



Business with a British Accent

The bulk of investments that came to Belarus from the European Union in 2013 were provided by Great Britain. The United Kingdom is also in the top ten of Belarus' trading partners in Europe. Belarus-UK trade has approached \$1.5 billion.

Ambassador Extraordinary and Plenipotentiary of Belarus to the United Kingdom of Great Britain and

Northern Ireland Sergei ALEINIK tells the Economy of Belarus Magazine whether Belarusian products are to the British taste, how transport vehicles can contribute to the economic cooperation between Minsk and London, whether BelBioGrad resident companies will speak British English and why the government should be involved in matters of science after all.





Mr Aleinik, Belarus' export to the United Kingdom rose considerably in 2013. Other figures also suggest that the interest of Britain in Belarus increased...

Our countries maintained a political dialogue throughout last year. We managed to expand inter-agency and interregional contacts. Cooperation between British and Belarusian businessmen was gaining momentum.

We have made substantial progress in promoting cooperation in trade, economy and investments. The bilateral trade expanded by more than 56.2% in 2013 to exceed \$1.4 billion. Last year Belarus' export rose by 84% as against 2012 to reach \$1.02 billion. Belarus posted a trade surplus of \$627 million.

Petrochemical products remain Belarus' major exports to the United Kingdom. However, I would like to emphasize that Belarus also exports a significant number of tractors, metal products and textiles to the UK. The embassy is constantly working to get more export orders for high tech products made in Belarus. In 2013 the export of optical and measuring devices rose by 18.5%, that of textile products increased by more than 20%.

The export of services rises steadily by 20% every year. The bulk of the services were provided by IT, transport and tourism companies.

Cooperation between businesses was also rather fruitful. Belavia and Belarusian Oil Company have their offices in the United Kingdom.

What British companies have operations in Belarus?

Over 270 companies with British capital are registered in Belarus. They include B&B Insurance, Servolux, LeGrand, Unison, British Tobacco, Printteam Pack.

The bulk of the companies with British capital are involved in construction, real estate, public catering and hospitality, production of foodstuffs and wood processing, retail trade. The British trademark Mothercare has several stores in Belarus. In December 2013 the NEXT brand opened two stores in Belarus.

All in all, the British investments in Belarus were estimated at

\$3.2 billion in 2013 (second only to Russia). Foreign direct investments from the UK amounted to \$2.8 billion.

The figure is huge, but we both know that it lags behind the true potential of the bilateral cooperation. So in 2014, we are determined to overachieve it. At least, we are well-positioned to do so.

In what areas, for example?

The United Kingdom is a state boasting advanced production and management technologies and a well-developed services sector. Services contribute about 80% to the country's GDP. Given limited resources in Belarus, the United Kingdom's expertise and knowledge in the non industrial sector can be very useful for our country.

Today Belarus is on track of modernizing the national economy, upgrading domestic enterprises. In this context, we see prospects for attracting British investments into ambitious projects in our country.

British investment potential is huge. London is a leading global financial center. It accounts for 2/3 of global trade in bonds, 2/5 in foreign assets, 1/3 in foreign exchange transactions, and 1/5 in international borrowing. The UK is home to the world's most important commodity and stock markets. Among them are the London Stock Exchange, London Metal Exchange, International Petroleum Exchange and London International Financial Futures and Options Exchange.

Many Belarusian companies could become major players in the global stock market and manage capital that was earned not through the state budget but thanks to the financial efficiency of production, smart managerial decisions, good product sales and a high demand for the brand. Access to capital markets will contribute to the modernization of the national industrial base and the assimilation of new management technologies.

I would like to draw attention to the fact that Belarusian laws have certain provisions that can improve the country's financial market and corporate governance. The joint action plan of the Government and the National Bank

adopted in late 2013 includes, among other things, the provisions on preparing highly liquid companies for entering foreign stock markets through IPO, and the idea of the permanent offer of their shares on stock exchanges.

Belarusian food products that are known for European quality and reasonable prices are successfully exported to a number of EU countries. Have our products made their way to the UK market?

The United Kingdom may very well be called a promising market for Belarusian food products. Work is under way on this front.

This year, for the first time, Belarus has delivered vegetables worth \$4.7 million to the UK market. The result is positive. I admit that now the embassy is actively cooperating with local companies to expand the lineup of Belarusian foodstuffs in stores throughout the UK. I would like to see more delicious products labeled "Made in Belarus" on British store shelves. Our products can find a buyer, but, of course, the competition is high here.

Mr Ambassador, the United Kingdom is famous for its achievements in science, energy, and pharmaceuticals. Is it possible for Belarus and the UK to engage in a serious, not occasional, interaction in these areas?

We keep an eye on these areas. In my opinion, we have real prospects for long-term cooperation with the United Kingdom in pharmaceuticals. The British share in the global exports of pharmaceuticals is more than 8%. Belarus' BelBioGrad program provides for the measures to stimulate the development of biotechnologies. In this context, our country is interested in cooperation with British companies specializing in the application of new technologies in the pharmaceutical, chemical and food industries, agriculture and environmental protection.

Besides, Nottingham Science Park, which is similar to our BelBioGrad, has been successfully operating in the UK. Its experience will be valuable for us.

