1. BACKGROUND INFORMATION

1. Forming the European Union's eastern border, the Republic of Belarus may become a crucial foothold for foreign investors who eye the new promising markets of the CIS. Belarus has a well-developed network of motorways and railways, which ensure fast and easy connections between EU and CIS markets. Furthermore, the common customs area of Belarus, Russia and Kazakhstan offers investors a liberalized access to the vast capacious market of the three countries.

Belarus is a young emerging economy in the heart of Europe, with a considerable scientific, technical and human potential. Investors from all over the globe seem to have been paying more attention than ever before to this rapidly growing market.

In turn, the Belarusian government plans to attract at least U.S. $2.7 billion in FDI in the country's economy in 2010 and push Belarus into the top-30 countries by overall ease of doing business (WB's Doing Business rankings).

Belarusian investment regulations are aimed at encouraging investments and protecting investors. Belarus has established the Advisory Council for Promotion of Foreign Investments with the Council of Ministers that is headed by the Prime Minister. There are six free economic zones with preferential business conditions.

Belarus has a well-developed production infrastructure. Last year, the manufacturing sector accounted for 25.3% of the gross value added in Belarus' GDP. The largest industrial companies are Belaruskali, MTZ, MAZ, BelAZ, BMZ, Gomselmash, Grodno Azot, etc.

The manufacturing sector has a multibranch structure, the key industries being engineering and metalworking, oil processing, chemistry and petrochemistry, power engineering, and radio engineering, electronics, building materials industry and food processing.

One peculiarity of the Belarusian industrial sector is its export orientation, whereas the domestic production of consumer goods remains insufficient. The following branches have the most serious potential for development: the food-manufacturing industry, light industry, and household goods production, woodworking, medical industry, biotechnologies, innovation and motorcar production.

Other promising sectors for investments are the development of transport and logistical complexes, promotion of the banking system and the Belarusian stock market.

In the next few years the government will prioritize investment projects with a view to modernizing existing productions with focus placed on high-end technologies and resource-saving solutions, technical upgrade and development of export-oriented and import-substituting productions in the petrochemical sector, microelectronics, farm machine building, healthcare products sector, forestry, woodworking and pulp-and-paper industries, contemporary transportation services, telecommunications, tourism and construction services.

Belarus has a long-established network of institutions to train personnel for all sectors of the economy. There are 450 workers with higher and specialized secondary education, of them 200 with higher education, per 1,000 people involved in the real economy.

The fundamental document setting the regulatory framework for investment activities in Belarus is the Investment Code.

When conducting investment activities in Belarus, including the implementation of investment projects, investors are entitled to have state support in the form of centralized investment resources or guarantees of the Belarusian government.

Furthermore, when implementing investment projects considered essential for the national economy, an investor may conclude an investment agreement with the Belarusian authorities, stipulating additional legal guarantees of the government for specific projects and timeframes.

Additional guarantees for foreign investors are extended under bilateral agreements between the Republic of Belarus and foreign countries. As of today, there are 52 agreements of this kind (with Russia, Hungary, the Czech Republic, Belgium, Austria, the Netherlands, Egypt, Iran, etc.). Also, Belarus has signed 59 agreements on promotion and protection of investments; some of the signatories are Italy, Denmark, Spain, the U.S. and Canada.

Belarus is considered an appealing, safe and, most importantly, advantageous and promising market for foreign investments – investors from Russia, Switzerland, Austria, Germany, the Netherlands, Cyprus, Luxembourg, China, the Baltic States, Ukraine and many other countries already enjoy benefits from investing in Belarus.

Go to official websites of the National Investment and Privatization Agency, Belarusian president, and the Republic of Belarus (general information about the country) for additional information...

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2. ECONOMIC TRENDS

2. Protracted talks over Russian crude oil supplies to Belarus in 2010 became the hottest topic this January.

Following painful negotiations, Belarus and Russia managed on January 27 to sign a protocol amending the agreement regulating oil deliveries to Belarus and distribution of oil product export duties inked back in 2007. Schemes to calculate Russian oil transit fees were agreed, too.

Duty-free crude oil supplies to Belarus will amount to 6.3 million tonnes annually starting 2010, under the protocol, whereas originally the Russian side had insisted on 5 million tonnes. This will save Belarus around U.S. $400 million on duties.

