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STAYING THE COURSE

THE OPTIONS OF THE WEST IN THE FACE OF BELARUS

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- **The West should keep a close eye on Belarus. Events during recent weeks have resulted in some unexpected shifts in Belarus' foreign policy. Apparently, President Lukashenko now sees the main challenge to his power to be coming from Russia's direction, and feels the need to look for support from the West. Over time, this could also herald some potentially far-reaching changes inside the country.**
- **One should not expect Lukashenko's regime to vanish overnight. Despite the increases in gas and oil prices, the country's economic situation is likely to remain stable for the foreseeable future. What is more, the political opposition remains weak and fragmented.**
- **The Belarusian foreign policy line is not developing within the "Russia-West" axis only. In reality, the Minsk contacts are more diversified than is sometimes believed. Most visible are the ties with Venezuela, Iran, and China, as well as some other Latin American and Arab countries.**
- **The Western actors should be cautioned against taking Lukashenko's recent overtures at face value. It is quite likely that they may end up being deceived and merely help Lukashenko perpetuate his regime. More importantly, by rushing to embrace Lukashenko, the West would only discredit its own liberal agenda as well as betray the very opposition forces in Belarus that it has sought to cultivate.**
- **Despite the rapid pace of recent events, the West should be in no hurry to react. Time remains to follow the developments. The West – especially the European Union – should voice its continued support for the liberal agenda of the genuine opposition in Belarus and be ready to approach the country with a generous programme of rapprochement should the ice begin to thaw in the as yet frozen river.**

A friendship in the breaking?

Events during recent weeks have resulted in a clear worsening of relations between Belarus and Russia. This has already generated some interesting shifts in Belarus' foreign policy. In several statements, Belarusian leader Alexander Lukashenko thanked Europe and the United States for their support and said that Minsk would be ready to develop as much cooperation with Europe as necessary to ensure the energy security of the country. Presumably, this change of tack is due to the fact that Lukashenko now sees the main challenge to his power to be coming from Russia's direction and feels the need to look for support from the West.

Over time, this could also herald some potentially far-reaching changes inside the country. This is why the West – especially the European Union and the United States – should keep a close eye on the developments with a view to taking the necessary steps in order to safeguard the independence of the country and to promote the liberalization and democratization of Belarusian society when the time comes.

The recent events have not, however, materialized out of thin air, but must be examined against the backdrop of the gradually worsening relations between the two countries that have developed during the new millennium. For some years now, it has been apparent that relations between the two brotherly Slavic nations were not heading towards an amicable union state. Instead of economic and political integration, we have witnessed constant disputes on all fronts. What is more, the personal relationship between the two presidents, Alexander Lukashenko and Vladimir Putin, has been frosty at best.

Having said this, it is obvious that Russia's decisions to raise the price that Belarus pays for natural gas and to impose a duty on crude oil exports to Belarus, together with the brief oil war that followed, represent a qualitative break with the past. It is the first deliberate step in a direction where Russia will be less and less willing to bear the economic brunt of her erratic ally. Since January 1st, the price of gas has risen from \$47 per thousand cubic metres

to \$100, with a view to annual price increases by *Gazprom* reaching European levels by 2011. Russian oil companies, which previously exported crude to Belarus duty-free, will now pay \$53 per ton. Furthermore, the tax on refined oil products collected in Belarus should now be returned to Russia, the share of which is supposed to increase from 70% in 2007 to 85% in 2009. In exchange for gradual rises in prices, Belarus has agreed to sell 50% of its national pipeline network to *Gazprom* for \$2.5 billion. If these plans materialize, the leverage Minsk can be assumed to exert against Moscow in future political developments between the two will diminish. The construction of a by-pass pipeline to Primorsk (Koivisto), which was announced by Russian *Transneft* in early February, would have an even stronger impact.

