

## ПРИОРИТЕТНЫЕ НАПРАВЛЕНИЯ ПОВЫШЕНИЯ КОНКУРЕНТОСПОСОБНОСТИ РЕАЛЬНОГО СЕКТОРА ЭКОНОМИКИ РЕСПУБЛИКИ БЕЛАРУСЬ

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Сделан анализ структуры белорусской экономики, определены ее конкурентные преимущества. Выработаны основные направления повышения конкурентоспособности и приоритеты трансформации реального сектора экономики Республики Беларусь. Уточнены источники потенциальных преимуществ, факторы их создания и реализации. Определены роль, функции и место реального сектора экономики Республики Беларусь.

**Ключевые слова:** уровень конкурентоспособности; конкурентные преимущества; потенциал; структура экономики; трансформация; модернизация; менеджмент; реальный сектор экономики.

## PRIORITY AREAS FOR INCREASING THE COMPETITIVENESS OF THE REAL SECTOR OF THE ECONOMY OF THE REPUBLIC OF BELARUS

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The scientific article analyzes the structure of the Belarusian economy, determines its competitive advantages, elaborates the main directions for increasing competitiveness and priorities for the transformation of the real sector of the economy of the Republic of Belarus. The sources of potential advantages, factors of their creation and implementation are specified. The role, functions and place of the real sector of the economy of the Republic of Belarus are determined.

**Key words:** level of competitiveness; competitive advantages; potential; structure of the economy; transformation; modernization; management; real sector of the economy.

National competitiveness is the ability of the country to produce and sell goods and services in the domestic and foreign markets and ensure a high level of income of the population on this basis. Competitiveness in many ways is determined by the structure of the economy, the level of development of specialization industries and interrelated related sub-sectors and industries.

### Образец цитирования:

Полоник С. С., Смолярова М. А. Приоритетные направления повышения конкурентоспособности реального сектора экономики Республики Беларусь // Журн. Белорус. гос. ун-та. Экономика. 2018. № 1. С. 77–84 (на англ.).

### For citation:

Palonik S. S., Smaliarova M. A. Priority areas for increasing the competitiveness of the real sector of the economy of the Republic of Belarus. *J. Belarus. State Univ. Econ.* 2018. No. 1. P. 77–84.

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The structure of the economy, based on the macroeconomic proportions adopted in highly developed countries, modern institutional and technological solutions, the use of specific natural, economic, demographic and other resources, and oriented towards satisfying the demand of domestic and foreign markets, is the basis for the country's sustainable development and ensuring its national security [1].

During the transition period, a number of disproportions, both inherited from the USSR and resulting from the economic crisis, have been formed in the structure of the Belarusian economy. The main ones are the following:

- inconsistency in the structure of production for domestic and foreign demand, characterized by incomplete use of existing production capacities, previously created to meet the all-Union requirements, significant volumes of unsold finished goods, an increase in the number of unprofitable enterprises, accounts receivable and accounts payable;
- high energy and material intensity of production, its strong dependence on large imports of fuel, energy and raw materials;
- a high level of physical and moral wear and tear of the active part of fixed production assets due to lack of investment funds, not only for expanded, but simple reproduction;
- insufficient development of knowledge-intensive export industries with a high share of value added.

Analysis of the reproductive, social, industrial and technological structure of the economy from the position of its correspondence to the needs of the country and in comparison with the economically developed European countries makes it possible to make the following basic conclusions.

1. In the *reproductive structure* of the Belarusian economy, despite the improvement in proportions between the intermediate product and the gross value added compared to 1995, the share of intermediate consumption in the gross output continues to be high (52.6 % in 2016) and indicates high material intensity and energy intensity of production, which, according to some estimates, is more than twice as much as those in economically developed European states.

In the structure of the use of the gross domestic product (GDP), the share of final consumption and gross accumulation, from 2000 to 2016, stabilized at 68–76 % and 24–32 %, respectively. However, as the experience of dynamically developing countries shows, in order to ensure structural reorganization and modernization of the economy, the share of gross accumulation should reach 35 % or more, which in the current circumstances requires a rapid reduction of state spending or a significant inflow of foreign investments into the republic.

