



# Belarus: Background and U.S. Policy Concerns

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February 1, 2011

**Congressional Research Service**

7-5700

[www.crs.gov](http://www.crs.gov)

RL32534

**CRS Report for Congress**

*Prepared for Members and Committees of Congress*

## Summary

Belarusian President Aleksandr Lukashenko snuffed out Belarus's modest progress toward democracy and a free market economy in the early 1990s and created an authoritarian, Soviet-style regime. Belarus has close historical and cultural ties to Russia. Efforts to establish a political and economic "union" between the two countries have had substantial public support in Belarus. Nevertheless, the pace of integration between Belarus and Russia has been fitful. Current Russian policy toward Belarus appears to be focused on gaining control of Belarus's economic assets while reducing the costs of subsidizing the Belarusian economy.

For many years, the United States limited ties to the regime while providing modest support to pro-democracy organizations in Belarus. The United States and the European Union also imposed sanctions on Belarusian leaders. In March 2008, Belarus withdrew its ambassador from Washington and forced the United States to recall its ambassador from Minsk, in response to what Belarus perceived as a tightening of U.S. sanctions against Belneftekhim, the state-owned petrochemicals firm. Later in 2008, the United States and European Union suspended some sanctions in exchange for very modest improvements on human rights issues. Analysts attributed the policy shift, in which the EU played the leading role, to a variety of factors, including concerns about Russia's increasing assertiveness in its relations with neighboring countries, especially after Russia's military assault on Georgia in August 2008. In May 2009, Belarus was permitted to join the EU's Eastern Partnership program, which could provide Belarus with EU aid and other forms of cooperation.

However, this policy appeared to suffer a setback in December 2010, when Belarus held presidential elections that observers from the OSCE viewed as falling far short of international standards. Moreover, in response to an election-night demonstration against electoral fraud in a square in central Minsk, the Lukashenko regime arrested over 600 persons, including most of his opponents in the election, as well as activists, journalists, and civil society representatives. Some of those detained were viciously beaten by police. The United States and the EU have warned Lukashenko to release those still in detention (currently about two dozen persons) or face sanctions against himself and other top Belarusian officials. On January 31, 2011, the EU and the United States imposed enhanced visa and financial sanctions against top Belarusian officials. The United States also reimposed sanctions against two key subsidiaries of Belneftekhim. They also pledged enhanced support for Belarusian pro-democracy and civil society groups.

Congress has responded to the situation in Belarus with legislation. The Belarus Democracy Act (P.L. 108-347) authorized aid for pro-democracy forces in Belarus and funding for increased U.S.-sponsored broadcasting to Belarus. The bill supported sanctions on Belarus and top leaders of the Lukashenko regime until Belarus met specific democratic and human rights criteria. The bill also required the President to report to Congress on the sale by Belarus of weapons or weapons-related assistance to regimes supporting terrorism, and on the personal wealth of Lukashenko and other senior Belarusian leaders. The 109<sup>th</sup> Congress passed several resolutions criticizing human rights abuses and calling on Belarus to hold free and fair elections. In January 2007, President Bush signed the Belarus Democracy Reauthorization Act (P.L. 109-480), which reauthorized and updated the provisions of the original Belarus Democracy Act. On January 26, 2011, Representative Chris Smith introduced H.R. 515, which would reauthorize the Belarus Democracy Act.

## **Contents**

Introduction .....	1
Political and Economic Situation.....	1
Economic Situation.....	2
Relations with Russia.....	3
NATO, the European Union, and Belarus .....	5
U.S. Policy.....	8
Congressional Action .....	12

## **Contacts**

Author Contact Information .....	14
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## **Introduction**

Belarusian President Aleksandr Lukashenko snuffed out Belarus's modest progress toward democracy and a free market economy and created an authoritarian regime shortly after being elected as president in 1994. His regime is in rhetoric and policies a throwback to the Soviet era. Those advocating a stronger U.S. role in trying to bring democratic change to Belarus say that the country is important to the United States because Belarus is an obstacle to the U.S. goal of making Europe "whole and free." Another concern is Belarus's support for pariah regimes, including through arms sales.

In 2008, the United States and European Union changed tactics in their policy toward Belarus. They moved to suspend some sanctions against the regime in exchange for what were, at best, very modest improvements on human rights issues. Analysts have attributed the policy shift, in which the EU played the leading role, to a variety of factors, including concerns about Russia's increasing assertiveness in its relations with neighboring countries, especially after Russia's military assault on Georgia in August 2008. However, after Lukashenko's brutal repression of the opposition after fraudulent presidential elections on December 19, 2010, the EU and United States have imposed strengthened sanctions against key Belarusian leaders.

## **Political and Economic Situation**

Lukashenko was first elected as President of Belarus in 1994 on a populist, anti-corruption platform. He dominates the Belarusian political scene, controlling the parliament, government, security services, and judiciary through a large presidential administration and substantial extra-budgetary resources. He has reduced potential threats from within his regime by frequently removing or transferring officials at all levels, often claiming they are incompetent or corrupt. Former regime figures who move into opposition are singled out for particularly harsh punishment. His tight control over an unreformed economy has prevented the rise of powerful "oligarchs," as occurred in Ukraine and Russia. The Lukashenko regime also controls almost all of the media, which it uses to burnish Lukashenko's image and attack real and imagined adversaries. Lukashenko is known for his political unpredictability and for making rambling and rhetorically colorful public statements.

Opposition groups and leaders in Belarus have so far posed little threat to the Lukashenko regime. The opposition's weakness is in part due to the regime's repression, but divisions over ideology and the conflicting personal ambitions of its leaders have also been factors. Lukashenko also appears to have succeeded in convincing some Belarusians, especially in the countryside, that his leadership has provided them with stable (if very modest) living standards and public order, in contrast to the vast disparities in wealth and rampant crime prevalent in neighboring Russia.

