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We don't yet provide ourselves with 100 percent cheap electricity and rely on importing fuel for our power stations, which is far from inexpensive. People aren't paying the full cost of their electricity, since it's subsidised from the budget. Last year alone, we paid 11 or, even, 17 trillion Belarusian Roubles from the budget to subsidise housing and public utilities: a huge sum! Of course, we need to reduce this gradually, as salaries grow.

Hundreds of buildings are currently privately owned. After Yakubovich [Editor-in-Chief of *Sovetskaya Belorussiya* newspaper] did some checking on structures created by a handful of officials (5 to 7), where residents are charged three times as much for services, I noted that local authorities should form such structures with care. Everything should be transparent, with people able to vote for who's in charge of a building. If people don't want then the building will be served by the state housing maintenance service. We'll keep a close eye on this, ensuring that private owners keep tariffs for housing and public utility services within reasonable limits.

#### Dependency

We'll continue to make people work and face their responsibilities, including supporting children taken into care. However, we shouldn't delay the decision-making at the legislative level. There's no need to spend time for them... 12,000 people is not a huge number (thank God, there are so few) but we'll strengthen their duty of care, obliging them to work. Of course, the requirements will be stiffened for them.

I admit that maybe I was tough with the wood-working industry, signing a decree which effectively prohibits firing any of the workers, professionals or executives of related companies — at least until November of next year, when modernisation should be complete. The budget and banks have provided huge funding, and we've guaranteed foreign credit lines for hundreds of millions of Dollars to buy equipment. Meanwhile, enterprises failed to use money effectively but who should take the blame? The Government and its ministers? Those who took payment bear responsibility to provide an enterprise! By all means leave afterwards. In fact, no one has mentioned leaving. We want to retain our workers but we must pay them properly. Salaries are rising well, as they should do.

Everyone needs to pull their weight. It's a problem that's been around since Soviet times. I've admitted openly that I'm to blame for not entering the whirlpool of the free market early on. We didn't need to as we were content, but nor should we pander excessively and be over-protective. People become complacent, thinking they'll be paid regardless of performance. Rather, we need to encourage independence, with the state playing a supporting role.

#### Post-Soviet integration

I see nothing wrong in Russia gathering other states around it in a civilised way. Speaking as a participant, we are building our relationship based on our own interests. I know that all the states involved are taking the same position. Recently, Tajikistan decided not to join the Customs Union, choosing the WTO instead. With Kazakhstan, part of the Single Economic Space, we are negotiating to join the WTO, in Russia's wake. We haven't joined yet but our time will come. We are already following WTO guidelines, since our main partner within the Single Economic Space is doing so.

#### Holiday charity work

I gave a Presidential Administration order that businessmen and government officials should visit children, to which everyone responded. I always do so, as nothing is more holy to me than children. It's my personal feeling, which drives me to always visit them at Christmas. A little later, I see the elderly. The whole Government of ministers has visited orphanages and old people's homes, without any PR. I simply wanted them to remember children and the elderly, since their care is a duty of the Government and state.

#### Preparations for IIHF World Championship in 2014

The event will shake up the capital and create a spirit of excitement, while promoting sport. We may not win; in fact, we probably won't. We may not even receive a prize but we'll benefit in other ways. A great many people will arrive for the event, so we'll improve infrastructure and ensure that we have another site for hosting games. Besides Minsk Arena, we're building a new rink at Chizhovka. It will be ready in time, I'm sure.

We need to increase the number of hotels but need to pace ourselves. We can adapt sanatoriums and we'll control prices. We don't want to be criticised, as the Poles and Ukrainians were over the Football

World Cup, when prices rose through the roof. Everything should be decent, pleasant and comfortable for players and tourists.

The Prime Minister has reported eleven spheres of work in preparation for the World Cup 2014, which seem to be being solved more or less successfully. I'll return to these in September for serious analysis and Presidential input.

#### Subsidised housing loans

Money is needed of course for those who lack sufficient funds of their own but everyone wants their own home, asking that the Government provide money at a hugely subsidised rate. If you pay just 3 percent interest and inflation stands at 20 percent, your loan will have disappeared within five years. It's just not feasible. Where we can, we invest



in building housing. We stopped giving loans for a while but still managed to finance everything as we'd planned — and more. This year, we're planning more in this direction but will only give subsidised loans to the most vulnerable groups of society.

#### Payment of foreign debt and modernisation

This year, we need to pay just over three billion. The Chair of the National Bank has told me that we have this money and need another billion for this year. As our GDP (which I always calculate using the buying power capacity) stands at around \$75bn, it won't be a problem. We can even delay repayments if we need to but we won't fail to pay our external debt. It's easy to pay a couple of billion Dollars each year. 2013 is really the peak of our commitments but it won't affect modernisation.

