

Banking stability influences economic stability

Prospects for co-operative development between Belarus and Russia's Sberbank discussed at meeting between Alexander Lukashenko and Sberbank Chairman German Gref

Mr. Lukashenko thanked Mr. Gref for the assistance provided by Sberbank of Russia and BPS-Bank JSC (its subsidiary in Belarus) to the real sector of the economy. "You're providing support to our real sector of the economy and leading enterprises in acquiring imported goods. This is of great importance," noted the President. "I appreciate this greatly and am delighted that we've connected the fate of this bank with Sberbank of Russia, gaining corresponding support." Mr. Lukashenko proposed discussing existing problems, saying, "I'm aware that you won't keep silent, prompting us with what you see from outside, telling us what we should do in this situation. It's essential."

In his turn, Mr. Gref said that, since early this year, Sberbank of Russia has allocated around \$480m as additional liquidity to support BPS-Bank. "This has helped maintain the stability of our bank. I believe we've also helped many Belarusian enterprises in power engineering, industry and agriculture during this period," he noted.

# Outpost for new expansion of commodities and capital

Polish small and medium-sized businesses trade with their closest Eastern neighbour, while investing in local and global projects

By Tatiana Petrushenko

This year began favourably for the economic relations of our two countries: from January-April, mutual trade reached \$780m (rising by over a third). According to the Trade and Investment Department of the Polish Embassy to Belarus, in 2010, our commodity turnover rose 22 percent on 2009, reaching almost \$2bn. For the first time in many years, our mutual trade was in favour of our Western neighbour, with the balance standing at about \$200m. However, this year, the Poles believe trade will slow, due to the unfavourable economic situation in Belarus. They merely hope to retain turnover at last year's level.

Poland sells to Belarus over 150 products, with pork representing about 10 percent of the total volume. Various technological equipment and plastic articles follow. Meanwhile, Be-

larus exports oil products (over a third of all supplies), mineral fertilisers, timber, wooden goods and ferrous industry products.

In 2010, Polish exports exceeded 117bn Euros, with imports accounting for about 131bn Euros. As in Belarus, the Polish foreign trade balance is negative; however, the gap is compensated by foreign investments. Their inflow enables competitiveness to grow. Interestingly, about a third of total foreign deliveries are made by small and medium-sized businesses, who account for almost half of GDP.

Special programmes are also available for exporters. Last year, about 8bn Euros were allocated for this purpose by the state budget, with foreign buyers of Polish goods provided with credits (including with the attraction of a counterparty bank). Support for Belarusian partners accounted

for 800m Euros in 2010, although less than 200m Euros were used. An interest rate made 4.6 percent.

Poland has another efficient method of stimulating exports: returning loan interest payments to companies whose goods are dispatched to foreign buyers on long term deferred payment terms. Moreover, expenses for taking part in international exhibitions and organising business trips are partially compensated, while assistance is rendered in seeking out office and production premises.

Analysis of economic collaboration with Belarus confirms that small and medium-sized businesses in Poland are active. Regarding the volume of injections into Belarus (totalling almost \$28m last year), our Western neighbour occupied 12th position — accounting for \$27m of direct investments (13 percent being injections into statutory capital).



Polish businessmen attend Grodnokhimvolokno

Interestingly, by early 2011, about 600 companies with Polish capital were operating in Belarus; these were primarily small firms, with statutory funds of \$20,000. Most dealt with trade, production of timber and its manufactures (excluding furniture), food, beverages and tobacco.

This year could be momentous for Belarus-Poland investment co-operation,

due to Belarus' joining Russia and Kazakhstan within the Customs Union. However, due to economic and financial difficulties, Polish businesses are yet to enter the Belarusian market wholeheartedly. Nevertheless, many Polish businessmen are considering establishing an anchor in Belarus, from which to organise deliveries to the whole Customs Union territory.

# Straight talking and adherence to principles always suit former military commander

The President of Belarus has met Army General Anatoly Kulikov, President of the Russian Military Commanders Club, who has told him about its activities, while offering to set up a similar organisation in Belarus

General Kulikov served many years in Mogilev and Minsk and commanded an internal troops division.

The Russian Military Commanders Club was founded in 2005, uniting top strategic-tactical military men and paramilitary organisations. It now boasts over 2,000 officers (current, retired and in reserve) from the Defence Ministry, the Interior Ministry, the Federal Security Service, the Emergency Ministry and other law enforcement bodies of Russia.

The Club promotes pa-

triotic education and supports veterans and military schools, while implementing projects to strengthen ties between various social groups and generations. It co-operates with similar foreign organisations to promote collective security — battling terrorism, drug trafficking and smuggling.

"In Belarus, many still remember the time when you were in office and how you helped extinguish the fire at the Chernobyl nuclear power station, when you were a colonel," noted Mr. Lukashenko on meet-

ing Mr. Kulikov. "We've often met, with you holding the corresponding positions under the first President of the Russian Federation. I know your position; I totally supported it back then and I support it now. You're among the few in Russia who tell the truth, although it may be a bitter truth. Moreover, you criticise the authorities when they're wrong."

According to the President, prior to the meeting, he read up on the objectives and activities of the Club. "What you do is very

important today. There is nothing wrong in us following your example," he said.

"With respect for our common homeland, Russia, Belarus and I would not rule out Ukraine, we have a lot of work to do here. The world is not simple, and we have to deal with many of these problems. Unfortunately, Belarus and Russia are facing new ones. Therefore, any union, especially a union of influential people in the Russian Federation, is extremely important for us," noted Mr. Lukashenko.

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