This is no place to discuss the possible motives Russia might have for the recent moves. Suffice it to say that any efforts to fully incorporate Belarus into Russia are most certainly not on the cards. However, the recent events publicly signal the weakening of the special relationship between the two countries. Russia has decided to put Belarus on a footing with other countries of the former Soviet Union where market principles are increasingly being applied. Moreover, other forms of economic and political pressure and even attempts to gain full 'remote control' of Minsk cannot be ruled out. In any event, regardless of the future development on the Belarusian-Russian front, it is clear that the recent events will have political repercussions for Belarus both internally and externally, which warrants further attention and a response in the Western policy.

No quick fix

At the same time, the immediate challenges that the Lukashenko regime is up against should not be exaggerated. It remains in complete control of the situation and does not have sufficient reason to feel seriously threatened.

The Belarusian economy will not be destabilized in the short term to a degree that would have social and political repercussions. In recent years, Belarusian GDP has been demonstrating a steady growth

(5% in 2002, 7% in 2003, 11.4% in 2004, 9.3% in 2005 and approximately 10% in 2006, according to the IMF and the country's official statistics). Against this backdrop, a loss of 5 to 7% of GDP – which is the maximum possible negative impact of the new Russian policy – does not look dramatic. What is more, the current budgetary surplus, non-budget National Development Fund (estimated to have reached 600 million US dollars) together with low external debt, which facilitates borrowing, can largely offset the task of adapting to higher energy prices. Furthermore, the budget revenue will also grow thanks to the above-mentioned *Gazprom* payments (625 million dollars annually within four years), the increase in the transit fees (reportedly, the already announced oil fee rise is expected to bring Minsk some 60 million dollars, while the gas transit fee will be nearly tripled compared to 2006), and the introduction of other taxes and duties not prohibited by the bilateral deal – to say nothing of a more radical scenario, under which Belarus may oblige Russia to pay for the two military bases that are deployed in the country. In the longer term, these factors will not be enough to sustain the current unreformed Belarusian economic model, but the Belarusian leadership may count on either favourable shifts in the Kremlin's policy or on finding alternative sources of support (see below) in the meantime.

The internal political pressure on the regime is subsiding. During the local elections, held in January 2007, the authorities demonstrated the ability to dominate the field. Out of more than 22,000 seats contested at all levels, only some 200 opposition representatives were registered as candidates, and a mere 4 (!) were elected. And even if it is evident that local elections are not regarded as a priority by both opposition activists and ordinary people, which partly explains the lack of protest and inac-

tive campaigning, the miserable result should prove reassuring for the regime and worrying for the opposition.

The latter, furthermore, is teetering on the brink of crisis. The autumn 2006 hunger strike of former presidential candidate Alexander Kozulin had a very limited consolidating effect. The popular support for the leader of the united opposition, Alexander Milinkevich, is plummeting. According to the available opinion polls (Independent Institute for Socio-Economic and Political Studies), in April 2006 18.4% of respondents were ready to vote for him in the elections, whereas by October this number had fallen to 10.3%. Instead of unity, the opposition shows rifts. As early as March 2007, the new Congress of Democratic Forces – the body that elects the leader – may take a decision to relieve Milinkevich of his duties. It is not clear who, if anyone, will replace him, thus leaving the opposition under “collective leadership”. In the meantime, Milinkevich is creating his own political structure “For Freedom!”, which complicates relations between him and other national



democratic forces, whose power base he will inevitably try to regain. Reportedly, there were irregularities and even falsifications during the process of collecting signatures for the potential Congress candidates. Causing confusion within the ranks of the opposition movement as a whole, the Belarusian National Front, through its leader Vintsuk Viachorka, signalled its readiness to support Lukashenko in the conflict with Russia, whereas Milinkevich proposed that the president initiate a dialogue to overcome the split in the society. In general, although it is now not as weakened and demoralized as it was after the defeat at the presidential elections of 2001, and while the process of internal structuring of liberal, social-democratic and national-democratic wings may eventually produce results, raising the overall

effectiveness of the opposition will require time, energy and leadership.

