

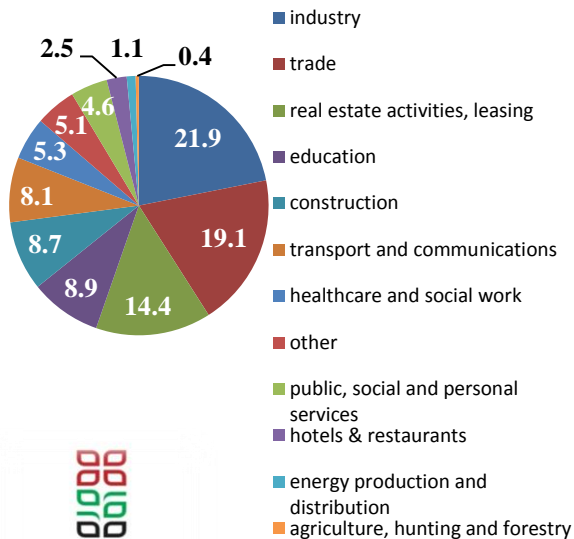


Investment potential of Minsk City



1. Labour resources

Employment by sector of economy (%), 2012
Minsk City

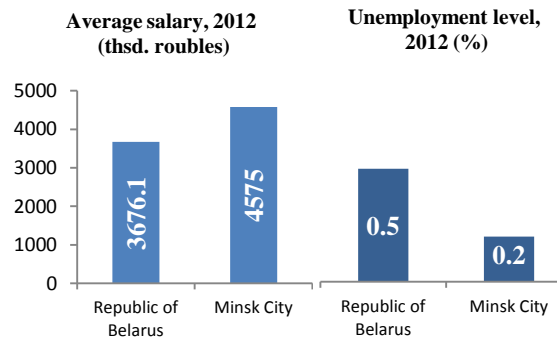


Minsk's population is mostly active in the industry (21.9%), trade (19.1%), real estate activities (14.4%), education (8.9%) and construction (8.7%).

| POPULATION ACTIVE IN SECTORS OF ECONOMY, 2012 (thsd. persons) | |
|---|--------|
| Total active | 1078.8 |
| including: | |
| Industry | 236.2 |
| Trade | 205.9 |
| Real estate activities, lease | 155.2 |
| Education | 95.5 |
| Construction | 93.9 |
| Transport and communications | 86.9 |
| Healthcare and social work | 57.2 |
| Other | 54.8 |
| Public, social and personal services | 49.5 |
| Hotels & restaurants | 27.4 |
| Energy production and distribution | 12.2 |
| Agriculture | 4.1 |

Source: National Statistics Committee of the Republic of Belarus, 2013

The official unemployment level in Minsk is 0.2% of the economically active population, which is 0.3% lower than in the country in general. The salary level is almost 24% higher than on average in the country.



Out of the total workforce of Minsk City around 41% has higher education, 33% has either a vocational or specialised secondary education.

| WORKFORCE QUALIFICATIONS, 2012 (thsd. persons) | |
|--|-------|
| Workforce, total | 865.1 |
| including those with educational level as follows: | |
| higher | 352.3 |
| vocational | 124.1 |
| specialised secondary | 160.5 |
| general secondary | 215.6 |

Source: National Statistics Committee of the Republic of Belarus, 2013

2. Region's economy

The city's specialisation in the country's economy is determined by such sectors as industry, construction, science and science services. The enterprises of the city of Minsk produce over a fifth of the country's industrial products. The city specialises in manufacturing trucks, tractors, buses, trolleybuses, motorcycles, bicycles, transformers, household refrigerators and deep-freeze refrigerators, ball and roller bearings, wool fabrics.

| GROSS REGIONAL PRODUCT (GRP), 2012 | | |
|------------------------------------|----------|-----------|
| | 2011 | 2012 |
| Total (bln. roubles) | 79 495.3 | 127 125.0 |
| Per capita (mln. roubles) | 42.4 | 67.2 |
| GRP share in GDP of Belarus (%) | 26.8 | 24.1 |
| Real GRP growth rate (%) | 115.1 | 95.7 |

