

Belarus' path: patriotism, intellect, progress

gle Economic Space of Belarus, Kazakhstan and Russia.

A **common price level is essential**, with the same principles of formation for everyone: Belarusian, Russian and Kazakh companies.

The fifth crucial area is the stability of the Belarusian Rouble.

The rate of our currency is reinforcing steadily and softly. As I'm told, this year, the public sold \$1.5bn through exchange offices (half a billion more than the amount bought). Daily growth of deposits is noted in all currencies.

These examples are evidence of stabilisation on the currency market, as well as trust in the national currency and banking system. This trust has grounds.

Each Rouble in circulation countrywide is **150 percent covered by foreign exchange reserves**, at the current market exchange rate.

The National Bank even has to fight sharp reinforcement of the exchange rate in order to prevent aggravation of foreign trade conditions. We fully realise the risks of fast reinforcement of the Rouble, and speculative attacks and dishonest playing with the exchange rate could happen again. Accordingly, we're acting carefully. Our main goal is to provide peace, stability and reliability.

We should prevent a sudden fluctuation of the exchange rate. We still firmly adhere to the following principle: the freedom of formation of the exchange rate as a result of transparent exchange trading.

The sixth area concerns exports, as these are directly connected with the stability of the exchange rate. This is what brings currency into the country.

The task of the Government and local authorities for the current year is to secure a **positive foreign trade balance in goods and services of more than one billion Dollars**. Furthermore, no less than 65 percent of manufactured products should be exported. All the conditions are created for this with the emergence of the Single Economic Space. However, it is impossible to limit ourselves to trade within the SES. We need worldwide sales.

One should approach new markets not separately, but **as a single unit**. First comes research into the business environment under the aegis of the **Ministry for Foreign Affairs and Ministry of Trade**. Then, a delegation of industrial manufacturers and businessmen needs to be sent, with the assistance of the Government. This leads to the organisation of stable work via trading houses and our own distribution system.

Manufacturers should not go alone; everything should be co-ordinated centrally. In 2012, the use of such a scheme will see us **approach the vast markets of Australia, New Zealand, Brazil, South Africa, Indonesia, Vietnam and other countries of South-East Asia**.

It is important to go where we are needed, where people are ready to work with us on principles of friendship and mutual respect. Our country has something to offer partners.

The seventh area is import substitution and saving.

We've scrutinised the strategy of import substitution at an educational seminar for executive staff. Following

six months of study, the Government will report on how plans are being implemented.

However, we cannot forget that 3/4 of our imports are intermediate products: raw materials, fabrics and energy.

In this case, I will highlight **three key points:**

1) efficient use of materials and energy;

2) set standards;

3) technological discipline.

In 2012 we should reduce: **consumption of materials** used in production by at least 2 percent; and

energy intensity of GDP by 3 percent, to save almost 1.5m tonnes of oil equivalent.

The cost is a billion Dollars!

We should understand that it is impossible to achieve goals only via administrative pressure. **Modern incentive mechanisms for the saving of resources** are necessary.

In world practice, there is a well-established principle of decreasing taxation by the amount of resources saved as a result energy and resource saving. Consequently, the economic effect of saving is fully retained by the manufacturer.

younger generation.

Our leading youth organisation — the Belarusian Republican Youth Union — has launched a wonderful programme: *100 Ideas for Belarus*. It allows them to find new ideas and talents and to help these come to fruition. It's an important area, so **I've charged the Government, the National Academy of Sciences and the State Committee on Science and Technology** to provide assistance to make the *100 Ideas for Belarus* programme permanent, rather than a one-off event. I'll soon meet those taking part, as I promised at a meeting of the Belarusian Republican Youth Union.

In the near future, we'll consider the development of science in general and its contribution to the economy, as well as suggestions to improve the organisation of the scientific sphere. I'll point out again that I'm very dissatisfied with progress in the scientific sphere — primarily, with the Academy of Science! I've already spoken about this.

When I think more about these issues, I realise that we may be looking at the problem from the wrong direction. Our manufacturers are sitting and waiting for scientists from

thousands of families now living in comfortable houses. Social infrastructure has improved the quality of life of farmworkers, while young people have begun working on the land. Our villages look different now.

You probably know about my trips and flights all over the country over the past year. If you saw our country from the air, you'd see a new Belarus. The implementation of my strict targets for the improvement of farming — imposing order in villages, on farms and on every plot of land — are finally beginning to be realised.

In many places in the Grodno, Brest and Gomel regions, you might think, mistakenly, that you were in Western Europe, where land is privately owned. These are our fields and our villages. Melioration has changed our land as unseen in years of independence and in the times of the USSR. We should do so by as much again. This aim is unchangeable on my side.

We have set an ambitious task, as I explained not long ago. Why shouldn't we see dairy processing at every farm, funded locally? This isn't just a whim. We're seeing a chasm in development. Agro-towns are now

half that of our neighbours.

We can't close our borders, as the Single Economic Space exists now. We can't even close the border with Ukraine as, if we do so, others will close their borders to us. There is free movement of goods, which is where our cheap products go. They're sold for high prices elsewhere but it is not just our Belarusians who are making money from this. Unfortunately, we must follow world trends, and the balance of prices. Our prices will never be higher than those in Russia or Ukraine. Never! However, they should be close to those prices, to make it unprofitable for certain people to buy up goods from our shops for export. Our cheap and high-quality Belarusian food can be sold at a profit abroad, so we should be making this profit.

