

# Preface

---

Belarus Economic Trends acknowledges the assistance of all those in the Belarusian government and elsewhere who have helped in the preparation of this bulletin.

B.E.T. publications in both English and Russian are at present distributed at no charge, and are available in print or via e-mail from: "bulletin@bettacis.minsk.by". The latest monthly and quarterly bulletins are available for downloading from the Internet addresses given below.

**Belarus Economic Trends** (B.E.T.) is a project funded by the Tacis Policy and Legal Advice Programme through the European Expertise Service (EES), managed by Bossard Consultants S.A., from the Commission of the European Union. The project is run through the Centre of Economies in Transition (CETRAN) at Universidade Independente of Lisbon, Portugal. The descriptions of developments and policy recommendations contained in this report are those of the B.E.T. Staff, and do not represent any official view of the European Commission, of the EES or those of the Belarusian government.

Belarus Economic Trends produce monthly and quarterly bulletins that aim to present economic and statistical coverage on the Belarusian economy. The Quarterly bulletin tackles in more detail policy issues raised in each section, with in-depth analysis of one key topic under the heading "Special Section". In addition, the B.E.T. team produces occasional policy papers and Technical Notes on key economic and statistical issues.

The **Tacis Programme** is a European Union initiative for the Newly Independent States and Mongolia which fosters the development of harmonious and prosperous economic and political links between the European Union and these partner countries. Its aim is to support the partner countries' initiatives to develop societies based on political freedoms and economic prosperity.

Tacis does this by providing grant assistance to support the process of transformation to market economies and democratic societies. Between 1991-94 Tacis made available ECU 1870 million to launch more than 2000 projects.

Tacis provides know-how from a wide range of public and private organisations which allows Western expertise to be combined with local knowledge and skills. This know-how is delivered by providing policy advice, consultancy teams, studies and training, by developing and reforming legal and regulatory frameworks institutions and organisations, and by setting up partnerships, networks, twinnings and pilot projects. Tacis acts also as a catalyst, unlocking funds from lenders by providing pre-investment feasibility studies.

Tacis promotes understanding and appreciation of democracy and market-oriented social and economic system by cultivating links and lasting relationships between organisations in the partner countries and their counterparts in the European Union.

The activities of the EES fall primarily within the areas of macroeconomics, economic restructuring, institution building and legal advice.

**For further information, please contact:**

**Belarus Economic Trends  
(TACIS)  
Karl Libkhnet Street 68  
Minsk 220036, Belarus**

**tel: + 375 172 202420  
fax: +375 172 104113  
e-mail: bulletin@bettacis.minsk.by  
http: //www.bettacis.minsk.by  
www.gis.minsk.by/bettacis**

- Belarus: Summary Statistics
- **1. Forecasts for Belarus**
- Chronology of Economic Events
- **2. Prices, Wages and Inflation**
- **3. Money and Credit**
- **4. Government Finance**
- **5. Financial Markets**
- **6. Production**
- **7. Employment and Labour Market**
- **8. Balance of Payments and Foreign Exchange**
- **9. Privatisation and Structural Change**
- **10. Living Standards**
- Statistical Tables

***Note:** All data at end-of-period unless otherwise stated. Monthly bulletins are available for each calendar month. Quarterly Updates are published for quarters ending March, June, September and December.*

# Belarus Summary Statistics

*Update: Third Quarter 1998*

	1991	1992	1993	1994	1995	1996	1997
Population (m)	10.28	10.35	10.37	10.35	10.31	10.28	10.20
Unemployment Rate (% of total Labour Force)	0.1	0.5	1.4	2.1	2.7	3.9	2.8
<b>National Accounts</b>							
(% Change at comparable prices)							
GDP	-1.2	-9.6	-7.6	-12.6	-10.4	2.8	10.4
Total Consumption	-6.6	-10.3	-3.7	-10.8	-9.5	3.2	9.4
Private	-6.1	-7.9	-1.5	-13.4	-12.3	4.5	10.9
Public	-7.7	-15.3	-10.5	-3.0	-2.9	-0.2	6.0
Gross Fixed Investment	4.4	-18.1	-15.4	-17.2	-28.7	7.2	14.7

(Source: Ministry of Statistics and Analysis).

	1993	1994	1995	1996	1997	1998	
							QI QII*
<b>1. Prices and Wages</b>							
(% Changes over Previous Period)							
Industrial Producer Prices	2315.5	1866.7	140.3	29.3	90.3	10.4	8.1
Consumer Prices	1996.5	1959.9	244.0	39.3	63.1	10.7	10.2
Consumer Prices (Period Average)	1190.2	2221.0	709.0	52.7	63.8	9.5	10.2
Monthly Wages	1230.7	1481.1	258.0	56.0	105.7	12.9	9.4
<b>2. Money</b>							
Velocity of Circulation - M3	8.6	8.2	9.6	8.4	8.0	7.5	..
Velocity of Circulation - M2	..	..	13.9	11.1	11.1	10.3	..
Broad Money - % Change	984.1	1851.7	164.1	51.5	111.4	7.0	<b>13.0</b>
Nominal Refinancing Rate % per annum	210.0	480.0	66.0	35.0	40.0	50.0	40.0
Interest Rate (Primary GKO Placement, end of period)	..	320.0	70.1	37.1	35.9	54.5	<b>44.8</b>
<b>3. General Government<sup>1</sup> (% GDP)</b>							
Government Balance	-1.9	-2.6	-1.9	-1.6	-2.1	0.04	-1.4
Total Revenues	54.7	47.9	42.5	41.8	32.1	40.2	41.0
Total Expenditures	56.6	50.5	44.4	43.4	34.2	40.2	42.4
Domestic Debt (BRB bn)	..	11.8	2109.51	5712.4	8619.6	1166.6	<b>3591.7</b>
Domestic Debt (% GDP)	..	0.1	1.8	3.1	2.5	1.1	<b>2.9</b>
<b>4. Balance of Payments (% GDP)</b>							
Current Account	-6.2	-12.4	-5.5	-3.9	-6.0	-11.6	..
Trade Balance	-7.7	-13.7	-7.6	-8.6	-10.1	-15.2	<b>-21.0</b>
Exports	28.6	61.6	45.6	43.6	54.5	55.6	<b>80.9</b>
Imports	36.1	75.3	53.2	52.2	65.3	70.8	<b>101.9</b>
External Debt Outstanding <sup>2</sup> (USD m, End of Period)	980	1227	1518	947	958	985	994
External Debt (% GDP) <sup>3</sup>	2.7	25.1	14.6	7.1	7.2	7.7	7.4
External Debt (% GDP) <sup>4</sup>	..	..	14.8	8.4	9.5	11.1	12.1
Gross official reserves (in months of imports)	0.3	0.4	0.9	0.7	0.5	..	..
<b>5. BRB/USD Exchange Rate</b>							
Minsk Interbank Currency Exchange	6890	10600	11500	15500	30740	33700	37540
% Change over the Period	..	51.6	8.5	34.8	98.3	9.6	11.4
Moscow Interbank Currency Exchange**	..	..	11702	26322	40790	53500	67000
% Change over the Period	..	..	..	124.9	55.0	31.2	25.2

(Sources: Ministry of Statistics and Analysis, Ministry of Finance, National Bank of Belarus and B.E.T. Staff Calculations).

<sup>1</sup> Including Extrabudgetary and Social funds, but excluding the Presidential Fund.

<sup>2</sup> Excluding gas arrears.

<sup>3</sup> GDP in US dollars at MICE rate.

<sup>4</sup> GDP in US dollars at MICEX rate.

.. data not available.

Bold italic figures are B.E.T. estimations.

\* From March 21, 1998 there is no quotation of BRB/USD at MICEX.

\*\* From March 21, 1998 there is no quotation of BRB/USD at MICEX. From April 1998 the exchange rate at the parallel Interbank Market is used as de facto market rate.



