

PRIVATIZATION IN THE REPUBLIC OF BELARUS

**Minsk
2014**

Law on Privatization:

- Law of the Republic of Belarus of January 19, 1993 "On Privatization of State-owned Property and Restructurisation of State-owned Unitary Enterprises in Open Joint Stock Companies"(revised in 2010) <1>
- Decree of the President of the Republic of Belarus No. 3 of March 20, 1998 "On Privatization of State-owned Property in the Republic of Belarus" <2>
- Law of the Republic of Belarus of 15 July 2010 "On the Facilities owned by the Government and types of activities covered by the Government's exclusive right" <3>
- Law of the Republic of Belarus of 12 July 2013 "On Concessions" <4>
- Decree of the President of the Republic of Belarus No. 113 of February 25, 2008 "On the procedure and terms regulating the sales of unprofitable state-owned enterprises as asset complexes to legal entities" <5>
- Decree of the President of the Republic of Belarus No. 294 of July 4, 2012 "On the Procedure of disposing of state-owned property" <6>
- Regulation of the Council of Ministers of the Republic of Belarus No. 1929 of December 31, 2010 <7>
- Regulation of the Council of Ministers of the Republic of Belarus No.905 of October 3, 2012 <8>

The existing law of the Republic of Belarus enshrines equal rights for foreign and national investors in participating in privatization of the state-owned property.

An individual approach is applied to privatization, any offer by a strategic investor related to privatization of any Belarusian enterprise may be considered. The information on state assets is open and readily accessible.

<1> defines major principles, ways, terms and procedure of privatization, objects and subjects of privatization.

<2> regulates separate issues of the privatization procedure and equity stock in the security market.

<3> defines a list of types of state-owned property which cannot be privatized by virtue of its functional purpose (Article 7 of the Law).

<4> establishes statutory standards for raising investments on the basis of concessions in the territory of the Republic of Belarus, including with using the facilities owned only by the state.

<5> defines a procedure and terms for selling of unprofitable enterprises at reduced price, including at one basic value (as of 01.01.2014 it is equal to BLR 130 000), preferences for buyers.

<6> establishes a general procedure for disposing of state-owned property.

<7> establishes a procedure for holding biddings (auctions, tenders).

<8> specifies a list of documents required for making relevant decisions on disposing of state property.

The decisions on privatization of state-owned property are made by the President of the Republic of Belarus, those on privatization of communal property - by local regulatory bodies.

A major way of privatization is tenders (auctions, competitive biddings). The existing law provides an opportunity to acquire state-owned property by a single participant of an auction or tender in case when an auction or tender is deemed to be failed by virtue of the fact that an application for participation therein has been filed by a single participant or only one participant has been participated therein. In such case a subject of an auction or tender shall be sold to such participant at an initial price increased by 5 per cent (provided it is acceptable for such participant).

Privatization Objects:

- Enterprises as asset complexes of state-owned unitary enterprises
- Equity stocks (shares in authorized capitals) of economic operators

Ways of privatization, denationalization:

- Selling privatization objects at auctions
- Selling privatization objects on the basis of competitive bidding (with investment and/or social conditions)
- Selling equity stock of an economic operator possessed by the Government resulting from fiduciary management thereof
- Contributing property in authorized capitals of economic operators, including on the stage of incorporating a joint stock company when restructuring a state-owned enterprise
- Alienating real estate facilities possessed by the Government, including on a non-repayable basis when implementing an investment project

Major stages of selling asset complexes of the country's unitary enterprises and equity stocks (shares in authorized capital) of economic operators possessed by the Republic of Belarus are given in Annexes hereto.

