

ОЦЕНКА ЭФФЕКТИВНОСТИ РЕГУЛИРОВАНИЯ СВОБОДНЫХ ЭКОНОМИЧЕСКИХ ЗОН РЕСПУБЛИКИ БЕЛАРУСЬ

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Рассмотрено влияние механизма регулирования деятельности особых экономических зон посредством предоставления различных льготных и преференциальных условий для инвестиционной привлекательности данных территорий и, как следствие, их инновационной деятельности. Разработан алгоритм анализа инвестиционной бизнес-привлекательности особых экономических зон, позволяющий оценить привлекательность этих территорий и сравнить их друг с другом.

Ключевые слова: свободные экономические зоны; особые экономические зоны; льготы и преференции; инвестиционная привлекательность; инновационная деятельность.

THE FREE ECONOMIC ZONES EFFECTIVENESS REGULATION ASSESSMENT IN THE REPUBLIC OF BELARUS

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The influence of special economic zones activities regulation mechanism on the their territories investment attractiveness and innovation activities by means of various privileges and preferences to them has been considered. The analysis algorithm of the special economic zones investment (business) attractiveness has been worked out allowing to estimate the attractiveness of any their type and to compare them.

Keywords: free economic zones; special economic zones; privileges and preferences; investment attractiveness; innovation activities.

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The high competition in the world markets causes to solve the economic problems by creating, developing and introducing innovations. However, this process requires significant financial resources from the state as well as the capital investments from investors. In the situation of the state lacking significant financial support the favourable business conditions creation in special economic zones (SEZ) by allowing privileges and preferences should promote the investment inflow and hence the innovation activities expansion on the very territories and later on the territory of the whole country.

Two types of SEZ are presented in Belarus: techno-innovative (14 scientific-technological parks (technoparks), China – Belarus Industrial Park, Hi-Tech Park) and free economic zones (FEZ) (six zones).

As technopark we understand the subject of innovative infrastructure, promoting the entrepreneurship development in a scientific-technical sphere by creating favourable conditions including material, technical and information base. The technopark ensures the conditions for innovation process, beginning from developing the know-how up to the sample outputting and its sale¹.

The China – Belarus Industrial Park is the territory unit of Belarus with a special legal regime of FEZ, which main activities are establishing and developing the manufacture in electronics, biotechnology, fine chemistry, mechanical engineering, and new materials spheres².

The Hi-Tech Park is the part of the Republic of Belarus territory with a special legal regime created to develop the software as well as information-communication, other new and high technologies aimed at the national economy competitive capacity increase³.

The free economic zones of a functional type may be also created in Belarus that are formed according to the aims of their creation and by the character of the planned activities also the complex FEZ for achieving the objectives to carry out activities characteristic of various functional types FEZ⁴.

Depending on the economic regime of the SEZ, the range of privileges and preferences on these territories has been presented (table 1).

In comparison with other types of SEZ flexible tools of state support directly related to business incubation of small innovative enterprises have been introduced in relation to the technoparks. In particular, a mechanism has been created to reinvest up to 50 % of the tax liabilities of technoparks and their residents for the development of these parks and their residents.

Implementation of this mechanism provides for the technoparks and their residents contributing the part of their proceeds from selling goods (works, services), property rights as well as from the amount of gross profit equivalented to 50 % of the tax amount under a simplified system of taxation and income tax to extra-budgetary funds of innovative development formed by these technoparks (hereinafter – innovation development funds).

In order to avoid deterioration in the working conditions of technoparks and their residents for the period up to 2020 a partial exemption from income tax and from tax under a simplified system of taxation is provided amounted to the actual amount of funds transferred by them to innovation development funds.

Financial resources of innovation development fund could be used only for the purposes which are necessary for implementing activities by technopark in accordance with article 26 of the Law of the Republic of Belarus dated 10 July 2012 «On state innovation policy and innovation activities in the Republic of Belarus» as well as for:

- organising activities and developing the logistics base of technoparks. First of all the development of technoparks technological infrastructure will be achieved in this area including centers of collective use of scientific equipment, engineering centers, prototyping centers, etc.;

- financing innovative projects carried out by technoparks residents. The concentration of resources on innovative projects that commercialize the results of scientific and technological activities is expected in this area.

The procedure for using the financial resources of innovation development fund is determined by the technopark itself in coordination with the state body, governing the very technopark and by the State Committee for Science and Technology of the Republic of Belarus.

