

# Belarus Car Binge Defies Europe's Last Dictator as Ruble Drops

By [The Moscow Times](#)

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VILNIUS, Lithuania — Nikita Shushko, waiting at the Lithuanian border to take used Toyotas and Peugeots to Belarus, is defying President Alexander Lukashenko as his country struggles to contain the ruble's plunge.

Lukashenko in April blamed a rush to buy cars abroad for a shortage of foreign currencies.

Belarussians seeking to escape a tax increase have boosted car sales in neighboring Baltic countries, helping accelerate their economic growth to the European Union's highest and depriving Belarus of foreign currency.

"People are throwing money into any car they can buy ahead of the tariff increase," Shushko said at the Medininkai border checkpoint on May 14, carrying eight cars on his trailer.

First-quarter car sales rose as much as an annual 83 percent in the three countries. Gross

domestic product rose 8 percent in Estonia and 6.9 percent in Lithuania, the fastest among EU countries that have reported for the period, according to preliminary data. Latvia's economy grew 3.4 percent.

Demand for used cars is growing as Belarus prepares to unify its tariffs for vehicle imports from July 1 with other countries in a customs union that also includes Russia and Kazakhstan. Tax rates for Belarussians will jump as much as eightfold and may add at least \$3,000 to a car's cost.

As much as 25 percent of the used vehicles sold by Amserv Grupp, Estonia's third-largest car retailers, were bought by Belarussians, according to Margus Nommik, the company's head of used car sales.

"Belarussian buyers have been really helpful in cleaning up our market during the past two years, as they have been preparing for this customs union for a while now," said Aare Steinberg, a head of used car sales at Tallinn-based Saksa Auto. "At the beginning, they bought real trash."

About 800 personal cars are registered every day by Minsk traffic police, Mayor Nikolai Ladutko said March 29. The country's revenue from duties on imported cars quadrupled to as much as 17 billion rubles (\$5.5 million) a day in April from an average of 4 billion rubles at the end of 2010, Alexander Shpilevski, chairman of the Belarus Customs Committee, said April 4.

But foreign-currency reserves hit a 1 1/2-year low in March and the current-account deficit reached 16 percent of GDP, prompting Lukashenko to look to Russia and other partners for a bailout.

Lukashenko linked his country's foreign-currency difficulties to increased demand for used cars from abroad.

"The car fever has been a great distress to us," he said April 15. "This is not the main factor, but this is a factor — \$1 billion withdrawn from circulation."

That will keep Belarussians from buying up used cars abroad, some with the hopes of sending them on through the customs-free border to Russia at a profit, said car dealer Shushko.

"There's no foreign currency in Minsk, but I'm sure people will find dollars and euros somehow, somewhere for another month before the tariff increases," he said.

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