SEPTEMBER • 2014

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INVEST IN BELARUS

PROSPECTIVE SECTORS
Brief analysis

SEPTEMBER • 2014

LOOK. THINK. INVEST

PREPARED BY NATIONAL AGENCY OF INVESTMENT AND PRIVATIZATION JOINTLY WITH INVESTMENT COMPANY UNITER

BELARUSKALI
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INTRODUCTION

National Agency of Investment and Privatization and Investment company UNITER would like to present the overview of the prospective sectors of the Republic of Belarus. It addresses primarily foreign companies thinking about investing in the country.

The purpose of the brochure is to give general information about the potential of each sector. The overview covers different aspects of the sectors development, including trends, economic indicators, features, key enterprises and projects.

More information on the sectors and the investment proposals of the Republic of Belarus are available under the links: http://investinbelarus.by/en/invest/invest/climate/publications/uniter, http://investinbelarus.by/en/invest/base.

For more information about sectors
and projects please contact us.

NATIONAL AGENCY OF INVESTMENT AND PRIVATIZATION

Since 2011 Agency represents interests of the Republic of Belarus on the investment attraction issues being a “one-stop shop” for foreign componies.

The Agency’s activities are aimed at improving the investment image of Belarus, assisting foreign businesses in the investment projects implementation and participation in the pilot privatization project implemented under the supervision of the World Bank.

Official website – www.investinbelarus.by

UNITER ™

A leading investment company in Belarus, providing foreign investors, as well as national companies, attracting funding, a full range of high quality services in the capital market and corporate finance.

Company has been operating since 2002. UNITER is the first Belarusian company in introducing international practices and standards in the investment field.

Official website – www.uniter.by

PHARMACEUTICAL INDUSTRY

- Belarusian pharmaceutical enterprises produced medicinal products (MP) to the amount of 480 mln USD or 420 mln packages. The growth was 4.4% annually during last 5 year in real terms.
- The share of the top 5 of Belarusian producers (RUE "Belmedpreparaty", PJSC "Borisov Medical Products Plant" ("BZMP"), JV LLC "Farmland", JLLC "Lekfarm" UE "Minskinterkaps") on the domestic market is 21% (in value terms).
- Belarus has one of the highest rates of MP consumption per capita (2 place) in the CIS in value terms.
- In 2013, the capacity of the pharmaceutical market has exceeded 1 bln USD. Most of MP, presented on the Belarusian market (70% in value terms), relates to foreign-made MP, but in real terms the majority is local-made (60%).
- Exports increased to 163 mln USD and tend to increase (average annual growth rate over the period 2009–2013 was 17%).
- In Belarus started a large regional investment project – BELBIOGRAD, which expect to lunch pharmaceutical cluster. The number of companies is 100. Total investments are 8.5 bln USD, 37 thsd workplaces will be created.

Production

The pharmaceutical market is of strategic importance for the Republic of Belarus.

This market is high-yield, especially in the retail segment. The assumption of the pharmaceutical market is favorable both for domestic producers and foreign suppliers.

Belarusian pharmaceutical companies produce more than 1100 kinds of medicines, while only Belarus has registered about 5,500 names. Pharmaceutical companies tapped about 30% of the market according to international nomenclature and proprietary names.

Total industrial production in Belarus drugs carries more than 25 entities, including 2 state-owned enterprises and 3 with the state share of more than 50%.

The main producers of medicines in Belarus are the following companies: Belmedpreparaty, Borimed, Farmland, Lefarm and others. The share of top 4 Belarusian producers accounted for 70% of all drugs produced in Belarus, and about 20% of the market.

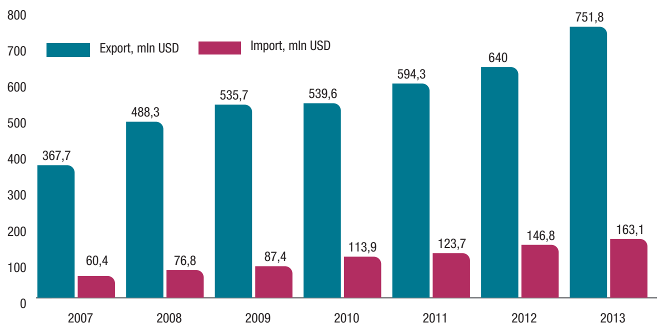
Foreign trade

The main characteristic of the pharmaceutical market is dependence on imports. The volume of imports in 2013 amounted to 752 mln USD.

The average annual growth rate of imports for the period of 2009–2013 amounts to 7% (in absolute terms, the volume of imports increased by 216 mln USD or 1.4 times). The share of imported drugs in the market is constant. Most of the drugs were imported from EU countries – 180.9 mln USD, which is 64% of total imports.

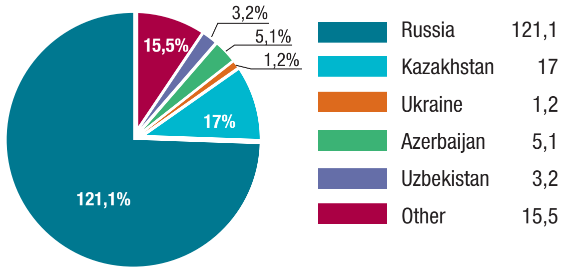
The average annual growth rate of exports for the period of 2009–2013 amounts to 13.3% (in absolute terms). The main market is CIS countries, which account for 98.5% of total exports.

Foreign trade turnover of medicines in 2013, mln USD

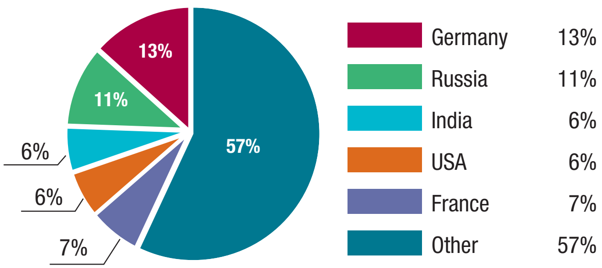


Prospective sectors
Brief analysis

Regional structure of export of medicines from Belarus, 2013



Regional structure of imports in Belarus, 2013



Consumption

The capacity of the pharmaceutical market of Belarus in 2013 exceeded 1 bln USD. Most of the drugs (70%), presented on the Belarusian market, refer to foreign-made drugs.

The share of domestic products on the market in physical terms remains higher than imports (60.0% and 40.0%, respectively). However, in value terms, the import manufacturers occupy 70% of the market.

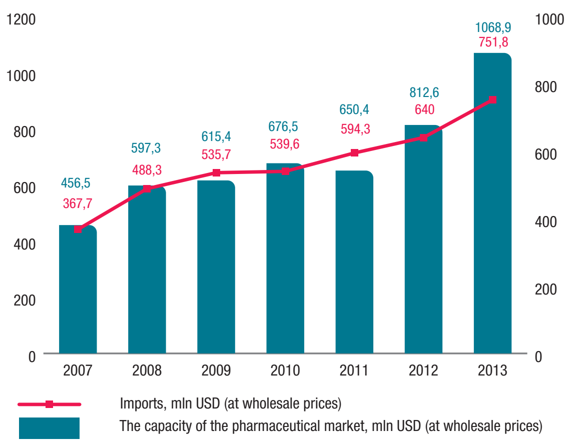
The current trend of increasing the share of domestic drugs on the market is still up-to-date.

In 2013 the consumption of drugs per capita amounted to 113 USD. Drugs use in Belarus is high in comparison with the CIS countries and is second only to the Russian Federation the consumption of drugs in value terms over the past five years has increased almost twice (average annual growth rate was 12%).

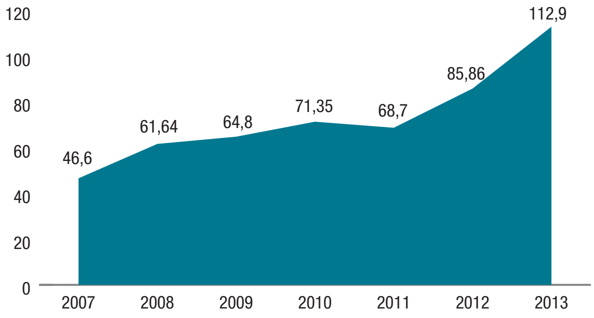
The consumer market is represented by two major segments: the hospital market and pharmacy market. In this case, the pharmacy market occupies 76% of the total pharmaceutical market in Belarus. In addition, the pharmacy market is more opened compared to the hospital one, where is a special system of drug procurement at the expense of the budget.

Russian goods have the opportunity to have the benefits provided by domestic producers of medicines. The conditions for obtaining a discount wholesalers for Russian medicines are less stringent than when working with the Belarusian goods.

The capacity of the pharmaceutical market, mln USD (at wholesale prices)



Consumption per capita, USD (at wholesale prices)

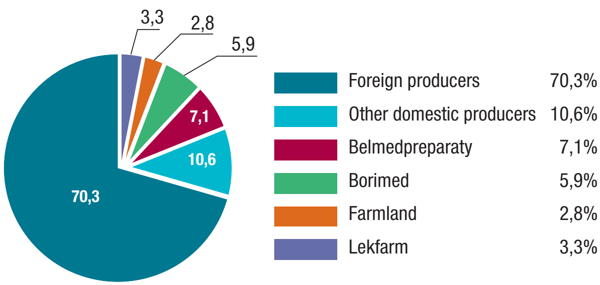


Main stakeholders

The largest Belarusian drug manufacturers – RUE "Belmedpreparaty" (in value terms the share was 7.1% in the retail and hospital market), PJSC "Borimed" (5.9%), and JLLC "Pharmland" (2.8%), JLLC "Lekfarm" (3.3%). The public companies are "Borisov Medical Preparations Plant", "Nesvizhsky Medicinal Products Plant", "Ekson" and "Belvitunifarm". "Borisov Medical Preparations Plant" is one of the largest manufacturers in the industry. The total share of 5 leading foreign manufacturers on the Belarusian market is about 20%.

High rates of wholesales accounted for foreign manufacturers (medicines are imported to the distribution network).

The structure of the pharmaceutical market in Belarus (at wholesale prices)



Investment activity

Due to the Strategy of attracting foreign direct investment for the period up to 2015 the pharmaceutical industry is one of the priority sectors for attracting foreign direct investment (FDI).

For the 2011–2013 were announced several joint projects in the field of medicines. Belarus signed the agreement and intent on cooperation with Ukraine, Iran, China, Israel, Cuba, Lithuania and some other countries.

Belarusian and foreign companies apply for the right to invest in the project to create the Belarus manufacture of blood products at the Republican Scientific Practical Center of Transfusion and medical biotechnology. Investment project is aimed at providing a new, having no analogues in the CIS, production for processing donated blood plasma to provide the population of the Republic of Belarus with medicines. In this framework it is planned to organize the production with the capacity of processing 50,000 liters of blood plasma a year with the prospect of processing up to 75,000 liters to produce such medicines as albumin, immunoglobulin for intravenous administration.

The Government continues to support domestic drug manufacturers. A new project for the country BelBiograd will be planned to launch. BelBiograd will have a total area of 10.75 sq km and is located on the territory of the three regions (Minsk, Vitebsk, Gorki). Creating the necessary infrastructure is planned for the 2012–2019 period. For these purposes there will be spent more than 2 bln EUR. It is expected that residents of BelBiograd will be given special legal regime for up to 20 years, with substantial tax and customs benefits, comprehensive business support and others.

At the moment, there are letters of intent and agreements with the following companies: "Consortium BIOMAK", "Avanguard", St. Petersburg Association of Radio Electronics Enterprises, Iranian diversified holding "Tadbir", Israeli pharmaceutical company Teva, a group of companies FAVEA, the Russian company "GXP Engineering", German engineering company "Glatt", an Italian company Fredegari.

Prospective sectors
Brief analysis

As part of a strategy to attract foreign direct investment into the country for the period up to 2015 is planned to establish in Belarus pharmaceutical cluster. The project aims to create internationally competitive pharmaceutical industry on the basis of cooperation with foreign companies that do not have their production facilities in the states – participants of the CIS, and research organizations involved in the field of development of modern medicines. Operation of the cluster will be focused on the market of the Customs Union. The "heart" of the cluster make RUE "Belmedpreparaty", "Borisov Medical Preparations Plant", PJSC "Nesvizhsky Medicinal Products Plant", UE "Minskinterkaps".

In 2012–2015 expires the patent protection of 35 global pharmaceutical products sold in excess of 1 bln USD a year. There has been already started the development of generic drugs factories and scientific – research institutes.

Legal environment

Provision of legal, institutional, economic and social foundations of state regulation in the field of health care, medical services and pharmaceuticals is carried out by the Public Health Act as amended number 2435-XII of 18.06.1993. The key act of legislation applicable at drug registration is the Law "On Medicinal Products" № 161-W as of 20.07.2006.

Manufacture of medicinal products must comply with STB 1435–2004 (GMP). The standard specifies the requirements for good manufacturing practice: mass production of finished pharmaceutical products, small-scale manufacturing of drugs in the pharmacy environment, the production of drugs for clinical trials. The standard may be used in the production of veterinary drugs.

The Government supports for the Belarusian pharmaceutical manufacturers provided by the special law № 174 "On some measures for the development of the pharmaceutical industry" is aimed at increasing the exporting potential of the industry, and will allow to increase the number of finished pharmaceutical products in the Belarusian market. From 1 January 2012 to 1 January 2016 the manufacturing equipment, components and spare parts to it, imported by pharmaceutical organizations for the implementation of investment projects were exempted from import customs duties and value added tax.

ENERGY-EFFICIENT TECHNOLOGIES

- The share of domestic energy sources is 26.4%.
- The share of renewable energy is 5.4%.
- The share of wood fuel energy is 96% which is provided by 308 plants with total output of 488 MW.
- 24 biogas complexes with total output of 25 MW base their operations on landfill gas.
- 46 hydro-electric power plants with total output of 32.1 MW are operating in the market. The current output of hydro-electric power plants in Belarus consists only 12.8% of the hydropower potential of the country.
- 15 serial wind turbines function in Belarus with total output of 6.85 MW.
- There are 22 solar batteries with total output of 1.9 MW.
- 9 geothermal power plants with total output of 2.4 MW are present in the territory of the country.
- It is planned to increase consumption of domestic resources up 32.0% according to the State Program on improvement of energy efficiency and domestic resources consumption.
- The growth of attractiveness to foreign investors.

Biomass energy

Area of forest fund in Belarus is 9.36 mln hectares (38.8% of the territory). The annual output of usage of fire wood exceeded 3.4 mln tons of reference fuel. The main volume of energy from biomass is produced by boiler stations and co-generation plants of enterprises. Besides fire wood is used in households.

Taking into account the growth of timber harvesting, the volume of wood waste will grow too. The National Program on Development of Local and Renewable Energy Sources for 2011-2015 and the National Program on Construction of Wood and Peat Energy Resources in 2010-2015 provide construction of 199 heat supply projects with total capacity of 1,266.5 MW, including construction of 24 power plants with total electrical capacity of 37.2 MW.

The most promising direction in biomass energy usage is production of pellets. Nowadays, there are 3 plants, which produce pellets.

Biogas energy

There are 91 cattle farms, 106 pig farms and 35 poultry farms in Belarus. Organic waste from these farms can be used as fuel for biogas plants. Also there are about 170 municipal landfills in Belarus, some of which can be used for constructing biogas plants.

Nowadays, 24 biogas plants and power stations function on landfill gas. Their total capacity is 25 MW. Less than 10% farms have biogas plants.

It is planned to build 84 biogas plants and energy sources on landfill gas in 2012-2015. Also considerable potential for biogas generation is contained in the area of municipal waste energy use. The potential energy contained in municipal waste is equivalent to 470 thsd tons of reference fuel.

The largest biogas plants

Location	Total capacity	Electricity generation	Heat generation
Brest	3.192 MW	22 495 thsd kW/h	19 346 Gcal/y
TKO Severnyj, Minsk	2.8 MW	-	-
V. Gruskovo, Nesvizh district	2.126 MW	14882 thsd kW/h	-
Minsk	2.033 MW	15 888 thsd kW/h	-
V. Lan', Nesvizh district	1.4 MW	6 787.2 thsd kW/h	5 836.0 Gcal/y
V. Myshkovichi, Kirovskij district	1.4 MW	5 600 thsd kW/h	4 815.2 Gcal/y

Source: Cadaster of Renewable Energy Sources

Hydropower

There are more than 20.8 thsd rivers and streams with the total length of 90.8 thsd km in Belarus. Surface water resources in the Republic range from 92.4 km^3 /year to 37.2 km^3/year and average 57.9 km^3/year.

At present 46 hydroelectric power stations with total capacity of 32.1 MW are operating in Belarus, but this is only 12.8% of the hydropower potential of the country.

