, it is important to note that in Tajikistan, "improving the efficiency of the use of national wealth, especially human potential and fixed assets"<sup>174</sup> is considered one of the priorities in long-term state strategies and programmes until 2030. After all, the population of this small Central Asian country is now more than eight million people, which indicates a substantial labour surplus. That is why, in pursuing an "open door" policy, the country is thinking first and foremost about industrial cooperation with foreign partners and the creation of new jobs: "This is an opportunity to create small businesses in Tajikistan's free economic zones and to use transport and communication corridors to establish cooperation between various companies operating in the business sector"<sup>175</sup> .

For this reason, the Tajik side is seriously interested in the emergence of joint ventures with Belarus on its territory, including those focused on exports to Afghanistan, Pakistan and India, which could be created on the basis of existing enterprises in Tajikistan by expanding their production capacities. "We are talking about enterprises that will use semi-finished products manufactured in Belarus, as well as Belarusian technologies, investments and software"<sup>176</sup> .

Work on creating such enterprises is currently underway, in particular, in the Dangara Free Economic Zone in the Dangara District of the Khatlon Region, where it is planned to assemble Belarusian tractors. A total of four FEZs have been created in Tajikistan, including Sugd, Panj and Ishkashim. The Dangara FEZ is an industrial zone, which "aims to stimulate industrial development in neighbouring areas through the effective use of local resources. Not far from the Dangara SEZ, there is a railway line and construction of a road bridge to Afghanistan is continuing, which contributes to the development of logistics and transport services."<sup>177</sup> . In the Gissar district of

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<sup>174</sup> Address by the President of Tajikistan Emomali Rahmon to the Majlisi Oli of the Republic of Tajikistan [Electronic resource]. - 2015. - URL: <http://www.prezident.tj/ru/node/8137>

<sup>175</sup> Koimododov, K. Tajikistan: doors open for cooperation / K. Koimododov // [Electronic resource]. - 2015. - URL: <http://www.kurier.lt/tadzhikistan-dveri-dlva-sotrudnichestva-otkrtyt/>

<sup>176</sup> Savko, S. Tajikistan proposes Belarus to create a multi-profile joint venture in the construction industry / S. Savko // [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/economics/Tadzhikistan-predlagaet-Belarusi-sozdat-mnogoprofilnye-SP-v-stroitelnoj-otrasli\\_i\\_670360.html](http://www.belta.by/ru/all_news/economics/Tadzhikistan-predlagaet-Belarusi-sozdat-mnogoprofilnye-SP-v-stroitelnoj-otrasli_i_670360.html)

<sup>177</sup> Karimova, M. T. The role of free economic zones in the development of industry in Tajikistan / M. T. Karimova // Current issues in economics and management: materials from the II International Scientific Conference (Moscow, October 2013). - Moscow: Buki-Vedi, 2013. - P. 123.

Tajikistan, an assembly plant for mounted and trailed equipment of OJSC Bobruiskagromash is to be built.

There are interesting prospects for Belarusian-Tajik cooperation in a number of other areas. For example, in the field of healthcare, the parties intend to focus their efforts "on resolving issues related to increasing supplies of Belarusian medicines and medical equipment to Tajikistan, providing educational services, and exchanging experience in the field of transplantology"<sup>178</sup>. At the same time, Tajik partners are particularly interested in the possibility of cooperation with Belarus in the field of postgraduate education and internships for Tajik doctors in Belarusian healthcare institutions.

It should be recalled that, speaking at the Belarusian State University in May 2014, Tajik President Emomali Rahmon noted that his country currently needs qualified specialists in a number of areas, including international relations, engineering and medicine. For this reason, "Belarus and Tajikistan intend to actively <...> develop new projects in the field of education, especially in the field of university science and the field of obtaining and improving education"<sup>179</sup>.

Prior to this, on 31 May 2013, the parties signed an intergovernmental agreement on cooperation in the field of higher and postgraduate education, creating a legal basis for intensifying cooperation in this area. Now, each party has the opportunity to accept annually "for a full course of study: five students for the first stage of higher education; two students for the second stage of higher education (master's degree); one student for a candidate of science degree"<sup>180</sup>. As a result, in the 2013/2014 academic year, "245 citizens of Tajikistan studied in Belarusian educational institutions, which is twice as many as in the previous academic year"<sup>181</sup>.

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<sup>178</sup> About the meeting between Ambassador O. Gavruk and the Minister of Health of Tajikistan [Electronic resource]. - 2013. - URL: <http://mfa.gov.bv/press/news/mfa/a96995adef720ff7.html>

<sup>179</sup> BSU diploma opens the door to the future for Tajikistan students - Rahmon [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/society/Diplom-BGU-otkryvaet-dlja-studentov-Tadzhikistana-vorotav-budushee-Rahmon-i-670351.html](http://www.belta.by/ru/all_news/society/Diplom-BGU-otkryvaet-dlja-studentov-Tadzhikistana-vorotav-budushee-Rahmon-i-670351.html)

<sup>180</sup> Tajik-Belarusian relations [Electronic resource]. - 2014. - URL: <http://www.tajembassy.bv/politicheskie/>

<sup>181</sup> Grishkevich, A. Belarus and Tajikistan have common approaches to solving pressing contemporary issues / A. Grishkevich // [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/politics/Belarus-i-Tadzhikistan-imejut-obshchie-podxody-k-resheniju-aktualnyx-problem-sovremennosti-i-679524.html](http://www.belta.by/ru/all_news/politics/Belarus-i-Tadzhikistan-imejut-obshchie-podxody-k-resheniju-aktualnyx-problem-sovremennosti-i-679524.html)



It is also interesting to note that since 2012, the Tajik Technical University named after Academician M. S. Osimi has been operating a joint engineering and technical faculty with the Belarusian National Technical University. Training here is carried out in two stages in Russian according to integrated curricula developed by Belarusian teachers. In the first stage, students who do not speak Russian study preparatory courses in Tajikistan, while those who do speak Russian study in the first and second years. In the second stage, students study in Belarus for 3-5 years, defend their thesis and receive the appropriate qualification. "The first graduation of students enrolled in this faculty will take place in 2017. The main areas of training are construction and architecture, energy, mechanical engineering and metallurgy, road transport, information technology, and economics"<sup>182</sup>. Building largely on this existing experience, in 2014 the Belarusian Ministry of Education launched an initiative to "create a joint secondary vocational education institution in Tajikistan"<sup>183</sup>. Overall, the parties intend to increase both the number of students and the list of specialities in the near future, as well as expand training and exchanges for interns and young specialists.

The measures to intensify Belarusian-Tajik cooperation, outlined at the highest level in May 2014, had already yielded results by the autumn. In the first 10 months of this year, the volume of supplies from Belarus to Tajikistan increased by 11.1 per cent, with the range of Belarusian exports including 140 commodity items, 37 of which were new. The largest shipments of new items were frozen beef, engines for repairing trucks, gas stoves, sawn timber, and hot-rolled steel bars<sup>184</sup>.

These facts clearly demonstrate the growing interest of the two former Soviet republics in fruitful cooperation in a wide variety of areas. Thus, modern high-performance machinery and equipment manufactured in Belarus can be effectively

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<sup>182</sup> Joint faculty of BNTU and Tajik Technical University to open on 11 September in Dushanbe [Electronic resource]. - 2012. - Access URL: <http://www.movbv.com/news/92466/>

<sup>183</sup> On the meeting between Ambassador O. Gavruk and the Minister of Labour, Migration and Employment of Tajikistan [Electronic resource]. - 2014. - URL: [http://mfa.gov.by/press/news\\_mfa/c6a6e78ca4fcfe82.html](http://mfa.gov.by/press/news_mfa/c6a6e78ca4fcfe82.html)

<sup>184</sup> On trade and economic cooperation between Belarus and Tajikistan for the first 10 months of 2014 [Electronic resource]. - 2014. - URL: [http://tajikistan.mfa.gov.by/ru/bilateral\\_relations/trade\\_economic/statistics/c3e89aa71e790a80.html](http://tajikistan.mfa.gov.by/ru/bilateral_relations/trade_economic/statistics/c3e89aa71e790a80.html)

used in Tajikistan not only in the areas already mentioned above, "not only in the construction of hydraulic structures, but also in the development of the country's mineral deposits - the extraction of Tajik gold, silver, rare metals, polymetallic ores, uranium, and precious stones"<sup>185</sup>. Therefore, there is every reason to believe that the work currently being done by the parties to comprehensively develop the existing potential of bilateral Belarusian-Tajik relations will, in the very near future, bring them to a qualitatively new level.

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<sup>185</sup> Belarus - Tajikistan: Customs Union as a stimulus for the development of mutually beneficial cooperation [Electronic resource]. - 2010. - URL: [http://export.by/resources/izdaniva\\_i\\_publicacii/belarus%E2%80%94tadzhikistan\\_tamozhennii\\_s\\_ovuz\\_kak\\_sti.html](http://export.by/resources/izdaniva_i_publicacii/belarus%E2%80%94tadzhikistan_tamozhennii_s_ovuz_kak_sti.html)

## CHAPTER 8

### **BELARUS - ECONOMIC COMMUNITY OF WEST AFRICAN STATES: SEARCH FOR NEW PARTNERS**

Strengthening cooperation with African countries is one of the key components of Belarus's current foreign policy. To date, the Republic of Belarus has established diplomatic relations with 48 of the 54 countries on the continent, including the Republic of Niger and the Central African Republic in 2012, and the Republic of South Sudan and the Republic of Djibouti in 2013. Belarus has diplomatic missions in four African countries: Egypt, Nigeria, Ethiopia and South Africa. As for the future, "Belarus plans to strengthen and expand the boundaries of foreign economic cooperation with allies and partners in Africa"<sup>186</sup>.

In this regard, West Africa is becoming a relevant vector for Minsk. It is the largest subregion of the "black" continent south of the Sahara, both in terms of population (more than 280 million people) and the number of countries (16): Benin, Burkina Faso, Gambia, Ghana, Guinea, Guinea-Bissau, Cape Verde, Côte d'Ivoire, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, and Togo.

West Africa is known to be quite contradictory. On the one hand, this subregion "accounts for 80% of the world's chromite reserves, 76% of phosphate reserves, 60% of manganese and cobalt reserves, about 50% of bauxite reserves, 40% of diamond reserves, and 37% of gold reserves"<sup>187</sup>. On the other hand: "Declining demand for stolen oil, restrictions on supplies of low-quality medicines, the curtailment of the processing of illegal cargo in free trade zones, the regulation of the market for used electronic equipment, the regularisation of the status of seasonal labour, and the strengthening of transparency in financial transfers — putting these global commercial flows in order will greatly alleviate the suffering of West Africa."<sup>188</sup>. In addition,

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<sup>186</sup> Transcript of the press conference of the Minister of Foreign Affairs of the Republic of Belarus Vladimir Makei, held on 9 September 2014 in Abuja during an official visit to Nigeria [Electronic resource]. -

2014. - URL:

[http://mfa.gov.by/press/news\\_mfa/ae49e96598bf8b43.html](http://mfa.gov.by/press/news_mfa/ae49e96598bf8b43.html)

<sup>187</sup> Shitov, V. N. West Africa (economic review) / V. N. Shitov // [Electronic resource]. - 2008. - URL:

<http://www.mgimo.ru/files/114369/114369.pdf>

<sup>188</sup> Mertens, F. West Africa - a central hub for smuggling? / F. Mertens, A. F. de Andres // [Electronic

countries in the subregion suffer from piracy, drug trafficking, terrorism and other types of international criminal activity. Here, "there is low youth employment. This plays into the hands of organised criminal networks"<sup>189</sup>.

