



January - June 2020

## BELARUS: ECONOMIC SUMMARY

### KEY TENDENCIES

- GDP decrease caused by COVID-19 pandemic
- Decrease of foreign trade turnover while maintaining surplus of foreign trade in goods and services.
- Stable growth of household income
- Preserving inflation rate at the level close to forecast
- Decrease of refinancing rate
- Growth of BYN crediting
- Preserving the BYN retail deposits practically at the same level as at the year start
- Increase of foreign currency demand in the domestic foreign exchange market because of unfavourable external conditions and growing devaluation expectations

### MAJOR EVENTS

- In order to mitigate the consequences of COVID-19 pandemic spreading for Belarusian economy *A Set of Measures to Provide Stability of Economy Working Pursuant to the Global Epidemiological Situation* is implemented. Following the Set of Measures the following Decrees of the President of the Republic of Belarus are adopted: Decree No143 "On support to economy", Decree No178 "On temporary measures of state support to employers and separate categories of citizens", Decree No179 "On labour remuneration" and the Resolution of the Council of Ministers of the Republic of Belarus No229 "On non-accrual of depreciation of fixed assets and intangible assets in 2020".
- The funds of World Bank were raised to realize the project "Emergency response to COVID-19 in the Republic of Belarus" (EUR 90 million). Besides, the EUR 100 million loan agreement with World Bank was signed to finance the project "Modernization of higher education in the Republic of Belarus".
- In January 2020 the Strategy of increasing the national currency credibility to 2035 was approved.
- The international rating agencies affirmed the long-term ratings of the Republic of Belarus: Standard & Poor's –B (affirmed in April 2020), Fitch Ratings – B (affirmed in May 2020). The Outlook for ratings is Stable. Belarus maintained the 6th place in OECD classification of country credit risks published in June 2020.
- In June 2020 Belarus allocated two Eurobonds issues to the total amount of USD 1.25 billion. The bids from more than 170 investors were received and the final bidding amount in the book exceeded USD 4.8 billion. The transaction of Belarusian Eurobonds issue was evaluated by the market players as one of the most impressive Emerging Markets deals after COVID-19 pandemic start and the best in history of Belarus. The bonds are allocated in 144A/RegS format and listed on London Stock Exchange.
- In May 2020 the 5-year state bonds were placed in the financial market of Russian Federation in the volume of RUB 10 billion. The issue was in the focus of investment community, including physical persons, the investments from whom amounted to RUB 1.3 billion.
- During the first 6 months of 2020 the Government of the Republic of Belarus and the National Bank of the Republic of Belarus timely and in full volume performed the external and internal obligations in foreign currency in the amount of USD 2 billion.
- The concept of draft Law of the Republic of Belarus "On public organizations and business entities with state membership" was elaborated and approved by the Head of the State; the said draft law is aimed at creating an efficient mechanism of controlling the public sector, increasing of its efficiency. With the purpose of solving separate issues of business activity and control over holdings with state membership a draft Decree "On establishing and activity of holdings" was developed.
- The work on the draft Decree of the President of the Republic of Belarus aimed at improvement of the special legal status of the Great Stone industrial park is under completion, which includes expanding of the list of main areas of activities in the park, simplifying of the terms of work in the park in the area of architecture and construction, land matters, engagement of foreign employees, stimulating of innovative business, realization of large investment projects.

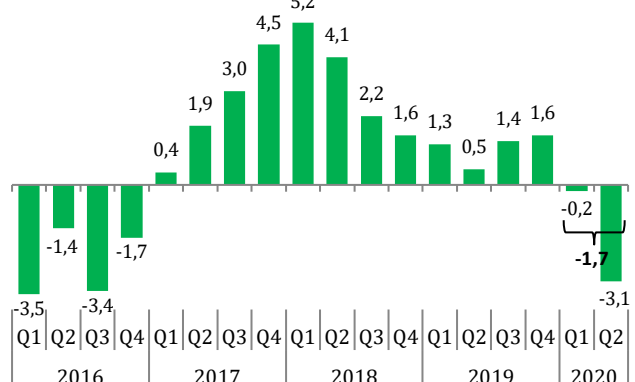


## GROSS DOMESTIC PRODUCT

In the unfavourable external conditions caused by the COVID-19 pandemic GDP of Belarus in January – June 2020 decreased by 1.7% (Figure 1). In June GDP made USD 62.8 billion in US dollar equivalent (year on year) (USD 63,2 billion as of year-end 2019).

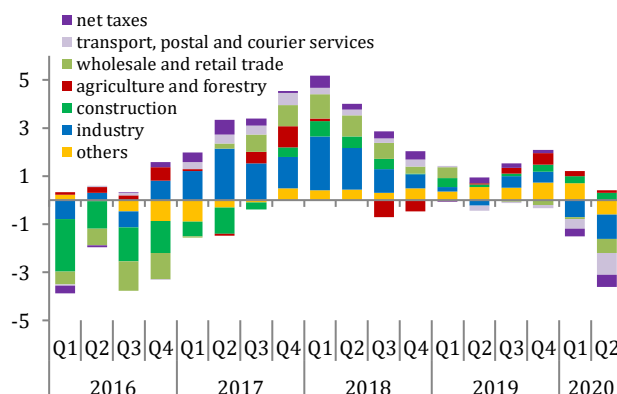
The added value significantly decreased in industries most affected by external demand decrease: manufacturing (input in GDP growth – minus 0.8 p.p.), transport sector – minus 0.6 p.p., wholesale and retailing – minus 0.4 p.p. The positive input in GDP dynamics was received in IT sector (10.6% growth and input in GDP growth 0.7 p.p.), construction (6% and 0.3 p.p. respectively) and agriculture, hunting and forestry (3.9% and 0.1 p.p.) (Figure 2).