It is economically reasonable the usage of 250 MW. The strategy of energy potential development of the Republic of Belarus provides:

- construction of two hydroelectric power stations on the river Dvina and two on the river Neman with total capacity of 37 MW (Grodno (already built) and Nemnovskaya);
- reconstruction of 10 operating and construction of 35 new micro and small hydroelectric power stations.

The perspective investment projects are also construction of hydroelectric power chains on large rivers and installation of hydroelectric units.

Implemented major projects in hydropower

Implemented major projects	Electrical capacity, MW
Grodnenskaya HPP on the river Neman	17
Osipovichskaya HPP on the river Svisloch	2.2
Vilejskaya HPP on the river Vilejka	1.6
Chigirinskaya HPP on the river Drut'	1.5
IN ALL:	22.3

Source: Cadaster of Renewable Energy Sources

Potential of capacity increase of hydroelectric power plants

The name of HPP	Capacity, MW
Vitebskaya	40
Beshenkovichskaya	30.5
Verhnedvinskaya	29
Polotskaya	23
Nemnovskaya	20.5
Orshanskaya	5.7
Shklovskaya	5.5
Mogilevskaya	5.1
Rechitskaya	4.9
IN ALL:	164.2

Source: The Program of HPP Construction to 2015

Wind energy

This potential is estimated at 220 bln KWh. The recent forward estimates of the wind potential of the country suggest that wind turbines can operate with average European efficiency.

Wind Atlas for determination of wind energy resources was prepared for effective implementation of projects in the field of wind energy. Also other technical and technological measures were carried out for providing windpower engineering by relevant technologies and equipment.

There are 15 serial wind turbines in Belarus with total capacity of 6.85 MW. Mainly small trial plants operate in Belarus nowadays. According to expert opinion pay-off period of wind turbines in Belarus is about 5 years.

The largest wind turbine is the unit in Novogrudok with total output of 1.5 MW (which amounts 17% of the town demand day). At the moment, negotiations with one of foreign investors for the construction of a wind farm in Novogrudsky district, which could meet the needs of the town (estimated investment amount 140 mln euros), are in progress.

It is expected to put into operation more than 200 wind power plants till 2015. Currently two projects are being implemented on setting up joint ventures with regional energy systems for the construction of WPS parks with estimated total capacity of 20 - 30 MW. The architectural design for construction of one more large wind turbine in Belarus with the total capacity of 1.2 MW in the village Grabniki (RUE "Grodnoenergo") is prepared.

Implemented large projects in wind energetics

Location	Total capacity	Electricity generation
v. Grabniki, Novogrudok district	1.5 MW	4 680 thsd kW *h/y
v. Zanaroch, Myadel district	0.85 MW	1 600 thsd kW *h/y
v. Polykovichi-2, Mogilev district	0.8 MW	1 900 thsd kW*h/y
Bobrujsk UKDPP «Vodokanal»	0.25 MW	500 thsd kW*h/y
v. Raica, Korelichi district	0.231 MW	376 thsd kW*h/y
v. Krasnogorka, Braslav distrit	0.132 MW	229.5 thsd kW*h/y
v. Zhukovo, Mogilev district	0.08 MW	6 302 thsd kW*h/y
v. Volma, Dzerzhynsk district	0.006 MW	18.7 thsd kW*h/y
IN ALL:	3.849 MW	15 606.2 thsd kW*h/y

Source: Cadaster of Renewable Energy Sources

Potential for capacity increasing of wind turbines

Name of project	Capacity, MW
Liozno wind park	60 MW
Volozhin wind park	60 MW
Logoisk wind park	50 MW
Goretsk wind park	50 MW
Oshmyany wind park	30 MW
Novogrudok wind park	25 MW
Smorgon wind park	15 MW
Shklov wind turbine	7.5 MW
IN ALL:	297.5 MW

Source: National Program of Development of Local and Renewable Energy Sources

Solar energy

For the conditions of the Republic of Belarus two ways of solar energy usage are considered: solar energy conversion into thermal energy; solar energy conversion directly into electrical energy via PV-systems application.

There are 22 installations, converting solar energy into electricity and heat in Belarus. Their total capacity is 1.89 MW.

The most feasible option for helioenergetics in Belarus is the usage of flat modules, including flat thermal collectors and flat photovoltaic cells due to the small number of sunny days per year. It is planned to introduce 172 solar water heating installations.

Solar energy plants

Location	Total Capacity	Electricity generation	Heat generation
v. Stahovcy	0.7 MW		1 155.6 Gcal/y
v. Zhukovo	0.102 MW	163.2 thsd kW*h/y	
Borisov	0.0902 MW		93.1 Gcal/y
v. Zanaroch	0.024 MW		39.6 Gcal/y
Hojniki	0.015 MW		24.8 Gcal/y
Yantarnyj	0.01 MW	9.5 thsd kW*h/y	
Grodno	0.009 MW		9.9 Gcal/y
Berezovka	0.006 MW		9.9 Gcal/y
Volozhin	0.004 MW		6.6 Gcal/y
Starye Dorogi	0.004 MW		6.6 Gcal/y
v. Komarovo	0.0035 MW	6.7 thsd kW*h/y	
Gomel	0.003 MW		5.0 Gcal/y
Orsha	0.0024 MW		4.0 Gcal/y
Dubrovno	0.0024 MW		4.0 Gcal/y
IN ALL:	0.9755 MW	179.4 thsd kW*h/y	1359.1 Gcal/y

Source: Cadaster of Renewable Energy Sources

Geothermal energy

Geothermal waters and brines in Belarus have temperature from 10° C to 80-110 ° C. High temperatures are typical for the Brest Downwarping and the Pripyat Trough.

More than 200 heat pumps with total capacity of about 16.5 MW are operated in various sectors. There are 9 geothermal plants exist with total capacity is 2.36 MW. The possibility of geothermal energy using in Belarus is very low due to geological features.

Solar energy plants

Location	Total capacity	Heat generation
Brest greenhouse center	1 MW	
v. Mihalki, Mozyrsky district	0.85MW	5 788.5 Gcal/y
v. Novaja Rudnya, Elski district	0.1MW	681 Gcal/y
Nesvizh	0.05MW	258.0 Gcal/y
IN ALL:	2 MW	6 727.5 Gcal/y

Source: Cadaster of Renewable Energy Sources

Foreign investment

Foreign investment in the sector of energy efficient technologies are mainly related to financing in the framework of cooperation with the World Bank and the UN. This funding is in form of grants and project financing. Foreign investment is also represented in the form of equipment supply in loan as a part of modernization programs.

Cooperation with the World Bank:

- The project “Modernization of the Social Infrastructure of the Republic of Belarus” - 22.6 mln USD (2002-2008).
- Project on mitigation under the grant of the Government of Japan - 1 mln USD (2002-2008).
- The project “Modernization of the Social Infrastructure of the Republic of Belarus” (additional loan) - 15 mln USD (2008-2010).
- The project on rehabilitation the areas affected by the Chernobyl disaster - 50 mln USD (2007-2010).
- The project on rehabilitation the areas affected by the Chernobyl disaster (additional loan) - 30 mln USD (2011-2013).
- The project “Promoting Energy Efficiency in the Republic of Belarus” - 125 mln USD (2009-2014).

Cooperation with the UN:

- The project “Biomass Energy for Heating and Hot Water Supply in Belarus” - 3.1 mln USD (2003-2008).
- The project “Removing Barriers to Energy Efficiency Improvements in the State Sector in Belarus” - 1.4 mln USD (2007-2010).
- The new project “Improving energy efficiency in domestic buildings” - 4.5 mln USD (2011-2015).
- The new project “Development of wind power energetics in the Republic of Belarus” - 3.5 mln USD (2011-2015).

Investment projects

Project	Investor	Country	Expected investment	Period of project implementation	Capacity
Solar power plants in Braginskij and Elskij district of Gomel area and Cherikovskij district of Mogilev area	Pure Energy Intelligence	Ireland	More 150 mln USD	2013-2016	28 MW (Gom. area) and 50 MW (Mog. area)
Beshenkovichskaya and Verhned-vinskaya HPP	Cet Insaat Muhendislik Ticaret Limited Sirketi	Turkey	More 300 mln USD	2011-2016	No inf.
Heat power plant on effluents in Minsk	No inf.	Sweden	80 mln USD	2015	No inf.
Biogas plant in Trostenec	TDF ecotech GmbH	Austria	4.5 mln USD	implemented	No inf.
Biogas plants in Snov and Lan', Nesvizh district	TDF ecotech GmbH	Austria	14 mln USD	implemented	No inf.
Co-generation plant	Wärtsilä and MW Power	Finland	50 mln USD	implemented	48 MW
Grodnenskaya and Polotskaya HPP	MAVEL	Czech Republic	More 50 mln USD	Grodno - implemented	17 MW and no inf.

Source: Uniter

Legal environment

The main regulatory act, which governs relations in the field of energy-efficient technologies is the Law of the Republic of Belarus "On Renewable Sources of Energy". The law regulates the relations connected with the usage of renewable energy sources for electricity generation, its future consumption and other use, as well as production of facilities for the usage of renewable energy sources. According to the law, the Government guarantees the sale of all generated electricity for 10 years from the date of putting the plant into service. Tariffs for energy, which is produced from renewable energy sources and purchased by the Government's load serving entities, are established at the level of tariffs for electricity for industrial and similar consumers with a connected load of up to 750 kV with usage of multiplying co-efficient, differentiated according to the type of renewable energy unless otherwise wasn't established by the President of the Republic of Belarus.

Green tariffs in Belarus

	First 10 year	Last 10 year
Wind energy	1.3	0.85
Hydropower	1.1	0.85
Biomass energy	1.3	0.85
Biogas energy	1.3	0.85
Solar energy	2.7	0.85
Geothermal heat and others	1.3	0.85

Source: Ministry of Economy Legislative Act, 29 / 08-04-2014

LIVESTOCK FARMING

- The share of agricultural products in Belarus' GDP in 2013 was 7.9% and livestock accounts for 50% of it.
- Belarus is in the top list of world leaders in the production of milk and ranks first among the CIS countries.
- Production of major agricultural products has a positive trend (livestock and poultry meat, milk, eggs) and is export-oriented (beef, pork, poultry, milk and dairy products, eggs). Russian Federation is the main trade partner.
- About 1,500 organizations are engaged in the production of agricultural products in Belarus most of which are state-owned. The share of state support for agriculture in 2013 was 14%, but it is to be reduced to 10% by 2015.
- There is a tendency to the "holdingization" of agricultural organizations. The largest holdings are JSC "Servolux", "Danone-Unimilk", "Machulishchi", "Tarasovo", "Inko-Food", "Slavyanski Veles", "Pukhovichskiy Agroprodukt", and "Galereya vkusa".

Production

Livestock has always taken the leading place in the agricultural production. In the Republic of Belarus considerable work on specialization and concentration of poultry, pig, breeding and fattening of young cattle has been done.

Meat cattle breeding

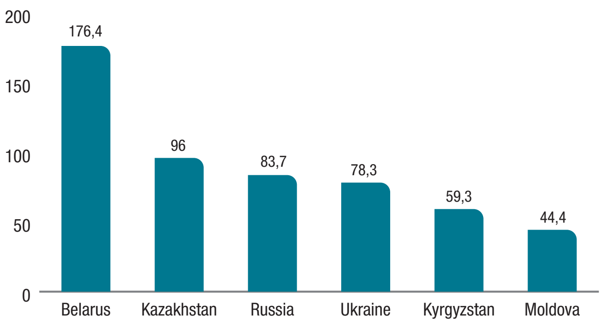
As of January 1st 2014 the number of cattle in the agricultural organizations amounted to 4.321 thsd heads, including cows – 1.525 thsd heads. More than 98% of milk and beef farm organizations receive from breeding of black-montley cattle. Beef production per capita amounts to 33 kg (in Russia - 13.3 kg).

Poultry

Poultry farming is one of the most rapidly developing industries in the country. At the beginning of 2014 there were 33.6 mln heads of poultry. 40 kg of poultry meat and 421 eggs are produced per capita. Consumption of eggs per capita in Belarus exceeds this indicator in the world.

The main producer of poultry products is the Republican Association "Belptitseprom" (98 and 93% of produced by agricultural enterprises meat and eggs) producing over 110 product types. 75% of the total egg production remains in Belarus, 25% is exported to the CIS countries. There is surplus in the poultry trade. The largest importer of Belarusian poultry is Russia.

Production of livestock and poultry per capita, kg, 2013



Pig breeding

Pig breeding is a traditional and the second most important livestock industry in Belarus. 20% of all consumed in livestock expenses and almost 35% of forage are spent for the development of pig breeding. There are about 110 large pig farms operating in Belarus.

Fish farming

Fishing activities in the Republic of Belarus are represented by two main directions: breeding and rearing of fish in artificial conditions and fishing in the fishing grounds. The total area of pond stock under the jurisdiction of the various organizations involved in fish farming is 29.96 thsd ha. The main fish type for cultivation is carp (75%), grass carp, European catfish, pike.

Foreign trade

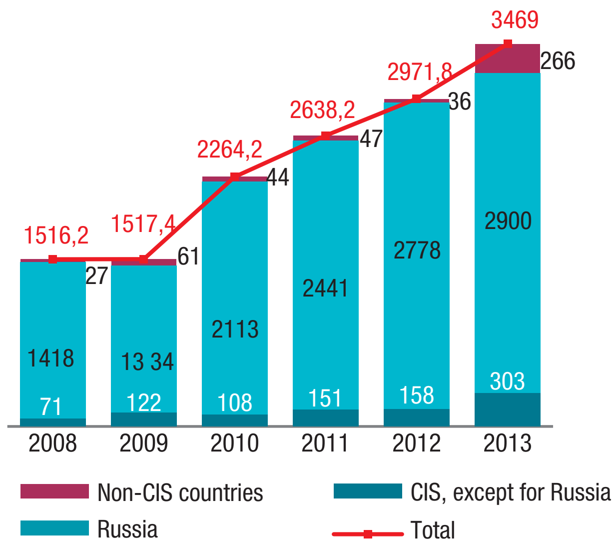
About 320 organizations in Belarus contribute to exports of agricultural and food products, of which over 40 are the largest exporters, shipping abroad goods to the amount of more than 20 mln USD. For marketing agricultural and food products abroad the enterprises develop their own distribution network. As of today there are already about 130 such organizations executing more than 20% of export. About 4% of food products is sold via the stock exchange.

Over 95% of total exports are livestock and poultry. Belarus sells abroad butter, cheese and cottage cheese, skimmed milk powder, whole milk powder, pork, beef, sausages and canned meat.

According to the Food and Agriculture Organization (FAO) UNO, Belarus is one of the top 20 exporting countries by 10 export items. Belarusian agri-food products imports are more diversified than its exports, and come both from the CIS and non-CIS countries. Most meat products (frozen beef, pork and poultry) come from outside the CIS.

Import of dairy products in the territory of the Customs Union (CU) according to the decision of the CU Commission is only possible on presence of permits issued by the competent authorities of the countries of the Union. There is a unitary electronic system “Argus” in Belarus and Russia for issuing all permits which enables monitoring the whole process by the competent authorities of the countries. This system allows to track the quantity of a product imported and its country of origin.

Exports of goods of animal origin, mln USD



Imports of goods of animal origin (mln USD)

Consumption

The main consumers of livestock products are dairy factories and meat-processing plants.

Today in Belarus there are more than 100 companies that process meat. Among the top meat-processing plants in terms of meat and finished goods sales in 2013 are the plants located in Minsk, Grodno, Beryoza and Volkovysk (32% of total sales in the industry).

Consumption of basic food products per capita, kg

	2007	2008	2009	2010	2011	2012
Meat and meat products	71	76	78	84	88	88
Milk and dairy products	253	237	228	247	252	281
Eggs and egg products, pcs.	280	283	289	292	310	310
Fish and fish products	17.8	16.1	15.4	15.7	12.6	13.1

Foreign capital

The list of strategic investors in the agriculture includes agricultural holdings from Russia, Ukraine, Baltic States, Eastern and Western Europe.

The most significant investment projects

- Investment project on the construction of the sheep-breeding complex for 10 thsd heads near d.Mihalkovichi (Lahoisk district) on the area of 20 ha. Investor is LLC “Eastern Ship” JV (Iran).
- Investment project on construction of a complex for processing of turkey meat. The project is being implemented by the group of Lithuanian agricultural enterprises “Arvi ir Ko” in the Grodno region.
- Investment project on the construction of agricultural enterprises for the production of pork bacon (Cyprian and Danish capital).

DAIRY INDUSTRY

- Belarusian dairy market is growing (2% annually) and export-oriented (the 3rd place in a total amount of its export).
- About 5% of world export of dairy products is the share of Belarus, including: world export of oil – 7.6%, cheese – 5.5%, dried skim milk – 3.2%, dried whole milk – 1.2%.
- Russia is the main importer of Belarusian dairy products in the world (more than 90%).
- In Republic of Belarus there are about 40 enterprises, engaged in milk processing. The largest enterprises of the branch are: "Savushkin produkt", "Babushkina krynka", "Molochnyje produkty", "Bellakt", "Milk Vitebsk", "Berezovsky syrodelny combinat", "Slutsky syrodelny combinat", "Gluboksky MKK".
- Production of whole-milk production by the Belarusian enterprises in 2013 made 1.8 mln tons and counts more than 1000 types.
- Over 32% of the dairy products is sold in the domestic market of Belarus.

