Straddling Russia and Europe



A Compendium of Recent Jamestown Analysis on Belarus

January 2013



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THE JAMESTOWN FOUNDATION

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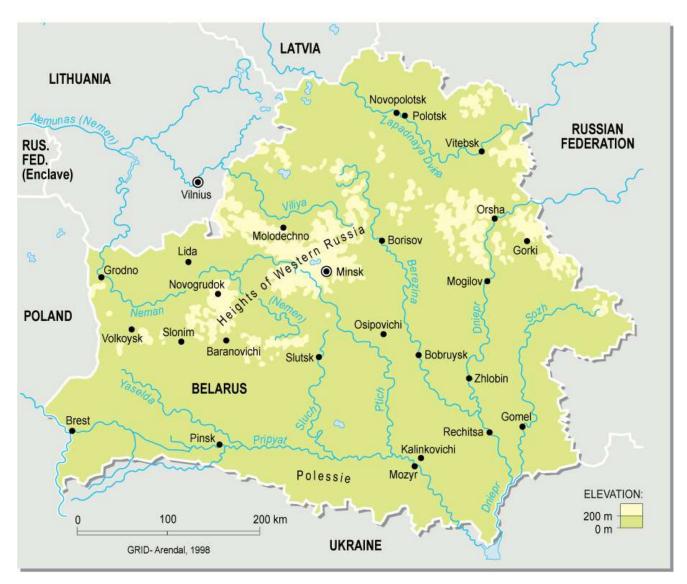
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MAP OF BELARUS



Source: worldofmaps.net

Belarus: A Countdown Toward Political Change?

Publication: Eurasia Daily Monitor Volume: 10 Issue: 4 January 10, 2013 By: <u>Grigory Ioffe</u>

In 2012, Belarus was recovering from the financial crisis, the peak of which was in summer 2011. The achievements along this line have been the international trade surplus, the 20-percent growth of personal incomes (throughout 2012), and a relatively stable exchange rate of the Belarusian ruble—in contrast to its devaluation to one-third of its former value during 2011.

More problematic has been the price paid for these achievements. Thus, exports have grown largely due to a devaluation of the Belarusian ruble and also due to a loophole in bilateral agreements with Russia. Namely, Belarus was able to earn about \$2 billion during the first six months of 2012 for exporting paint thinners and solvents produced from Russian oil while avoiding paying export tariffs to the Russian treasury. When Russia closed the loophole, exports declined. The rise of wages exceeded the growth of labor productivity and would therefore be difficult to sustain. Perhaps even more important is the fact that the government sets targets for the growth of wages instead of helping create conditions for their growth. This is a throwback to central planning, Soviet style. And so is nationalization of some private businesses like two confectionaries in Minsk and Gomel. This practice sends a negative signal to potential private investors (http://naviny.by/rubrics/economic/2012/12/29/ic articles 113 180359/). Perhaps the most controversial was Presidential Decree No. 9 of December 7, 2012, according to which the employees of wood processing plants cannot resign without the chief manager's permission throughout the realization of the plant's modernization project (http://www.belta.bv/ru/articles/officially?cat id=1528). This decree prevents labor migration to Russia but is dubbed by independent observers a "return to serfdom"

(http://izvestia.ru/news/540689; redhotrussia.com/belarus-feudalism-lukashenko-new-law/).

The economic projections of the Belarusian government for 2013 are optimistic. It is expected that economic growth will amount to 8.5 percent (whereas only two-percent growth was recorded from January to November 2012); foreign investment is expected at the level of \$4.5 billion (compared with \$1.22 billion in 2012); exports are projected to rise by 15.2 percent; and 6.5 million square meters of new housing is expected to be commissioned (compared with 3.9 million square meters in 2012). Independent observers are skeptical about these targets. After all, in 2013 Belarus will have to repay \$3 billion to international lenders. The only way the above projections could be approximated is through acquiring new loans and new investment from Russia (http://naviny.by/rubrics/economic/2013/01/03/ic_articles_113_180400/).

In the area of domestic politics, several 2012 events are worth mentioning. Two alleged perpetrators of the terrorist attack on the Minsk subway (in April 2011) were executed in March. Andrei Sannikov, one of the 2010 presidential hopefuls, was released from prison in April. No significant public protests or flash mobs were recorded. And for the most part, voices of the opposition moved to the virtual Internet sphere as opposition leaders have taken almost exclusively to blogs—rather than street rallies or other "events"—to air their political positions. The parliamentary elections of September 23 determined 109 members of the Belarusian House

of Representatives, 60 percent of which are members of the pro-government movement White Rus and none represent the opposition. The voter turnout has been hotly debated, but the independent pollsters delivered a result (66.4 percent) that was closer to what the government claimed (74.6 percent) than to the pronouncements of the opposition (see EDM, October 30, 2012).

A major change occurred in the relationship between the dynamics of Belarusians' personal incomes and President Alyaksandr Lukashenka's popularity rating. Until 2012, there was a close correlation between these two variables, and in 2011 both reached a nadir. Yet, a significant rise of incomes from the lowest point associated with the 2011 financial crisis has not resulted in a proportional rise in Lukashenka's rating. No more than 30 percent of Belarusians would like to vote for him if the elections were held "today," according to the September 2012 national survey by the Independent Institute for Socio-Economic and Political Studies. It remains to be seen if the erstwhile dependency of Lukashenka's rating on Belarusians' perception of their economy will be reestablished (http://naviny.by/rubrics/opinion/2013/01/02/ic_articles_410_180391/).

In the area of international politics, a major event was the joint recall of the EU countries' ambassadors from Minsk on February 28. It occurred after the Belarusian Ministry of Foreign Affairs recommended that the ambassador of Poland and the envoy of the European Commission leave Minsk for consultations. In its turn, that recommendation followed the extension of the list of Belarusian officials banned from entering the EU. The ambassadors returned at the end of April after two political prisoners, Andrei Sannikov and Dmitry Kovalenko, were released from jail. Beyond that, no major concession was wrested from the Belarusian government in the area of democracy and human rights. That means that a significant aid package from Russia has been affecting policy-making in Belarus throughout 2012. According to Yaroslaw Romanchuk, a 2010 presidential hopeful, this package exceeds what Israel has been receiving from the United States (http://naviny.by/rubrics/opinion/2012/07/25/ic_articles_410_178583/). Lukashenka has succeeded in gaining tangible economic benefits in exchange for supporting Vladimir Putin's plan for establishing an integrated Eurasian Community. Under this condition the possibility of the West to exert influence on Belarus is diminished.

Alexander Milinkevich, a 2006 presidential hopeful who did not run in 2010, believes that the EU should not fixate on Lukashenka. Rather, it should eliminate the "visa barrier" for ordinary Belarusians, as nothing exposes them to the advantages of the "European choice" more effectively than trips to the EU countries (Deutsche Welle, January 3, 2013). Considering the possibility of political change in Belarus in the foreseeable future, it is noteworthy that even the major official daily of Belarus weighed in with the reasoning in favor of cultivating a "constructive" opposition in Belarus. Even the fact that the current "radical" opposition, which Lukashenka calls the fifth column, depends on Western grants has found explanation in that article: "People gain livelihood the way they can. However lofty the ideals the members of the opposition profess, they cannot exist on an empty stomach" (http://www.sb.by/post/140006/). By all appearances, therefore, political change will arrive in Belarus on its own schedule, not according to the plans set in Washington, Brussels or even Moscow.

Alyaksandr Lukashenka and the Martians

Publication: Eurasia Daily Monitor Volume: 9 Issue: 223 December 6, 2012 By: <u>Grigory Ioffe</u>

On November 26, Alyaksandr Lukashenka gave a 1.5-hour interview to Reuters. The text of the interview was published on the internet portal "Belorusskie Novosti" (http://naviny.by/rubrics/politic/2012/11/27/ic articles 112 180033/), but Lukashenka's seemingly casual remark about Vladimir Putin "twisting his spine" during a recent bout of judo when "he lifted a guy and then threw him" was excluded from the text as it elicited displeasure from the Kremlin (http://charter97.org/en/news/2012/11/29/62066/). Ten mentions of the word "dictator," including nine by Lukashenka himself, are among the highlights of the interview. "I do not really understand what a dictator is," the Belarusian president claimed, "but on the other hand I sometimes, in a nice way, envy myself. I am the last and only dictator in Europe and indeed there are none anywhere else in the world. You came here and looked at a living dictator and where else would you see one? There is something in this. They say that even bad publicity is good publicity." During the interview, Lukashenka also added that the most fundamental human rights are the right to live as well as the rights to receive free health care and education and to have unlimited access to information; and such rights are guaranteed in Belarus, he argued. Talking about health care, Lukashenka expressed his pride that in Belarus infant mortality is somewhat lower than in the United Kingdom (4.0 versus 4.3 deaths per 1000 live births).

According to Lukashenka, Belarusian society must prepare for the coming of tougher competition for jobs and livelihood similar to that already faced in Britain. This ought to be done gradually, however, or else society could break down as happened in Greece and Spain. Lukashenka rejected the idea that an Arab Spring–like situation may arise in Belarus because "the policies of Belarus's leadership and that of the former Middle Eastern rulers are entirely different." Furthermore, an attempt to stir up a revolt in Belarus through social networks had previously failed. President Lukashenka also averred that he is not against privatization in principle but is reluctant to sell well-managed enterprises cheap. Considering his earlier suggestion that Belaruskalii, one of the world's leading producers of potash, is worth \$30–32 billion, he said that this firm's recent appraisal by Bloomberg was exactly in that range, and on this basis five potential buyers of Belaruskalii are now negotiating its purchase. Regarding not reaching a deal with the International Monetary Fund (IMF) about a new loan, Lukashenka opined that if that institution stops playing politics and positions itself as a purely financial entity, "we will resolve all our contradictions within one day" (http://naviny.by/rubrics/politic/2012/11/27/ic_articles_112_180033/).

The president also commented on Russia's recent reproach that Belarus sold some refined oil products without paying requisite export fees to the Russian treasury. While admitting Russia's displeasure and alleging an end to the disputed exports, he denied any wrongdoing. Indeed, while Belarus took advantage of some loopholes in the mutually agreed rules on trade and re-export, the immediate users of those loopholes were Russian companies registered in Belarus. Addressing the question about excessive dependency on Russia, Lukashenka stated that the

dependency is mutual and that it is an unavoidable consequence of Soviet developments whereby Belarus became specialized in the final stages of production cycles originating in Russia. Belarus, however, has diversified its trade links and is becoming increasingly reliant on local raw materials such as wood, potassium, granite and chalk.

During the interview, Lukashenka again repeated his favorite thesis that "[Belarusians] and Russians are historically one people." And he alleged that the West was punishing Belarus for its strong relations with its large eastern neighbor. Despite travel sanctions and some economic sanctions against Belarusian enterprises, Belarus maintains excellent conditions for freight transit and intercepting illegal immigrants who try to reach the West via Belarus. Lukashenka also reiterated his opinion that on December 19, 2010, the riot police in Minsk acted gently, not using any water cannons or tear gas of the kind repeatedly employed in the West against demonstrators. Belarus's President rejected a rumor that he is nurturing his successor and that the latter may be one of his children, and he pledged not to cling to power forever. He also departed from his earlier contention that political parties should not be boosted by changes in the electoral system. Moreover, he pledged to "nudge party-building" even though only 0.1 percent of Belarusians reportedly want to elect the MPs from the lists of candidates compiled by the parties. At present, in Lukashenka's opinion, only two full-fledged parties exist in Belarus—the Communist Party and Belarusian Popular Front.

While Lukashenka largely ignored the presence of the opposition in Belarus, the opposition continues to politically fixate on the president. Yet, Alexander Klaskovsky, a veteran opposition journalist, criticized an opinion dominant among opposition-minded Belarusians that getting rid of President Lukashenka is a goal important in and of itself. What is most important, according to Klaskovsky, is to prepare for a real fight for power that will commence after Lukashenka resigns. Otherwise a presidential hopeful nurtured by the Kremlin will prevail over any potential candidate from the ranks of the current opposition (http://naviny.by/rubrics/politic/2012/11/05/ic articles 112 179789/).

Similarly, Yury Drakakhrust of the Belarusian Service of Radio Liberty (RL) opined that only someone with recent experience in Belarus's government, like the former Prime Minister Sergei Sidorsky, can realistically count on being elected the next president of Belarus (http://www.svaboda.org/content/article/24762321.html). Drakakhrust was refuting Siarhei Navumchik who thinks the opposition should put forward candidates who are political outsiders like Vaclav Havel of the Czech Republic, Lech Walesa of Poland or Zhelyu Zhelev of Bulgaria (http://www.svaboda.org/content/article/24764049.html). In his rebuttal, Drakakhrust criticized Navumchik for wishful thinking. The time of political outsiders has passed; everywhere in Eastern and Central Europe the existing systems of governance have been cemented and would not allow any upheaval of the kind that took place in the early 1990s. Drakakhrust also pointed to the fact that of all alternative presidential candidates who ran in 2001 (Vladimir Goncharik), 2006 (Alexander Milinkevich and Alexander Kozulin) and 2010 (nine candidates), the best electoral result ever was shown by Vladimir Goncharik (15 percent of the popular vote) precisely because he was the only former political insider with a career in Soviet-era administration and trade unions. Compared to Goncharik, the 2006 candidates as well as such 2010 presidential hopefuls as Andrei Sannikov, Vladimir Neklyaev and Nikolay Statkevich came across to ordinary Belarusians as creatures from the planet Mars, according to Drakakhrust. And no

Martian will ever become president of Belarus (http://www.svaboda.org/content/article/24764259.html).

Belarus and Lithuania: The Estranged Brethren

Publication: Eurasia Daily Monitor Volume: 9 Issue: 214 November 21, 2012 By: Grigory Ioffe

On November 6, two unknown perpetrators threw two bottles with a flammable substance into the Lithuanian embassy compound in Minsk. The Investigating Committee of Belarus launched a criminal investigation; the Belarusian ambassador to Vilnius was handed a note of protest; and the Lithuanian ambassador to Minsk went home for consultations amidst the allusions by some Lithuanian MPs that the incident may have ideological motivations (http://www.15min.lt/en/article/world/molotov-cocktails-thrown-at-lithuanian-embassy-in-minsk-529-276695). If only in part due to mounting speculations of this kind, President Alyaksandr Lukashenka announced his plan to reorient the cargo flows of Belarusian export goods (mainly potash) from the Baltic ports of Klaipeda (Lithuania) and Ventspils (Latvia) to the Baltic ports of Russia's Leningrad Oblast (http://www.gazeta.ru/politics/2012/11/09_a_4847029.shtml).

At a meeting with the students of the State Economic University in Minsk on November 12, Lukashenka said the attack on the Lithuanian embassy was probably not an act of terrorism but rather hooliganism

(http://www.newsfiber.com/p/s/h?v=EgEF%2BC3hTTEE%3D+nlQwwhn22hQ%3D), and the criminal proceeding qualifies the attack as "harsh hooliganism" (zlostnoe khuliganstvo). However, the Lithuanian authorities were skeptical about that pronouncement and still believe this was a terrorist act. To date, no further details on the incident, the background of the attackers or their motivations has surfaced.

The growing tension between Belarus and Lithuania is colored by the overall scope and history of their relationships. Both Belarusians and Lithuanians were subjects of the Grand Duchy of Lithuania (1253–1569), a quintessentially "European" entity that used what some experts call Old Belarusian as its official language. Today, the importance of the Duchy is second to none in the historical narrative of Lithuania and is therefore pivotal for Lithuanian identity. Unlike Lithuanians, Belarusians have at least two historical narratives in conflict with each other. And for one of them—embraced by the Belarusian opposition—Belarus is also the successor to the Grand Duchy. Laying claims to succession from the same pre-national hearth parallels arguments between Russian and Ukrainian historians about the role of Kievan Rus as the antecedent of Russia and/or Ukraine. In the case of Belarus, however, a belief in the Grand Duchy lineage is not embraced by a larger society for which historical ties with Russia come across as more natural and meaningful. Hence, whereas for Lithuanians the demise of the Soviet

Union marked the beginning of their "return to Europe," Belarusians en masse were more concerned with retaining their ties with Mother Russia. So geopolitically, the former subjects of the Grand Duchy parted ways.

In the early 1990s, however, this development did not look preordained. After criminal proceedings in the Lithuanian courts were initiated against domestic collaborators of the January 13, 1991, assault of the Soviet military on the TV center in Vilnius—resulting in 14 deaths— Belarus extradited to Vilnius the First Secretary of the Lithuanian Communist Party Mykolas Burokevicius and the party's ideological secretary Juozas Jermalavicius. The extradition was abetted by Stanislaw Shushkevich, the Speaker of the Supreme Soviet of Belarus and the official leader of the country from 1991 to 1994. The communist majority in the Supreme Soviet was infuriated, and according to some sources, it is this, not the alleged embezzlement of public funds (on his own dacha) that cost Shushkevich his post (http://eurocenter.by/analitics/belarus-i-litva-skvoz-debri-istorii-i-politiki).

In contrast to Shushkevich, his successor Alyaksandr Lukashenka rejected multiple Lithuanian demands to extradite General Vladimir Uskhopchik who commanded the Soviet garrison that assaulted the Lithuanian TV Center in 1991. Uskhopchik was not only granted Belarusian citizenship—from 2000 to 2004 he served as Belarus's deputy minister of defense.

During the tenures of President Valdas Adamkus (1998 to 2003 and again from 2004 to 2009), Vilnius, which is only a three-hour train ride away from Minsk, became the primary meeting place of the Belarusian opposition and its Western sponsors. It was also in Vilnius where, in 2005, then US Secretary of State Condoleezza Rice labeled Lukashenka the "last dictator of Europe," a cliché that became a PR success but had little, if any, practical implication. Only after Dalia Grybauskaite became president of Lithuania (2009) did Belarusian-Lithuanian relations somewhat improve. In 2009, Lukashenka made an official visit to Vilnius (for the first time since 1997), and in 2010 Grybauskaite visited Minsk.

On several occasions President Grybauskaite and her advisors made statements that ran against the European Union's official policy of democracy promotion, punitive sanctions and expensive visas for Belarusian citizens. Thus, in November 2010, one month prior to the presidential elections in Minsk that ended in violence, Grybauskaite stated at a meeting with European ambassadors to Lithuania that "Lukashenka is the guarantor of economic and political stability in Belarus and of its independence. We would not like our neighbor to become a second Russia" (http://naviny.by/rubrics/politic/2010/11/11/ic_news_112_355230/). Seven days before the elections, Grybauskaite averred that "Mr. Lukashenka could win with a 99-percent result, but he will obtain only 75 percent of the vote to please the EU"

(http://naviny.by/rubrics/politic/2010/11/12/ic_news_112_355274/). Actually, the official result was 79.65 percent, but it was challenged by, among others, the Vilnius-based (after it was denied registration in Minsk) Independent Institute for Socioeconomic and Political Studies, according to which Lukashenka received only 58 percent of the vote—still enough to win in the first round. In January 2011, Grybauskaite called upon the EU to begin granting cheaper visas for Belarusians (http://naviny.by/rubrics/politic/2011/01/10/ic_news_112_358997/). Currently, Belarusians pay 60 euros for Schengen visas. Even so, the Lithuanian consulates in Belarus issue about 160,000 visas a year (http://news.tut.by/society/243896.html). In May and June 2011, the

Lithuanian president repeatedly warned the EU not to impose economic sanctions on Belarus on the grounds that such sanctions never achieve their goals

(http://naviny.by/rubrics/politic/2011/06/22/ic_news_112_370610/) and that under a difficult financial situation in Belarus, economic sanctions would be like a strike below the belt (http://naviny.by/rubrics/politic/2011/05/23/ic_news_112_368425/). In September 2012, Grybauskaite strongly criticized the actions of a small Swedish plane that took off from a Lithuanian airport and violated Belarus's air space to drop plush teddy bears with human rights slogans attached to them (http://naviny.by/rubrics/eu/2012/09/02/ic_news_627_400658/).

Earlier, in July 2012, Darius Jonas Semaska, President Grybauskaite's advisor, criticized the EU for Brussels' lack of strategic patience in its dealings with Belarus. According to Semaska, the EU shut the door first. "If there had been less arrogance on the EU's part, it could have achieved a dialogue with Lukashenka. But the EU wanted everything, and at once. And Lukashenka got scared, he went to Russia, sold some property, and he is now more dependent on Russia than before. And we are now replaying the same fateful scenario in our dealings with Ukraine," warned Mr. Semaska (http://ex-press.by/article.php?id=41615).

In summary, Lithuania tries to position itself in the EU and other Western structures as the principal expert on Belarus, ready to pursue a realpolitik approach to it. Such a claim may well be justified, but first the current deterioration in Vilnius's relations with Minsk will need to be left overcome.

Belarus and Russia: Affinity and Dependency

Publication: Eurasia Daily Monitor Volume: 9 Issue: 198 October 30, 2012 By: <u>Grigory Ioffe</u>

No two countries in the world today are as close as Russia and Belarus. This closeness has multiple aspects, one of which is structural affinity between the Russian and Belarusian societies. Both are afflicted with an internal schism, and the two resulting segments of each society have limited mutual communication. Whereas in Russia the schism is between liberal democrats (heirs to the Westernizers) and national patriots (heirs to Slavophiles), in Belarus a schism exists between those embracing the values historically upheld by Russia (state paternalism being one of them) and those leaning to the value system upheld by the West (democratic governance and market economy). The problem of the Belarusian Westernizers is in their proclivity to construe their own preferences and attitudes as those of the society as a whole.

The diametrically opposite verdicts on the September 23 parliamentary elections by the opposition-minded electorate (roughly 25 percent of eligible adults) and the rest of Belarusian society, represent a case in point. According to the opposition media, the most falsified electoral statistic was voter turnout. In most precincts it was, reportedly, well below 50 percent and below

30 percent in the city of Minsk (http://charter97.org/ru/news/2012/9/24/58902/). Thus, according to the opposition, a new political situation is shaping up, with most people boycotting the elections and therefore expressing major disapproval for Lukashenka's rule.

Statements to this effect were reiterated so many times that they achieved a semblance of veracity, which is why the publication of the most recent (September–October) national survey by the Independent Institute for Socioeconomic and Political Studies (IISEPS) became a bombshell of sorts. According to this most reputable polling firm—funded by US sponsors and registered in Lithuania after it was denied registration in Belarus (2005)—the turnout was 66.4 percent, i.e., not as high as that declared by the Central Election Commission (74.6 percent) but not nearly as low as that repeatedly alleged by the opposition media. According to the IISEPS, in Minsk the turnout was 44 percent, not by any means below 30 percent. Only 9.6 percent of those who did not vote actually boycotted the elections (http://naviny.by/rubrics/elections/2012/10/22/ic_articles_623_179641/).

