

# Rules of game for trading market

In recent times, the behaviour of trading networks on the retail market has come under scrutiny. For quite a long time, nobody was troubled by the presence of large players but — as soon as businesses grew in scale — the issue of whether smaller outlets may be crowded out came into the limelight.

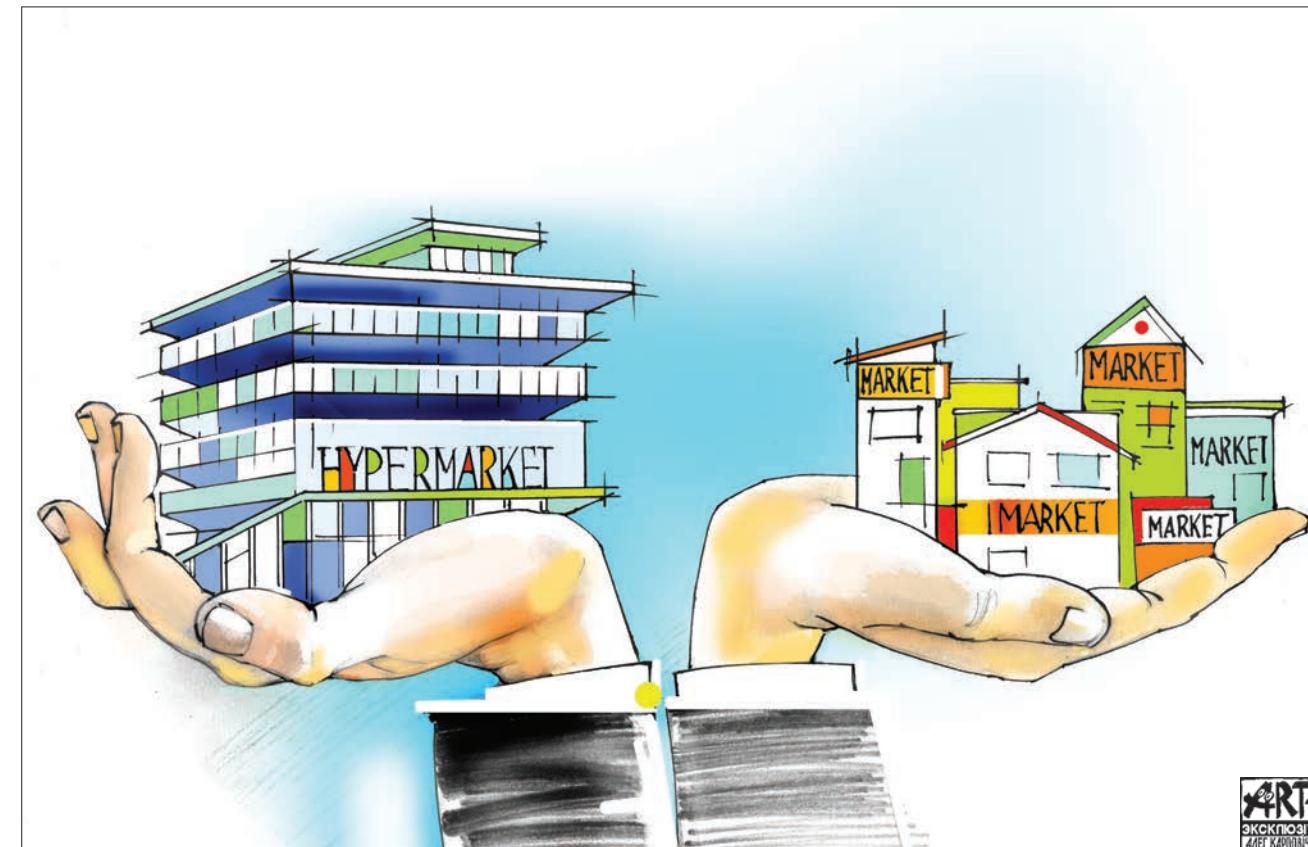
By Yevgeny Velekhov

Interestingly, Belarus is one of many countries facing a similar dilemma, having to decide whether large retailers must be taken in hand or allowed to develop freely.

According to the Belarusian Statistical Committee, 392 markets operate in the country, with 19 specialising in food. In addition, 66 sell commodities and 12 animal and botanical goods. Most are of mixed character. There are 375 trading centres in Belarus, covering over 340,000 square metres.

