



At wood processing enterprise Vitebskdrev

Lost time must be caught up

It is planned to focus significant efforts and funds on full industrial modernisation

By Vasily Kharitonov

Major investment projects, under the guidance of the Head of State, include those relating to wood processing. The latter could generate significant revenue for the national budget. Mr. Lukashenko has continued to encourage modernisation of furniture producing enterprises — such as Mogilevdrev JSC, which was built in the mid-20th century. It was using obsolete technologies until recently but is now seeing labour efficiency rise dramatically. Initial stages have been updated — for the preparing of raw timber and the efficient supply of heat — but further processing is yet to be upgraded. Initially, it was hoped to complete all modernisation within two years but Mr. Lukashenko is keen to bring forward the schedule (at Mogilevdrev and elsewhere) to November 7th, 2013 at the latest.

Of course, each day of delay in achieving modernisation leads to additional losses and leaves enterprises vulnerable. The branch currently lacks competitiveness, though its wood products are in high demand worldwide. This hinders the wheel of diversification of the economy.

Mogilevdrev's initial investment project was due to be completed in spring 2009 but deadlines were repeatedly missed, leading to the new deadline of 2013. Of course, some improvements are already in evidence, as inspected by Mr. Lukashenko during his tour of the premises. He visited workshops and paid attention to the quality of work, giving instructions and supporting the company's plans to expand furniture production. This should enable Mogilevdrev to enjoy a full production cycle and increase added value.

The President noted that raw timber requires deeper processing to ensure that profits are maximised. He emphasised, "We'll seriously punish those who sell logs [abroad]." The investment project should enable Mogilevdrev to significantly boost its exports from today's \$2m to nearly \$24m by 2016.

Mr. Lukashenko also visited the company's old production facilities, where he was informed of upgrading and modernisation efforts, and viewed samples of manufactured products. He ordered that modernisation be completed as soon as possible. "We're now cutting our sports and culture related programmes, in Minsk and countrywide, tightening our belts to



direct funds towards industrial modernisation. Everything is settled in agriculture, with just a few avenues still requiring attention. It's now time to focus on industry." He added, "We're a European country and should be seen as being super-modern, with all enterprises being European-style."

Mr. Lukashenko reminded company heads of the need to raise employee salaries to an average of \$450-500 by the first three months of 2013. "We're keeping people here by force, making them work, so we must sweeten their lives in return," he stressed.

After visiting a third wood processing factory, Mr. Lukashenko concluded, "The modernisation programme deadlines weren't met but you've now begun work intensively." He is keen to see every enterprise take the initiative to modernise, beyond the wood processing branch and without waiting for direction. He believes that discipline can be improved, with new technologies implemented to ensure the production of competitive goods. He is also convinced that directors need to be more forward thinking.

Mr. Lukashenko plans to look closely at Orsha Linen Mill, Minsk's Worsted Plant and Baranovichi's Cotton Production Amalgamation. "I plan to visit them soon, starting with the Worsted Plant and followed by the others this winter — or spring at

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the latest. Radical improvements are needed," he asserts.

Mr. Lukashenko has plans for the linen processing enterprises, noting, "We've mastered flax growing but its quality is far from perfect. Processing is vital." He noted the setting up of a joint company in Shklov, which he intends to visit.

Regarding the agricultural sector, he stresses that most problems have been solved. "We've settled all issues regarding grain, flour making and corn processing, in addition to the growing of garlic, onions, peas and asparagus. Only flax growing remains complex; we must solve our problems within our current five-year period."

During his working trip to the Mogilev Region, Mr. Lukashenko also tackled the problem of Mogilevkhimvolokno's modernisation. "We'll build a virtually new plant," asserted Mogilev Governor Piotr Rudnik. He asked the President to subsidise electricity and heating until the new plant

is built.

The First Deputy Prime Minister, Vladimir Semashko, reported that the Government considered reducing energy and heating rates for two companies — Mogilevkhimvolokno and Svetlogorsk Khimvolokno — but decided to apply the uniform rule, instead choosing to reduce prices for paraxylene. Mr. Lukashenko agrees with this approach and has ordered that prices be regulated as a temporary measure.

The President has warned against delays in upgrading Mogilevkhimvolokno, demanding that deadlines are met strictly and reminding officials of their personal responsibility.

Vitebskdrev JSC has also received attention from President Lukashenko regarding modernisation. He noted on visiting the enterprise the day after touring Mogilevdrev, "You should work as in war time. I've given you a clear signal and have taken great responsibility in signing a corresponding decree — for which I'm being 'threshed' from America to Russia. I won't be lenient on anyone; you should work day and night."

The President received a report on modernisation at the enterprise and the implementation of an investment project regarding fibre boarding. Moreover, he familiarised himself with the new line in the workshop and

its contemporary technological equipment.

The President is keen to utilise all available sites for timber processing, since the results are readily marketable, particularly abroad. Belarus has plenty of timber resources so it would be a 'true crime' to waste capacity, underlined the Belarusian leader. Vitebskdrev JSC assured him that all modernisation will be finished by mid-2013, with building and assembly works complete by March 1st, according to Alexander Kosinets, the Governor of the Vitebsk Region. He emphasises that modernisation of production capacities will be completely finished by 2014-2015, with the average salary of employees in 2015 exceeding \$800 a month (more than double the current figure). Exports and production volumes should also significantly increase.

The President noted positive dynamics in the socio-economic development of the Vitebsk Region but added that the region's enterprises are in debt, needing a plan for repayments. Mr. Kosinets assured him that the Vitebsk Region is able to fulfil its obligations in this sphere. "Yes, we've taken out loans but we've managed to modernise many areas despite the financial and economic crisis. As a result, we're receiving added value and have goods which are competitive — even with Russia's joining of the WTO," stated the Governor. Mr. Kosinets reported on the modernisation of industrial and agricultural organisations and the social sphere. He admitted that the Vitebsk Region is 'sitting on an import needle', with about 70 percent of industry depending on imported raw materials — such as oil, gas and heating oil. "Since 2008, we've been tasked with developing the processing industry: machine building, woodworking and radio-electronics. Over this time, we've actually reduced the share of the petrochemical industry by 10 percent, and, by 2015, the share should be only 45 percent," explained the Governor.

Despite certain gaps, Mr. Lukashenko is pleased by the dynamics of regional development. "You're on the right course, with discipline and order. You've taken out loans but the beauty of debt lies in its payment. Everything should be fair. You're behaving correctly," said the President, addressing the Governor. "I see that, at least, your dynamics are positive. I see no worsening of the situation but, rather, prospects. It's already clear that you have appropriate plans."