

The Heritage and the WSJ: Belarus economic freedom is the worst in Europe



WASHINGTON – In the annual ranking of economic freedom in the world of the Wall Street Journal and the Washington-based Heritage Foundation Belarus [ranked](#) as the worst economy in Europe. Being 43 of 43 in Europe, Belarus is number 167 in the world, just behind the Republic of Congo, but ahead of Iran. Belarusian authorities recently vowed to liberalize its economy. But it remains to be seen whether this time the promises will translate into real reforms needed to improve the country's image in the world.

Belarus's economic freedom score is 45, making its economy the 167th freest in the 2009 Index. The persistence of Soviet-era policies and practices continues to deny Belarus the benefits of economic freedom now enjoyed in most other former Soviet republics. Its already low score underwent another deterioration of 0.4 point due to reckless and inefficient government spending that overshadowed gains in trade and business freedom. Belarus is ranked last among the 43 countries in the Europe region.

The majority of Belarus's 10 economic freedom scores are significantly worse than the world average, though moderate tax rates and low tax revenues put its fiscal freedom score in the top half. Weak economic institutions create major barriers to development. Financial freedom, investment freedom, property rights, and freedom from corruption are 20-40 points below the world average. The government controls many financial institutions, either directly or partially. Foreign investment in all sectors faces hurdles ranging from outright restrictions to bureaucratic incompetence. Weak rule of law allows for significant corruption and insecure

property rights. Large state-owned enterprises still generate considerable output, and privatization lags well behind other countries in the region.

Read full report at heritage.org.

Belarus state TV crew at the inauguration in Washington



Radio Liberty Free Europe commented on Belarus sending a state TV crew to broadcast Barack Obama's inauguration in Washington.

The world has followed avidly the historic events in Washington, where Barack Hussein Obama was yesterday sworn in as the 44th president of the United States. Discussion of the inauguration and the challenges facing Obama dominated headlines in many countries. In some places, however, the media largely ignored the topic.

The Belarusian government has never expressed a particular affection for the United States or its presidents. So it was an unprecedented move when Minsk sent a special TV crew to Washington to report as Barack Obama took his oath of office and became the first African-American president.

The state-funded television team offered surprisingly positive coverage of the historic event – signaling a possible desire on the part of Minsk for warmer relations with the West.

AFP: IMF approves 2.46 bln dlrs loan for Belarus



WASHINGTON (AFP) – The International Monetary Fund gave final approval Monday to an emergency loan of 2.46 billion dollars to help Belarus cope with the global financial crisis.

The IMF said the 15-month standby credit was approved by its executive board “in support of the country’s efforts to adjust to external shocks” and will allow the eastern European nation to draw some 787.9 million dollars immediately. The remainder will be made available subject to quarterly reviews.

The IMF loan is unusually large, representing about four times Belarus’s quota, the maximum amount an IMF member country pays to finance the Washington-based institution. Normally an IMF member country can draw up to 100 percent annually of its quota, and 300 percent cumulatively. However, the IMF has granted exceptional access to financing to distressed countries, such as a [quick loan for bad credit](#) to Georgia in September after its armed conflict with Russia.

“Belarus is experiencing serious economic problems,” said Takatoshi Kato, IMF deputy managing director. “External vulnerabilities have been exposed by adverse terms of trade movements, falling demand from trading partners, and difficulties in securing external finance, leading to a decline in international reserves. In the face of these shocks and the adjustment needed to contain them, the economy is likely to slow in 2009.”

Officials in Minsk have said the IMF loan was needed to make up for lost export revenues because foreign countries were having trouble paying for its goods amid the global credit crunch.

Belarus agreed to a 20 percent devaluation of its currency to “help restore competitiveness and address external imbalances,” the IMF said.

“The adoption of the new currency basket and wider band will leave the economy better able to adapt to external shocks, thus making it less likely that further exchange rate adjustment will be needed,” an IMF statement said.

The country will also make other reforms, including price and wage liberalization, the IMF said. It added that deregulation, and privatization “are also needed to underpin better medium-term growth, and should be undertaken as fast as market conditions allow.”

Juha Kahkonen, IMF mission chief for Belarus, said, “The IMF believes the Belarussians have implemented a strong economic program,” adding that this includes “shifting to a more market-based financial system.”

Belarus, a state on the European Union’s eastern border with a Soviet-style economy, had initially requested a two-billion-dollar loan from the IMF but increased the request later, IMF officials said.

Belarussian President Alexander Lukashenko last year threatened to pull out of the IMF if the loan had been rejected.

The United States, by far the largest voting power in the 185-nation institution, has branded Belarus “Europe’s last dictatorship.” But US officials said last week relations had improved with Belarus.

Forbes: Currency devaluation a shock for Belarussians



MINSK, Jan 8 (Reuters) – A surprise 20 percent devaluation of the Belarussian currency has sent people rushing to shops before prices go up. The devaluation shocked many in this ex-Soviet state where President Alexander Lukashenko, widely known as 'Batka' or 'Dad', insulated the population from the turbulence of world markets by keeping much of the economy in state hands.

But the global turmoil has caught up with Belarus and has forced it to seek a \$2.5 billion loan from the International Monetary Fund. The devaluation may have been linked to the loan as freeing up the currency system, cutting social spending to balance budgets and wage controls are common conditions set by the IMF for its loans to help rebalance ailing economies.

On Dec. 31 Minsk agreed to the IMF loan and on New Year's Day it devalued the rouble to 2,600/\$ from 2,200/\$. Belarussians rushed to the shops the next day to buy what they could in anticipation of steep price rises once the next set of imports hit the shelves. 'I don't remember such queues since the Soviet times,' said Marina, a 38-year-old housewife, out shopping in Minsk. 'I saw a woman grabbing onto a fridge and shouting that she got it first, while a man was telling her that he had ordered it.' 'We sold 10-days worth of stock in three days,' said Tatyana, a furniture store assistant.

'Today, there were a lot of unhappy people. People couldn't believe that we've sold out.' Read full text at Forbes.com.