The protocol provides for the possibility to increase the volume of duty-free supplies based on the following reasons. Firstly, Belarus' economic growth will be assessed by October 1, 2010, and Belarus will be entitled to have an increase in duty-free supplies proportionate to the growth rate. Secondly, oil supplied for processing in Belarus and then exported back to Russia as refined oil products will be exempted from duties.

Half of all oil imports is acquired and processed at the expense of Belarusian refineries, whereas the other half is delivered under tolling terms, which means Russian suppliers will see no changes in the terms of their work in Belarus provided they import refined oil back to Russia (deliveries under tolling schemes will thus be exempted from the duty).

The agreements reached between Belarus and Russia also envisage an 11% increase in the transit fee applied to Russian crude transport through Belarus. On February 1, 2010, tariffs were translated into Russian rubles (oil transport fees charged by Belarusian carriers used to be denominated in euros).

Russia has about 70 million tonnes of crude oil transited through Belarus annually.

The Belarusian side is entitled to increase the transport tariff as early as October 2010, as the parties to the agreement adopted methods to calculate transport costs and adjust tariffs. Should Russia disagree with the calculations provided by the Belarusian side, the agreement has it that the transit tariff may be raised every year at a rate of 3% over the consumer inflation level registered in Russia (8.8% in 2009 and 7.5% in 2010, projected by the Russian Finance Ministry).

At the same time, Belarus will have to set a zero-rated export duty on oil products. Up until now, Belarus has been applying export duties to its oil products equal to those in Russia. However, since this would mean double taxation (first, of crude oil imports and then of refined oil exports) and unprofitable oil processing domestically, the procedure will have to be amended.

According to the Belarusian National Statistics Committee, imports of oil and oil products from Russia fell 28.9% year-on-year in January-November 2009 to U.S. $7.5 billion, which made up 29.5% of overall imports in Belarus. This included U.S. $6.4 billion worth of crude oil, down 30.1% year-on-year in the first eleven months of 2009, and U.S. $1.1 billion worth of oil products, a reduction by 21.4%.

The only reason behind the reduction in oil and oil product imports in value terms was the drop in prices; in volume terms, crude oil imports increased 1.2% year-on-year to 19.7 million tonnes, and oil product imports rose 52.6% to 3.36 million tonnes.

The average oil import price dropped 30.9% to U.S. $325 per tonne, and oil product import prices averaged U.S. $328 per tonne, which represents a 48.5% reduction from previous January-November.

In turn, Belarusian exports of oil products fell 38.6% year-on-year to U.S. $6.2 billion in value terms, accounting for 32.5% of all Belarusian exports in that period. The reduction was exclusively due to price falls in 2009; whereas in volume terms, exports of oil products edged up 1.6% to 14.1 million tonnes, the average price dropped 39.4% to U.S. $440 per tonne.

The difference between the average oil product export price and average oil import price narrowed to U.S. $115 per tonne in January-November 2009 from U.S. $258.1 per tonne in the previous year, a major impact on the Belarusian trade in oil products.

The conventional "oil balance" (the difference between the value of crude imports and value of refined oil exports) came to a deficit of U.S. $1.3 billion in January-November 2009, which compares to a deficit of U.S. $448 million in the same period of 2008.

We have to allow for two important aspects, though, namely, domestic sales of oil products and exports of crude oil produced in Belarus to Poland (they prove to be more profitable than domestic refining).

The common fuel and energy strategy (balance) of the Union State of Belarus and Russia for 2009 included 900,000 tonnes of crude oil exports from Belarus (to Poland). Overall oil output by Belarus' oil production monopoly Belorusneft reached 1.72 million tonnes, down 1.1% from the 2008 level.

The Belarusian oil industry saw a reduction in output by 1.1% to 1.544 trillion Belarusian rubles. In value terms, export of domestic oil used to generate some U.S. $500-600 million in profits for Belarus annually, but in 2010, domestic oil is likely to be processed at home. Belarus' geological reserves of oil are estimated at above 170 million tonnes. Oil is mostly found in small fields with reserves ranging from 100,000 tonnes to 1 million tonnes.

One has to note that the Russian export duty on oil supplied to Belarus beyond the duty-free quota (duties may actually apply to supplies under tolling terms, as Russian oil majors are more interested in further exports of refined oil to the West with payments in euros and dollars rather than sales in Russia) makes oil processing in Belarus for the sake of export unprofitable.

