

Food industry workers join forces to become more effective

The advent of the Single Economic Space and Russia's accession to the WTO is inspiring the development of food processing plants. They need to improve their competitiveness and enhance their investment attractiveness by joining forces as holdings, with similar companies banding together.

By Andrey Romanovsky

"On the basis of large food companies, we're creating holding companies," explains the Chairman of Belgospishcheprom, Ivan Danchenko. "As within the Customs Union, we'll have to compete with major, powerful food companies from the Russian Federation."

The unification is being conducted on a territorial basis. For example, several companies are gathered around Gomel Fat Factory. Stolbtsy Horticultural Plant will join with Grodno Sugar Refinery, and Malorita Canning Vegetable Drying Plant with Zhabinka Sugar Plant. Sugar mills may band together with some confectionary plants, consolidating not only production ca-

capacity but efficiency, while accumulating financial resources for modernisation.

The Government aims to reduce production costs for companies by allowing them to save on taxes. Moreover, major food companies will be able to promote their products abroad more successfully. The formation of large food holding companies is set to revolutionise the industry, with Sergey Levin, known for promoting Syabar beer and Sochny juices, as well as Sontsa washing powder, suggesting particular food clusters. The largest confectionary factory in Belarus, Slodych, is set to be at the heart of one such holding.

According to reports, some Belarusian enterprises have attracted Ukrainian in-



Slutsk Sugar Refinery paying attention to updated production methods

vestors, including the owners of the brand Roshen. In recent years, supplies of Ukrainian sweet products to Belarus have increased significantly. Experts note that this success could be balanced by Roshen if it was able to raise production capacity and access to raw materials in Belarus.

In contrast, Russian producers are yet to show great

interest in reorganising the Belarusian food industry although some short term reactivation may occur. Some effort is required to promote Belarusian goods to the Russian market; for example, issues over the right to use old Soviet confectionery brand names, such as Alenka and Mishka na Severe (Bear of the North), are ongoing.

However, the Belarusian Government, realising the need to reorganise the sweet industry, is ready to begin major privatisation, selling shares which are currently state-owned. In addition, diversification should attract investors. As with Belgospishcheprom, confectionery companies are being encouraged to become more self-reliant,

reducing tariff and non-tariff fees and promoting Belarusian sweets abroad, to defend the interests of national companies.

Improving the competitiveness of the Belarusian confectionery industry should help raise export revenues several fold; these currently stand at over \$2.5bn annually for agricultural products.

Most northern vineyard in the country yields first fruits

Ogovskoe farm, near Vitebsk, embraces the vine

By Daria Kurilova

In the Vitebsk Region, amateur gardeners have long been engaged in cultivating grapes, despite these being more traditionally grown in the south. Some varieties are suitable for the north of Belarus but the notion of industrial wine-growing seemed bizarre until recently. "I decided to fulfil my destiny as a Georgian," jokes the head of the farm, Demiko Nadirashvili. He adds, "Grapes truly can be grown in the Vitebsk Region."

Last November, the farm began growing about 50 vines across more than 40 table varieties. By August, the fruits were ripening, with each grape weighing between 2 and 12g. They don't really differ in taste from the sweet, crunchy grapes of Southern Europe and a good harvest is forecast for the varieties 'kishmish' and 'talisman' and some red table varieties.

In addition, last spring, the farm planted about 300 frost-resistant varieties, which have rooted well. Within two to three years,



Belarus' most northern vineyard yields first fruit

the first great harvest should be ready.

The Chairman of the Vitebsk Regional Executive Committee, Alexander Kosinets, is now considering creating vineyards on

a wider scale, including storage facilities, with suburban farms across the entire region taking part. Processing facilities could then be built to make the most of the new crop.

Consultants to play an important role

By Vladimir Kharitonov

Financial advisors to be chosen in early autumn to aid privatisation of Belarusian enterprises

The Director of the National Agency for Investment and Privatisation, Dmitry Klevzhits, tells us that a short-list of financial consultants has been drawn up: Deloitte Consulting LLP (the USA), Mattig Management Partners (Austria), Admiralty International (New Zealand), CET Capital Ltd, Maxwell Stamp PLCs, Gryphon Emerging Markets Limited (UK), Marlagne Capital Advisors (Belgium), Zabolis Partners Group, PricewaterhouseCoopers UAB (Lithuania), Raiffeisen Investment AG (Germany), and KPMG, Ernst & Young and Uniter (Belarus).

The state plans to privatise eight companies — grouped into three pools. The first is formed from Baranovich Reinforced Concrete Constructions Combine, Belsantehmontazh-2 Trust JSC, Avtomagistral JSC and Building Trust #8 JSC. The second pool comprises Medplast JSC and Belgazstroy JSC, and the third features Konfa JSC and Minsk Mar-



garine Plant JSC.

A financial advisor will be determined for each pool of companies, with a shortlist drawn up after the evaluation committee reviews all applications. Technical and financial proposals will then be scrutinised closely and candidates chosen, with contracts signed.

In November, the Belarusian Investment Forum will be held in Minsk. "It should be powerful tool for showing our investment opportunities, investment restrictions and ways to improve the investment climate in Belarus," notes Mr. Klevzhits.

Both large corporations and representatives of small and medium-sized businesses from all over the world have been invited to the event, which is organised within four main areas: ICT; pharmaceuticals and biotechnologies; the development of regions; and the financial sector.