

JEL classification: G28

THE INFLUENCE OF THE MODERN INTERNATIONAL FINANCIAL SYSTEM ON THE DEVELOPMENT OF FINANCE IN THE REPUBLIC OF BELARUS

Vankevich Y., Rudinskaya T.

Belarussian State Economic University, Belarus

Ванкевич Я., Радинская Т.

Белорусский государственный экономический университет, Беларусь

ABSTRACT

FINANCE, INTERNATIONAL FINANCIAL SYSTEM, BANKING SYSTEM, INTERNATIONAL CAPITAL MARKETS

The factors influenced on the financial market and the finance system of Belarus are reviewed in the article. The directions of development of the Belarus finance are proposed. The implementation of these directions will ensure the stability of the financial sector of the Republic of Belarus and its effective integration into the international financial space.

The role of any country in the global economy, the international division of labor and the internationalization of economic life depends on a number of factors, such as the level of the development of the national economy and its dynamics, the degree of its openness and involvement in the international division of labor, the progressiveness and development of foreign economic relations, the ability to adapt to the conditions of the international economic life and at the same time the ability to influence this conditions in the desired direction.

«The role of international organizations is constantly growing in the modern world.

Their activities cover almost all forms of multilateral cooperation and partnership between countries, and it is also the basis for strengthening peace and stability, creating conditions for the successful socioeconomic development of the states of the world community». [1]

Belarus is a member of the three largest international financial and credit organizations – the International Bank for Reconstruction and Development, the International Monetary Fund and the European Bank for Reconstruction and Development.

By joining these organizations our country, in addition to increasing prestige in the international arena, has gained the opportunity to attract loans. The main objectives of international cooperation and partnership with these organizations of the Republic of Belarus are:

- intensification of cooperation between international economic organizations for solving the problems of the transitional stage of the social development of the Republic of Belarus;

- strengthening confidence in the republic as a promising and reliable trade and economic partner, as well as strengthening relations with international economic organizations in order to increase the volume of financial and scientific and technical assistance provided by the world community to the Republic of Belarus.

The IMF's cooperation with the Republic of Belarus is carried out in three main directions:

- interaction with the Government of the Republic of Belarus and the National Bank in the preparation of economic policy programs with an emphasis on fiscal and monetary policy, the exchange rate and trade policy;

- provision of credit resources, if necessary;

- technical expert assistance.

The implementation of the «stand-by» program from the year 2008 was completed in April 2010. It allowed to stabilize the currency market, to ensure greater stability of the financial system, to avoid a balance of payments crisis, and in addition to avoid a recession and maintain a low level of unemployment.

The IMF in connection with the completion of this program began additional consultations with the Republic of Belarus on monitoring in the post-program period. During the period from 2011 to 2013 a series of visits were held by IMF experts to evaluate economic policy measures and develop proposals. The purpose of these visits was further improvement of the efficiency of the Belarusian economy.

The European Bank for Reconstruction and Development has focused its activities on financing the private sector. The Bank also has the opportunity to work in the public sector in environmental, energy and infrastructure projects.

By the end of 2017 the EBRD had invested over 200 million Euro in the economy of the Republic of Belarus. In 2016, a four-year EBRD Strategy for 2016-2019 was adopted [2]. In this strategy, the so-called calibrated approach, that limited cooperation with the public sector, was canceled. According to the new Strategy, the EBRD aims to expand investment cooperation with Belarus in the areas of finance, transportation, energy and housing and communal services.

At the moment, the following World Bank investment projects are implemented in the Republic of Belarus:

- «Biomass district heating with local wood chip supply in the Republic of Belarus» (\$ 90 million);

- «Transit Corridor Improvement Project» (\$ 250 million);

- «Belarus Education Modernization Project» (\$ 50 million);

- «Public Financial Management Modernization Project for Belarus» (\$ 10 million);

- «Belarus Health System Modernization Project» is being ratified for the amount of \$ 125 million,

Since the beginning of the membership of the Republic of Belarus, the total amount of loans provided by the Bank for the implementation of investment projects has exceeded \$ 1.215 billion.

Cooperation with the World Bank is carried out within the framework of the World Bank Group's Partnership Strategy for the Republic of Belarus for 2014-2017 fiscal years.

«Belarus has not yet fully utilized the international mechanisms of trade and economic relations and is experiencing the stimulating effect of international competition on national production. Therefore, one of the primary goals of reforming the national economy could be the correction of the current situation». Since the existing gap in the levels of development of the productive forces of Belarus and the economies of developed countries, there is a real danger of its increase. The country's external dependence in the economic, scientific, technological and other fields can also increase and cause severe damage to the Republic of Belarus [3].