**Figure 1. GDP growth, % q/q previous year**



Source: <http://www.belstat.gov.by>, 2019 Q4 – estimation

**Figure 2. GDP decomposition by sectors, p.p.**

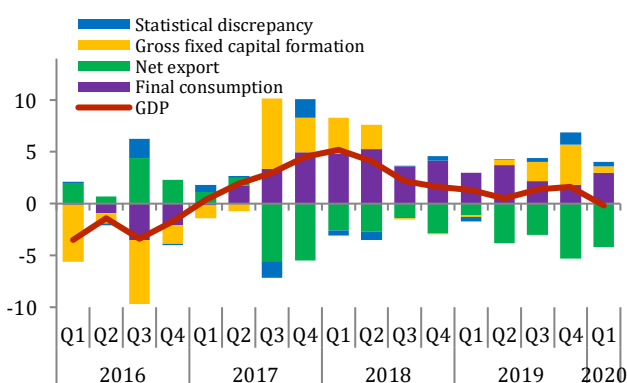


Source: <http://www.belstat.gov.by>, calculations of the Ministry of Economy

The internal demand was supported by countercyclical measures of macroeconomic policy. The Ministry of Finance increased the budget expenses despite tax income falling down, including among others as a result of measures taken to decrease the tax burden on business entities in recent period. To expand the banks' ability to maintain financial support to the real sector of economy the National Bank softened till the end of 2020 the prudential requirements regarding the capital adequacy and liquidity and announced that the banks can grant loans to banks with maturities from 3 to 12 months at refinancing rate in case their liquidity level decreases.

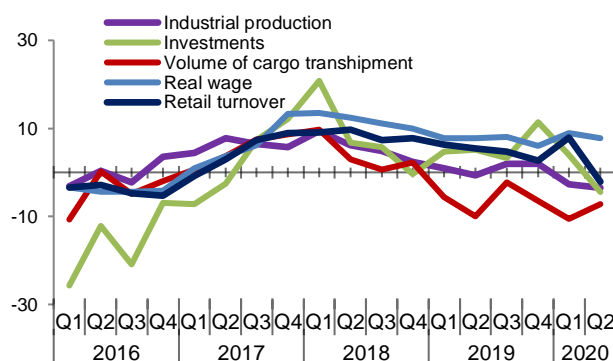
Therefore, despite decrease in government revenue and income of the real sector, the household income increase is supported. The growth rate of real disposable household income makes 5.4%, with advanced growth of salaries (8.2%) and continuing growth of customer lending - 17.4% (as at July 1, 2020 as compared to July 1, 2019). Thus, the consumer activity was supported: retail turnover increased by 2.6% as compared to January – June 2019, however at the same time because of the measures promoting physical distance the turnover in catering and service sector decreased significantly – 78.8% and 90.9% respectively as compared to the level of the similar period last year (Figure 3, 4).

**Figure 3. Decomposition of GDP growth by expenditures, p.p.**



Source: <http://www.belstat.gov.by>, calculations of the Ministry of Economy

**Figure 4. Domestic demand indicators, % q/q previous year**



Source: <http://www.belstat.gov.by>

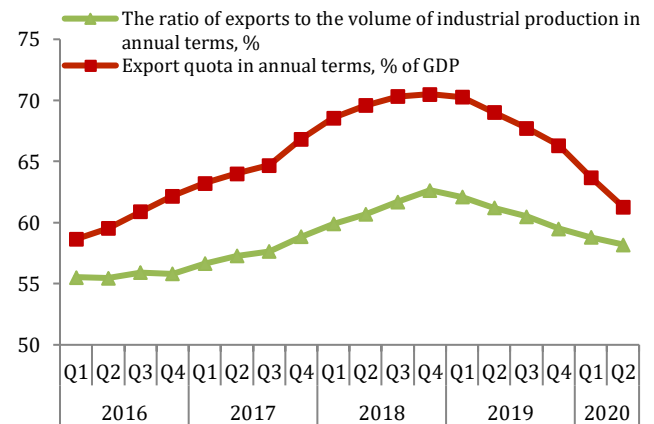


## EXTERNAL TRADE

In the first half-year 2020 because of quarantine measures introduced by the countries- trading partners of Belarus aimed at preventing the expansion of COVID-19 pandemic, the decreasing volumes of external trade were observed, including among others in regard to GDP (Figure 5).

Export of goods in value terms decreased by 19.4%. This decrease is caused by decreasing of export supplies of all groups of goods except foodstuffs. Export of energy resources decreased most greatly – as at July 1 the volume of export comprised only 36.2% of the last year level.

**Figure 5. Indicators of external demand, %**



Source: <http://www.nbrb.by>, <http://www.belstat.gov.by>, calculations of the Ministry of Economy

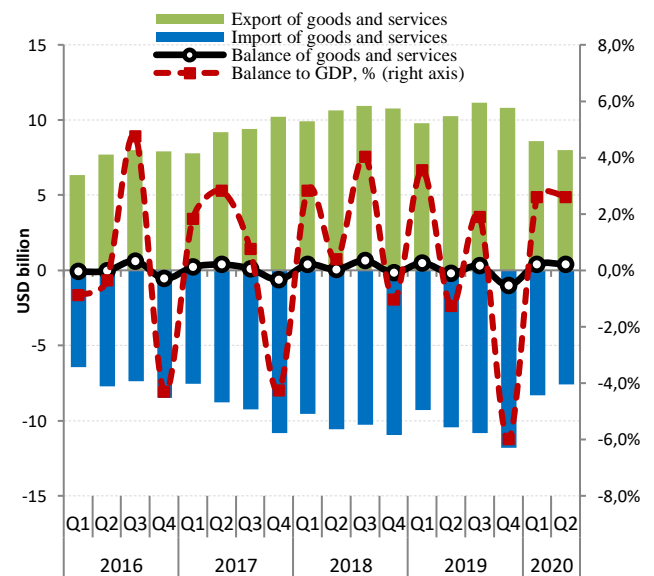
At the same time, the export supplies of separate goods categories increased: nitrogen fertilizers, combined mineral fertilizers, tractors, meat and dairy products, sugar.

Balance of foreign goods trade as at the end of the first half-year 2020 is negative (minus USD 1.2 billion).

Export of services in the first half-year 2020 decreased by 5.1%. Because of the global quarantine measures export of transport services decreased by 10.5%, while the share of transport services in the total export of services makes 41.5%. The main growth in export falls on IT services – 27.6% (the share in the total export of services is 28.9%). Balance of foreign services trade was traditionally positive (USD 1.9 billion).

Thus, positive foreign trade balance in service sector compensated the deficit in goods trade - the balance of foreign goods and services trade for the first 6 months of 2020 is positive (2.6% of GDP) (Figure 6).

