

**ECONOMICS***Sociology***Baiba Šavriņa**

University of Latvia  
 Faculty of Economics and  
 Management  
 Department of International  
 Economics and Business  
 Aspazijas bulv. 5,  
 LV1050 Riga, Latvia,  
 Phone: 371 67034334  
 E-mail: baiba.savrina@lu.lv

**Santa Sproģe-Rimša**

University of Latvia  
 Faculty of Economics and  
 Management  
 Department of International  
 Economics and Business  
 Aspazijas bulv. 5,  
 LV1050 Riga, Latvia,  
 E-mail: santa.sproge@gmail.com

Received: December, 2012

1st Revision: March, 2012

Accepted: May, 2013

**JEL Classification:** D92, L24,  
 P2

**Keywords:** international investment in Belarus, international  
 business environment in Belarus, joint venture, political regime

## JOINT VENTURE FORMATION INFLUENCING FACTORS WITHIN THE ASPECT OF ECONOMIC POLICY IMPLEMENTED IN BELARUS FROM EU BUSINESS PROSPECTIVE

**ABSTRACT.** The aim of the paper is to perform analysis from the EU business point of view about the particularities of the creation of joint ventures in the EU neighbour country Belarus. The possibilities of economic collaboration are studied in the frame of the impact of Belarus political regime on the entrepreneurship and business activities. The research is focusing on the factors influencing business environment. Even if the business environment due to the strong intervention of State in Belarus is not very favourable for the entrance of foreign investments, the main benefits for EU interests in this country are: the importance and size of this market and the possibilities to go through the Custom union to Russian and Kazakh markets, the market penetration in several sectors by joint ventures to escape the taxation charges, the potential of growth in this market.

**Introduction**

One of the reasons why an enterprise makes a decision to expand its activity in foreign countries is the assumption that every country's market is different. Before choosing an entry strategy an enterprise analyses business environment, which is determined by various political, economic and social aspects. All of these aspects are crucial in achieving the main objective of all enterprises – to increase profit.

To be able to more precisely analyse the business environment in Belarus, it is necessary to look closely at influence of the political regime on the development of private sector because political stability is one of the core elements of a country's economic safety. It influences investment environment which is one of the stimulating factors of entrepreneurship. Economic stability, unchanging or upward market purchasing capacity, and investment safety are considered to be even more important factors than political regime. At the same time we have to consider the influence of political regime upon freedom of business – an individual's rights to realize a business project. One of the first factors that foreign investors consider when analysing possibilities to expand enterprise's activity in another country is political risk; it shows if there is a possibility that they might lose their investments or gain less profit than expected because of political decisions made by country, incidents or circumstances: 1) discriminating tax policy, 2) profit repatriation, 3) unilateral breaking of agreements signed and others like nationalization, warfare, human rights violation. The aim of the paper is to

perform analysis from the EU business point of view about the particularities of the creation of joint ventures in the EU neighbour country Belarus.

### **1. The analyse of business environment in Belarus for European entrepreneurs**

The approaches to the studies of business environment do not have a very long history because the development of the capital export was mainly made from metropolises to their colonies and for this reason was treated as natural process for centuries. Only after the Second World War with political changes in Europe and with the apparition of new countries through decolonization more attention was paid to the local conditions for the investments. In 1960`s R.M. Emerson showed the conflicts between national States and MNC. Eclectic paradigm turns attention to localization in the concept of H. Dunning: OLI, where O-ownership, L-localization and I-internalization in 1970`s. A State favored multinationalization policy, focusing on entry in risky markets or a target market representing the interests of the investor country (especially in the case of delocalization of production from developed countries) is analyzed in 1980`s and 1990`s (Šavriņa, 1999, Mucchielli, Mayer, 1998). Yet another important political change: liberalization and openness of Central and Eastern European countries, is interesting for the studies of particularities of the business environment in this group of countries. Thus while W. Andreff is offering his research from a developed countries' point of view with the intent of exploring a potential market, the researchers from CEE (such as B. Šavriņa; D. Grundey; for ex: (Šavriņa, Grundey, 2008) are showing the particularities of business environment for foreign investments from the inside of the investment recipient countries.

Nowadays, approaches to business environment studies are aimed more at eliminating possible risks by entering foreign markets. Trend impact analysis and cross impact simulations are analyzed by J.B. Smith by using numerical tests for the business environment. Firms in the environment are studied by such authors as R.T. Lenz, J.L. Engledow and G. Rasch, accenting managerial issues. Different risk analyses can be obtained through FIRM (Foreign Investment Risk Matrix) or BERI (Business Environment Risk Intelligence), or by tapping into the abundant quantity of the newly appearing indexes and rankings made by international organizations, mass medias etc. for different business needs.

Attractive investment environment means a stable economic system, a non-discriminatory legislation towards foreign enterprises that could guarantee merging of companies, contributing to international competitiveness of a certain branch, increasing product/service quality, as well as granting access to necessary infrastructures and resources (Dunning, 1997). Predictable, transparent, and most importantly, a non-discriminatory tax policy towards foreign enterprises, and a stable monetary system favour an increase of investment amount. However, it must be taken in consideration that entry of foreign enterprises increases competition that can cause decrease in local enterprise solvency or increase in bankruptcy. For this reason, availability of markets in dictatorship regimes is limited to investors.

Increased political risk is present in all non-democratic countries, including Belarus; however, under the influence of globalization process, foreign entrepreneurs choose to expand their business in these countries as well. Many non-democratic countries carry out liberalization of economics because foreign entrepreneurship helps development of one or several branches that ensures alignment of political, social and institutional systems which is essential for continuous long-term economic growth (Rostow, 1990). After analysing dictatorship economics, it was concluded that they have a comparative advantage in effective use of production factors that would ensure economic growth; therefore, economic policy implemented in countries, especially in dictatorships, can be a delaying factor (Dollar, Driemeier and Mengistae, 2005). It has been

proved that, by increasing workforce qualification and effectively using financial resources in a dictatorship, economic growth can be stable and long term (Kholdv and Sohrabian, 2008). The political risks have a direct impact on choosing a form of foreign entrepreneurship because in case of unstable political situation the enterprise will try to apply a more strict control mechanism over their actives to reduce business risk (Pinho, 2007). It is undeniable that privatization process plays an important role in attracting foreign investors.