Much of the opposition took offense and blamed the messenger, that is, the IISEPS. Oleg Manaev, still perceived as the IISEPS head (officially, being just an independent pollster), opined that the politicians always recognize the numbers that are to their liking and cast doubt on the ones that are not (http://naviny.by/rubrics/politic/2012/10/25/ic_articles_112_179684/). When the polling results are disliked by the authorities, they say that the sociologists sold out to their Western sponsors. Now the opposition accuses the IISEPS of being in cahoots with the Lukashenka regime. Commenting on those survey results, Yury Drakakhrust of the Belarusian Service of Radio Liberty said that "the political polarization led to the weakening of the communication between the mutually opposed camps, so most people rub shoulders with the like-minded. Hence those opposition-minded would think: Yes, everybody that I know did not vote, which is construed as 'nobody voted.' But the gist of the matter is in that very qualification—everybody that I know"

(http://naviny.by/rubrics/elections/2012/10/22/ic_articles_623_179641/).

This delusion-prone situation mirrors the equally lousy lines of communication between Russia's liberal opposition and the supporters of Vladimir Putin. Accordingly, those who do not take sides but instead take the risk to highlight the discord (like Leonid Radzikhovsky—see <u>www.rg.ru/2012/10/23/mnenie.html</u>) are condemned by Russian liberals much like the Belarusian opposition is now attacking the IISEPS (http://charter97.org/ru/news/2012/10/24/60431/).

Another aspect of Russia-Belarus closeness is a need to stay informed about each other. In this area, however, size and clout asymmetries are unavoidable as Russian federal TV channels are more numerous, have a longer reach than their Belarusian counterparts, and reveal biases. To counteract those, Alyaksandr Lukashenka has become the only non-Russian post-Soviet leader who has been annually (since 2003) giving lengthy interviews to large groups of Russian journalists. On October 16, about 90 journalists from 40 Russian regions were treated to a four-hour interview by the Belarusian leader after a five-day press tour across Belarus. In his interview, Lukashenka praised generous social benefits integral to Belarus's economic system; declared his willingness to yield Belarusian refineries to Russia's control in exchange for a concession to extract oil and gas within Russia; broached the idea of celebrating the 90th

anniversary of the founding of the Soviet Union; reaffirmed his negative attitude to privatization of efficient state enterprises and yet praised private property and entrepreneurship as "the greatest assets of any society." Lukashenka also commended the Eurasian Economic Community of Belarus, Russia and Kazakhstan, reiterating his earlier view that the principal obstacle in Russia-Belarus integration was Russia's decline to adopt a single constitution for a two-country commonwealth (http://sb.by/post/137969/).

According to a fresh report by the Belarusian Institute for Strategic Studies, a Minsk-based think tank sponsored by the West, Belarus has not, however, achieved any significant progress in its trade with Russia and Kazakhstan after the Custom Union came into being (2010). Thus, its trade deficit with Russia increased by \$3 billion (from \$8 billion in 2010 to \$11 billion in 2011), and Belarus's trade surplus with Kazakhstan (\$494 million in 2011) was achieved only due to a significant decline in Kazakhstan's imports to Belarus. The flip side of growing agricultural exports from Belarus to Russia is dumping, that is, exporting goods at prices lower than the home-market prices. To compensate losses, domestic food prices have to grow even more (http://naviny.by/rubrics/economic/2012/10/22/ic_articles_113_179652/). In addition, at the Moscow negotiations regarding oil exports from Russia to Belarus in 2013, the Russian side proposed that Belarus pay \$1.5 billion to the Russian treasury to compensate Russia for duty-free export of solvents from Belarus. It is unclear at the moment if Russia is going to insist on that compensation, or if this is just a bargaining chip

(http://naviny.by/rubrics/economic/2012/10/29/ic_articles_113_179721/).

To make matters worse, the International Monetary Fund's (IMF) post-program monitoring group that worked in Belarus from October 18 to 29 has not made a recommendation about the resumption of the IMF's credit line to Belarus. Such a recommendation is not precluded in the near future, but more commitment to structural reform is expected from the Belarusian government (http://naviny.by/rubrics/finance/2012/10/29/ic_articles_114_179731/). A lack of IMF credit would spell even higher levels of dependency on Russia for Belarus. At some point, Russia may decide that its aid to Belarus outweighs the geopolitical benefits of keeping it firmly within Russia's orbit. However, this sort of outcome has been predicted many times and has never materialized, although it was a close call from 2007 to 2010. As the analyst Stas Ivashkevich, has shown in his nuanced analysis of the Belarus-Russia relationship, Lukashenka has developed a robust support system in the corridors of power in Moscow, but the Russian leaders have failed to develop a counterweight in Minsk

(http://naviny.by/rubrics/politic/2012/10/25/ic_articles_112_179688/). By all appearances, therefore, Mr. Lukashenka's political gifts will continue to bear fruit in the foreseeable future.

Russia: Belarus's Economic Lifeline and Cultural Magnet

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To Belarus, Russia is not just the "meaningful other." It provides an existential lifeline to Belarus as a de facto custodian of Belarus's socio-economic model and a cultural magnet of sorts. It was only after Russia dropped the price of natural gas sold to Belarus to \$165 per 1,000 cubic meters and provided a critical loan (officially through the Eurasian Economic Community) that Belarus's financial crisis of 2011 was alleviated. By different accounts, the discounts on oil and gas and preferential treatment of some Belarusian exports to Russia are worth from 10 to 15 percent of Belarus's GDP. Due to the cancellation of export duties on Russian oil and the ensuing steep growth in Belarus's export of solvents and lubricants, from January to July 2012, Belarus enjoyed a net excess of exports over imports for the first time in seven years. After Russia launched an investigation motivated by suspicion that Belarus re-exports Russia's crude oil disguised as solvents and thus dodges paying duties to the Russian treasury, Belarus's exports suddenly sagged. So in August 2012, imports (\$3.952 billion) again exceeded exports (\$3.543 billion) (http://gtk.gov.by/ru/stats/itogi_vnesh_torgovli2012/yanv_avgust12).

Nevertheless, independent experts probed by the Belarusian Service of Radio Liberty did not overdramatize the situation. According to Dmitry Kruk from the Minsk-based IPM Research Center, the reversal of the positive balance of international trade is temporary and is part of a political and business cycle, while the current economic situation is far healthier than that on the eve of the 2011 crisis. According to Alexei Pikulik, the director of the Minsk-based Belarusian Institute for Strategic Studies, which is funded by Western sponsors, the Belarusian economic model, emphasizing a high level of social subsidies and low income disparity, still has some potential if only because there are still plenty of lucrative assets that Belarus can sell. Also, the export of solvents was not just a Belarusian affair—certain Russian businesses profited from it as well, and there exist many more mutually beneficial schemes of that kind that can still be used. At the same time, however, a lasting trend whereby popular support for President Alyaksandr Lukashenka closely correlates with the growth of personal income has been terminated. Since the beginning of 2012, the US dollar value of the average monthly wage in Belarus increased by 38 percent, but no commensurate growth in Mr. Lukashenka's rating has been recorded. Yet, according to Yevgenii Preigerman from the Minsk-based Liberal Club, no street protests are to be expected in the foreseeable future (http://www.svaboda.org/content/article/24732827.html).

Some insights on the aforementioned Belarusian economic model can be gained from an interview Nikolay Snopkov, Belarus's minister of economics, gave to the independent news portal Tut.by. According to Snopkov, all economic models in today's world are mixed and contain a dose of central planning. Minister Snopkov pays special attention to Singapore's development over the course of 30 years and sees it as essentially centrally planned. Moreover, he believes that Belarus's present-day economic model takes its guidance from the seminal work of Alfred Mueller-Armack (1901–1978) who in 1946 coined the term "social market system" and who made critical contributions to Germany's economic model while working as an aid to Ludwig Erhard, Germany's minister of economics and subsequently Federal Chancellor (1963–

1966). Snopkov believes production costs in Belarus can still be significantly lowered. He also announced the introduction of incentives for attracting foreign direct investment to Belarus. Specifically, bonuses will be paid to regional administrators amounting to 0.1 percent of the total FDI allocated to their regions. Finally, throughout the first seven months of 2012, there were seven percent more registered small and medium-sized businesses in Belarus than during the first seven months of 2011 (http://news.tut.by/economics/313827.html).

According to Andrei Souzdaltsev, a Russian economist expelled from Belarus in 2006, the opinion that Russia is keenly interested in buying up Belarus's enterprises is a figment of the Belarusian opposition's imagination. Nor is Russia particularly interested in Belarus's exports of dairy products, sugar or meat. Belarus receives huge Russian subsidies for purely geopolitical reasons. In particular, Moscow wants to contain the further extension of the EU's sphere of influence, and this desire intensified after Russia's 2008 war with Georgia. That the West gained a foothold in the South Caucasus implied to Moscow that Russia was "squeezed out to the northeastern corner of Eurasia and would eventually be left one-one-one with China." Furthermore, Moscow decided that the western margin of Russia's own hinterland should to be given special care. As a result, previous rhetoric about Russia switching to market principles in its relations with Belarus (2006–2010) abruptly gave way to even larger subsidies to Belarus than those administered prior to 2006. According to Souzdaltsev, Russia is interested in the retention of Belarus's sovereignty as "a buffer between Moscow and NATO" (http://naviny.by/rubrics/politic/2012/10/14/ic_articles_112_179559/).

Aside from providing an economic lifeline to Belarus, Russia appears to be its cultural magnet. According to Yuri Drakakhrust, a Belarusian analyst based in Prague, a striking difference between the recent parliamentary elections in Belarus and in Georgia is due to the fact that these countries obtained their independence in a different way. "Georgia fought for its independence. We remember sapper shovels [with which the police cracked down on the 1989 rally in Tbilisi] and thousands demonstrating in the streets. As for Belarus, it did not do a thing to win independence. And so we are now paying for the fact that independence and democracy were bestowed on Belarusians as freebies." According to Drakakhrust, Belarus's so-called political backwardness goes back to cultural and mental closeness between Belarus and its great eastern neighbor. It is as if there is a shared political culture of the three East Slavic countries—Belarus, Ukraine and Russia—that Drakakhrust terms a shared "political matrix." He notes, "Whenever they [Belarus, Ukraine or Russia] try to create some democratic structure, they end up with some form of authoritarianism... There are no good and bad peoples. But in some countries, no prerequisites have matured for consolidated democracy"

(http://www.svobodanews.ru/content/transcript/24734628.html). To Drakakhrust, this situation is due to a deficiency of grassroots self-organization. If a ditch formed in front of a house, Russians, Ukrainians and Belarusians would fail to level it collectively; rather they would appeal to the authorities to fix it. Building a national party from the ground up is much like leveling a ditch. Both efforts require mechanisms of self-organization that are available in some national communities but are missing elsewhere. As a result, whereas in Georgia there are several centers of power that preclude omnipotence of any one of them, in Belarus such alternative centers are missing (http://www.svobodanews.ru/content/transcript/24734628.html).

Setting the Right Tone on Belarus

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On September 26, Belarus released two of the 13 political prisoners listed in a resolution of the OSCE Parliamentary Assembly in July 2012 (Nasha Niva, September 27; tut.by, July 7). Sergei Kovalenko, the better known of the two, was imprisoned for affixing a white-red-white flag to the official Christmas tree in the city of Vitebsk. The flag in question was the official flag of Belarus from 1992 to 1995; it invokes the heritage of the Great Duchy of Lithuania. At the 1995 national referendum, 75.1 percent of the Belarusians voted for the replacement of that flag by a slightly modified flag of Soviet Belarus. Unlike the following referenda and elections, the results of the 1995 referendum have never been described as rigged. Still, the opposition regards the white-red-white flag as legitimate.

Kovalenko petitioned President Lukashenka for clemency and was pardoned. Some commentators suggest that the release of the prisoners two weeks before the foreign ministers of the EU countries convene to discuss the possible expansion of sanctions against Belarus's officials was intended to placate the EU (navini.by, September 27). In a talk show on Radio Liberty, Svetlana Kalinkina, a feisty opposition journalist, expressed misgivings that the West is negotiating with official Minsk behind the scene (Radio Svaboda, September 24). According to blogger Ales Gorski, however, the West has no alternative to talking to official Minsk, because the Belarusian opposition is weak and divided (naviny.by, September 29).

The financial situation of Belarus may indeed be conducive to better cooperation with the West. In 2013, Belarus has to repay \$3.1 billion to its creditors, almost twice the amount it was to pay in 2012. The best option for Belarus would be a new IMF loan, which would carry a 2–3 percent interest rate. Minsk is negotiating the resumption of the IMF lending program, but there is no certainty that it will actually restart. In the absence of an IMF loan, Belarus would issue a new Eurobond. However, the yield on Eurobond is not going to be below 8 percent—a much higher price of borrowing. Ironically, the allure of the Belarusian securities in the eyes of investors depends on the stability of Belarus–Russia relationships. If Moscow postpones remitting the third and fourth tranches of the anti-crisis loan to Belarus even more expensive (naviny.by, September 28). In the meantime, the government of Belarus seems to be facilitating a new devaluation of the ruble. Suffice it to say that from January to July 2012, the dollar value of the average monthly pay in Belarus increased by 36 percent. Just as before, this growth has not been sustained by a commensurate growth in labor productivity (IISEPS' Infofocus, August 2012).

Against the backdrop of steadily discouraging news from Belarus, it is illuminating to learn from the essay by Yaroslaw Romanchuk, a 2010 presidential hopeful of neoliberal persuasion, that Belarusians tend to exaggerate their problems. Romanchuk paints a vivid picture of calamities befalling many parts of the world, from North Africa to the "post-Soviet space," only to note that Belarus is spared all of those calamities. Instead, it "peacefully and with the approval of more than half of the population integrates itself into the economic community with Russia and Kazakhstan." Alluding to the travel sanctions imposed on Mr. Lukashenka, Romanchuk, notes that Central Asian and Azeri dictators all "tour the world without limitations, and Kazakhstan is successfully conducting international forums and is ready to enter the Council of Europe." According to Romanchuk, "it is very difficult to find unique, original, and acute problems pertaining just to Belarus. Authoritarianism? Almost half of the countries are not fully-fledged democracies. Poverty? More than one billion people are hungry. But Belarus cannot be assigned to the category of poor countries. We are used to goods and services that in genuinely poor countries are only available for the elites. Those include relatively good health care, access to drinking water, uninterrupted supply of electricity, quality hygiene in public places, universal secondary and almost universal higher education, good roads, and a relatively high level of public security. Poor countries can only dream about those," Romanchuk wrote (naviny.by, September 19).

Regardless of Romanchuk's intentions, his narrative challenges the way Belarus is described in the international media as an Armageddon, where the final battle between the forces of good and evil is played out on a daily basis. This challenge comes to mind when reading an August Businessweek's article about the Viber, a mobile phone application developed in Belarus. Viber is a potentially successful competitor of Skype and it adds 10 million users worldwide on a monthly basis. The article devoted to this application begins with describing the horrors of Lukashenka's dictatorship. Yet, already its third paragraph, claims that "upon arrival in Minsk . . . foreign visitors might find themselves surprised . . . The place has an efficiency so infrequently seen in this part of the world that it feels liberating. What's most unexpected is that Belarus has become a promising place to do business and the home of one of the hottest apps in the world."

The article points out that despite Belarus's reputation as a phantom country self-exiled in the heart of Europe, it has turned itself into a high-tech hothouse. Since a free-economic zone opened in Minsk in 2006, providing tax breaks to resident firms and employees, Belarusian software exports have grown by more than 2,000 percent, to \$270 million at the end of 2011. According to the article, "US companies buy half of the country's software products and IT services. International clients include Coke, Google, Halliburton, Chevron, Citigroup, Sears, Colgate-Palmolive, Thomson Reuters, and Viacom, as well as Siemens, Mercedes-Benz, Bosch, Philips, Samsung, Barclays, and the London Stock Exchange. More than any other company, Viber has profited from the engineering know-how that Belarus offers" (Businessweek, August 23).

To be sure, selling high-tech products to Coca Cola and Halliburton does not make Mr. Lukashenka a democrat. And yet, the problem of setting a reasonable tone when writing about Belarus appears to be real.

Belarus Takes Steps to Strengthen Economy Despite Negative Relations with West

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During the first six months of 2012, the export of refined oil products from Belarus has grown by \$2.4 billion compared with the same period in 2011, and the export of solvents has grown by \$1.8 billion (to the total of \$2.5 billion)—thus reversing the economic downturn the country experienced following the breakdown of its relations with the West. However, in June, this export of solvents began to decline in conjunction with Russia's suspicion that Belarus has been re-exporting Russian oil disguised as solvents and thus avoiding paying export duties to the Russian treasury (see EDM, August 2). Such payments, stipulated by a bilateral agreement, are due to the fact that Belarusian refined oil exports originate from processing Russian oil. If, as a result of Russia's investigation into the issue, export duties for solvents are set at 90 percent of export duties on oil, as some commentators suggest, it would no longer make economic sense for Belarus to export solvents

(http://naviny.by/rubrics/economic/2012/08/29/ic_articles_113_179008/). So far, the top three buyers of Belarusian solvents have been Latvia, the Netherlands and Estonia. The Netherlands, along with the UK, have been the top buyers of refined oil products from Belarus (http://prokopovi.ch/node/172789) while at the same time they have been the most vocal critics of the Belarusian regime in the EU. The Belarusian opposition has long been accusing these countries of hypocrisy, but the ambivalent situation in Europe, whereby politics and trade have not been practiced in unison, has not changed to date.

One of the major non-EU destinations for Belarusian refined oil products is Ukraine. During the second quarter of 2012, Belarus increased its export of diesel fuel to its southern neighbor. While diesel fuel accounts for 61.6 percent of Belarus's fuel export to Ukraine, one-half of the exported diesel fuel is biodiesel. Belarus is currently selling to Ukraine more than 150,000 tons of biodiesel fuel per month. The export of this category of fuel beyond the Customs Union (of Russia, Belarus, and Kazakhstan) is not subject to export duties. But this arrangement has concerned Ukrainian authorities, who worry that the increase in Belarusian tariff-free biodiesel imports will present unfair competition for the domestic Ukrainian fuel sector. Ukrainian producers face higher production costs and may wish to maintain a higher profit margin than is possible with Belarus's cheaper product saturating the domestic market (http://naviny.by/rubrics/economic/2012/08/29/ic_articles_113_179008/). Nevertheless, by expanding its trade relationship with Ukraine, Belarus has been able to not only boost exports but also to minimize export-related payments to the Russian treasury.

Overall, from January to July 2012, Belarusian exports exceeded imports by \$3.96 billion whereas during the same period of 2011 imports exceeded exports by \$1.6 billion (http://belstat.gov.by/homep/ru/indicators/doclad/2012_8/09.pdf). This reversal is notable because Belarus's trade deficit was the most important reason behind the country's 2011 financial crisis.

A more long-term positive economic story in Belarus has been that of privatization. However slowly and inconsistently, Belarus continues to implement its privatization program. Until recently, no more than 25 percent of Belarus's GDP was produced in the private sector. But in July 2011, a Belgazeta interview with Georgy Kouznetsov, Chairman of the State Committee on Property, created controversy. According to Kouznetsov, it was not Belarus's government that has been inhibiting privatization but the state enterprises' bosses and their personnel, frightened by the prospect of losing jobs as a result of a takeover by a private owner (http://www.belgazeta.by/ru/2011_07_25/sobytiya_otsenki/23093/).

The halting privatization process cannot be so neatly blamed entirely on the state enterprise owners, however. In the spring of 2011, the government issued a program according to which 240 enterprises were to be privatized until the end of 2013. Throughout 2011, however, only 36 large industrial production units were sold, mostly to foreigners. The plans for 2012 envisaged selling 133 enterprises, but by July 2012 only 7 had been sold. There are several factors impeding the process. First, the government has been trying to sell companies with very low profit margins and those producing at a loss. Second, the state wants each prospective investor/owner to commit to modernization of the enterprise and yet to refrain from laying off its personnel. Third, the selling price of an existing enterprise in Belarus is calculated based on the replacement method. In other words, the proposed company price equals the full construction costs of a new production unit with the same specialization and production capacity. The investors, however, are actually interested in buying existing firms that are, in fact, cheaper than their would-be replacements. Last but not least, there are conflicting messages about the initial steps of the privatization procedure. For quite some time, the government announced the list of production units subject to sale. But in the spring of 2012, President Alyaksandr Lukashenka ordered an end to this practice in order keep the workers of these state enterprises calm. Rather, the government should wait for offers from the interested investors (http://naviny.by/rubrics/economic/2012/07/19/ic articles 113 178522/).

Nevertheless, the state has continued to initiate privatization. For example, during the summer of 2012, four large wood processing enterprises went on sale. In August, prospective investors were offered a controlling block of shares of an enterprise that specializes in enforced concrete installation. While the selling price was only \$1.6 million, the sale offer included three conditions that the investor is expected to honor. First, the investor must issue a one-percent, five-year \$1 million loan to the management team. Second, the investor has to retain the specialization of the enterprise and its personnel throughout five years. Third, the investor needs to ensure the export of construction services worth no less than \$50 million a year. Because the overall export of construction services from Belarus amounted in 2011 to \$195 million, the aforementioned enterprise alone would be responsible for one-quarter of that total. Such strings attached to a sale offer may further explain the slow pace of privatization in Belarus. Yet one needs to understand that the underlying obstacle has to do not so much with somebody's ill will as with pervasive conservatism of the Belarusian society. In light of the ongoing reappraisal of state capitalism in the wake of the international financial crisis

(www.economist.com/node/21543160), this conservatism may be far from unhealthy. Still, privatization is progressing, however slowly but surely. One more sign of that is the pending choice of the state privatization program's external financial consultant. Three companies are now competing for that role—US financial firm Ernst & Young FLLC, UNITER Investment

Company CJSC of Belarus, and the Lithuanian-based Quantum Capital UAB. The choice is expected to be made before the end of this year (http://naviny.by/rubrics/economic/2012/09/13/ic_articles_113_179185/).

Despite sanctions and cold relations with Brussels, as well as threats from Moscow, Minsk has been remarkably successful in reversing the economic difficulties Belarus faced since 2010. By regaining a net trade surplus and continuing to cautiously move forward with privatization, the government has ensured a healthy economic climate and domestic stability on which the Lukashenka regime rests.