**Figure 6. External trade**



Source: <http://www.nbrb.by>, <http://www.belstat.gov.by>

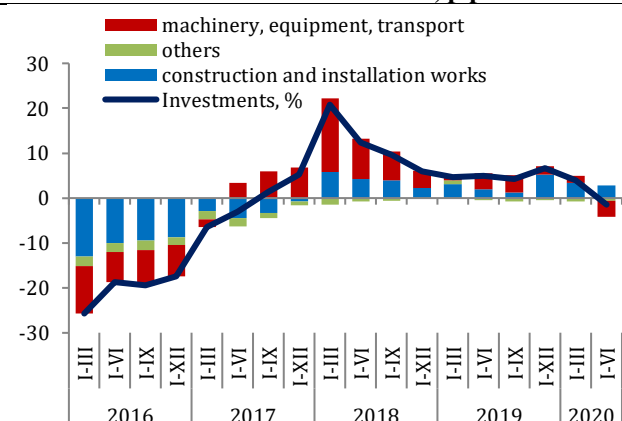


## INVESTMENTS

In the first half-year of 2020 investment activities slowed down which is explained by negative impact from COVID-19 pandemic upon the development of global economy. Because of the existing epidemiologic situation, postponing of the terms of some large investment projects realization (suspension of import equipment supplies, difficulties with arrival of foreign specialists, etc.) the growth rate of investments in equity made 98.8% to the level of January – June 2019 (contribution of expenses on construction and assembly works – 2.8 p.p., on purchase of machines, equipment and transport vehicles – minus 3.6 p.p.) (Figure 7).

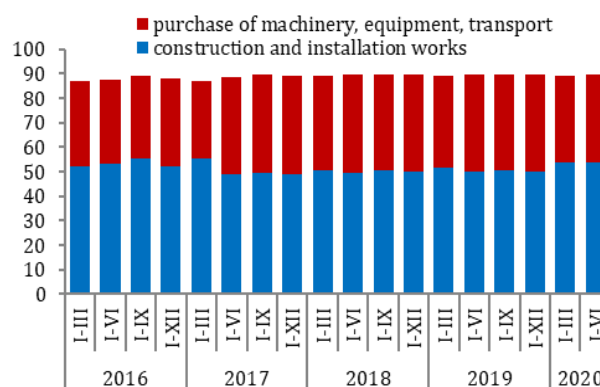
The share of investments in upgrading of fixed assets in use remains high (35.8%), which positively influences the acceleration of the processes of business technological upgrading (figure 8).

**Figure 7. The contribution to the growth of investments in fixed assets, p.p.**



Source: <http://www.belstat.gov.by>, calculations of the Ministry of Economy

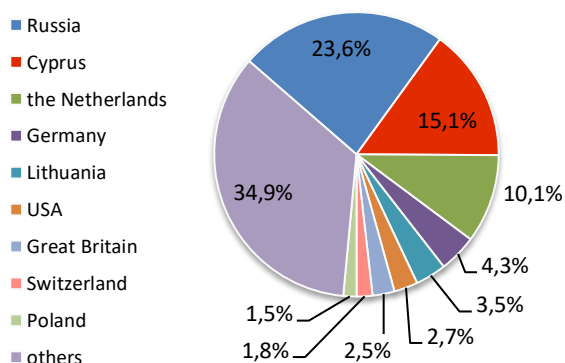
**Figure 8. Technological structure of investment in fixed assets, %**



Source: <http://www.belstat.gov.by>, calculations of the Ministry of Economy

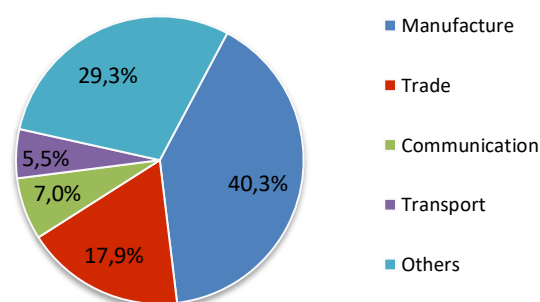
In the first half-year 2020 the amount of raised foreign investments in the Republic of Belarus made USD 4.5 billion, including USD 3.2 billion of direct investments. The net amount of direct foreign investments made USD 1.4 billion (which is practically a quarter more than during the first half-year of 2019), half of this amount is in manufacturing sector. Among the three key investors of net direct foreign investments are Russian Federation (29.3% of the total amount), Cyprus (18.7%) and Netherlands (12.6%) (Figure 9, 10).

**Figure 9. FDI inflows by country in H1 2020**



Source: <http://www.belstat.gov.by>, calculations of the Ministry of Economy

**Figure 10. FDI inflows by activity in H1 2020**



Source: <http://www.belstat.gov.by>, calculations of the Ministry of Economy

The government of the country is conducting a systemic work on creating in Belarus of favourable investment and business environment. In recent years the country has been stably taking the position in top-50 countries with the most favourable business climate as per World Bank research “Doing Business”. In “Doing Business-2020” rating Belarus takes 49th place out of 190 countries under study.

Besides within the frames of improving the mechanisms of raising investments to the country, an active work on reformation of the foreign investment council is conducted.



## BALANCE OF PAYMENTS AND INTERNATIONAL RESERVE ASSETS

In the first half-year of 2020, the balance of payments of the Republic of Belarus formed with a deficit in the amount of USD 1 billion (minus 3.5% of GDP) as compared to surplus in the amount of USD 0.9 billion (3% of GDP) for the similar period of 2019 (Figure 11,12).

In the first half-year of 2020 the current account deficit of the balance of payments amounted to USD 1.1 billion (minus 3.9% of GDP) against deficit of USD 0.8 billion (minus 2.7% of GDP) for the similar period of 2019.

The balance of foreign trade in goods and services was positive in the amount of USD 0.7 billion (2.6% of GDP) compared to the positive balance of USD 0.3 billion (0.9% of GDP) in the first half-year of 2019. Balance of foreign goods trade improved by USD 0.3 billion due to import decrease. The main driver of import decrease was decreasing of import of intermediate goods, both energy and non-energy, accompanied by some decrease in manufacture production. The foreign services trade also rendered positive impact upon foreign trade balance. The increase of the balance of foreign services trade in the first half-year of 2020 as compared to the first half-year of 2019 made USD 0.1 billion.

Against the increasing interest payments to foreign investors the primary income balance decreased by USD 0.6 billion (from minus 5.3% to minus 7.4% of GDP). The secondary income balance decreased by USD 0.2 billion (from 1.7% to 1% of GDP).