Table 1. Role of attractive investment environment in attraction of foreign investors

Attractive investment environment theoretical aspects	Investment environment in Belarus
stable economic system	<u>Negative</u> (aspects of devolution in 2011)
non-discriminatory legislation	<u>Positive</u> (Investment Code of the Republic of Belarus June 22, 2001 № 37–3)
granting access to necessary infrastructure	<u>Negative</u> (state ownership, (J.H.Dunning, 1997))
access to necessary infrastructure resources	<u>Negative</u> (state ownership, (J.H.Dunning, 1997))
non-discriminatory tax policy	<u>Positive</u> (Investment Code of the Republic of Belarus June 22, 2001 № 37–3)
Stable political regime	<u>Positive</u> (One ruling party (A.Leftwich, 1996))

*Source:* table made by the authors, information gained from literature review used in publication

The authors of the article give their opinion about investment environment in Belarus depending on theoretical and legal aspects. It is considered that in Belarus is implementing non-discriminatory tax policy, because the tax rates are clearly defined: social security contributions – 34%, corporate income tax – 24%, immovable property tax – 1%, obligatory insurance for work accidents – 1%, land Tax – depends on cadastral values, ecological tax – varies, value added tax 20%. The main issue of the tax paying is the total time spent for paying the taxes – 338 hours.

A factor that promotes economic growth and reduces competition is use of modern technologies in production. New technologies, such as internet, are giving new possibilities and challenges for foreign investors. An internet-based approach to environmental scanning has been used by R. Decker, R. Wagner, S.W. Scholz. It has to be understood that technology development most often takes place in developed countries, whereas in developing countries an attractive investment environment has to be created to attract foreign investors of this field. A successful introduction of new technologies, that are the driving force of economics, is not possible without qualified workforce. It is one of the most important factors that promotes investment flow because only a qualified workforce can effectively put in use the acquired technologies and skills. It has to be stressed that, unlike developed countries, developing countries are more interested in entry of multinational enterprises because, first, they are highly technologically advanced promoting formation of new enterprises, and, second, activity of such an enterprise in a country indicates level of economic growth creating inflow of foreign investments (Agmon and Hirsch, 1979). Such investments are crucial for transition economies.

Expansion of activity in foreign countries is one of the possible ways to improve an enterprise's profit indicators because in this way the size of available target market expands as well. Of course, an effective market acquisition mostly depends on 1) the field represented by enterprise 2) development possibilities in the chosen country. This aspect will be visible in country's development plan. Country's priority fields will be supported, therefore there will be bigger chances for successful development and profit 3) the overall demand for the product.

Undeniably, manufacturers of unique products, or enterprises which have a relevant predominance in technology usage that can lead to monopoly, have bigger advantages. An enterprise can make a decision to expand its activity in foreign countries on basis of indirect factors: overproduction or decrease of consumption level in the original market. Of course, an important aspect of formation process of production price is production costs. If components in production countries become more expensive and enterprise's competitiveness is decreasing, it has to seek less expensive production possibilities. One of the options is to begin production in a comparatively low-cost country, thus maintaining previous quality and original market share. Therefore, choosing an enterprise's location is a strategic decision that has a direct impact on costs. Cost optimization and increase of enterprise's profit are directly linked with infrastructure which ensures effective access to target market.

However, economic policy implemented in enterprise's manufacturing home country is not the only thing that has an impact on enterprise's expansion in foreign countries. This decision can also be affected by import country implementing high import duty policy, thus promoting transfer of product manufacture to their country. After that import would decrease, balance of payments would improve, and product would be presented as a local production. This also demonstrates a country's economic advantage in attraction of foreign investments.

## **2. Advantages and drawbacks of joint venture as a form of foreign entrepreneurship**

Considering the above mentioned, it is in the interests of a country to attract foreign investments, especially in the field of technologies thus increasing competitiveness both on the level of region, and enterprise. The main gains from foreign investment are 1) higher degree of foreign capital investment 2) new employment possibilities 3) know-how transfer. Therefore from Belarus perspective it is important to encourage foreign investment in a form of joint venture. At the same time provide respectively conditions for foreign investors. The purpose of foreign investment from Belarusian point of view is to ensure technological development of their production sector, but for EU – to cut the cost of production.

Important factor is that if investments are used in the field of technologies, it increases productivity of the whole industry. Those are enterprises with technological advantages that cause economic contradiction. It has to be noted that foreign investments often mean an increase in competition in the investment-receiving country which can have a positive effect as it promotes growth of a certain field; however, there is also a threat that, if the technological and financial advantage is remarkably large, the foreign investor can create a state of monopoly (Nielsen, Madsen and Pedersen, 1994). However, there can also be an opposite process when, upon entry of a foreign entrepreneur, the current state of monopoly is disrupted because, with the help of technological advantages, a more effective resource use can be achieved which means lower costs and a more available product/service to consumers. Economic policy, successful liberalization process, transparent and non-discriminatory tax policy implemented in a country can favour investment attraction. However, decision about foreign direct investments has to be made by an enterprise after evaluating possible control forms over financial assets, technologies, information and

## RECENT ISSUES IN ECONOMIC DEVELOPMENTS

production operations, as well as a risk factor – investment amount which the enterprise is ready to risk with (Zhang, Zhang and Zhixue, 2007). Undoubtedly, there are several options for entrepreneurship expansion; however, when forming a fully managed enterprise in a foreign country, costs might be higher than creating a joint venture. It means that investor has to take full responsibility for all decisions; furthermore, it has to be considered that every entrepreneurship environment has its own specifics, and that is one of the reasons why enterprises often decide in favour for a joint venture.

Joint ventures are analysed in different ways but the main problem is the benefit of creating a joint venture instead of entering a target market independently. Those aspects are analyzed by such authors as A. Rubinstein or J. Sutton in 1980's but P. Sercu and R. Uppal are trying to show different varieties of agreements and their impact on gains of companies (Sercu, Uppal, 1993, p.4). The joint venture will be successful only if the gains from a joint venture are bigger than the gains by functioning separately:

$NPV_{JV} - (NPV_A + NPV_B)$  where NPV is the net present value. Each company (A and B company) has its own NPV and the gains from joint venture are split equally:

$$A \text{ company gets } NPV_{A+} (\text{synergy}/2) = NPV_A + (NPV_{JV} - (NPV_A + NPV_B))/2$$

Joint ventures involve the transfer of capital (from capital abundant countries) and traditionally are involving workforce and technology transfers from foreign partners to local companies as well. Main role of a local enterprise can be the adaptation to local conditions and risks.

The authors of this paper consider that such treatment of a joint venture could be attributed to the case of Belarus, with some particularities in mind 1) This country is abundant in labour force and some resources, 2) Belarusian market can have a big potential in terms of purchasing power in the future, 3) Political restrictions are very important.