The State Department's Country Reports on Human Rights for 2009 judged Belarus's human rights record to be "very poor." It says the government has harassed, arrested, and beaten opposition figures. The regime has forced the closure of independent media and non-governmental organizations (NGOs) dealing with political issues and human rights. The regime sharply restricts activities of independent trade unions and some religious groups.

Belarus held its most recent presidential elections in December 2010. According to monitors from the Organization for Security and Cooperation in Europe (OSCE), the elections failed to meet

international standards for free and fair elections. The observers noted a few positive trends, including limited but uncensored television airtime for opposition candidates. However, the observers also detailed serious shortcomings in the vote. The government used its administrative resources to support Lukashenko's candidacy and broadcast media (entirely state-owned) focused overwhelmingly on positive coverage of Lukashenko. The vote count was conducted in a non-transparent way, with observers assessing almost half of observed vote counts as "bad or very bad." According to the Belarusian Central Election Commission, Lukashenko was reelected with nearly 80% of the vote. His top opponent, Andrei Sannikov, purportedly won under 3%. Perhaps angered by the negative OSCE report, Lukashenko expelled the OSCE office from Belarus.

The government responded to an election-night demonstration against electoral fraud in central Minsk with the arrest (and in several cases vicious beatings) of seven of the nine opposition candidates as well as the detention of over 600 other persons, including activists, journalists, and civil society representatives.<sup>1</sup> Most of the detainees were later released, but the Belarusian KGB security service has continued conduct interrogations of persons throughout Belarus, as well as confiscated equipment and documents from independent media and other civil society and opposition organizations. About two dozen persons presently remain in custody, including Mr. Sannikov and two other presidential candidates. Most of those detained (as well as several persons who have been released) face charges that could result in sentences of up to 15 years in prison.

## **Economic Situation**

Belarus's economy is the most unreformed in Europe, according to most observers. According to the European Bank for Reconstruction and Development, state-owned firms produced 70% of the country's Gross Domestic Product (GDP) in 2009. Nevertheless, until the global economic crisis, Belarus's economy appeared to be doing quite well, at least on paper. Belarus's economy has been buoyed by exports to a growing Russia, and, until recently, Belarusian refineries have profited from refining cheap Russian crude oil and exporting it to Western countries. In addition, many experts doubt that Belarusian statistics are entirely accurate. Growth in industrial production is made possible by subsidies to ailing state firms. Goods are often produced to meet targets set by state planners rather than market demand. This economic system keeps official unemployment very low. Wage and pension increases are mandated by the government. Collective farms are also propped up by subsidies, although private plots held by peasants are more productive. Prices of key consumer goods are controlled.

Lukashenko's policies have provided a low but stable standard of living for many Belarusians and are a key reason for the public support that he enjoys, particularly among older and rurally based Belarusians. State control of most of the economy can also provide a way of pressuring potential opponents into silence. Most persons in Belarus work at state-owned enterprises on one-year labor contracts, which the government can decline to renew if an employee displeases it.

The global economic crisis caused a slowdown in Belarus's economic growth. In 2008, real Gross Domestic Product (GDP) increased by a reported 10%, but growth slowed to 0.2% in 2009. However, GDP growth surged again in 2010 to 7.6%. Belarus's foreign exchange reserves dwindled as the government tried to defend the Belarusian rubel, leading it to request and receive

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<sup>1</sup> The OSCE election observers' preliminary report can be found at <http://www.osce.org/odihr/documents/74638>

a \$2 billion stabilization loan from Russia. Belarus also agreed to a \$2.5 billion loan from the International Monetary Fund in January 2009. The IMF added another \$1 billion in July 2009. Belarus has also received loans from the World Bank.

The IMF has called for wide-ranging reforms in such areas as price and wage liberalization, deregulation, privatization, and reducing the size of government. The government has simplified the tax system and cut red tape needed to establish new companies. However, the regime has so far shown few signs that it is willing to make more sweeping changes, such as sharply reducing government control of the economy or breaking up the collective farm system. Perhaps due to a need to raise funds for government coffers, Belarus has sold a few large companies to foreign investors, mostly from Russia.<sup>2</sup> Western buyers have shown little interest in buying Belarusian firms, given the unattractive investment climate in the country. In April 2010, Belarus said it would not seek another IMF loan, perhaps due to a disinclination to undertake structural reforms. Also, Lukashenko increased government spending ahead of the election, and may not have wanted a loan that would have been conditioned on reduced spending. Instead of looking to the IMF, Belarus has so far successfully sought financing on the Eurobond market, although it has had to pay high interest rates to do so.

## **Relations with Russia**

Belarus has close historical and cultural ties with Russia. The two countries also have close economic relations. Belarus is a member of the Eurasian Economic Community (also known as EurAsEC), also which includes Russia, Kazakhstan, Tajikistan, and Kyrgyzstan. In January 2010, Russia, Belarus, and Kazakhstan declared the creation of a customs union within EurAsEC. The members are also working toward the creation of a Single Economic Space, or common market, among the members. However, efforts to deepen the economic union with Russia have been hindered by Belarus's resistance to Russia's demands that it adopt the Russian ruble, which would cede control over monetary policy to Moscow.

Russian policy toward Belarus appears to be focused on gaining control of Belarus's key economic assets, while limiting subsidies to Belarus. After the collapse of the Soviet Union, Russia's state-owned natural gas firm Gazprom supplied Belarus with natural gas at Russian domestic prices, providing a large indirect subsidy to the Lukashenko regime. About 20% of Russia's natural gas exports and about half of its oil exports to Europe flow through Belarusian pipelines.

