



Keramin running at full capacity, enabling the enterprise to successfully operate on domestic and foreign markets

Good example to follow or no alternative to modernisation

Keramin JSC has become an example of how an enterprise should be managed in order to see good results

By Vasily Tikhomirov

Keramin leads in the production of building materials, not only in Belarus but among neighbouring states, producing a wide range of ceramic tiles for floors and walls: ceramic granite, ceramic brick and sanitary ware. The enterprise runs at full capacity, exporting over 60 percent of its goods and selling more than 75 percent of its production through its own commodity distribution network. Between January and September, it generated \$62.8 million: \$43,000 per worker. Keramin Director General Alexander Yanovsky expects this to reach \$55,000 by the year's end.

Of course, the enterprise's import substitution work is invaluable, reducing the volume of imported raw materials and components, thanks to the continuous modernisation of its production lines, reflecting consumer demand and new technologies.

Mr. Lukashenko was keen to see the latest modernisation in action and how the increased share of state ownership had changed operations. He noted, "We'd previously agreed with the former administration of the enterprise that, if demand existed, it was necessary to modernise the enterprise. If we lag behind, we won't find sales."

President Lukashenko believes that modernisation will help enterprises raise their competitiveness and, in turn, increase revenue from sales abroad. "Certainly, it's not a good time for modernisation because of the crisis across Europe, America and Asia. Russia and other Post-Soviet re-



publics have simply collapsed. Nevertheless, I demand that we keep going. Sooner or later, we'll emerge from the crisis but it will be difficult to make progress without modernisation," he asserted, adding that local sourcing of raw materials is essential. Naturally, this would save money and help resolve currency problems, while providing work for other enterprises countrywide. "Enterprises where modernisation is a continuous process will show good results," Mr. Lukashenko emphasised.

Mr. Yanovsky reported that, currently, the enterprise is carrying out its next stage of modernisation, raising output of ceramic tiles to 20 million square metres per year by 2015 (from today's 17.5 million). The enterprise has already raised its energy efficiency, to consume less, and

is now producing elite ranges of sanitary ceramics as well as large-sized ceramic-granite: in demand across the EU. New equipment has also been installed to allow design at a totally new level.

Mr. Lukashenko asked about warehouse stocks and was told that two months' worth of production is currently stored, which is viewed as a suitable amount, to allow buyers to receive orders immediately. Regarding the share of state ownership in the equity of the enterprise, Mr. Lukashenko remarked, "The state owns about 60 percent of shares which is not enough; someone has not done what is required." He wishes to see this rise to 80 percent by mid-2014. He asserted, "I do not take bribes or money from enterprises and won't be involved in fiddling, so I don't



want you to reproach me several years in the future for not seeing this theft."

President Lukashenko reminded all present that, in due time, the enterprise will be fully returned to the state. "There was an attempt by your former chiefs to pocket the enterprise, which is not permissible! This enterprise is national, created at the expense of our people; it belongs to the people," he emphasised, adding that foreign investors wishing to buy the enterprise will need to follow state procedures of privatisation, which are very bureaucratic. Any new owner would need to observe particular terms:

maintaining manufacturing volumes, keeping on most employees in their current jobs and paying taxes regularly.

"Demand for Belarusian enterprises is huge, as we can see. Russia is extremely eager to buy some of them. We have not allowed our businesses to be destroyed and some are very prosperous, like Belaruskali. They offered \$32 billion for the whole enterprise or part of it but I refused, despite them saying it was a good price. They tried another way but also failed," said the President, showing that profitable industries will not be given away, to the detriment of the

nation.

"Do not take offence at such rigidity. Various foreign buyers would like to grab such Belarusian enterprises as Keramin and Belorusneft oil refinery; we have many such attractive enterprises and some fingers are itching to take possession," Mr. Lukashenko warns. "They keep asking not because I am bad, or a dictator, but because I do not give them what they want: neither those from the East nor the West. They want to buy something for nothing, to which we will never agree."

The President toured the Keramin factory floor, seeing the production process and chatting with employees. He emphasised that the enterprise is not a democracy, but 'an iron dictatorship'. He hopes to soon see the hiring system improved across Belarus and, speaking about contracts, emphasised that they should be operational within the next six months. He mentioned the foreign exchange market, commenting, "We've set ourselves the main task of not allowing any collapse; we'll see that the situation stabilises."

Mr. Lukashenko also visited the Keramin shop, where the full range of tiles and sanitary ware is on sale, alongside the offer of interior design services. Skilled advisers can help free of charge, giving estimates of cost and calculating requirements. There's even a playroom to keep children occupied and an electronic queuing system. The Head of State chatted with shop assistants and buyers and appeared satisfied, praising Keramin's management for their hard work and good results.