

## Some prices rise while others fall

**Economists believe that inflation is always with us**

Absence of inflation is usually a sign of stagnation in the economy. Naturally, no one wants to see consumer prices for goods and services rocketing. Belarus is now seeing price growth steady, as the National Statistical Committee reports; in July 2012 prices rose by 101.3 percent compared to June, but have only grown 12 percent since the beginning of the year. These figures are within the scope of the annual forecast, which aims to see prices for goods and services rise by no more than 19-22 percent.

In July 2012, the price index for industrial goods rose by 100.9 percent in comparison with June and 113 percent in comparison with December 2011. Prices for investment goods rose by 0.7 percent and 21.4 percent respectively while intermediate goods rose in price by 0.1 percent and 9.7 percent. Over the same period, consumer goods rose by 2.4 percent and 15.2 percent.

The National Statistics Committee notes that, in July, prices for agricultural products rose by 102.1 percent in comparison with June and 122.8 percent compared with December; crop prices increased by 110.6 percent and 137.3 percent respectively, while those for animal breeding rose by 99.8 percent and 119 percent. In July, the price index for food amounted to 102.1 percent compared to June and 114.1 percent compared to December.

## Whole market is changing

**Over past seven months, banks sold more foreign currency to the public than they bought**

According to the National Bank, over the past seven months, banks have sold almost \$3.863bn of foreign currency to the public, of which \$3.685bn was given in cash (\$18.1m per day on average). Meanwhile, banks purchased \$3.445bn in equivalent from the public, leaving a negative balance of \$418.5m.

However, the situation on the currency market remains stable overall. The National Bank reports that the volume of foreign exchange transactions reached \$34.477bn over the first seven months of 2012, with \$17bn from trading on the Currency and Stock Exchange. The OTC market volume amounted to about \$10.9bn while sales turnover in foreign currency to individuals reached \$6.52bn.

Additionally, the National Bank tells us that gold reserves fell by \$99.3m over the same period; on August 1st, 2012, they amounted to \$8230.2m in equivalent (by national definition, gold and currency reserves fell by \$92.6m and amounted to \$9762m). This occurred due to the repayment of internal and external debts in foreign currencies — by the Government and the National Bank. In the second quarter, gold reserves fell by 200kg, to 31.7 tonnes, returning the figure to its former position at the beginning of the year.



Alutech Group already comprises six manufacturing plants

# Partnership financing found for investors

**Priorbank and the International Finance Corporation allocate 45m Euro loan for Alutech Group to build new plants in Belarus**

By Vitaly Mikhalev

The financing of the company will occur in two stages: Priorbank will provide 20m Euros, with another 25m Euros given from the IFC's own funds. The Director General of the Alutech Group, Alexey Zhukov, tells us, "This is the second joint project of the Alutech Group and the IFC. Over the last five years, with support from IFC funding, we've successfully completed construction of one of our enterprises. We're continuing to expand production capacity by building a second line of the extrusion plant and plan to launch a new enterprise making gates. Total investment is likely to reach about 90m Euros, including our own funds."

The Belarusian company makes aluminium profile systems, roller shutters and gates, which are widely used in the construction industry, for residential and commercial properties. About 85 percent of its goods are exported, with sales to 37 countries.

One of the plants extended by the Alutech Group is AluminTechno, which claims to be the largest extrusion company in the CIS. Its launching of a second line brings its total production capacity

to 45-48 tonnes annually (almost doubling its volumes). The second company benefitting from investment is to make components for gates, as well as finished products. Covering over nine hectares, the new 50,000 square metre factory is being built with aluminium rods made by Alutech.

Priorbank Board member Vadim Matyushkin notes, "The decision of Priorbank to help fund this major project is a bright example of continued support of innovative Belarusian enterprises with significant export potential. The bank is gradually implementing a strategy to increase the flow of foreign investments into the Belarusian economy."

The Head of the IFC in Belarus, Max Yacub, adds, "Our strategy in Belarus is focused on helping private sector development, improving its competitiveness. The new project with Alutech Group will promote further technological upgrading of enterprises, while raising the level of transparency. We also hope that our co-operation with Alutech will set an example, attracting more investments into Belarusian companies using advanced technologies."

The Deputy Chairman of the Nation-

al Bank of Belarus, Sergei Dubkov, notes that enterprises earning revenue are the backbone of any stable economy or financial system. Alutech is setting a good example: creating new jobs and producing new goods, as well as attracting investments into the country. The greater number of such enterprises, the more the Belarusian economy will benefit.

Belarus joined forces with the International Finance Corporation in 1992. Currently, the IFC is focusing its efforts on improving the business environment and the investment climate of Belarus, while enhancing the competitiveness of the private sector. The IFC has already invested nearly \$340m in various sectors of

the Belarusian economy. Alutech Group is a supply-sale holding, which includes six manufacturing plants and more than 20 sales companies in Russia, Belarus, Ukraine and the Czech Republic. It is a leading manufacturer of aluminium profile systems for gates in Eastern Europe, as well as the CIS roller market leader.

Priorbank is a subsidiary of Raiffeisen CIS Region Holding GmbH (87.74 percent of shares) and a member of one of the largest private banking groups in Austria and Central and Eastern Europe. It is one of five backbone financial institutions in Belarus.



Alutech is leading producer of aluminium profile systems in Eastern Europe