

LOGISTICS AND TRANSPORT



NATIONAL AGENCY
OF INVESTMENT
AND PRIVATIZATION

REPUBLIC OF BELARUS

REPUBLIC OF BELARUS

The country for a long-term partnership

The Republic of Belarus is a state in the center of Europe. Belarus surpasses such European countries as Greece, Portugal, Austria, the Netherlands, Belgium, the Czech Republic in terms of area.

The Republic of Belarus is an export-oriented state with a developed service and agricultural sectors. The potential of Belarus is based on its industry.

Belarus also carries out export and import operations with more than 200 countries of the world.



KEY INDICATORS, 2018



USD / BYN = 2.09

exchange rate
MAY of 2019

B/B/B3
credit rating
(S&P/F/M)

131%
FDI growth



9.5 mln
population

1.99 mln
capital – Minsk

207.6 thous. km²
total area



59.7 bn USD
GDP

19.9 THS USD
GDP, PPP

3.0 %
GDP growth

PREFERENTIAL TREATMENTS OF INVESTMENTS

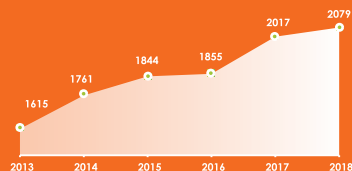
FREE ECONOMIC ZONES *

1. Exemption from income tax
2. Exemption from real estate tax in relation to the buildings on the FEZ territory
3. Exemption from payments for the right to conclude a lease agreement for up to five years from the date of registration
4. Exemption from payment for 5 years for the lease of land allocated for construction

* Minimum investment amount 0.5 mln. EUR

INVESTMENT CONTRACT

1. Exemption from import and customs duties and VAT when importing technological equipment
2. VAT deduction in full
3. Granting a lease of a land plot without an auction



SMALL AND MEDIUM TOWNS

1. Exemption from income tax for 7 years from the date of registration
2. Exemption from real estate tax for 7 years from the date of registration
3. Exemption from income tax in terms of profits derived from the sale of own-produced goods
4. Exemption from payment of a state duty for issuing a license
5. Exemption from personal income tax for 7 years

The South-Eastern district of Mogilev region (SED)

1. Personal income tax - 10% for 7 years from the date of commencement of business
2. Pension insurance for subjects - 24% for 7 years from the date of commencement of business
3. Preferential loans for natural persons for the construction of residential premises for 20 years at 1 percent per annum
4. Financing of expenses for the creation of engineering and transport infrastructure for the implementation of agricultural and industry projects

Great Stone Industrial Park

Great Stone Industrial Park has a status of an international special zone. In the park there can be implemented the projects in the fields of electronics and telecommunications, pharmaceuticals, fine chemistry, biotechnology, engineering manufacture, new materials, comprehensive logistics, e-commerce, storage and processing of large volumes of data, telecommunications, scientific research and development engineering activity.

An unprecedented regime has been established for the investor in the Park:

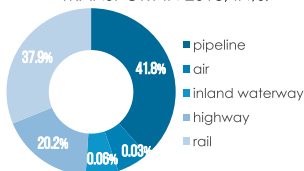
1. Exemption from income tax for 10 years, and subsequently at a rate of 50% from the current rate valid in the Republic
2. Exemption from real estate tax
3. Exemption from land tax
4. Exemption from rent
5. Personal income tax - 9% until January 01, 2027
6. Exemption from compensation for losses of forestry and agricultural production
7. Tax on income of foreign organizations - 0% for 5 years from the first year of gross profit

THE REPUBLIC OF BELARUS

GENERAL INFORMATION

Belarus is located at the intersection of major pan-European transport corridors: (West-East and North-South), and its advantageous geographical position has determined a well-developed transport infrastructure. The transport infrastructure of Belarus is represented by a wide network of railways, air routes, highways, river and pipeline transport.

TRANSIT CARGO TURNOVER
STRUCTURE BY TYPES OF
TRANSPORT IN 2018, IN%:



Currently, the Republic of Belarus is implementing a set of measures to develop the logistics system and transit potential.

