Analyses OSW

CENTRE FOR EASTERN STUDIES 30.06.2010 www.osw.waw.pl

Belarus: Preparations for the privatisation of strategic enterprises

On 25 June, Alyaksandr Lukashenka signed a decree allowing the transformation of several key state-owned enterprises into state treasury joint-stock companies. In this way Belarusian authorities are removing the formal impediments to the potential sale of selected strategic assets to foreign investors, which they may be forced to do due to the worsening budget condition.

The decree concerns several enterprises ranked as strategic, i.e. of key significance for the Belarusian economy. Those are the Belarusian Potassium Company (which mines potassium salt and produces potassium fertilisers) and two enterprises which service the Belarusian sections of the Druzhba oil pipeline (Navapolatsk and Homiel). In early May 2010, Alyaksandr Lukashenka did not rule out privatization of the Potassium Company, with the reservation that only a minority stake could be sold. According to unconfirmed information, Chinese investors are interested in buying shares in the Potassium Company; China is one of the main buyers of the fertilisers manufactured by the company. In turn, the most likely buyer of the Belarusian oil pipelines is Russia's Transneft. However, since the start of construction of the BTS-2 oil pipeline, which will bypass Belarus, those assets have become less attractive. Nevertheless, by signing this decree, Lukashenka has prepared the ground for the sale of the strategic assets, in order to be able – if there is a need - to improve state finances. <kam>