

The Buyers of Large Sums in Foreign Currencies to Be Inquired

Young Belarusian Democrats Ask the EU Policy Makers to Seize Talks with Lukashenka behind the Opposition Back

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Will a Song in Belarusian Get to „Eurovision“?

A session of Supreme State Council of the Union State of Belarus and Russia was to take place on December 1, 2008. Both the Belarusian and Russian sides were nourishing the public with expectations of some earth-shattering decisions to be taken during the event. The event had to be put off. Both sides accused each other of wrecking the session. However, it was planned that the Supreme State Council (further – SSC) would meet by the end of December 2008. Its decisions will settle the format of relations of both states for the year of 2009. Still, the session shift and its reasons prove true that the format of relations of members within the Union State of Belarus and Russia will remain in the “interim” state in the year to come.

The Russian side was expecting three “earth-shattering” things to happen during the SSC’s session:

- A public statement on the part of Belarus about taking the first step on the way towards integration of financial systems of both countries in the form of payments for the imported



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Russian natural energy carriers in RUR. The new project of transformation of RUR into a regional reserve currency is substituting little by little the old project of the Union State’s common currency. It is much more ambitious in comparison with the initial project. However, it is much safer for Belarus as it reserves certain freedom as far as emission and financial policy is concerned.

- Ratification of a treaty about the united air-defense system. The document has been negotiated for more than six years already. Though the Belarusian side doesn’t object to the idea in principle, it keeps postponing its final decision. The reasons for the delay appear to be the same as in the

case with the Constitutional Act of the Union State, i.e. the impossibility of securing the equality of sides in general commandment.

- Confirmation of allied commitments of Belarus as far as the foreign policy is concerned (the problem of admitting the independence of Southern Ossetia and Abkhazia by Belarus and the access of Russia to information about the dialogue between Belarus and the EU).

At that, it is important to mention that the Russian side is sure that it has already paid a lot for the general consent of Belarus. Therefore, it doesn’t care about the additional positive motivation for the Belarusian political leadership.

The Kremlin is sure that the first point got satisfied with the Russian credit; the second point got appeased with rearmament of Belarusian army at the Russian domestic costs; and the third point got slaked with the many-year diverse support of Belarus and its economy.

At the same time, the Belarusian side believes that a positive response to the Russian initiatives has to be nourished by additional significant bonuses.

Against the background of falling market-determined prices for the Russian energy carriers, preconditioned by the global financial crisis, the Belarusian political leadership believes it will be quite natural if a consent or even a promise to fulfill two points in the Russian agenda will be rewarded by the return to the initial format of relations in the field of energy carriers supply, changed in 2007.

However, in response to these expectations, the Russian government, represented by the Prime-Minister V. Putin took a decision to begin the construction of the Baltic Pipeline System-2 and leaked unofficial information to the press about the absence of eventual changes on the issue of oil and gas supply to Belarus.

If the Russian side fails to make concessions, it will be hardly possible that the Belarusian government may

accept the Russian proposals (apart from paying for the Russian oil and gas in RUR, as the second installment of the Russian credit got preconditioned with this requirement).

Meanwhile, Lukashenka paid an unplanned visit to Moscow on December 9, 2008 to take part in the funeral of Orthodox Patriarch Alexey II.

Lukashenka didn't have any back-door talks with his Russian colleague during the stay.

The idea of "Eastern Partnership", articulated in Brussels not long ago got a surprisingly positive response from the Belarusian governmental officials. In particular, the Belarus' Ministry of Foreign Affairs expressed its interest in starting broader cooperation with the EU in different fields of mutual interest and concern, including the trade, the power engineering, the transport, the struggle with trans-border crime, the ecology and the agriculture. However, the EC Representation Chief in Belarus Jean-Eric Holzappel has noted that Belarus will be able to sign the treaty about association with the EU within the Eastern Partnership program in case it ratifies the treaty on cooperation and partnership with the EU, "elaborated and frozen in 1995". He noted that implementation of 5 out of 12 points from the partnership policy paper would lead to the final decision

on lifting the sanctions and launching closer cooperation between Belarus and the EU.

Alaksandar Lukashenka held a meeting with the Prime-Minister of Belarus S. Sidorski and the Head of National Bank of Belarus P. Prakapovich on December 4, 2008. The President outlined the main features of economic and social policies in the present realities, underscoring the absence of crisis in Belarus and encouraging "to get prepared for the worst scenario" to be on the safe side.

Experts note that the economy of Belarus faced the fall of industry development and investments together with the fall of consumer demand in the country.

The industrial production and provided services in October 2008 reduced by 2.9% in comparison with September 2008. At that, the situation in separate regions is even worse than that. Thus, the same indicator reduced by 10% in Hrodna region, by 7.3% in Vitsiebsk region, by 5.9% in Miensk region, and by 2% in Homiel region.

The iron and steel industry is an unconditional leader of fall among different sectors in Belarus. The production figures in the industry shrank by 23.7% in October 2008 in comparison with September 2008.

At the same time, the state finances have been quite stable this year. Moreover, the aggregate state budget of Belarus got expended with the surplus of Br 4.943 trillion (i.e., 5.3% in relation to the GDP).

Independent experts believe that the government and the National Bank of Belarus should adjust the national currency rate in order to support the exporters, first of all.

Moreover, the experts advise to reduce the tax load, to introduce a system of discounted interest rates for the real sector representatives, to simplify the system of taxation and financial accountability as well as to reduce the number of administrative procedures.

During the meeting with the Prime-Minister and the Head of the National Bank of Belarus, mentioned above, Lukashenka ordered to save the speed of industrial growth, to avoid redundancies and to sell out the stored commodities.

