

Dividends from key partner

Belarus becomes active player on Latin American market

By Andrey Sukhomlinov

According to the Russian *Kommersant* newspaper, Belarusians are already extracting oil in Venezuela while constructing factories, railways and gas pipelines. The recent visit of the Belarusian delegation to Venezuela has resulted in contracts being signed for the construction of houses in Venezuela and the development of a gas and transport system. The agreement envisages the building of 20,000 panel houses and a brick factory in the Bolivarian Republic of Venezuela. Minsk will also help create a network of railroads. Agreements on the joint development of two gas blocks at Lake Maracaibo in Zulia State have been signed, as have those dealing with the construction of a gas pipeline from Barquisimeto in the State of Barinas. From 2011-2013, over 13,000 Venezuelan houses are to be connected to the gas supply. Minsk and Caracas are activating the work of Petrolera BeloVenesolana JV, which already has a license to develop five oil fields and plans to extract over 1m tonnes of hydrocarbon raw material this year.



Opening of joint Belarusian-Venezuelan trading house in Caracas is a landmark event

The article writes that Belarus is gradually becoming one of Venezuela's key partners. According to OPEC, it boasts the world's largest oil resources, while being rich in other minerals. Belarus is interesting to Venezuela as a strategic

foothold at the centre of Europe, boasting well-developed machine building and agriculture. The economies of both states are complementary while mutual trade turnover could reach \$2bn later this year. Six years ago, in the early

years of our relations, this stood at around \$7m.

Our two states are now implementing dozens of contracts and programmes while creating solid legislation, shifting away from pure trade. Soon, factories manufacturing Belarusian

trucks and tractors will become operational in Venezuela. A factory making construction materials is also being built, while opportunities to construct joint enterprises manufacturing clothes, footwear and furniture are being

studied. Belarus is expanding its supply of agricultural produce to Venezuela while sales of Belarusian tyres, waste disposal units, textiles and other industrial goods are being negotiated.

This April, Belarus and Venezuela opened a joint trading house in Caracas, with 51 percent of the statutory fund belonging to Venezuela and 49 percent being owned by Belarus. The enterprise has been tasked with expanding the range of exported and imported goods, to raise trade turnover between our two states.

Minsk is working hard to create a contemporary agro-industrial complex in Venezuela, while the supply of Venezuelan oil to Belarus has been clearly set out for the mid-term. Negotiations are underway regarding Venezuelan investments into the Belarusian economy — including the privatisation of Belarusian industrial enterprises (another mutually beneficial area for bilateral interaction). Collaboration in the humanitarian sphere is also expanding, as are liaisons in education, culture, sports, tourism and science.

Sharp sense of duty still appreciated

Share of problem loans in Belarusian banking system falls

By Alexey Benkovsky

It's said that only debt is more terrible than a ghost. Naturally, being in debt causes great anxiety and stress, bringing on insomnia and shattering our sense of wellbeing. Nevertheless,

are finding it more difficult to keep up repayments.

Bad debt

"Belarusians are unique in preferring to repay bank loans ahead of spending on their own needs. It's been the same for the past two years," notes Vasily Matyushevsky, the Chairman of BPS-Sberbank's Board of Directors.

a rapid rise in 'bad loans' — whereby borrowers were unable to repay their credit. Meanwhile, such cases in Belarus accounted for no more than 3 percent of individual loans. It's thought that this may be due to Belarusians having been modest in their borrowing, so that few are truly overstretched financially.

However, the situation is now more complex, since

have raised interest rates on both new and existing loans, placing great strain on borrowers. Moreover, those who dared to take foreign currency loans have had their borrowing amounts raised automatically to reflect the devaluation.

"Despite the general negative trend, at

to National Bank data, from January to September 2011, unrepaid debt fell from 0.64 percent to 0.39 percent of the total.

Extending repayment periods

According to the National Bank's specialists, 'bad debt' has been avoided due to the conscientiousness of domestic debtors and the fact that loans were only granted to clients who presented a low risk. Naturally, banks assess each borrower carefully before granting a loan; it delays the delivery of credit but reduces risk. Ilya Shalanki, Belarusbank's Deputy Chairman, notes that banks assess each customer's ability to make repayments, their salary, parallel earnings and their personal history. The creation of the Credit History Bureau at the National Bank has helped in making such

assessments.

Vitaly, bankers have begun to understand that raising interest rates significantly increases the chance of borrowers failing to make their repayments, so it's easier to come to a compromise via debt restructuring. Commonly, the repayment period is extended or a new loan agreement is set up to replace the old one. This allows a foreign currency loan to be transferred into Belarusian Roubles. "We've decided to meet the needs of our borrowers by offering them extended terms to repay the principal amount: up to five years for mortgages and up to two years for retail purchases," explains Mr. Matyushevsky.

Extension of terms is one of the most convenient ways to help borrowers get out of a cycle of debt, since it reduces the volume of 'bad loans' while significantly raising banks' income. Naturally, borrowers still need to pay their loan interest, which can accumulate significantly over several years.



Commercial banks in Belarus agree to offer debt restructuring to borrowers

less, many Belarusians have outstanding bank loans. Following the devaluation of the Belarusian Rouble, payments have risen, causing great concern among borrowers, who

The banking sector continues to be surprised at the trustworthiness of individual debtors. During the 2008-2009 crisis, most of our neighbours faced

the weakness of the Belarusian Rouble against the Dollar (devalued by almost 100 percent) is creating more difficulties. Many commercial banks

present, the situation is reasonably satisfactory regarding 'bad loans,' notes Sergey Dubkov, Deputy Chairman of the National Bank's Board. According