

Strategy should be aggressive, without any fear of imports

President and Prime Minister discuss growth of GDP and export potential

By Vladimir Khromov

Various economic models exist around the globe, each with their own advantages and disadvantages. However, some common elements exist, which we ignore at our peril. The current global financial crisis has forced the whole world to remember that we can only spend what we've earned and must earn more if we wish to improve our standard of living.

For Belarus, this means that exports must be maximised, generating as much profit as possible. Our open economy features the export of almost 85 percent of all produced goods and services; these fund our budget and gold and currency reserves. Any thought of relaxing production is unthinkable, since this is our main source of revenue. Accordingly, we must continue to think ahead, looking to innovations and setting the bar ever higher, to avoid being overtaken by competitors. This was theme of the President's meeting with Prime Minister Mikhail Myasnikov.

Focus on profit

A wide range of social and economic issues were discussed — from pricing strategies to major foreign economic projects. Also in attendance were the Head of the Presidential Administration, Andrei Kobaykov, and the President's Assistant, Piotr Prokopovich, Economy Minister Nikolai Snopkov and Finance Minister Andrei Kharkovets.

The head of state's first interest was to hear the preliminary results of 2012 and plans for next year. "I see disorder and vacillation!" noted the President. "Exports are being hailed as the main thing, with GDP disregarded. I understand that exports are a vitally important indicator but,



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without GDP, there won't be large export volumes. Our economy is such that increased exports or GDP will lead to increased imports. So, let's produce goods at greater profit. It's not bad to see imports rise but exports must also grow not only to compensate for expenditure on imports but to gain good added value."

No private matter

Of course, we don't expect an easy life next year; it's enough to see the situation in Europe. However, we have strong foundations, such as the country's record harvest of 11.5 million tonnes of grain and corn — as mentioned by the President. It's especially important in view of the situation in neighbouring countries and in the Customs Union. Who would have thought that Kazakhstan, one of the leading exporters of grain, would harvest just 14 million tonnes of wheat; crop failure can cause serious imbalances on the world food market, affecting food prices. "We should manage our wealth properly,"

stressed the head of state.

Export prospects

We need a more aggressive export strategy, in the best sense. The recent Asian tour by the Prime Minister, to Kazakhstan, Bangladesh and India, was quite productive — as Mr. Myasnikov reported. Long-term contracts have been concluded to supply BelAZ and MAZ vehicles and to set up assembly of tractors and dump trucks in Kazakhstan, as well as plants producing food in Bangladesh and Kazakhstan.

Great prospects are opening up regarding the supply of potash fertilisers; Bangladesh has agreed to buy at least 500,000 tonnes of Belarusian potash fertilisers annually, alongside 250-300 thousand tonnes purchased by commercial entities. In addition, India is willing to buy 2.7 million tonnes of our potash fertilisers, meeting most of its requirements. India has also confirmed its desire to invest in the development of the Petrikov deposit, where geological exploration is already being

Belarusian machine building is among our leading export sectors

conducted. Additionally, an agreement has been reached for India to review its anti-dumping policy (since Belarus has a market economy). The PM wishes to see Belarus raise its presence across Asia and South America — particularly Brazil — selling potash fertilisers and machinery.

No less ambitious is a project to construct the Garlyk Mining and Processing Plant in Turkmenistan; profitable for both sides, it should employ about 2,500 people by January, including about a thousand Belarusians.

Next year, export volumes should rise by 15 percent, if export approaches are adjusted. Instead of traditional schemes of promoting Belarusian products abroad, we need to make full use of export sales on credit and of leasing schemes, including the use of start-up capital to send the first Belarusian goods to new markets.

Strategic balance

As winter advances, energy resources come to the fore. According to the PM, all issues are settled with

Russian partners, with 21.5 million tonnes of oil imported through 2012. The volume for next year remains problematic, as Belarus expects to receive 23 million tonnes — largely destined for our high-grade oil refineries, which produce oil products of European quality. Much money has been invested in modernising the refineries, which need to work efficiently and at full capacity. The PM asserts, "We're not yet satisfied with the volumes being discussed with the Deputy Chairman of the Russian Government, even though about three million tonnes of oil products are destined to be delivered (under market conditions) to the Russian Federation next year."

Mr. Lukashenko is keen to see market prices remain unaffected by seasonal factors and the fulfilment of all 2012 forecasts — especially in regard to GDP. Alongside exports, this is one of the key macroeconomic indicators affecting the welfare of the state and society. No failure is permissible.

Following path of well-timed new changes

By Vasily Kharitonenko

Alexander Lukashenko recently visited Ivatsevichdrev JSC's new line, manufacturing chip and laminated boards, being keen to learn about its contemporary technological processes

It uses complete automation to produce boarding, with sales revenue expected to repay the 158m Euros spent on setting up the line (from bank loans, the enterprise's own resources and budgetary funds). Its boards will be used to supply local furniture manufacturers, satisfying local demand and allowing more exports to be enjoyed. A factory in Ruzhany is to be modernised to join the project, producing several



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New production for Ivatsevichdrev

components for furniture within the next two years.

"We need to diversify our econo-

my. Today, we're using imported raw materials from abroad which need to be replaced by our own resources.

We have a wealth of forest, so we're modernising these enterprises," notes the President. The contemporary technological modernisation of Ivatsevichdrev JSC is an example to be followed.

The new shop floor is a true production idyll, being almost entirely automated: from the milling, chipping and shredding of wood, to the manufacture of chipboard, covered with textural coatings. Importantly, all components are manufactured on site, which is the major aim of the modernisation of timber processing — as supported by the Belarusian leader back in 2007.

We need to change the structure of the economy while focusing on import-substitution and export-oriented manufacturing, using do-

mestic raw materials. Thank God, there are plentiful woods in Belarus, so we should be using this resource to maximum effect. After examining the new line, Mr. Lukashenko listened to reports regarding the modernisation of eight similar enterprises: FanDok, Borisovdrev, Mogilevdrev, Rechitsadrev, Vitebskdrev, Mozyr Wood Processing Industrial Complex, Mostovdrev and Gomeldrev.

The projects seem sensible and competitive and none of the directors complained about how to achieve sales; chipboard based furniture is found in every home around the world! Where materials were once imported we can now aim to satisfy domestic demand and produce enough to create export revenue.