

Talks on production efficiency make clear that work must be profitable

Alexander Lukashenko keen to spend several working days in the north of the country

By Igor Slavinsky

The President has visited the Vitebsk Region's Postavy District, familiarising himself with several diverse sites. His first trip was to the largest industrial enterprise in the area: Postavy Furniture Centre (producing wooden doors). He then visited the football complex and went on to see two farms situated near the district centre. Several times, he stopped: to watch a harvester at work, to see a dairy farm and to view a grain drying complex.

The theme of the visit was cost-effectiveness. Sadly, not all industrial and agricultural facilities in Belarus enjoy profitability, without which our incomes and standard of living cannot improve. The President's trip to Postavy gives grounds for optimism, with the local furniture factory serving as a good example of an efficient enterprise.

Director Anatoly Babichev's business began in the mid-1990s, when he began making ordinary furniture for sale, in his own garage. In the course of time, his scale of production outgrew individual entrepreneurship. The former warrant officer of the local garrison received permission from the Executive Committee to use the former garrison's abandoned premises and now has a thriving enterprise, employing almost a thousand local people (Postavy's total population numbers less than 20,000). The factory annually produces 200,000 wooden doors, accounting for two-thirds of the district's export revenue.

Importantly, Mr. Babichev received no undeserved privileges regarding state property, as was commonly observed in the Russian provinces following its age of 'privatisation'. Entrepreneurs like Mr. Babichev are called 'self-made' in America, being the pride of the nation. It's a trend which provides its own proof: the better a private business performs, the greater the benefits to society.

The Postavy factory is a good example. Three excellent football fields



Modernised Cheese and Butter Making Plant in Verkhnedvinsk guides economy of the district

neighbour it (people say that even Minsk lacks such facilities), providing pitches for professionals and amateur teams. Postavy-made doors use Italian designs, while local boys are coached by an Italian specialist. Of course, this would hardly occur were it not for the flourishing furniture business...

Agricultural successes (and revenues) in northern-western Belarus are more modest, yet still prominent. Contrary to custom, the Presidential route was not announced beforehand, although it was clear that Mr. Lukashenko would visit neighbouring farms. However, until the last moment, no one knew which would be chosen. The President decided to drive to Kamaisky-Agro and Khotily-Agro, the latter being probably the only farm in the Postavy District to actually turn a profit (its sales profit exceeds 20 percent).

Mr. Lukashenko noted that, in preparing for his trip, he noticed that local farms are loss-making where they lack state support. He ordered that a detailed business plan be created for the region's agricultural development. "Why should we develop unprofitable plants?" he told officials, adding that it's necessary to be guided by the opinions of farm heads and local authorities. "Working here, they know better. There's no need to plan for them," said the President. He also criticised overly-optimistic plans regarding grain harvesting, if this work would bring losses rather than profit. Mr. Lukashenko views cattle breeding and beef production as the most promising areas for profitability, saying, "We should be seeing cattle grazing on every space available, even by rivers and floodplains." Travelling by helicopter to Postavy, nothing of the

kind was obvious; clearly, much work lies ahead.

Mr. Lukashenko also visited the town of Verkhnedvinsk in northern Belarus, where picturesque scenery resembles that of Pushkin's times. Interestingly, the family estate of the great Russian poet is situated not far away from Verkhnedvinsk. The area has recently received impetus for development; a new bridge over the Zapadnaya Dvina River connects the district with the rest of the country, while the modernised Cheese and Butter Making Plant employs several hundred people, driving forward the local economy.

The Verkhnedvinsk District boasts a unique geographical location, bordering the European Union and Russia. As famous cultural specialist and Slavophile Mr. Danilevsky states, it is situated between the two largest

economic centres, at the crossroads of two civilisations. Until recently, the area remained relatively unknown. Although the Zapadnaya Dvina River is of priceless value, it floods several times a year, especially in spring, largely cutting off the town. Before the new bridge opened, residents were required to travel an extra 150km to reach the neighbouring district centre of Miory.

Seven years ago, the President visited this northern area, ordering a bridge to be built. It took just two years to build the 300m bridge, which immediately influenced the lives of local residents. The old ferry (which often needed repairs) was retired and the new bridge brought extra economic activity.

Belarus is known for its good infrastructure... but the sky is the limit. As the President is informed, six bridges (each longer than 100m) are currently being constructed countrywide; sadly, the currency crisis is preventing completion, as metal supplies from Russia are delayed.

However, the local Cheese and Butter Making Plant has no complaints regarding shortage of foreign currency. Its earnings are healthy, following the installation of its new line in 2009; production has more than doubled.

Of course, it's surprising how the simplest of things can turn a profit. Some time ago, whey was considered to be nothing more than a by-product and often thrown away; now, it sells well, bringing in Dollars. It can be used in children's food, ice-cream and confectionery, as the Verkhnedvinsk factory can testify. It is launching a workshop for dried whey, ensuring 100 percent milk processing.

The milk business is gaining in attractiveness, with interest being shown by transnational corporations, as Agriculture and Food Minister Mikhail Rusy tells us. No firm details have yet been revealed but it is hinted that negotiations are underway.

Bonuses to motivate top managers

Heads of efficient organisations to receive considerable rewards

According to Piotr Grushnik, Belarus' Deputy Labour and Social Protection Minister, short-term bonuses are to be offered to

heads of state organisations and partially state-owned companies, reflecting production efficiency — as stipulated by a recent resolution of the Council of Ministers of Belarus.

Bonuses are to be paid from

profits depending on quarterly, six and nine-month performances for an enterprise, equalling at least one month's salary. Such bonuses are used widely across China, Germany, Sweden and other countries, yielding good economic results.

Famous financial structure ready to participate in privatisation

Ten enterprises to be privatised in Belarus with participation of World Bank

"The World Bank is to take part in privatising a range of Belarusian assets. With assistance from the World Bank and the Austrian Government, Belarus is to gain financing for privatising the sites which shall be overseen by the World

Bank," explains the National Investment and Privatisation Agency Director, Dmitry Klevzhits. He notes that the World Bank is to support ten joint stock companies.

The National Investment and Privatisation Agency is to oversee privatisation matters, with a special block set up at the Agency, jointly with the World Bank. The

other block of the Agency deals with the attraction of investments and works with the International Finance Corporation. "Belarus is interesting to investors," stresses Mr. Klevzhits. "The only obstacle on the path of privatisation is potential investors' lack of detailed information on sites; the Agency aims to remedy this."

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