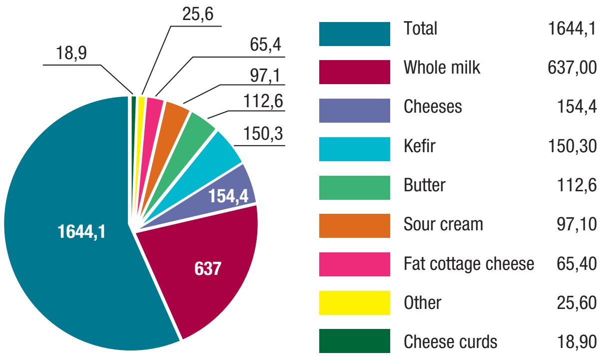
Production

The output of unpasteurized milk in 2013 made 6.7 mln tons. For the last 7 years outputs of unpasteurized milk in Belarus increased on the average by 2% a year, despite insignificant falling of production in 2011 and 2013. Production of whole-milk production shows growth on the average for 5.5% annually, insignificant recession was observed only in 2009 that was caused by contradictions in coordination of terms of delivery of dairy products to Russia. In 2013 production of whole-milk production made about 1.8 mln tons. The butter output in 2013 made 99.1 thsd tons, cheese – 132.3 thsd tons.

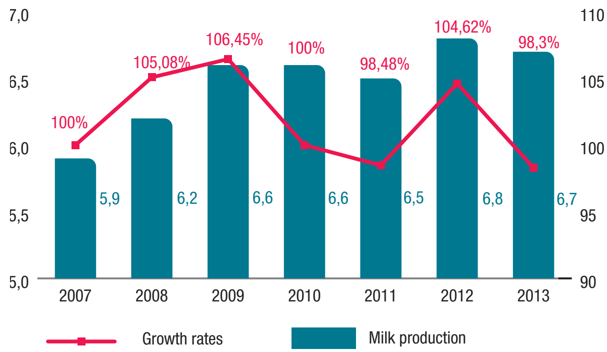
The structure of production of dairy products of Belarus includes 51% of whole-milk, 12% of kefir and cheeses (each).

Prospects of production of dairy products in Belarus for the next 3-4 years are rather positive that is defined by growth of internal demand, and also expansion of geography of export of dairy products.

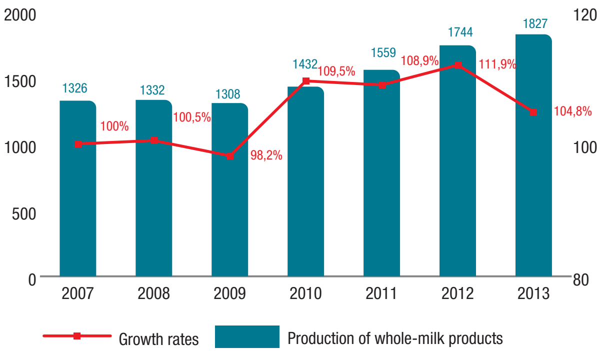
Production of dairy products by type, mln tons



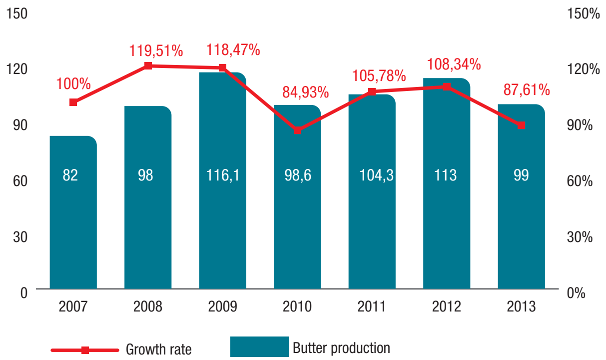
Dynamics of production of unpasteurized milk in Belarus, mln tons



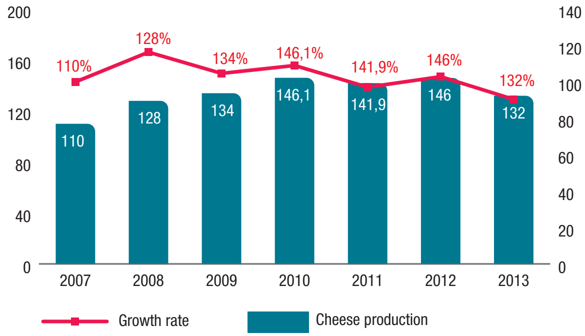
Dynamics of production of whole-milk products, thsd tons



Dynamics of production of butter, thsd tons



Dynamics of cheese production, thsd tons

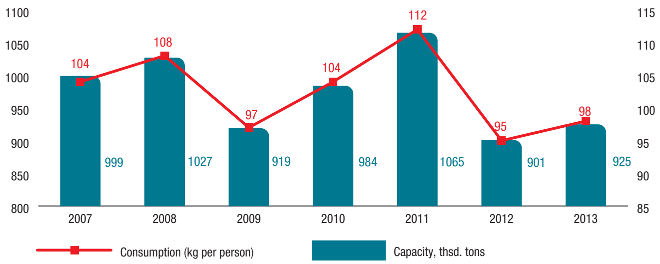


Consumption

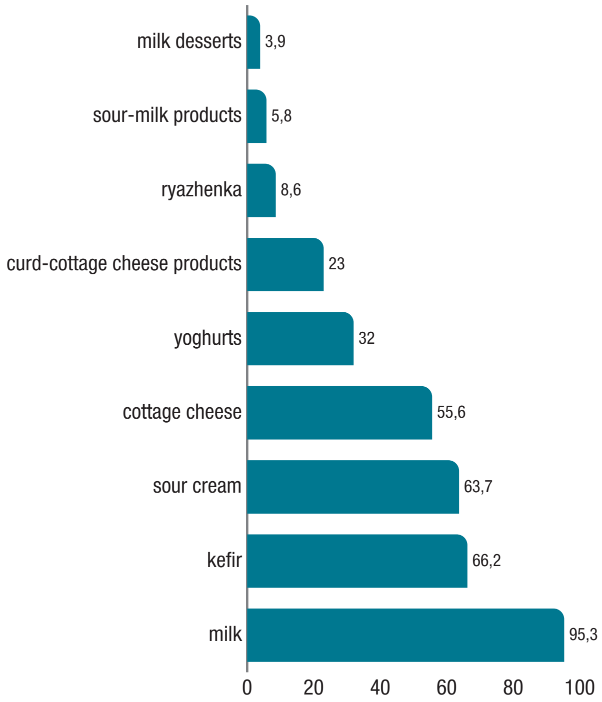
The most popular product among the Belarusian consumers is milk (95.3%), kefir (66.2%). In dynamics of consumption of dairy products and market capacity of Belarus fluctuations – recessions in 2009 and 2012 are observed. In 2013 consumption growth – 98 kg on the person that is 2.7% more, than in 2012 was observed (95 kg on the person in 2012). The lowest indicator of market capacity in 2012 it is possible to explain with strengthening of export of whole-milk production at insignificant increase in production.

According to National statistical committee of Republic of Belarus, the population of the republic spends about 8% of total consumer expenses for dairy products.

Consumption of whole-milk products, thsd tons



Preferences of amateurs of dairy products in Belarus, % from total number of consumers



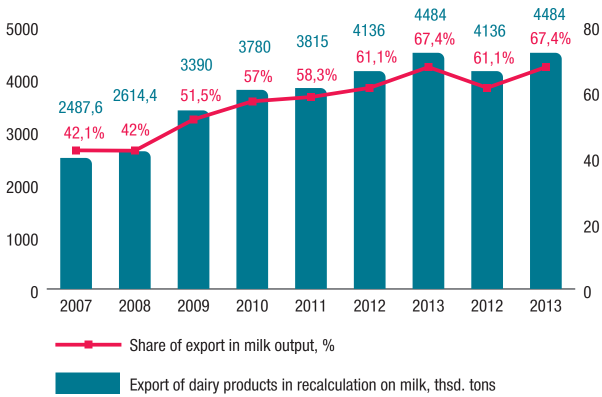
Foreign trade

More than 60% of the dairy products made in Belarus go for export. Specific weight of export of dairy products in relation to the total amount of production of milk in 2013 made 67%.

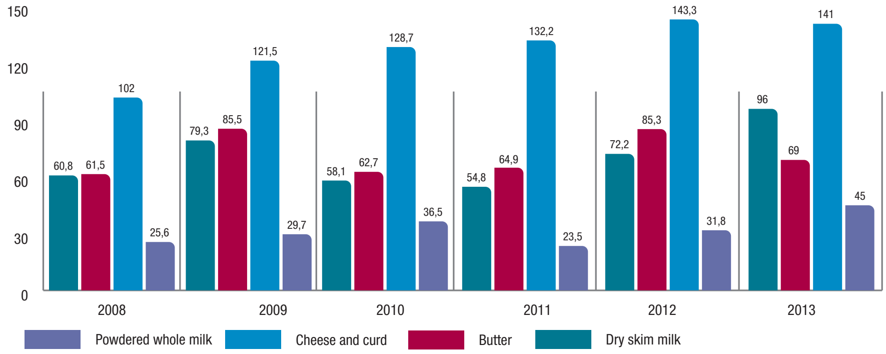
Belarus is among the main exporters of dairy products in the world. According to IDF reports (The International Dairy Federation) in the list of leading world exporters of dairy products (without trade between EU countries) in a segment of firm cheeses Belarus takes the fifth position in the world (5.5% of world export), on dry skim milk — the fifth position (3.2%), and on powdered whole milk – the sixth (1.2%). More and more stable growth of volume in structure of global trade noted butter export which takes the fourth position, having conceded 0.2% of the USA — 7.6% of the universal volume of export of butter.

In 2013 Belarus exported more than 4.4 mln tons of dairy products in recalculation on milk for the total amount nearly 2.3 bln USD. Export of dairy products from Belarus in kind from 2007 to 2013 grew on average by 10% annually.

Dynamics of the export of dairy products, thsd tons



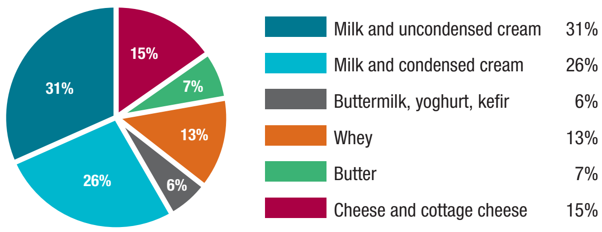
Export of the main dairy products, thsd tons



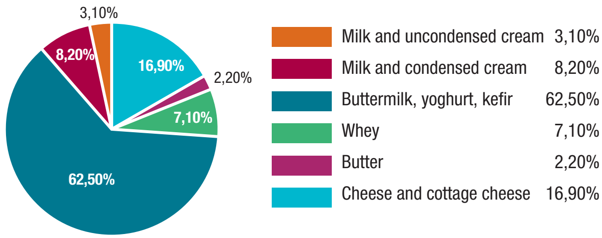
Now Belarus delivers dairy products to 50 countries of the world. At the same time the main importer is the Russian Federation. Exactly a half of all volume of the Russian import of milk and dairy products is the share of Belarus.

Dynamics of export-import of dairy products in value terms, mln tons

Commodity structure of export of dairy branch of Belarus, 2013



Commodity structure of import of dairy branch of Belarus, 2013



MEAT INDUSTRY

- In 2013 Belarus produced 991 thsd tons of meat, which is 1,200 kinds of meat products, including 800 types of sausages, about 250 names of semi-finished products, over 150 types of canned food.
- About 20% of export of agricultural raw materials and food accounts for meat products. Exports growth has taken place over the last 6 years. The main market for meat and meat products is Russia, which accounts for about 97% of total exports.
- Belarus takes the 1st place among the CIS countries by production of meat and meat products per capita. Annual per capita consumption of meat and meat products in Belarus - 75 kg.
- About 200 enterprises in Belarus are engaged in production of meat and meat products, of which 27 with the state capital. JSC “Grodno meat-processing plant”, JSC “Vitebsk Meat Processing Plant”, JSC AFPK “Zhlobinsky meat plant” own the largest production capacities.
- The state program for the meat processing sector development provides increase in production capacities and livestock resource base.

Production

In Belarus, the market of meat and meat products is one of the largest segments in the structure of the food market. Production capacity of Belarusian enterprises in the meat of cattle is about 1 thsd tons per year.

There is a tendency towards the increase in meat products output in the world market. A similar trend has developed in the Belarusian market. Over the past 7 years, the volume of meat production increased annually by 9% on average.

Sausage production in the Republic of Belarus in 2013 amounted to 293 thsd tons.

The production capacity of the meat industry is not fully loaded what provides the potential for further growth in production volumes.

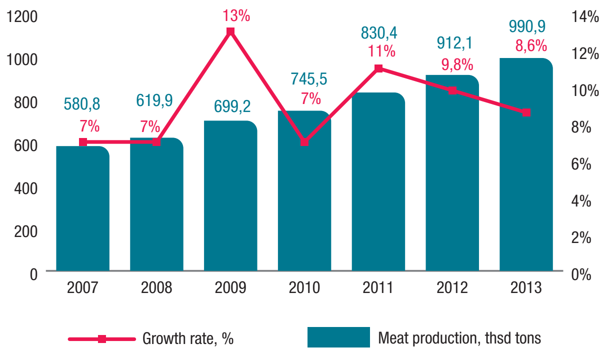
Pork production in 2013 increased by 11%, allowing the maintainance of the current share in the total output.

Beef production increased and amounted to about 250 thsd tons due to changes in consumer preferences and rising disposable incomes.

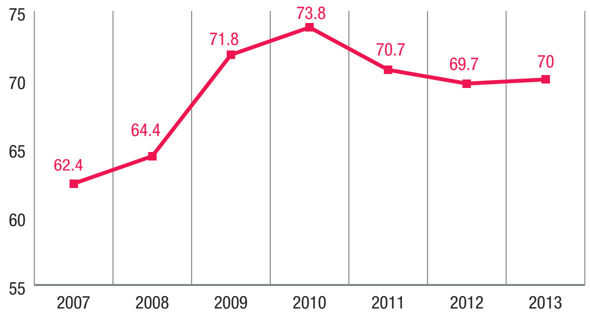
Undisputed leader in the types of meat produced is poultry production, which volume in 2013 amounted to about 370 thsd tons.

Volumes of production of poultry meat are increasing significantly each year: the average annual growth rate for 2008-2013 is 15%.

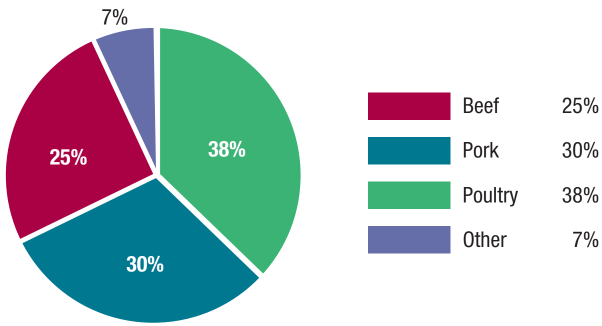
Dynamics of meat production, thsd tons



Usage of production capacities in the meat industry, %

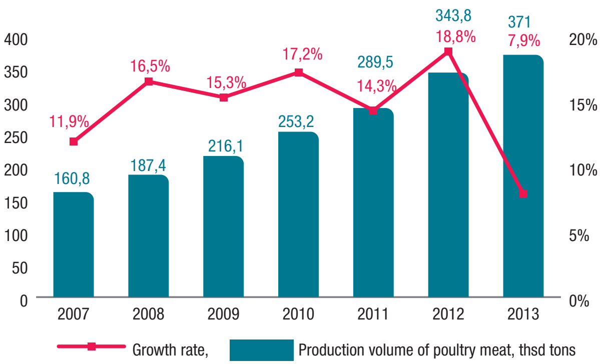


Graph Meat production by type, %



The predominance of poultry meat in the total production in Belarus in contrast to global trends is due to several factors. Firstly, the production of poultry meat is more profitable than the production of other types of meat, due to the shorter production cycle and less feed intake. Secondly, the country is a priority for poultry development of cattle breeding.

Poultry production, thsd tons



Foreign trade

In the structure of exports of agricultural raw materials and food products from the Republic of Belarus on the share of exports of meat products accounts for about 20%. Export brings the main profit of Belarusian producers of meat and meat products. Growth of exports of meat is three times faster than the rate of its production at the farms of the republic.

