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Belarus procures Chinese loans

On 9 to 11 September, President Alyaksandr Lukashenka of Belarus paid a working visit to China, during which a range of bilateral agreements was signed on Chinese loans to Belarus. This visit is another example of Minsk working to obtain external financial support in the face of its deepening economic problems and a reduction in Russian energy preferences.

The highlight of the visit was the signing of contracts for Chinese loans for many investment projects in Belarus, with a total value of around US$3.5bn. These agreements, some of which are only provisional in nature for the time being, foresee the construction of two power plants and several industrial plants & service/hotel complexes, among others. Moreover, the modernisation of the airport in Minsk and of several sections of railway is planned.

Belarus has long sought external financial support, which would allow it to expand its room for manoeuvre in its ever tenser relations with Russia. Because of its economic potential, Beijing is the subject of Minsk's special interest. US$3.5bn is a significant sum for Belarus, although all the loans made by China are designated for specific projects, and their implementation is dependent on the purchase of Chinese supplies and technology, and even on importing Chinese labour. In connection with this, it seems that only some of the announced projects will be implemented, and they will not solve the currently fundamental problems of the Belarusian economy, such as its unfavourable trade balance and its low level of currency reserves. <kam>