

# Competition brings risk and inspires innovative strategy

The Belarusian economy's openness is confirmed by exports: 85 percent of all domestically produced goods and services are sold abroad. The country's well-being (and the stability of its currency) depends on sales promotion.

By Kirill Yemelyanov

Exports are a key factor in Belarus' economic security so, unsurprisingly, the Government is paying special attention to them of late. Analysing the country's social-economic development over the past nine months, it is questionable whether all reserves are being used to the full; what can we do to inspire further exports? The Deputy Chairman of the Belarusian Scientific-Industrial Association, Professor Georgy Grits, tells us, "The problem lies in the changing market situation globally. It has been our lifeline of late but the prices of most of our exported goods have fallen: ferrous metals, potash fertilisers and food. Demand is also decreasing. Belarus has joined the Single Economic Space while Russia (our key partner) has become a WTO member. Both structures are based on open market conditions: an equal playing field for all. This creates new opportunities and new risks."

**What can be done to improve the situation for Belarus?**

*Strategically, we need to diversify our economy, shifting to new technological approaches and manufacturing products*



Tyre assembler Alexander Trofimov works at Belshina, which is raising its export volumes annually

*with high added value. Selling raw materials — either beef or timber — does not ensure the necessary profit, even when selling abroad. It usually takes*

*five to seven years to make such a shift, so we need to act now. In our favour, we pay half as much as Ukraine for natural gas while we are rais-*

*ing the energy efficiency of our enterprises and reducing the amount of materials used, improving our costs and energy efficiency.*

**Do we undervalue the role of efficient commodity distribution networks?**

*All over the globe, intermediary structures are*

*a natural avenue for sales. They don't simply buy and sell goods; trading agents seriously study their markets and competitors, making supply requests to producers to reflect their perception of future demand. To some extent, they bear responsibility for what's manufactured. They also provide after sales services. Many even pay upfront for orders, receiving a discount in return.*

**Internationally, producers are battling for sales, so a well-thought-out marketing policy must be vital...**

*Definitely. Potential production of goods and service globally is double that of demand so promotion is crucial. Traditional sales schemes are no longer effective. Company heads need to be innovative and choose their dealers carefully, checking credit history. Marketing looks beyond current sales to future potential, using strategy to shape demand and research to discover emerging trends. A senior engineer might work directly at the manufacturing facility while the director must create a longer-term strategy involving investors, partners, dealer networks and state programmes. This is the only way to ensure success.*

## Sound estimation of real worth

By Alexey Vesnyakov

**Potassium retains quite a steady value on the international market, despite some fluctuations in demand, supply and price**

Of course, mineral resources are limited over the globe and potassium is particularly important in its role

of improving harvest volumes and quality. With food production gaining importance with the growing global population, manufacturers worldwide are showing increasing interest in this resource.

Israel Chemicals Ltd (ICL) is the world's largest producer of potassium chloride. Canadian Potash Corp owns 13.84 percent of the company and, a few

years ago, was keen to buy out the Israeli producer fully. The deal fell through but, according to the Bloomberg Agency, around \$13.5bn are offered now. While the Israeli company produces 4.4m tonnes, ICL's production capacity stands at 6m tonnes annually, and Belaruskali boasts an impressive 10.3m tonnes. Naturally, we can draw conclusions as to

the value of the company's assets, as noted repeatedly by the President of Belarus, Alexander Lukashenko.

Using corresponding values, Belaruskali's capacity would indicate a value of \$30-32bn — which many view as exorbitant. However, with the world market in potash fertilisers ever growing, the value could be even higher.

## 'One stop shop' principle for investors

By Vasily Khromchenko

**A draft regulation from the Chairman of Minsk City Executive Committee has almost been agreed, envisaging the clear regulation of all stages of work with investors: from application to the signing of investment treaties**

"At the next stage, we'll deal with more complex procedures; an agreement needs signing before we give permission for construction," explains Nikolay Akhramenko, the Head of the Minsk City Executive Committee's Investment Department.

The innovations include the foundation of an advisory board for investment activities, offering advice and support to investors from the very beginning through to signing documents. Investors will be able to ascertain whether a land plot is available and what encumbrances may be involved, alongside town-planning restrictions and the possibility of connection to existing utilities.

Submitting documents to a 'one-stop shop' officer is the next step. Within an hour the officer will scan documents and place them in a common digital database. "Saving about 10 days," explains Mr. Akhramenko.

After three days, a written statement should be available on the viability of the project (involving around seven services). Around 10-14 days after submitting documents, the Economic Committee will summarise them for discussion, with the results approved by the Minsk City Executive Committee. The total examination process should take 25-30 days, and, if the investment contract has to be polished, the duration could be 60 days.

"To prevent abuse of office, we've decided to prevent contact between investors and the City Executive Committee, except for when absolutely necessary. We believe that the new procedure will save time in considering applications from investors while aiding transparency," underlines Mr. Akhramenko.

## Brands do have intrinsic value

By Oleg Onufriev

**Belarusian manufacturers need to assess the value of their brands, notes book devoted to brand protection**

"We should make assessments as we've underestimated the value of brand loyalty and of various intangible assets," notes the Chairman of the Minsk Capital Association of Entrepreneurs and Employers, Vladimir Karyagin. Of course, there are many ways to assess brands and trademarks

but Belarusian and Eurasian patent attorney Maryam Goryachko explains that Belarusian legislation does cover this sphere, which can greatly influence the success of businesses and the economy at large.

Few companies in Belarus appreciate the notion of trademarks and have no idea of the importance of protecting them. Clearly, they need

to be educated, understanding that all brand names should be protectable as trademarks.

The Chairman of BelBrand Association, Albert Taipov, emphasises that companies may find themselves paying more tax as a result of assessing the value of their brand. "However, the move also has great benefits," he asserts. The Press Secretary of the Ministry of Foreign Affairs,

Andrei Savinykh, tells us that Belarus has two or three global brands and about a hundred regionally known (using set criteria of recognition).

The book dedicated to the protection of Belarusian producers' brands details current issues in the field of intellectual property rights. Besides Mr. Savinykh and Mr. Taipov, its authors include an academician of the National Academy of Sciences of Belarus, Piotr Nikitenko, and the Director of the Strategic Development Centre for Marketing Technologies, Anatoly Akantinov.