# 1. Forecasts for Belarus<sup>\*</sup>

Table 1.1. B.E.T. Forecasts for 1998

	<i>Scenario I</i>	<i>Scenario II</i>	<i>Scenario III</i>
M3 expansion (%)	130	220	100
Exchange rate gap (%) <sup>*</sup>	30	50	15
Money velocity - M3	8.0	9.0	7.5
Real GDP growth (%)	5.0	6.0	3.0
GDP (nominal, USD)	10 752	11 180	9 692
CPI Inflation (%)	119	240	82
Government budget (% of GDP)	-3.1	-5.0	-2.6
Nominal exchange rates:			
- market, end of period	194 623	332 031	161 741
- market, period average	88 465	150 923	73 518
- official, period average	61 925	75 462	62 491
Real exchange rate depreciation	14	11	24
Export growth (nominal, USD)	7	6	9
Trade Balance (% of GDP)	-12	-16	-4

<sup>\*</sup> 0 % means no gap

## Methodology

- 1.1 B.E.T. forecasts for 1998 are displayed in Table 1.1. The forecasts were developed for three different scenarios, each representing different economic regime. *Scenario I* corresponds to the situation when policy remains unchanged and represents the ‘status quo’ or ‘basic’ scenario. *Scenario II* is the worst-case when money creation and money velocity rise significantly and represents the ‘temptation scenario’. *Scenario III*, called a ‘stabilisation scenario’, is based on the assumption that policy shifts to an anti-inflation stance and complementary market-oriented reforms are implemented.
- 1.2 Forecasts for each scenario are based on some assumed structural relations among economic variables and imputed forecasts for exogenous variables. Assumptions about exogenous variables, parameters and policy variables are based on past country developments and B.E.T. expectations about economic policy under each scenario and the evolution of the external economic environment.
- 1.3 The exchange rate gap is a variable that measures the distortion of the official exchange rate from the implied market equilibrium level. The exchange rate gap (ERG) is defined as the spread between the market-clearing rate for foreign exchange and the officially administered rate. The closer ERG to zero the lower the divergence between official and market exchange rate. Under scenario III, the dissolution of exchange-rate controls implies ERG equals zero in the second half of the year, leading to an average gap of 15% along the year.
- 1.4 There is a direct relation between GDP growth and export growth, which, in turn, depends upon (i) growth in Russia and (ii) competitiveness vis-à-vis Russia and the rest of the world, and which is summarised in the real exchange rate. The propensity to import ( $m$ ) is defined as the proportion of GDP that is spent on imports,  $0 \leq m \leq 1$ . Based on historical levels,  $m$  is set at 0.8 in all three scenarios.

<sup>\*</sup> Prepared by Miguel de Freitas and Marina Bakanova.

- 1.5 Money velocity (or the velocity of circulation) is the number of times money changes hands in a given period of time and is measured by nominal GDP divided by the average money supply along that period. Money velocity remains unchanged under scenario I but does change under scenarios II and III in line with the monetary stance. In particular, it rises under scenario II, reflecting the lower willingness by the agents to hold BRB under a pre-hyperinflation environment. In scenario III, the rise in policy credibility brought by tight fiscal and monetary policies has the opposite effect on money demand.
- 1.6 Inflation figures were estimated taking account of expected money creation and changes in money velocity. This *implied* inflation rate is not necessarily equal to the measured one, due to the existence of price controls.
- 1.7 The market exchange rate is assumed to be in line with the purchasing power parity assumption in scenarios I and III. In scenario II it overshoots this level, due to the low credibility of the economic policy.
- 1.8 Nominal GDP in dollar terms and changes in the real exchange rates are derived using a simple average of the official and the market exchange rate.

## Forecasts for 1998

- 1.9 Under *Scenario I* the fiscal and monetary stances remain basically unchanged and the official exchange rate remains overvalued, with the ERG equal to 30%. The policy of directed credits is maintained, leading to money expansion of 130% and a Government deficit equal to 3.1% of GDP. In this context, real GDP growth is expected to be 5% and the annual inflation rate reaches 119%. The deceleration of GDP relative to 1997 reflects the exhaustion of the short run effects of the pursued expansionary monetary policy. The expected market-rate at year-end under scenario I is BRB 194,623 per USD. Changes in inflation and the average exchange rate result in BRB real exchange rate depreciation of 14%, leading to a 7% growth on exports. The implied trade deficit is 12% of GDP.
- 1.10 *Scenario II* corresponds to the situation where the authorities try to compensate the deceleration of the economy by a further monetary expansion. Under this scenario credit expansion is 200% and the state control over prices (goods and currency) is tightened. The ERG is assumed to be 50% and capital controls are extended. Real GDP growth is 6%, and the inflation rate 240%. The latter is due to the rise in money velocity, reflecting change in agents' expectations about future acceleration of money creation to sustain growth. In this pre-hyperinflation case the market exchange rate also overshoots the level implied by the purchasing power parity, reaching 332,031 by the end of the year. Due to the output growth, average tax rate rises to 35%, but Government expenditures also increase in response to the higher inflation, the result being a budget deficit of 5%. Under this scenario the evolution of competitiveness is less favourable due to the width of the ERG, implying a lower export growth. This combined with the higher demand for imports that results from the output expansion leads to an *implied* a trade deficit of 16%. This represents an upper-bound to the expected trade deficit since lower actual levels of reserves will imply a lower realized trade deficit.
- 1.11 Under *Scenario III* economic authorities recognize that the output expansion driven by credit expansion cannot be sustained without leading to a hyperinflation and shift the policy towards nominal stability. Monetary policy and the fiscal policy become tighter and capital controls are eased,

leading to a unified market exchange rate in the second half of the year. This implies average real exchange rate depreciation of 24%, which fuels exports, thus sustaining economic activity despite the decline in domestic demand. Real GDP growth is 3% and greater confidence in the BRB lead, under Scenario III, to a decline in money velocity, implying an inflation rate of 82%. The equilibrium exchange rate is BRB 161,741 at year-end. The fall in the domestic demand and the improvement in competitiveness lead to an improvement on the trade account, and the trade deficit at year-end is 4% of GDP.

## Chronology of Economic Events (June 21-July 20, 1998)

---

1. The Resolution of the Council of Ministers N 984 of June 22, 1998 "On amendments to the Resolution of the Council of Ministers N 49 of June 10, 1994" rules that Belarusian legal entities are to reduce their expenditures on commercial, marketing and consulting services to 0.5% of total revenue during the period under review. In developed economies, firms typically undertake expenditures on marketing research and advertising equivalent to between 10% to 30% of total revenue.
2. On June 22, 1998 a delegation of the Belarusian Government paid an official visit to the Russian Finance Ministry. On the agenda of the visit was a discussion of possible restructuring of Belarus gas arrears to RAO Gazprom by issuing of state securities accounting for \$ 200 m. By June 30 the Belarusian Government is to present a list of enterprises which property will insure issued securities if the Government is not be able to fulfil its obligations. Among those in the list are named enterprises of the agricultural sector, and of the construction industry. On the other hand, there is a strong possibility that RAO Gazprom will announce its own list where the main place will definitely belong to the largest energy consumers in Belarus, i.e. oil and gas processing plants. Thus, RAO Gazprom would get an opportunity to centralize gas transit and its storage in the territory of Belarus.
3. On June 24, 1998 the Republican Council approved the draft law on amendments to the law "On providing pensions". The draft law is the first step in reforming the pension system as a result which the level of workers' pensions is planned to be tied to the amount of contributions to the pension system made by each individual person. At present, 90% of pensioners receive payments lower the minimum consumer budget.
4. The Resolution N1021/22 of June 30, 1998 "On payments on export operations" worked out by the Council of Ministers together with the NBB establishes a list of Belarusian goods that can be sold to non-residents only for hard currency. The list includes a significant part of Belarusian exports. The decision was taken with the aim to attracting currency resources into Belarus.
5. The NBB plans to establish a new bank oriented on international economic activity. It is expected to attract foreign in investment including from the CIS countries. Its operations will be oriented to the stimulation of international trade, the provision of foreign investment into the Belarus' economy and to the strengthening of the currency attracting potential of the Republic. But it is not clear yet, if the bank will operate in this sphere as a competitor of *Belynesheconombank* or will just realize payments between Belarus and the CIS countries, removing Russian and Latvian banks from this sector.
6. From July 1, 1998 the NBB has abolished the previous mandatory minimum interest rate for attracting term foreign exchange deposits from households. Belarusian banks have been lobbying for a long time to have the interest rate abolished since the real value of using household foreign exchange resources is much lower. Recently banks have had great difficulty in covering the administratively dictated interest rate.
7. The NBB Telegram N31-06/3437 of July 7, 1998 temporary abolishes BRB transfers to non-resident accounts from resident accounts as repayment of currency credits that have been earmarked by non-resident legal entities to Belarusian legal entities. Belarusian citizens are not allowed to transfer BRB



to non-resident accounts. According to the NBB Telegram N31-06/3471 of July 8, 1998 authorized banks and resident enterprises are not allowed to carry on over-the-counter foreign exchange deals with non-resident banks.

