



IT industry



NATIONAL AGENCY
OF INVESTMENT
AND PRIVATIZATION

REPUBLIC OF BELARUS

IT INDUSTRY

IT-industry in Belarus is presented by more than 1013 companies, with only 27 state-owned (around 2,7 %).

Source: dev.by

The share of IT sector in GDP of Belarus – 3 per cent of GDP

Belarus is ranked 36th in the ITU's 2015 Global ICT Development Index. In the last five years Belarus went up by 14 positions in this ranking. Within one year the country improved its standing by 2 points and is now ranked 36th, Belarus is still ahead of Russia (45th place) and Kazakhstan (58th place).

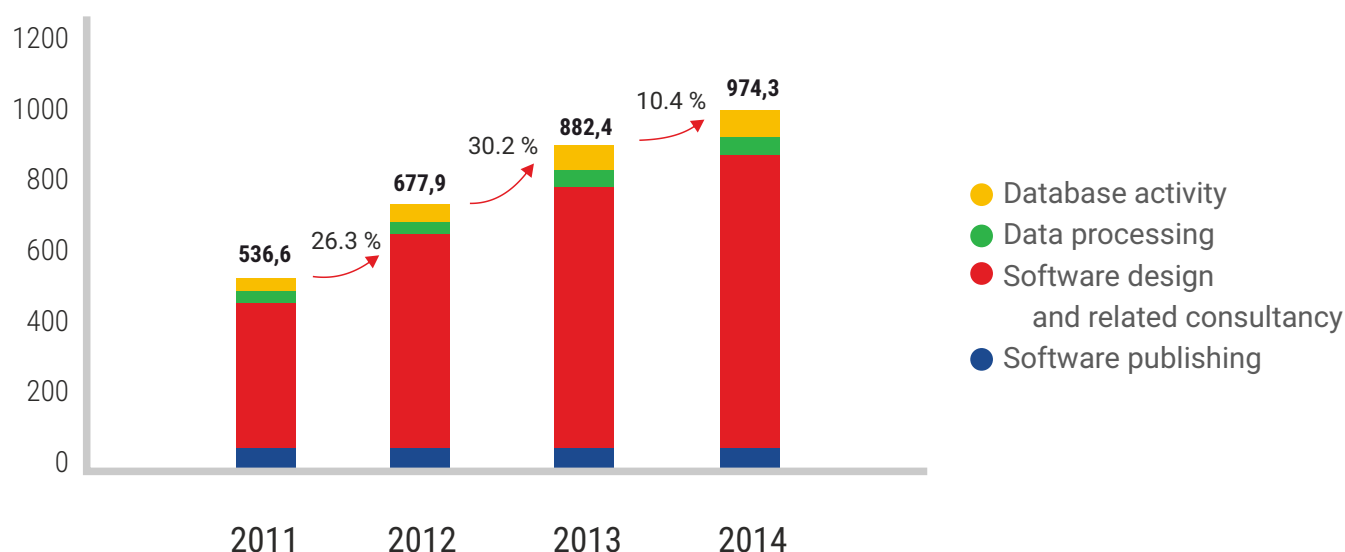
ICT development index

Country	Index ranking
Korea (Rep)	1
Germany	12
Belarus	31
Lithuania	39
Russia	43
Poland	50
Kazakhstan	52
Ukraine	76

*Total production of Belarusian IT-industry
amounted to USD 1120 mln
USD in 2015*

Sod-podzolic, peat-bog and alluvial soils dominate in Belarus.

