

Prices slightly lag behind but this is extremely beneficial

During the global crisis, domestic manufacturers of lingerie are in demand: local goods rival western brands in quality and design but are far cheaper, leading Russian retailers eager to acquire 'made in Belarus' lingerie for their shops

By Timofey Kiryushchenko

According to experts, more enterprises in Belarus are involved in sewing lingerie than in Russia. "Moreover, each company in Belarus is producing worthy goods, which cannot be said of many of those located in Russia," notes the Editor-in-Chief of *Lingerie & Tights Business Magazine*, Mikhail Uvarov. The edition recently organised a 'lingerie fair' in Belarus, featuring over 80 representatives of large and small businesses from 44 Russian cities.

"We see that manufacturing in Belarus is developing more actively than in our country," admitted Sergey Krivoruchko, the chief specialist of Intriganka — a chain of lingerie stores from the Far East. "Judging by exhibitions, the quality of lingerie and customer demand, we are keen to look attentively at Belarus rather than Italy."

Russian buyers admit that current economic conditions are seeing female buyers pay increasing attention to prices, asking for something cheaper. Belarusian brands offer high quality at attractive prices, leading to growing demand.

Alexander Bykov, a European market expert and a representative of the French Eurovet exhibition company, admits that some companies in Belarus are equivalent to the most advanced European producers in their capacity and level of technical equipment. "The engineering base remains, while you have good designers. The core of the branch can be very efficiently developed and brought to the European market," he asserts.

European companies' interest in



Designers play great role at Milavitsa JV

collaborating with Belarusian lingerie producers is quite understandable, as they are keen to move their own manufactures from North Africa — primarily from Egypt and Tunisia. Also, they aren't satisfied with Chinese sewing quality, especially as China's prices have risen significantly. Belarus is one of the most affordable options: not cheap, but offering good quality for the price. As far as sales of domestic goods on the European market are concerned, it's not the best time for Belarusian companies to 'at-

track', as Europeans simply don't have a large amount of disposable income for luxuries at present. According to some estimates, last year, Europe's lingerie market fell by 30 percent. Of course, we could open a couple of boutiques in Paris or Milan but it's probably more efficient to promote our produce through established retail chains. Competition is sharp, so there are issues regarding economic feasibility.

"It's unprofitable for us to deliver goods to Europe, as we tend to use Eu-

ropean raw materials. This means that we pay customs duties on import and then export duties on our finished, ready-made items," explains the Deputy Director of Tarusa CJSC, Dmitry Zatonets. "Compared to our rivals in Poland and the Baltic States, we immediately lose around 30 percent. At present, it's more lucrative for Belarusian companies to purchase rolls of good quality fabrics from the West, sewing collections for sale to the East. There's money to be made, especially in Moscow. Buyers in other regions

can't yet compare in volume with those from Moscow but the market remains far from saturated. Profitability of Belarusian lingerie sales in Russia may total 20 to 50 percent: cream which cannot be skimmed from the European market."

"Belarusian companies manufacture goods which would be several times more expensive if sold under a French brand," Mr. Uvarov asserts. He feels that female buyers should be encouraged to view domestic goods in a different light. Belarusian manufacturers have been working hard for several years to promote their lingerie, liaising with top European brands to enhance the level of technical equipment, as well as their staff training. Buyers need to understand the true quality of domestically produced goods.

Around 20 lingerie manufacturers are operating in Minsk alone, with about hundred more countrywide. "We are competing against European, rather than local, companies on the Russian market, which has plenty of lingerie suppliers," admits Pavel Veraksa, Deputy Director of Medea Style Ltd.

The establishment of the Single Economic Space has 'cut' this economic map, to the advantage of domestic manufacturers, while promotion of goods to the East has become easier and more profitable.

The winners of the contest for young designers and lingerie makers will set off this summer to show their collections at a specialised fair in Paris. According to organisers, the garments created by the students have surpassed all their expectations.

New life for shabby tyres

By Boris Marinsky

Italian Forrec to construct waste tyre processing plant in Minsk Region using recycling and environmentally friendly technology

An agreement has been signed by Forrec founder Marco Zoccarato and the Director General of the Minsk Regional Technopark, Vadim Ganchar. The total amount of investment for the project is to exceed 5m Euros — funded by the Italian company (with a payback period of three years).

The processing facilities are to be located at Minsk Regional Technopark, with a factory now being constructed; equipment mounting will begin in late-August — early September. In line with the terms of the contract, the enterprise should reach its capacity of 4 tonnes of tyre recycling per hour by October 2012. This will provide a significant step forward



During the meeting at Minsk Regional Executive Committee

in dealing with the waste tyres which have accumulated in Belarus (according to some estimates, 50,000 tonnes per year). At present, only 15,000 tonnes are processed annually.

"In determining the best method of recycling tyres, we've focused on eco-friendliness and the ability to generate a good quality product," explains Mr. Ganchar. "Before deciding to set up this factory, the enterprise studied the sales market thoroughly. We're now

confident that new processing facilities will be completely export-oriented. We've already signed definite agreements with European enterprises and those from the CIS for the purchase of all our manufactures."

Forrec founder Marco Zoccarato notes that the Government has toughened requirements regarding purity of recycled materials. Fortunately, the company has been using the highest, contemporary levels of processing for 10-12 years,

while paying great attention to protecting the environment. "Our major trump card and achievement is that we make almost zero impact on the environment," he underlines.

Speaking about collaboration between Belarus and Italy, the Chairman of the Minsk Regional Executive Committee, Boris Batura, stresses that it's rather fruitful. In 2011, trade turnover between the Minsk Region and Italy amounted to around \$160m.

"The project to construct processing facilities is vital for Belarus, as we lag behind in recycling, with large volumes of waste tyres appearing. Some small enterprises are involved but this isn't enough. We hope that the agreement will become the first stage of further beneficial co-operation," Mr. Batura stresses.

During negotiations, recycling of refrigerators and other electronic household appliances was discussed.

Innovations to move to corporations

Belarus has initiated the creation of large international sci-tech and scientific-education centres, including involvement of world famous corporations, within the Customs Union and the Single Economic Space

Belarus' Prime Minister, Mikhail Myasnikov, explained more during his meeting with foreign scientific organisations and the National Academy of Sciences of Belarus. He noted, "I believe, we should be creating sci-tech and scientific-educational centres with real targets in mind, on an international basis, for the next 3-5 years." The PM knows that this is problematic for countries with small economies but is easier for integrated unions.

"I refer to the union of effort by scientists, as well

as designers and leading specialists from large companies," he asserted. Such integration can ensure an inflow of advanced technologies and principally new knowledge in definite areas.

The Head of the Belarusian Government has already discussed these issues with the Head of the Russian Government, Dmitry Medvedev. Both sides agree that interaction in the sphere of science and innovation should cover not only new technology and materials, but issues of national security.

Tackling issues of sci-tech co-operation with the EU, the Belarusian PM believes that many EU programmes fail to bring the desired results at inter-regional and national levels. According to Mr. Myasnikov, the process is too bureaucratized.