

Country's renewal — the way

home-grown and foreign experts. Instead, we are seeking a new economic level. I repeat once again, we won't privatise our factories by selling them almost for free but will reach a new economic level! This is our view of modernisation.

We aren't talking about radical change in property relations. Practice shows that the enterprise management system is the most important for medium and large-sized enterprises. The fate of companies is in the hands of the hundreds or thousands of employees, not in the hands of those who own them (the state or a private owner). We support diversity of ownership but our approach to privatisation remains unchanged: we'll sell any enterprise — openly and fairly. Our principles have been announced more than once. If you want to buy anything, then pay the market price. Also, commit to investing money in production, saving jobs and paying decent salaries.

We need such privatisation and such investors, to ensure extension of our commodity markets, the creation of new industries and technologies and, most importantly, good salaries. We don't want investors who intend to pay small salaries to employees, taking all profits for shareholders.

Our joint project with Swiss Stadler is a good example. This leading European manufacturer of railway rolling stock is working with Belkommunmash, establishing an enterprise to produce railway and urban passenger electric transport in the Minsk Region. Very soon, it will start launching its excellent modern electric trains and urban electric transport: trolleybuses, trams and more. They'll be produced in Belarus, being the same quality as Swiss transport.

Although the plant is still under construction, it already has a decent portfolio of foreign orders. Peter Spuhler, who owns Stadler, is also discussing joint production of special machinery for municipal services, including the services of another Swiss manufacturer.

We welcome such investors. He has already invested over \$200bn in the plant, having arrived with money for building new factories. In addition, the Swiss company is offering new markets. They are already present on these markets and are keen to achieve more quickly. I met Mr. Spuhler recently and can confirm that the company is in a hurry to achieve success. We have won a tender for Russian sales, using this latest Swiss technology.

Mr. Spuhler has told me, "Mr. President, I feel awkward. We're taking people from Belkommunmash to the plant in Dzerzhinsk. We're producing new products, but we don't want this site to be forgotten. Some people will stay." I said that I hadn't heard of this so I asked what was planned. "We'll bring you a good investor to produce municipal vehicles, which are in demand worldwide."

What can you say to such a man, who not only promises much but has already begun to meet those promises?

Why do I say so? This is referred to the discussion of KamAZ privatizing MAZ, privatisation of Wheel Tractor Plant and a number of other enterprises. This is criterion! Come from Russia, Africa, Asia, the United States, Europe

and the European Union. We will welcome any investor coming with such proposals. There won't be questions about corporatisation and privatisation. But when people come to me, and I ask them, "What will we get from this association, corporatisation? What will we get?" We have common markets and we are competitive in quality and price to the products manufactured by the so-called future investor. Our MAZ vehicles are not worse than KamAZ or any other. The market is known. We have a modernisation programme



for MAZ. I ask, "How much will you invest in the modernisation of MAZ, since you came here?" The answer is that there is no money. The question arises: so what do we want to show with this, what do we want to achieve? One informs me that there are foreigners from Germany and America behind them. They are shareholders there and they are just interested to close MAZ here, as they don't need competitor. Well, it will produce an axle or cook cabs by hand — and that's enough. What about Belarusians? They don't need much, they're not the Germans... My dear, I am the President of the country. I am the President of Belarus. The Belarusian people elected me, and I won't be involved in this action! Do you want to try? Ok, do this. We won't touch the property. Do you want to create a joint management company? Let's create. Let's work 3-5 years and see what we will get from this. If the leadership of the country, working group will see advantages of this, we'll do this.

I think that this is the last time I answer the question about corporatisation and privatisation and I've given quite detailed answers. This is not a panacea for all woes for me and for the whole country. The IMF, the West, the European Union, even Russia already, the anti-crisis fund and others want the same from us: let's privatise, sell state-owned enterprises. I answered to this question, we don't mind to sell any enterprise, but you should pay the normal price.

You shouldn't press us too much, especially, our partners our brothers shouldn't do this. You shouldn't do this. Why? Because the market is at the very bottom now. Today, enterprises are sold for a song, at bargain prices. We won't do this. We are not so rich to sell our enterprises for a song. We'll discuss this question when the situation at market stabilise.

Am I wrong again? I haven't invented anything. The whole Europe says that today it is unprofitable to sell assets. America is talking about this, so

if someone tries to use the situation to sell out the country — this won't happen with me.

This is half of deal to build a plant. The greater talent is necessary for developing new markets, for promoting the products, reducing the cost, predicting correctly the behaviour of whimsical world and regional markets.

Therefore, one of the key points of modernisation consists in rebuilding of not only technological lines, but also our facilities management system. Our

leaders have to learn the psychology of the entrepreneur who is accustomed to act in the hard world of global competition.

Dear friends!

The success of our policy of renewal of the economy is connected not only with the creation of new productions.

Economical, careful behaviour in traditional for us industries is also an essential and natural part of modernisation.

This year has been declared Year of Frugality. Starting the large-scale modernisation of the economy, first of all it's necessary to be sure that the careful and rational usage of raw materials is ensured in all spheres — material, financial, labour. Without this, any undertaking is doomed to failure.

The government should provide accelerated implementation of the most energy efficient measures at all stages of production, processing, conversion, transportation and end-use of energy resources. Today, there is nothing to be proud of. We had the bad start. Key indicators in this area have been failed. I warn that landmarks, which we have set in the energy efficiency for the current five-year plan, should be fulfilled.

