

EF.DEL/29/04

1 June 2004

ENGLISH

Original: RUSSIAN

Permanent Delegation of the Republic of Belarus to the OSCE

**STATEMENT BY AMBASSADOR VIKTAR GAISENAK,  
HEAD OF THE DELEGATION OF THE REPUBLIC OF BELARUS,  
AT THE TWELFTH MEETING OF THE OSCE ECONOMIC FORUM**

**Review of the implementation of OSCE commitments in the  
economic and environmental dimension**

Prague, 1 June 2004

Mr. Chairman,

I should like to join the previous speakers in thanking, on behalf of the delegation of the Republic of Belarus, the United Nations Economic Commission for Europe (UNECE) and its Executive Secretary, Ms. Brigita Schmögnerová, for their review of the implementation of OSCE commitments in the economic and environmental dimension. As always, the review was carried out with a high level of professionalism and constitutes a substantial contribution to the work of our Forum.

Regarding the subject of this year's Forum, we feel that the focus of the review proposed by the Chairmanship and supported by the participating States on commitments relating to the investment climate is well chosen.

Domestic and direct foreign investments are an essential prerequisite for sustainable economic growth and successful completion of necessary economic reforms. As the UNECE report mentions, in order to attract these investments there is a need for a favourable investment climate, including a stable macro-economic policy, provision of a suitably refined legal foundation, the development of institutions, establishment of the rule of law, the development of advanced technologies and infrastructure, and guarantees of internal stability and security. All these factors are of key significance for establishing a basis for investment that will support stable economic development in participating States.

The Republic of Belarus is making every effort to fulfil its commitments in the economic and environmental dimension, including those relating to investments.

The creation of a favourable investment climate that will attract and guarantee effective use of foreign and domestic investments is one of the most important aspects of our country's economic policy.

Belarus offers potential investors certain fundamental advantages, such as a favourable geographical location in the centre of Europe, good natural and climatic conditions, political and social stability, a stable macro-economy, a highly skilled workforce, good scientific, technical and industrial potential, a large domestic market and a solid legal and organizational basis for investment.

Belarus is the only country among the members of the Commonwealth of Independent States (CIS) to have adopted an Investment Code, the fundamental document regulating domestic and foreign investments within the country. It protects the property rights of foreign investors, ensuring that they can operate under the same conditions as national entrepreneurs and also providing special tax, customs and currency incentives for them.

The National Programme to attract investment to the economy of the Republic of Belarus up to 2010 and the annual government action programmes are designed precisely to stimulate investment activity.

A consultative council on foreign investment, headed by the Prime Minister, is already operating. With the assistance of this body, the basic tasks and measures needed to improve the investment climate are elaborated, and it is also instrumental in resolving problems experienced by foreign investors in connection with their work in Belarus.

A total of six free economic zones have been set up in the country offering liberal business conditions in the form of favourable tax and customs regimes.

The current macro-economic situation in Belarus is characterized by stable growth of the gross domestic product (GDP), a declining rate of inflation, and an increased volume of investment in fixed capital, including foreign investment. I shall not weary you with a mass of figures, but would merely like to point out that between 1996 and 2003 the average annual growth of the main economic indicator, the GDP, was 6.5 per cent; moreover, as far back as 2002 the per capita GDP was 98 per cent higher than the 1989 level and was the highest among all members of the CIS.

The Republic of Belarus has managed to achieve considerable success with regard to investment, particularly domestic investment. Investment in the country's economy grew by more than 17 per cent in 2003. As the UNECE report points out, however, the existing high investment potential of Belarus is still far from being fully realized because of a number of objective difficulties.

The Government is aware of the existing problems and is taking the necessary steps to deal with them. We are also counting, however, on assistance from international organizations, including the OSCE, in our future efforts to create favourable conditions for attracting direct foreign investment.

We are concentrating at present on creating a stable macro-economic climate and are striving to ensure transparency and stability in the legal field.

The new OSCE Strategy Document for the Economic and Environmental Dimension adopted in Maastricht defined improvement of the process for reviewing the implementation of commitments as one of the ways in which the OSCE's role in the economic and

environmental sphere could be strengthened. Co-operation between the OSCE and the UNECE has a special place in this process.

In this connection, we welcome the efforts made by the secretariats of both these organizations to work together closely and prepare a draft memorandum of understanding. We believe that the proposed method of dividing competences between the organizations and the system of five baskets is in line with the expectations of the participating States and should provide a reliable basis for long-term planning of the review of the implementation of commitments. The review of commitments relating to integration, trade and transport to be conducted in 2005 would appear to be a logical continuation of the discussion on integration processes at the present Forum. We hope that a memorandum will be drawn up and signed as soon as possible.

Thank you, Mr. Chairman.