Technoparks are also given the opportunity to pursue flexible rental policies for their residents by applying an additional margin ranging from 0.1 to 1. The difference between the rental payments of the technopark resident and the rental payments of the technopark will be sent to the innovation development fund.

¹Innovative infrastructure of Belarus [Electronic resource]. URL: <http://www.technopark.by/files/topic11.pdf> (date of access: 25.11.2019).

²Указ Президента Республики Беларусь № 253 «О Китайско-Белорусском индустриальном парке» [Electronic resource]. URL: <https://www.sb.by/articles/ukaz-o-kitaysko-beloruskom-industrialnom-parke.html> (дата обращения: 25.11.2019).

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⁴Закон Республики Беларусь от 7 декабря 1998 г. № 213-З «О свободных экономических зонах» [Electronic resource]. URL: <http://pravo.by/document/?guid=3871&p0=H19800213> (дата обращения: 25.11.2019).

Benefits and preferences in SEZ of the Republic of Belarus

Benefits	Republic of Belarus	Tax benefits			Free economic zones
		China – Belarus Industrial Park	Hi-Tech Park	Until 1 January 2049	
Term of the regime	–	Until 1 January 2062	Until 1 January 2049	Until 1 January 2049	Residents registered before 1 January 2012 are exempted for up to five years (from 1 January 2017 to 31 December 2021). Residents registered after 1 January 2012 are exempted for a period of 10 years from the date of announcement of gross profit. On the expiry of such a period, in both cases income tax is paid at a general rate reduced by 50 %, until the end of FEZ existence (2049)
Income tax	18 %	Exemption for 10 years from the date of announcement of gross profit, then (until 2062) – 50 % of the current rate	Profits received by foreign companies from residents of the Hi-Tech Park are exempted from taxation		<ul style="list-style-type: none"> • 1 % • Exemption for property acquired within three years of the date of registration as a resident, except for the rented property • Exemption for the whole period of FEZ existence, provided that the goods produced are either exported or sold to other residents of the FEZ
Property tax	1 %	Exemption until 2062	<ul style="list-style-type: none"> • 1 % • Exemption, except for property rented by residents 		
Land tax	Depending on the cadastral value of the land	Exemption until 2062	Exemption up to three years	Exemption for the period of construction and up to five years from the date of registration as a resident	
Value-added tax (VAT)	<ul style="list-style-type: none"> • 20 % • 0 % on export of goods, including export to the EAEU countries • VAT deductions on sales of goods (works, services), property rights 	<ul style="list-style-type: none"> • 20 % • 0 % on export of goods, including export to the EAEU countries • VAT deductions on sales of goods (works, services), property rights • refund in full from the national budget on taxes paid on the purchase (import) of goods (works, services), property rights for design, construction, equipment of park two facilities 	<ul style="list-style-type: none"> • 20 % • Exemption for the sale of goods and services by residents in the territory of the Republic of Belarus. Exemption of non-residents providing marketing, advertising, advisory and other services 	<ul style="list-style-type: none"> • 20 % • Exemption from VAT levied by customs authorities, provided that imported raw materials, equipment and spare parts were used under the free trade zone regime, and goods produced with their use are sold in the EAEU market (which implies the obligation to pay all customs duties on imported raw materials, equipment and spare parts) 	
VAT on purchase/sale/rent, financial lease of real estate, including land	20 %	Exemption from three payments	20 %		20 %

Continuation table 1

Benefits	Republic of Belarus	China – Belarus Industrial Park	Hi-Tech Park	Free economic zones
VAT in the case of provision of services (performance of work), property rights	20 %	Exemption from VAT in the case of provision of services (performance of works), property rights to the residents of the four industrial parks	20 %	20 %
Dividend tax	15 %	0 % for five years from the first calendar year in which dividends are accrued	0 %	15 %
<i>Customs privileges</i>				
VAT and customs duties on goods for the project	• 20 % (the amount of tax depends on the type of products (from 5 to 20 %))	0 % for equipment (spare parts) and raw materials is provided that they are not produced in the EAEU countries (produced in insufficient quantities or do not meet the technical specifications of the project) upon confirming by the Park's management	–	–
VAT and customs duties on raw materials and components for production	• 20 % (the amount of tax depends on the type of products (from 5 to 20 %))	0 % for export shipments outside the EAEU (free customs procedure)	Exemption from payment	Exemption from VAT levied by customs authorities, is provided that imported raw materials, equipment and spare parts were used under the free trade zone regime, and goods produced with their use are sold in the EAEU market (which implies the obligation to pay all customs duties on imported raw materials, equipment and spare parts)
VAT on raw materials, other materials and components for production	20 %	0 % for goods made from raw materials and materials imported from the EAEU countries	–	–
<i>Employee benefits</i>				
Personal income tax (employees)	13 %	9 %	9 %	13 %
Social protection fund contributions	• 35 % of employees' remuneration	• 0 % for foreign nationals • 35 % of the average country wage for citizens of the Republic of Belarus	• 35% of employees' remuneration • 35% of the average country wage for citizens of the Republic of Belarus	• 35 % of employees' remuneration