8. On July 15, 1998 about 5000 workers from the industrial sector protested declining living standards and demanded wage increases in an authorized rally on the outskirts of Minsk. The protest was organized by Belarus' major trade industrial unions.
9. The Council of Ministers and the National Bank worked out a directive on the establishment of a special state fund for compensation of the population's savings. Its resources are formed from 50% of the privatization of republican property, money obtained from state securities auctions, as well as free contributions.
10. On July 16, 1998 the new Customs Code came into effect. According to the information from the State Customs Code, an agreement between Russia and Belarus on unification of customs legislation made Belarusian authorities reconsider existing documents. The Code defines 15 possible customs regimes and the Belarusian Government sets duties. The document has been worked out on the basis of the Russian Customs Code and introduces formal changes like new procedure of documents processing.
11. Presidential Decree N366 of July 20, 1998 "On improving the system for the state regulation of the securities market" rules that the Ministry of Finance's Securities Committee is an independent state committee. The Republican State Depositary has been reformed from being a closed joint-stock company into a state enterprise. The Interbank Currency Exchange and the Belarusian Stock Exchange are to be joined into one currency/stock exchange.
12. The Law N193-3 of July 20, 1998 "On state regulation of production and circulation of alcohol products" adopted by the Chamber of Representatives and approved by the Council of Ministers introduces related definitions and fixes the state right of complete regulation of any legal entities' activity on the alcohol market. Thus, the main stages of production and circulation are under the control of the Council of Ministers, which co-ordinates its activity with the President.
13. Presidential Decree N 367 of July 20, 1998 introduces new amendments to the Presidential Decree N311 of June 2, 1997 "On improvement of the order on surrender requirements". Legal entities are to sell an additional 10% of their currency revenue at the second trade session of MICE, effectively raising the percentage to 40%. This measure is declared as a temporary measure until January 1, 1999. Amendments were introduced with the aim of increasing the currency flow needed to pay out gas arrears.

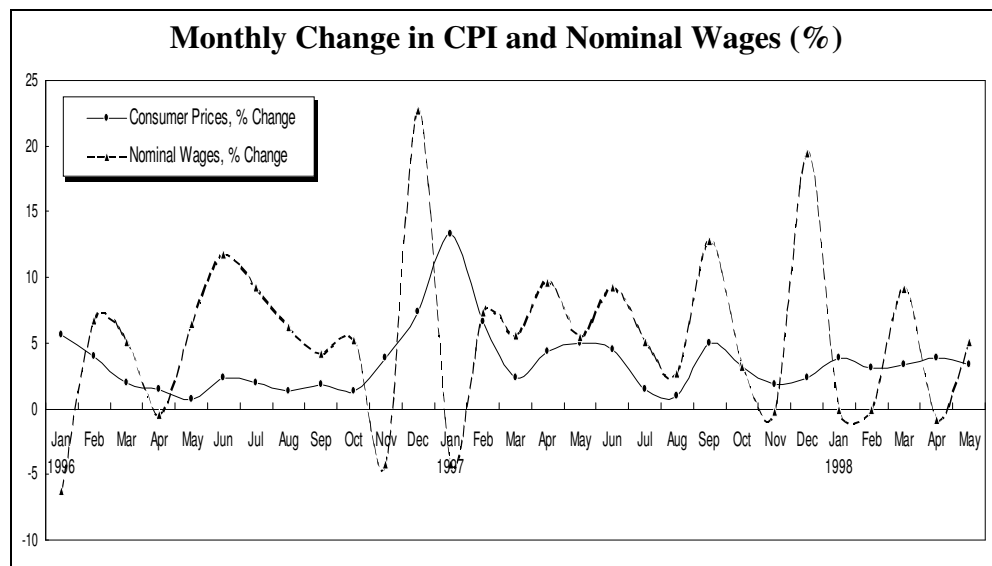
## 2. Prices, Wages and Inflation

	1994	1995	1996	1997	1997				1998		
(% Change over Previous Period)					QI	QII	QIII	QIV	QI	Apr	May
Industrial Producer Price Index (IPPI)	1866.7	140.3	29.3	90.9	44.0	16.1	6.1	7.6	10.3	2.5	2.8
Consumer Price Index (CPI)	1959.9	244.0	39.3	63.4	23.6	14.4	7.5	7.5	10.7	3.8	3.4
Food	2108.6	213.0	43.4	66.1	23.5	17.2	6.4	8.0	11.6	3.4	3.5
Nonfood	1565.5	258.8	30.3	49.4	17.8	9.8	7.7	7.3	7.8	2.7	3.0
Services	2240.9	477.0	29.6	66.3	30.7	6.7	13.7	4.9	8.7	7.0	3.3
Monthly Wages	1482.1	257.9	56.0	105.7	8.8	26.3	21.8	23.0	12.9	-0.8	5.1
Minimum Wage (000 BRB)	20	60	100	162	130	150	167	200	250	250	250
Monthly Wages (USD, end of period)*	33	88	104	108	76	82	96	108	110	106	108

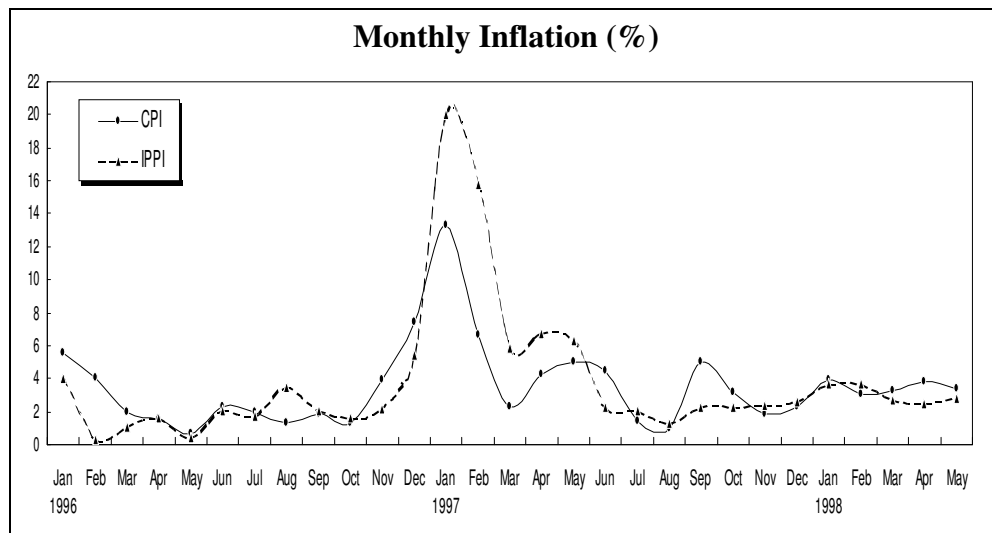
(Sources: Ministry of Statistics and Analysis, B.E.T. Staff Calculations).

\* Minimum Wage was changed from BRB 150,000 to BRB 200,000 on September 1, 1997.

\*\* Monthly Wage in USD using NBB exchange rate.



(Source: Ministry of Statistics and Analysis).



(Source: Ministry of Statistics and Analysis).

