

Inflation can rise only from external causes

The Chair of the Board of the National Bank, Nadezhda Yermakova, has informed President Alexander Lukashenko of the situation on the currency market. How has the National Bank and the entire banking system been operating and how is their liquidity?

The President was clearly interested in issues of loan accessibility and the implementation of government programmes. "I see a trend in the refinancing rate falling, which is correct; we need to continue in this direction," he asserted. "It's beneficial both for the state and the economy and, therefore, for the public. Work in this direction should be continued."

Mr. Lukashenko asked about the dynamics of public deposits and recalled that he had previously asked that subsidiaries and branches of foreign banks receive attention. He emphasised, "How are foreign banks working? I've received information that some behave just like foreign agents, in the full sense of the word. Businessmen complain that their company's financial records may be copied and made available to customers. I checked this and it was confirmed. I asked you previously to look into this. What steps should be taken and do you need my intervention?" The President also drew attention to the fact that, if foreign banks enter the Belarusian economy, they must work for mutual benefit, rather than purely participating in projects of interest to themselves.

Ms. Yermakova added, "Banks with foreign capital, mostly Russian,

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are working on our market, offering loans within the economy." She explains that the monetary sphere is calm. Since the beginning of the year, the Currency and Stock Exchange has seen the National Bank purchase various currencies, worth \$1.8bn. Enterprises are actively selling currency. In addition, since the beginning of the year, the public has sold \$600m (net) of currency.

Recently, the amount of currency purchased by the public has

risen for various reasons — including the need for money for foreign holidays. Ms. Yermakova notes, "In May, we saw a zero balance. In June, it was negative and, in July, the population bought even more. It's a traditional trend, being holiday time. Also, population incomes have risen."

The Head of the National Bank continued, "The situation regarding economic crediting is also normal. The banking system has liquid-

ity and all banks have access to resources (in Roubles and foreign currency). The economy has access to money and credit growth is within prescribed limits. This means that there is no need to change or deviate from the calculations that we have made."

The report concludes that the current refinancing rate (31 percent) allows for rising deposits in the national currency (without allowing excessive loans and with maintained profitability on deposits). The refinancing rate is gradually falling, as is connected with other economic indicators.

Ms. Yermakova adds, "We are controlling inflation by adjusting liquidity, withdrawing cash flow from the banking system and keeping the refinancing rate at a set level." She notes that the first half year results show that inflation is steady and meets expectations.

"We do not foresee any problems or a change for the worse. If only the outside world doesn't impact upon us (primarily the European Union) — since this could affect the solvency and the purchasing power of our enterprises and that of the markets to which we export. We'll see. We shouldn't see additional inflation from internal causes."

Choice in favour of good conditions

By Yelena Yurtsova

Lithuanian retail chain Norfos Mazmena invests about 5m Euros in building factory in Belarus



The operator of Lithuanian Norfos Mazmena has already bought land in the town of Vileika, where it plans to build a vegetable canning plant, as announced by the company's press representative, Darius Ryliskis. He explains that the plant will be built 140km from Vilnius, with investments of about 5m Euros. Currently, designs are being drawn up.

Belarus has been chosen for its cheaper energy, good investment conditions and access to a wide market. It is not yet reported how many jobs will be created but construction is to begin next year. In Lithuania, Norfos Mazmena owns 128 retail stores, being one of the most popular retail chains in the country.

Business ties with Lithuania activate

According to Tadeush Pitkevich, of the Belarusian Universal Commodity Exchange JSC in the Baltic States, the President of the Business Co-operation Club (between the EU and CIS), who took part in the Lida Region-2012 fair, international forums and meetings at regional level stimulate entrepreneurial development: new relations are established and foreign trade rises

Since the opening of a branch of the Belarusian Universal Commodity Exchange in Lithuania in late 2009, nearly 20 new Lithuanian firms have registered there for co-operation with Belarusian producers. Recently, Lida welcomed foreign entrepreneurs to its fair - some with existing contacts and some newly searching for Belarusian partners. The event allowed guests to find out directly about various goods, while establishing contacts.

The Belarusian Universal Commodity Exchange (BUCE) is the only one in Europe operating a 24/7 trade portal for various industrial and consumer goods, enabling entrepreneurs to trade and procure transactions over the Internet. It deals in metal, timber and agricultural produce, as well as bidding and state purchases. According to BUCE's First Deputy President, Victor Vladyko, the Exchange currently has about 10,500 clients; last year's total turnover amounted to \$1.5bn.

Investors view conditions as attractive

By Olga Belova

Children's nappies manufactured at Mogilev FEZ

Belarus' first contemporary manufacturer of nappies is now operating in test mode, with the first batches already produced. It is expected that the enterprise will annually produce 112m nappies, rivalling foreign analogues in quality while being cheaper.

Speaking to the Turkish businessmen implementing the project, Belarus' Prime Minister, Mikhail Myasnikov, noted that Belarus is ready to certify the factory ahead of schedule, to speed up the manufacturing process. "In this way, we'll improve your business conditions, by reducing registration terms. Moreover, we've already solved issues relating to off-site utilities, promoting realisation of the project," emphasised Mr. Myasnikov. He hopes to see a second nappy manufacturing line soon established.

"Our market for this produce is huge but there is also scope for ex-



port; 112m of nappies

per year is a solid amount and, if we acquire another line, we could reach 250m," he added.

The Turkish businessmen are now considering opportunities for the production of other personal care goods — for women and children. "We'll help you to sell these goods," stressed the Prime Minister. The Turks have praised the high level of organisation of conditions for doing business in Belarus and assert that they have been attracted by the good business environment and the country's favourable geographical location.

Oil to be extracted with great skill

By Tatiana Bolgovskaya

Petrolera BeloVenesolana JV conducts first oil drilling over water site

The operation has been conducted at the western deposit, located over the waters of Lake Maracaibo (using a platform). Results currently correspond to expectations: 96 barrels of oil daily. If extraction remains stable over the next few months, two more such sites could be set up by the joint enterprise.

During the testing stage, geophysical research was organised, in addition to repair works, by specialists from Belarusian-Venezuelan Petrolera BeloVenesolana. The company's Science and Innovation Department organised the hydraulic fracturing, with help from outside contractors.

Belarus holds a 40 percent share in joint venture Petrolera BeloVenesolana (held by Belorusneft). Set up in December 2007, it currently employs over 50 Belarusian specialists, who have technological, material-technical and scientific skills, having worked at Belorusneft. Jointly with their Venezuelan colleagues, they work at seven oil sites and six of gas; around 1.3m tonnes of oil



At oil deposit in Venezuela

and 1bn cubic metres of gas are expected to be extracted in Venezuela this year.

Moreover, our Belarusian specialists are involved in the capital repair of oil wells, and offer other services relating to the development of deposits and enhancement of oil extraction. The joint venture has created a Department of New Technologies and Innovations, which is involved in launching technologies developed at Belorusneft's BelN-IPINeft Research and Design Institute. Meanwhile, the Belarusian-Venezuelan seismological research company, Sismica BeloVenesolana, is conducting seismological works in the Orinoco River basin.