As every entrepreneurship form, joint venture also has its advantages and drawbacks. One of the biggest problems when starting a joint venture is agreeing upon allocation of amount of financial resources that each party should invest and shares, which is important when it comes to dividing profit. It does not exclude possible future conflicts between partners. At the same time, one of the biggest advantages of a joint venture is its liquidity. First of all, units of enterprise can be easily sold, and formalities can be settled relatively quickly, as opposed to dividing a fully managed enterprise in separate units. Furthermore, is it equally important that this process does not affect enterprise's activity. Second, from the point of view of marketing, domestic products are valued much higher than imported products (there are exceptions for certain product groups, but a joint venture is the mean where both local and foreign demands are met.) A joint venture holds a lower risk to lose invested capital, as compared to a fully managed enterprise. In decision-making this form of entrepreneurship can not be as flexible as others which can ensure long-term growth because decisions that would be unfavourable for either of the parties are not made.

Establishing an international joint venture gives country a chance to promote competitiveness by adopting production technologies. Therefore, one of the risk factors of a joint venture is to "hand over" this knowledge to another partner. Thus, we can deduce that enterprises with highly advanced technologies would not choose joint venture as a form of expansion. Technology stealing negatively affects enterprise expansion and production costs (Smarzanska, Wei, 2000) because an additional protection system is created that can reduce the expected market share. Besides, there is still the already-mentioned political risk that an enterprise can become nationalized. This mainly refers to countries with a non-democratic regime, including Belarus which will be analysed in the subsequent sections.

Regarding specifics of this publication – analysis of joint venture as the most popular form of foreign entrepreneurship in Belarus (2300 of 4000 enterprises are joint ventures (Official Website of the Republic of Belarus) – presence of corruption and its impact on foreign investments has to be considered as well.

### **3. Corruption as obstacle for foreign entrepreneurs for formation a venture in Belarus**

One of the most known description of corruption is made by World Bank (World Bank, 2000, p. 1) which proposes to divide the corruption in 2 groups: 1) State capture (physical or legal person's activities in the public or private sector that influence the creation of law, legal acts or governmental policies for personal gain); 2) Administrative corruption (intentional distortion of existing law or roles that benefit public servants or functionaries).

The most appropriate analysis of corruption, also in the case of Belarus, is given by R. Karklins who studied the ways of corruption inherent for the countries previously coming from a planned economy model and countries of CEE (Karklins, 2002). She is proposing 16 kinds of corruption, divided in 3 groups: 1) corruption on the lowest level of administration, 2) enrichment of functionaries, 3) State capture *de facto* by corrupted networks.

Taking as background the formula of corruption given by R. Klitgaard (see f.ex., Karklins, 2002, p. 22):

$$\text{Corruption} = \text{Monopoly} + \text{Discretion} - \text{Accountability},$$

UNDP proposes to add some elements to this formula (UNDP, 2004, p. 2):

$$\text{Corruption} = (\text{Monopoly} + \text{Discretion}) - (\text{Accountability} + \text{Transparency} + \text{Integrity}).$$

Analyzing the factors promoting the development of corruption, O. Vidlakova (Vidlakova, 2004) is outlining the specifications of transition economies and shows that the corruption has a favourable environment if the country has: 1) Tyranny in politics, 2) A significant level of poverty and a large difference of income between poor and rich people, 3) Administrative system is not functioning properly.

O. Vidlakova insists that the bigger and more complex an administrative system would get, the more it would promote the corruption. R. Karklins (Karklins, 2002) adds that the transition countries have systematic characteristics of previous and transition periods existing at the same time as a factor for the corruption. The World Bank (World Bank, 2000) says that everywhere – especially in the transition countries – the experience of democracy is important. First, the earlier government changes would be, the smaller are possibilities to develop corruption. Second, the slowdown of foreign investments is an indirect developer of corruption because with the arrival of international corporations higher and stronger standards are brought too.

Certain authors are showing the correlation between the corruption and trade (P.J. Beck, M.W. Mahler, A.E. Tschoegl), certainly between corruption and government expenditures (P. Mauro, V. Tanzi, H. Davoodi), but most of the authors interested in our field of research are describing the correlation between corruption and investments. Main authors analyzing the corruption as one of causes to limit the entry of foreign investments are P. Mauro (Mauro, 1998), S.J. Wei (Wei, 2000) and J.G. Lambsdorff (Lambsdorff, 1999). U. Myint (Myint, 2000) is putting the accent on the economic consequences provoked by corruption in the national economy.

Authors of this research paper are proposing a table showing the main consequences of corruption, identified by the World Bank and by U. Myint, leaving impact on Belarus economy:

Table 2. Consequences of corruption on national economy

<i>Consequences identified by World Bank *</i>	<i>Consequences existing in the case of Belarus</i>	<i>Consequences identified by U. Myint **</i>
<ul style="list-style-type: none"> <li>- Growth of the shadow economy</li> <li>- Weakness of the financial system</li> <li>- Changes in amount and structure of governmental expenditures</li> <li>- Insufficient resources for the functioning of the State</li> <li>- Limitations for trade</li> <li>- Growth of unequal distribution of income and poverty</li> <li>- Decrease in inner and foreign investments</li> <li>- Decreased trust in the State</li> <li>- Slowed economic growth</li> </ul>	<p>Growth of the shadow economy</p> <p>Weakness of the financial system</p> <p>Concentration of political power</p> <p>Concentration of resources</p> <p>Price and wage control</p> <p>Inequality of income</p>	<ul style="list-style-type: none"> <li>- Growth of shadow economy (grey and black); as a result trust in statistical macroeconomic data is diminished</li> <li>- Budget receipts decrease because of insufficient tax payment and inefficient budget expenditures</li> <li>- Price control, subsidies and deformation of the supply-demand mechanism</li> <li>- Growth of income inequality</li> <li>- Apparition of specific consumption (new riches)</li> <li>- Inner and foreign investment decrease</li> <li>- Difficulties to execute economic reforms because of a weak competition and concentration of power</li> </ul>
+		
<p><b>Consequences identified by UNDP***:</b></p> <ul style="list-style-type: none"> <li>- Inadequate distribution of resources</li> <li>- No effective execution of legal acts</li> <li>- Rise of public lawlessness</li> <li>- Dissension in the society and violation of human rights</li> </ul>		

*Source:* authors made: \*World Bank, 2000, P.18-22;\*\* Myint, 2000, P.46-52;\*\*\*UNDP, 2004, pp. 3-4.

Furthermore, it leaves a negative effect on an enterprise's reputation which is an important aspect in the process of expansion. Of course, corruption is not just an ethical factor, it directly affects total costs; therefore, presence of corruption can negatively affect competitiveness.

