

Attractive alternative energy

By Olga Belyavskaya

Belarusian ecologists develop info-system to develop renewable energy

The International Sakharov Environmental University has developed an information-analytical system to assess the possibilities of renewable energy sources, particularly relating to their use in the Minsk Region's Dzerzhinsk District.

"This is a fully functional Internet resource, allowing us to assess the energy potential of any area, looking at average levels of wind, sun and water, and potential for bio-gas use. The feasibility of the implementation of these projects can be calculated," explains Boris Tonkonogov, an associate professor at the University's Department of Automated Systems of Information Processing.

The system includes data on how domestic and foreign equipment might be applied to generating alternative energy, allowing projects to be chosen for the Minsk Region. The system could later cover all regions of the country, enabling scientists to select the most appropriate sites for creating renewable energy.

A centre could also be set up to promote the idea, with staff working to attract investment into the field of alternative energy.

Currency become catalyst for mood of general public



Banking success requires attention to detail and steady attitude

The foreign currency market has recently become top news, being widely discussed in blogs and forums, in shops and at markets. The Internet enquiry 'What will happen to the Dollar exchange rate?' is the most frequently searched for on the World Wide Web, yet stability seems likely

By Alexander Boldyrev

The National Bank of Belarus has decided to 'freeze' its activity for some time, believing it has done all it can to preserve and expand the country's gold-and-currency reserves. Accordingly, the topic should calm naturally.

In early March, the coun-

try's economy faced a sharp rise in demand for currency from individuals and businesses, caused by fears regarding a possible one-time devaluation. Against a background of rush and excitement, the National Bank had to implement several unpopular measures to regulate the situation. Af-

terwards, the country's chief financial institution decided not to adopt additional restrictive measures in the sphere of foreign currency regulation and foreign currency control. Meanwhile, the National Bank notes that 'it completely excludes the idea of a one-time significant correction of the Belarusian

Rouble exchange rate and, if necessary, is ready to consider and implement other measures, enabling it to correct any foreign imbalance'.

Major catalysts of the growing foreign trade balance include rising customs duties on imported vehicles (from July 1st, 2011) to match those of Russia; this will make second-hand cars more expensive, with many Belarusians deciding to buy cars ahead of time to avoid the extra duty (for resale or for themselves). Accordingly, demand for foreign cash

has increased. Remarkably, the current situation repeats that of last year, when citizens awaited rising customs duties from July 1st, 2010 (which never appeared).

The preparatory stage has been challenging for the currency market, with over \$1.5bn of cash flowing out of the country in one year alone. According to analysts, the present figures may be even higher. "Citizens import too many cars and are often unable to resell them. Once sales begin, preferably to Russia or Kazakhstan, the situation will improve, with Belarusians bringing their earned currency back to banks," notes Mikhail Kovalyev, the Dean of the Belarusian State University's Economic Department.

The Head of the Association of Belarusian Banks' Analytical Centre, Felix Chernyavsky, assesses the anti-crisis measures of the National Bank as positive. "The institution has managed to stop the outflow of our gold-and-currency reserves," he notes. Economists believe that the efficiency of measures adopted by the National Bank depends on how serious budgetary policy is. The Government notes that, soon, the state investment programme will be cut back, with construction projects viewed as less important being shelved until better times.

Generous prices for high quality products

Price growth is slowing in Belarus. However, the lack of stability on foreign markets and rising prices for raw materials could affect the economy. What should be done to make prices more stable?

By Anatoly Rudnevsky

"In March, inflation in Belarus reached 1.3-1.4 percent — according to preliminary estimations," explains the Economy Minister, Nikolai Snopkov. The figure is less than 4 percent and more registered from January-February. Speculation led to raised demand for some products, but is now receding, with the situation stabilising. Prices in Belarus have mostly grown due to increasing raw material prices globally. Since early 2011, oil has risen in price by 8 percent and, since June 2010, by almost 60 percent.

"There exist the inflation of supply and the inflation of demand," stresses Felix Chern-

yavsky, the Head of the Association of Belarusian Banks' Analytical Centre, offering a different outlook. In case of the former, manufacturers are using more expensive raw materials and components, resulting in higher prices for end products. The latter is related to the population's disposable income which also plays its part; if it grows faster than labour productivity, then 'excess' money appears on the market, resulting in raised demand. Unsurprisingly, sellers then increase prices, causing inflation.

If life was always predictable, demand would match supply, with no inflation at all. However, only textbooks on

economics describe such an ideal situation. To reduce inflation, the European Central Bank plans to raise interest rates on loans, while rewarding saving more generously. This strategy is similar to that of the Belarusian National Bank, which recently increased its refinancing rate to 12 percent per annum.

Belarus must import certain commodities, including energy and raw materials. Accordingly, global trends influence the 'purses' of our citizens. "Of course, the Belarusian state could restrain price growth using internal reserves," notes the Deputy Chairman of the Belarusian Scientific-Industrial Association, Georgy Grits. How-



Innovation is watchword of modern industry

ever, this can create additional obstacles. Too low prices (in comparison to our neighbours) can provoke intensive exports to bordering states. This is why it's important to act reasonably. Excessive regulation of prices also holds back the development of entrepreneurship and the creation of new jobs.

Mr. Chernyavsky believes that we could minimise influence on internal prices by raising the efficiency of domestic production facilities. With this in mind, the Government has

focused on investments and innovations.

Additionally, import substitution is vital. The share of imported products must be reduced on the domestic market and this will take more than a decision to reject imports of foreign clothes, electronic goods and food. Our domestic manufacturers need to produce goods which our citizens are eager to buy, paying in Belarusian Roubles.

Despite the Soviet tradition of appearing poorer than it truly

is, the population has money to spend, as proven by the recent purchasing of passenger cars. "The Economy Ministry feels embarrassed that people are hoarding money at home rather than placing it with banks," notes Mr. Snopkov. According to some estimations, the average Belarusian saves just 5 percent of their disposable income. This holds back the country from development while inspiring inflation. The Government plans to tackle this problem.