But it is also a fact that this subregion is home to one of the most effective integration groups in Africa - the Economic Community of West African States (ECOWAS), established back in 1975. The organisation's objectives are: to promote cooperation and integration in economic, social and cultural activities with a view to ultimately creating an economic and monetary union through the full integration of the national economies of the member states of the community; to raise the standard of living of the populations of the member countries; to maintain and strengthen economic stability and good neighbourly relations between member states; to promote the progress and development of the African continent. Thanks in large part to ECOWAS, "the average annual growth in economic activity in West African countries was 5.3% in 2014 and 4.8% in 2013. The economic community plans to increase these figures by turning West Africa into the most dynamic business community with an expected average growth rate of 6.3%"<sup>190</sup>.

In other words, ECOWAS's activities are an important link in the pan-African integration processes, where the long-term goal is to create, on its basis, "a kind of federation of West African states with the introduction of a unified passport"<sup>191</sup>. A number of joint programmes are being implemented here, including the liberalisation of intra-zone trade with the introduction of uniform tariff rates, measures are being taken to develop agriculture, industry, cross-border transport and energy infrastructure,

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resource]. - 2009. - URL:

[http://www.nato.int/docu/review/2009/Organized Crime/Transnational Trafficking West Africa/RU/index.htm](http://www.nato.int/docu/review/2009/Organized%20Crime/Transnational%20Trafficking%20West%20Africa/RU/index.htm)

<sup>189</sup> West Africa prepares for a new election season amid social instability [Electronic resource]. - 2014. - URL:

[http://www.unmultimedia.Org/radio/russian/archives/169999/#.VNkc4CzOPUc](http://www.unmultimedia.org/radio/russian/archives/169999/#.VNkc4CzOPUc)

<sup>190</sup> Kasyanova, L. Fifteen African countries to introduce biometric passports in a year / L. Kasyanova // [Electronic resource]. - 2014. - URL:

<http://www.cnews.ru/news/top/index.shtmlP2014/12/18/591032>

<sup>191</sup> Economic Community of West African States (ECOWAS) [Electronic resource]. - 2009. - URL: <http://www.mid.ru/bdomp/ns->

and promising projects for the construction of new railway lines are being developed.

However, for the sake of objectivity, it should be noted that in its 40 years of existence, ECOWAS has not been able to fully implement its plans. The difficulties in implementing these plans are related to the different levels of development of the states, the uniformity of national economic structures, and the different approaches to the use of government and market levers to solve economic and financial problems. Nevertheless, the post-Soviet republics believe that the large domestic market and the availability of mineral resources in West African countries "make them attractive to CIS member states for the development of trade and economic ties"<sup>192</sup>.

All this gives the Belarusian side reason to see West African countries as potential partners with whom it can cooperate in areas such as: agriculture, mechanical engineering, petrochemical, food and light industry; export of Belarusian quarrying and road construction equipment; launch of assembly lines for the production of industrial goods; export of agricultural machinery on a leasing basis; military cooperation; public transport; regional cooperation and interaction between chambers of commerce and industry. The Belarusian side is encouraged in this regard by the fact that in working contacts, ECOWAS leadership "has expressed interest in expanding cooperation with Eastern European countries and has spoken in favour of Eastern European companies participating in economic projects in the subregion"<sup>193</sup>.

When it comes to the system of priorities for bilateral cooperation between the Republic of Belarus and West African countries, it seems that the main focus of official Minsk today is on **Nigeria**, the largest country in the subregion, which is Africa's leading oil exporter and which the Belarusian side considers to be a pillar of support "on the vast African continent, where we have decided to work very seriously"<sup>194</sup>. The main foreign policy objectives of this African state include ensuring security, unity

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<sup>192</sup> Major integration associations in the world: goals and prospects for development (information and analytical note). - M., 2014. - C. 28.

<sup>193</sup> Makarovich, S. S. The role of ECOWAS in the regional integration of West African countries / S. S. Makarovich // [Electronic resource]. - 2013. - URL: [http://mfa.gov.by/print/international\\_agenda/b1173e797c7c9e5b.html](http://mfa.gov.by/print/international_agenda/b1173e797c7c9e5b.html)

<sup>194</sup> Alexander Lukashenko accepted the credentials of foreign ambassadors [Electronic resource]. - 2013. - URL: [http://president.gov.by/ru/news\\_ru/view/aleksandr-lukashenko-prinial-veritelnye-gramoty-poslov-zarubezhnyx-gosudarstv-5078/](http://president.gov.by/ru/news_ru/view/aleksandr-lukashenko-prinial-veritelnye-gramoty-poslov-zarubezhnyx-gosudarstv-5078/)

among the countries of the continent, and economic integration as a means of accelerated development in the face of the challenges posed by globalisation. At the same time, "Nigeria seeks to diversify its relations with the outside world. At the present stage, its foreign policy is primarily determined by pragmatic considerations. Economic diplomacy is gaining importance in the country's foreign policy. <...> The desire to play a leading role in Africa remains a priority for Nigerian foreign policy"<sup>195</sup>

Taking these factors into account, Belarus is building mutually beneficial cooperation with Nigeria in various areas, paying attention to "the importance of developing a legal framework and the need to intensify contacts between government institutions and

business circles of the two countries"<sup>196</sup>. In fact, it was for this purpose that a Belarusian diplomatic mission was opened in 2011 in the Nigerian capital, Abuja. Considering this country, with which diplomatic relations were established back in August 1992, as a future base for developing Belarus' presence in West Africa, Minsk seeks to develop cooperation in a wide range of areas, understanding that hundreds of large British, French, German and American companies are already operating here. Nevertheless, Belarusian businesses are faced with the task of finding their niches in this promising market. And, as recent years have shown, there are opportunities to do so.

In 2012, Belarusian exports to Nigeria amounted to \$17.5 million. At the same time, the range of products expanded, and the volume of complex technical products supplied increased. The main items supplied from Belarus were nitrogen and potash fertilisers, various types of printing and metallurgical products, trucks and special-purpose vehicles, buses, trailers and semi-trailers, and whey. The Belarusian Trading House, established in mid-2014 in Lagos on the basis of Aulik Nigeria Ltd, which is

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<sup>195</sup> Chikerenva, A. S. Features of the political process and foreign policy of Nigeria in the context of globalisation / A. S. Chikerenva // [Electronic resource]. - 2008. - URL: <http://www.dissercat.com/content/osobennosti-politicheskogo-protsessa-i-vneshnyaya-politika-nigerii-v-usloviyakh-globalizatsii>

<sup>196</sup> On the presentation of credentials to the President of Nigeria [Electronic resource]. - 2012. - URL: [http://mfa.gov.by/press/news\\_mfab7606bad0279cb93.html](http://mfa.gov.by/press/news_mfab7606bad0279cb93.html)

the official representative in Nigeria of such Belarusian enterprises as Minsk Tractor Works, Belagromash, Amkodor OJSC, Keramin OJSC and Atlant OJSC: "Currently, the Belarusian Trading House has an exhibition of MTZ tractors, mounted and trailed agricultural equipment, and other Belarusian products"<sup>197</sup>.

It is expected that the next step in the development of Belarusian-Nigerian cooperation will be the intensification of bilateral production cooperation. Certain steps in this direction have already been taken. As regards the oil industry, a memorandum of cooperation was signed in December 2011 between the Belarusneft Production Association and the Nigerian company New Fields Oil and Gas Services Limited. This document identifies the following areas of promising cooperation: "the development of residual recoverable oil reserves by Belarusian specialists, the provision of services and scientific and consulting services for the development of fields, and the provision of domestic technologies to increase oil recovery rates"<sup>198</sup>.

However, perhaps the most promising area of cooperation could be the establishment of a joint venture in Nigeria to manufacture Belarusian tractors. The fact is that in this West African country, whose population exceeded 150 million in 2010, agriculture is not particularly efficient. Food is mainly produced on small farms, the vast majority of which do not have modern technologies and equipment at their disposal. That is why, back in 2012, a project was initiated to set up an assembly plant in Nigeria for Belarusian tractors with an initial capacity of up to 1,000 units per year. It is expected that "the products of the assembly plant, as well as the finished equipment supplied, will be sold not only on the domestic market of Nigeria, but also on the agricultural markets of neighbouring countries - Ghana, Senegal, Côte d'Ivoire and Mali"<sup>199</sup>. Belarusian food producers, especially dairy producers, also have the opportunity to gain a foothold in the Nigerian market. Back in 2009, OJSC Bellakt sent

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<sup>197</sup> On the opening of the Belarusian Trade House in Nigeria [Electronic resource]. - 2014. - URL: [http://mfa.gov.by/press/news\\_mfa/d0d7ad63385092ea.html](http://mfa.gov.by/press/news_mfa/d0d7ad63385092ea.html)

<sup>198</sup> Belarus – Nigeria: a new direction for business interests [Electronic resource]. – 2012. – URL: [http://export.by/resources/izdaniva\\_i\\_publicacii/belarus\\_%E2%80%94\\_nigeriva\\_novoe\\_napravleni\\_e\\_biznesinte.html](http://export.by/resources/izdaniva_i_publicacii/belarus_%E2%80%94_nigeriva_novoe_napravleni_e_biznesinte.html)

<sup>199</sup> On trade and economic relations between the Republic of Belarus and the Federal Republic of Nigeria [Electronic resource]. - 2014. - URL: [http://nigeria.mfa.gov.by/ru/bilateral\\_relations/trade\\_economic/](http://nigeria.mfa.gov.by/ru/bilateral_relations/trade_economic/)

prototypes of dry dairy products there.

Another real area of Belarusian-Nigerian cooperation is education, which has a history spanning half a century. "Since 1965, Nigerian specialists have been trained in Belarus in the following fields: mechanical engineering, automotive and tractor industry, architecture, electric power engineering, civil engineering, metalworking, power engineering, and robotics"<sup>200</sup>. In the 2010/2011 academic year, 94 Nigerian citizens studied at Belarusian universities, and in 2011/2012, there were already 130 Nigerian students. And "today there are about a thousand Nigerian citizens in Belarus, and many of them are studying at our universities"<sup>201</sup>.

In September 2014, Belarusian Foreign Minister V. Makei paid the first visit to Nigeria in the history of bilateral relations, during which an agreement was reached on further development of cooperation between the two countries in all areas "with a view to bringing Belarusian-Nigerian cooperation to the level of strategic partnership"<sup>202</sup>. This goal requires a lot from both sides. In this case, we are talking not only about the creation of assembly plants for Belarusian tractors, agricultural and automotive equipment in Nigeria, but also about the prospects for investment cooperation, within which practical scientific developments in the fields of chemistry, information and laser technologies, genetic engineering, animal husbandry, the production of highly reliable and durable equipment, powder metallurgy, and the creation of joint ventures that could produce pharmaceuticals. It is equally important and promising to intensify cooperation with Nigeria in the fields of tourism and culture, and to strengthen inter-parliamentary, inter-municipal and inter-regional ties, which, as we know, only contribute to the development of open and friendly relations. Certain steps in this direction are already being taken.

