

Chaillot Paper

November 2009

n° 119

Back from the cold? The EU and Belarus in 2009

*Margarita M. Balmaceda, Sabine Fischer, Grzegorz Gromadzki, Andrei Liakhovich,
Astrid Sahm, Vitali Silitski and Leonid Zlotnikov*

Edited by Sabine Fischer



In January 2002 the **European Union Institute for Security Studies (EUISS)** became an autonomous Paris-based agency of the European Union. Following an EU Council Joint Action of 20 July 2001, modified by the Joint Action of 21 December 2006, it is now an integral part of the new structures that will support the further development of the CFSP/ESDP. The Institute's core mission is to provide analyses and recommendations that can be of use and relevance to the formulation of the European security and defence policy. In carrying out that mission, it also acts as an interface between European experts and decision-makers at all levels.

Chaillot Papers are monographs on topical questions written either by a member of the EUISS research team or by outside authors chosen and commissioned by the Institute. Early drafts are normally discussed at a seminar or study group of experts convened by the Institute and publication indicates that the paper is considered by the EUISS as a useful and authoritative contribution to the debate on CFSP/ESDP. Responsibility for the views expressed in them lies exclusively with authors. *Chaillot Papers* are also accessible via the Institute's website: www.iss.europa.eu

Chaillot Paper

November 2009

n° 119

Back from the cold?
The EU and Belarus
in 2009

*Margarita M. Balmaceda, Sabine Fischer, Grzegorz Gromadzki,
Andrei Liakhovich, Astrid Sahm, Vitali Silitski and Leonid
Zlotnikov*

Edited by Sabine Fischer

Institute for Security Studies
European Union
Paris

Institute for Security Studies

European Union

43 avenue du Président Wilson

75775 Paris cedex 16

tel.: +33 (0)1 56 89 19 30

fax: +33 (0)1 56 89 19 31

e-mail: info@iss.europa.eu

www.iss.europa.eu

Director: Álvaro de Vasconcelos

© EU Institute for Security Studies 2009. All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise without the prior permission of the EU Institute for Security Studies.

ISSN 1017-7566

ISBN 978-92-9198-159-5

QN-AA-09-119-EN-C

Published by the EU Institute for Security Studies and printed in Condé-sur-Noireau (France) by Corlet Imprimeur. Graphic design by Claire Mabile (Paris).

	Executive Summary	5
	Sabine Fischer	
1	Belarus – a country in transition? The State, elections, and the opposition	25
	Vitali Silitski	
2	Belarusian elites – change and authoritarian rule	37
	Andrei Liakhovich	
3	Civil society and mass media in Belarus	49
	Astrid Sahm	
4	The Belarusian ‘economic miracle’ – illusions and reality	65
	Leonid Zlotnikov	
5	At a crossroads: The Belarusian-Russian energy-political model in crisis	79
	Margarita M. Balmaceda	
6	Belarusian foreign policy – change or continuity?	93
	Grzegorz Gromadzki	
	Annexes	105
	• <i>About the authors</i>	105
	• <i>Abbreviations</i>	107

Executive Summary

Sabine Fischer

Back from the cold?
The EU and Belarus in 2009

The EU and Belarus have arrived at an important but difficult crossroads. After a long freeze, relations between Brussels and Minsk have been thawing over the past year. In September 2008, the Council of the European Union announced its readiness to 'begin to review the restrictive measures against Belarusian leaders and to take positive and concrete measures that may lead to a gradual engagement, including via a meeting between the European Union troika and the Belarusian Minister for Foreign Affairs'.¹ A month later, on 13 October, the Council decided to restore political dialogue with the Belarusian authorities and to suspend travel restrictions against leading Belarusian officials for a period of six months. The package of restrictive measures imposed on Belarus in 2006 was extended for one year. Since October 2008, three Troika meetings between the EU and Belarus have taken place. They were complemented by a visit to Minsk by EU High Representative Javier Solana in February, and a visit by EU Commissioner for External Relations and European Neighbourhood Policy Benita Ferrero-Waldner in June. Meanwhile, the European Commission and the Belarusian government held consultations and began technical cooperation in the fields of energy, transport, phytosanitary regulations and agriculture at the beginning of 2009. In May 2009, Belarus was included in the multilateral dimension of the Eastern Partnership. The EU and Belarus launched a dialogue on human rights issues in June 2009.

March 2009 saw the extension of the above-mentioned restrictive measures for another year, while the suspension of the travel ban was prolonged for a period of nine months, i.e., until December 2009. 'By the end of the nine months period, the Council will conduct an in-depth review of the restrictive measures taking into account the situation in Belarus, and provided that there are further positive developments, it will be ready to consider the possibility of lifting the restrictive measures.'²

1. 'Council Conclusions on Belarus', Brussels, 15 and 16 September 2008.

2. 'Council Conclusions on Belarus', Brussels, 16 March 2009.

The end of this nine-month period is quickly approaching. At the time of writing, the EU faces the decision of whether to go back to a policy of sanctions and isolation or to abandon this approach and continue on the course of engagement with Belarus.

The EU and Belarus: conditionality and authoritarianism

The package of sanctions and restrictive measures in place against Belarus consists of two elements:

- ▶ A travel ban against high-ranking representatives of the Belarusian regime. This ban was first introduced in September 2004 against officials considered responsible for the lack of an investigation into politically motivated disappearances in 1999-2000.³ In December 2004 and April 2006, the ban was extended to individuals involved in election fraud and repressive measures against the opposition in the 2004 parliamentary elections and referendum, and in the 2006 presidential elections.⁴ The number of Belarusian officials affected by the travel ban increased from four in December 2004 to 37, including President Lukashenka,⁵ in 2006;⁶
- ▶ A freeze of the funds and other assets held by these same officials in EU Member States as of April 2006.⁷

These measures came on top of the restrictions the EU had put in place in the middle of the 1990s in response to the first undemocratic referenda and elections and the deterioration of the human rights situation in the country. Back in 1997, the Council of the European Union had decided:

- ▶ to stop the ratification of the Partnership and Cooperation Agreement (PCA) with Belarus and not to adopt an interim agreement;
- ▶ to establish bilateral contacts between the European Union and Belarus solely through the Presidency or the Troika; and
- ▶ to halt the implementation of Community technical-assistance programmes except in the case of humanitarian or regional projects or those that directly support the democratisation process.⁸

Moreover, Belarus was not included in the European Neighbourhood Policy (ENP) that was introduced in 2004. The Commission's March 2003 Communication on Wider Europe noted that 'the EU should aim to engage Belarus in a measurable step-by-

3. 'Council Common Position 2004/661/CFSP of 24 September 2004', *Official Journal of the European Union*, L 301/67, 28 September 2004.

4. 'Council Common Position 2004/848/CFSP of 13 December 2004', *Official Journal of the European Union*, L 367/35, 14 December 2004; 'Council Common Position 2006/276/CFSP of 10 April 2006', *Official Journal of the European Union*, L 101/5, 11 April 2006.

5. Note that for ease of reference in this *Chaillot Paper* the following transliteration system is used. For Belarusian place names, we use the form most commonly used in the Western press. For Belarusian personal names, we use the Belarusian form (following the transliteration rules of the Library of Congress), except when another transliteration version is already widely in use in Western publications. For Russian place and personal names, we rely on the commonly used Russian-English transliteration.

6. It should be noted that many of the officials on this list lost their positions in the recent reshuffles. See the chapter by Andrei Liakhovich in this volume.

7. 'Council Common Position 2006/362/CFSP of 18 May 2006', *Official Journal of the European Union*, L 134/45, 20 May 2006.

8. 'Council Conclusions on Belarus', Brussels, 15 September 1997.

step process focused on creating the conditions for free and fair elections and, once achieved, the integration of Belarus into the neighbourhood policy, without compromising the EU commitment to common and democratic values'.⁹ The May 2004 European Neighbourhood Strategy Paper, however, made it clear that: 'currently [...] an authoritarian system is in place in Belarus. Elections since 1996 have failed to meet international democratic standards and democratic structures are lacking. Under these circumstances, it is not yet possible to offer the full benefits of the ENP to Belarus.'¹⁰ With no PCA in force, no action plan in the framework of the European Neighbourhood Policy (ENP) was drafted, and Belarusian participation in the European Neighbourhood Policy Instrument (ENPI) has been limited to 'support the needs of the population, to directly and indirectly support democratisation, and to mitigate the effects of the self-isolation of Belarus on its population'. Between 2007 and 2010, these objectives are being pursued in the areas of 'social and economic development, including actions to alleviate the consequences of the Chernobyl catastrophe and democratic development and good governance'.¹¹

In November 2006, the Commission published a non-paper called 'What the European Union could bring to Belarus'. The paper outlined how closer relations with the EU could benefit the Belarusian population economically and in terms of living standards, mobility, social security, political rights, etc. It put forward 12 conditions the Belarusian authorities had to fulfil 'to end the self-imposed isolation which the Belarusian government has brought upon its country's citizens: democratic elections, freedom of the media, respect for civil society, release of all political prisoners, investigation or review of cases of disappeared persons, establishment of an independent and impartial judicial system, end of arbitrary arrests and detentions, respect for workers' rights, respect for entrepreneurs' rights, abolishment of the death penalty, cooperation with international organisations'.¹²

When suspending the travel ban against Belarusian officials two years later, the EU produced a reduced list of criteria for further decisions to continue or lift the sanctions regime against Belarus. These include 'progress towards reforms of the Electoral Code to bring it into line with OSCE commitments and other international standards for democratic elections (1) and other concrete actions to respect democratic values (2), the rule of law

9. European Commission, 'Wider Europe - Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours', Communication from the Commission to the Council and the European Parliament, COM(2003)104 final, Brussels, 11 March 2003.

10. European Commission, 'European Neighbourhood Strategy Paper', Communication from the Commission to the Council and the European Parliament, COM(2004) 373 final, Brussels, 12 May 2004, p. 11.

11. European Neighbourhood and Partnership Instrument, 'Belarus. Country Strategy Paper 2007-2013' and 'National Indicative Programme 2007-2010'. Available at: http://ec.europa.eu/world/enp/pdf/country/enpi_csp_nip_belarus_en.pdf.

12. European Commission, 'What the EU could bring to Belarus', non-paper, November 2006.

(3), human rights (4) and fundamental freedoms, including the freedom of expression and of the media, and the freedom of assembly and political association (5)'.¹³ This list of conditions streamlined the more detailed conditions of the November 2006 non-paper and now forms the basis of EU conditionality towards Belarus.

Between 1997 and 2007, relations between the EU and Belarus were characterised by a vicious circle of hope, disappointment and restrictive measures. The EU offered cooperation and benefits when elections in Belarus were coming up, and imposed increasingly strict sanctions when Minsk – again – failed to fulfil the EU's conditions. Belarus became the only country in the eastern neighbourhood towards which the Union applied such a policy.¹⁴ However, the coercive approach in the EU's policy towards its eastern neighbour did not have the desired effects. Lukashenka and his entourage seemed to be driven by the hope that the EU would eventually give up conditionality.¹⁵ Moreover, Minsk counted on the EU's need to cooperate on challenges like border security, trans-national organised crime and illegal migration, which gave the Belarusian regime a certain bargaining power *vis-à-vis* Brussels.¹⁶ Locked in the logic of coercive diplomacy, the EU had little choice but to react with ever-stricter conditions.

13. 'Council Conclusion on Belarus', Luxembourg, 13 October 2008.

14. Giselle Bosse and Elena Korosteleva-Polglase, 'Changing Belarus? The Limits of EU Governance in Eastern Europe and the Promise of Partnership', *Cooperation and Conflict*, vol. 44, no. 2, June 2008, pp. 143-165, p. 150. Also see 'EU Conditionality *vis-à-vis* Belarus: Has it worked?', *BISS Studies and Analyses*, no. 4/2009, 1 June 2009; Dov Lynch, 'Catalysing change', in Dov Lynch (ed.), 'Changing Belarus', *Chaillot Paper* no. 85, EUISS, Paris, January 2005, pp. 97-124, p. 105.

15. Clelia Rontoyanni, 'Belarusian foreign policy', in Dov Lynch (ed.), 'Changing Belarus', *Chaillot Paper* no. 85, EUISS, Paris, January 2005, pp. 47-66, p. 55.

16. Astrid Sahm, 'Belarus am Wendepunkt. Perspektiven der Kooperation mit EU, Europarat und OSZE', *OSZE Jahrbuch 2009* (Baden-Baden: Nomos, forthcoming).

Why is Belarus changing?

This *Chaillot Paper* first aims to answer questions concerning the root causes of change in Belarus. Why is Belarus changing? And is this change a consequence of the EU's conditionality policy?

Grzegorz Gromadzki argues that, ever since Belarusian independence, the main focus of Belarusian foreign policy has been Russia. This special relationship has lasted for a decade and a half on the basis of mutual benefits. From the Russian perspective, it has assured cheap transit of Russian exports to Western Europe and access to Kaliningrad, while it has at the same time been an important building block for Russia's policy in the post-Soviet space. The Russian-Belarusian security alliance has served as a bulwark against further NATO expansion to the east, and, in a broader sense, as a symbol of Russian power in the region. Russian subsidies for the Belarusian economy, on the other hand, have become the basis of the very existence of the Lukashenka regime.

Gromadzki distinguishes between two phases in Belarusian-Russian relations. During the 1990s, Lukashenka worked to increase his influence in Russia, where a weakened Yeltsin used the Russian-Belarusian union state project to polish up his miserable domestic image. This changed quickly when Vladimir Putin came to power. The attitude of the new Russian leadership did not at all coincide with the Belarusian regime's ideas of equal partnership, and the first cracks appeared on the surface of Belarusian-Russian relations.

Margarita Balmaceda takes a close look at the Belarusian-Russian energy-political model, which formed the economic basis of the special relationship between the two states. At the core of this asymmetric interdependence was a 'swap deal', whereby an enhanced military-strategic alliance was offered in return for special conditions in energy trade. The latter allowed Minsk to accrue and redistribute enormous rents, which guaranteed the survival of the political regime. This deal was particularly lucrative from the Belarusian point of view after the start of the oil boom in 2003. Hence, Belarus benefited most from special relations with Russia at a time when mutual suspicions were already poisoning bilateral political relations. Nonetheless, the basis of the Belarusian-Russian energy-political model started to change in 2004. There was growing awareness in Moscow that, given Lukashenka's reluctance to accept Russian predominance, the symbolic confirmation of Russia's great power status had become too costly. The Russian leadership, therefore, started to push for a normalisation of energy relations. Since then, their relationship, which has become less and less special, has been characterised by recurrent quarrels over energy prices.

Leonid Zlotnikov explains why an increase in energy prices posed such an existential threat to the Belarusian regime. The so-called Belarusian 'economic miracle' was never based on sustainable economic development. Cheap energy prices, revenues from re-exports of petroleum products to the West, as well as other beneficial trade conditions in relations with Russia, allowed the regime to superficially satisfy the needs of the political elite and the population in general. The social contract between the regime and the population was based on Russian subsidies, not on an economic miracle, which, as Zlotnikov points out, never took place. Meanwhile, Minsk neglected the necessity to change the structure of the command economic model still in place in Belarus, and to

reinvest in the modernisation of Belarusian industry and agriculture. At the end of this chain stands an economy that is completely dependent on – now vanishing – external subsidies and is unfit to meet the challenges of integration in the global economy.

The existential threat emanating from the deterioration of relations with Moscow made Lukashenka change track and seek controlled *rapprochement* with the EU after January 2007. Gromadzki argues that the EU, albeit part of the hostile West, is considered a less powerful geopolitical actor in Belarus and, therefore, enjoys a more positive image than, say, the US. Furthermore, the EU has become an important economic and trade partner in the past few years. It is, therefore, not surprising that the regime's attempt to find alternative external partners has targeted Brussels.

To summarise, the authors of this *Chaillot Paper* agree that the single most important factor causing change in Belarus's domestic politics and foreign policy has been a substantial shift in Russia's attitude towards the country. As Vitali Silitski points out, the loss of Russian subsidies, which has been aggravated by the global economic crisis, forced the Lukashenka regime to look for alternative funding sources. This was the moment when Belarus started to give in to EU conditions – but it was not EU conditionality in the first place that kicked off the process of change in Belarus.

Why should the EU react?

When considering the EU's options in relations with Belarus, it is important to remember that the Union's policy in the past 10 years has not achieved the desired results. It did not bring about regime change in Europe's 'last dictatorship'. On the contrary, it seems to have even helped Lukashenka to stabilise his rule. By pointing at the EU's and other Western actors' hostile policies, the Belarusian regime succeeded in creating an atmosphere of a besieged fortress. Thanks to continuous Russian support, Minsk did not feel any need to give in to EU demands in order to receive rewards. On the contrary, EU policy became a tool in the hands of the authoritarian regime it aimed at transforming.¹⁷ Its influence on domestic developments in Belarus has, at the same time, remained minimal.

Moreover, the regional environment of EU-Belarus relations has undergone several transformations since the introduction of

17. Natalia Leshchenko, 'The National Ideology and the Basis of the Lukashenka Regime in Belarus', *Europe-Asia Studies*, vol. 60, no. 8, October 2008, pp. 1419-1433, p. 1425.

the first restrictive measures by the EU in 1997. In the middle of the 1990s democratisation seemed to be the predominant pattern of political development in the post-Soviet space, including Russia. Belarus appeared as an outsider who would sooner or later follow its more democratic neighbours. A similar picture presented itself after the colour revolutions in Georgia and Ukraine in 2003 and 2004. Against the background of these events, there was good reason to believe that 'if the EU cannot solve the Belarusian problem itself, then it should alter the context around it'.¹⁸ These expectations were dashed, however, by developments in the region after 2006. While the post-revolutionary governments in Ukraine and Georgia followed an ambiguous path and democratisation processes soon slowed down, the Union plunged into institutional crisis. At the same time, Russian policy in the common neighbourhood became more and more assertive and tensions rose, culminating in open hostilities and the ensuing Russian-Georgian war in August 2008. In this situation, the EU's external policy proved too weak to channel developments in the eastern neighbourhood in a more positive direction. Today, although cooperation with Ukraine and other countries is advancing in the framework of ENP and the Eastern Partnership (EaP), there is much less ground to hope that this will have an immediate and strong positive impact on developments in Belarus than was the case four to five years ago. Instead, the bilateral level of relations with Belarus is regaining importance.

Against this backdrop, the EU needs to consider changing its approach with regard to Belarus for several reasons.

First of all, Belarus shares borders with three EU Member States: Poland, Lithuania and Latvia. These three countries have an interest in undisturbed interaction across their border with Belarus. Economic exchange between the border regions can benefit both sides. Currently, it is being undermined by the strained state of relations between Belarus and the EU.

Second, Belarus's direct neighbours and the EU as a whole have an interest in the security of those borders, and in their imperviousness to organised crime, illegal migration, etc. It would also not be in the EU's interest to face a wave of migration caused by a significant deterioration of the economic and/or political situation in Belarus.

Third, Belarus is an important transit country for trade between the EU and Russia. Therefore, the EU has a great interest

18. Lynch, *op. cit.* in note 14, p. 125.

both in good governance and domestic stability in Belarus and in functioning relations between Russia and Belarus.

The EU developed its European Neighbourhood Policy in order to promote its values and rules in neighbouring states. The ENP provides the framework for its cooperation with all its eastern neighbours with the exception of Belarus. The ENP is supplemented by the Eastern Partnership (EaP), the purpose of which is to deepen relations with neighbouring countries on the EU's eastern borders and to accelerate their *rapprochement* with EU values and standards. Including Belarus in a comprehensive policy framework was one of the main motives behind the introduction of the Eastern Partnership. For the EaP to succeed, it is important to have all eastern neighbours on board. To date, Belarus remains a blind spot with the potential to undermine progress in the other countries of the region.

EU policy: goals, strategies and positions

Goals

Back in 2003, the European Security Strategy defined the EU's task as to 'make a particular contribution to stability and good governance in our immediate neighbourhood [and] to promote a ring of well governed countries to the East of the European Union [...]'.¹⁹ This goal was reiterated in the 2004 ENP strategy paper. As a transformative foreign-policy actor, the EU ascribes central importance to domestic developments when designing its policy towards partner countries. Belarus is an authoritarian state and the source of real and potential security threats from an EU perspective. Therefore, the EU's most important policy goal with regard to Belarus is that the country develop a democratic political system that respects the rule of law and human rights. This is also a precondition for close partnership. The 2006 Commission non-paper outlines clearly that: 'The EU cannot offer to deepen its relations with a regime which denies its citizens their fundamental democratic rights. The people of Belarus are the first victims of the isolation imposed by its authorities and will be the first to reap the benefits on offer to a democratic Belarus.'²⁰

There are two fundamentally different ways to define the goal of democratisation:

- ▶ EU policy can aim at *regime change* in Belarus. This implies that

19. 'A Secure Europe in a Better World. European Security Strategy', Brussels, 12 December 2003.

20. European Commission non-paper, op. cit. in note 12.

the EU will not consider the current regime an interlocutor or even a partner but will focus instead on the opposition and civil society as long as no democratic government is in power in Minsk.

- ▶ EU policy can aim at *incremental regime evolution* in Belarus. This goal does not exclude closer relations with the current regime, and, thus, allows for a more flexible approach. It envisages cooperation to bring about incremental change towards more democracy, possibly even under the existing regime.

Strategies

The selection of a basic strategy towards Belarus depends on how the EU defines its goals.

- ▶ Regime change as a policy goal would suggest *coercive diplomacy and hard conditionality* as the basic strategy for the EU's policy towards Belarus.²¹ The goal of coercive diplomacy is to change a state's or regime's behaviour through diplomatic pressure, punishment and/or isolation. Hard conditionality sets strict and clearly defined conditions, and applies equally strict and clearly defined criteria for their fulfilment. It focuses on results when it comes to the evaluation of whether or not conditions have been fulfilled. Needless to say, rewards depend on the fulfilment of all conditions that have been set. Such a strategy also suggests seeking close interaction with opposition forces and encouraging them in their fight against the regime.
- ▶ Regime evolution, on the other hand, would make a strategy of *open diplomacy and soft conditionality* seem more appropriate. At the core of such an approach would be the idea of opening up and engaging at the official level so as to encourage the regime, or parts of it, to embark on desired reforms. This pattern does not exclude coercive diplomacy. However, its use would need to be limited and moderate in order not to undermine the possibility of cooperation with the authorities. Soft conditionality presents conditions that are less strictly defined, and, when assessing progress, focuses more on process than on results. A policy following this approach would need to carefully balance relations with the regime and alternative political forces.

Over the past 15 years, EU policy has been a mixture of coercive and open diplomacy, of hard and soft conditionality. For most of

21. See Bosse and Korosteleva-Polglase, *op. cit.* in note 14, p. 147; Lynch, *op. cit.* in note 14, p. 105.

this period, however, coercive diplomacy and hard conditionality were the dominant elements of the EU's approach. Regardless of ongoing technical cooperation in some areas, EU policy was characterised by insistence on the fulfilment of strict conditions in exchange for closer relations. At the same time, the EU, and particularly some of its Member States, tried to support the Belarusian opposition and civil society in order to create a political alternative to the regime inside the country.

In the past three years, however, the EU has slowly been moving towards open diplomacy and soft conditionality. The opening of a European Commission Delegation in March 2008 was the first visible step of this change of approach which was then accelerated by the Russian-Georgian war of August 2008. Softened conditionality can be seen in the reduced list of criteria that were introduced in October 2008 to replace the 12 conditions outlined in the 2006 non-paper. They are characterised by vaguer wording and are less bound to concrete results. What is still lacking, however, is a principled decision on the goals and strategies of EU policy towards Belarus.

Positions

This is not an easy decision for the Union. As with many other issues regarding the eastern neighbourhood, Member States have difficulties defining a common position.

Looking at the experience up to 2006, EU Member States could, broadly speaking, be divided into two groups regarding their position on Belarus. The majority of EU Member States defined their priorities in full compliance with the regime change pattern. They opted for the isolation of the political leadership in Minsk and engagement solely with Belarusian civil society. A smaller group of Member States, such as for instance Germany or Sweden, albeit principally following the mainstream approach, showed more flexibility regarding some engagement with authorities at a low level.²²

As of 2006, the positions held by Belarus's direct neighbours started to shift in reaction to the fact that even increased efforts to trigger bottom-up change in Belarus had not had any impact on the regime in Minsk.²³ The March 2006 presidential election showed clearly that the societal preconditions for a development similar to the democratic movements in Ukraine or Georgia were

22. Clelia Rontoyanni, *op. cit.* in note 15, p. 56.

23. Przemyslaw Zurawski vel Grajewski, 'Belarus: The unrecognised challenge', in Dov Lynch (ed.), 'Changing Belarus', *Chaillot Paper* no. 85, EUISS, Paris, January 2005, pp. 79-95.

not present in Belarus. This prompted Belarus's direct neighbours and other Member States to reconsider their stance.

As a result, the group of states adhering to the approach of regime change/coercive diplomacy/hard conditionality has shrunk, while the group supporting regime evolution/open diplomacy/soft conditionality has grown. Today, countries like Poland and Lithuania are promoting positions similar to those of Germany and France, which is not often the case in the EU's policy towards its eastern neighbourhood. Hence, a consensus for a change of the EU's policy towards Belarus is on the horizon. The question remains, however, of how substantial the current changes in Belarus actually are.

Is Belarus really changing?

The contributions to this *Chaillot Paper* reflect a mixed assessment of the Belarusian leadership's reform efforts.