According to the financial account data (net of reserve assets transactions) during the report period net inflow of foreign capital made USD 0.3 billion (0.9% of GDP) against net inflow in the amount of USD 1.3 billion (4.7% of GDP) in the first half-year of 2019.

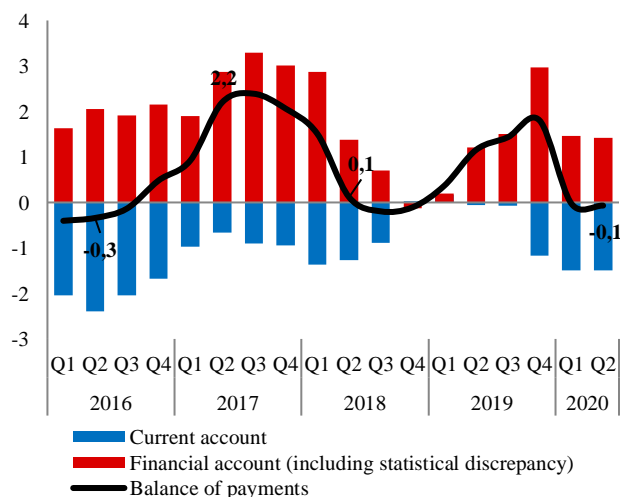
The operations of the National Bank and Government of the Republic of Belarus provided for the capital inflow in the amount of USD 1 billion on account of placement of Eurobonds in the amount of nearly USD 1.3 billion.

Capital outflow from the banking sector made USD 1 billion following allocation in the foreign markets of short-term assets in the amount of USD 1.3 billion.

Increase of accounts receivable and simultaneous repayment of accounts payable caused net capital outflow in other sectors in the amount of USD 1 billion.

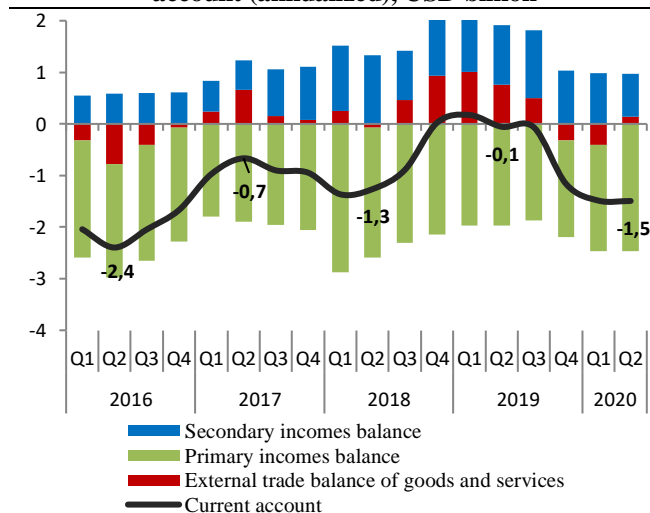
Inflow of financial resources in the Republic of Belarus on account of direct foreign investments made 4.4% of GDP against 3.9% of GDP in the first half-year of 2019.

**Figure 11. Dynamics of the main indicators of the balance of payments (annualized), USD billion**



Source: <http://www.nbrb.by>

**Figure 12. Dynamics of the main items of the current account (annualized), USD billion**



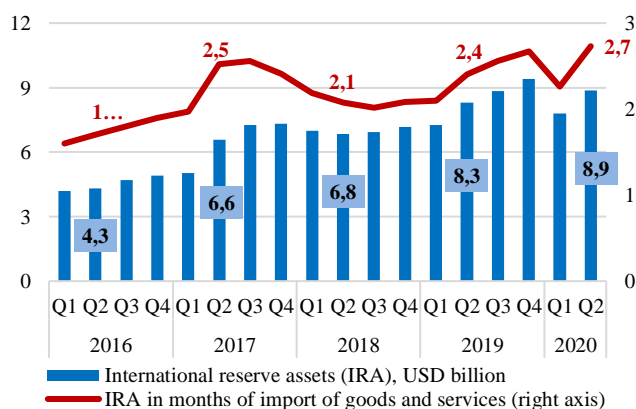
Source: <http://www.nbrb.by>



As at July 1, 2020 the international reserve assets (IRA) made USD 8.8 billion, which represent coverage of 2.7 months of import of goods and services (Figure 13). In IRA structure foreign currency assets (62.3% as at July 1, 2020) and monetary gold (31.8%) prevail.

As at the first half-year end 2020 the reserves level decreased by USD 0.6 billion. The volume of gold and foreign currency reserves was decreasing in 2020 mainly because of repayment of internal and external obligations of the Ministry of Finance and the National Bank in foreign currency, as well as because of sales by the National Bank of foreign currency during the auctions held by Belarusian Currency and Stock Exchange. The level of international reserve assets was supported by issue of bonds by the Ministry of Finance nominated in foreign currency in the domestic and international markets, growth of the cost of monetary gold and other foreign currency receipts to the accounts of the Ministry of Finance.

**Figure 13. International reserve assets (end of period)**



Source: <http://www.nbrb.by>



## DOMESTIC CURRENCY MARKET AND CURRENCY LIBERALIZATION

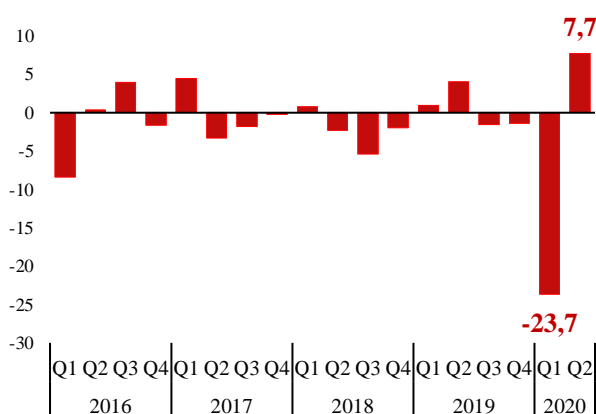
In the first half-year 2020 the macroeconomic situation in Belarus deteriorated, which was caused by unfavourable external factors (changing of the crude oil supply terms and falling of oil prices in the global markets, weakening of Russian ruble and slowdown of economic growth in countries-trading partners of Belarus because of COVID-19 pandemic). As a result, the following growth of devaluation expectations among Belarusian economic agents affected greatly the domestic currency market which was mostly demonstrated in January – March, 2020.

