

# Partners should benefit from favourable market situation

Alexander Lukashenko recently met the heads of Uralkali JSC to discuss the development strategy of the Belarusian Potash Company. It could occupy a leading position worldwide in selling potash fertilisers, accounting for up to 45 percent of the world market

The meeting summed up the results of BPC's work, with its strategy of further development outlined. The Belarusian Potash Company, set up in 2005 on a parity basis (50 percent of shares belong to Russian Uralkali and 50 percent to Belarusian enterprises), has been demonstrating evident success over the six years of its existence. In 2004, on the eve of its foundation, revenue from selling potash fertilisers by Belaruskali totalled \$761m; by 2008, this had reached \$3.4bn.

Shareholders are satisfied with these results, noting that, in the first three months of 2011, prices for potash fertilisers rose. Meanwhile, the company is constantly mastering new sales markets.

At the same time, the partners believe that their joint business could be further developed, with the range extended. In particular, logistics could be improved, since such a large company should possess its own railway transport, alongside port terminals for shipment and in countries of destination.

The meeting also tackled new schemes of work and discussed project financing. The President has requested detailed calculations and studies for interstate approval, with proposals submitted on how to improve the company's work.

At present, BPC is a key compa-



Belaruskali has real plans to expand extraction of potash fertilisers

ny worldwide for its sales volumes of potash fertilisers, accounting for around 34 percent of the world market. As soon as Russian Silvinit merges with Uralkali, the Belarusian Potash Company may account for up to 45 percent of the world market: three powerful enterprises will merge — Belaruskali, Uralkali and Silvinit.

Belaruskali plans to expand extraction volumes of potash fertilisers, with work at Krasnoslobodsky pit, launched in May 2009, extended to capacity, and two more pits being constructed, with another planned. A programme of Belaruskali's promising development has been elaborated until 2020. It is expected that, in 2015, Belarus will

annually extract 11m tonnes of raw potash fertilisers (against today's 9m tonnes), leading to considerable export expansion. Moreover, the construction of a chemical factory is planned, alongside facilities to manufacture compound fertilisers in Soligorsk, taking into account the world trend for rising NPK consumption.

## In line with popular initiative

### Polotsk may join European Covenant of Mayors in September

Recently the *SURE: Sustainable Urban Energy in the Region of the European Neighbourhood Partnership — towards the Covenant of Mayors* project was presented in Polotsk. It was launched in 2010 and is to last for 30 months, costing around 800,000 Euros. Its partners are German Friedrichshafen, Spain's Murcia, Polotsk's City Executive Committee, Morocco's Sale and the Inter-Mediterranean Commission of the Conference of Peripheral Maritime Regions (France).

250,000-300,000 Euros are to be allocated to finance the project in Polotsk, promoting co-operation between the Eastern and Southern regions of the European Neighbourhood Partnership. It aims to ensure sustainable energy development in Polotsk and Sale by their joining the Covenant of Mayors. The participants of this initiative pledge to implement EU strategy, known as '20-20-20'.

The strategy aims to achieve improvements in the sphere of sustainable energy development by 2020, reducing CO2 emissions by 20 percent, while expanding the application of alternative energy sources by 20 percent and raising energy efficiency by 20 percent.

## Useful product

By Roman Astapov

### Milk production in Belarus rises almost 1.5-fold over five years

The country is now annually producing over 600kg of milk per capita, not counting that collected by individual farmsteads. This well satisfies internal demand, since each Belarusian hardly needs to consume two litres of milk daily (especially when we think of the elderly and babies). The medically acknowledged norm is around 350kg per person annually.

As a result, Belarus is enhancing its milk exports. In 2000, the country sold 15 percent of its dairy products abroad; this rose to more than 50 percent in 2010, with 70 percent of all dairy exports going to Russia. This trend seems likely to continue, although the Government hopes to see sales to countries beyond the CIS rise.

Experts believe co-operation with Russian colleagues is essential. Russian plants are interested in Belarusian milk but significant investments are needed to successfully promote Belarusian dairy products to Russia and beyond. Additionally, manufacturing facilities must



Dairy enterprises have grown technologically

be expanded since, in the EU, the interests of local milk producers are supported.

Belarusian and Russian representatives seem ready for collaboration. "The planned initial volume of dairy product sales is 1m tonnes a year (calculated as dried milk equivalent)," say experts, having paid a working visit to Minsk. As expected, some Russian and Belarusian plants are to establish a joint company, under a single brand. This will aid unified marketing and advertising throughout the CIS.

Many issues should be solved regarding our two states' milk collaboration, including the price which they are ready to pay for this co-operation. Belarus has many times stressed that it won't sell milk enterprises cheap, as much money has

been injected into their modernisation in recent years.

Evidently, raising milk exports is one way for Belarus to cut its negative foreign trade balance. However, milk producers and doctors note that Belarusians need to be encouraged to buy more dairy goods too. Over the past decade, it is thought that the volume of dairy products consumed in Belarus has dropped by around 40 percent (lower per capita than in the EU, Russia and Ukraine).

America's fast-food branch once allocated funds to advertise milk, involving famous celebrities, actors and musicians to promote the drinking of this healthy beverage. Perhaps it's our turn to shift from advertising beer and crisps to promoting kefir, cheese and milk...

## Oil products lead exports

By Kirill Nabutov

### From January to February, Belarus traded with 158 countries

As the National Statistical Committee has told BelTA, during this period, Belarus sold to 119 countries, with imports arriving from 144 countries. From January to February 2011, Russia was Belarus' major trading partner, accounting for 45 percent of turnover. Ukraine formed 6 percent, the Netherlands — 5.1 percent, Germany — 5 percent, China — 3.7 percent, Venezuela — 3.5 percent, Poland — 3.1 percent, Brazil — 3 percent, Azerbaijan — 2.9 percent, and Latvia — 2.3 percent.

Data on the commodity range of exports and imports is also available, showing that oil products accounted for the major share of Belarusian exports: 22.5 percent. These were followed by potash fertilisers (10.9 percent), dairy products (5.1 percent), ferrous metals and goods made from them (4.5 percent), tractors and truck tractors (4.3 percent) and trucks (3.6 percent). The remaining 49.1 percent comprised other goods.

As regards imports, crude oil led: 21.1 percent. Natural gas accounted for 16.1 percent, ferrous metals and goods made from them — 4.9 percent, passenger cars — 4.6 percent, oil products — 3.2 percent, and medicines — 0.8 percent. 49.3 percent comprised other products.

The trade balance shows that, in the first two months of the year, the volume of foreign trade stood at \$10.7bn, including \$4.4bn of exports and \$6.3bn of imports. In comparison to January-February 2010, exports rose by 25.6 percent (calculated at current prices) — or by \$889.2m. Imports rose by 60.6 percent (\$2.4bn). From January-February 2011, the negative foreign trade balance in goods and services stood at \$1967.3m (against \$468m in the same period of 2010).

## Among banking leaders once more

### Global Finance magazine names Belarusbank as the best bank in the country once again

The authoritative financial magazine — *Global Finance* — has named 'Best Emerging Market Banks in Central and Eastern Europe', with Belarusbank acknowledged the best in Belarus. This is its third win in the nomination so far.

Winners in 22 states across Central and Eastern Europe are chosen for their growth in assets, profitability, strategic relationships, customer service, competitive pricing and innovative products.

According to Joseph D. Giarraputo, Publisher and Editorial Director of *Global Finance*, customers demand extreme professionalism, as never before. The winning banks show such professionalism.