Source: National Statistics Committee of the Republic of Belarus, 2013



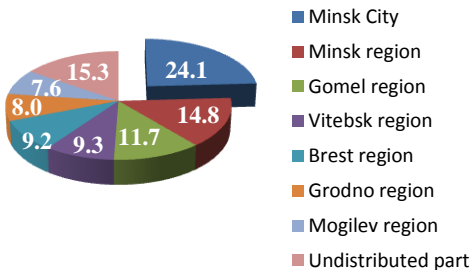
Investment potential of Minsk City

In the near future advance development of knowledge-consumptive productions, in the first place, of electric equipment, electronic and optical equipment, expansion of the range of high-end products in other economic sectors are provided for.

Special attention will be paid to the introduction of new-generation technologies, including nanotechnologies and automation devices, aerospace technologies and ICTs based on them. As to machines, equipment, and vehicles, it is planned to manufacture competitive equipment (Euro 4 and Euro 5 vehicles), modernise production at Minsk Vehicle Factory and Minsk Motor Factory open joint-stock companies.

The gross regional product of the city of Minsk is higher than that of any of the regions and amounts to a quarter of the country's GDP.

Share of Minsk City in the country's GDP, 2012 (%)



Largest enterprises by industry:

- *engineering and metal processing* (Minsk Tractor Works RUE, Minsk Automobile Plant OJSC, Minsk Aircraft Overhaul Plant OJSC, Minsk Motor Plant OJSC, Minsk Instrument Making Plant OJSC, Minsk Automobile Kitting Plant JOJSC, Minsk Plant Termoplast,

Minsk Bearing Plant OJSC, Amkodor OJSC, Minsk Electrotechnical Plant named after V. I. Kozlov PRUE, JCSC Beltelecabel, Holding Management Company BELKOMMUNMASH OJSC;

- *electrical and instrument-making industry* (Minsk Watch Plant OJSC, Household Appliances and Consumer Electronics Horizont PPUe, Atlant CJSC, Integral CJSC, Belomo CJSC);
- *wood-processing* (DLC Belleszdeliye, Minskdrv OJSC);
- *light* (Minsk Porcelain Factory OJSC, Kamvol OJSC, Milavitsa JCJSC, Elema OJSC);
- *chemical* (Belplast Plant OJSC, Belkosmex PC LLC);
- *production of construction materials* (Keramin OJSC, Minsk group of silicate products OJSC);
- *food* (Minsk Kristall RUE, Minsk Grape Wines Factory CJSC, Kommunarka OJSC, Confectionary «Slodych» OJSC, Minsk Margarine Plant OJSC, Foodstuffs LLC, Krinitza OJSC, Yeast Plant OJSC).

3. Foreign trade

Minsk is the largest exporter ensuring 40% of the foreign-trade turnover of the Republic of Belarus. Over 60% of products manufactured by the enterprises of Minsk is exported. The main export positions are tractors, trucks, trailers and semitrailers, metal-processing machines, bearings, paving blocks.

| VOLUME OF FOREIGN TRADE IN GOODS, 2012 (mln. USD) | | |
|---|------------|---------------------|
| | Minsk city | Republic of Belarus |
| Turnover | 38 778.2 | 92464.3 |
| Exports | 20 038.5 | 46 059.9 |
| Imports | 18 739.7 | 46 404.4 |
| Balance | 1 298.8 | -344.5 |

Source: National Statistics Committee of the Republic of Belarus, 2013

Goods made in Minsk are exported to over 100 countries of the world. The main consumers of Minsk's goods are located in Russia, the UK, Baltic countries, Germany, Ukraine, Italy.

4. Foreign investment

The location of foreign investment is characteristically concentrated in Minsk in the recent 5 years. The city leads as to the number of the organisations set up with foreign investment (over 3.5 thousand joint ventures and foreign companies have been registered). The principal investor countries of the city's economy are Russia, Switzerland, Virgin Islands, Austria, Netherlands, the UK, the USA, Germany.