### 3. Money and Credit

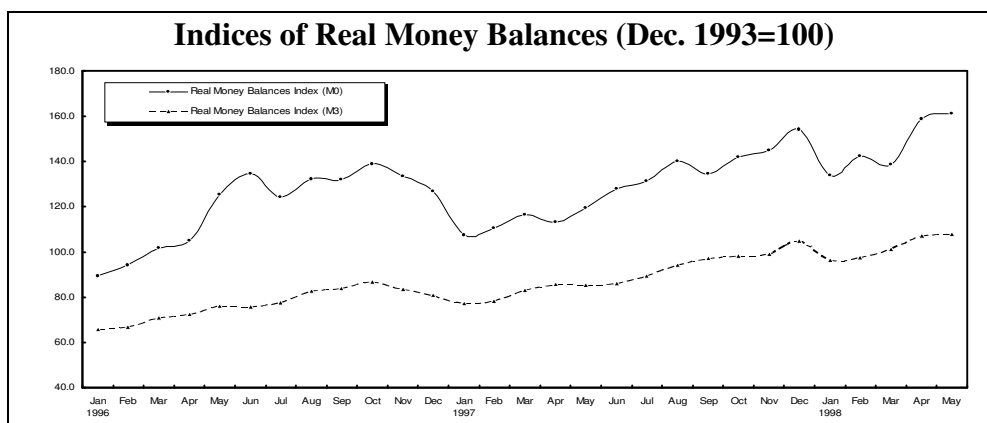
	1993	1994	1995	1996	1997	1997	1997	1997	1997	1998	1998	1998
						QI	QII	QIII	QIV	QI	Apr	May
<b>Money and Credit</b>												
(% change over the period)												
M3	..	1852%	164%	52%	111%	27%	19%	21%	16%	7%	10%	4%
M2	..	1372%	311%	67%	103%	13%	7%	24%	18%	7%	13%	4%
Currency in circulation	..	1376%	412%	64%	98%	13%	26%	13%	23%	-1%	19%	5%
NBB loans to the G.Govn.	..	500%	7450%	66%	65%	28%	8%	-10%	32%	11%	10%	3%
NBB claims on banks.	..	1377%	79%	188%	154%	23%	21%	51%	13%	22%	9%	1%
Credit to non-financial public enterprise:	..	..	..	40%	100%	30%	9%	7%	32%	13%	15%	9%
Claims on private sector	..	..	..	67%	146%	41%	21%	36%	6%	11%	3%	4%
<b>Bank Reserves (end of period)</b>												
M3/Reserve Money	3.91	4.38	2.62	2.25	2.29	2.71	2.46	2.40	2.29	2.18	2.14	2.13
Req.reserves/Total deposits	0.05	0.06	0.10	0.14	0.16	0.14	0.15	0.15	0.16	0.17	0.16	0.17
Total Reserves/Total deposits	0.13	0.13	0.21	0.27	0.27	0.18	0.21	0.25	0.27	0.31	0.30	0.30
<b>Money velocity (M3)</b>												
Over the period <sup>1</sup>	..	8.5	9.2	8.4	8.4	7.6	8.4	9.6	7.9	7.1	..	..
Last month <sup>2</sup>	8.6	8.2	9.6	8.4	8.0	7.7	9.5	9.5	8.0	7.5	7.0	7.0
<b>Money velocity (M2)</b>												
Over the period <sup>1</sup>	..	14.7	14.5	11.3	12.0	10.7	12.4	13.7	11.0	9.8	..	..
Last month <sup>2</sup>	14.8	14.6	13.9	11.1	11.1	11.2	13.7	13.4	11.1	10.3	9.5	..
<b>Refinance Rate, % per annum</b>												
Refinance Rate, % per annum	..	480.0	66.0	35.0	40.0	42.0	42.0	38.0	40.0	46.7	44.0	40.0
<b>Real Refinance Rate, % per annum</b>												
Real Refinance Rate, % per annum	..	-79.9	7.8	-42.7	6.6	8.1	-16.3	-23.2	6.6	-2.2	-8.0	-6.3
<b>Composition of M3 (% end of period)</b>												
Currency in circulation	14%	11%	21%	23%	21%	20%	21%	20%	21%	20%	21%	22%
Demand deposits	..	..	35%	35%	37%	32%	34%	37%	37%	38%	37%	36%
Time deposits	..	..	13%	18%	14%	16%	14%	14%	14%	15%	16%	17%
Foreign currency deposits	41%	55%	31%	24%	27%	32%	30%	29%	27%	27%	25%	25%
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

(Sources: NBB data and; B.E.T. Staff Calculations on data provided by the NBB).

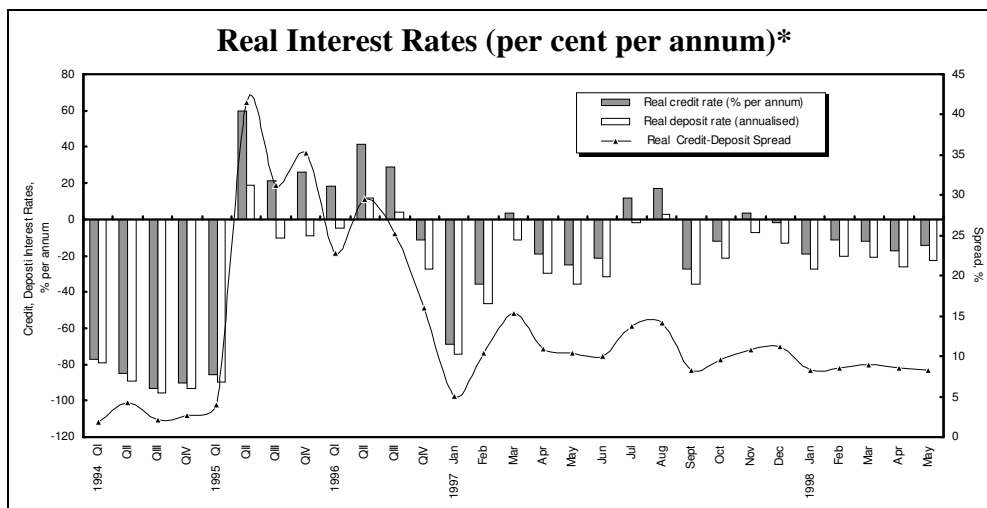
<sup>1</sup> Annualised GDP divided by M3 averaged over the corresponding period.

<sup>2</sup> Annualised GDP divided by midpoint M3 in the period.

.. data not available.



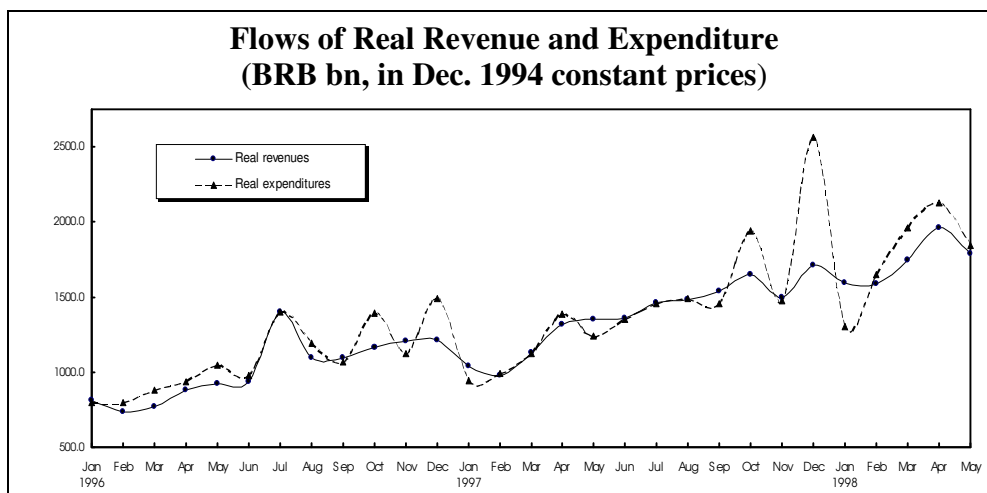
(Source: B.E.T. Staff Calculations on data provided by NBB).



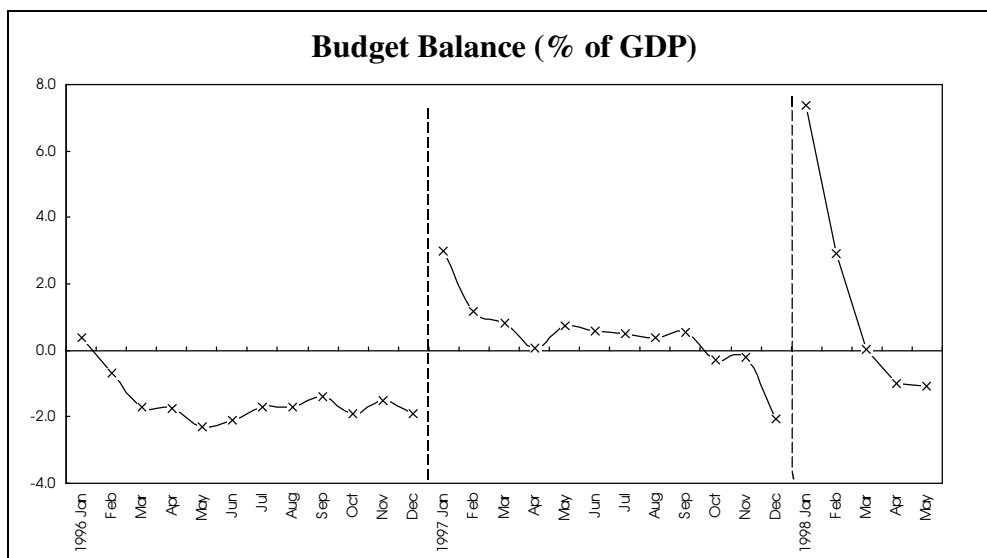
(Source: B.E.T. Staff Calculations on data provided by NBB).

\* Nominal interest rates deflated by monthly annualised inflation rates.

## 4. Government Finance



(Source: B.E.T. Staff Calculations on data provided by the Ministry of Finance and the Ministry of Statistics and Analysis).



(Source: Ministry of Statistics and Analysis).

From this issue the scale of this diagram has been reversed for more of clarity.

