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Russia makes loans for Belarus dependent on economic reform

On 17 March, the head of the Belarusian Central Bank Piotr Prokopovich stated that the Belarusian government hopes to obtain US$1 billion of Russian credit in the first half of this year, and around US$2 billion from the *Eurasian Economic Community's* Anti-*Crisis Fund* (EurAsEC), in which Russia plays the leading role. However, Russia has made its decision conditional on Belarus introducing structural reforms to the economy. It seems that Moscow is thus trying once again to seize strategic assets in Belarus's industry, while at the same time forcing Minsk to take actions to avoid an economic collapse.

The government in Belarus is pressing for Russian credit support as it needs to replenish its drastically shrinking foreign currency reserves, which in the first two months of this year fell by as much as around US$1 billion (to a level of around US$4 billion). The Russian deputy prime minister and finance minister Aleksei Kudrin stated on 15 March that Belarus will be able to obtain credit support, provided it carries out structural economic reforms. He added that Russia's expectations are close to those of the International Monetary Fund, which made loans to Belarus in 2009 and early 2010, and recommended privatisation at that time. It is possible that one of the Russian government's preconditions is the privatisation of strategic petrochemical plants and machinery, which have long been of interest to Russian businesses. At the same time, it appears that Moscow is also trying to force Minsk into reforms so that it will not have to incur the costs of any future collapse of the Belarusian economy. <kam>