If the current export duty of U.S. $270.7 per tonne (introduced on February 1, 2010; previously it was at U.S. $267 per tonne) is added to the price of imported crude oil, standing at U.S. $325 per tonne, we get U.S. $595.7 per tonne, which is much higher than U.S. $440 per tonne, the average price of exported oil products.

In this case, provisional profitability of foreign trade in oil products and crude oil will stand at minus 35.4%, which calls for an increase in refined oil prices on the domestic market (Belneftekhim concern for oil and chemistry on January 23, 2010 raised fuel prices for domestic consumers 2% on average and on February 27, 2010, another 7%.

Given the rise in imports of oil and oil products in value terms in early 2010, mostly because of the hikes in duties, amid a questionable growth in exports, doubts arise whether export-import operations with oil and oil products (in the framework of supplies subject to a 100% export duty) should be continued.

This shows that export duties on oil products should be abolished as soon as possible (the move is expected by the end of February 2010).

However, even this drastic measure will not suffice to restore the profitability of oil product exports (because oil import prices plus duties will still remain above refined oil export prices).

The two Belarusian refineries spend their own funds on about 11 million tonnes of crude oil imports annually, while Russian oil companies supply the same amount annually under tolling (processing) schemes.

The 6.3 million tonnes of oil to be supplied duty-free in 2010 will be distributed between the two refineries and Russian oil companies supplying crude on processing terms on conditions they operate filling stations in Belarus.

But will traditional Russian suppliers be able to redirect the remaining “tolling” crude oil from Europe to Russia? The worst-case scenario for Belarus would be a dramatic reduction in the volume of oil refined in Belarus under tolling schemes, which will affect production volumes and profits of both Mozyr NPZ and Naftan refineries.

The duties applied to Russian oil exports to Belarus may thus produce a crashing impact on Belarus’ foreign trade and foreign exchange proceeds. This could aggravate the situation on the foreign exchange market and spur inflation (including increases in gasoline and diesel prices, etc.).

Moreover, in order to preserve the current processing volumes, the government will have to subsidize both domestic refiners and Russian suppliers from the state budget, which could result in a consolidated budget deficit and call for curtailments of other budget expenditures (including social programs, etc.).

On the other hand, if Belarus chooses to give up export operations with oil and oil products (and cut imports correspondingly) and lose a third of total exports, a large-scale economic crisis will be triggered, bringing about a growth of unemployment and reductions in real incomes of households. This option will definitely be ruled out, hence a vicious circle.

A lesser evil would be to sell Belarusian refineries to Russian oil majors (on condition Russia abolishes the export duty on oil for Belarus), as it would be the easiest way to preserve processing volumes, jobs, tax transfers (including payments to the Social Security Fund). One evident drawback here is the recent reduction in the value of the refineries, at least compared to what they used to cost before the crisis.

At the same time, First Deputy Prime Minister Vladimir Semashko said Belarus would keep insisting on Russia’s abolishing its oil export duty for its Customs Union partner. Semashko is certain there are objective reasons why the current agreement on oil trade reached in Moscow “will not live long” in conditions of the Customs Union.

“As early as mid-2010, when the single customs territory comes into effect, it will seem perfectly absurd that something is delivered duty-free and something is limited with quotas, and we will discover lots of duties. I think that the Russian side understands this, and drastic changes in the agreements that have been reached will have to be made. We need to deal with this conflict first,” Semashko said.

Based on the agreements reached in Moscow on January 27, Russia will be short of U.S. $1.7 billion (because of the duty-free quota for Belarus), but it is not clear yet how this money will be split among the Belarusian budget, the refineries, Russian oil suppliers that use processing, or tolling, schemes, and Belarusian intermediaries.

However, even if all crude oil supplies to Belarus were duty-free, Russian budget losses (and gains for the Belarusian side, including the budget, refineries and intermediaries) would amount to around U.S. $6 billion.

Market experts believe the two refineries may face a reduction in processing volumes by 3-3.5 million tonnes each in 2010, compared to the 2009 volumes…

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3. The International Monetary Fund (IMF) on December 30, 2009 published Belarus Country Report No. 09/333 under Article IV and Second Review under the Stand-By Arrangement.

