

# Less active investors might let the chance go by

## Belarus to privatise over 200 stock companies over coming three years

By Vladimir Yakovlev

Belarus regularly organises auctions to find shareholders for small and medium-sized companies (those with state capital). From June-July 2011 alone, the country's budget received Br38bn from this source, explains the Chairman of the State Property Committee, Georgy Kuznetsov. Most funds were generated from the privatisation of wood-paper and wood processing facilities. In particular, large packages of assets were sold from three furniture factories; 20 enterprises from this branch are set to be privatised this year.

According to Belarus' Prime Minister, Mikhail Myasnikov, 250 enterprises countrywide are scheduled for privatisation in 2011. "These include firms producing construction materials, accommodation building companies and light industry facilities," he explains. "Companies from the EU and China are showing huge interest not only in our raw material and infrastructure firms, but in the processing branch. We've sold several furniture factories, while IKEA

company is to build several factories here. We are offering our cement and gypsum making plants, with the Germans already demonstrating keen interest." Among those companies being privatised are Baranovichi Reinforced Concrete Products Plant, Brest Electromechanical Plant and several construction trusts; the ten most important facilities are to be sold via the recently established National Investment Agency, with consultations rendered by the International Finance Corporation.

Mr. Myasnikov has negotiated with the IFC while the World Bank is to join the Austrian Government in allocating \$5m for the privatisation of these ten pilot enterprises. Other facilities are to be sold at auction. If no interest is shown at the initial stage, then prices will be cut significantly. According to Mr. Kuznetsov, in the coming three years, the country plans to earn \$620-680m from privatisation but, importantly, these companies will gain efficient owners who'll inject great funds into modernisation, competitive production and the search for new sales markets.



20 furniture branch companies to be privatised this year

## New format for convenient movement

### Belarusian Railways to develop international, regional and city lines

For a trial period, modern electric Swiss Stadler trains are to travel between Minsk-Passazhirsky and Zaslavl, four times a day. "In the future, similar lines will stretch to Smolevichi and Pukhovichi," notes the Deputy Head of the Belarusian Railways' Passenger Service, Alexander Belostotsky. "The route is like an overland metro, enabling passengers to easily change from one form of city transport to another at minimal cost."

## Harvesters show their mettle

### Gomselmash's forage harvesters to undergo their first tests on South Korean fields

Seven forage trailing harvesters have been dispatched to South-East Asia to be tested at maize mowing. According to the Head of the Non-CIS Sales Department, Igor Korotkevich, the trial will last a month, with results forming the basis for talks on the regular supply of Belarusian agricultural machinery to the region.

In recent years, Gomselmash has been actively developing its exports to Asia. Belarusian grain and forage harvesters are already assembled in Kazakhstan, while China has a joint company. Combines are also delivered to Iran and possible sales to other states of the region are being studied.

# Smooth transition to currency exchange rate preferable

## Government aims to achieve steady Rouble exchange rate in coming months

By Yegor Nefedov

According to Belarus' Prime Minister, Mikhail Myasnikov, several conditions are required to ensure a steady rate, with a 'safety cushion' needed of gold and currency reserves. He explains, "This will be created soon. Moreover, we should also achieve a sustainable reduction in our foreign trade deficit while ensuring currency inflow to the country."

Experts and business representatives were keen to see an unambiguous exchange rate formation mechanism before the May devaluation and, to all appearances, the Government plans to act in this direction. However, the question is how to achieve a steady Rouble exchange rate.

The opinions of experts differ, with some suggesting complete freedom for the exchange rate formation mechanism. They admit that, at first, the exchange rate would greatly

increase but they believe it would then drop and find a stable rate reflecting demand and supply. Others criticise such an approach. Economist Georgy Grits reminds us that the national currency could come under attack by speculators if the ex-

According to the expert, the second danger of a completely free exchange rate formation mechanism would be the risk of an upsurge in inflation, as imports could sharply rise in price.

However, Alexander

that, at present, prices for many imported goods are calculated using an exchange rate set much higher than the official one. He explains, "The price includes all the costs involved in acquiring foreign currency. It's essential that we achieve a steady exchange rate — to calm emotions on the market."

Of course, no one argues the fact that we



Government aims to ensure steady Rouble exchange rate

change rate lacks state regulation. "In the mid-1990s, there was such an attempt to 'default' the Belarusian Rouble and make money as a result. However, the state interfered in time and the attempt failed," comments Mr. Grits.

Gotovsky, Deputy Director of the National Academy of Sciences' Centre of System Analysis and Strategic Research, notes

need a steady exchange rate. Judging by the Government's announcements, the transition shall be smooth.

# Bar code able to reveal everything

### E-bank to replace tonnes of paper passports

Belarus, Russia and Kazakhstan plan to establish a single database of e-passports, helping unify and simplify registration of products. The Customs Union urgently needs to shift to a unified format, replacing paper invoices with electronic versions. Several years ago, two dimensional bar codes were launched in many European states; unlike linear analogues, these allow more information to be stored, including expiration terms. However, their major advantage is that a bank of e-passports can be created from this information.

The Director of the Inter-Branch Scientific and Practical Centre for Identification Systems and E-Business Operations at Belarus' National Academy of Sciences, Victor Dravitsa, tells us that a forthcoming sitting of the Customs Union is to study conditions for unifying e-passports for products. The established system will follow international



Bar code uncoded

rules in describing products. "Manufacturers, transport carriers and, naturally, consumers need this. The database will unite all the necessary information, significantly easing commodity flow," Mr. Dravitsa explains. The system is to be synchronised with the databases of our three countries' state standards: those issuing conformity certificates and those of health ministries producing hygiene certificates. The new information resource will help users promptly receive information on a product's manufacturer and its consumer and trading characteristics. Moreover, the need for tonnes of paper certificates will be lifted.