For example, the expansion of Belarusian-Nigerian business partnership is

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<sup>200</sup> On the visit of Belarusian Foreign Minister V. Makei to Nigeria [Electronic resource]. - 2014. - URL: <http://mfa.gov.by/press/news/mfa/c91194a71cfa9dd7.html>

<sup>201</sup> Transcript of the press conference of the Minister of Foreign Affairs of the Republic of Belarus Vladimir Makei, held on 9 September 2014 in Abuja during an official visit to Nigeria [Electronic resource]. - 2014. - URL: <http://mfa.gov.by/press/news/mfa/ae49e96598bf8b43.html>

<sup>202</sup> On the visit of Belarusian Foreign Minister Vladimir Makei to Nigeria [Electronic resource]. - 2014. - URL: <http://mfa.gov.by/press/news/mfa/c91194a71cfa9dd7.html>



facilitated by the Agreement on Cooperation between the Belarusian Chamber of Commerce and Industry and the Nigerian Association of Chambers of Commerce, mining and agricultural chambers, which provides for the intensification of work on the preparation and conduct of mutual visits by business circles, the search for trade and economic partners, and the exchange of commercial proposals. According to the Belarusian side, one of the serious problems hindering more active interaction between Belarus and Nigeria is the lack of both information and experience of bilateral cooperation. Undoubtedly, representatives of the international segment of the Belarusian and Nigerian national press should already be playing an important role in overcoming these obstacles. In this regard, the proposal made by the head of the Belarusian Foreign Ministry, V. Makei, in the Nigerian capital in September 2014 deserves the closest attention: "Perhaps we should also organise an exchange of visits by journalists from both countries"<sup>203</sup>. It seems that the practical implementation of this idea could mark the beginning of Belarusian-Nigerian cooperation in the media sphere in particular, as well as give new impetus to bilateral cooperation between Belarus and Nigeria in general.

Another country that is a member of the Economic Community of West African States, with which the Republic of Belarus plans to cooperate intensively and which it considers a promising partner across the entire spectrum of relations, is **Ghana**. In 2011, the Belarusian side announced its readiness "to make a qualitative leap in the development of economic cooperation, broad interaction in the field of industrial cooperation and the supply of goods of social importance to Ghana"<sup>204</sup>.

It should be recalled that in March 1957, Ghana became the first African country south of the Sahara to declare its independence from Great Britain. Today, it is considered one of the most stable democratic states on the "black" continent with a rapidly developing economic system. In 2013, its gross domestic product grew by 7.4

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<sup>203</sup> Transcript of the press conference given by Belarusian Foreign Minister Vladimir Makei on 9 September 2014 in Abuja during his official visit to Nigeria [Electronic resource]. - 2014. - URL:

[http://mfa.gov.by/press/news\\_mfa/ae49e96598bf8b43.html](http://mfa.gov.by/press/news_mfa/ae49e96598bf8b43.html)

<sup>204</sup> On 4 April, Alexander Lukashenko accepted the credentials of ambassadors from a number of foreign states [Electronic resource]. - 2011. - URL: [http://president.gov.by/ru/news\\_ru/view/4-aprelia-aleksandr-lukashenko-prinjal-veritelnye-gramoty-poslov-rjada-inostrannyx-gosudarstv-5277/](http://president.gov.by/ru/news_ru/view/4-aprelia-aleksandr-lukashenko-prinjal-veritelnye-gramoty-poslov-rjada-inostrannyx-gosudarstv-5277/)

per cent. The country's foreign policy is "geared towards ensuring the most favourable external conditions for economic development, as well as maintaining and strengthening regional and sub-regional security"<sup>205</sup>.

As for Ghana's domestic economic policy, with its significant reserves of gold, diamonds, bauxite, manganese, oil, gas, silver, timber and fish, the government is pursuing a policy of diversifying the use of available resources, seeking to supply the external market not with raw materials or semi-finished products, but with finished products with a high added value. Thus, in February 2011, Ghana's leadership announced its interest in creating a developed bauxite industry in order to extract greater value from the country's natural resources. At the same time, "Belarusian specialists, design institutes and engineering companies could also participate in the implementation of these plans. In addition, Belarusian technology, materials and equipment may be in demand in Ghana's mining industry"<sup>206</sup>.

Belarus and Ghana established diplomatic relations in June 1992. For many years, the volume of their mutual trade did not exceed \$10 million. The situation began to change in 2011, when Ghana became one of the leaders in Africa in terms of the volume of Belarusian products purchased. The volume of exports from Belarus exceeded \$33 million at that time. In the same year, the Bobruisk Tractor Parts and Aggregates Plant, which demonstrated a small tractor to numerous visitors at the AGRIFA-2011 exhibition, one of the largest agro-industrial exhibitions in the Economic Community of West African States, held in the Ghanaian capital, the Bobruisk Tractor Parts and Aggregates Plant, which demonstrated to the numerous visitors to this business forum the small-sized tractor "Belarus-321" and the PMT-30 semi-trailer, chosen not by chance, but "taking into account the conditions of agricultural production in Ghana"<sup>207</sup>.

The fact is that about 80 per cent of all agricultural production in this country is

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<sup>205</sup> About Ghana [Electronic resource]. - 2014. - URL: <http://www.ghana.mid.ru/ghana.html>

<sup>206</sup> Ghana - a promising market for Belarus [Electronic resource]. - 2012. - URL:

[http://export.by/resources/izdaniva\\_i\\_publicacii/gana%E2%80%94perspektivnii\\_rinok\\_dlya\\_belarusi.html](http://export.by/resources/izdaniva_i_publicacii/gana%E2%80%94perspektivnii_rinok_dlya_belarusi.html)

<sup>207</sup> Kulagin, S. Bobruisk tractors set off to conquer West Africa / S. Kulagin // [Electronic resource]. - 2011. - URL: [http://www.belta.by/ru/all\\_news/economics/Bobruiskie- traktory-otpravilis-pokori-at-Zapadnuju-Afriku\\_i\\_576112.html](http://www.belta.by/ru/all_news/economics/Bobruiskie- traktory-otpravilis-pokori-at-Zapadnuju-Afriku_i_576112.html)

produced by small family farms, which need large quantities of mineral fertilisers for soil application and modern technologies for processing agricultural land and productive equipment in order to increase crop yields and labour productivity. It is clear that in such a situation, the potential for cooperation between the two countries in the agro-industrial sector could be enormous. In this regard, a fact concerning the AGRIFA-2011 forum is quite telling: "a tractor exhibit, which travelled from the seaport to the exhibition under its own power, was sold even before it arrived at the fair"<sup>208</sup>.

Statistics show that in subsequent years, the volume of mutual trade between Belarus and Ghana decreased slightly: "Trade turnover in 2013 amounted to \$35.2 million"<sup>209</sup>. However, in the same year, the parties stepped up their efforts to intensify bilateral political dialogue, increase trade and economic cooperation, and establish a comprehensive legal framework. In May 2013, the Belarusian ambassador to Nigeria was accredited to Ghana on a part-time basis. In this regard, Ghanaian President D. D. Mahama noted that the decision to accredit the first Belarusian ambassador to Ghana should "significantly intensify bilateral contacts in the political and trade and economic fields"<sup>210</sup>.

In particular, Ghana has already expressed interest in attracting Belarusian industrial and agricultural technologies, engineering products, and the experience of Belarusian specialists in the field of public utilities to its economy. Cooperation between the capital regions of the two countries may also prove interesting. For example, Greater Accra has expressed "interest in the participation of Belarusian enterprises in the implementation of joint projects in Accra in the fields of agriculture, transport infrastructure, energy, waste disposal and water purification"<sup>211</sup>. All these

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<sup>208</sup> Ghana - a promising market for Belarus [Electronic resource]. - 2012. - URL:

[http://export.by/resources/izdaniva\\_i\\_publicacii/gana%E2%80%94perspektivnij\\_rinok\\_dlya\\_belarusi.html](http://export.by/resources/izdaniva_i_publicacii/gana%E2%80%94perspektivnij_rinok_dlya_belarusi.html)

<sup>209</sup> Pivovarov, E. Belarus intends to expand the range and volume of product deliveries to Ghana / E. Pivovarov // [Electronic resource]. - 2015. - URL: [http://www.belta.by/ru/all\\_news/economics/Belarus-namerena-rasshirit-nomenklaturu-i-objemy-postavok-produktsii-v-Ganu\\_i\\_692719.html](http://www.belta.by/ru/all_news/economics/Belarus-namerena-rasshirit-nomenklaturu-i-objemy-postavok-produktsii-v-Ganu_i_692719.html)

<sup>210</sup> On the presentation of credentials [Electronic resource]. - 2013. - URL: [http://mfa.gov.by/press/news\\_mfa/de29f97cf47a5b0a.html](http://mfa.gov.by/press/news_mfa/de29f97cf47a5b0a.html)

<sup>211</sup> On the meetings of Belarusian Ambassador V. Beskosty in Ghana [Electronic resource]. - 2013. - URL: [http://mfa.gov.by/press/news\\_mfa/d4830e79b1d82a1c.html](http://mfa.gov.by/press/news_mfa/d4830e79b1d82a1c.html)

stated intentions of the parties indicate that in the near future, relations between Belarus and Ghana may undergo significant changes in terms of expanding mutually beneficial cooperation for the benefit of the peoples of both countries.

Another country belonging to the Economic Community of West African States, where the first Belarusian ambassador was accredited in 2013, is **The Gambia**, whose leader, Y. Jammeh expressed his hope for the intensification of bilateral economic and political contacts, noting "The Gambia's interest in attracting Belarusian technologies and supplies of products, including agricultural, freight, bus and road construction equipment"<sup>212</sup>.

This country, which gained independence from Great Britain in 1965, is one of the smallest on the African continent, with a population of less than two million. In foreign policy, it adheres to the principle of non-alignment, as well as the development of friendship and cooperation with all world powers. Being an agrarian country, The Gambia is developing the production of vegetables and fruits, which, together with peanuts, play an important role in the country's exports. As for industry, it is represented by small and medium-sized businesses in the processing of agricultural products, fish and seafood, peanut cleaning, and the production of canned meat and vegetables and palm oil.

Having established diplomatic relations in 2002, Belarus and The Gambia began to actively develop contacts eight years later, when M. Tangara, The Gambia's Minister of Foreign Affairs, International Cooperation and Gambians Abroad, visited Minsk. At the very beginning of the development of relations, the parties tried to identify the areas of cooperation that could be most productive. These included the development of the industrial base, agriculture, technical and educational potential of The Gambia, and cooperation in the development of the country's natural resources. At the same time, the Belarusian side declared its readiness to "work not only on simple trade, export and import, but also on projects that will lead to the creation of assembly plants, technology

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<sup>212</sup> On the presentation of credentials by Belarusian Ambassador V. Beskosty to Gambian President Y. Jammeh [Electronic resource]. - 2013. - URL: [http://mfa.gov.by/press/news\\_mfabc11522a6a70a4a3.html](http://mfa.gov.by/press/news_mfabc11522a6a70a4a3.html)

transfer facilities, and the training of workers and engineers"<sup>213</sup> .

Given that the purchase of Belarusian tractors is of particular interest to The Gambia, serious interest was also expressed in training specialists for Gambian agriculture. It should be noted here that the foundation for the development of cooperation in the field of education between the two countries was laid half a century ago: in 1963, Belarus was already training Gambians, providing them with the opportunity to obtain higher education. Shortly after the establishment of diplomatic relations between the two countries ( , the Ministry of Education of Belarus and the State Department of Education of The Gambia signed a Memorandum of Cooperation in March 2003, which provided for the establishment and development of direct cooperation between educational institutions, as well as "the admission of teachers and researchers from Belarus to work in educational institutions in The Gambia, the admission of students, postgraduates and interns from The Gambia to study in educational institutions in Belarus, and mutual exchanges of visits by university and school teachers and experts to participate in conferences and seminars"<sup>214</sup> .

