

INVESTMENT OFFER

Dear Sirs!

I'm pleased to inform you that the Republic of Belarus is highly interested in implementation of the investment project on the construction of a large-scale furniture factory (on the basis of woodchip board) in Belarus, including for the purposes of export in the Russian Federation, other CIS countries and Eastern Europe.

We are pleased to offer you the following investment offer:

1) the construction of a furniture factory in Ivacevichy (Brest region, the Republic of Belarus) in immediate proximity to the public corporation "Ivatsevichdrev" (www.ivacevichdrev.by), which put into operation in December 2012 a chip board (including laminated) plant with capacity of 250 thousand cubic meters per year, for today it is the most modern plant of such kind in Western and Eastern Europe;

2) we offer land area of 4 hectares with the opportunity of expansion to 10 hectares. Land category – for industrial use;

3) a condition of providing a land area to the investor – rent for up to 99 years;

4) existing infrastructure:

- highway M1/E30 Brest-Moscow (0.5 km away);**
- approach line;**
- railroad "Brest – Moscow" (0.5 km away);**
- gas-, water- and power-supply systems as well as a power-plant for recycling of waste from furniture production (if needed);**
- fire pump station.**

The forest sector in the Republic of Belarus is recognized as one of the main growing-points of the national economy for the period up to 2020. Today large-scale modernization of the woodworking industry is held with participation of foreign investors. By 2015 twelve new woodchip board (half-stuff for furniture industry) plants will be put into operation in Belarus with their total capacity (per year):

- 1.2 mln cubic meters of chip board (laminated chip board);**
- 1.0 mln cubic meters of medium and high density fiberboard (MDF/HDF);**
- 300 thousand cubic meters of oriented strand board (OSB).**

Potential areas for the establishment of furniture production can be promptly offered in the operation zone of the following new plants:

1) KRONOSPAN (www.kronospan.com.by):

1.1) in the town of Smorgon – chip board plant (capacity – 600 thousand cubic meters per year; set in operation in 2012) and medium density fiberboard plant (MDF/HDF) (capacity – 300 thousand cubic meters per year; set in operation in 2013);

1.2) in the city of Mogilev – oriented strand board plant (capacity – 320 thousand cubic meters per year; set in operation in 2014);

2) JSC «Rechicadrev» (www.rechdrev.com) – chip board plant (capacity – 200 thousand cubic meters per year; set in operation in 2013);

3) JSC «Vitebskdrev» (www.vitebskdrev.com) – medium density fiberboard plant (MDF/HDF) (capacity – 140 thousand cubic meters per year, 60-70 thousand cubic meters of which are for the furniture industry; set in operation in 2013);

4) JSC «Gomeldrev» (www.gomeldrev.by) – medium density fiberboard plant (MDF/HDF) (capacity – 170 thousand cubic meters per year, 70-80 thousand cubic meters of which are for the furniture industry; set in operation in 2014);

5) JSC «Mostovdrev» (www.mostovdrev.by) – medium density fiberboard plant (MDF/HDF) (capacity – 200 thousand cubic meters per year, 90-100 thousand cubic meters of which are for the furniture industry; set in operation in 2014);

6) UE «Mozyr Wood Processing Industrial Complex» (www.mozdok.by) – insulating fiberboard plant (capacity – 140 thousand cubic meters per year; set in operation in 2014). On the basis of this project there is a possibility to establish the production of building sandwich panels 40-250 mm thick.

For the promotion of foreign investments the Republic of Belarus developed one of the most preferential investment legislations among the countries of Eastern Europe.

For example, in case of concluding an Investment contract with the Republic of Belarus (one of the main forms of cooperation) a foreign investor has the right to:

- construct facilities by the investment project with simultaneous development, expertise and confirmation of design estimates in accordance with established procedure;
- rent a land area of needed size without holding an auction for the right to conclude a land rent treaty;
- construct facilities by the investment project with the right to remove objects of flora without compensation payments for removed objects;
- apply full volume deduction of VAT paid when purchasing (importing in the territory of the Republic of Belarus) goods (works, services), used for projecting, construction and equipping of facilities by the investment project regardless of VAT amount calculated for the sale of goods (works, services);
- set, without holding a contract auction, the general contractor, subcontractors and other organizations for construction, repair, reconstruction, restoration and accomplishment of facilities by the investment project.

Investor is also exempt from:

- payment for the right to conclude a land rent treaty;

- land tax or rental payment for the state-owned land areas during the period of projecting and construction of facilities by the investment project;
- innovation fund payments for the period up to the expiration date of the investment contract;
- entrance customs duties (in accordance with the international commitments of the Republic of Belarus) and VAT payments when importing equipment and fabricated parts in the territory of the Republic of Belarus under condition of its use in the territory of the Republic of Belarus in the framework of investment project implementation;
- state duty payment for the issuance of: permissions to recruit foreign labour force in the Republic of Belarus, special permissions to work in the Republic of Belarus, permissions for temporary residence in the Republic of Belarus for foreign citizens and stateless persons;
- VAT and profit tax payment in view of gratuitous transfer of state-owned ownership to the investor for the investment project implementation.

Moreover, additional preferential treatment is established for investors who operate in the territory of small, medium-sized towns and rural areas of the Republic of Belarus (Ivatsevichy, Smorgon, Mosty are the towns of such category).

Such investors are exempt from:

- profit tax, state duty for issue of licenses, several local taxes and charges for the period of 7 years;
- compulsory sale of foreign currency (for the period of 5 years), received from deals on own-produced goods (works, services) sales with non-residents of the Republic of Belarus.

For more details about the Republic of Belarus and doing-business-conditions in our country we kindly encourage you to visit websites of the Ministry of Economy of the Republic of Belarus (www.economy.gov.by/en/investors) and of the National Agency on Investment and Privatization (www.investinbelarus.by/en/invest).

If you are interested in implementation of the investment project on the construction of a furniture factory we are pleased to invite you in the Republic of Belarus in order to meet with concerned participants and to inspect the area for construction.

We kindly ask you to inform the Embassy of the Republic of Belarus to the Republic of Poland (e-mail: poland@mfa.gov.by) or the Ministry of Economy of the Republic of Belarus (e-mail: econles@economy.gov.by) about your decision.

Yours sincerely,

Minister of Economy
of the Republic of Belarus
Nikolai Snopkov