

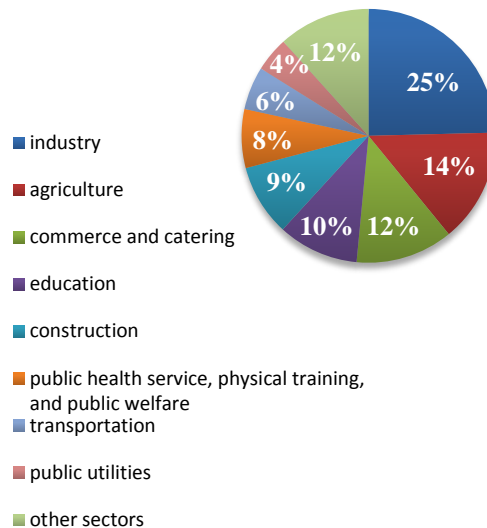


Investment potential of Grodno region



The population of Grodno Region is mostly active in the industry (25%), agriculture (14%), and commerce and catering (12%).

Employment by sectors of economy, 2010



The official unemployment level in the region is 0.6% of the economically active population, which is the same as in the country in general. The average monthly salary in the region is 12% below the relevant index in the country.

1. Labour resources

Quantity of population active in sectors of economy, 2010 (thousand persons)	
Total active	506,7
including:	
Industry	124,9
Agriculture	73,4
Commerce and catering	62,6
Education	52,3
Construction	46,1
Public health service, physical training, and public welfare	37,8
Transportation	28,0
Communications	6,4
Forestry	3,6
Science and science services	1,1

Source: National Statistics Committee of the Republic of Belarus, 2012

Out of the total workforce of Grodno Region, around 23% has higher education, 46% has either a vocational or specialised secondary education.

WORKFORCE QUALIFICATIONS, 2010	
Workforce, total	437 859
workforce with the following education:	
higher	98 674
vocational	106 576
specialised secondary	93 961
general secondary	124 544

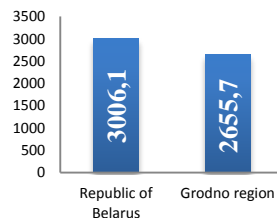
Source: National Statistics Committee of the Republic of Belarus, 2012

2. Region's economy

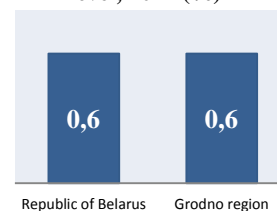
The economy of Grodno Region is oriented towards agriculture. This field develops dynamically and stably. The main sector of agriculture is dairy and meat husbandry, an important one is poultry-farming. The weight of animal products in the total volume of production amounts to over 50%.

The region specialises in production of aminocaproic lactam, nitrogen fertilisers, ammonia, potato diggers, sowers, planters and seedling setters, tyre lining, slate, cement, tobacco products.

Average salary in Q1 of 2012 (thousand rubles)



Unemployment level, 2011 (%)



Gross regional product (GRP), 2011		
	Total (billion rubles)	per capita (million rubles)
Grodno region	21 196,7	19,96
GRP share in GDP of Belarus	7,7%	
Real GRP growth rate	105,1%	

Source: National Statistics Committee of the Republic of Belarus, 2012



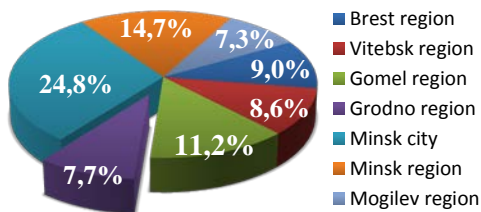
Investment potential of Grodno region

The chemical industry dominates in Grodno Region. The main manufacturing capacities are located in Grodno and Lida, the biggest towns of the region along with Slonim, Volkovysk, Smorgon. The majority of large enterprises are concentrated around Grodno.

Among other important industries there are: food; engineering; metal-processing; manufacturing of construction materials.

With its volume of the gross regional product Grodno Region occupies the penultimate place among the regions.

Weight of regions' and Minsk's GRP in GDP, 2011



Largest enterprises by industries:

- *food* (Grodno Meat-Processing Factory OJSC, Lida Beer OJSC, Skidel Sugar Factory OJSC, Grodnobioprodukt CJSC);
- *chemical and petrochemical* (Lakokraska OJSC, Grodno Azot OJSC);
- *engineering and metal processing* (Lidselmash OJSC, Grodno Factory of Commerce Engineering RUE, Grodno Mechanical Factory OJSC, Grodno Automobile Unit Plant RUE, Belkard OJSC, Lidagroprommash OJSC);
- *manufacturing of construction materials* (Grodno Factory of Construction Materials OJSC, Krasnoselskstroimaterialy OJSC, Smorgonsilikatobeton OJSC, Nyoman Glass Factory OJSC);

- *light* (Conte Spa LLC, Slonim Worsted-Goods and Spinning Factory OJSC, Elod SCF OJSC, Gronitex GPRUE, Nyoman Grodno Footwear Factory OJSC);
- *wood-processing* (Mebel-Nyoman JV, Mostovdrev OJSC, ZOV-Len-Yevromebel JLLC, Medis FMPUC, Amtako International JV, Trio BelDrev JV);
- *cigarette production* (Grodno Tobacco Factory Neman OJSC).