Benefits	Republic of Belarus	China – Belarus Industrial Park	Hi-Tech Park	Free economic zones
State fee for issuing a special permit for the right to work in the Republic of Belarus, to attract foreign labour	<ul style="list-style-type: none"> • about 70 US dollars for every foreign national • about 750 US dollars 	Exemption from payment	Exemption from payment	<ul style="list-style-type: none"> • Exemption from payment • About 750 US dollars
<i>Other benefits</i>				
Mandatory sale of earnings in foreign currency	30 %	N/a	N/a	N/a
Opening accounts in foreign banks	With the permission of the National Bank	Allowed	Allowed	With the permission of the National Bank
Deadlines for foreign trade operations	<ul style="list-style-type: none"> • exports – 180 days • imports – 90 days 	Unlimited	<ul style="list-style-type: none"> • Exports – 180 days • Imports – 90 days 	<ul style="list-style-type: none"> • Exports – 180 days • Imports – 90 days
Visa-free regime	5 days	180 days upon the request of the Park's management	Applicable for employees of residents of the Hi-Tech Park, including shareholders	5 days
Security guarantee mode	There are no specific rules	<ul style="list-style-type: none"> • Guarantee the immutability of the regime (10 years) • Administrative cases are only through the court • A moratorium on inspections (only in exceptional cases with the permission of the Park's management) 	There are no specific rules	There are no specific rules
Construction in accordance with foreign standards	Prohibited	Allowed	Prohibited	Prohibited
Parallel design and construction	Prohibited	Allowed	Prohibited	Prohibited
Compensation payments for harmful effects on wildlife and plant species during construction	Depending on the size and location of the land	Exemption	Depending on the size and location of the land	Depending on the size and location of the land

Note. Personal development according to the data of electronic resource⁵.

⁵Belarus: comparative study of industrial parks and special economic zones [Electronic resource]. URL: http://www.beroc.by/webroot/delivery/files/Rus_Belarus_Economic_Zones_EBRD_report_updated.pdf (date of access: 25.11.2019).

Technoparks and their residents are exempt from value-added tax as well as from import customs duties when importing into the Republic of Belarus technological equipment, components for the implementation of innovative projects within the framework of the state innovation development of the Republic of Belarus scheme.

These mechanisms use is aimed at introducing a system of support for technoparks and their residents under which the amount of benefits and subsidies is directly dependent on the effectiveness of their work and the freed up funds are directed for developing the innovative entrepreneurship [1].

Now consider the impact of various preferential regimes on the SEZ investment attractiveness in the Republic of Belarus.

Technoparks and free economic zones have been operating in the country for more than 20 years: the first technopark (science and technology park of BNTU «Polytechnic») was established in 1992 and in December 1996 the funds were allocated to the first FEZ «Brest» and its management staff was formed.

The China – Belarus Industrial Park is in the development stage: its establishment agreement was signed in October 2010. However, comparative calculations made by Uniter Investment Company experts show that due to the comprehensive preferential regime created in the Park the effectiveness of investment projects realisation is currently being assessed at the level of effectiveness of their implementation in the most favourable FEZ in other countries of EAEU and in Poland (table 2).

Table 2

Estimated internal rate of return of investment projects in the FEZ, %

Investment project	China – Belarus Industrial Park	Russia	Poland	Kazakhstan
Capital-intensive project	24.3	23.8	23.6	24.5
Medium investment level project	31.4	31.6	30.7	31.8
Energy-intensive project	29.4	29.5	28.8	29.7

Note. Personal development according to the data of electronic resource⁶.

The author has developed an algorithm to analyse the investment (business) attractiveness of special economic zones (fig. 1) allowing to assess the attractiveness of any type of SEZ as well as to compare them to each other. The presented methodology explores the main subjects providing the financial inflows from two ways: subjects who are ready to financially support production (partners, investors, residents) and subjects who are ready to acquire the result of production. The advantage of this methodology is the possibility to apply it at the macro-level while lacking financial data from companies and to guarantee the information security for resident companies.