2. In the *social structure* of the Belarusian economy, the number of people employed in it is still characterized by a low specific gravity of private property, including foreign (3.4 %) and mixed with foreign participation (6.7 %).

At the same time, about 10 % of the total number of employed in the economy work in the sphere of small private entrepreneurship. The share of GDP in the added value of small enterprises in 2016 amounted to about 8 %. Belarus lags far behind not only developed countries such as Germany, Italy, the USA and Japan (50–60 %), but also from Russia (10–11 %).

3. The *sectoral structure* of the Belarusian economy is characterized by a relatively high in comparison to the European countries share in the GDP of the production of goods, which in 2016 amounted to 41.4 %, including industry – 26.3 %, agriculture – 6.7 %, construction – 8.3 % and a low share of services – 47.7 %. In economically developed countries, the service sector accounts for 60–70 % of the gross domestic product and employment, which positively affects economic growth, due to the high share of value added in its cost structure.

4. The *technological structure* of the Belarusian economy, which largely determines its efficiency and the level of competitiveness of products, according to experts, is characterized by the use of predominantly III and IV technological modes (industrial technology and engineering). The share of V and partly VI technological modes (microelectronics, optical fiber equipment, telecommunications, biotechnology, space technology, fine chemicals, etc.) in the republic does not exceed 15 %. However, they determine the technological structure of the postindustrial society and occupy a specific weight in the economy of the developed countries of the world.

A consequence of the disproportions existing in the structure of the Belarusian economy is, in many respects, the relatively low level of its competitiveness.

In accordance with the generally accepted in the world practice method of assessing competitiveness according to M. Porter, the competitive advantages of the country are based on four components [2]. These are the *factor conditions* (natural and manpower resources, scientific and technical and innovation potentials, capital, infrastructure, etc.), the *conditions of domestic demand* (structure and capacity of sales markets), the *availability of related and service industries* (high level of proportionality in the development of specialized and auxiliary sub-sectors and industries), the *structure and strategy of companies, intra-industry competition* (scientifically sound strategic goals and development directions, an effective mechanism for their implementation).

The main aggregate factors ensuring the growth of the country's competitiveness at the macro level are technological advantages, the state of public institutions and the macroeconomic environment, at the micro level these are the quality of the activities and management of companies and the national business environment, taking into account the state of infrastructure, the level of administrative barriers, the level of human resources, the quality of scientific and innovation infrastructure, the state and accessibility of the capital market, the conditions of demand, the complexity of the territorial development, the quality of the system of support for producers and the counteraction of unfair activity.

On the basis of this methodological approach, we calculated the composite indices of potential (macroeconomic) competitiveness for Belarus and 17 other countries of the world, and determined the ranking (place) of each of these countries according to this indicator (table 1).

In order to assess the competitiveness of the economy, such generalizing socio-economic indicators as the Human Development Index (HDI) and GDP per capita can also be used. The rating of Belarus and the above mentioned countries on these indicators is shown in table 1.

Analysis of the data in table 1 allows us to conclude that Belarus is in the same group as Russia, Lithuania, Latvia, Poland in terms of the competitiveness of the national economy, as well as other general indicators of social and economic development [3].

Table 1

**The ranking of countries on the composite index of the level of competitiveness,  
the HDI and the production of real GDP per capita**

Country	Level of competitiveness	
	Composite index	Place among 18 countries
Austria	1.000	3
Belarus	0.564	17
Russia	0.678	10
Ukraine	0.620	14
Kazakhstan	0.636	12
Lithuania	0.572	16
Latvia	0.594	15
Estonia	0.854	6
Germany	0.950	4
France	0.867	5
Italy	0.737	9
Netherlands	1.145	1
Sweden	1.051	2
Poland	0.633	13
Czech Republic	0.744	8
Slovakia	0.759	7
Bulgaria	0.531	18
Hungary	0.674	11

Belarus has a number of potential competitive advantages, which are based mainly on factor conditions and availability of specialized, related and service industries. These, first of all, are following:

- favorable economic-geographical and geopolitical position;
- developed system of transport communications and production infrastructure as a whole;
- significant land, water and forest resources, the presence of a number of important minerals (potash and rock salts, raw materials for the production of building materials, etc.);
- sufficiently powerful construction base;
- significant scientific and technical potential;
- diversified industrial complex;
- a high general educational level of the population at a low price of the workforce and an established system for training qualified personnel;

- integrated development of territories;
- multi-vector foreign economic relations, contributing to the expansion of foreign markets;
- a rapidly growing professional system of public administration [3].