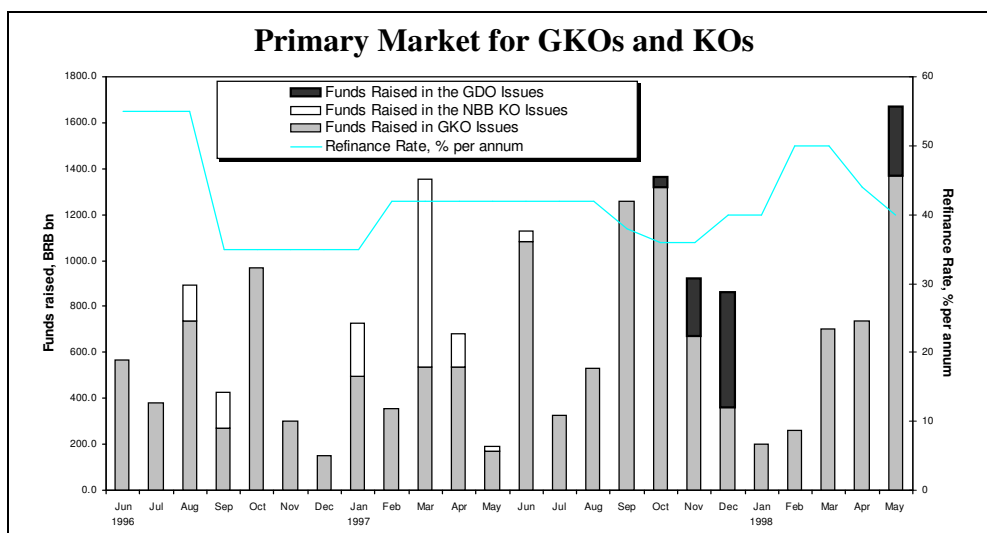
### Tax Arrears (end of period)

	1993	1994	1995	1996	1997	1997				1998
						QI	QII	QIII	QIV	QI
Total tax arrears (State budget)	7	119	1364	1722	1401	1672	2031	2478	1401	2042
as percent of GDP*	0.1	0.7	1.2	0.9	0.4	0.5	0.6	0.7	0.4	0.5
Taxes on income and profits	3	62	339	236	449	353	566	788	449	673
Personal income tax	..	..	2	7	5	8	7	9	5	9
Profit tax	3	62	329	228	439	340	554	768	439	655
Enterprise income tax	..	..	7	1	5	5	5	11	5	9
Chernobyl payroll tax	1	6	226	215	102	253	290	285	102	124
Taxes on property	..	2	126	443	188	221	217	304	188	221
Real estate tax	..	2	92	79	75	135	163	175	75	128
Land tax	..	..	34	364	113	86	54	129	113	93
VAT	3	39	531	546	456	711	797	941	456	821
Excises	1	7	73	40	59	45	81	59	59	97
Natural resource tax	..	..	15	75	47	43	46	48	47	40
Fund for Support of Agricultural Producers	..	..	185	418	318	475	645	685	318	287

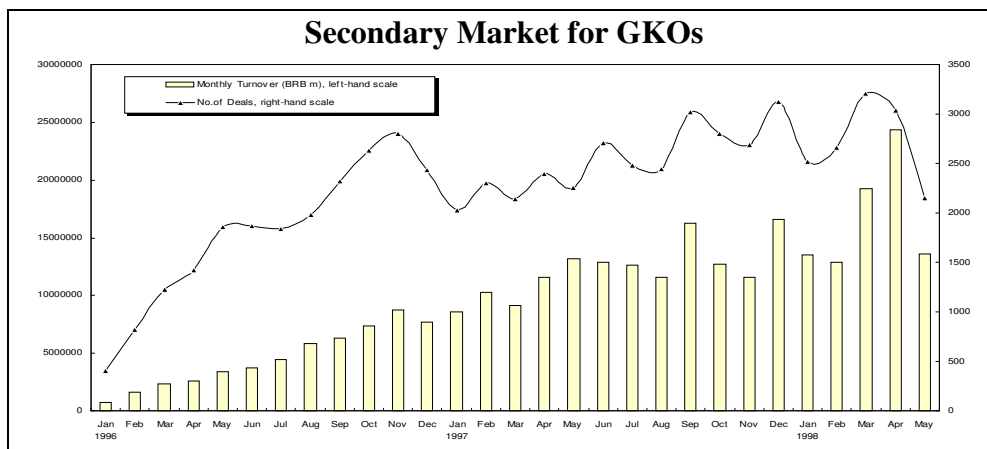
(Source: State Tax Committee).

\*Accumulated tax arrears as percent of annual GDP.

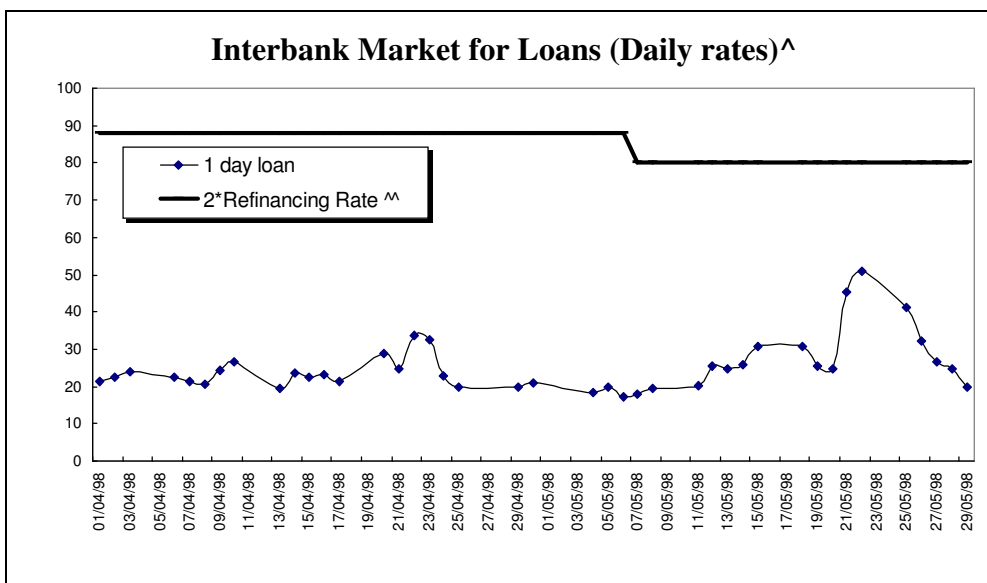
## 5. Financial Markets



(Source: NBB).



(Source: NBB).

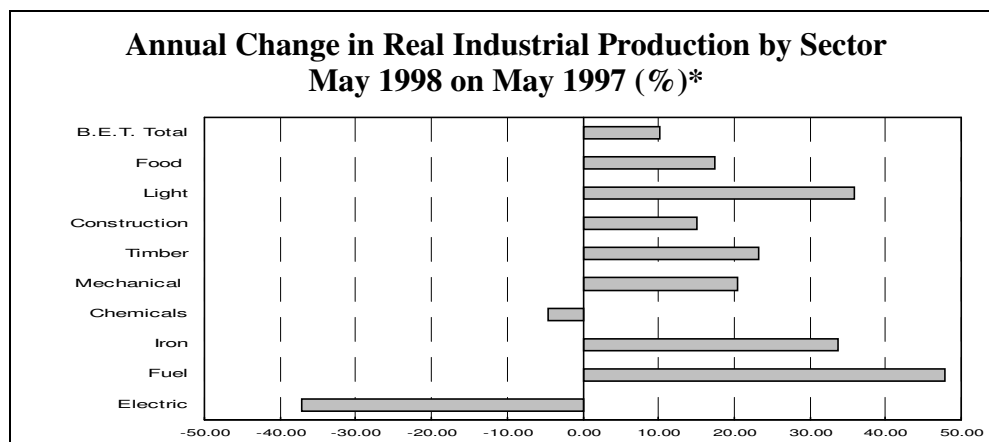


(Source: Financial News Agency, Belarus).

<sup>^</sup> Annualised averaged rates for overnight loans (bid=offer).

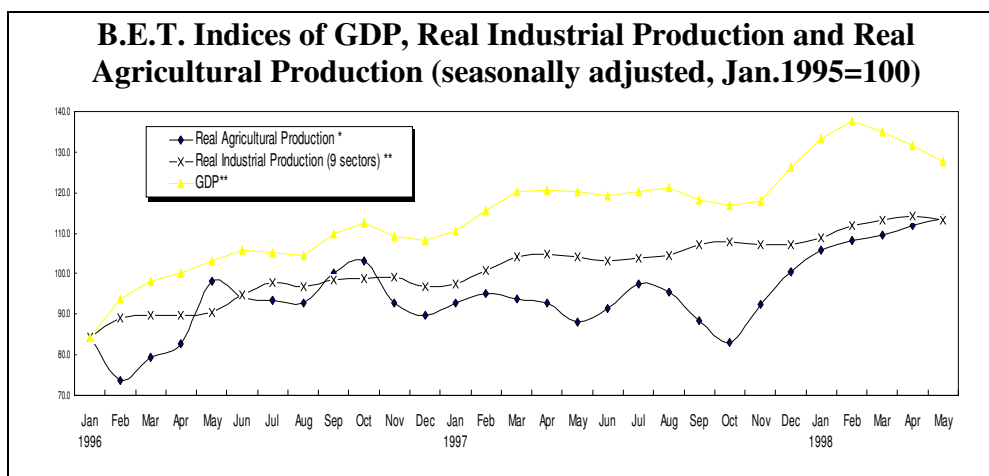
<sup>^^</sup> Interbank loans in principle have a ceiling of 2\*refinancing rate set by the NBB.

