

Ability to choose clear focus brings good profits

Since early 2011, Orsha's Legmash has quadrupled its production of innovative goods

By Boris Yevgeniev

Not long ago, employees at Legmash Plant JSC were anxious about the fate of their company... and their own. The production sphere was gradually decaying, leading to falling profits and salaries. Now, the Orsha plant has managed to regain its lost position — even advancing. Last year, its exports rose 6-fold, while its five-year investment business plan and focus on import substitution helping create a sustainable 'safety cushion'. The joint stock company is a member of the Belarusian Steel Works Production Association and is actively realising new projects while developing promising avenues.

"Over a period of five months, a third of our produce has become innovative," notes the Deputy Director for the Economy, Finances and Sales, Gennady Tsurankov. "Last year, it accounted for less than 10 percent. We are now actively developing the Russian market and our future partners include famous Bekaert, which is also interested in our products. Co-operation with foreign metallurgists will bring around \$1m of profit annually to Legmash — a quarter of our present revenue."

To ensure that goods remain in demand both domes-

tically and abroad, the plant's design bureau is using Italian and German experience to develop new products — such as a lime-burning kiln. It's a major project, involving a great deal of funding.

A list of import substitution products is lengthy, with investments helping the plant quickly introduce innovations into production. State funding, alongside loans from banks and the Belarusian Steel Works, is supporting this de-

velopment. A few months ago, Legmash opened four modernised workshops. Its major revamp runs until 2015, with import substitution goods high on the agenda. It aims to raise export deliveries and establish new facilities and joint ventures. Legmash intends to start producing strained fittings and steel ropes (in demand by the construction branch), in addition to currently imported high-pressure hoses. After the foundry facility is modernised, it will be possible to produce high-ac-

curacy blocks and cases for machine building enterprises. There are

with Italian businessmen, to manufacture high-pressure hoses for the machine building industry. A currently neglected block is



New equipment plays a major role for producing innovative products at Legmash

also plans to revamp the metal constructions and welding workshop.

Economists have calculated that, in the coming five years, about \$10m should be injected into Legmash's development. This will soon pay for itself; by late 2015, the plant should have doubled its production volumes, raising sales considerably. Moreover, Legmash has serious plans regarding the attraction of foreign investments. At present, it is studying the launch of a new production line, jointly

to be allocated for this purpose, with the project worth around \$5m. Analysis of the market situation indicates that produce will enjoy demand both at home and abroad.

One of the largest enterprises in Orsha (known as the city of railway workers) boasts enough production sites to further open several new facilities — in need in the city and countryside. Its staff are truly enterprising and have their ear to the pulse of the economy, with a clear focus.

Proof of interest in projects

Two foreign companies — from France and Russia — eager to invest in building Sitnitsa mining and processing enterprise in Pripyat Polesie

The Belarusian Natural Resources and Environmental Protection Ministry tells us that the companies have officially submitted their documents for tender. An investor is sought for extracting and processing granite in the village of Sitnitsa (Brest Region's Luninets District), also building a mining and processing enterprise in the district.

An Iranian company has also shown interest but has not so far submitted official documents. The project — worth about \$400m — envisages the building of an open pit, a rock-crushing plant, energy facilities, external communications, transport facilities and water supply systems.

Geological prospecting indicates that the Sitnitsa field abounds in granite and diorite, with the stock of building stones estimated at 500m cubic metres. A railway and dock connected by a navigable channel to the Pripyat River are situated nearby.

The project should satisfy the Belarusian economy's demand for raw materials for the construction industry while expanding export potential. It boasts significant state support and encompasses design, construction, financing and operation. A winner will be chosen by October 3rd, with an investment agreement signed by late 2011.

Positive signal to serious investors

By Vasily Belynichev

Prime Minister Mikhail Myasnikovich meets representatives of World Bank Group

The International Finance Corporation has developed a programme to improve Belarus' investment climate. On meeting Mr. Myasnikovich, IFC representatives stressed that they fully support the country's efforts to improve its investment climate and are ready to continue co-operation. In their opinion, work with the Belarusian Government regarding the creation of a favourable investment climate could attract new investors into the country.

Mr. Myasnikovich expressed interest in IFC recommendations regarding how best to improve the investment climate and enhance the Belarusian economy's competitiveness. In his view, co-ordination on



IFC representatives at Minsk's meeting

this issue should create good conditions for the attraction of foreign investments and send positive

signals to the international community. In 1992, he signed a document on co-operation between Bel-

arus and the IFC, in Washington. Since 1993, the Corporation has actively supported the country in developing its investment field and has injected over \$320m into various projects. The Head of the IFC Office in Belarus, Max Yacoub, has promised to increase these investments in coming years.

According to Mr. Myasnikovich, the meeting was a wonderful opportunity to discuss how best to enhance the Belarusian economy's competitiveness. The PM noted that he has carefully studied a letter sent by the IFC, agreeing with its major points. Belarus is already creating infrastructure to develop privatisation and attract investments. It will primarily include the National Investment and Privatisation Agency. Mr. Myasnikovich is convinced that this will aid the active promotion of Belarus to investors.

Contract presupposes rise in potassium prices

By Anna Kot

Belarusian Potash Company signs contract to supply potash fertilisers to China

The contract has been signed with Sinochem and CNAMPGC — China's largest importers of mineral fertilisers. According to the document, the price for potassium chloride is being set at \$470 per tonne — \$70 higher than the price in H1.

Commenting on the contract, the Belarusian Potash Company's General Director, Vladimir Nikolaenko, notes that the agreement with the Chinese importers should influence further long term contracts. "Integration processes, an increasing demand for potash fertilisers and, hence, rising prices for potassium are factors indicating that the world's potash market has been steadily expand-



Belaruskali's mine

ing. We are confident that this trend will continue over the next few years," he says.