

Meeting of the UNECE Steering Committee on Trade Capacity and Standards (21 June 2021)

Speech by Ms. Joanna Kazana, UN Resident Coordinator in Belarus. [CHECK AGAINST DELIVERY]

Dear colleagues,

I am pleased to take part in this meeting and thank you for the invitation and focus on the situation in Belarus.

As showed by the UNECE study, the pandemic has deepened re-existing challenges to the competitiveness of MSMEs in Belarus, by reducing external demand for exports, complicating trade procedures through additional border controls and quarantine requirements, and increasing costs of credit, among others, forcing some firms to close down. According to UNDP online surveys conducted in August- October 2002, 80% of SMEs felt the impact of the pandemic on their activities through a drop in revenue (by a quarter or more) as well as a decrease in the number of clients. Similar conclusions were found by additional work by, IFC and EBRD, and expert consultants, which have emphasized the impact of external shocks given Belarus' structural openness and dependence on exports.

In Belarus, like in other countries, MSMEs suffer from several barriers, including limited innovation capacity, limited access to finance, burdensome taxation and permitting systems. Another deficit is their low digitalization (e.g. only 22 per cent of Belarusian MSMEs are using digital systems for the automation of accounting and personnel records in their day-to-day activities).

In spite of these limitations, over the last years, **a number of innovative MSMEs have emerged around ICTs, which benefitted from a special tax regime to foster investments in the Minsk Hi-Tech park**. These firms injected dynamism, accounting for about half of GDP growth in recent years. However, the economic recession, ongoing macroeconomic constraints and the need to harmonize tax regimes as part of regional integration processes may end up removing these advantages, endangering the whole ecosystem of MSMEs. Thus, new policies that build new competencies through skills development and innovation will be needed to sustain Belarus' competitive advantages in the long-term, including in order to foster the circular economy transition.

Economic diversification also needs to be a priority and it is an area where MSMEs could play a significant role. In Belarus, there is a small but growing sector of organic food producers which were particularly impacted by COVID-19 and which proved to be agile and managed to adapt quickly to the new economic reality.

For the UNCT in Belarus, Green economic transition and digital transformation, including by MSMEs, will continue to be a strategic priority also in the United Nations Sustainable Development Cooperation Framework (UNSDCF) 2021-2025 and in our COVID-19 Socio-Economic Response Plan (SERP) -- its pillar 3 is specifically focuses on MSME development as a means to build more resilient economies and reduce informality.

The SERP includes programmatic interventions by UNECE, UNIDO, UNCTAD, FAO and UNDP that focus on MSME agendas, addressing such topics as enhancing innovation ecosystems in less developed regions, bolstering circular economies, strengthening value chains in agriculture, development of clusters and industrial parks for transfer of technology; and digitalizing trade procedures, among others. The IFIs have also been active supporting financially companies in the infrastructure, manufacturing, agriculture and services industries. Capacities are also being built in the context of regional integration and through mixed approaches that include public-private partnerships.

This is in line with the recommendations contained in the UNECE trade facilitation study, which were endorsed by the Government. Furthermore, the recent decisions by the UNECE Commission at its 69th session on the circular economy transition and the catalytic role of trade and economic cooperation, will certainly increase the scope for engagement with the UNCT.

I look forward to engaging with UNECE and others in advancing this agenda. The recent decisions of the circular economy transition, the role of trade and economic cooperation, and possible scope for engagement.

Thank you for your attention.