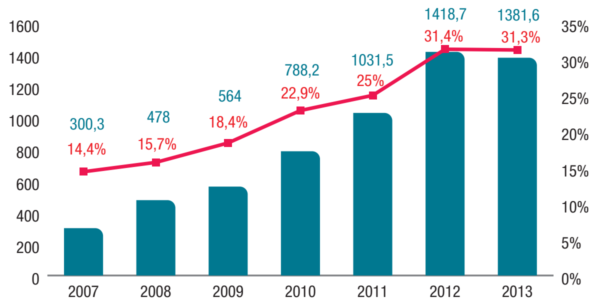
Average annual growth rate of exports of meat and meat products (in real terms) was 22% in the last 6 years. The volume of meat exports in 2013 totaled 402 thsd tons, which is 6% higher than in 2012 (380 thsd tons).

In addition to domestic manufacturers, the Belarusian market of meat and meat products is provided by imported products. One third of imported meat products comes from Poland, a quarter – from Germany. Also, significant amounts of meat and meat products are imported to Belarus from Denmark, the Netherlands and Russia.

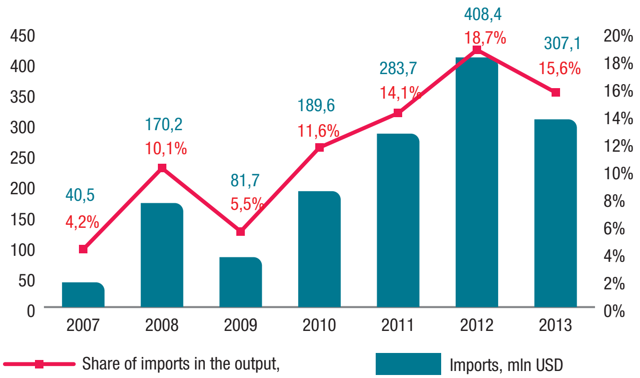
Imports of meat and meat products is much inferior in terms of exports. Share of imports in consumption in 2013 amounted to 16%. Experts forecast further decline in imports.

Prospective sectors
Brief analysis

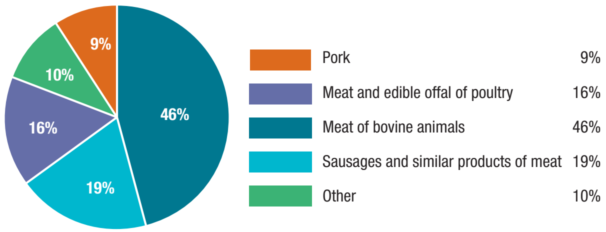
Exports of meat and meat products, mln USD



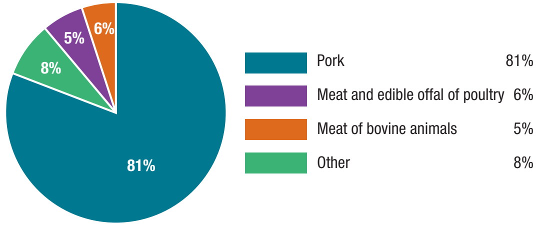
Imports of meat and meat products, mln USD



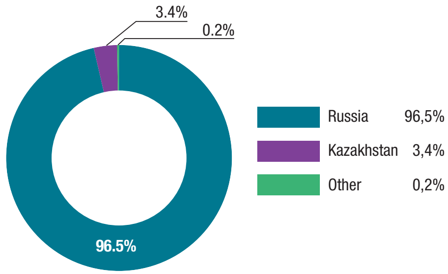
Structure of exports of meat and meat products, 2013 (%)



Structure of imports of meat and meat products, 2013, %



Geographical exports of meat and meat products, 2013, %

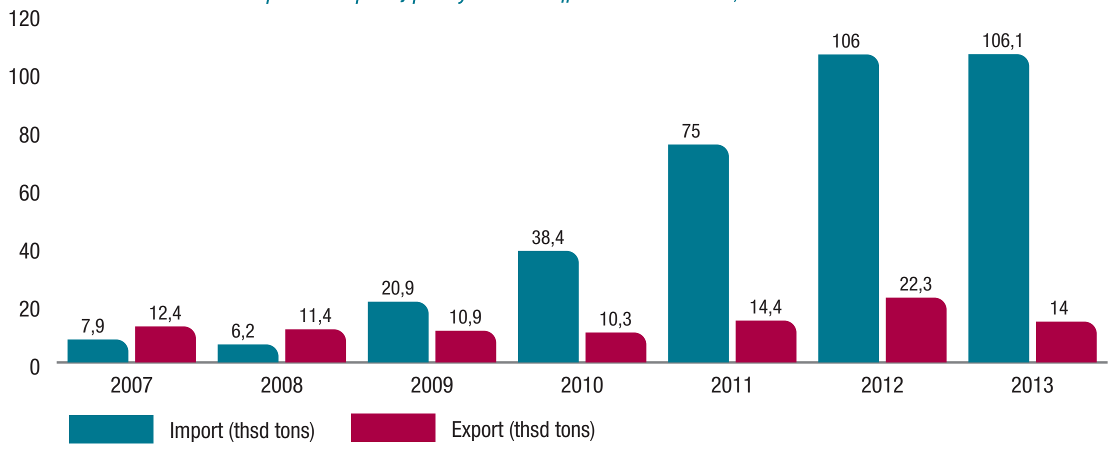


Exports of poultry meat, along with meat cattle keeps the largest share in the structure of exports of meat in physical terms (28%).

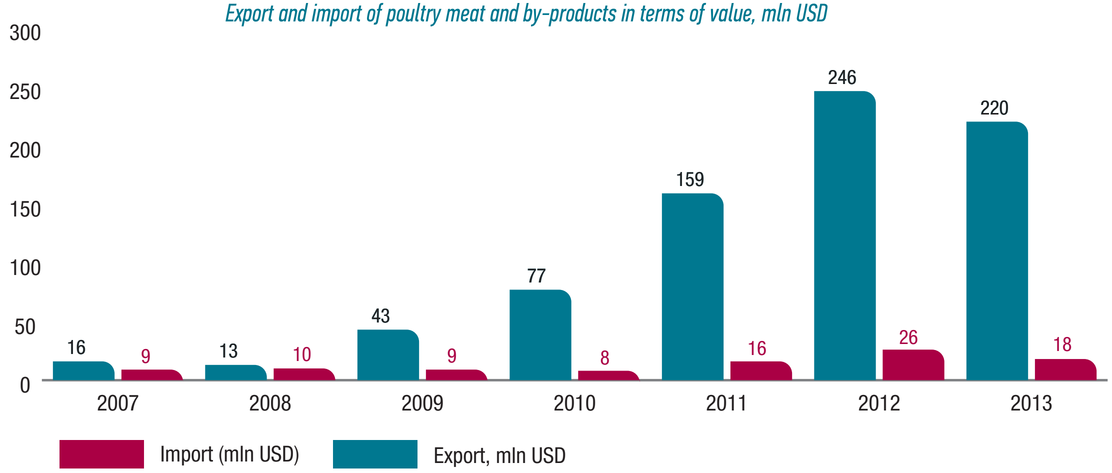
In value terms, the dynamics of foreign trade has the same trend as in physical terms. Average annual growth rate of exports and imports in terms of value for 2008-2013 is 75% and 11% respectively.

The main trend of foreign trade of meat products, particularly poultry, shows exports volume increasing currently. The Russian market will remain the priority for Belarusian producers.

Export and import of poultry meat and offal in a volume terms, thsd tons



Export and import of poultry meat and by-products in terms of value, mln USD

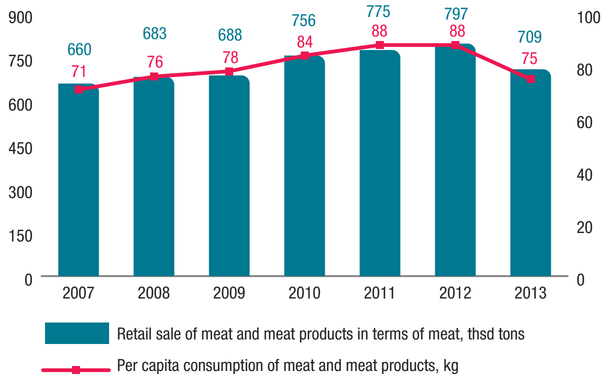


Consumption

In Belarus in recent years, the population began to consume more meat products.

The biggest demand is poultry, pork and cattle meat. Sausages and smoked products are consumed in the amount of 20% of the consumed meat.

Market of meat and meat products in Belarus, thsd tons



TRANSPORT AND LOGISTICS

- In Belarus the road network is represented by all types of roads, including modern highways being a part of the Pan-European transport corridors ("II" ("East-West"), "IX" ("North-South") with a branch "IXB").
- The length of hard-surface motor ways is 75 thsd km, and 5.5 thsd km – the railways, 17% of which is electrified.
- In 2013 goods transportation by all transport means amounted to 434.9 mln tons, 36% of which was delivered by the motor transport.
- Aggregate supply volume of the modern warehousing property consists of 517.3 thsd sq m (about 31 objects of class A and B).
- 7 objects of class A with the total area of 289.3 thsd sq m are planned to be put into operation in the area of transit motor and railways intersections in 2014–2015.
- "Logistics development program until 2015" promotes an active development of the logistics sector.
- In accordance to this program 30 perspective areas were defined, and were to be transferred to investors for the development of a modern logistics and warehousing centers network all over the country.

Transport system

Belarus is situated at the intersection of large Pan-European transport corridors defined as number 2 ("West-East") and number 9 ("North-South") with 9b branch under the international classification.

Belarus borders on the Russian Federation in the north and east, on Ukraine – in the south, on Poland – in the west, on Lithuania and Latvia – in the north-west.

The length of public motor ways equals to 86.5 thsd km, 86% of them are hard-surface. "Belavtodor" department of the Ministry of transport and communications of the Republic of Belarus is a republican body of the state authority in the sphere of motorways and traffic activities.

Means of communication

Railway length	5503
Electrified railway length	899
Level of elictrification	16.3%
Public motorways	86500
Hard-surface motorways	74800
Coverage with quality motorways	86.5%
Gas pipelines length	7502
Oil pipelines length	2983
Oil-products pipelines length	750

Transport services

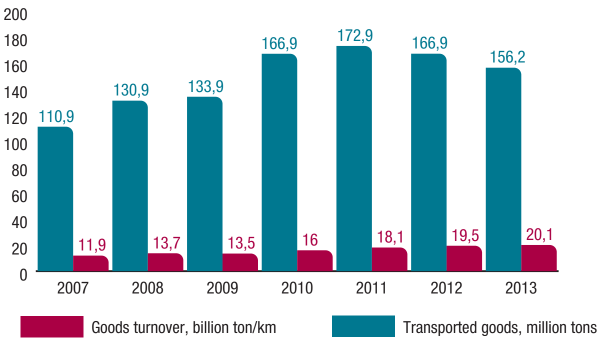
Motor transport

At the beginning of 2014 there were more than 4 500 companies providing transport of goods services in Belarus.

This activity is represented by national, as well as foreign (mostly Russian) road hauliers.

Starting from 2009 the goods turnover has been constantly growing.

Goods transportation and turnover by motor transport



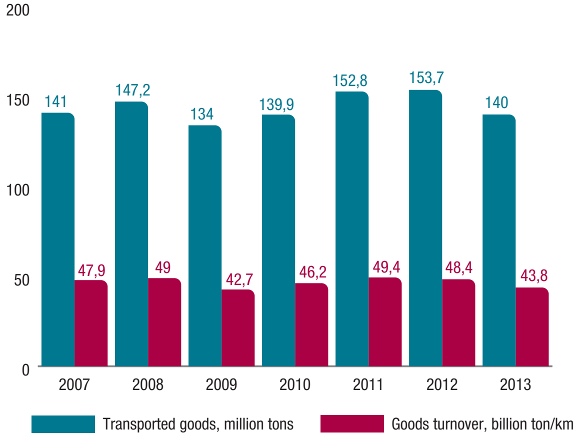
Railway transport

“The Belarusian Railway” state association is an operator of the Belarusian railway network. “The Belarusian Railway” performs about 75% of all freight and passenger transportations in the country.

The railway transportation of goods was equal to 140 mln tons in 2013, 46.7 mln tons of them are transit goods transportation. The total volume of transit transportation increased by 2.7%.

“The Belarusian Railway” takes part in different trans-continental transport routes: Viking, Kazakhstan vector, East wind, Mongolian vector, Volksawagen –RUSS.

Goods transportation and turnover by railway transport



Pipeline transport

“Druzhba” transit oil pipeline, “Yamal-Europe” main gas pipeline go through the territory of the Republic of Belarus from the place of extraction in Russian Federation to European countries.

“Druzhba” oil pipeline is operated by “Gomeltransneft Druzhba” OJSC and “Polocktransneft Druzhba” OJSC included in the Belarusian state concern for oil and chemistry.

The Belarusian part of “Yamal-Europe” main gas pipeline belongs to “Gazprom” OJSC.

Besides, a network of oil-products pipelines connecting Russian products pipelines and having access to the western Ukraine and Ventspils port is created at the territory of the republic.

134.2 mln tons were transferred by this type of transport in 2013.

Goods transportation and turnover by pipeline transport

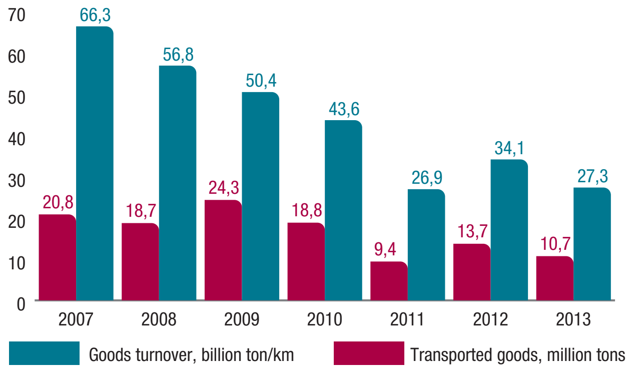
Air transport

In Belarus the air transport is represented by organizations performing passengers and goods transportation by air in the republic, as well as outside its borders.

RUE "Minsk National Airport" is the main airport of the Republic of Belarus. RUE "Belavia" National Airlines" and "Transaviaexport airlines" OJSC are the main transporters in the market.

In 2013 the passengers turnover was equal to 2.4 bln pass/km.

Goods transportation and turnover by air transport

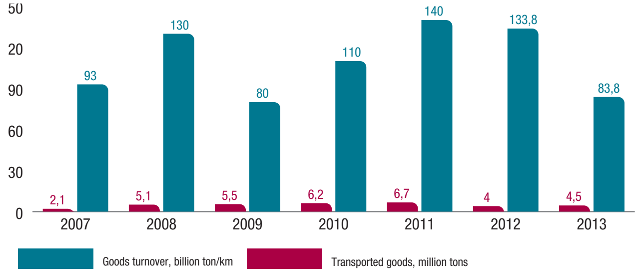


Internal water transport

10 river ports of a different level, as well as transport and expedition companies performing transportations internally and in the sea shipping operate in the system of the water transport.

4.5 mln tons of goods were transported in 2013.

Goods transportation and turnover by water transport



Logistic infrastructure

Belarus logistics system is based on the effective use of the geographic position.

In Belarus there is a Logistics development program until 2015 that states the development of logistic centers all over the country, but the main part of the provided grounds (for construction and investments) is situated in Minsk region (16 grounds).

The total value of quality warehouse and logistic complexes (A and B classes) in Belarus equals to more than 600 thsd sq m.

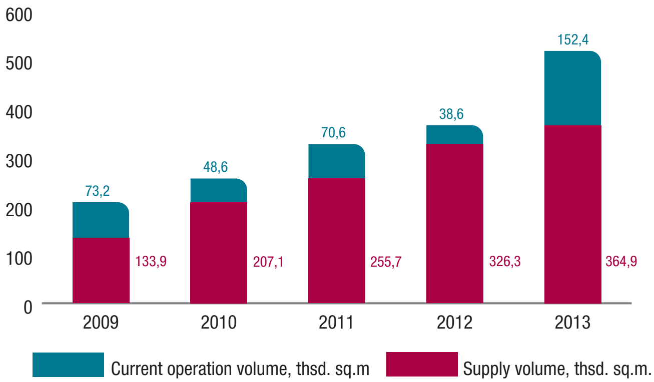
Logistics. Current state.

The supply is mainly formed by the following groups:

- Professional players in the retail market (Prostor, Evroopt, 5 element, Electrosila, and others) for their own needs.
- Professional players at the wholesale market (MostraGroup, Evrotorg, Electrosila, and others) for goods storage and distribution to retail facilities of the clients.
- Modern production organizations (food-manufacturing industry) for effective distribution and exports shipping.
- Professional players in the logistics sector and secure storage services market are Twenty four, BLT-Logistic, and others.
- Professional players at the logistics and transshipment services market (multimodal transportations) – Beltamozhservis, Belingeslogistic.

Since 2011 the market has got more modern look with logistic terminals of A class (in accordance with the accepted European classification).

