

Belarus Gets Ready to Recognize Independence of South Ossetia and Abkhazia

Lukashenka: 2009 and 2010 Will Not Be Easy

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Castle of Niasvizh Will Need Three and a Half Billion Roubles during Three Years

Harsh realities have compelled the Belarusian authorities to give up on bravura rhetoric about invincibility of the domestic economic paradigm. Now ministers as well as the president recognize that the global crisis has not bypassed Belarus.

Thus, according to information from the National Statistical Committee, an unprecedented decline of industrial output was registered in November – down 13,8% compared to results shown in October.

Some enterprises have now to curtail production. Radio Liberty reports that a gas-fitting plant came to a halt in Navahradak. It is expected for the moment that the work will be interrupted till mid-January. Plant's representatives explain: clients advised that they were not able to buy manufactured articles because of the lack of means. As a result, the warehouses are glutted.

Plant of rubber goods in Krychau has partially stopped the work. Most of the workers were sent on mandatory leave. Journalists were able to find out that the production had been stopped because the plant had no



means to buy raw materials. Cement and slate plant in Krychau will come to a halt on December 25 for ten days.

Alaksandar Lukashenka, speaking in Bierazino, Miensk region, on December 16, pointed out that prices for oil products, metals, and potash fertilizers went down sharply. And these were the main sources of revenue for the Belarusian budget. Similar situation is in the machine building industry: heavy-duty trucks, tractors,

agricultural and specialized equipment are sold worse.

As a result, currency receipts of Belarusian enterprises went down by twenty per cent in November compared with October and amounted to 2,439 billion US dollars.

Banking industry faces difficulties as well. Recently, the major “Belarusbank” has stopped extending credits for purchasing lodging. Other Belarusian banks have also imposed restrictions on extending credits to population. The refusal of the largest banks to extend credits for purchasing lodging gives evidence of a deepening crisis of the Belarusian economy, Professor Stanislau Bahdankievich, former chairman of the National Bank pointed out. He believes that Belarusbank already “has difficulties with repayment of earlier issued credits, as well as with uncommitted funds”.

IMF mission came back to Miensk on December 15 to negotiate the extension of a two billion US dollars credit. The official Miensk applied for the credit in mid-October in order to increase its foreign reserves and to create an “air-bag” in the time of crisis. However, the

negotiations advance with difficulties, because IMF demands economic and financial reforms.

A particularly painful issue for the authorities is the devaluation of the Belarusian rouble, because it will affect the purchasing power of population and may shatter the rating of the official leader, who promised a steady growth in the living standards, in particular, a wage increase at least up to seven hundred US dollars per month before the end of 2010.

And still, the authorities must proceed, willing or not, with economic reforms. Recently, the government approved a plan of high priority measures to liberalize conditions for economic activities.

On December 18 Alaksandar Lukashenka pointed out in his interview to editors-in-chief of several State mass media: "Bureaucratic scoffs at the economy should be stopped. Bureaucracy should not be dominating in this period when a financial and economic crisis rages around us." The Head of State announced that he had signed important documents on liberalizing the economy. They will be published in the near future.

It is not impossible, for instance, that the government will make concessions to small entrepreneurs. They went on strike on December 10, and on December 15 they carried out an

authorized march in the capital, at which several thousand people took part. Small entrepreneurs protest against the introduction of new, far tougher custom and tax rules from January 1st.

On December 17 it was announced that utility charges will be increased by fifteen to twenty per cent from January 1st. The cutback of subsidies for utility charges is also one of IMF's demands.

Economic difficulties will increase in case of a sharp price hike on gas. Moscow Kommersant newspaper which belongs to Gazprom, reported that a likely price of gas for Belarus in 2009 could be 240 US dollars for a thousand cubic meters. The Belarusian party bargains for 140 to 160 US dollars. Experts believe that eventually the price may be a compromise one – about 200 US dollars. Ultimately, Miensk would like to revise altogether the formula of a gradual increase of the gas price for Belarus up to the pan-European level, as it is provided for in an agreement with Russia.

As Deputy Prime Minister of Belarus Uladzimir Siamachka put it, "lately the world price of oil went down by factor of three and a half, and in this situation to have a more than two-fold price increase would be paradoxical". Meanwhile, Gazprom would like to partially compensate its

overall loss of revenue through higher gas prices for Belarus in the next year, Kommersant reports.

When parties' positions differ so much, it is not sure whether they will manage to agree before the year is out. Russian Ambassador Aleksandr Surikov has pointed out recently that his country would not stop gas supplies even if the price would not be agreed upon before January 1st. He said that the contract guarantees supplies of gas to Belarus till 2001, and so Russia "cannot stop the supplies".

Alaksandar Lukashenka intends to meet the Russian president on December 22 and to discuss the gas issue in person.

"Negotiations are difficult every year", the Head of State stressed on December 16. He did not exclude also that "this year the situation will be similar". Experts believe that Moscow will put forward several demands: expansion of circulation of Russian rouble, signing of the agreement on the joint air-defence system, recognition of Abkhazia and South Ossetia.

Miensk postpones by all means the issue of recognition of these breakaway Georgian territories, because it does not want to spoil its dialogue with the European Union. A technical mission of the General Secretariat of the Council of the European Union headed by Helga Schmidt, visited the

Belarusian capital on December 16. There is no specific information on the substance of these negotiations.

In the meantime Miensk makes small concessions to political demands of the West.

The Ministry of Justice registered the Movement for Freedom of the former presidential candidate Alaksandar Milinkievich. Three previous attempts to get registered were unsuccessful.

