

Barely Solvent but Ready to Gamble

President Alyaksandr Lukashenka's playing Moscow against the West is turning a profit in the midst of global economic crisis. Having received \$1.5 billion from Russia and \$1.5 billion from the International Monetary Fund, Belarus will soon close its financial gap for the current year. Pending are a further \$1.36 billion from the IMF, \$200 million from the World Bank and \$500 million (the last tranche of a \$2 billion credit) from Russia.

	КУРСЫ ОБМЕНА ВАЛЮТ	EXCHANGE RATES
EUR	3630	3777
USD	2600	2703
RUB	883	918
USD-EUR-USD	05884	1343
USD-RUB-USD	283224	00327

Although the demand for its goods from Russia and Europe plummeted, Belarus is faring quite well in crisis. Less dependent on external financing, its financial and banking sectors won't take long to recover. Minsk is even confident enough to seek accession to the WTO, as a participant in a customs block with Russia and Kazakhstan. While becoming a WTO member is a long shot for the country with an old Soviet-style economy and a foreign trade turnover of modest \$50 billion, the whole gambit will certainly boost Minsk's ego and attract Western investors.

The European Bank for Reconstruction and Development has approved a 10-fold increase in the amount of foreign trade that Belgazprombank can finance, raising its maximum exposure from \$1 million to \$10 million. Belarusian national airline Belavia has brushed up on entrepreneurial skills and is launching a frequent flyer program. Things are looking up, and even Campbell's is ready to soup up its business by making a foray into the Belarusian market.

The financial crisis, however painful, may help Belarus shed the remnants of its Soviet past. Although the country's economy is still largely owned by the state, the government vowed to implement modest privatization plans at the end of the economic slump, selling off some of its companies into private hands. Foreign investors in Russia, Turkey, and Austria have already purchased several banks and two telecom firms.

Minsk expects to service its external debt – too low to negatively affect the Belarusian economy, as the country's analysts boast, – in 2009 and 2010. Belarus' surly neighbor to the East begs to differ, however. Predicting that Belarus will go bankrupt as early as next year, Russia is slow to send the last installment of its \$2 billion credit to Belarus. But if Moscow's tranche falls through, President Lukashenka will have a chance to flaunt his "heroic" resistance to the Kremlin's pressure to recognize Abkhazia and South Ossetia.

Moreover, if Russia zips up its wallet, Belarus will find other ways to profit from Moscow's proximity. Having successfully gambled politics for many years, Lukashenka now plans to accommodate Russia's casinos displaced by Vladimir Putin's new law in July. Boosted by the flood of Russian gambling giants, Belarusian gambling industry may grow into a substantial source of income as Lukashenka promised to make the country's gambling laws "the best in the world."