

## Trade figures don't yet satisfy

By Yekaterina Nechaeva

### Belarus and Serbia eager to boost bilateral trade

Belarus and Serbia have specified the provisions of the free trade agreement, with reference to the Customs Union of Belarus, Russia and Kazakhstan. The relevant protocol to amend the agreement was signed by Belarus' Foreign Minister, Sergei Martynov, and the Serbian Minister of Economy and Regional Development, Nebojsa Ciric.

Since the free trade agreement between Belarus and Serbia was signed two years ago, our bilateral trade has begun to rise. "In 2010, it achieved a record level — more than doubling. However, the figures do not yet satisfy us," Mr. Martynov stresses, adding that, with such a capacity available, Belarus and Serbia should show better results.

In recent years, joint ventures have been intensively developing. In particular, in spring, a joint company to assemble Belarusian tractors was set up in Serbia, while the first batch of Belarusian gas-fuelled buses is almost ready. Lifts are being assembled and other assembly projects are being discussed. A maize harvester has been developed to meet Serbia's needs and joint assembly of linkage-mounted agricultural equipment, trucks and special machinery is being discussed.

Mr. Ciric notes positive trends in the development of our bilateral trade, saying that new conditions will provide broad opportunities for Serbian companies to export to Belarus and other Customs Union member states. Serbia is also eager to import goods from the Customs Union.

## Business advice could prove useful

### Public-Consultative Council on Issues of Entrepreneurial Development, Investments and Innovations set up at Economy Ministry

Apart from Economy Ministry officials, the Council unites representatives of several Belarusian business and public associations operating in the field of inventions, marketing and venture investments. PR specialists and several famous entrepreneurs are also members.

The Head of the Economy Ministry's Science and Innovations Department, Dmitry Krupsky, explains that the Council is focused on some key issues. "It is to ensure interaction between the Ministry and scientific and public associations promoting entrepreneurial, investment, innovative, inventive, rationalisation, sci-tech and venture activity," he explains. The Council will prepare proposals regarding improvements to the law and the formation and realisation of state programmes and projects of state-private partnership. Although its decisions will be of a purely recommendatory character, it will have the right to initiate legislation.

# Time to see how rate works out

## National Bank increases refinancing rate to 18 percent

By Vladimir Veremeev

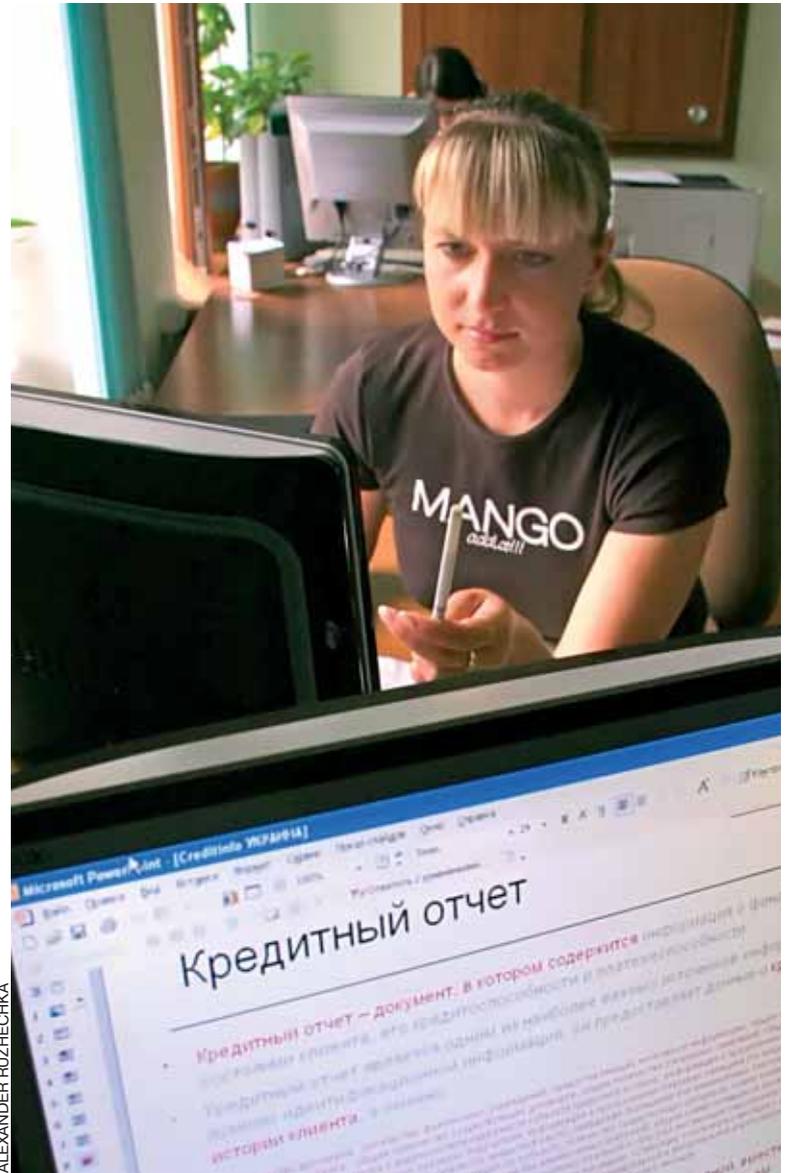
The refinancing rate is being set at this high level for the first time since 2004. As the National Bank's official commentary reads, 'the measure aims to raise profitability of Belarusian Rouble deposits and to strengthen the protection of Rouble bank savings against inflation.'

