

# Expense of place in the sun

National economy needs to move with the times to remain globally harmonious

By Vladimir Velikhov

The Belarusian economy is tiny on a global scale, producing just 0.15 percent of the world's GDP. However, as a small, compact country, it's enough. The question is whether we can maintain and, even, grow our revenue, to ensure a good standard of living for citizens. Across the world, there exist several poles of economic development, each only superficially friendly since, in reality, they vie to dominate new markets, ever in competition. If you rely on others, it's important to have something unique to offer: your own niche. Mammals once co-existed with dinosaurs and, of course, have outlived their reign, being more adaptable. Can Belarus also move with the times and adapt itself rapidly to remain at the cutting edge of global demand? The discussion was taken up at a recent conference entitled *The Problem of Belarus' Balanced Integration into the World Economy*.

The unique geographical position of the Republic is both a blessing and a curse, since it offers unprecedented opportunities for trade and sales to both Asia and Europe. However, this very position also places us at the heart of international global competition, between technologically developed Europe, ambitious and populous Asia and resource-rich Russia. Despite these harsh realities, the Deputy Chairman of the Belarusian Scientific and Industrial Association, Georgy Grits, believes we can remain



Trade and economy must respond to demand (Elema clothing shop)

more or less independent. He notes that Russia has lost its 'intellectual' industry, leaving Belarus to step in. We are part of the world's industrial belt, with an existing niche which can be maintained if we prioritise correctly.

The Dean of the Faculty of Economics at the Belarusian State University, Mikhail Kovalev, is convinced that we should orient our exports towards thriving Asia. Quoting various statistics and forecasts, he emphasises, "We need to decide what exactly

to sell to China." Of course, the Far East is galloping ahead and is self-sufficient in many ways. China has huge gold reserves of more than \$3trillion. Finding the 'right' goods for the Chinese market is no easy task however, since trends pass quickly and domestic goods are produced cheaply in China, making it difficult for rivals to compete.

Mr. Grits believes that our position outside of the WTO can be seen as an advantage, since we can act outside of its canons, while working jointly

with Kazakhstan and Russia. All legal formalities can be met and Belarus has the support of the Customs Union, which the world recognises as a force to be reckoned with.

The current global economy is too complex to obey a single set of rules and opinions differ widely on the best strategy for survival. Some are convinced that Belarus needs to embrace Europe, while others advise primary relations with Russia and Kazakhstan and some wish to see us oriented towards

the East. The only true consensus relates to the need for reform and modernisation of domestic industry. Smaller European states have begun focusing on particular niche specialties within two or three industries. Mr. Kovalev notes one example of this which is flourishing: spray cap nozzle production for the perfume industry. The company involved has taken the science of its product to the greatest degree, ensuring that it offers the very best quality at the best price possible. It has cre-

ated its own monopoly in its narrow segment: nobody in the world can produce sprays cheaper or better.

Our national economy needs to move similarly, focusing on a narrower band of specialties. There are about a hundred branches at present and we lack the necessary resources (financial, human and raw) to ensure their global competitiveness. Naturally, closing enterprises is painful socially but radical solutions are required. The time for action is approaching rapidly.

## American *Project Runway* fashion contest winner returns home to work

By Natalia Yasinskaya

**Novopolotsk's Dmitry Sholokhov, aged 33, who recently won the fashion designer contest in the USA, is launching a new collection, in co-operation with local brand O. Jen, for Belarus Fashion Week**

Dmitry has already worked with Calvin Klein, J. Mandel, Domenico Vacca, Ann Klein, and other New York based designers but is now developing a collection with the popular Belarusian manufacturer of women's clothing, O. Jen.

Despite fame among the four million viewers of the TV programme and a \$100,000 prize, Dmitry is keen to remember his roots.

Following the show, well-known model and TV figure Heidi Klum bought several items



Heidi Klum with *Project Runway* season 10 winner Dmitry Sholokhov

from Dmitry's final collection on *Project Runway*. Judge Michael Kors, a fellow designer, is full

of admiration for the ambitious newcomer's silhouettes and judge singer Jennifer Hudson calls the

quality 'unrivalled'.

The unusual creative union for fashion houses from two different continents began with proposals from the Belarusian brand, which recognises Dmitry's sophisticated style and has invited him to create a women's range of evening and casual dresses, under the label 'Dmitry Sholokhov for O. Jen'.

Dmitry is to visit Belarus and Russia to present his collection at the Mercedes-Benz Fashion Week and at Belarus Fashion Week Autumn-Winter 2013/14 — to be held this spring.

Dmitry tells us, "I'm really excited about the proposal to establish a joint collection with Belarusian O. Jen Company. I'm sure the fashion industry of Belarus has the potential to compete with the best western brands. It's a great honour for me to present the collection in my home country."

## Million Euros for local budget

**Region's largest investment project launched in Mogilev**

Giedrius Kaukas, the Director of Lithuanian VMG Industry, tells us that his company, worth 80 million Euros, is to double employment in Mogilev — from 400 to at least 800 people. "We'll manufacture high added value goods, using Belarusian timber, for sale via Russia onwards to Western Europe."

At present, imported chipboard dominates but, in the coming months, local timber will replace these purchases. Tax revenue to the local budget should reach a million Euros from this company alone. A new factory is being built and local production of resins for the furniture industry is planned, replacing those currently imported.