Since the mid of the 2<sup>nd</sup> quarter 2020 the volatility of Belarusian ruble exchange rate has been decreasing. The increased demand for foreign currency which occurred in the 1<sup>st</sup> quarter 2020 contributed to weakening of the Belarusian ruble exchange rate as at the first half-year end 2020 (14.1% to USD) (Figure 14).

The exchange rate policy was conducted in a floating regime. The changes in the Belarusian ruble exchange rate were mainly formed under market forces. Overall, the real exchange rate was near its equilibrium level.

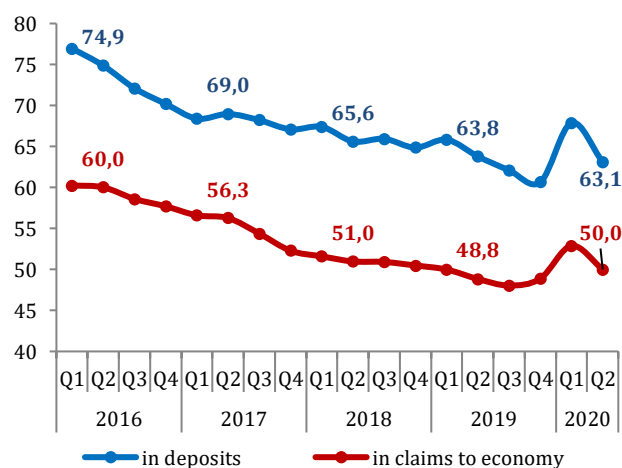
The process aimed at preventing the foreign currency predominance in economy in the first half-year 2020 slightly slowed down because of the growing devaluation and inflation expectations in the 1<sup>st</sup> quarter 2020. The relative share of foreign currency deposits decreased from 63.8% as at July 1, 2019 to 63.1% as at July 1, 2020. The share of banks' claims on the economy in foreign currency increased over the period from 48.8% to 50%. (Figure 15).

**Figure 14. The growth rate of the weighted average official rate of the Belarusian ruble, % month to corresponding month of the previous year**



Source: <http://www.nbrb.by>

**Figure 15. The share of the foreign currency component in banks' deposits and banks' claims to economy, %**



Source: <http://www.nbrb.by>

An important stage of currency relations liberalization was the introduction on June 30, 2020 of amendments to a number of laws of the Republic of Belarus in the area of currency regulation and currency control including adoption of the new version of the Law of the Republic of Belarus dd July 22, 2003 No 226-3 “On Currency Regulation and Currency Control”. After the law comes into effect on July 9, 2021:

- The approval-based procedure for foreign exchange transactions related to capital flows of resident individuals and opening accounts in foreign banks by resident legal entities of the Republic of Belarus shall be abolished;
- As part of measures taken to decrease the foreign currency prevailing in economy the number of allowed cases of foreign currency usage (including cash) in the territory of the Republic of Belarus shall be restricted; the procedure of issue by the National Bank of permits for foreign currency transactions shall be excluded in cases when such transactions are prohibited by foreign currency legislation;
- The business entities shall be granted the right to purchase foreign currency through banks or at stock exchange auctions without stating the purposes of its usage; the resident legal entities shall be granted the right to determine independently the terms of foreign currency revenue crediting to their accounts opened both in banks of the Republic of Belarus and in foreign banks;
- Provisions regulating crediting the foreign currency revenue to accounts in banks of the Republic of Belarus (repatriation of foreign currency revenue) and foreign currency agreements registration shall be preserved.



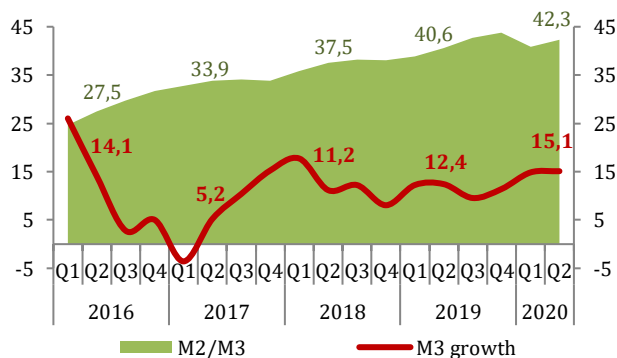
## MONETARY POLICY

In the 1<sup>st</sup> – beginning of the 2<sup>nd</sup> quarter 2020 the inflation rate accelerated, which was related to unfavourable impact of such factors as weakening of Belarusian ruble to free convertible currencies, increased goods demand because of uncertain future situation and introduction of restricting measures by many countries due to deteriorating epidemiological situation. Since the mid 2<sup>nd</sup> quarter 2020 the inflation processes are gradually stabilizing because of decreasing volatility of Belarusian ruble exchange rate and inflation rate slowdown in countries – trade partners. As a result, the annual increment of consumer prices in June 2020 made 5.2% with forecast of not exceeding 5% in December 2020. Inflation expectations of economic agents remained high, which also affected the dynamics of consumer prices (Figure 19).

To achieve the main goal of the monetary policy – to support the prices stability – the National Bank of the Republic of Belarus in the first half-year 2020 continued to control the money supply. The average broad money supply increased by 15.1% (6.3% net of exchange rate factor) y/y in June 2020, with the intermediate target set for the year 8–11% (Figure 16).

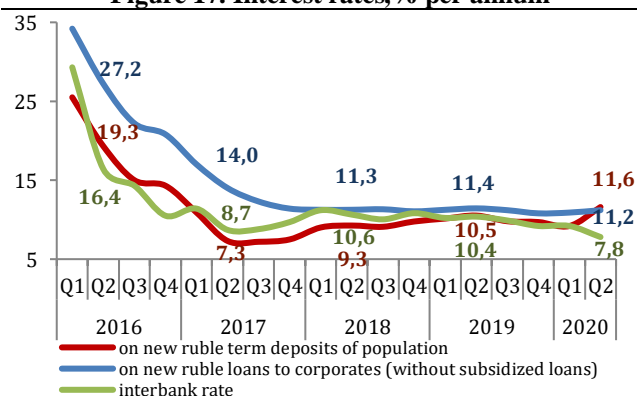
Taking into account the existing and forecasted inflation rate the refinancing rate decreased from 9% p.a. at the year start to 7.75% p.a. from July 1, 2020. The rate for constantly available and bilateral liquidity support operations from July 1, 2020 decreased from 10% p.a. to 8.75% p.a., and the rate on constantly available liquidity withdrawal operations decreased from 8% p.a. to 6.75% p.a. The average interest rates on new loans to legal entities in June 2020 were 11.2% p. a. on average (in June 2019 - 11.4% p. a.), new term deposits of individuals – 7.8% p. a. (in June 2019 – 10.4% p. a.) (Figure 17).

