Some good indicators of recovery

GDP growth, inflation, imports and private sector development are priorities at recent Council of Ministers meeting

By Victor Hromov

Conclusions were drawn on the first half of the year and prospects defined for the future. Prime Minister Mikhail Myasnikovich noted, "The results indicate economic growth." Meeting goals, stability on currency and consumer markets and increasing the value of people's incomes are additional bonuses but the PM stresses that it's too early to talk of coming out of the recession completely.

Reliance on industry

As ever, we cannot speak of stable economic growth without modernisation and the creation of new enterprises. The latest state programme (for the period until 2020) plans to invest over $70bn in modernising the industrial sphere, with particular enterprises integrating into transnational corporations: machine tool building, electrotechnical and electrical industries.

Potential exists

Next year, the state plans to invest $3.6bn into developing farming — from budget and credit resources. In comparison, from 2005-2010 (the 'obese' years), about $3.2bn was invested in agriculture. Of course, investments are expected to yield profit; according to the Government, good results are evident, with exports of meat and milk reaching $2.8bn last year and $3.1bn forecast for 2012. However, experts say that there are many unrealised possibilities.

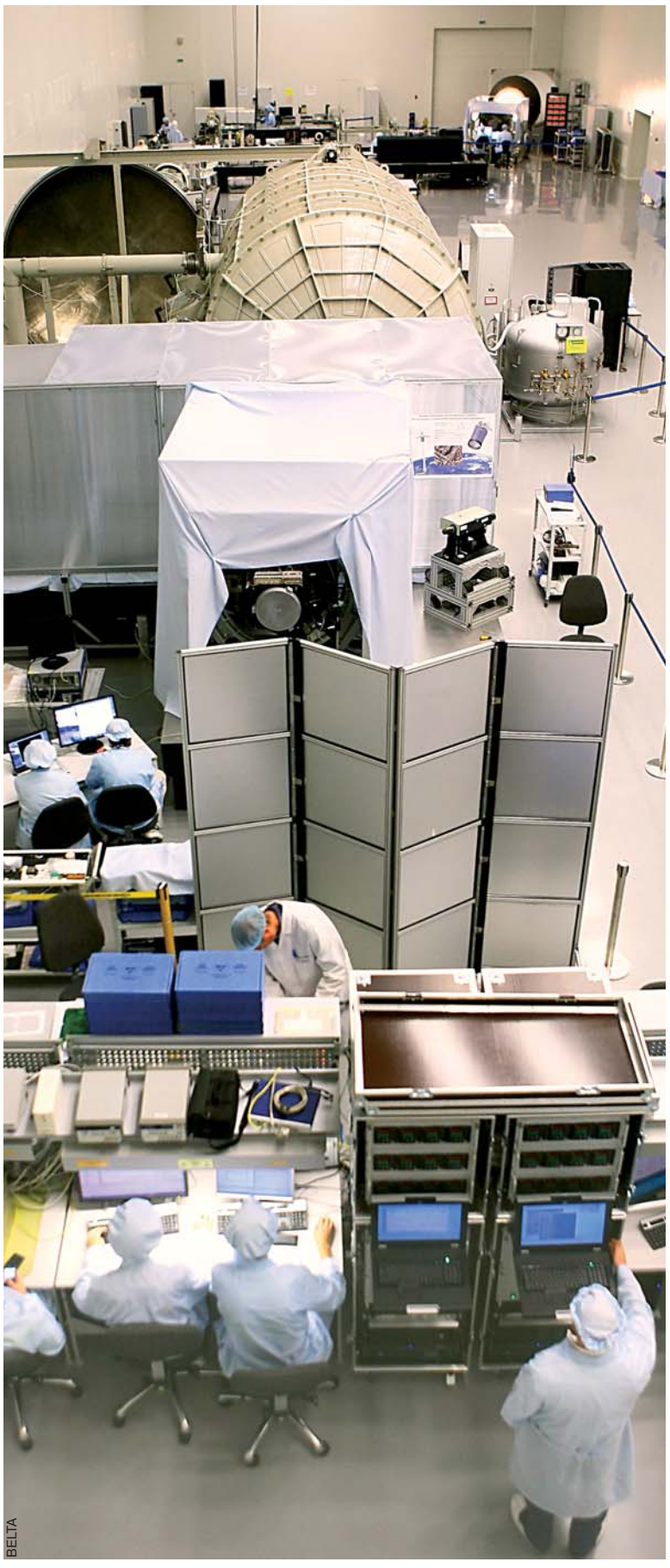
Housing — for those in need

In 2013, Government support of housing is to rise, with 1.5-fold more accommodation built (costing $2.4bn). Infrastructure financing is to rise 3.2-fold, costing almost $1bn! The Government promises that large families will receive housing within 3 years of registration; military families will be homed within 5 years in the regions and within 7 years in Minsk.

Tasks for the future

Goods and services should rise in export value by 15.2 percent next year. "We need to see a positive balance of trade of at least $0.5bn," stresses the PM. Talking about GDP growth, he emphasises that the level of 8.5 percent is 'as expected'. Inflation is to remain within 12 percent.

Health and education remain priorities for budgetary spending, taking 13.6 and 17.6 percent respectively from budgets at all levels (up in real terms this year). In August, the Government will show the President its socio-economic forecast and will outline the major directions for monetary policy in 2013.



