

tain more power. We found also many positive activities which create the corporate culture and positive image of this enormous enterprise.

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## **AIRPORT PREMIUM SERVICES IN THE CONDITIONS OF MONOPOLISTIC COMPETITION**

The number of air flight is increasing with every year. National airport Minsk-2 is the main air gate into the Republic of Belarus. In 2009 the Airport has accepted 1 028 886 passengers, the increase 1.8 % against 2008 year, has 1 terminal with handling capacity of 3.6 million passengers every year, performs flights to more than 30 international destinations in different. The National Airline Belavia is a monopolist in the Belarusian air transportation market. That's why the airfare and the quality of the services do not meet the world standards of quality in comparison with other airlines' quality services. The only possibility to increase the service quality is to implement the competition.

Business class — it's a very specific Airport Premium service. The highest standards for them are in Germany. They say that "Lufthansa" is the example for imitation. Not long ago they re-equipped the business class cabins which have allowed to increase the quality of on board services. While in Belarus they are just going to do this.

A lot of foreign airlines are showing a great interest in Belarusian air transportation market. It is a positive tendency because of incoming competition there. For example Turkish airline has recently opened a new office. The tendency to decrease the costs and the ticket price is seen all over the world and leads to the renewal of aircraft fleet. The Belavia started buying new airlines not so long ago and its strategy is to deliver the passengers to the major European road interchange from which passengers are able to reach every destination in the World. That's why the Belavia thinks there is no need to buy new vehicles. That means that there is no endeavor to increase the quality of services of airlines. We can come to the conclusion that both the customer and the services suffer. According to the research the absence or poor quality of the nutrition on board the aircraft is interpreted negatively by the passengers of the plane. During the flights of "Austrian airlines" the passengers are served by the special cook and the stewards. Belavia Airline is working out the same program. So we see that the positive influence is doing good for the implementing innovations into the business. Some airlines are widening the set of VIP services for business class by means of introducing bonus cards and cutting the prices for group clients. "AirBaltic" emphasize the importance of group clients than the mass clients. The VIP services include invitation on VIP lounge of the airport, seating individually in the cabin for business class passengers, meals, beverages and alcohol drinks on board the plane, the enhanced rate of baggage, a ticket of business class can be changed any time the passenger likes and he shouldn't pay in addition. The same program was created by Belavia for passengers who permanently use Belavia air services. The conditions are to fly certain amount of kilometers with Belavia and as a grant the customer is given a possibility to transfer his baggage for

free or to get free ticket for you relatives. Soon Belavia is going to introduce electronic ticket system and the possibility to book tickets on-line.

The Belavia Airlines is a governmental organization and takes a lot of grants from the government. More than that, the tickets of foreign airlines are not allowed to be sold at lower prices than the Belavia's ones. The limiting excessive regulations by the government, the appearance of 2-3 airline company — is more than desirable. Only in this case we will gain a bigger number of passengers who will be completely satisfied with the services.

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## **BELARUS AND THE WORLD TRADE ORGANIZATION: PROSPECTS OF COOPERATION**

In the course of political discussion at the Organization of United Nations General Assembly the Deputy Minister of Foreign Affairs Sergey Aleinik stated that Belarus is quite anxious about holding back the negotiations on joining the World Trade Organization and offers to simplify the rules of the entry. Can Belarusians with a share of less than 0,1 % of global GDP dictate their terms to the world trade? According to Sergei Aleinik, Belarus is concerned about recent trends "of hardening the positions of developed countries" at the current stage of negotiations, which affects the developing nations and middle-income countries. Meanwhile, 153 current WTO members which provide 98% of world GDP, do not find the rules of admission to the WTO challenging. And Russia, according to international experts, is already on the threshold of the organization. A synchronous entry of Russia, Belarus and Kazakhstan as the single customs union into the WTO was discussed last summer. Then it became known that the triple alliance would again resume negotiations on admission of each country to the WTO separately, but on agreed positions. According to the international affairs analyst Andrei Fyodorov, Russia came to the conclusion that in this case it is better to "not mess with partners in the Customs Union and to move ahead on its own", as Russia advanced much farther in negotiations with the WTO than its partners in the Customs Union.

But integration in the WTO sets certain conditions for the country: the prices should be determined by the market rather than administrative measures, public enterprise subsidies ought to be limited. Then the Belarusian government will not be able to intervene in the activity of companies, to force banks to provide loans for public projects, even if they are unprofitable. Now our economic model does not meet the WTO rules.

At the same time, one of the problems that may arise for Belarus after the entry to the WTO, is cutting down tariffs on some imported goods. In this case branch interests will suffer. And this is a problem for the government, which wants to preserve the existing economic structure. But it also can be considered as an opportunity to carry out positive changes in the economy. This would allow Belarus to create the conditions for integration of Belarusian producers in the chain of transnational corporations in other countries. Naturally, Belarus would create the conditions for fair competition within the country, thus providing Belarusians with lower prices and access to the best available goods and services.

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