Vitali Silitski points out the limited scope of Lukashenka's transformation. He weighs political concessions such as the release of political prisoners, the slight improvement of the situation of the media and civil society, and more openness towards the opposition against the actual development of the political system, particularly in the context of the 2008 parliamentary elections. The regime undertook some measures to make preparations for the elections look more transparent and democratic, including by inviting the Office for Democratic Institutions and Human Rights (ODIHR) to monitor the elections and involving opposition parties in some electoral commissions. Upon closer inspection, however, it becomes obvious that these measures were merely cosmetic. In reality, opposition candidates encountered difficulties registering for the elections, and the electoral process itself was manipulated in a number of ways. As a result, the new legislature is even more devoid of opposition representation than previous parliaments had been. This leads Silitski to the conclusion that the 'logic of Lukashenka's transformation' consists first and foremost in securing the survival of his regime. It is the preservation of the balance of power between the political leadership, society and the opposition that Minsk is trying to achieve by readjusting the geopolitical balance between Moscow and Brussels.

This assessment is underlined by Andrei Liakhovich's findings on the political elite in today's Belarus. Liakhovich depicts the past two years as a period of profound change in the ruling elite in Belarus. Power has shifted from the security forces around Viktor Sheiman to other circles. One is a group of mostly younger individuals around Lukashenka's son, Viktor Lukashenka, and the current head of the presidential administration, Uladzimir Makei. The other surrounds Prime Minister Siarhei Sidorski and First Deputy Prime Minister Uladzimir Siamashka and consists of, in Liakhovich's words, economic nationalists and technocrats. Both groups are more reform-oriented than the previously dominant *silaviki*. They promote and support the ongoing cautious opening of the regime, which remains, nevertheless, centred around President Lukashenka.

Astrid Sahm looks into the development of the Belarusian media and civil society. Her chapter gives a detailed account of the changes and adaptation processes that both have had to go through during the past 15 years. As a result of ceaseless pressure, the number of NGOs in Belarus remains very low. On the other hand, the surviving core of Belarus's civil society has been strengthened by the need to develop sophisticated survival strategies. Moreover, the spectrum of NGOs in Belarus is somewhat different from that in other countries in that organisations working in the social sphere are more numerous than political NGOs. At the same time, the Belarusian state has increased its efforts to promote GONGOs (government-operated non-governmental organisations) to increase its control over civil society. Regarding the media, Sahm shows how independent media have been pushed aside and marginalised through state repression. At the same time, she highlights the fact that access to the Internet has not (yet) been restricted by the state, which means that Belarusian citizens have access to alternative sources of information. Sahm's assessment of recent changes is mixed. Steps taken by the government to ease the situation of civil society and the media have often-times been immediately followed by new waves of repression. There have not yet been any structural reforms needed for profound change, and the regime does not seem to be willing to embark on such a course.

With respect to the economic situation, Leonid Zlotnikov and Margarita Balmaceda draw a rather bleak picture. According to Zlotnikov, the economic reform measures undertaken have been

far too hesitant to deal with the consequences of the economic crisis. On the contrary, the regime is backtracking on a number of reforms for fear of losing control over the economy. Zlotnikov sees an ideological problem at the core of this stagnation: the Lukashenka regime is unable to pursue genuine liberal reforms because of its refusal to let go of the dysfunctional command economic model. This leaves the Belarusian economy and population unprotected against the global economic crisis, the implications of which could be dire. Both Zlotnikov and Balmaceda's chapters make it clear that the deeply ingrained overdependence of the Belarusian economy on Russian gas and oil, as well as its backwardness in terms of economic reform, will make any real economic transition difficult and painful, and bear the risk of serious societal and political disruption.

Grzegorz Gromadzki sees Lukashenka's scope for manoeuvre in foreign policy shrinking. Increasing economic pressure and the shift in relations with Russia have limited the regime's options to a minimum. While this strengthens elite groups inside the country who favour an opening towards the West, it does not imply systemic changes anytime soon. The fluctuations in Belarus's foreign policy are the result of tension between the regime's reactions to external pressure and its efforts to maintain control. Minsk's toying with recognition of Abkhazia and South Ossetia, and closer economic and military integration with Russia, on the one hand, and closer relations with the EU, on the other, reflect its attempts to orchestrate a new geopolitical balance between Brussels and Moscow. This could in fact lead to a more balanced foreign policy on the part of Belarus. What the result of this approach will be, however, remains difficult to forecast.

In a nutshell, the authors who have contributed to this *Chaillot Paper* do not see systemic changes happening in Belarus. Their analysis shows that the aim of the Belarusian regime is tactical adaptation rather than genuine democratic and liberal economic reforms. At the same time they point to certain important developments, such as, first of all, the empowerment of more reform-oriented parts of the political elite that creates pockets of change in the political system, but also the professionalisation of Belarusian civil society and growing expectations of the Belarusian population regarding consumption and living standards. At a certain point those developments will become irreversible, which could turn them into sources of change in the medium and long-term.

EU dilemmas and policy options

Given the reluctance of the Belarusian regime to embark on genuinely democratic and liberal reforms EU policy faces three dilemmas:

- ▶ *Values vs. interests*: The EU has to recognise that the goal of the current political leadership, even in its refurbished form, is not democratisation or liberalisation of the political system. Therefore, it will be difficult to base relations with the Belarusian authorities on common values, as there are no values that the EU shares with the Lukashenka regime. On the other hand, the EU has a strong interest in functioning relations with Belarus for various economic and political reasons. Moreover, the absence of a coherent opposition movement leaves EU policy without an alternative political partner in Belarus. The absence of a political alternative inside the country also implies the risk of serious domestic instability should the regime fall. This is not in the EU's interest either. Hence, *rapprochement* with Belarus seems to equal *rapprochement* with the current Belarusian regime, despite its reluctance to share EU values.
- ▶ *Double standards*: Closely linked with the values-versus-interests dilemma is the possible allegation of double standards. Opening a new track in relations with Belarus by, for instance, fully including it in the different formats and instruments of EU policy towards its eastern neighbourhood would reward the Belarusian regime for doing much less than its neighbours had to do. In fact, it could be perceived as if the EU were helping an authoritarian regime to stay in power. From a Ukrainian, Georgian or Moldovan perspective, this could undermine the EU's image and credibility.
- ▶ *Geopolitics vs. soft power*: The Lukashenka regime is obviously playing a geopolitical game between Moscow and Brussels. In a way, it is imposing the rules of this game on the EU as well, particularly given the fact that tensions between Brussels and Moscow over the so-called 'shared neighbourhood' have been increasing in the past few years. The EU is facing the dilemma of becoming entangled in another geopolitical competition with Russia, this time over Belarus. This contradicts the EU's soft-power identity and its idea of regional relations in its neighbourhood.

It will be very difficult if not impossible for the EU to overcome these dilemmas when moving ahead in relations with Minsk. That said, it is time to make an inventory of the Union's toolkit given the inefficiency of the policy instruments applied to date. When the EU introduced sanctions against Belarus, the region looked very different from how it looks now. Developments in the past two years have set things in motion, and the Union should make use of the new dynamics and redefine its policy towards Minsk.

The bottom line of the EU's policy should be to create more positive incentives for Belarus instead of sticking to hard – and evidently dysfunctional – conditionality. A crucial precondition for advancing in this direction is a new contractual basis. There are basically two ways of moving ahead on this:

- The EU could complete the suspended ratification of its Partnership and Cooperation Agreement with Belarus. On this basis, it could then enter into negotiations with Belarus on an ENP action plan. Belarus could also be included in the bilateral track of the Eastern Partnership, which would pave the way for the negotiation of an association agreement at a later stage.
- Alternatively, the EU could skip the ratification of the PCA and immediately open up the ENP and the EaP to Belarus. This would allow the EU to move ahead more quickly instead of first going back to an outdated agreement. On the other hand, with the PCA in force, Belarus would at least formally be following the same historical track as its neighbours.

Should the EU decide that ratification of the PCA is a necessary step, it should make sure that this process unfolds as quickly as possible and without renegotiation of the substance of the PCA. Negotiations on amendments to the PCA would bear the risk of delaying the process unnecessarily and limiting the EU's capacities to shape it proactively.

How would such a policy fit with the dilemmas mentioned above?

From the EU's perspective, the biggest concern is, of course, the values-versus-interests dilemma. Here, the Union will probably simply have to acknowledge that its policy of sanctions and isolation has not achieved the desired results and, therefore, needs to be replaced by a new and more promising approach. In order not to shift towards a policy based exclusively on economic and geopolitical interests, this new approach needs, of course, to be flanked by

measures aimed at supporting the development of democratic structures and civil society in the country (see below).

Double standards in the EU's approach towards its eastern neighbourhood could play a role in the minds of individual political actors in countries such as Ukraine, Moldova and Georgia. However, this factor does not outweigh the overwhelming interest in opening up Belarus and connecting it firmly with its neighbours in the region and with the EU. Moreover, the allegation of double standards works both ways. Belarus is the only eastern neighbour that has been subjected to an EU sanctions regime. However, the Union has not ceased cooperating with other countries in the region that have also displayed poor democracy and human rights records.

Last but not least, the EU has to find ways to balance *rapprochement* with Belarus with relations with Russia. On the one hand, the EU needs to acknowledge that it interacts with Russia in its eastern neighbourhood. The Union does not use the same instruments: its policies are based on the promotion of democracy, the rule of law, and respect for the sovereignty of partner countries. But as it extends its influence and offers itself as a political alternative, the EU is diminishing Russia's scope for manoeuvre in its immediate neighbourhood. Therefore, what the EU should make clear is that there is a broad understanding of the close political, economic and societal links between Belarus and Russia, which the EU does not intend to disrupt through its policy of opening towards Belarus.²⁴ Rather, it should look for ways to engage with Belarus and Russia at the same time, for instance, through trilateral energy cooperation, as has been suggested for Ukraine many times as well.

With regard to Belarus, the EU in autumn 2009 faces the choice between three options: (i) it can abstain from extending the suspension of the travel ban. The sanctions would kick in again, and the EU and Belarus would return to hard conditionality and isolation; (ii) the Union can extend the suspension of the travel ban until March 2010, when a decision on the general sanction regime is due; (iii) the EU can abolish the sanctions, thus creating a new basis for relations with Belarus already by the end of 2009.

Given domestic stagnation in Belarus and the state of the internal EU debate, the second option is the most likely and most desirable scenario for the decision to be taken by the Council of the European Union in December. A return to coercive diplomacy

24. See Sherman Garnett, 'The Belarusian Policy Dilemma', in Margarita M. Balmaceda, James I. Clem, Lisbeth Tarlow (eds.), *Independent Belarus. Domestic Determinants, Regional Dynamics, and Implications for the West* (Cambridge, MA: Harvard University Press, 2002), pp. 393-409, p. 405.

would not be in the EU's interest. The abolition of the sanctions seems to be too far-reaching given the slowdown of reforms in Belarus. However, if the EU chooses a rollover it has to seriously consider its next steps. An indefinite extension of the *status quo* would make it look hesitant and, thus, undermine its credibility and capacity to act. This means that the Union will not be able to avoid taking a principled decision on relations with Belarus in the next few months if it wants to stay on top of developments.

Hence, provided serious efforts are observed in Belarus, the EU should stand ready to open up towards Belarus, unblock the contractual basis of the relationship, start negotiations on an ENP action plan and by doing so reintroduce conditionality linked to tangible incentives. This could be done in the course of next year, with the upcoming presidential election as an important marker for whether or not Belarus should also benefit from the incentives offered by the bilateral dimension of the Eastern Partnership (such as an association agreement and a comprehensive free-trade agreement). The EU could also consider lifting the sanctions step by step, starting with the travel ban while saving the lifting of economic restrictions as a reward for concessions by Belarus.

On the positive side, the EU has a lot to offer when it comes to economic cooperation and support for the modernisation of the Belarusian economy. The EU's tools range from enhanced cooperation in different economic areas, notably energy, to ENPI funds to European Investment Bank (EIB) and European Bank for Reconstruction and Development (EBRD) support. The EU should clearly spell out these possibilities and have its toolkit ready when things start moving in Belarus.

These steps need to be flanked by an active policy towards Belarusian civil society, as well as the opposition and the economy. The contributors to this *Chaillot Paper* suggest the following steps:

- Silitski points out that the Belarusian opposition is fragmented in its perception of the current improvement of relations between the regime and the EU. The Union should encourage those parts of the opposition that support the *rapprochement*, notably Aliaksandr Milinkevich's For Freedom movement. At the same time, dialogue with other opposition groups should be intensified in order to explain the EU's motives and highlight the potential role of the opposition in future developments. Brussels and the Member States should also establish close links with those actors inside the ruling

elites who are interested in a cautious opening up of the system. The main aim of this approach would be to broaden the pockets of change inside the political system and pave the way for medium-term developments.

- ▶ The EU should continue to increase its support for Belarusian civil society. In order to do this, it should make full use of the instruments it has available, notably the European Instrument for Democracy and Human Rights (EIDHR). As Astrid Sahm explains, NGO support needs to be more continuous than in the past, and it should pay special attention to the improvement of the legal conditions under which civil-society actors operate. Given the transformation that Belarusian civil society had to go through in times of repression, the target group of external support should be as broad as possible and include NGOs working in ‘apolitical’ areas, as well as political NGOs. GONGOs should not be excluded from cooperation but should be encouraged to comply with international standards. Last but not least, civil-society actors should be involved in EU-Belarus relations. The Civil Society Forum in the framework of the EaP is an important step in the right direction. NGOs should also be given an active role in future negotiations of an Action Plan and should be consulted on issues of EU-Belarusian relations on a regular basis. The ENP has often been criticised for being government-oriented and for not paying enough attention to civil society. In the Belarusian case it is particularly important to find a better balance between the authorities and civil society actors.
- ▶ The EU should do everything possible to support people-to-people contacts with Belarusian society. In the absence of a visa facilitation agreement, Belarusian citizens pay twice as much for a Schengen visa as citizens of the other EaP countries. This poses an almost insurmountable obstacle for the majority of them. The EU should, therefore, consider treating this issue separately and opening negotiations on a visa facilitation agreement even before it lifts the sanctions and unblocks the contractual basis of the relationship. This would send out the strongest possible signal of goodwill to the Belarusian people. Moreover, increased mobility between Belarus and the EU could help to counterbalance the negative image of the Union the regime has implanted in the minds of many Belarusians. Visa facilitation, therefore, should not be subject to EU condi-

tionality. The EU should also strongly encourage student exchanges and cooperation between Belarusian universities and universities in EU Member States. The establishment of European studies programmes at Belarusian universities funded by the EU could be an important step in this direction, once relations between Brussels and Minsk are on the track towards normalisation.

A stronger political presence of the Union in Minsk would help to pursue these goals. The Lisbon Treaty, once it will enter into force, will provide the basis for transforming the present Commission Delegation into a fully-fledged EU Delegation that can then take an active role in coordinating the Union's activities in the country and establishing contacts with different political forces.

Working with both the opposition and civil society could lead to a genuine pluralisation of the political landscape in Belarus, which in the medium term could underpin a peaceful and sustainable transformation of the political system. However, serious challenges lie ahead in the economic sphere.

■ Zlotnikov and Balmaceda leave little doubt that the Belarusian economy is in existential peril. Even if international circumstances were different, the country's economic transformation would be costly and entail serious socio-economic implications. Therefore, the EU and other international actors need to keep a close eye on economic developments and press the Belarusian leadership to embark on genuine reforms. Balmaceda makes a number of suggestions as to how the EU could support change in the energy sector. The diversification of Belarus's transit policy, support of energy efficiency, and forging more transparency in the nuclear sector are among them. Again, negotiations on an action plan or separate agreements on economic cooperation would give the EU more leeway and a more stable basis for interaction than the current state of bilateral relations.

The EU and Belarus: Back from the Cold?

Belarus has been changing over the past two years. At the same time, it remains difficult to forecast where this development will take the country. EU policy between 1997 and 2008 largely failed

to influence the Lukashenka regime. The Union may now have a chance to change track, end Belarusian isolation and become a more influential actor in Belarusian politics. It should be clear, however, that this is not going to be an easy transformation towards democracy and a market economy. Belarus is already facing enormous economic problems, and more will arise in the future. As in the other countries of the eastern neighbourhood, economic reforms will have a strong impact on Belarusian society, with potentially serious repercussions for the political process. The main difference between Belarus and its neighbours is that thanks to its special relationship with Russia Minsk has managed to delay transformation by 15 years. The EU and other external actors need to be aware of this and develop strategies to engage with, accompany and shape this difficult process. Whether all sides will be able to use the current window of opportunity in the best possible way, however, ultimately depends on the actions of the Belarusian regime in the upcoming months.

Belarus – a country in transition? The State, elections, and the opposition

Vitali Silitski

1

Change has occurred in Belarus, the so-called last dictatorship in Europe. The Belarus-Russia energy conflict of 2006-2007 was a wake-up call for the ruling elite, including President Lukashenka himself. It made it clear to everyone that at least partial economic reform was required to sustain the old system, which is based on an unreformed Soviet-style economy existing exclusively thanks to generous Russian energy subsidies. The government partially abandoned its paternalistic and anti-market rhetoric, authorised controlled privatisation and liberalisation of private business activities and cut down on the welfare state. As a result, the World Bank proclaimed Belarus to be one of the world's star reformers in 2008.

The new economic realities also prompted a partial geopolitical turnaround in Belarus. Facing an increasingly hostile Kremlin, Lukashenka set out to find ways of reengaging with the West, improving the political and business image of his country, and entering a political dialogue with the European Union and the United States. After a bumpy start, this dialogue gained speed with the military conflict in Georgia in August 2008. The Kremlin's angry reaction to Lukashenka's failure to fully support Russia's war forced the Belarusian leader to intensify relations with Europe. As a result, political prisoners were released in August 2008, conditions for independent media were slightly improved, and civil-society organisations were allowed official registration for the first time in years. The overall climate of repression eased off significantly. The government showed a willingness to engage in an open debate with its opponents. Leading civil-society representatives were invited to join special advisory councils to discuss economic policy and ways to improve the country's image abroad. The regime also moved ahead on economic liberalisation, introducing many measures advised by international financial institutions and local liberal economists. Facing the consequences of the global economic crisis in times of fading Russian

support, the government turned its eyes to the West in search of loans necessary to keep the economy going. The approval of a 2.5 billion USD stabilisation loan by the International Monetary Fund on 31 December 2008 provided proof of Belarus's willingness to carry out some unpopular reforms.

Nevertheless, many facts indicate that the regime is not willing to cede political control. For instance, the parliamentary elections of September 2008 not only failed to improve electoral practices but also resulted in a legislature completely sanitised of opposition views. The new media law adopted in 2008 and enacted in February 2009 criminalises unauthorised reporting by foreign broadcast media. Similar setbacks can be observed in the education system, in the regime's attitude towards the opposition, and in the cultural sphere. Overall, Lukashenka and his entourage seem to be seeking a balance between reform and repression. Concessions in one area are being compensated for with crackdowns in other areas, so as to remind potential opponents that the regime is not loosening its grip on power. The outcome of this zigzag course is difficult to predict. Until not so long ago, many observers had difficulties imagining that Belarus could change at all. Today, the main question is where and how the country will change and what can be done to push forward political, economic and societal transformation to the point of no return.

This chapter provides a perspective on the current political developments in Belarus by investigating the development of the political system. It focuses on the parliamentary elections of September 2008. They stand as an example of the ambiguities in the Belarusian regime's current policies. The electoral process also provides useful insights into the situation of the current Belarusian opposition. The chapter is based on the assumption that the recent geopolitical changes jeopardise the social contract between the ruling elite and the Belarusian population. Reform measures taken by the regime aim first and foremost at the preservation of the regime itself – and not at profound democratic changes in the country.

Elections

Electoral campaigns in Belarus are largely ceremonial exercises in which citizens validate the *status quo*, whereas participation of the opposition largely serves as window dressing to give the process a

democratic semblance. The country's electoral code fails to establish minimal guarantees for fair and free elections, such as fair candidate registration procedures, equal campaigning opportunities, or a transparent vote count. Presidential elections, carried out every five years, have become the arena for some sort of competition between the president and the opposition, which tried unsuccessfully, in 2001 and 2006, to mobilise mass street protests against alleged falsification of the vote count. Nevertheless, the public reacted with little enthusiasm, and it appeared that Lukashenka would have won both ballots even had the votes been counted fairly. Parliamentary and local elections draw little public interest, as representative bodies are effectively stripped of decision-making powers by the constitution, which gives the president almost unlimited authority, including *de facto* legislative powers. Elections in Belarus are, at most, an opportunity for the opposition to express itself and present its programme rather than a real instrument for changing power and for citizens to provide feedback to the government.

The improvement of a deeply flawed electoral process has become a key point for measuring political progress for the EU, which had singled out the 2008 parliamentary elections and the release of political prisoners as two key criteria for normalising political relations with Belarus. President Lukashenka and his government raised high expectations inside and outside the country in the run-up to the parliamentary elections on 28 September. He repeated throughout the year that the elections would be carried out in the most transparent manner and, as he put it, 'to the highest European standards', and promised that Belarus would 'show both the West and Russia how elections should be carried out',¹ whereas the head of the Central Election Commission, Lidiia Ermoshina, explicitly declared that she would 'work to achieve international recognition of the elections'.² Lukashenka also announced that several opposition members could be admitted to the parliament.

However, the election campaign showed few signs of political pluralism. Instead of real competition between alternative political forces, there were only occasional acts of civic resistance organised by democratic youth groups. This was another example of the steady decline of political and civic activism in the opposition subculture since 2006.³ Consequently, the election campaigns in the run-up to the local elections in 2007 and the parliamentary elec-

1. Tatiana Nechapaika, 'Lukashenko obeshchaet obraztsovo demokratichnye vybory', *BBC Russian.com*, 25 June 2008. See: http://news.bbc.co.uk/1/hi/russian/international/newsid_7473000/7473860.stm.

2. 'Lidiia Ermoshina: TsIK budet rabotat' na mezhdunarodnoe priznanie itogov vyborov', *Belorusskie novosti* website, 27 June 2008. See: http://naviny.by/rubrics/politic/2008/06/27/ic_articles_112_157798.

3. See chapter by Astrid Sahm in this volume, pp. 49-63.

tions in 2008 remained uneventful and were dominated by the regime. The latter generated some excitement, but only because of the importance that had been attached to the ballot in the context of the newly opened dialogue between the Belarusian authorities and the European Union. The latter had singled out the conduct of the vote as a benchmark it would use to measure political progress in the country and to determine whether it would find it possible to begin fully-fledged cooperation with Minsk.

In the run-up to the elections, Belarus scored points by admitting the OSCE's Office for Democratic Institutions and Human Rights (ODIHR) to monitor the elections. This shed a more positive light on Minsk than on Moscow, where ODIHR missions had not been admitted for the presidential and parliamentary election cycle in 2007-2008. The regime undertook some cosmetic steps, such as inviting members of political parties to monitor the work of the Central Election Commission, as well as the inclusion of several opposition members in constituency-level electoral commissions. Ultimately, 38 opposition representatives were admitted to 110 constituency-level electoral commissions.⁴ However, when it came to the district-level commissions, only 47 opposition representatives were approved for a total of 6,000 election commissions. It followed that the opposition could monitor the vote count in only one out of 150 districts.⁵ The Central Election Commission denied that it had anything to do with this composition of the election commissions and expressed 'regret' that the local authorities had chosen to discriminate against the opposition.⁶

Moreover, opposition candidates had difficulties registering for the elections. For instance, district election commissions registered only 76 out of 98 applicants from the United Democratic Forces of Belarus. Reasons cited for not registering candidates included errors in the lists of citizens who had signed to support a particular candidate or errors in candidates' income declarations.⁷ Overall, the campaign marked a considerable decrease in the participation of political parties in the elections: only 118 candidates were registered as opposed to 316 for the parliamentary elections in 2004.⁸

Early voting is another method that is routinely used by the regime to manipulate election results. Early voting is conducted five days ahead of the election date, and independent observers are not allowed to monitor the ballot boxes. State companies and universities routinely use a variety of threats to mobilise their employ-

4. <http://by.belaruselections.info/archive/2008/chronicle/0043026/>.

5. 'Tol'ki 0,06% apazitsyanerau budze u skladze vybarchykh komisii', *euroradio.fm*, 15 August 2008. See: <http://www.euroradio.fm/by/576/news/22640>.

6. *Ibid.*

7. 'Za "nesapraudnyia daty" nia poidzesh u deputaty', *Polskieradio.pl*, 29 August 2008. See: <http://www.polskieradio.pl/zagranica/news/artykul90298.html>.

8. Other reasons for this decrease in activity included the fact that the opposition nominated a single list of candidates and that some activists dissociated themselves from unpopular parties and ran as independents.

ees to vote ahead of time. This early voting has been criticised by the opposition as a tool for fixing the results before election day. In the 2008 parliamentary elections, a total of 24 percent of voters voted ahead of time, many of whom were mobilised by local administrations.

In the case of the 2008 parliamentary elections, pressure against members of the opposition started immediately after the election campaign had been launched. Opposition politicians lost their jobs after declaring their candidacy. Several leaders of human rights organisations involved in election monitoring were harassed by the tax authorities.⁹ The president himself directed the attack against the opposition by instructing officials to check the financial records of opposition candidates.¹⁰

The election campaign itself was characterised by an almost complete lack of substance. There was hardly any competition of ideas and platforms: pro-presidential candidates largely abstained from campaigning, while the opposition failed to put forward a coherent message and clearly mark the key issue (or issues) at stake in the election. This job fell to the international community, as the issue of recognition or non-recognition of the ballot became central for all sides involved, including the regime, the opposition, and the West. Being under the impression that the thaw between Lukashenka and the EU could lead to partial recognition of the ballot, some of Lukashenka's opponents decided to boycott it. The boycott was actively promoted by fringe factions, including the Charter 97 website and the Young Front movement, and was briefly considered by the leadership of the Belarusian Popular Front. The threat of a boycott can be understood as an appeal by the Belarusian opposition to the European Union – rather than to the Belarusian government – not to recognise what it thought would most likely be rigged and unfair elections.