**Figure 16. Increase in average broad money, %**



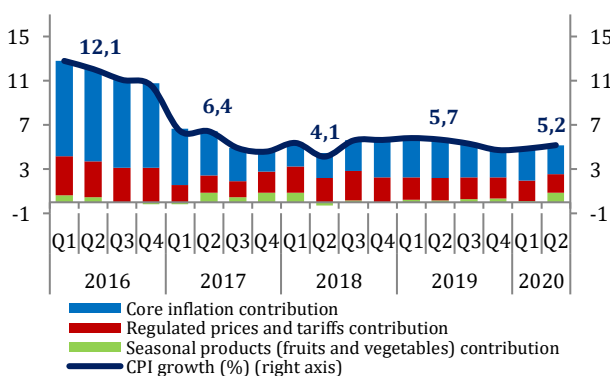
Source: <http://www.nbrb.by>, calculations of the National Bank

**Figure 17. Interest rates, % per annum**



Source: <http://www.nbrb.by>

**Figure 18. Inflation decomposition, p.p.**



Source: <http://www.nbrb.by>

**Figure 19. Inflation expectations for 3 months, share of respondents' answers, %**



Source: <http://www.nbrb.by>, calculations of the National Bank





## BANKING SECTOR

As of July 1, 2020, the banking sector of the Republic of Belarus included 24 operating banks. 19 banks had foreign capital, from which 15 banks had the share of foreign investors over 50% in the authorized fund, including 4 banks with 100% foreign capital. As at July 1, 2020 there were 5 representative offices of foreign banks in Belarus (Russian – 2, Chinese – 1, German – 1, and a representative of the Interstate Bank).

In January – June 2020 the total registered authorized fund of operating banks increased by BYN 17.0 million and amounted to BYN 5,559.0 million, which is equivalent to about USD 2.3 billion, as of July 1, 2020. The assets of operating banks as at July 1, 2020 amounted to BYN 85 549.9 million (an increase of 9.2% during January – June 2020). The share of assets in foreign currency increased from 50.3% as of January 1, 2020, to 52.3% as of July 1, 2020. The volume of the regulatory capital of operating banks amounted to BYN 11 321.3 million as of July 1, 2020, having increased by BYN 159.5 million, or by 1.4% in nominal value from the beginning of the year. The bulk of the capital (70.1%) concentrated in the five largest banks. As a result of the first six months of 2020, all commercial banks had a total profit of BYN 423.5 million.

The decrease in the cost of credit resources in the first half-year 2020 contributed to the growth of customers and banks' debts on credits and other active operations, which increased by 7.9% in nominal value from the beginning of the year and amounted to BYN 59 045.5 million as of July 1, 2020 (BYN 54 726.0 million as of January 1, 2020).

The banking sector remained resilient to the most significant risks. The key financial stability and secure operation indicators met the requirements (Table). The capital adequacy ratio on average for the banking system remained high (16.8% as of July 1, 2020), compared to the reference value set by the regulator for an individual bank at the level of not less than 10.0% (with a conservation buffer – 12.0%).

As of July 1, 2020, the non-performing assets (NPA) of acting banks (assets classified in V-VI risk groups, as well as restructured debt classified in IV-VI risk groups) made BYN 3 331.3 million. The share of NPA in assets subject to credit risk made 5.08%. The special reserve for covering possible losses on assets subject to credit risk was 100% (actual reserve to the estimated) as of July 1, 2020. The value of the leverage in operating banks as at July 1, 2020 significantly exceeded the normative value – 10.4% while the regulatory level is not less than 3%.

The National Bank continued to improve banking supervision. In January – June, 2020:

The peculiarities of audit in banks, bank groups and bank holdings were determined, which provide for inclusion in the report on the mandatory audit of annual accounting and (or) financial statements drafted in accordance with legislation of the Republic of Belarus of the opinion on the level of risks specific for the bank, information on evaluation of efficiency of bank's performance, assessment of corporate governance system, internal control and risk management system;

The requirements to risk management of the outsourced activities were determined;

The requirements to classification of restructured debt were tightened for the purpose of formation of special reserves (depending on the number of times the debt restructuring is repeated), the option is granted to restructure the debt earlier written off to the off-balance account on account of special reserve.

In March - June 2020 in conditions of increased impact from external negative factors the National Bank resolved to use a number of countercyclical measures aimed at increasing the banks' abilities to preserve the financial support to the real sector of economy, in particular separate prudential requirements are changed to the end of 2020.

Indicators	01.01.2020	01.07.2020
Authorized capital (registered), million rubles	5 542,0	5 559,0
Regulatory capital, million rubles	11 161,8	11 321,3
Regulatory capital adequacy, %	17,8	16,8
Profit, million rubles	1 175,2	423,5
Profitability of assets, %	1,52	1,27
Profitability of regulatory capital, %	10,92	9,48
Share of non-performing assets in the assets subject to credit risk, %	4,63	5,08
Adequacy of the provision for assets subject to credit risk, %	100,0	100,0



## GOVERNMENT BUDGET

The Republican budget as at the end of the first half-year 2020 was executed with a deficit of BYN 1.8 billion (2.7% of GDP) while the planned deficit (to the amended parameters) was BYN 2.2 billion. The deficit of the republican budget was financed from republican budget balances.

The deficit growth was mainly caused by reflecting the operation on increasing the statutory fund of JSC Assets Management Agency within the frames of realization of the Decree of the President of the Republic of Belarus dd 14.05.2020 No 166 “On debt restructuring” in the amount of BYN 1.3 billion. At the same time without taking into account the operations on debt restructuring under the Decree No166 the republican budget deficit amounted to BYN 0.8 billion.

