

# In the mirror of common sense

The President of Belarus Alexander Lukashenko held session on current economic and foreign policy issues

By Dmitry Krupko

"I will say at once — those who expected that the potash problems will undermine the relations of two states, are severely miscalculated in their expectations. We believed before, and still believe today, that no swindlers or rogues will drive a wedge between two presidents and two peoples," said Alexander Lukashenko at the session on current economic and foreign policy issues.

The President reminded that, in 2005, the Belarusian side had made concessions to its Russian partner, and a joint sales company involving Uralkali had been established. The President noted, "At that time, of course, there was a different owner — and working together we achieved a huge breakthrough in results." According to the Head of State, at its height Belaruskali revenue hit almost \$3.5bn per year. A similar or larger profit was achieved by Uralkali, as the company sold both through the joint company and through its own, even wider channels.

"I do not want to repeat all that has been reported in the media, I just want to say that I support this information. New information arrives every day. Both you and I often wonder — why did they plunge the seemingly successful enterprise, Uralkali, and our own into crisis? Their own shares and gains plummeted. So the conclusion is obvious — big problems are hidden behind the external success of the owners of Uralkali. Apparently, they managed to hide the real problems by juggling with the financial reports. In fact, all of them fell into debt and took out loans. In Uralkali's production there are also a lot of problems. Russia kept us informed of this. Mines are flooded, the town is in decline, and they are resettling people..."

"The situation was obviously bad. There is information that they have a \$12bn deficit, whilst their surplus is only \$2bn. If this is true, it would seem, that the information which they circulated around the world is untrue. Uralkali is a public company which is quoted on both the London and Moscow stock exchanges. And the dissemination of false reports and information by such a company is already international fraud," emphasised the President.

Alexander Lukashenko is sure that this big scandal has served as some kind of a smokescreen. He said, "They had no choice. Because sooner or later (I have brought your attention to the London stock exchange) they would have had to submit reports and reveal the true state of affairs at the enterprise. While the company is bankrupt. Let someone deny my statement today!"

The President said that he had ordered the relevant bodies to contact the London and Moscow stock exchanges and to advise them of what is occurring. "Whether they will check or not is their own business. But it seems to me that the London stock exchange, after receiving such information will be shocked," he said.

"Therefore this smokescreen was necessary to appear that the market



Economic and foreign policy discussions take place

had collapsed in order to hide the problems which had actually arisen long before that. Perhaps it has been the main plan of the swindle," said the President. "I have no doubt that this is a swindle. Russian mass-media wrote that the swindlers had insured themselves against their actions for \$100m before making the market collapse. It means, that they were preparing. Some shareholders had even sold their shares, at a more or less high price, three days before the collapse of the market. What for and why?" said Mr. Lukashenko.

The President emphasised that all the signs of bankruptcy, huge debts and credits which cannot be paid, in addition to excessive expenditure, are visible. He said, "Our inspectors and law enforcement, together with the Russians, should examine these matters. The real origin of this dark story can be found in Russia."

Related to this, the President ordered the transfer of all the necessary evidence to the Russians, which should become the basis for the carrying out inspections and audits by the Russian Audit Chamber.

"As far as I know, they also applied to the State Control Committee that we share all corresponding materials and would carry out this audit," noted the President. He ordered the Chairman of the State Control Committee, Alexander Yakobson, to contact Russia's side, and to work closely and openly with them.

The President reminded that Russia's Prosecutor General's Office had made a request for co-operation in investigation of the potash case and said, "Alexander Vladimirovich (Prosecutor General of Belarus — Alexander Konyuk) do not hide anything. The Deputy Prosecutor General of the Russian Federation, Alexander Zvyagintsev, is present here. Everything that they will need, should be given to our colleagues in the Russian Federation."

"Moreover, if Russia's inspectors are interested in extradition of the rel-

evant people, I do not see any obstacles. If they truly investigate the case in compliance with the law, and if the damage is colossal on the Russian side, we absolutely do not need them. And we already see with naked eye that the damage is huge. Therefore, if there is a need, we should not impede the extradition. It is necessary to work together with the Russian side whilst investigating the situation and what is behind it. And behind it there is a multi-billion sum of money lost by Belarus and Russia, and certain high-ranking swindlers in the Russian Federation," the President added.

"If it emerges that some of these swindlers are in Belarus, and the Russians will ask to take them, we will not hold on to the citizens of Belarus. We will immediately transfer them. The main thing is the truth, and there should be no grey areas. If somebody is guilty, he or she must receive punishment. No swindler should become between the relations of our two states. It is clear that the damage in Russia is bigger than in Belarus. And the damage caused to Belarus should be compensated completely. Everything that was stolen should be returned."

Alexander Lukashenko also rejected a statement by Uralkali that one of the main reasons for the breakdown in relations was that Belaruskali had started selling the production in circumvention of the general trader. Mr. Lukashenko said, "Last year they sold 80 percent of production through Uralkali-Trading and their second channel. Only 20 percent went through our general company. Last year we did not use any second channel for selling our products, while this year we made a decision and have sold 1 percent of the production through the second channel. In general this is just a small part. And besides, nobody worked at the market without the agreement with our main potash company, because it would be competition."

"We should think how to act. Today two variants are possible." Accord-

ing to the President, a separation of the businesses is one of the options. "We are ready for it, but it should be made in a civilised manner. If they want to leave, let them leave. They should not interfere with work here. If they want to work separately then let them work, it is their right. We cannot force them, I mean the owners of Uralkali. We do not, and cannot force anybody here, so we are ready to work on our own."

The second option is the continuation of joint operations. "The owners will change, the people who are actually interested in the manufacture of potash fertilizers at Uralkali will come, and we are ready to work with them."

He noted that the restoration of relations would raise the price of the relevant goods. "I do not say that the prices will raise three or five times as before, you can see the state of world economy, but I'm assured that we will see the rise of prices by one and a half or two times during this year or in the beginning of next year. Therefore I do not exclude co-operation with people

who will be interested in running the business properly in the Russian Federation. We have already discussed this."

"Once again I want to stress, that this potash scandal should not become a stumbling-block in the relations of two states and two peoples. You know how difficult it was to restore relations earlier, and we do not want them to become spoiled again," the President noted.

"But some people wonder what Lukashenko wants to demonstrate here," he added. "I will answer this question. Lukashenko wants to demonstrate only one thing — nobody is allowed to walk all over us, and nobody will be allowed to try to do this. We are a sovereign and independent state. We have never created problems for our neighbours and first of all, our brothers in Russia. But we also will not allow any individual swindlers, be they from the West or the East to walk all over us. This is the only thing I want to demonstrate."

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