#### 4. Advantages of Belarusian economics within the aspect of foreign entrepreneurship expansion

The final decision about the form of foreign venture is made by company considering promoting and obstructive factors of country. Therefore authors made a table for initial analysis of the business environment in Belarus, to make more precise conclusions.

Table 3. Initial analysis of the business environment in Belarus for foreign entrepreneurs

<i>Business promoting factors in Belarus</i>	<i>Business obstructive factors in Belarus</i>
Low political risks	Political regime dictatorship
Non-discriminating business environment	Unstable economic system
Special economic zones	Problematic access to resources/infrastructure
Custom Union	Slow privatization process
Affordable workforce	State-owned industries

*Source:* table made by the authors, information gained from literature review used in publication

After analysis of Belarusian entrepreneurship environment, it has been concluded that regardless the slow economic liberalization, it has several important advantages that favour foreign investment inflow in the economics. Political regime has a fundamental impact on foreign entrepreneurship – if a country's political system, even if it is a dictatorship, is stable, it is a contributing factor. At the same time it is important to consider that for countries like Kazakhstan, Russia and China, where the index of economic freedom is respectively – 63.0, 51.1, 51.9 (Index of Economic Freedom, 2013), the understanding of political restrictions, because of political regime in their states, is different compared to EU countries. Therefore entrepreneurs possibilities of corporation with Belarusian entrepreneurs see from different perspective (Kaufmann, 1997). The authors consider that it is because of similarities of the political conditions. Putting political regime aside, Belarus has some advantages that make foreign investors choose this country to expand their business in.

1. Before the 2011 currency devaluation, the stable political environment was considered to be one of the biggest advantages of Belarus. During years of crisis, in 2009 Belarusian economic policy was considered to be successful; that was demonstrated by a steady GDP growth.
2. Its geographical disposition (bordering with the EU) makes it neighbouring country of the EU, therefore "neighbour policy" is applied, promoting cooperation. Belarus is seen as a bridge that connects Russia and the EU.
3. Customs union with Russia and Kazakhstan. Russia joining WTO might cause some problems. Ratification process is currently underway in the organization. Russia met all commitments in July 21, 2012 and joined on August 22.
4. Export oriented economics. Export makes up 60% of GDP (KPMG, 2009).
5. There are six free economic zones in Belarus: *Minsk, Grodnoinvest, Brest, Vitebsk, Mogilev, Gomel-Raton*. To attract investors *Belarusian High Tech Park* has been created. By investing in this project, enterprises are exempted from profit, added value, land, and real estate taxes. By investing in *Belarusian High Tech Park*, an investor is exempted from paying the indirect added value tax which in Belarus is 20% on average (Official Website of the Republic of Belarus) (at the same time, the biggest benefit is the direct tax allowance because it refers to tax payer him/herself: profit,



## RECENT ISSUES IN ECONOMIC DEVELOPMENT

land, and real estate taxes). Allowance of the indirect VAT makes price of a product more appealing to consumers.

6. Cheap and qualified workforce is considered to be one of the most important advantages. This factor asks for a more profound analysis:
  1. From 2011 unemployment level in Belarus is below 0.6%; therefore it can be considered that there is practically no unemployment (National Statistical Committee of the Republic of Belarus).

Table 4. Number of unemployed registered with agencies for labour, employment and social protection

<i>Year</i>	<i>Unemployment rate (annual %)</i>	<i>Year</i>	<i>Unemployment rate (annual %)</i>
2000	2.1	2006	1.1
2001	2.3	2007	1.0
2002	2.9	2008	0.8
2003	3.1	2009	0.9
2004	1.9	2010	0.7
2005	1.5	2011	0.6

*Source:* National Statistical Committee of the Republic of Belarus

If there is no unemployment, as it can be seen in *Table 4*, then there are also no specialists who could work in the new enterprises. This means that foreign specialists are needed to actualize foreign investments.

2. Procedures that foreign workers are obligated to accomplish to be able to work in Belarus are complicated and incomprehensible.

There are also no established criteria by which Ministry of Foreign Affairs of Belarus makes a decision to issue a work permit. If a positive decision is made, a work permit is issued for a period of five years which can be extended after employer has repeated all of the procedures accomplished before. This incomprehensible bureaucracy is one of the factors which stimulates a foreign investor to establish a joint venture despite their technological advantages.

3. An employer in Belarus pays 35% in taxes for one employee which considerably increases total costs. Besides, costs themselves do not provide advantages; an important factor is economic regulation policy implemented in the country. In Belarus, regardless whether it is a private or a state enterprise, salaries, as well as promotion or demotion procedures are determined by the government. This is one of the obstacles that delays foreign enterprise expansion in the country.

As showed in *Table 5* “Average salary comparison between EU-12 and New Member states of EU 2004 and Belarus” that there is great gap between income level in Belarus compared to EU countries, of course the greatest gap is between old EU countries compared to member states of 2004 enlargement.

Table 5. Average salary comparison between EU-12 and New Member states of EU 2004 and Belarus

Year	Belarus average wage (thsd. rubles)	Belarus average wage (Euros)	EU-12 average wage – net earnings (Euros)	Belarus average wage compared to EU-12 (%)	EU new 2004 member states average wage – net earnings (Euros)	Belarus average wage compared to EU new member states (%)
2003	250.7	108.6	1495.5	7.3	387.8	28.00
2004	347.5	129.3	1527.0	8.5	410.4	31.51
2005	463.7	173	1555.9	11.1	455.9	37.95
2006	582.2	216	1590.2	13.6	482.1	44.80
2007	694	236	1640.5	14.4	536.4	44.00
2008	868.2	277.9	1700.1	16.3	465.6*	59.69
2009	981.6	253.3	1725.0	14.7	533.6*	47.47
2010	1217.3	308	1774.5	17.4	555.5*	55.45
2011	1899.8	319.2	1822.4	17.5	578*	55.22

\*Results without data of Cyprus

Source: Eurostat; National Statistical Committee of the Republic of Belarus

In January 2008 law "On labour and social protection" was established – minimal wage was defined – BYR 258600 (EUR 59.26) (European Federation of Public Service Unions), at the same time establishing 27 points that define procedure for determining wages (the tenable position, industry, level of technical qualification etc.). This law also establishes a norm which defines the admissible salary difference – the salary of the highest-paid employee can be no more than 7.84 times bigger than the salary of the lowest-paid employee. Thus, if an employer hires an employee for the minimal wage, then the enterprise's director can receive BYR 2,027,424 (EUR 464.45) a month (calculations made according to BYR exchange rate of the Bank of Latvia – 0.000161). As pointed out in UN project "Investment Policy Review – Belarus", this established norm can be considered an obstacle for foreign investors who wish to expand their activity in Belarus, stressing that in this way attraction of high level specialists is made difficult because one of the main factors is the amount of salary. However, this statement cannot be fully agreed with because, first of all, this norm shows that it is in Belarus' interests to attract foreign investors to itself as a country with a cheap workforce in long term. Second, it promotes joint venture as the predominant form of foreign entrepreneurship because, by expanding their entrepreneurship, investors from developed countries will attract the maximum local enterprises as their salaries will be more competitive. Third, this norm promotes growth of the private sector in general. There has not been a norm that would prescribe that an employee should receive the minimal wage; therefore total salary fund for specialists can be increased, differentiating jobs that do not require qualified workforce (cleaners can be attracted from outside). An outsourcing would occur.