BELTA

Peleng is flagship of space equipment development

Progress in reducing inflation

By Lidia Krapivchenko

Chairman of National Statistics Committee Vladimir Zinovsky reports that, over first 7 months of 2012, inflation stood at 12 percent (on December 2011)

"Prices for food products rose the most —11.7 percent, while those for non-food products rose by 6.9 percent," notes Mr. Zinovsky. "These rates enable us to fulfil the state's forecast for the current year — to restrain prices within 20-22 percent," he adds. He believes that Belarusian prices are lower than those in the Russian Federation, noting, "This is apparent in retail turnover in the border areas of the Vitebsk and Mogilev regions, since they export our goods to neighbouring Russian regions. It's good, as it means we should produce more."

Referring to the overall results of the economy over the first half of the year, Mr. Zinovsky is pleased to note that GDP has grown 2.9 percent while industrial production is up 8.5 percent. Agricultural turnover and gross output are also increasing. However, investments into basic capital and construction fell sharply, perhaps due to the major investments seen in 2011 and this year's reduced state budget for construction.

He added that the number of unprofitable enterprises fell by 20 percent. This good trend needs further strengthening via direct foreign investments to raise efficiency.

New oil deposit yielding good volumes

By Valery Sidorov

Belarusian-Venezuelan JV brings new oil well into operation

Belarusian-Venezuelan oil and gas extraction joint enterprise Petrolera BeloVenesolana has launched its latest well at the Lago Medio Block X deposit, located on Lake Maracaibo. The site was selected with assistance from BelNIPINeft Research and Design Oil Institute.

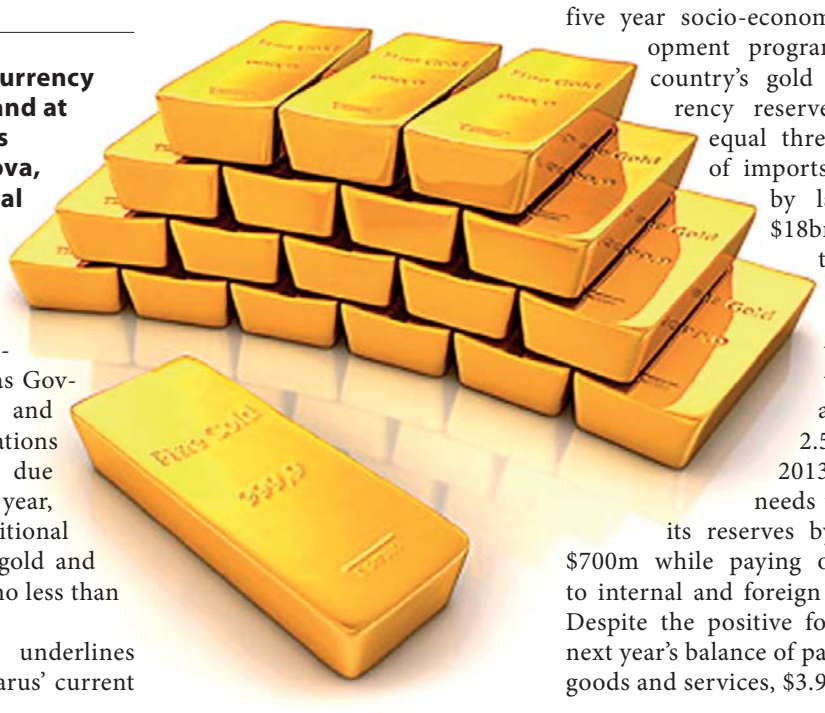
Oil from Venezuela

The well boasts a depth of 3.5km and is producing over 545 barrels (over 75 tonnes) of oil daily. Located in a traditional oil district in Venezuela, the area has been developed for almost a century but Belarusian specialists discovered the new deposit last year. Initially, the first wells produced 3,300 barrels of oil per day (450 tonnes). The average oil extraction by the Belarusian-Venezuelan JV stands at 85 barrels (12 tonnes) daily.

Truly favourable background for attracting more investments

By Lilia Krapivina

Belarus' gold and currency reserves should stand at $8bn at least, notes Nadezhda Yermakova, Chair of the National Bank's Board, at Council of Ministers' session



"Taking into account foreign economic risks, as well as Government payments and National Bank obligations in foreign currency due until the end of this year, we need to adopt additional measures to sustain gold and currency reserves at no less than $8bn," she stresses.

Ms. Yermakova underlines that, in line with Belarus' current five year socio-economic development programme, the country's gold and currency reserves should equal three months of imports in value by late 2015: $18bn. Over the next three years, they need to rise almost 2.5-fold. In 2013, Belarus needs to expand its reserves by at least $700m while paying over $4bn to internal and foreign creditors. Despite the positive forecast for next year's balance of payments in goods and services, $3.9bn will be needed to pay customs duties on Russian oil products.

Direct foreign investments worth $4.5bn are being attracted, creating a major source of foreign currency earnings, in addition to our usual exports. Moreover, two tranches from the EurAsEC Anti-Crisis Fund — worth $880m — are also to arrive. In 2013, the National Bank plans to gradually reduce its presence on the foreign currency market, to strengthen its anti-inflationary policy. "The stability of the national currency exchange rate will primarily depend on a balanced macroeconomic policy, with strict monetary policy and disciplined budgetary and tax policy," explains Ms. Yermakova. She believes that inflation will be maintained at 12 percent next year.