Up to 80 percent of all consumer purchases are conducted through trading networks in EU states. Many are alarmed not because these shops sell too many products, 'stealing' profit from smaller stalls, but because of the terms they press on suppliers. Trading networks run strict policies regarding supply terms, which cannot be met by small and medium-sized suppliers. Prices are also set very much to the advantage of these major buyers.

A recent report by the CIS Executive Committee's Interstate Council on Antimonopoly Policy clearly indicates that our CIS neighbours face similar problems. The share of large-scale trade in overall re-



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tail volumes is not huge in Belarus but it is growing annually by 2-5 percent (on average). However, it is worrying that the presence of hypermarkets may create problems for agricultural producers and food suppliers (who find themselves unable to meet supply terms). Needless to say, the presence of larger retailers can crowd out competition, leading ultimately to a rise in prices and, possi-

bly, deterioration in the quality of products. 'Traditional measures of anti-monopoly regulation enable competitive bodies to partially eliminate problems which appear on the retail trade market. The presence of evident problems in regulating retail trade and the prompt development of trading networks indicates the necessity of special research of this economic sector by CIS antimonopoly

bodies,' reads the report. Analysts advise that existing CIS legislation be amended to govern trading activity transparently, while eliminating unfair practice and pressure on counter-agents by trading networks and suppliers. It should remove excessive administrative barriers to trade and support small and medium-sized businesses in the field of food trade and

production. Additionally, the Council recommends to activate the activity of competitive departments in regulating the retail trade sector. Belarusian legislation is already developing along this path, with a draft law on state regulation of trade and public catering currently being debated. It should be adopted later this year, featuring some new rules for retailers.

## BelAZ service reaches Serbia

Post-sales service of heavy-duty machinery provided by Premar Services AG — the official dealer of the Belarusian company — as well as by BelAZ technical specialists

When new models of BelAZ heavy-duty dump trucks are supplied to Serbian pits, they are accompanied by specialists able to train local staff. "The technical service office won't allow a single vehicle to be dispatched without giving this attention to buyers; we are constantly improving our



service, raising the reliability of vehicles through technical maintenance during warranty and post-warranty periods," notes BelAZ.

At present, Serbia is using BelAZ heavy-duty dump trucks with a total payload of

45 to 220 tonnes at its coal and copper quarries. Over the past decade, BelAZ has supplied 30 heavy-duty dump trucks to Serbia and

over 70 special-purpose vehicles to Bosnia and Herzegovina. Export expansion has been greatly promoted by the restoration and development of extracting industries, following an initial drop in industrial production in these countries in the 1990s.

By offering excellent warranty and post-warranty maintenance of its machinery, BelAZ is ensuring its competitiveness. In 2012, the enterprise sold its vehicles to over 30 countries worldwide — including to such European states as Bulgaria, Serbia, Bosnia and Herzegovina, Poland and the Czech Republic.

## Italian district: first steps taken

**Belarusian-Italian agreement on establishing Italian industrial district in Brest Region gains substance**

"In all, 26 hectares of land have been allocated near the international airport for an enterprise using Italian capital," notes Alexander Shukailo, the Deputy Head of Brest FEZ Administration. "Now, we're making adjustments to a detailed plan for the whole free economic zone, taking into account the characteristics of the site; the first enterprises should be able to start manufacturing later this year." One such is Italian-Belarusian Testella Group, aiming to produce inexpensive 'quick fit' prefab houses using the latest technologies. So far, four residents with Italian capital have registered within the Brest FEZ; more are sought of course, with attractive taxation terms offered.

## Flax wool surpasses cotton wool

**Entrepreneurs propose innovative goods at Orsha Linen Mill**

Representatives of business circles from Russia's Omsk Region have visited the Orsha giant to propose setting up joint manufacture of flax items for medical purposes. The Omsk Region's Kalachinsk has been producing wool from flax fibre for two years. Priced similarly, it is of better quality and has unequalled anti-septic properties while being more absorbent: a vital characteristic. The Russians plan to apply the technology to the manufacture of bandages.

Market research is to be conducted for the next three months, after which a decision will be taken on the feasibility of the enterprise launching production.

## Your sweet

**Investment project to construct confectionery factory in Volkovysk**

Smakosha CJSC's new enterprise is to launch in 2015, making sweets for export. Its proposal was recently approved by the Regional Executive Committee and a site offered within the city of Volkovysk. Two production buildings (occupying 3,000sq.m each) are to be built, alongside warehouses and an administrative building, requiring investments of around Br44bn. Around 100 new jobs are to result.