It is in the interests of Belarus to be competitive, putting an emphasis on products produced with a high added value. It can be concluded that, as a result of this legal norm which determine wage, advantage of cheap workforce will be lost in long term.

While getting to know advantages of Belarus, flaws or obstacles to development of entrepreneurship also have to be analysed. A study performed by World Bank among small and medium-sized enterprises, individual merchants and State-owned enterprises has shown results that are also of interest for foreign entrepreneurs, regardless the chosen form of

entrepreneurship. 62.3% of respondent enterprises admitted that the biggest obstacle for growth of private sector is tax burden, 41.5% said that it is the availability of estate, 40.8% – receiving entrepreneurship permit, 30.8% – state institution controls, 30.7% – corruption, 24% – tax use and administration (World Bank Group, 2010). This study also confirms what other studies have already pointed out – Belarus has complicated tax system.

### **5. Liberalization process of economics and its impact on attraction of foreign investments in Belarus**

Economic policy implemented in country is one of the factors that have an impact on choosing a form of activity expansion. One of the methods for attracting foreign investors, especially to authoritarian countries, is liberalization of economics which the government of Belarus has been implementing for the last five years with the aim to create an attractive investment environment which would favour growth of foreign entrepreneurship in the country. Growth of GDP has to be promoted as a result of structural reforms rather than on the basis of resources (Lora, 2001). It would increase effectiveness of economics, improve indicators of economic growth, and re-orientate use of resources.

One of the basic elements of liberalization process is privatization, because private property is at the basis of free economics. Privatization in Belarus has different characteristics. In this case, the main goal is to increase production effectiveness that would favour forming of an attractive investment environment that would stimulate attraction of foreign investors. Privatization is seen as an instrument that will attract strategically thinking investors who can ensure good conditions, use of new technologies, new management methods, and new approaches to market, but in Belarus there is a not free-market relationship as Europeans would understand. Privatization in Belarus is seen as a structural instrument that the country uses controlling its property to improve tax policy, create new jobs, fill the market with Belarusian production and services both in short and long term.

The first privatization plan in Belarus was realized in 2008 when it was planned to hand over 155 State-owned enterprises for privatization. However, that did not bring the expected income – only 9 enterprises were sold for a total of 1.12 billion EUR. In 2011 a new 2011 – 2013 privatization program was developed which expected to hand over 244 state enterprises for privatization. The expected income was not gained this time either. Information obtained in April 2012 shows that 39 enterprises for a total of 32 million EUR were privatized, and 893 abandoned production plant territories for a total of 15.7 million EUR were sold (Solidarity with Belarus' Information Office). If a country has owned at least 893 abandoned production plant territories, which points to ineffective use of available resources, it raises a question about the effectiveness of economic policy implemented in the country. Selling State-owned infrastructures can be considered to be a promoting factor for the entrepreneurship sector. There are several reasons for that 1) investors receive a positive signal about liberalization of economics, 2) state enterprise maintenance costs decrease 3) country's costs for maintaining enterprises increase, 4) emergence of new enterprises can affect increase of workforce qualification which, however, would increase field's competitiveness.

Aspects of economic policy implemented in Belarus favour *spreading/popularity* of joint ventures as a form of entrepreneurship of foreign investors. The liberalization process that has been set in motion corresponds to a time when foreign investment inflow is quickly growing in Belarus.

Table 6. Growth of GDP in Belarus, analysis of interaction of Corruption Perceptions Index and foreign direct investments from 2005 to 2010

<i>Year</i>	<i>Growth of GDP %</i>	<i>Corruption Perceptions Index</i>	<i>FDI investments EUR</i>	<i>Percentage changes FDI (compared to</i>
2005	9.4	2.6	255,346,000	-
2006	10	2.1	269,571,000	5.6%
2007	8.6	2.1	1,226,075,360	380.2%
2008	10.2	2	1,614,952,360	532.6%
2009	0.2	2.4	1,291,567,760	405.8%
2010	7.7	2.5	1,052,661,120	312.2%
2011	5.3	2.4	3,065,877,360	1100.7%

*Source:* World Bank data, Corruption Perceptions Index.

Statistical data proves that foreign investment flow has been an insignificant factor in economics of Belarus until 2007, when liberalization of economics, which favoured investment attraction, begun. However, it still needs to implement a chain of reforms to make the investment environment even more attractive, and promote the country's economic growth by effectively making use of advantages brought in by foreign entrepreneurs. It means that the private sector has to be stimulated. The national economics will benefit from foreign investments only if there is cooperation between domestic and foreign enterprises. One of the priorities of the government of Belarus is to increase the amount of investments. It has been declared that foreign investors have access to all fields of economics except weapon manufacture and production of narcotic substances, as indicated in "Investment Code of the Republic of Belarus, June 22, 2011, No.37-3". The government of Belarus has ensured equal rights for both local and foreign enterprises in the open fields. Belarus is the only CIS country which has joined the Investment Code which regulates both national and international investments in the country, guaranteeing property rights for investors. Regardless of several foreign investment limitations, this code prohibits to define amount of investments and form of entrepreneurship. However, Belarus uses other economic policy instruments that affect form of foreign entrepreneurship.

In 2007 the amount of foreign investments increased by 380.2% in EUR which can be explained by, first, credit rating that was granted to Belarus and which indicates to the country's economic stability, and, second, a Russian-Belarusian joint venture formed by *Gazprom* and *Beltransgaz* for the largest amount of deal in the history of Belarus – 1.7 billion EUR which Belarus will receive over a period of four years (Dimireva, 2009). Continuing analysis of foreign investments, it has to be deduced that 2009 and 2010 has been with a minus, but that can be explained 1) aspects of the global financial crisis 2) the unsuccessful privatization process. Whereas in 2011 there was a significant foreign investment inflow in the amount of 1100.7% compared to 2005 at the basis of which was the expanded due to privatization process.