Supply at the warehouse and logistic property market



Logistics. Perspective proposal.

The total volume of warehouse and logistic property under construction equals to 389 thsd sq m.

And the most part of the grounds – about 190 thsd sq m. - is supposed to be put into operation in 2015. The main part of the perspective proposal is for A class objects.

A future supply of warehouse and logistic property will develop in the following directions:

- Construction of distribution centers of large producers in the food-manufacturing industry (export and delivery inside the country).
- Construction of warehouse and logistic complexes for using them as a distribution centers and providing own objects with goods (large network retailers of food-manufacturing and non-food trade).
- Large logistic centers for goods transshipment in trans-boundary directions (multimodal logistic centers).
- Large warehouse centers for legal persons (transport services, secure storage services, etc.).

Foreign capital in logistics

Foreign capital in logistics is widely represented by foreign companies that have been running an active policy for construction and warehouse and logistic property network development since 2009.

The major investing companies in logistic property are: Latvia, Russia, Azerbaijan, Iran.

There are following projects with foreign capital investment: Prilesje (about 200 thsd sq m); Belingeslogistic (30 thsd sq m); Interstryportal Plus (100 thsd sq m).

It has been planned to involve from 600 mln USD to 1 bln USD for realization of 48 investment projects in the nearest two years.

Key players in the market are: "Twenty four" company, "Ozerco-Logistic" trade and logistic center, "BLT-Logistic" Company, "FSK-Logistic Company", CJSC "BELRUSINVEST", Transport and warehouse complex Eurasia, L-BIT GROUP, Transport and logistic center "BelVingesLogistic".

Legal environment

Some kinds of activities are subject to licensing.

Licenses types:

- License for operation in the sphere of motor, internal water, maritime transport (excluding transportation within the borders of the republic for your own needs).
- License for wholesale operations and storage of alcohol, non-food alcohol-containing products, non-food ethanol and tobacco goods.
- License for international motor goods transportation and some others depending on the company's specific features.

Besides, there are more than 20 laws and resolutions regulating mainly goods transportation on the territory of Belarus.

Large projects, under construction and announced (in-service date until 2015)

Location	Developer/Operator	Purpose of use	Class	Total area, sq m	Date
Minsk district Obchak - 3 turn	ICPTUP "BLT-LOGISTIC"	Warehouse services	A	23 400	2014
Minsk district (Privolny) - 2 turn	PE "Shate_M Plus"	Own needs	A	18 000	2014
Minsk region (20 km from MKAD) - 2 turn	LLC "Belingeslogistic" JV	Warehouse and logistic services	A	12 700	2014
Minsk district (Fanipol)	Ace company	Warehouse services	B	10 200	2014
Minsk district (Schomyslica) - 2 turn	LLC Interstroyportal Plus FE	Warehouse and logistic services	A	35 000	2014
Minsk district (Prilesje) - 2 turn	IE Kason	logistic services	A	150 000	2015
Minsk district (Schomyslica) - 3 turn	LLC Interstroyportal Plus FE	Warehouse and logistic services	A	40 000	2015

J.L.L.C KMK- LOGISTICS

About the Company

JV “International Logistics Center” KMK-Logistics “is registered as a resident of the Republic of Belarus in the Free Economic Zone ”Minsk“ on September 22th, 2005.

Development and implementation of various investment projects are aimed at the creation and development in the Republic of Belarus a full and extensive logistics system, built-in international transport corridors ITC-2, ITC-9, for even more beneficial use of the advantageous geographical position of the Republic of Belarus as a transit territory, linking transport flows “West-East” and “North-South”.

JV “International Logistics Center” KMC-Logistic “suggests to create a complex and highly organized transport and logistics and industrial structure focused on new technologies, as well as on the distribution of international cargo-transport streams and sending them through the territory of the Republic of Belarus.

BUILDING MATERIALS

- The Belarusian building materials (BM) industry takes up approximately 6% of the total industrial production of the country.
- Belarus is the leader among the CIS countries in terms of cement production and wall materials per capita.
- The trade balance of Belarus on the basic building materials and derivative building materials is positive due to the strong position in the regional market (Russia, Ukraine) of ceramic tiles (exported 70-80% of total production) and float glass, as well as the export of crushed stone (87%).
- The domestic market of construction materials with high added value (ceramic tiles, glass, mixes, etc) has a considerable growth potential, because the level of per capita consumption in Belarus is much lower than in developed countries.

Basic building materials

Crushed stone

In Belarus gravel, crushed granite, crushed gravel, crushed dolomites are produced.

87% of exports of crushed stone fall on a traditional partner of Belarus - Russia.

The market for crushed stone, especially of fine fractions, is growing, so the export potential for crushed stone is pretty large.

In Belarus the crushed stone is produced by 7 companies. More than 70% of the total volume of crushed stone produced in the Republic of Belarus is accounted for RUE ”Granite“.

Lime

In Belarus the lime is produced from chalk deposits.

About half of the lime in Belarus is produced at the JSC “Krasnoselskstroymaterialy”.

Gypsum

Gypsum is not extracted in Belarus. It is produced by two companies: JSC “Belgips” (97-99% of the market) and JSC “Zabudova” (1-3%).

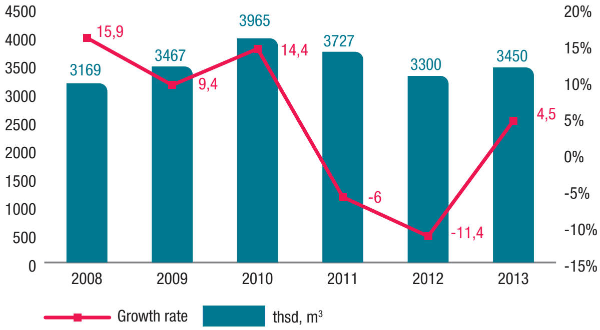
Reinforced concrete products

The manufacture of concrete products in the structure of construction material production of the Ministry of Architecture and Construction in Belarus takes up about 15%.

One-third of the manufactured reinforced concrete products in Belarus accounts for panels and structures for large-panel construction. 17% in the structure of concrete products is occupied by wall panels, 40% of manufactured concrete products account for other products and designs.

In the total structure of construction material exports of the enterprises of the Ministry of Architecture and Construction the volume of prefabricated concrete structures is not significant and includes: columns, piles, pipes, hollow decking for floors, wall panels.

Manufacture of reinforced concrete products in Belarus, 2008 - 2013



Derivative building materials

Reinforced concrete products in Belarus are produced by more than 70 companies.

The largest manufacturer is the JSC "Minskzhelezobeton" with a production volume of about 220 thsd m^3.

Wall materials

Wall materials (bricks, ceramic, silicate and cellular concrete blocks) take up about 6% of the total production of construction materials of enterprises of the system of the Ministry of Architecture and Construction.

Belarus produces ceramic, silicate and other kinds of bricks.

Belarus exported more than 60% of the produced ceramic bricks mostly to Russia in 2013. In construction industry the domestic demand for brick is 30-35%.

7 enterprises, which account for 72% of the production, produce silicate bricks. The largest producers of sand-lime bricks are Gomelstroimaterialy, Grodno KSM, Mogilev KSM.

Ceramic tile

In the structure of construction material production by enterprises of the system of the Ministry of Architecture and Construction, ceramic tile takes up 15% of total production. For 6 years, the production of ceramic tiles in Belarus increased by 7 mln m^2 (30%). The average annual growth rate of production during this period was 3.3%.

About 25% of the exports of building materials account for ceramic tiles. The volume of production of ceramic tiles is 2.5 times larger than the volume of the internal market.

About 70-80% of all made tiles are exported annually.

The structure of exports includes Russia (more than 70%), Moldova and Ukraine.

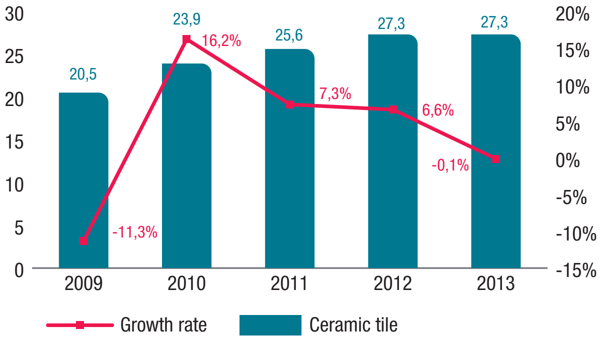
In Belarus 3 companies manufacture ceramic tiles:

- JSC "Keramin" (nearly 20.2 mln m^2);
- JSC "Beryozastroymaterialy" (nearly 8 mln m^2);
- JSC "Brestsky KSM" (nearly 1.9 mln m^2).

JSC "Beryozastroymaterialy" has implemented the investment project on the organization of the production of ceramic tiles up to 2.8 mln m^2 per year with the annual demand of the domestic market about 30-35 thsd m^2 of tiles, that shows the investment potential of the segment.

Prospective sectors
Brief analysis

Manufacture of ceramic tiles in Belarus in 2008 - 2013 years, mln m²



Glass

The only domestic manufacturer of the glass is JSC "Gomelsteklo."

Belarus exports more than half of flat glass produced.

Export of flat glass is characterized by the dominance of Russia and Ukraine.

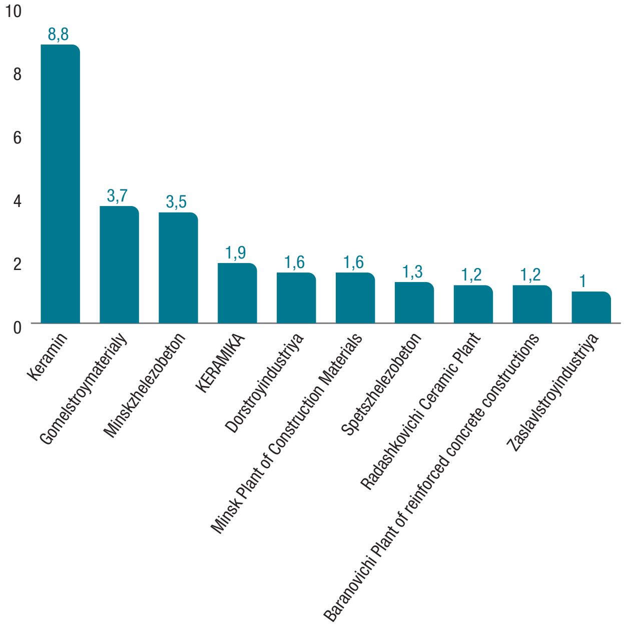
Share of imports in domestic consumption of flat glass in Belarus is about 30%.

95% of demand is on the float glass, 5% of the market is covered by high-quality glass.

Financial analysis

The largest enterprises of BM industry are 3 cement factories: "Beryozastroymaterialy", JSC "UKH Zabudova" and JSC "Minsk factory of silicate products."

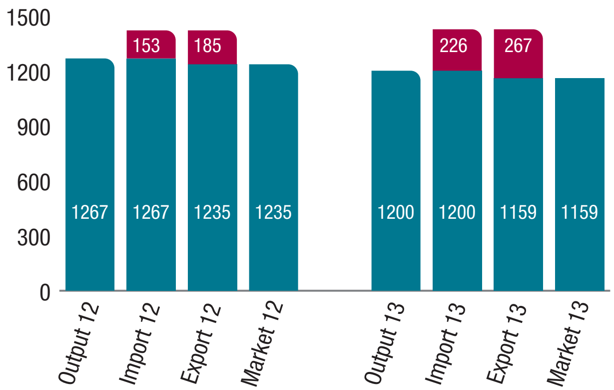
Top 10 companies in terms of net profit for Q3 2013, mln USD



Financial results of JSC Gomelsteklo, mln USD

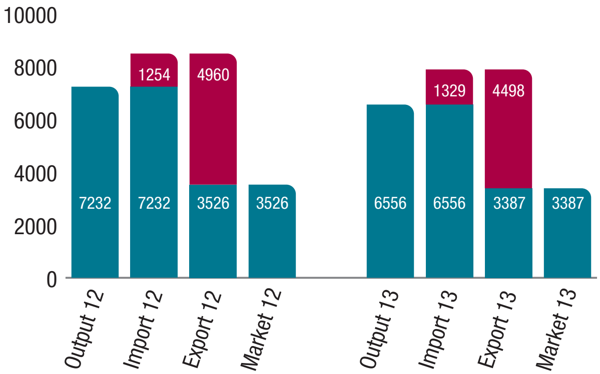
Indicators	2009	2010	2011	3 quater 2012	3 quater 2013
Proceeds from sales	50.1	78.0	90.6	98.2	83.4
Profit on sales	- 3.8	4.1	19.4	7.2	8.9
Net profit	- 6.1	3.5	14.4	1.1	0.3
Net assets	48.8	82.3	54.9	77.0	
Number of employees	3 221	3 075	3 220	3 097	2 951

The dynamics of the cement market in September- December 2012 and 2013



Market dynamics of polished glass in Sep-Dec 2012 and 2013

Market dynamics of ceramic tiles in the Sep-Dec 2012 and 2013



Prospective sectors
Brief analysis

Key figures for individual building materials in Belarus in Jan-Sep 2013

		4 Q, 2012	4 Q, 2013	%
Crushed stone, gravel, pebbles				
Manufacture	mln m^3	4.2	4.2	-0.9%
Export	thsd tons	32	832	158.4%
Import	thsd tons	30	361	18.0%
Gypsum and gypsum plasters				
Manufacture	thsd tons	18	17.0	-6.6%
Export	thsd tons	0.12	0.129	5.7%
Import	thsd tons	13	156	18.2%
Market volume	thsd tons	150.0	172.87	15.2%
Prefabricated buildings of concrete				
Manufacture	thsd m^3	56	33.5	-40.2%
Export	thsd tons	155	217.5	40.3%
Import	thsd tons	23	10.3	-56.4%
Bricks and blocks of concrete				
Manufacture	mln	594	611.9	3.0%
Export	thsd tons	187	236.0	26.2%
Import	thsd tons	0.2	0.25	20.3%

Recent changes

Sale of belgips

Russian Corporation “Volma” has purchased the state-owned shares of “Belgips”. Direct sale of 99.5% of shares in JSC “Belgips” for 5.27 mln USD was carried out.

The precondition of the company’s state-owned shares sale is the investment in “Belgips” until July 1, 2018 not less than 43 mln EUR, 24.7 mln of which are to be made before June 30, 2016. The investments will be directed at both the modernization of existing production of “Belgips” and the construction of a new factory.

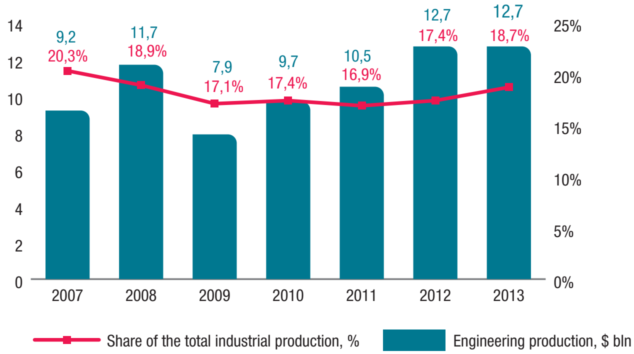
MECHANICAL ENGINEERING

- The amount of manufactured engineering products in 2013 was 12.7 bln USD. The share of the total industrial production was 19%. The domestic market capacity in 2013 amounted to 64.8 thsd units of equipment (excluding light motor vehicles manufacturing).
- The branch of engineering industry in Belarus is described by a high degree of consolidation. The share of the top 5 largest companies in the industry accounted for 22% of the total manufacturing.
- Engineering products in the amount of 6 bln USD were exported in 2013 with 82% of export going to the CIS countries (the main exports, ranged from 50% to 80%, delivered to Russia).
- Import was mainly focused on the manufacturing of light motor vehicles with 81% of import coming from non-CIS countries.
- The foreign investments in the sector are carried out by the joint ventures. The most successful example of a foreign investor into the Belarusian branch of the engineering industry is the establishment of JV "MAZ-MAN".
- The largest investment project in Belarus – Great Stone Industrial Park was launched in 2013. The total area of the first phase of construction is 1120 ha. The volume of investments in infrastructure will amount to 5-6 bln USD.

Manufacturing

The branch of the engineering industry historically occupies one of the leading roles in the national economy. Production capacity of the largest engineering enterprises was established during the Soviet time and was used as an assembly plant of the whole Union.

Engineering production



The branch is represented by large integrated manufacturing associations, which deal with different types of manufacturing operations.

Along with the developed industrial infrastructure, the industry is limited in modern technologies of manufacturing nature and non-production nature as well (management, marketing, branding, advertising, etc.).

The Ministry of Industry is the main regulator and coordinator in the industry. In the immediate subordinate to the Ministry are the largest sector enterprises (143 OJSCs and 143 state enterprises), most of which are monopolies in production of different kinds of products. In addition, Belarus has a national association of industrial enterprises, the Republican Centre for Technology Transfer and some other organizations.