The Belarusian foreign policy line is not developing within the “Russia-West” axis only. In reality, Minsk’s contacts are more diversified than is sometimes believed. Most visible are the ties with Venezuela (contracts to export \$1 billion worth of Belarusian military products to Venezuela and to launch joint oil exploration and investment projects were signed in 2006), Iran, China, and some other Latin American and Arab countries. Recently, Belarus has been actively promoting relations with Ukraine, Azerbaijan and Kazakhstan, clearly seeking ways to diversify energy imports. These contacts cannot free Belarus from her critical economic dependence on Russia, but they can bring temporary relief, provide some financial assistance and, in particular, indirectly affect the behaviour of Moscow, which will have to take into account the possibility of Minsk strengthening the positions of Russia’s opponents in the post-Soviet space.

Finally, despite all the disparity in resources, Russia has achieved much less than it had been aiming for. Russia’s preferential economic treatment of Belarus is set to be phased out very slowly. In the meantime, the subsidies will continue. The control over the gas transportation system by *Gazprom* is not guaranteed, since having purchased half of the assets, the company may still face the “golden share” rule (meaning that the Belarusian state will have the upper hand in taking decisions). More bilateral conflicts and disputes are likely to follow, but Moscow’s ability to dictate its own preferences to Minsk cannot be taken for granted, and neither can Russia’s willingness to emphasize the difficulties with Belarus throughout its own election year, taking into account the prevailing popularity of Lukashenko inside Russia. As for the period after 2008, it cannot be totally ruled out that Russia’s new leadership will again decide to prioritize the allied relationship with Belarus over economic benefits.

What the West can do

During this decade, Western policy vis-à-vis the Lukashenko regime has not evolved to any great extent. Western actors repeatedly demanded that Minsk liberalize its internal policy (to hold fair and

free elections, to guarantee the freedom of the media and independence of the judiciary, to stop arrests of opposition figures, and so on) as a precondition for the normalization of relations. The US-Belarusian diplomatic confrontation has been, perhaps, more radical, whereas the EU for various reasons supported more channels of interaction. All in all, however, the policy lines between the two Western actors did not diverge very much. Between 2005 and 2006, international pressure on the Lukashenko regime grew. Nearly 40 of its top representatives found themselves under EU, US and Canadian visa bans. In December 2006, the EU decided to exclude Belarusian exports from its General System of Preferences, which was a response to the on-going oppression of independent trade unions. Parallel to that, attempts to engage with the civil society in Belarus were stepped up.

While the results of this policy are not very impressive and may come in for criticism, at the moment it seems worthwhile continuing rather than changing the line. There is no immediate risk of weakening Belarusian sovereignty: Lukashenko has expressed his willingness to defend it, whereas Russia, in light of the uncertain benefits, does not seem to be ready to bear the economic and foreign policy costs of incorporating her neighbour. In this situation, if Minsk is, indeed, interested in improving relations – with the EU in the first instance – it has to be ready to take the requisite steps. In this respect, the ball is clearly in Minsk’s court.

It is worth stressing that the Western actors should be cautioned against taking Lukashenko’s recent overtures at face value. It is possible that in the current climate, where Russian-Western relations are not running smoothly, there is a temptation in the West to prioritize a geopolitical factor, to play a zero-sum game vis-à-vis Russia and, therefore, to indulge Minsk to some degree. This course of action should be avoided primarily for two reasons. First, it is quite likely that the Western actors may end up being deceived and merely help Lukashenko perpetuate his regime. Second, and more importantly, by rushing to embrace Lukashenko, the West would only discredit its own liberal agenda as well as betray the very opposition forces in Belarus that it has sought to cultivate.

In conclusion, it can be noted that despite the rapid pace of recent events, the West should be in no hurry to react. Time remains to monitor developments. The West should, however, be cautioned against too much complacency: it is not a given that Lukashenko will soon be ousted, and even if he is, the changes will require determined action on the part of the West. The European Union is the obvious candidate to take the lead in this respect. It should voice its support of the liberal agenda of the genuine opposition in Belarus and be ready to approach the country with a generous programme of rapprochement should the ice begin to thaw in the as yet frozen river.

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