Belarus Aims to Rebuild Its Ties with the West

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Two top personnel changes have taken place in Minsk. The longest-serving Belarusian foreign minister, Sergei Martynov (in charge from March 2003 to August 20, 2012) was replaced by Vladimir Makei, President Alyaksandr Lukashenka's now ex-chief of staff, whose position was assigned to Andrei Kobiakov, until recently Belarus's ambassador to Russia. Both Martynov and Kobiakov are ethnic Russians, and Kobiakov was born in Moscow. Makei is an ethnic Belarusian from Grodno Oblast. Most commentators agree that Makei's principal task is to repair the Belarus-West relationship, which was badly damaged on December 19, 2010 (when a post-election rally in downtown Minsk was dispersed by riot police). From January 2007 to December 2010, Makei was frequently rumored to be integral to the putative West-leaning group in Mr. Lukashenka's entourage, a group that reportedly also included Martynov and Pavel Yakubovich, editor-in-chief of the major Belarusian daily Belarus Today.

The EU travel sanction policy, resumed in January 2011, is still in place. Martynov, however, was never on the EU list of personae non-grata, apparently to enable some face-to-face contacts with Mr. Lukashenka's government. Curiously, Makei is on that list and it remains to be seen how the Western governments will handle this issue. When, on August 22, President Lukashenka introduced Mr. Makei to the foreign ministry staff, he underscored Makei's experience gained on the Western geopolitical flank of Belarus. It could be that some brewing scandals like that about the alleged re-export by Belarus of Russian oil disguised as solvents (see EDM, June 7) have begun to cloud Minsk's relationships with Russia. Thus, in this light, a lack of progress on the Western flank may be viewed as a problem requiring a renewed effort at its resolution. During his speech introducing Makei, Lukashenka resorted to his signature dig at Russia saying, "we do not have the luxury to thrive as a raw material appendage of the global economy" (http://naviny.by/rubrics/eu/2012/08/23/ic_articles_627_178934/).

Lately, three themes engaged public attention as far as Belarusian-Western relations are

concerned. First, the former director of Pinskdrev, a wood-processing plant in Pinsk, Brest Oblast, Loran Arinich, 76, was in late August arrested by the Polish police at his rented home in Radom, Poland. He was in charge of Pinskdrev when on October 25, 2010, an explosion at the chipboards workshop killed 11 and wounded three. A criminal case against Arinich was initiated in the spring of 2011, but no restraint order was issued, and in July 2011 Arinich informed the authorities that he was leaving for Poland for medical treatment. But in late August 2011, Arinich was put on the Interpol's wanted persons list, and it took more than a year to apprehend him although his whereabouts in Poland had been known all along. Arinich may now hire Polish attorneys to prevent his extradition to Belarus.

A much bigger news story has to do with the aid that German federal police and regional governments in Germany rendered to Belarus's police and border control units from 2008 to 2011. The corresponding aid program was not terminated after December 19, 2010. It included visits to Germany by 100 Belarusian policemen and 400 border guards who received training in three German regions. Training included drills in maintaining order at public events; observing the work of the elite GSG 9 division of the German Federal Police, a division designed to fight terrorists and other dangerous criminals; and accompanying (in November 2010) a cargo train transporting nuclear waste. The passing of that train through Lower Saxony provoked a mass demonstration of ecologists and civic activists. The German police force used pepper spray that injured more than 500 demonstrators while Belarusian trainees observed the clash. German aid also included a donation of €41,200-worth (\$52,000) of computers, video equipment, printers and three VW vans. A political scandal in Germany caused by the public disclosure of this information by some Green party activists is still underway (http://lenta.ru/articles/2012/08/29/hilfe/).

The third Belarus-West theme of note is the so-called European Dialogue on Modernization with Belarus, an initiative launched by EU Commissioner Stefan Fule in March 2012. Four working groups—on political dialogue and reform, law and domestic affairs, economic and social reforms, and trade and market—have been set up and have already conducted two rounds of meetings. However, little clarity has been achieved in regard to the final products of the Dialogue and it is not clear who is going to implement its suggestions.

Denis Melyantsov, an associate of the Belarusian Institute for Strategic Studies, a Minsk-based think tank funded by the West, has published a critique of the initiative in question and of the entire attitude of the EU toward its eastern partners. As for the Dialogue, its major weakness, according to Melyantsov, is a lack of participation by the Belarusian government. Without that participation, it does not make sense to expect any implementable outcomes of the Dialogue. Brussels sent mixed signals, asking Minsk to send representative to three out of four working groups, but no positive response was received due to travel sanctions. Under current conditions whereby the participants from Belarus are just the members of the opposition, the only positive effect of the Dialogue is maintaining some attention on Belarus on the part of the EU. Considering the more general issue of the EU policy in regard to its eastern neighbors Melyantsov believes that the entire Eastern Partnership initiative (of which the aforementioned Dialogue is a part) is a failure (http://naviny.by/rubrics/eu/2012/08/31/ic_articles_627_179028/).

In addition to the EU's frustration over undemocratic trends not just in Belarus but in the other

member countries of the Eastern Partnership, Melyantsov lists the following four reasons for its fiasco. First, the European Union continues to experience its own financial and political problems which marginalize external relations. Second, the entire region of Europe's East, including Russia, does not present equally massive challenges to the EU on par with the Arab countries south of Europe. Third, Western geopolitical projects ran into active resistance of Russia, which appears to have more leverage in that region than the EU and does not hesitate to demonstrate that leverage. As a result, the EU tacitly agreed to Russia's leading role and responsibility in that region. Fourth, neither political elites nor societies of Belarus and Ukraine (and those of Armenia and Azerbaijan as well) reveal an unquestionable willingness to accept European norms, values and practices

(http://naviny.by/rubrics/eu/2012/08/31/ic_articles_627_179028/).

It could well be that Samuel Huntington's "fault line" that separates the West from what he called the Byzantine Orthodox civilization is more alive and well than it is given credit for by liberal and well-meaning Westerners. Nevertheless, the above-cited issues illustrate that despite the years of Western sanctions leveled on Belarus following the December 2010 post-election crackdown, efforts continue by both sides to maintain and resurrect withering ties between Minsk and the West.

Coping with the East-West Imbalance in Belarus's Foreign Relations

Publication: Eurasia Daily Monitor Volume: 9 Issue: 147 August 2, 2012 By: <u>Grigory Ioffe</u>

On July 18, Russia's Prime Minister Dmitry Medvedev paid an official visit to Minsk. Medvedev's visit was somewhat clouded by the July 4 penetration of Belarus's airspace by a light Swedish plane that took off in Lithuania and dropped 1,000 toy teddy bears carrying human rights slogans over the Belarusian town of Ivyanets. Russia and Belarus have established a joint air defense system, which is why the penetration of Belarus's air space is perceived as having implications for Russia. On July 31, Chief of the Belarusian Air Defense and Air Force Dmitry Pakhmelkin and Chairman of the Border Control Committee Igor Rachkovsky were fired by President Alyaksandr Lukashenka

(http://democraticbelarus.eu/files/bulletins/new/BelarusHeadlinesIX.pdf).

Medvedev's pronouncements during his visit revealed that while Belarus's economic attachment to its eastern neighbor may have reached an apogee, the relationship with Russia is not without problems. For example, Medvedev mentioned that "the Belarusian partners will not be able to dodge" the privatization of Belaruskalii, a potash producer and a crown jewel of the Belarusian industry whose production chain, unlike that of the two main state-owned oil refineries, is

entirely controlled by Belarus due to its vast reserves of potassium. Russian tycoons have long set their eyes on Belaruskalii, but President Lukashenka did not sell it even during the harshest financial crisis. The second wakeup call was Medvedev's pledge to get to the bottom of the solvents problem (see EDM, June 7) whereby Belarus may have re-exported Russian oil disguised as solvents and by doing so avoided paying oil export duties to the Russian treasury. The third signal of Russia's eagerness to get hold of Belarus's most lucrative assets was Medvedev's statement that the project of the MAZ and KAMAZ merger is almost completed. The firms in question are producers of heavy trucks and tractor trailers in Minsk and in Naberezhnye Chelny, Russia, respectively. At the same time, Russia's Deputy Minister of Finance Sergei Storchak announced that, before the end of the year, Belarus is going to receive the fourth \$440 million tranche of Russia's anti-crisis loan. The third tranche of the loan was transferred to Minsk during the May 31 visit by Vladimir Putin to Minsk, despite the fact that Belarus had not delivered on its privatization commitments - a condition set for disbursement of the anti-crisis loan. Finally, the signing ceremony of the general contract to build a nuclear power station in Belarus took place during Medvedev's visit. The contract, worth \$10 billion, will be implemented by Russian firms

(http://naviny.by/rubrics/politic/2012/07/18/ic_articles_112_178517/).

Analyzing an unusually high level of Belarus's economic dependency on Russia, Yaroslaw Romanchuk, a 2010 presidential hopeful, likened the bilateral relations with Russia to those between Israel and the United States. By various accounts, US aid to Israel is worth between eight percent to 15 percent of Israel's GDP. "If all forms of Russia's support are monetized," writes Romanchuk, "they would account for 18 percent to 20 percent of Belarus's GDP from 1995 to 2012." According to Romanchuk, the major preoccupation of Belarus's leadership with respect to the multilayered Belarusian-Russian relationship is to wean the Kremlin off from ever treating Belarus as a "normal economic partner" whereby costs and benefits of bilateral exchange are subjected to scrutiny

(http://naviny.by/rubrics/opinion/2012/07/25/ic_articles_410_178583/). It is the occasional bouts of temptation on Russia's part to subject its relationship with Belarus to cost-benefit analysis that prompt Minsk to revive its ties with the EU.

On July 23, Belarus's Minister of Foreign Affairs Sergei Martynov paid a visit to Brussels and took part in the meeting of foreign ministers of the European Union and Eastern Partnership (EaP) countries. Considering that the previous such meeting in September 2011 was boycotted by Minsk (see EDM, October 14, 2011), Martynov's recent participation may be looked at as a step in resuming the EU-Belarus dialogue

(http://naviny.by/rubrics/eu/2012/07/24/ic_articles_627_178569/). Following the visit to Brussels, Martynov proceeded to Rome where, on July 25, he met with the newly elected Chairman of the Parliamentary Assembly of the Organization for Security and Cooperation in Europe (OSCE), Riccardo Migliori. A program of the visit also included meetings of the Foreign Minister with representatives of the Italian Parliament and state authorities, as well as with the management of Italian companies interested in implementing joint projects in Belarus (http://www.mfa.gov.by/en/press/news_mfa/ad1d132e9cfe7fa1.html).

Apparently, Italy remains Belarus's closest partner in Western Europe. But it is evidently Lithuania that makes the utmost effort to return Belarus's relationship with the EU to its pre-

December 19, 2010 level. On July 15, Lithuanian President Dalia Grybauskaite stated that Lithuania wanted the dialogue between the EU and Belarus resumed, calling for equal, constructive and mutually-beneficial cooperation on a bilateral ties. She stated her position after presenting the credentials to Lithuania's new ambassador to Belarus, Linas Linkevicius. "Belarus is an important neighbor for Lithuania, with which we share versatile relations; therefore, we should ensure that the cooperation is equal, constructive and mutually-beneficial," Grybauskaite said in a press release circulated by her press service

(http://www.15min.lt/en/article/world/lithuania-wants-eu-belarus-dialogue-resumed-529-234241).

"Europe must come up with other language than ultimatums and sanctions for communicating with Belarus," Lithuania's new Ambassador to Minsk Linas Linkevicius said on July 17. In an interview with the Baltic News Service (BNS), the diplomat emphasized that Belarus was a very important economic partner for Lithuania, adding that political interference could affect business relations. BNS questioned the ambassador about whether, in his opinion, the earlier EU strategy of applying sanctions on Belarus did not prove entirely effective. Linkevicius responded, "We should understand that the introduction of certain restrictions could push them [Belarus] to absorb other influences. Let us say we restrict economic relations with EU countries and restrict the communication. This will force them into stronger and closer economic relations with other countries. I do not know if this yields a result. We should carefully weigh everything" (http://www.15min.lt/en/article/world/lithuania-s-ambassador-to-minks-linas-linkevicius-we-must-find-ways-to-talk-with-belarus-without-ultimata-529-234757).

It appears that the geopolitical tug of war over Belarus is not going to end any time soon despite Russia winning the opening battle.

The EU Visa Ban and the Fate of Independent Belarusian Pollsters

Publication: Eurasia Daily Monitor Volume: 9 Issue: 135 July 17, 2012 By: <u>Grigory Ioffe</u>

Lidiya Yermoshina, chair of the Belarus Central Electoral Commission, long on the EU travel ban list, was invited to the Vienna-based July 12 OSCE conference "Democratic Elections and Election Observation." Her deputy, Nikolay Lozovik, also under EU travel sanctions, was invited as well, and both received Austrian visas and took part in the meeting <u>naviny.by/rubrics/politic/2012/07/09/ic_articles_112_178399/). </u>

This is not the first time Belarusian citizens on the travel ban list were able to circumvent the ban. This happens when an invitation is issued by a multi-national body of which Belarus is a

member state. For example, in January 2012, former Minister of Internal Affairs, Anatoly Kuleshov, directly responsible for the December 19, 2010 post-election crackdown, visited the Interpol HQ in Lyon, France (see EDM, February 1). Each time a visa ban is dodged, the EU travel sanctions policy is undercut. In this case, the effect was exacerbated by the fact that a seasoned member of the Belarusian opposition, Victor Korniyenko, who co-chairs the campaign "For Fair Elections," was denied exit at the Minsk airport when he was heading to Vienna to participate in the same conference. An official note was stamped in Korniyenko's passport to the effect that he is denied permission to leave the country

(http://belaruspartisan.org/politic/214743/). Upon returning to Minsk from Vienna, Yermoshina remarked in her interview to a state television channel that she "was allowed to go in order for [her] to receive a dose of personal mentoring"

(http://www.svaboda.org/content/article/24647176.html).

In the meantime, a new (June 2012) quarterly national survey of Belarusian public opinion by the Independent Institute for Socioeconomic and Political Studies (IISEPS) was published. The survey revealed that while public perception of the economic situation has been on an upward trend for the fourth quarter in a row, President Alyaksandr Lukashenka's personal rating has shrunk to 29.7 percent. This is the share of the electorate that would be willing to vote for Mr. Lukashenka if the presidential elections were conducted "now." In September 2011, Lukashenka's rating reached an all-time low of 20.5 percent; by December, it was up to 24.9 percent, and by March 2012 to 34.5 percent – a jump of almost 10 percent in one quarter (http://www.iiseps.org/). Previously, his in-between-elections ratings used to hover around 40 percent, plus or minus 3 percent, and they fluctuated in unison with the people's perception of their economic situation.

The talk show "Prague Accent" of the Belarusian Service of Radio Liberty discussed on July 9 why this pattern in Lukashenka's support appeared to be broken this time. According to one participant of the show, Sergei Nikolyuk of the IISEPS, the populace feels that the socioeconomic model of Belarus is close to exhaustion and blames the President. Yelena Artyomenko of the Belarusian Institute for Strategic Studies, yet another Minsk-based think tank funded by the West, believes that the change in ratings recorded during just one quarter cannot alter the trend, and in the longer run the parallelism between the economic situation and the President's popularity will be reestablished. Sergei Bogdan, an independent political commentator, thinks that the improvement Lukashenka achieved from a very low point of support was prone to a quick political dividend whereas further improvement was not. All participants, however, shared the impression that the protest potential in Belarusian society is low, and extremely few people relate better prospects for the future with the activity of the Belarusian opposition (http://www.svaboda.org/content/article/24640070.html).

The government has attacked the IISEPS since about 2000 and has been subjected to harassment by the Belarusian KGB. A booklet, issued in conjunction with the 20th anniversary of the IISEPS and passed around at the Vilnius-based conference "The future of Belarus" (http://belarusdigest.com/story/international-conference-%E2%80%9Cfuturebelarus%E2%80%9D-kicks-vilnius-9405), included two remarks by Lukashenka about Oleg Manaev, the organization's founder. One of them is dated September 1997 and is flattering, and the other, dated October 2011, is disparaging. On December 27, 2004, the US ambassador visited IISEPS as a sign of Washington's support for beleaguered Belarusian nongovernmental organizations. Four months later, on April 15, 2005, the Supreme Court of Belarus ruled to close down the institute. It is currently active as a nonprofit organization registered in neighboring Lithuania. Manaev has been repeatedly warned by the General Prosecutor's Office that the continuation of polling in Belarus by an institution not registered in Belarus is a criminal offence. Manaev's response so far has been that the polling is conducted by a group of private citizens. In 2010, an attempt was made to fire Manaev from the Belarusian State University, for which he works as a full professor. More than one hundred scholars from across the world petitioned the Rector of the university on behalf of Manaev, who retained his job as a result (http://www.cogita.ru/dokumenty/arhiv-dokumentov-2010-peticii-otkrytye-pisma-zayavleniya/pismo-v-podderzhku-belorusskogo-sociologa-olega-manaeva).

However, on June 26, the lower chamber of the Belarusian parliament adopted an amendment to the Administrative Violations Code, stipulating harsh penalties for conducting a sociological survey without accreditation. It could be that the entire amendment is effectively targeting just the IISEPS simply because it is the most active opinion surveyor in the country. Other pollsters that conduct and publish surveys in Belarus on orders of international agencies and grant-making institutions - such as "Novak," headed by Dr. Andrei Vardomatsky, and a group of sociologists from the Belarusian State University under the guidance of Dr. David Rotman – already have proper accreditation papers. So far, the quarterly surveys by the IISEPS have been the most reputable source of sociological information about Belarus. The fact that approximately since 2006, IISEPS's surveys have been almost equally disliked by the government and by the opposition (as ratings of the opposition parties, of their leaders, and of alternative presidential hopefuls have been routinely assessed as abysmally low) has boosted the prestige of the IISEPS even more as a sign of its impartiality. It is unclear at the moment what the adopted amendment would mean for the further activity of the IISEPS, but the potential disappearance of the IISEPS quarterly surveys would do much harm not only to political commentators but to all students of Belarus and its society.

Belarus Defies Clichés

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Even after more than twenty years of statehood, Belarusians have not developed a distinctive national identity. In most countries of the Old World, the marker of identity is language. According to the internet portal Budzma.org, Novak, a Minsk-based sociological firm, conducted a national survey devoted to the use of and mass attitude to the Belarusian language in Belarus. In 2012, only 23 percent of Belarusian adults attested to fluency in the Belarusian language (in 2009, 34 percent did). At the same time, only 3.9 percent of Belarusians use Belarusian all the time (in 2009, 5.8 percent did). Almost half of all respondents (46.5 percent) attributed not

communicating in Belarusian to the fact that the Belarusian language milieu is non-existent, whereas almost one-third attributed this condition to their own ignorance of Belarusian. More than half of Belarusians (52.4 percent) are against broadening the use of the Belarusian language in business, whereas only 33 percent are in favor of that. About half of Belarusians (48.4 percent) are against more active use of Belarusian in the army, while 35 percent would welcome such a policy. The same pertains to use of Belarusian in legal practice or jurisprudence: 51.7 percent are against more Belarusian in that area and 36.5 percent are in favor. When respondents are allowed to name more than one native language, 52.4 percent name Belarusian, and 78.7 percent name Russian. It appears, therefore, that 35 percent of Belarusians attest to having two native languages. Only 29.5 percent of Belarusians said they would like to improve their knowledge of the Belarusian language and only 14.6 percent of Belarusians would like to constantly use Belarusian at work, although as many as 40.7 percent would like to see more movies in Belarusian (t-styl.info, May 31).

Because Belarus resides almost entirely within a Russian language-based information space, Belarusians' geopolitical leanings continue to interest researchers. According to Demoscope, a Russian demographic portal, about half of all Belarusians have relatives in Russia and one-third of them have close friends there. Only 17.5 percent of Belarusians have never been to Russia, while 51.6 percent have been to Russia multiple times

(http://demoscope.ru/weekly/2008/0329/analit02.php). In this regard, the following data regarding the Belarusians' contacts with the countries of the European Union, yet another center of gravity in Europe, seem particularly illuminating. According to the European Commission for Home Affairs, in 2011, for the second year in a row, Belarus was the world leader in terms of the number of acquired Schengen visas per 1,000 residents. In 2011, Belarusian citizens received 580,000 C-type (qualifying for up to 90 days of stay) Schengen visas (a significant number for a country with a population of less than 10 million) – 150,000 more than in 2010. For comparison, citizens of China (with a population of 1.3 billion) received about one million Schengen visas, whereas citizens of Turkey, a country seven times more populous than Belarus, received only 592,000 visas. With 61 Schengen visas per 1,000 residents, Belarus is far ahead of Russia (36 visas), Ukraine (24 visas) and Georgia (13 visas). Even in absolute, not relative, terms Belarus is the world's fifth highest recipient of Schengen visas. This is despite the fact that Belarusians pay 60 euros for their Schengen visa – much more than citizens of other post-Soviet countries who pay only 35 euros (generation.by/news5407.html). This information implies frequent trips undertaken by Belarusians to the EU and is difficult to reconcile with the image of their country being the "last European dictatorship" – one more indication that the cliché-ridden thinking is inadequate for understanding Belarus.

And yet, as Mao Zedong once said, the wind from the east prevails over the wind from the west. For many years in a row, the Independent Institute for Socio-Economic and Political Studies has included the following question in its quarterly surveys: If you were to choose between two alternatives, joining the EU or unification with Russia, what would you choose? The Russia option prevailed over the EU option until 2009; in 2010, the EU option was briefly more popular; but by now, Russia has reclaimed its geopolitical advantage. According to the March 2012 survey, 47 percent of Belarusians would opt for unification with Russia, whereas 37.3 percent would opt for joining the EU (http://www.iiseps.org/press5.html).

Russia has just delivered the third tranche (\$440 million) of its stabilization loan to Belarus after a three month delay. According to Arkady Moshes, Director of the EU's Eastern Neighborhood and Russia research program at the Finnish Institute of International Affairs, the transfer of this tranche is one more victory for Alyaksandr Lukashenka and a PR disaster for the Kremlin. This is because the entire loan and especially its third tranche were conditioned by the fully-fledged launch of the Belarusian privatization program whereby Russian tycoons were expected to obtain lucrative assets in Belarus. But nothing like this has transpired. Moreover, three weeks prior to Putin's visit, Lukashenka, adept at using undiplomatic language, stated publicly that Russia "has no resources to strangle Belarus," and still got away with it. Moshes believes that in the near future, Lukashenka's appetite for financial support with no strings attached will only grow. Meanwhile, Moscow cannot afford to spoil its relationship with Minsk let alone twist Lukashenka's arm in order to get concessions on Belarusian industrial property (ej.ru/?a=note&id=11865).

