

Much, if not everything, depends on inflation

National Bank promises to reduce refinancing rate while increasing denomination of banknotes



Chair of the National Bank's Board, Ms. Yermakova

By Vladimir Vasiliev

The National Bank's recent announcement is hardly unexpected: that it plans to review the refinancing rate, which currently stands at 45 percent. According to the Chair of the National Bank's Board, Nadezhda Yermakova, the figure could certainly be reduced.

At present, definite terms and decisions are unknown but these will be determined as soon as we see how the Belarusian economy has developed through January. Only one figure has yet been announced: over the first 24 days of this year, prices rose by a modest 1.5 percent — much lower than growth rates last year.

Another piece of news is the appearance of Br200,000 banknotes, as announced by the National Bank in 2011. These will come into circulation in spring, while Br10 and Br20 notes will be steadily withdrawn from circulation. "It's a gradual process, during which we'll withdraw shabby banknotes while new ones won't be released. However, the most vital aspect is that prices will be rounded up accordingly," explains Ms. Yermakova. According to the country's major financial institution, withdrawing banknotes of smaller denominations from circulation will probably take at least 12 months.



ARTUR PRUPAS

Shabby notes gradually taken out of circulation

According Ms. Yermakova, the Belarusian banking system is now reviving, following last year's shake-up. "As of January 1st, 2012, Belarus' international reserve assets had reached \$7.9bn, which equals almost two months of imports of goods

and services," she notes. In the second half of 2011, citizens' deposits of fixed-term Rouble savings rose. Meanwhile, since September 2011, the amount of fixed-term foreign currency deposits has also begun to rise.

As to how the Belarusian

Rouble will correlate with foreign currencies in coming months, Ms. Yermakova says simply, "We hope that the exchange rate of the Belarusian Rouble will hold; we'll use all instruments at our disposal to achieve this."

On talks with the IMF

In February, Belarus will negotiate with the International Monetary Fund regarding a new loan. Minsk hopes to repay its existing debt (of \$3.8bn) gradually, between 2012 and 2015.

On acquiring and selling banks

The state plans to buy out Moscow-Minsk Bank, merging it with Belinvestbank 'to make another serious state bank'. According to Ms. Yermakova, an independent assessment of Belinvestbank is to be conducted in the future, so that its shares can be floated, with Western Europe's top banks among the most desirable buyers.

Shares in Belarusbank and Belagroprombank are also to be sold to Western European banks, although Ms. Yermakova notes that the transaction is unlikely to occur this year — due to the current financial situation in the EU. "However, the issue hasn't been removed from the agenda."

On single currency with Russia

"There are no conditions for Belarus to move to a single currency, shifting directly to Russian currency," Ms. Yermakova says. "Belarus should first solve some internal problems before gradually introducing a single currency. I hope this will happen eventually."

Better to be prepared before 'raider seizure' can strike

Parliamentarians admit need to counteract raider attacks

By Veniamin Levitsky

The Chairman of the House of Representatives' Standing Committee for Industry, Fuel and Energy, Transport, Communications and Entrepreneurship, Sergey Semashko, has announced a new law governing bankruptcy, which will include measures to protect against 'raider seizure' of assets (widely used to gain control over others' property).

Victor Vintskevich, the Chairman of the Council of the Belarusian Public Association of Specialists on Anti-Crisis Management and Bankruptcy, notes, "I've been working as an anti-crisis manager for nine years and have never faced a situation where assets have been seized. I don't think that this



BELTA

Mogilev's STL Extrusia company

is usual in Belarus, as our enterprises and businesses aren't rich enough to be targeted."

Honoured Lawyer of Belarus, International Finance Corporation advisor Valery Fadeev, tells us, "No doubt, the problem of 'raider seizure' is topical for Belarus, as we live in a global economy. Neighbouring Russia sees

cases where bailiffs may be hired to seize property during bankruptcy. Such practices aren't common here yet, but this does not mean that we lack raiders' attacks."

According to Mr. Fadeev, cases when company heads conclude knowingly unprofitable contracts, augment credit debts and then sell out a prop-

erty to a new owner at a lower price — as part of a procedure of bankruptcy — occur in Belarus. Such 'raider seizure' can take other forms, with raiders gaining confidential information — such as registers of shareholders. They then 'process' these, buying securities at low prices.

Mr. Fadeev adds, "It's easy to fish in troubled waters so, to successfully counteract raider attacks, we need clear and transparent legislation, alongside transparent conditions for business activity. Market mechanisms are vital on the stock market, to ensure objective assessment of the value of property and securities. Of course, shareholders must take responsibility for their financial and legal literacy, to avoid 'raider seizure'."

NEW DIMENSION

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