The decision follows simple logic. According to the National Statistical Committee, from January-May, inflation reached 25.4 percent, so deposit rates should be no lower. "Otherwise, bank savings lose their attractiveness," explains doctor of economic sciences Alexander Luchenok. Commercial banks already offer deposits for Belarusian Roubles at a rate of 25-30 percent per annum, boasting names such as 'Large Stake', 'Everything will be OK' or 'Winter Treasure'. The increase in the refinancing rate should generate even more attractive offers. Mr. Luchenok believes that, this year, the basic figure could reach at least 30-32 percent.

Deposit rates will rise accordingly.

Loans are another matter, since banks are not charities. While attracting deposits at a rate of 30 percent, they offer loans at an even higher rate. Mr. Luchenok notes that people's incomes are growing slower than credit rates, with citizens unable to receive volumes of loans as great as before. Reliance on credit is now being substituted for some by living beyond their means. To some extent, from the point of view of the economy, it's useful in helping balance consumption and production — our wishes and possibilities.

Will enterprises be able to afford these new rates and continue developing? Actually, it's hard to find a branch with a profitability of 30 percent. Mr. Luchenok explains, "The increase in credit rates is unlikely to cause problems for companies which enjoy easy access to assets — such as those involved in trade. However, production and long term investment projects may face difficulties. It's unprofitable to take out long term loans just now,



ALEXANDER RUZICHKA

### Interest rate policy should stimulate efficient economic management

so investment is likely to fall."

"On the other hand, high rates inspire better efficiency. Previously, credit was affordable, so enterprises didn't need to make any major changes to their operations," continues the expert. "Now,

on taking a bank loan, they need to think of how to seriously raise profitability. Otherwise, they'll fail to repay the money. With this in mind, the present interest rate policy should stimulate effective economic activity."

# Credit to serve common business

## Minsk hopes to see Belarusian-Chinese Industrial Park realised successfully



Li Ruogu

Belarus' Prime Minister, Mikhail Myasnikov, has met China Eximbank's Chairman, Li Ruogu, and the Vice President of the Industrial

and Commercial Bank of China, Zhang Hongli, noting, "We are fully committed to realising a major project dealing with the establishment of a Belarusian-Chinese Industrial Park." He added that Belarus aims to create all necessary conditions for Chinese companies working jointly with Belarus. "On providing us with credit support, you should be confident that Belarus is a country which strictly fulfils its obligations," the Belarusian PM said, addressing the China Eximbank's Chairman.

According to Mr. Myasnikov, joint projects implemented in the fields of material production and infrastructure are true landmarks for both sides. "I believe your current visit will further strengthen trust between

businessmen of our two countries, while promoting successful financing of projects now in the pipeline," he explained, expressing satisfaction that Belarusian-Chinese relations are shifting from trade collaboration to investment and sci-tech liaisons.

Recently, Belarus and China Eximbank signed credit agreements to finance joint projects worth over \$1bn. In particular, a consumer credit agreement has been signed to build a sulphate bleached pulp production facility, worth \$654m. Corporation Camce will act as the Chinese partner. Additionally, a loan agreement to finance the modernisation of Minsk-Gomel motorway M-5/E271 (connecting Gomel and Zhlobin) has been signed, worth \$340m.

Co-operation with the Industrial and Commercial Bank of China is developing. According to Mr. Myasnikov, this opens new possibilities for joint work. The Industrial and Commercial Bank of China and Eximbank are both showing interest in the Belarusian-Chinese Industrial Park.

Li Ruogu notes that Belarus and China are long term partners and their trade-economic relations are developing rapidly, on a mutually beneficial basis. China Eximbank's Chairman also hopes that our joint projects will be successfully realised and that Belarus will worthily overcome its economic difficulties. China is ready to render support to the Belarusian economy.

# Nostalgia won't impede technologies

By Alexander Bystrokhodov

### Belarus-Israel Business Forum, held recently at the Belarusian Chamber of Commerce and Industry, is dedicated to 2nd session of Belarusian-Israeli Joint Committee on Trade and Economic Co-operation

Fifteen Israeli companies took part in the event, with most representing legal and consulting services, IT technologies and medicine. The delegation was headed by Israeli Tourism Minister Stas Misezhnikov. In fact, the

spheres of interests of Israeli business are diverse, with entrepreneurs keen to supply their produce to the Belarusian market, while purchasing Belarusian food products for onward sale in Israel.

Minsk was also visited by representatives of companies offering unique experience in manufacturing high quality agricultural products under unfavourable climatic conditions, with little use of external energy resources. Specialists from the Belarusian Agriculture and Food Ministry are now keen to borrow these technologies.

Tourism collaboration was the most important topic discussed by the Belarusian and Israeli governments. "Belarus is known in Israel for its favourable climate, which promotes the development of agro-ecotourism. You have possibilities to 'fight' for the Israeli tourist market. Moreover, our state is interested in developing tourism co-operation with Belarus which boasts beautiful landscapes and great sporting facilities. However, the most wonderful thing you can offer Israeli tourists is nostalgia," notes Mr. Misezhnikov.

During the negotiations, it became

known that Belarus may become the third country within the post-Soviet space (after Russia and Ukraine) to offer a visa free regime with Israel. Tackling reasons for why the abolishment of visas for Belarusians has been delayed, Mr. Misezhnikov noted that time is required for making such decisions. He notes that the long term effects of visa abolition need to be assessed, alongside the simplification of the visa regime. The Israeli Tourism Minister stressed that he hopes that visas for Belarusian citizens visiting Israel will be abolished in the foreseeable future.