Lidzija Jarmoshyna, Chairperson of the Central Electoral Committee, informed that negotiations between the Belarusian authorities and the OSCE Office for Democratic Institutions and Human Rights on the subject of improving the electoral legislation will start in the end of January 2009.

POLITICS

Belarus Gets Ready to Recognize Independence of South Ossetia and Abkhazia

This is what RIA Novosti news agency reported quoting Pavel Borodin, State Secretary of the Union State of Belarus and Russia.

"The parliament of Belarus will now consider the requests that we



have formally transmitted to Alaksandar Lukashenka. I presume that Belarus will recognize independence of Abkhazia and

South Ossetia in a due process of law", Borodin said. He pointed out that he had not heard any negative reactions from the Belarusian party. Also, Pavel Borodin took a favourable view on the prospects of the separatist republics joining the Union State.

At the same time, speaking about the relations between Russia and Belarus, Pavel Borodin stressed that these relations were not in crisis. "There are matters of dispute. They bear upon the Constitutional Act and the payment instrument". State Secretary believes that time is needed to resolve these issues in conditions of the economic crisis.

OFFICIALLY

Lukashenka: 2009 and 2010 Will Not Be Easy

The Head of State asserts that he is totally in control of the situation despite the crisis.

During his working trip to Miensk region Alaksandar Lukashenka asserted that the country's authorities are totally in control of the situation in Belarus despite the negative influence.

Alaksandar Lukashenka: "We have to live through 2009 and 2010, I feel that these two years will not be easy, but we should not panic. The situation in the country is under control".

According to Lukashenka, the global financial crisis is dangerous for Belarus because sales are in recession. The President demanded to avoid mass unemployment in the country.

OPPOSITION

United Democratic Forces Want to Become Third

The United Democratic Forces of Belarus submitted their own project of modifications in the electoral legislation to the OSCE Office for Democratic Institutions and Human Rights, Anatol Liabiedzka, Co-Chairman of the Political Council of the United Democratic Forces told to Radio Liberty.

As Radio Liberty already reported a visit of a group of ODIHR experts to Miensk is scheduled for the second

half of January 2009. They will start a dialogue with authorities regarding introducing changes into the Election Code. Viktor Karniajenka, coordinator of the campaign "For Free and Fair Elections", "this process will not be successful if representatives of the democratic opposition do not take part in the negotiations".

ECONOMY

Lithuanian and Belarusian Businessmen Want to Cooperate

A meeting of businessmen from Lithuania and Belarus ended in Vilnia (Vilnius). Both parties are interested in developing contacts.

A working visit of Belarusian industrialists to the capital of Lithuania which took place on December 15 and 16 gave place for hopes on developing contacts between businessmen of two countries. Vasil Ramanau, Chairman of the Chamber of Commerce and Industry of Belarus, met with Danas Arlauskas, President of the Lithuanian Business Employers' Confederation, and Vaclavas Kontrauskas, Director-General of the Chamber of Industry of Vilnia. The Belarusian delegation was composed of representatives of such enterprises as Pinskdrev, Hrodna

Tobacco Factory, Barysau Repairs and Mechanics Plant, Lida Shoes Factory, and others. According to a special agreement which was signed, businessmen of both countries hope for a development of trade contacts. As of today, the most successful joint venture is MAZ BALTIA which started producing trucks in accordance with Euro-5 standard.

SOCIETY

Corruption Grows like a Weed



A number of persons who committed crimes of corruption this year are almost five per cent higher compared to last year.

A number of identified persons who committed crimes of corruption during the first eleven months of 2008 have increased by almost five per cent in comparison with last year

and amounts to 1401 people, the web site of the Office of the Prosecutor-General reports.

From this number 1193 persons were criminally prosecuted: 370 for bribery, 376 for theft by abusing of official position, 82 for abuse of authority or official position, 334 for fraud in office.

Most cases of crimes of corruption were revealed in commerce, industry, State agencies, agriculture, construction, public health, education, and transport.

CULTURE

Castle of Niasvizh Will Need Three and a Half Billion Roubles during Three Years

Three and a half billion roubles are needed for the museumification of the Castle of Niasvizh in 2009 – 2011. This sum was announced by Valery Stalarchuk, Director of the National Historical and Cultural Open-Air Museum “Niasvizh”.

The permanent exhibit was inaugurated in the renovated part of the castle on September 1st. Soon, the exhibit by supplemented with a tapestry “Mikolaj Krzysztof Radziwill



Sierotka” which will be made by Belarusian craftsmen. An information desk will also be created.

The exhibit of the second start-up complex of the castle of Radziwills will be installed in five buildings of the Palace of Niasvizh. Thirteen interiors will be museumified according to documented sources. One will be able to see apartments of prince, princess, the Golden Hall, as well as exposition halls of archaeology, cartography, and other exhibits.

Exhibits “Military glory of Radziwill” and “History of the Radziwill family” are to be installed in the Arsenal building. In the stone building the Small dining room, the White ballroom, and the castle’s kitchen will be installed, and the Hunting hall and the hall for temporary exhibits will be arranged in the eastern gallery.



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EUROPEAN RADIO FOR BELARUS



There are various sites devoted to events in Belarus, which are, however, little known in Western Europe, and among people dealing with politics towards Belarus who do not understand the Russian or Belarusian languages.

The site [belarus-live](http://belarus-live.eu) fills this gap. The site allows to order weekly reception of news in English, Polish, Belarusian, Russian.