IT-production output, mln USD



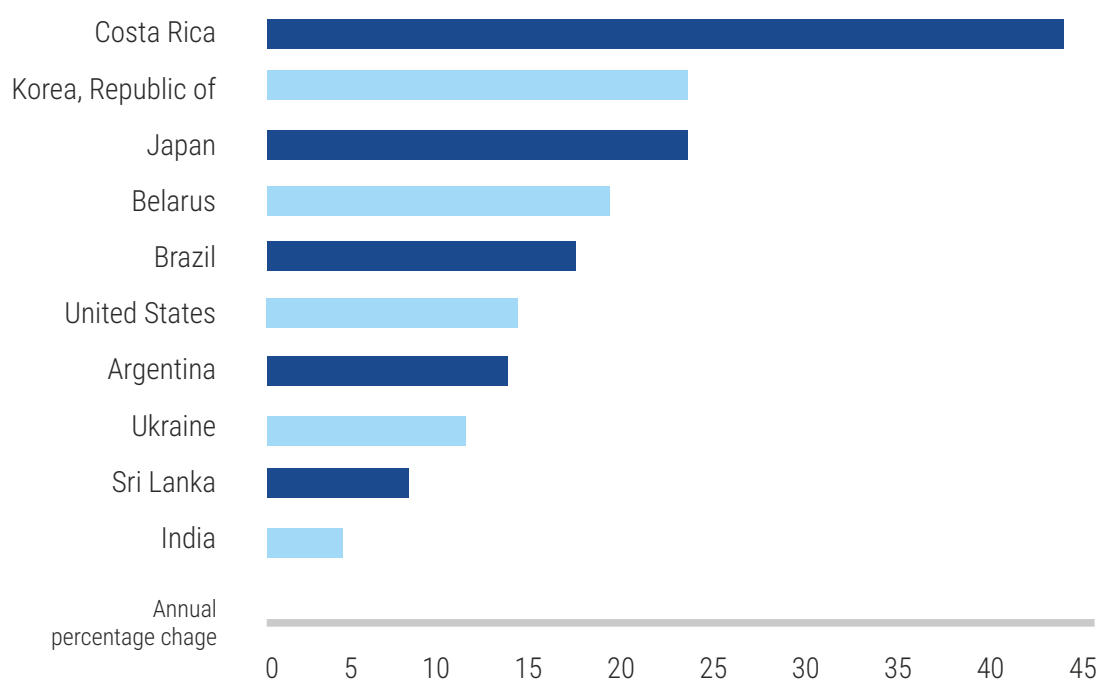
Source: National Statistic Committee of the Republic of Belarus

Software design and related consultancy constitute to the bulk of the IT-production (87%).

Computer services was the most resilient services sector in 2015, as it has been in other periods in which trade has contracted. This is due to a regular global demand for cost-efficient technologies, the development of innovative software in various sectors such as manufacturing, finance, insurance, healthcare and education as well as the pressing need to address IT security concerns. In 2015, the IT services sector expanded rapidly in many emerging exporters.

Exports of computer services in selected economies, 2015

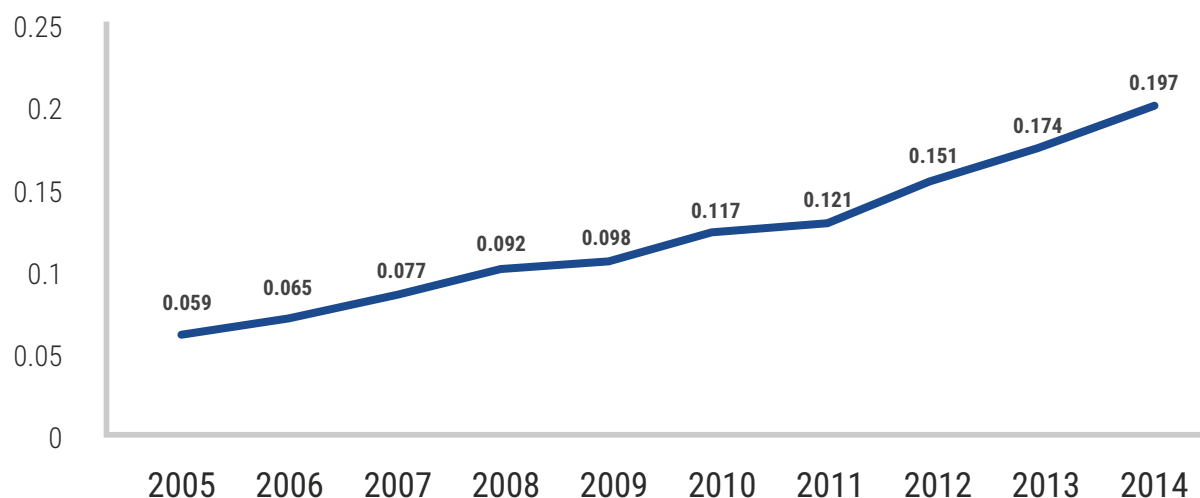
(annual percentage change)