One of the most important areas is cooperation within the framework of the Silk Road Economic Belt initiative. In this context, Belarusian-Chinese cooperation is of particular importance and has now reached the level of a trustful all-round strategic partnership. The Ministers of Transport of Belarus and China signed an agreement on the development of international freight traffic.

It will definitely create favorable conditions for the activities of logistics centers in Belarus as well as for the Chinese-Belarusian industrial park "Great Stone", which has a special role in the framework of the strategy "One belt - one way".



WATER TRANSPORT

In the system of water transport there are 8 river ports (Bobruisk, Brest, Gomel, Mikashevichi, Mogilev, Mozyr, Pinsk, Rechitsa), 3 waterway enterprises (Gomel, Pinsk, Bobruisk) serving the waterways on the rivers Dnieper, Berezina, Sozh, Pripyat, Western Dvina, Neman and the Dnieper-Bug Canal..

The growth of freight traffic and the reduction of world reserves of hydrocarbon fuel leads to their appreciation stimulating carriers

to optimize transport costs. Here water transport plays an important role as its energy consumption per unit of transport work is much lower than in road transport and 1.5–2 times less than in rail transport

In this regard, it is very important to reanimate the former waterways connecting the basins of the Black and Baltic Seas. Among them is the Dnieper-Vistula-Oder waterway connection.

Such transport system is attractive for cargo flows of export-import goods of the Republic of Belarus, Poland, Ukraine and other European countries estimated at millions of tons (coal, ore, metal, potash fertilizers, salt, sugar, crushed stone, peat, timber, sapropel, and other), as well as for cargo from Scandinavia. It is possible to transport up to 4 million tons of cargo per year through this waterway connection.

AIR TRANSPORT

Air transport of the Republic of Belarus is a complex of enterprises and organizations engaged in the transportation of passengers and cargo by air, both in the country and abroad, as well as performing aerial work. In the Republic of Belarus, there is an airport in every major regional city.

AUTOMOBILE TRANSPORT

In 2018, the freight turnover of road

transport was 28,115.3 million ton-kilometers,

the passenger turnover of road transport (buses) was 10,650.0 million pkm.

The length of public roads is 102,400 km including 88,600 km of hard surface roads (87%). Almost all republican highways have improved their surface.

In addition, about 40% of the total freight is transported by road transport. At the same time, more than 418,000 trucks are currently in use.





RAIL TRANSPORT

The length of railways in 2018 was 5,480 km. The state association Belarusian Railway is the operator of the Belarusian railway network providing about 75% of all freight traffic in the country as well as more than 50% of passenger traffic.

The Belarusian railway is one of the most important links in ensuring trade and economic relations of the European Union countries in transport connections with the countries of the Asia-Pacific region.

In 2018, the freight turnover of railway transport amounted to 52,573.8 million ton-kilometers, the volume of freight transported was 157.2 million tons.

The growth in freight traffic on the Belarusian highway is achieved through a timely response to changes in the transport services market, the optimization of the transportation schemes of the main foreign trade goods, and the improvement of tariff conditions.

In 2018, with the purpose to efficiently use the transit potential, 21 meetings of mixed commissions and meetings with 18 countries were held.

Furthermore, four meetings were held with the Ministry of Transport of Russia to increase the quota of Russian permits to / from third countries for Belarusian carriers and to cancel the categorization of these permits.

As a result of the work carried out in 2018, an additional 45,861 permits were obtained for passing through the territory of foreign countries for the current year (for 22 countries).

As a result of measures taken for the development of container traffic in the framework of the Silk Road Economic Belt initiative, stable growth in traffic between China and Western Europe was ensured.

In 2018, container trains on the railway China-Western Europe-China transported 314,700 TEU. Currently, container trains depart from 50 cities in China in the direction of 40 cities in 15 European countries. Freight traffic by container trains in the China-Western Europe-China traffic increased 1.28 times compared to 2017.

Taking into account the measures taken to attract transit cargo traffic, Belarus expects an annual increase in container traffic of at least 10% annually, and by 2025 a volume of 1 million.