In case of Belarus, the presence of corruption does not have a direct impact on the country's economic growth and amount of foreign direct investments. The best situation in corruption combat has been in 2005 when the corruption indicator was 2.6 points. Regarding the amplitude of results (1 - 10), reduction by 0.5 points is significant; however, in 2007 the amount of investments increased by 380.2%. One of explanations for such an increase is *Gazprom* entry in Belarus in form of a joint venture. Moreover, it has to be noted that the biggest investor in Belarus is Russia which also has a high level of corruption, thus we can conclude that corruption is not an obstacle at all for investment donor countries where this

parameter is high. Although a view among authors (Kholdv and Sohrabian, 2008) holds that presence of corruption has an impact on choosing a form of entrepreneurship expansion (Smarzynska and Wei, 2000), complete data cannot be obtained because there are countries, including Belarus, which in legislation have defined fields that have a certain admissible amount of foreign investments and form of management. Although there was an investment inflow, it did not stop the recession of GDP – the growth dropped from 10% in 2006 to 8.6% in 2007. Enterprises that have attracted foreign investments employ 10% of employees, as well as make up 10% of GDP. These enterprises also make up 15% of the total export and 20% of the total import (Zashev, 2006). However, it should be noted that data often do not show the actual correlation between corruption and foreign investments.

Growth of private sector in general is a factor that attracts foreign investments, but in Belarus it is relatively weak. In development of small enterprises (up to 49 employees) there are 6.1 enterprises on 1000 inhabitant (compared to the EU – 39.1, Individual merchants – 22.3 – 39.1 in the EU). Although initially we could declare that enterprises in Belarus could be larger, it is refuted by further data in this study that show that enterprises with more than 10 employees contribute 8.4% to the GDP (World Bank Group, 2010).

## 6. Factors influencing choice in favour of joint venture as a form of foreign entrepreneurship for expanding activity in Belarus

From Belarus point of view, the main goal in promoting joint ventures is cooperation with foreign investors. Conditions for expanding foreign entrepreneurship are 1) introducing new technologies, 2) preserving Belarusian enterprise profile 3) increasing production amount.

Preference is given to expanding those enterprises that will attract other Belarusian enterprises to production. This condition is a delaying factor because analysis Belarusian market and enterprises is a time-consuming process, besides, the existing political regime in which the credibility of information might be questioned, has to be considered as well. Analysis of Belarusian economics and the particular sector can show ways how to lower production costs and receive tax allowances.

However, an important factor for foreign investor is freedom of business.

Table 8. Dynamics of Index of Economic Freedom in Belarus from 2005 to 2011

<i>Year</i>	<i>Index of Economic Freedom</i>	<i>Business Freedom</i>	<i>Trade Freedom</i>	<i>Investment Freedom</i>	<i>Property Rights</i>	<i>Freedom from Corruption</i>	<i>Labour Freedom</i>
2011	47.9	70.6	80.3	20	20	24	82.3
2010	48.7	72.1	80.3	20	20	20	84.8
<b>2009</b>	<b>45</b>	<b>63.7</b>	<b>67.2</b>	<b>20</b>	<b>20</b>	<b>21</b>	<b>70.8</b>
<b>2008</b>	<b>45.3</b>	<b>58.8</b>	<b>52.2</b>	<b>20</b>	<b>20</b>	<b>21</b>	<b>68.6</b>
2007	47	55.7	67.2	20	20	26	68.2
2006	47.5	54.4	67.2	30	30	33	68.2
2005	46.7	40	69	30	30	42	72

Source: Index of Economic Freedom

Since 2005 the situation has not changed radically, and a stricter government policy that would limit entrepreneurship has not been observed in 2008 and 2009. On the contrary, we could say that business freedom has only increased; that can be explained with the

## RECENT ISSUES IN ECONOMIC DEVELOPMENTS

liberalization process begun in 2007. In the period from 2005 till 2011 the biggest improvements could be seen in sectors of entrepreneurship and trade which is a proof that the private sector is forming. However, at the same time investment freedom is being limited. This means that Belarus, despite the liberalization process underway, determines fields the development of which is necessary for economics of Belarus.

It can be explained by the fact that the largest part of industries are under government control, and impact of the private sector is not significant. One of the biggest obstacles is limitations in private property; foreign companies are not allowed to own a property, therefore this aspect promotes spreading of joint ventures as a form of entrepreneurship. In this way entry of enterprises which use new technologies is prevented, because property rights are related to business risk of losing all investments. Thus, as looked at before, it is in the interests of such enterprises to form fully managed enterprises in foreign countries as well, but the restriction to purchase a property might make the enterprise to choose to expand its activity in other country rather than Belarus.

We can be concluded that, as compared to the private sector, state managed enterprises are more satisfied with the business environment. Biggest problems are considered to be:

1. opportunities to get financing;
2. lack of transparency of Belarusian legislation, the fact that economic policy implemented by the government does not promote growth of the private sector, and the time-consuming and complicated entrepreneurship licensing process;
3. decisions made by government representatives that regulate entrepreneurship was evaluated as the worst of all.

## Conclusions

On the basis of afore mentioned, it is in the interests of Belarus to promote forming of joint ventures by cooperating with foreign investors. However, from the point of view of foreign investors, formation of joint ventures is negatively affected by several factors.

1. The current political regime does not promote international cooperation.

Investment problems in Belarus are related to the political regime because, as it was ascertained before, low political risk is one of the main factors that will make an entrepreneur to choose in favour for investing in a certain country. Regarding the above, we can conclude that political regime undoubtedly has an impact on economic growth of country as well as that democracy cannot be considered the core element of steady economic growth. Democracy is not a determinant factor for economic growth and it has to be acknowledged that, if a suitable economic policy is implemented, then the growth can successfully occur in dictatorship as well. Therefore entrepreneurs from the states with similar political regime and tendencies of economic development like Russia, Kazakhstan and China can develop business relationships and dictatorship is not seen as obstacle.

2. Devaluation executed in May 2011 has established certain changes. Economic stability of Belarus cannot be considered an advantage anymore.

Investment problems have become more apparent because of devaluation which is an indicator of economic instability and is also the reason for credit rating falling from B+ to B-. It has to be considered that financial resources for entrepreneurship expansion are often loaned from banks, thus Belarus as a country has a high level of risk that can have a negative effect on the entire foreign investment flow.

3. Political instability, high political risk, and the growing dependence on Russia do not favour entrepreneurship growth. As a result of the global financial crisis, there is now a situation in which sovereignty of Belarus is swayed. Moreover, this situation is

increasing Russia's role and power in the global processes.

