

‘We should preserve an absolutely independent — as much as possible — sovereign state for our children and grandchildren’

Alexander Lukashenko began his press conference with an hour long speech, explaining his own views on the economic situation in detail. Addressing the journalists present at the National Library he asserted that the difficulties facing Belarusians today are temporary. He assured everyone of his optimism regarding the near future, stressing that the state’s socially oriented economic policy remains unchanged and that the Government knows how to solve the current difficulties. Below are the most important extracts from the press conference.

About the path of development

The social-economic model of the Belarusian state’s development must be preserved. We’ll make no diversions from this path — even minor ones. We have been following our own path and will continue.

I wish to repeat again, asking you and all Belarusians — all those who like or dislike the present situation and those who are trying to make use of it. We need to work for the benefit of our country and our nation. If we fail, then we’ll lose the country; really, we are not facing a critical situation now but if we create evils for ourselves we will definitely see this happen. Already, some are standing at the border, gnashing their teeth, hoping to see us fall. However, I stress again: this will never happen.

About the economy

Many say: ‘It’s necessary to structurally reform and rebuild the economy’. I’d like you to tell me what is meant by the word ‘reform’. Looking at the structure of our economy, we see that industry accounts for 27 percent, agriculture for 7.5 percent, construction for 11 percent, transport and communication for 9.5 percent, trade and public catering for 11.1 percent, services, taxes and so on for 33.9 percent. Tell me, what should we change? We have chemistry and petro-chemistry, forestry and wood processing industries, machine and tool building, and so on. These all form the structure of the economy. We are told to change it. I agree... but who is going to give me a trillion Dollars to change the structure of the economy? Moreover, how many years would this take? This structure is ‘incorrect’, having been established of course not for our country — and not just for several decades but for at least a century. It could be changed. This would be correct if it were us who established it, relying on our own sources of raw materials.

About imports

People today are worried that prices are high. Some are feeling the lack of imports. However, isn’t there enough to eat in the shops? Do they lack money? In a

few months’ time, we’ll leave this situation in the past. The most important fact is that we can produce our own products! If a catastrophe occurs, we’ll close the borders and buy only those imports which we need. However, we’ll always have enough to eat and to clothe ourselves. Of course, God forbid we’ll ever need to close the borders as we are doing now to some products.

About privatisation

We are told that reforms envisage privatisation and the sale of companies. I’m not against this but, if this were your own property, or if you were me, wouldn’t you decide that assets should only be sold at the best price. Nobody is going to sell things cheaply, especially if they belong to the state. If I sold any company inappropriately, I’d be castigated as corrupt. People would say that I’d put this money into my own pocket; such rumours are already in circulation but nobody has found any evidence of my having taken money belonging to others. Some might assert that we should privatise Belaruskali or MAZ or BelAZ. Do you know who is eyeing assets such as Belaruskali, where profitability stands at 70-100 percent? In its best years, it generated \$3.5bn of currency annually. Moreover, it sells potash fertilisers at an extremely low price to our own agricultural enterprises (at about three times less than the market price); this supports our agriculture.

However, some say: ‘Let’s privatise this company, as well as BMZ, MAZ, BelAZ and our oil refineries. I stress again — irrespective of whatever I might be told — I’m against privatisation. Our Belaruskali is among our most valuable companies. However, I’m saying this openly, we are ready to privatise even this enterprise. Terms have been set forth as to its development: there will be no closure, employees will receive higher salaries each year and be socially protected, and, most importantly, it will be modernised. This means that buyers must be ready to invest in its development — as I’m doing now. This is a normal condition, readily accepted. I’ve also named the sum: \$30bn. Come to us and we’ll discuss terms.

About the responsibilities of the Government and National Bank

Many are wondering: ‘Who is to blame? Why hasn’t the President sent the heads of some officials rolling?’ I want to respond: ‘I see objective and subjective reasons. I understand who is guilty and who is not’. I then told those people: ‘Yes, there are people who must bear responsibility’. At long last, they have made calculations. However, there’s no need to rain down ashes upon heads. Even if the National Bank carried out an additional emission, throwing money into the economy, I have already outlined what had been done with it: constructing this hall and the development of agriculture, the building of combines, winnowing machines, seeders and turnwrest ploughs, and the modernisation of oil processing and other industries. We have injected huge amounts of money into various spheres, with health protection among them. Nothing of the kind has been observed previously. So, why are we rushing about, sprinkling ashes upon heads and crying: ‘Lukashenko, give punishment!’ I know who is behind such ideas. Do we really want to generate a crisis of authority, in addition to the panic which we face today? If we do, it will be the end. I well understand this and that’s why I ask you not to sway me, dear friends. I say this not only to those who think so today but to those who have asked my representatives: ‘When shall Lukashenko punish?’ If anyone is guilty, I’ll give punishment.