In 2014, the parties intensified their efforts to establish a legal framework, planning to prepare for the signing of key agreements on trade and economic cooperation, the avoidance of double taxation, and cooperation in the field of agriculture. Mutual trade also got off the ground: "Total exports to The Gambia in 2013 amounted to \$1,594,700 (a 35-fold increase over 2012) due to supplies of hot-rolled bars made of non-alloy steel"<sup>215</sup> . Prospects for the supply of Belarusian tractor equipment for the needs of Gambian agriculture also began to emerge. In particular, the parties have already "developed a step-by-step mechanism for further negotiations

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<sup>213</sup> Materials from the press conference of Foreign Minister Sergei Martynov during the visit to the Republic of Belarus by Mamadou Tangara, Minister of Foreign Affairs, International Cooperation and Gambians Abroad of the Republic of The Gambia (26 August 2010, Ministry of Foreign Affairs of Belarus) [Electronic resource]. - 2010. - URL: [http://mfa.gov.by/press/news\\_mfa/fc5e62c05b88a301.html/](http://mfa.gov.by/press/news_mfa/fc5e62c05b88a301.html/)

<sup>214</sup> Vanina, Yu. Belarus and Gambia intend to intensify cooperation in the field of education / Yu. Vanina // [Electronic resource]. - 2010. - URL: [http://www.belta.by/ru/all\\_news/society/Belarus-i-Gambija-namereny-aktivizirovat-sotrudnichestvo-v-sfere-obrazovaniia-i-522628.html](http://www.belta.by/ru/all_news/society/Belarus-i-Gambija-namereny-aktivizirovat-sotrudnichestvo-v-sfere-obrazovaniia-i-522628.html)

<sup>215</sup> Bilateral cooperation in the political and socio-economic spheres [Electronic resource]. - 2014. - URL: <http://nigeria.mfa.gov.by/ru/accreditation/10/>

on this issue"<sup>216</sup> , and RUE "Minsk Tractor Works" and OJSC "Minsk Automobile Plant" held presentations of their products in this West African country.

Noting the friendly nature of the established Belarusian-Gambian ties, official Minsk is convinced that "the steady development of dialogue and cooperation between Belarus and Gambia will contribute to the realisation of the significant potential of bilateral relations and the prosperity of the two countries"<sup>217</sup> . And the start of this forward movement has already been made.

Belarus established diplomatic relations with another member of the Economic Community of West African States, **the Togolese Republic**, only on 28 September 2010, but three years later accredited its ambassador to that country on a concurrent basis. Togo's President F. E. Gnassingbé welcomed this step by Belarus, "expressing hope for the expansion of bilateral economic and political contacts"<sup>218</sup> , as until then the opportunities for Belarusian manufacturers and exporters to enter the Togolese market had been virtually untapped. While in 2010 the volume of mutual trade approached one and a half million dollars, with Belarusian exports accounting for 1.3 million dollars, in 2011 there were no Belarusian-Togolese export-import operations at all. The year 2012 was not much better, with trade between Belarus and Togo amounting to \$63,800. This is despite the fact that this West African country has potential that is of interest to Belarus.

This state stretches from the ocean coast in a narrow strip 600 kilometres into the African continent. Its main city, Lomé, is the only border capital in the world: only a few hundred metres separate the Togolese presidential palace from the border with Ghana. The country's economic activity is based on agriculture, transshipment of sea

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<sup>216</sup> On the meeting of the Belarusian delegation with the Head of the Administration of the President of The Gambia [Electronic resource]. - 2014. - URL: [http://mfa.gov.by/press/news\\_mfa/a64c907d273b2532.html](http://mfa.gov.by/press/news_mfa/a64c907d273b2532.html)

<sup>217</sup> Alexander Lukashenko congratulated President Yahya Jammeh of the Republic of The Gambia on Independence Day [Electronic resource]. - 2014. - URL: [http://president.gov.by/ru/news\\_ru/view/aleksandr-lukashenko-pozdravil-prezidenta-respubliki-gambija-aija-dzhamme-s-dnem-nezavisimosti-8042/](http://president.gov.by/ru/news_ru/view/aleksandr-lukashenko-pozdravil-prezidenta-respubliki-gambija-aija-dzhamme-s-dnem-nezavisimosti-8042/)

<sup>218</sup> On the presentation of credentials by Belarusian Ambassador V. Beskosty to the President of Togo [Electronic resource]. - 3013. - URL: [http://mfa.gov.by/press/news\\_mfa/ddc519dec4b5ec87.html](http://mfa.gov.by/press/news_mfa/ddc519dec4b5ec87.html)

cargo and re-export of goods from Europe and Asia to neighbouring African countries. Two-thirds of the population is employed in agriculture, which accounts for approximately 46 per cent of the gross domestic product. 's transshipment of sea cargo takes place here in the large deep-water port of Lomé, built in 1984 with German assistance. Togo's basic industrial component is the phosphate industry, for the export of which a special port, Klemé, has even been created.

In addition, dolomite, marble, table salt, chromium, bauxite, manganese and iron ore are mined here. There are large reserves of limestone and small deposits of oil and natural gas. However, the development of Togo's mining industry is hampered by the lack of sufficient research into the mineral resources available in the country. Due to the lack of comprehensive exploration of natural resource deposits, it is difficult to identify the areas where they are most concentrated. This issue is seriously affected by the low level of technical equipment, including the lack of high-performance machinery, technologies and equipment, as well as the lack of experience in carrying out such work and the low qualifications of specialists. That is why "Belarusian manufacturers and organisations can provide significant assistance in solving these problems"<sup>219</sup>.

A number of facts indicate that in order to realise its economic potential, the Togolese leadership, interested in expanding bilateral contacts with foreign partners, is taking concrete steps to match the level of a regional commercial and transport centre in ECOWAS. In particular, in order to improve the business climate and further reform the economy, a new Investment Law was adopted in January 2012. In the same year, "a three-year comprehensive programme called 'E-Government' was launched with the aim of reducing the level of state bureaucracy"<sup>220</sup>. In addition, the government is implementing several state programmes to create jobs for young people. The intensification of bilateral Belarusian-Togolese economic and political dialogue has

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<sup>219</sup> Belarus - Togolese Republic: entry into West Africa [Electronic resource]. - 2013. - URL:

[http://export.by/resources/izdaniva\\_i\\_publicacii/belarus\\_%E2%80%94\\_togolezskaya\\_respublika\\_v\\_hozhdenie\\_v\\_z.html](http://export.by/resources/izdaniva_i_publicacii/belarus_%E2%80%94_togolezskaya_respublika_v_hozhdenie_v_z.html)

<sup>220</sup> Socio-economic situation [Electronic resource]. - 2013. - URL: <http://nigeria.mfa.gov.by/ru/accreditation/25/>

led to the fact that, according to the results of the first three quarters of 2013, trade turnover between the countries exceeded \$3.2 million, with exports from Belarus amounting to more than \$3.1 million. Discussing the possibilities of organising supplies of Belarusian tractors, automobiles and road construction equipment to Togo, as well as setting up assembly plants with Belarusian partners, the Togolese side emphasised "the need to establish closer ties between Belarus and Togo in the field of agriculture, as well as organising mutual visits by delegations from the ministries of agriculture and interested Togolese and Belarusian companies"<sup>221</sup>. So there is reason to believe that in the coming years, relations between Minsk and Lomé will see effective progress in terms of expanding and deepening mutually beneficial partnership.

Another key point of geographical diversification for Belarusian exports to the African continent is **the Republic of Côte d'Ivoire**, a country with a population of more than 20 million, whose economy is considered to be quite developed compared to most other countries in West Africa. In particular, Côte d'Ivoire ranks first in the world in cocoa bean production and third after Brazil and Colombia in coffee production, and is also Africa's largest exporter of palm oil and natural rubber.

The Republic of Belarus established diplomatic relations with this country in September 1998. Minsk is confident that "the two states have significant prospects for expanding mutually beneficial bilateral relations"<sup>222</sup>. Indeed, Belarusian fertilisers, tractors and tractor units enjoy stable demand in this West African country. While in 2009, mutual trade between the two countries amounted to \$10.9 million, in 2011, deliveries to Côte d'Ivoire of nitrogen fertilisers alone from Grodno Azot OJSC amounted to \$11.9 million. In 2012, the volume of bilateral trade grew to \$46.9 million, and in 2013, Belarusian exports amounted to \$20.5 million.

This was despite the fact that, following the presidential elections in November 2010, a serious political crisis erupted in this West African country, accompanied by

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<sup>221</sup> On the meetings of the Belarusian Ambassador to Togo in Beskostogoy [Electronic resource]. - 2013. - URL: [http://mfa.gov.by/press/news\\_mfa/c9d2d6d3a9241426.html](http://mfa.gov.by/press/news_mfa/c9d2d6d3a9241426.html)

<sup>222</sup> Alexander Lukashenko is confident that Belarus and Côte d'Ivoire have significant prospects for expanding relations [Electronic resource]. - 2011. - URL: <http://www.open.by/politics/59016>



armed clashes between supporters of former President L. Gbagbo and A. Ouattara, whose victory in the elections was recognised by the international community. Under these circumstances, Côte d'Ivoire's foreign policy was predetermined by "the need to resolve the political crisis, address the economic problems associated with the protracted civil conflict, and focus on obtaining external financial assistance"<sup>223</sup>. That is why the country began to liberalise trade and banking activities.

Plans to develop the industrial sector and, accordingly, increase gross domestic product are linked to the development of mineral deposits and increased production, which, in turn, increases demand for the necessary machinery and equipment and also stimulates the continuation of geological exploration, where Belarusian specialists, organisations and enterprises also have the opportunity to participate in these projects. If we also take into account that the country's agriculture sector has a great need for modern machinery and equipment, and that local businesses are interested in purchasing them to increase labour productivity and production volumes, then one option for long-term cooperation between Belarus and Côte d'Ivoire "could be the organisation of assembly production of machinery in this country"<sup>224</sup>.

It is also important that the government of Côte d'Ivoire has decided to create a modern transport infrastructure in the country by 2020, so close cooperation with Belarus in this area would allow Belarusian manufacturers of agricultural machinery, trucks and buses not only to gain a foothold in the local market, but also to enter the markets of neighbouring West African countries. That is why one of the most pressing issues in terms of intensifying trade and economic cooperation between Minsk and Yamoussoukro today is the preparation and signing of a number of bilateral agreements that create the framework conditions for such effective cooperation.

Among the starting points for expanding the presence of Belarusian products on the African market and intensifying contacts at all levels, the Republic of Belarus also

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<sup>223</sup> Socio-economic situation [Electronic resource]. - 2014. - URL: <http://nigeria.mfa.gov.by/ru/accreditation/18/>

<sup>224</sup> Belarus - Côte d'Ivoire: a relevant direction for export diversification [Electronic resource]. - 2012. - URL: [http://export.by/resources/izdanija\\_i\\_publicacii/belarus%E2%80%9494\\_kot\\_d%E2%80%999ivuar\\_a\\_ktualnoe\\_napravlenie\\_di.html](http://export.by/resources/izdanija_i_publicacii/belarus%E2%80%9494_kot_d%E2%80%999ivuar_a_ktualnoe_napravlenie_di.html)

considers such a West African state as **the Republic of Mali**. Diplomatic relations with Mali were established in November 1993, but the legal framework is still being developed. Nevertheless, the Belarusian side is confident that "friendly relations between our countries will develop fruitfully, and bilateral cooperation will gradually expand in all areas"<sup>225</sup>.

The potential for cooperation with Mali can be considered in a number of areas. Firstly, this country ranks third in Africa in terms of gold production, so the development of gold deposits plays a paramount role, as it accounts for 20 per cent of gross domestic product and 75 per cent of the state's foreign exchange earnings. Rich uranium deposits have also been discovered here: " 's estimated uranium resources in Mali are estimated at 100,000 tonnes"<sup>226</sup>. At the same time, the Malian authorities are counting on the further development of gold and mineral resources, which opens up opportunities for "the supply of Belarusian mining equipment and the development of this part of the African continent by the BelAZ enterprise"<sup>227</sup>. Belarusian geologists may be particularly interested in the fact that international experts recognise the possibility of discovering new reserves of gold, uranium ore, oil and natural gas in Mali, which means that additional research will be needed to assess these prospects and develop the deposits that have already been discovered. That is why the country's leadership is counting on the help of its foreign partners and specialists in this matter.