Indeed, when Russian Ambassador to Minsk Alexander Sourikov stated that Belarus should switch to the Russian ruble because the country would not survive another financial crisis, President Lukashenka dismissed it with remarkable ease. Among other things, Lukashenka rejected Ambassador Sourikov's proposals as irresponsible and likely to "destroy the common economic space." The Belarusian President asserted that the privatization of Belarusian state-owned industries will be pursued anyway, but that "this is our [Belarus's] privatization, and it is up to us to decide what to sell, for how much and under what kinds of conditions." Finally, he said that Belarus is ready to forgo the establishment of the Russian-Belarusian truck-producing joint venture (which would unify the MAZ factory in Minsk with the KAMAZ factory in the city of Naberezhnye Chelny in Tatarstan, Russia) if the initially agreed upon parity of 50 percent of shares in Russian and 50 percent in Belarusian hands is not to the liking of the Russian side (gazetaby.com/cont/print.php?sn_nid=46339). Considering that Belarus was only recently in the grips of a major financial crisis, the vitality and resilience of its political regime is nothing short of remarkable. And with the Belarusians' cultural affinity recently having swung back toward Russia, Minsk's ability to maintain Moscow at arm's length is even more notable.

Is Belarus Firmly Within Russia's Orbit?

Publication: Eurasia Daily Monitor Volume: 9 Issue: 108 June 7, 2012 By: <u>Grigory Ioffe</u>

Russian President Vladimir Putin's visit to Belarus and the nature of the Belarus-Russia relationship continue to be debated. It can certainly be argued that "the Belarusian president is merely forestalling the inevitable, which is deeper integration on terms determined by Russia" (see EDM 31 May). However, as Russian analyst Arkady Moshes notes, Belarus's President Lukashenka also possesses several trump cards vis-à-vis Putin and Russia in general

(ej.ru/?a=note&id=11825).

First, Lukashenka's experience in containing what he calls extremism is now in high demand in Russia. The State Duma recently passed a bill that tightens rules for public gatherings and hikes fines for unsanctioned rallies, which appears to be an adoption of the Belarusian knowhow in protest-breaking tactics (http://en.rian.ru/russia/20120606/173869005.html).

Second, without Lukashenka's acceptance, there would be no political-economic reintegration in the former Soviet space – a cherished goal of Putin (ej.ru/?a=note&id=11825).

Third, Russia politically pressured the Belarusian leader multiple times, and for the most part he avoided making concessions. For example, Russia's 2010 TV campaign to discredit Lukashenka failed to remove or domestically weaken him. Also, generous Russian subsidies through cheap oil and gas have been restored without acquisition of any major Belarusian assets by Russian tycoons. The sale of Beltransgaz, although it looks like an exception, was actually a big gain for Belarus, which received \$2.5 billion for the remaining 50 percent of shares of the Beltransgaz when Belarus needed hard currency the most. At the same time the most lucrative assets (two oil refineries and a potash business) are still in Belarus's hands (ej.ru/?a=note&id=11825).

Fourth, Minsk has retained independence in its foreign policy. For example, the lack of recognition of South Ossetia's and Abkhazia's statehood on the part of Minsk led to good relationships with Tbilisi. These relationships paid off when Georgia strongly protested against signing a declaration that condemned the deterioration of human rights, democracy and the rule of law in Belarus at the EU Eastern Partnership meeting in September 2011 (See EDM October 14, 2011). In a long-term political game with Russia, Lukashenka has been a winner, Moshes concludes (ej.ru/?a=note&id=11825). Belarusian analyst Alexander Klaskovsky expresses a similar opinion in a characteristically titled article, "Belarus is too tough for the Kremlin" (http://naviny.by/rubrics/politic/2012/05/28/ic_articles_112_177981/).

In a further sign of Belarus's economic agility, it has been confirmed that a Russian businessman bought Beltech Holding, the company managing a group of Belarusian arms producers and traders. Vladimir Peftiev, the head of the weapons exporter, fully ceded his stake in the holding's managing company to Russia's Dmitry Gurinovich. The EU froze the assets of Peftiev and three companies controlled by him while also barring the Belarusian businessman from entering the EU (Interfax, May 30). Sources in Belarus, however, claim that the reported sale is a ruse specifically designed to avoid EU sanctions (news.tut.by/economics/292475.html). To forestall the effect of potential sanctions, the intention has been announced to register the trading arm of Belaruskalii, the country's major producer of potash, in Switzerland (http://naviny.by/rubrics/economic/2012/06/04/ic_articles_113_178052/). Consequently, so far operations of the two Belarusian business owners under EU sanctions since March 2012 have been expanding. Thus, Yury Chyzh, one of those owners, has just announced two new projects a joint venture to assemble heavy BelAZ trucks in Kemerovo oblast of Russia and a Belarusian tractor factory in Pakistan. The second business owner, Anatoly Ternavsky, has expanded his oilrelated business. Both Ternavsky and Chyzh are now among the ten top taxpayers in Minsk, a position they did not hold in 2011 (http://gazetaby.com/index.php?sn_nid=45916&sn_cat=34).

In his interview to the Belarusian News Agency Belapan, the Russian ambassador to Minsk, Alexander Surikov, acknowledged that Belarus exports more refined oil products than it is possible to produce from the amount of Russian oil bought by Belarus. In 2011, Belarus exported 2 million tons of solvents to the West. Unlike other oil-related products, solvents, refined in and exported by Belarus, are exempt from having to pay export duties to Russia's treasury. There is therefore a suspicion that Belarus re-exports Russian petroleum products under the guise of solvents, thus helping to fortify Belarus and its economy. According to Surikov, this suspicion is now being investigated

(http://naviny.by/rubrics/economic/2012/06/06/ic_articles_113_178083/).

Belarus also continues to play an integral role in supporting the Russian arms industry. The country has an immediate connection to a new prototype ballistic missile that was successfully test-fired from the Plesetsk Cosmodrome in Arkhangelsk region of Russia on May 23 (RIA Novosti, May 23). The launch took place from a mobile launcher placed in a special car chassis. The chassis represents a wheeled version of the conveyor MWTP-79221, produced by the Minsk Wheel Tractor Plant (http://www.mzkt.by/eng/). Such Russian mobile missile complexes as Topol-M and Yars also use the same mobile conveyor

(http://naviny.by/rubrics/society/2012/06/04/ic_articles_116_178055/). Thus, so long as Belarus can maintain control over such key industries, the country's economic health and the regime's continued value to Russia should remain largely secure for the time being.

Multiple Signs of Stabilization in Belarus

Publication: Eurasia Daily Monitor Volume: 9 Issue: 98 May 23, 2012 By: <u>Grigory Ioffe</u>

If there is any refrain to recent developments in Belarus, it is political and socio-economic stabilization.

First, the International Ice Hockey Federation (IIHF) has not succumbed to political pressure – mainly from the United States – and confirmed Minsk as the venue for the 2014 World Hockey Championship. Speaking at its congress in Helsinki on May 18, IIHF President Rene Fasel reiterated his opposition to stripping Belarus of the right to host the championship. Mr. Fasel stressed that "sport cannot and should not be a political tool" (http://naviny.by/rubrics/english/2012/05/19/ic_articles_259_177894).

The exchange rate of the US dollar to the Belarusian ruble has stabilized, and on May 22 the dollar even lost some of its value and is now worth 8,140 rubles (http://select.by/content/view/3785/782/). Without much media noise, the major cause of the 2011 financial crisis in Belarus – a negative balance of international trade – has been overcome

(see EDM, May 9). The three major groups of products responsible for boosting Belarusian exports are processed from Russian oil and include gasoline, kerosene and diesel fuel; solvents and paint thinners; and lubricants. The overall export of these products from Belarus increased from \$2.103 billion during the first quarter of 2011 to \$4.029 billion earned from January to March 2012. At the same time, imports have shrunk, particularly of consumer goods, (by \$630 million compared with the first quarter of 2011), and of semi-finished products (by \$264 million). The positive net balance of international trade recorded in March 2012 – \$557.7 million – was the highest monthly net balance over the 10-year period (http://news.tut.by/economics/289726.html).

Not quite satisfied with Belarus's market being dominated by its two largest trading partners, Russia and the EU, the government of Belarus has been trying to boost the role of Asian partners, particularly China. By 2011, the volume of Belarus-China trade had reached \$3 billion. In recent years, Chinese direct investments were instrumental in modernizing two Minsk-based thermoelectric plants, building one cement factory and in creating a Belarus-China joint venture in the household electronics sector. In the fall of 2011, China rendered Belarus a low-interest \$1billion loan. The problem with Chinese loans, from Minsk's point of view, is that all or most of them are, so-called, tied loans that require the borrower to buy Chinese goods. But on April 26, 2012, the Chinese agency Dagong Global Credit Rating substantially raised the rating of the Belarusian economy, thus increasing the chances that Belarus would receive tied loans. Detailed negotiations about multiple aspects of Belarusian-Chinese cooperation have been conducted during the visit of Lu Yongxiang, Vice Chairman of the Standing Committee of the National People's Congress of China, to Minsk on May 21. Furthermore, on multiple occasions, Alyaksandr Lukashenka underscored his desire to follow the Chinese example of successful market transformations coupled with tight political control over society (http://naviny.by/rubrics/economic/2012/05/20/ic_articles_113_177897/; news.belta.by/en/main news.

Yet another newsworthy item has been an unexpected initiative by Vladimir Borodach, a retired Belarusian riot police colonel who received political asylum in Germany, to form a Belarusian government in exile. According to Borodach, much of the current Belarusian opposition is helpless because it has been infiltrated by KGB agents. Needless to say, Borodach's initiative caused uproar among the Belarus-based opposition and revealed yet again its inability to come up with a cohesive point of view on anything, including a consolidated political platform. Strangely enough, Borodach's initiative coincided with a statement by Lithuanian Foreign Minister Audronius Azubalis that he is "tired of all plans to support the Belarusian opposition" and that "together with our American friends we ought to think about a transitional council." That coincidence begot rumors that these two pronouncements may have somehow been coordinated (http://naviny.by/rubrics/politic/2012/05/22/ic_articles_112_177918/). But Alexander Klaskovsky, a major voice in the opposition media, called Borodach's initiative a tempest in a teapot (http://www.gazetaby.com/index.php?sn_nid=45552&sn_cat=32).

On the part of Belarusian government ideologues, there are signs of triumphalism over leaving the worst of the economic crisis behind and apparently over the utter inability of European and American sanctions to alter the political landscape in Belarus. Thus, Vadim Gigin, editor-in-chief of Belarusian Thought magazine, published an article titled "The End of History?" in

which he claims that the "current European model of democracy" is a "dictatorship of mediocrities" exemplified by Francois Hollande, his predecessor French President Nicholas Sarkozy, and in particular Catherine Ashton and Herman Van Rompuy. Using Soviet historian Lev Gumilev's "passionarity" concept, which may be explained as the level of vital energy and power characteristic of any given ethnic group, Gigin claims that, whereas old Europe is past its prime, Belarus, Russia and Kazakhstan are "young and energetic nations." According to Gigin, the crusade of belligerent mediocrities is the main reason why the Western political establishment does not accept the types of national leaders that dominate the post-Soviet space. "Just because Alyaksandr Lukashenka, Vladimir Putin, and Nursultan Nazarbayev are imbued with passionarity and are not faceless people, they are unacceptable to the West. They have their pros and cons, but they are alive; and that is why they make history contrary to the wishes of the self-important dummies from the EU and Washington" (http://www.belta.by/ru/blogs?auth_ID=16).

According to some analysts, the extent to which this bravado is justified will largely depend on Russia. More specifically, Minsk's economic success will be contingent upon how lasting Russia's commitment will be to cheap oil and gas for Belarus, how determined Moscow will be to obtain Belarus's most lucrative assets, and how strongly Russia will enforce certain regulations within its common economic space with Belarus and Kazakhstan (http://naviny.by/rubrics/economic/2012/05/21/ic_articles_113_177907/).

Belarus: The End of a Cycle

Publication: Eurasia Daily Monitor Volume: 9 Issue: 88 May 9, 2012 04:28 PM Age: 251 days By: <u>Grigory Ioffe</u>

On May 8, Alexander Lukashenka delivered his annual address to the National Assembly and to the Belarusian people. Mr. Lukashenka postponed the address, which was originally scheduled for April 19, ordering speechwriters to edit parts of the text that focused on privatization and foreign policy. In particular, Mr. Lukashenka said that the address should emphasize that an "excessively liberal approach" to privatization and "wholesale" privatization are unacceptable, while the interests of workers and all ordinary citizens of Belarus must be taken into account. In addition, Mr. Lukashenka "spoke against excessively tough ways of responding to problems that arose in relations" between Belarus and the EU (http://naviny.by/rubrics/english/2012/04/19/ic news 259 391671/).

One of the highlights of the actually delivered speech is Lukashenka's comment on Vladimir Putin, who could allegedly "stifle Belarus" upon reclaiming his presidential post. Referring to the period of heightened prices on Russia's oil and gas sold to Belarus, Lukashenka said that "Russia understood that one more year of such policy – and Belarus would never be on its side." According to Lukashenka, Putin "would not repeat that mistake"

(http://naviny.by/rubrics/politic/2012/05/08/ic_news_112_392744/). In an article that showed up one week prior to Lukashenka's address, Ales Gorski, a blogger, pointed out that Putin would not be able to subdue Lukashenka. The main reasons, according to Gorski, are that Putin has too many problems on his hands, and that Lukashenka can torpedo Russia's economic integration efforts with Belarus or threaten to side with Europe – a trick that works (http://naviny.by/rubrics/opinion/2012/04/28/ic_articles_410_177676/).

In his address, Lukashenka called upon the EU to solve mutual problems through dialogue. "The policy of sanctions is mistaken, useless, and bears no results. Belarus entertains no hostility either to the EU or to the US. Now, many people sound like a broken record: either you side with us or with them; [and] is there a [geopolitical] seesaw or not? But this is an outdated approach and primitive thinking. There is no seesaw but there are objective interests of the country dictated by its current situation and its future," said Lukashenka (http://naviny.by/rubrics/politic/2012/05/08/ic_news_112_392732/).

Whether or not the image of a geopolitical swing set is relevant, it is by far the most tenacious refrain of many leading commentators on both the government and the opposition sides. On the latter's side, Alexander Plashchinsky writes that "Russia does not guarantee that it will keep its oil and gas discounts for a very long time. Sooner or later Belarusian authorities will face the prospect of the collapse of their economic model. At that moment, the EU should be ready to offer Belarus a comprehensive package of financial and technical assistance in reforms and enter into a dialogue with authorities and businessmen on the future development of the country" (http://belarusdigest.com/story/belarus-trapped-eurasian-integration-9029). Alexander Klaskovsky (also a voice of the opposition) avers that "the current propositions of the EU do not impress. A recently presented 'Dialogue on Belarus's modernization' looks formal and unprepared, just like the Eastern Partnership." With reference to Yevgenii Preigerman, Klaskovsky remarks that "quite frankly, the EU cannot make up the losses Belarus would incur as a result of its putative break with Russia." He also admits that Belarus's leadership has a powerful political will to dodge "re-colonization by Russia." But this will is fixated on Lukashenka retaining a grip on power in the first place (http://naviny.by/rubrics/politic/2012/05/07/ic articles 112 177758/).

On the government side, Vadim Gigin, a prolific political writer, poses the following question to which he subsequently responds. "What are the reasons for the West (the EU in the first place) to pursue contacts and, however inconsistent, rapprochement with Alexander Lukashenka?" According to Gigin, "there are several reasons and the foremost of them is Russia. Yes, some of the catch phrases we can now hear from our Western partners are 'Do not scare us with Russia. This trick is not going to fool us anymore. We will not sacrifice our values on the altar of our geopolitical interests.' But when these are repeated over and over again like a mantra, you get to understand that the growing influence of Russia on Eastern Europe indeed scares the West the most. In the Western capitals, they do understand perfectly well that if the greatest assets of Belarus are taken over by Russian business owners, this country will be lost for the West for a long time if not forever." Gigin notes that Putin's return is a strong catalyst of the beginning rapprochement between Belarus and the West in part because this event undermines any hope for Russia and the West coordinating their policies on Belarus. The passing euphoria over Arab

revolutions and the waning hopes that the economic crisis would destroy Belarus's political system are also factors in Belarus-West reconciliation, according to Gigin. Finally, Gigin observes that even though the rapprochement between Belarus and the West seemed unavoidable even shortly after December 19, 2010, the current pace of reconciliation is impressively fast (http://www.belta.by/ru/blogs?auth_ID=16&art_ID=175).

As for Belarus's financial crisis, there are obvious signs of relief, chief among them being a surplus in international trade. Between January and March, this surplus amounted to \$716 million, whereas from January to March 2011 there was a deficit of \$2.886 billion (belapan.com/archive/2012/05/02/546219/). This deficit was one of the main reasons for Belarus's financial crisis. In his annual address, Lukashenka also admitted to mistakes in economic policy and vowed not to live beyond Belarus's means. "The example of the European countries that used to hide their heads in the sand and did that for years, while postponing the necessary decisions, should be a warning for us. The main lesson of the economic crisis is that one has to live within one's means. You cannot spend more than you have earned," Lukashenka declared (http://naviny.by/rubrics/economic/2012/05/08/ic_news_113_392687/). With this in mind, he vowed to limit the amount of new housing stock, which is sold at discounted prices to the general public. "During the last five years, one million Belarusians improved their living conditions. Belarus is the CIS leader in housing construction per 1000 people" (http://naviny.by/rubrics/society/2012/05/08/ic_news_116_392708/).

By most accounts current developments in and around Belarus mark the end of certain geopolitical and economic cycles that have remarkably converged. From both of these, the Lukashenka government has emerged victorious contrary to many predictions and as it did in the past. It remains to be seen what the new cycles will bring to that medium-sized country squeezed between Russia and the West.

Democracy Promotion, a Release of Two Prisoners, and a Tug of War over Belarus

Publication: Eurasia Daily Monitor Volume: 9 Issue: 77 April 18, 2012 By: Grigory Ioffe

The Belarusian political commentator Andrei Fyodorov cast light on why the fight for democracy in Belarus, which the EU and the US have been waging non-stop since 1996, has never succeeded. According to Fyodorov, "the Belarusian society itself does not reveal a willingness to fight for democracy and human rights. So why should the European Union be more Catholic than the Pope?"

(http://naviny.by/rubrics/politic/2012/04/11/ic_articles_112_177483/). Indeed, as the March 2012 national survey by the IISEPS has shown, only 18 percent of Belarusians are concerned

about violations of human rights in their country (http://www.iiseps.org/press15.html). This is less than the usual electorate of the Belarusian opposition, which accounts for about 25 percent of Belarusian adults. At the same time, the paternalistic social model, according to which the state should ensure a satisfactory standard of living for the members of the Belarusian society, enjoys the support of 51 percent of respondents (http://nmnby.eu/new/analytics/4556.html). As the Russian political commentator Alexei Makarkin explained, the recent vote for Putin in Russia is also based on a grassroots enthusiasm for state paternalism (www.ej.ru/?a=note&id=11850). In that regard, Russia and Belarus do not appear to be different, and a cultural divide in Europe postulated by Huntington (1996) and by many cultural geographers prior to him appears to be more real than the Western democracy promoters may be prepared to admit.

If the European Union were truly interested in promoting democracy in Belarus, it would have long revised its discriminatory travel policies in regard to ordinary Belarusians. But as Yaroslav Kryvoi has shown, "it often takes months for Belarusian citizens to get a visa for an EU country. This includes waiting for an appointment, preparing thick packages of documents, and spending many hours queuing outside the consulate regardless of the weather. The procedure is very expensive too – a simple visa costs $\in 60$ (\$79) – the highest price in Europe. To put it into context, the average monthly salary in Belarus is around $\in 270$ (\$354). What is worse, many consulates deliberately issue singly-entry visas valid for several days only. The German consulate is notorious for this. In practice this means that Belarusian nationals have to undergo this humiliating and expensive procedure again and again"

(http://belarusdigest.com/story/how-eu-and-lukashenka-keep-belarusians-out-europe-8752).

Concerned about the negative implications of the "new Berlin Wall" effectively installed by the EU, Alexei Pikulik and Denis Melyantsov in their third article (the first two articles were referenced earlier – see EDM, March 21), proposed the means to "de-escalate" the Belarus-EU conflict. On the side of Minsk, these include ceasing the anti-European campaign in the state-run media; refraining from the practice of preventing the members of the opposition from traveling abroad; refraining from obstructing visits to Belarus by mid-level EU experts, politicians and bureaucrats; and beginning to release political prisoners. On the side of the EU, the proposed de-escalating measures include a moratorium on further expansions of travel and economic sanctions; extending an invitation to Belarus's government experts to participate in a dialogue about Belarus's modernization; and giving consideration to the projects jointly proposed by Belarus, Ukraine and Lithuania in 2009 under the auspices of the EU's Eastern Partnership (EaP). Pikulik and Melyantsov also see the necessity for an impartial mediator in the Belarus-EU conflict. In that capacity, they see representatives of the Vatican naviny.by/rubrics/opinion/2012/04/10/ic_articles_410_177474/).

Some of the proposed measures have been already implemented. Thus, Andrei Sannikov and Dmitry Bondarenko have been released from jail on April 14 and 15 (http://naviny.by/rubrics/society/2012/04/14/ic_articles_116_177526/), a major breakthrough in the resolution of the Belarus-EU conflict. This is definitely a belated realization of the Belarusian Foreign Ministry plan discussed earlier in EDM (April 5). Now, the EU will most probably reciprocate and refrain from a further expansion of sanctions imposed on Belarus. The release of the two political prisoners occurred just four days after President Lukashenka of Belarus met with Apostolic Nuncio to Belarus Archbishop Claudio Gugerotti

(http://president.gov.by/en/press130292.html).

Ironically, Alexei Pikulik, one of the most consistent critics of the EU sanctions and a proponent of direct EU contacts with the government of Belarus, was himself prevented from leaving Belarus for Bratislava and Warsaw where he was supposed to take part in the Global Security Forum and in a Dialogue on Belarus's Modernization, respectively. On April 6, the police in Minsk detained Pikulik for eight hours on suspicion of participating in a street fight and of document forgery. Pikulik's passport and his iPad were taken away from him and are still in the hands of police. Pikulik reported the event to the media with a six-day delay in order to make sure that some of his colleagues would be allowed to leave the country to participate in those two conferences (http://naviny.by/rubrics/society/2012/04/12/ic_news_116_391142/). Pikulik is the Director of the Minsk-based Belarusian Institute for Strategic Studies, an entity funded by Western donors, and also a professor of the European University in Saint Petersburg, Russia.

