

Belarus

Belarusian Civil Code and Investment Code Revised

In early 2005, amendments to two of the basic codified normative acts of the Republic of Belarus ("Belarus") - the Civil Code and the Investment Code - will enter into force. Both sets of amendments are likely to be of interest to foreign investors conducting, or contemplating conducting, business in Belarus.

Amendments to the Civil Code

The Amendments to the Civil Code primarily revise Chapter 53, regulating franchising agreements (the "Civil Code Amendments"). The Civil Code Amendments will enter into force on February 27, 2005. The concept of a "franchise agreement" has existed in Belarusian law since 1998. However, the relevant legislation stipulates that a franchising agreement can be concluded only in situations contemplated by law. Consequently, the use of this sort of contractual arrangement has been practically impossible for Belarusian entrepreneurs, since Belarusian law previously has not provided for any instances in which a franchising agreement may be used.

By providing clear regulations on franchising agreements, the Civil Code Amendments will re-

move this limitation. The Civil Code Amendments provide that under a franchising agreement, one party (holding the rights) may provide the other party (the user) with a set of exclusive rights for a definite or indefinite time period, including the right to use the rights holder's firm name and confidential information (including production secrets and know-how), as well as other exclusive rights (such as trademarks, service marks, etc.) provided for in the franchising agreement governing the entrepreneurial activity.

The Civil Code Amendments also establish special demands regarding the form of a franchising agreement to be duties, as are purchases made on credit under a state guarantee.

In general, by simplifying the rules regulating foreign investment in Belarus and extending certain tax privileges to foreign investors, the Investment Code Amendments should increase the country's ability to attract foreign capital.

Yu. Shuba, Borovtsov & Salei