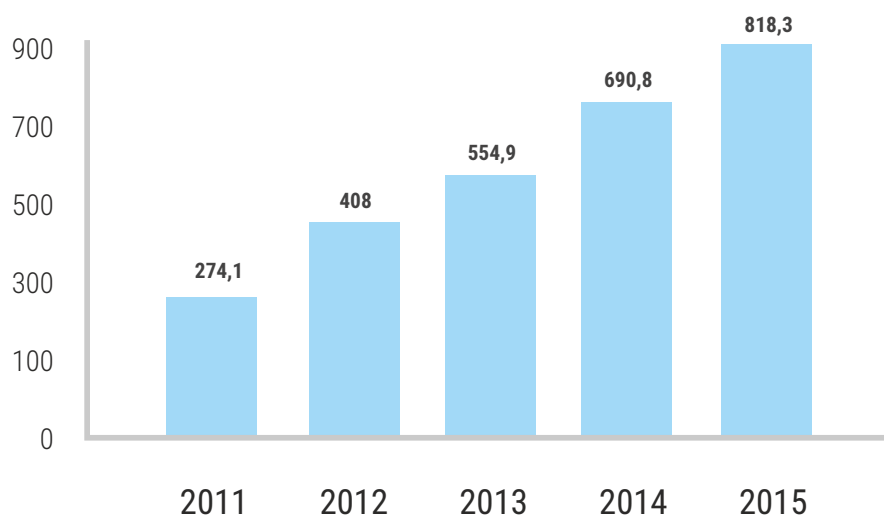
Source: WTO-UNCTAD-ITC estimates.

In 2015 Belarus occupied 14th place by the export of ICT services.

The share of Belarus in the world export of ICT services, %

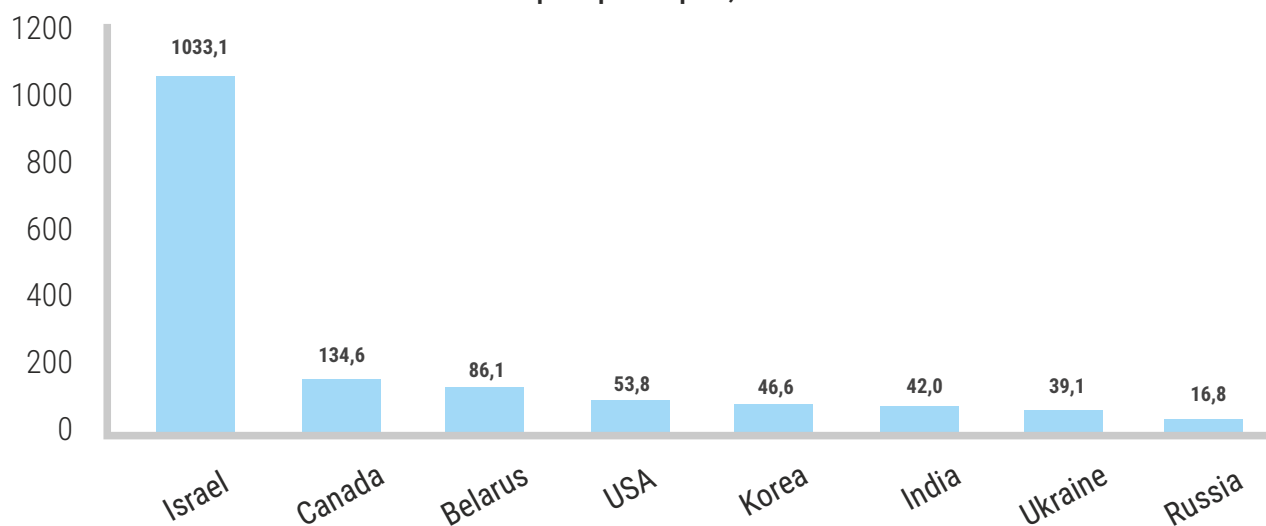


Computer service export of Belarus, thsd USD



Belarus managed to outrun such recognized world leaders in the IT sphere as India and the United States in computer services exports in 2015. Thus, in 2015 the computer services exports in Belarus totaled about \$86.1 per capita, while in India the same index equaled \$42 and in the United States – \$53.8.