The IMF loan repayment schedule looks as follows: U.S. $12.7 million in 2009, U.S. $74.4 million in 2010, U.S. $78 million in 2011, U.S. $456.7 million in 2012, U.S. $1,704.4 million in 2013 and U.S. $1,366.9 million in 2014 (see Table 1). As of January 1, 2015, unserviced debt will thus amount to U.S. $83.8 million.

Table 2 presents some performance indicators for Belarus in 2006-2011; staff estimates are indicated for 2009, and the official forecast of the Fund, for 2010-2011.

By the way, Belarus received the fourth tranche of the IMF loan, amounting to U.S. $688 million, on December 23, 2009. The Fund has thus far provided SDR 1.83 billion (about U.S. $2.88 billion) in financing. The total size of financial package provided to Belarus under the SBA stands at the equivalent to SDR 2.27 billion (about U.S. $3.63 billion).

The final tranche of the loan under the SBA program, projected at around U.S. $700 million, is expected to be received in the first quarter of 2010, most likely, in March 2010.

In August 2009, the IMF assigned U.S. $448.7 million in Special Drawing Rights to Belarus, and another U.S. $135.4 million (in SDR equivalent) was extended in September. This money was provided beyond the Stand-By Arrangement framework. As of January 1, 2010, Belarusian gold and foreign exchange reserves included SDR equivalent to U.S. $570.8 million, up from $0.8 million on August 1, 2009.

Overall financial support of the Fund for the Belarusian economy has thus reached U.S. $4.2 billion, the loans under the SBA-supported program included. The Fund has confirmed its intention to work on a new economic program for Belarus to support its structural and institutional reforms…

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5. The European Bank for Reconstruction and Development (EBRD) sees Belarus' economic growth at 3% year-on-year in 2010,compared to the previous forecast of 0.9%, EBRD Economist for Belarus Alexander Plekhanov said when presenting the EBRD Transition Report 2009 on January 26, 2010.

6. The current situation in the Belarusian economy is still vague, despite some clearly positive indications. If the trends that we observe now should persist, some of the economic and financial risks will aggravate…

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According to the National Statistics Committee, the country's GDP amounted to 136.79 trillion Belarusian rubles in 2009, up 0.2% on the year in comparable prices. To compare: the national economy expanded 10.2% year-on-year in 2008.

The value added of the manufacturing sector in GDP in 2009 amounted to 25.3%, down from 28.1%, of construction 10.7%, up from 9.4%, of retail and public catering 10.7%, up from 10.6%, of transport and communication 8.9%, up from 8%, and of agribusiness 7.8%, down from 8.4%.

GDP deflator in 2009 reached 105.2%, which means average prices in the Belarusian economy increased by 5.2% year-on-year (this includes the consumer sector, investments and the manufacturing sector).

In the U.S. dollar equivalent, Belarus' GDP contracted substantially in 2009 because of the early year ruble devaluation, to U.S. $48.797 billion, or by U.S. $11.588 billion, from the level logged in 2008. The average weighted rate of the Belarusian ruble used in calculations is 2,149.42 rubles per dollar in 2008 and 2,803.27 rubles per dollar in 2009.

These economic developments look very alarming, because the reduction in the U.S. dollar-denominated GDP under otherwise equal conditions automatically aggravates relative economic indicators, including Belarus' economic security (see below).

In 2008, the Belarusian economy expanded in the U.S. dollar terms by an impressive 33.6% to a new record high of U.S. $60.384 billion.

On a quarterly basis, GDP contractions have been more indicative (year-on-year, see figure 1): 1Q 2008 – 111.2%, 2Q 2008 – 110.4%, 3Q 2008 – 111.2%, 4Q 2008 – 107.5%, 1Q 2009 – 101.1%, 2Q 2009 – 99.6% (i.e. a reduction by 0.4% from the second quarter of 2008), 3Q 2009 – 98.9%, and 4Q 2009 – 101.8%.

The figure makes it clear that on a quarterly basis, the country's GDP kept falling for four quarters in a row, up until the fourth quarter of 2009, when a 1.8% expansion was reported in relation to the fourth quarter of 2008.