Secondly, Mali's economy is based on agriculture, which employs about 80 per cent of the country's working-age population, totalling about 15 million people. It is clear that in order to provide them with food, it is necessary to constantly increase the yield of agricultural production and improve labour productivity in this sector. The facts show that Belarusian agricultural machinery manufacturers are contributing to the solution of this problem. Agricultural machinery and potash fertilisers are the main

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<sup>225</sup> Alexander Lukashenko congratulated the President of the Republic of Mali, Ibrahim Boubacar Keïta [Electronic resource]. - 2014. - URL: [http://president.gov.by/ru/news\\_ru/view/aleksandr-lukashenko-pozdravil-prezidenta-respubliki-mali-ibragima-bubakara-kejtu-9843/](http://president.gov.by/ru/news_ru/view/aleksandr-lukashenko-pozdravil-prezidenta-respubliki-mali-ibragima-bubakara-kejtu-9843/)

<sup>226</sup> Filippov, V. R. Mali: The Battle for Uranium // V. R. Filippov // [Electronic resource]. - 2013. - URL: <http://mir-politika.ru/4392-mali-bitva-za-uran.html>

<sup>227</sup> Mali: Belarusian interests in West Africa [Electronic resource]. - 2013. - URL: [http://export.by/resources/izdaniya\\_i\\_publicacii/mali-belorusskie-interesi-v-zapadnoi-afrike.htm](http://export.by/resources/izdaniya_i_publicacii/mali-belorusskie-interesi-v-zapadnoi-afrike.htm)

items in the nomenclature of Belarusian exports to this country, the volume of which exceeded \$16 million in 2012.

Of course, the domestic political crisis that erupted here in 2012 could not but affect the state of bilateral Belarusian-Malian relations. The situation reached such a point that in April 2013, a United Nations peacekeeping contingent was deployed to the country. The deterioration of the economic situation also led to a decline in exports from Belarus by almost \$5 million. However, Mali remains interested in increasing supplies of Belarusian mineral fertilisers and various types of equipment. This is especially true given that political differences are gradually receding under the pressure of Mali's growing market capacity and economic needs, which allows us to expect the promotion and development of new sales niches for Belarusian goods, including machinery, electronics, petrochemicals, pharmaceuticals, and consumer goods. There are already examples of Belarusian exporters developing such niches. For example, products from the Belarusian Metallurgical Plant entered the Malian market back in 2010. In 2011, there was an increase in deliveries of Belarusian tractor units and nitrogen fertilisers from Grodno Azot OJSC. The trend of expanding the presence of Belarusian manufacturers' products on the Malian market was observed in subsequent years, which gives reason to hope for further strengthening of cooperation between the two countries in other areas. At least, Minsk and Bamako are ready for such positive development of cooperation.

## CHAPTER 9

### BELARUS – WORLD BANK: COOPERATION FOR DEVELOPMENT

The participation of the Republic of Belarus in the work of universal and specialised, global and regional international organisations and integration associations is one of the most important areas of the Belarusian state's foreign policy. The relevance of multilateral international cooperation in the current environment is explained by the fact that "in the era of globalisation of the world economy and the emergence of new global challenges and threats, effective international multilateral mechanisms are needed to respond to these problems and regulate the economic, social and political processes taking place"<sup>228</sup> . In order to effectively mitigate the consequences of the global economic crisis and carry out large-scale structural reforms in the economic and financial spheres, Belarus has chosen a strategy of expanding cooperation with leading international financial and economic organisations, foremost among which is the World Bank Group.

Established in 1944, this international organisation has grown from a single institution into a group of closely linked development institutions, which today includes:

- 1) the International Bank for Reconstruction and Development (IBRD);
- 2) the International Development Association (IDA);
- 3) the International Finance Corporation (IFC);
- 4) Multilateral Investment Guarantee Agency (MIGA);
- 5) the International Centre for Settlement of Investment Disputes (ICSID).

On 1 July 2012, Jim Yong Kim became the 12th President of the World Bank Group. In his opinion, the organisation he heads "must act boldly and take 'reasonable risks' to help end poverty in the lifetime of the current generation"<sup>229</sup> . To be precise, the World Bank Group Strategy adopted in 2013 identified two main goals for this

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<sup>228</sup> Multilateral cooperation [Electronic resource].

- 2014. - URL:

<http://www.mfa.gov.by/multilateral/>

<sup>229</sup> World Bank Group Strategy: The Path to Poverty Eradication [Electronic resource]. - 2013. - URL:

<http://www.worldbank.org/ru/news/speech/2013/10/01/world-bank-group-president-jim-vong-kim-speech-at-george-washington-university>

international organisation: the first is to end extreme poverty by 2030; the second is to accelerate prosperity for all by helping to increase the real incomes of the poorest 40 per cent of the population. The main component of this strategy is partnership with the private sector in order to "use its experience and resources to fight poverty"<sup>230</sup>.

The Republic of Belarus, which joined the World Bank Group in 1992, has since received \$1.14 billion in credit resources from it. In addition, several programmes, including those implemented with the participation of civil society organisations, have received support through grant funding in the amount of \$25 million. As a result, as of mid-September 2014, the World Bank's investment portfolio in Belarus included five projects totalling 648 million roubles:

1) **"Rehabilitation of areas affected by the Chernobyl nuclear power plant disaster"** - with the aim of improving energy efficiency - introduction of energy-efficient lighting, thermal rehabilitation of buildings - in social facilities in contaminated areas of the Mogilev, Gomel and Brest regions, and the gasification of individual residential buildings in areas contaminated with radionuclides;

2) **"Development of water supply and sanitation systems"** - with the aim of improving the efficiency, quality and sustainability of water supply and sanitation services for 1.7 million consumers living in 20 districts of Belarus;

3) **"Improving energy efficiency in the Republic of Belarus"** – with the aim of converting existing heating boiler rooms located in a number of Belarusian cities into combined heat and power plants and increasing the efficiency of heat and electricity production at project sites by 30 per cent;

4) **"Solid waste management in the Republic of Belarus"** - with the aim of building a waste sorting facility in Grodno and transferring the secondary resources separated from it for further processing;

5) **"Improvement and modernisation of the Minsk - Gomel motorway"** - with the aim of improving certain sections of the road - earthworks, laying asphalt concrete mixtures, construction of overpasses, as well as equipping roads with safety elements, installing bus stops, constructing underground pedestrian crossings and

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230 Ham.

installing noise barriers.

In the Republic of Belarus, the attitude towards the World Bank Group is based on the assertion that "the World Bank is the least politicised financial and economic structure"<sup>231</sup>. And

indeed, over the years of cooperation, this international organisation has provided great assistance to our country, in particular in modernising the energy base, which has enabled the Belarusian state to make significant progress in energy efficiency, as well as in overcoming the consequences of the Chernobyl nuclear power plant disaster. The Belarusian government also highly appreciates the World Bank's projects that "promote regional development, for example, in the utilities sector"<sup>232</sup>.

In June 2013, members of the Belarusian government were presented with the World Bank Group's Partnership Strategy for the Republic of Belarus for the next four years, which includes cooperation between the parties in three main areas: "improving the competitiveness of the Belarusian economy by promoting structural reforms, including reducing the role of the state, transforming state-owned enterprises and stimulating the development of the private and financial sectors and the integration of the Republic of Belarus into the global economy; improving public infrastructure, increasing the efficient use of agricultural and forest resources and enhancing their global significance; improving human development indicators by improving the quality of education, health and social services."<sup>233</sup>. Belarus believes that with the adoption of this Strategy, "we have new projects and new financial opportunities"<sup>234</sup>.

Even before the adoption of this document, the World Bank expressed its readiness to assist Belarus in developing and implementing comprehensive and far-

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<sup>231</sup> Meeting with Laura Tuck, Vice President of the World Bank for Europe and Central Asia [Electronic resource]. - 2014. - URL:

[http://president.gov.by/ru/news\\_ru/view/vstrecha-s-vitse-prezidentom-vsemirnogo-banka-po-regionu-evropy-i-tsentralnoj-azii-loroi-tak-9811/](http://president.gov.by/ru/news_ru/view/vstrecha-s-vitse-prezidentom-vsemirnogo-banka-po-regionu-evropy-i-tsentralnoj-azii-loroi-tak-9811/)

<sup>232</sup> Prime Minister of the Republic of Belarus Mikhail Myasnikovich met with Qimiao Fan [Electronic resource]. - 2012. - URL: <http://www.government.by/ru/content/4490>

<sup>233</sup> Mikhail Myasnikovich met with Chimyau Fan, Director of the World Bank's Belarus, Moldova and Ukraine Department [Electronic resource]. - 2013. - URL:

<http://www.government.by/ru/content/5107>

<sup>234</sup> Mikhail Myasnikovich met with a delegation from the World Bank [Electronic resource]. - 2014. - URL: <http://www.government.by/ru/content/5369>

reaching structural reforms aimed at strengthening the competitiveness and sustainable growth of its economy. In the budget and tax sphere, experts from this international organisation offered technical assistance on reforming the pension and social assistance systems, improving the efficiency of public spending on health care and education, and improving inter-budgetary relations and debt management. This is because, in order to join the World Trade Organisation, the Republic of Belarus will need to undertake a wide range of commitments to liberalise its economy and reduce the role of the state, which in itself will increase the need for structural reforms. which is why it is so important to "continue macroeconomic stabilisation by maintaining tight monetary and fiscal policies in order to contain inflationary pressures and strengthen the positive trend in restoring the external account balance"<sup>235</sup> .

As part of the implementation of the above-mentioned Partnership Strategy, in spring 2014 the World Bank Group's Board of Executive Directors approved two loans for Belarus, each worth \$90 million, for water and heat supply projects. The first loan will finance the reconstruction of main sewer collectors in Mogilev and Grodno and the modernisation of water supply systems in Rogachev and Shklov, which will be supplemented by measures under the Clean Water state programme for water supply and sanitation, thereby expand the measures to improve the quality of water supply and wastewater services implemented with the initial loan of \$60 million approved in 2008.

The second loan is intended for a project to use wood biomass for district heating in Belarus, the implementation of which will contribute to the more efficient use of renewable biomass for the production of heat and electricity, thereby reducing production costs, improving the reliability of energy supplies in 13 cities across the country, and raising living standards by improving working conditions for 79,000 Belarusian citizens. There are also plans to finance the installation of biomass boilers to replace existing gas and oil boilers, the supply of equipment for the production of wood chips and the organisation of warehouses for the storage of fuel biomass, the

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<sup>235</sup> World Bank confirms intention to support Belarus in implementing structural reforms [Electronic resource]. - 2012. - URL: [http://www.belta.by/ru/all\\_news/economics/Vsemirnyi-bank-podtverzhdaet-namerenie-okazyvat-podderzhku-Belarusi-v-provedenii-strukturnyx-reform-i-603821.html](http://www.belta.by/ru/all_news/economics/Vsemirnyi-bank-podtverzhdaet-namerenie-okazyvat-podderzhku-Belarusi-v-provedenii-strukturnyx-reform-i-603821.html)

installation of individual heating points equipped with thermostats in buildings, and the modernisation of centralised heat supply networks. All this will contribute to reducing greenhouse gas emissions and, in the long term, prevent the release of significant amounts of carbon dioxide into the atmosphere throughout the entire life cycle of the facilities.

