

First once again

The Banker names Belarusbank the best bank of Belarus in 2010

The Banker, a world leading monthly magazine on banking, finance and capital markets, is read by over 45,000 heads of international financial institutions. Its award ceremony takes place every year, with the magazine recognising financial institutions for best performance at regional level, alongside the leading banks of more than 100 countries.

In 2010, Belarusbank was also acknowledged as the best bank in the Republic of Belarus by leading financial publications, such as *Euromoney*, *Global Finance*, *EMEA Finance* and *Business New Europe*.

Presence in South America

Belshina registered trade house in Brazil

The trade house in Sao Paulo should expand Belshina's economic presence in the region while promoting Belarusian tyres to Brazil and other Latin American countries, developing a commodity distribution network.

Bobruisk's tyre specialists have been working within the Brazilian market since 2004, selling truck, agricultural and super large-size tyres to customers. Over the first eleven months of this year, the company has supplied \$18.5 of tyres to this country. Brazilian consumers will now be offered the full range from the Belarusian enterprise via the trade house. Belshina is primarily an export-oriented company and currently maintains business relations with around 60 states, successfully selling its goods to North and South America, Europe, the Middle East, Asia, Africa and the CIS.

Sum of billions unlikely to spoil financial situation

Banking system to live through reduced deposit rates



Bank representatives pleased that people's bank deposits are increasing

By Vladimir Veremeev

Many of us would wish to have a billion in our savings account: in Belarusian roubles if not US dollars! The sum is grand for most family budgets but means little to the country's financial and banking system. The withdrawal of Br5-7bn a day from bank accounts has no impact, since deposits are still growing. In September, these rose by over 2 per-

cent. Future savings volumes will depend not on people's confidence in the state alone but on banks' marketing policy. After last year's impressive growth in deposit rates, it's clear that they'll surely need to be reduced. Those financial institutions which better explain the need for reducing interest rates on savings will, no doubt, win clients.

Most spheres of the economy develop in waves, with periods of

unprecedented growth followed by falls, before rising once more. In recent years, citizens' deposits into the banking system have grown steadily. The global financial crisis influenced the structure of deposits but not the volume. Banks raised interest rates to encourage saving, transforming such accounts into a source of earning. At certain times, deposit rates were at least 3 or more times greater than the official inflation level, so

their popularity is hardly surprising.

Economic uncertainty usually inspires people to save more. In the 1990s, when times were hard, people would save up to 6-8 percent of their earnings. When the situation improved, Belarusians shifted towards consumption. The crisis again pushed people to reconsider their attitude to personal savings and, in 2009 and 2010, people were setting aside a greater proportion of their earnings.

It seems that the crisis is over, although subconscious fear remains. This is reflected in pessimistic views regarding inflation and potential devaluation. Two years spent being thrifty have left their mark, with people feeling cautious about spending money. It's quite possible that shops will attract more spending, with banks, retailers and producers competing for our funds; it's a normal situation. However, does this mean that the banking sector could face serious problems?

Stress tests conducted by the National Bank upon last year's figures show that the system can cope with up to ten percent of individuals' and firms' savings being withdrawn (individual deposits comprise about half of the banking sector's 'inner injections'). In other words, about 4 trillion Belarusian roubles would need to be withdrawn from deposit accounts and there are no signs that such a situation is likely. Some banks may be struggling for their place in the sun but the system is strong overall.

Diversified hydrocarbon supplies prove useful

Venezuelan oil projects generate \$52m for budget over two years

"Venezuelan projects are yielding real financial benefits, with \$52m arriving in the Belarusian budget over the last two years," notes Belorusneft Production Association's Director General, Alexander Lyakhov.

"Undoubtedly, the results achieved by Belorusneft in implementing foreign projects have been possible due to an active foreign policy and state support," he underlines. Mr. Lyakhov explains that, in December 2007, a joint oil extracting venture was launched in the Bolivarian Republic of Venezuela, following the two presidents' agreement. In 2011, the joint enterprise plans to extract 1m tonnes of oil and 600m cubic metres of gas. In future, Belorusneft plans to extract oil and gas in Venezuela, while setting up a joint company to drill and repair wells. Moreover, the joint seismological enterprise should increase its supplies of Belarus-made geological survey and drilling



Oil refinery feels no lack of raw materials

equipment to Venezuela.

Belorusneft's work in Venezuela greatly contributes to Venezuelan oil supplies being made to Belarusian oil refineries. "In this way, diversification of hydrocarbon supplies has been achieved — a key factor for any state's energy security," underlines Mr. Lyakhov.

In November, Mozyr Oil Re-

finery saw its first oil supplies arrive via the Odessa-Brody pipeline. "Various countries have tried to bring this project to life over the past ten years, yet their efforts have been in vain. It has only come into operation with Belarus' participation. An alternative pipeline route has been created," notes Belorusneft's Director General.

Golden rule of economic stability

By Nikolay Roshchin

Belarus' gold and currency reserves have almost doubled over the last two years

As of early December, these totalled almost \$6.8bn: a record level for Belarus (calculated using national methods). According to experts, this enhances the stability of the national economy, while ensuring the stability of the Belarusian rouble.

The latest increase was primarily in Chinese yuans, received by our state as part of a swap agreement with China. "Growing gold and currency reserves send a positive signal, guaranteeing stability," notes Alexander Mukha, an analyst with Business Forecast. "If these rise, trust from foreigners towards the Belarusian economy and our national currency is enhanced."

"Such reserves act as a financial 'safety cushion,'" explains the expert. The National Bank of Belarus stores gold, foreign currency, precious stones, securities and other assets, which can be part-liquidated to meet



the difference between supply and demand for foreign currency.

This avoids the sharp devaluation of the Belarusian rouble against the US dollar or euro.

Most countries aim to hold enough gold and currency reserves to pay for imports for three months — in case of acute need. By the end of the year, our reserves may expand by another \$0.5bn and may increase by at least \$1.2bn in 2011.

The greatest gold and currency reserves are owned by China (around \$2.6 trillion) and Japan (\$1.1 trillion). However, there's no sense in endlessly expanding the 'financial cushion'. According to some estimates, Russian reserves currently equal ten months' worth of imports. Experts recommend redistributing funds, directing them towards the construction of new enterprises and the modernisation of existing manufacturing lines.