The implementation of measures to strengthen the banking system should result in an increase of the attractiveness of Belarusian banks for foreign and domestic investment, as well as increase the interest of the population in keeping savings in the banks of the Republic of Belarus.

In order to increase the inflow of investments into the economy of the Republic of Belarus, it is necessary to carry out work in the following areas:

- development of the market of state, municipal and corporate securities;
- improvement of the legal framework for the securities market;
- improvement of infrastructure and tools in the securities market.

The development of this market will immediately affect the mobilization of both domestic and external sources of financing of the country's budget deficit.

Access to international capital markets is also an important area for attracting foreign investment. The main task here is cooperation with international financial organizations and central banks of foreign countries. This partnership will increase confidence in the monetary and currency market policy of the Republic of Belarus as the basis for obtaining a higher credit rating of the country on international capital markets. Foreign investment is an important factor in the economic development of countries with a relative lack of equity. The government should encourage foreign investment in every possible way and confront existing opinions about the undesirability of a foreign presence in the economy.

Let's give a simple example from the statistics of the Republic of Belarus regarding the volume of investments of residents of the Republic of Belarus abroad and the volume of foreign investment in the Republic of Belarus.

The volume of investments accumulated abroad from the Republic of Belarus in 2013

compared to 2012 increased by 254.4 million US dollars, but in subsequent years had a steady downward trend. Thus, the volume of investments abroad decreased in 2016 compared to 2013 by 1.6 times and amounted to 3,889.03 million USD.

The total volume of foreign investment in the Republic of Belarus tended to increase until 2014. In 2015, there is a significant decrease in foreign investment in Belarus. The figure for two years has decreased by more than \$ 7,500 million. Reduction of investment inflow in 2016 is characterized by a value of 2,784.3 million US dollars. The decrease in the volume of foreign investment in the Republic of Belarus indicates a decrease in investors' interest in the national economy of the Republic of Belarus and its integration into the world economy.

Foreign investment is very volatile. Short-term speculative assets quickly come to the country, attracted by a high rate of profit, but with the slightest instability leave even faster, causing a «chain reaction». Since crises of different scale are cyclical and financial losses for the state are practically inevitable, the problem of finding an effective set of emergency measures comes to the fore. These measures allow to «mitigate the impact» in time and minimize the negative consequences of the crisis.

A promising task for the state is to create conditions for reorienting the interests of non-residents from a purely speculative portfolio to investing in the real sector of the economy.

For the period up to 2020, Belarus sets the goal of developing the financial market: its qualitative transformation, increasing the stability and efficiency of its operation, aimed at growing the economy and the welfare of the population.

The perspective directions of development of the Belarus finance are:

- 1) cooperation with the IMF, a group of the World Bank, the Eurasian Stabilization and Development Fund and other international financial organizations
- 2) attraction of financial resources to the banking sector of the republic
- 3) expansion of cooperation with foreign export credit insurance agencies
- 4) creation of the common financial market of the UNEG member states

The implementation of these directions will ensure the stability of the financial sector of the Republic of Belarus and its effective integration into the international financial space. The introduction of advanced methods and approaches will create the prerequisites for converting the Republic of Belarus into a higher country category in the OECD classification.

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UDC 339.727.3

FINANCIAL REGULATION OF THE INVESTMENT PROCESS: EUROPEAN EXPERIENCE

ФИНАНСОВОЕ РЕГУЛИРОВАНИЕ ИНВЕСТИЦИОННОГО ПРОЦЕССА: ЕВРОПЕЙСКИЙ ОПЫТ

Zelenkevich M.

Institute of Business BSU, Belarus, e-mail: marina.zelenkevich@gmail.com

Зеленкевич М. Л.

Институт бизнеса Белорусского государственного университета, Беларусь

ABSTRACT

INVESTMENT PROCESS, FINANCIAL
MARKETS, FINANCIAL REGULATION,
INTEGRATION ASSOCIATION, EURASIAN
ECONOMIC UNION, EUROPEAN UNION,
INVESTMENT PLATFORM

The article considers the forms of financial regulation of the investment process in the European Union. The problems and directions for improving

АННОТАЦИЯ

ИНВЕСТИЦИОННЫЙ ПРОЦЕСС, ФИНАНСОВЫЕ РЫНКИ, ФИНАНСОВОЕ РЕГУЛИРОВАНИЕ, ИНТЕГРАЦИОННОЕ ОБЪЕДИНЕНИЕ, ЕВРАЗИЙСКИЙ ЭКОНОМИЧЕСКИЙ СОЮЗ, ЕВРОПЕЙСКИЙ СОЮЗ, ИНВЕСТИЦИОННАЯ ПЛАТФОРМА

В статье рассмотрены формы финансового регулирования инвестиционного процесса в Европейском союзе. Определяются проблемы и направле-