Election day passed without major disturbances. However, most election monitors reported irregularities. In most polling stations, observers were forced to stay several metres away from the tables where the votes were being counted, and members of electoral commissions prevented observers from seeing how the vote count was proceeding.¹¹ Only a few hours after the polling stations were closed, the Central Election Commission declared that, with a 75 percent turnout, the elections were valid in all 110 constituencies, and that all the members of parliament were elected in the first round with no representative of the opposition

9. 'Sud otkazal oppozitsioneru v iske protiv "Beltransgaza"', *charter97.org*, 30 October 2008. See: <http://www.charter97.org/ru/news/2008/10/30/11617>.

10. 'Lukashenko: "sviatomyia" oppozitsionery nigde ne rabotayut, a zhivot luchshe vsekhn', *Belorusskie novosti* website, 10 July 2008. See: http://naviny.by/rubrics/politic/2008/07/10/ic_news_112_293488.

11. OSCE observers assessed the vote count as bad or very bad at 48 percent of the polling stations they visited. See 'Statement of Preliminary Findings and Conclusions', OSCE Election Observation Mission, 28 September 2008; 'OSCE/ODIHR Election Observation Mission Final Report', 28 November 2008.

among them. Most pro-government candidates got 10-15 percent of the vote with a maximum of 33 percent. There was no independent procedure to verify these results. However, doubts seem to be justified if one takes into account that, for instance, one opposition candidate in the Mahileu region, who officially gained less than 30 percent of the votes, swept the ballot at all polling stations where he managed to place his representatives on election commissions.¹² Overall, the election returned the most sterilised and controlled parliament in the last 18 years. Not only does it lack any opposition, there is not even a single potential troublemaker to occasionally criticise the government. The candidates were all elected in the first round (even in 2004 there were two run-offs) and all with a similar percentage of votes. Post-election protests staged by the opposition attracted only a few hundred participants.

The result of the elections came as a shock to those in the West who had hoped that Lukashenka would make concessions and allow the opposition to be present in parliament. The EU in particular faced a dilemma: non-recognition of the vote would have implied an end to political dialogue with Lukashenka, which the EU was not ready to abandon. At the same time, ignoring the obvious failure of the Belarusian authorities to live up to their promises threatened to undermine the EU's credibility.

In a way, the OSCE election report helped the EU to save face. It concluded that the parliamentary elections in Belarus ultimately fell short of OSCE commitments despite some 'minor improvements' in the process. EU officials then referred mainly to those minor improvements and accentuated positive developments. For example, Benita Ferrero-Waldner, European commissioner for external relations, stated on 30 September 2008: 'I took into consideration [the] preliminary conclusions of the OSCE/ODHIR mission that contain positive indicators as well as some negative elements.' On 9 October 2008, the European Parliament endorsed a resolution on the situation in Belarus, which proposed gradually restoring relations with the country and maintaining dialogue with Minsk, suspending the EU travel ban for six months on the country's leader and 35 of his officials, and facilitating and liberalising visa procedures for Belarusian citizens. The suspension of the visa ban, which was approved by the Council on 13 October, was coldly received by the Belarusian opposition and civil society, which considered it to be an unjustified reward for the regime. The

12. 'Na Mahileushchynе zafiksavali parushen'ni vybarau', *Polskieradio.pl*, 29 September 2008. See: <http://www.polskieradio.pl/zagranica/news/print.aspx?id=92439>.

EU, however, did not abandon political conditionality altogether. EU officials made it clear to the Belarusian authorities in autumn 2008 that the ultimate lifting of sanctions would be subject to fulfilment of five conditions, including reform of the electoral law, liberalisation of the media, and improvement of the situation of political parties and NGOs.¹³

The election saga shows that allowing the space for a genuine political competition is clearly a line that the regime is not willing to cross in its dialogue with the EU. At the same time, the reluctance of the EU to come up with a clear set of benchmarks that could have been used to measure political progress, and to respect its own declarations and conditions, created considerable room for manoeuvre for the Belarusian authorities. Most importantly, however, the election confirmed that external actors have very little influence on the Belarusian authorities. Nevertheless, it should be noted that the international attention given to the parliamentary elections helped to push the issue of election practices higher on the agenda of Belarus-EU dialogue, and forced the authorities to look for compensatory mechanisms allowing for engagement with the opposition. Such a mechanism was found when opposition and civil-society leaders were invited to take part in various advisory councils created at the end of 2008 and the beginning of 2009 by the presidential administration and the government.¹⁴ It remains to be seen if this is going to ultimately improve the situation of the opposition.

The opposition

One of the ironies of Lukashenka's so-called liberalisation is that it is effectively being carried out in an opposition-free environment. The peak of political and civic activism during the 2006 presidential election provoked expectations that a new opposition with a new generation of leaders would emerge. What happened was exactly the opposite: many of the activists who had begun with such enthusiasm and energy withdrew from political life after the elections. Some of them had lost their jobs and scholarships as a consequence of political repression. Others became frustrated with the attitudes of the established opposition. By the time of the 2008 parliamentary elections, the opposition found itself in the position of a dissident political subculture.

13. 'High-ranking European Commission official meets Deputy Prime Minister Kabyakow', *Belorusskie novosti* website, 2 November 2008. See: http://naviny.by/rubrics/inter/2008/11/05/ic_media_259_2447.

14. The various councils include the working group on country marketing organised in January 2009 by the Council of Ministers and the advisory council of the presidential administration, which featured as many as 10 opposition and civil society representatives out of 30 members. Other bodies, such as the Ministry of Culture, also created advisory councils.

The United Democratic Forces (UDF), a major opposition coalition comprising political parties ranging from the Christian Democratic right (Party of the Belarusian Popular Front) to the liberals in the centre (the United Civic Party) to the Communists on the left, is hardly bound by anything but opposition to Lukashenka himself. The UDF managed to maintain unity for the 2008 elections, yet it failed to make substantial policy issues a matter of nationwide debate, partly because most individual candidates were primarily interested in attracting voters in their local constituency, not in working towards the agenda of the national opposition leadership. Some of the candidates carried out effective local campaigns and up to a third of them could have won seats had there been a fair vote count, according to observers. Nevertheless, there has been little public enthusiasm to defend the opposition even if people did vote for it. At the same time, however, the UDF's political leadership in Minsk was unable to bring all these streams of local activism together in a coherent nationwide political force, which resulted in deepening the crisis of the opposition. Facing a largely passive society and having little hope that the election rules will change, the opposition will have to make some difficult and controversial decisions about its strategy and tactics in the run-up to the 2011 presidential election. On the one hand, a mass post-election mobilisation scenario like those tried by the opposition in 2001 and 2006 would have even fewer chances of success in 2011. It is widely held that there is little chance for regime change in 2011. In this situation, the opposition may no longer be able to prevent the process of engagement with, and *de facto* legitimisation of, Lukashenka's regime in the near future.

The attitudes of different opposition leaders towards Lukashenka's current engagement with the EU are increasingly becoming the major factor in promoting the opposition's fragmentation. This process really began in May 2007, when the UDF removed its former presidential candidate, Aliaksandr Milinkevich, as head of the UDF's Coordinating Council. Milinkevich himself went on to create his own political movement, called For Freedom, in 2007. The core of For Freedom consists of regional NGO activists. Milinkevich's movement currently positions itself as a pragmatic and moderate part of the opposition that supports dialogue between the Belarusian authorities and the EU and gives priority to the geopolitical reorientation of Belarus away from Russia towards the EU over regime change. In this context, Milinkevich has

been trying to find a new role as an interlocutor and mediator between European institutions and the Belarusian government.

Milinkevich's tactics have antagonised the UDF, which increasingly sees him as a regime collaborator. The UDF is struggling to establish its own position with respect to the dialogue between Lukashenka and the EU. In the beginning, the leaders of the major opposition parties saw it primarily as a menace, since the Belarusian authorities suddenly emerged as competitors for Western attention. There were concerns that engaging with the government in Minsk could take place on unprincipled terms and could lead to a situation where the West would not only cut its assistance to civil society, but could also ignore human rights abuses in the country. The UDF spent most of the first half of 2009, for example, trying to convince the EU to postpone inclusion of Belarus in the Eastern Partnership. It failed to achieve this, although it managed to score an important moral victory when Lukashenka failed to appear in Prague on 7 May. It was only after the Prague summit that the UDF started to work out its own proposals regarding the Eastern Partnership and to voice interest in becoming part of the dialogue within this framework.

Overall, regardless of the political orientation, the impact of all segments of the opposition on the domestic scene still depends primarily on the ability of opposition leaders to influence the opinions of Western diplomats and representatives of international organisations. An improvement of the electoral legislation and the overall political climate may strengthen the opposition. Nevertheless, it will remain highly contingent upon development of the Belarus-EU dialogue. One of the consequences of this external bondage of the opposition is that tensions have increased between parts of the opposition on the one hand and NGO groups on the other. The latter took the lead in framing the agenda for the Belarus-EU dialogue and are able to work on specific issues and piecemeal agendas instead of demanding and promoting wholesale regime change.

The logic of Lukashenka's transformation

Lukashenka's transformation is in fact a response to a combination of factors, some of which are more long-term than the energy conflict and financial crisis. Thus, the spread of consumerism encouraged by the regime in the past decade created expectations

of higher levels of material well-being that the outdated Soviet system ultimately cannot meet. New economic realities, meanwhile, not only impede the expansion of consumption but undermine the very foundations of Lukashenka's social contract with society. Facing a lack of capacity to provide for increasing materialistic appetites, the regime has no choice but, in Lukashenka's own words, to 'unleash' the initiative of citizens.¹⁵ At least some of the forces set free during this period will survive outside the patronage of the state.

The financial crisis is rapidly reducing the capacity of Lukashenka's age-old economic donor and geopolitical patron in the East, Russia, which has itself been seriously hit by the global economic downturn. Moreover, the development of the Russian-Belarusian energy relationship made it clear even before the outbreak of the crisis that Belarus could no longer count on an endless flow of cheap energy and subsidised loans.¹⁶ At the same time, there has been a definite sense of apprehension in Minsk regarding Russia's dominance of Belarus. The war in Georgia showed the lengths to which the Kremlin will go to ensure its political will and geopolitical influence. Engagement with the West gives Lukashenka some guarantee against the Kremlin's excessive meddling and also increases his chances of avoiding the fate met by less fortunate dictators should this political strategy prove fruitless.

This factor of personal security is of profound importance for the new generation of Lukashenka's elite. Officials in their thirties and forties have new ideas about lifestyle and prestige that mix uneasily with visa bans and asset freezes, but they also have no illusions about the future of their political and administrative careers while Lukashenka is still in power. Therefore, the younger generation of officials will have no choice but to search for an end game to the current situation.

Still, expectations of far-reaching change in Belarus would have to be moderated by the fact that the regime's overall objective is finding a survival formula that would afford greater stability of the system and a reorientation of geopolitical and economic ties without fundamentally changing the balance of power between the regime, society, and the opposition. The legacy of thorough political control and suppression of the opposition in the past gives the system an opportunity to proceed with limited change without much political threat to the position of the authorities.

15. 'Lukashenko: my dolzhny raskrepostit' cheloveka, liberalizirovat' nashu zhizn', *Tut.by*, 25 November 2008. See: <http://news.tut.by/122545.html>.

16. See chapter by Margarita Balmaceda in this volume, pp. 79-92.

Conclusion

Lukashenka's transformation has had a certain impact on both the internal organisation of the regime and on how the regime positions itself *vis-à-vis* society. Nonetheless, both processes of internal change and reformatting relations with society have come about largely because of the regime's realisation that it can no longer rely on its old methods to exercise the same degree of political and social control that it did in the past. The regime is searching for new paradigms of relations on both fronts, making concessions that would motivate both elites and society to continue their support for the *status quo*. The issues of political competition, fair election rules, and legitimisation of the opposition will be a stumbling block for the entire process of limited change that the system has been undergoing. However, for any change in Belarus to be meaningful, these issues will have to be addressed and insisted upon in the Belarus-EU dialogue. The weakness of the political opposition may actually be used as an incentive to convince the government that opening the political arena for competition does not pose a serious political threat in the near future.

Belarusian elites – change and authoritarian rule

Andrei Liakhovich

Back from the cold?
The EU and Belarus in 2009

2

Belarusian society has changed a great deal since Belarus declared independence 18 years ago. There can be no doubt that societal development has reached a post-Soviet stage. Due to what has been called the Belarusian economic miracle, the population is now displaying very different patterns of consumption in comparison with only a few years ago. Interests and behavioural patterns among elites have changed even more.

At the same time, state structures still play a predominant role in the country. Most people work for state-owned enterprises and, therefore, depend on the state. Consequently, no large-scale public resistance to the political regime is to be expected from the Belarusian population any time soon. Moreover, the Belarusian opposition is paralysed by its fragmentation. Divided into various groups with competing, if not mutually exclusive, positions, it has very little leverage to shape political developments. Given its extreme marginalisation in political structures, it is unlikely that the opposition will be able to do more than stand back and watch events unfold in the months or even years to come.

Nevertheless, the Belarusian political system has seen considerable change in the past few years. The final outcome of this change is difficult to predict today. What is important to note here is that much of this change has been caused by impulses from outside the country, notably shifting Russian and Western attitudes that are being taken up and transmitted by the ruling elite. It is this phenomenon that provides the fundamental premise of this chapter: that the ruling elite has been the main generator of change in Belarus today. Competition for influence and access to resources among elite groups is more significant in this respect than activities of opposition parties or civil society actors.

This chapter takes a closer look at developments inside the ruling elite. It investigates which groups exist and what their interests and strategies are. It also looks at the causes of change and how the political regime has been dealing with them. The

main question driving this investigation is the extent to which the political changes undertaken by the regime lately are sustainable and aimed at a reorientation of Belarus's domestic and foreign policy.

Elite change in Belarus: a window of opportunity?

The competition for influence that has recently been shaping political developments in Belarus has evolved by and large between two factions of the ruling elite: a group of conservatives mainly in the security structures – the KGB and the Interior Ministry – on the one hand, and more pragmatic technocrats and managers in the state apparatus, on the other. Throughout most of the period since the emergence of the present political system in the 1990s, the conservatives had the upper hand over the more reform-oriented technocrats. With the Belarusian economy and external trade relations largely subsidised by Russia, the state had sufficient revenues at its disposal to distribute wealth among the elites. Consequently, there was no pressure to undertake reform efforts, which led to the marginalisation of the pragmatic technocrats.

The predominance of the conservatives was symbolised by the strong position of their figurehead, Viktor Sheiman, who was Secretary of the Security Council between 2006 and 2008. Sheiman and his entourage controlled the state apparatus and, more generally, political life in Belarus and were involved in large-scale campaigns of repression against alternative political forces. Political assassinations, disappearances of opposition politicians and activists and other measures to undermine political activities deviating from the official political line were daily occurrences during this period. Repression was not limited to opposition parties and civil society. It also affected reform-oriented branches of the state apparatus. During Sheiman's rule, technocrats and managers supportive of more reform-oriented approaches were marginalised and even persecuted in recurrent 'anti-corruption trials', which were initiated and led by the top level of the government, including President Lukashenka.

Viktar Sheiman, born in 1958 in the Hrodna region, pursued a military career during Soviet times. When Belarus declared independence in 1991, he was a major in the Brest Air Assault Brigade. He has known Lukashenka since the early 1990s. From 1990 to 1994, he was a deputy in the Supreme Council and Secretary of the Commission on Issues of National Security, Defence and Crime. During the presidential election of 1994, he was a member of Lukashenka's electoral team. After Lukashenka was elected, he was made assistant to the president for defence and security issues and Secretary of the Security Council. From November 2000 to November 2004, he was prosecutor-general. From November 2004 to March 2006, he was head of the presidential administration. From March 2006 to July 2008, he was again Secretary of the Security Council.

The predominance of the conservative elite faction had substantial implications for the country's domestic politics and foreign policy. Political and economic liberalisation was unthinkable because it would have jeopardised the very existence of the ruling elite. Reforms of the legal system or the outdated economic infrastructure were constantly delayed. Actors within the state apparatus and managers who argued in favour of such reforms were purged and sent to prison on more than one occasion, such as the 'anti-corruption campaign' in 2001-2002. That campaign involved a number of court cases that also functioned as show trials in order to silence any kind of opposition both inside and outside the state apparatus. As a result, the Belarusian legal system and economy remain largely unreformed, and Belarus lags far behind most of its neighbours in the post-Soviet space in terms of adapting economic structures to the conditions and requirements of globalisation.

With respect to foreign policy, the predominance of the conservative elite faction around Sheiman at the top of the political regime undermined any serious dialogue with Western countries and international organisations. Instead, the ruling elite focused on close relations with Russia, because it was Russian economic subsidies that kept the Belarusian economy going and provided the elite with sufficient revenues. While the leaders of both countries officially abided by the union state project launched in the 1990s, there has been almost no real progress on this front. Nevertheless, maintaining this façade allowed both the Russian and Belarusian elites to benefit domestically.

First indicators of change

The first cracks in the façade occurred at the end of 2003 and the beginning of 2004 when the leaders of Belarus and Russia began to drift apart. Personal relations between Aliaksandr Lukashenka and Vladimir Putin had been difficult ever since Putin had come to power in Russia in 2000. Over a period of several years, it had become obvious that both sides' ideas about the integration project were extremely different, if not mutually exclusive. The Belarusian leadership did not intend to give up Belarusian sovereignty. Instead, President Lukashenka claimed he would play a key role in the future union state. Moscow, on the other hand, saw Minsk as a subordinate partner and dismissed Belarusian calls for equality between the two parts of the planned union. Consequently, the implementation of the union treaty stalled over the years, and disillusionment on both sides grew constantly.

In January 2004, Russia reduced its energy supplies to Belarus for the first time. The aim of this step was twofold. First, it formed part of a broader Russian strategy to abandon the system of subsidies in energy relations with other post-Soviet republics and to set prices on the basis of the global energy market. Second, Moscow hoped to achieve concessions in the integration process by putting economic pressure on Minsk. Contrary to Russian hopes, however, the political leadership in Belarus took this as a wake-up call highlighting the need to modernise the country's economy. Consequently, the position of the pragmatic technocrats and reform-oriented managers was slightly strengthened in relations with the conservative forces in the political system.

However, the moment was not yet ripe for this group to exploit the situation to its advantage and oppose the influence of the conservatives. Several factors delayed this process for another two years. First, the systematic repression and marginalisation of reform-oriented parts of the elite by the regime and the security forces had substantially weakened them both in terms of resources and political capacities. Second, pressure from Moscow faded for a period of roughly two years after the first disagreements had occurred in 2004. NATO and EU enlargement and the coloured revolutions in Georgia and Ukraine changed Russia's strategic outlook with respect to the region. Against the backdrop of these developments, the symbolic value of the strategic partnership with Belarus increased in its significance. Moscow temporarily softened its attitude, thus creating breathing space for the regime in Minsk.

Removal of the old guard

However, throughout 2006 it became evident that Russia would nevertheless insist on charging Belarus market prices for energy exports. The prospect that revenues from subsidised energy trade with Russia would disappear threatened to undermine the very existence of the political regime. Cornered in such a way, the Belarusian leadership was forced to consider modernising the economy and improving the country's energy efficiency. In the face of the erosion of the politico-economic model that had formed the foundation of Belarusian-Russian relations for more than a decade, reform became a matter of survival for the political leadership in Minsk.

The starkest indicator of the shifts within the Belarusian elite was the slow but steady decline of Viktor Sheiman. Already in March 2006, one of Sheiman's protégés, Anatol Tozik, was dismissed from his post as head of the Committee of State Control (*Komitet gosudarstvennoi kontroli*, or *GosKontrol*). He was replaced by Zianon Lomats, who belongs to the president's entourage. Over the summer of 2007, Sheiman lost control of his most important power base, the Interior Ministry. In July 2007, the old leadership of the Belarusian KGB, including its head, Stsiapan Sukharenka, was removed and replaced by actors without a direct link to Sheiman. Police General Iury Zhadobin, who had no background in the security services, took over the leadership of the KGB. Only a few months later, he succeeded Sheiman in the post of presidential advisor on security, from which Sheiman had been removed in July 2008.

Zianon Lomats, born in 1944 in the Minsk region, graduated from the Minsk Pedagogical Institute, the Belarusian Institute of National Economy and the Higher Party School. Before August 1991, he was first secretary of the Slutsak Town Committee of the Communist Party of Belarus. From 1991 to 2001, he was chairman of the Slutsak District Executive Committee. He has known Lukashenka since the early 1990s. In December 2001, he was appointed assistant to the president and chief inspector for the Homel region. In July 2003, he was appointed minister of agriculture. In March 2006, he became chairman of the Committee of State Control.

Iury Zhadobin, born in 1954 in Dnipropetrovsk (Ukraine), joined the armed forces in 1972. He graduated from the Kazan Higher Armour Command School in 1976 and from the Command Department of the Armed Forces Academy in Moscow in 1985. He holds the rank of major-general. From 1990 to 1999, he served in command positions in the internal troops of the Interior Ministry and was their commanding officer from 1999 to 2003. In 2003, he was appointed head of the presidential security service. In July 2007, he was appointed chairman of the KGB. Since July 2008, he has been Secretary of the Security Council.

In the spring of 2008, the dismissals started to affect the economic situation of the conservatives around Sheiman. Private companies and other economic structures that had been sources of income for the members of this group were dissolved or expropriated, and some of their owners were arrested. It was evident on an increasing number of occasions that Sheiman had less and less access to President Lukashenka. He was dismissed from his post as Secretary of the Security Council in July 2008, allegedly because the security services had failed to prevent a bomb blast at the celebration of Independence Day on 3 July.

Sheiman's dismissal left unprotected the last members of his entourage still holding influential positions in the government and presidential administration. In November 2008, an anti-corruption campaign was launched against a large number of high-ranking officials in the Interior Ministry, which had been the most important institutional power base of the old guard. The officials were accused of being involved in illegal property deals around Minsk and were quickly removed from their posts. With these measures, the regime dismissed many actors who had been directly involved in the year-long repression of the Belarusian opposition. They were replaced by representatives of the pragmatic technocrats. With the staff changes in the Interior Ministry, the rule of the security structures seemed to have come to an end.

New faces

The weakening of the conservatives at the top level of the political regime paved the way for pragmatic technocrats and managers.

The most outstanding representative of this group is Uladzimir Makei, who had been an advisor to President Lukashenka before he was appointed head of the presidential administration immediately after the reshuffles in July 2008.

Uladzimir Makei, born in 1958 in the Hrodna region, graduated from the Minsk State Institute for Foreign Languages in 1980 and joined the foreign intelligence department of the Soviet KGB. After the downfall of the USSR, he studied at the Diplomatic Academy of the Austrian Foreign Ministry before he became deputy head of the State Protocol Service of the Belarusian Foreign Ministry in 1993. From 1996 to 1999, he represented Belarus at the Council of Europe and served as a counsellor of the Embassy of Belarus in France. In 1999 and 2000, he headed the Department of Pan-European Cooperation of the Foreign Ministry. From 2000 to 2008, he was an assistant to the president. In July 2008, he became the head of the presidential administration.

Fluent in several languages and with a wealth of international experience, Makei is an ideal representative of the qualities that the pragmatists seek to project. Unlike his predecessors, he seeks contact with representatives of the opposition and civil society. He has been one of the driving forces behind the regime's attempt to overhaul its domestic and international image.

Furthermore, Makei has benefited from close relations with the president's son, Viktor Lukashenka, who, in recent years, has strengthened his position and gained influence as his father's advisor. It is thought that Viktor Lukashenka is close to the pragmatic technocrats and has supported a number of new faces in recent years.

Viktor Lukashenka, born in 1975 in Shklou, graduated from the Department of International Relations of Belarusian State University in 1997. From 2001 to 2003, he worked at the Department of Western Europe of the Belarusian Foreign Ministry. From April 2003 to September 2005, he was the head of the Department for External Economic Relations at the Ahat State Scientific Development and Production Centre (Minsk). Since September 2005, he has been an assistant to the president on national-security issues. In January 2007, he became a member of the Security Council.

Besides Makei, there have been other pragmatists with close relations to Viktor Lukashenka who have been promoted within the presidential administration. For example, Natallia Piatkevich, was promoted to the post of first deputy head of the presidential administration in January 2009. This seems to indicate a change of generation in the state apparatus.

Natallia Piatkevich was born in 1972 in Minsk. She graduated from the Law Department of Belarusian State University in 1994. From 1994 to 2001, she worked in a variety of positions from leading specialist to head of the Directorate of State and International Law of the presidential administration. From December 2001 to November 2004, she was the president's press secretary. From November 2004 to January 2009, she was deputy head of the presidential administration. Since January 2009, she has been first deputy head of the presidential administration.

Change can be observed in the economic sphere as well. The so-called economic nationalists, a group of technocrats around Prime Minister Siarhei Sidorski and First Deputy Prime Minister Uladzimir Siamashka, have been enjoying more influence recently. They stand for cautious economic liberalisation, as well as a tougher stance regarding deeper Russian involvement in the Belarusian economy. Representatives of this group have considerable experience of conducting negotiations with Russia.

Siarhei Sidorski, born in 1954 in Homel, holds a doctoral degree in engineering. From 1976 to 1992, he worked at the Homel Radio Equipment Factory. From 1992 to 1998, he was director-general of the Raton Homel Scientific Development and Production Centre. From 1998 to 2001, he held leading positions in the Homel Region Executive Committee. He joined the government as deputy prime minister in 2001 and since then has worked on different portfolios, among them development of industry, construction, transportation and energy. Since December 2003, he has been prime minister.

