

# Individuals able to manage their own businesses

## One in five able-bodied Belarusians involved in small business activity countrywide

By Alexander Timofeev

All over the globe, few people risk running their own business. In Belarus, the share of those relying on business success is no smaller or larger than in other developed states, although opinion polls show that 40 percent of Belarusians are potentially ready to launch their own business. Of course, it's no surprise that the actual number of people who realise their dream is smaller. Our countrymen have a strong desire to work for themselves and, once they become entrepreneurs, are not easily deterred; if one business fails, entrepreneurs prefer to launch something new.

Apparently, developed countries do their best to ensure that small businesses account for 60-70 percent of GDP, since smaller firms are more flexible, able to react to changing trends and pursue niche markets. Their advantage became truly apparent during the crisis years. Emphasis on larger businesses is probably best only in times of war.

Today's industrial Belarusian economy is inherited from Soviet times, when large enterprises and monopoly niches reigned. Not long ago, the National Statistical Committee released its report: *On Small Business Development in the Republic of Belarus*. It notes that, by late 2010, the number of small

enterprises had risen by 9 percent, reaching 84,000. However, the number of registered companies was about 12 percent more than those actually operational last year.

Fortunately, these 'dead souls' do not significantly influence the general situation, as the total number of workers employed by small businesses approaches 785,000 — around 20 percent of all able-bodied Belarusians. Interestingly, over the past year, the figure has risen by almost 12,000. The National Statistical Committee notes that 43 percent of small companies operate in trade, and in the repair of cars, household appliances and personal use goods. The processing industry accounts

for 15 percent while about 11 percent of all small enterprises work in the sphere of property. Nine percent are involved in construction while another 9 percent render transport and communication services.

At present, small businesses account for almost 12.4 percent of Belarus' GDP, playing the major role in retail trade — almost a third of all products sold countrywide are overseen by entrepreneurs. Their share

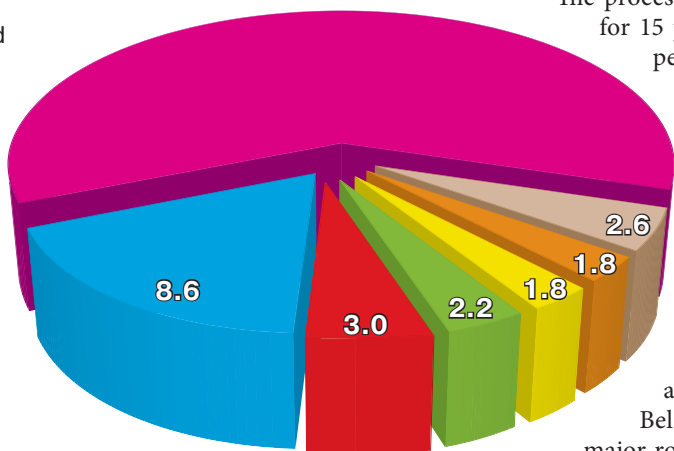


A furniture producing factory in Kalinkovichi

● medium-sized and large businesses

### Small businesses

- trade, repair of cars, household appliances and personal use goods
- the processing industry
- property
- construction
- transport and communication services
- other branches



Structure of able-bodied citizens' employment in small businesses, by branch (% of the total number employed by the economy)

in the total volume of investments into the basic capital rose to 27 percent in 2010 (from 24 percent in 2009) while contributing 34 percent of the total foreign trade balance (up 3 percent on 2009).

The state's reliance on small businesses to occupy an active position in foreign trade has been mostly justified. However, there is room for improvement via increased sales. In 2010, small businesses exported \$9820m of Belarusian products (against \$7298m in 2009). However, they also began to purchase more from abroad.

The top trading partner for Belarusian entrepreneurs is the Netherlands, followed by Ukraine, with Belarus' major partner — Russia — in third position. The UK, Brazil, Poland and India also buy Belarusian products, owing to entrepreneurs' efforts. Small businesses are becoming highly profitable in Belarus, with most turning profits of 15.8 percent. Last year, the most profitable were those dealing in property (33.9 percent profitability), while those rendering financial services made 19.2 percent profits.

## Avoiding errors in expenditure

By Lyudmila Satsenko

### Personal inflation calculator to be created in Belarus

"Work is underway to encourage the population to use the personal inflation calculator," noted Irina Kangro, Deputy Chair of the National Statistical Committee of Belarus, at a Minsk seminar entitled *Consumer Price Indices: Theory and Practice*.

Explaining why the calculator hasn't been used in Belarus before, Ms. Kangro explained that, according to feedback from the Federal State Statistic Service of Russia, it can be rather difficult to use, since records of expenditure must be kept for at least two months. People are required to keep track of their daily purchases and living costs.

"We're working on this issue, speaking to the national service of Moldova, with German experience also studied. Such a calculator will be created, but it's hard to say what form it will take," underlines Ms. Kangro.

## Forwarders and harvesters forge ahead

### Forestry machinery manufacturers expand foreign sales

By Yevgeny Veresov

Amkodor's forestry machinery is popular in Belarus and across Russia: from Smolensk to Vladivostok. This year, the company plans to enter the Ukrainian market.

Fifteen models of forestry-industrial machinery are produced at the specialised Dormash Plant, including forwarders, harvesters, skidding hauling tractors and timber loaders. Valeriy Kondratchik, Director General of Amkodor JSC, promises that, over the next five years, the line-up will be expanded to include 5-6 innovations.

In 2011, the company plans to manufacture over 150 machines for the forestry industry. A hundred are to be sold domestically, with at least 50 exported to Russia. "Our specialists go to Russia to train operators, who must pass a test to show proficiency," notes Mr. Kondratchik.

Amkodor has set up a special commodity distribution network, covering eleven trade and service

companies, to promote its vehicles. Harvesters and forwarders account for around 80 percent of export deliveries to Russia, with one such

begun, while our rivals are yet to return to 2008 sales figures. Amkodor's supplies aren't huge, but we've already managed to exceed the



Amkodor machinery known far beyond Belarus

complex costing over half a million US Dollars.

"In the crisis year of 2009, sales volumes of the major manufacturers of forestry machinery to Russia dropped ten-fold. A recovery has

pre-crisis level," explains Yevgeny Kosinov, Amkodor's Deputy Head of Sales.

This year, the plant has supplied forestry machinery to the Siberian and Far Eastern Federal Districts,

with only good feedback received. "We don't doubt that Amkodor's machinery will enjoy demand," notes Alexey Ishutinov, Director General of Ural-Service — Amkodor's dealer. "A well-developed service department operates at the plant. The machinery endures very difficult conditions and, if questions arise, specialists can't always solve problems on the spot. A service brigade can arrive within 2-3 days while our warehouse carries spare parts. If something is missing, the plant can quickly deliver."

Dealers are also pleased with the work of Belarusian designers. "Over the last 2-3 years, many improvements have been made, taking into account the desires of final customers," stresses Mr. Ishutinov. "Belarus has acted promptly, supplying machinery which works perfectly."

Amkodor JSC plans to acquire one more factory, specialising in manufacturing forestry machinery which will help double production.