The World Bank is confident that the implementation of the first of these two projects "will assist Belarus in developing a rational policy for attracting effective investment in the water supply and sanitation sector, increase its financial sustainability and thus ensure the availability of services for consumers. <...> The use of low-quality wood for the production of heat and electricity will also contribute to the development of the woodworking industry, creating new jobs and commercial opportunities."<sup>236</sup>

In spring 2014, the World Bank also expressed its willingness to allocate a \$250 million loan for the reconstruction of the Minsk - Grodno motorway, for which design and estimate documentation is already being developed and will provide for at least four lanes - two in each direction, with oncoming traffic separated by barriers. The reconstruction of the Minsk-Grodno motorway using World Bank loan resources is planned to be carried out on sections from 57 to 130 and from 197 to 211 kilometres. Work may begin as early as 2015. Overall, this project has a few key parts. First, it's about setting up a traffic control centre, which will include equipment, software, and creating a legal framework for the centre to work. "The implementation of the second component is aimed at carrying out infrastructure work at the Bruzgi checkpoint on the Belarusian-Polish border to increase the speed of vehicle service and reduce the time required for customs procedures"<sup>237</sup>. Thirdly, it is planned to develop roadside services on the basis of public-private partnerships. In this regard, World Bank representatives have expressed their willingness to assist in the development of comprehensive

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<sup>236</sup> . Savko, S. World Bank approves two loans of \$90 million each for Belarus for water and heat supply projects / S. Savko // [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/economics/Vsemimyi-bank-odobril-dlja-Belarusi-dva-zajma-po-90-mln-pod-proektu-po-vodo-i-teplosnabzheniju\\_i\\_664571.html](http://www.belta.by/ru/all_news/economics/Vsemimyi-bank-odobril-dlja-Belarusi-dva-zajma-po-90-mln-pod-proektu-po-vodo-i-teplosnabzheniju_i_664571.html)

<sup>237</sup> Ivanyuk, T. World Bank ready to allocate \$250 million loan for reconstruction of Minsk-Grodno motorway / T. Ivanyuk // [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/economics/Vsemirnyi-bank-gotov-vvdelit-250-mln-kredita-na-rekonstruktsiju-avtodorogi-Minsk-Grodno\\_i\\_676280.html](http://www.belta.by/ru/all_news/economics/Vsemirnyi-bank-gotov-vvdelit-250-mln-kredita-na-rekonstruktsiju-avtodorogi-Minsk-Grodno_i_676280.html)



roadside service facilities, including petrol stations with retail outlets and catering facilities, well-equipped rest areas with parking, and hotels, following the example of other countries.

It should be noted that Belarus and the World Bank already have experience of fruitful cooperation in the development of transport infrastructure. An example of joint action is the reconstruction of the Pukhovichi-Bobruisk section of the Minsk-Gomel motorway. The bank allocated about \$150 million for this purpose. The 53-kilometre section of the road was put into operation at the end of 2013. And in early 2014, the Belarusian government announced its proposal that "Belarus and the World Bank should expand cooperation in the field of road construction. <...> The entire road construction programme and transport infrastructure development could be placed under the auspices of the World Bank in order to carry out large-scale projects"<sup>238</sup>.

The Ministry of Forestry of the Republic of Belarus is also interested in cooperation with the World Bank, specifically in a joint project entitled "Development of the Forestry Sector in Belarus," which aims to improve the efficiency of forestry operations. This project envisages improving the sustainability of forestry by increasing the intensity of early thinning, expanding the use of logging residues for the production of wood biomass, and improving the quality of planting material for afforestation and reforestation. "Another focus of the project is to improve mechanisms for monitoring, detecting and extinguishing forest fires, and to increase the efficiency of information systems in the forestry sector, including the employment of women in logging operations"<sup>239</sup>. In this regard, the Ministry of Forestry of Belarus expects to receive a loan of €35 million from the World Bank for a period of about five years. These funds "are planned to be used to purchase equipment (mainly domestic) for the production of wood fuel, as well as for the construction of forest seed centres"<sup>240</sup>. It is

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<sup>238</sup> Mikhail Myasnikov met with Chimyau Fan, Director of the World Bank's Belarus, Moldova and Ukraine Department [Electronic resource]. - 2013. - URL: <http://www.government.by/ru/content/5107>

<sup>239</sup> The World Bank will work with the Ministry of Forestry to develop the forestry sector in Belarus [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/society/Razvitiem-lesnogo-sektora-Belarusi-sovmestno-s-Minleskhozom-zaimetsia-Vsemirnyi-bank-i-667061.html](http://www.belta.by/ru/all_news/society/Razvitiem-lesnogo-sektora-Belarusi-sovmestno-s-Minleskhozom-zaimetsia-Vsemirnyi-bank-i-667061.html)

<sup>240</sup> Dmitrieva, M. The Ministry of Forestry of Belarus expects to receive a loan from the World Bank in 35 million euros for the purchase of equipment / M. Dmitrieva // [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/economics/Minleskhoz-Belarusi-rasschityvaet-poluchit-ot-](http://www.belta.by/ru/all_news/economics/Minleskhoz-Belarusi-rasschityvaet-poluchit-ot-)

expected that the use of selected and improved material in forest reproduction will ensure a 10-15 per cent increase in the productivity of mature plantations in the future.

New areas of cooperation between Belarus and this international organisation were discussed during the visit to our country by the World Bank Vice-President for Europe and Central Asia, L. Tak, in September 2014. In particular, the Belarusian side announced its proposal to the World Bank to participate in the Children of Belarus programme, as well as to participate in a programme concerning the development of the Pripjat Polesie. This could be a regional project involving Belarus, Ukraine and Poland, as the interests of all three countries are concentrated in Polesie.<sup>241</sup> In addition to these areas, the parties are already discussing possible projects in the field of education and public finance management.

Support for small and medium-sized enterprises is also set to become one of the most important priorities of this cooperation. World Bank experts are already advising the Ministry of Economy of the Republic of Belarus on the creation of a special organisation in our country to promote the development of private sector enterprises. According to Belarusian Minister of Economy N. Snopkov, a "conceptual strategy for the creation and operation of such an organisation"<sup>242</sup> has already been developed, which is expected to function as a subcontracting centre and a guarantee fund for business loans, and will itself issue preferential loans. The Belarusian Ministry of Economy expects to receive an investment loan of up to €40 million from the World Bank in this regard. This international organisation will also support our country in preparing a fundamentally new long-term strategy for the development of small and medium-sized businesses.

However, perhaps even more relevant and important for Belarus is the World Bank's participation in the implementation of the Belarusian government's action plan,

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[Vsemirnogo-banka-kredit-v-35-mln-evro-na-zakupku-texniki i 680484.html](http://Vsemirnogo-banka-kredit-v-35-mln-evro-na-zakupku-texniki-i-680484.html)

<sup>241</sup> Mikhail Myasnikovich met with Laura Tak [Electronic resource]. - 2014. - URL: <http://www.government.by/ru/content/5691>

<sup>242</sup> Savko, S. World Bank experts advise Belarusian Ministry of Economy on creation of special organisation to support small and medium-sized businesses / S. Savko // [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all-news/economics/Eksperty-VB-konsultirujut-Minekonomiki-Belarusi-po-sozdaniyu-spetsorganizatsii-podderzhki-malogo-i-srednego-biznesa i 680554.html](http://www.belta.by/ru/all-news/economics/Eksperty-VB-konsultirujut-Minekonomiki-Belarusi-po-sozdaniyu-spetsorganizatsii-podderzhki-malogo-i-srednego-biznesa-i-680554.html)

adopted in August 2014, to ensure the balanced and sustainable development of the country's economy. It is expected that the bank's experts will work on this plan, which includes operational and long-term measures, to "spell out in detail the system of social assistance to the population and support for enterprises during the implementation of structural changes that will, in one way or another, affect the poor and enterprises that are in a negative state of solvency in the short term."<sup>243</sup> According to World Bank experts, the current situation in the Belarusian economy shows that serious structural reforms are needed to increase the productivity and competitiveness of enterprises. These reforms should be aimed at reducing cost pressures, enhancing innovation potential, preserving the quality of human capital, creating more effective institutions, and also reducing state intervention and simplifying regulation for the development of the private sector. At the same time, they believe that "reforms must be accompanied by measures to protect vulnerable groups of the population"<sup>244</sup>, and therefore point to the need to create a targeted social support programme in Belarus for the less protected segments of the population, as well as to continue to ensure the growth of the private sector, which will create more high-paying jobs.

More than 20 years of cooperation between the parties shows that virtually all reforms recommended by the World Bank, including structural reforms, are being implemented in Belarus with due regard for the specific characteristics of the country's socio-economic market economy. The new positive dynamics that have emerged in this cooperation in recent years only underscore its high effectiveness, with the World Bank's confidence that our country "has the potential to become a prosperous, competitive economy" playing a significant role<sup>245</sup>.

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<sup>243</sup> Savko, S. Action plan to ensure balanced development of Belarusian economy to be supplemented by World Bank experts / S. Savko // [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/economics/Plan-deistvij-po-obespecheniju-sbalansirovannogo-razvitiia-ekonomiki-Belarusi-dopolniet-eksperty-VB-i-680561.html](http://www.belta.by/ru/all_news/economics/Plan-deistvij-po-obespecheniju-sbalansirovannogo-razvitiia-ekonomiki-Belarusi-dopolniet-eksperty-VB-i-680561.html)

<sup>244</sup> Structural reforms are needed to increase Belarus' competitiveness, say World Bank experts [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/economics/Dlja-povysheniia-konkurentosposobnosti-Belarusi-nuzhny-strukturnye-reformy---eksperty-VB-i-664299.html](http://www.belta.by/ru/all_news/economics/Dlja-povysheniia-konkurentosposobnosti-Belarusi-nuzhny-strukturnye-reformy---eksperty-VB-i-664299.html)

<sup>245</sup> Savko, S. Belarus has good potential to become a prosperous, competitive economy - Laura Tak / S. Savko // [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/economics/U-Belarusi-xoroshij-potentsial-stat-protsvetaiuschei-konkurentnoi-ekonomikoi---Lora-Tak-i-680571.html](http://www.belta.by/ru/all_news/economics/U-Belarusi-xoroshij-potentsial-stat-protsvetaiuschei-konkurentnoi-ekonomikoi---Lora-Tak-i-680571.html)

## CHAPTER 10

### **BELARUS - EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT: FROM A CALIBRATION APPROACH TO EXPANDED Pragmatic cooperation**

Participation in multilateral cooperation within international organisations, institutions and forums as a factor of organic integration into the world community in the interests of national economic development is an important structural component of the Republic of Belarus' international economic cooperation at the present stage. The need to mitigate the effects of the global economic crisis has led to a trend towards the expansion of Belarusian state partnerships with a number of leading international financial and economic organisations, including the European Bank for Reconstruction and Development (EBRD).

The EBRD is an international financial organisation established in 1991 to support economic transformation in Central and Eastern European countries and committed to "promoting the transition to a market-oriented economy and the development of private and entrepreneurial initiative"<sup>246</sup>. The EBRD's founding documents provide for the bank's functions, such as: promoting, through private and other interested investors, the establishment, improvement and expansion of productive, competitive and private entrepreneurial activity, in particular small and medium-sized enterprises; attracting domestic and foreign capital, as well as management expertise; promoting productive investment, including investment in services and finance, and in appropriate infrastructure where necessary to support private and entrepreneurial initiative, thereby contributing to the creation of a competitive environment and to increased productivity, living standards and working conditions; providing technical assistance in the preparation, financing and implementation of appropriate projects, both individually and within the framework of special investment programmes; stimulating and encouraging the development of

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246 Our history [Electronic resource]. - 2014. - URL: <http://www.ebrd.com/cs/Satellite?c=Content&cid=1395237249234&amp;pagename=EBRD-RU%2FContent%2FContentLayout>

capital markets; supporting sound and economically viable projects involving more than one recipient member; promoting environmentally sound and sustainable development in all its activities, as well as carrying out other activities and providing other services "that may contribute to the fulfilment of these functions"<sup>247</sup>.

