



# BULLETIN

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## The Presidential Election in Venezuela: Will Russia and Belarus Lose an Ally?

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*Nicolás Maduro, Venezuela's acting head of state, and Enrique Capriles, opposition leader, are the most important candidates in the forthcoming presidential election. Regardless of which of them succeeds the late Hugo Chavez after the 14 April vote, Russia and Belarus may lose an important political and economic ally. If, for example, Venezuela withdraws its support for Russia's policy towards Syria and Iran, or its recognition of Abkhazia and South Ossetia after the election, the goals of Russian diplomacy will have to be re-evaluated and its methods of operation changed. For the European Union, including Poland, it is desirable to intensify the dialogue with Russia on such controversial issues.*

**Russia's Relations with Venezuela and Belarus.** Russia cooperated with Venezuela in political, military and economic spheres. In politics, Russia could count on Venezuela's support at the UN, and the Venezuelan government made gestures that were important for Russia, such as recognising the independence of Abkhazia and South Ossetia. Chavez also built his own Bolivarian Alliance for the People's of our America (ALBA), which includes, amongst others, Venezuela, Cuba, Ecuador, Nicaragua and Bolivia. ALBA could play a significant role in Russian foreign relations, as Moscow seeks to obtain the broadest possible support for its policies regarding, for example, the Middle East and Georgia.

Cooperation between the two countries also included economic projects. A broad range of ventures included joint production of crude oil, construction of a nuclear power plant in Venezuela, development of gold mines, and creating a joint investment bank. Military cooperation was focused mainly on Russian arms sales. Since 2005, Moscow has sold weapons worth more than \$4 billion to Venezuela, including modern Sukhoi-30 fighters, and more than 100,000 AK-103 rifles.

Political, economic and military cooperation with Venezuela were, however, much more important for Belarus. As with Russia, the priorities were joint projects associated with the extraction and processing of oil, and contracts for the supply of weapons. The opportunity to travel to Venezuela was also important for Alexander Lukashenka, who is isolated in the European arena. What is more, the Belarusian president has repeatedly emphasised his familiarity with Hugo Chavez. The two countries also cooperate in the framework of the Non-Aligned Movement.

In 2007 Belarus and Venezuela created a joint company "Pertolera BieloVenezolana," which in 2008 began production of crude oil and natural gas (in 2011–2012 it produced 2.18 million tons of oil and 1 billion, 590 million m<sup>3</sup> of gas). Today, the company, in which "Belarusneft" holds a 40% share, is working on seven boreholes for oil and six for gas. An important contract for the import of Venezuelan oil was used by the Belarusian authorities in 2010 as an attempt to reduce its dependence on Russian supplies. Oil was imported from Venezuela by tankers, mainly via the Ukrainian port of Odessa, from where it was transported to the Mozyr refinery via the Odessa–Brody pipeline. However, due to the very high cost of importing oil from Venezuela, Belarus withdrew from the project in 2012.

The Belarusian authorities also exploited their good relations with Venezuela to conclude contracts for the installation and supply of buses and trucks manufactured by the Minsk Automobile Plant (MAZ), and tractors of the Minsk Tractor Works (MTZ). An MTZ assembly plant and MAZ truck factory were established in Venezuela, which gave Belarus opportunities to increase exports of these vehicles to other Latin American countries (in 2008–2012 the total export of Belarusian goods to Venezuela reached \$1.16 billion).

Since 2008, Belarus has also coordinated a project to create a single air defence system for Venezuela. Belarus, supplies Venezuela with software and (together with Russia) short-range (Pechora-2M), mid-range (Buk-M2) and long-range (S-300) missiles.

**The Future of Mutual Relations.** If Henrique Capriles, leader of the opposition, wins the April 14 election, Venezuelan foreign policy is certain to shift rapidly and radically towards rapprochement with the U.S. and will bring about an end to special relations with Russia and Belarus. If acting head of state and election front-runner Nicolás Maduro wins, we should expect a more gradual weakening of Venezuela's cooperation with Russia and Belarus. Maduro, the most likely to succeed Chavez, does not have the late president's charisma, popularity and standing in the region, on which the relationship with the Russian and Belarusian presidents was based. If he wins, he will have to focus more on internal problems. Venezuela—with an economy that relies wholly on oil exports—has growing economic problems, including a high budget deficit, inflation, and shortage of goods in the shops. So although Maduro has given assurances that the strategic partnership between Venezuela and Russia and Belarus will continue, that is rather unlikely.

As a result, Russia's influence in Latin America may weaken. Lack of Venezuelan support in the United Nations will also limit Russia's opportunities to form coalitions within the organisation (and other international institutions) during votes, especially if the Russian government presents positions different to those of the U.S. or EU, for example on the situation in Syria or Iran.

The future of the sale of Russian arms to Venezuela is also unclear. It is likely that the 2011 agreement on the extension of a \$4 billion loan for the purchase of weapons by Venezuela was unfavourable for Russia, but the Russian government agreed to Chavez's request to extend it. The death of the Venezuelan president may therefore mean that the contract will soon be broken.

However, the Venezuelan government apparently wants to show that Russia can still count on its support. On March 18, the Russian Rosneft and Venezuelan PDVSA signed a partnership agreement on the joint extraction of an estimated 40 billion barrels of oil.

The prospects of changes in Venezuela–Belarus relations are similar. If Nicolás Maduro wins the election, contracts with Belarus will not be broken because of the money already paid by Venezuela. However, it is unlikely that the Venezuelan government will increase cooperation with Belarusian partners, as they will be guided primarily by the economic interests of the state. If the opposition candidate does win, it can be expected that the new authorities will demand that Belarus compensate Venezuela for the cost of oil purchased, and will seek to end cooperation with Belarus in other areas. These potential breaches of contracts with Venezuela would reflect negatively on the economy of Belarus. MAZ, MTZ and construction companies would primarily record losses, but there could also be a reduction in the flow of foreign currency (particularly the money received in the frameworks of military contracts), which Belarus badly needs for the repayment of foreign loans.

Regardless of the situation, it seems probable that the existing contracts with Belarus, primarily for the supply of buses, trucks and tractors as well as construction services, will be implemented. But it does not seem possible that Belarus will import crude oil from Venezuela in the near future, which will mean that the Odessa–Brody pipeline will continue to be unfulfilled.

**Conclusions and Recommendations for the EU.** For the European Union, the new president of Venezuela and expected changes in Venezuelan–Russian relations offer an opportunity to intensify talks with Russia and the search for understanding in areas in which the Russian government has previously been able to count on support from Venezuela and other countries in the region. Russia's position on Syria may serve as an example. Venezuela supported the government of Bashar al-Assad strongly, a position which may now change. Venezuelan withdrawal of recognition of Abkhazia and South Ossetia is also possible, and that may force Russia to look for other countries ready to make such a gesture. This, however, might be difficult, and might eventually improve the situation of Georgia and its position towards the two separatist republics and Russia itself.

Losing Venezuela as an ally will deepen the isolation of Belarus in the international arena, reduce Belarusian diplomacy's room for manoeuvre, and hamper the search for South American markets for Belarusian goods. This will mean that the Belarusian authorities will come under more pressure to integrate further with Russia, which they want to avoid. In such a case it is possible that they will try to improve relations with the European Union. The EU should take advantage of this fact before the November summit of the Eastern Partnership countries in Vilnius, and demand the release of Belarusian political prisoners as a precondition to starting a dialogue with the regime.