Uladzimir Siamashka was born in 1949 in the town of Kalinkavichy, Homel region. He graduated from the Belarusian Polytechnic Institute in 1972. He has worked as a mechanical engineer in various places. From 1996 to 2000, he was director-general

of the Haryzont Minsk Production Amalgamation. From 2001 to 2003, he was Minister of Energy. Since December 2003, he has been first deputy prime minister. In July 2007, he became head of the Supervisory Board of Beltransgaz.

In a nutshell, the political elite in Belarus is going through a period of profound change. Large parts of the conservative security forces, which were responsible for carrying out waves of repression over the past 10 to 15 years, have been forced to leave the political stage. The pragmatic technocrats around Siarhei Sidorski and Uladzimir Siamashka have been considerably strengthened and now have more influence in economic policy. New and younger faces have appeared, the most outstanding among them being Viktor Lukashenka and Natallia Piatkevich. Viktor Lukashenka, together with Uladzimir Makei, can be seen as the driving force behind most of the current changes. This process of elite change has provoked hopes and expectations in Belarus and beyond that a genuine opening up of the political system may be on the horizon.

The reshuffles in the political and administrative institutions can be seen as a signal to the political elite and population in Belarus that the regime is ready to take a different political direction. It is also a warning to the conservatives' remaining supporters.

By and large, the regime is pursuing three main aims with these measures:

- (1) As a result of the deterioration in relations with Russia, the Belarusian regime is confronted with a new and potentially dangerous socioeconomic situation. The Belarusian 'economic miracle' allowed the Belarusian population to become accustomed to a certain standard of living. The political and economic elite, for that matter, has developed a consumerist behaviour that does not significantly differ from that of the elite in other European countries. Expensive cars and houses in and around Minsk are normal occurrences today. With Russian subsidies of the Belarusian economy fading, the socioeconomic basis of this relative wealth is under threat - and with it the social contract between the regime, the elite and the society that had kept the Belarusian system going. What the regime needs, therefore, is qualified and sophisticated staff able to adapt the outdated economy to new conditions. The representatives of the old guard did not have the capacity to do this and

therefore had to be replaced by pragmatic technocrats, lawyers, economists and managers with the necessary expertise.

- (2) Despite the relative stability of the Lukashenka regime and the weakness of civil society in Belarus, there are indicators that Belarusian society is changing. Along with the erosion of the social contract between the regime and society, societal changes pose another threat to the stability of the regime. Consequently, the political leadership and the Belarusian state need a new image, so as to make them more appealing. Again, the old guard seemed incapable of making the necessary changes. On the contrary, those very people were inextricably linked with the years of repression and isolation and, consequently, did not enjoy public support. New faces are now supposed to overhaul the look of the regime and to represent the new Belarusian leadership.
- (3) During the period dominated by the security forces, Belarus's foreign-policy orientation was clear: political integration with Russia was underpinned by strong and asymmetric economic interdependence, while Belarus's isolation from the West was almost complete. Now that relations with Russia are in question, this scheme no longer seems valid. Instead, the regime is striving for a controlled opening towards the West, while trying to limit Russian influence in Belarus. This new strategy requires officials who are able to interact with Western diplomats and resist demands from Russia. This is something the security forces are unable to do because they are too closely associated with the atrocities of the old regime and too closely linked with Russia – and, thus, discredited in Western eyes – or they lack the ability to act in an international environment. Again, new faces are being brought in to open Belarus to the West and, at the same time, delineate boundaries in relations with Russia.

Real or cosmetic change?

Despite the empowerment of reform-oriented elite groups, political developments in Belarus have not been unfolding unambiguously since 2008. Broadly speaking, two phases can be singled out in relations between the authorities and the opposition for the period between August 2008 and the first half of 2009.

It is obvious that the authorities abstained from the policy of repression in this period, when they were taking important steps towards political and economic liberalisation. Political prisoners, including a former presidential candidate, Aliaksandr Kazulin, were released from jail in August 2008. The independent, pro-opposition newspapers *Nasha Niva* and *Narodnaia Volia* were returned to the state-owned distribution system in November 2008. The For Freedom movement was officially registered in January 2009.

With regard to the economy, the government presented its State Programme for the Modernisation of Belarus 2008-2015 in November 2008.¹ The document announces plans for an accelerated privatisation process aimed at attracting both domestic and foreign capital. It also stresses the need to develop small and medium-sized enterprises as the basis of the national economy. Moreover, the Belarusian authorities call for deeper integration of Belarusian companies in the international economy and pledge to work for the improvement of their competitiveness. All in all, the programme emphasises the development of an independent Belarusian economy, and by doing so it sends a clear signal to both Russia and the EU that Russian attempts to gain a predominant role in the Belarusian economy will not be accepted.

However, spring and summer 2009 saw the political regime return to a more repressive policy. Security forces cracked down on protesters and searched the private apartments of activists of different organisations several times. In September, several activists were arrested for taking part in demonstrations or distributing opposition leaflets. Thus, the state authorities publicly violated the main prerequisite of holding a dialogue with the West. Moreover, the state authorities have exerted pressure on independent publishers. For instance, an issue of the magazine *ARCHE-Pachatak* was denounced as 'extremist' by a court in February 2009. Similar incidents could be observed in the regions. For example, on 11 February 2009, the Brest Executive Committee rejected an application from local democratic activists to hold a demonstration in the city. Most importantly, a new media law came into force on 8 February 2009 despite numerous appeals on the part of European institutions. The law stipulates a broader range of circumstances in which the authorities can exert pressure on independent media.

1. *Belarus' segodnya*, no. 218, 20 November 2008, p. 2.

Conclusion

What is being observed in Belarus today is certainly a process of limited elite change in which a group of conservatives associated with the most repressive period of Belarus's post-Soviet history is giving way to more pragmatic and reform-oriented actors. At the same time, this process of change has been unfolding under the control of the Lukashenka regime, whose main aim is to preserve the regime rather than change it in any significant way. Lukashenka and his son keep mediating between different elite groups in order to find a balance that assures regime stability under new geopolitical and geo-economic conditions. Given the fluctuation of the regime's policy between political and economic liberalisation on the one hand, and repression to strengthen its grip on power, on the other, it remains questionable if the political changes described in this chapter are sustainable. In any event, the future of Belarus's political system remains closely intertwined with the political future of its president, Aliaksandr Lukashenka.

Civil society and mass media in Belarus

Astrid Sahm

Back from the cold?
The EU and Belarus in 2009

3

Controlling the mass media and civil society has been crucial for President Aliaksandr Lukashenka since he was first elected president in 1994. The step-by-step establishment of a strong authoritarian regime has been accompanied by steady economic growth and constant waves of repression, usually intensified during referenda and election campaigns. Because Lukashenka positioned his regime as an anti-Western outpost for Russia in exchange for cheap energy deliveries, he has been able to ignore the demands for democratisation formulated by European organisations like the European Union (EU), the Council of Europe and the Organisation for Security and Co-operation in Europe (OSCE). As a consequence, the Belarusian authorities have become politically isolated in Europe, with Russia as their only partner, while representatives of the political opposition and of independent civil-society organisations and journalists have been treated as preferential partners by European organisations. On the one hand, this approach by the international community has increased the polarisation within Belarusian society. On the other hand, it has also given Lukashenka's opponents a chance to represent themselves as potential leaders of a modern Belarusian society at some point in the future

Despite worsening conditions over more than a decade, civil-society organisations have managed not only to survive but also to develop new strategies to cope with state control and repression.¹ Against the backdrop of the energy conflict between Belarus and Russia in the past two years, the room for manoeuvre for independent civil society and the mass media seems to have improved. Because of its growing interest in functioning relations with the West and independence from Russia, the Belarusian leadership seems to be inclined to meet at least some of the conditions put forward by the Western community of states, such as the release of internationally recognised political prisoners. However, other crucial demands, such as the improvement of the legal framework for

1. For the Media Sustainability Index and the NGO Sustainability Index of Belarus, see: http://www.usaid.gov/locations/europe_eurasia/.

independent civil-society actors and the mass media, remain unfulfilled.

This chapter analyses the development of civil society and mass media during 15 years of control and repression. It puts a focus on the changes that have become apparent in Belarusian civil society, as well as in relations between civil society and the state in the past two years. It asks to what extent these developments are sustainable and can lead to structural changes in support of democratisation. It also highlights the role of international organisations and donors in the ongoing domestic process in Belarus.

Polarisation and repression

After his overwhelming victory in the 1994 presidential election, Lukashenka quickly moved to expand his power and to weaken the opposition and the parliament. State-owned mass media were one of the first targets of his presidential ambitions: in December 1994, several state newspapers published blank pages because Lukashenka prohibited the publication of an anti-corruption report delivered by the opposition parliamentarian Siarhei Antonchyk. In 1995 – the year of the first presidential referendum and four rounds of parliamentary elections – the editors-in-chief of the most important state-owned newspapers were dismissed. In addition, a number of independent newspapers lost their permission to print for the first time that summer. This restrictive approach towards the media made it much more difficult for opposition candidates to take part in public debates and promote their positions, which limited their chances of being elected. Consequently, opposition representation in the 1995 parliament was much weaker. The oldest opposition force, the nationalist Belarusian Popular Front, did not win a single seat.

Due to the continuing power struggle between Lukashenka and the opposition in the second half of the 1990s, the development of civil society was characterised by a high degree of polarisation between pro-state and opposition NGOs. State attacks on civil society began after the controversial constitutional referendum in November 1996, which abolished the constitutional principle of separation of powers. As a result, opposition parties lost their representation in parliament and were forced to retreat to the civil-society sphere. Consequently, civil society became highly

politicised. In 1999, when several opposition groups tried to organise alternative presidential elections, all NGOs had to undergo a re-registration procedure (for the second time since 1995). As a consequence, the number of officially registered NGOs decreased from 2,433 to 1,326. Independent NGOs faced restrictive registration procedures, difficult tax regulations and intensive state supervision and operated under a constant threat of suspension. As of 1 January 2009, the number of registered NGOs had increased to 2,221. This is equal to only 0.2 officially registered NGOs per 1,000 inhabitants, while the average in Europe is four.²

Independent mass media faced similar forms of repression. They were excluded from the state printing and distribution system, printed newspapers were confiscated on a regular basis, and media organisations were given large fines for alleged violations of the media law, insulting officials or publishing extremist material. Independent journalists faced arrest. In several cases, journalists critical of the regime were murdered or they disappeared. As a result of state repression, 1,214 registration certificates of media outlets were cancelled between 1996 and 2008, while only 487 were re-registered. There has, however, been a slight increase since 2007. As of 1 January 2009, 1,307 periodic printed mass media were registered. According to the Belarusian Association of Journalists, the number of independent political newspapers with a circulation of at least 2,000 copies has been steady at about 30 during recent years. The situation of the electronic media is even worse, with 75 percent state-owned. *De facto*, there is no private TV or radio channel broadcasting independent political news.³

Clampdowns on the mass media and NGOs have often been interlinked. For instance, a newspaper could be punished for publishing an article about the activities of an unregistered NGO. Belarusian citizens have been subjected to administrative penalties for distributing independent newspapers. Another important mechanism to limit NGOs and independent media activities has been restricted access to office space. As a consequence, every year several dozen NGOs and media are liquidated by court decisions, with a peak in the period between 2003 and 2006. Human rights organisations have suffered most from these concerted repressions. For instance, the human rights centre Viasna, the NGO Legal Assistance to the Population and a number of NGO resource centres such as Vezha were all closed down in 2003. The *Belorusskaya delovaya gazeta* (BDG) had to stop publication for

2. For current data, see www.ngo.by. For a comparative analysis of Belarusian civil society, see Viktor Chernov, 'Tretii sektor v Belarusi', *Nashe mnenie website*, 2008. See: www.nmnbj.eu/pub/0801/31m.html.

3. Belarusian Association of Journalists, *Mass Media in Belarus 2008. Annual Report* (Minsk, 2009), p. 7; Vladimir Dorochow, 'Massenmedien in Belarus'. *Presse - Rundfunk - Agenturen - Online-Medien, Belarus-Studien der dbg* no. 2 (Berlin: DBG, 2005), p. 14.

three months in 2003 and finally closed down in March 2006. Even Russian media that report critically on the political course of the Belarusian leadership, like the newspapers *Kommersant* or *Nezavisimaya gazeta* or the TV channels ORT and NTV, have experienced pressure from the Belarusian state.

In many cases, NGOs continue their activities without registration. In 2004, there were about as many active unregistered NGOs as registered NGOs. Among them were many youth organisations, which were active in organising unsanctioned meetings or other forms of active protest.⁴ Consequently, the state increased its repressive measures against unregistered organisations. In 1999, a presidential decree prohibited the activities of unregistered NGOs and introduced administrative fines. Since 2006, the activities of unregistered NGOs have been treated as criminal misdemeanours and can be punished by up to two years' imprisonment. Simultaneously, the state increased its control over the education system, and several opposition youth activists have been expelled from universities and other institutions.⁵

Many organisations have chosen to go into exile in order to escape the state's policy of non-registration and repression. Among them are small-business associations, educational institutions and analytical think tanks. For instance, the European Humanitarian University and the Independent Institute of Social, Economic and Political Studies (IISEPS) reopened in Vilnius in 2005. Other prominent examples of new exile organisations are the Belarusian Institute for Strategic studies (BISS) and the Eastern European School of Political Studies, sponsored by the Council of Europe. By choosing this option, these organisations are following the example of many independent Belarusian newspapers that had to be printed abroad as early as 1996-1997. They, too, had to return to this practice between 2003 and 2005, when, for the first time, 16 independent newspapers were excluded from the state distribution system on the eve of the presidential election.⁶

Reconstruction of civil society

Constant control, sanctions and repression have affected the internal structures and activities of civil-society organisations in Belarus. Operating under illegal or semi-legal conditions, NGOs are not in a position to make their activities transparent to the

4. See chapter by Vitali Silitski in this volume, p. 28.

5. See reviews of human rights violations in Belarus on Viasna's website at <http://spring96.org/en/publications/29618>.

6. See the annual reports of the Belarusian Association of Journalists at www.baj.by.

wider public if they do not want to face the risk of prosecution. As a consequence, NGOs often suffer from a lack of internal democratic decision-making procedures and transparency. The target groups addressed by civil-society organisations are usually small and difficult to access from the outside. Under these conditions, it is almost impossible for NGOs to circulate information about their activities and to work for a positive public image. Moreover, isolation complicates the creation of coalitions and networks. As a result, cooperation among civil-society organisations remains underdeveloped.⁷

On the other hand, the constant state repression has, in a paradoxical way, strengthened the surviving core of Belarus's civil society. In order to survive under dire conditions, NGOs have been forced to develop coherent strategies and methods for their swift and efficient implementation. As a result, many independent NGOs became considerably more professional than civil-society organisations in other CIS states. Furthermore, they can count on a high degree of idealism among their members since the decision to work in an NGO implies potentially severe costs for themselves and their family and friends.⁸

The elimination or closure of many politicised NGOs led to a significant change in the spectrum of registered NGOs after 2001. Organisations for sport and recreation became the dominant group, while social and philanthropic organisations fell into second place, followed by educational and professional interest groups (see Table 1, page 61). These changes opened a new window of opportunity for independent, apolitical NGOs, which always tried to distance themselves from political conflicts and to focus solely on specific issues, like social or ecological problems. During the second half of the 1990s, this third group of neutral NGOs found themselves under pressure on two fronts. On the one hand, the opposition forces expected them to support the struggle against the Lukashenka regime and condemned any attempts to cooperate with state authorities. On the other hand, these NGOs were also treated with suspicion by the authorities and often suffered the same restrictions as opposition NGOs.⁹ In 2002, a group of independent NGOs for the first time launched an initiative to improve cooperation among NGOs and between NGOs and the state. The authorities met this initiative with cautious interest for two reasons. First, cooperation with registered independent NGOs did not seem to imply a great risk anymore given that most

7. Chernov, op. cit. in note 2.

8. Ibid.

9. Astrid Sahn, 'Gesellschaft als eigenständige Veranstaltung', *Osteuropa* no. 2, 2004, pp. 96-110.

opposition NGOs had already fallen victim to state repression. Second, due to a lack of competent staff, many local and regional authorities were interested in closer cooperation with NGOs. Even some federal institutions were open to cooperation. Since 2004, the legitimacy of these initiatives has been boosted by Belarus's National Sustainable Socio-Economic Development Strategy for the period to 2020, which calls for a social partnership between state authorities, civil society and business structures.¹⁰

At the same time, however, NGOs are banned from economic activities, which complicates their position *vis-à-vis* the state. NGOs can offer their know-how to state authorities, but only free of charge. Due to the absence of tax incentives and legal limitations on private donations, the financial situation of many independent NGOs remains critical. For example, in several cases social NGOs have been forced to transfer their equipment, methodologies, tools, and even employees to state-run social-services centres due to a lack of funds. This is why NGOs active in the social sphere have, for instance, called for the creation of a model social contract between state institutions and civil-society organisations that would regulate payment conditions for their services. Such a model would also provide a certain degree of protection against the exploitation and instrumentalisation of NGOs by the state. The first results of this were seen in 2008, when the Ministry of Labour and Social Welfare decided to elaborate mechanisms for contracting for social services and to prepare the necessary legal changes.

Despite this timid *rapprochement* between the state and independent NGOs, the clear priority of the Belarusian leadership has been the promotion of pro-state NGOs (GONGOs). In July 2003, during the period of authoritarian consolidation, a presidential decree granted special status to state-civic organisations. This decree was replaced by a law on republican state-civic organisations in July 2006. According to this law, so-called state-civic organisations have to 'fulfil tasks of high importance for the state and the society' (Article 1). Leaders of these organisations are appointed in agreement with state authorities. Unlike independent NGOs, GONGOs have the right to pursue economic activities. They are also eligible for direct government funding, which puts them in a much more comfortable position than independent NGOs. As a result of this deliberate reconstruction of civil society, an increase in the capacity of self-organisation of Belarusian citizens can be observed. Largely thanks to increased GONGO activi-

10. Aieg Sivagrakau, *Local Agenda 21 in Belarus: From theory to implementation 1999-2006* (Minsk: Propilei, 2008).

ties, the percentage of citizens who belong to a civic or state-civic organisation more than doubled from 4.7 percent in 1999 to 11 percent in 2008.¹¹

Modernisation of the informational space

In parallel with the promotion of GONGOs, the Belarusian leadership increased financial support to state-owned mass media. State financing increased from about 30 million USD in 2003 to 74 million USD in 2008. At the same time, the number of media outlets supported by the state decreased, as did the circulation of many state-owned newspapers despite compulsory subscriptions.¹² The main efforts of the state authorities were targeted at the creation of additional Belarusian TV and radio channels so as to reduce the influence of Russian electronic media, which were the most popular media in the country until 2002.

The circulation of all independent newspapers taken together does not amount to the circulation of *Sovetskaya Belorussiya*. With a circulation of 27,000 and one or two issues per week, *Narodnaya Volya* was the opposition newspaper with the largest distribution in 2006. When it was founded in 1995, however, it had a print run of 60,000 and on several occasions came close to becoming the first independent daily newspaper in the country. Before its closure in 2006, the *BDG* had a circulation of only 5,000 in comparison with 10,000 in 2002 and 20,000 in 1995 (see Table 2, page 62).¹³ Faced with recurrent problems in distributing print editions, nearly all newspapers started publishing on the Internet. The Internet also became the most important platform for independent analytical think tanks such as ISEPS and BISS. Discussion platforms like ‘*Nashe mnenie*’ (Our opinion), blogs and Internet portals like *tut.by* appeared and provided an important forum for societal communication.

This development was possible due to the lack of legal regulation of the Internet. The existing media law did not require the registration of Internet sources. The existence of only one state-owned Internet provider, however, allowed the state authorities to exert control over websites and platforms. Regardless of these efforts to control the medium, the number of households with Internet access increased sharply from 16 percent in 2004 to 36 percent in 2008, which made the Internet a crucial channel for

11. Ibid..

12. Belarusian Association of Journalists, op. cit. in note 3, pp. 4, 8.

13. Ibid., p. 8. Dorochow, op. cit. in note 3, p. 14.

alternative information.¹⁴ In other words, regardless of the consolidation of the authoritarian regime and thanks to the modernisation of the informational space, nearly every citizen can access alternative sources of information.

The role of international donors and organisations

Restricting access to foreign aid is another important tool that has been used by the authorities to constrain the development of an independent civil society. Many organisations or representative offices founded in the first half of the 1990s by foreign, especially US-based, donors to run programmes in Belarus had to be closed after the controversial constitutional referendum in 1996, e.g., the Soros Foundation's office in 1997 or the office of Counterpart International in 2004. Foreign humanitarian and technical aid also became subject to difficult registration procedures, which in many cases considerably delayed programmes run by international donors like the EU or the UN. Projects in the framework of the EU-run TACIS programme were also affected by these problems. In the past few years, the EU has set out to support partnership projects without signing an agreement with the Belarusian government, thus forcing the respective partner organisations to either register individually or pursue the projects without protected legal status. This implies an additional risk for NGOs and the mass media, as they can be penalised for violating the registration procedures for foreign aid. Moreover, the lack of transparency of NGO activities has made it difficult for donors to ensure efficient monitoring of the impact of their programmes. As a consequence, some donors prefer to finance projects outside Belarus, including TV channels, broadcasting from neighbouring countries.

The sustainability of the impact of NGO projects is threatened by the fact that many donors do not grant constant support but focus their aid on activities during election periods. The competition for foreign grants is also an obstacle for cooperation between NGOs. Moreover, the lack of state subsidies and internal resources makes independent NGOs and media highly dependent on foreign donors. At the same time, however, the importance of foreign partners for the development of civil society not only in terms of financial support must not be underestimated. Sustainable part-

14. Dorochow, op. cit., note 3, pp. 65 ff.; Syarhey Nialyuk, 'Sociological data on attitudes to the European Union in Belarus', in Mariusz Maszkiewicz (ed.), *Belarus – Towards a United Europe* (Wrocław: Jan Nowak-Jezioranski College of Eastern Europe, 2009), pp. 147-171, p. 169.

nerships with external organisations can help Belarusian NGOs to strengthen their organisational development and to introduce innovative approaches and methods in Belarus. As the German Programme in Support of Belarus demonstrates, they can also help to establish working contacts with the state authorities – if state authorities are interested in benefiting from international experience and improving their professionalism.¹⁵

Besides donor activities, monitoring the situation of the mass media and civil society has always been an important task for European organisations. The OSCE even opened a Minsk office for a special Advisory and Monitoring Group in 1997 in order to find a solution to the political conflicts in Belarus. Since the reformulation of its mandate in 2003, monitoring and civil-society projects have become even more important for the OSCE office. Additionally, the OSCE representative on freedom of the media publishes regular reports on Belarus and has visited the country several times. The OSCE Parliamentary Assembly, the EU Parliament and the Parliamentary Assembly of the Council of Europe have also adopted numerous resolutions on Belarus with demands to improve the situation of the mass media and NGOs. European organisations also offer forums for strategic discussions for civil-society actors and mass media by organising conferences, seminars and workshops, and they lend them moral support. Thus, the European Parliament awarded its Sakharov human rights prize to the Belarusian Association of Journalists in 2004 and to the opposition presidential candidate Aliaksandr Milinkevich in 2006.

The impact of the strategies chosen by the EU and other international organisations is ambiguous. On the one hand, the reduction of technical aid to Belarus after 1996 not only provided no incentive for the Belarusian authorities to abandon their authoritarian course but even helped to produce a negative attitude towards ‘privileged’ independent civic organisations. On the other hand, the inclusion of Belarus in the framework of regional neighbourhood programmes after 2004 stimulated the creation of GONGOs, which were formally eligible for EU grants. Then again, participation in EU projects helped to change the policy style of local authorities and their openness towards innovation and cooperation with civil-society actors. Therefore, there is a real chance that, in the long run, these GONGOs could be transformed into true civil-society actors.

15. For a successful example of such triangular cooperation, see Annex to this chapter on p. 63.

Substantial changes?

Despite its obvious interest in improving relations with European organisations since the open energy conflict with Russia at the beginning of 2007, the Belarusian leadership initially did not show any willingness to react to the demands of the European Union. In fact, the legal regulations governing the activities of NGOs and the mass media even worsened. For example, a presidential decree, issued in October 2007, cancelled the right of non-humanitarian NGOs to preferential leasing terms starting from April 2008, while providing many GONGOs with office space free of charge. As a consequence, many NGOs faced a tenfold rent increase, which threatened their very existence.¹⁶ In summer 2008, parliament passed a new law on the mass media that eased the procedures for banning mass media and committed online media to official registration.¹⁷

Less repression was observed, on the other hand, against independent mass media during the parliamentary election campaign in summer 2008. In response to the partial suspension of the sanctions against Belarus, Minsk sent a non-paper to Brussels in November 2008 in which it announced its readiness to re-admit the independent newspapers *Narodnaya Volya* and *Nasha Niva* into the state distribution system. It also expressed its readiness to conduct international roundtables on the Internet and media regulation in cooperation with the OSCE. Moreover, the elaboration of a governmental decree on the regulation of online media, provided by the new media law, was stopped.¹⁸ Another important step was the registration by the Ministry of Justice in December 2008 of the movement For Freedom, headed by the former presidential candidate Aliaksandr Milinkevich, which had been denied registration three times before.¹⁹

Additionally, the Belarusian authorities established several advisory councils in order to demonstrate their readiness for dialogue with independent forces, e.g., a Civic Coordination Council in the sphere of mass media was created at the Ministry of Information in October 2008 and a Civic Consultative Council at the presidential administration in January 2009. Among the appointed members of the presidential council, one can find the chairman of the Helsinki Committee, Aleg Gulak, or the chief editor of the *BDG*, Petr Martsev. In total, 14 of the 29 members can be

16. 'Freedom of association and the legal status of NGOs in Belarus 2007'. Analysis by the Assembly of Pro-democratic NGOs of Belarus and the Foundation for Legal Technologies Development. See: http://belinstitute.eu/images/stories/documents/freedom_assoc_belarus.pdf.