The Republic of Belarus became a member of the EBRD in 1992. Today, it holds 6,002 shares in the bank worth \$60.02 million, representing 0.2 per cent of its authorised capital. Due to the fact that the EBRD has a political mandate to provide assistance to countries committed to the principles of multi-party democracy, pluralism and market economy, and given that the principles of environmental protection and sustainable energy are of paramount importance in its activities, the EBRD's main activities in Belarus have been lending and investment operations and the provision of technical assistance in areas such as "energy, infrastructure, economic restructuring, the financial and banking sector, support for entrepreneurship and privatisation, and the use of agricultural and forestry resources"<sup>248</sup>.

The fact is that in the early stages of this cooperation, projects were implemented under the guarantee of the country's government, specifically in the public sector of the economy. In this case, we are talking about four projects: the development of a modern wholesale market for fruit and vegetables and the creation of the Minsk wholesale market for fruit and vegetable products in this regard; construction and modernisation of the Orsha Thermal Power Plant; creation of the Belarus-Telecom digital communications network for corporate subscribers with direct access to the international communications network; repair and modernisation of the Brest-Russian border motorway connecting Minsk and Moscow, Warsaw and Berlin.

Later, the EBRD decided to wind down its support for the public sector of the Belarusian economy and to "recalibrate" its operational approaches in its relations with Belarus. In line with this "recalibration," in May 2011, the bank announced that it

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<sup>247</sup> Key documents of the European Bank for Reconstruction and Development [Electronic resource]. - 2013. - URL: <http://www.ebrd.com/downloads/research/guides/basicsru.pdf>

Yakimenko, V. A. Interaction between the Republic of Belarus and the European Bank for Reconstruction and Development / V. A. Yakimenko // [Electronic resource]. - 2007. - URL: <http://lib.psunbrb.by/bitstream/112/5813/1/48.pdf>

would stop investing in projects in the state energy sector, including renewable energy sources and transport infrastructure. Cooperation with state-owned banks, as well as support for privatisation projects and pre-privatisation preparation of facilities, will be significantly reduced<sup>249</sup>. Although a few years earlier, the EBRD acknowledged that "Belarus is one of the few countries in the transition economy region that continued to enjoy positive growth rates in 2009. <...> The Belarusian authorities are demonstrating greater openness than before to cooperation with international financial institutions on the development and implementation of market reforms."<sup>250</sup>.

Of course, the policy of "recalibration" could not but affect relations between Belarus and the EBRD. But even under these conditions, "in 2011, projects worth approximately \$185 million were implemented, and in 2012, more than \$250 million"<sup>251</sup>. The following year, 2013, was a record year for the bank in Belarus in terms of the volume of projects implemented, with the EBRD allocating €255 million to support 14 projects by local and foreign investors. And in 2014, the bank intended to implement "15 projects in Belarus for a total of €150 million, plus an additional €100 million in projects under the trade finance programme," according to <sup>252</sup>. In other words, over the past three years, the bank has increased its annual investment volume and project portfolio by almost four times. As of 1 September 2014, the EBRD had allocated more than €1.5 billion to 66 projects over 22 years of cooperation with Belarus, of which €883 million had been invested over the past five years.<sup>253</sup>.

In May 2012, S. Chakrabarti, former Permanent Secretary of the UK Ministry of Justice, became President of the European Bank for Reconstruction and Development. In the same year, a new EBRD strategy for Belarus for 2013-2015 was

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<sup>249</sup> EBRD says "no" to Belarusian central government [Electronic resource]. - 2011. - URL: <http://gorad.by/by/page/fmance/1147>

<sup>250</sup> Strategy for Belarus. - EBRD, 2009. - p. 4.

<sup>251</sup> Mikhail Myasnikovich met with the Vice-President of the EBRD [Electronic resource]. - 2014. - URL: <http://www.government.by/ru/content/5479>

<sup>252</sup> Kot, A. EBRD plans to implement projects worth €250 million in Belarus in 2014 / A. Kot // [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/economics/EBRD-planiruet-v-2014-godu-realizovat-v-Belarusi-proekty-na-250-mln-evro-i-662692.html](http://www.belta.by/ru/all_news/economics/EBRD-planiruet-v-2014-godu-realizovat-v-Belarusi-proekty-na-250-mln-evro-i-662692.html)

<sup>253</sup> Grigorovich, T. EBRD satisfied with implementation of all projects in Belarus - Donlon / T. Grigorovich // [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/economics/EBRD-udovletvoren-realizatsiei-vsex-proektov-v-Belarusi-Donlon-i-681458.html](http://www.belta.by/ru/all_news/economics/EBRD-udovletvoren-realizatsiei-vsex-proektov-v-Belarusi-Donlon-i-681458.html)

developed, whose main focus was to support the development of the private sector through both direct investment in all areas of the economy and indirect investment through the provision of loans to partner banks for lending to small and medium-sized enterprises, as well as providing Belarusian businesses with access to consulting services through the Business Advisory Services Programme and the Enterprise Development Programme. In addition, the bank decided to focus "on municipal projects that are of great importance in terms of ecology and improving the living conditions of Belarusians, as well as contributing to reforms throughout the country"<sup>254</sup>

Thus, in 2012, the EBRD launched a programme to promote the financing of sustainable energy development in Belarus with a total budget of \$50 million, which is "intended for small and medium-sized enterprises in the private sector"<sup>255</sup>. This programme is expected to help Belarus reduce energy consumption and provide environmental benefits by reducing carbon emissions and pollution. The first loan under this programme, worth \$4 million over five years, was granted to Minsk Transit Bank. Incidentally, the EBRD has a total of eight partner banks in Belarus, "through which small and medium-sized businesses gain access to loans and trade facilitation programmes"<sup>256</sup>.

Among these partners is BelVEB Bank, to which the EBRD opened a \$30 million credit line in early 2014 to finance micro, small and medium-sized enterprises and implement projects in the manufacturing sector, as well as in the services and trade sectors. "As of 1 January 2014, the share of MSME loans in BelVEB Bank's corporate loan portfolio was 32.8%. By the beginning of 2016, the bank plans to increase this figure to 40%"<sup>257</sup>. It should be recalled that the previous similar agreement between

<sup>254</sup> Deley, F. Reforms first, loans later / F. Deley // [Electronic resource]. - 2013. - URL:

<http://reporter.by/Belarus/predstavitel-ebrr-v-belarusi-snachala-reformy-potom-kreditvi/>

<sup>255</sup> EBRD to allocate \$50 million for sustainable energy development in Belarus [Electronic resource]. - 2012.

- URL: [http://www.belta.by/ru/all\\_news/economics/EBRR-napravit-50-mln-na-ustojchivoe-razvitiie-energetiki-v-Belarusi-i-616496.html](http://www.belta.by/ru/all_news/economics/EBRR-napravit-50-mln-na-ustojchivoe-razvitiie-energetiki-v-Belarusi-i-616496.html)

<sup>256</sup> Deley, F. Reforms first, loans later / F. Deley // [Electronic resource]. - 2013. - URL:

<http://reporter.by/Belarus/predstavitel-ebrr-v-belarusi-snachala-reformy-potom-kreditvi/>

<sup>257</sup> Kot, A. EBRD opens a \$30 million credit line for BelVEB Bank to finance small and medium-sized

businesses / A. Kot // [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/economics/EBRR-otkrivaet-Banku-BelVEB-kreditnuju-liniju-na-30-mln-dlja-finansirovanija-malogo-](http://www.belta.by/ru/all_news/economics/EBRR-otkrivaet-Banku-BelVEB-kreditnuju-liniju-na-30-mln-dlja-finansirovanija-malogo-)



BelVEB Bank and the EBRD was signed in December 2010. It resulted in the growth of the loan portfolio and the expansion of the customer base. In particular, at the beginning of 2014, Bank BelVEB already had 13 microcredit outlets operating under the EBRD programme.

In March 2014, the EBRD and OJSC Belgazprombank signed an agreement to open the first credit line attracted to the Belarusian economy to finance commercial real estate in the amount of €20 million for a period of seven years. In accordance with this document, the allocated funds were directed to support small and medium-sized enterprises implementing projects for the construction, reconstruction or purchase of their own office premises, warehouses, production and commercial facilities, greenhouses, and capital construction projects for agricultural purposes. In November 2014, it was announced that the EBRD would provide \$12 million to the Belarusian National Bank, which focuses on lending to small and medium-sized local businesses, in order to "expand financing for this sector in Belarus"<sup>258</sup>.

A significant addition to these steps to provide financial assistance to Belarusian entrepreneurs was the EBRD's allocation of €500,000 in 2014 in the form of non-repayable grants, which "can be claimed by small and medium-sized businesses with 10 to 250 employees that have been operating on the market for at least two years"<sup>259</sup>. In 2013, the bank allocated almost €244,000 to support 35 similar projects in Belarus, with a further €199,500 invested in the projects by the participants themselves on a co-financing basis. In total, more than 60 Belarusian companies received support during the EBRD's small business support programme, which offers consulting support to companies in the country to improve their strategic planning and quality management. Thus, the bank not only helps Belarusian companies to attract and implement modern

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[i-srednego-biznesa i 658364.html](http://i-srednego-biznesa.i.658364.html)

<sup>258</sup> EBRD to provide Belarusian People's Bank with up to \$12 million to finance small and medium-sized businesses [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/economics/EBRD-predostavit-Belorusskomu-narodnomu-banku-do-12-mln-na-finansirovanie-malogo-i-srednego-biznesa.i.686987.html](http://www.belta.by/ru/all_news/economics/EBRD-predostavit-Belorusskomu-narodnomu-banku-do-12-mln-na-finansirovanie-malogo-i-srednego-biznesa.i.686987.html)

<sup>259</sup> The EBRD will allocate €500,000 in subsidies to small and medium-sized businesses in Belarus [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/all\\_news/economics/EBRD-napravit-500-tys-evro-na-subsidii-malomu-i-srednemu-biznesu-v-Belarusi.i.663855.html](http://www.belta.by/ru/all_news/economics/EBRD-napravit-500-tys-evro-na-subsidii-malomu-i-srednemu-biznesu-v-Belarusi.i.663855.html)



business tools and technologies in their activities, but also promotes consulting as a development tool and a type of business. This is very relevant for Belarus, as experience of working with consultants is still relatively rare here.

