

# Proposal made on mutually beneficial terms

National Bank recommends commercial banks' extension of national currency deposits

By Alexander Belyavsky

Cost of Belarusian loans and deposits are perhaps the highest in Western and Eastern Europe at present, with savings generating rates of 30-50 percent. "This year is characterised by different trends on the depositary market. Early on, we observed serious fluctuations — including an outflow of

deposits. However, after a range of measures had been adopted, stabilisation began on the financial market and the situation took an about turn," stresses Sergey Dubkov, the Deputy Chairman of the National Bank's Board.

Since the recent increase in the refinancing rate (to 30 percent) the average Rouble deposit interest rate has fluctuated between 30 and

36 percent; some financial institutions — keen to attract more deposits — are offering even higher rates — of over 50 percent. Meanwhile, banks are seeing less demand for foreign currency, with the highest rate offered for Dollar deposits being just 11 percent (and unlikely to rise). After a ban was issued on loans to citizens in Dollars and Euros,

banks are unable to hold this money in the required volumes; now, it's too costly for them to keep foreign currency deposits.

The National Bank plans to focus on the safe-keeping of citizens' deposits, ensuring that interest rates surpass the level of inflation — a decision aiming to stabilise the foreign currency market.

For those seeking loans, rates are unpalatably high. It's a true challenge to find a situation where all sides are content with the level of their earnings and expenditure, so the National Bank has recommended that commercial banks develop additional ways to attract deposits — with preferential rates for those locking in savings for longer.

At present, most deposits are just too short-term: 3-6 months. In turn, loans are being offered for periods of no less than a year. To bridge the gap, banks are to encourage longer-term savings. Moreover, savers will be given incentives to keep their savings with the bank once their term ends. Clearly, profitable and clear terms must be offered.



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Banks search for additional stimuli to attract public deposits

# Replacement by domestically-made produce brings benefits

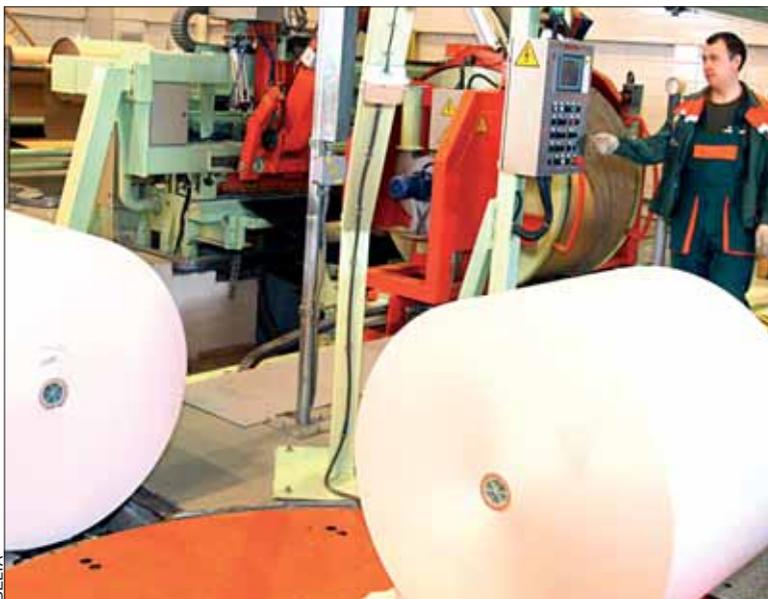
Belarus plans to half its dependence on imports

By Piotr Akumenko

Import substitution has always been important for Belarus. Imported raw materials and components are used in a third of all manufactures, while one-third of our GDP is generated by products made using imported materials. However, as PM Mikhail Myasnikov notes, in recent times, import substitution has shifted from being an economic issue to a political issue. It entails other problems — such as the sustainability of the national currency's exchange rate, the balance of payments and other issues relating to the country's economic development.

Mr. Myasnikov is convinced that the country could half its import dependence without losing competitiveness or quality. Science can significantly contribute to the process — as studied at a recent session of the National Academy of Sciences' Presidium. This calculated that each budget Rouble spent on the development of import substitution production leads to its manufacture worth 18.8 Roubles; the figure reaches 85 Roubles under the 'Machine Building' programme. As part of the Belarusian National Academy of Sciences' import substitution programme of 2006-2010, 202 objects of new import substitution machinery were created; their sales generated almost \$170m.

However, challenges remain — such as our need for 2.5m imported shaving accessories annu-



Shklov Paper Mill enhances exports

ally. Meanwhile, 100m children's nappies are imported each year. Belarus' first facility making nappies for children and pads for adults is under construction in the Mogilev free economic zone, aiming to satisfy 30 percent of the market's needs. Production is to commence in late spring of 2012.

The major problem seems to lie in the modest size of our domestic market. "For many products, economically feasible production volumes are much higher than those required by the Belarusian market," explains the Chairman of the National Academy of Sciences' Presidium, Anatoly Rusetsky. Complete import substitution is clearly unfeasible while those goods chosen for

the process must have the ability to realise foreign sales. Mr. Rusetsky is convinced that our grain harvesting machinery could be a bright example; this year, Gomselmash Association has produced and sold more harvesters abroad than domestically.

Our strategy for the further development of industry needs to take into account our place in the Customs Union, which gives greater access to the Russian and Kazakh markets. We can set up joint ventures and establish production of components for Russian and Kazakh industrial facilities.

Many options are open to us, making it vital to choose the correct path to reducing imports and raising exports.

# Convenient location for cargo prepared

By Anna Kotova

Foreign investors interested in pouring money into Belarus' transport and logistics system

At present, the development of transport and logistics centres in Belarus is being funded by Italian, Belgian, Iranian, Czech and Lithuanian investments. Lithuanian companies Vingis Terminalas and Alvora founded BelVingisLogistic joint venture, while a large Czech company is about to invest around 50m Euros in establishing a trans-

port and logistics complex at Vitebsk airport. The project envisages the construction of warehouses and a service area, in addition to the establishment of an airline operator and a building for aircraft maintenance.

Other plans include the construction of a major multimodal transport and logistics centre at Orsha Aircraft Repair Plant. Negotiations on the project are underway with several investors. A Hong Kong company is showing interest in using a runway near the plant to attract planes with cargo from China.

# Ford, Volvo and other firms interested in co-operation with Belshina

Belshina conducts negotiations with potential commercial transport partners during Moscow's ComTrans-2011 Fair

The exhibition is the largest of its kind in Russia and the CIS for the number of professional visitors. This year, it gathered 320 companies, showcasing the best examples of buses, cargo trucks, trailers, wagons and special machinery. In addition to Ford and Volvo, other firms demonstrated interest in co-operating with the Belarusian tyre manufacturer; among them were DAF Trucks, Iveco and TagAZ JSC. Belshina's representatives also held talks with existing partners.

As regards Volvo, the expansion of co-operation was debated. Pre-

viously, the company has supplied tyres for Volvo trucks and is now negotiating with Volvo's Russian representatives to supply passenger car tyres. Ford was also keen to discuss opportunities, while Iveco and TagAZ JSC need cargo tyres.

Some time ago, the Belarusian enterprise met with internationally known Volkswagen. Moreover, Belshina is now expanding its presence in India (where Belarusian large and super-size tyres for cargo trucks and agricultural machinery are needed). Belshina has also risen one place in the annual sales ratings of *Tire Business* — for the largest global tyre producers and sellers. In 2010, the company sold \$745m of tyres — occupying 33rd position.