We actually need to calm down, enduring these times without anxiety. We’ll soon be restored. In fact, many of your colleagues in the West assert that Belarus has no real crisis... and what there is will soon pass. I agree; we have no crisis. We’ve had panic and speculative demand, leading to a rush to buy currency from exchange offices. As a result, there has been a spike in prices. We must control pricing, so I made a corresponding order. If I had failed to do so, the situation would have been worse.

About the Rouble rate

I kept silent for a long time but I realised that Br5,000 for one Dollar is a too high a rate for our country. There is still a deferred

expectation: some still wish to buy a car by July 1st, and so on. Demand for foreign currency remains too high. Do you really want me to satisfy it? It’s possible but, in doing so, we’d need to throw one to two billion Dollars at the market — from the country’s gold and currency reserves. Are you ready for that — because I’m not? Such currency would be received by those who can wait or who should not receive it at all. Currency should be spent by those who bring it into the country. Those who fail, shouldn’t expect to receive it. We shouldn’t give this currency to ‘shuttle traders’ or other speculators. They’d simply import clothes and footwear into the country; probably, these are also needed if people buy them — but, under the present situation, we need to start getting used to using our own products. We should come out of the crisis by having fewer imports.

Some are talking about currency, saying that we need to fix our exchange rate at Br10,000 per Dollar — as it will fall later. Who says so? People who have currency say so. I won’t speculate on how they have acquired it. These people desire a rate of Br10,000, as they shall then sell currency at this rate. However, nobody thinks that a rate of Br10,000 would bring more price rises, which neither the state nor population could withstand. Chaos would occur. Moreover, there is no such necessity — as everyone realises. At present, even illegitimately, currency isn’t being traded at Br10,000 per Dollar. As far I’m told, the price is around Br5,500 or just over six thousand. I’ve been asked to fix a rate of Br10,000 but time has shown that this isn’t necessary.

About pensions and salaries

We’ve already raised pensions once. I’ve ruled that, in August, another rise will occur, followed by a third rise in September-November. We’ll bring our pensioners, students and state sector to approximately the same level as was observed before recent events overtook us. Don’t purchase anything for the future. As regards enterprises, I’m restraining them; price growth must not be sharp and the same applies to salaries. If we raise them too quickly, a new wave of inflation could occur, raising prices. That’s why this should be done gradually; we are already doing so in the state sector. The private sec-

tor is also oriented towards this approach. In just a few months, we’ll calmly, without panic, return to the heights we should rightly occupy, calmly rebuilding.

About regulation

Thank God, I’ve preserved about 30 percent of wholesale and state trade for the state. Thank God, certain super and hypermarkets have been built at my directive. It hasn’t been easy to construct them but I’ve insisted. These businessmen are, to some extent, in my debt. We addressed them, as the major traders countrywide, noting that times are hard and asking them to be patient and let profits be modest. They have responded positively. What would have happened if they had not? This is why I interfered. Some may dislike this but it was my decision. I had the right to make this decision and it proved just.

About efficiency

I won’t argue that a private owner may calculate better than a state director. If a private owner comes to Belaruskali and its profitability reaches 82 percent (instead of today’s 80 percent), we’ll of course gain something, but not much. We should not make gods of private owners. Be reasonable. So far, the efficiency of our country does not rest on whether a company is private or state run. Efficiency in other branches is understudied. For example, does production efficiency depend on gas prices? Of course, it does. Can a private owner alter gas prices? No. He’ll consume gas at the same price as everyone else.

We need to enhance efficiency if we use 60-70 percent of our natural gas on generating electricity. Is this right? This should be done but this requires purchasing new turbines, which cost billions. Will private owners do this, if they acquire a heat and power station? Our production efficiency relies on differences in prices: high energy prices and so on. It matters little who owns an enterprise: state or a private owner. While a state run company operates well and turns a profit, there is no need to change anything.

About devaluation

This is difficult, as we see from the state of society. This is why we have to help importers, allocating them foreign currency, to ensure that they don’t collapse. Meanwhile, all remains normal for exporters. The main thing for us now is to profit from the situation. Looking at the other side, not everything is bad; it’s even good for enterprises. We should invest in modernising indus-