4. The EU sanctions against Belarus. It has to be mentioned that it also affects economics of the EU member states.

5. International relationship in details between China and Belarus has not been analysed in this publication, it has not mentioned in table for foreign investment structure. But it is an important aspect how China is applying the cautious EU policy in cooperation with Belarus, especially in a situation when obstacles for economic cooperation between the EU and Belarus are in the form of sanctions. Recipient trade in 2009 was 1.7 billion Euro which increased for 675,360 Euro in 2010 when new bilateral agreements were signed. Regarding that Belarus' GDP in 2010 was 98.4525 billion Euro, we can maintain that China's investments make up for 5% of the total amount (Rousseau, 2012).

The main factors promoting cooperation and investment inflow for EU investors are:

1. Belarus' market with population of 9.5 million and the established customs union with Russia and Kazakhstan which is a strategic partner for economic growth of the EU and expansion of outlet.
2. The vast outlet and Belarus' political activities are within the field of attention of the EU, especially after 2004 enlargement when Belarus became a neighbouring country. At the same time, economic cooperation has only increased, as demonstrated by growth of trade amount – in 2010 it made up 19.4% of the total foreign trade, in 2011 – 24.2% (National Statistical Committee of the Republic of Belarus).
3. It is vital for the economic growth of the EU to promote trade, especially in the circumstances of the global crisis, because customs duty is one of the most essential contributions to EU budget. EU keeps 25% of customs duty on import (European Commission).
4. The complicated tax system encourages foreign investors to choose joint venture as a form of entrepreneurship expansion. There are a lot fully managed foreign enterprises in *High Tech Park* because it has been created purely for this purpose, and there is an alleviated tax system which is easy to understand for foreign entrepreneurs.

Belarus is an example of how to promote a joint venture as a form of foreign entrepreneurship. Investment attraction benefits the country, a joint venture promotes the technological advance of a field. It is the privatization process that could positively affect the foreign investment flow, using State-owned unmanaged production infrastructures. Belarus' current economic policy does not speak for a successful and stable investment environment. This is why Belarus' current economic policy is disposed towards solving internal issues, at the same time investment flow from developed countries is not being promoted, quite the contrary – high level of corruption, delay of privatization process, and decrease in labour freedom cannot be considered an attractive investment environment that would favour increase of the country's competitiveness and technological advantage in the region that, however, would ensure a more effective use of customs union.

## References

- Agmon, T., Hirsch, S. (1979), Multinational Corporations and the Developing Economies: Potential gains in a World of Imperfect Markets and Uncertainty, *Oxford Bulletin of Economics & Statistics*, Vol. 41, Issue 4, November, pp. 333-334.
- Dollar, D., Driemeier, H.M., Mengistae, T. (2005), *Investment Climate and International Integration*, The World Bank, p. 35.
- Dunning, H.J. (1997), *Governments, Globalization and International Business*, Oxford University Press, p. 518.

- Kaufmann, D. (1997), Corruption: The Facts, *Foreign Policy*, No. 107, Summer, pp. 114-131.
- Karklins, R. (2002), Typology of Post-Communist Corruption, *Problems of Post-Communism*, Vol. 49, No. 4, July/August, pp. 22-32.
- Kholdy, S., Sohrabian, A. (2008), Foreign Direct Investment, Financial Markets, and Political Corruption, *Journal of Economic Studies*, Vol. 35, No. 6, pp. 486-500.
- Lambsdorff, J.G. (1999), Corruption in Empirical Research, *A Review. 9<sup>th</sup> International Anti-Corruption Conference*, Durban, South Africa, 10-15 December, p. 18.
- Leftwich, A. (1996), *Democracy and Development – Theory and Practice*, Polity Press, 301 lpp.
- Mauro, P. (1998), Corruption: Causes, Consequences, and Agenda for Further Research, *Finance & Development*, March, pp. 11-14.
- Mucchielli, J.-L., Mayer, T. (1998), Les déterminants des investissements directs à l'étranger: Les choix IDE (Exportations et les choix de localisation dans les modèles récents), *Connaissances économiques. Approfondissements*, Paris, Economica, pp. 307-325.
- Myint, U. (2000), Corruption: Causes, Consequences and Cures, *Asia-Pacific Development Journal*, Vol. 7, No. 2, December, pp. 33-58.
- Nielsen, M.U.J., Madsen, S.E., Pedersen, K. (1994), *International economics – The Wealth of Open Nations*, McGraw-Hill, p. 252.
- Pinho, C.J. (2007), The Impact of Ownership – Location-Specific Advantages and Managerial Characteristics on SME Foreign Entry Mode Choices, *International Marketing Review*, Vol. 24, No. 6, pp. 715-734.
- Rostow, W.W. (1990), *The Stages of Economic Growth – a Non-communist Manifesto*, Cambridge University Press, p. 272.
- Šavriņa, B. (1999), Starptautiskās ekonomikas studijas un attīstīto valstu pieredzes apguve (Francijas piemērs kapitāla eksporta un ārzemju investīciju regulēšanā), *Profesionālā ekonomiskā izglītība: problēmas un risinājumi*, Rīga, Banku augstskola, pp. 76–82.
- Šavriņa, B., Grundey, D. (2008), The Impact of Economic Receptiveness to Economic Development of Central and Eastern European Countries, *Transformations in Business & Economics*, Vol. 7, No. 2(14), Supplement B, pp. 20-33.
- Sercu, P., Uppal, R. (1993), Negotiation, Valuation, and Tax Planning for International Joint Ventures: an Integrated Approach, *Departement toegepaste economische wetenschappen. Onderzoeksrapport*, Nr 9311, Katholieke Universiteit Leuven, p. 12.
- UNDP (2004), *Anti – Corruption. Practical Note*, UNDP.
- Vidlakova, O. (2004), *How to Fight Corruption with Particular Reference to the EU Accession Countries*, p. 16.
- World Bank (2000), *Anticorruption in Transition. A Contribution to the Policy Debate*, Washington, World Bank, p. 133.
- Wei, S.J. (2000), How Taxing is Corruption on International Investors?, *The Review of Economics and Statistics*, Vol. LXXXII, Number 1, February, p. 11.
- Zhang, Y., Zhang, Z., Zhixue, L. (2007), Choice of entry modes in sequential FDI in an emerging economy, *Management Decision*, Vol. 45, No. 4, pp. 749-772.
- Annual net earnings, Eurostat  
[http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=earn\\_nt\\_net&lang=en](http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=earn_nt_net&lang=en),  
 17.01.2013.
- Annual percentage growth rate of GDP, The World Bank:  
<http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG>, 17.11.2012
- Belarus Attempts to Become the Eastern European Bangalore, Outsourcing Center  
<http://www.outsourcing-center.com/2005-03-belarus-attempts-to-become-the-eastern-european-bangalore-article-37905.html>, 14.11.2012.
- Belarus, Doing Business:



