

This success was caused by reorientation of the national industry from purchases of the complex foreign equipment to foreign purchases of the key equipment and non-material technologies.

Carrying out a purposeful policy of support and stimulation of inflow of the capital into the country, the state – on the one hand – spends the rigid control over foreign investors and, on the other, does not allow speculative investments of the capital into the national economy.

Nowadays the significant part of capital in the Chinese economy is put by transnational corporations: 400 from 500 world's largest multinational corporations have investments here. In total there are around half a million companies in China with participation of the foreign capital.

The greatest preference they give to manufacturing industries, especially to manufacture of the electronic equipment and communication facilities. Spheres of scientific researches and complex maintenance service are developing extremely fast.

The introduction of China in WTO has demanded from the state carrying out of more liberal foreign trade policy. As a result special economic zones have been turned to the principles of self-financing. The most significant measures of stimulation of export were the increase in quantity of the enterprises admitted to the foreign trade operations and grants and tax privileges given to national exporters.

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## INVESTMENT IN BELARUS

## ИНВЕСТИЦИОННАЯ ДЕЯТЕЛЬНОСТЬ В БЕЛАРУСИ

The Republic of Belarus is at the crossroads of railways and motor-roads, oil, gas and product pipelines and communication systems between East and West. The advantageous economic and geographical as well as the geopolitical position between new borders of the expanding industrialized European Union and the Russian Federation possessing huge raw material resources.

Direct foreign investments are most interesting for the country. The most attractive sectors for foreign investors in the Republic of Belarus are: machine building and metalworking, light, chemical and petrochemical, woodworking, food industries, as well as trade activities, communications, transport, and medicine.

About 3000 companies have been set in our countries with participation of investors from 77 countries of the world. The five leading investor countries are: Switzerland (34,1 %), Russia (20,2 %), Germany (7 %), Great Britain (6,6 %) and USA (5,5 %). Belarus has also signed around 50 bilateral agreements on collaboration and the mutual protection of investments with such countries as the Netherlands, Finland, Italy, the Czech Republic, China, Turkey, Egypt, Cyprus, and others. Belarus has also signed more than 40 dual tax avoidance treaties.

An important role in the creation of the favorable investment climate in the Republic of Belarus belongs to the Consulting Board on Foreign Investments, which includes representatives of state entities, international organizations, as well as foreign investors operating in the Belarusian market.

The work of this entity allows defining the main tasks and measures for improvement of the investment climate in the country and rapid solution of problems of foreign investors related to their activities in Belarus.

For effective use of investment sources for funding purposes, the list of investment projects has been defined for the period till 2010 that have national significance and ensure a new qualitative level of economic development with maximum use of its competition advantages. The Department of Investment Affairs, an autonomous structural subdivision of the Ministry of the Economy, is responsible for formulating government policy on investment.

The key policy document that sets forth investment policy in Belarus is the National Program for the Attraction of Investment into the Economy of the Republic of Belarus Through 2010, which was approved by the Belarussian Government in 2002. Work is continuing on the improvement of the investment legislation.

The National Assembly of the Republic of Belarus has passed in the first reading a draft law «Concerning the Introduction of Amendments and Additions into the Investment Code of the Republic of Belarus», which widens the definition of what a foreign investor is and the forms foreign investment activity can take, improves the procedure for collecting customs and tax dues on property imported as a charter capital contribution, and widens the organizational and legal forms that commercial organizations with foreign investment, and other entities, can take.

This is the main reason for the foreign investment deficit and flight of private capital abroad into more favorable regions.

There are several characteristic approaches to evaluate investment climate. The most acceptable approach is the factorial one, based on the evaluation of a number of factors:

1. General levels of management (development of productive industry branches, coefficient of depreciation of the basic funds, unfinished construction).
2. Political situation.
3. Social factors (living standard, real salary levels, population's attitude to local and foreign entrepreneurs, working conditions for foreign specialists).
4. Financial factors (budget incomes, budget accessibility, credits in foreign currency, bank interest rate, amount of holding per capita, long term credits ratio).
5. Economic potential characteristics.