17. For an assessment of the media law by the Belarusian Association of Journalists. See: <http://baj.by/m-p-viewpub-tid-12-pid-5.html>. Despite international criticism, this law entered into force in February 2009.

18. Astrid Sahn 'Simulierter Wandel? Belarus 08', *Osteuropa* no. 12, 2008, pp. 51-58.

19. See chapter by Vitali Silitski in this volume, pp.32-33.

regarded as independent or part of the opposition, while 15 members represent the state authorities or GONGOs. However, only two members of the media council represent independent mass media. During the first six months of their activities, the councils were unable to produce visible results. There are other signs that the Belarusian leadership is trying to make only minimal symbolic changes that are sufficient for the further improvement of relations with the EU, while simultaneously maintaining its control over independent NGOs and the mass media. For example, the Ministry of Justice refused to register the human rights centre Viasna or the Assembly of Democratic NGOs in the first half of 2009.²⁰

Despite the absence of structural reforms, many civil-society actors supported the decision, taken by the EU in March 2009, to extend the temporary lifting of sanctions for a further nine months and to invite Belarus to participate in the new Eastern Partnership Initiative. On 22 April, interested NGOs adopted a resolution to welcome the establishment of an Eastern Partnership Civil Society Forum and to support a comprehensive dialogue between state authorities and civil society in Belarus.²¹ In accordance with this position, the Assembly of Democratic NGOs published a concept paper for the development of Belarusian civil society in July 2009, formulating the idea of joint responsibility of civil society and state actors and demanding specific changes in the legal framework.²² Additionally, civil-society actors initiated a meeting with the members of the Civic Consultative Council in order to strengthen the link between the council and civil society. Some NGOs even supported the idea of restoring Belarus's special observer status within the Council of Europe.

Conclusions

It is obvious that the Belarusian leadership has managed to increase its control over civil society in the past 15 years and to push the development of GONGOs, while organisations working to promote political rights and freedoms have been effectively marginalised by the authorities. However, it can also be concluded that NGOs involved in social and environmental activities have proved relatively successful in terms of participation and empowerment of their target population, influencing government,

20. 'Administratsiya prezidenta zapustila beta-versiyu mekhanizma kontrolya nad vlastyu', *Belorusskie novosti*, 6 February 2009. See: www.naviny.by/rubrics/politics/2009/02/06/ic_articles_112_161124.

21. See: http://n-europe.eu/article/2009/04/23/grazhdanskoe_obshchestvo_bielarusi_gotovitsya_k_%C2%ABvostochnomu_partnerstvu%C2%BB.

22. 'Koncepciya razvicia hramadzyanskai supolnasci Bielarusi'. Available at: www.nmnb.org/pub/0907/06m.html.

improving quality of life and changing attitudes. In 2008, the Belarusian leadership was more open to the strategy of conditionality of the European Union and other European organisations. Though structural reforms are still lacking, the establishment of advisory councils, as well as the creation of platforms and forums within the EU Eastern Partnership initiative, provides civil-society actors for the first time with institutional frameworks for regular meetings with state representatives. The new, though limited, opportunities for independent NGOs and the mass media to increase the publicity of their activities and to distribute their publications will also have multiplier effects.²³ In the long run, this can lead to the development of a new political culture based on the principles of participation and compromise.

Nevertheless, there is a risk that the Belarusian leadership will try to replace its policy of virtual integration with Russia with a policy of virtual *rapprochement* with European organisations. Due to the impact of the global economic crisis and growing prices for energy deliveries, the Belarusian state authorities are mainly interested in investments for the development of their economy and infrastructure. As far as the EU helps to reduce economic dependence on Russia, the Belarusian leadership will show some openness to act in accordance with the EU's democratic values. In this case, the EU could contribute to selective improvements of the situation of Belarusian NGOs and mass media in structural democratic changes.

The EU's efforts should, therefore, mainly focus on legislative consultations. This would help to ensure the return of outlawed groups into the legal space and the creation of equal conditions for all types of NGOs. The abolition of obligatory registration of foreign aid would not only simplify the realisation of projects but would also create the precondition for greater transparency of civil-society activities – with positive effects for the public image of NGOs. The implementation of joint programmes for civil-society actors and state authorities could also help to develop cooperation. All this could contribute to overcoming the existing splits between pro-state, apolitical and opposition civil-society actors and to enable civil society to fulfil its core functions of advocacy, oversight and the provision of services.

23. For instance, the print run of *Narodnaya Volya* increased from 9,000 to 19,000 only in the first two months after its return to the state press distribution system. See 'U nezavisimoi pressy Belarusi rastut tirazhi i nadezhdy', *Deutsche Welle*, 13 January 2009.

Table 1 – NGO Statistics

	Sector	1998	2000	2004	1 July 2008
		Percentage of total NGOs			
1	Rights protection	9.7	5.7	7.8	1.4
2	Education	9.7	6.0	17.4	13.6
3	Veterans and military	9.6	3.0	4.4	2.7
4	Disabilities	6.6	3.3	7.0	4.2
5	Philanthropy	-	11.0	17.2	13.3
6	Government, self-governance	8.4	3.8	5.7	3.7
7	Women	2.4	1.4	3.4	2.1
8	History, culture	10.8	15.1	12.0	9.6
9	Science	5.8	5.4	8.4	6.8
10	Youth, children	9.5	5.1	7.8	17.2
11	National minorities	15.4	3.4	4.4	4.5
12	Professionals (guilds)	5.4	9.4	13.1	11.8
13	Resource centres	0.4	0.6	0.5	0.5
14	Social protection, rehabilitation	5.8	14.7	22.9	8.8
15	Recreation, sports, tourism	15.4	13.8	19.4	24.6
16	Hobby	5.5	5.8	7.1	8.1
17	Chernobyl-related	20.8	3.7	4.5	3.8
18	Environmental	4.3	2.8	4.3	3.3
19	Economy	4.1	2.7	3.2	3.0
20	Health protection	11.4	5.0	6.4	5.3
21	Other	8.4	8.9	9.5	6.8

The individual columns do not add up to 100 percent, as NGOs work, as a rule, in three or four areas simultaneously.

Source: T.A. Kusmenkova, *Third-sector in Belarus: Problems of formation and Development* (Mozyr: 2004), p. 62; for data after 2004, see the homepage of United Way Belarus. See: www.ngo.by.

Table 2 – Development of State and Independent Newspapers

Newspaper	Circulation in thousands of copies					
	1997	2001	2003	2006	2008	2009
State-owned press						
<i>Sovetskaya Belorussiya/SB Belarus segodnya</i>	331	445	310/504	500	n.d.	400
<i>Respublika</i>	140	114	62	n.d.	53	50
Independent press						
<i>Narodnaya Volya</i>	61	40	28	27	10	19
<i>Belorusskaya delovaya gazeta/BDG gazeta</i>	20	19.5	9	5	-	-
<i>Belorusskii rynek/Belorusy i rynek</i>	15	13	10.5	11	12	13.4
<i>Svobodnye novosti/Svobodnye novosti plyus</i>	80	36	36	n.d.	22	25

Source: Dorochow, op. cit. in note 3, p. 14 f.; Ales Lipai, 'Structural Problems of Independent Media in Belarus', *Freedom of the media in Belarus. Public Workshop with Belarusian Journalists* (Vienna: OSCE, 31 May 2001), pp. 23-28, here p. 28.

Annex

The German Programme in Support of Belarus

The Programme in Support of Belarus, adopted in 2002 by the German federal government, encourages cooperation between German and Belarusian partnership initiatives in the field of life-long education, social integration, regional development, ecology and renewable energy. The aim of the programme is to contribute to the integration of Belarus into a common Europe without borders, to improve the interaction of civil-society actors and local authorities and to assist with the realisation of the national sustainability strategy. Since 2002, about 120 German-Belarusian partnership projects have been realised within the programme; more than 80 regional seminars with several thousand participants from civil society, state authorities and business have been conducted; and more than 40 local initiatives have received professional consultations. Thanks to these steady efforts, more trustful relationships between different actors have been developed, leading to the establishment of civic advisory councils on issues related to the development of agro-tourism or social welfare at the regional and local level. Other important activities include conflict-management training at Belarusian schools, the establishment of ecological management systems in non-commercial organisations, training for staff working with disabled people, etc.²⁴

24. Isolde Baumgärtner, *5 Jahre Förderprogramm Belarus* (Dortmund: Internationales Bildungs- und Begegnungswerk, 2008).

The Belarusian ‘economic miracle’ – illusions and reality

Leonid Zlotnikov

Back from the cold?
The EU and Belarus in 2009

4

For a long time, Belarus has been considered a country with a successfully developing economy, an assessment underpinned by relatively high annual growth rates and the comparatively stable living standard of the majority of the population. Since late 2008, however, the effects of the global economic crisis on the Belarusian economy have become more and more evident. GDP growth has decreased considerably. Industrial production has plummeted as a result of shrinking markets in Belarus and in Russia while Belarusian goods are, at the same time, not competitive in the world market. More and more industrial sectors have ceased being profitable. The Belarusian government has had to revert to the country's currency reserves to pay off increasing foreign debts. Structural problems deeply engraved in the inefficient Belarusian economic model undermine the country's ability to cope with the challenges of the economic crisis.

This chapter looks at the development of the Belarusian economy after the demise of the Soviet Union. Its basic assumption is that high economic growth in Belarus was essentially triggered by a confluence of external factors, while inefficient command-economy structures remain in force. This is why the consequences of the economic crisis in Belarus are very likely to be more severe than in other countries.

The chapter investigates the role of economic relations with Russia, which allowed the Belarusian authorities to avoid potentially painful reforms that could have destabilised their rule of the country. It analyses the reforms undertaken by the Belarusian government in 2007 and 2008 in reaction to the deterioration of relations with Russia and the global economic crisis. The chapter closes with the conclusion that these reforms remain fragile and isolated, and imitate liberalisation rather than genuinely reform the command economic model still in place in Belarus. This is underpinned by the fact that the authorities have backtracked on reforms in the face of the global economic crisis. President

Lukashenka still seems intent on curbing market reforms in order to maintain state control of the economy.

The rise and fall of the Belarusian economy

Prior to 1917, Belarus was a backwater of imperial Russia. And as late as 1940, only 21.3 per cent of the population lived in towns. In the period from 1960 through 1985, however, industrialisation in Belarus proceeded more rapidly than in any other Soviet republic. Moscow provided the investment for intensive industrial development, and the resulting output increased ninefold during this period, which was much higher than the rate for the Soviet Union as a whole. Hundreds of large factories were built (in contrast, since the disintegration of the Soviet Union, not a single new large enterprise has been constructed), thus attracting workers from the countryside into the cities. As a result, the urban population more than doubled between 1959 and 1987.

Having become one of the Soviet Union's main industrial centres, Belarus was known as the 'assembly plant of the USSR'. Industries were developed in the areas of transport and agricultural machine-building, as well as in the production of chemicals, food, and light industrial goods. In addition, Belarus became one of the main centres of the high-tech industry in Soviet times, developing sectors like microelectronics, instrument-making, computer manufacturing and modern machine-tool construction. In fact, 60 percent of the computers sold in the Soviet Union were manufactured in Belarus. The majority of the goods produced in Belarus were exported to Russia and other Soviet republics. As a result, it had a positive external-trade balance that was estimated at 2.5 billion USD in 1991. It also experienced higher *per capita* GDP growth rates than many other Soviet republics during this period, similar to those of the Baltic states and Azerbaijan.

However, with the demise of the Soviet Union and the liberalisation of foreign trade in the Commonwealth of Independent States, it became apparent that the notion of Belarusian prosperity was nothing more than a myth.

First, the high-tech products – computers, integrated circuits, television sets, etc. – that were being manufactured were not of the highest quality and were thus uncompetitive in the world market.

As a result, the high-tech sector promptly went into decline. During the last decade, even the production of television sets has depended on state subsidies. Second, the positive external-trade balance mentioned earlier was actually the result of pricing methods used during the socialist era. The prices for oil, gas, metals and other materials delivered from Russia were only about one-third of world market prices, while prices for manufactured goods and food products delivered from Belarus were, respectively, three times and 2.6 times higher than world market prices.¹ When the Soviet Union collapsed, it became clear that, according to world market prices, what had been considered an export surplus for Belarus in 1990 was actually a trade deficit of nearly 2.5 billion USD.²

Third, the situation of the Belarusian economy was aggravated by the absence of essential stocks of natural resources (with the exception of potassium salt and rock salt). Therefore, the fact that Belarus now had to pay much higher prices for the resources it imported led to a negative external-trade balance.

The decrease in the demand for Belarusian goods, including from the Russian military-industrial complex, structural changes in foreign trade prices and the slow pace of market reforms all prolonged the downturn caused by the transformation from socialism to a market economy. GDP and *per capita* incomes in the period from 1991 through 1995 dropped by 35 percent, industrial output dropped by 39 percent and agricultural output decreased by 45 percent. In 1995, capital investments equalled only 31 percent of 1990 levels.

The Belarusian ‘economic miracle’

As a result of the Russian-Belarusian customs union that was created in the autumn of 1995, Belarusian goods began to enter the Russian market duty-free. Moreover, import and excise duties on goods imported into Belarus increased up to Russian levels. The import of goods from countries outside the former Soviet Union declined, but the production and export of goods to Russia grew considerably. For example, the number of television sets imported from January to September 1996 fell to only 600 as compared to more than 100,000 during the same period in 1995, while domestic production increased by 60 percent and exports to Russia increased by 27 percent.³

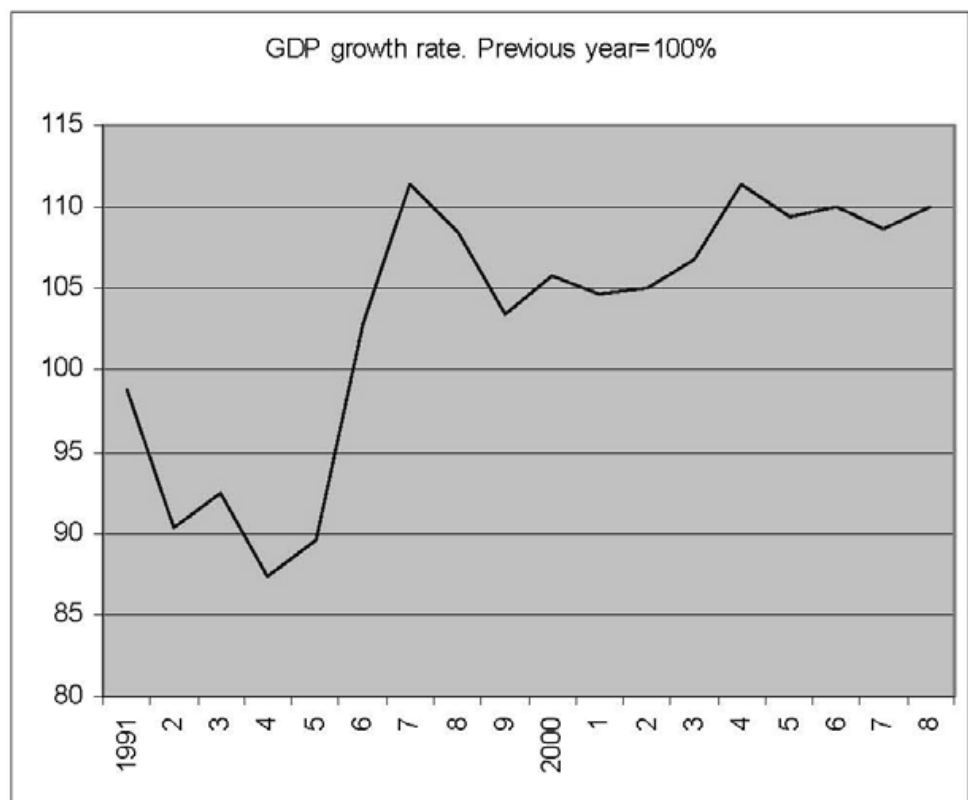
1. Marek Dabrowski and Rafal Antczak, *Economic transition in Russia, the Ukraine and Belarus in comparative perspective* (Warsaw: CASE, 1995), p. 9.

2. See ‘Zayavlenie pravitel’stva Respubliki Belarus’, *Narodnaya Gazeta*, 19 November 1991.

3. Leonid Zlotnikov, Vyzhivanie ili integraciya, *Pro et Contra*, vol. 3, no. 2, Spring 1998. p 84.

In March 1996, Russia wrote off Belarusian arrears for energy imports to the amount of 1.3 billion USD (the equivalent of 8.2 percent of the country's GDP). The creation of the customs union in 1995 and Russia's writing off of Belarus's energy debts stimulated the Belarusian economy and enabled the country to emerge from the recession in which it had been mired.

Graph 1: Belarus GDP evolution (1991-2008)



GDP increased by a modest 2.8 percent in 1996 but shot up to an impressive 9-10 percent in 1997-1998. After a slowdown of the growth rate between 1999 and 2002, economic growth continued at 10.5 to 11 percent after 2004 (see Graph 1).⁴ These fluctuations in growth rates between 1999 and 2002 can be seen as a reflection of the 1998 economic crisis in Russia and of the Russian economy's recovery after 2002. The figures show that, from the very beginning of its independence in December 1991, but especially after the creation of the customs union in 1995, the major factor influencing economic growth in Belarus was the country's relationship with Russia.

4. However, when using IMF standards to calculate Belarus's GDP, it turns out that, between 1999 and 2001, Belarus experienced virtually zero growth. The calculation methods used by the Belarusian government for most of the post-independence period produced industrial growth rates that were inflated by 4-5 percentage points. See Leonid Zlotnikov, 'Ekonomika-2002', *Belorusskii rynok*, no. 6, 2003.

Belarus used the customs union to generate revenues at Russia's expense. From 1995 up to 2007, Belarus failed to pay Russia obligatory export duties on oil products made at Belarusian refineries from Russian oil. Belarus sold goods to Russia by way of barter at inflated prices that were even higher than world market prices. In 1996, for example, Russia purchased Belarusian sugar at a price of 513 USD per tonne while, at the same time, buying sugar from other countries for just over 300 USD a tonne. Contraband goods entered Russia through Belarus too. In 1997, for example, half a billion dollars' worth of contraband cigarettes and vodka were imported into Russia from Belarus.⁵ For the first six months of 1999, the Russian Customs Committee revealed that 2.5 billion USD worth of goods had been transported through Belarus duty-free.⁶

It is impossible to provide any sort of accurate calculation of the amount of money that flowed into Belarus due to loopholes in the customs union, but these capital inflows made a substantial contribution to the so-called Belarusian miracle. According to one 1997 calculation, for example, these inflows amounted to between 1.5 billion USD and 2 billion USD, or the equivalent of 9-12 per cent of Belarus's GDP.⁷ Beginning on 1 October 2000, Russia restored customs posts on its border with Belarus in order to stop contraband trade.

Between 1999 and 2002, economic growth rates plummeted to 103.5-105 percent. The main reason for this drastic decline in growth was the collapse of the Russian economy in 1998, though streamlining of relations in the customs union also played a role. A further reason is that the influence on economic growth that had resulted from monetary policy and so-called soft credit since the end of 1996 had come to an end (as a result, inflation reached 351.2 percent in 1999).⁸

After 2002, the economy began to recover. The first major factor spurring growth in Belarus was, of course, the beginning of economic recovery in Russia. Second, the Treaty on the Formation of a Union State, signed in 1999, gave Belarus access to cheap Russian energy just before its prices began to increase on the world market. In the years that followed, Russian subsidies increased sharply. In 2007, for example, the Russian leadership estimated energy subsidies to be worth 5.8 billion USD.⁹

5. Ales Myakina and Andrei Bagrov, 'Minskoe "dinamo"', *Vlast'*, no. 27, 1999, p. 35.

6. Konstantin Smirnov, 'Druz'ya, uzhasen nash souz', *Vlast'*, no. 27, 1999, p. 38.

7. A. Illarionov 'Kak nam reorganizovat Rosbel', *Ekspert*, no. 41, 1997, p. 26.

8. While soft monetary and credit policy can stimulate economic growth, such growth is short-lived and, as a rule, is accompanied by inflation. See Colin D. Campbell, Rosemary G. Campbell, Edwin G. Dolan, *Money, Banking, and Monetary Policy*, (New York: The Dryden Press, 1998), ch. 17.

9. Pavel Vyutovich, 'S gazy na gaz', *Rossiiskaya gazeta*, 10 August 2007.

Wasted opportunities

The massive inflow of Russian capital provided Belarus with an opportunity to reform its economy. But instead of investing in the modernisation of production methods, Russian subsidies were used to increase salaries and pay for social expenditures such as building houses and prestigious public, cultural and sports facilities. Moreover, a significant amount of funds was allocated to preserve inefficient public enterprises.

Although tax revenues (including the country's social insurance fund) increased from 33.5 percent of GDP in 1998 to 52 percent in 2008, more than half of the total budget (more precisely, 61.1 percent in 2006) was spent in the social and cultural sphere and on public assistance. A very small share of the budget (3.8 percent) was allocated for the development of industry, energy and construction. At the same time, 8.8 percent of the budget was allocated for the unprofitable agricultural sector alone.

Between 1996 and 2005, real wages increased 3.5 times. At the same time, GDP increased only 1.9 times. This trend, whereby wage growth exceeded growth in productivity, continued in 2006-2008. In addition, companies faced obstacles to potential investments in the modernisation of their production methods because of pressure to increase annual production, as well as a variety of obligatory social expenditures. At the same time, the inflow of foreign investments declined because of the unfavourable investment climate in the country. The share of foreign direct investments (not including foreign loans) fluctuated between 1 percent and 2 percent of total investments in fixed assets.

On the whole, the share of capital investments in Belarus over the last eight years has been higher than in neighbouring countries at 22-25 percent of GDP. However, a significant amount of these investments has gone into expenditures on housing and communal services, transport, agriculture and trade. Much less has been spent on industrial development. State interference has often undermined the efficient use of these investments. World Bank research on Belarus has shown that 'the correlation between increase in credit and in industrial production growth is also negative. This means that credits have been mainly allocated to the underperforming sectors of the economy'.¹⁰

In 2006-2007, just before the global financial crisis, the number of inefficient enterprises that owed their existence to public

10. World Bank, 'Report No. 32346-BY', 8 November 2005, p. 87. Available at: http://sitere-sources.worldbank.org/INTBELARUSINRUSSIAN/Re-sources/446826-1132324050951/cem_by06_ru_full.pdf.

subsidies almost doubled.¹¹ Little by little, infrastructure and equipment inherited from the Soviet Union decreased in value. For example, the rate of depreciation of machinery and equipment between 1996 and 2004 increased in industry from 70.4 percent to 80.2 percent and in agriculture from 58.2 percent to 74.3 percent. The rate of depreciation of means of transportation increased from 45 percent to 73.4 percent and from 51.2 percent to 80 percent, accordingly. Based on the author's estimation, during this period, 1.3 billion-1.4 billion USD (3-4 percent of GDP) of accumulated depreciation was spent on current consumption annually.

The share of the engineering industry in total industrial production fell from 34.2 percent in 1990 to 20.3 percent in 2008, while the share represented by the mining industry (potassium salt and rock salt) and raw-material processing (oil refining, building materials, metallurgy, woodworking) increased. Firms in the engineering sector started to lose their competitiveness in 2005-2008 even in the Russian market. This sector produced important products like televisions, refrigerators, trucks, and diesel engines.

Just as in other parts of the former Soviet Union, the unreformed agricultural sector continued to absorb vast amounts of the country's resources. Immediately after taking power in 1994, President Lukashenka made the development of the agrarian and industrial complex a government priority. From 2001 onwards, the volume of agricultural production began to grow, but the overall efficiency of the sector remained low.¹² Nonetheless, food prices surpassed those in Russia, Poland and even in Germany, all countries with higher *per capita* incomes than Belarus.

In 2004-2005, another attempt was made to improve the efficiency of the agricultural industry. State subsidies increased eight-fold (up to 4 percent of GDP). The share of investment in the agrarian sector of the total volume of investment increased from 5-6 percent to 16-17 percent. The funds for this investment boom mainly came from long-term loans and the leasing of machinery. The schedule for the repayment of the loans coincided with the beginning of the global economic crisis. However, the agro-industrial complex is unable to pay back the loans, as its profitability remains negative or close to zero.

Attempts to improve the competitiveness of Belarusian industrial and agricultural goods have failed. 'Traditional and non-technological goods are quickly losing their competitiveness. Nei-

11. Mikhail Miasnikovich, 'O gosudarstvennoi podderzhke i konkurentosposobnosti predpriatii', *Nauka i innovatsii*, no. 8, 2007, p. 11.

12. Vladimir Gusakov, 'Povysheenie effektivnosti natsional'nogo APK v kontekste realizatsii programmy vozrozhdeniya i razvitiya sela', *Agroekonomika*, no. 5, 2005.

ther price decreases nor the reorganisation of working methods to ensure a minimum of profitability have had any effect. Moreover, the algorithm of activity [regarding enterprise modernisation] practically excludes technological updating of manufacturing capabilities.¹³ Thus, Belarus did not use Russian subsidies for the modernisation of its economy so as to improve its competitiveness. Instead, additional resources were wasted on current consumption, as well as on prestigious buildings and social facilities and the support of unreformed and underperforming enterprises. The economic policy of the Belarusian leadership, therefore, resembled a continuation of the methods used by the Soviet command economy.

