



Chinese Geely cars assembled in Russian region but could be done successfully at Belarusian enterprises

# Investors definitely hampered by sales problems on markets

## Possible assembly of passenger cars in Belarus arouses new interest

By Artem Vlasov

The Government's press service has announced a meeting between Belarus' Prime Minister, Mikhail Myasnikovich, and the leadership of China's Geely Automobile Holdings Ltd. The Head of the company, Yang Jian, is keen to liaise in launching local manufacture of passenger cars. It could be Belarus' final chance to become established in this field, as the markets of our Single Economic Space partners — Russia and Kazakhstan — are already saturated. The capacity of our domestic market

is modest, at 12-14 thousand new passenger cars annually, but is a worthwhile venture.

Assembly would be likely to take place at the BelAZ and BATE sites. According to specialists, Belarus is technically ready to produce passenger cars but is concerned over potential sales. The Government is inviting investors to solve the issue independently while investors hope that the state will undertake definite commitments regarding sales.

Sergey Varivoda, Chairman of the Board of Directors of Chinese Automobiles, explains, "Supporting loan

programmes would encourage sales by offering loans at half the refinancing rate for buying cars assembled in Belarus. Some would be bought for use by state services."

Chinese investors hoped to receive preferences such as those offered previously, while seeing customs duties rise on imported cars — to protect the domestic market. As far as customs duties are concerned, these have been raised as a result of Belarus' joining the Customs Union with Russia and Kazakhstan. China already has assembly plants in other countries and

produces a model of their Chinese Chery in Ukraine (called the ZAZ Forza). According to Mr. Varivoda, the Ukrainian Chery is now sold in Belarus from \$9,400 (taking into account falling incomes and higher loan interest rates): a price which attracts buyers. "We could assemble affordable Chinese cars ourselves, as these are popular in our market, especially now," asserts Mr. Varivoda.

Belarus' Deputy Prime Minister, Anatoly Tozik, also believes that an affordable car for the 'common man', costing less than \$10,000, could be as-

sembled in Belarus. However, there are some concerns.

"If we had faith in the level of Chinese automobile building we'd have already initiated this project," Mr. Tozik notes. "Unfortunately, even our officials think that Chinese automobiles are of poor quality, although China already possesses a leading place worldwide for automobile production. If any drawbacks are seen in the Chinese cars, I'm sure that, within five years, their quality will rival that of Japan or Korea."

According to Mr. Tozik, it would be beneficial to first de-

velop assembly manufacture, before expanding localisation to make more components in Belarus. He hopes that the joint venture will be implemented within the next few years.

Experts note that if current initiatives fail to be seen through, as has happened in the past, Belarus may forever lose its chance of manufacturing passenger cars domestically, as volumes of production in Russia and Kazakhstan are rising. Some cars assembled in Russia — such as the Volkswagen Polo Sedan and Hyundai Accent — are already supplied to our market.

# Foreign injections encouraged along Avgustovsky Canal

## Government approves 2012-2015 Avgustovsky Canal park development programme

By Victor Andreev

Roads, berths and camps are to be built alongside the canal, with the park divided into four zones: for families, entertaining, sport and relaxation. Six thousand hectares have been set aside for the purpose, with investors to enjoy a 70 percent lower tax burden (for projects worth at least 200,000 Euros).

The state border also expects much change, with residents of a 50km radius to be offered simplified trav-

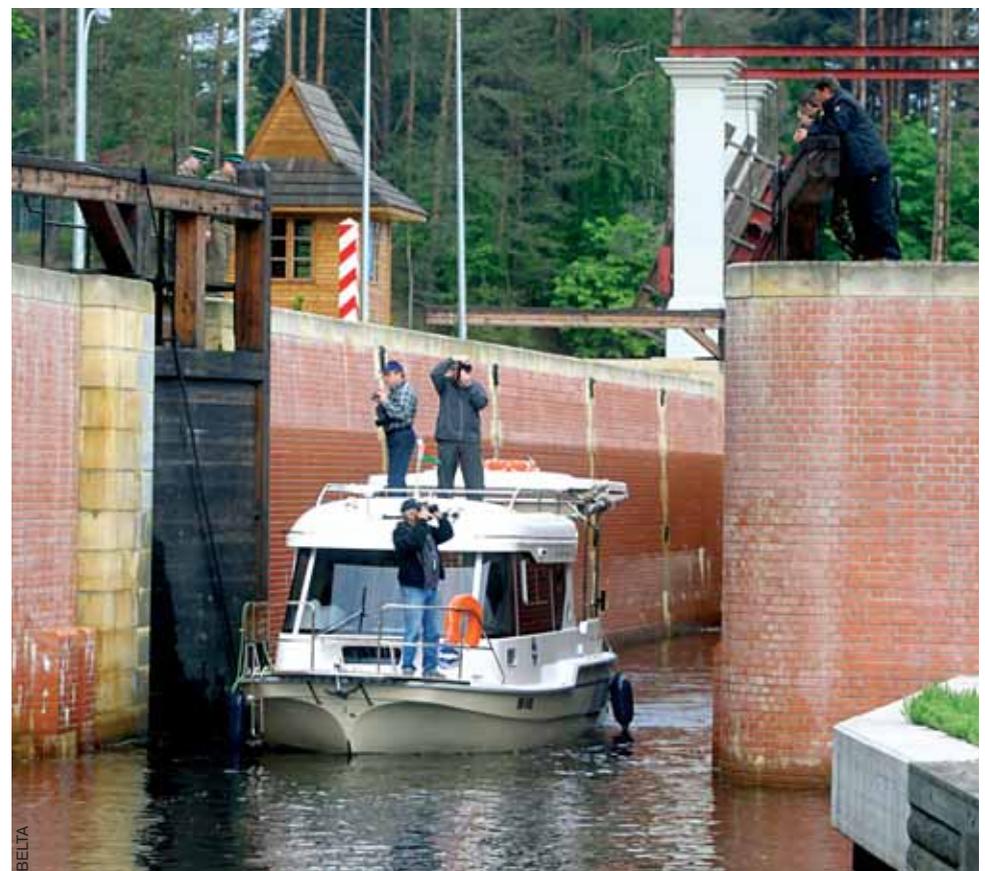
el rules. New border checkpoints are also planned near the canal.

Further development of the Avgustovsky Canal's infrastructure using Chinese investments has been recently discussed in Grodno involving city regional authorities.

Meanwhile, businessmen are ready to realise 12 investment projects in the Braslav Lakes region. A Latvian company plans to open a VIP hotel near the entrance to the city of Braslav, by Lake Drivyaty;

an investment agreement has already been signed with the Vitebsk Regional Executive Committee. An entertainment complex and a 3D cinema are planned, as is another hotel — with a restaurant situated beneath its dome (to be constructed by a Minsk businessman).

Many Russians are already purchasing property and are leasing land in the Braslav District, with the aim of building guesthouses. The Director of the Tourism Department at the Sports and Tourism Ministry,



River yacht crosses Belarusian-Polish border along canal

Vadim Karmazin, tells us, "We aren't just seeing 'redistribution' of property. Russian investors are ready to inject money into building

new tourist sites and into reconstructing neglected buildings."

Next season, more recreational sites by the water

are to be built, raising the attractiveness of the countryside as a holiday destination for Belarusians and foreign guests.