It seems that in the fourth quarter of 2009, the Belarusian economy finally touched the "bottom" of the crisis, and it is now time to recover. But in our opinion, that positive effect was caused by seasonal factors and pent-up demand in the Belarusian economy and markets of the key trade partners. Anyway, economic recovery will remain unsustainable in 2010.

The official forecasts of the government and the National Bank appear to be too optimistic. Given the situation in the global economy and figures available as of late January 2010, we forecast an economic growth of 2.9%-4.4% year-on-year in 2010. Consumer price inflation is likely to reach 9%-11% (December-on-December).

Furthermore, the policy to reach what appears to be clearly overstated economic targets in 2010 at any cost might aggravate some macroeconomic and financial risks. Specifically, the encouragement of the domestic demand (this includes wage-push in the public sector) may provide a serious incentive to imports, which in turn will have a serious downward pressure on gold and foreign exchange reserves (especially amid growing repayments of foreign loans by Belarusian banks and businesses).

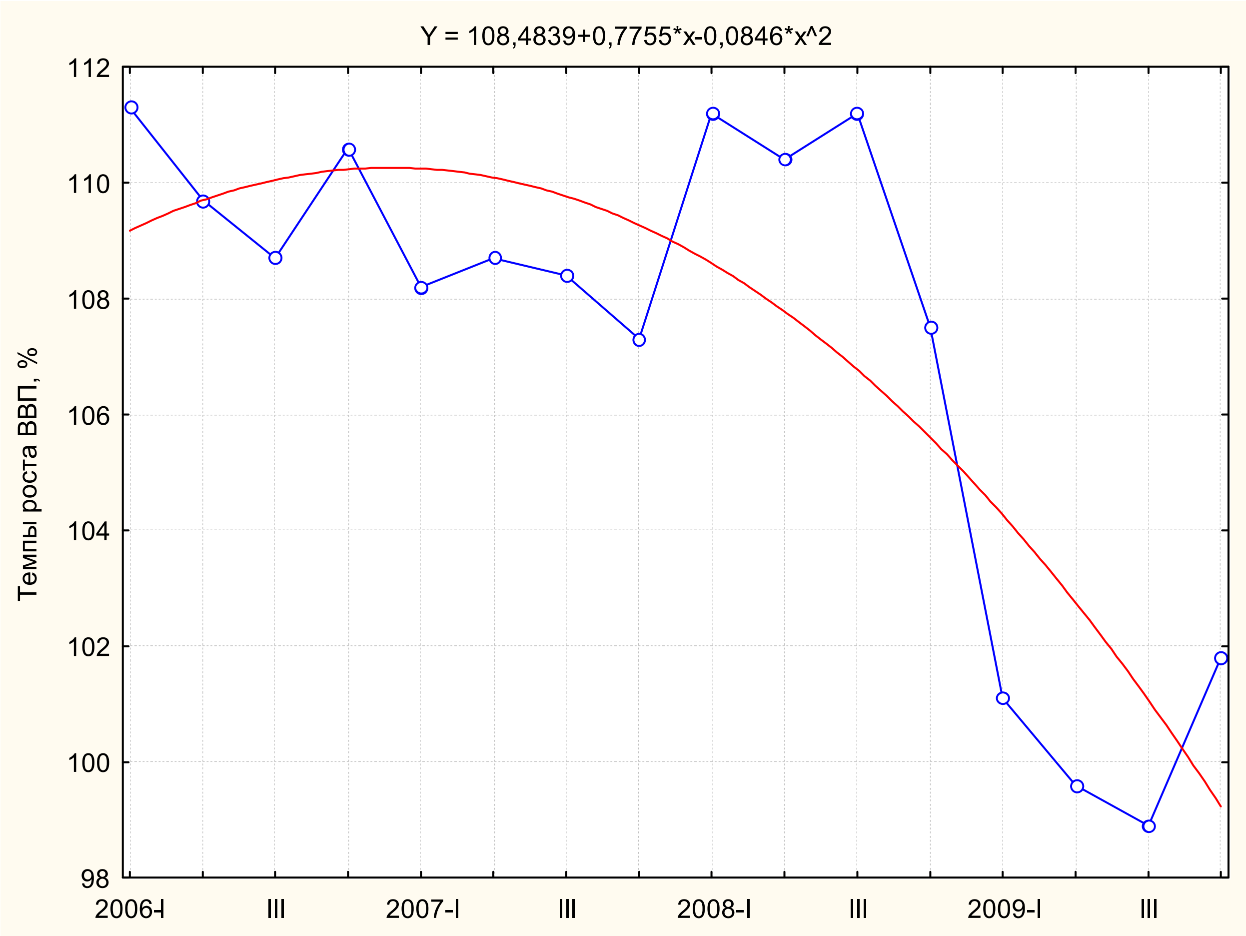

Figure 1. Belarus' GDP growth on a quarterly basis, per cent, year-on-year
(actual data and polynominal trend)