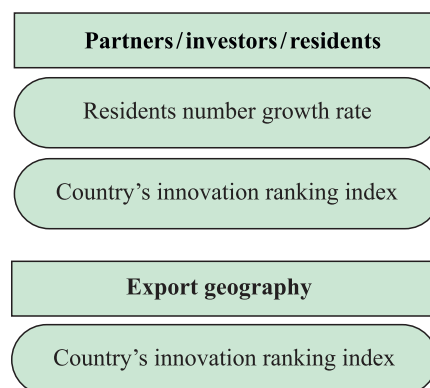


Fig. 1. Algorithm for analysing the investment (business) attractiveness of special economic zones (personal development according to the data of electronic resource⁷)

⁶Great Stone is waiting for Belarusian business [Electronic resource]. URL: <https://uniter.by/news/investment-attractiveness/in-the-great-stone-waiting-for-belarusian-business/> (date of access: 25.11.2019).

⁷The main indicators of the activities of residents of the free economic zones of the Republic of Belarus in 2017 [Electronic resource]. URL: <https://www.belstat.gov.by/ofitsialnaya-statistika/makroekonomika-i-okruzhayushchaya-sreda/statistika-malykh-territoriy/cvobodnye-ekonomicheskie-zony/godovye-dannye/osnovnye-pokazateli-deyatelnosti-rezidentov-svobodnykh-ekonomicheskikh-zon-respubliki-belarus/osnovnye-pokazateli-deyatelnosti-rezidentov-svobodnykh-ekonomicheskikh-zon-respubliki-belarus-v-2017/> (date of access: 11.02.2018).

The investment potential of FEZ and technologically innovative zones will be considered in terms of two indicators: growth rate of the number of registered residents and export to countries.

Number of registered residents. There is a positive dynamic growth of the resident's number in high technology park (67.6) and in technoparks (3.9), but the dynamics of free economic zones is negative (–0.1) (fig. 2).

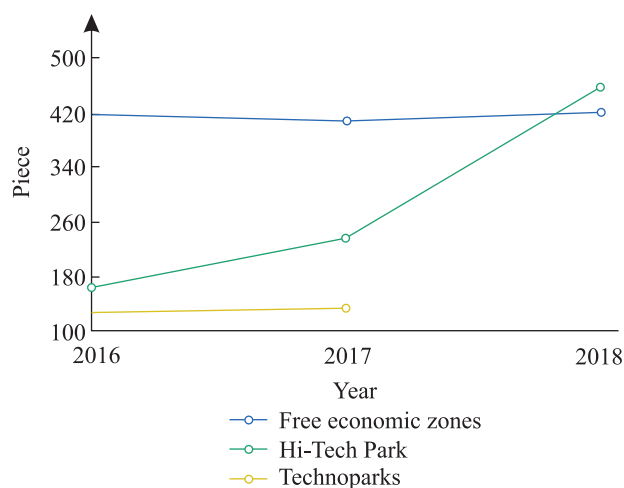


Fig. 2. Number of registered residents (personal development according to the data of electronic resource⁸)

Export geography. Goods (works, services) produced in the technopark and in the Hi-Tech Park are exported to the most innovative countries of the world in contrast to the goods produces in free economic zones (table 3).

Table 3

Exports of goods and services, in terms of countries

Country	Free economic zones		Country	Hi-Tech Park		Country	Homel Technology Park
	Share, %	Innovation ranking index		Share, %	Innovation ranking index		Innovation ranking index
Netherlands	0.8	4	United Kingdom	7.7	5	Saudi Arabia	68
United States	0.6	3	United States	43.1	3	United States	3
Germany	1.7	9	Germany	4.9	9	Hong Kong S. A. R	13
Latvia	0.7	34	Ireland	3.1	12	Italy	30
Poland	5.2	39	Israel	0.9	10	Taiwan	Among the top 10
Lithuania	3.4	38	South Korea	0.8	11	South Korea	11
Ukraine	9.5	47	Cyprus	20.3	28	Malaysia	35
Russia	67.4	46	Russia	4.7	46	Russia	46
Georgia	0.7	48	Azerbaijan	0.1	84	Lithuania	38
Kazakhstan	2.4	79				Poland	39

Note. Personal development according to the data of electronic resource⁹.

The analysis carried out shows that the techno-innovative type of SEZ is the most attractive for investors. This is caused by the best privileged and preferential regime.