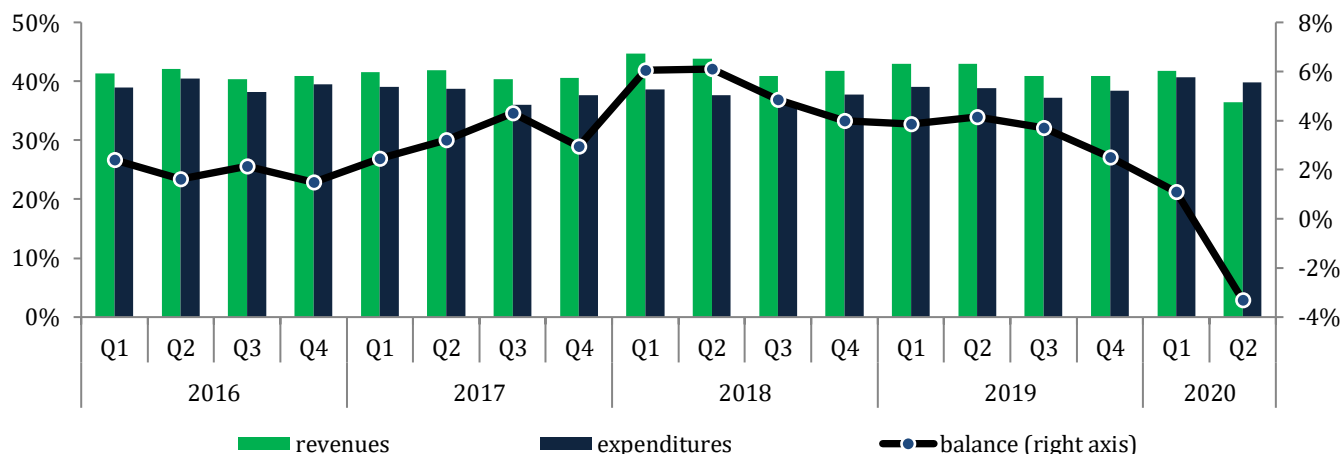
The revenue of the republican budget for January – June 2020 amounted to BYN 10.3 billion or 41% of the annual plan and 84.9% of the plan for the first half-year. The insufficient amount of the budget revenue in the first half-year 2020 was caused by deteriorating performance of petrochemical industry and slowdown of business activities due to unfavourable epidemiological situation.

Besides, as a result of the “tax maneuver” in Russian Federation the budget losses of the Republic of Belarus amounted to BYN 65.3 million. Subject to the impact of unfavourable factors in the first half-year 2020 the revenue of the republican budget in the current year is expected to amount to BYN 21.7 billion, which is 11% lower than the approved plan parameters.

During the budget execution all social obligations of the government were financed, and servicing and repaying the state debt was fully and timely paid, despite the fact that as compared to the previous year the budget revenue declined by 10.1% (the main reason was business slowdown and deteriorated performance of petrochemical industry)

The Consolidated budget (the Republican and local budgets) was executed with a deficit of BYN 2.2 billion or 3.4% of GDP. The main share of revenues of the Consolidated budget (83.7%) was formed by tax revenues, VAT built up the bulk of them. At the end of the period under study, the budget of the government sector was also executed with a deficit (minus BYN 2.1 billion or 3.2% of GDP) ([Figure 20](#)).

**Figure 20. General government budget, % of GDP**



Source: <http://www.minfin.gov.by>

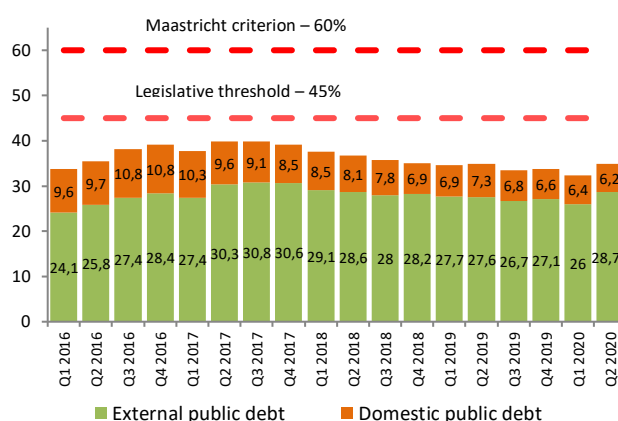


## PUBLIC DEBT

As of July 1, 2020, the public debt of the Republic of Belarus amounted to BYN 52.6 billion or 34.9% of GDP, including external public debt - 28.7% of GDP and domestic public debt - 6.2% of GDP (Figure 21). In January – June 2020, public debt increased by BYN 7.8 billion and the ratio of public debt to GDP increased by 1.2 p.p. to 33.9% against the economic security threshold of no more than 45% of GDP.

The external public debt increased from the beginning of the year by USD 905.9 million (taking into account translation differences), or by 5.3% and amounted to USD 18.0 billion as of July 1, 2020.

Figure 21. Public debt, % of GDP



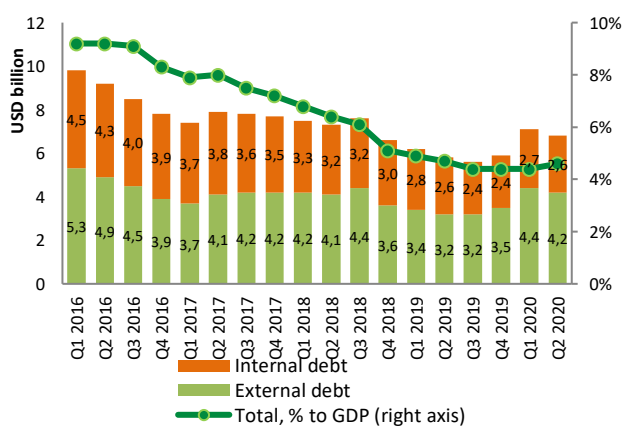
Source: <http://www.minfin.gov.by>

In January – June 2020, external state loans of USD 1,817.8 million in equivalent were raised, including from the bonds placed on foreign financial markets (USD 1 391.5 million), Government and banks of the Russian Federation (USD 362.6 million), banks of the PRC (USD 41.4 million), International Bank for Reconstruction and Development (USD 16.6 million), European Bank for Reconstruction and Development and Nordic Investment Bank (USD 5.7 million). The repayment of external public debt in January – June 2020 amounted to USD 786.2 million in equivalent, including USD 343.4 million paid to the Government and banks of the Russian Federation, USD 209.4 million - to banks of the PRC, USD 176.6 million - to EFSD, USD 54.8 million - to IBRD, USD 1.3 million - to EBRD and NIB, USD 0.7 million - to the USA Commodity Credit Corporation.