## 6. Production



(Source: B.E.T. Staff Calculations on data provided by the MinStat).

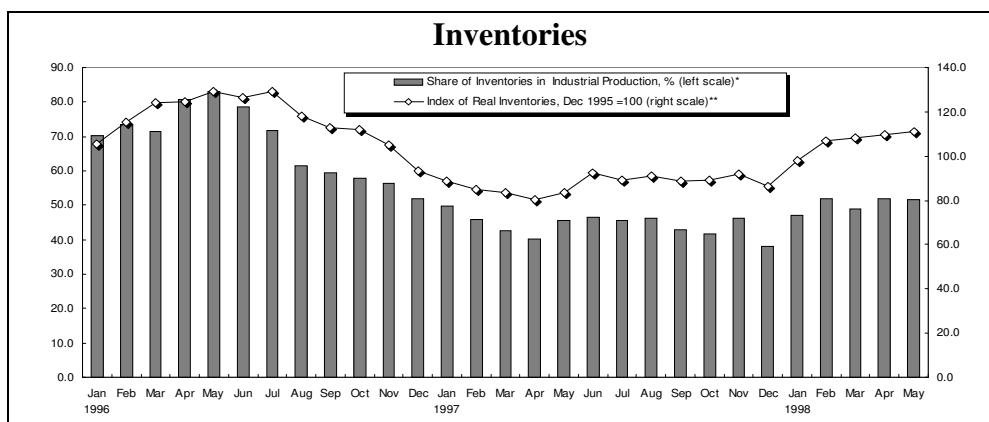
\*Derived from B.E.T. Indices of Real Industrial Production (seasonally unadjusted).



(Source: B.E.T. Staff Calculations on data provided by the MinStat).

\*Deseasonalised applying differencing of lag 12 filter( $\Delta_{12}$ ) and flat symmetric window of lag 3 method (see Statistical Table 6.2).

\*\* Deseasonalised applying the method of flat symmetric window of lag 3 (see Statistical Table 6.1).



(Source: B.E.T. Staff Calculations on data provided by MinStat).

\* Nominal inventories as a percentage of monthly industrial production.

\*\* Nominal inventories data deflated by the IPPI index with subsequent conversion into index (see Stat. Table 6.3).

## 7. Employment and Labour Market

	1994	1995	1996	1997	1997				1998		
					QI	QII	QIII	QIV	QI	Apr	May
<b>Period Averages</b>											
Population (thousand) <sup>1</sup>	10355	10327	10246	10216	10226	10218	10213	10206	10198	10194	10192
Labour force <sup>2</sup>	4892	4829	4751	4608	4667	4631	4551	4586	4519	4520	4542
(% change)	..	-1.3	-1.6	-3.0	-1.5	-0.8	-1.7	0.8	-1.5	-0.6	0.5
Participation rate (% of total population) <sup>3</sup>	47.2	46.8	46.4	45.1	45.6	45.3	44.6	44.9	44.3	44.3	44.6
Employees in employment (thousand) <sup>1, 4</sup>	4696	4405	4360	4370	4165	4181	4179	4202	4208	4235	4236
(% change)	-2.6	-6.2	-1.0	0.2	0.1	0.4	-0.1	0.6	0.1	0.0	0.0
Total employment <sup>2</sup>	4802	4713	4577	4453	4485	4466	4405	4456	4397	4407	4433
(% change)	1.0	-1.8	-2.9	-2.7	-1.5	-0.4	-1.3	1.1	-1.3	-0.5	0.6
Unemployed (thousand) <sup>1</sup>	90.1	115.8	174.4	155.7	182.0	165.2	145.6	129.9	122.0	113.0	109.0
(% change)	..	28.6	50.5	-10.7	-1.5	-9.2	-11.8	-10.8	-6.1	-4.4	-3.5
Unemployment rate <sup>1</sup>	1.8	2.4	3.7	3.4	3.9	3.6	3.2	2.8	2.7	2.5	2.4
Vacancies	19.6	18.3	15.8	28.2	19.3	27.2	34.4	32.0	36.0	43.2	47.8
Vacancies rate (% of labour force)	0.40	0.38	0.33	0.61	0.41	0.59	0.76	0.70	0.80	0.96	1.05
<b>End of Period</b>											
Unemployment rate <sup>1</sup>	2.1	2.7	3.9	2.8	3.8	3.4	3.1	2.8	2.6	2.5	2.4

(Sources: Ministry of Statistics and Analysis and B.E.T. Staff Calculations on data provided by the Ministry of Statistics and Analysis).

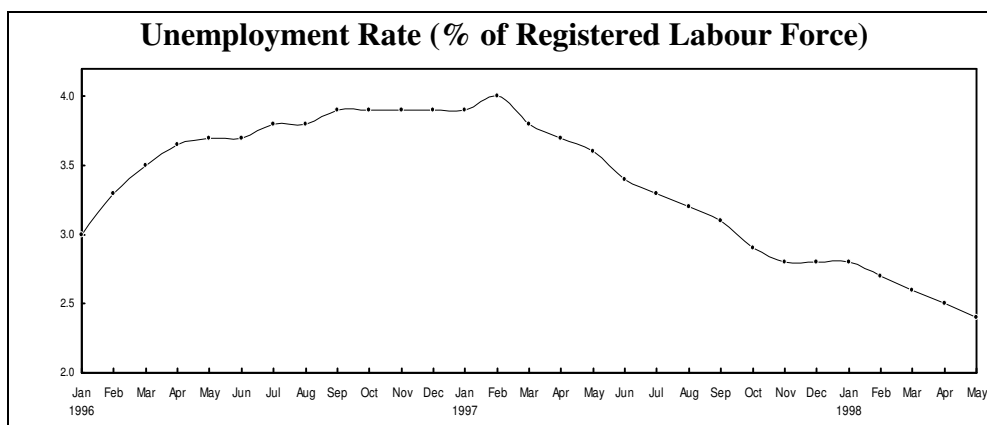
<sup>1</sup> Ministry of Statistics and Analysis Data.

<sup>2</sup> B.E.T. Staff Calculations.

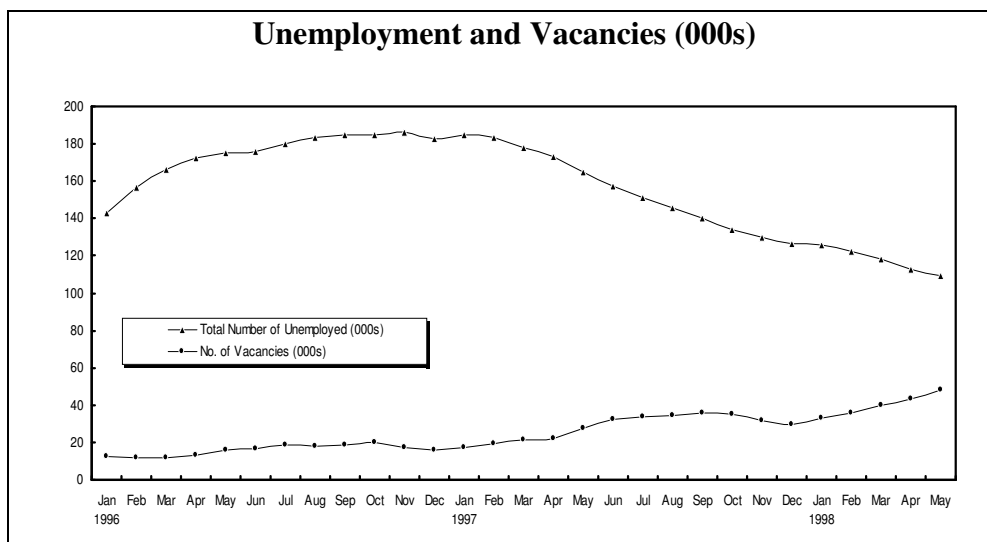
<sup>3</sup> Labour force in percent of total population.

