

## KCCI - Country Wrap (March 2016)

## Belarus



### Belarus – a brief overview

After seven decades as a constituent republic of the Soviet Union (USSR), Belarus attained its independence in 1991. As Belarus has retained closer political and economic ties with Russia than any of the other former Soviet republics, both countries signed a treaty on a two-state union on Dec. 8, 1999 envisioning greater political and economic integration. Although Belarus agreed to a framework to carry out the accord, serious implementation has yet to take place.

### Economy of Belarus

As part of the former Soviet Union, Belarus had a relatively well-developed industrial base which helped it in later years to achieve stable economic growth right after its independence. The country inherited small reserves of crude oil, but its cheap oil imports from Russia in the starting years made it to export refined oil products at market prices, facilitating it to reap large terms of trade.

In later years, the economic growth of the country suffered substantially due to the global economic crisis of 2008-09. In 2011, Belarus agreed to sell to Russia its remaining shares in Beltransgaz, the Belarusian natural gas pipeline operator, in exchange for reduced prices for Russian natural gas. Its currency lost more than 60% of its value, as the rate of inflation reached 109% in 2011.

However, the economy of Belarus started showing signs of recovery after receiving more than half of a \$ 3Bn loan from the Russian-dominated Eurasian Economic Community Bail-out Fund, a \$ 1Bn loan from the Russian state-owned bank Sberbank, and the \$ 2.5Bn sale of Beltransgaz to Russian state-owned Gazprom. These measures helped the country in stabilizing its situation. There is significant reduction in inflation, exchange rate has stabilized, non-energy exports have enhanced, trade balance shown surplus which improved the GDP and helped in narrowing down the current account deficit.

### Key Industries of Belarus

The key industries of Belarus are metal-cutting machine tools, tractors, trucks, earthmovers, motorcycles, televisions, synthetic fibers, fertilizer, textiles, radios, refrigerators. The Agriculture products include grain, potatoes, vegetables, sugar beets, flax; beef, milk.

### Belarus's major trading commodities and partners

The major export commodities of Belarus includes machinery and equipment, mineral products, chemicals, metals, textiles, foodstuffs. Besides tractors, Belarus is strong in fertilizers, dump trucks, and chemicals. Its major export partners are Russia 35.4%, Netherlands 16.5%, Ukraine 12.1% and Latvia 7.1%. The commodities imported by Belarus include mineral products, machinery and equipment, chemicals, foodstuffs, metals which it imports from Russia 59.3%, Germany 5.9%, China 5.1% and Ukraine 5%.

### Economic Relations between Pakistan and Belarus

The two countries have come closer as Belarussian delegation visited the capital city of Pakistan where agreement on cooperation in various spheres of economy, education, culture, justice, technical and scientific cooperation was accorded. Pakistan and Belarus had already signed Bilateral Investment Treaty in 1997. The Belarussian investment could help Pakistan to lead and generate more employment opportunities as well. Fecto Belarus Tractors Limited has been engaged in assembling and manufacturing Belarussian tractors in Pakistan since 1962. Five dealers of Belarus Tractors are operating in Karachi.

### Bilateral Trade Relations between Pakistan and Belarus

Belarus and Pakistan maintains healthy bilateral trade relations between each other. During Fiscal Year 2015, Pakistan exported goods to Belarussia of worth \$ 1.66Mn as against exports of \$ 1.76Mn in the same period last year showing decline of 5.68%. On the other hand, Pakistan imported goods from Belarussia of around \$ 26.77Mn in FY15 declining by 13.33% from imports of \$ 30.89Mn in the same period last in FY14.

### Trading Commodities between Pakistan and Belarus

Pakistan's export to Belarus mainly include rice, articles and equipment for sports, articles of apparel and clothing accessories (not knitted), made up textile articles, woven cotton fabrics, medical, surgical and dental instruments, apparel and clothing accessories (knitted), salt and pure sodium chloride. The items that Pakistan import from Belarus include malt extract; food preparations of flour, meal, starch or malt extract, fertilizers, miscellaneous chemical products, rubber and articles thereof, man-made staple fibers, mineral fuels, vehicles and machinery etc.

### Potential for enhancing bilateral trade relations between Belarus and Pakistan

-All kinds of heavy vehicles, including buses, dumper trucks, cranes and other construction machinery, have been in great demand in Pakistan, but their rates must be competitive to appeal to the Pakistani market.

- Belarus can assist Pakistan in boosting its automobiles industry.

