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Statement by the Hon. **ANDREI KOPYAKOV**,  
Governor of the Bank for the **REPUBLIC OF BELARUS**



**Statement by the Hon. Andrei Kobyakov,  
Governor of the Bank for the Republic of Belarus**

Our meeting takes place in a difficult period for the entire world economy. Despite the stabilization of the global financial system and the gradual resumption of economic growth, the growth trend has no firm basis, is geographically heterogeneous and subject to significant risks.

The sluggish growth demonstrated by the developed countries remains to be the main risk since demand in these economies is of great importance for the global economy. Against the background of moderate inflation risks, the roll-up of non-traditional measures of monetary policy and increase in interest rates are premature. At the same time, the rise in world food prices and a possible spiral growth in prices for raw materials could create an additional reason for tightening monetary policies.

Another risk are the high levels of public debt over the world, above all in European countries. It is certain that, in times of crisis, the states had to assume a greater share of the burden of supporting financial sector and implementing counter-cyclical fiscal policies, which led to a sharp increase in the debt burden on the sovereign balance sheets. Now, the need to maintain debt sustainability causes inevitable tough measures to reduce budget deficits in coming years, which will contribute to limited potential growth in these countries. A number of states will obviously have to take unpopular measures for this - to increase tax burden.

In 2010, the Belarusian economy has been recovering somewhat more rapidly than expected. In the first 8 months of this year, GDP growth was 6.1 percent, the industry grew by 9.8 percent, and investments - by 6.3 percent. By historical standards, inflation is at a moderate level for Belarus – 7.7 percent. Another positive trend is the faster growth of exports than imports - 22.6 percent against 15.6 percent, respectively.

The economic program under the Stand-by Arrangement with the IMF that was completed successfully this year in March played a key role in overcoming the crisis and correcting macroeconomic imbalances in Belarus. On one hand, the Program allowed economic policies aimed at reducing macroeconomic imbalances and, on the other, it enabled us to avoid the significant impact of the crisis on the social sector. We are grateful to the Fund that it found a possibility to support our efforts to address the crisis and implement economic reform in this tense period.

Cooperation of Belarus with the World Bank in 2010 has received additional impetus in light of the extension of a U.S.\$ 200 million Development Policy Loan to the Republic of Belarus in end 2009. The loan supported the initiative of the authorities to conduct a series of economic reforms, including, in particular, liberalization of prices, reduction of barriers to business start-up, tightening of budget constraints and improvement of social security. In addition, in 2010 the World Bank approved a loan of U.S.\$ 125 million on the project to enhance energy efficiency.

Belarus attaches great importance to the World Bank's participation in current reforms and economic development of Belarus. At the same time, there is potential for deeper cooperation with the World Bank, which, as we hope, will be reflected in the new strategy of cooperation of Belarus with the World Bank, now being in the active phase of preparation.

Hard realities facing the global economy amid the global financial and economic crisis became an incentive for the adoption by the Bretton Woods institutions of a number of radical measures aimed at support and rehabilitation of national economies.

Belarus supports the efforts of the IMF and World Bank managements in their efforts to implement reforms and address the challenges facing the global economy. The recent crisis has revealed serious shortcomings in the mechanism of the world financial system, which requires from the IMF an increased quality of monitoring of systemic risks and expanded tools to counter identified threats.

We support changes aimed at increasing representation of developing and transition countries in the Bretton Woods institutions and believe that the new participation structure will reflect the current economic weight of member countries more accurately.