The Belarusian economic model: a return to Soviet times

Of the 28 post-socialist countries that began to make the transition to a market economy in 1989-91, Belarus was the only one that returned to the command economic model. When President Lukashenka took power in 1994, he put a halt to market reforms and strengthened administrative and state control of the economy.¹⁴ In 2000, the share of the state sector in Belarus's GDP amounted to 70-75 percent.¹⁵ The voucher privatisation scheme launched in 1994 was never finished, and privatisation virtually stopped after 2000.

The Belarusian economic model is based on the priority of public benefit over individual interests, which is reflected in the Civil Code: '... the direction and coordination of state and private economic life is ensured by the state for social purposes [...]. The exercise of civil rights should not conflict with the public good' (Article 2). This interpretation of the relationship between the state and society provides the legal basis for unlimited state interference in private economic activities.

The Belarusian economy is essentially characterised by three salient aspects: inflexible planning practices, a rigid and non-transparent system of pricing and taxes, and the *de facto* absence of property rights.

Planning: At the beginning of every year, the government establishes 19 indices in the areas of growth rates of production volumes, working efficiency, capital investments etc. Every quarter,

13. Aleksandr Kovtunenka, 'Khozyaystvennaya svoboda- osnova innovatsennoi deyatel' nosti', *Direktor*, no. 1, 2005, p. 1.

14. It is interesting to note that the word *market* was conspicuously absent from Lukashenka's campaign prior to the 1994 election.

15. According to the Ministry of Statistics, the share of the state sector was 50.7 percent of the total workforce, 48 percent of investments, and 35-37 percent of industrial output. However, these figures underestimate the role of the state sector. Official Belarusian statistics classify companies as private even in cases when 99.9 percent of their shares are owned by the state. In this chapter, we use World Bank estimates of the state-sector role in GDP production based on the assumption that an enterprise belongs to the private sector if the state share in its property is less than 50 percent.

the prime minister reports to the president regarding the fulfilment of these indices.

A good example of the devastating impact that this method has had is the Minsk watch factory. Regardless of the fact that the factory had 28 months' output stocked in its warehouse as of December 2008, it is being forced to continue manufacturing watches, which are classified as consumer goods. The management cannot produce a different type of good because this would mean the administration of the district where the factory is located would not reach the target of consumer-goods production envisaged in 2009. This has made the factory a stark example of the inefficiency of public planning. Its case has been repeatedly reported in the public media, without, however, prompting the authorities to act.

Prices: Following a decree that dates back to 1999, the government establishes maximum indices for admissible price growth for all enterprises, including private companies. If an enterprise is not able to keep its prices within the established limits, it has to prove to the price-control authorities that a price increase is necessary. Over the years, it became evident that this practice was severely curtailing economic development, which forced the government to gradually exempt more and more commodity groups. In 2007-2008, however, price controls were reinstated across the board, affecting a broad range of economically significant goods and services. They remained in place even when the authorities announced liberal reforms in 2008 and 2009.

The tax system: In 2007, according to research conducted by the World Bank, Belarus ranked 178th, last among those rated, in terms of the quality of its tax system. Suffice it to say that, of the 4.4 million people employed in Belarus, nearly half a million are accountants.¹⁶ Excessive bureaucratisation and the complexity and non-transparency of Belarusian economic legislation further complicate business activities in the country.

Absence of property rights: From a strictly legal point of view, private property does exist in Belarus. It is even easier and faster to register it in Belarus than it is in many other countries. Nevertheless, there are a large number of restrictions on entrepreneurial activity. For instance, if a company begins to operate successfully in a given market sector the state can prevent other private enterprises

16. International ratings and indices of the Belarusian economy are collected in the documents 'Platforma biznesa 2008' and 'Platforma biznesa 2009'. These documents were prepared by the Minsk Capital Association of Enterprises. They are available at <http://allminsk.biz>.

from entering this sector. This has happened in the real-estate sector and in the fish-processing and trading sector. With an extremely high number of regulations, the bureaucracy and state oversight involved in business procedures borders on the ridiculous. Businesses can face stiff fines for violating these rules and procedures, which further discourages entrepreneurial activity in the country.

In 2009, the Heritage Foundation ranked Belarus 167th out of 183 countries in an index of economic freedom and 106th out of 115 states in an index of protection of property rights.¹⁷ The combination of the peculiarities of the country's economic legislation and the sheer number and power of regulatory authorities creates an extremely favourable environment for corruption. Accordingly, Transparency International's Corruption Perception Index 2008 ranked Belarus 151st out of 166 countries.¹⁸

Hence, if property is defined as a bundle of rights to take economic decisions independent of state regulations and control, it is impossible to speak of the *de facto* existence of private property in today's Belarus.

De-bureaucratisation instead of liberalisation

Financial difficulties in the Belarusian economy first occurred at the end of 2005, when the period of recovery growth had ended. Up until the end of 2005, the growth of the Belarusian economy was fuelled largely by expansion in areas like housing construction and the production of trucks and tractors. Growth came to an end, however, when companies in those sectors that were leading the recovery reached the limits of their capacity and were unable to expand any further. A substantial portion of the country's fixed assets had depreciated beyond a critical point, and there was a clear need for investment. But instead of going up, investments in production began to decrease from 131 percent in 2006 to 115 percent in 2007 (as compared to the previous year). The foreign-trade balance gradually slipped into the red. What had been a negative external-trade balance of 183 million USD in 2001 reached 2.9 billion USD by 2007 (5.8 percent of GDP) and 6.1 billion USD by 2008 (10 percent of GDP).

In 2007, the government took several first steps to counterbalance these developments. Among them were modifications of the

17. Heritage Foundation, Washington D.C. and *The Wall Street Journal*, '2009 Index of Economic Freedom'. Available at: <http://www.heritage.org/Index/Ranking.aspx>.

18. Transparency International, '2008 Corruption Perception Index'. Available at: <http://www.transparency.org>.

economic legislation in order to improve the climate for foreign direct investment (FDI), such as tax breaks, the improvement of conditions for privatisation or the increase of the potential share of foreign capital in Belarusian banks. However, the amount of FDI remained insignificant and accounted for a mere 1-2 percent of the total volume of capital investment in 2008.¹⁹

This prompted the Belarusian leadership to allow more pro-market reforms so as to attract foreign investors. In July 2008, a plan to incorporate and privatise 519 state companies between 2008 and 2010 was adopted. At the beginning of December 2008, the prime minister declared that economic liberalisation in Belarus should be completed by the end of the year.²⁰ However, the government's approach apparently did not satisfy the conditions laid down by the International Monetary Fund for its stabilisation loans to Belarus. On 13 January 2009, therefore, a plan to liberalise the economy was promulgated, which promised an array of measures to improve economic legislation.

The plan aims first and foremost at the improvement of administrative procedures so as to stimulate entrepreneurial activity and foreign investment. Among the most important points was the simplification of the rules for setting up and closing down businesses. Other measures regarded the simplification of foreign trade transactions, tax payments, leasing of commercial space and so on. Some restrictions on the remuneration of managers were lifted. For example, whereas managers used to earn, on average, four times as much as the workers in the same enterprise, they can now earn five times as much.

While those and other measures, such as the devaluation of the Belarusian rouble in January 2009, were important steps in the direction of market reforms and the improvement of the competitiveness of the Belarusian economy, many other crucial issues remained unaddressed. For example, several ministries objected to the planned abolition of retail trade licensing, as well as the abolition of the existing wage rate structure. In addition, a plan to favour taxpayers in the event of contradictions in the Tax Code was also shelved.

Overall, the January 2009 liberalisation plan focuses on the de-bureaucratisation of economic management in Belarus. However, real liberalisation implies a transition from the coordination of economic activities (what to produce, how much, at what price and for whom) by the state to coordination on the basis of market

19. In contrast, the equivalent volume of FDI in Russia was 16 per cent over the same period.

20. Sergei Sidorski, 'Modernizatsiya i liberalizatsiya ekonomiki Belarusi dolzhna byt' zavershena v 2008 godu', *Beloruskoe telegrafnoe agentstvo*, 9 December 2008. See: http://news.belta.by/ru/news/archive?date=09_12_2008&page=1&id=309901.

mechanisms. Only in this way can economic reform lead to substantial improvement in the efficiency of the national economy.

The liberalisation plan of the Belarusian government, however, does not envisage the abolition of production quotas for enterprises, including private ones. Hence, it should be seen more as a cosmetic measure in response to IMF requests to liberalise the economy.

Moreover, as indicated above, the pricing system has, for all intents and purposes, remained unchanged. Although some minor amendments to legislation on pricing were made in the summer of 2009,²¹ the main instruments of state price control remained in force, including, for example, establishing limits on the rates at which the prices of all goods and services were permitted to increase.

The implementation record regarding the privatisation programme remains weak as well. While the incorporation and privatisation plan for 2008 has been fulfilled, virtually none of the 176 enterprises envisaged for privatisation in 2009 were actually privatised.²² The leadership had already previously curbed privatisation by complicating the procedures and imposing more and more conditions on investors. In times of economic crisis, privatisation seems to be considered inappropriate.²³

In a nutshell, the central planning system has remained steadfast in Belarus, even in the face of the economic crisis. In fact, it seems that the government has even been trying to slow down reform processes recently in order to maintain control, as the economy is increasingly being affected by the crisis. As a result, decision-making and policy implementation have been erratic and contradictory throughout 2009.

The aim of the Belarusian leadership's 'liberalisation policy' has never been genuine liberalisation in the sense of a transition to self-regulation of the economy. The government's approach is deeply rooted in the economic thinking of the ruling elite in Belarus. In this mindset, state control of all spheres of societal life, including the economy, continues to play a crucial role. Thus, when talking about liberalisation, President Lukashenka emphasises that: 'this does not mean that we will now leave everything to the market. Everybody understands that there is no way to get by without the state – particularly in a sphere as crucial as the economy. Everybody understands that – why should we depart from that now?'²⁴ It is obvious that the president does not intend to

21. For instance, a number of services were allowed to set their own prices, e.g., hairdressers, dry-cleaners, and laundry facilities. Prices were also freed on a number of basic goods such as documentary photos, cakes, bagels, and goat milk. The minimum export prices for 17 out of 29 commodity groups (sugar, oil, mushrooms, berries, etc.) were lifted. The list of products whose prices are set directly by the state was slightly reduced. The retail mark-up on certain products was increased. For example, the mark-up on bananas increased from 25 percent to 30 percent.

22. 'Reformirovanie belorusskoi ekonomiki oboidet privatizatsiyu storonoi', *Belorusskie novosti*, 18 February 2009. See: <http://infobaza.by>.

23. Ibid.

24. Interview with the heads of the main media organisations in Belarus, 18 December 2008. See www.president.gov.by/press66220.html.doc.

change the basic characteristics of the Belarusian model: 'It is the state's and the president's most prominent task to control three things: power (which is impossible to privatise), property and money.'²⁵ Hence, it is very unlikely that the current efforts at 'liberalisation' will change the socialist (or command) nature of the fundamentally inefficient Belarusian economic model. Rather, reforms aim at allowing exactly the degree of economic freedom necessary to keep social dissatisfaction under control and, thus, help the regime to stay in power.

Conclusion

Throughout its post-Soviet history, Belarus has shown higher growth rates than most of the other CIS countries. This 'Belarusian miracle' has led observers in Belarus, and also in Russia, to believe in the superiority of the command economy over the market economy.²⁶

It is true that many things have been done to improve the country. Cities are cleaner, new homes are being built, and crime rates are lower. However, no miracle ever took place in the Belarusian economy. This chapter has shown that:

- High growth rates officially promoted by the Belarusian authorities were based on inflated figures. By our estimation the rate of economic growth in 1996-2005 was overestimated approximately by 1.8 times.²⁷
- No reasonable investment policy was ever pursued to replace the infrastructure and industrial equipment inherited from the Soviet Union. Instead, significant funds were poured into social expenditures and prestigious projects whereas the need to modernise the Belarusian economy in order to create a more sustainable basis for development was neglected.
- Belarus was able to afford this policy of non-reform thanks to enormous Russian subsidies and external loans.

Belarus's economic situation has significantly worsened because of the drop in the price of oil and the global financial crisis.²⁸ The Belarusian miracle is over, but the government has no new development strategy. The policy of innovative development based on attracting foreign investments and the privatisation process has been abandoned. The failed liberalisation experiment

25. Ibid.

26. See, for instance, Yuri Godin, *Belorussia- eto 'Brestskaya krepost' sovremennoi Rossii* (Moscow: ITRK, 2008), p. 107.

27. Leonid Zlotnikov, 'Ne ubedili', *Belorusy i rynek*, no. 46, 2008.

28. Although the deficit of external trade balance in 2006 amounted to 4.4 percent of GDP, it went up to 9.2 percent in 2008 and to 18.1 percent between January and July 2009. This means that Belarus is currently consuming 18 percent more of GDP than it is producing on account of external loans.

has taken place in the context of an inefficient command-economy system.

The Belarusian leadership keeps telling the population that there is no crisis in Belarus, that the problems there are simply the consequences of the crisis in other countries, and that those countries cannot afford to purchase Belarusian goods. This is why the only strategy, according to Lukashenka, is to wait until the crisis in other countries is over. Therefore, the government is now actively trying to attract intergovernmental loans and funds from international financial organisations and other states. If the current policy continues, this money will be spent mainly on supporting inefficient and unprofitable enterprises. The likely outcome of all this is that the country may find itself insolvent before the global crisis ends. By then, the government's room for manoeuvre will have been exhausted due to its doomed efforts at maintaining a dysfunctional economic system.

At a crossroads: the Belarusian-Russian energy-political model in crisis

Margarita M. Balmaceda

Back from the cold?
The EU and Belarus in 2009

5

Belarus is an important route for Russian gas exports to Central and Western Europe. In 2007, about 20 percent of Russia's total gas exports outside the CIS and the Baltic states and about 37 percent of its oil exports to the European Union passed through Belarus.¹ Transit through Belarus offers the shortest land route from Russian gas fields to the main Western European markets. The state of that transit route, as well as of the Belarusian-Russian energy relationship more generally, can affect the European Union through possible disruptions in oil and gas transit, but also through their effects on social stability in Belarus, a neighbour to three EU Member States.

Belarus and Russia have developed a very specific energy-political model over the past 15 years. This model fitted the immediate political and economic interests of the ruling elites on both sides, while it was much less beneficial in terms of economic sustainability for both countries. For Russia, it implied huge costs in return for symbolic and military-strategic advantages. In Belarus, it allowed the political leadership to delay essential economic reforms with potentially very painful consequences for the country and its population.

This chapter aims to provide an analysis of the Belarusian-Russian energy-political model, the foundations of which are being undermined by growing political disagreement between Moscow and Minsk and, more recently, the impact of the global economic crisis. Its main finding is that this energy-political model has hindered sustainable economic development in Belarus. This will have a detrimental impact on the country's future far beyond Lukashenka.

1. Valeriia Kostiugova, 'Perspektivy uchastiya Belarusi v ekspluatatsii nefteprovoda Odessa-Brody', *BISS Studies & Analysis*, no. 4, April 2008, p. 3. See: <http://www.belinstitute.eu/images/stories/documents/odessabrody.pdf>.

The Belarusian-Russian energy-political model: asymmetrical interdependence, power, and energy rents

Similar to Ukraine, Belarus's energy relationship with Russia is characterised by asymmetrical interdependence. However, Belarus is in a weaker position than Ukraine for a number of reasons. Whereas Ukraine transports 80 percent of Russian gas to Western European markets, Belarus's relatively small share of 20 percent gives it much less bargaining power in its relations with its powerful eastern neighbour. This bargaining power is further diminished by the fact that Belarus owns only one (the Beltransgaz pipeline) of the two main gas-transit pipelines crossing the country, while Gazprom, Russia's state-owned natural-gas monopoly, is the legal owner of the Yamal pipeline, which in 2007 carried 63 percent of all gas transited through Belarus.² Moreover, a 2007 agreement will see Gazprom purchase 50 percent of the shares in Beltransgaz by 2010.

There are three further factors that have an impact on Belarus's asymmetrical interdependence *vis-à-vis* Russia. First, depending on foreign sources for 86 percent of its energy supply (and for 100 percent of its gas and 92 percent of its oil), Belarus is one of the most energy-dependent states in all of the former Soviet Union. In any given year, it is unable to meet any of its gas needs and a mere 8 percent of its oil needs.³ Second, with gas comprising about 65 percent of the country's Total Primary Energy Supply (TPES) as of 2007, Belarus is one of the most gas-dependent countries in the world.⁴ Third, cheap energy (mainly gas-generated electricity) has been central to the country's export competitiveness, as about 80 percent of Belarus's exports consist of highly energy-intensive products.⁵ This dependence on gas is made worse by the fact that Belarus has virtually no underground gas-storage facilities, making it essentially unable to survive a stoppage of supplies by tapping into underground reserves.⁶

Lukashenka's power *vis-à-vis* Moscow

Yet our picture would be incomplete without taking into account some elements of President Aliaksandr Lukashenka's political and psychological power and influence in relation to Moscow, which Lukashenka has been able to use to mitigate his country's situation of weakness *vis-à-vis* Russia. As will be discussed in this section, the

2. Data for 2007 from Institut Privatizatsii i Menedzhmenta, 'Monitoring Infrastruktury Belarusi 2008', p. 33.

3. This figure rises to about 24 percent if oil refined for export is not counted as domestic use. See Table 1 below. Belarus also possesses some brown-coal reserves (in 2008 estimated at 500 million tonnes), but these are located at great depths, making their exploitation difficult and expensive. See the Eurasian Chemical Market website, 30 January 2008, <http://chemmarket.info/en/news/view/4884/> in English (accessed 3 October 2009).

4. Institut Privatizatsii i Menedzhmenta, 'Rost tsen na gaz: novye vyzovy dlya belorusskoi ekonomiki', Minsk, 2007. Available at <http://www.research.by/pdf/wp2007r03.pdf> (accessed 3 October 2009), p. 7.

5. Leonid Zlotnikov, 'Zhestkaya posada', *Belarusy i Rynok*, 17 November 2008, p. 9.

6. As of 2006, Belarus's two underground gas-storage facilities had a total capacity of about 660 million cubic metres, a small fraction of the recommended 6.6 billion cubic metres (30 percent of current yearly gas consumption). Tatiana Manenok, 'Tol'ko po rinochnoi stoimosti', *Belarusskii Rynok*, no. 5 (690), 6 February 2006.

key to shifting the balance of power was Belarus's military-strategic importance for Russia as a bulwark against further expansion by the West, particularly NATO, into Russia's perceived zone of influence, as well as Lukashenka's ability to politicise the energy relationship.

Diminishing Russian influence in the Western part of the former Soviet Union throughout the 1990s and beyond meant that Belarus found itself in the position of 'Moscow's last ally', and Lukashenka tirelessly reminded the Kremlin of his country's strategic importance. This strategy sought to manipulate the insecurities of the Russian elite stemming from the dissolution of the Soviet Union, offering an ego boost in the form of an alliance that was presented not only as an alliance with Belarus, but as a promise of a revived union. Whenever pressure came from Moscow, and increasingly since disagreements started to abound in the middle of this decade, Lukashenka would play the lost-empire card as a means of counter-pressure on the Russian leadership. He did so by presenting – first and foremost to the Russian electorate – the Kremlin's alleged lack of support for Belarus as a sign of betrayal of the idea of a renewed union between at least some of the post-Soviet states.⁷

This particular relationship allowed Belarus to enjoy special energy-trade conditions with Russia despite the increasingly poor state of the relationship since about 2000, when tensions grew over the Belarusian government's deep suspicion regarding Russian investments, particularly in the field of energy, and regarding real economic integration more generally. Other causes of friction included the fact that Lukashenka was toying with the idea of a making a bid to become president of the proposed Russia-Belarus union; Belarus's tacit acceptance of smuggling operations to Russia through the open border between both states, especially in the 1990s, which cost the Russian budget hundreds of millions of dollars in lost earnings; and repeated problems implementing agreements on a single currency.⁸

Rents before...

The February 2004 stoppage of gas supplies to Belarus can be seen as the line dividing the peak years of friendly energy relations with Russia from the low years that followed. During the peak years from 1994 to 2004, Belarus was able to accrue significant profits

7. See chapter 6 in Margarita M. Balmaceda, *Dealing with Energy Dependency: Ukraine, Belarus and Lithuania Between Domestic Oligarchs and Russian Pressure, 1992-2009*, book manuscript in preparation.

8. See Margarita M. Balmaceda, 'Belarus as a transit route: domestic and foreign policy implications', in Margarita M. Balmaceda, James Clem and Lisbeth Tarlow (eds.), *Independent Belarus: Domestic Determinants, Regional Dynamics and Implications for the West* (Cambridge, MA: Harvard University Press, 2002), pp. 162-196.

from its energy relationship with Russia. These profits translated into important revenues at both the macro-economic level, where they helped support the Belarusian economy as a whole, and at the micro-economic level, where they were accrued by businesses, as well as by individual actors involved in energy-related corruption.⁹

There are five main ways in which energy rents accrued in the Belarus-Russia relationship. First of all, Russia indirectly subsidised Belarus's economy by selling the latter gas and oil at prices that were significantly lower than international market rates. Second, the use of barter arrangements allowed Belarus to obtain rents. Third, Belarus received extra income from transit fees for Russian energy exports shipped westwards through Belarusian territory. Fourth, Belarus refined some of the oil imported from Russia at lower-than-market rates and then sold the resulting petroleum products to European countries at market rates and thus for great profit. And finally, the taxes paid by energy companies were also a source of significant revenues. Although these rents accrued mostly at the macro-economic level, affecting the country as a whole, they also benefited President Lukashenko in political terms, as they allowed his regime to survive. The extra revenues resulting from energy relations with Russia raised the living standard not only of the Belarusian elite but also of the population in general and allowed Belarus to put off much-needed economic reforms.

According to estimates by the International Monetary Fund (IMF), the preferential prices at which Russia sold energy to Belarus subsidised the latter's economy to the effect of 10 percent of GDP, in 2004, with 6-7 percent resulting from subsidised gas prices and 3 percent from oil prices.¹⁰

Up until 2002, Belarus purchased gas from Russia at commercial prices (hovering around a nominal 40-50 USD per 1,000 cubic metres). This already low price was further reduced in accordance with a 2002 agreement, as part of the Belarus-Russia union agreement, that granted Belarus the right to buy gas at the same domestic price as industrial consumers in Russia's Smolensk region.¹¹ As a result, Belarus paid Gazprom only 22-25 USD per 1,000 cubic metre. This arrangement remained in place until 2004, ultimately falling victim to Russian frustration over Belarus's foot-dragging in terms of implementing agreements on the creation of a joint venture on the basis of gas-transit operator Beltransgaz.

9. While much more difficult to research, micro-level rents are also part of the Belarusian energy landscape. For a discussion of the role of micro-level rents and possible corruption in Belarus's domestic and foreign energy policy, see Margarita M. Balmaceda, *Turning Economics into Politics, Dependency into Power: Belarus, Russia and Energy under Lukashenko*, book manuscript in preparation.

10. According to the IMF, the subsidy effect of low gas prices amounted to 11.5 percent of GDP in 2000, and to 6.1 percent in 2005. International Monetary Fund, 'Republic of Belarus: Selected Issues', *Country Report* no. 05/217, 2005.

11. Up to a certain maximum volume per year, which was *de facto* equivalent to most of the actual imports.

Although not as heavily subsidised as gas, the price that Belarus paid for oil during this period was about 40 percent lower than world market prices. By 2004, as the world market price of oil reached 320 USD per tonne, Belarus paid an average of 182 USD (about 25 USD per barrel).¹² And the difference between the prices charged to Belarus and to the rest of the world increased significantly in 2004. These low prices were the result of the nature of the political relationship between the two states, the special tax and customs arrangements, and the fact that, as will be discussed below, Russian oil companies were able to reap large profits through their refining business in Belarus. Table 1 (see page 84) presents the import prices for oil paid by Belarus as compared with those charged by Russia for sales to non CIS-states.

Of all the sources of income related to Russian energy, none proved more profitable to Belarus than the export of refined oil products to Western markets, especially between 2002 and 2006.¹³ The process worked as follows: Belarus imported crude oil from Russia at low prices and free or nearly free of any Russian export duties, refined it, and subsequently exported the products it produced at world market prices. As a result, Belarus profited from the difference between the special low price it paid to import the crude and the much higher market price it charged for refined products, and it received related export duties as well. Profits only increased even more with the rise in the price of oil products in Western European markets during this period. By 2003, Belarus's earnings from the export of oil products allowed it not only to cover the cost of all of its oil imports from Russia but to reap a significant additional profit as well. In the mid-2000s, export duties on oil products provided about 10 percent of the total revenues for the Belarusian budget.¹⁴

A central element of this story is the fact that the practice that was actually followed concerning the division of oil duties between Russia and Belarus seemed to deviate (to Belarus's benefit) from the official agreements signed between both countries, which established that proceeds from export duties should be divided on a 50-50 basis. Despite this, Lukashenka was able to keep all of these revenues in Belarus up until January 2007.

One reason for Russia's laxity may have been the fact that, in the mid-1990s, world oil prices remained low, reducing the size of export duties and Russia's incentives to fully apply its customs agreements with Belarus. However, this changed quickly when

12. Valerii F. Dashkevich, *Energeticheskaya zavisimost' Belarusi: posledstviya dlya ekonomiki i obshchestva* (Minsk: Lovginov/Fond imeni Fridrikha Eberta, 2005).

