**Belarus** 

The authoritarian rule of President Aleksander Lukashenko – in office since 1994 - is since long criticized in the West. After the collapse of the USSR, and Belarus gaining independence 1991, the country has pursued a very cautious approach towards economic (market) reforms and privatizations. This explains the still very dominant role of the state in many sectors of the economy. Still about two thirds of all enterprises in Belarus are owned by the state!

The country has been a very loyal ally to its large neighbour Russia, and in return managed to get oil and gas supplies at heavily subsidized prices, as well as substantial credits at beneficial terms. The economy has benefitted substantially from these low import prices on oil since Belarus possess good refining capacity and re-export of refined oil products accounts for a third of all exports. However, now the lower world market prices also on refined oil products, are increasing the pressure on the economy, not least the constantly depreciated Belarusian rouble (BYR).

In October previous year the EU eased most of the sanctions on the country which give cause for some optimism in spite of the otherwise negative economic outlook. There are positive signals from initiated discussions with IMF for a new financing programme (2-3 billion USD) and there are rumors that even a Eurobond issue for about 1 billion USD might be underway this year. The potential IMF funds will be conditioned by structural reforms. Lately also China has emerged as an important trading and investment partner to Belarus.

Key facts (Sources: IMF, World Bank, The Economist, Business Monitor Int´l, National Bank of Belarus)

 2014 2015e 2016f 2017f

Population (mn) 9,5 9,5 9,5 9,5

GDP (nom.; USD, bn) 76,0 55,3 59,0 65

GDP-growth, real (%, y-o-y) +1,7 -3,1 +0,8 +1,5

GDP/capita (USD) 8.062 5.971 6.400 6.800

Budget balance (% of GDP) +1,0 -1,4 +0,3 +0,5

Inflation (CPI; e-o-p, %) 16,2 17,08 15 14

Export (USD, bn) 43,6 37,0 39 41

Import (USD, bn) 44,0 36,3 38 40

Balance of trade (USD, bn) -0,4 +0,7 +1,0 +1,0

Current account (USD, bn) -5,1 -3,3 -3,5 -3,7

Current account (% of GDP) -6,7 -5,9 -6,4 -6,0

Foreign reserves (USD, bn) 3,7 4,5 4,9 5,3

Total external debt (USD, bn) 39,1 32,7 37,6 41

Total external debt (% of GDP) 51,4 59,1 69,6 67

Exchange rate (BYR/USD) 11.000 16.250 17.000 17.500