

to success and prosperity

materials. But do we need a lot for 10 million population and 2 million guests that come today to us?! Quite little. Therefore, it was necessary to turn to raw materials, including power engineering. 30 percent of electricity and thermal energy we will receive from our own sources, which we didn't have before. We are implementing these plans. And we will reach 30 percent by the end of the five-year plan.

This is modernisation and when it started.

So, if someone thinks that this is another President's project, well thank you that you attributed it to me. Although, I'm not the only hero here, we all worked and work on modernisation.

If anyone says again in the diplomatic sidelines or writes to the motherland that the President is almost daydreaming, I have an answer to this too: modernisation is the task of any society, even the most advanced. Russia has also set the task of modernisation of not only economy, but of the whole country; in the early years of Medvedev's presidency, we had with him a long talk on the subject at the time. Due to upgrading, it becomes the first empire in the world, the first power.

So, this is not daydreaming or Mr. Lukashenko's fiction. This is an objective requirement of our life!

I answered our opponents with specific examples.

The first one is the pulp and paper industry and wood processing.

The country has a rich potential of national forest resources. In Belarus, there is 173 cubic metres of growing stock per capita in Belarus, which is 2.5 times higher than the world average.

To estimate the order of numbers, I would say that on the harvesting of timber we are in 9th place among the nearly three dozen European countries.

However, we export the bulk of products with a low degree of processing and low added value. And we import a finished product! So we export timber, for example in Germany or Italy, they make furniture from our materials and sell us it as the most qualitative and the best. Why don't we do it ourselves?

This is the issue.

Today, this situation is unacceptable.

Therefore, the modernisation has been started in the forest industry in all production stages, in order to make a real qualitative breakthrough in next three years.

You all know about my decisions, sometimes unpopular, adopted as a result of the visit of the major wood processing companies. This is due to the need to complete successfully the started modernisation there.

By the way, what we oracles of the 'fifth column' from abroad foreshadowed that after my decisions, including on personnel issues, mass disturbances, terrorism would take place at these enterprises — this has not happened. And if they did not say so, then neither you nor anyone else would even see these processes and hear of them. Today, people are paid better than before, at least more than twice. And 'military' mobilisation of people was carried out there to perform the tasks that we

should solve, to be honest.

This refers to the first criterion of which I spoke — speed.

For the first time in the history of modern Belarus, the export of round timber if has not been completely stopped, then will be in some time.

New productions will manufacture products of deep processing, and not only wood boards and plywood, wooden houses, newsprint and hanging paper, but also bleached pulp, which production technology is a major innovative product of our country.

Instead of importing these goods we will start their export.

The second example is light industry. Let's talk about tanning industry. Unfortunately, more than half of the shoes, which are on our shelves today, are imported. Every year, it is imported on the sum of \$200m. The main reasons of this situation are the technological backwardness of the industry, the lack of a sufficient amount of the qualitative domestic raw materials.

Why not to conduct modernisation? Why not to modernise an enterprise, but it's so important for people?!

We should orient shoe manufacturing enterprises, there are over dozen of which in the country, to use qualitative domestic raw materials.

We should radically improve the tanneries for this, as they set the quality of the products throughout the whole production chain, or create new ones, using modern equipment. As proposed for the needs of large shoe holdings in the Vitebsk Region.

We carry out similar work in the textile industry...

Recently, I've read a report of Kossinets Alexander Nikolayevich [the Chairman of the Vitebsk Regional Executive Committee] that a Decree of President has been discussed for three months in the Ministry of Light Industry to give an impetus to this development. I have asked the Prime Minister and the Head of the Administration to investigate the matter. You can immediately take your briefcases and go away from this ministry, if this is really true. The question is solved, and they have been procrastinating for three months!..

We are modernising Baranovichi Production Cotton Association. You remember that this assignment was given to the Prime Minister, and this year, we will examine how it is made. Orsha Linen Mill, which one of the Vice-Premiers is responsible for, the Minsk Worsted Plant and Sukno.

Ultimately, the challenge is not only in the replacement of the main volume of imported to us shoes, fabrics at the domestic market, but also in increasing of the export of the same Belarusian goods. It is also necessary to provide decent salary to the employees of these enterprises.

And here is the third example. Today, our country is one big construction site and there are all necessary resources for this.

Raw materials base for production of building materials is over 140 deposits of building sand, about 200 deposits of sand and gravel materials, 3 deposits of building stone, as well as large deposits of carbonate rocks.

On the basis of the developed deposits, we have modernised first of all Krasnoselskstroyaterialy, Krichevce-

mentnoshifer and Belarusian Cement Plant. These are three giant enterprises. Due to this, the volume of cement production has increased from 3.5 to 10 million tonnes, this means that we produce a tonne of cement on each citizen of Belarus.

Who produces so much? And we have always been 'complaining' that as spring comes, there is lack of cement.

Today we not only meet our own needs, but also a large share, as planned, export abroad and sell. But visiting these plants, we came to the conclusion together with the experts that we shouldn't do this. This is the same as we exported the round timber. Why not to sell ready made goods? So we have also agreed on these issues. I would like the relevant ministers, vice prime ministers and the Prime Minister wouldn't say then that I demand strictly to fulfil what we agreed about. I allude that during the last visit to the Kostyukovichi plant we mentioned behind the fence a non-working enterprise and agreed that it will produce very necessary building constructions for the Russian Federation. So, we will see, what has been done at this enterprise.

While speaking about the cement industry, it should be mentioned that it's provided with raw material for the long term, which is the guarantor of stable operation of the construction industry with their own building materials.

