

Belarussian Power Cut Over \$54M Bill

By [The Moscow Times](#)

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Russia's Inter RAO followed through on its promise and reduced by 50 percent its electricity supplies to Belarus because of the troubled country's failure to make back payments.

Belarussian Energy Ministry spokeswoman Lyudmila Zenkovich said Russia cut its electricity shipments on Thursday because Belarus owes the equivalent of \$54 million.

Imports of Russian electricity account for less than 10 percent of Belarus' needs, and Zenkovich said consumers wouldn't be hurt by the move. She said Belarus would try to quickly settle its debt despite a shortage of hard currency.

Belarussian President Alexander Lukashenko said his government acted "like kids" in dealing with the nation's fiscal crisis and ordered a reduction in gasoline prices after a protest in the capital, Minsk.

The former Soviet republic's leader ruled out liberalizing the state-managed economy. Management of the retail and currency markets won't be allowed to "slip from state control,"

he said and said the ruble shouldn't be allowed to weaken beyond 5,000 per dollar, according to comments posted on the presidential web site late Wednesday. The Belarussian ruble traded at 5,038 per dollar Thursday, according to prices posted on the web site of Belarusbank, the country's biggest lender

"You are like kids, honestly, one should hide matches away from you to keep you from burning down the whole house," Lukashenko told policy and lawmakers including the head of the central bank and government ministers, according to the statement.

The country has asked the IMF for a stabilization loan on top of a bailout during the credit crisis and will borrow \$3 billion from Russia and other Soviet partners on condition it sells \$7.5 billion of state assets.

Minsk will receive the first \$800 million tranche of the loan from Russia and other former Soviet nations in mid-June after signing the loan agreement in Minsk on Thursday, the Finance Ministry said.

After more than 100 cars blocked Minsk's main street on June 7 in protest at rising gasoline prices, Lukashenko decreed gas can't exceed 4,500 rubles per liter and must be tied to the dollar-ruble rate, the statement said. The government and presidential administration will also reduce their fuel budgets. "Let them ride bicycles," Lukashenko said. "Maybe then they will think the way the rest of the people do."

Belarus needs funding to help finance a current-account deficit that reached 16 percent of gross domestic product last year. Lukashenko bolstered public-worker salaries by about 50 percent and increased spending 38 percent before the presidential election in December.

Belarus fined five protesters after the fuel-price protest and has handed prison sentences to opposition presidential candidates from last year's election, prompting sanctions from the United States and European Union.

"Russia is categorically against any kind of EU sanctions against Belarus, economic or otherwise," Alexander Surikov, Russia's ambassador to Belarus, said Thursday.

Belarus will receive an additional \$1 billion in aid from another source, Vladimir Makey, head of Lukashenko's administration, told reporters in Minsk Wednesday, according to state news agency BelTA. He didn't elaborate on where the money was coming from and Surikov said he wasn't aware of its origin. "Maybe this money fell from heaven," Surikov said.

(AP, Bloomberg)

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