Export per capita, USD



High Technology Park (HTP)

The HTP was created in 2005 to foster development of the IT industry. The HTP is an area in the eastern part of Minsk with a special legal regime lasting until 2020- Administration of the HTP has already initiated consideration of prolongation of the regime until 2030.

The status of HTP resident can be granted to a Belarusian company (including those with foreign investments) whose business is:

- analysis, design, and software support for information systems;
- data processing;
- fundamental and applied research, exploratory developments in the field of natural and engineering sciences;
- technical protection of information;
- IT consulting and a range of other activities.

HTP residents enjoy the following tax benefits:

- exemption from profit tax and VAT;
- land plots within the HTP necessary for construction of buildings are exempt from land tax throughout the period of construction but no longer than three years;
- real estate on HTP territory (except leased real estate) is exempt from real estate tax; and
- dividends paid to shareholders registered in offshore zones are not subject to offshore duties.

Furthermore, certain exemptions concern personal income tax paid by employees in HTP, and social security payments. Foreign legal entities also enjoy benefits as to taxation of dividends, interest and royalties from HTP residents. These types of income are taxed at the rate of 5%, unless more favourable conditions are set by international agreements

As at January 2016, 152 companies operated in HTP. Classifying HTP resident- companies by the origin of attracted investments,

- 62 companies (41 %) were founded by Belarusian investors,
- 54 companies (35%) were set up by foreign investors,
- 36 companies (24%) were joint ventures.

According to the official statistics, the IT-services production of HTP Belarus resident-companies amounted to about USD 792.96 mln USD, which established annual growth rate of 119%.

Against the fall of the global IT industry and cost reduction of IT services on the international markets, the volume of services exports by the HTP residents in the past year amounted to 705.6 million US dollars and grew by 21%.

The share of export in total production of the Hi-Tech Park was 91.5%. The software designed in HTP in 2015 was delivered to customers from 61 countries, 46.7% of exports go to Western Europe, 40.2% to the United States, 10.7% to the CIS countries.

Russia, the United States, Britain, Germany, Finland, Ireland, the Netherlands, Switzerland, Israel and the Republic of Korea were the main importers of the HTP services in 2015.

During the past year resident companies entered the markets of six countries for the first time: South Africa, Portugal, Croatia, Serbia, Uzbekistan and Kyrgyzstan.

On the domestic market of Belarus, total revenue from sales of goods, work, services, property rights on intellectual property items of the High-Tech Park residents in 2015 amounted to 1.07 trillion BYR and increased by 27.6% in comparison with the last year.

In 2015, the High-Tech Park attracted foreign direct investment in the amount of 145.3 million US dollars, 25 million US dollars more than the previous year.

Export and Import of computer services in Belarus and HTP share

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Balance	14.1	33.2	78.4	119.3	116.8	169.7	297.5	351.6	428.7	600.4	730.4
Export	26.4	49.4	95.5	154.7	159.1	223.0	279.1	416.0	554.9	689.9	818.3
Import	12.3	16.2	17.1	35.4	42.3	53.3	51.0	5.6	72.4	89.5	87.9
HTP residents' export		17.3	56.8	102.5	110.1	161.0	215.2	331.5	446.7	585.2	705.6
Share		36.1	60.0	64.5	68.7	73.9	78.5	81.6	95.6	88.0	86.2

Mobile applications developed by HTP resident companies are used by more than 900 million people in 193 countries around the world.

Some of the most popular applications in the world are developed in HTP.

The Park designed a computer game, which entered the Top-5 most profitable multiplayer games in the world.

Five of the ten largest corporations in the world (according to Forbes ratings) are customers of the Hi-Tech Park.

Among the HTP residents, there is the largest service provider in the field of project (custom) software and solutions development in Central and Eastern Europe.

Five HTP resident companies are included in the top 100 outsourcing companies in the world - The Global Outsourcing 100® - according to the International Association of Outsourcing Professionals.

Each year a new successful project appear in HTP: the game World of Tanks, Apalon Company, Viber and MSQRD applications.



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