

Rich mineral resources are not subject to devaluation

Belarus is to retain the controlling share of Belaruskali JSC, to ensure that the development of the potash industry nationwide is conducted solely in the interest of the state and the Belarusian people

By Vladimir Kharitonov

Visiting the Soligorsk District's Berezovsky mine (owned by Belaruskali) Alexander Lukashenko stated, "I have no intention of selling Belaruskali for nothing. If someone wants to pay the right price that's fine but nobody will reduce this price." He stressed that only certain portions of shares will be sold — not the majority share.

Recently, there has been much speculation on the privatisation of Belaruskali. However, the President asserts, "I've always considered it to be the pearl of Belarus, belonging to the Belarusian people. There is much talk and, even, pressure, from all sides, even from those countries on which we are very dependent. It is difficult to resist this pressure." He recalled that, previously, the company was valued at \$30-32bn and stresses that nothing less will be accepted. "We could sell less than the controlling majority — perhaps 10, 20 or 25 percent. However, the price must still be right; 25 percent would be worth \$8.5-9bn. Whoever wants to pay this, come forward; such buyers have not been found. Everyone wants to buy the entire plant for \$8bn but I've bid them farewell — as it's not the right price. This is my principle position. We are in no hurry to sell Belaruskali."

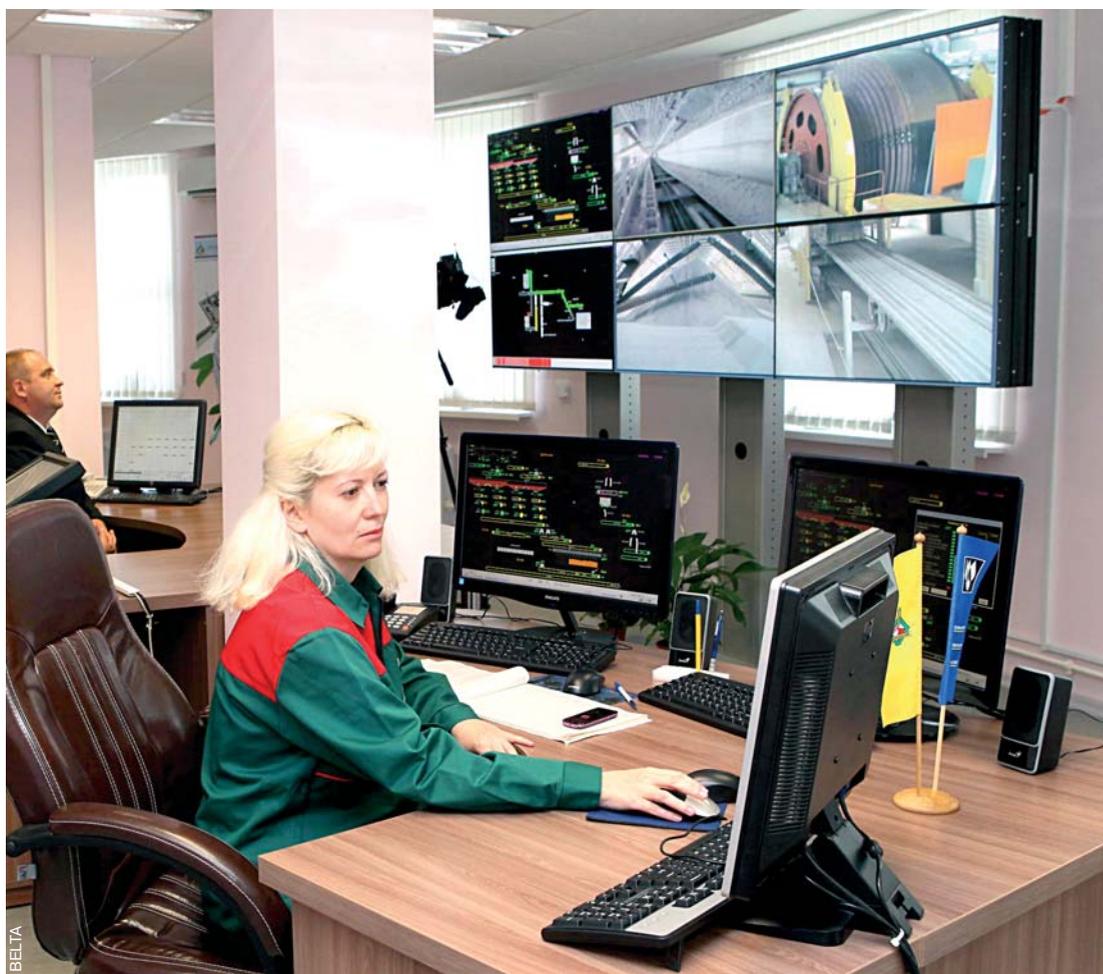
Regarding reluctance to sell the controlling share, Mr. Lukashenko explains, "I'm not afraid of losing control or power, as some write. Rather, a whole generation has invested their labour in building this company — not me! No one is going to sell it for a song. This is my sincere promise, given in public."