In late 2006, Gazprom strongly pressured Belarus to sell to it half of the Beltransgaz natural gas firm (which controls the pipelines and other infrastructure on Belarusian territory) and other key Belarusian energy firms, or face the quadrupling of the price Belarus would pay for Russian natural gas. Belarus would face a cut-off in supplies on January 1, 2007, if it did not agree to pay the higher price. Just hours before the deadline, however, the two sides reached agreement that averted a gas shutoff. Belarus agreed to pay more than double what it paid in 2006. Moreover, prices were scheduled to rise steadily over the next few years, reaching world market levels in 2011. Belarus agreed to sell Gazprom a majority stake in Beltransgaz. In 2007, the first 12.5% stake was sold to Gazprom for \$625 million. Gazprom paid the same amount for additional

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<sup>2</sup> Economist Intelligence Unit Country Report: Belarus, February 2010.

12.5% shares each year through 2010. Gazprom has said that it is interested in establishing a larger stake in Beltransgaz.

After settling the gas dispute, the two countries were soon embroiled in conflict over oil supplies. In addition to receiving cheap natural gas, Belarus has also benefitted from inexpensive and duty-free crude oil supplies that are processed at Belarusian refineries. Belarus then sold the bulk of these refined products to EU countries at a hefty profit. In January 2007, Russia moved to sharply reduce this subsidy to the Belarusian economy. Russia imposed a tariff on oil exports to Belarus. Belarus retaliated by increasing transit fees for Russian oil supplies to Western Europe. When Russia refused to pay, Belarus cut off oil supplies to Western European countries, angering their governments. Belarus and Russia ended the crisis by agreeing that Belarus would raise its export duty on crude and refined oil products to Western Europe to match that imposed by Russia. Russia would then exempt Belarus from most of the new Russian oil export duty. The drop in this subsidy from Moscow caused Lukashenko to cut some government spending and to look to Western banks for loans

Another oil crisis occurred in January 2010. Russia demanded another revision in the oil export arrangements between the two countries. Russia offered to supply a fixed amount of oil duty-free for Belarus's domestic use, but any amounts over that limit would be subjected to the full duty. In addition to a reduction of the Russian subsidy to Belarus, the plan would also put Russia's own refineries on a more equal footing with the subsidized Belarusian ones. Russian Deputy Prime Minister Igor Sechin (who is also chairman of the state-owned Rosneft oil company) said that if Belarus wants better terms it will have to sell equity stakes in its refineries to Russian firms. To put pressure on Belarus, Russia cut its supplies to Belarus by as much as 70%. Faced with a shutdown of its refineries, Belarus quickly agreed to a modified version of Russia's terms. The crisis did not have an impact on oil supplies to Western Europe.<sup>3</sup>

Russia continues to provide Belarus with subsidized natural gas, but is reducing the subsidy. Belarus paid 70% of the price paid by western European countries in 2009, but Moscow set the 2010 price for Minsk at 90% of the European price. Minsk has had difficulty in paying its debts to Gazprom for gas supplies, raising the possibility of a gas shutoff in the future. To hedge his bets, Lukashenko has tried to diversify Belarus's energy supplies through imports from such countries as Venezuela, Kazakhstan, Iran, and Azerbaijan, as well as development of coal reserves and a nuclear power plant within Belarus. Belarus received its first oil imports from Venezuela in 2010.

Lukashenko has pointed to close military cooperation between Russia and Belarus, and Belarus's geographical position between NATO and Russia as reasons for Russia to subsidize energy supplies to Belarus. Belarus is a member of the Russian-dominated Collective Security Treaty Organization (CSTO), which Russia hopes to make into a counterweight to NATO influence. In 2009, Belarus announced that it would join the CSTO rapid reaction force. However, Belarus continues to stress that it will not deploy its forces outside its borders. Russian and Belarusian air defenses have been closely integrated. Russia has supplied Belarus with up-to-date air defense equipment. In February 2009, the two countries signed a treaty on creating a joint air defense system. A regional task force of Belarusian and Russian ground forces conducts joint military exercises. There are a small number of Russian troops in Belarus, in part to run a naval radio station and an early warning radar station.

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<sup>3</sup> Economist Intelligence Unit, Country Report: Belarus, February 2010.

Normally the Kremlin's most loyal ally, Lukashenko has shown some independence from Moscow's foreign policy recently. Belarus has refrained from following Russia's lead in recognizing the Georgian breakaway regions of South Ossetia and Abkhazia as independent countries, despite continuing pressure from Moscow to do so. Belarus has provided asylum to former Kyrgyzstan President Kurmanbek Bakiyev, whose April 2010 ouster was supported by Moscow. Lukashenko has also played host to Georgian President and Kremlin antagonist Mikheil Shaakashvili.

In addition to conflicts over energy and foreign policy, tensions between the two countries have risen as a result of attacks on Lukashenko in government-controlled Russian media. In July 2010, Russian television (which is widely available in Belarus) broadcast a documentary entitled "The Godfather," that sharply criticized Lukashenko for involvement in the disappearance of four opposition leaders and journalists in 1999, for praising Adolf Hitler, and for corruption and nepotism. In October 2010, Russian television provided prominent coverage of a video blog entry by Russian President Dmitry Medvedev, who criticized Lukashenko for "anti-Russian rhetoric" during his presidential campaign. Medvedev added that instead of looking for enemies in America, Europe, and now Russia, Lukashenko should tend to his own affairs, including "the numerous cases of people who have disappeared." Analysts speculated on whether Moscow was attempting to undermine the Lukashenko regime with such attacks or is merely trying to warn him to fall in line with the Kremlin's wishes.