Relevant data for investors are available in the official web-site of the State Committee of Property Management of the Republic of Belarus:

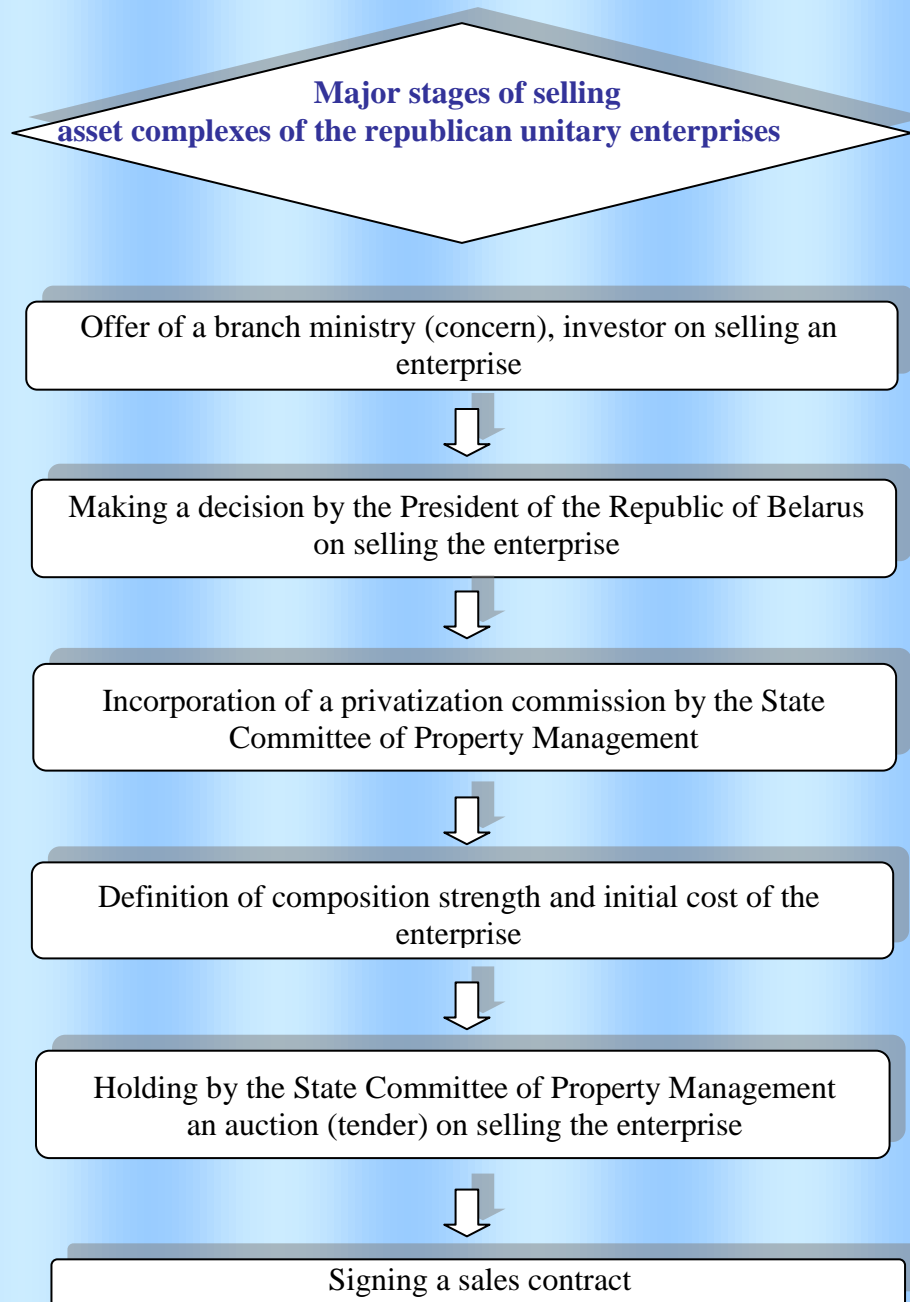
on the privatization process
www.gki.gov.by/inf_for_investors/ifi_on_priv/

