



Government completes development of its timetable for tomorrow

“National security tasks have been actually solved, the budgetary-financial system is working without deficit, the inflow of foreign currency to the country exceeds outflow, and inflation has been stabilised, as have the currency and deposit markets. These trends need to be reinforced systematically, becoming irreversible,” noted Belarus’ Prime Minister, Mikhail Myasnikov, at a session of the Council of Ministers. The major areas of the Government’s work over the next 11 months are to include the modernisation of the economy, the attraction of investments, and the growth of citizens’ incomes and exports.

By Vladimir Vasiliev

Modernising the economy

Last year, a package of documents was adopted to aid efficient economic development; three year planning, a range of antimonopoly measures and regulation of state organisations’ purchases feature. The Prime Minister emphasises, “Unfair intermediaries should disappear, in favour of transparency, open declarations of results and the organisation of tenders for purchases.”

New industrial policy

In late February, the Government will consider a draft programme on industrial development, focusing on large contemporary corporate structures. Normative documents have been developed for the establishment, work and development of holdings. Such associations are real and attractive assets, including co-operation with transnational corporations. The major effect of such projects is to enhance the competitiveness and stability of large manufacturing enterprises.

Privatisation

The Government has formed and will soon present to the President a range of measures on privatisation. The Prime Minister explains, “There won’t be any sale of state property. We’ll be gradually opening our economy while creating new jobs and

attracting investors — to raise the prosperity of our people. Enterprises included on the list will only be sold where mutually beneficial terms are met.”

Assets registered in privatisation plans for this year amount to at least \$2.5bn in value, providing a useful source of revenue for the country.

Investments

Resources and capital are needed to modernise the economy. Naturally, the country lacks enough funds to complete all the work it would like. In 2012, at least \$15bn of investments are needed, with our banking system able to supply no more than a third (at high interest rates). According to the Government, enterprises lack enough finances of their own (generating just \$8bn per year) while external borrowing creates a burden for years to come. Clearly, direct foreign injections are the best solution to the problem.

Rising salaries

Raising people’s salaries is the biggest priority at present, in order to restore their purchasing power. The country also needs to curb inflation and ensure that salaries are linked to productivity. Mr. Myasnikov proposes, “Where there is no growth in labour productivity, awards and bonuses should not be paid under



Gefest-Technika is among those companies upon which the Government can rely for its plan

any circumstances to the heads of enterprises and state authorities.”

Exports and foreign trade balance

The goal of 2012 is to raise exports and achieve a positive trade balance. According to Nikolai Snopkov, Bel-

arus’ Economy Minister, in 2011, the Belarusian economy became more export-oriented, with over 60 percent of manufactures supplied to foreign markets. In 2010, this figure stood at just 46 percent. This has enabled us to form a healthier commodity foreign trade structure. In 2010, export

revenue failed to cover the country’s spending on imported raw materials while, in 2011, export revenue exceeded the cost of imported raw materials by 17 percent. This should become the basis for even more efficient economic management in 2012.

When investor is a welcome guest

By Artem Vengerov

Over 3,000 jobs to be created after a new facility launches in Smorgon

For several decades, the unfinished premises remained unoccupied at Smorgon Aggregate Plant. Now, an investor has arrived, proposing the construction of a facility to produce furniture components. Already, work is in full swing, as Kronospan BR’s Director, Alexey Zvertovsky, tells us. The schedule has been brought forward, with the first chipboard due to be produced by summer. The facility is to come into operation by stages: initially, chipboard, followed by a flooring line. The investment project is worth over 200m Euros.

The facility will occupy a large territory of about 64 hectares, including warehous-



ZOV-LenEuromebel company already operational in Grodno Region

es for timber, the enterprise itself and other premises. Unsurprisingly, much work lies ahead. After repair work is complete, new equipment will be supplied to the site (around 800 cars with up to 10,000

tonnes of cargo).

Many other venues were studied before the Smorgon site was decided upon. According to Mr. Zvertovsky, proximity to the Customs Union and Western European

markets is a vital factor, as are the fine rail and road links, the availability of gas and electricity and proximity to a fuelling station (under construction). “Well-developed infrastructure is extremely important.

Some sites might have needed gas or electric lines laid for five kilometres but, here, everything is already to hand. This lessens costs and means faster realisation,” Mr. Zvertovsky adds. The availability of a qualified workforce was also essential as, in the future, 300 new jobs are to be created. Moreover, another 3,000 jobs will become available at accompanying facilities.

The factories require a great deal of raw materials, so must keep at least 200,000-300,000 cubic metres of timber at their warehouses. Mr. Zvertovsky explains, “We’ve agreed on the amount Belarus can supply. Moreover, the company plans to independently harvest timber as, according to the Forestry Ministry, almost 2m cubic metres of forests remain uncut every year countrywide. We’ll try to set up our own timber harvesting

company, as we’re implementing the latest technologies in the field of timber use in some countries. We regularly consult with Belarus regarding this issue — talking to the corresponding department of the Economy Ministry and Bellesbumprom Concern.”

The new facility will be export oriented. “We’ve agreed not to create any significant competition on the domestic market for furniture, rivaling Belarus’ state enterprises,” notes Mr. Zvertovsky. Analysing the experience of one of the company’s Polish enterprises, specialists from Kronospan BR are convinced that the Belarusian market for chipboard is about to grow, justifying the establishment of new furniture producing facilities. They believe that the Smorgon District will see more such factories open in future.