The answer to this question may have been given in early December 2010, just days before the election. The two sides signed an agreement on oil export duties that Minsk claimed was worth an estimated \$4 billion a year to Belarus. Lukashenko agreed that Belarus would further integrate its economy with Russia's in a regional "Single Economic Space." In contrast to U.S. and EU condemnation of what was widely perceived as a fraudulent election and of an ensuing crackdown against the opposition, Russian President Medvedev congratulated Lukashenko on his "reelection." Yet, in a sign that Russia is likely to continue to apply pressure to Belarus, Moscow has demanded a steep price increase for oil, resulting in yet another oil supply cutoff in January 2011.

## **NATO, the European Union, and Belarus**

Belarus's relations with NATO are poor. Belarus strongly opposed NATO enlargement to include central European countries. Lukashenko has continued to claim that NATO represents a military threat to Belarus. Belarus is a member of NATO's Partnership for Peace program, but has not been very active in it.

Belarus's ties with the European Union have also been difficult. Although Lukashenko has often called for closer economic ties with the EU, he has condemned EU criticisms of his regime as interference in the country's affairs. After 1997, the EU followed a policy of limiting its official contacts with the Lukashenko regime. Belarus is the only ex-Soviet country without a Partnership and Cooperation Agreement (PCA) with the EU in force. Because of this, Belarus was long excluded from the EU's "European Neighborhood" policy, which seeks to improve ties with countries around the EU. The strategy included "action plans" for Ukraine, Moldova and countries in the Middle East and North Africa, but not Belarus.

The EU budgeted 20 million Euro in aid to Belarus under the European Neighborhood and Partnership Instrument program for 2007-2010. The aid assists NGOs, as well as efforts in such



areas as health, the environment, and the regions affected by the Chernobyl nuclear accident. In January 2006, the EU started a modest program to beam independent information via radio and television into Belarus from Poland, Lithuania, and Russia. It has also provided funding for scholarships abroad for Belarusian students, as well as support for the European Humanities University, once located in Belarus, but relocated to Lithuania owing to harassment from the Lukashenko regime.

In September 2004, the EU barred from its territory high Belarusian officials involved in the disappearance and murder of four journalists and politicians, as well as those involved in subsequent cover-ups. In December 2004 elections, the EU announced an extension of its visa ban to “persons who are directly responsible for the fraudulent elections and referendum in Belarus on October 17, 2004 and those who are responsible for severe human rights violations in the repression of peaceful demonstrators in the aftermath of the elections and referendum in Belarus.”<sup>4</sup> After equally fraudulent March 2006 presidential elections, the EU imposed a visa ban and an asset freeze on 31 high-ranking Belarusian officials, including Lukashenko, key members of the Belarusian presidential administration, parliament, law enforcement ministries, and election authorities. The EU has not supported economic sanctions on Belarus as a whole. However, in June 2007 the EU suspended tariff reductions that Belarus enjoyed under the Generalized System of Preferences (GSP). The move was taken in response to Lukashenko’s repression of independent trade unions.

The conflict over energy prices between Belarus and Russia in 2006 and 2007 led the EU to explore the possibility of improved relations with Belarus in exchange for political and economic liberalization. In November 2006, the EU presented a document to Belarus reminding Minsk of the benefits it would receive under the European Neighborhood program if it engaged in democratization. However, Lukashenko rebuffed the EU approach, saying that while he favored better relations with the EU, he would not allow any changes in Belarus’s political system.

In 2008, Lukashenko adopted a more conciliatory policy toward the EU. In January and February 2008, Belarus freed political prisoners whose release was demanded by the United States and the EU. On March 7, Belarus signed an agreement with the EU to open an EU Commission delegation in Minsk. The moves contrasted with a sharp deterioration in relations with the United States at the same time, leading to speculation that Belarus was trying to split the U.S. and EU. Lukashenko freed the final three political prisoners in Belarus in August 2008. However, EU and U.S. efforts to encourage real political reform suffered a setback when Belarus’s September 2008 parliamentary elections fell short of OSCE standards, although the OSCE noted a few “minor” improvements.

Nevertheless, given Russia’s continuing pressure on Belarus’s energy supplies, increasing Russian investment in Belarus, and the perceived threat posed to Russia’s neighbors by its military actions in Georgia, the EU expanded its policy of engagement with the Lukashenko regime. On October 13, 2008, EU foreign ministers agreed to suspend the travel ban on Lukashenko, as well as most of the other Belarusian leaders banned from travel to the EU, for six months. The EU has since extended the travel ban suspension for several additional six-month periods. A few Belarusian officials remained under travel sanctions, including the head of the Belarusian Central Electoral Commission, and officials believed implicated in the disappearance

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<sup>4</sup> “EU’s Relations with Belarus,” EU Commission website, [http://europa.eu.int/comm/external\\_relations/belarus/intro/index.htm#initiatives](http://europa.eu.int/comm/external_relations/belarus/intro/index.htm#initiatives).

of three opposition figures and a Russian television cameraman in 1999. EU officials and top officials from EU countries visited Belarus.

In May 2009, the EU invited Belarus to join its Eastern Partnership Initiative, part of the EU's European Neighborhood program. The Partnership is aimed at developing a regional approach to the EU's relations with the countries lying between the EU and Russia, rather than the bilateral ties that the EU has at present with these states. The program could lead to greater aid and advice from the EU to Belarus. Long-term goals of the Partnership include a free trade zone and visa-free travel to the EU.

