

New agro-'Mercedes' sought

As in the human body, everything is interconnected within the economy; a problem with one link in the chain may cause failure across the whole system. For Belarus, shifting the abundance of unsold goods stored in warehouses is a serious challenge. We rely on export sales for currency inflow, which funds state social programmes. Enterprises also suffer, lacking circulating assets. Yet, why is trade becoming more difficult?

By Yevgeny Kononovich

Quality in demand

"Our machine engineers used to enjoy a good niche on the Russian market, regardless of price or demand," notes economist Vladimir Vasilega. "However, as Russians began to develop similar manufacturing, competition grew tougher; our quality alone is not enough to guarantee sales. On one hand, our technologists and heads of enterprises need to solve this problem; on the other, we need to find new niches, conducting market research and updating our 'inventory', as well as expanding its geography. Markets do exist; we just need to reach out to them. Our

IT companies are generating hundreds of millions of Dollars of revenue annually by producing software — despite being in the toughest field for competition."

Obviously, there's no point in offering goods or services for which there is no demand. Much of the challenge is in anticipating future needs. In the field of agricultural engineering, a 'Mercedes' is sought, surpassing all others in quality.

Credits must be earned

Vadim Iosuba, a financial analyst with Alpari, in Minsk, believes that poor quality goods are down to poor organisation in the workplace. While enterprises were once focused mostly



Crawler-mounted forage combine harvester created at Gomselmarsh

on gaining maximum output, it's now more important that there are sales markets for what's being produced. It's hard for traditional firms to change their approach; the answer is sometimes to privatise inefficient enterprises, since private owners are more greatly motivated to ensure healthy sales.

Another problem is

the huge credit load borne by some enterprises. The Chairman of the Board of the Development Bank, Sergey Rumas, emphasises, "Of course, we need to reduce interest rates but the National Bank cannot do this in isolation. A fall in rates would only work if supported by other economic measures, since credit availability

would raise inflation and encourage import growth."

Mr. Iosuba suggests offering crediting to all enterprises under identical conditions, without subsidies from the state. "In this case, high rates would lead to reduced demand for credit, so banks would be compelled to reduce rates. At present, enterprises working un-

der state programmes don't need to worry about interest rates, since theirs are subsidised by the state." He adds that the government and banks also need to be tough in refusing to credit inefficient projects, reserving funds for those who can show evidence of cost-effectiveness and whose profits directly depend on quality.



Belarusians depositing more savings with banks

Individuals better off keeping savings with bank

By Yuri Chernyakovich

The National Bank notes that the trend is currently for Belarusians to save their extra income with banks. In January, personal deposits in the national currency rose by Br3 trillion (or 13 percent) — reaching almost Br26 trillion. In fact, Dollar deposits also rose: by \$32m last month. An impressive sum of over \$7,320m is currently held with banks.

Experts believe the trend will continue: in the national and foreign currencies. Alexan-

der Mukha, a financial analyst with Business Forecast Research Group, explains, "The inflow of deposits into our banking system depends on Belarusian Rouble rate dynamics and inflation. If the domestic currency market remains stable and inflation moderate, we can say that Belarusians should continue saving with our banks." He feels certain that many individuals are now attempting to make money from the high rates being paid on Rouble deposits. "In future, banks will stop offering such rates (40 percent and above). People understand this and are, hence, trying to take advantage

of this 'last chance'. As a result, Belarusian Rouble bank deposits are growing, while demand for foreign currency is falling," Mr. Mukha adds.

National Bank data shows that Belarusians sold almost \$100m more than they bought in January. "This is the best result since last May. From January-April 2013, individuals mostly sold foreign currency but, in May, the situation changed: Belarusians began selling more Dollars than buying. In January 2014, this negative trend broke — partly due to the National Bank's tough monetary policy," stresses Mr. Mukha.

Gas is cheaper and far more eco-friendly

By Yuri Pinchuk

Number of gas-filling stations growing from year to year

Belarus now boasts over 100,000 vehicles running on natural gas. In addition, a network of service centres operates to maintain gas-fuelled vehicles. The Director General of Beltopgas, Leonid Rudinsky, tells us, "Liquefied petroleum gas is becoming more popular as a motor fuel while the number of gas-filling stations in Belarus in 2013 rose significantly — to about 500." He stresses that liquefied petroleum gas is more eco-friendly as a fuel for vehicles

than gasoline or diesel, as well as being cheaper. "The transition of vehicles to liquefied petroleum gas in Belarus has promoted our own production of equipment rivalling that of foreign counterparts technically. For example, Novogrudok gas equipment plant annually produces more than 30,000 sets: sold on the domestic market and abroad," emphasises Mr. Rudinsky.

Since 2004, Belarus has only been using domestically produced liquefied gas: associated gas — produced during oil extraction from oil deposits in the Gomel Region, and then liquefied at oil and gas refineries.

New tyres for every car

By Andrey Fiodorov

Belshina modernisation continues

The enterprise is technically re-equipping its production line for giant tyres, including production of all-steel tyres and passenger car tyres with rim diameters of 20 inches. All works are to be complete by 2017, with the aim of broadening the range and increasing the volume of production — from tyres for quarry lorries to passenger cars.

Belshina is among the top three profitable joint-stock companies



Manufacturing at Belshina

in Belarus (January-September 2013) according to the Ministry for Finance. Its net profit over the first 9 months amounted to an impressive Br835bn, with a total income of Br6.3 trillion.