HIGH SPEED TRAINS

- Viking (Varna – Minsk – Klaipeda)
- ZUBR (Tallinn – Riga – Minsk – ports of Ukraine – Ocnitza)
- Moskovite (Duisburg – Brest – Moscow)
- Merkurs (Kaliningrad/Draugiste–Moscow)
- Volkswagen Group Rus (Brest – Kaluga – Nizhny Novgorod)
- Peugeot-Citroen-Mitsubishi (Vesoul–Brest–Vorotynsk)
- SKODA (Mlada-Boleslav–Brest–Zaschita)
- KIA (Zilina – Brest – Zashchita)
- FORD (Malaszewicze–Brest–Yelabuga/Tikhonovo)
- Saule (Alashankou–Kena–Motskava)
- Baltic Wind (Paneriai – Kostanay)
- Kazakhstan Vector (Brest – Aktobe – Alashankou)
- Mongolian Vector (Brest–Ulaanbaatar–Erlian)
- East Wind (Berlin – Moscow)
- New Silk Road (Chongqing – Duisburg)
- China – Germany (Changzhou – Hamburg)
- BMW (Leipzig – Shenyang)
- China – Poland (Chengdu – Lodz)

INVESTMENT ACTIVITY INVOLVING FOREIGN COMPANIES

Stadler Rail Group is a project for the supply of electric trains manufactured for the new format of passenger rail transportation in Belarus;

CZ LOKO, on the basis of the Lida locomotive depot, is implementing an investment project to modernize diesel locomotives;

Projects for the supply of freight electric locomotives and for the electrification of the Gomel-Zhlobin-Osipovich and Zhlobin-Kalinkovich sections are being implemented jointly with the Chinese corporation for the import and export of electrical equipment

41,8%
THE SHARE OF PIPELINE
TRANSPORT IN THE TOTAL
GOODS TRANSIT OF
BELARUS

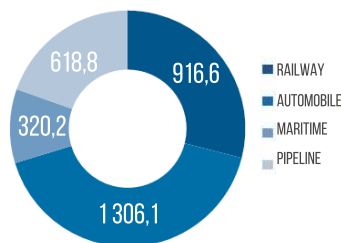


PIPELINE TRANSPORT

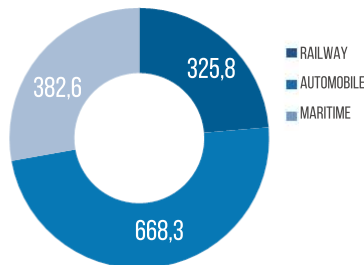
The Druzhba pipelines (a major oil pipeline) and the Yamal-Europe pipelines (the main gas pipeline) are of particular importance. They are used for transiting energy supply from Russia to the European Union through Belarus. The total length of pipelines is within 11,000 km, 2/3 of them are gas pipelines.

The growth in freight traffic on the Belarusian highway is achieved through a timely response to changes in the transport services market, the optimization of the transportation schemes of the main foreign trade goods, and the improvement of tariff conditions.

EXPORT OF TRANSPORT SERVICES FOR FREIGHT
TRANSPORT, MLN. DOLLARS



IMPORT OF TRANSPORT SERVICES FOR FREIGHT
TRANSPORT, MLN. DOLLARS



In 2018, transport activity attracted 279.6 million US dollars of foreign direct investment on a net basis, which is 4 times higher than the value of the indicator for 2017.

LOGISTICS INFRASTRUCTURE

The fast increase in the number of logistics centers in the Republic of Belarus mainly due to the low starting base was succeeded by a period of qualitative development. It is precisely with qualitative changes in the former quantitative boundaries that logistics responds to crisis phenomena in the economy. According to the World Bank, logistics services in developed countries provide from 15 to 25% of the country's GDP.

In the republic, there are 43 logistics entities. 31 of them are located in Minsk and six in the Brest region. Nine of 16 trade and logistics (wholesale and logistics) centers serve their own cargo flows.

