

Logic of logistical development

Geographical position promises major economic benefits from development of transport-logistic services, worth billions of Dollars

By Yuri Chernyakevich

The geographical position of Belarus is advantageous for transit, promising major economic benefits. In 2007, discussions began at the highest level and, in 2008, the National Academy of Sciences developed a programme of logistical development until 2015, approved by the Council of Ministers. According to the programme, not only logistics centres, but their conditions of functioning are being supported, noted Pavel Bozhnov, the Head of the Ministry for Transport and Communications, speaking at a press conference in Minsk. He feels that good progress is being made, with 12 logistics centres now operational and 46 investment projects soon to be realised. Belarus is to gain huge transport-logistic sites, such as InterStroiPortalPlus, (20,000 square metres) and the Prilesie centre (50,000 square metres) — to open in November. Meanwhile, Belta-mozhservice has announced plans to create a 500,000 square metre 'A class' warehouse in Minsk.

According to plans, 60 logistics centres are to be operational by 2015, allowing Belarus to attract additional financial assets into the economy. It is no secret that logistics is a profitable business. For example, in Germany, logistics generate 20 percent of gross domestic product. Therefore, Belarus has decided to take financial advantage of its favourable geographical position.

According to Valery Kozlov, the



Transport and Logistics Centre, Minsk-Beltamozhservice, sorts hundreds of cargoes daily

Head of Logistics at the Belarusian Transport Research Institute — Transtekhnika, prices for logistic services in Belarus are comparable to those in Vilnius. He believes that Belarus could become one of the top 50 countries for efficiency of logistics, stressing, "These are not just simple words, but expert estimations from the World Bank." However, he emphasises that an action plan is needed to achieve our full potential.

Mikhail Kovalev, the Dean of the Economic Department at the

Belarusian State University, adds, "The development of transport-logistic services is promising for Belarus, despite it taking time to recoup investments. We're currently generating about \$3.5 billion annually from this sphere but the potential is huge; Belarus could raise its volumes of transit services considerably." He especially notes the role of EurAsEC membership in inspiring expansion. "Today, our country, in joining this international organisation, has every chance of increasing cargo flow through

its territory," he explains. "China sends most of its goods to Europe by sea but the Suez Canal (used by Chinese containers and cargoes) is simply overloaded. China, in my opinion, will be seeking an overland route to the EU through Russia and Belarus. The Eurasian Bank estimates that Belarus could earn up to \$5-6 billion per year from transiting goods from Asia to Europe." He is eager to see Belarus engaged more actively in transport-logistical projects, investing in infrastructure. Meanwhile, he

believes that domestic companies must be structured and united.

Clearly, Belarus has already taken the decision to pursue this path, working efficiently to facilitate cargo flow. Consulting company McKinsey predicts a quadruple rise in volumes of world trade by 2020, which will increase demand for transit services. By attracting flow through its territory, Belarus can generate revenue. All that's needed is to develop logistics and create the necessary infrastructure.

Financial stability with positive prognosis

Standard & Poor's International Rating Agency assigns 'B-/B' long- and short-term foreign and local currency issuer credit ratings to Development Bank of Republic of Belarus, with positive outlook

By Andrey Smirnov

The Bank's ratings reflect Standard & Poor's opinion that there is an almost certain likelihood that the Belarusian Government would provide timely and extraordinary support sufficient to service the Bank's financial obligations, if needed. Experts underline that the Development Bank plays a 'critically important' role in solving state policy tasks while providing significant long-term loans for state programmes.

Standard & Poor's also notes the Development Bank's integral link to the Government of Belarus, demonstrated by 100 percent ownership by the state, previous capital injections provided and the state's

de facto responsibility for all of the Bank's obligations. Moreover, key government figures are members of the Development Bank Supervisory Board, headed by Prime Minister Mikhail Myasnikov, allowing the state to maintain close oversight of the Bank's activities.

Taking into account the above mentioned factors, Standard & Poor's assessment of the Development Bank used criteria elaborated for organisations which are connected with the state. The Development Bank became Belarus' only financial institution whose long- and short-term ratings are the same as the sovereign ratings of the Republic of Belarus. High liquidity and an ample resource base are additional factors in the Bank's



Experts estimate the Development Bank

financial stability.

"The receipt of the first credit rating is a landmark event for us. The rating from the international agency is an independent assessment for the Bank's partners, as well as a source of additional information about its activities and

financial state. The assignment of a credit rating to the corporate borrower, completely meeting the sovereign level, reflects the Bank's status as a top class borrower on the financial market of Belarus," notes Sergei Rumas, Chairman of the Development Bank's Board.

Technologies targeting exports

By Igor Sergeev

Chinese company to produce LED displays in Belarus

Yuri Lukashevich, the Aide to the Chairman of the State Committee for Science and Technology of Belarus, tells us, "SIDA Company plans to use cutting-edge technologies and materials for new LED production in Belarus, with a view to export to the CIS and EU."

The Director General of the Chinese company, Wang Rui-Guang, notes that SIDA technologies reduce energy consumption by 50 percent while increasing the operating life of LED equipment more than 5-fold. He met the Chairman of the State Committee for Science and Technology, Igor Voitov, and Chairman of the State Military and Industrial Committee, Sergey Gurulev, to discuss joint production of LED equipment. It was agreed that other spheres of bilateral co-operation are possible, using high-tech and innovative technologies, both in Belarus and China, including at the Belarus-China Technopark in Changchun. The new joint venture is expected to enjoy some tax breaks, and is to be located at Tekhnika Svyazi enterprise — the oldest in the Belarusian defence sector.