Available deposits of quartz sand, which are over 18 million cubic metres, are the key for successful modernisation of the glass industry, which is focused mainly on exports. One should just export and sell, all buy this.

Successfully modernised Gomelsteklo already today produce high-quality float glass from domestic raw materials according to the highest international standards.

Besides that, now in Belarus and in the border regions of neighbouring countries, the construction and automotive glass is demanded. Moreover, both segments of the market are growing and promising. Look even at our new buildings. Almost all of them are turned into glass buildings, this means that the glass is in demand. So, let's produce it and sell. We have raw materials for this.

If we want to use opening possibilities, then in the coming years, we should expand the resource base of the glass industry.

We have reserves for increasing twice the output of all kinds of glass and increasing export of these products one and half times. In the medium term, the Republic can really become a major European producer of glass for all segments of the glass market.

Said above are not laboured examples. In fact, the modernisation is in full swing in our country.

I repeat once again: we are in the final stage of this modernisation. And the tough set of this question is determined by the fact that we should accelerate.

For example, the petrochemical industry: technical re-equipment of light flow at Belshina allowed organising the production of tires of new generation.

At Svetlogorsk Khimvolokno, a modern production of polyester fila-

ment yarn has been created.

'Super-heavy' dump truck BelAZ has been developed with carrying capacity of 450 tonnes. It will meet needs of the large segment of the market of Kazakhstan, Siberia, Far East, Asian countries. The first models of this vehicle will go off the assembly line this summer.

The launch of the isomerisation unit at the Mozyr Oil Refinery will allow receiving of motor fuel that meets modern environmental standards and requirements of the European standards.

However, we cannot be focused only on these familiar to us the traditional sectors of the economy.

Already within this five-year plan, not less than 40 percent of export growth will be provided by high-tech production with low import capacity, bio-, nanotechnologies, pharmacy, information technologies and optoelectronics.

For the past two years, we have created and develop 30 biotechnological productions on the basis of domestic developments. Agricultural and pharmaceutical areas with the greatest growth potential are especially important for us. By 2015, we will reach volumes of hundreds of thousands of Dollars, for the five-year plan, more than five-fold increase in production is expected — from 70 to 360 million dollars — and revenue per employee in these areas from the current 39 to 212 thousand dollars. Not planned 60,000, but 212,000!

By 2015, due to Belarusian technologies the complete demand of the domestic market in feed additives will be met, as well as need for proteins and conservatives of feed, milk replaces, medicines of blood plasma, medical diagnosis and treatment at the cellular level. This is a new bio production with high added value, which will give us advantages in the market of the Common Economic Space.

These are just a few examples, the list of which can be continued both according to industries and regions.

Unfortunately, we should also mention examples of how modernisation shouldn't be conducted.

According to the Committee of State Control, in 2007, the Gomel branch of Petrikov House-Building Plant decided to reconstruct sintering plant with a solid increase of capacity.

They have described investment project right up to 2015.

For several years, only the Ministry of Architecture and Construction Innovation Fund has allocated Br9bn for reconstruction.

But they didn't take into account that house building factories are moving to the production of modern upgraded panels, in which the constructional expanded clay is not used.

In other words, knowing about reducing the need for expanded clay, they planned growth of its production. The result is that this money is wasted. No, Mikhail Vladimirovich [Mr. Myasnikovich — Belarus' Prime Minister] the money may be thrown to the wind, but it won't be so. This expanded clay will be used.

In order to avoid such situations, every enterprise should have a modernisation plan, confirmed with deep study of the market.

Agriculture

Our strategy of development in this important sector is set, so we cannot ignore it.

Our five-year plan expects increasing volumes of production and food exports, as well as economic efficiency and a rise for rural employees' incomes.

The question is how to achieve this, increasing the return on capital investments, per hectare of land, at each farm.

Frankly, I'm worried more about quality than volumes. We've learned how to reap good harvests and are gradually raising gross production. The pace of growth in 2012 was 117.5 percent while food exports reached almost \$5bn. Over the past year, that's 125 percent growth.

We're yet to see all farms breaking even. Without taking into account state support, 500 organisations (about one-third of the total) are unprofitable. The debt load of the agricultural sector is very high, which is a serious disadvantage.

The most important task in 2013 is to ensure the financial sustainability of farms, accelerate their self-financing. Accordingly, we must remove loss-making companies, since this will greatly improve the economy of the entire agricultural sector, helping to raise the income of villagers. Technological renovation of production, improvement of methods of management and structural changes should help the dynamic development of the agricultural sector.

Over the next year or two, the Ministry of Agriculture and Food Production will be guiding local authorities across every major area. We need to combine a number of agricultural enterprises and processing plants, to ensure a complete cycle of production and sales. There are examples of good work — at Snov, Dzerzhinsky, Zhdanovichi and elsewhere.

Secondly, to increase exports, we need to complete the creation of food companies this year, focusing on expanding sales at home and abroad. However, the answer is not to simply merge two cheese factories. I'll never agree to such moves! There shouldn't be any voluntarism in agriculture. We'll receive nothing good if we unite two poor companies. We should search how the poor can become rich and act only in this direction.

Taking into account modern food requirements, we must change the structure of our agrarian exports. It's not enough to make animal breeding a priority, which currently provides 90 percent of food exports; rather, we should increase the depth of our raw material processing so that we can sell products with higher added value. Rather than selling animal carcasses, we should be selling final products.

I'd like to focus your attention once again on our basic approach to modernisation. Its essence is not just to update but to achieve higher standards and competitiveness. Only then, will we become more efficient: not import based but export oriented.

This is the sense of our structural reforms. We won't give away state assets for a song or pursue absolute privatisation — as we are advised by