

Some assets present though liabilities remain impressive

By Dmitry Kopylov

In fact, 2013 marks the mid-point of the current five year plan, which aims to fulfil goals set by the 4th All-Belarus People's Assembly, as the President noted. He emphasised that the Government's role is to lead the economy towards meeting targets, removing obstacles along the way. The President was direct in letting those present know that much improvement is needed, although he gave credit where it is due, saying, "We should acknowledge certain merits in the Government, which prevented an economic meltdown in Belarus."

However, the President criticised the Government's work in general and the various reports delivered had clear weaknesses. Those who delivered them were often visibly perturbed and unable to offer reasonable explanations for failure in some cases. The President favoured none, requesting clear analysis and solutions to problems.

Assets and liabilities

The President stated that, last year, the country managed to see an upward trend in real incomes of 21 percent, bringing the average salary countrywide to \$552 (\$420 for state run enterprises and civil servants). Pensions rose four times in 2012, to reach around \$220. In addition, inflation slowed and foreign trade saw a positive balance. The domestic foreign currency market is developing steadily and the country is meeting its debt obligations, while preserving gold and currency reserves. Positive dynamics are also registered in some other parameters.

The President stressed, "We've managed to ensure financial stability and macro-economic balance." Nevertheless, he added that five of the twelve top Government goals have not been met and almost all fields failed to meet target growth for gross regional product. Development slowed down in some important branches and the trend continues this year. Mr. Lukashenko was sincere in asserting, "The situation we observed at the end of 2012 cannot continue this year. Repetition would result in the Government's resignation." He then listed in detail every aspect which cannot be repeated.

One of his major reproaches to the Government was its inactivity and lack of initiative. Mr. Lukash-



Council of Ministers meeting devoted to socio-economic development of 2012 and tasks for 2013

enko stressed that negative situations are not being preempted and voiced his fear that many are afraid of taking independent decisions. "As usual, people await the President's orders rather than independently solving problems in a timely fashion. I have to keep pushing our executive officers into action. The Government and the National Bank only act on being given firm commands and, even then, sometimes fail to do so comprehensively. You're sunk in endless, long meetings which result in nothing," he reprimanded.

Mr. Lukashenko produced statistics to support his warnings. He noted that, according to the Government, in 2012, almost all of his Presidential orders were met. However, controlling bodies register around 40 percent failure: an alarming difference. "The key reason for not meeting deadlines is lack of activity and low levels of discipline. It won't do. Executive discipline is the model for all. So far, your example is unsatisfactory!" he concluded.

Moving towards new markets

The situation in the field of industry causes concern, with monthly production volumes continuing to fall, as are exports. Some enterprises have cut their manufacturing volumes and export sales

by up to 20-30 percent. Of course, objective reasons exist for this stagnation — even on traditional markets. However, new markets must be mastered, as the President stressed, "You've reported on sales to 15 new markets but what good is that if they comprise just 0.1 percent of total exports! These are your 15 new markets while 11 countries no longer buy from us!"

In search of resources

Evidently, production is irrelevant without markets to which goods and services can be sold. Additionally, attraction of investment resources is vital, to ensure modernisation and keeping abreast of 21st century technology and trends. The President holds the Economy Minister largely responsible but noted, "It seems that a passion for liberal market theories and reliance on foreign expertise is hampering efficient work on investments. We need to see deep analysis regarding business relations. For several years, we've been cutting injections into basic capital. I want to reproach all ministers and governors for not having produced the foreign investments we hoped for."

Last year, 76 state investment projects were planned but 37 failed to be realised. In addition, the Investment Agency demonstrated no tangible results.

Property remains untouched

As regards the essence of investments, a belief reigns that most arrive through the sale of state property. However, the President asserts, "My approach towards privatisation remains unchanged. We can sell any site. My principle is known to everyone: if you want to buy then pay the full price and fulfil your obligations to inject money into production, to preserve jobs and provide decent salaries, and to add to the budget's tax revenue. There won't be any 'bureaucratic or apparatus' privatisation, nor secret sales to certain businessmen. Let's stop such talk about privatisation."

Of course, thousands of sites currently generate no income at all.

Build wisely

The President reproached those involved in construction, saying, "We can't escape deep-rooted problems." Among these he mentioned lack of efficiency in using budgetary funds, enhanced costs and falsification of figures. He added, "Everyone, and I agree, says that the construction branch is the most corrupt — as it is in neighbouring states. Some call it 'mafia-style!'"

The quality of works and their price is much debated. Mr. Lukashenko lamented, "They promised a great deal

but we haven't seen real results. Our builders need to work more efficiently and to a higher standard."

Thrifty approach needed

Income from agriculture could also be much improved. Overall figures aren't bad, although there are many loss-making enterprises. However, prompt solutions are needed, as the Belarusian leader asserted. He has given a range of instructions regarding potato farming, mechanical equipment and flax growing. Moreover, construction and reconstruction of dairy farms is essential yet remains largely unfulfilled.

Price always to the fore

Inflation is a vital economic parameter, since fluctuations are felt in everyone's pocket. Accordingly, the President is adamant in demanding, "We must put a halt to 'free' price formation, for which there is no need. The Government and the National Bank need to more efficiently regulate prices."

Since 2011, the Belarusian Rouble had been devalued 2.9-fold, while consumer prices have risen 2.6-fold. Food prices have almost tripled while those of non-food goods and services have risen 2.5-fold.

Prime Minister Mikhail Myasnikovich and the Head of the National Bank, Nadezhda Yermakova, were asked, not

unreasonably, whether they intend to make inflation outstrip the rate of devaluation. The President added, "If we don't take control of inflation, with a sustainable exchange rate for the national currency, internal costs will rise and Belarusian exports will lose competitiveness. We need efficient measures to restrain inflation."

Unshakable guarantees

The social obligations of the state are close to the President's heart. He notes that a significant gap has been growing between salaries in the budgetary sphere and the national economy as a whole. Today, this correlation stands at 80 percent while it should be 90 percent. "We shouldn't be conducting modernisation at the expense of restraining salary rises for teachers and doctors. The burden should be spread more fairly. Meanwhile, the structure should be seriously brought to order in the budgetary sphere, eliminating everything which is far away from people and their needs."

Task for tomorrow

The year's main priority is well-known: modernisation of enterprises. The President promises that, from January 1st, every enterprise head should be working on this task, with a target of at least \$60,000 GDP per capita for