

Belarus' economy

Economics



**ASSIGN
BUSTER**

Belarus' s economy has done fairly well from the situation it started in. The economy has some strengths, but it is also not without its weaknesses. Also the Republic has not done yet enough to restructure its economy after the break up of the USSR. Belarus has a fairly well balanced economy with an agriculture capable of feeding its population and a well developed industrial base. Belarusian industry is capable of producing 1. 1 million tons of steel per year, and it manufactures machine tools, agricultural machinery, motor vehicles.

It also has a well developed chemical manufacturing plants, and there is also a branch of industry for consumer goods such as radio, television sets and bicycles. Furthermore its industrial construction complex ensures a considerable scope of construction. The Republic also has a diversified agricultural crop ranging from potatoes and grain to flax and livestock. The agricultural sector accounts for 20% of the GDP while the industrial around 43%. Besides helping to develop the industry, Russia helped to develop the infrastructure of Belarus making most of the country accessible.

Belarus has a reasonably well developed industry and a long history of agricultural development. Problems for the economy of Belarus began to arise after the collapse of the Soviet Union. The weakness with Belarusian industry is two-fold. It has to import much of its raw materials from other nations and it imports most of its energy. As a result industry came under severe economic pressure shortly after independence. The problem with its agriculture is that it that about two thirds of the peasants are still organized into collective farms and the remainder in state farms.

A few private farms were established but the treatment they received from the state discouraged other from trying. Also Belarus has a 14% trade deficit, which increase the vulnerability of the economy. Another drag on the economy is the continuing cost associated with the 1986 Chernobyl nuclear disaster, estimated in 1995 at a quarter of the national economy. The southern part of Belarus was severely hit by the nuclear fallout and many of the estimated 2 million victims live in Belarus.

The Belarusian economy has room for improvement, however if put in the right circumstances it could thrive. After the dissolution of the USSR the national economy of Belarus was being restructured to introduce science intensive and low power consuming industries. However, Belarus has seen little reform since 1995 when president Lukaschenko launched the country on a path of " market socialism. " Privatization of enterprises controlled by the central government virtually ceased in 1996. Only about 10% of all enterprises under central government control had been privatized.

In addition, Lukaschenko has re-imposed administrative control over prices and the national currency's exchange rate, and expanded the state's right to intervene arbitrarily in the management of private enterprise. Lack of structural reform, and a climate hostile to business, have inhibited foreign investment in Belarus in 1995-97. Belarus' s economy consisted mainly of secondary industry, dependent on Russia and other Soviet republics for both raw materials and markets. The second problem is that it inherited a weak political leadership at independence that never managed to even begin economic reform.

<https://assignbuster.com/belarus-economy/>

To make the conditions favorable for investments Belarus is taking steps for creating an adequate base of legal standards for foreign investment security, liberalization of taxation order and customs regulations, granting cost benefits to investors and providing various information and business services. The economy of Belarus has great potential. Its strengths can be strengthened and its weaknesses can be improved. Having a strong trading partner would put Belarus in a position to overcome the crisis in its economy.