During his tour, Mr. Lukashenko saw plans for the development of the potash industry and looked at the results of export sales of potash fertilisers for 2011 and 2012. He also discussed a few problematic issues regarding relations with Russian partners. He noted that relations with Russian shareholders of the Belarusian Potash Company may need revision. "All issues relating to the BPC should be resolved by September, with no fuss — even if we have to reconsider our relations with the Russians. Let's come to a sensible solution. We need full clarity," he



Belaruskali — one of the largest producers of potash fertilisers in the world

Belaruskali is one of the largest producers of potash fertilisers in the world: 16 percent of the world's potassium production comes from the Belarusian enterprise



instructed.

"If they want to work independently, let them to do so. The BPC should be preserved by any means possible since, in addition to selling potash fertilisers, it also has to deal in compound fertilisers," the President emphasised. He notes that the Belarusian Potash Company is a brand that no one would wish to 'scrap'. "Either they

[the Russian partner] will work with us or we'll go our own ways. They won't want to separate so it's necessary to follow an honest path."

On January 1st, 2012, the production capacity of Belaruskali stood at 10.3m tonnes of potash fertilisers per year: up 1.5m tonnes on January 1st 2011. Moreover, rising capacity at Krasnoslobodsky mine and the launch

of Berezovsky mine will allow the company to increase production capacity to 11m tonnes of mineral fertilisers in the near future.

In the long term, a new ore-dressing complex (with a capacity of at least 1.5m tonnes of potassium chloride per year) is also planned — at Petrikov potash salt deposit. The Director General of Belaruskali JSC, Valery

Kiriyenko, reports that implementation of this investment project has begun, with a business plan and feasibility study being developed; its deposit reserves are being assessed according to international standards.

Open tender will be used to select a co-investor to contribute half the cost (the other half will be invested by Belaruskali). Mr. Lukash-

enko hopes that Belaruskali will carry out the project at its own expense if it can afford to, to avoid giving away half of the enterprise. It may be able to attract credit resources for this purpose he notes, saying, "A co-investor won't be giving money out of his pocket; he'll also have a loan, on certain terms. So, it is surely better to leave the deposit in the state's hands."

Taking into account all potash industry projects until 2020, production of potassium fertilisers in Belarus may come to exceed 15m tonnes per year. Mr. Lukashenko symbolically launched Belaruskali's Berezovsky mine and chatted with employees, who expressed their desire to build more schools and kindergartens in the new micro-districts around Soligorsk, while improving the territory around Soligorsk water reservoir.

Mr. Lukashenko also visited the Republican Hospital of Speleological Treatment, which has treated patients with respiratory diseases for 22 years, via speleotherapy (at a depth of 420 meters below the mass of rock salt and potassium — at Belaruskali's first potash mine). Following reconstruction, the hospital can now accommodate up to 120 patients. The underground section of the hospital has a stable microclimate, with a perfect balance of air to aid those having trouble breathing. Visiting the underground wards, where patients are treated day and night, he saw the sports facilities for volleyball and tennis and noted that he hopes to see the hospital expand its capacity. "We could offer more places," he stressed, adding that the building is well constructed, but not yet at full capacity. In his view, more children could be treated — especially in the underground area of the hospital.

Since it opened, the hospital has treated over 30,000 people from Belarus, as well as those from Kazakhstan, the Baltic States, Russia, Ukraine and elsewhere. Each year the hospital receives about two thousand patients; after reconstruction, their number is set to double.

Mr. Lukashenko notes that our hospital services are in demand among Belarusians and foreigners alike, offering potential for more export revenue.