<sup>4</sup> Employees at enterprises, institutions and organisations: annual data do not correspond to the average of quarters because MinStat makes a year-of-year correction only on annual data.

.. data not available.



(Source: Ministry of Statistics and Analysis).



(Source: Ministry of Statistics and Analysis).

## 8. Balance of Payments and Foreign Exchange

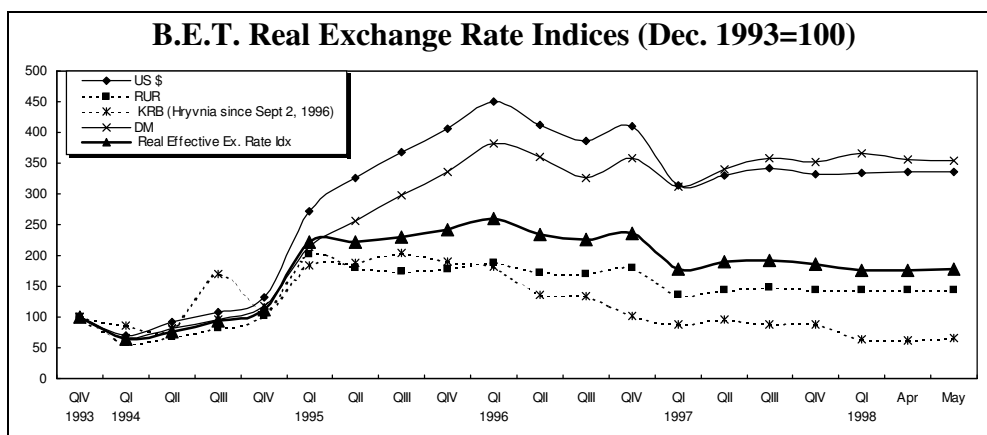
### Non-cash Exchange Rate (BRB/USD)\*

	Minsk Interbank Currency Exchange (MICE)				Moscow Interbank Currency Exchange (MICEX)			
	End of period	% change	Average	% change	End of period <sup>2</sup>	% change	Average	% change
1994 QI	1840	..	1043	..	..	..	..	..
QII	2750	49.5	2192	110.2	..	..	..	..
QIII	5630	104.7	3562	62.5	..	..	..	..
QIV	10600	88.3	8100	127.4	..	..	..	..
1995 QI	11500	8.5	11612	43.4	10650	..	11807	..
QII	11500	0.0	11500	-1.0	11790	10.7	11721	-0.7
QIII	11500	0.0	11502	0.0	11551	-2.0	11487	-2.0
QIV	11500	0.0	11500	0.0	11702	1.3	11558	0.6
1996 QI	11500	0.0	11500	0.0	14299	22.2	12374	7.1
QII	13100	13.9	12750	10.9	14181	-0.8	14591	17.9
QIII	14650	11.8	15183	19.1	19304	36.1	16825	15.3
QIV	15500	5.8	15433	1.6	26322	36.4	21845	29.8
1997 QI	24850	60.3	21615	40.1	30800	17.0	29693	35.9
QII	26980	8.6	26494	22.6	32100	4.2	33784	13.8
QIII	27830	3.2	27360	3.3	37890	18.0	34970	3.5
QIV	30740	10.5	29450	7.6	40790	7.7	40277	15.2
1998 QI	33700	9.6	32247	9.5	53500	31.2	46513	15.5
1998								
Jan	31800	3.4	31197	2.6	43350	6.3	42155	3.6
Feb	32740	3.0	32239	3.3	45809	5.7	43953	4.3
Mar <sup>1</sup>	33700	2.9	33304	3.3	53500	16.8	53431	21.6
Apr	34710	3.0	34259	2.9	67000	25.2	66314	24.1
May	35760	3.0	35299	3.0	66000	-1.5	65750	-0.9

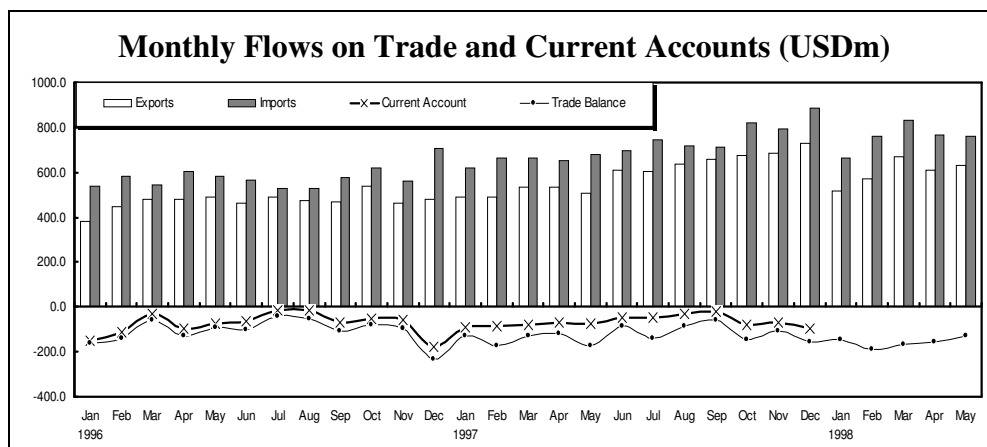
(Sources: MICE, NBB and B.E.T. Staff Calculations).

<sup>1</sup> From March 21, 1998 there is no quotation of BRB/USD at MICEX. From April 98 the recommended rate at the parallel Interbank market, quoted by Reuters, is used as the de facto market rate.

\*The non-cash exchange rate in Belarus differs from the cash rate. The latter was 47,300/48,000 BRB/USD (Belarusbank exchange offices) at the end of May.



(Source: B.E.T. Staff Calculations).



(Sources: NBB and Ministry of Statistics and Analysis).



## 9. Privatisation and Structural Change

### Transformation: Republican Property

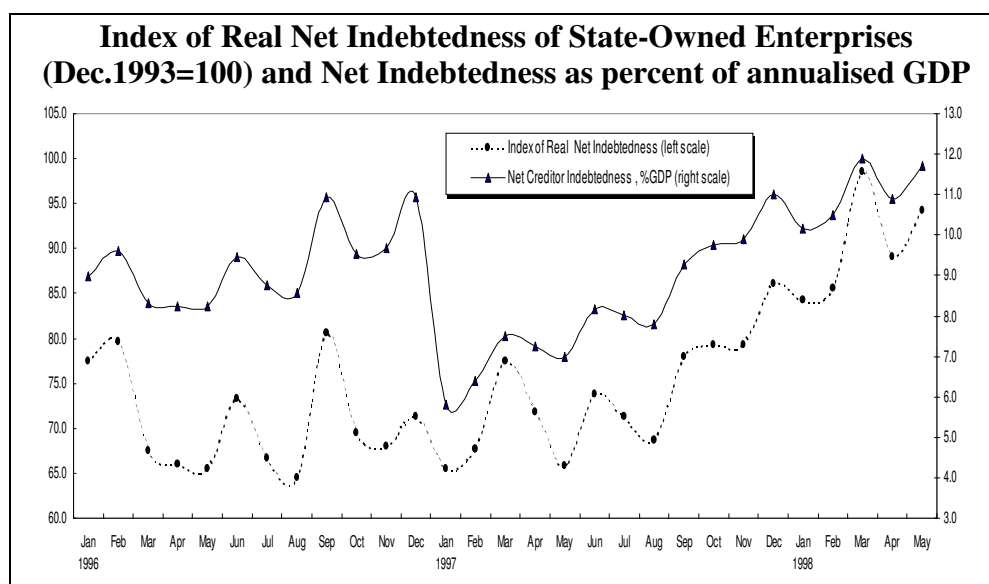
Indicator	Number of units								Total
	1991	1992	1993	1994	1995	1996	1997	1998 Q1	
TRANSFORMED REPUBLICAN TOTAL	19	32	140	184	53	131	192	0	751
<b>By Branches</b>									
Industry	12	23	68	58	15	37	74	0	287
Agriculture (excl. soviet and state farms)	1	0	9	9	27	22	13	0	81
Construction	5	4	28	40	3	22	34	0	136
Transport and Communications	0	0	9	10	1	24	26	0	70
Trade	0	0	1	14	3	6	3	0	27
Public Catering	0	0	0	1	0	0	2	0	3
Household Services	1	3	1	23	0	0	1	0	29
Housing and Communal Services	0	1	0	1	0	0	1	0	3
Health Services	0	0	0	0	0	3	0	0	3
Culture	0	0	0	0	0	0	1	0	1
Other	0	1	24	28	4	16	30	0	103
<b>By Method of Privatisation</b>									
Buyout of leased property by leaseholders	9	20	44	28	1	5	1	0	108
Buyout of state property by workers	6	8	10	1	0	0	0	0	25
Buyout of state property by individuals	0	1	0	0	0	0	0	0	1
Corporatisation (state or non-state)	3	3	68	152	52	92	96	0	466
Sell at competition	1	0	11	3	0	0	0	0	15
Sell at auction	0	0	7	0	0	0	0	0	7
Alienation	0	0	0	0	0	34	95	0	129

(Source: Ministry of Management of State Property and Privatisation).