The priority of the investment policy is to attract investment resources to the manufacturing and their concentration on implementation of investment projects with high export and import-substituting knowledge-consumptive and resource-saving technologies orientation.

| FOREIGN DIRECT INVESTMENT, net, 2012 (mln. USD) | |
|---|---------|
| Republic of Belarus | 1 376.5 |
| Minsk city | 728.1 |

Source: National Statistics Committee of the Republic of Belarus, 2013

In the city of Minsk a High Technologies Park functions to develop software, ICTs and other technologies aimed at increasing competitiveness of the national economy, raising domestic and foreign investment for the sector.

To stimulate business in the city of Minsk. a Centre of Entrepreneurship Support as well as two Small Enterprises Incubators have been established. Minsk Free Economic Zone operates on preferential terms.

The principal activities of Minsk FEZ are manufacturing. services (transport and logistics. sports and physical training. culture and entertainment. financial. information). infrastructure development. The city relates the prospects of its economy to innovation development and information resources mobilisation.



Investment potential of Minsk City

5. Transport and communications

Minsk's share in railway passenger transportation is around 30%. In motorway goods transportation is 20% in exports and is 40% in imports. The city is served by two airports. Minsk 1 and Minsk National Airport, to which 14 airlines perform flights.

Minsk is the largest railway centre of Belarus. Trains bound for Russia, Ukraine, Poland, Latvia, Lithuania, Germany, France, the Czech Republic depart from it. The operational length of the two lines of Minsk Underground is 30.3 km with 25 stations.

6. Education and science

Minsk is the centre of research and scientific and technical potential of Belarus. There the National Academy of Sciences of Belarus is located, the National Library of Belarus, a repository of an all-purpose collection which amounts to 9 million copies of different information media in all branches of knowledge, functions.

30 educational institutions train specialists with higher education. 43 educational establishments train those with specialised secondary education.

The following institutions function in the region:

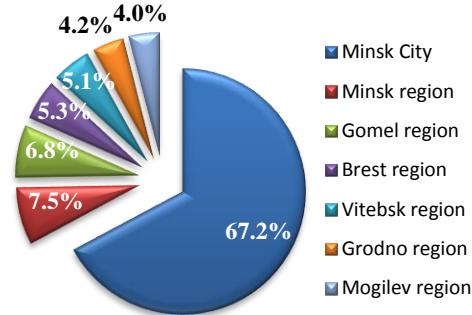
- Minsk City Centre of Engineering Services Municipal Unitary Company;
- Polytechnic Research and Technological Park of the Belarusian National Technical University Innovation Republican Unitary Company;
- National Infopark Research and Technology Association;
- Arvit-Avto JLLC Research and Technology Park;
- Research and Technology Park Foundation;
- Minsk City Technopark LLC.

| EDUCATION AND SCIENCE, 2012 | |
|--|-----------|
| No. of higher educational institutions | 30 |
| No. of R&D organisations | 356 |
| Personnel engaged in R&D | 14 603 |
| Expenses for R&D (mln. roubles) | 2 460 597 |
| No. of organisations active in innovations | 102 |

Source: National Statistics Committee of the Republic of Belarus, 2013

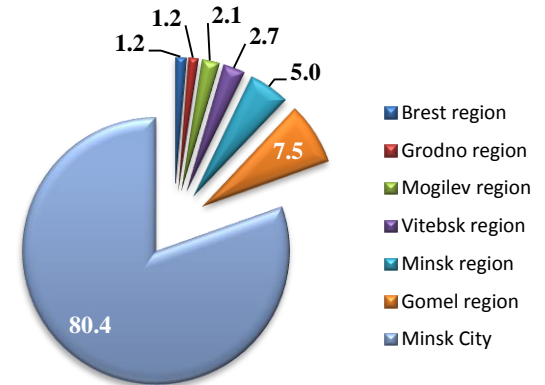
Minsk leads among the regions as to the number of organisations engaged in research and development.

R&D organizations by region and Minsk City, 2012



Around 80% of all the expenses for research and development is in Minsk.

R&D expenses by region and Minsk City, 2012



Among the total expenses for R&D in Minsk 60% is for development.

R&D expenses distribution by type, mln. roubles Minsk City