After the EU unveiled its new policy, many opposition leaders were skeptical of aspects of the EU's rapprochement with Lukashenko. They did not oppose in principle the suspension of sanctions and the Eastern Partnership for Belarus, but stressed that in exchange for these concessions the EU must insist far more strongly on a specific timetable for real democratic reforms rather than what they viewed as the merely cosmetic ones offered by the regime. They expressed concern that the EU is sacrificing them for geopolitical reasons and perhaps also to participate in the purchase of Belarus's economic assets.

Some analysts attribute the EU's more accommodating stance toward Belarus as a geopolitical response to the Russian assault on Georgia. EU leaders reportedly fear that a resurgent Russia could move to completely dominate Belarus unless the EU moves quickly to engage it. On the other hand, EU countries with a particularly close relationship with Russia, such as Germany, France, and Italy, are anxious to reassure Moscow that any improvement of EU ties with Belarus will not come at the expense of Russia's own special relationship with Minsk. Analysts also claim that a new policy of engagement was needed, as the old one of near-isolation had done nothing to make the country more democratic.

Some countries that have traditionally been more skeptical of Moscow, such as Poland and Lithuania, also favored the new opening to Belarus. As neighbors of Belarus, they want to foster increased economic and other exchanges across their common border. In addition, Poland hopes engagement will improve the situation of the substantial ethnic Polish minority in Belarus. However, despite the EU's new policy, Lukashenko has continued his efforts to exert control over ethnic Polish organizations in Belarus, in particular by harassing the Union of Poles, an independent organization backed by Warsaw.

For his part, Lukashenko wants to increase EU investment in Belarus. Minsk also hopes to become a more important and reliable energy transit state for Europe, although this would depend in large part on Russia, Belarus's energy supplier.<sup>5</sup> Despite his desire for closer ties with the EU, Lukashenko has continued to make clear his continued support for very close ties with Moscow. He has also complained about EU pressure for democratic reforms. Lukashenko has not ruled out recognizing South Ossetia and Abkhazia, despite EU warnings not to do so. If Belarus were to recognize the two regions, it would prove an embarrassing setback to EU-Belarus relations.

The fraudulent December 19, 2010, elections and their aftermath have been a serious setback to EU-Belarus relations. Before the vote, on November 2, 2010, German Foreign Minister Guido Westerwelle and Polish Foreign Minister Radoslaw Sikorski visited Minsk and met with

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<sup>5</sup> Ahto Lobjakas, "EU Says Belarus 'Halfway' in European Partnership Process," from the Radio Free Europe/Radio Liberty website, <http://www.rferl.org>, accessed on January 27, 2009.

President Lukashenko. They called on Belarus to hold a free and fair presidential election. If it did so, Sikorski said Belarus could receive about 3 billion Euro in grants and loans from the EU over the next three years. However, the brutal post-election crackdown has resulted in a dramatic shift in EU policy., Westerwelle and Sikorski, who had only weeks earlier offered Belarus a 3 billion Euro “carrot,” coauthored with Swedish Foreign Minister Carl Bildt and Czech Foreign Minister Karel Schwarzenberg a sharply worded article in the December 23 *New York Times* entitled “Lukashenko the Loser.” They said that “continued positive engagement with Mr. Lukashenko at the moment seems to be a waste of time.” They said Europe “must now deepen our engagement with the democrats of Belarus and those inside the government who disapprove of the fateful turn their country has taken.”

On January 31, 2011, European Union foreign ministers agreed to reimplement visa bans against top Belarusian leaders, which were first imposed in 2004 and 2006 and suspended in 2008. In addition, they agreed to impose visa bans and asset freezes on those responsible for the fraudulent December 2010 election and the ensuing crackdown on the opposition and civil society. The ministers said that the sanctions would be lifted only after the release and “rehabilitation” of those persons detained on political grounds. The Council added that in addition to this, “further reforms of the Electoral Code, the freedom of expression and of the media, the freedom of assembly and association, would pave the way for the lifting of the restrictive measures.” The ministers said the EU would provide “urgent support to those repressed and detained on political grounds and their families” and strengthen other aid to civil society, “targeting in particular NGOs and students.”

The statement said the EU looked forward to opening talks with Belarus for “visa facilitation” to permit more ordinary Belarusian to visit the EU. In the meantime, the ministers expressed support for EU member states’ waiver or reduction of visa fees for Belarusians. The EU statement stated that the EU remains committed to dialogue with the Belarusian authorities and to the Eastern Partnership program, but that “deepening” EU relations with Belarus “is conditional on progress towards respect by the Belarusian authorities for the principles of democracy, the rule of law and human rights.”<sup>6</sup>

## **U.S. Policy**

The United States recognized independent Belarus on December 25, 1991. U.S. officials hailed the removal of all nuclear weapons from Belarus in November 1996. However, U.S.-Belarus relations deteriorated as Lukashenko become increasingly authoritarian. In March 1997, a State Department spokesman announced a policy of “selective engagement” with Belarus on issues of U.S. national interests and “very limited dealings” on other issues.

U.S. aid to Belarus has been meager. The United States provided \$11.5 million in aid for FY2009 and allocated \$15 million in aid to Belarus in FY2010. The Obama Administration requested \$14 million in aid to Belarus in FY2011. U.S. aid is focused on supporting pro-democracy NGOs and independent media and fighting trafficking in persons. Modest aid is also targeted to promoting economic reforms and assisting the country’s health and education sectors.

