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The Republic of Belarus is developing a consistent cooperation with the European Bank for Reconstruction and Development in view of national interests, proceeding from understanding that cooperation with the Bank is a component of transformation of national economy and its integration into the world economy.

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## **SMALL BUSINESS IN BELARUS: PAST AND PRESENT** **МАЛЫЙ БИЗНЕС В БЕЛАРУСИ ВЧЕРА И СЕГОДНЯ**

Данная работа посвящена роли малого бизнеса в экономике Беларуси. В ней рассмотрены экономические и социальные аспекты его функционирования, анализируется его состояние на сегодняшний день, приводятся сравнительные характеристики развития по различным отраслям.

Small business in Belarus exists in two forms: legal persons and individual entrepreneurs. An enterprise is defined as small provided it has the medium-size number of employees: 1) in industry and in transport — up to 100 people; 2) in agriculture and research-and-production sphere — up to 60; 3) in construction and wholesale trade — up to 50; 4) in public catering, household service and retail trade — up to 30; 5) in other branches of the non-productive sphere — up to 25.

Economic functions of small business are the following:

- the function of an employer: according to the data of the UNO, small businesses create jobs for about 50 % of all the working population in the world; therefore they can lower unemployment and reduce social tensions in the country;

- the function of a producer of goods and services;
- the function of a catalyst for technological progress;
- the function of a taxpayer;
- the function of creating competitive conditions in the market.

The social significance of small business is also great:

- a lot of people can realize their creative potential;
- small business can provide employment to socially vulnerable people, e.g. the disabled, pensioners, refugees, etc.;
- small firms can employ people without working experience.

The current situation with small business in the Republic of Belarus has the following distinguishing feature: alongside a certain

decrease in the number of small businesses on the whole, the number of state small firms is increasing. Thus, according to the Ministry of Statistics, the number of private small enterprises decreased in number by 2,7 thousand during the period from January to March 2004, and this tendency continues. Still, the share of small business in GDP is constantly growing: in 2003 it was 8,2 % as compared with 4,8 % in 1997 and 6,5 % in 2000. The distribution of small enterprises in the branches of the national economy is the following: trade and public catering — 42,7 %, industry — 20,8 %, construction — 11,5 %, transport — 5,6 %, agriculture — 1,1 %, logistics and delivery — 0,8 %, non-productive sphere — 0,8 %, communications — 0,4 %.

The entrepreneurial activity is spread unevenly in the regions of the republic.

The centre of business is Minsk. It has advanced industrial and social infrastructure, huge capacities and qualified staff. Local authorities pay great attention to the development of small business. All this, as well as the free economic zone "Minsk", makes the city attractive to entrepreneurs. The development of business in the regions: Minsk region — 9,7 %, Gomel region — 8,1 %, Vitebsk region — 7,6 %, Mogilev region — 6,9 %, Grodno region — 6,8 %, Brest region — 7,1 %, Minsk city — 53,8 %.

According to the results of the survey carried out in the framework of the project "Development of small and average business in Belarus", more than 66 % of the respondents have positive sentiment on the existence of private sector of the Belarusian economy. Business in Belarus has a large potential, as more than 30 % of the population of the republic did not try themselves in this sphere, but would like to be engaged in it. The development of business, including small business, is one of the major prerequisites for the formation of competitive environment, development of the initiative of the population and social stabilization of the society. In modern conditions, the question of effective state policy of supporting small business is very urgent. With this purpose the Ministry of Entrepreneurship and Investments has developed the Concept of Government Support and Development for small business in Belarus for 2002—2005, determining the strategy of business development in the republic.