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Statement by the Hon. **NADEZHDA ERMAKOVA**,
Governor of the Fund for the **REPUBLIC OF BELARUS**

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Governor of the Fund for the Republic of Belarus**

I avail myself of this opportunity to greet you in the largest international economic forum and express gratitude to the staff of the International Monetary Fund and the World Bank for the organization of this event.

Our meeting is held during the challenging period for the entire global economy. An unsustainable growth demonstrated by advanced economies in combination with unsolved debt problems and higher volatility on commodity markets pose significant risks to the growth of the global economy in the medium and long-term perspective. This, in turn, undermines the markets' confidence and results in recurrent surges of turbulence on the financial markets. At the same time, the possibilities for easing monetary policy are limited on both sides of the Atlantic which also does not help to enhance prospects of the growth.

High levels of sovereign debt all over the world, in the European countries above all, continue to cause serious concerns. During the crisis the governments had to take on most of the burden with a view to supporting the financial sector and pursuing the countercyclical fiscal policy which led to the rapid growth of debt burden on sovereign balances. At present, the need to maintain debt sustainability calls forth inevitable austerity measures aimed at cutting budget deficits in the coming years which will be conducive to the limiting of the potential growth in these countries.

The Republic of Belarus also encountered certain difficulties in 2011. Opposite trends are noticed this year in the country's economy. On the one hand, the economy continues to grow at high rate. During the first eight months of the current year GDP grew 9.1%, industry 11%, and investments 18.9% compared with the same period a year ago. On the other hand, foreign trade imbalance and small volume of external funding, given insufficient amount of gold and foreign exchange reserves, resulted, this year, in crisis developments on the foreign exchange market, depreciation of the national currency, and acceleration of inflation. For example, in August 2011 consumer prices went up 60% on an annualized basis. To address existing problems the Government and the National Bank embarked on a joint program for economic policy and structural reforms at a time of instability. The program contains a full range of macroeconomic measures and adjustments to the policy in the field of exchange rate, interest rates, and budgetary policy for the purpose of achieving sustainability and cutting current account deficit. Measures that have been taken fully comply with the IMF and the World Bank economists' approaches.

We are thankful to the Fund for an appropriate and constructive approach to the assessment of the economic situation in the country during the term of the Stand-By Arrangement as well as for the advisory assistance received under the post-program monitoring of the Stand-By Arrangement. Thanks to the IMF's support the effect of the crisis on the Republic of Belarus was cushioned and the country managed to escape from recession and to safeguard jobs for the population.

The country gives high importance to the World Bank's participation in implemented reforms and economic development of Belarus. Owing to the World Bank's advisory support and recommendations in the field of privatization, the Republic of Belarus succeeded in establishing sound institutional framework for the conduct thereof. At the same time, we believe that there exist opportunities to deepen our cooperation with the World Bank. We hope that the new Strategy on Cooperation with the Bank will involve a wider range of instruments designed to maintain social and economic development of the country.

The Republic of Belarus expresses its support to the decisions taken by the Bank and the Fund which are aimed at promoting the development of the global economy, enhancing financial instruments, and reorganizing the governance system. The incipient process of increasing capital and reforming voting rights will make it possible to improve the Fund's and the Bank's financial sustainability as well as to objectively increase the emerging and transition economies' representation in the main institutions of the modern global financial system. Whereas the most recent crisis revealed serious flaws in the organization of the global financial system, the implemented reforms should encourage countries to take timely measures designed to avert crises and assist them in protecting themselves in case of systemic crisis thus contributing to the strengthening of the global financial protection system as a whole.