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<sup>6</sup> The EU foreign ministers’ statement can be found at [http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/EN/foraff/119038.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/119038.pdf)

U.S. officials have noted that implementation of U.S. programs has been made difficult by the Lukashenko regime. The Bush Administration noted that the regime's harassment of NGOs, including by banning foreign aid to NGOs even remotely dealing with politics and jailing members of NGOs not registered with the authorities, hindered the delivery of U.S. aid. In its FY2011 Congressional Budget Justification, the Obama Administration noted that the sharp reduction in the number of U.S. diplomats in Belarus forced by the Belarusian government makes monitoring and assessing program performance difficult. For this reason, the report said, the Administration was not planning to increase U.S. aid for political reform in Belarus.<sup>7</sup>

In addition to U.S. opposition to Lukashenko's human rights violations, the United States has criticized Belarus's relations with rogue regimes. In April 2003, Deputy Assistant Secretary of State Stephen Pifer charged that substantial evidence existed that Belarus had provided weapons and training to countries and groups that support terrorism, including Iran and Saddam Hussein's Iraq.<sup>8</sup> Belarus's assistance to Saddam's regime may have also extended beyond the regime's collapse. One high-ranking aide to Saddam was reportedly captured by U.S. forces with Belarusian passports for himself and other key regime leaders, including Saddam's sons.<sup>9</sup> More recently, Belarus has sold weapons to Syria, another U.S.-designated state sponsor of terrorism. Belarus has also reportedly served as a conduit for sales by Russia of highly sophisticated arms to Iran and Syria.<sup>10</sup> In July 2007, Venezuela announced plans to buy \$1 billion in arms from Belarus.

On October 20, 2004, in a statement announcing his signing of the Belarus Democracy Act of 2004 (P.L. 108-347), President Bush said Belarusian elections were undertaken "in a climate of abuse and fear," noting that OSCE and other observers found that Lukashenko's victory "was achieved by fraudulent means." He added that "at a time when freedom is advancing around the world... there is no place in a Europe whole and free for a regime of this kind." The President stressed that "the fate of Belarus will rest not with a dictator, but with the students, trade unionists, civic and religious leaders, journalists, and all citizens of Belarus claiming freedom for their nation." In December 2004, the United States, in concert with the EU, enacted a visa ban on Belarusian officials involved in electoral fraud and human rights violations. A March 2006 Administration report, required by Congress as part of the Belarus Democracy Act, accused Lukashenko and his regime of corruption on a massive scale and selling arms to state supporters of terrorism such as Iran and Sudan.

U.S. officials were sharply critical of the conduct of the 2006 Belarus presidential election. On March 20, 2006, a White House spokesman said that the United States "does not accept the results of the election," saying that it was conducted in a "climate of fear" and adding that the U.S. supported opposition calls for a new vote to be held. In May 2006, at a meeting of post-communist nations in Lithuania, Vice President Dick Cheney called Belarus "the last dictatorship in Europe," echoing similar statements made by Administration officials in the past. Cheney noted that "peaceful demonstrators have been beaten, dissidents vanished, and a climate of fear prevails under a government that subverts free elections. There is no place in a Europe whole and free for a regime of this kind."<sup>11</sup>

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<sup>7</sup> State Department FY2011 Congressional Presentation on Foreign Assistance, February 2010.

<sup>8</sup> AP wire dispatch, April 16, 2003.

<sup>9</sup> Andrei Sannikov and Mark Lenzi, "Belarus's Terrorist Ties," *Washington Post*, June 12, 2004, 21.

<sup>10</sup> Vladimir Isachenkov, "Dead Russian Newsmen was Probing Arms Sales to Syria and Iran," Associated Press wire dispatch, March 6, 2007.

<sup>11</sup> Reuters news agency dispatch, May 4, 2006.

The United States imposed sanctions on key members of the Lukashenko regime after the 2006 Belarusian presidential elections. On May 15, 2006, President Bush announced a visa ban for the travel of senior Belarusian leaders to the United States. On June 19, 2006, the United States froze the assets of senior Belarusian officials. In addition to Lukashenko himself, the financial sanctions affect fifteen other persons, including Lukashenko's closest advisors, the head of the Belarusian KGB, the Ministers of Justice and Interior, the head of the Belarusian state television and radio company, and the head of the central election commission. In a message to Congress, the President said that these persons were chosen because they undermined democratic processes in Belarus, violated human rights of Belarusians, or engaged in corruption.<sup>12</sup>

On November 13, 2007, the Administration froze the U.S. assets of the state-owned oil and petrochemicals firm Belneftekhim and prohibited U.S. persons or businesses from doing business with it. Belneftekhim makes chemical fertilizers and oil products. It accounts for 35% of Belarus's exports and over 30% of the country's industrial output. U.S. officials said the move was aimed at tightening financial sanctions against a massive conglomerate under the regime's control. However, the material impact of the sanctions was not expected to be great, given the company has only modest assets in the United States, and that the EU, the main market for Belneftekhim's products, has not imposed sanctions of its own on the firm.<sup>13</sup> Nevertheless, Lukashenko reacted angrily to the U.S. move.

On March 6, 2008, the Administration issued a clarification on the Belneftekhim sanctions that said that the freezing of Belneftekhim's assets included the assets of any firms in which Belneftekhim owns a 50% or greater interest. Lukashenko responded by recalling Belarus's ambassador to the United States on March 7 and pressing for the removal of the U.S. Ambassador to Belarus, Karen Stewart. Ambassador Stewart left Minsk on March 12 for consultations in Washington. Belarus reduced the number of its diplomats in Washington to five persons, and demanded that the United States do the same. The United States complied with Belarus's request. The United States has not appointed a new Ambassador to Belarus.