While the breakthrough in the resolution of the EU-Belarus conflict may have been achieved, much time has been lost, and Belarus is now more deeply integrated with Russia than at any time since the breakup of the Soviet Union. Yury Drakakhrust of Radio Liberty thinks that unlike the Soviet Union, Putin's Russia is not going to defy the West indiscriminately all across the world and is even prepared to enter into strategic partnerships with it. But this formula excludes the post-Soviet space where Russia is going to fight tooth and nail to reestablish its erstwhile geopolitical niche (http://www.svaboda.org/content/article/24546173.html).

Vadim Dubnov believes that Lukashenka has won yet another fight for sustaining his grip on power in Belarus. And while the resumption of his bitter conflicts with Russia's leadership is only a matter of time, Lukashenka is not going to fight on two fronts at the same time (http://www.ej.ru/?a=note&id=11934). Now, a swift return of the EU ambassadors is likely, as is a general thaw in Belarus's relationship with the EU. According to Alexander Klaskovsky, swinging a geopolitical see-saw has always worked for the President of Belarus (http://naviny.by/rubrics/politic/2012/04/14/ic_articles_112_177527/). This is because both Russia and the West willingly engage in this fascinating game. Unlike democracy promotion, the tug of war over spheres of influence in Europe is waged in earnest, and no stone will be left unturned in that war.

Economic Normalization and European Sanctions

Publication: Eurasia Daily Monitor Volume: 9 Issue: 68 April 5, 2012 By: <u>Grigory Ioffe</u>

The results of the March 2012 national survey by the Independent Institute for Socio-Economic and Political Studies (an entity funded by the United States) reveal that the number of

Belarusians who trust President Lukashenka has risen to 34.5 percent, which is 10 percent higher than in December 2011. There are multiple signs that the economic crisis is being alleviated. To a hypothetical question, "If you were to choose whom Belarus should join, the EU or Russia, which option would you choose?" 47 percent opted for Russia and 37.3 percent opted for the EU. Just in September 2011, the ratio was 41.5 percent versus 42 percent. Nevertheless, many more Belarusians dislike the sale of the Beltransgaz, a pipeline network, to Russia than those who are in favor of the deal (53.5 percent versus 15.1 percent, respectively) (http://www.iiseps.org/press15.html).

Just like during its 2008 diplomatic standoff with the US, Belarusian diplomacy under the guidance of Sergei Martynov has so far played in Minsk's favor in its ongoing standoff with the EU. In 2008, in order to force Belarus to free its political prisoners, the US introduced economic sanctions against the Belarusian petrochemical conglomerate Belneftekhim, even though trade exchange between the two countries was minuscule to begin with. All this achieved was a reduction of the American diplomatic presence in Minsk from 35 to four personnel, thus perpetuating the Achilles heel of US Belarus policy – a poor grasp of Belarusian society. In 2012, the EU similarly overplayed its hand by assuming that the recall of EU ambassadors would prompt Minsk to act the way the EU wanted. But Minsk did not budge and even suggested that the ambassadors would not be welcomed back any time soon

(http://last24.info/read/2012/03/24/3/5175). As a result, the level of Western diplomatic presence in Minsk became reduced at a time when much of the Belarusian opposition – currently bracing for the parliamentary elections – is most in need of Western chaperons.

Sources in the Belarusian Ministry of Foreign Affairs nevertheless indicate that about two weeks prior to March 23, when the EU added 21 persons to the list of Belarusians under visa sanctions, a behind-the-scenes attempt was made to resolve the conflict. Allegedly, Minsk proposed that if the EU refrains from expanding sanctions on March 23, two political prisoners would be released before the end of March, then the ambassadors could return, and then negotiations on other aspects of mutual relations could start. The EU, however, did not take the bait.

In the meantime, the European policy of (real) travel and (symbolic) economic sanctions has reached an important milestone. By now, Belarusian opposition activists who still support the EU sanctions (e.g., Stanislaw Shushkevich, Irina Khalip or Nikolai Khalezin) can be counted on the fingers of one hand. Practically everybody else has decried sanctions. For example, Andrei Dynko, who is the editor of the Nasha Niva, a staunchly anti-Lukashenka newspaper, and who is now restricted from travelling abroad by the Belarusian authorities, argued on Radio Liberty that under a situation of economic overdependence on Russia, "not only economic sanctions would be a mistake – even visa sanctions are a mistake." "The West is selling out Belarus and its economy to Russia – that is what is going on right now is," said Dynko

(http://www.svaboda.org/content/article/24527939.html). Earlier Syargei Dubavets opined that the EU exerts pressure for the sake of exerting pressure but completely loses sight of what this pressure was supposed to achieve. Dubavets sees the hypocrisy of EU policy in the fact that ordinary Belarusians still pay dearly for EU visas

(http://www.svaboda.org/content/article/24524123.html). Konstantin Skuratovich pointed out that "the departure of Western ambassadors has effectively destroyed the results of 20 years of state-building in independent Belarus, having reduced the country to the status of the BSSR [in

its relations with the EU]" (http://nmnby.eu/news/analytics/4785.html). Andrei Schuman thinks that the EU-Belarus conflict reduces the sovereign status of Belarus to essentially that of Transnistria, a piece of land between Moldova and Ukraine, which is supported only by Russia. Schumann fears that "the country may soon lose its independence if the EU constructs a new Berlin Wall on the Western border of Belarus. Given that the EU visa policy towards [sic] Belarusian citizens is the strictest in the region with the highest fees, the Berlin Wall analogy seems appropriate" (http://belarusdigest.com/story/collateral-damage-eu-belarus-diplomatic-war-8607).

Vadim Gigin, editor of the government journal Belaruskaya Dumka, published a spoof open letter to EU leaders: "For almost two decades, idle talk has been underway about the necessity of reintegration within the post-Soviet space. Meanwhile, the reintegration did not really advance. Enter the European Union. The relentless pressure on Belarus, blackmailing Russian leadership during the two electoral campaigns of 2011, the increasing criticism of Kazakhstan have brought about a remarkable result – never before did reintegration receive such a powerful impetus." Gigin remarks, however, that the reintegration efforts are still being held back by Ukraine, and he expresses hope that the EU will soon expand and make more vocal its "justified and wellfounded criticism" of the Ukrainian leadership so Ukraine will ultimately come back "home" to the post-Soviet space. Gigin writes about being included in the visa ban list (which Gigin is on) as a badge of honor and a factor leading to the consolidation of the Belarusian political elite. He specifically mocks Martin Schultz, the Chairman of the European Parliament who expressed condolences to the families of the perpetrators of the terrorist attack in Minsk subway. Specifically, Gigin asks Schultz whether or not he expressed condolences to the family of Mohammed Merah, a terrorist who was shot dead by the French police (http://www.belta.by/ru/blogs?art ID=154&auth ID=16).

It is debatable as to why EU policy vis-à-vis Belarus is so unreflective. Some, like Dynko, think that the EU is too bureaucratic a structure and even suggests that there are those in the EU who are seeking to boost confrontations with Belarus

(http://www.svaboda.org/content/article/24527939.html). It could be, though, that the EU strategists have concluded that since the geopolitical tug-of-war with Russia over Belarus has been already lost anyway, one can now afford to resort to moral principles. Resorting to principles, however, would be more credible if it were extended to Azerbaijan, Kazakhstan and Russia, whose political regimes commit similar or worse acts than those committed in Lukashenka's Belarus, but are either not reprimanded at all or not nearly as much as Minsk.

Belarus: A Death Penalty, a Standoff with the EU and a Drift Toward Russia

Publication: Eurasia Daily Monitor Volume: 9 Issue: 57 March 21, 2012 By: <u>Grigory Ioffe</u>

Of the two people – Dmitry Konovalov and Vladislav Kovalyov, both 25, who were found guilty of carrying out the bombing in Minsk subway on April 11, 2011, killing 15 people and injuring 206 – there seemed to be a chance for a presidential pardon for Kovalyov. This is because by some accounts (see, for example, the opinion of human rights activist Lyudmila Gryaznova at <u>naviny.by/rubrics/society/2011/11/30/ic news 116_381734/</u>), his guilt was not proven in court beyond a reasonable doubt. But President Lukashenka of Belarus did not grant clemency to Kovalyov, and his family has received a note that the death sentence had been carried out. Some commentators (like Sergei Satsuk from the Yezhednevny Zhurnal,

(http://www.ej.by/news/sociaty/2012/03/15/lukashenko_ne_ostavili_vozmozhnosti_pomilovat______belorusskih_terroristov.html) opined that the slim chance of Lukashenka pardoning Kovalyov was thwarted when his desperate mother solicited support of the opposition media and in such a way contributed to tainting the criminal case with politics. That eliminated whatever chances there were for Lukashenka's pardon. Belarus is the only country in Europe, which practices the death penalty. According to the Belarusian government

(http://iac.gov.by/ru/sociology/research/Obschestvennoe-mnenie-o-smertnoj-

kazni_i_0000000126.html), almost 80 percent of Belarusians support capital punishment. The IISEPS, a polling firm funded by the West, revealed in its 2009 national survey that 48 percent of Belarusians were in favor of capital punishment and 42 percent were against it (http://www.iiseps.org/06-09-06.html).

In Belarus, two other most widely discussed topics have been a diplomatic standoff between Belarus and the EU and the continuation of Russia's economic expansion. Alexei Pikulik and Denis Melyantsov from the Belarusian Institute for Strategic Studies (BISS), an entity funded by the West, are alarmed by the implications of the Belarus-EU confrontation, which came to a head on February 29 when 27 ambassadors of the EU member countries were recalled from Minsk for consultations. According to these authors, a lack of understanding of each other's motives and a deficit of mutual trust are at the heart of the conflict. The EU does not have a strategy with regard to Belarus so the EU's policy is always reactive, not proactive. The direct beneficiary of the conflict is Russia, and anybody who supports tough EU sanctions plays into Russia's hands. The authors see two fundamental flaws in the EU's Belarus policy. First, the EU views Belarus as a typical East European country desirous of joining the EU and of getting rid of Russia's patronage. However, unlike Ukraine and Moldova, which indeed entertain these intentions and therefore evince some level of readiness to accept European standards and values, Belarus has never acknowledged its willingness to join the EU. Second, the EU considers the Belarusian opposition to be an influential political force, which it is not. The opposition is accountable only to its Western donors, not to the ordinary Belarusian citizens. By applying sanctions, the EU provokes repressions against the opposition as the only means of response that Belarusian authorities have at their disposal

(http://91.149.157.125/rubrics/opinion/2012/03/05/ic_articles_410_177084/).

In their second article, the same authors focus on six implications of the escalating conflict between Belarus and the EU. First, it provokes the regime to become even more oppressive. Second, it broadens the range of victims as the institutes and NGOs that were not immediate victims of repressions following the December 19, 2010 crackdown may soon be targeted. That way, the government would further deprive the EU of potential partners within Belarus. Third, the Belarusian economy will be left without the modernizing effect of European investment. Fourth, the Belarusian opposition will soon resemble the Cuban opposition whose activity largely takes place outside Cuba. Fifth, Russia will boost its efforts to transform Belarus into a quasi-offshore haven for its commodity and financial transit, while a Russian-style privatization pattern will likely create a path of dependency that will be difficult to break in the foreseeable future. Finally, the opposition has already split into the "emotional minority" and the "silent majority." The minority is vocal and intransigent and it works to escalate the conflict with the West so at some point true economic sanctions are applied to Belarus by the EU. The majority avoids taking an explicit position against potential economic sanctions out of fear of being accused of collaborating with the regime

(http://www.naviny.by/rubrics/opinion/2012/03/16/ic_articles_410_177195/).

Interestingly enough, the stance of the "emotional minority" within the Belarusian opposition coincides with that among the staunchest champions of the Lukashenka government. Thus, Vadim Gigin, editor-in-chief of the official journal Belaruskaya Dumka, said in his interview to Euroradio: "I am truly delighted by the policy that the EU has been pursuing lately. The more preposterous, the more anti-Belarusian this policy is, the more it pushes forward a natural process of reintegration in the post-Soviet space"

(http://www.gazetaby.com/index.php?sn_nid=43784&sn_cat=37).

Reintegration may indeed be the appropriate term. According to Tatyana Manyonak, this year alone, the Belarusian authorities have to sell industrial assets worth \$2.5 billion in order to receive a new tranche of the \$3 billion stabilization loan, originally issued by the Eurasian Economic Community on 4 June 2011. The first two tranches of \$800 million and \$440 million have been already received. The plan of privatization (read: complete or partial selling of Belarusian firms to Russian tycoons) includes 19 enterprises. Such crown jewels of Belarusian manufacturing as BelAZ (which produces heavy trucks for mining operations, controls 30 percent of the world market for these trucks, and is a competitor of Caterpillar and Komatsu), MAZ (trucks) and MKZT (heavy-duty tractor trailers to transport ballistic missiles) are on this year's list (http://nmnby.eu/news/analytics/4777.html).

Moreover, according to an unofficial source tapped by Valer Kalinowski of Radio Liberty, Naftan, Europe's largest refinery, located in the city of Novopolotsk, may soon be sold to Russia's Lukoil. While this information has not been confirmed by the press secretary of the Belneftekhim, a petrochemical conglomerate that Naftan is part of, the putative behind-the-scenes negotiations about this sale may be indicative of Russia's economic expansion in Belarus assuming a truly unprecedented scale (www.svaboda.org/content/article/24517867.html).

On March 15, Dmitry Rogozin, Russia's Deputy Prime Minister in charge of the defense

industry, promised full-fledged support to Belarus if the EU and the US further tighten sanctions against the country (http://news.open.by/politics/75718). It, therefore, appears that barely hidden beneath the surface of growing debates over human rights abuses and capital punishment in Belarus, a major geopolitical shift is underway. What is particularly impressive is that both "centers of gravity," Russia and the EU, act as if in agreement with each other. While the EU pushes Minsk away by rebuffing it for actions it condones elsewhere within the post-Soviet space (e.g., in Azerbaijan, Kazakhstan and, in fact, in Russia itself), Moscow is vigorously ensnaring Minsk using loans, privatization schemes and promises of protection. By doing so, Russia gives Minsk carte blanche to act in a way that is incompatible with values that Europe holds dear. And, by taking cues from both the unduly dismissive West and the ostensibly openhearted East, Minsk may soon see its sovereignty slipping away.

Belarus: No Change in the Offing

Publication: Eurasia Daily Monitor Volume: 9 Issue: 48 March 8, 2012 By: <u>Grigory Ioffe</u>

One of the weaknesses of Belarus's geopolitical situation and indeed of its self-perception is that Belarus is a crossroads, a land in between. In many ways this cliché informs thinking about Belarus – while something of note is occurring within its borders, there is a feeling that its future is going to be critically influenced by its powerful neighbors, Russia and the EU. In this regard, a discrepancy between words and deeds is all too apparent on the EU's part.

On the face of it, the EU cannot stop worrying about violations of human rights committed by the Belarusian government. Brussels has just added 21 names to the list of Belarusians banned from travelling to the EU. After Minsk retaliated by demanding that the Polish ambassador and the head of the EU delegation to Belarus leave Minsk for consultations, the EU recommended that all the EU nations' ambassadors be recalled from Minsk. But this mutual confrontation is at odds with dynamics of international trade. According to the article by Dmitry Zayats, pointedly titled "Belarus's export miracle: how the country subdued the EU" (http://naviny.by/rubrics/economic/2012/02/24/ic articles 113 176962/), in 2011 Belarus's exports to the EU reached an all-time high of \$40.3 billion, a 60 percent increase from 2010. That allowed Belarus to shrink its overall trade deficit, the country's most acute economic problem, from \$9.6 billion (2010) to \$5.45 billion (2011). Paradoxically, Belarus's staunchest allies – Russia, China and Venezuela – only contributed to the expansion of the deficit, whereas the EU pushed in the opposite direction. For example, the trade deficit with Russia increased from \$8.13 billion (2010) to \$11.24 billion (2011). In contrast, Belarus's trade surplus with the EU increased from \$50 million (2010) to \$7 billion (2011). Belarus, however, vastly increased (by 40 percent) its import of Russian oil (due to Russia revoking its oil export tariff) that allowed Minsk to boost its export of refined oil to the EU. Also, the average price of refined oil products

increased by 35 percent, which contributed to the trade surplus with the EU. The most stunning growth of Belarus's exports, by a factor of four, was to Germany. Because Russia ensured full capacity work of both of Belarus's refineries, the country was able to export all of its domestically extracted oil (1.7 million tons), which was sold to Germany.

In light of Belarus-EU trade dynamics, recalling the EU ambassadors from Minsk comes across as a mixture of grandstanding and desperation. Yury Drakakhrust of Radio Liberty (http://www.svaboda.org/content/article/24499431.html) describes it as a game of chicken, whereby two drivers are on a collision course and one must swerve or else both will die in a crash. Drakakhrust recalls a similar episode in 1998-99, when Western ambassadors demonstratively left Minsk after being evicted from their residences (near the government residential compound in Drazdy in the northern section of Minsk) under a phony pretext of sewer system disrepair. Just as now, the ambassadors' joint departure in 1999 was imbued with the spirit of defiance. But it was compromised when each ambassador quietly returned to Minsk and occupied a new residence assigned by Belarus's government. Something along the same lines may happen again. Drakakhrust admits that the release of political prisoners has now become more difficult to achieve as a result of the demarche by the EU. Lukashenka can afford to provoke the EU because Russia shields him more reliably now than in the recent past. Therefore it is unlikely Lukashenka will "chicken out" first. As a matter of fact, on February 13, he endorsed the 2009 Russia-Belarus agreement on joint external border control and on joint missile defense. Earlier, Lukashenka revealed that he asked president Medvedev of Russia to find additional funds to boost Russia-Belarus military cooperation and received a positive response (http://bdg.by/news/politics/16800.html).

Some growth in Belarusians' trust in their president was recorded in the December 2011 quarterly national survey by the Independent Institute for Socio-Political and Economic Studies (IISEPS), an institution funded by the West. Thus, 31.2 percent of Belarusians trusted the President in December compared with 24.5 percent in September 2011. According to Alexei Turovsky's analysis of the December survey (http://bdg.by/analytics/594.html), the stable core of Lukashenka's supporters accounts for 20-25 percent of the electorate. In addition, there is the so-called electoral periphery (30-35 percent of the electorate), which is socially passive but is leery of cataclysms in the event of political change. In neighboring Ukraine, President Viktor Yanukovich actually enjoys much lower support than Lukashenka – just 7 percent of Ukrainians trust Yanukovich who is nevertheless in control. As many as 63 percent of the Belarusian electorate do not believe they are opposed to the current government. The rating of the leading opposition figures is even lower than it was in September – 7 percent is the rating of Andrei Sannikov who is still in jail, and 6 percent support Vladimir Nekliaev.

According to Turovsky, the tragic nature of the economic crisis in Belarus is greatly exaggerated by the opposition media. While 81.5 percent of Belarusians indeed recognize the fact that Belarus is in crisis, as many as 33 percent of the respondents reveal that for them personally last year was successful. While 46 percent thought otherwise, the gap is not catastrophic. Only 18 percent of Belarusians are worried about violations of human rights, their largest worry (shared by 34 percent of respondents) being economic insecurity for their children. The liberal socio-economic model, whereby "the state should least of all interfere in people's economic activity," finds support of 21 percent of Belarusians, whereas the paternalist model ("the state should take

care of its citizens ensuring a dignified living standard for them") enjoys the support of 51 percent. In fact, most Belarusians want the current system to be modernized, not removed. The protest potential is currently lower than during the calmer and crisis-free years like 2007. Only 14.8 percent of Belarusians are willing to participate in protest actions and only 11 percent support the idea of a parliamentary election boycott. According to Sergei Nikoliuk, who also analyzed the results of the December 2011 IISEPS' survey, only 35 percent of those in opposition to the Lukashenka regime trust the existing opposition parties (http://nmnby.eu/new/analytics/4556.html).

It is unlikely that a domestic political change is in the offing in Belarus, and if so, a switch from half-hearted to more consistent realpolitik on the EU's part is not out of the question.

Belarus: Marking the Anniversary of Tragic Events

Publication: Eurasia Daily Monitor Volume: 9 Issue: 9 January 13, 2012 By: <u>Grigory Ioffe</u>

On December 23, for four hours President Alyaksandr Lukashenka responded to questions from domestic and foreign journalists. He expressed certainty that the financial crisis, caused by price hikes on oil and gas, rash imports of used cars, and by the mistakes in fiscal policy, will be overcome in 2012. Addressing the reproach that the selling of Beltransgaz, the Belarusian natural gas pipeline network, to Russia imperils Belarus' sovereignty, Lukashenka opined that those who think that way would have been content if the same network had been sold to Western buyers. He added that the transaction in question was accompanied by a drastic decline in the price of Russia's natural gas equivalent to saving at least \$2 billion per annum. Lukashenka declared that the still jailed 2010 presidential hopefuls, Oleg Sannikov and Nikolai Statkevich, would be released prior to the expiration of their prison terms only if they file a request for clemency (www.sb.by/post/124781/).

Several Minsk-based commentators weighed in on the first anniversary of the riot police crackdown on the post-election protest rally on December 19, 2010. According to Alexander Starikevich, there were three reasons behind the election-day violence – Lukashenka's thriving on confrontations, a deliberate injection of fear into the society in anticipation of the economic downturn, and a political miscalculation. Since 2008 to 2010, the West tended to overlook Lukashenka's transgressions, consequently he came to believe in his invincibility (http://www.zautra.by/art.php?sn_nid=9793&sn_cat=7). Participating in a talk show on the Belarusian Service of Radio Liberty, devoted to the events of December 19, 2010, the same author admitted that much is still unknown about the actual drivers of those events. But all three participants in the show (Alexander Starikevich, Alexei Pikulik and Nikolai Khalezin) agreed that the doors and windows of the government building were beaten by the provocateurs

(http://www.svaboda.org/content/article/24428450.html).

Vadim Gigin, who represents the regime's views, believes that the December 19 assault on the government building in Minsk was initiated in Western capitals. According to Gigin, the tenacious rumor that the provocateurs on government payroll broke the doors and windows of the aforementioned building was convincingly disproved during the trials that took place between March and May 2011; also, the number of people in Independence Square (reportedly) did not exceed 15,000 overall, and 8,000 at the time of the crackdown, which was swift and relatively gentle, considering that few people were wounded and nobody was killed. Gigin admits that in its own propaganda war, the regime also used some questionable information. For example, it was never proven that the weapons shown to the general public after the dispersal of the post-election rally indeed belonged to the demonstrators (http://www.belta.by/ru/blogs?auth_ID=16&art_ID=118).

