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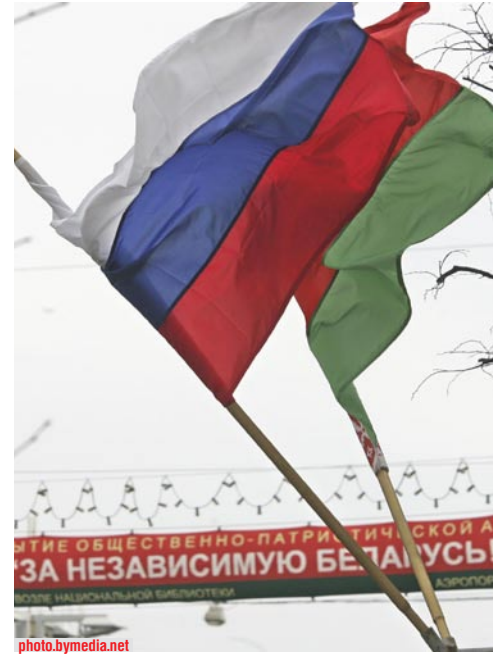
Importers Deflected the First Attack

The Belarusian Written Language Day for the Chosen

At the summit in Moscow on September 5, the heads of the Collective Security Treaty Organization member-states cautiously supported Russia's actions in the Caucasus and didn't come to any conclusion concerning recognition of independence of Abkhazia and South Ossetia. Russia agreed with cautious comments on the Caucasus situation from the Collective Security Treaty Organization member-states, but still hopes that results of military actions in the Caucasus will be recognized by some former USSR countries, and first of all by Belarus.

Aliaksandar Lukashenka initiated the discussion of South Ossetia and Abkhazia status at the CSTO summit. For the Belarusian president it was a successful attempt to change the subject and respond to the Kremlin's psychological attack, which demanded that Minsk must immediately recognize the independence of South Ossetia and Abkhazia.

Russia's attempts to get the approval of its military actions in the Caucasus and the recognition of Abkhazia's and South Ossetia's independence



were sharply critiqued by the US and Europe, as well as threatened to seriously undermine post-Soviet inter-governmental bodies. The cautious position of Russia's partners in CSTO, CIS, Belarusian-Russian Union State and other post-Soviet institutions forced Russia to stop putting too much pressure on its partners as regards the results of the five-day Georgia war to preserve the illusion that these institutions are still operational and Russia plays a leading role in them.

Given the circumstances, the Kremlin seems to demand recognition of Abkhazia and South Ossetia where it is possible. Probably, the Belarusian-Russian Union is such an opportunity now. Chairman of the State Duma and also chairman of Russia-Belarus Union State Parliamentary Assembly Boris Gryzlov announced that the question of Abkhazia's and South Ossetia's independence will be discussed at the next parliamentary session.

According to some sources, Kremlin addressed Minsk with the ultimatum: Minsk has to recognize the independence of Abkhazia and South Ossetia by September 9. Otherwise gas price for Belarus in 2009 will be more than \$200 for 1000 cubic meters. Lukashenka practically promised to do this with the new parliament after the elections on September 28. As an example he mentioned how it was done in Russian parliament. State Duma unanimously voted for the recognition.

It is obvious now that Moscow will not go back to previous favorable terms of the union agreement, and can only offer Minsk some tactical

benefits. This price, namely going back to previous terms which existed before 2007, would probably satisfy the Belarusian government. Low gas prices for another year (and presumably a loan of \$2 billion) won't make Lukashenka less interested in lowering the tension in his relations with the West. At the same time the government officials announced they are preparing a draft budget for the year 2009 assuming the gas price will be \$140 for 1000 cubic meters.

According to some analysts, markup ceiling for imported goods could greatly influence social and economic situation in the country.

The Ministry of Economics' directive #179 sets the maximum markup for imported goods at 30% for all the parties involved in the import process, including wholesalers, middlemen and retailers. Business owners criticized the directive and announced that the new rules would result in import decline, many importing companies and retailers going bankrupt, and also serious budget losses. The rumors are that the government may postpone the directive or even cancel it.