⁸The results of High-technology park activities [Electronic resource]. URL: <http://www.park.by/cat-2/> (date of access: 11.02.2018).

⁹Policy options to reform free economic zones in Belarus [Electronic resource]. URL: <https://www.ebrd.com/news/publications/special-reports/belarus-comparative-research-on-industrial-parks-and-special-economic-zones.html> (date of access: 11.02.2018).

The higher indices of innovation activities are the result of the higher investment attractiveness.

In 2013–2018 the share of innovative products in the total volume of the dispatched ones in free economic zone was on a lower level than on the average in the country (18.6 % in 2018) and tended to decrease (fig. 3).

As to technoparks in 2012–2017 the increase in the innovative products share in the total volume of manufactured ones can be seen (fig. 4).

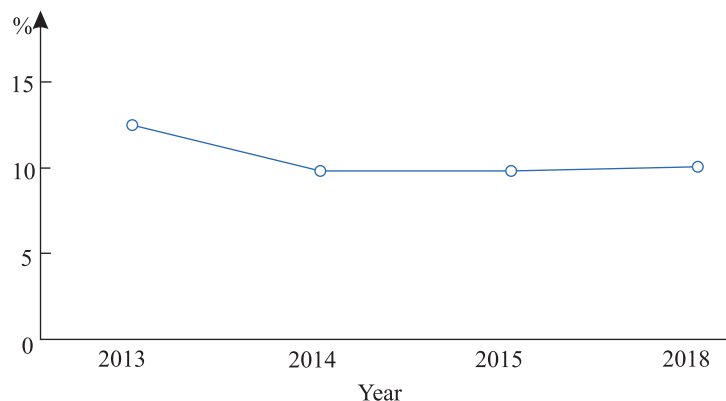


Fig. 3. The share of innovative products in the total volume of the dispatched ones (personal development according to the data of electronic resource¹⁰)

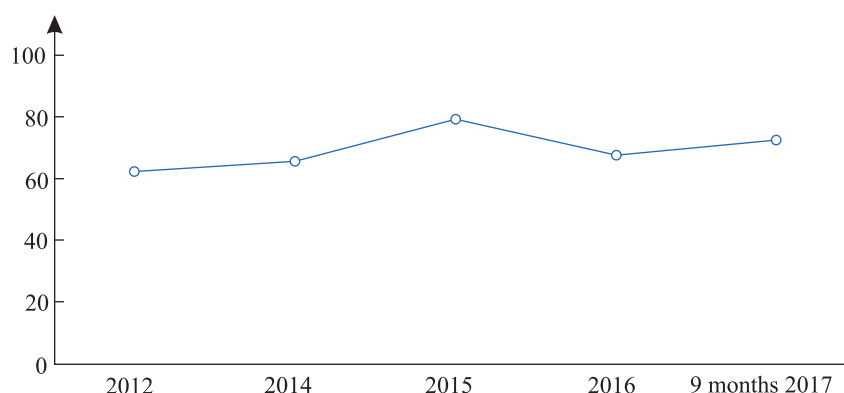


Fig. 4. The innovative products share in the total volume of manufactured ones (personal development based on [2])

The analysis of the FEZ and technoparks innovative activities results shows that technoparks are the most effective for the innovative economics.

The assessment of the SEZ investment-innovation potential shows the highest investment attractiveness of technoparks and hence their high innovation activities.

The decision to invest is made on the basis of the expected return which is formed on the basis of established business environment and lines of activities. In the Hi-Tech Park, technoparks and the China – Belarus Industrial Park the emphasis is made on developing advanced and innovative products and in contrast to FEZ comparable or even more attractive conditions are offered.

Investment incentives in the SEZ are mainly represented by reduced tax rates, but this method is not effective. Investors surveys show that tax benefits are less critical for the SEZ success. An incentive system should be developed to attract and support activities that meet the country policy priority directions. Non-tax incentives such as specialized services, good governance and high-quality infrastructure demonstrate more promising approach for attracting investors to the zones.

In the current situation there is an evident necessity to specify the rationale and to reorient the economic model of the SEZ in Belarus, taking into account the basic principles of building successful schemes at the international level, and also taking into account the national specifics. The SEZ needs to be seen as an integrated policy tool that should take into account a country's goals and priorities.

¹⁰Policy Options to Reform Free Economic Zones in Belarus [Electronic resource]. URL: <https://www.ebrd.com/news/publications/special-reports/belarus-comparative-research-on-industrial-parks-and-special-economic-zones.html> (date of access: 11.02.2018).

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