The growth in some positions has been made possible thanks to the formed business climate on the markets. In 2013, the growth was recorded in the sphere of light motor vehicle manufacturing (5.5 times), combine harvesters (17%) and vacuum pumps (66%). This was primarily due to the growth of demand in the domestic market, planned production increase as well as administrative measures for raising exports to the neighboring countries.

Foreign trade

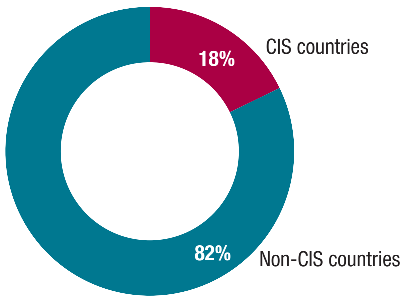
Engineering industry is export-oriented, and the traditional markets are the CIS countries (first of all, Russian Federation). At the same time, the companies operating in the field of mechanical engineering, have trade relations with more than 100 countries.

Engineering industry has a leading position in terms of foreign trade of the Republic of Belarus. The share of the three key components of engineering (machinery and equipment manufacture, manufacture of transport equipment, manufacture of electrical equipment) accounted for 11.4% of the country's foreign trade turnover in 2013, while the balance was positive at 1.7 bln USD.

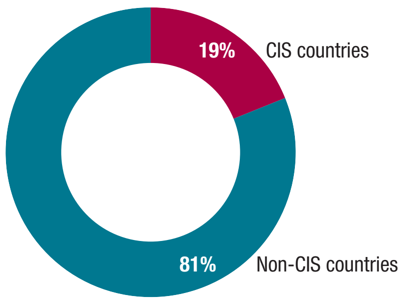
In 2013, the exports of engineering products was 6 bln USD, the import of engineering amounted to 4.3 bln USD. Country's import is carried out from the countries outside the CIS and specified by purchase of vehicles for personal use.

Import-export of engineering products, bln USD

Exports geographical structure, %



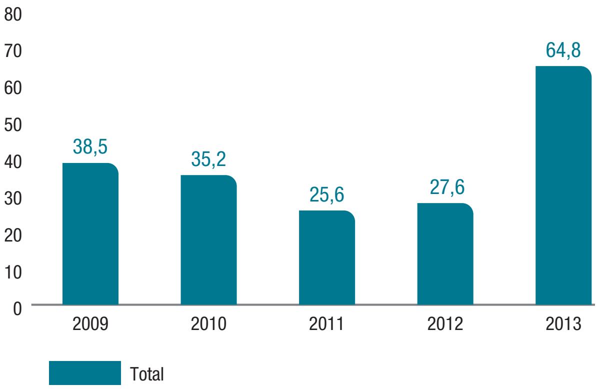
Imports geographical structure, %



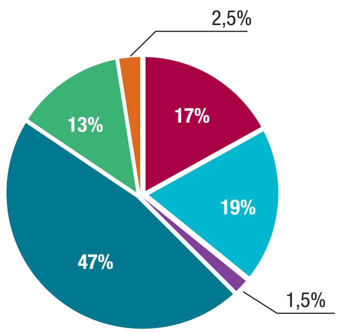
Consumption

The capacity of the domestic market in 2013 increased significantly (by 2.3 times), this is explained by increase in sales of some products (machines for thrashing and harvesting crops, tractive units, tractors, vehicles for the transport of goods and special purpose vehicles) in the domestic market.

Domestic market capacity (main products), thsd



Estimated structure of engineering products consumers, %



Agricultural companies	2,5%
Transport	13%
Population	47%
Construction	1,50%
Companies with a transport workshop	19%
Other	17%

Investment

The most successful example of the entry of a foreign investor into the Belarusian branch of engineering industry is the creation of JV “MAZ-MAN” in 1998, established by the German automotive company “MAN Nutzfahrzeuge AG” (Munich), RUE “Minsk Automobile Plant” (Minsk), the Bank “Infobank” (CJSC “Trust Bank”) (Minsk) and by the others.

Very active foreign investors invest in Belarusian locomotive and light motor vehicles industry. In the Autumn of 2012 a Swiss Stadler Rail Group and JSC “Holding management company “Belkommunmash” launched a sign investment project on setting up the production of urban and railway transport in Fanipol which is near Minsk.

Within the cars production sector, given there is no domestic production, Belarus is interested in attraction of foreign companies with their brands.

Iranian cars Samand are currently constructed at the site in the village Obchak.

At the beginning of 2013 a plant for assembly of Chinese motor vehicles under the brand Geely was accomplished. A joint venture on production of motor vehicles “BelDzhi” was established in 2011. The JV was joined by “BELAZ” enterprise (50%), the Chinese company Geely (37.5%), the joint holding company JSC “AVTOKOMPONENTY” and the Chinese company “Shantou”. Investment in this project amounted to 244.9 mln USD.

The largest privatization deal in the industry is considered to be 100% purchase of additional shares of OJSC “Bobruisk Machine Building Plant” by a Russian group GMR (“Gidromashservice”). The group received a 57% stake in the Belarusian company, the deal amounted to USD 9.6 mln.

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CHEMISTRY AND PETROCHEMISTRY

Chemical industry adds up about 9% of the manufacturing industry, the production of chemical products amounts to 8.6 bln USD. The main products of the Belarusian chemistry are fertilizers, chemical fibers and yarns, tires, polyethylene and others.

Almost all the major chemical productions in the country are subordinated to the state. Among them Belaruskaliy, Grodno Azot, Gomel Chemical Plant are fertilizers producers, and MogilevKhimvolokno, Polymir "Naftan", SvetlogorskKhimvolokno are fiber and polymer producers.

As for the certain types of chemical products Belarus is one of the global leaders in potash (15%) and chemicals and integrated fiber and yarns (0.6%) production, as well as in polyethylene production among the CIS countries.

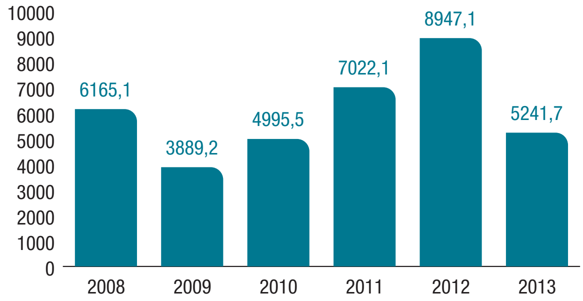
The chemical industry is traditionally export-oriented, its com-

modities occupy 12-17% of total exports of the country. The country exports about 80% of the produced potash fertilizers, 40-50% of produced nitrogen fertilizers, 70-80% of the production of chemical fibers and yarns, 60-70% of polyethylene, and 70% of the production of tires.

Production

The chemicals production is one of the most important industries in Belarus, amounting to 8.6% of manufacturing industry (together with the production of rubber and plastics). Availability of a formed back in the 1960-1970s base and the rich resources of potash and rock salt, wood, phosphorites, chalk and limestone and natural dyes in conjunction with the human resources create favorable conditions for the industry. The chemical complex of Belarus consists of more than 80 companies, which, as a rule, are members of the "Belneftekhim" concern.

Chemical production, mln USD (current prices)

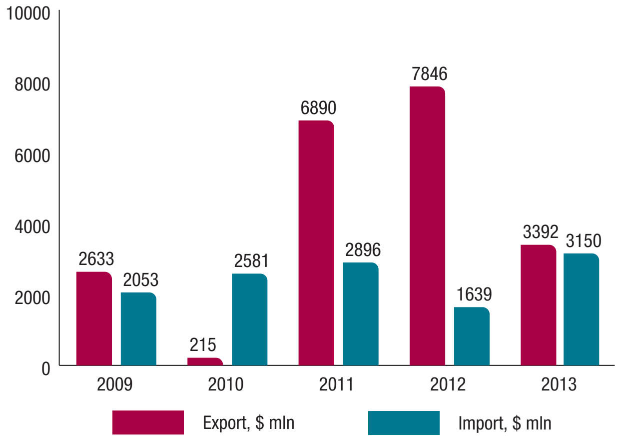


Foreign trade

In 2013, exports of chemical products amounted to almost 3.4 bln USD. 71% of exports of chemical products are fertilizers.

Imports of chemical products amounted to about 3.1 bln USD. The main imports compiles of drugs, organic compounds, paints and varnishes.

Foreign trade of chemical products, mln USD



Foreign capital

Belarus is ready to consider a strategic partnership in the petrochemical industry with investors, which have their own supply streams.

In the near future attraction of foreign investment for large-scale projects in the industry is expected.

Attracting foreign capital appears necessary, taking into account that the capacities of chemical plants were introduced in 1960-1970s, whereas modernization requires significant capital expenditures.

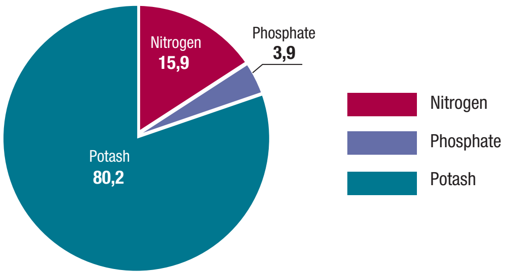
Mineral fertilizers

The most important branch of the chemical industry is the production of mineral fertilizers.

Belarus produces all three major types of fertilizer – nitrogen, potash and phosphate.

Interactive production of mineral fertilizers has been steadily increasing, with the exception of the recessionary 2009. In 2013 the largest percentage in the structure belonged to potash production – 80.2%, followed by nitrogen – 15.9%, and phosphate – 3.9%.

Types of mineral fertilizers produced



Exports of potash fertilizers amounted to 48.6% in 2013. Belarus annually exports 250-340 thsd tons and buys 180-260 thsd tons of complex fertilizers.

Production of each type of fertilizers in Belarus belongs to the only manufacturer.

"Belaruskaliy" OJSC is one of the largest producers of potash fertilizers in the world and across the CIS. The company accounts for 15.4% of the global market potash production, the share of exports is 17.3%. The company was reincorporated as a joint-stock company in 2010. The state's share is 100%.

OJSC "Grodno Azot" is one of the largest petrochemical complexes in the Republic of Belarus. The state's share is 99.9%. In the range of products the dominating part compiles of the production of technical liquid ammonia, as well as different types of nitrogen fertilizers (the share of profit from this activity amounts to 48%).

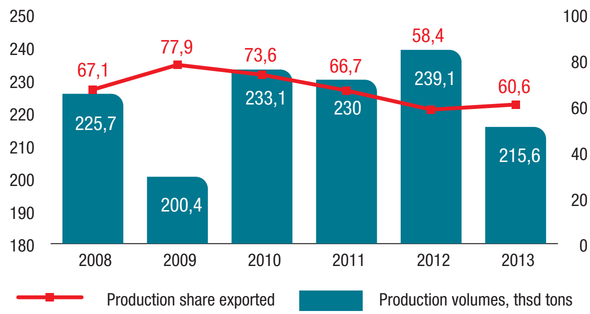
Gomel Chemical Plant is the only manufacturer in the country producing phosphorus-containing fertilizers. The state's share in the authorized capital of the company is 99.5%. The factory specializes in the production of complex phosphorus-containing fertilizers, as well as inorganic synthesis products.

In October 2011 LLC "Slavkaly" JV, the subsidiary of the company GCM Global Energy PLC, was registered. Formed company will build a new potash plant in Belarus. Investment in the project will amount to no less than 1.5 bln USD. At the first stage the production capacity will amount to 1.1-2.0 mln tons of potash per year. According to the investment project, new potash plant is to be built in Belarus by 2017.

Chemical fibers and yarns

Belarus has a developed industry of chemical fibers and yarns. The state's share accounts for about half of the total production of chemical fibers and yarns across the CIS.

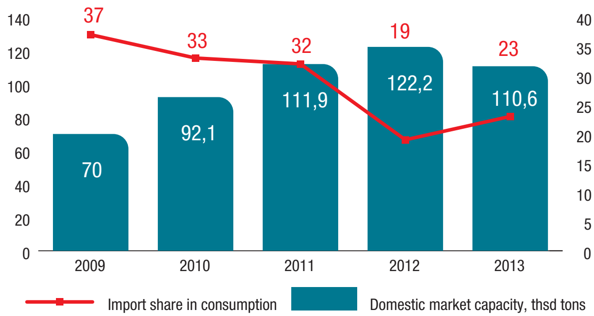
Dynamics of production of chemical fibers and yarns



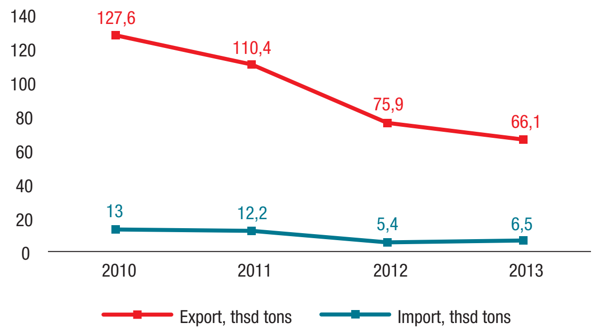
Capacities of all enterprises of chemical fibers and yarns in Belarus amount to about 310 thsd tons per year.

Volume of production of chemical fibers and yarns 2.5-3 times exceeds the domestic demand of Belarus. Thus, exports of chemical fibers and yarns made about 66.1% and 64.6% of domestic production in 2013 respectively.

Chemical fibers and yarns domestic market capacity



Exports-imports of chemical fibers



The branch is represented by 4 key producers: "SvetlogorskKhimvolokno" OJSC, "MogilevKhimvolokno" OJSC, PTC "Khimvolokno" JSC "Grodno Azot" and Plant "Polymir" "Naftan" OJSC.

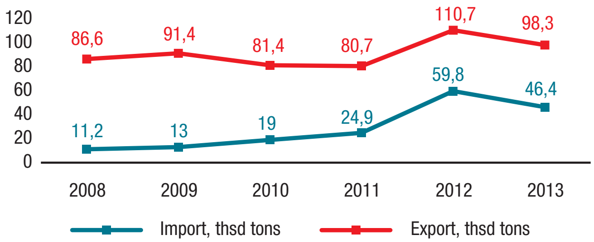
In 2011, several significant innovative projects were implemented in the chemical industry of Belarus. Thus, "Mogilevkhimvolokno" set up the production of polyester substrates for roofing materials, high-impact and low-shrinkage yarns of HT and LS type. "Grodno Khimvolokno" OJSC launched the construction of fabric impregnation and processing shop, apparatus of superimposed formation, stretching and winding of industrial polyamide yarns, organization of production of polyamide resin yarn.

Polymers

Low density poly ethylene is produced in Belarus at the plant "Polymir", "Naftan" OJSC, the capacity of which allows production of up to 140 thsd tons of LDPE per year.

Polyethylene production in Belarus is also export-oriented. On average, about 60% of LDPE output is exported. In 2013, the volume of exports of LDPE amounted to 98 thsd tons.

Exports-imports of polyethylene



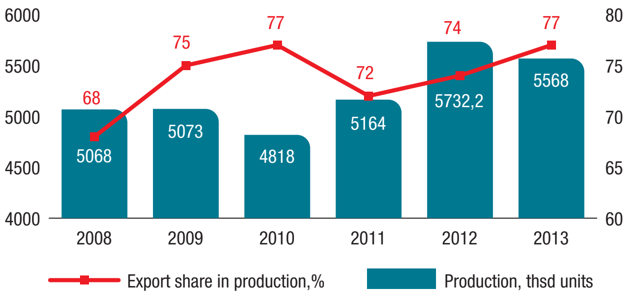
"Polymir" plans to create new import substitution productions of:

- high-density polyethylene with capacity of 150 thsd tons per year;
- polypropylene with capacity of 150 thsd tons per year.

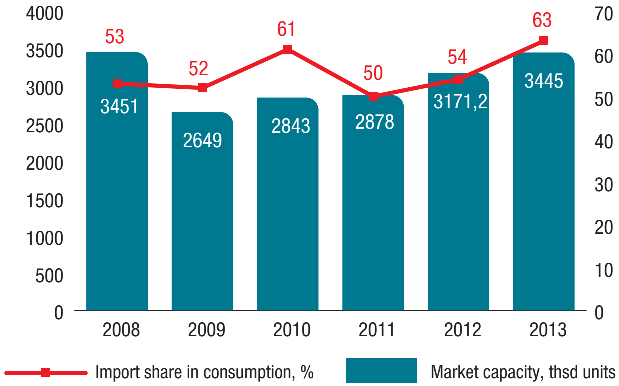
Tires

Automobile tires and tires for agricultural machinery are produced by "Belshina" OJSC in amount of 4.7-5.7 mln units.