The directive obligates importers to justify their pricing decisions by reporting prices charged by the manufacturer and in exchange and/or wholesale markets in the countries of origin.

Senior partner of the "Consultation office "Argument" Denis Aleinikau commented on the possible consequences of the directive #179 and said that Belarusian importers may use the 90s-style business schemes when the goods were imported to the country through offshore companies.

According to Mr. Aleinikau, for many suppliers offshore import will become the only possible way to survive. The Ministry of Economy's demand to justify prices for imported goods will be a hard blow even for transparent importers.

After the special session of the Coordination and Consultation Council for Business Circles deputy chairman of Miensk Union of Businessmen and Employers Viktor Margelau announced that the directive #179 coming into effect could be postponed.

"We agreed on creating a working group for revising price-forming regulations for importers. 90% that the directive will not come into effect (the directive was published on September 3 and was to take effect in 10 days --- ed.). We came to understanding that neither the government nor business circles need this directive. It is not clear for how long it will be delayed. I think we will cancel it before it comes into effect," — Mr. Margelau said.

He stated positive and negative consequences of this decision for the Ministry of Economic.

"Positive consequences: for some time (1-2 months) the prices for many imported goods will be lower, official amount of consumer import will get lower, due to lower import prices, inflation rate will also be lower for 1-2 months," --- Mr. Margelau said.

At the same time he drew attention that negative consequences will be much more serious.

"In short-term perspective it is possible that imported goods will make most of the market because of lower prices. In middle- and long-term perspective the range of legally imported goods will be severely reduced which

will stimulate shopping tours abroad and black market development. As a result commercial organizations' turnover will be reduced by 15% and currency export will grow by 15%," --- Mr. Margelau stated. He also added that businesses' profitability will be lowered to negative values. It will result in closing of small shops and leaving up to 25,000 people without work.

Belarusian manufacturers will collapse in some sectors of the market. For instance, in golden jewelry market prices for Belarusian jewelry will be 30% higher than for Russian. Lower trade turnover will mean lower advertisement income for mass media. Up to 80% of small and



medium importers will be forced to go out of business. There could be hold-ups with critical import goods. No one will import coffee from Columbia with 30% markup if it costs in Columbia \$2 for a kg. Suppliers of children's clothes and sweeteners have already announced that they would turn down on critical import. In order to survive, big suppliers will have to severely cut down on sales networks and empty storehouses. It will be problematic to buy imported goods in small cities, and unemployment rate will grow.

Deputy Minister of Economy Uladzimir Adushkevich noted that the purpose of the directive was to create equal conditions for both home and imported goods.

At the same time other members of the council noted that they saw a real threat to deliveries of spare parts to Belarusian plants and to the fulfillment of contractual terms. The members of the project disagreed with certain arguments of the Ministry of Economy representative about home goods production stimulation. "Belarus can't produce everything. Even the USSR couldn't produce everything," — one of the project members said.

And still in their fight against import Miensk local authorities decided

to give importers assignments to export at least 25% of their goods.



OFFICIALLY

Sukala on Death Penalty

The chairman of the Supreme Court Valyantsin Sukala thinks that Belarus is coming close to death penalty moratorium.

This year there was just one death penalty case and three life imprisonment cases. At the same time the chairman thinks that it should be taken into consideration that the majority of citizens supported death penalty at the referendum.

POLITICS

Lukashenka Congratulated the North Korea Dictator

The greeting dedicated to North Korea revolt anniversary says that Lukashenka sets hopes for cooperation with Kim Jong-Il's state.

Aliaksandar Lukashenka congratulated the Chairman of the

National Defense Commission Kim Jong-Il on the anniversary of North Korea foundation, the press office of the President reports. 'Mr. Lukashenka hopes for development of constructive cooperation between Belarus and North Korea for the mutual benefit of the nations', - states the Presidential press service. Kim Jong-Il is one of the bloodiest dictators in the world. For 14 years of his administration tens of thousands died of starvation and violence from North Korea authorities. Public capital punishments, compulsions to abortion still happen there together with operating concentration camps.

