

Businesses perceive themselves as partners

Enterprises need self-sufficiency to influence market and ensure harmony

By Vasily Velikhanov

It's no secret that public business organisations remain weak in the country, including from a financial point of view. Most can only afford a modest office, the telephone bill and small salary for 2-3 full-time employees. However, business associations are finding ways to survive, elaborating wise proposals to improve business climate in the Republic. However, such work is being conducted on a voluntary basis, in free time. Meanwhile, branch regulations require daily strict analysis and control, with a staff of professional inspectors, offices, necessary equipment and allocated funds. At present, businesses cannot afford such expenses. Moreover, the branch authorities still prefer to keep market leaders in their 'administrative hands'.

An interesting question recently arose at a session of the Entrepreneurship Development Council under the President: how much does one famous Belarusian sewing enterprise pay in membership fees to Bellegprom Concern? A set percentage of its products' prime costs was the answer: it may seem small but totalled around 150,000 Euros last year. The figure is impressive so it seems inappropriate to question the benefits of a private firm's membership of a large concern. Really, is it possible for a self-sufficient and successful enterprise to leave? From a juridical and technical point of view, there is no problem; however, everything is quite different in practice. Many manufacturers don't dare to take such a step.

Many entrepreneurs understand that it's vital to establish powerful public organisations, which can elabo-



Minsk's Milavitsa JSC JV has been light industry flagship for many years

rate proper rules to aid the development of various businesses. However, few are in a hurry to finance such business unions. Professional business circles want to clearly understand the ideas, services and developments offered by a public organisation. At this stage, some contradictions arise: unions need funds for their normal functioning but businesses are only prepared to invest where they see a certainty of return. There are few risk takers in Belarus.

We always find some leaders distinguishing themselves in a particular sphere, with private capital taking an active part. These are surrounded by hundreds of medium-sized and smaller

companies. For example, Milavitsa and Conte and some others are unrivalled in the light industry. Only 2,000 firms are involved in the manufacture of clothes and footwear. When branch associations are set up, some contradictions might arise between large firms and small companies. The latter can face problems in joining as equals, since they cannot contribute the same funds. This makes them fear that their 'older brothers' are promoting their own corporate interests exclusively under the veil of branch development.

At present, only one branch public association is successfully and efficiently

functioning in the Republic: the Belarusian Association of International Road Carriers (BAMAP). Other similar organisations are either too weak or suffer from lack of funds or are under the influence of one major company, so only act as a voice for that firm, inspiring other enterprises to leave the association.

Really, the problem of business self-regulation could only be solved with the help of administrative resources at the highest level. Such organisations are natural rivals for branch ministries and departments; at best, they refrain from promoting each other — at worst, they can actually hamper. For exam-

ple, the Chairman of the Entrepreneurship Development Council under the President, Vladimir Zinovskiy, believes the 'disassembling' of some branch state structures is not a problem. "The Local Industry Concern was abolished and the industry as a whole was unaffected," he notes. "Some enterprises have disappeared but many new manufactures have been set up in Belarus which are self-sufficient and effective; they could work better if constraining factors were eradicated."

Clearly, political will is needed to activate public processes in the business sphere; this allows the redistribution of some market regulations.

Export oriented or import substituting

By Nina Liventseva

Last year, 45 residents were registered at the Grodnoinvest FEZ — almost the same number as in the previous eight years

New FEZ residents are implementing investment projects in such spheres as machine building and metal processing, the chemical and petrochemical industries, the manufacture of construction materials and the food industry. Moreover, goods are either export oriented or can be used for import substitution.

New enterprises are creating over 5,000 jobs, with around 500m Euros of investments made into basic capital.

Investor makes decision

Scooter production coming to Gomel's Motor Repair Plant

The five decade old enterprise is to receive a new focus from a domestic investor — a Minsk private enterprise which has recently purchased a large package of the Gomel plant's shares.

In line with the contest terms, the investor is obliged to inject at least \$500,000 into the plant's technical modernisation and reconstruction, while guaranteeing jobs and the company's major field of activity in coming years.

Six arrive, with four more soon to come

Third Swiss Stadler train, designed for Belarusian Railways' regional lines, arrives in Minsk

The new train is undergoing pre-operational tests at Minsk's railroad depot, with specialists checking its diagnostic systems, safety and electric equipment. Meanwhile, the Swiss company is preparing a fourth train for Belarusian Railways' regional lines — ready for early February.

Belarusian Railways has signed a contract with Stadler Bussnang AG for the production of ten modern electric trains for use countrywide. Six have been already shipped to Belarus and, in H1 2012, another four are to arrive (three for city lines and one for regional routes).

'Viking' train accelerates speed

Cargo volumes transported by container train rise 40 percent

Assessing the results of his country's Foreign Ministry work in 2011, Lithuanian Foreign Minister Audronius Ažubalis tells us that the 'Viking' train has been expanded to cover Georgia and Moldova and that talks are underway with Turkey, Bulgaria, Azerbaijan, Syria and Egypt.

"We hope the project will further develop — not only southwards but to the north and to the Scandinavian states," he stresses, adding that 'the project would never have come to life without Belarus.' "It was initiated by three countries: Lithuania, Belarus



Container trains demonstrate their reliability

and Ukraine. Two other states joined not long ago," Mr. Ažubalis notes.

On the part of Belarus, the Re-

publican Transport-Expedition Belintertrans Company is successfully realising certain container train

projects with foreign partners — in particular, the 'Viking' route (Odessa/Ilyichevsk — Minsk — Klaipeda), the 'ZUBR' (Tallinn — Riga — Minsk — Ilyichevsk/Odessa) and the 'Mongolian Vector' (Brest — Iletsk — Ulan-Bator).

In 2011, container transportation by Belarusian Railways totalled 111.4 percent against the previous year, with Hewlett-Packard computers being transported from China to Germany, Bosch products from Brest to Moscow and BMW components from Germany to China. Belarusian Railways currently operates ten container trains.