

Liberalisation is the way forward

Economy Minister Nikolai Snopkov knows well how a positive foreign trade balance can be achieved and what steps are to be taken in the near future to improve the business climate. He shares his views with our edition

By Anton Sokolov

The Belarusian economy's balanced development this year is possible due to three major factors: investments, innovations and initiatives. Some experts believe that global economic growth shall continue over the coming two years, but different countries and regions have different prospects for development. As expected, the pace of economic growth will be higher in those countries which experienced less of an industrial crash during the crisis, boasting greater room for fiscal manoeuvres. Moreover, they have close ties with dynamic trading partners such as China, India, Brazil and Turkey.

To make use of favourable external conditions, the Government has formed a programme of privatisation, focusing on attracting strategic investors into various spheres of the Belarusian economy. The development of an innovative economy presupposes the realisation of high-tech projects and the establishment of new science-intensive production facilities.

In the near future, the national economic model will be renewed, with wider private-state partnership and administrative barriers to entrepreneurship removed. The shift from direct management must be achieved gradually, with regulation carefully considered to allow expansion of all forms of ownership and the formation of a favourable business climate.

How will the country's export potential be raised and can a positive balance be achieved by 2015?

In my view, this is possible. However, much needs to be done. The Presidium of the Government recently approved a national programme for export development, based not only on the diversification of export sales geographically, to include new, non-CIS markets, but on enhanced competitiveness and quality (for products and services). The latter is to be



Gomel's Plant of Agricultural Machinery boasts stable export supplies

achieved via the modernisation of manufacturing facilities, implementation of modern technologies, incorporating energy saving and increased labour productivity.

The structure of our exports is also to be changed, with the share of raw materials reduced, while enhancing the deliveries of high-tech, science intensive and innovative products, alongside food sales and exports of new services. IT, construction, engineering, architecture, marketing, education, medical, cultural-entertainment and tourist services are in demand.

The IT industry is at the heart of the high-tech sector of our national exports, concentrated in the High-Tech Park.

This year, the state is to attract \$6.5bn of direct foreign investments into the economy. To what extent is foreign capital interested in co-operating with Belarus regarding investments?

Our country has been and remains attractive to investors. Over the past five years, inflow has more than doubled, with direct foreign investments rising over 7-fold. Apart from Russia, Cyprus, Germany, the UK, Lithuania, the USA, Switzerland, Latvia, China, Poland and Italy have been major investors.

Under today's modern economic situation, privatisation is viewed as a necessary condition to enhance our economy's competitiveness. We are eager to see huge investors arrive, boast-

ing advanced technologies and with experience of global sales markets. The 2011-2013 privatisation plan envisages the sale of 244 open joint stock companies' shares. To ensure shares are arranged quickly and simply, the State Property Committee has been granted the right to make decisions on selling open joint stock companies' shares, with the prerogative of dropping their initial price. However, companies which are of strategic significance to the state are to be excluded.

Simultaneously, the Economy Ministry plans to realise a joint project with the World Bank, conducting pilot privatisation of some enterprises. A new approach is being conceived for Belarus, meeting the best global practice. To achieve this, the National In-

vestment and Privatisation Agency is to be established at the Economy Ministry, which is already operational.

Improvement of the business climate and the formation of a convenient business environment are priorities for state policy in coming years. What measures relating to the economy's liberalisation and support of entrepreneurship are planned for 2011?

The fulfilment of most projects is planned for the first half of 2011. Liberalisation of the existing price system is vital to the development of fair competition between entrepreneurial subjects.

The obligatory economic substantiation of tariffs is to be abolished (where no legislation exists) while the list of socially significant goods and services (which prices are regulated by the Economy Ministry, regional executive committees and the Minsk City Executive Committee) is to be cut. Additionally, independent decisions are to be allowed regarding the sale of products, with prices defined by the market. Those medical services which are charged for (as approved by the Government) are to be reduced in number, while legislation overseeing pricing in the construction branch is to be reconsidered.

Legislation is to be amended to ensure simplified allocation of land lots to entrepreneurs and privileged terms of land rental, with investors freed from paying rent on land used for building sites (for the period of construction and design works). The tax burden is to be further reduced, including a possible cut in income tax and the number of administrative procedures significantly curtailed; the 'one-stop-shop' principle is to be expanded.

State support for entrepreneurial activity is to be improved, with new types of financial support for businessmen introduced. Micro-financing of business is to be developed.

Project worth 30m Euros

By Yelena Stasyukevich

Chinese investor interested in establishing transport-logistics centre near Grodno airport

Grodnoinvest free economic zone is negotiating co-operation with a major Chinese corporation which specialises in infrastructure projects abroad. The Chinese are keen to become involved in an investment project to build a transport-logistics centre at Grodno's international airport. According to Dmitry Rozhkov, Deputy Head of the



Grodno's airport accepts heavy-duty aircraft

FEZ Grodnoinvest, talks are underway.

Three enterprises for creating transport-logistics centres have been registered at Grodnoinvest, with design works being planned. A logistics facility with railway access is to be set up between Lososno station and Grodno Khimvolokno company, occupying over 50 hectares. An automobile transport-logistics centre, and an A-class international transport-logistics centre are

also in the pipeline, planned for sites near Auls station, in Grodno.

The project to set up an international facility near Grodno airport is estimated to cost at least 30m Euros. It envisages the building of a transport-logistics centre, which will help process the delivery and customs clearance of cargo, delivered by road, rail and air. The facility will offer parking for lorries, buses and service cars and a hotel.

Investors from abroad focus on construction sites

By Oksana Shuvalova

Iranian Semega to invest around \$150m into five-star hotel in capital

The Iranian designed 39-floor hotel is to cover 65,000sq.m and meet European standards, offering 250 suites, a business centre and three-level underground parking. The first floor will house a trading centre and restaurants, with a helicopter pad on the roof. The façade is to combine Belarusian and Iranian motifs, decorated with a pattern of Belarusian snowflakes and Iranian carpet ornaments. Guests of the 2014 World Ice Hockey Championship will be the first to be welcomed.

Currently, Belarusian design institutions are helping adapt the design to Be-

larusian regulations, with a contract signed with a Turkish company to install fixtures and be the general contractor for the project. Belarusian specialists will oversee construction works.

Alexander Domenikan, the Chairman of Minsk City Executive Committee's Construction and Investments Committee, tells us that investment contracts have been signed to build around 50 objects in the capital. These are now being designed and built. "Most weeks, Minsk City Executive Committee receives two or three applications from investors. Each presupposes at least \$3m of declared investments, with investors vigorously exploring Minsk's sites," he notes. Mr. Domenikan adds



Launch of construction

that, in the next few years, Minsk's infrastructure will gain several major investment objects. "Our capital is getting ready for the world hockey forum. Hotels are being built, including the five-star Minsk Perspolis."