OPPOSITION

BPF Candidates don't want to Quit Elections Race

During the party session, deputy BPF chairman Yuras Gubarevich voiced claim of 15 BPF deputy candidates to revise the Seim's decision according to which all BPF candidates should withdraw their candidatures from the elections on September 23.

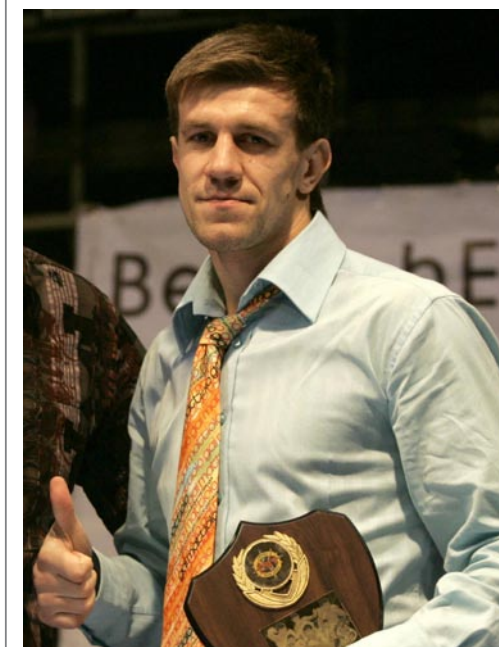
According to Gubarevich, this announcement was made by 15 BPF candidates, mainly from regions,

who discussed the Seim's decision and came to conclusion that they should take part in the election campaign till the end. The candidates base their appeal on the fact that the decision was not supported by other parties of United Democratic Forces, who practically appointed candidates together, and that only by participating in the elections can they prove the falsifications.

SOCIETY

The Belarusian Is Again the Strongest

Kick boxer Zmicier Shakuta became a 12-time world



champion in a well-known category of Thai boxing.

Minsk kick boxer Zmicier Shakuta proved to be the strongest in the world. He defended his status in Netherlands where he defeated local boxer Sam Bran. Thus he became 12-time world champion at K-1 Thai boxing category under 75 kg. In November Shakuta will participate in 'Tournament of four' in Istanbul where his opponents will be kick boxers from Thailand, Turkey and New Zealand.

ECONOMY

Importers Deflected the First Attack

Prime Minister Siarhei Sidorsky was addressed with a proposal to suspend the directive #179. The letter was signed by representatives of major business unions and Director of Entrepreneurship of Belarusian Ministry of Economy Aliaksandar Likhachevsky. The Ministry of Trade and Belarusian Cooperative Union supported the revision of the directive. The Ministry of Trade thinks it is advisable to implement markup

limitations only for socially important food products.

As a result of businessmen activity a work group was created by the Ministry of Trade, which will prepare amendments to the directive, taking into consideration all the suggestions made by businessmen. Importers still work by the old rules.

CULTURE

The Belarusian Written Language Day for the Chosen



The Belarusian Written Language Day was celebrated in Barysau (Miensk region) on September 7, 2008. The festival was held for the 15th time this year with the increased security measures.

The event organizers dedicated the anniversary celebrations to the history of the holiday. A lot of city coat of arms, representing the places where the event used to be held in the previous years could be seen in the streets of old Barysau. "The Golden Folio" memorial plaque, dedicated to the annual event was open in the city park.

The walls of houses in the city center of Barysau were decorated with portraits of famous Belarusian enlighteners. Numerous outdoor bookstores proposed a wide variety of publications, written by the members of the official Belarus Writers' Union and published in the state-owned publishing houses.

Unlike in the previous years the place of celebration in the city center was fenced. In order to get to the Central Square it was necessary to show personal things to the police officers. People with rucksacks as well as with alcohol beverages



and bottles with mineral water or juice weren't permitted to enter the Square. People on bicycles couldn't get to the square either. Alcohol beverages weren't sold in Barysau during the whole day.



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.



CENTRUM STOSUNKÓW MIĘDZYNARODOWYCH
CENTER FOR INTERNATIONAL RELATIONS



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