After this low point in U.S.-Belarusian ties, the United States appeared to attempt to improve relations, in line with the European Union's desire to engage Belarus by easing sanctions in exchange for small steps forward on democratization. In early September 2008, the United States suspended sanctions for six months on two Belneftekhim entities, while leaving sanctions on others. The move was a reward for the release of the last Belarusian political prisoners in August and an incentive to hold freer and fairer parliamentary elections on September 28. In testimony before the Commission on Security and Cooperation in Europe on September 16, 2008, Assistant Secretary of State David J. Kramer said that the United States did not seek "regime change" in Belarus, only "a change in regime behavior."

However, the overture to Belarus appeared to suffer a setback after Belarus's 2008 parliamentary elections, which the State Department said "fell significantly short" of international standards. It said that the United States would "maintain the dialogue" with the Belarusian government, but that better elections and a better human rights record would be needed before ties could improve "significantly."<sup>14</sup> Despite Belarus's lack of significant progress on democratic reform, the United

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<sup>12</sup> White House press release, June 19, 2006, available online from the White House website at <http://www.whitehouse.gov/news/releases/2006/06/20060619-4.html>.

<sup>13</sup> Eurasia Daily Monitor, November 29, 2007. Information on the financial sanctions can be found at the U.S. Treasury Department website, <http://www.treasury.gov/offices/enforcement/ofac/programs/belarus/belarus.shtml>.

<sup>14</sup> "Belarus: Parliamentary Elections," State Department press statement, September 29, 2008, from the State (continued...)

States extended the suspension of sanctions on the two Belneftekhim entities for several additional six-month periods, most recently in November 2010.

The United States is concerned about human trafficking in Belarus. According to the State Department's 2009 Trafficking in Persons report, Belarus is a country of origin and transit for women and children trafficked for sexual exploitation. It is listed as a "Tier 2" country. This means that it does not meet minimum standards for the elimination of trafficking, but is making "significant" efforts to do so. The report says Belarus has demonstrated "sustained efforts to prosecute and punish trafficking offenders," but needs to do more in protection of and assistance to victims.

Belarusian officials expressed "bewilderment and regret" at the non-invitation of Lukashenko to participate in the Nuclear Security Summit in Washington in April 2010. Lukashenko claimed that Belarus has hundreds of kilograms of highly enriched uranium and that world leaders should sit down and discuss what to do with it. Lukashenko's remarks may have been prompted by a deal signed at the summit between the United States and Ukraine on the disposal of Ukraine's highly enriched uranium stockpile.

On December 1, 2010, Secretary of State Clinton and Belarusian Foreign Minister Sergei Martynov, meeting in Astana, Kazakhstan, announced that Belarus had agreed to eliminate its supply of highly enriched uranium (HEU) by the next Nuclear Security Summit in 2012 in Korea. In return, Belarus will receive an invitation to that summit, as well as U.S. aid to help Belarus dispose of its HEU. The United States will continue to provide assistance for security upgrades at the Belarus Joint Institute for Power and Nuclear Research, where all of the HEU is kept. The United States also offered unspecified support for Belarus's desire to build a new civilian nuclear power plant. Finally, the two sides agreed that "enhanced respect for democracy and human rights in Belarus remains central to improving bilateral relations..." Belarus's agreement to give up its HEU may have been part of an effort to secure better ties with the United States, given the importance with which the United States views nuclear proliferation.

However, the positive impact of the HEU agreement on U.S.-Belarusian relations may have been damaged by the December 19, 2010, presidential election debacle. In a statement released by the White House press secretary on December 20, the Administration said it "strongly condemns the actions that the Government of Belarus has taken to undermine the democratic process and use disproportionate force against political activists, civil society representatives and journalists, and we call for the immediate release of all presidential candidates and the hundreds of protestors who were detained on December 19 and 20. The United States cannot accept as legitimate the results of the presidential election announced by the Belarusian Central Election Commission December 20." The statement said that "the Belarusian government's actions "are a clear step backwards on issues central to our relationship with Belarus."

On December 23, Secretary of State Clinton and European Union High Representative Catherine Ashton issued a joint statement reiterating the call for the immediate release of presidential candidates and others detained after the election, condemning the regime's violence, recognizing the "serious problems" in the conduct of the vote. The statement stressed that democracy and human rights "remain central" to improving Belarus's relations with the U.S. and EU. In January

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Department website, <http://www.state.gov>.

2011, Clinton and Ashton issued another statement condemning Belarus's closure of the OSCE Mission in Minsk.

On January 31, 2011, in a move timed to coincide with a similar EU statement, the United States announced a package of measures in response to the situation in Belarus. The Administration re-imposed sanctions against Lakokraska OAO and Polotsk Steklovolokno OAO, the two key subsidiaries of Belneftekhim against which sanctions had previously been suspended. The statement also said the United States will "significantly" expand the number of Belarusian officials (and their families) subject to a visa ban to include those responsible for the fraudulent December 2010 election and the repression that followed. The United States will also increase the number of persons and entities subject to asset freezes.

The statement said that the United States would increase its support to Belarusian civil society, independent media, and democratic political parties by at least 30%, and will participate in a February 2 donors' conference in Warsaw aimed at boosting assistance for these purposes. The Administration said that the U.S. will review its policy based on whether Belarus takes certain actions, including "the immediate release of all detainees and the dropping of all charges associated with the crackdown; a halt to the harassment of civil society, independent media and the political opposition; and space for the free expression of political views, the development of a civil society, and freedom of the media."<sup>15</sup>

For FY 2011, the Administration requested \$14 million in aid for Belarus, of which just over \$9.6 million was slated for aid for "political competition and consensus-building" and "civil society." However, as noted above, such aid efforts may be hampered by regime repression and the limitation of the U.S. diplomatic personnel in Belarus to five persons.

