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# What To Do Before The Price Of Gas Goes Up

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The Armenian government, the government which will be shaped, or will most probably reproduce with some transformations before the presidential election of 2008, will have to go through a serious trial. In the pre-election period which started in Armenia after the parliamentary election the government has been conducting a policy of control of the economy. In other words, on the one hand, they have to display that the two-digit growth continues, on the other hand, they have to keep the inflation and the revaluation of the dram low. It is clear that on the eve of the election the purpose is to prevent social protest. Apparently, they hope that thereby they will calm the protest electorate and hold a successful election, and then let everything go, the economy, the prices, the revaluation of the dram, and in case of social protest against these hold on to power with the same methods as on April 13, 2004. All we need is the approval of the election by the world, the rest is our problem.

However, on January 1, 2009 Armenia will again be facing the problem of the boosted price of the Russian gas, which will have a major impact on the economy. Currently we pay 110 dollars per 1000 cu m of gas. It was a discount, in return for which Armenia sold the fifth generating unit of the thermal power plant of Hrazdan to Russia for 250 million dollars half of which was directed at subsidizing Armenian consumers, both households and industries. Besides, Armenia gave its section of the Iran-Armenia pipeline to Russia in return for cheap gas and the condition that the price will not be reviewed for three years. January 1, 2009 is the end of these three years end. It would be ingenuous to think that Russia will keep the price low when the world raises the price of gas and does not even spare Lukashenjko. Russia may leave the price the same or review it slightly, so slightly as not to cause a spasm in the Armenian economy, only in case Armenia gives some other strategic thing to Russia. In this context, we must note that perhaps two strategic things remain, one is on the ground, the other is under the ground, the underground and the mountains. We cannot give away the underground because very soon there will be no traffic jams under the ground only. The mountains remain. Therefore, it is possible that Armenia will give away the mountains. We will sell them or give them to the Russians to have them keep the price low, and not to push the economy of Armenia walking along the edge of the abyss.

Meanwhile, the consequence of the high price of gas will be equal to plunging into the abyss, considering that even with the government subsidy, local production is not profitable any more. In other words, the economy is little competitive. Consequently, one may imagine what will happen if the price of gas goes up. In addition, it is a serious problem for which we must get ready now. In fact, the government does not have time because there are a number of other issues which need to be solved to raise the popular rating of Prime Minister Serge Sargsyan. It is not time for far-reaching plans. For instance, if the government now deals with the price of gas in 2009 and prepares the country for the new reality, the society will see the results on January 1, 2009. Meanwhile, the presidential election is ten months before. Therefore, it is more expedient now to raise the pensions, delay enactment of the taxi license regulations, visit building sites.

In fact, it should not be ruled out that our government deals with the problem of gas, simply we cannot see it. There is a precedent, however, when the government said the same in November and December of 2006 that everything is OK with gas, but it took months to make a deal with Russia in return for property. It became known that the Armenian government had been ready for something else. Consequently, it is difficult to tell what the government is preparing for in reality in preparing for the problem of gas.

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