

Family businesses on show

Entrepreneur Alexander Dmitrovich's mini facility in Grodno produces river trams which cruise the Avgustovsky Canal, Pripyat and Nieman. Cost effectiveness is their major advantage, as trams are much cheaper than motor cruisers, consuming 10 times less fuel. Since early 2011, the number of individual entrepreneurs has risen over 10 percent, with almost every fortieth Belarusian enjoying this status. These people have helped saturate the domestic market with goods and services, offering jobs. Moreover, individual business activity is a path to even greater enterprise. What can individual entrepreneurship bring to Belarus?

By Anton Romanenkov

Tit for tat

According to the Justice Ministry, over 250,000 individual entrepreneurs are registered in Belarus and, in the first half of 2011, their number rose by 23,000. Specialists say that this growth is the result of considerable simplification of registration procedures, reducing time needed.

Becoming an individual entrepreneur is a good way to 'softly' join business, since they enjoy relatively low taxes, simplified accounting and paperwork. However, they are limited in their development: individual entrepreneurs are forbidden to employ others except close relatives.

"We are pleased to observe a stronger business initiative among our population," notes the Director of the Entrepreneurship Department at the Economy Ministry, Alexander Gruzlov. "Most Belaru-

sian entrepreneurs are still working in the field of trade but, for economic development, it's more important for them to show an active interest in the real sector, production and services."

Lucky are those who are lucky

"It's much easier now to register as an individual entrepreneur than it was several years ago," says Minsker Sergey Kucheryavenko. "Moreover, we can gain advice easier, via special centres and business incubators."

Mr. Kucheryavenko initially began his business with passenger transportation, later shifting to tourism and founding an enterprise. As an individual entrepreneur, he has been three times named 'Best Entrepreneur of the Year'. Relying on his experience, Sergey advises beginner-businessmen to choose a sphere in which they are already experts. Moreover, cus-



Individual entrepreneurship is a good form to 'softly' join a larger business

tomers' needs and demands should not be neglected. "For example, transportation services are just one link in the complex of services I render. Each entrepreneur must be far-sighted," he explains.

Mr. Kucheryavenko believes that Belarus could learn from Ukrainian experience, allowing each individual entrepreneur to employ several workers. This would generate new jobs, while increasing tax payments to the state budget.

Family classics

"Individual entrepreneurship is a successful, democratic form," believes BSU Profes-

sor Boris Panshin. "This is a family business, as well-developed in Italy, Germany and France, where families run breweries, cheese making plants, confectioneries and sewing parlours. These enable each generation to earn money." With this in mind, Mr. Panshin believes Belarusian individual entrepreneurs have a future... but, primarily, regarding family businesses.

The official considers that further expansion of preferences for individual entrepreneurs could bring unfair competition. If they are allowed to have several employees, they'll lower their

costs (in comparison to legal entities), allowing them to sell their products and services at lower prices, thus 'undermining' small firms.

According to Mr. Panshin, the share of small and medium-sized businesses must rise in the future. However, this does not mean that large state enterprises have no future. "Rumours of large companies being divided into several smaller ones to improve efficiency are a myth," he is convinced. "In the USA, there are a great number of small enterprises but large companies — such as Boeing — play a decisive role in

the country's economy." Nevertheless, family businesses also have a future in Belarus, with the number due to rise several fold, alongside their taxes paid. It's quite possible that, in the future, family businesses will produce 20-30 percent of the country's GDP.

Figure

Since January 2009, the number of individual entrepreneurs in Belarus has risen from 216,000 to 232,000. Some time ago, Minsk accounted for about 20 percent of them but, now, the figure has reached 25 percent.

E-auction shows great advantages

By Artem Ivanenkov

National Centre for Marketing and Price Study hosts first ever e-auction

The auction was ordered by the Molodechno Metalware Plant, focusing on the purchase of equipment for welding and electric processing of materials.

The e-auction's organisers are convinced that such auctions boast undisputable advantages over traditional forms of bidding: confidentiality for bidders, lack of territorial limits, and transparency and openness for the purchase process. Moreover, they help save budgetary money and reduce time spent on document preparation, organisation and hosting of biddings. A high level of information security and protection is also vital.

Belarusian enterprises' mastering of e-auctions is another way for them to promote domestic products and services to the Customs Union market. In January 2012, a national regime for state purchases will be implemented between Russia and Belarus, with Kazakhstan joining from January 2014.

Leader in terms of profit wishes to gain strength

Belarusian Steel Works realises four investment projects to raise manufacturing volumes and production efficiency

By Lidia Krapova

One of the largest projects envisages the setting up of flat steel production, with investments exceeding \$1bn. Last November, an agreement of intentions was signed with Italian Danieli. "Talks are underway relating to the financing of the project. It envisages large injections, so there are some issues," notes the Belarusian Steel Works' General Director, Anatoly Savenok.

The second project — worth approximately 60-90m Euros — deals with the establishment of a joint venture for finishing pipe processing, partnered by Swiss Duferco. According to Mr. Savenok, BMZ is a leading global metal trader, boasting two plants in Romania and Saudi Arabia already. The ultimate

goal of the joint venture is to join the global market with a full set of pipes for the oil industry.

The plant's third project — worth about 40m Euros — regards the provision of steel production with necessary components — in particular, oxygen. At the moment, BMZ is purchasing from Minsk's Krion Plant and St. Petersburg. A joint venture is also planned to ensure supplies of this component, with documents currently being studied by the Industry Ministry.

The fourth project envisages the construction of a new workshop to produce metal cord, with an annual volume of 30,000 tonnes. According to Mr. Savenok, metal cord is BMZ's biggest seller so the company plans to steadily increase production volumes; the realisation of



BMZ enjoys good quality of its produce

the project will become possible after a small-section rod iron facility comes into operation at the plant. "We've already depleted the possibilities of our 150th tool, which was put into operation in 2000," notes

Mr. Savenok. New facilities are now needed.

The Belarusian Steel Works is a leading company in the country, regarding profitability and tax payments.