Two opposition-minded analysts expressed views highly atypical for the wider confrontationridden Belarusian political scene. Alexei Pikulik, the head of the Belarusian Institute of Strategic Studies, opined that both the regime and the opposition share a besieged fortress mentality and both depend on external financial donors. Whereas the regime exploits the "resource rents" flowing from Russia, the opposition depends on Western grants, and neither side is accountable to ordinary Belarusians. If the opposition really wants to gain power, it should follow the electoral majority, shift to the political center, and stop sustaining the status quo, however indirectly. It should also start looking for domestic financial resources. According to Pikulik, the prospect of Belarus' democratization hinges on two factors – a deep economic crisis and/or sudden democratization in Russia

(http://naviny.by/rubrics/opinion/2011/12/22/ic_articles_410_176253/).

Yury Chausov, who is a member of the ruling body of the Belarusian Popular Front (Belarus' oldest opposition party) claims that cultivating the image of a protest gathering in a large central square as a magic wand able to free Belarus from its authoritarian regime has been a grave mistake all along. According to Chausov, the "fetish of the square" is rooted in the opposition's delusion that the 2006 post-election protests achieved a moral victory. Parroting the December 2004 protests in Kyiv was not a good idea to begin with, as the only reason why those protests succeeded was that the political regime in Ukraine was split – something that is entirely absent in Minsk. Much like Pikulik, Chausov suggests that the opposition should be trying its best to enter into a dialogue with the regime (http://zapraudu.info/pora-uxodit-s-ploshhadi/).

Chausov's and Pikulik's articles came on the heels of the acrimonious disputes within the opposition culminating in the publication by Nikolai Khalezin of a leaked copy of the program document convolutedly titled: "Conceptual Underpinnings of the Project: Organization of the Parliamentary Party 'New Political Force'" (http://kilgor-

trautt.livejournal.com/896357.html#comments). The project is attributed to Piotr Martsev, a businessman and the editor of a former opposition daily (currently an online publication www.bdg.by), Alexei Pikulik, and Andrei Dmitriev, the manager of Uladzimer Neklyaev's presidential campaign. The political party in question was supposed to engage in a dialogue with the Lukashenka regime, and the overall cost of the project is referred to as \$500,000. Two questions were bitterly debated by the members of the opposition – who leaked the document

and when it was produced.

A response to the latter question determines the scale of putative betrayal of the opposition's cause by the document's authors. If the project was produced before December 19, 2010, and then altered by the KGB and leaked in order to cause fratricidal disputes in the opposition (as per Martsev) this is just a regrettable attempt at collaboration with a dictatorial regime. If, however, the project was produced after the crackdown of December 19, then the project constitutes treason on the part of its authors. According to Martsev, "over the entire Belarusian opposition a flag flutters with three letters – KGB. Everybody is looking for enemies and everybody is a potential traitor and an associate of the KGB. All of this paranoia can only be stopped if we all stand up and say in unison: yes, we are all KGB agents and it was just the KGB that was attempting a coup" [on December 19] (http://news.date.bs/politics_260006.html). Soul-searching in the Belarusian opposition continues.

Washington Struggles to Formulate Strategy on Belarus

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On November 23, Ales Belyatsky, a Belarusian human rights activist, was sentenced to four years and six months in prison after being convicted of failing to pay taxes of over 567,000 Euros (\$764,000) transferred by unidentified individuals to his accounts in Lithuania and Poland. He had denied the charges, saying that the money was used to aid victims of the Belarusian regime (http://ria.ru/justice/20111124/496862791.html).

Most Minsk-based observers interpreted the event in geopolitical terms. According to Valery Karbalevich, the renewed assurances of Russian subsidies made official Minsk feel safer on its economic front and in the face of Western demands than just one month ago. And, while Russia made serious concessions to Minsk (see below), the West did not make any reconciliatory gestures following the release of most prisoners jailed for their participation in the December 19, 2010 rally (http://naviny.by/rubrics/politic/2011/11/24/ic_articles_112_175949). As a result, "Brussels lost a fight for Belarus," which is how many observers, including the Polish newspaper Gazeta Wyborcza (http://wyborcza.pl/1,75477,10706111,Unia_przegrywa_z_Moskwa_Wschod.html) and the Belarusian analyst Andrei Fedorov, characterized it

(http://naviny.by/rubrics/politic/2011/11/25/ic_articles_112_175962/).

Indeed, the agreements that were formalized on November 25 between Russia and Belarus are nothing short of groundbreaking. Russia acquired the remaining 50 percent of the shares in Beltransgaz, a pipeline network, for \$2.5 billion; from January 2012, Moscow will charge Minsk

\$156 per 1,000 cubic meters of natural gas, down from the current price of \$280 (savings of at least \$2 billion a year); Belarus' debt to Moscow will be restructured; and Moscow committed itself to a \$10 billion loan to build a nuclear station in Belarus (http://naviny.by/rubrics/politic/2011/11/25/ic_articles_112_175962/).

Belarus' ensuing drift to the east, and widespread acknowledgment of the West losing the fight for Belarus, justify a critical look at the recent Belarus policy initiatives. In late October, two of them were made public. One was issued by Hans Georg Wieck (Germany) on behalf of the Association of Human Rights in Belarus, which he chairs. Wieck's proposals include the appointment of a European Union Special Representative, to intensify and expand cooperation with civil society in Belarus (http://www.human-rightsbelarus.org/en/articles/Strategy%20Paper-2011.html).

The major Belarus daily responded to Wieck's suggestion with a caustic article citing Alexander Rahr, a German expert, who said that if such an appointed representative talks only with the liberal opposition in Minsk he would get nowhere. Rahr also invoked Germany's traditional Wandel durch Handel approach to Eastern Europe, a euphemism for engagement with official Minsk (http://www.sb.by/print/post/122749/).

On the Western side of the Atlantic, David Kramer, President of Freedom House published his "ten commandments" – ten "Do's and Don'ts on Belarus" (http://blog.freedomhouse.org/weblog/2011/11/dos-and-donts-on-belarus.html). Besides strengthening economic sanctions, do's include encouraging defections among Belarus' diplomatic community and even within the regime and adding its foreign minister Sergei Martynov to the visa ban list. While don'ts include not "allowing" the IMF to offer Lukashenka a new loan. A Russian translation of Kramer's commandments appeared on all opposition sites in Belarus, even including such exotic ones as European Gomel (http://odsgomel.org/rus/%D0%BD%D0%BE%D0%B2%D0%BE%D1%81%D1%82%D0%B8/%D0%B1%D0%B5%D0%BB%D0%B0%D1%80%D1%83%D1%81%D1%8C/13101/), but none offered any comment.

Both Wieck and Kramer have a history of dealing with official Minsk. A former boss of German Intelligence, Wieck was threatened with expulsion from Minsk for his role in micromanaging the Belarusian opposition when he chaired the OSCE's mission in the Belarusian capital (http://n-europe.eu/article/2010/01/18/trudnaya_missiya_obse). Kramer visited Minsk as Assistant Secretary of State in 2007, on a mission to release political prisoners, notably Alexander Kozulin, a 2006 presidential hopeful

(http://naviny.by/rubrics/politic/2007/11/06/ic_articles_112_153785/).

During his visit, Kramer met with Martynov, who asked Kramer whether the US Treasury Department would remove its recommendation to US companies not to do business with Belarus in return for Kozulin's release and received a negative response (Author's interview with Martynov, July 26, 2010). Not only did Kramer fail to obtain the release of Kozulin – the German ambassador to Belarus succeeded in that exact mission shortly thereafter. A diplomatic showdown between Minsk and Washington in March 2008, which ended in the mutual recall of their ambassadors and in curtailing diplomatic staffs to five employees, also occurred during Kramer's watch. At that time, the European Commission opened its Minsk office, thus underscoring a lack of much-touted Trans-Atlantic coordination on Belarus. No wonder that comments on the diplomatic standoff included such statements as "Washington lost on all counts" (http://www.svaboda.org/content/article/1196637.html) and the US "got its fingers burnt over the Belneftekhim sanctions affair"

(http://ecfr.eu/content/entry/commentary_wilson_on_belarus/).

Despite their perennial failures, Belarus policy hawks have dominated the policy debate to such an extent that the proponents of engagement feel the need to resort to awkward qualifications and apologies each time they push their own policy proposals, or simply say something not outright negative about official Minsk.

In this regard, the October 26 Belarus briefing at the Carnegie Endowment for International Peace was noteworthy (http://www.carnegieendowment.org/2011/10/26/20-years-of-belarus-s-independence-current-challenges-and-future-development/60zt). Matthew Rojansky set the apologetic tone by stating that although "it is tempting to tell an exclusively negative story here," there have been no humanitarian disasters in Belarus, which have taken place throughout the post-Soviet space, and "basic standards of living have largely been maintained or sustained throughout Belarus." There is even a "reasonable amount of economic freedom and some freedom of movement." Following Rojansky's statement, Balasz Jarabik remarked that although European and US policies in regard to Belarus "have been principled, which is very good, too much emphasis has been on human rights." Jarabik has long been known for issuing intricate but revealing statements on Belarus ("Disturbing though it may sound, Lukashenka has proved to have greater national responsibility and integrity than the entire Orange elite in Ukraine," he wrote in 2009; www.fride.org/publication/576/belarus-are-the-scales-tipping).

Following Jarabik, Oleg Manaev, Belarus's most reputable sociologist, apologized for not being able to furnish a conclusive statement of ordinary Belarusians being ready to repudiate Lukashenka. Manaev warned that Lukashenka's rating will bounce back if some economic improvement is achieved and that the Belarusian opposition is irremediable. "For 15 years," said Manaev, "the level of trust in the President was quite high in Belarus – a big difference from Ukraine."

If an impartial observer could be found, he or she would be quick to spot the elephant in the room. The unacknowledged presence of Lukashenka's lasting success was as palpable at the Carnegie briefing as it could be in Washington. Certainly, this is much begrudged success of an authoritarian leader who has not been willing to accommodate himself to the "end of history" and to conform to a set of values that are presumed to be shared universally only to realize that they are not. By all appearances, however, a paradigm shift in Belarusian policy is long overdue.

Belarus' Economic Turnaround: Is It Sustainable?

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In early December, the Anti-Crisis Fund Council of the Eurasian Economic Community approved the latest (fourth) tranche of a \$3 billion loan (Belarusian Telegraph Agency, December 7), approved in June 2011 to assist Belarus in overcoming an economic crisis. The Council is expected to release two further tranches in 2013. At the time the loan received sanction, the country was suffering from rampant inflation and had twice devalued the national currency, from 3,000 Belarusian rubles to the US dollar, to 8,500 to 1. Another problem was the depletion of gold and currency reserves. Some 18 months later, the government is lauding the country's steady economic growth, replenishing of reserves and reduction of inflation, and is anticipating high growth rates in 2013. The question is whether the depiction of a dramatic economic turnaround is as accurate as portrayed.

In mid-November at the Belarus Investment Forum, Prime Minister Mikhail Myasnikovich, commented that Belarusians' wages in both Belarusian rubles and dollars were increasing and that the population had strengthened its purchasing power. He anticipated "vigorous growth" in 2013. Inflation was likely to be 20 percent for the year, five times less than in 2011 (Belarusian Telegraph Agency, November 16). In his November 27 interview with Reuters, President Alyaksandr Lukashenka anticipated an 8.5-percent increase in GDP in 2013, which would allow Belarus to repay its debts on previous loans. But most analysts are skeptical about Belarus's ability to overcome the crisis so readily. Myasnikovich agreed that the country had been on the verge of default. Vital Rymasheuski, co-chairman of the Belarusian Christian-Democratic Party, maintains that the European Union rescued Belarus by purchasing Belarus's oil products, with support also coming from Russia, and murky export schemes for solvents and thinners (see EDM, November 27). Economist Barys Zhaliba believes that the Anti-Crisis Council's loan saved Belarus from collapse (charter97.org, November 16). The main problem today is that repayment of debts actually lowers GDP growth.

Anton Boltochko notes that the country needs to find additional sources of revenues. And there are four possible means. First, it can revive exports to raise some \$1.5–2 billion with schemes such as the sale of solvents. But this is a short-term solution that is reliant on manipulating the rules of the Customs Union. Second, it can attract additional credits from organizations like the IMF. Third, Belarus can either negotiate discounts for oil imports from Russia that are to be refined and resold or request more credits from Russia. And fourth, an option is to sell state-owned companies, a method that is under constant discussion but without many concrete results. Besides, the notion of selling off the most profitable firms, such as the potash company Belaruskali, seems irrational (naviny.by, December 3).

Only the second and fourth alternatives merit serious discussion. Russia is unlikely to countenance willingly further distortions of the Custom Union's regulations, and requests for new loans from Moscow to Minsk are hardly a viable means to meet high debt repayments.

Yaraslau Ramanchuk, head of the Mises Research Center in Minsk, commented that Belarus' command economy "had exhausted its resources" and Russia was unwilling to issue further loans (AP, December 4). The IMF, which will discuss Belarus on December 14, has been quite critical of state economic policies. Belarus' foreign debt now stands at \$12 billion, with a repayment of \$3 billion required next year—and slightly more than half of that figure consists of repayments to the IMF loan. The IMF mission to Belarus on October 18–29 advised the National Bank of Belarus to increase interest rates and halt unwarranted wage increases. Lukashenka's response was that the agency should stop playing politics (http://bdg.by/news/economics/19384.html; Reuters, November 27).

Concerning option four, Lukashenka also revealed in his Reuters interview that five companies were interested in the sale of Belaruskali: one Chinese, one Indian, one based in an Arab state and two from Europe. He stated that the estimated price for the potash company is \$30–32 billion. At the Investment Forum, on the other hand, Vice-Premier Uladzimir Siamashka came up with a price of \$34–36 billion, and said that the state was willing to sell 10–15 percent of its shares (tut.by, December 2). Siamashka also revealed that the government is ready to resume negotiations for the sale of state shares of Naftan, a merged company from the Navapolatsk Oil Refinery and the Palimir Petrochemical Works. But to date, the anticipated offers from Russian companies have not emerged. As with Belaruskali, MTS, and others, the general perspective of the potential investors and purchasers is that the prices have been set too high.

Meanwhile, Belarusians continue to struggle. The average salary is now around \$170-220, as opposed to \$500 before deflation. In order to prevent a mass exodus of workers to Russia, where wages are higher, the president has introduced a ban on moving jobs for wood-processing workers, while pledging to increase wages to \$1,000 by 2015. About one million residents of Belarus (around 14 percent of the workforce) are already working abroad in Russia and the eastern EU countries. The ban has been termed the "Serfdom Decree" by some critics. Employees of the affected firms can no longer resign without the permission of their managers (http://charter97.org/ru/news/2012/12/7/62491/). The likelihood is that the law will shortly be applied to other companies because workers are unlikely to be satiated with promises of future wage increases. The prevailing picture in Belarus is one of a government revisiting old remedies that prolong rather than eradicate the problems, and avoid any serious structural reforms that might address the greater predicament.

Privatizing and Nationalizing Companies in Belarus

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Under the presidency of Alyaksandr Lukashenka, Belarus's relationship with Russia has always been one of amity combined with duplicity. In theory, Minsk's position is that of the weaker partner, dealing with a country that can be quite ruthless in terms of using its economic clout for political ends. Today, Russian enterprises, headed by the state-owned Gazprom, appear to be making significant gains in acquiring valuable Belarusian companies. On the other hand, the Russian government, which supports this process, is some ways from attaining several valuable firms, while the Belarusian side has embarked on a campaign to renationalize companies that were privatized in the early 1990s.

Russia's problems are epitomized in the proposed merger between the Minsk Wheel Tractor Plant (MAZ) and the Russian company KamAZ, which was designated as a joint venture. The London-based accounting company Ernst & Young was asked to evaluate MAZ and estimated its worth at \$800 million. The Belarusian side immediately maintained that the assessment was too low (Kommersant, October 22). The eventual agreement was a Russian investment of \$2 billion and a Belarusian one of \$1.6 billion. Still, KamAZ CEO Sergei Kogogin maintained that the merger would take longer than anticipated because the issue had become politicized (Belorusskiy Partizan, November 2). The Belarusians are also concerned that because of the disparity of assets, MAZ would need to contribute 75 percent of its shares to the new company Rosbelavto—and KamAZ only 49.9 percent (tut.by, November 9).

Russia has already made significant inroads into the Belarusian banking system. Six of the leading ten banks in Belarus are owned by Russians, three others are state-owned, and only one—Priorbank—is under Raiffeisen CIS Region Holding GmbH of Austria, which holds 87 percent of the shares. In late November, Russia's Alfa Banking Group took over Belrosbank, having failed to acquire Belinvestbank earlier (tut.by, November 11; Charter97.org, November 26). Negotiations over the sale of the joint Belarusian-Russian cell-phone company MTS have dragged on for some time, and the sale is scheduled for the end of the year. The Belarusian authorities, however, are reluctant to review its official price tag of \$1 billion, despite the dearth of potential investors willing to start the bidding at such a high price. One of the biggest fears for buyers is the lack of freedom to take managerial decisions even after becoming the primary shareholder (belmarket.by, October 8–14).

In other industrial branches, Belarus is nationalizing rather than privatizing. In late October, a majority of those who took part in an extraordinary meeting of stockholders of the JSC Luch watch company protested an additional stock emission that would have increased the state's share in the company. The state's proposed acquisition of 25 percent of Luch stock would allow it to block decisions of the company's supervisory board. The case is similar to those of two confectionery firms "Kamunarka" and "Spartak," which became private in the early 1990s. On October 12, its supervisory boards were liquidated and Lukashenka demanded that the state's

share in Kamunarka be raised to 57.8 percent from the previous 27 percent; and at Spartak to 60.2 percent from 16 percent. One reason given by the president for the takeover was that key companies must be controlled by the state (belmarket.by, October 22–28; Belorusskiy Partizan, November 26). Despite the reported opposition at Luch, many Belarusians favor state control (see below).

Recently, Prime Minister Mikhail Miasnikovich acknowledged that Belarus would not meet its agreement with the Eurasian Economic Commission to privatize \$2.5 billion of state assets by 2012. In theory, nationalization or reluctance to privatize enterprises are not necessarily directed against Russian intrusions. Other foreign companies could be potential investors in Belarus, a country in which the climate for business on the World Bank's ranking is 54 places higher than that of Russia. As demonstrated by the Seventh Belarusian Investment Forum in November, however, the vast majority of foreign enterprises taking advantage of these conditions are from Russia. Twelve foreign companies from the UK, Italy, Turkey and other European states signed protocols noting their intent to begin new projects in Belarus, but most were notably cautious (The Moscow Times, November 19).

One reason for their apprehension may be the scandals and tricky maneuvers that characterize dealings with Belarus. The Russian ministry of energy has complained that this year it exported duty-free oil to Belarus with an arrangement that it be returned in the form of petroleum products. Instead, the Belarusians resold it as thinners and solvents, reneging on their previous commitments. The spokesperson for the ministry maintained that shipments of petroleum from Belarus to Russia in 2012 were about two percent of the planned total (Nasha Niva, October 11). More specifically, Belarus had agreed to export 5.8 million tons of high-quality petroleum to Russia in 2012, but had supplied only 144,300 tons by the end of August. In response, Russia is threatening to reduce its oil supplies to Belarus in 2013 from an agreed 23 million tons to only 18 million tons (Nasha Niva, November 20). The Russian reaction to its non-receipt of export duties on solvents was to demand from Belarus a sum of \$1.5 billion, with the possibility that the "debt" could be repaid by providing shares in the MAZ Company (svaboda.org, November 7). Belarus has promised to deliver around three million tons of petroleum products to Russia in 2013 (belta.by, November 20), but whether Russia will give much credence to this offer is a moot point.

Finally, Belarus has evidently agreed to transfer its exports from Baltic ports to Russian ones after a meeting in Leningrad oblast between the governor, Aleksandr Drozdenko, and the Belarusian president. The concession came as a result of pressure from Russian President Vladimir Putin. Deputy Prime Minister Uladzimir Siamashka maintains that the decision was based purely on commercial considerations (belta.by, November 16). But in theory it makes little sense for Belarus, since—as noted by analyst Ryhor Astapienia—Baltic ports such as Klaipeda (Lithuania) and Ventspils (Latvia) are not only closer to Minsk than St. Petersburg, they are also warm water ports and have a cheaper and more efficient railway network and standing agreements with major exporters like the Belaruskali Company, which exports potassium fertilizers (BelarusDigest, November 16). Belarus currently is in a dilemma since it is likely to need a new Russian loan in the near future, and negotiations over oil prices with Russia are forthcoming. In the area of gas, by contrast, relations between Belarus and Gazprom are relatively harmonious following a recent meeting in Minsk between Lukashenka and chairman of

the Russian company Aleksei Miller, who has promised huge investments in Belarus and to restore part of the Brest Hero Fortress historic site (belta.by, November 22).

Two conclusions can be made. First, Belarus has made many promises at the end of the year when its position is weak and failures to deliver apparent, and gradually it is succumbing to Russian avarice for its most profitable firms (the takeover of Beltranshaz being the best example, along with the currently halted bidding for Belaruskali). But second, the president recognizes that the sale of such assets is unpopular among the public—58.7 percent oppose the sale of Belaruskali under any conditions; 17.5 percent are negative but would accept the sale if the price were high, and less than 8 percent are in favor (IISEPI, September 2012 survey cited in Narodnaya Volya, October 22)—and that the sort of new nationalization demonstrated at the confectionery companies would also meet with public approval if identified with national survival and job security. Russia by now surely comprehends Lukashenka and recognizes that nothing is ever straightforward in dealings with Minsk.

Belarus Targets Intellectual Community

Publication: Eurasia Daily Monitor Volume: 9 Issue: 204 November 7, 2012 By: David Marples

On November 5, the Russian company ROSSPEN published the memoirs of former chairman of the Parliament Stanislau Shushkevich, the first leader of Belarus after independence. The book came out in a Russian-language edition because none of Belarus's publishers dared to issue the original in Belarusian. According to Shushkevich, they received a warning that if they did so, it would be the last book they published (Euroradio for Belarus, November 2). The event symbolizes the current crisis of intellectual life in Belarus and the near monopoly the government wields over publications, especially about the recent (Soviet) past.