- <http://www.doingbusiness.org/data/exploreeconomies/belarus/paying-taxes/>, 06.05.2013.
- Business case studies in Belarus*, Official Website of the Republic of Belarus: <http://www.belarus.by/en/business/case-studies> 05.08.2012.
- Business Environment in Belarus 2010, Survey of Small and Medium-sized Businesses, *Analytical Report*, Investment Climate Advisory Services, World Bank Group, 2010.
- China's Growing Economic Presence in Ukraine and Belarus, Richard Rousseau (2012), *Strategic Analysis*, Vol. 36, No. 1, January, pp. 18-22.
- Corruption Perceptions Index (CPI)*, Transparency International, [http://www.transparency.org/policy\\_research/surveys\\_indices](http://www.transparency.org/policy_research/surveys_indices), 27.04.2011.
- Dimireva, I. (2009), *Belarus Investment Climate 2009*, <http://www.eubusiness.com/europe/belarus/aggregator/invest>, 02.05.2011.
- Exchange rates BYR/Euro 2002-2010*, Currency Converter, <http://fxtop.com/en/historical-exchange-rates.php?YA=1&C1=EUR&C2=USD&A=1&YYYY1=2003&MM1=01&DD1=21&YYYY2=2013&MM2=01&DD2=21&LANG=en>, 17.01.2013.
- The financial framework sets out the budget's spending priorities*, European Commission: [http://ec.europa.eu/budget/explained/budg\\_svstem/financing/fin\\_en.cfin](http://ec.europa.eu/budget/explained/budg_svstem/financing/fin_en.cfin), 08.08.2012
- Foreign investment in Belarus*, Official Website of the Republic of Belarus: <http://www.belarus.by/en/invest/economic-background/foreign-investment>. 09.05.2012.
- Foreign direct investment, net inflows (BoP, current US\$)*, The World Bank <http://data.worldbank.org/indicator/BX.KLT.DtNV.CD.WD>, 05.07.2012
- Free Economic zones*, National Investment Site of the Republic of Belarus, <http://www.invest.belarus.by/en/investment/fez/>, 07.04.2011
- GDP growth (annual %)*, The World Bank <http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG.>, 25.04.2011.
- Index of Economic Freedom*, <http://www.heritage.org/index/explore?view=by-region-country-year>, 02.05.2011.
- Investment Code of the Republic of Belarus June 22, 2001 № 37–3*. The Official Internet Portal of the President of the Republic of Belarus <http://www.president.gov.by/en/press14024.html#doc>, 02.05.2011.
- Investment in Belarus – a Comparative guide*, KPMG, 2009. [http://kpmgby.lcc.ch/dbfetch/52616e646f6d4956c94ac58c2e0b53e4679efbbbf02e6b4d/investment\\_in\\_belarus\\_web.pdf](http://kpmgby.lcc.ch/dbfetch/52616e646f6d4956c94ac58c2e0b53e4679efbbbf02e6b4d/investment_in_belarus_web.pdf), 03.04.2011. 69 lpp
- Investment Policy Review – Belarus*, United Nations Publication, 2009, [http://www.unctad.org/en/docs/diaepcb200910\\_en.pdf](http://www.unctad.org/en/docs/diaepcb200910_en.pdf), 02.05.2011. 126 lpp.
- Lora, E. (2001), *Structural Reforms in Latin America: What Has Been Reformed and How to Measure it*, <http://www.iadb.org/res/publications/pubfiles/pubwp-466.pdf>, 03.12.2012.
- Main indicators of foreign trade*, National Statistical Committee of the Republic of Belarus: <http://belstat.gov.by/homep/en/indicators/ftradel.php>., 22.04.2012.
- Main socio-economic indicators of living standards*, National Statistical Committee of the Republic of Belarus: <http://belstat.gov.by/homep/en/indicators/uroven1.php>, 16.01.2013.
- Minimum wages in Eastern Europe outside the EU*, European Federation of Public Service Unions, [http://www.epsu.org/IMG/pdf/Minimum\\_wagesjn\\_Eastern\\_Europe\\_outside\\_the\\_EU.pdf](http://www.epsu.org/IMG/pdf/Minimum_wagesjn_Eastern_Europe_outside_the_EU.pdf), 26.06.2012.
- Number of unemployed registered with agencies for labour, employment and social protection*, National Statistical Committee of the Republic of Belarus, <http://belstat.gov.by/homep/en/indicators/labor.php>, 17.11.2012.

## RECENT ISSUES IN ECONOMIC DEVELOPMENTS

- Recommendations for privatization in Belarus*, Solidarity with Belarus' Information Office  
<http://solidarityvby.eu/upload/uploads1340616663.pdf> , 03.08.2012.
- Sobolev, V. Counsellor, *Belarusian Chamber of Commerce and Industry System of Foreign Direct Investment Attraction in Belarus*. Presentation from expert meeting in Geneva 24-25.09.2007. [http://www.unctad.org/sections/wcmu/docs/c2em22p04\\_en.pdf](http://www.unctad.org/sections/wcmu/docs/c2em22p04_en.pdf), 03.05.2011.
- Sovereigns Rating List*, Standart&Poor's  
<http://www.standardandpoors.com/ratings/sovereigns/ratings-list/en/eu/?subSectorCode=39&sectorId=1221186707758&subSectorId=1221187348494>, 16.01.2013
- Taxation in Belarus*, Official Website of the Republic of Belarus:  
<http://www.belarus.bv/en/invest/investment-climate/taxation>, 19.11.2012.
- The World Bank, <http://data.worldbank.org/>, 25.04.2011.
- Working Party seals the deal on Russia's membership negotiations*, The World Trade Organization: [http://www.wto.org/english/news\\_e/news11\\_e/acc\\_rus\\_10nov11\\_e.htm](http://www.wto.org/english/news_e/news11_e/acc_rus_10nov11_e.htm), 11.01.2013.
- Zashev, P. *Belarus as a Business Opportunity?* Turku School of Economics and Business Administration.  
[http://www.tse.fi/FI/yksikot/erillislaitokset/pei/Documents/Julkaisut/Zashev\\_32006.pdf](http://www.tse.fi/FI/yksikot/erillislaitokset/pei/Documents/Julkaisut/Zashev_32006.pdf), 26.03.2011. p.34.