### Transformation: Communal Property

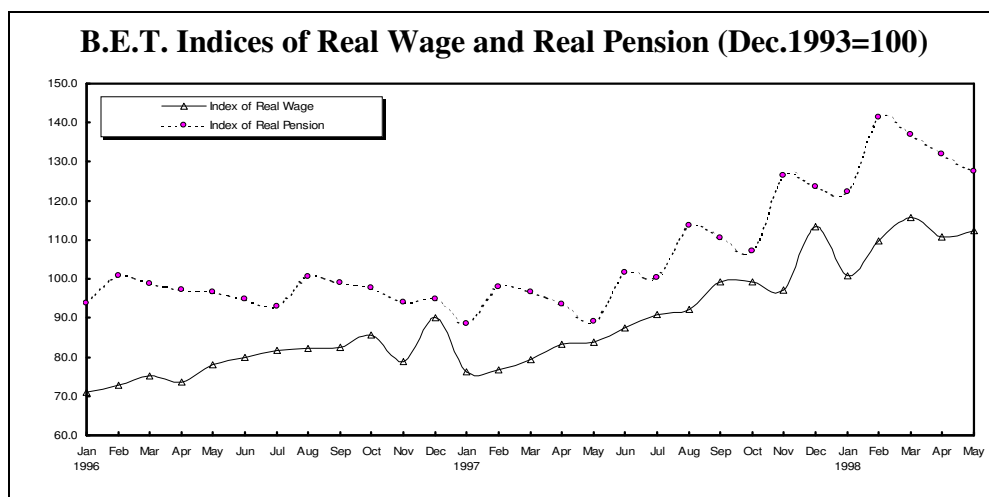
Indicator	Number of units								Total
	1991	1992	1993	1994	1995	1996	1997	1998 Q1	
TRANSFORMED COMMUNAL TOTAL	42	158	104	457	412	390	380	51	1 994
<b>By Branches</b>									
Industry	11	12	1	5	2	0	5	1	37
Agriculture (excl. soviet and state farms)	0	0	3	39	191	103	57	17	410
Construction	2	5	3	3	2	3	6	0	24
Trade	5	49	30	222	128	173	184	12	803
Public Catering	16	5	7	57	30	31	43	3	192
Household Services	5	67	26	54	21	41	43	11	268
Housing and Communal Services	0	0	10	59	9	11	6	0	95
Culture	0	0	2	0	0	0	0	0	2
Public Education	0	0	6	0	0	0	6	0	12
Other	3	20	16	18	29	28	36	7	157
<b>By Method of Privatisation</b>									
Buyout of leased property by leaseholders	25	27	13	124	34	53	77	9	362
Buyout of state property by workers	7	79	14	11	1	0	0	0	112
Corporatisation (state or nonstate)	0	1	3	64	205	129	82	22	506
Sell at competition	10	50	40	93	32	42	41	6	314
Sell at auction	0	0	34	165	140	166	180	14	699

(Source: Ministry of Management of State Property and Privatisation).

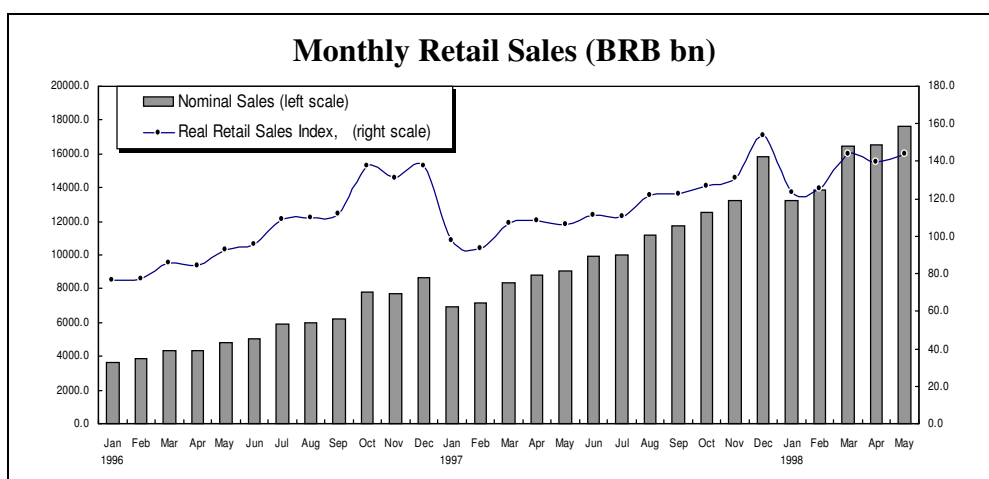


(Source: B.E.T. Staff Calculations on data provided by the Ministry of Statistics and Analysis).

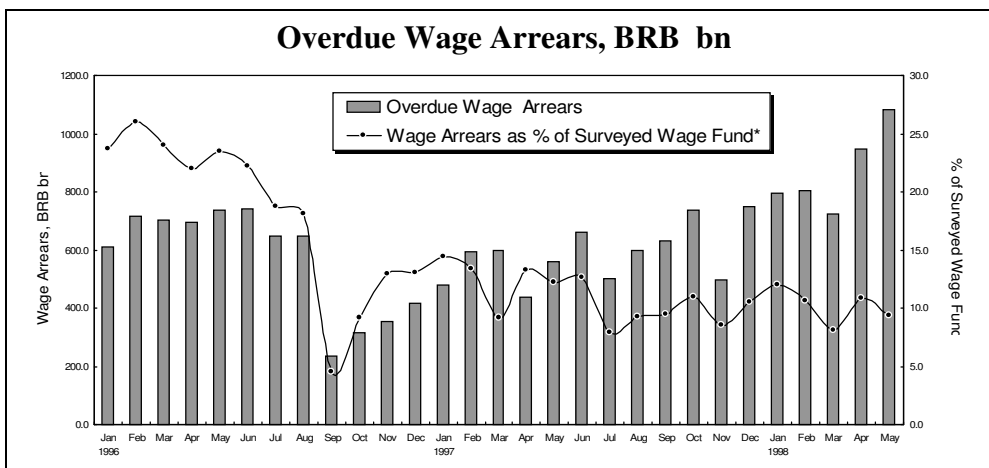
## 10. Living Standards



(Source: B.E.T. Staff Calculations on data provided by Ministry of Statistics and Analysis).



(Source: B.E.T. Staff Calculations on data provided by the Ministry of Statistics and Analysis).



(Source: B.E.T. Staff Calculations on data provided by the Ministry of Statistics and Analysis).

\*Surveyed Wage Fund approximately comprises 85-90% of the total payroll fund in Belarus.

## Statistical Tables\*

---

- 2.1** Consumer Price Indices
- 2.2** Industrial Producer Price Indices by Sector
- 2.3** Wages and Pensions
- 3.1** Monetary Survey (End of Period, BRB bn)
- 3.2** Real Money Balances and Money Velocity
- 3.3** Interest Rates (BRB)
- 4.1** The State Budget (Cumulative, BRB bn)
- 4.2** Revenues of the State Budget (Per Period Figures)
- 4.3** Expenditures of the State Budget (Per Period Figures)
- 5.1** Auction of Treasury Bills (GKO and GDO) and NBB Securities (KO) on the Primary Market
- 5.2** Secondary Market for Treasury Bills (GKO)
- 5.3** Interbank Market for Loans (equilibrium interest rates ,  
% per annum)
- 6.1** Indices of Real Industrial Production
- 6.2** Indices of Real Agricultural Production
- 6.3** Indices of Real Stock of Inventories
- 7.1** Unemployment
- 8.1** Trade Balance (\$US m)
- 8.2** Balance of Payments (Annual and Quarterly 1992-97, \$US m)
- 8.3** Foreign Currency Exchange Rates (Non-cash BRB)
- 8.4** Foreign Exchange Trading by Volume
- 8.5** BRB Real Exchange Rates
- 9.1** Net Creditor Indebtedness (BRB bn)
- 9.2** Financial Performance of State-Owned Enterprises
- 10.1** Retail Sales (BRB bn)

*\*Tables are numbered so as to cross-reference with the relevant section in the text.*

All data is at of period, unless otherwise indicated.