At the same time, the potential of competitiveness in Belarus is still inadequate.

Thus, the favorable economic-geographical and geopolitical position of Belarus has not become a significant source of foreign exchange earnings through the organization of transit freight and passenger traffic. In the process of developing integration ties between countries, the importance of this factor will increase. The weakness of the use of this competitive advantage in the republic is due to insufficient investments in the development of transport and telecommunications, information infrastructure, lack of favorable economic conditions and mechanisms to switch shipments to Belarus, as the shortest and potentially profitable route for foreign carriers.

Scientific and technical potential and innovative activity are, according to the experience of highly developed countries, the most important and promising factors for creating competitive advantages of long-term action in all sectors and spheres of economy. The scientific and technical potential of Belarus is represented by the National Academy of Sciences of Belarus, a complex of sectoral research institutes and universities, and the innovative potential is represented by a complex of high-tech and science-intensive industries. Despite the significant reduction in the number of scientists, the weakening of the material and technical base and the reduction of the volume of financing, the scientific and technical sphere preserves the critical level of opportunities for the reconstruction and development of the country's innovative potential, capable of ensuring its sustainable development.

Belarus has a sufficiently developed diversified industrial complex and the necessary conditions for increasing the level of specialization in the production of goods. However, the competitiveness of the produced goods in terms of quality and price is inadequate. As a consequence, the exchange rate of the national currency is significantly undervalued relative to purchasing power parity and is the lowest among European countries, which allows maintaining the competitiveness of Belarusian goods in the external and internal markets.

In general, the implementation of competitive advantages in Belarus is constrained today by such factors as follows:

- high level of depreciation of the active part of fixed production assets, obsolete production technologies, underdevelopment of the innovation infrastructure;
- low level of management, training and retraining of personnel for work in market conditions;
- high tax burden on producers of goods and services;
- lack of a healthy competitive environment in the domestic market for goods and services, capital and labor;
- imperfection of the legislative and regulatory framework [4].

Thus, the current situation in the Belarusian economy requires the implementation of an integrated approach to its structural adjustment aimed at eliminating the existing disproportions and allowing to realize the competitive advantages of Belarus and increase its competitiveness.

Taking into account that the national economic interests of any country lie in the sphere of maximum satisfaction of the present and future needs of its population, competition actually occurs in the sphere of attraction of goods created and extracted by mankind for final use and accumulation in a particular country within the framework of national potential, production and consumption. In other words, intercountry competition takes place in the sphere of maximum use of the gross domestic product produced in the world by all countries for the welfare of their countries. Therefore, *the criterion of competitiveness and transformation of the real sector – ultimately – is the ability of Belarus to maintain a stable level of final consumption and gross savings per capita relative to other countries.*

The close interconnectedness of the problems of increasing competitiveness and transformation of the real sector of the economy, the political attitude towards their solution within the framework of the unified Program determine the necessity of justifying, first of all, interrelated target benchmarks and indicators, determining their levels and implementation periods [5].

The main goal is the development of the main directions and priorities of the structural transformations of the economy, the system of measures and mechanisms for modernizing production, ensuring the creation and maximizing the effective use of the country's competitive advantages, and increasing its competitiveness.

The main goal is realized through solving the following problems.

1. Promoting the competitiveness of domestic producers of goods and services in the domestic and foreign markets and providing structural maneuver in the direction of increasing the share of industries that produce goods with high value added and degree of processing, as well as service industries. Improving the quality of goods and services.