This creates additional preconditions for broadening of the exchange rate band from the forecast of +/-10% to the basket parity this year; the worst-case scenario envisages another one-off devaluation of the ruble (in order to restrict imports and bolster the price competitiveness of Belarusian exporters).

One alternative is to continue borrowing from foreign sources, thus growing foreign liabilities of the economy, however, some serious risks will be unavoidable then, even though at a much later phase.

The increase in the current foreign debt may threaten both companies (if they fail to gain profits sufficient to cover the principal and interests) and the state as the owner (the main risk is the loss of property is case of bankruptcy and resulting negative image).

We assume that in the medium term, foreign borrowings will not suffice to cover the balance of payment deficit, because additional borrowings mean additional spending on debt repayment. As a result, the Belarusian ruble may lose its value, whereas some borrowers run the risk of going bankrupt…

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7. The actual GDP growth rate in 2009 was to a large extent due to the increase in unsold inventories of manufacturers. Based on the output method, GDP is translated in comparable prices using the data on the volume of production in various industries. In this case, GDP totals the sum of the value added of the entire output volume, including the part remaining in stocks…

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In conditions of the significant accumulation of inventories (to 5.465 trillion Belarusian rubles in the manufacturing sector alone as of January 1, 2010), GDP based on the output method provides a bit too much of "whitewash". In 2009, inventories of industrial producers increased by 508.5 billion Belarusian rubles, or 0.4% of the total industrial output in that period.

Inventories to the average monthly output ratio increased to 67.9% in 2009 from 61.1% in 2008, which is more than alarming.

Overstocks in the retail business were at 4.873 trillion Belarusian rubles as of January 1, 2010, up by 1.088 trillion rubles from early 2009, which is equivalent to 43 trading days in terms of the average daily trade turnover in December 2009 (and 40 days as of January 1, 2010). This indicates a reduction in consumer confidence and consumer demand as a whole.

Inventories in the manufacturing sector and retail business totaled 10.338 trillion rubles as of January 1, 2010, showing a combined increase by 1.597 trillion rubles in 2009. The former figure makes U.S. $3.161 billion in the U.S. dollar terms.

The growth in overstocks reflects the considerable drop in the demand for Belarusian products on the domestic and foreign markets. The following Belarusian industries were affected the worst as a result of the global crisis: mechanical engineering and metalworking, with inventories standing at 2.557 trillion rubles as of January 1, 2010; food processing with 1.111 trillion rubles' worth of products in stocks; the light industry with inventories totaling 515.9 billion rubles; the chemical and petrochemical industries with overall inventories at 471 billion rubles; the forestry, woodworking and pulp-and-paper industries with inventories totaling 236.6 billion rubles, and the construction materials industry with 228.1 billion rubles' worth of stocks.

With a breakdown into separate industries and products, the situation looks even more desperate (as of January 1, 2010): inventories of clocks amount to 35.5 times the average monthly production volume, meaning clock makers may take a three-year break without doing any harm to their business; inventories of vacuum cleaners are 22.4 times above the average monthly production volume, of fur coats for adults 10.8 times, of linen fabric 8.9 times, of roller bearings 4.5 times, wool fabric 4.4 times, of cereals 4.1 times, of trucks 3.9 times, sugar 3.9 times, of overcoats 3.3 times, of metal-cutting machine tools 3 times exceed the monthly production, of canned fruit and vegetables 2.65 times (i.e. 265% of the monthly output volume), of vehicle trailers and semi-trailers 2.63 times, of coats 2.35 times, or construction glass 2.32 times, or cotton fabric 2.3 times, of cognac (a types of brandy in the former Soviet Union) 2.1 times, of buses 2.1 times, of flour 1.9 times (i.e. 190% of the average production volume per month), of ceramic tiles for inside lining 1.7 times, etc.