As for environmental and municipal issues, in December 2012, the bank provided €18 million for projects to reduce greenhouse gas emissions in Slonim and Baranovichi and for a project in Vitebsk to treat wastewater before discharging it into rivers flowing into the Baltic Sea. It should be noted that the Vitebsk project is rightly considered an example of successful international cooperation, as it is part of a large environmental programme, for which loans and grants totalling €68 million have been allocated by the EBRD, the Nordic Investment Bank, the World Bank, the Northern Dimension Environmental Partnership Programme, and the governments of Sweden, Finland and Austria. Overall, this large-scale project, entitled "Belarus: Environmental Infrastructure Project - Phase I", provides for the comprehensive reconstruction of wastewater treatment plants in Vitebsk, Brest and Grodno with the aim of improving the quality of wastewater treatment and reducing the volume of pollutant discharges into water bodies. Biogas complexes will also be introduced at the sewage treatment plants in Baranovichi and Slonim to generate electricity and heat, which will reduce the environmental impact.<sup>260</sup>

In January 2015, cooperation between Belarus and the EBRD in the field of environmental protection took a concrete step forward: at the headquarters of the European Bank for Reconstruction and Development in London, the Belarusian Ministry of Economy and the Northern Environmental Finance Corporation, which promotes environmental projects in Northern and Central Europe, signed an investment agreement worth €90 million, through which the parties intend to lay the foundation for long-term cooperation in the use of funds provided by the corporation for environmental projects of interest to Belarus and the member states of the association. The project covers a wide range of sectors, including the environment, energy, infrastructure and even housing and utilities. The Nordic Environment Finance

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<sup>260</sup> On 30 May 2013, at a regular meeting of the second session of the House of Representatives, deputies considered seven issues [Electronic resource]. - 2013. - URL: <http://house.gov.by/index.php/1.36200.1..0..0.html>

Corporation itself was established in November 1998 as an international financial institution operating under an agreement between Denmark, Iceland, Norway, Finland and Sweden, and provides assistance to economically viable environmental projects in Eastern Europe. "The corporation's portfolio already contains about 400 small and medium-sized projects on various topics"<sup>261</sup> .

However, perhaps the most significant projects launched in Belarus in recent years in cooperation with the European Bank for Reconstruction and Development are: in the woodworking sector - the Kronospan factory; in beverage production - the Heineken Brewery; in the transport sector - the Stadler Minsk joint-stock company.

The Austrian company Kronospan is a world leader in the production of medium-density fibreboard (MDF, HDF, chipboard); laminated flooring; basic chipboard; urea-formaldehyde resin for wood materials; oriented strand boards (OSB). It is a group consisting of 29 production enterprises in 24 countries with annual sales exceeding €3 billion, 55 per cent of which comes from developing markets. Its financial partner in Belarus is the EBRD. The promising investment project undertaken by Kronospan in Smorgon, Grodno Region, consisted of three stages: Stage I – a line for the production of chipboard and LDS boards; Stage II - a line for the production of MDF and HDF boards, as well as floor coverings; Stage III - a line for the production of OSB boards"<sup>262</sup> . First, a chipboard factory was put into operation, followed by a fibreboard factory. In August 2014, the Kronospan woodworking factory launched a production line for laminated chipboard and MDF boards. <...> Imports of similar products were reduced by \$90.7 million.<sup>263</sup> , and "the total volume of investments exceeds €150 million."<sup>264</sup> . In addition, this manufacturer's products are supplied not only to the domestic market of Belarus, but also for export.

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<sup>261</sup> The EBRD understands that it is worth investing in Belarus - Zinovskiy [Electronic resource]. - 2015. - URL: [http://www.belta.by/ru/all\\_news/economics/EBRD-ponimaet-cto-v-Belarus-stoit-vkladyvat-sredstva—Zinovskij\\_i\\_692648.html](http://www.belta.by/ru/all_news/economics/EBRD-ponimaet-cto-v-Belarus-stoit-vkladyvat-sredstva—Zinovskij_i_692648.html)

<sup>262</sup> Investment project "Construction of the Kronospan plant in Smorgon, Grodno Region" [Electronic resource]. - 2013. - URL: <http://www.kronospan.com.by/>

<sup>263</sup> On the results of socio-economic development in the Grodno region in 2014 [Electronic resource]. - 2015. - URL: [www.grsu.by/files/file/9822\\_1.doc](http://www.grsu.by/files/file/9822_1.doc)

<sup>264</sup> Kravtsov, V. Grodno Region focuses on the development of innovative industries / V. Kravtsov // [Electronic resource]. - 2014. - URL: [http://www.belta.by/ru/person/interview/Vladimir-Kravtsov\\_i\\_515023.html](http://www.belta.by/ru/person/interview/Vladimir-Kravtsov_i_515023.html)

The Dutch company Heineken N.V. is one of the largest breweries in the world, producing over 200 international, regional and local brands. It has been operating on the Belarusian market since December 2007, when it acquired IZAO Pivovary Heineken, formerly the Syabar brewery in Bobruisk. The company currently employs 800 people. In early 2013, the EBRD provided this joint-stock company with a loan of €5 million, including support for a programme to grow high-quality brewing barley in Belarus and implement projects to improve water and energy efficiency at breweries. The bulk of the bank's funds were earmarked "to finance a capital investment programme at the HEINEKEN brewery in Bobruisk"<sup>265</sup>. In particular, there were plans to modernise the brewery's brewing workshop. In addition, part of the funds was used to purchase so-called "green" refrigerators to equip retail outlets throughout Belarus, which enabled the company to become more competitive and take another step towards improving production standards in the country, including through more efficient use of energy and water. As a result, at the end of 2014, "more than 20% of the total revenue to the consolidated budget of the region was generated by 10 enterprises in the Mogilev region. <...> The top ten leaders included IZAO "Hynekken Brewery" (4.9% of the total revenue in the region)..."<sup>266</sup>, leaving behind such large enterprises in the Mogilev region as Klimovichsky Distillery, Mogilevhimvolokno, and Belarusian Cement Plant.

The Swiss company Stadler Rail Group is one of Europe's leading manufacturers of rolling stock, including buses, diesel and electric trains, double-decker electric trains, carriages, trams and trains with variable track gauge. Its products are used in various countries around the world, from Australia to Estonia. Cooperation with Belarus began in 2012, when Stadler Minsk OJSC was established. The company is currently implementing an investment project, including with loans from the European Bank for Reconstruction and Development, to organise the production of railway and urban passenger electric transport through the phased construction and commissioning

<sup>265</sup> The EBRD provided a loan of €5 million for the modernisation of the Heineken Brewery in Belarus [Electronic resource]. - 2013. - URL: [http://mogilev-region.gov.by/news/na\\_modemizatsiyu\\_pivovami\\_khainecken\\_v\\_bielarusi%C2%BB\\_ebrd\\_predostavil\\_kredit\\_razmere\\_5 mln evro](http://mogilev-region.gov.by/news/na_modemizatsiyu_pivovami_khainecken_v_bielarusi%C2%BB_ebrd_predostavil_kredit_razmere_5 mln evro)

<sup>266</sup> "Heineken Brewery" is a leader in tax payments in the region [Electronic resource]. - 2015. -

URL:

of a plant and engineering and transport infrastructure facilities in Fanipol, in the Dzerzhinsk district of the Minsk region, between 2012 and 2016. The company plans to "establish supplies of certain types of products from Belarus to the Russian market, in particular to Moscow, to the countries of the European Union, and also to Switzerland"<sup>267</sup>. In November 2014, a grand opening ceremony was held for the Stadler Minsk plant, which manufactures rolling stock for broad-gauge railways used in the Commonwealth of Independent States. "The maximum production capacity of the enterprise is 120 carriages per year. The volume of investment in production amounted to €50 million, and 600 jobs were created at the plant"<sup>268</sup>.

Summarising all these facts, it should be noted that even under the EBRD's "calibration" approach to Belarus, the interaction between the parties over the past few years has demonstrated enormous reserves and opportunities for cooperation, the potential of which can and should be taken into account when developing a new strategy for Belarus for 2016-2018 during 2015. Judging by all appearances, the EBRD itself is beginning to see this prospect, with its president, S. Chakrabarti, noted during his first visit to Minsk in February 2015 that "EBRD shareholders may change their approach to restrictions on cooperation with Belarus, especially with regard to state-owned enterprises, with the adoption of a new country strategy"<sup>269</sup>. If this happens, the Belarusian side has already announced a number of new joint projects with the EBRD involving state-owned enterprises, in the implementation of which "the Belarusian government will guarantee reliability \_\_\_\_\_, 270 of this cooperation."

In particular, this concerns areas of cooperation such as housing and utilities,

<sup>267</sup> Alexander Lukashenko met with representatives of Swiss business circles [Electronic resource]. - 2014. - URL: [http://president.gov.by/ru/news\\_ru/view/aleksandr-lukashenko-vstretilsia-s-predstaviteljami-delovyx-krugov-shveitsarii-8830/](http://president.gov.by/ru/news_ru/view/aleksandr-lukashenko-vstretilsia-s-predstaviteljami-delovyx-krugov-shveitsarii-8830/)

<sup>268</sup> Grishkevich, A. "Stadler Rail Group" does not rule out the possibility of manufacturing metro cars in Belarus / A. Grishkevich // [Electronic resource]. - 2014. - URL: <http://www.belta.by/ru/all-news/economics/Shtadler-Reil-Grupp-ne-iskljuchaet-vozmozhnosti-proizvodstva-v-Belarusi-vagonov-dlja-metro-i-686757.html>

<sup>269</sup> Chakrabarti: EBRD shareholders may change their approach to restrictions on cooperation with Belarus [Electronic resource]. - 2015. - URL: <http://www.belta.by/ru/allnews/politics/Chakrabarti-EBRD-shareholders-may-change-their-approach-to-restrictions-on-cooperation-with-Belarus-i-695813.html>

<sup>270</sup> Meeting with EBRD President Suma Chakrabarti [Electronic resource]. - 2015. - URL: [http://president.gov.by/ru/news\\_ru/view/vstrecha-s-prezidentom-ebrr-sumoj-chakrabarti-10846/](http://president.gov.by/ru/news_ru/view/vstrecha-s-prezidentom-ebrr-sumoj-chakrabarti-10846/)

and agribusiness. Another area is the modernisation of the transport system, a topic that is particularly relevant for Belarus in view of the recent increase in transit traffic by road and rail through its territory. In this regard, the EBRD's decision taken in January 2015 looks very promising.

"to participate in the reconstruction of the M10 road on the terms of a public-private partnership"<sup>271</sup>. In this case, we are talking about the motorway: Russian Federation border (Selishche) - Gomel - Kobrin.

In addition, the European Bank for Reconstruction and Development has proposed that Belarusian banks expand cooperation in financing small and medium-sized businesses. Apparently, this area of cooperation in the new strategy for Belarus for 2016-2018 may reach a qualitatively new level, as "the Belarusian government has agreed to consider the possibility of gradually transferring some state-owned banking assets to the private sector, which should facilitate further investment by the EBRD"<sup>272</sup>. This would mean that the progress made in strengthening the Republic of Belarus' partnership with the European Bank for Reconstruction and Development, pushing the dubious rhetoric of "calibration approaches" into the background, could eventually become as pragmatic, mutually beneficial and irreversible as possible.

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<sup>271</sup> EBRD ready to participate in the reconstruction of the M10 road on a public-private partnership basis [Electronic resource]. - 2015. - URL: [http://www.belta.by/ru/all\\_news/economics/EBRR-gotov-prinijat-uchastie-v-rekonstruktsii-dorogi-M10-na-uslovijah-gosudarstvenno-chastnogo-partnerstva-i-695920.html](http://www.belta.by/ru/all_news/economics/EBRR-gotov-prinijat-uchastie-v-rekonstruktsii-dorogi-M10-na-uslovijah-gosudarstvenno-chastnogo-partnerstva-i-695920.html)

<sup>272</sup> EBRD offers Belarusian banks expanded cooperation to finance entrepreneurship [Electronic resource]. - 2015. - URL: [http://www.belta.by/ru/all\\_news/economics/EBRR-predlagaet-belorusskim-bankam-rasshirijat-sotrudnichestvo-dlja-finansirovanija-predprinimatelstva-i-695805.html](http://www.belta.by/ru/all_news/economics/EBRR-predlagaet-belorusskim-bankam-rasshirijat-sotrudnichestvo-dlja-finansirovanija-predprinimatelstva-i-695805.html)

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