3. Foreign trade

Grodno Region trades with 103 countries of the world. The goods of the local producers are exported to the markets of 70 countries, products are imported from 102 countries.

Volume of foreign trade in products and services, 2011 (million US dollars)		
Region	Grodno region	Republic of Belarus
Turnover	3 792,9	86 041,1
Exports	2 112,2	40 294,0
Imports	1 680,7	45 747,1
Balance	431,5	-5 453,1

Source: National Statistics Committee of the Republic of Belarus, 2012

Among the principal trade partners of the region there are Russia, China, Poland, Germany, Ukraine, Brazil, Lithuania, Italy, Argentina, Turkey, Netherlands, Switzerland, France. In 2011 new markets of 18 foreign countries have been entered, including: Bosnia and Herzegovina, Burkina Faso, Ghana, Guinea, Zambia, Jordan, Cuba, Cote d'Ivoire, Libya, Mali, Malta, Morocco, Mozambique, New Zealand, Pakistan, Senegal, Tanzania, Uruguay. Change in the geography confirms demand for the region's products in new countries.

In the field of trade in services the enterprises and organisations of Grodno Region co-operate with entities in exports in 86 countries of the world, in imports in 56 countries. The majority of export of services are transportation, business, construction, tourist, and computer services.

4. Foreign investment

The main investment areas in the region are:

- modernisation of organisations of food, processing, chemical, wood-processing, light, fuel industries, engineering, industry of construction materials;
- creation of enterprises producing knowledge-consumptive products;
- reconstruction and equipping of agricultural complexes with modern processing equipment;
- development of the tourism and leisure infrastructure, roadside service;
- development of transportation and telecommunications systems.

FOREIGN DIRECT INVESTMENT, net, 2011 (thousand US dollars)	
Republic of Belarus	3 973 953,9
Grodno region	49 293,6

Source: National Statistics Committee of the Republic of Belarus, 2012

As of 01 January 2012 Grodno Regional Executive Committee has entered into 50 investment contracts to the total amount of 455 million US dollars. Specialisation in different sectors of investment creates good conditions for creating enterprises with foreign capital.

As to the ratio of foreign investment accumulated in the region, investors from the Russian Federation, Czech Republic, Poland, Finland, Lithuania, Cyprus, the United States of America, Austria, the United Kingdom prevail. In the region constant increase of enterprises with foreign investment can be observed.



Investment potential of Grodno region

5. Transport and communications

- the length of general railway operating tracks is 649 km;
- the length of general motorways is 12.9 thousand km;
- the principal motorways of the region are those in the direction of Minsk, Vilnius, Baranovichi and Brest (principal highways are Minsk-Oshmyany-Vilnius, Minsk-Lida-Grodno, Baranovichi-Slonim-Volkovysk-Grodno, Vilnius-Lida-Slonim);
- Grodno airport of class 4 (18 km to the south-east from Grodno) has the status of an international one;
- the distance from Grodno to Minsk is 269 km.

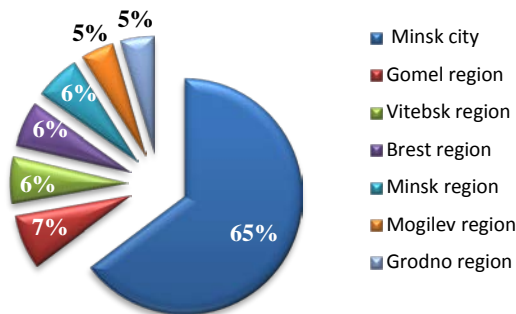
6. Education and science

EDUCATION AND SCIENCE	
No. of higher educational institutions	3
No. of R&D organisations	21
Personnel engaged in R&D	319
Expenses for R&D (million rubles)	14 564
No. of organisations active in innovations	40

Source: National Statistics Committee of the Republic of Belarus, 2012

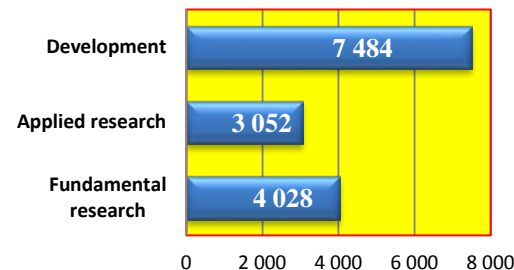
Grodno Region along with Mogilev Region occupies the penultimate place among the regions as to the number of R&D organisations.

Distribution of R&D organisations by regions and Minsk, 2010



In the overall volume of expenses for R&D in Grodno Region more than half falls within development and 28% within fundamental research.

Distribution of expenses for R&D, million rubles



Grodno Region occupies the penultimate place concerning expenses for R&D.

Expenses for R&D in regions and Minsk, 2010