The UK track record in the power generating sector merits our close attention, too. Ongoing modernization of the Belarusian energy sector, new goals in energy saving and efforts to expand the use of local fuels require the latest technologies. The UK is the country where all these technologies have been developed and implemented. Today the UK's renewable energy market is estimated at \$40 million. Wind energy accounts for 50% of the figure, biological and solar energy keeps 25% each. Ten windmills that are under development in the UK will generate 32GW of energy (the projects will cost more than \$120 billion).

The UK is also one of the world's recognized leaders in nanotechnologies, silicone IT systems, crystals, and semiconductors. The embassy is studying the possibilities of expanding cooperation with Belarusian companies in the field.

The first steps have already been made in this area. Contracts have been signed between PLANAR, Inte-

gral and the UK Trade Association for Electronics Systems, Microelectronics and Semiconductors NMI.

We will work on launching new projects, attracting British investments and technologies, expanding production and seeking new niches in this highly technological and competitive sector.

I would like to mention one interesting fact: the UK would have been unable to stay competitive in the manufacturing industry and services sector without the government's active support for R&D. In this regard Belarus is extremely interested in the UK's best practices in promoting R&D and in the track record of its national innovation agency called Technology Strategy Board, which actively finances new generation aircraft, exhaust-free engine and electromobile programs, and provides financial assistance to industrial producers.

The government regulation stimulates scientific capacity building in the UK, which in turn helps

win foreign orders for British R&D centers. The track record shows that about 45% of expenditure on R&D in the UK is financed by foreign companies. The UK accounts for 4.5% of the global research. Eight of the world's 50 most recognized universities are located in the UK.

Let us elaborate on education. If I am not mistaken, about ten Belarusian universities cooperate with British educational establishments...

To be precise, these are nine establishments of higher education that have concluded 12 agreements on cooperation.

Belarus and the UK have been steadily developing their contacts in education. For example, in September 2013 a memorandum of understanding was signed between the Belarusian State Economic University and Northumbria University. In November 2013 Regent's University of London concluded a memo-

Belarusian towns maintain twin-town relations with a number of British towns. Nottingham is a twin town of Minsk, Aberdeen is a twin town of Gomel, Mendip District has been twinned with Svetlogorsk. The priorities of interregional cooperation are healthcare, education, environmental protection, landscaping, cultural and youth exchange, social and humanitarian partnership in mitigating consequences of the Chernobyl accident



randum of understanding with the Belarusian State University and the Minsk State Linguistics University. The Belarusian National Technical University and the University of Strathclyde are getting ready to sign a cooperation agreement in the near future.

The United Kingdom does not sign pro forma agreements with Belarus. We organize exchange of students and lecturers, participate together in research projects. They are of great importance because they create conditions for sharing knowledge and advanced technologies between universities of the two countries.

We are currently gearing up for a big and important event. The Education Ministry with the assistance of the Belarusian and British embassies will hold the 1st international educational forum Quality of Higher Education and Vocational Training in the European Perspective in Minsk in H1 2014. Magna Carta College Oxford is one of the organizers of the forum.

Minsk is expected to bring together members of education supervision and accreditation bodies, representatives of British universities. Participants of the event will discuss such important issues as education quality, current trends in education, prospects and conditions for the export of Belarusian education services with the help of modern distance learning programs. All that could help create a competitive edge for Belarusian education. I think that the forthcoming meeting of representatives of the international academic community in Minsk will be interesting and productive.

The European Union keeps a close eye on the integration of Belarus, Russia and Kazakhstan because the Customs Union, the Single Economic Space and the future Eurasian Economic Union give access to the common market, facilitate free movement of goods and services, capital and human resources. How can Belarus, a

member of the Customs Union, spark the interest of the UK?

We have analyzed all the possibilities and I can say that the formation of the Customs Union makes it possible for us to manufacture car parts together.

It is common knowledge that over 40 leading car manufacturers, including world-famous brands Land Rover, Jaguar, Ford, BMW, Toyota, Nissan and Honda, have branched out into the UK. Nissan and the regional development agency One North East are going to produce zero-emission electric cars. Belarus can successfully compete with other member states of the Single Economic Space and create modern facilities for manufacturing car parts here and export them to companies in the United Kingdom and the Russian Federation.

Mr Aleinik, as a diplomat representing Belarus in London you also coordinate Belarus' cooperation with the European Bank for Reconstruction and Development. What important projects are implemented with the assistance of this international institution?

In 2013 the annual volume of EBRD operations in Belarus increased by one third to reach its historical peak of €255 million.

Last year the bank provided a €65 million loan to Kronospan (for the construction of the second line of the wood processing plant in Smorgon), a €5 million loan to Heineken (for the development of breweries in Bobruisk), a €20 million loan to Stadler Rail AG (for the construction of a rail car factory in Fanipol).

In 2013 the European Bank for Reconstruction and Development continued to sponsor sustainable energy programs in the manufacturing sector, projects to promote small business, trade financing initiatives.

On 14-15 May 2014 Warsaw will host the Annual Meeting of EBRD Board of Governors. Together with other countries Belarus is gearing up for this meeting.

Marta ASTREIKO

