

# Rivals need to step aside

Belarusian BelAZ striving for top place rather than honourable second among three dump truck global leaders

By Yevgeny Bogomazov

The company plans not only to raise production volumes of large and extremely large trucks (from to-

day's 500 to 1,000 annually) but to be the first to produce a 450 tonne capacity quarry truck.

The vehicle is currently under design, explains the First Deputy General Director for Technical Issues and Development, Chief Engineer Vladimir Volchok. The plan is to man-

ufacture the truck within the next year or so. Meanwhile, BelAZ is launching its greatest reconstruction to date.

"We've already achieved the level of production seen in the 1990s," Mr. Volchok notes. "At that time, nobody would have guessed that we'd produce vehicles of over 60 tonne capacity. Transportation costs fall as load capacity rises, giving improved economies of scale. We occupy second place on the global market for

130 to 160 tonne capacity trucks (the most popular size). However, serious modernisation is needed to ensure further development. Our main task now is to produce 1,000 trucks of large and extremely large capacity annually."

Several major projects are to be realised at the plant over the coming 2-3 years, with the focus on the creation of 90-450 tonne trucks. The construction of facilities for building trucks of large and extremely large carrying capacity has been launched in Zhodino (the major site — covering an area of over 60,000sq.m.).

There are also plans to launch the production of spare

parts on the site. Kuzlitmash JSC is to set up Belarus' unique facility for ring rolling, enabling the enterprise to make pieces for gear-wheels and side wheels.

BelAZ also initiated wagon building in Belarus. "Production is unfolding at the Mogilev Wagon Building Plant — the most rapidly developing within BelAZ," emphasises Mr. Volchok. "In 2010, it manufactured over 1,000 wagons and, last year, produced over 1,500 — of all types. In 2012, around 500 wagons were produced in the first two months alone. We've studied demand and now plan an output of 5,000 wagons annually. A business plan is currently being prepared, detailing every stage of reconstruction. Moreover, the production of wheel pairs has been established (enjoying great demand in the CIS). The project is worth almost \$40m, with the tender for equipment supply won by the Minsk Plant of Automated Lines. By late 2012, produce should be supplied to BelAZ's Mogilev site, with assembly following in early 2013. Another avenue for development is foundry production, as we still lack sufficient to meet our own demands, requiring import from Russia. A business plan has been agreed to set up foundry production in Mogilev, requiring over \$200m of investment."

Almost all BelAZ produce is exported. In 2008, this generated revenue of \$593m for the head enterprise alone. In 2011, the figure surpassed \$1bn, making it among the few 'billion Dollar generating' companies globally. The competitiveness of Belarusian machinery on the global market could rise once foundry production is established, ensuring independence from imports. BelAZ rivals may need to step aside.



Expansion of production volumes enables BelAZ to double its output from 2010 to 2015

## Impressive industrial park being set up near Minsk



Industrial park's development plan

By Roman Anikeenko

### Grand project to create 500,000 jobs and billions of Dollars of investment

The Belarusian-Chinese Industrial Park — covering over 8,000 hectares — is to be built in the south-western part of the Smolevichi District, to the west of Minsk National Airport. The Council of Ministers has approved the draft decree and, if supported by the President, realisation of the grand project could begin in 2012. "The total volume of investment,

on projects at various stages of realisation, is estimated at \$16bn," noted Belarus' Prime Minister, Mikhail Myasnikovich, on meeting the Ambassador Extraordinary and Plenipotentiary of China to Belarus, H.E. Mr. Gong Jianwei.

Horizont Holding and Chinese CAMCE Corporation are the co-founders of the park, planning to set up a major complex uniting industrial sites for electronics, machine building, precise chemistry and bio-medicine. In addition, there will be accommodation, office space, logistical premises

and financial centres supporting the park's research and scientific work.

"Preliminary estimations conducted by China show that \$5-6bn will be needed in the first 10-15 years, to create infrastructure," explains the Head of the Belarusian Economy Ministry's Main Department for Investments, Kirill Koroteyev. Horizont believes that up to 600,000 jobs will be created at the park over the coming thirty years. Privileged terms for profit and property taxes, in addition to lower payments into the Social Protection Fund, aim to inspire interest. Moreover, residents will pay just 9 percent income tax (instead of 12 percent): similar to the High-Tech Park.

Initially, 400 hectares is to be built upon, including construction within 15 villages and dacha settlements on site. The Economy Ministry asserts that residents' interests won't suffer. "Land won't be taken away from them for construction purposes without their consent," asserts Mr. Koroteyev.

## Investments mark good beginning

By Yegor Vikulich

### Turkish industrialists view Belarus as platform for exports and investments

A delegation of Turkish manufacturers of automobile components has visited the Minsk Automobile Works and Minsk Tractor Works, highly praising partnership potential of Belarusian machine building. The group was headed by the Chairman of the Board of the Automotive Industry Exporters' Union (OIB), Orhan Sabuncu. He explained, "Our visit aims to develop bilateral economic relations and increase Turkish exports. The development of investment projects is our long-term, strategic aim. Many Turkish companies are currently injecting money into the Russian Federation but Russia and Belarus are viewed by us as a single economic region. Our visit has convinced us that Belarus boasts good conditions for investors."

The arrival of the delegation

of Turkish industrialists to Belarus shows Ankara's desire to expand the geography of its trade. According to Mr. Sabuncu, by 2023, Turkey will be celebrating the 100th anniversary of its independence as a republic. It has ambitious goals for the forthcoming decade, aiming to raise exports from \$135bn to \$500bn and GDP per capita from \$10,000 to \$25,000. Turkey is eager to join the top ten economically developed states worldwide.

Studying new markets, the OIB delegation has visited Morocco and the Russian Federation. The visit to Minsk was organised by the Turkish Ministry of Economics, under the auspices of the Belarusian Industry Ministry, Mogilev FEZ and the Turkish trading representative office in Belarus. The Turkish industrialists visited MAZ and MTZ, and held business negotiations with several Belarusian companies — aiming to discuss possible collaboration and investment.