- Pakistan's business community may take advantage of the Customs Union arrangement between Belarus, Russia and Kazakhstan whereby goods imported into either of the three states can freely cross borders between the member states of the union.

- Belarus has favorable conditions for setting up new businesses, and Pakistani businessmen may appoint their agents in the capital city, Minsk, to further promote business activity.

- Pakistan and Belarus can explore the possibilities of joint ventures in automobiles, services and industrial products.

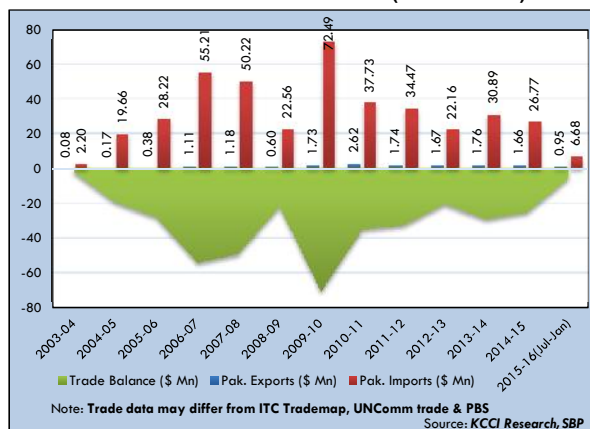
-Investment in the agriculture machinery sector could be a healthy offer and collaboration with the Pakistan Military organisations in the production of heavy vehicles would be very useful.

### Economic Indicators

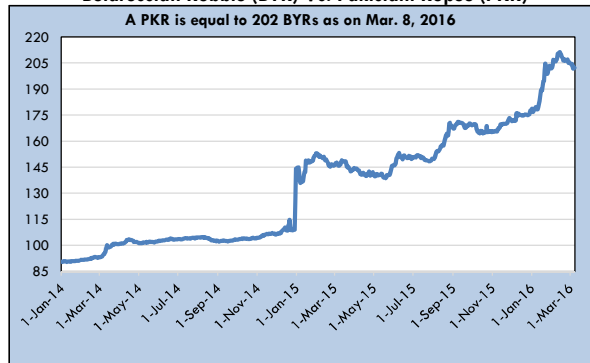
Indicators	Unit	2014	2015	Change
GDP (PPP)	\$ Bn	174.40	168.20	-3.56%
GDP per Capita	\$	18,400	17,800	-3.26%
GDP growth	%	1.6	-3.6	-5.20%
Forex Reserves	\$ Bn	5.05	4.41	-12.67%
External Debt	\$ Bn	39.62	40.02	1.01%
Exports	\$ Bn	35.74	28.63	-19.89%
Imports	\$ Bn	38.33	29.72	-22.46%
Trade Balance	\$ Bn	-2.59	-1.09	57.92%
Current Account	\$ Bn	-5.09	-3.03	40.52%
CPI	%	18.3	15.0	-3.30%
Unemployment	%	0.50	0.7	-
Discount Rate	%	20	-	-

Sources: KCCI Research, CIA Factbook

### Trade between Pakistan & Belarus (FY04 - Jan.'16)



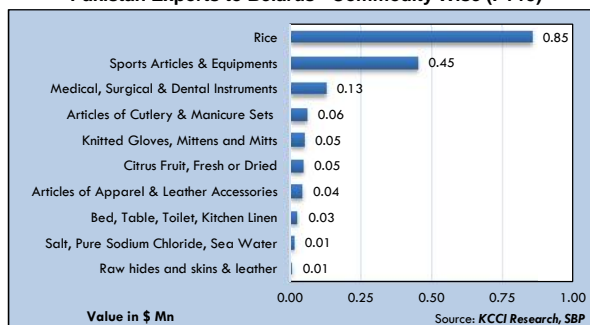
### Belarussian Rubble (BYR) Vs. Pakistani Rupee (PKR)



### Key Memberships

BSEC (observer), CBSS (observer), CEI, CIS, CSTO, EAEC, EAPC, EBRD, FAO, GCTU, IAEA, IBRD, ICAO, ICC (NGOs), ICRM, IDA, IFC, IFRCs, ILO, IMF, IMSO, Interpol, IOC, IOM, IPU, ISO, ITU, ITUC (NGOs), MIGA, NAM, NSG, OPCW, OSCE, PCA, PFP, SCO (dialogue member), UN, UNCTAD, UNESCO, UNIDO, UNIFIL, UNWTO, UPU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO (observer), ZC

### Pakistan Exports to Belarus - Commodity Wise (FY15)



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