Production of tires

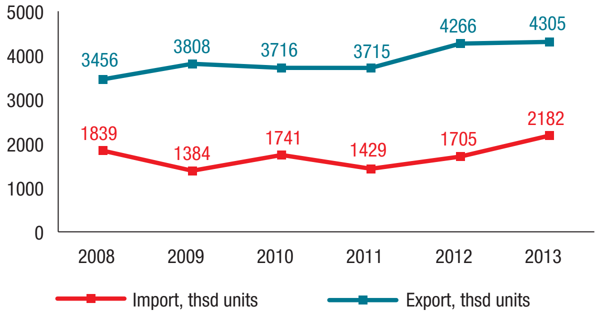


Tires domestic market capacity



About 70-75% of tire production is exported (3.5-4.3 mln units per year).

Exports-imports of tires



IT-MARKET

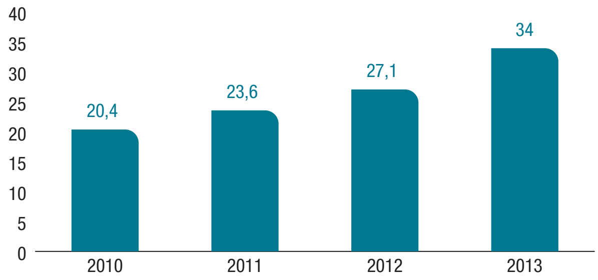
- 853 companies work in the IT-industry of Belarus, of which the state companies are only 18 (2.1%) of the total number of companies.
- IT-companies are mainly located in Minsk (92%). 140 companies work in the HTP.
- The volume of production of IT- services by companies in Belarus is USD 993 mln.
- 90% of IT-companies in Belarus have been developing custom software.
- 32.7% of all companies are positioned as a purely "service".
- Exports of computer services at 2013 year-end amounted to 552 mln USD, has increased more than 50 times over eleven years.
- Foreign companies from 17 countries have assets in the Belarusian IT-companies. FDI flows on a net basis in the HTP is 70 mln USD in 2013. The main investors are the United States (19%), Russia (18%) and the Netherlands (11%).
- HTP creates a special mode of operation of IT-companies in Belarus in accordance with the Decree No12 of the President "About Hi-Tech Park".

The resource base of the industry

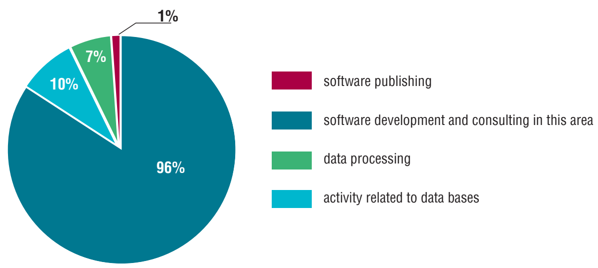
The most significant factors affecting the competitiveness of the Belarusian IT-industry:

- Belarusian features of business ethics are very similar to European and American features, so the Belarusian IT is not often seen as offshoring, but acts as a nearshoring.
- Belarus since the Soviet Union was a center of high technology. In Soviet times, it accounted for a significant amount of investment in infrastructure, high-tech manufacturing and research-and-development activity. Belarus has managed to maintain and upgrade this infrastructure base.
- The system of technical education formed during the Soviet Union is one of the best in the world. Therefore IT-specialists are among the most highly skilled in the region. About 34,000 people work in the IT-sector in Belarus.
- Established in 2005, HTP offers its residents many advantages, including exemption from the payment of customs duties, all corporate taxes, income tax, VAT, property tax and others.

The average number of IT-specialists, pers



The distribution of IT-specialists in the areas of activity, in % of the total number of IT-specialists



The structure of the industry

In the analysis of the IT-market segments of Belarus two main business models were made out. Custom (service) model (development of custom Software for the customers). Product model (production and licensing of technology and/or software product as a whole, and as part of a software product. About 8% of companies of the market are involved exclusively in developing their own software, 32.7% is positioned as a purely "service".

Most of the companies are working on a mixed model. In addition to these three models, usually there's another fourth model, it is Business Process Outsourcing (or BPO).

More than 50% of Belarusian companies have been in the market for over 5 years. 31% is "experienced players" which operate in the market from 6 to 10 years. The pioneers of the market, with experience in the industry for over 11 years, amount 17% of the companies.

The greatest number of IT-companies are medium in size - from 50 to 200 employees. The share of such companies in the total number is 41%.

At the moment, IT-services industry is export-oriented. The main customers are companies from Russia, USA, Germany, and the UK. Applications and application software are the main products consumed in the CIS countries, Europe and North America.

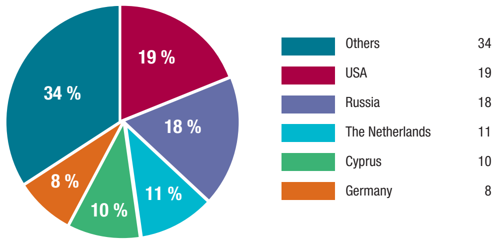
Investments in the sector

IT-services market in Belarus is characterized by high investment activity. Geography of foreign investment is quite wide - foreign participants from 17 countries have a stake in the Belarusian enterprises. The United States (19%), Russia (18%), and the Netherlands (11%) are among TOP-3 countries where investments come from. Also it should be noted the activity of the following European countries: Germany, Austria, France, Belgium, and Switzerland.

HTC Corp of Taiwan acquired software developer BLRSoft from French Abaxia SA Company in February 2011. Amount of the transaction is estimated at 13.17 mln USD. Playtech has bought a 20% stake of Viaden in 2012.

Also in 2011, "Sberbank of Russia" allocated its IT-department in the "Sberbank Technology" Company. In 2012, "Sberbank Technology" has opened an office in Minsk.

Geography of foreign investments in the Belarusian IT-sector, 2012-2013



International comparisons

On the world stage Belarus is known as one of the recognized centers of offshore programming. Belarus is among the leaders in terms of exports of computer and information services per capita. Thus, this indicator has grown from USD 5/person in 2005 to USD 60/person in 2013 (USD 44/person in 2012). The index of Belarus exceeds twice the identical index in Russia and Ukraine.

According to one of the largest IT-publications Software Magazine, in 2013, seven companies were included in the Software 500 top global providers of IT-services. The prestigious top included EPAM Systems (140 place, +20 positions), PROGNOZ (254 place), IBA Group (286 place), Ericpol Telecom (299 seats), Sam Solutions (393 place), Intetics (440 place), SoftClub (441 place). In percentage terms, the majority of companies in the top are from the United States and Canada - 37%, from India - 33%, from Europe and Latin America - 9% each, from China - 6%, from other Asian countries - 5%. Among countries - leaders of outsourcing Belarus takes 13th place.

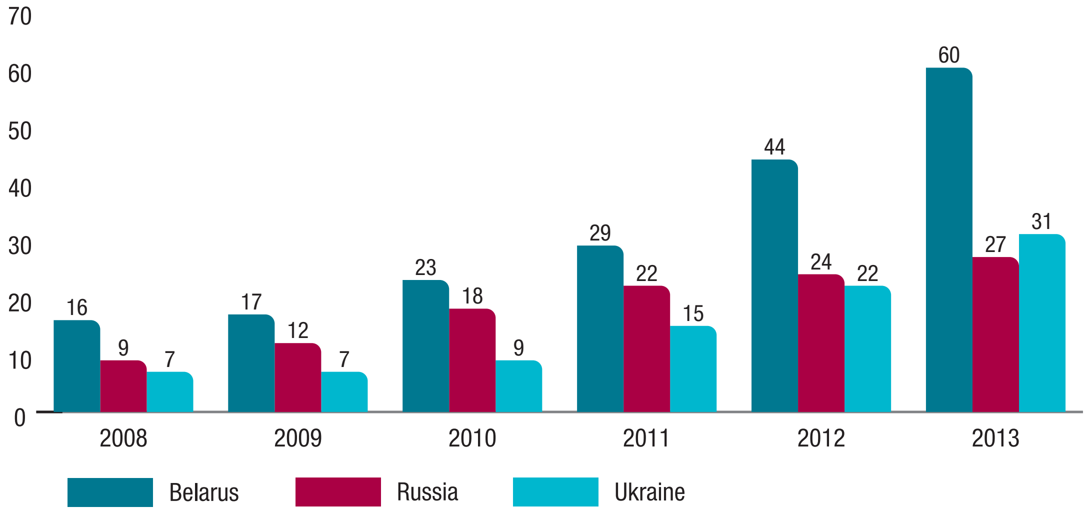
Personnel costs in the Belarusian IT-sector, on average, is 5-36% lower than in many outsourcing centers in Central and Eastern Europe, and are comparable to many Asian countries. The wages of a Belarusian IT-specialist is 9-22 USD per hour, which is much lower compared to other countries of the region's leaders.

The rates, applicable to Belarus, correspond to the countries of Central and Eastern Europe. Thus we can say that the tariffs on IT-outsourcing in Belarus is much lower than in the Nordic countries and the United States and close to those of countries such as India and China.

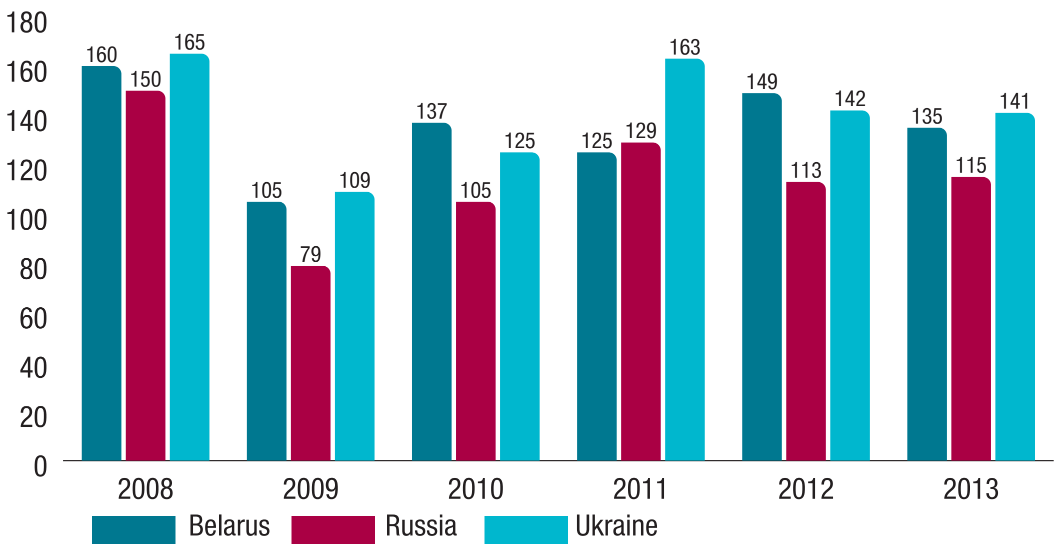
The share of IT-specialists per capita in Belarus is much higher than in other countries of Central and Eastern Europe.

Export growth of the software during pre-crisis years was more than 150% in Eastern Europe, and including in Belarus. However, in 2009 the growth was hardly observed. Now there is a recovery from the crisis. The highest rate of recovery is in Ukraine. In Belarus, the figure in 2012 was 149%.

Exports of computer and information services per capita, USD/person



The rate of growth of software export, %



The rate of growth of software export

In the report of the International Telecommunication Union, "Measuring the Information Society 2013", Belarus ranks 41st in the world by the Index of development of information and communication technologies (ICT) (IDI) and raised its place in the 5 position.

According to IPB index (also developed by ITU, is used to monitor the affordability of ICT services across regions and time profile) Belarus is among the leaders, second in the CIS after Russia.

In the ranking of the United Nations on development of telecommunications infrastructure Belarus has risen from 84th to 48th place (36 positions) in 2011 compared to 2008. Also, the Republic of Belarus in the ranking in terms of the development of telecommunications infrastructure has risen from 84 to 48 place (36 positions up) in comparison with 2008. The Russian Federation has moved from 63th to 30th place (33 points up), Kazakhstan is from 91th on 78th place (13 positions up).

Among the countries of the Customs Union, the most rapid pace of development of the telecommunications infrastructure was observed in Belarus in the last two years.

Index of development of Infomation and Communication Technologies (IDI)

	Global rating IDI (2011), position	Global rating IDI (2012), position	IDI 2011	IDI 2012
Russia	38	40	5.94	6.19
Belarus	46	41	5.57	6.11
Moldova	62	69	4.55	7.5
Ukraine	67	68	4.4	4.64
Kazakhstan	49	48	5.27	5.74
Lithuania	41	44	5.79	5.88
Latvia	37	35	6	6.36
Estonia	25	22	6.74	7.28
Poland	32	37	6.22	6.61

Source: International Telecommunication Union

Index of Infomation and Communication Technologies Price Basket (IPB), selected economies

	IPB 2011	IPB 2012
Russia	1.1	2
Belarus	1.9	1.4
Moldova	5.9	5.2
Ukraine	2.4	3.5
Kazakhstan	2	1
Estonia		0.7
Poland		2

Source: International Telecommunication Union

TELECOMMUNICATION SECTOR

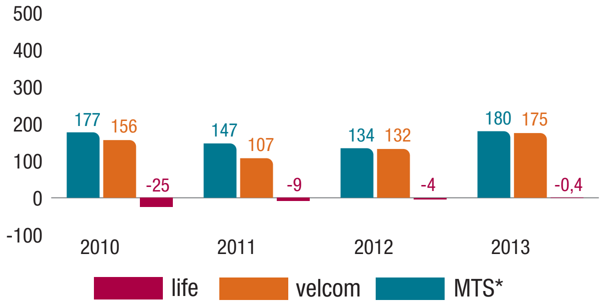
- Mobile penetration in Belarus is 117%, while the number of subscribers is 11.1 mln
- Cellular mobile telecommunication covers 98.2% of the country.
- There are three mobile operators in Belarus: Velcom, MTS and Life. The total market share of the two largest operators, Velcom and MTS, is about 95%. All three companies represent private sector.
- Number of subscribers to fixed-site telephone is about 4.4 mln Penetration level is at 37%.
- There are 2 mln subscribers of cable television, the number of subscribers of IPTV interactive television is 1 mln
- Level of Internet penetration in Belarus is 49.6%.
- The penetration level of mobile broadband access in Belarus is about 32.8%.
- Belarus is the 41st in the world by the Index of information and communication technologies development.

Mobile communication

The profitability of the market over the past 4 years on average grew by 5% and amounted at the end of 2013 to 355 mln EUR.

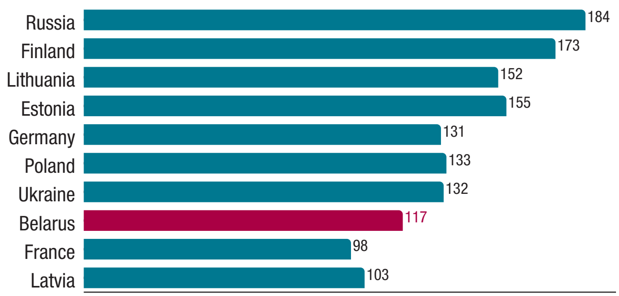
Indicator ARPU (characterizes average monthly spending of subscriber on the communication services) for MTS was 4.4 EUR, for Velcom – 4.7 EUR, for Life – 3.3 EUR

Market EBITDA , mln EUR



In Belarus mobile penetration is at the level of the most developed countries of the world. Thus, there are more than 117 mobile subscribers per 100 inhabitants. In the richest countries per 100 inhabitants on average are 128 people who have signed contracts with mobile operators, in the developing countries the figure is 89 people, the global average – 96.

Number of mobile users per 100 people



Cable television

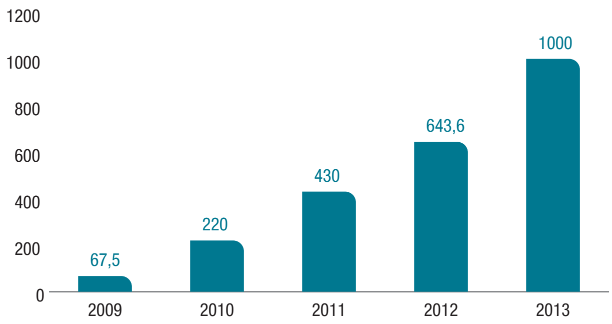
There are 523 cable television systems In Belarus of which 96 broadcast information in a digital format. Total cable TV is available in 261 localities.

The number of subscribers of cable and terrestrial-cable television is about 2 mln Almost 50% of the subscribers reside in Minsk and Minsk region.

The largest cable provider in Belarus is JSC "Minsk Television Information Network". Today it serves about 550 thsd subscribers (including subscribers to the system "antenna on the staircase" - which take only 3-5 channels), representing more than 1.6 mln persons. Among them about 300 thsd subscribers receive services from the "One central studio" using a fiber-optic communication lines, allowing to provide a higher quality of TV services through the use of a number of TV signals directly from broadcasters studio complexes, bypassing the channels of on-air broadcasting.