Domestic public debt amounted to BYN 9.3 billion as of July 1, 2020 and increased by BYN 557.5 million (taking into account translation differences) or by 6.4% since the beginning of the year. During 6 months of 2020, the domestic foreign currency government bonds for legal entities and individuals were placed for a total of USD 210.0 million. No government bonds in Belarusian rubles were placed during January – June 2020. The repayment of the government bonds made USD 360.4 million in equivalent and BYN 161.2 million.

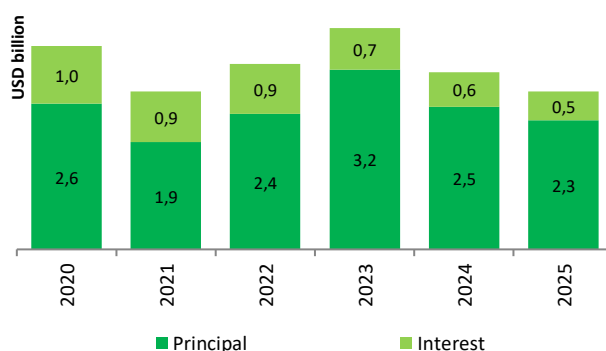
As of July 1, 2020, debt guaranteed by the Government of the Republic of Belarus increased by BYN 900.9 million as compared to the beginning of the year and amounted to BYN 6.8 billion or 4.6% of GDP, including external debt guaranteed by the Republic of Belarus of 2.8% of GDP and domestic debt guaranteed by the Republic of Belarus of 1.8% of GDP (Figure 22).

Figure 22. Public guaranteed debt



Source: <http://www.minfin.gov.by>

Figure 23. Debt repayment schedule



Source: calculations of the Ministry of Finance on the basis of the public debt portfolio as of 01.01.2020



## SECURITIES MARKET

The debt securities market in the Republic of Belarus is represented by bonds issued by banks, enterprises of the real sector of the economy, other business entities, local state authorities, and the National Bank and the Ministry of Finance as the issuer of government securities.

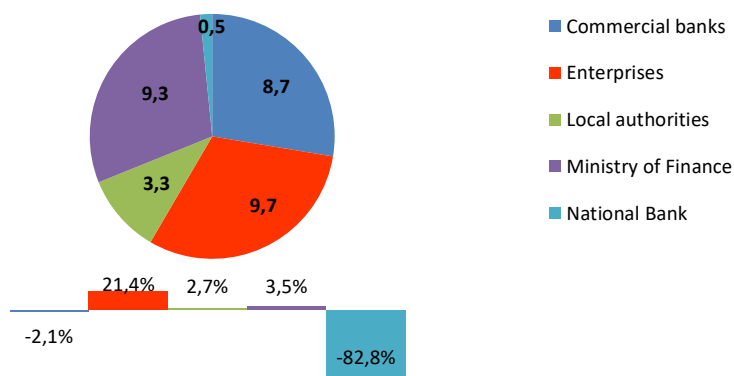
By the end of the first half-year 2020, the total number of bond issuers amounted to 268 subjects, having decreased by 2.9% as compared to the first half-year 2019. At the same time the growing number of issuers was observed among the business entities (+5.4%) which comprise 72.4% of the total number of issuers. The total number of bond issues as at 01.07.2020 made 956 (-6.7%). At the same time the number of bond issues by business entities increased by 3.3% and comprised 558 issues or 61.5% of the total number of issues.

As at 01.07.2020 the total amount of bonds issued by all categories of issuers was BYN 31.6 billion at a nominal value (Figure 24). The bonds of banks, enterprises and local government bodies are issued with tenors up to 5 years – BYN 8.1 billion (-1.7% to the same period of 2019), with tenors from 5 to 10 years – BYN 8.7 billion (+13.5%), with tenors longer than 10 years – BYN 5 billion (+16.9%) .

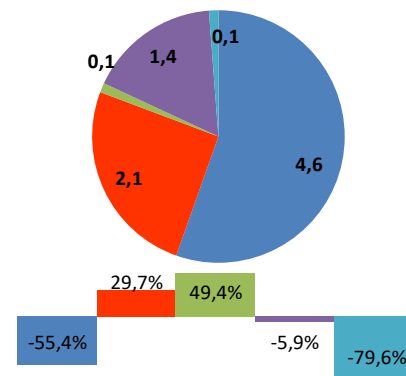
The bond segment of the securities market is dominant as compared to operations with other types of securities. The total amount of transactions with all types of bonds was BYN 12.2 billion or 93% of the total volume of such operations during 6 months of 2020. Among them, the purchase and sales transactions amounted to BYN 8.3 billion (68%).

**Figure 24. Bond market**

Volume of issues (billion rubles) and growth (%) of bonds of all categories of issuers



Volume (billion rubles) and increase (%) of bonds purchase and sale transactions



Source: <http://www.minfin.gov.by>

In the Republic of Belarus, 4 181 joint-stock companies are registered as of July 1, 2020, of which 2 253 are open JSC, 1 928 are closed JSC. The total issue of shares amounted to 37.9 billion rubles at par value (+14.6% compared to July 1, 2019). The volume of transactions with shares in H1:2020 amounted to BYN 920.1 million and increased by 6 times as compared to H1:2019.

The total issue of all types of securities amounted to BYN 69.5 billion as of July 1, 2020 (+6.4%). The volume of operations with all types of securities (stocks and bonds) in all segments of the securities market in H1:2020 amounted to BYN 13.1 billion. The volume of transactions in the organized securities market amounted to 6 billion rubles, the unorganized segment of the securities market reached BYN 7.1 billion.

The promising directions for the development of the securities market, enshrined in government programs and implemented by the Ministry of Finance through the preparation of the relevant regulatory legal acts are:

- development of collective investment institutions, incl. the establishment of a stimulating tax regime for investment funds;
- access of foreign professional traders to bond trading at the securities market;
- development of the trading, settlement, clearing and depository infrastructure of the securities market;
- expanding the list of goals within which a joint-stock company is allowed to acquire shares of its own issue by granting the right to conclude transactions at the stock exchange trading aimed at maintaining the liquidity of its own shares;



- 
- amendments to the rules for issuing exchange-traded bonds, including through the introduction of "programs of exchange-traded bonds";
  - introduction to IOSCO and unification of regulatory approaches taking into account world practice.
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