13. In addition to gasoline, these included mainly heavy oil products such as diesel fuel, heavy heating oil, and lubricant oils.

14. Tatiana Manenok, 'Valyutnye donory slabeyut', *Nashe Mnenie* website, 27 November 2008. See: www.nmnb.org/pub/0811/27j.html.

Table 1: Belarus: Foreign Trade of Oil and Oil Products, 2001-2008

	2001		2003		2004		2005		2006		2007		2008, 1 st half	
	Million tonnes	Billion US\$	Million tonnes	Billion US\$	Million tonnes	Billion US\$	Million tonnes	Billion US\$	Million tonnes	Billion US\$	Million tonnes	Billion US\$	Million tonnes	Billion US\$
Export of oil products	7.66	1.21	10.56	1.96	12.96	3.3	13.46	4.84	14.8	6.7	15.1	7.6	8.04	6
Export of oil and LNG	-	-	0.8	0.144	1.55	0.31	1.75	0.6	1.72	0.73	1.25	0.68	0.97	0.7
Total export oil products and oil, gas	7.66	1.21	11.36	2.104	14.01	3.543	15.21	5.44	16.52	7.43	16.35	8.28	9	6.7
Imports of oil from Russia	11.91	1.38	14.89	1.983	17.81	3.232	19.24	4.193	20.9	5.66	20.2	7.4	10.77	5.64
Imports of oil products from Russia	0.167	0.02	1.0	0.148	1.13	0.16	0.973	0.153	1.233	0.485	0.9	0.49	0.96	0.74
Import price of oil to Belarus from Russia US\$/tonne		115.8		133.1		181.5		218		270		366		523
Price of Russian oil exports to the far abroad, US\$/tonne														
		156.4		181.2		233		350		470		485		764
Belarus' [income from] oil and oil products' exports after paying for oil imports		-0.17		0.121		0.311		1.247		1.78		0.88		0.56

Sources: Calculated on the basis of Ministry of Statistics and Analysis of the Republic of Belarus, *Foreign trade of the Republic of Belarus. Statistical abstracts.* (Minsk, yearly), *Rossia v tsifrakh 2008. Oftsialnoe izdanie Federalnoi sluzhby gosudarstvennoi statistiki* (Moscow, 2008) and (for data on the first half of 2008) the statistical compendium *Sotsialno-ekonomicheskoe polozhenie Rossii* nos. 1-7 (2008). Special thanks to Leonid Zlotnikov for his help in preparing this table.

the price of oil and oil products started to increase rapidly in 2004. The impetus became much stronger for Russia to claim its half of the export duties. Moreover, during the same period the Russian oil industry saw an increase of state control in the wake of the destruction of Yukos in 2003 and 2004. The Russian state's greater weariness with respect to disadvantageous trade structures certainly played a role in the change of Moscow's position.¹⁵ Last but not least, the Kremlin's growing discontent with Lukashenka's political ambitions and, hence, diminishing willingness to accept political pressure from Minsk, is undoubtedly part of the story.

...and after the January 2007 oil-and-gas 'war' with Russia

Despite the rents discussed above, the energy relationship between Belarus and Russia has been anything but smooth. There have been confrontations on a number of issues dating back at least to 1997.¹⁶ A new low in the relationship was reached on 18 February 2004, when Gazprom, citing broken agreements on the privatisation of Beltransgaz and claims that Belarus had been siphoning gas from pipelines passing through its territory, fully suspended gas shipments to Belarus. Although this lasted less than 24 hours, it was unprecedented: not even during the worst accusations of gas stealing against Ukraine had Gazprom ever fully stopped gas supplies, affecting not only domestic consumers but also third countries. A further low point was reached with the so-called oil-and-gas war of 2006-2007. The height of the confrontation over gas came at the end of December. After a Gazprom proposal to raise gas prices fourfold and the tense negotiations that followed, a cut-off of the supply was narrowly avoided when, a few minutes before midnight on 31 December 2006, a new contract was signed, increasing prices for 2007 more than 100 percent, to 100 USD per 1,000 cubic metres, with further increases planned for subsequent years.

Before the gas war was even temporarily settled, a serious confrontation started to brew with respect to oil, which resulted first and foremost from Russia's decision to eliminate, as of 1 January 2007, the preferential tax and duties regime on Belarus's export of petroleum products and to take a much larger portion of the related export duties.¹⁷ Belarus's response was to introduce a special tax (*poshlina*) on the transit of Russian oil through Belarus. Russia, in return, declared this duty illegal, refused to pay it, and

15. It must not be forgotten that Russian oil companies also benefited from the abolition of customs barriers and the way energy trade between both countries was *de facto* organised, which made it possible for them to avoid significant taxes and export duties by refining in Belarus. This arrangement also meant the loss of significant revenue for the Russian budget.

16. Especially concerning the possible privatisation of important energy infrastructure, such as oil refineries and the gas-transit company Beltransgaz.

17. The move to a new system for the division of export duties on oil refined in Belarus meant that, of the export duties charged on Russian oil refined in Belarus, 85 percent would go to Russia and 15 percent to Belarus, instead of 100 percent to Belarus as had been the case since the mid-1990s.

Belarus started siphoning Russian oil headed to Europe, arguably in lieu of the payment owed by Russia. On 8 January, Russia's oil-pipeline monopoly, Transneft, responded with a complete shut-off of supplies to the Druzhba oil pipeline, thereby briefly interrupting supplies to Poland and other points further West. This was the first time that Russian (or Soviet) oil supplies to EU consumer countries had ever been interrupted. After a battle of wills lasting until 10 January, the two countries agreed to transition gradually into a new division of oil export duties (see below), and supplies via Druzhba were resumed a day later. Belarus also agreed to impose the same level of export duties on oil products as imposed by Russia.

Despite the high level of politicisation of these confrontations in the areas of both gas and oil, both countries found ways to soften and delay the shock to Belarus. With respect to oil, a gradual transition to the full accrual of export duties by Russia was agreed. Moreover, because of the growing price difference between domestically produced gas and average European prices at the time, even after the changes in the sharing of export duties, Belarus continued to receive considerable revenues from this sector.

In terms of gas, politicisation and special treatment for Belarus continued. Despite the prediction of some analysts, Belarus, at least in the short term, survived the increase in Russian gas prices that began in 2007. Belarus was the only post-Soviet state to be offered a gradual transition to European gas prices set in advance.¹⁸ In reality, however, prices charged to Belarus throughout October 2008 remained well below those that would have resulted from the formula that had been outlined, e.g., reaching 128 USD per 1,000 cubic metres in the second quarter of 2008, when European prices had reached 340 USD and thus a 67 percent share would have amounted to about 220 USD.

As outlined above, the Lukashenka regime was able to maintain this very advantageous energy relationship with Russia mainly because of its unique political and military-strategic significance, and the benefits the Russian political elite saw in a strategic alliance with Belarus. As in other cases in post-Soviet history, Moscow paid a high price for the symbolic confirmation of its great power status. For the Belarusian leadership, on the other hand, Russian subsidies were crucial in the sense that the rents accrued in exchange for the symbolic and strategic alliance with Russia guaranteed the very survival of Lukashenka's regime. The

18. According to the agreement reached in December 2006, gas prices paid by Belarus in 2008 would be equivalent to 67 percent of European prices, and this would increase to 80 per cent in 2009 and 90 per cent in 2010, before moving fully to European prices. See 'Ezhemesyachnyi obzor ekonomiki Belarusi', IPM Research Center, no. 1 (52), January 2007, p. 2. See: <http://research.by/rus/bmer>.

rents played four central roles. First, they helped to keep the unreformed Belarusian economy alive by keeping afloat the less productive areas of the economy and subsidising exports. Second, they provided a higher standard of living. Third, they provided the presidential administration with additional resources. Fourth, the recycling of energy rents made it possible to satisfy the needs of core groups among Lukashenka's supporters, notably the rural population and police and security forces.¹⁹ As stated by Zaiko and Romanchuk, 'Russian petrodollars allowed all of us to live beyond our means ... from the director to the doorman.'²⁰

In a nutshell, the Belarusian-Russian energy-political model allowed reasonable (desirable) short-term results for most Belarusian actors, from consumers of subsidised gas, to collective farms kept alive by cheap supplies of tractor fuel, to workers who saw their real incomes grow significantly from 1994 to 2006. This model also allowed Lukashenka to strengthen his grip on power while avoiding necessary economic reforms. Now that the basis of the energy-political relationship with Russia has started to change, the ability of the Belarusian leadership to continue providing the level of material well-being to its population that has guaranteed Lukashenka a significant level of popular support is in question.

Foreign policy implications and challenges for the EU

The fact that so much of the stability of the Belarusian system, and Lukashenka's own personal power, depends on the steady flow of cheap Russian energy resources helped to keep under some semblance of control the rather deep contradictions accumulating in the Russian-Belarusian relationship since the late 1990s. More specifically, it helped solidify a certain model of virtual integration between both countries, where both sides had much to gain from constant declarations, posturing and outdoing each other as to the desirability of a union, but much less to gain from real integration.²¹

As outlined in the previous section, this balance is under serious threat due to fading Russian willingness to maintain this costly relationship just for the sake of largely symbolic benefits. To compensate for the resulting losses, the Belarusian leadership has allowed for a cautious thaw in relations with the EU since 2008.

19. See Aleksandr Feduta, *Lukashenko: Politicheskaya Biografiya* (Moscow: Referendum, 2005), pp. 418-9, and comments by Leonid Sinitsyn, former deputy prime minister in the first Lukashenka period, quoted in Feduta, p. 414.

20. Leonid Zaiko and Yaroslav Romanchuk, *Belarus na razlome* (Belgorod: Belgorodskaya poligrafiiya, 2008), p. 142. Translation by the author.

21. See Yurii Drakokhrust and Dmitri Furman, 'Belarus and Russia: the Game of Virtual Integration', in Balmaceda, Clem and Tarlow, op. cit. in note 8, pp. 232-255.

Energy is one element in Lukashenka's game between Moscow and Brussels, a game based not so much on the balancing of Belarus's foreign policy towards both Russia and the EU as on using any improvement in relations with one of the two to extract concessions from the other. Tellingly, the results of negotiations between Presidents Medvedev and Lukashenka on gas prices for 2009 were unknown until June of this year. Throughout the first half of 2009, the long silence and the variety of often contradictory official and unofficial declarations on the issue led to speculation that official confirmation of prices that Belarus would be charged needed to wait until Lukashenka agreed to recognise South Ossetia and Abkhazia.²² Lukashenka's foot-dragging with that recognition could, in turn, be seen as related to his desire to maintain propitious conditions (which would presumably be spoiled by recognition) for further concessions from the EU, which in turn could be used to extract more concessions from Russia, including in the energy area. Yet, instead of official confirmation of lower gas prices for Belarus, as the Belarusian leadership hoped, June 2009 saw increased Russian pressure on Minsk, first through an official Russian ban (under the argument that Belarusian products were not in compliance with Russian sanitary standards) on the import of Belarusian dairy products (later rescinded), and through Gazprom's threat of possible supply reductions should Belarus not pay back its alleged 244 million USD debt to the company by the end of July.²³

When the gas prices were finally announced in late June, there was an unpleasant surprise in store for Belarus: 2009 prices would be 210 USD per tonne for the first quarter of 2009, 158 USD for the second quarter, and 115 USD for the third, but they would rise to 166 USD on 1 January 2010 (later a figure of about 200 USD was discussed by Russia).²⁴

The short-term success of the Belarusian-Russian energy-political model always concealed serious elements of long-term unsustainability and challenges that would eventually become evident. Some of these challenges have already appeared in 2009, and others are likely to come up in the future. These also represent significant challenges that the EU needs to keep in mind as it considers moving forward in its relations with Belarus.

The first two challenges are already visible and warrant immediate attention.

22. See Tatiana Manenok, 'Tseny zakulisnykh dogovorennoستي', *Belarusy i Rynok*, 25 May 2009. See: www.belmarket.by/ru/28/65/1981.

23. Despite Gazprom's threats, by October of 2009 the debt had been paid only partially; supplies were not reduced.

24. See Tatiana Manenok, 'V ozhidanii tyazhelogo torga', *Belarusy i Rynok*, 28 September 2009. See: <http://www.belmarket.by/ru/45/65/3360/?tpl=93>.

1. *Dealing with Belarus's transit challenge* – Belarus represents a transit challenge in two distinct ways. First, the politicisation of its energy relationship with Russia and the general volatility of Belarusian-Russian relations suggests that the kind of Ukrainian-Russian crisis that we saw in January 2009, with a resulting stoppage of supplies to EU states, could be repeated in Belarus. Although transit through Belarus accounts for only 20 percent of the volumes of Russian gas (and 50 percent of Russian oil) flowing to EU states, it is very significant in terms of supplies to individual EU states such as Poland.

A second transit challenge is related to Belarus's broader role in the development of new transit possibilities in the region. Had Belarus not defected from the embryonic grouping of Baltic-Black Sea countries (among them Poland, the Baltic states, and Ukraine) in the mid-1990s, the potential for the creation of a Baltic-Black Sea corridor would have been a more realistic prospect. New corridors through Latvia and Lithuania to the Baltic Sea and through Ukraine to the Black Sea could create new energy-transport alternatives for these countries and a way to reduce their energy dependence on Russia. Here, the challenge for the EU is to support some of the cautious steps Belarus has already been taking in this area.

2. *Dealing with Belarus's nuclear-power challenge in conditions of a lack of policy transparency* – After the crises in 2004 and especially in 2007, the Belarusian leadership started to become especially weary of the country's energy dependence on Russia. Despite significant policy pronouncements on plans to increase the use of renewable and local energy resources, such policy initiatives were soon relegated to the back-burner in favour of a proposal much more compatible with continued top-down policies: the building of a large nuclear-power facility. In January 2008, the final political decision to build a 2,000-megawatt nuclear-power plant by 2016 was taken.²⁵ By June 2009, a Russian company had been chosen to build the plant, with the support of a 9 billion USD Russian loan. Given the present lack of a real policy debate on the issue, the lack of transparency, and virtual control of energy policy by a single person, there are serious doubts regarding safety conditions for this nuclear plant should it actually be built despite the financial crisis. Here, the challenge for the EU is to work with Belarus to assure a broader degree of

25. See David Marples, 'The Energy Dilemma of Belarus: The Nuclear Power Option', *Eurasian Geography and Economics*, vol. 49, no. 2, March-April 2008.

accountability, transparency, and civic oversight over the project – not an easy task given the lack of democratic oversight over policy-making in general.

The third and fourth challenges refer to issues that are already affecting the Belarusian economy in direct and indirect ways, but that will become much more significant should a regime change take place in Belarus at some point in the future.

3. *Dealing with Belarus's structural over-dependence on gas* – The third challenge is Belarus's enormous dependence on gas (in 2007, comprising 65 percent of its TPES), which would have huge consequences for the country's ability to manage its energy dependence in a situation in which it is not given preferential treatment. Much of the functioning of the Belarusian economy – from its largest export-oriented industries to the smooth provision of residential heating – is currently dependent on the availability of low-cost gas (*de facto* Russian gas). Thus, any move to alternative sources of gas, perforce more expensive, would likely be very costly in social terms, which limits support for such diversification. Being a land-locked country, Belarus's possibilities to tap into liquid natural gas as a means for diversification are very limited. Here, the challenge for the EU is to find ways to work proactively with Belarus to help it make use of the two means of diversification readily available to it: increases in energy efficiency and the use of renewable resources.
4. *Dealing with the effects of Belarus's bankrupt economic model* – The largest challenge in the medium and long term is related to how Belarus's energy situation (its natural resources and also the legacy of the Soviet and post-Soviet periods) affects its role as a neighbour of the EU. The main challenge in this area is the fact that the Belarusian economy, in its current form, is not capable of functioning in a non-subsidised environment in which it is not given preferential treatment. At some point, Belarusian industry will need to be streamlined, if not because of the world economic crisis, then simply because the abundance of cheap energy needed to keep Belarusian factories working despite their inefficiency and the limited demand for their products will simply not be there. Yet closing large energy-inefficient factories would have huge social consequences for the country,

with chain effects that could have politically destabilising implications and send thousands of Belarusian economic refugees across EU borders. The EU should be well prepared to help prevent such a scenario. Even in the case of regime change, a post-Lukashenka government, by having to carry out policies simply delayed during the Lukashenka period, would have to deal with a huge pent-up economic crisis, a crisis that is closely connected to energy issues and that, should the government fail to manage it proactively, could lead to a quick return to authoritarian politics.

Conclusion

All of these challenges, of course, are taking place in the context of the broader relationship between the EU and Belarus, and in the context of the question of how much of an improvement in relations is possible before real democratic changes take place in the country. This touches on the energy relationship directly, as the lack of transparency and *de facto* personal control of energy policy in Belarus can have serious policy and security effects. EU policymakers continue to negotiate the delicate balance between making too many concessions to Lukashenka before real democratic changes take place (fearing that Lukashenka may otherwise draw closer to Moscow) and making too few concessions (and losing any chance to influence the situation there). As the EU continues to debate what course of action would be best to follow in Belarus, it would do well to keep in mind the complex energy problems facing the country and complicating the relationship with Russia. The main point of this chapter, however, is that Belarus's energy problems, if exacerbated by Lukashenka's personalised system of policy-making, go well beyond Lukashenka, and will create very serious challenges for whatever government succeeds him.

Belarusian foreign policy – change or continuity?

Grzegorz Gromadzki

Back from the cold?
The EU and Belarus in 2009

6

Ever since his advent to power in 1994, Aliaksandr Lukashenka's personality has played a decisive role in shaping Belarusian foreign policy. This policy is characterised by a specific logic, which expresses itself in the president's frequently seemingly contradictory statements, actions and behaviour. Interest groups inside the Lukashenka regime have played a significant role behind the president. These groups seem to be more important than the members of the government formally in charge, such as the prime minister or foreign minister. For many years, the most influential group were the so-called *silaviki* led by Viktor Sheiman. Since the summer of 2008, however, power seems to have shifted to a group around the president's son, Viktor Lukashenka, along with Uladzimir Makei, chief of the presidential administration.¹ As in other autocratic regimes, the ruling elite in Belarus determines its foreign policy in order to serve its own political and economic interests; rather than being guided by ideas of national interest or public welfare, foreign policy is used as a tool to preserve power. Any analysis of Belarus's foreign policy should take this into consideration.

Ever since 1994, Lukashenka's strategic thinking has focused primarily on Russia. Policy towards the EU, on the other hand, has played only a secondary role. Several Belarusian experts have expressed the opinion that 'Belarus's policies with regard to the EU remain a function of Belarusian-Russian relations'.² While this is indeed an accurate description of Belarus's relations with the European Union throughout most of Lukashenka's presidency, it may now be time to question this paradigm in the light of the recent political process and the cautious *rapprochement* between Belarus and the EU that began in 2008. The question is whether this implies a substantial change in Belarusian foreign policy. In other words, is the Lukashenka regime trying to build a more balanced foreign policy based on two strategic dimensions, one oriented towards Russia and the other towards the West?

1. Andrew Wilson, 'Belarus after its post-Georgia elections', European Council on Foreign Relations, 26 October 2008. See: www.ecfr.eu/content/entry/commentary_wilson_on_belarus.

2. Dzianis Melyantsou, Vitali Silitiski, 'In the Shadow of Kremlin stars: Belarus-EU Relations Lack Substance', *BISS Blitz* no. 1, 13 February 2008. See: <http://belinstitute.eu/images/stories/documents/blitz20080213breuen.pdf>; also see Pavel Usov, 'Illusion of Two-Sided Geo-policy of Belarus', *Bell BelarusInfo Letter*, no. 1-2 (1), January 2009, pp. 1-4. See: http://www.eesc.lt/failai/Bell_1st%20issue.pdf.

In order to understand the context in which these shifts are taking place, this chapter takes a closer look at the workings of Belarus's political regime since independence in the early 1990s, including an analysis of 15 years of Lukashenka's policy towards Russia, his relations with partners in the developing world, and difficulties between Belarus and the EU.

Russia – the centre of the universe

Lukashenka has not had a single, unchanging policy towards Russia throughout his 15 years of rule. In fact, we can identify two different policy periods that are closely linked with who was in power in Russia at the time: the Yeltsin years (1994-1999) and the Putin-Medvedev years (2000-2009).

During the first period, Lukashenka focused mainly on building up his own political position in Russia. He had serious ambitions about becoming a leading figure among the Russian political elite and even replacing the ageing Russian President Boris Yeltsin.³ In order to achieve this, he supported the idea of creating a union state with Russia. The ensuing years saw a number of diplomatic steps in this direction, with the conclusion of an agreement on a customs union in January 1995 and a treaty on the formation of a community in April 1996 that foresaw the harmonisation of the two countries' economic and legal systems, as well as the co-ordination of foreign policy and the creation of a number of joint institutions.⁴ In December 1999, the two sides concluded a treaty on a union state that envisaged the creation of a council of ministers and a bicameral state parliament. Despite these formal measures, none of the practical steps needed for real political and economic integration have been taken in the decade since the union treaty was signed. Thus, the proposed integration of the 1990s appears to have been nothing more than political theatre aimed at domestic audiences on both sides. Yeltsin used the integration scheme in an effort to improve his abysmal popularity ratings before the 1996 presidential election by trying to exploit the latent nostalgia for the Soviet Union that was widespread in Russian society. For his part, Lukashenka was able to use integration to increase his political influence in Russia. The proposed creation of a union state gave Lukashenka a reason and opportunity to foster relations with the political elites in Russia's provinces, which

3. Aleksandr Feduta, *Lukashenko. Politicheskaya biografiya* (Moscow: Referendum, 2005), pp. 312-342.

4. See Clelia Rontoyanni, 'Belarus foreign policy', in Dov Lynch (ed.), 'Changing Belarus', *Chaillot Paper* no. 85, EUISS, Paris, November 2005, pp. 58-60.

had the effect of strengthening his political position in Russia. Indeed, there is evidence that he had strong support in those Russian regions where he was a frequent visitor.⁵ And while Yeltsin may have been irritated at times by Lukashenka's actions, he was too weak to limit Lukashenka's influence in Russia. It would seem that, during Yeltsin's presidency, Belarus's relations with Russia were not regarded as being purely a matter of foreign policy; rather, Lukashenka saw them as a kind of hybrid foreign-domestic policy that had both internal and external dimensions.

Any ideas that Lukashenka might have had about forming a union state with Russia or having any real power in Russia came to an end with the rise of Vladimir Putin after 2000, thus marking the beginning of the second phase in relations between Belarus and Russia. The new Russian leadership quickly set out to consolidate its power and to re-establish the authority of the Russian state, which had been almost completely eroded during the Yeltsin years. Lukashenka's ambitions in Russian domestic politics were unambiguously dismissed by the new team in the Kremlin. In August 2002, Putin put forward his own integration proposal that would have meant the incorporation of Belarus into Russia.⁶ Lukashenka understood the new reality and changed his approach and policy towards Russia. Instead of trying to gain influence there, he began to focus more and more on the independence of Belarus, which he saw as a guarantee of his personal political survival. Consequently he switched to the kind of nationalist rhetoric and slogans that had been more characteristic of the democratic opposition and that he had been in the habit of discrediting on many occasions throughout the 1990s. Meanwhile, the union-state project stalled over growing disagreements between Minsk and Moscow. The contracts that had been concluded were never followed by substantial integration processes. This suggests that informal developments played a much more important role in Belarusian-Russian relations in the past few years than official documents and statements.

The new circumstances in relations between Russia and Belarus led to growing tensions between Lukashenka and Putin. The open exchange of accusations between the two presidents in late 2006 and the beginning of 2007 over the price of Belarusian energy imports from Russia is only one example of their deteriorating relationship.⁷ This trend has not been reversed since Dmitri Medvedev became president in 2008.

5. Sergei Golubev, 'A. Lukashenko i regiony Rossii', in Nikolai Petrov (ed.), *Regiony Rossii v 1999 g.* (Moscow: Carnegie Centre, 2001), pp. 317-323.

6. Andrei Zolotov Jr., 'Putin Surprises With Belarus Plan', *The Moscow Times*, 15 August 2002.

7. It should be noted that the conflict in late 2006 and the beginning of 2007 was not the first quarrel between Moscow and Minsk about the price of energy resources. In February 2004, Gazprom completely cut off gas supplies to Belarus. See Chloë Bruce, 'Fraternal Friction or Fraternal Fiction? The Gas Factor in Russian-Belarusian Relations', Oxford Institute for Energy Studies, March 2005, pp. 16-18. See: <http://www.oxfordenergy.org/pdfs/NG8.pdf>. See also chapter by Margarita M. Balmaceda in this volume, pp. 79-91.

Throughout both periods of Belarusian-Russian relations, Lukashenka has always tried to find an answer to the question of how to maximise his political independence while at the same time availing of Russian resources as much as possible. This strategy was based on an awareness of the fact that, without Russian support, the Belarusian economy could not survive.⁸ During the Yeltsin period, Lukashenka was successful in exploiting the unclear customs regulations of the planned union state in order to provide his regime with a significant source of revenues. During Putin's presidency, the oil boom was the most important source of revenues. Belarus imported cheap crude oil from Russia, refined it, and then exported oil products to Europe at market prices. The profits for both the Belarusian regime and Russian oil companies were enormous.⁹

Basically, relations with Russia have always constituted the main dimension of Belarusian foreign policy. Most steps taken by the Belarusian regime on the international stage have been linked with, and determined by, its relations with its large Eastern neighbour. Relations with other states and actors have remained a mere function of Belarusian-Russian relations. For many representatives of the ruling elite in Minsk, including Lukashenka, Moscow represents 'the centre of the universe' – a world view that they have found difficult to overcome. On the other hand, this perception is very much a legacy of Soviet times and is, therefore, more visible in the older generation than among young representatives of the ruling elite.

