

# Optimistic view against background of pessimism

Membership of Customs Union and Single Economic Space to help Belarus survive 'shakes' of global economy

The Departmental Head at the BSU's School of Business and Management of Technology, Candidate of Economic Sciences Georgy Grits, believes that ripples from the recent global crisis continue to be felt, with no end in sight. "The latest relapse was not unexpected and there's no reason to believe that everything will be resolved anytime soon," he explains. He notes that two paths lay before us: continuing in the old fashion (halving profits); or the preservation of incomes by doubling efforts.

European experts are now gaining a clear understanding that the WTO, in its former form, is no longer a capable instrument for regulating the global economy. Previously, the international organisation simply needed to co-ordinate its position with the USA. However, new strong players have emerged — such as China and India. Even within the framework of the European Union, countries with different levels of economic development — such as Germany and Greece —



Belarusian-Chinese Midea-Horizont JV obtains new consumers within Customs Union space

cannot be guided by common rules of foreign trade. With this in mind, a shift to bilateralism within the WTO has become apparent recently.

Of course, Belarus is de-

pendant on global economic processes, asserts Mr. Grits. The Dollar is among the basic currencies in gold and currency reserves while many foreign trade contracts use it — including those relating

to gas and oil. Additionally, our major trading partners are also likely to be affected by an economic 'shake'. Europe, Russia and China keep a large share of their gold and currency reserves

in Dollars while their own securities are nominated in this currency. In particular, China can lose dozens of billions of Dollars overnight if even minor fluctuations occur on the currency market.

There is no talk of increasing assets, as their stability is questionable.

Speaking about Belarus' measures, Mr. Grits notes, "We need to form our economy, taking into consideration our own strengths. Naturally, it's unwise to pretend to a certain role on a global scale. However, with our partners, we've established the Customs Union and are now building a Single Economic Space. To some extent, these associations follow some WTO rules. However, they can protect themselves from crisis without using tariffs."

He believes that Belarus' future relies on the formation of strong regional partner co-operation. Moreover, a large raw material component has been formed within the Customs Union, while Europe needs resources. "We should not forget that our economies are growing, even if this growth has slightly slowed down recently," adds Mr. Grits. His is a more optimistic view, set against the sad prospects of global economic stagnation.

## Products to meet everyone's taste

Minsk's Kommunarka Confectionery develops new sweets in partnership with leading German and Austrian confectioners

By Inna Vegero

Production of new sweets is to begin once new production lines have been installed at the enterprise; two are scheduled to open by late 2011, with contracts for equipment delivery signed. The new facilities will enable Kommunarka to increase its production volumes by 25 percent.

The company's General Director, Natalia Kot, is confident that the new range of confectionery will prove popular, being of high qual-

ity. Recipes have been developed with expert advice from German and Austrian confectioners. The names of the new products are being kept secret at present, but are soon to go on sale country-wide.

Every year, Kommunarka launches about 30 new products. New lines will enable the company to expand its range and increase sales domestically and abroad. "Raising exports is our top priority now," stresses Ms. Kot. "In recent months, the figures have reached 200 per-



Kommunarka relies on use of natural ingredients

cent against last year."

It's expected that about 10m Euros will be allocated to install new equipment and

technically modernise the factory this year; the figure is set to reach 40m Euros over the coming five years.

## Injections into precious metals prove profitable

By Timofey Kozlovsky

Having repaid its debts, Belarus' level of gold and currency reserves remains almost unchanged

The National Bank has announced that, in early August, Belarus' gold and currency reserves stood at \$4.15bn in equivalent (under the IMF Special Data Dissemination Standard). By national definition, our gold and currency 'purse' has risen by \$46m (to \$5.7bn in equivalent). The National Bank and the Government have fully paid their internal and external obligations, transferring about \$115m in equivalent to creditors. However, this sum has been compensated by growing prices for precious metals on

international financial markets.

Estimations show that, in July, gold rose in price by 8.5 percent. From January-June 2011, it added 5.3 percent to its price and, in 2010, a record 30 percent rise was registered. Worries for the future of the global economy — caused by the US loss of its highest credit rating — continue inspiring growing prices. Tension and pessimism on markets are leading investors

to inject currency into this metal, with gold prices expected to rise in the near future. However, growth has plateaued a little following finance ministers and G20 national bank heads announcing a plan to jointly counteract instability on global markets.



## Video camera to help rescuers

By Mikhail Kovalevsky

Mogilevtransmash manufactures high class fire fighting vehicles

Two trial samples are now undergoing testing before being used by the Emergency Ministry. One is equipped with a 52m ladder and high-speed lift

while the other boasts a special elevator. Similar vehicles have been imported for some time, tailored for use in high-rise buildings. Now, due to co-operation with a South Korean company, Belarus will be able to save foreign currency, producing its own special fire fighting vehicles.

Complex equipment is being supplied by our Asian partners while the undercarriage is being manufactured by Minsk's Automobile Works.

"However, this is only during the preliminary stage," notes Pavel Karankevich, Deputy Chief Constructor of MAZ's

Mogilev branch. "Soon Belarus-made components will account for 30 percent."

The new models are equipped with video cameras, with pictures sent to a rapid response centre, enabling rescuers to react quickly during fires, adapting their strategy.