In the last few years increase of the subscribers to cable television system slowed and the growth of subscribers to interactive television services actually doubled every year. In 2013 the total number of subscribers to IP-TV was more than 1 mln

Number of subscribers to IPTV in Belarus, thsd



Internet

Market characteristic

Number of Internet subscribers per 1000 people in Belarus is steadily increasing. Thus, from 2007 this figure increased by almost 3.5 times by the end of 2013.

The service for fixed broadband access (BBA) to Internet is one of the fastest growing services.

Cable television in Belarus

Region	Number of providers	Subscriber capacity
Brest region	30 providers	164 thsd subscribers
Vitebsk region	16 providers	262 thsd subscribers
Gomel region	17 providers	220 thsd subscribers
Grodno region	30 providers	204 thsd subscribers
Minsk	16 providers	735 thsd subscribers
Minsk region	23 providers	154 thsd subscribers
Mogilev region	18 providers	132 thsd subscribers

Source: Ministry of Communications

Everywhere there is the attraction of subscribers to "severe" (multimedia) content that requires the development of appropriate infrastructure to meet the growing consumer demand for higher data rates, as well as the quality requirements for data services.

The number of subscribers connected to technology GPON overstepped the mark of 150 thsd subscribers; the number of subscribers connected via IMS-platform is greater than 514.5 thsd

At the beginning of 2014 the share of households with personal computers was 54.9%; the proportion of households with access to the Internet from home computers – 51.9%; the proportion of population aged 6 years and older having access to the Internet is 54.2%.

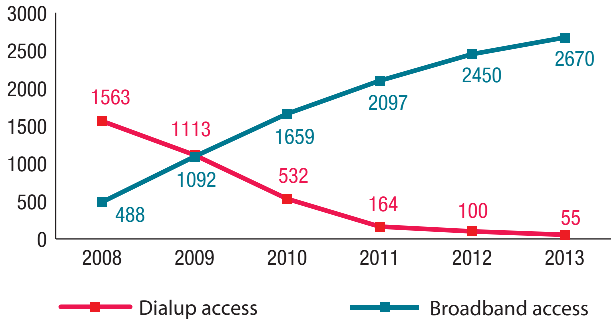
Key stakeholders

There are 60 Internet service providers in Belarus including mobile and cable ones. A leader in the broadband access market in Belarus is "Beltelecom" (ByFly). Over 2013 the number of broadband subscribers "Beltelecom" reached 1.8 mln people or about 67% of all subscribers in Belarus.

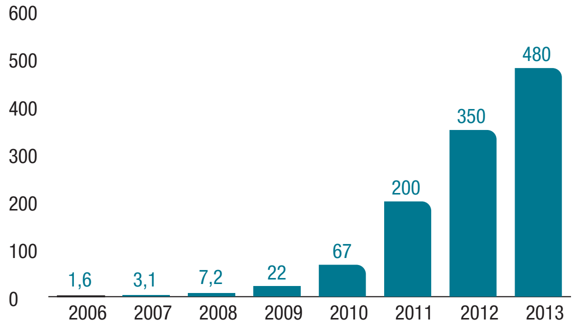
"Belinfonet" ("ADSL.BY") takes about 8% of the market of fixed broadband Internet. Client base of "Atlant Telecom" (FLLC "Alternative Digital Network") has about 160 thsd subscribers (6% of the market). About 6% is for JLLC "Cosmos TV" ("Cosmos TV").

The vast majority of access points to the Internet on Wi-Fi technology is organized by the national operator "Beltelecom", providing online access to time-based billing. At the beginning of 2014 the network of hotspots Wi-Fi totaled 50 thsd units.

Number of BBA and dialup access, thsd of subscribers



International channel bandwidth to Internet access, Gb/s



International comparisons

According to the UN Commission report on the state of broadband communication in 2013 Belarus

- ranked 19th place among 128 developing countries in terms of the indicator "Percentage of households with access to the Internet";
- occupied 24th place in terms of the indicator "Number of subscribers and users of fixed broadband Internet access per 100 inhabitants";
- occupied 51st place in terms of the indicator "Number of subscribers and users of mobile broadband Internet access per 100 inhabitants";
- ranked 79th by the number of internet users. By the same measure, but among 144 developing countries Belarus was on the 34th place.

Cost of internet access

Country	Download speed, Mbit/s	Upload speed, Mbit/s	Cost per month USD
Belarus	20	10	46.3
Russia	15	7	13.25
Ukraine	20	3	16-21
Poland	20	3	22.5

Source: Ookla

The average speed of the Internet in Belarus is 2.1-9.7 Mbit/s. At cost (in comparison with the neighboring countries) internet access in Belarus is two times more expensive than in Poland, three times than in Russia and Ukraine. However, for the last 5 years the price of internet tariffs decreased on average by two orders of magnitude.

The report of the International Telecommunication Union, "Measuring the Information Society 2013" tells that Belarus according to the information and communication technologies development index (IDI) rose by 5 points and occupies the 41st position. Yielding of CIS countries only to Russia, Belarus is ahead of Brazil, India and China by this indicator.

Five country-leaders of CIS region and their rating at global index IDI (report 2013)

	Global rating IDI	IDI 2012	Basket of fixed telephony services	Basket of mobile telephony	Basket of fixed broadband
			In % from GNI per capita		
Russia	40	6.19	0.5	1.3	1.2
Belarus	41	6.11	0.3	1.7	2.5
Moldova	65	4.74	0.3	8	7.7
Ukraine	68	4.64	1.4	3	2.9
Kazakhstan	48	5.74	0.5	1.7	1.9

Source: International Telecommunication Union

Legal framework

Activities in the field of communication in Belarus are carried out only with a special permit (license). In certain cases, the grant of a license may be based on the results of the tender for the license.

In order to maintain a high rate of development of the national infrastructure, the National program for accelerated development of services in the field of information and communication technologies has been introduced, one of the subroutine subprogram of which is "National Information and Communication Infrastructure".

Dear Sir or Madam:

Let me greet you on behalf of Belgosstrakh, General Partner of the Forum.

As the head of the leading insurance company of the Republic of Belarus, operating since 1921, I invite you to partner mutually beneficial cooperation. Belgosstrakh offers a comprehensive range of insurance products and services from classic ones to unique insurance products.

Our organization is a universal insurer working with both private and corporate customers. Belgosstrakh policies provide insurance protection for the majority of investment projects ongoing in our Republic. Among the clients of our company are the entities as follows:

EBRD, IFC, UNDP, Coca-Cola, Carlsberg, Heineken, Danone, Nokia Siemens Networks, Henkel Bautechnik, etc.

Let me express my confidence that Belgosstrakh will become your reliable assistant on the way to success in investment activity in the Republic of Belarus.

European Bank for Reconstruction and Development

DANONE

Henkel

Heineken

Carlsberg

Nokia Siemens Networks

Coca-Cola

UNDP

IFC

Sincerely yours,

S.Yakubitsky

Director General of Belgosstrakh

Key figures (BYRbn)

	2013	2012
Total assets	7,135	5,881
Total equity	4,782	4,500
Gross written premiums	3,225	2,150
Net income	198	130
Regulatory solvency margin coverage (x)	14	20

Construction of Tinplate Mill in Miory, Belarus

One Line Pitch: Miory Rolling Mill (MMPZ Group Ltd.) is seeking extra equity funding for compliance with bank requirements for financing of tin mill greenfield construction in Miory (Vitebsk region), Belarus

Business Summary: construction of a modern, cutting-edge technological plant to produce tinplate (ann.capacity: 240,000 tons) and cold-rolled mill products

Product and Markets: main product of the mill is tinplate. Tinplate is thin gauge flat carbon steel, tin coated on both sides. It is raw material for metal packaging (cans, jars, kegs, canisters, caps, crown corks etc.) for food, beverage and chemical industries.
Russia, Ukraine, Belarus, Baltic countries and Eastern Europe countries are target markets. Tinplate import market share is more than 70% in CIS region and 100% in EE with total capacity of target markets ~700,000 tons per year and tinplate demand CAGR ~3%-5%.

Present Position: in-depth marketing research, high-quality and detailed business plan, executed engineering contracts, and developed equipment specifications. So far, the stage of engineering design is in progress. World's leaders of metallurgical equipment production (SMS Siemag AG, Danieli Wean United and Siemens VAI) compete for supply main equipment. Full support from Belarusian government: investment agreement with benefits and tax exemptions, special Presidential Edict 271 reg.providing of all external infrastructure.
Off-take letters that utilize more than half of the plant capacity have been received.
Bank financing was approved. Preliminary construction works have been started on the site.

Company: Miory Rolling Mill (MMPZ Group Ltd. - totally private company)

Stage of Development:
under construction

Investment Required: in equity from 3 up to 40 million USD

Sector: Metal Packaging, Metallurgy (production of tinplate)

Financial Summary:
NPV: 224.1 million USD (WACC: 22.5%)
IRR: 37.7%
DPBP (discounted payback period): 6.4 y
ROIC: 34.5%
EBITDA margin: 44.7%

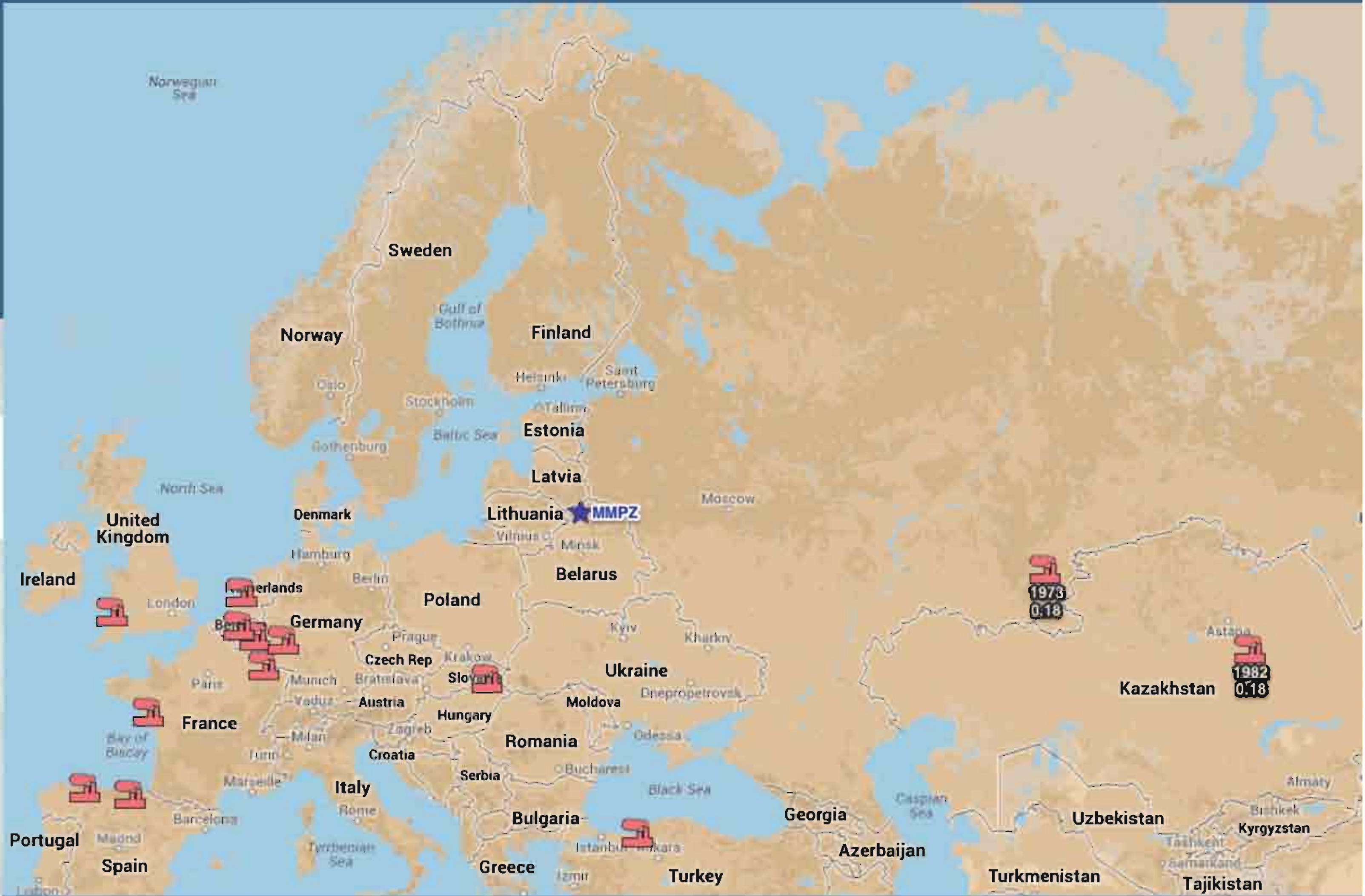
Contact Details: support@mmpz.by, tel.: +375 17 3667742, fax: +375 17 3667743
MMPZ Group Ltd., Vokzalnaya str., 6 - 3, Miory, Vitebsk region, 211930, Belarus

Competitive Advantages: Totally new technology and equipment will allow tinplate from MMPZ Group to meet all strict requirements of the modern market.

Proximity to Russian, Baltic and Ukrainian customers and raw materials suppliers gives unique logistic competitive advantage to new facility. Cheap labor force, tax exemptions and vicinity of main target markets give competitive advantages in EU market.

Current Russian and Kazakh producers (only two plants) have got old-fashioned Soviet Union production technology and equipment and therefore are not competitors of MMPZ Group.

Deployment of Tin Mills in Europe and CIS:



BELARUSIAN NATIONAL REINSURANCE ORGANIZATION

REPUBLICAN UNITARY ENTERPRISE

BELARUS RE

ACHIEVING SUCCESS TOGETHER

ABOUT US

INTRODUCTION

Belarusian National Reinsurance Organization hereinafter referred to as **Belarus Re** is the only reinsurance-specialized company in Belarus.

Belarus Re is **100% state-owned company** which was established on 4 November 2006 by virtue of decree No 1463 issued by Council of Ministers of Belarus

Strategic Goal

To create an international reinsurance company, offering a full range of reinsurance services and providing clients with comprehensive high-standard protection

Business Principles

- Responsibility, confidence and transparency in relation to clients and associates
- To provide top-quality reinsurance services and do business fairly
- Our staff is a main resource allowing to achieve high performance results, gain competitive advantage and encourage further development

Mission Statement

- To develop insurance infrastructure of Belarus
- To create national reinsurance system
- To improve the status of Belarus on the international insurance and reinsurance markets

BELARUS RE

БЕЛЭКСИМГАРАНТ
EXIMGARANT OF BELARUS

ABOUT US

Eximgarant of Belarus is one of the major insurers in the Republic of Belarus providing over 50 kinds of insurance services to cover risks of different types in the field of property and personal insurance, as well as liability insurance. Eximgarant of Belarus is authorized to provide export credit risk insurance with state support as the official export credit agency of the Republic of Belarus.

The company's strategy is aimed at the development and strengthening of the export potential of the republic of Belarus due to the efficiency of the national system of export promotion.

Today Eximgarant of Belarus offers a wide range of export insurance solutions:

- Insurance of Short-, Medium-and Long-term Export Contracts against Political and/or Commercial Risks
- Pre-Export Risk Cover
- Investment Insurance against Political Risks
- International Leasing Transactions Cover
- Buyer Credit Insurance
- Supplier Financing Insurance
- Insurance of the non-repayment risk under export credit granted to a resident for investment purposes
- Bonds and Letter of Credit Insurance
- Export Factoring Insurance

The products offered by us gain the world best practices as well as meet the requirements of International Union of Credit and Investment Insurers (Berne Union).

One of the forms of cooperation practiced by the Berne Union members is the conclusion of bilateral agreements. So far, Eximgarant of Belarus has signed 23 agreements with export credit agencies.

SUPPORT OF FOREIGN INVESTORS

Eximgarant of Belarus actively strengthens cooperation with foreign investors in the field of high technologies, innovative development, construction and other industries in terms of property interests insurance and related risks during the implementation process of major public projects. In this line the insurance coverage has been provided for the republican projects.

In terms of encouraging investment attractiveness of the Republic of Belarus, the Eximgarant policy can be regarded as a reliable performance guarantee for foreign investors in a number of reasons:

1. Eximgarant of Belarus is the state-owned company, the owner is the Council of Ministers of the Republic of Belarus, the company is subordinated to the Ministry of Finance of the Republic of Belarus.

2. Each year Eximgarant of Belarus confirms a global rating of financial stability. At present its "B-" with stable outlook according to Fitch Ratings.

3. As the member of the Prague Club of the International Union of Credit and Investment Insurers (Berne Union) Eximgarant of Belarus has solid business contacts with members of this international organization.

4. As a universal insurance company Eximgarant of Belarus covers the whole range of risks associated with the implementation of any project as well as carries out operations within the coinsurance and reinsurance together with foreign insurers.

5. The Eximgarant insurance coverage corresponds to a high level of reliability, so that it is possible to invest in Belarus without the involvement of government guarantees.

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