Over the past few weeks, Belarusians have witnessed a rather unusual contrast. On October 16, President Alyaksandr Lukashenka featured on the Russian RT network to give his views on Soviet history. He declared that figures like Lenin and Stalin "should not be demonized. They were our leaders," noting that Lenin created the Soviet state and Stalin "strengthened it." Europeans, he stated (with withering disregard for German historians), "do not criticize their own history. So why are we not allowed to be proud that we had a Soviet empire?" (RT, October 16). Two weeks later at a meeting with activists of the United Russia Party, Russian Prime Minister Dmitry Medvedev voiced a different view, observing that Stalin in effect declared war on his own people and that the repressions of that period should not be repeated. It is therefore necessary, he said, "with maximum objectivity to appraise historical events" (dp.ru, October 30).

In Belarus, the leading non-governmental intellectual magazine is ARCHE, which was

established in 1998. According to its self-description, ARCHE is an independent bi-monthly magazine that covers political and academic thought and literature from Belarus and abroad and is especially popular in university circles (eurozine.com). Its editors maintain that the Belarusian special services wish to control the market for book production in order to control the minds of the readership and foster an imposed post-Soviet-Russian identity on Belarusians, nurtured by Russian colonial history. Therefore, critiques of Sovietization of Belarus under the USSR represent challenges to the current regime, which has maintained and promoted the myths and glorification of the Soviet past (arche.by, November 3).

On September 14, the editor-in-chief of ARCHE, Valer Bulhakau, was in Hrodna to launch a new book published by the editorial board and authored by Yan Shumski entitled, "The Sovietization of Western Belarus." The book was one of a series on this same topic. Tax inspection officials from Hrodna Regional Council stopped the presentation, accusing Bulhakau of "illegal entrepreneurship" for not having invoices for all the books in his possession. The officials confiscated 194 copies. Subsequently the Hrodna Economic Court fined him 500,000 Belarusian rubles (\$58) and also seized monies received for copies sold—an estimated 875,000 Belarusian rubles (\$100). The fines seem like token amounts by Western standards, but ARCHE faces a struggle to survive. Bulhakau resigned as editor-in-chief in order to keep his personal plight from affecting the magazine. The state also seized 20 different titles published by the magazine, claiming that they offered a distorted interpretation of Belarusian history during the World War II Nazi occupation. In fact, only two of these confiscated books focused on the war, discussing the question of whether Stalin had planned to attack Nazi Germany in 1941. Other titles taken from Bulhakau included books on medieval Poland, the Grand Duchy of Lithuania, the Battle of Grunwald (1410), and the formation of the Belarusian National Republic in 1918 (Nasha Niva, October 31).

After the confiscation of ARCHE's literature, the authorities began to audit the magazine, in order, in its own words, "to dig up dirt" that would allow the filing of a criminal case. The Hrodna episode is the fourth time the regime has targeted the magazine, but evidently it is the most severe attack to date (arche.by, November 3). Along the same vein, in September, the Hrodna State University dismissed historian Andrei Charniakevich for "harsh violations of work discipline," but evidently the real reason was that he published a book on the history of Belarus that ended prior to the emergence of Lukashenka as president (ehu.lt, October 12). On October 8, a Belarusian-speaking professor at the same institution's law faculty was also pressured to sign a "voluntary resignation agreement" after he authored some children's fairy tales that featured the Pahonia, the official coat of arms of the Belarusian National Republic of 1918, as well as the white-red-white flag used at that time—also associated with the 1991–1995 emblem banned in Belarus after a state referendum in May 1995 (charter97.org, October 8).

In short, therefore, a plethora of topics are now taboo for Belarusian academics and intellectuals. Moreover, the situation has worsened considerably in recent months. In 2008, for example, customs officials targeted Alies Pashkievich (then deputy editor and now editor-in-chief of ARCHE), confiscating books on the Grand Duchy of Lithuania as well as some that featured current Belarusian politicians. Yet, after ARCHE appealed, the Belarusian KGB backed down and the books were returned (Nasha Niva, October 31). Two years later, historian Illya Kopyl published a series of articles in the Belarusian language about wartime partisans in the village of

Niabyshyna (Viciebsk Region), Belarus, in the newspaper Narodnaya Volya. The authorities issued an official warning to the newspaper, which was picketed by alleged veterans, some of whom seemed too young to have been in the war, as well as by the Union of Patriotic Youth, a pro-Lukashenka organization that occupies the headquarters of the former Komsomol (charter97.org, Jun 2, 2010).

As these examples indicate, the Lukashenka regime is extremely sensitive about the historical past. It has fostered a single interpretation of the Soviet years that not only continues the glorification of the Great Patriotic War, but also manifestly ignores the Stalinist repressions, including the NKVD massacre of prisoners at Kurapaty on the outskirts of Minsk, where mass graves were uncovered in the late 1980s. Monuments erected there are regularly violated. Most recently, a memorial sign initiated by historian Ihar Kuzniatsou to recognize the Polish army officers executed at Kurapaty during WWII has disappeared (charter97.org, October 31). Some 25 kilometers to the northwest, one can find a bust of Stalin adorned with wreaths at the entrance to the Stalin Line Museum, founded in 2005 by the Afghan Veterans Association and visited regularly by Lukashenka. The Museum, based on a myth of a fortified line that delayed the German attack on Moscow, corresponds to the official version of the Soviet past. The Lukashenka presidency has defined the modern state based on Soviet myths and respect-if not glorification-for the "achievements" of Stalin as a ruler. Lukashenka perceives himself as a strong leader continuing past traditions. His regime, therefore, targets any individual, newspaper, journal, or magazine that questions the official perspective for the crime of "historical revisionism." Bulhakau is the latest victim.

The Astravec Project: A Risky Endeavor for Belarus

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Work has begun on the construction of a Belarusian nuclear power plant at Astravec in Hrodna Region, about 16 kilometers from the border with Lithuania. While Belarus has actively promoted the project, together with its Russian designer and contractor, both the general public and neighboring Lithuania have issued strong objections to building the station, citing safety, environmental and economic concerns. Matters have been made more complex by results of a recent nonbinding referendum in Lithuania, which opposed construction of a new nuclear plant at Visaginas as a replacement for its former Ignalina plant.

The Astravec project has been under discussion for some time. In July 2012, Belarusian First Deputy Prime Minister Uladzimir Siamashka and Aleksandr Lokshin, the first deputy director general of Rosatom, signed the final contract (World Nuclear News, July 19). The designer is Atomenergoproekt, based in St. Petersburg, which is using the AES-2006 design (third-

generation Russian nuclear plants) also deployed for the Leningrad-2 nuclear plant and the Baltic nuclear plant in Kaliningrad region. The general contractor is the Russian company ZAO Atomstroyeksport, the export wing of the state corporation Rosatom, which was formed last March and has begun the construction of 20 reactors, designed and built in Russia or abroad (Belarusian Telegraph Agency, October 4, 10; www.aep.ru/).

The original timetable for the Astravec plant has been revised (See EDM, March 12, 2010). Two pressurized water reactors are to be built, each with a capacity of 1,200 megawatts. Completion of the building and assembly work on the first reactor is anticipated by May 2018, and the reactor is commissioned for startup by November of that year. Unit two should have power and be in service by July 2020. Financing is dependent on a loan of \$6 billion from Russia, to be repaid over 18.5 years. The projected lifespan of the station is 60 years, with an annual supply of electricity of 17.74 billion kilowatt hours once the two reactors are in full operation (BeITA, October 10). The overall cost of the plant and associated infrastructure is estimated at \$9.4 billion (Bellona, October 13).

Astravec is part of a new series of Russian-made reactors commissioned by Russian President Vladimir Putin in March 2011, at a time when the world nuclear industry suffered a major setback at the Fukushima nuclear complex in Japan, resulting from a powerful earthquake and tsunami. During a visit to Astravec on October 6, the IAEA's deputy director general, the Russian scientist Aleksandr Bychkov, declared that the preparation of the station's infrastructure met the "highest international standards." Bychkov met with Belarus's Deputy Prime Minister Anatol Tozik, and presented a talk at Belarusian State University. He described Belarus as "one of the most advanced novices in power engineering" (BelTA, October 5, 8).

At a press conference the previous day, Bychkov did, however, offer 16 recommendations and 22 "special proposals," including laws on radioactive waste and its treatment and "legislation relating to nuclear damage," which presumably refers to responses in emergencies and accidents. He stressed that the IAEA's proposals were merely advisory since the agency cannot interfere with government programs (BelTA, October 5). Although there have been no recent polls on public opinion in Belarus toward nuclear power, a Belarusian talk show called "Choice" canvassed television viewers two years ago and discovered that 87 percent did not consider modern nuclear power plants to be safe (VOA, Mar 16, 2011). The issue is highly sensitive in the republic, which suffered the heaviest radiation fallout from the 1986 accident at Chernobyl—one of the issues for discussion with the IAEA.

The construction of Astravec has been both boosted and threatened by the referendum in Lithuania. In mid-October, with a turnout of over 52 percent, 62.74 percent of Lithuanians voted against the construction of the Visaginas nuclear plant, the contractor for which is Hitachi-GE Nuclear Energy (Japan and the United States), and 34.01 percent supported it (Reuters, October 15). One source conjectures that the vote does not signify that Lithuania has rejected nuclear energy, but rather its population's concerns are economic: the lack of competitiveness of a costly plant compared with the stations being built in Kaliningrad and Belarus. The inference—and implicit good news for Belarus—is that Lithuanians believe it would be more expedient to import electricity from their neighbors (ITAR-TASS, October 16).

A similar referendum is unlikely in Belarus, which has taken a harsh stance against anti-nuclear protests in the past. On April 26, militia (Belarusian police) detained Anatol Liabedzka, leader of the opposition United Civic Party, on the road to Astravec to prevent him from holding a discussion with local residents about the social and ecological problems of the region on the anniversary of the Chernobyl disaster (Belarusskiy Partizan, April 26). Last July, when President Putin and Prime Minister Dmitry Medvedev visited Minsk to discuss the terms of the Astravec project, the Belarusian authorities arrested several protesters (europeangreens.eu, July 24).

The Lithuanian attitude has been more ambivalent. It has strongly opposed the Belarusian project because of its proximity to its border and concomitant safety and environmental issues (see EDM, Mar 12, 2010). Vilnius has cited the Espoo Convention and the statement of its Implementation Committee that Astravec violates the norms for construction. On the eve of the referendum, however, frontier guards prevented two Belarusian anti-nuclear activists, Tatsiana Novikava and Mikalai Ulasevich, from entering Lithuania as "persona non grata" and canceled their Schengen visas (Euroradio, September 29). No explanation was forthcoming as to why the two had been refused entry. Novikava was arrested in Belarus in July while taking part in a protest against Astravec at the Russian Embassy in Minsk (Bellona.org, September 28).

Overall, Astravec seems like a questionable undertaking for Belarus, especially in view of domestic opposition to the station and the almost total reliance on Russian financing and expertise. The economic benefits are essentially long term rather than immediate, and the lack of consultation about potential consequences with neighbors and local residents will only exacerbate problems. The catalyst for the neighborhood's expansion of nuclear power is mainly Russia; thus the project is less a quest for autarchy in energy supplies—and Belarusians must pay for 100 percent of domestic energy costs by 2016, as opposed to 30 percent at present (Beltelradio, October 19)—than part of a general expansion of the Russian nuclear energy program. Belarus is a novice in the field of nuclear power, it has no facilities for radioactive waste disposal, and it continues to deal with the health consequences of Chernobyl. All these factors render Astravec a risky undertaking.

Belarus's Foreign Policy: Twists and Turns

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Minsk received bad news and good news this week concerning its foreign policy allies. Shortly after Georgian President Mikheil Saakashvili's United National Movement Party suffered defeat in the parliamentary elections, Venezuela's Hugo Chavez won reelection in Venezuela. Belarusian President Alyaksandr Lukashenka claimed that he was unable to sleep, waiting for the results from Caracas (Belarusian Telegraph Agency, October 8). The comment is revealing about

the precarious nature of Belarusian foreign policy, which is marked by many contradictions but essentially has one overriding trend: slowly but inexorably it is being drawn into an orbit that is predominantly, if not exclusively, Russian.

The Belarusian president, according to the traditional Western view, has attempted to strike a balance between East and West—between membership in Russian-led structures and, principally, a relationship with the European Union. In recent years, his efforts have been relatively successful. Thus, in theory, Belarus combined membership in the EU's Eastern Partnership with a Russia-Belarus Union and the Collective Security Treaty Organization (CSTO), as well as the newly formed Customs Union with Russia and Kazakhstan. Such ambivalence allowed Belarus to circumvent some of Russia's most serious demands such as a greater commitment to the CSTO and recognition of the breakaway regions of Georgia.

But the opportunities for maneuver have been undermined by the EU's strong response to the violence in Minsk after the December 2010 presidential elections as well as the Belarusian KGB's continued retention of some 12 political prisoners, including the internationally known human rights activist Ales Bialatski, former presidential candidate Mikalai Statkevich and Young Front leader Dzmitry Dashkevich. They were further limited by the reported transgressions during the September 23 parliamentary elections, which were not recognized as free and fair by the Organization for Security and Cooperation and Europe (OSCE) monitoring group. In an interview with Mir Belarus, Lukashenka accused the EU of applying double standards to Belarus in an attempt to "overturn not only our history but our country as well" (BelTA, October 8).

Lukashenka also maintains that Belarus's efforts to join the WTO, following Russia's accession last August, have been prevented by a "political fence"—i.e. the EU has vetoed its entry, pending the release of prisoners and the introduction of more democracy. The president then undermined his own statement by suggesting that the veto was immaterial since Belarus will now effectively be working within the organization since Russia is its main trading partner (BelTA, October 8). Still, he acknowledged that Belarus, with an export-oriented economy, could not afford to isolate itself from the world. Lukashenka argued that Belarus is being stymied at every juncture by the EU, including Brussels politicians "who do not even know where Belarus is" (Nasha Niva, October 8). On the other hand he has actually promoted such isolation with a continuing refusal to reopen the office of the OSCE in Minsk, which closed 18 months ago (mfa.gov.by, October 4).

A week earlier, in an extraordinary speech to the UN General Assembly, Belarus's new Foreign Minister Uladzimir Makei requested that the international community should "revive the spirit of San Francisco" to deal with current world problems. His reference was to the founding meeting of the UN in 1945 to elaborate the June Charter embracing "multilateralism, justice, and cooperation." But unfortunately, in Makei's view, the promised happy future has not materialized because some countries have failed to recognize the limits of foreign policy goals and alternative forms of statehood. One example has been the economic sanctions placed on Cuba for choosing "an independent path of development." A key tenet crucial for international cooperation is the rule of law; and, in the Belarusian foreign minister's view, no "trendy concepts" like humanitarianism can justify "interference in internal affairs of sovereign states" (UN News Center, October 1). It is easy enough to substitute "Belarus" for "Cuba" in Makei's statement since the analogy is plain. In short, Belarus would like to bolster UN power to ensure noninterference in its internal affairs.

The statement, clearly authorized by the president, reflects Belarus' dilemma. Minsk is at loggerheads with Brussels over human rights issues, but believes that this is a matter for the state to decide. At the same time its participation in EU-funded and sponsored programs like the Eastern Partnership requires more than a token adherence to EU principles. Lukashenka claims that Russia's regime is equally strict and that the EU ignores such issues in Moscow's case because it needs Russian oil and gas. There may be some truth to that assertion. Yet, Russia is not part of the Eastern Partnership. It has not signed an agreement committing itself to internal democracy and human rights. Matters would be simpler if Lukashenka had not used the EU as an alternative to Russia in its quest to forge a middle road between the two. It also reflects Belarus's vulnerable economic situation with high inflation rates and susceptibility to a debt crisis—according to one report Belarus is the third most likely state in Europe to suffer such a crisis after Latvia and Slovenia (novinite.com September 12).

In recent times Belarus has managed to forge alliances within both the Eastern Partnership and externally—most notably with Georgia and Venezuela, respectively. As Belarusian analyst Siarhei Bohdan pointed out recently, Georgian President Saakashvili served as an intermediary between Belarus and the West and maintained the friendship even after the post-election crackdown in Minsk (BelarusDigest.com, October 5). Following the election, Lukashenka stated that he would "act in every possible way" to promote Georgia's return to the CIS (RT, October 4), an astonishing volte-face given that Belarus was part of what at times seemed like an anti-Moscow alliance led by Lukashenka and Saakashvili. Representing an alternative to Belarus's relations with its neighborhood, Anatol Tozik, Deputy Prime Minister and Chair of the Belarus-China Friendship Society, maintained recently that Belarus and China are on the verge of a "strategic partnership" (Belarusian Telegraph Agency, September 26). But although China has often been cited as a potential alternative to Russia, current relations are largely restricted to trade and investment.

Rather, it is the friendship with Chavez that perhaps best encapsulates Lukashenka's worldview—a leader who defies the United States at every opportunity and seems to embrace a neo-Communist outlook. Lukashenka's Belarus is steeped in the past. It continues to adhere to and revere Soviet achievements, war veterans, and the fight to save the world from Fascism in which Belarus played a key role, alongside Russia. Therefore, in Lukashenka's view, external enemies threaten the nation that he is creating in his own image and on his own terms. The Belarusian president is thus a figure of the past, resisting change in all directions, crushing all opposition, but nonetheless becoming increasingly neurotic about the emerging world and his constant quest to find reliable and uncomplaining friends within it.

Parliamentary Elections in Belarus Arouse Cynicism, Anger Among Population

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The 2012 parliamentary elections in Belarus were held on September 23. In contrast to some earlier elections, the authorities blatantly violated procedures and inflated voter turnout, according to several sources. In turn the opposition, having failed to unite initially in a Coalition of Six, was further divided between those who chose to boycott the elections on the eve of the vote and those who decided to take part in the final voting (none won any seats). And as usual, observers from CIS countries found nothing wrong with the way the elections were conducted, but those from the OSCE and elsewhere identified numerous violations. Overall, neither the authorities nor the opposition seemed to take the election very seriously, but neither did the voters. The parliamentary elections in Belarus have come to represent a carefully conducted charade rather than the genuine expression of the electorate.

Even prior to the vote, the cynical attitude of the electorate was evident from a June 2012 poll by the Independent Institute of Social-Economic and Political Research, which revealed that only 36.8 percent of respondents expected the elections to be free and fair (39 percent did not anticipate such an outcome), as compared to corresponding figures of 45.9 percent and 34.8 percent, respectively, in 2008. Only 36.7 percent thought that the results would reflect the actual voting (54.5 percent did not), and just 38.5 percent considered that the elected House of Representatives would represent the interests of society; while over 40 percent responded that the parliament would have no influence on their lives or of those close to them. The skepticism expressed also extended to the opposition: only 37.7 percent believed that candidates from the opposition would present credible programs for the improvement of living conditions (iseps.org/press15.html). A poll conducted by the news agency Tut.by revealed that 77.8 percent saw no sense in voting (cited by Charter97.org, September 23).

On September 23, 293 candidates contested the available 110 seats in the lower house. But that number fell as a result of the decision of the two main opposition political parties, the Popular Front (30 candidates) and the United Civic Party (35), to withdraw their candidacies on September 15. In the words of Uladzimir Padhol, a candidate from the Popular Front in Minsk District 107, on September 23, they were going to the forest to pick mushrooms (http://www.svaboda.org/content/article/24704121.html). As a result, in 16 of the 110 constituencies there was only a single candidate left running. By contrast, the Social Democratic Party (Hramada), the Movement for Freedom, Tell the Truth, and the anti-regime Communists of the Fair World opted to continue their campaigns. Initially there were 139 candidates from non-ruling political parties (47 percent), but almost half (69) came from the Liberal-Democratic Party, which is not considered part of the opposition (news.tut.by, September 23).

The presidential newspaper published a pre-election editorial declaring: "This is your choice," which noted that 7,078,809 were listed on election registers (SB—Belarus Segodnya, September

22). Yet, other sources suggest the choice was clearly not a free one. The human rights agency Vyasna reported many examples of refusal of candidates' rights to the five-minute TV and radio appearances and, by issuing Decree 93, the Supervisory Council banned the appearance of those candidates who had expressed a wish to boycott the elections. Some TV stations demanded that speeches be pre-recorded and then refused to air them—this occurred in at least three districts of Homiel. Election debates were held in only a minority of locations. There were none at all in Hrodna region. Opposition party candidates found it very difficult to use private campaign funds because of bureaucratic obstacles, whereas state agencies brazenly backed their chosen candidates, with some factories allowing meetings with voters during working hours. Three Minsk printing firms refused to produce election campaign material paid from the private means of opposition candidates. However, private payment for campaign ads is, in fact, legal under the election law (spring96.org, September 22).

There were markedly different assessments of official turnout. The Central Election Commission reported that the 50 percent threshold had been reached by 4 p.m. on September 23, whereas independent observers recorded a turnout of only 35 percent at that time, and only 44.7 percent overall (Nasha Niva, September 24). Election turnout reportedly increased by an improbable 18 percent in a two-hour period in the afternoon. One analyst who posted a synopsis to the Jamestown Foundation noted a number of other discrepancies. They included the fact that during the five days of early voting, ballot boxes were locked inside public buildings to which only state officials had access. In some factories the management introduced a short working day and threatened to check whether their employees had in fact voted. Heads of schools promised students future holidays if they voted early. Almost 26 percent of voters took part in early voting (news.tut.by, September 23). The authorities also introduced a so-called "carousel" voting system, whereby the same people were taken to vote at several ballot stations. Two observers who noted the infractions at a polling station in Minsk were removed and detained by the police until voting ended (Letter to Jamestown from Hanna Asipova, September 23). Another source confirms the identity of those arrested at Minsk District 101 as Syarhei Martsaleu, an observer from the Popular Front, and Aryna Lisetskaya from the Movement for Freedom (euroradio.fm, September 23).

Dozens of opposition activists were arrested during the campaign, mostly for possessing campaign materials in support of the boycott. Some candidates, like Alyaksandr Milinkevich, leader of the Movement for Freedom, were not permitted to run. Even some OSCE observers were turned away at the Minsk International Airport. This fate befell Lithuanian deputy of the OSCE Parliamentary Assembly Emanuelis Zingeris and German deputy Mariluise Beck, both of whom have been critical of the Lukashenka regime in the past. Beck declared that the denial to them of visas to monitor the election was an insult to the OSCE and its election monitoring organization, to which all OSCE members had assented, including Belarus (Telegraf.by, September 20). Special coordinator of the OSCE observer mission, Matteo Meccaci, declared that "This election was not competitive from the start," noting that candidates were never free to "speak, organize, and run for office" (OSCE Press Release, September 24). Riot police arrested 20 observers from the agency Election Monitoring and took them to the Central Police Station (Nasha Niva, September 24).