It's necessary to reach the GDP energy intensity reduction by 29-31 percent compared to 2010, including the current year reduction of the energy intensity of gross domestic product by 7 percent.

One should pay more attention to the development of renewable energy sources and increase of the share of domestic energy resources, development of mineral resources.

The task is to increase annually the volumes of local kinds of fuel and reach the level of 30 percent of production volume of electricity and thermal energy at the expense of own resources by the end of the five-year plan. This is the key to our energy security.

We shouldn't forget that high roll- ing, poor management, inappropriate

expenditures bear heavily on the cost of products, worsening the economic situation of a particular enterprise and causing serious damage to the whole state.

As shown by the verification of our regulatory bodies, there are cases when purchased imported equipment, on which great currency funds have been spent, has not been used for years.

It's a typical situation, when some enterprises by imported scrap metal, and mountains of this valuable raw material are attaining at other enterprises or it is given to various crooks.

But people are especially perturbed, when in words urging the team to the economy, the head of the enterprise, which is in debt to the armpit, buys expensive foreign cars, equips chicly his office.

To prevent such things, I had to take the appropriate decisions recently.

Of course, the relevance of the theme of thrift is determined by many factors and applies to all sectors of the economy. But first and foremost, it is caused by the need to save our foreign currency resources. We spend them mostly on the purchase of the energy resources. Therefore, energy conservation tasks are of top priority.

As a conclusion, I point out — we should fight for energy savings because we spend an overwhelming amount of our currency on this. The most important question of our economy is the currency.

Mogilevkhimvolokno JSC can be a good example in this case. Implementing energy efficient equipment and technologies, we got there economic benefits of almost Br15bn for half a year and paid for the project.

Unfortunately, the reverse critical situation is in the organisations of the Ministry of Energy. Many facts of inefficient use of funds have been revealed there, as well as poor study of modernisation projects, supply of low-quality, sometimes counterfeit equipment.

I have already set this example that during the modernisation of Bereza hydroelectric power station in 2008-2011 years, the foreign supplier was paid the advance of nearly 20 million Euros. We still haven't received production from it!

Checking the Beltopgaz has showed wasting of about Br54bn of Energy Ministry Innovation Fund. Every fourth invested rouble hasn't paid back. Funds have been wasted by means of additions, overvaluation of volumes and cost of the works. The list of negative examples can be continued.

As a result, a large-scale modernisation of the energy sector, where billions of dollars have been invested for the last six years, hasn't led to the planned economic effect. The effect could be more significant.

Just recently, we have analysed in details the state of affairs in the industry and have taken a number of important decisions to restore the order.

Today, everyone, from the Prime Minister to power engineers, says to me, "Alexander Grigorievich, we have created a new branch in the energy sector." I do not deny this, but I can't allow this waste of money, of dozens, perhaps even hundreds, millions of dollars. Moreover, this is not an objec-

tive process, this is purely subjective factor. And in this hall in the diplomatic corps, there are people who lobbied this project of Bereza hydroelectric power plant and keep silence today. The experts warned, "There is no need in this project. There is no such organisation that produces it." They have paid almost 100 percent in advance. What for? Today, many billions of roubles have been spent already on business trips to plead for this equipment — the question has already been set to the President of Russia. They travelled across Russia to beg for this equipment. What trade is this?

Today, I warn all managers in the country in public once again. If familiar cases are found in other areas, don't wait for mercy. None is allowed to work so in Belarus, either the Prime Minister or the Deputy Prime Minister, or ordinary manager.

One more thing... Here, some begin to think and write that 'the President starts some new campaign.' What have I told new? What has changed in my working style? Just some has forgotten that will be severe control. But what could I ask for when the whole economic system was sagged, when the task was just to survive? And we have survived. I controlled every process in the country not to lose money. But when such money is allocated for upgrade, when such money is spent — who will stand on the sidelines? I didn't promise this to anyone either during the campaign or after the elections. One can say, this is one of the cornerstones of the current President's policy.

Besides, I warn you in advance that noose is so: put your head inside — and there's no you. Don't put yourself your head in the noose, don't do this. In short, I have warned everyone: step left, step right — and you know what will happen. Don't touch something that's not yours, because it won't bring good! You all are believers. Sometimes, I look at you in the church, you pray with candles in your hands. So, my dear, if you go to church and pray, then be devoted to these ideals. Why do you steal? Why do you work badly?

Have I invented something here? No!

I'll tell you simply, if you want to live in your own country and don't want to lose this country if you don't want to be thrown away by people as a result, and me together with you from these seats, then let's work normally. In our history, it has already been once when people simply despaired and threw out those who were sitting in this room, and those who were sitting behind the wall, and chose a young, not yet proven President. It was people's despair. Do you want me and you to finish the same way? I don't want.

Everyone in the world says that our people are kind. The guests say that this is a beautiful country. There is no practically corruption here. Thank you for saying so, but there is. It is difficult to get rid of it, I know this. But, they say, this is a decent country where people are treated well. So, we should appreciate this. It's worth it! We shouldn't depart from it!..

At the present stage, our strategic aim should be the construction of knowledge and services economy. High-tech sectors of the economy