The Government has considered what needs to be upgraded, at a cost of trillions of Roubles. However, I've told the Prime

Minister that each enterprise must have its own plan, with the accent on finding funding independently rather than relying on state subsidy. The situation in the wood processing industry has taught me that allocating lots of money indiscriminately is not the answer, since they failed to do what was needed. It's good that we woke up in time. The PM is studying 12-15 significant modernisation projects, which should reap obvious benefits.

Innovation funds have been allocated for 15 projects, with a manager fully responsible for a period of two years at each enterprise. I've rejected the idea of mass modernisation paid for by the state, as it's not necessary. Enterprises have their own funds — up from 3bn profit last year to 8bn now. These funds should be spent on modernisation.

Payment of external debt is related to state funding for development and modernisation, since both come from the budget. I don't think that we'll manage to modernise the number of enterprises envisaged by the Government.

Regarding the sale of the property, my policy is to ensure that we don't eat our assets! If we sell property for \$2-3bn, it will be invested into gold and foreign currency reserves, as this money does not belong to us; it belongs to our children. Such reserves are needed to maintain stability and independence for our country. Profits from such sales won't be spent on modernisation.

Naturally, we welcome foreigners investing their money with us, either buying an enterprise or a part share. Some are interested in the Worst Integrated Works and are negotiating with us now. There's nothing untoward. Under certain conditions, they're committing to selling half of all manufactures on their own market.

Agriculture received

attention a while back and has been improved accordingly. It should be able to look after itself for a couple of years. We're now concentrating on industry! There are very serious projects, with BelAZ building a new plant at a cost of 650 million. Its 450 tonne dump truck is crucial for the modern market, as no one wants 40-tonne or, even, 250-tonne machines these days. Five hundred tonne capacities are needed, so we're building the plant to give BelAZ a new lease of life.

Another plant we're building is to make complex fertilisers, earning vital foreign currency through export; such products are in great demand worldwide.

#### Foreign investments

If someone wants to invest \$100m into our economy, they can meet the President and sign a contract but

terms will differ depending on the sector, the purpose of the investments and the creation of jobs. We used to make employment a mainstay of investment terms but it's less important now, as there are barely enough job seekers to occupy the places on offer. Most important is modernisation, even if this means employing fewer people.

There have been occasions when we've been offered a decent sum to buy an enterprise — such as \$13bn. However, investors might be seeking one of our key companies. We have to look at the advantages of each investment. If you want to buy our Belarusian Potash Company, it costs \$30-32bn; don't bother offering less. Some have complained of my refusal to accept less but I won't sell our nation's assets for a song. We should ensure that investments are performed honestly and transparently, so that people trust us!

#### State officials

In a fit of anger, I once refused to raise salaries for civil servants, although

they are unacceptably low in relation to those paid to managers of industrial enterprises. Of course, hard work should be rewarded. I have to sometimes 'tighten the screws' but, of course, I want people to receive decent salaries. If we reduce the number of officials, we could pay them more, saving perhaps \$100m annually by reducing the number of staff. We've already cut the number of civil servants by 25 percent but I don't think we can lose any more, or the ministries won't be able to function properly. What ministry can run with 20 employees? We'd be better off closing the ministry!

The PM has shown me comparative tables of government spending. Austria spends ten times as much as we do, although it has a market economy, which requires less control. Slovenia and Bulgaria spend 2-3 times more, despite being smaller. Nevertheless, we will reduce our number of civil servants so that we can raise their salaries.

#### Air defence

We started modernising the air defence system a long time ago, before the plans to deploy a missile defence system. If we had the money and if the Russians could make more of these weapons, we would have bought them earlier, but we had to do it slowly because we lacked money. We're discarding the old weaponry, which are still in good shape, the demand for it is high, we sell it, and buy new weapons, add something. However, the decisions dealing with the modernisation have been made even before this scandalous European missile defence system which they try to place close to our borders.

#### The Slavianski Bazaar

We've worked hard on the *Slavianski Bazaar* and I'd now like to see something new. On BT, ONT, we keep hearing the same artists with the same piped backing tracks. I think we can do better, working with Russia and Ukraine but taking most of the responsibility on ourselves. I'll ask the new Minister of Culture to work on this, to give us something new.

Ukraine and Russia have some great music which we don't show, so we need to act. This year, we should try to shake up the *Slavianski Bazaar*, to provide some novelty. We shouldn't let it stagnate. There was some talk of allowing various cities to host the *Slavianski Bazaar* but I was against this, and certainly didn't want the festival to leave the country. It's my duty to protect and nurture it, which I'll continue to do while I'm President!