The truth is that food and non-food goods should be priced affordably to Belarusians. This means that our \$500 salary is a problem: a serious problem which should be solved. Salaries need to be raised. It's very important. Then, people will cease to worry, knowing that, if prices rise, salaries will rise also.

One more important area of development for the new economy is **housing construction**.

In 2012, **the efficiency of the state housing policy should be raised cardinally**. Almost 1.5 times more accommodation has been built in Belarus over five years then was constructed in five years in Soviet times (on average). A million people have improved their living conditions over the last five years. Our country is an absolute leader among CIS states regarding volumes of housing construction per thousand residents.

However, **the queue is ever growing**, with the highest increase observed in Minsk. The building of a flat with state support has become a good way of gaining a good return on capital — at other people's cost. Hundreds of families have two or, even, three flats built on privileged terms in Minsk. The Mayor of Minsk tells me the same thing.

Accordingly, it has been decided that only **definite categories of citizens** will gain 'direct Rouble' support. The state will fulfil its obligations regarding all existing privileged loans (the decree has been already signed) but those applying in future **'should be given not a fish but fishing tackle'** — as people say.

The principle is simple — **everyone** should have the chance to improve their housing conditions. However, only those **who especially need** subsidised housing will receive it (free in many cases). Large families will qualify so, if you want a free flat, give birth to three, four or five children. If you have one or two, you'll need to look after yourself. We'll help those who are objectively limited in their incomes, and those who bear enhanced responsibility before society — those serving in the army. Our soldiers put their lives at risk where necessary, without thinking of themselves or their families... it's our destiny. Accordingly, we should supply them with housing, so that they can serve without worrying where their children and family will live. We need to do more in this direction. The Government is taking definite measures gradually, according to my

We can say confidently that we are enduring this difficult period in the history of our country with dignity. Being honest with ourselves, we can say that the past year saw many economic problems. However, we're eliminating these without delay. We should use the example of those European countries which hid their heads in the sand and postponed making essential decisions as our warning.

The Government should look at world practice and submit solid proposals.

The eighth area of development regards science and innovations.

Much has been spoken on this topic — especially urgent for Belarus, which is focusing on a **knowledge-based economy**.

The world's leading countries rely not on the sale of raw materials or their volume of territory, but on science and high technology.

The main value of leading world corporations is not their large factories or production teams, but their expertise and technology of production: **knowledge**.

New knowledge accounts for up to 85 percent of GDP growth in developed countries. We won't see a true economic upturn without intellectual and innovation components but must remember that inventing something is only half the job. It's just as important **to introduce an invention to the market and sell it**. This takes the same talent — or even more — as to invent something.

If a private entrepreneur generates a profit, while the state has achieved nothing for years, it's clearly the right move. There is only one condition: production should remain here in Belarus, as should the profit.

At the same time, we need to reform legislation regarding intellectual property, bringing it into compliance with the highest international standards — including copyright laws. Furthermore, mechanisms are needed to encourage scientists and businessmen to take risks, implementing bold new ideas.

The focus should be on the

the Academy of Sciences to bring them new ideas for a technological breakthrough. However, new ideas and technologies are based not on the fantasy of scientists, but on the logic of production development.

This is why manufacturers should be the main driving force of innovation. It is they who should set the tasks for scientists from the Academy, and branch ministers should be in charge of these processes. I stress again that the Academy of Science shouldn't be dozing, as it has been. The whole system of science and innovation management countrywide needs revision. The Government and the Academy of Science have been charged with corresponding assignments and I await real suggestions from them in the near future.

The ninth area is the agro-industrial complex.

This is the most important priority for us, with a great amount of money invested in rural areas over recent years. Now, we must wait to see agrarians' results.

In 2012, the country should crop 10m tonnes of corn, God willing! Decisions have been taken, with the necessary means invested. We should see a return in the form of economic improvement of the agro-industrial complex and increased exports, alongside a rise in the salaries of farmworkers.

Some time ago, we launched the construction of agro-towns countrywide. Time has proven the wisdom of the decision. They were built across every district without exception, changing the face of our villages. There are more than 1,500 agro-towns in all, with dozens of

built but production is lagging behind, as we can see. I always push farm managers on my trips around the country to work faster, especially opening new dairy farms and reconstructing old ones. Production should keep pace with the growth of agro-towns and villages outside of agro-towns shouldn't be forgotten.

Speaking of agriculture, you should understand, you should see, what is going on in the world. Hunger remains a global problem for mankind. According to official data, **more than one billion people** lack enough food. But who has counted them?

The situation worsens each year. According to estimates by the Food and Agriculture Organisation of the United Nations, the shortage of food will increase **five-fold** by 2030. It's not far off!

World markets are responsive to this situation, with food prices rising fast. The recent food price boom wasn't someone's 'evil will' but a strict requirement of the world market. No country can shut itself off behind an 'iron curtain'.

On the other hand, high food prices worldwide offer our farmers and our state an opportunity. Our agricultural complex should show brilliant results in the near future; the external market environment is favourable and a lot of money has been invested in our villages. Many people say that our food prices are growing; my response is that, if you want to feed the whole world with free Belarusian food, which is the tastiest and of the highest quality, we can keep prices at the same level. You see what has been happening. Our prices are