Another possible sanctions option, which has not been announced by the EU and United States, could be to vote against loans to Belarus from the IMF and other international financial institutions. However, Lukashenko is not currently seeking an IMF loan, preferring to try to raise funds on the Eurobond market and in Russia. Moreover, opponents of such a move might object that it could hurt the Belarusian people as much or more than the top leadership.

## **Congressional Action**

Members of Congress have spoken out strongly against human rights abuses in Belarus in Congressional hearings, floor statements, speeches and proposed legislation. In the first session of the 108<sup>th</sup> Congress, the Belarus Democracy Act was introduced. On February 25, 2004, the House International Relations Committee unanimously approved a modified version of the bill. It authorizes aid for pro-democracy forces in Belarus, as well as funds for increased broadcasting to Belarus by Voice of America and Radio Free Europe/Radio Liberty. The bill calls for sanctions on Belarus, including expressing the sense of the Congress in favor of a visa ban against senior Belarusian officials; a prohibition on strategic exports to Belarus; a prohibition on U.S. financial assistance to the Belarusian government; and expressing the sense of the Congress that the United States should oppose multilateral financial aid to Belarus. These conditions would remain in place until Belarus meets specific democratic and human rights criteria. The President can waive the sanctions if he certifies that it is in the U.S. "national interest" to do so. The bill expresses the

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<sup>15</sup> For a text of the statement, see <http://www.state.gov/r/pa/prs/ps/2011/01/155640.htm#>

sense of the Congress that the President should coordinate with European countries to take similar measures against Belarus.

The bill also requires the President to report within 90 days and every year thereafter on the sale of weapons or weapons-related assistance to regimes supporting terrorism, and on the personal wealth of Lukashenko and other senior Belarusian leaders. While supporting the bill's objectives, the Administration opposed mandated sanctions included in previous versions of the bill, saying they would reduce needed diplomatic flexibility.<sup>16</sup> The President signed the modified Belarus Democracy Act on October 20, 2004 (P.L. 108-347). On July 22, 2004, the House passed H.Res. 652 by a vote of 421-0. The resolution called on Belarus to hold free and fair parliamentary elections.

Before the 2006 Belarusian presidential election, the House and Senate each passed resolutions in March 2006 calling on Belarus to hold a free and fair vote. The House resolution (H.Res. 673) listed the shortcomings of the election campaign, called for specific improvements before the vote, and held out the possibility of better relations between Belarus and the United States if the election were free and fair. The Senate resolution (S.Res. 401) contains similar provisions but adopts a more critical tone, sharply condemning the "tyranny" of the Lukashenko regime. S.Res. 530, which dealt with U.S.-Russian relations on the eve of the G-8 summit in Moscow, criticized Russia for being the only G-8 country to applaud the outcome of the Belarusian presidential election.

On July 27, 2006, Representative Christopher Smith introduced the Belarus Democracy Reauthorization Act of 2006 (H.R. 5948). The bill contains many of the same provisions as the 2004 law, such as authorizing U.S. aid for pro-democracy groups, banning U.S. aid to the Belarusian government, supporting U.S. broadcasting to Belarus, and proposing sanctions against high-level Belarusian officials. The bill was approved by the House by a vote of 397-2 on December 8 and by the Senate by unanimous consent on the next day. It was signed by the President on January 12, 2007 (P.L. 109-480). On May 6, 2008, Representative Smith introduced the Belarus Democracy Reauthorization Act of 2008 (H.R. 5970), which included necessary updates and changes to the 2006 Act in order to reauthorize it.

On June 10, 2009, the House passed H.R. 2410, the Foreign Relations Authorization Act 2010 and 2011. Section 1121 of the bill contains a sense-of-the-Congress provision that notes that, despite modest improvements, the Belarusian government's human rights record remains poor. It says U.S. policy is to support democratic development, free markets in Belarus, as well as that country's sovereignty. It says that the United States remains open to reevaluating U.S. sanctions against Belarus, if demonstrable progress is made in democracy and human rights. It calls on the United States to furnish assistance to Belarus to promote independent media, non-governmental organizations, democratic political parties, free elections, international exchanges, and educational initiatives. Section 1121 also calls for support for international broadcasting to Belarus, including Radio Free Europe/Radio Liberty.

On January 13, 2010, Representative Ileana Ros-Lehtinen introduced H.R. 4436. The bill would require an annual report by the Secretary of State to the House Foreign Affairs Committee and the Senate Foreign Relations Committee on Belarus's arms sales and weapons-related technology transfers, including to countries designated as state sponsors of terrorism.

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<sup>16</sup> Discussions with U.S. officials.



On November 16, 2010, Representative Christopher Smith introduced H.Res. 1716, which sharply condemns Lukashenko as a “dictator,” and calls on Belarus to conduct the presidential election according to OSCE standards. He says that the United States remains open to reevaluating ties with Belarus when it makes demonstrable progress in democracy, human rights, and the rule of law.

Members of Congress have addressed the fraudulent December 2010 vote and the crackdown on the opposition. On January 26, 2011, Representative Smith introduced H.R. 515, which would reauthorize the Belarus Democracy Act. In a January 19 letter to Baroness Ashton, Senators Shaheen, Lugar, McCain, Lieberman, Durbin and Casey called for enhanced U.S. and EU visa and financial sanctions against Belarusian leaders, including by extending them to encompass family members of top Belarusian leaders. On January 27, 2011, the Subcommittee on Europe of the Senate Foreign Relations Committee held a hearing on the situation in Belarus. During the hearing, Subcommittee Chairwoman Senator Shaheen condemned the Lukashenko regime’s conduct and called for sanctions to be imposed upon it. On January 30, 2011, in an op-ed article in the Washington Post, Senator Kerry and Senator Lieberman called for sanctions targeted against the regime, and increased support for Belarusian civil society.

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