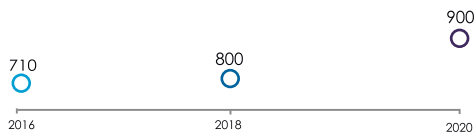


670 THOUSAND M²
TOTAL AREA OF COVERED
WAREHOUSE SPACE OF A AND B
CLASS

SQUARE OF COVERED WAREHOUSES OF A AND B CLASS, THS. M²



FORECAST OF WAREHOUSE DEVELOPMENT OF A AND B CLASS, THS. M²



Among the domestic investors into logistics centers there are manufacturing enterprises, transport and logistics companies, logistics operators, distributors, retailers, developers as well as foreign investors from Russia, Azerbaijan and Iran.

700-800 \$
AVERAGE COST FOR
1M² WAREHOUSE
PREMISES





The most attractive regions for the construction of logistics centers are still Minsk (outside Minsk Ring Road, near the II and IX Pan-European transport corridors) and Brest (border with Poland) regions.

In 2018, the volume of logistics services amounted to 302.2 million rubles. (+39.6%).

Transit income (total including revenues from the transit services of oil and natural gas) amounted to 1,604.7 million US dollars (+ 6.2%).

Average market rental rate of warehouse real estate in Belarus:

-  A class – 6 Euro per 1 m² with VAT;
-  B class – 4 Euro;
-  C class – 2 Euro.

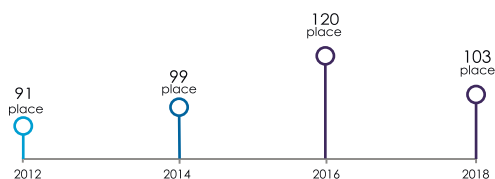
The rate depends on the leased area, location of the storage facility, transport accessibility. The greatest demand is for warehouse space in the Minsk region in the access zone to the Minsk ring road from 2 to 10 km.

In 2018, work was carried out to improve legislation aimed at developing a competitive environment for the activities of logistics operators (freight forwarding companies) partly through the liberalization of the transport services market.

A trial operation of the national intellectual information system for monitoring freight transport flows was carried out on the basis of the data node of the state enterprise "Center of Identification Systems" of the National Academy of Sciences of Belarus. The decisions of the Board of the Eurasian Economic Commission on the introduction of mandatory prior notification of the customs authorities on goods imported by vehicles into the customs territory of the EAEU are being consistently implemented.

A comprehensive assessment of the effectiveness of logistics activities is presented in the World Bank Logistics Performance Index (LPI). The LPI index assesses the ease of delivery of goods and the state of trade logistics at the national and international level.

BELARUS IN THE WORLD BANK LOGISTICS EFFICIENCY RATING



The Republic of Belarus has joined the Agreement between the governments of the member states of the Shanghai Cooperation Organization on creating favorable conditions for international road transport.

The corresponding law was signed by the President of the Republic of Belarus on May 11, 2018 under No. 99-3. In November 11, 2018, the Republic of Belarus acquired the status of a permanent member of the agreement and for the first time took part in joint consultations.

The legal conditions already existing and still being created in the Republic of Belarus will contribute to an increase in the number of services provided by logistics operators in logistics centers.

In order to improve the image of the logistics system of Belarus, to simplify business processes and to remove barriers to the development in Belarus the following factors are decisive: digitization of logistics processes; optimization of the primary accounting documents; study of the formation of economic preferences for logistics operators; improvement of the development coordination system of the logistics system.



**1246 ORGANIZATIONS
CARRIED OUT LOGISTIC
ACTIVITIES IN BELARUS**



BREMINO-ORSHA

- **Special economic zone**
- Multimodal logistics
- Located at the junction of two markets - EU and EEU
- Complete services

It is a multimodal logistics platform in **the Special economic zone**, founded to operate with intransit flow of cargo and organize production, assembly or repair of different consumer goods, to demonstrate and provide output on the EU and EEU markets .