Consequently, the government permitted the enterprises to sell their production below cost. However, the selling procedure is highly complicated and, eventually, the State Controlling Committee may treat such sales as criminal crimes in the future.

Moreover, the government reduced salaries to the employees, working

for the government-funded organizations and enterprises, after their increase in November 2008. Some enterprises send their employees to leaves without pay. Others cut the working week.

However, no systematic measures on improving the state of the real sector and the economy as a whole have been taken yet.

The IMF mission will come to Miensk to continue negotiations with the government and the National Bank of Belarus on December 15, 2008. The Belarusian government would like to receive a stand-by reserve credit from the international institution in the amount of USD 2 billion. However, the previous rounds of negotiations on the issues finished without any result.

OFFICIALLY

The Buyers of Large Sums in Foreign Currencies to Be Inquired

Information on the buyers, purchasing the sums, exceeding USD 16,000 in foreign currencies will be collected by the corresponding banks.

Though the banks calm down their clients and state that the information

will not be passed anywhere, in fact it gets immediately to the tax inspection and further on. Consequently, the owner of a large sum of USD or EUR will have to explain the origin of his/her belongings to a tax inspector.



POLITICS

Young Belarusian Democrats Ask the EU Policy Makers to Seize Talks with Lukashenka behind the Opposition Back

Activists of Belarusian youth civil groups reminded Dhalai-Lama, Lech Walesa and Radoslaw Sikorski about the real political situation in Belarus during an international conference „Solidarity for the Future”, held in Gdansk on December 5-6, 2008.

They were talking about the political prisoners in the country and asked to support the imprisoned democratic activist Alaksandr

Barazienka. Also, they were doing their best to pass their point of view on the problem of setting contacts between the EU and A. Lukashenka's regime.

Yauhien Afnagiël, the leader of „Jeans for Freedom” Civil Campaign noted during the meeting that it was highly important for the EU politicians to abstain from holding confidential talks with Lukashenka's regime, as the EU demands and requests to Belarusian government hadn't been put into life. The young democrat emphasized that there still could be found political prisoners in Belarus. At the same time, the media freedoms and free elections were practically absent in the country.

Apart from Yauhien Afnagiël, the European Belarus representatives Alaksandr Atroshchankau and Paval Yukhnievich, the „Young Belarus” leader Artur Finkievich and the „BPF Yough” leader Franak Viachorka took part in the event. .

SOCIETY

Private Entrepreneurs Went on Strike

The Belarusian private entrepreneurs came out against the Presidential Decree No.760 on December 10, 2008.

According to the legal act, the fixed tax rate for the imported commodities will be cancelled since January 1, 2009. Consequently, the private entrepreneurs will be obliged to pay taxes separately for each commodity. The new provision creates acute problems for individual entrepreneurs, since they purchase the majority of commodities on the wholesale market-places in Moscow, where it is practically impossible to get the required papers.

A number of market places in Miensk, Mahilou, Babruysk, Hrodna, Polatsak, Navapolatsak and other cities got closed because of the strike this Wednesday.

OPPOSITION

Alaksandr Barazienka Got Sentenced to One Year of Restraint of Liberty

A young democratic activist Alaksandr Barazienka got sentenced to once year of restraint of liberty without imprisonment by the Central City District Court of Miensk, the European Radio for Belarus reports.

It should be reminded that A. Barazienka is the last on the list of 14

youngsters, who took active part in street protest actions of individual entrepreneurs in January 2008. He has been kept in an investigative isolation ward since the end of October 2008.

The Public Prosecutor advised the judges to sentence A. Barazienka to 1.5 years of restraint of liberty. At the same time, the guy's attorney asked the court to discharge his client, as it was not proved that Barazienka had broken the law.

Belarusian Opposition Searching for the Ways Out of the Financial Crisis

The National Committee of United Democratic Forces, Mises Scientific and Analytical Center and the "Strategy" Analytical Center are planning to present the results of their common work to solve the problem.

Jaraslau Ramanchuk, the Head of working group on the "Program of Leaving the Crisis" has noted negative processes in the country: termination of investment processes for the year to come, the increasing inflation rate, as well as reduction of salaries and pensions.

According to the economist, the Belarusian government doesn't have any bright ideas how to leave the

crisis or how to reduce its negative impact on the economy of Belarus.

The working group on the "Program of Leaving the Crisis" at the United Democratic Forces has noted that the government should take responsible and sensible decisions. Accordingly, the state authorities should consider the independent economists' opinion in order to be on a safe side.

ECONOMY

S. Sidorski Has Noticed a Crisis

The Prime-Minister of Belarus Siarhei Sidorski has stated the global financial crisis reinforced its negative impact on the economy of Belarus. Also, the supreme governmental official stressed the urgent necessity of taking radical anti-crisis measures.

The Prime-Minister noted that firstly the resources had to be saved. However, at the same time, the competitive power of Belarusian



exporters should be saved in the traditional markets and new outlets for Belarusian goods should be found.

S. Sidorski said that „a range of measures, aimed at preserving the economic security” had been elaborated. Among other, it includes statements about the state support of banking system, the possibility of forming export prices by the government etc.

CULTURE

Will a Song in Belarusian Get to „Eurovision”?



Dakota, the only „Eurovision” nominee, singing in Belarusian has been selected to a semi-final of the national contest.

15 people will continue their struggle for getting the right to represent Belarus at the „Eurovision” musical festival next year. Only five singers will be selected for participation in the nation-wide final selection round in January 2009.



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.