One has to note that sales problems logically lead not only to overstocks of industrial producers, but also to depletion of floating capital, reductions in the volume of available cash and growth in latent unemployment and underemployment (see below).

By the volume of production, the following industries suffered the most: the automobile industry, with a 43.6% fall in output year-on-year), engineering and metalworking with 25.7%, the forestry, woodworking and pulp-and-paper industries with 20.2%, the electrical energy industry with a drop of 11.6%, the petrochemical industry with 11.5%, the light industry with 9.5%, ferrous metallurgy with a 5.5% reduction in output, and the construction materials industry with a fall of 3.4%.

On a regional basis, Minsk Region enterprises saw the worst reduction in output, by 23.2% on the year, followed by the city of Minsk with a fall of 21.5%, Mogilev Region with 9.5%, and Brest Region, with a drop in output of 6.9%.

In other words, the trouble-free general picture that encompasses the entire country conceals some major branch-wise and regional discrepancies, which show that the global crisis proved most devastating for the economies of Minsk Region and the city of Minsk, which is certainly a major reason for concerns…

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11. The global economic and financial crisis had triggered a serious deterioration in Belarusian companies' financial position. In January-November 2009, net profit of Belarusian profit makers fell 31.9% totaling 10.346 trillion rubles. In November, net profit reached 858.8 billion rubles, a fall by 22.9% from October. Net profit in November 2009 was lowest since February 2009.

Return on sold products and services amounted to 10.5% in January-November 2009, down from 14.9% in the first eleven months of 2008, and return on sales decreased to 6.2% from 8.3%

According to Belstat, in January-November 2009, there were 908 loss-making organizations, or 8.7% of the total number; however, while their number remained virtually unchanged, net losses of loss makers rose 150% in January-November to 1.292 trillion rubles, which is a bad symptom.

If we turn to profit makers, 35% report profitability rates between 0% and 5%, and 22.2%, between 5% and 10%. This means even among profitable companies, over 57% of enterprises could be faced with problems when repaying debts (especially bank loans) should the economic situation worsen.

The analysis we present here shows an increase in the number of insolvent enterprises, most of them being state-controlled, and problems with financing of their day-to-day operations.

As of October 1, 2009, 3,824 organization, or 36.4% of the total number, were insolvent (i.e. had both their own floating/working capital rate and current liquidity ratio below the standards). This included 897 enterprises in the manufacturing sector, or 43.4% of the total.

Availability of own floating capital for the economy at large as of October 1, 2009 stood at 7.5%, down from 13.1% as of January 1, 2009, while the current liquidity ratio was at 170.4%, a drop from 174.2%.

On October 1, 2009, 4,691 organizations, 44.7% of the total number, had no floating capital of their own, and 1,446 organizations, 13.8%, had floating capital below the standard.

In the manufacturing sector, 794 enterprises had no floating capital of their own, 38.4% of their total number. In the flour-and-cereals industry and compound feed industry, the share of such companies was at 60.9%, in the food-processing industry, 58.2%, in the forestry, woodworking and the pulp-and-paper industry, 46.5%, in the light industry, 43.7%, in the glass and porcelain industry, 40%, and in the construction materials industry, 39.6%.

Of the total number of industrial enterprises, 17.1%, or 353 entities, had floating capital below the required limit. In the electrical energy industry, such companies made up 37.5% of the total, in the flour-and-cereals industry, 28.3%, in the medical industry, 23.5%, in the food-processing industry, 23.2%, and in the glass and porcelain industry, 20%.

In terms of ministries and concerns, the Agriculture and Food Ministry has 71% of organizations without their own floating capital, and 11.3% of organizations subordinate to the ministry have floating capital below the standard.

According to Belstat, current assets of Belarusian enterprises expanded 22.8% in January-September 2009 to 120.3 trillion rubles as of October 1, 2009. Current assets accounted for 35.2% of all assets, whereas non-current assets were at 221.1 trillion rubles on October 1, 2009, up 8.8% in the first three quarters. Their share in total assets stood at 64.8%.

However, we are talking about balance value assets here, meaning that these assets need to be reasonably capitalized on a market basis (transformation into joint-stock companies, share issue, placement and trade at the stock exchange, sale to strategic investors, etc.)...

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