2. Correction of accumulated structural deformations through restructuring of unprofitable enterprises and industries. Solution to the problems of cities arising in this connection in which mono-productions dominate. Creation of new jobs.



3. Completion of the processes of development of the institutions of the transitional period (denationalization and privatization, commodity and financial markets, innovative mechanisms, the system of state regulation, etc.) into institutions that meet the requirements of the modern market economy and world trends.

4. Acceleration of modernization and restructuring of enterprises and industries, development of markets for goods and services, labor and capital in accordance with the trends of global economic transformation, based on information technology, strengthening of global and regional integration processes.

The priority tasks of transforming the real sector of the economy and enhancing the competitiveness of the economy of the Republic of Belarus should be following:

- creation of the necessary legal, financial and other macroeconomic conditions for the implementation of structural changes in the economy and the growth of its competitiveness;
- increase of innovative activity and outstripping development of high technology high-tech export-oriented industries and industries;
- harmonization of volumes and structures of export and import;
- decrease in transaction costs of the activities of enterprises due to the development of markets for goods and services, labor, capital, the formation of an infrastructure for supporting business activities;
- cessation of direct and indirect subsidization of unpromising enterprises and industries, increasing the effectiveness of the institution of bankruptcy, restructuring of the inefficient sector of the economy;
- stimulating the process of reforming the real sector of the economy, increasing its effectiveness, including through the formation of interstate, intersectoral, sectoral and territorial competitive corporate structures in the form of financial-industrial and other economic groups, holdings that include producers of end products or services, suppliers of raw materials and materials, financial structures, as well as enterprises of related industries;
- development and state support of small and medium-sized business, which occupies its own niche in the market of goods and services;
- increasing the efficiency of natural monopolies, forming a competitive environment in the non-monopoly segments of the economy;
- development and implementation of social programs and programs to improve the industrial infrastructure, ensuring the development of human potential and competitive sectors and industries.

The long-term nature of the transformation of the real sector and the creation of a powerful competitiveness potential predetermines the need for the following two stages.

The first stage (until 2030) is the period of the extensive construction of market relations and the creation of an institutional environment which is favorable for enhancing competitiveness and structural transformation. It is characterized by a decline in the share of industries and pro-production, whose output has ceased to be a demanded market; liberation from deliberately unprofitable and unpromising industries; point nature of the implementation of investment projects to maintain vital, export-oriented and import-substituting industries, the accumulation of funds for profound structural changes with the creation of new sectors and industries.

The second stage (2031–2040) is the stage of active transformation of the real sector of the economy on the basis of a system of predominantly indirect state regulation that includes large-scale measures aimed at radical transformations of the reproduction, industrial, technological and territorial structures of the economy in accordance with the needs of domestic and foreign markets. At the same time, the task is to preserve and strengthen the positions of the Republic of Belarus in the markets of near and far abroad, and effectively integrate into world economic relations. Priorities are given to industries and industries based on competitive advantages, development of export potential, rational use of local resources.

Proceeding from the goals and objectives, the priority areas for transforming the real sector of the economy and increasing competitiveness are:

- modernization of existing sectors and industries competitive in foreign markets in accordance with increasing demands and demands of the world market;
- research and development in breakthrough areas of scientific and technical progress, activation of innovation and investment activities;
- creation of new science-intensive export-oriented and import-substituting sub-sectors and industries that realize the competitive advantages of the Republic of Belarus;
- development of the sphere of services focused primarily on foreign markets (international transportation, communication services, foreign tourism, higher professional education, software development, trade finance, insurance, consulting and information services);
- sectors and industries that ensure human development (education, health, culture, housing).

The choice of rational directions in the sphere of increasing competitiveness is based on obtaining the maximum socio-economic and environmental effect in relation to the costs of living and materialized labor associated with the effective implementation of these areas.

Table 2 shows the most important areas for increasing competitiveness on the basis of existing competitive advantages, reflecting the desired transformational changes in the economy.