POSSIBLE MANUFACTURES

- Assembly of domestic appliances and electronics
- Pharmaceuticals and preparations
- Food products prepacking (coffee, tea, rice)
- Motor vehicle parts and acc
- Perfumery and cosmetics
- Household chemicals
- Home and interior products



BREMINO-ORSHA STRUCTURE

LOGISTICS ZONE, 95 ha

INDUSTRIAL ZONE, 135 ha

Customs clearance, transit cargo handling, veterinary, phytosanitary and border control, warehousing, transportation, forwarding, banking and insurance services are carried out within the premises of the complex. Rental of the warehouse and office premises is possible.



Commissioning IVQ 2018

AUTOMOBILE TERMINAL — 1st STAGE OF CONSTRUCTION

TERMINAL STRUCTURE:

- A class warehouse with a capacity of 10400 m²
- administrative building with an area of 2756 m²
- parking for trucks for 170 m / places

PREFERENCES FOR BREMINO-ORSHA SEZ RESIDENTS

TAX	NON-RESIDENT	RESIDENT
Income tax	18%	0% - within 7 years after the announcement of profit, then a reduced rate 50% for the rest ime
Real estate tax	1 - 2,5%	0% - validity period of a special legal regime
Tariffs and VAT	are paid	0% - during investment project realization and export outside the EEU
Tax on royalty	15%	5% within 10 years
VAT recovery	is not paid	20% VAT refund for the project implementation period
Dividend tax	12%	0% during 5 years, after profit notice
Visa-free regime	stay up to within 30 days	visa is free, stay up to 180 days
International transactions	transaction completion within 90 days	no limits
VAT (for real estate transactions)	is paid	exempted until 2033
VAT on turnover on the sale of works (services) by foreign organizations	is paid	exempted until 2033

GRODNO COMBINED LOGISTICS CENTER

BRUZGI - 1

Rail shipment, reloading of goods, transportation of liquid, bulk, timber cargo

RAIL MILEAGE

28-840 m / 52-60 rail cars (broad gage)
730-818 m / 52-58 rail cars (narrow gage)

170 HA

Share No. 5 Sector 2

TRACK CAPACITY:

6 train-pairs/day (broad gage)
4 train-pairs/day (narrow gage)

BRUZGI - 2



132 HA

Share No. 5 Sector 3

goods
transit
capacity

16-20 train-
pairs/day



daily delivery –
126 rail cars/day

LOAD ON ACCEPTANCE/
SHIPMENT

80-85%

COMMON FACILITIES

Platform for heavy cargo and long cargo, medium-tonnage containers, equipped with 2 gantry cranes with a carrying capacity of 12.5 tons with load fronts of 5 and 15 conventional wagons;

Platform for the processing of large containers, equipped with a gantry crane with a loading capacity of 20 tons with a cargo front of 10 standard cars;

Covered warehouse (2 conditional cars), covered ramp (7 conditional cars) for loading and unloading trucks.



amount of **13**
tracks

- 1 main way for passing trains
- 2 sorting and shipping ways
- 10 delivery and departure tracks

TRACK LENGTH

728-896 m
52-64 rail cars

OBYKHOVO



75 HA



GRODNO INTERNATIONAL AIRPORT

Overseas flights

Customs, border and sanitary control

Network of customs and commercial warehouses and conditions for cargo handling, storing and shipment

PREFERENTIAL TAX REGIMES

tax burden reduced by

40%

0%

- Exemption from income tax for 10 years
- Exemption from real estate tax
- Exemption from land rent

within 10 years income
tax is reduced by

50%

PREFERENTIAL CUSTOMS TREATMENT

PROCEDURE "FREE
CUSTOMS
ZONE" (FCZ)

- Import of raw materials and equipment
- Export of finished products outside the Customs Union

0%

[ESCAPING FROM PRODUCTION CERTIFICATION]

- dealing only with arrival of goods
- import with following goods declaration

POSSIBILITY OF DECLARING THE
GOODS BY NON-RESIDENTS OF FEZ



REPUBLICAN PROGRAMM

Development of the logistics
network and transitive potential
for 2016-2020





NATIONAL AGENCY
OF INVESTMENT
AND PRIVATIZATION

REPUBLIC OF BELARUS



Phone:

+375 17 200 81 75



Fax:

+375 17 226 47 98



E-mail:

mail@investinbelarus.by