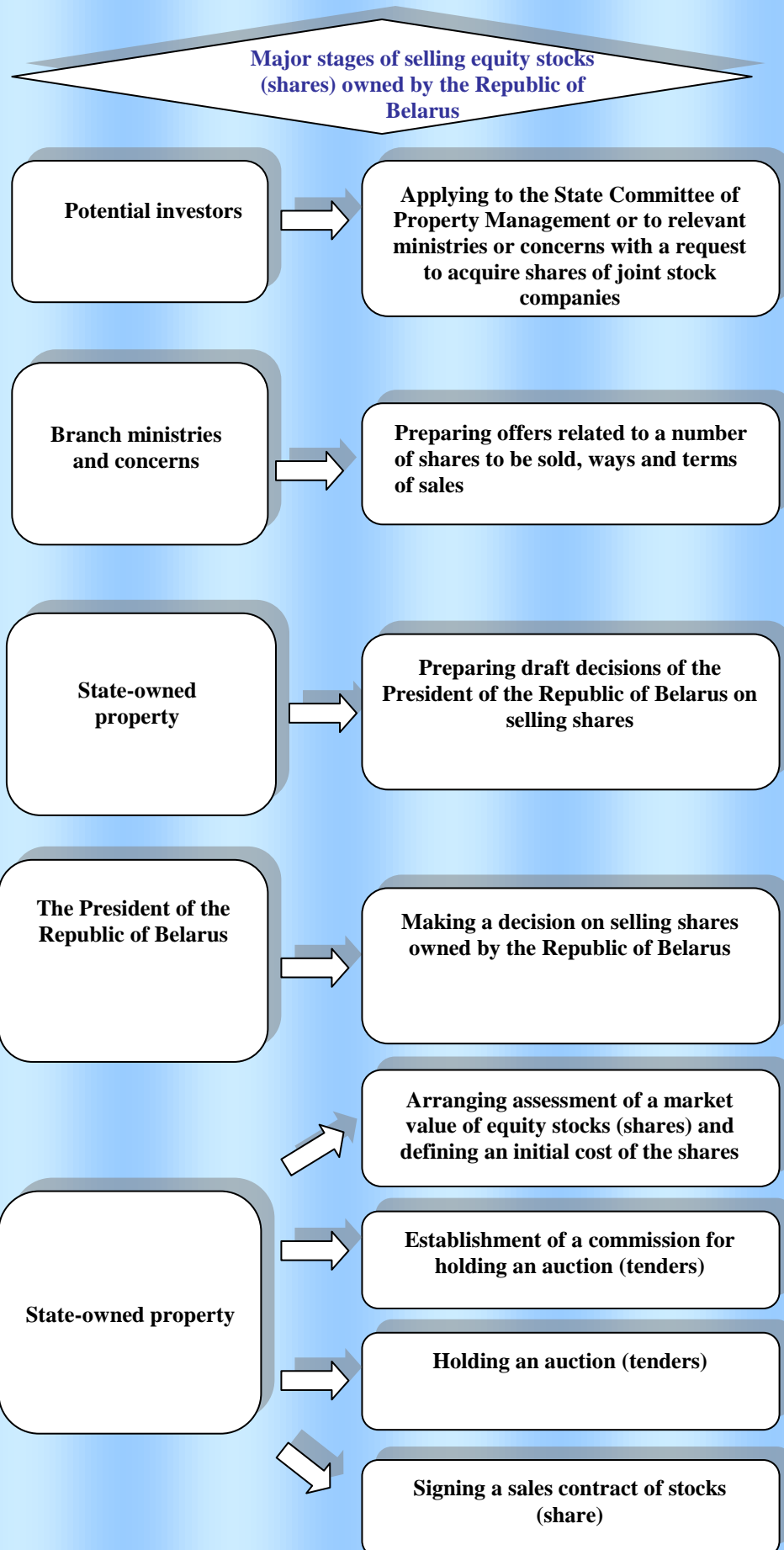
on joint stock companies in authorized capitals of which a share is possessed by the Republic of Belarus, and information memorandums of such joint stock companies: http://www.gki.gov.by/inf_for_investors/interes/;

State-owned unused real estate offered for selling and leasing in the territory of the Republic of Belarus <http://www.gki.gov.by/database/>;

Auctions on selling state-owned real estate, auctions entitling to lease land plots and construction permit auctions <http://gki.gov.by/real-estate-rent-sale/auctions/>.

The State Committee of Property Management the Republic of Belarus is searching for investors in respect to stock of shares of 86 joint stock companies the data on which are available in the official web-site of the State Committee of Property Management - <http://gki.gov.by/auction/auinf/auishares/>, including such large enterprises as: Mobile TeleSystems Joint Limited Liability Company, Minsk Plant of Heating Equipment OJSC, Gomel Chemical Plant OJSC and Torgmash OJSC (Baranovichi, Brest Region) of Berezatara Republican Unitary Production Enterprise (Bereza, Brest Region).





Specific features of selling unprofitable enterprises