Table 2

**The most important areas for increasing competitiveness and priorities  
for transforming the real sector of the economy**

Competitive advantages of the Republic of Belarus	Basic directions of increase of competitiveness	Priorities for the transformation of the real sector. Basic points of growth
High quality of human capital, low price of labor, effective system of training qualified personnel	Support of education, science and innovation through the budget. Creating the institutional framework for the effective use of human capital	Development of high-tech and science-intensive productions. Rendering of highly intellectual, scientific and educational services
Developed scientific and technical potential	Creation of integrated research and production centers and schools for the development and mastering of breakthrough technologies and the establishment of production of new competitive products  Budgetary support of science and innovation  Support of small and medium innovative business	Development of products based on technology and engineering of V and VI of the technological modes that ensure access to the world market and cause the growth of the share of value added
Favorable economic-geographical position	Attraction of investments in development of transport system, telecommunications and infrastructure. Arrangement of transport corridors, modernization of tracks and rolling stock  Creation of institutional bases for the attraction of Belarusian transport services	Development of service industries of transport complex and telecommunications
Presence of production, producing systems and complexes of machines	Attracting investments for creation of intellectual industrial and building technologies  Development of a system of scientific support and related industries. Raising the level of management	Production of robotic systems and machine complexes based on artificial intelligence
Availability of chemical and petrochemical industries	Attracting investments in development of chemical and petrochemical technologies and productions and products	Development of information and communication technologies based on artificial intelligence
Advanced manufacturing infrastructure	Creation of a normal investment climate in the part of the institutional environment as a complementary condition for the location of production in Belarus	Increase in the share of investment in the reproductive structure of GDP
High level of complex development of territories	Maintenance and development of supporting (complementary) industries  Development of clusters  Improvement of institutional foundations of reproduction in the region	Increase of investments, accelerated development of sectors of territorial specialization, complex development of territories
Extensive land resources. Favorable natural and climatic conditions for the agro-industrial complex and food security	Modernization of agriculture, attraction of investments in the sub-sector of effective specialization of agriculture in Belarus, while meeting the adequacy requirements for food security	Development of accurate intellectual agro-industrial technologies and industries (biological systems and technologies based on digital solutions)

Ending table 2

Competitive advantages of the Republic of Belarus	Basic directions of increase of competitiveness	Priorities for the transformation of the real sector. Basic points of growth
Availability of large reserves of renewable forest resources	Attracting investments for the deepening of complex processing of timber, expansion of assortment and improvement of product quality	Development of woodworking and pulp and paper industry
Availability of large renewable reserves of fresh water (underground and surface)	Defining a strategy for conservation and commercial use. Realization of investment projects on the use of water resources for balneological and drinking purposes	Development of sanatorium and resort facilities and export-oriented production of quality drinks
Availability of large reserves of potassium salts	Creation of new complex fertilizers, development of new markets, implementation of state protectionism in foreign markets. Modernization and re-equipment of production	Development of the industry of extraction and processing of potassium salts
Availability of significant stocks of clay, cement and other raw materials for the building materials industry	Attracting investments for modernization of production and improvement of quality and expansion of product range	Manufacture of bricks, facing stones, cement and other types of building materials with improved characteristics
Availability of cultural and historical values, attractiveness of natural landscapes	Attracting investments in the development of tourism infrastructure, in ensuring the preservation and restoration of historical and cultural monuments	Development of the tourist services industry

The actions aimed at fuller use of existing competitive advantages create conditions for their development and formation of new competitive advantages. The competitiveness of the Belarusian economy in the long-term perspective will depend on the development and use of new competitive advantages, of which the following are particularly worthy of emphasis:

- low tax pressure on production;
- favorable investment climate;
- macroeconomic financial stability primarily due to a decrease in the level of inflation;
- stability and security of the banking system;
- the development of the financial market;
- high level of economic freedom and openness of the economy for both commodity and financial flows;
- openness and transparency of state policy, transition from direct administrative methods of regulation to indirect economic ones, elimination of administrative barriers to business development;
- high level of innovative activity.

The presence of significant competitive advantages of the country along with a high level of their use will allow the country not only to compete in the production and sale of goods and services, but also in attracting investments in the economy.

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*Received by editorial board 20.02.2018.*