Belarus and the West

Over the years, the Belarusian regime has depicted the West as a danger that threatens the very existence of the Belarusian state and people. Claims have been made that the West has undermined Belarus's good relations with Russia and that it has tried to impose on Belarus a political system that is not desired by the Belarusian people: 'Western envoys rushed to Belarus, bringing in equipment and money. The aim was to undermine the situation, to split society, to sow hatred on religious, ethnic or ideological grounds, and finally to destroy our state sovereignty.'¹⁰

In the eyes of Belarus's political elite, 'the West' generally comprised three major parties: the United States, NATO and the Euro-

8. See chapter by Leonid Zlotnikov in this volume, pp. 65-78.

9. See chapter by Margarita M. Balmaceda in this volume, pp. 79-91.

10. See 'President Lukashenko: in quotes', BBC News website. See: <http://news.bbc.co.uk/2/hi/europe/3881341.stm>.

pean Union. The United States adopted a tough stance towards Minsk early in the 1990s and is now seen as Belarus's main enemy. NATO enlargement has been interpreted as an attempt to encircle Belarus and is seen as a definite military threat. In addition, both NATO as a whole and several individual European NATO members are perceived as US instruments against Belarus (and, obviously, its ally Russia). 'The Americans have started exerting pressure through Poland. Just look: where have hi-tech devices to monitor Belarusian territory been installed? In Poland... From whose territory is our country being showered with untrue information? From Poland... Poland has become a bridgehead from which the invasion of the former Soviet Union advances.'¹¹ The EU, on the other hand, though by and large seen as a part of the anti-Belarusian West, is considered a less important, less powerful, and consequently less hostile geopolitical actor. Therefore, it enjoys a more positive image in the official Belarusian discourse than the US or NATO.

Minsk has had only limited room for manoeuvre in its relations with the West (i.e., the EU, the US and NATO) throughout the years. Due to Belarus's worsening democratisation and human-rights record, relations with the EU were almost frozen after 1996.¹² Anti-Western rhetoric constituted an essential part of the Belarusian state ideology. At the same time, however, Lukashenka clearly understood the need to keep the 'Western option' open. This has been most visible especially since the beginning of the Putin presidency in 2000. Moreover, despite the freeze in political relations, the EU has been playing a growing role in Belarus's external relations, notably in the economic sphere. In the past few years, the EU has been the main export market for Belarus mainly due to the sale of oil products.¹³ Lukashenka and his collaborators recognised that relations with the EU are important for the survival of the Belarusian economy.

Since the enlargement of the EU in 2004, there have been significant changes in Minsk's attitudes towards the EU. The Belarusian authorities have strengthened contacts with neighbouring EU Member States: Latvia, Poland and especially Lithuania. Belarus and Lithuania have held several high-level meetings, and they have introduced regular consultations at the ministerial level. Belarusian Prime Minister Siarhei Sidorski has visited Lithuania several times.¹⁴ During the last two years, there has been a considerable change in the rhetoric of the Belarusian regime towards Lithuania,

11. Ibid.

12. For further details, see Rontoyanni, op. cit. in note 4, pp. 48-57.

13. In the period January-August 2008, Belarus shipped 44.2 per cent of its exports to the EU versus only 32.1 per cent to Russia. For official figures, see: <http://www.mfa.gov.by/en/economic>.

14. See Dzianis Melyantsou and Andrej Kazakevich, 'Belarus' Relations with Ukraine and Lithuania before and after the 2006 Presidential Elections', *Lithuanian Foreign Policy Review*, no. 20, 2008, pp. 53-54.

which earlier had been depicted as a close ally of the US and, consequently, an enemy of Belarus. Today, the country is no longer described as an enemy. It seems that the Belarusian regime understands that Vilnius would like to play the role of Belarus's advocate in the EU and is interested in closer relations with its neighbour.

Despite the changes described above in Belarus's relations with both the EU and with Russia, the latter remains the main point of reference for Belarusian foreign policy. Change in Belarus's attitudes and policy towards the EU – whether for better or for worse – have always been triggered by changes in relations with Russia. One could say that Belarus's policy towards the EU is a card that Lukashenka has been playing in his relations with Russia. Increasing tensions in relations with Russia are followed by signs of openness towards the EU – and the other way around. During the energy crisis of January 2007, for example, Lukashenka proposed open dialogue and cooperation with the EU on such issues as energy, transport, and illegal migration and announced that he would rather join the eurozone and the EU than adopt the Russian rouble and create a union with Russia under the terms dictated by Moscow. Of course, these statements are usually not followed by any real action. They are only tools in Lukashenka's battle with the Russian authorities. The pending issue of Belarusian recognition of Abkhaz and South Ossetian independence is a case in point.

Other vectors of Belarusian foreign policy

Belarus is a member of the Commonwealth of Independent States (CIS). Minsk also participates in other institutions created in the post-Soviet area. In 2000, Belarus was one of the co-founders of the Eurasian Economic Community (EAEC) along with Russia, Kazakhstan, Kyrgyzstan, and Tajikistan. The EAEC grew out of the CIS customs union between Belarus, Russia and Kazakhstan signed in 1996. In 2002, Belarus, Russia, Armenia, Kazakhstan, Kyrgyzstan and Tajikistan founded the Collective Security Treaty Organisation (CSTO), which originated from the CIS Collective Security Treaty signed by Belarus in 1993. The official purpose of the EAEC and the CSTO is to foster closer cooperation and integration among post-Soviet countries in the economic and military spheres. Reality, however, is different.

Belarus's active role in integration initiatives in the post-Soviet area would appear to be a natural consequence of Lukashenka's rhetoric about the need to renew links between former Soviet republics. In reality, none of these institutions, including the CIS, plays a decisive role in Belarus's foreign policy. Just like other post-Soviet leaders, Lukashenka remained on this rhetorical track to satisfy the demands of a public audience nostalgic for the Soviet past and to gain economic subsidies from Russia. Russia, on the other hand, has used these organisations as tools to maintain an influence in the post-Soviet space.

Beyond the CIS, Minsk has developed friendly relations with a number of autocratic or authoritarian regimes, notably with Iran and Venezuela. The Belarusian authorities have been very active in the last few years, inviting Venezuelan President Hugo Chavez to Minsk in 2006, 2007 and 2008. Lukashenka paid an official visit to Venezuela in 2007. Belarus has undertaken similar efforts in relations with Iran. There have been numerous high-level visits, including Lukashenka's visit to Iran in 2006 and President Mahmud Ahmadinejad's visit to Minsk in 2007.

By promoting relations with Iran and Venezuela, the Lukashenka regime has been trying to compensate for Belarus's isolation in Europe. Lukashenka's efforts can be seen as an attempt to convince the Belarusian public that, despite frozen relations with the West, foreign political leaders from other parts of the world see him as an important partner. He has used his contacts with other authoritarian leaders to overcome, at least partially, his pariah status in international relations. In addition, Lukashenka is not bothered by the negative perception of this policy in the West. In fact, he has frequently expressed pride at being one of the leaders of so-called anti-imperialistic or anti-Western coalitions.

But this policy was motivated by more than political or ideological reasons; there have been economic benefits as well. In fostering closer relations with Venezuela and Iran, Lukashenka was in fact looking to finalise oil contracts with them. In the case of Venezuela, Belarus created a joint venture, the Belo-Venezuelan Mixed Oil Company, which was established for upstream activity in Venezuela. Despite these efforts, there have been limited results. That said, the close relations formed with Chavez helped Lukashenka secure a loan amounting to 500 million USD from Venezuela in 2008.¹⁵

15. 'Venezuela, Belarus presidents tighten oil ties', *Agence France Press*, 23 July 2008. See: http://afep.google.com/article/ALeqM5j_C9p-fgQOLiAane9G4u7E8doHA.

Another issue is the export of Belarusian arms and re-export of Russian arms to third world countries since the mid-1990s. It is extremely difficult to assess the exact volume of Belarussian arms trade due to a lack of reliable data. Nonetheless, it has probably been a significant source of revenue for the Lukashenka regime, especially in the 1990s. The Belarusian authorities have developed close cooperation in the military sphere with Iran, signing a memorandum of understanding on defence cooperation in 2007 during the visit of Defence Minister Leonid Maltsev.¹⁶

Change or continuity?

This analysis has shown that the underlying structure of Belarusian foreign policy has remained the same throughout the period of independence. The main subject and reference point, the ‘centre of the universe’ for Belarusian diplomacy, has been Russia. Belarus’s policy towards other international actors, including different parts of ‘the West’, has merely been a function of this single most important relationship. Lukashenka has never genuinely tried to develop strategic relations with both Russia and ‘the West’. In this respect, Belarusian foreign policy is essentially different from Ukraine’s foreign policy before the Orange Revolution. While the then Ukrainian President Leonid Kuchma tried to develop substantial relations with both Russia and the West, the main focus of the Belarusian leadership has remained Moscow.

Is there a chance that this underlying structure will change at some point in the future?

It is difficult to answer this question with any degree of certainty given the current very fluid state of Belarus’s relations with both Russia and the EU. However, two factors that appeared in 2008 need to be taken into account: (i) Russia’s intervention in Georgia in August, and the implications thereof; and (ii) the global financial crisis. What may be important for the development of Belarusian foreign policy is the combined effect of both factors.

The Russian-Georgian war showed a much higher level of Russian assertiveness in the post-Soviet space. Russia’s behaviour has caused extreme fear among the leaders of CIS countries, including Lukashenka. They realise that Russia can now apply more pressure on them than before.

16. ‘Belarus, Iran sign memorandum of understanding on defense’, *RIA Novosti*, 24 January 2007. See: <http://en.rian.ru/world/20070124/59644294.html>.

But the global financial crisis seems to be the biggest challenge with which Lukashenka and his regime have been confronted since the beginning of his presidency in 1994. This crisis is putting an end to the relative prosperity of recent years, the so-called 'Belarusian economic miracle', i.e., significant economic growth in an economy that did not undergo fundamental reforms and that is still mostly controlled by the state. This economic miracle was achieved mainly because of the oil boom mentioned earlier. Now, however, the Belarusian regime is facing growing internal problems because of the less profitable link between the import of crude oil from Russia and the export of oil products to Europe. The global financial crisis is showing that the Belarusian economy is very fragile and could collapse without substantial external support. Existing sources of income are insufficient.

In such circumstances, the Belarusian regime faces increasing difficulties in maintaining independence from Russia without closer relations with the West.¹⁷ Although Russia itself is suffering from the global financial crisis, it is trying to exploit the economic difficulties of its neighbours and to strengthen its influence in the post-Soviet space. Russian loans to Belarus and other CIS countries provide Moscow with a window of opportunity to expand its political influence in the region. Russia is positioning itself as the main creditor for those countries. Moscow has already given a loan of 2 billion USD to Belarus in three tranches. The first tranche (1 billion USD) was transferred in December 2008, and the second tranche (500 million USD) in March 2009. The third and final tranche is still pending.

The Belarusian leadership seems to understand the logic of Moscow's approach but cannot survive without Russian financial assistance. So far, the regime has tried to avoid the sale of Belarusian companies and has repeatedly accused Moscow of striving for 'hostile privatisation'.¹⁸ However, the Belarusian regime will be forced to make concessions in return for new loans. The agreement on the two countries' joint regional air defence system, signed in February 2009 after more than eight years of negotiations, should be seen in the context of parallel negotiations on Russian loans to keep the Belarusian economy running.¹⁹

Arrangements such as this one have the potential to limit Belarus's room for manoeuvre *vis-à-vis* Russia, particularly given the fact that problems between Minsk and Moscow have not ended. The Russian ban on Belarusian dairy products, which led

17. This balance would be difficult to sustain even without the economic crisis because of Russia's visible assertiveness in recent years.

18. Wojciech Kononczuk, 'Difficult "Ally": Belarus in Russia's foreign policy', *CES Studies* no. 28, September 2008, p. 38.

19. 'It should be emphasised that the agreement of 3 February is not going to create anything new. It simply gives a legal status to the existing co-operation institutions, since Belarus' and Russia's air defence forces have been acting together for quite a time.' See Dzianis Mielyantsou, 'Missile Defence System in Exchange for Loans?', *BISS Blitz* no. 5, February 2009, p. 2. According to some Belarusian experts, the agreement cannot be implemented because it has not been ratified.

to a so-called milk war between Minsk and Moscow in summer 2009, is just the most recent example.²⁰ In sum, Lukashenka is trying to continue his policy of apparent concessions in relations with Russia, but he is now doing so in much more dangerous circumstances. His room for manoeuvre has shrunk dramatically.

This is why a part of the Belarusian ruling elite at least has recognised the crucial need to overcome international isolation and to build real relations with the West.²¹ A group around Lukashenka's son, Viktor Lukashenka, and Uladzimir Makei, the head of the presidential administration, seems to be more pragmatic and to have a broader political horizon than the previously dominant *silaviki* around Viktor Sheiman. This implies that there is a chance for dialogue with the EU and the US.

But this does not mean that they are considerably more liberal. Makei's statement at the opening of the 11th Minsk forum on 13 November 2008 is an interesting example of the position of Lukashenka's regime *vis-à-vis* the EU: '[The] Belarusian authorities are ready for an open and responsible discussion of all [the] problems that exist in EU-Belarus relations ... and want to continue [taking] steps towards closer cooperation with the EU on the basis of the principles of mutual respect and equality...[and the Belarusian government] wants not just [a] discussion, but also [to implement] concrete steps in the nearest future.'²² Representatives of the Belarusian regime enthusiastically welcomed EU proposals for closer relations in both 2008 and 2009. The Belarusian authorities are interested in the Eastern Partnership (EaP), and their representatives participated in the first EaP summit in Prague on 7 May 2009. But Belarus's position towards the EU remains unclear. Even at the diplomatic level, there is no clear commitment, which threatens to put high-ranking EU officials in uncomfortable situations. The last-minute cancellation by Lukashenka of the visit of EU Commissioner Benita Ferrero-Waldner in March 2009 is a case in point. The meeting finally took place on 22 June, but there was all kinds of speculation about the reasons for Lukashenka's embarrassing cancellation.

The regime in Minsk has been sending a number of positive signals, such as the release of political prisoners in August 2008, the availability of two independent newspapers (*Nasha Niva* and *Narodnaia Volia*, which have been in official circulation since November 2008), and the registration of Aliaksandr Milinkevich's For Freedom movement on 17 December 2008. On 6 Octo-

20. Vitali Silitski, 'The milk split [sic] by the milk war', *European Voice*, 24 June 2009.

21. 'EU and Belarus in the Forth [sic] Quarter of 2008: Analysis and Monitoring', *BISS Monitoring*, 29 January 2009.

22. *Ibid.*

ber 2008, Lukashenka dismissed Dzmitry Paulichenka, a commander of the Home Office's Special Brigade who had been accused by the Belarusian opposition and Western countries of murdering a number of opposition representatives in 1999.²³ It is clear that the regime is looking for non-Russian support. Belarus has received an IMF loan of 2.5 billion USD. The first tranche of 788 million USD was transferred on 15 January 2009, and Belarus expects to get the rest over the next 15 months.²⁴

However, there have also been a lot of negative signals. The Belarusian parliamentary elections in September 2008 were harshly criticised by the OSCE and Western governments for their lack of democratic procedures. An essentially anti-democratic media law took effect on 8 February 2009. During the first half of 2009, there were several police actions against peaceful demonstrations. The contradictions in the attitude of the Belarusian regime show that, to date, changes in the direction of democratisation have been rather cosmetic in nature. The same holds true for closer relations with the EU that go beyond mere geopolitical calculations.

Conclusion

Looking at Belarus's policy towards Russia on the one hand and its relations *vis-à-vis* the EU on the other hand, it is difficult to say whether there have been any real changes in Belarus's policies or whether Minsk is simply playing the same old game in a new and more complicated context. While a radical shift towards the West seems very unlikely under Lukashenka, we could see a more balanced approach in Belarusian foreign policy between the EU (the West) and Russia in the very near future. In fact, this would be the best-case scenario. Lukashenka is currently trying to find financial and other support in the EU and can probably introduce partial economic liberalisation without any real democratisation or changes in the political system. But thinking about the more distant future, one should try to answer the crucial question of whether Lukashenka can endlessly play a strategic game with both the West (the EU) and Russia. It would be extremely difficult for him to do this because of his personality and because of the past. Openness to the West and democratisation means the end of the current regime and an unclear future for Lukashenka. He does

23. Andrei Liakhovich, 'Lukashenka Determined Condition and Issues for a Dialogue with the European Union', *BISS Blitz* no. 11, 29 October 2008, p. 2.

24. 'Belarus receives 1st tranche of IMF loan-c.bank', *Reuters*, 15 January 2009.

not seem to be able to accept this. Lukashenka will not change, but many of the people in his regime can be more open to change. Much depends on real financial and economic support from the West, i.e., loans and direct investment. Russia is not asking for any democratic changes and is ready to support Belarus. But if there is a long and deep crisis in Russia, this will limit Russia's ability to assist Belarus. Changes in Belarus and its foreign policy, including openness towards the West, will depend to a great extent on how long and deep the global economic crisis and the crisis in Belarus will be. Only a very serious crisis will lead to a dramatic shift in Belarus's foreign policy.

About the authors

Margarita M. Balmaceda holds a Ph.D from Princeton University and is Associate Professor of Diplomacy and International Relations at Seton Hall University and Associate of the Harvard Ukrainian Research Institute, USA. Her publications include *Energy Dependency, Politics and Corruption in the Former Soviet Union* (Routledge, 2008) and (as co-editor) *Independent Belarus* (Harvard, 2002). She is currently completing a book on *The Politics of Energy Dependency: Ukraine, Belarus and Lithuania Between Domestic Oligarchs and Russian Pressure, 1992-2010*.

Sabine Fischer holds a doctorate from Frankfurt University and is a Senior Research Fellow at the European Union Institute for Security Studies. Prior to joining the EUISS she was a Research Fellow at the Stiftung Wissenschaft und Politik in Berlin. Her recent publications include (as editor) 'Ukraine: Quo Vadis?', (EUISS *Chaillot Paper* no. 108, February 2008), and *The European Union and security in the Black Sea Region after the Georgia war* (Southeast European and Black Sea Studies, vol. 9, no. 3, September 2009).

Grzegorz Gromadzki is Director of the International Cooperation Programme at the Stefan Batory Foundation in Warsaw. Previously he was a journalist at the foreign desk of *Gazeta Wyborcza*, a leading Polish newspaper, and a senior analyst at the Centre for Eastern Studies, Warsaw. Prior to joining the Batory Foundation he worked as an independent analyst. He specialises in domestic politics and foreign policy of the ENP countries and in Poland's and the EU's policy towards this region.

Andrei Liakhovich is head of the independent expert group 'Centre for Political Education' in Minsk. He graduated from the Department of Political Science of the Belarusian State University in 1997. His publications include (as co-author) *Contemporary History of Belarusian Parliamentarianism* (Minsk, 2005), *Presidential Elections in Belarus: from Restricted Democracy to Unrestricted Authoritarianism* (Minsk, 2006), *The 2006 Presidential Election* (Minsk, 2006), *Belarus – towards a United Europe* (Warsaw, 2008).

Astrid Sahn holds a doctorate from Frankfurt University and has been the Director of the Johannes Rau International Educational Centre in Minsk (Belarus) since 2006. Previously she worked as an assistant professor at the Department of Political Science and Contemporary History at the University of Mannheim. She has published extensively on processes of integration, transformation and national identity in the Western CIS countries, as well as on environmental and energy topics and peace and conflict research.

Vitali Silitski received his Ph.D in political science from Rutgers University in 1999. He worked as an associate professor at the European Humanities University in Minsk in 1999-2003, was a Reagan-Fascell Democracy Fellow at the National Endowment for Democracy (2004-2005), and a visiting scholar at the Centre on Democracy, Development, and the Rule of Law at Stanford (2006-2007). Since 2007, he has headed the Belarusian Institute for Strategic Studies.

Leonid Zlotnikov holds a Ph.D in economics. His professional experience is in science, management and teaching. From 2001 to 2004 he was an associate professor at the European Humanities University. Since then he has worked as a policy expert for various research centres and publications and is a frequent contributor to, for instance, *Belaruskii rynok*. In his research he focuses, among other issues, on economic theory, problems of transition economies and the development of small and medium-sized enterprises.

Abbreviations

BDG	<i>Belorusskaya delovaya gazeta</i>
BISS	Belarusian Institute for Strategic Studies
CIS	Commonwealth of Independent States
CSTO	Collective Security Treaty Organisation
EAEC	Eurasian Economic Community
EaP	Eastern Partnership
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
EIDHR	European Instrument for Democracy and Human Right
ENP	European Neighbourhood Policy
ENPI	European Neighbourhood Policy Instrument
EU	European Union
FDI	Foreign direct investment
GDP	Gross Domestic Product
GONGO	Government-operated non-governmental organisation
IISEPS	Independent Institute of Socio-Economic and Political Studies
IMF	International Monetary Fund
KGB	State security police of the former URSS (<i>Komitet Gosudarstvennoi Bezopasnosti</i>)
LNG	Liquefied natural gas
NATO	North Atlantic Treaty Organisation
NGO	Non-governmental organisation
OSCE	Organisation for Security and Co-operation in Europe
ODIHR	Office for Democratic Institutions and Human Rights
PCA	Partnership and Cooperation Agreement
TACIS	Technical Assistance for the Commonwealth of Independent States
TPES	Total Primary Energy Supply
UDF	United Democratic Forces
USSR	Union of Soviet Socialist Republics
USD	US dollars


Chaillot Papers

All Institute publications
can be accessed via the Institute's website:
www.iss.europa.eu

- n° 118 **Global security in a multipolar world** **October 2009**
*Feng Zhongping, Robert Hutchings, Radha Kumar, Elizabeth Sidiropoulos,
Paulo Wrobel and Andrei Zagorski; edited by Luis Peral with an introduction by
Álvaro de Vasconcelos*
- n° 117 **EU security and defence. Core documents 2008** **July 2009**
Volume IX, compiled by Catherine Glière (also published in French)
- n° 116 **War crimes, conditionality and EU integration in the Western
Balkans** **June 2009**
*Vojin Dimitrijevic, Florence Hartmann, Dejan Jovic, Tija Memisevic and Jelena
Obradovic-Wochnik; edited by Judy Batt and Jelena Obradovic-Wochnik*
- n° 115 **Maghreb : vaincre la peur de la démocratie** **Avril 2009**
Luis Martinez
- n° 114 **Negotiating the final status of Kosovo** **December 2008**
Marc Weller
- n° 113 **Towards a European Defence Market** **November 2008**
*Erkki Aalto, Daniel Keohane, Christian Mölling and Sophie de Vaucorbeil
edited by Daniel Keohane*
- n° 112 **EU security and defence. Core documents 2007** **October 2008**
Volume VIII, compiled by Catherine Glière (also published in French)
- n° 111 **Bush's legacy and America's next foreign policy** **September 2008**
Marcin Zaborowski
- n° 110 **Rethinking Iran: From confrontation to cooperation** **August 2008**
Christoph Bertram
-

Books

- European Security and Defence Policy** **2009**
The first 10 years (1999-2009)
edited by Giovanni Grevi, Damien Helly and Daniel Keohane
- What ambitions for European Defence in 2020?** **2009**
*Claude-France Arnould, Juha Auvinen, Henri Bentégeat, Nicole Gnesotto,
Jolyon Howorth, F. Stephen Larrabee, Tomas Ries, Jacek Saryusz-Wolski, Stefano Silvestri,
Alexander Stubb, Nuno Severiano Teixeira, Álvaro de Vasconcelos, Alexander Weis
and Richard Wright; edited by Álvaro de Vasconcelos; preface by Javier Solana*
- The New Global Puzzle. What World for the EU in 2025?** **2006**
directed by Nicole Gnesotto and Giovanni Grevi



Are the EU and Belarus ‘back from the cold’? After years of freeze and the almost complete isolation of Belarus, the Russian-Georgian war in August 2008 has induced a thaw in relations between Brussels and Minsk. The Union temporarily suspended some of the sanctions in place against the Belarusian regime and moved on to partly integrate its problematic eastern neighbour into the Eastern Partnership in 2009.

Nevertheless, relations with Belarus continue to be a headache for the European Union. The political regime in Minsk has managed to survive Western sanctions as well as a wave of colour revolutions in its neighbourhood in 2004 and 2005, and still commands a comparatively high degree of public support. Its ‘success’ was traditionally based on Russian political and economic support. This support, however, has been disappearing fast in the past few years, which is why the Belarusian regime is searching for new external partners – without, however, linking this to genuinely democratic and liberal reform projects on the domestic stage.

In autumn 2009 the EU faces a decision between two main policy options in its relations towards Belarus: either it returns to coercive diplomacy or it continues on the path towards engagement and soft conditionality. This *Chaillot Paper*, edited by Sabine Fischer, aims to provide in-depth empirical analysis on a country which, due to its long-standing isolation, remains a blank spot on the European map. It features contributions from a group of Belarusian and non-Belarusian authors who share their insights into the evolution of the political system and elite, economic development, civil society and the media, energy issues and foreign policy. Based on their research, this *Chaillot Paper* puts forward a number of recommendations for EU policy towards Belarus.

published by
the European Union
Institute for Security Studies
43 avenue du
Président Wilson
F-75775 Paris cedex 16
phone: +33 (0)1 56 89 19 30
fax: +33 (0)1 56 89 19 31
e-mail: info@iss.europa.eu
www.iss.europa.eu