Arguably, since Parliament is closely controlled by the president and has little independent authority or initiative, the elections are essentially ritualistic. The campaign was devoid of enthusiasm. Voters seemed to have little interest in the individual candidates, and most deputies will represent factories and working collectives, as before. No opposition candidate has won a seat in the lower house since 2004. The authorities closely control official results both of the turnout and voting. At the same time, elections are an opportunity to discuss issues with voters and prepare for the more significant presidential elections, anticipated in 2015. That two opposition parties (as well as the unregistered Christian Democratic Party) chose to boycott the elections is understandable given the regime's refusal to release remaining political prisoners and permit more access to state media. But the divisions among the opposition also create the impression that the voters have no choice and that neither the current regime nor the opposition offers anything new. If the opposition cannot unite, it will never be able to offer a credible alternative.

Belarusian-Kyrgyzstani Clash over the Bakiyevs

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The recent discovery that former Kyrgyzstani President Kurmanbek Bakiyev's brother Janysh is also living in Minsk sparked furious exchanges between Kyrgyzstan and Belarus, with the latter country refusing a request to extradite him to face charges of murder. Belarus maintains, officially at least, that the request cannot be granted because it is politically motivated. The exchange raises questions about relations between countries that are joined in two major alliance systems: the Collective Security Treaty Organization (CSTO) and the Commonwealth of Independent States (CIS). Kyrgyzstan has also expressed interest in joining the Customs Union that currently comprises of Russia, Belarus and Kazakhstan (http://en.rian.ru/world/20101228/161963440.html). In theory, the dispute should be easy to

resolve. In fact, such an outcome is unlikely.

The story began in April 2010, when the deposed Kyrgyz leader Kurmanbek Bakiyev turned up in Minsk, following his overthrow as president after popular protests in Bishkek. His presence was particularly contentious because he and his brothers Janysh and Akhmat, as well as some 20 officials, are believed to have ordered troops to open fire on peaceful protesters in the Kyrgyzstani capital. Later Kurmanbek's followers allegedly instigated violent ethnic cleansings in the province of Osh in the south of the country with over 2,200 (mainly ethnic Uzbek) casualties (RIA Novosti, June 22, 2010; see also EDM, November 18, 2010). International reports on the June 2010 Osh violence largely dismiss any evidence for instigations by President Bakiyev and his supporters, however (see EDM June 10, 2011).

There was much speculation as to why Belarusian President Alyaksandr Lukashenka allowed Kurmanbek Bakiyev to stay, and—according to unconfirmed reports—permitted him to become a Belarusian citizen and buy a \$1.7 million mansion on the outskirts of Minsk (Belapan, August 30). Some analysts saw the move as a slight to Russia, which had supported the uprising implicitly; others thought that Lukashenka could not allow the indictment of a fellow authoritarian leader and thus felt obliged to help Bakiyev. Over the past two years, the issue became more or less a dormant one, despite occasional Kyrgyzstani requests that he be returned.

In fact Lukashenka not only supported Bakiyev but also refused to accept his overthrow and made it plain that he considered him the rightful president. The incident followed similar reports of the president of Belarus backing former Serbian leader Slobodan Milosevic after his ouster, who was also offered refuge in Belarus (Milosevic declined the invitation) and Lukashenka's angry statements about NATO's treatment of another ally, former Libyan leader Muammar Qaddafi—the North Atlantic Alliance's handling of whom Lukashenka declared "was worse than [that by] the Nazis" (Global Research, November 5, 2011). According to analyst Roger McDermott, prior to the informal CSTO summit in Astana in August 2011, Lukashenka brought up the issue of the "Arab Spring" and its likely effects on the CSTO, evidently surmising that the latter's rapid response forces should be deployed to stop the sort of political instability that had taken place in North Africa (RFE/RL, September 4, 2011).

It was a Belarusian opposition figure, Mikhail Pashkevich, who saw Janysh Bakiyev outside the Café Grunwald on Karl Marx Street in central Minsk (he mistook him for Kurmanbek), and took a photograph that subsequently appeared on Facebook. Pashkevich gave as his reason for doing so the fact that the Belarusian populace was far from happy that "Belarus is turning into a scrapheap for escaped dictators" (EurasiaNet, August 25). In Bishkek, Belarusian Ambassador Viktar Dzienisienka stated that he did not trust the authenticity of the photograph, because it had been posted by an opposition figure (Nasha Niva, August 30), thus suggesting that officially Belarus had no knowledge of the presence of Janysh in Minsk. It soon became evident that this was not the case.

After the publication of the photograph, Kyrgyzstan demanded that Janysh be extradited. In fact all three people who appeared in the picture—Janysh; the head of the presidential guard, Tahir Rysaliev; and Rustam Sayduev, who is close to Kurmanbek's son Maksim—are accused of carrying out the murder of the former chair of the presidential administration, Medet Sadyrkulov; the director of an institute of strategic studies, Sergei Slepchenko; and the driver of their car in March 2009. Janysh and Maksim are considered much worse villains than Kurmanbek, who is sometimes portrayed almost as a passive bystander. But upon refusing to grant the request, the Office of the Belarusian Prosecutor General revealed that an earlier demand had been received in June, well before the sighting of Janysh in Minsk (ITAR-TASS, Sept 5). It is inconceivable that Ambassador Dzienisienka was unaware of that fact.

The crisis escalated almost as swiftly as the "teddy bear" saga with Sweden (see EDM, August 7). On August 24, Kyrgyzstani President Almazbek Atambayev recalled Kyrgyzstan's Ambassador Erik Asanaliev from Minsk. After demonstrations outside the Embassy of Belarus in Bishkek on August 28 brought no results—the demonstrators reportedly smashed the embassy windows—the Kyrgyzstanis threatened to take the issue to the CIS. On the 19th anniversary of

Kyrgyzstan's independence on August 31, there was a notable lack of congratulations from the president of Belarus. And on September 5, Belarus formally issued a refusal to extradite the younger Bakiyev (udf.by, September 7). Consequently, two friendly states that work together within two alliances appear unable to resolve their differences, and Belarus refuses to deport a figure charged with a triple murder.

The impasse raises questions about the effectiveness of the CIS and the Russian-led CSTO as organizations that can work together not only in terms of outside threats but also to resolve internal disputes. In 2010, Lukashenka requested that the CSTO intervene to restore Bakiyev to power. His partners rejected his demand. In turn, Kyrgyzstan must now work through the CSTO or the CIS to persuade Belarus to reverse its decision on the younger Bakiyev and his two associates. It is very unlikely that its quest will succeed for two main reasons.

First, the two main powers in the CSTO and the CIS, Russia and Kazakhstan, have little interest in the matter, being quite content to see the Bakiyev brothers in Minsk where they may arouse anger but have little active influence over events. In this respect, Lukashenka's defense of a fellow president resolved the problem for Moscow and Astana of what to do with the former Kyrgyz president. The second is that Lukashenka, as pointed out by one perceptive observer two years ago, "has no geopolitical preferences" (Belarus Digest, May 18, 2010), meaning that rhetoric aside, he has little formal commitment to organs like the CSTO other than when it can work for his direct interests. Likewise, from the perspective of Minsk, the CIS is equally moribund. And for Lukashenka, a rift with Kyrgyzstan is an acceptable risk, since the country has few direct links with Belarus. Thus, the extradition of either Bakiyev to Kyrgyzstan in the near future is highly unlikely.

Swedish Ambassador's Departure from Belarus

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On August 3, Belarusian television stations explained why the Belarusian authorities have refused to extend the accreditation of Swedish Ambassador Stefan Eriksson. On the program Panarama, Syarhey Husachenka stated first that it was a routine matter, and the Swedish ambassador had already spent a long time in Belarus (he arrived in 2005), but then claimed that Eriksson had tried to do harm to Belarus, had engaged in subversive activity, and had given instructions and money to opposition groups seeking to carry out a coup on the eve of the 2010 presidential elections (Charter97.org, August 4). Two other Swedish diplomats were reportedly also asked to leave Minsk (RT, August 3).

Understandably, Sweden has responded with anger. Foreign Minister Carl Bildt maintained that

the regime of President Alyaksandr Lukashenka "has seriously violated the standards of international relations" (Belorusskiy Partizan, August 4). Sweden would expel two Belarusian diplomats and the new Belarusian ambassador "would not be welcome" in Sweden (UKPA, August 3). In a letter to Radio Svaboda, Ambassador Eriksson wrote that he loved his job and had tried to carry out his duties honestly (Nasha Niva, August 5).

The expulsion of Eriksson comes a month after a Swedish public relations firm, Studio Total, which specializes in revolutionary advertisements, dispatched a small plane from Lithuania that dropped 789 teddy bears into the town of Ivyanets, in the Valozhyn district of Minsk Voblast. The stunt, designed to focus more attention on press freedom and civil violations in Belarus, has led to the dismissals of Major-General Ihar Rachkouski, Chairman of the State Border Committee, and Dzmitry Pahmelkin, Commander of the Air Force and the Air Defense Troops of the Belarusian Armed Forces, and reprimands for incompetence to Defense Minister Lieutenant-General Yuri Zhadobin, First Deputy Minister Piotr Tikhonouski, State Secretary of Security Leanid Maltsev, and Chairman of State Security (KGB) Vadim Zaitseu (president.gov.by, July 31).

Although there was no immediate official reaction to the penetration of Belarusian air space, the incident was publicized over the Internet by 20-year old photojournalist Anton Suryapin, who was arrested on July 13 and remains in prison without being formally charged. He faces a potential prison sentence of seven years for his role in "assisting" an illegal border crossing (Committee to Protect Journalists, July 18). Founder of Studio Total, Per Cromwell, has confirmed that neither Suryapin nor Ambassador Eriksson had been alerted beforehand to the plan (news@thelocal.se, July 19; RIA Novosti, August 3).

The question is why did the Belarusian President, a man noted for his skill in diplomatic maneuvers against his perceived enemies, react with such fury to the publicity stunt? Why was it necessary to arrest an innocent blogger and remove the Swedish ambassador? As former chairman of the parliament Stanislau Shushkevich remarked, even the USSR had taken no such actions after the 1987 incident when 19-year old German pilot Matthias Rust landed his Cessna in Red Square (Narodnaya Volya, August 4). There are several likely reasons.

First, the stunt was a major embarrassment to the Belarusian authorities. The Lukashenka regime has made much publicity over the guarding of its borders, especially on occasions commemorating the "Great Patriotic War." The President insisted that his prime concern was the safety of citizens and maintained that the plane had been detected immediately, but asked: "Why was it not stopped?" He may have also been provoked by the open and unedited letter addressed to him by Cromwell, which included the statement: "On the internet, you are regarded as a clown" and that in preparing the mission, it was easy to ascertain the necessary information about Belarusian air defense on Wikipedia, and that the description was invariably the same in all places: "a brutal, but severely malfunctioning mechanism, best suited for parades and for harassing civilians" (news@thelocal.se, July 19).

Under the mantle of the CSTO, Belarus is currently installing a joint air defense system with Russia and Kazakhstan that is intended to be in place by 2013. According to a Russian source, it will receive an S-300 system intended originally for Iran. In early July, Russian Deputy Air

Force Commander Pavel Kurachko commented that Russia and Belarus had ratified the agreement and were discussing troops' command personnel (RT, July 11; Pravda.ru, July 12). Obviously it is not yet in operation and Belarus has suffered a psychological setback.

Second, embarrassing the Belarusian leadership may have been a goal of the mission, but another consequence of it may have been accidental. More likely, the aim was to drop the teddy bears in Minsk, 40 miles further east of where they landed. Ivanyets (Iwaniec), together with the surrounding villages, is one of the few towns in Belarus with a predominantly ethnic Polish population. In February 2010, it was the site of an "unauthorized" meeting of the independent Union of Poles, which was interrupted by intruding militia, who subsequently seized the Polish House (see EDM, February 19, 2010). The teddy bear drop thus may have reignited an issue that has been relatively dormant since the official crackdown and establishment of an alternative Union of Poles more amenable to the authorities.

Third, Lukashenka takes pride in safeguarding the borders as a former border guard himself. His two elder sons, Viktor and Dzmitry, have also served in this position. While appointing Rachkouski's successor, Alyaksandr Baechka, Lukashenka lamented that border guards had been preoccupied with political issues rather than the fundamental matter of guarding the border, and that the State Border Committee was responsible for this change in priorities (BELTA, August 2). Over a year ago, Rachkouski was advocating a visa-free regime with the European Union and ways to prevent long lines at border crossings (BELTA, April 7, 2011).

Lastly, the decision to curtail the accreditation of Ambassador Eriksson may only be partially related to the teddy bear drop. More likely, it proved expedient to use the incident as a means to remove a figure who was very much at home in Belarus, spoke Belarusian fluently and had emerged as a major public figure. The Swedish Embassy in Minsk has been open less than four years and one of its stated missions was to increase contacts with Belarusian society as well as with the authorities (http://www.regeringen.se/sb/d/10165/a/107131). Sweden was the prime initiator, along with Poland, of Belarusian participation in the Eastern Partnership Project in 2008.

The accusations of Eriksson being a spy, as Swedish Foreign Minister Carl Bildt has stated (UKPA, August 3), are ridiculous. And the official response to the teddy bear drop is, by any standards, an overreaction. But the response is a sign not only of the Belarusian President's discomfiture, but also of the regime's weakness and insecurity rather than a signal that a new round of repressions is about to begin.

Lukashenka's Latin American Trip Brings Some Short-Term Benefits for Minsk

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In late June, President of Belarus Alyaksandr Lukashenka visited Cuba, Venezuela and Ecuador. He signed over 20 accords with the President of Venezuela, Hugo Chavez, renewed acquaintances with Raul Castro in Cuba and started a new relationship with Rafael Correa, the President of Ecuador. The visit received lengthy attention in the official Belarusian media. But how important was it? Why is Belarus developing such a close relationship with Venezuela? Are the main reasons economic or strategic?

Prior to the visit, what seems in retrospect like an embarrassing faux pas took place. On June 7, First Vice Premier Uladzimir Syamashka responded to media reports that shipments of Venezuelan oil to Belarus had stopped by commenting that, "At present there are no economic reasons to import Venezuelan oil." The comment supplemented an earlier statement by Syamashka that Belarus required oil supplies from Venezuela mainly to put pressure on Russia, which was exerting difficult terms for oil exports to Belarus. But "today" there were no problems with Russian oil, which Belarus receives regularly and without additional fees or limitations (Belarusian Telegraph Agency, June 7; Xinhua, June 8). Three weeks later, Viktor Sheyman, assistant to the President, announced that Belarus planned to increase the volume of oil from Venezuela by five times (tut.by, June 30). How does one explain such inconsistency in Belarus' policy?

One reason is the close friendship between Lukashenka and Chavez. The two visit each other's countries regularly: Chavez has visited Belarus five times since 2006; while this was Lukashenka's third visit to Venezuela following earlier trips in 2007 and 2010. They act like brothers, ignoring diplomatic protocol. Lukashenka makes no secret of his gratitude to Venezuela for coming to the aid of Belarus during difficult times. Indeed, this visit seemed like a payback in terms of the agreements made, virtually all of which are for Belarusian assistance with economic and social programs in various parts of Venezuela. Bilateral trade between Belarus and Venezuela has risen more than 200 times, stated Lukashenka, from \$6 million in 2006 to almost \$1.5 billion in 2010-2011 (BELTA, June 27).

The 20 accords signed by Lukashenka and Chavez encompass a wide variety of projects in areas such as housing, technology, mining and energy, as well as oil. Belarus will develop a gas pipeline for Venezuela and help construct a thermo-electric power station in Barinas as part of a joint project with China. Chavez is interested in the development of Belarusian-style agro-industrial "communes" in the eastern part of his country (AVN, June 27). Belarus is even assisting the Venezuelans in building a space complex to launch satellites in Aragua, which it was stated, would not be "for launching space rockets," but rather "for scientific and research aims" (RIA Novosti, July 4).

The visits to Cuba and Ecuador appear, by contrast, to be something of an afterthought. Lukashenka demanded that the United States should end the "disgraceful" blockade of Cuba (RT, June 26), and he invited Ecuador's president Rafael Correa to visit Belarus. But it is with the larger country of Venezuela, the world's 13th largest oil producer last year, that he has built the most significant ties.

It is hard to avoid the conclusion, however, that Chavez and Lukashenka essentially have different priorities. Chavez was persistent in acclaiming Lukashenka as an ideological ally, and Belarus as a fraternal country and a workers' state. Chavez on several occasions made reference to another "natural ally" of both countries, Vladimir Putin's Russia. He emphasized the importance of the Bolivian Alliance of Our America (SB-Belarus' Segodnya, June 28), a group working for social welfare and mutual aid schemes in Latin America and the Caribbean, as well as other regional inter-state associations such as the Association of Southeast Asian nations (SB-Belarus Segodnya, Jun 30). In other words, the Venezuelan leader's main goal seems to be the establishment of an alliance of socialist or quasi-socialist states that can combine forces to offset the economic power of a political enemy, the United States.

For the Belarusian side, the priorities are different. If Belarus wished to deepen amity and trade with Venezuela, it was precisely to circumvent pressure from Russia and open up new economic outlets. In an interview on Venezuelan television, Lukashenka tried to combine both the political and economic aspects of the Belarusian-Venezuelan relationship in painstaking fashion. He stated that "We and Chavez" [are] people of a single ideology." Those opposing them are of a different ideology. But, he continued, the question is not a matter of ideology. "Here the question is an economic one." Belarus lacks the natural resources that other states possess, including Venezuela. It is dependent on raw materials from outside. But when the two states stand together, this dependence ends. The alliance is creating a "club of friends" who together can secure their interests in the world. He concluded with the statement that: "We want to procure independence and the flourishing of our states and peoples" (SB-Belarus' Segodnya, June 26).

There are other reasons why Lukashenka went to Venezuela, one of which was to emphasize that Belarus, ostracized by the EU because of human rights violations, has other alternatives. In that respect, the key issue is friendship rather than ideology. Neither the Belarusian President nor the country's parliament shares the worldview of Chavez or Raul Castro, despite symbolic gestures such as the establishment of a Simon Bolivar School in Minsk in 2010, in deference to the national hero of Venezuela (charter97.org, October 12, 2010). But there is some logic to expanding economic ties with Venezuela, especially if, as Lukashenka stated, they can lead ultimately to enhanced trade with the more powerful nations of Latin America such as Brazil, Argentina and Chile (SB-Belarus' Segodnya, June 26).

Importing oil from Venezuela may not be a long-term solution to Belarus' energy problems, as Syamashka correctly pointed out. It is also questionable how long the Chavez regime can continue to produce oil at such low costs. But as a temporary alternative to imports from Russia, and as a conduit to more trade with the southern hemisphere, the links may be worth pursuing. However, the difficulty with the friendship with Chavez – other than his unpredictability and uncertain health – is that Venezuela remains close to Putin's Russia. In fact, each of Chavez's visits to Belarus followed or preceded the Venezuelan President's trips to Moscow. Chavez perceives Belarus as a close partner of Russia and approves of integrationist concepts such as the CSTO and the Customs Union of Russia, Belarus and Kazakhstan. He recognized the independence of Abkhazia and South Ossetia in September 2009, something that Lukashenka has avoided.

Lukashenka has a very different worldview that perceives the survival of Belarus through pragmatism and broad economic links. Thus the Venezuelan partnership seems illogical as a strategic alternative but makes sense as a short-term economic stopgap and a sign that Belarus has some international friends.

Parliamentary Elections Announced in Belarus

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Belarusian president Alyaksandr Lukashenka signed a decree on June 18, which announced that the 2012 elections to the House of Representatives (HR or Parliament) would be held on September 23. Elections for the upper house of the National Assembly, the Council of the Republic (64 members, elected on a geographic basis, mostly through local Soviets), will take place between June 20 and September 20. Concerning the main elections to the larger lower house (henceforth Parliament), all potential candidates must be nominated by August 5; and registration of candidates will take place between August 14 and 23. The official term of the current Parliament ends on October 27 (Telegraf.by, June 20).

The elections are admittedly a ritual and have been criticized and even ridiculed as such by several observers over the past weeks. No truly democratic elections have taken place in Belarus since 1994, and no Western agency has recognized any of the previous parliamentary elections as free and fair (see <u>en.rian.ru/world/20101222/161892111.html</u>). In the past, many potentially troublesome candidates have been de-registered or disqualified at the early stages, often on the flimsiest of pretexts. Already the taxation authorities have been running extensive audits on the leader of the United Civic Party, Anatol Lyabedzka for the past seven months, as well as on his wife's sister and her husband (Charter97.org, June 21).

The power and makeup of the Parliament are very limited. Lukashenka inherited a body of 260 members, and reduced it to a powerless entity of 110 when he amended the Constitution in 1996. No major opposition politician has ever been elected, despite the fact that the popular standing of individual opposition candidates in presidential elections has consistently polled 20-27 percent, and even higher in Minsk (see Oleg Manaev in Belorusy i Rynok, November 19-26, 2001; www.iiseps.org/e3-06.html). Only once since Lukashenka was first elected President has an opposition faction emerged inside the Parliament – the so-called Respublika faction, consisting

at its peak of 11 members, and headed by Syarhey Skryabets (see EDM, July 5, 2004). One independent deputy was Olga Abramova, who represented the Belarusian branch of Yabloko and was elected to Parliament for one term in October 2000. But she could hardly be considered a member of the opposition and supported a more conciliatory EU attitude to Belarus (http://www.mfa.gov.by/print/en/press/news_mfa/ae750de7d207a0ac.html).

Those running today, as then, must deal with the formidable chair of the Election Commission, Lidziya Yarmoshyna, one of those figures who remained on the EU travel ban list even during the more harmonious period of 2008-2010. Yarmoshyna has already made several statements about the importance of the elections. Parties and NGOs that take a constructive position may be regarded favorably, and in theory the state might financially support a political party, developed not only at the top, but also with grassroots support in local branches. She stated on June 25 that the current crop of opposition leaders is too old and incapable of leading their parties in the coming elections (Telegraf.by, June 25), a typically subjective intrusion into the political arena. She also commented that some of the most active parties in Belarus are supporting European sanctions, and harming their own country. For the state to support such entities would constitute a form of masochism, she declared, in an interview with the Belarusian Telegraph Agency (Belorusskiy Partizan, June 21).

To date, the regime has never backed a political party to control Parliament, in contrast to the Russian Federation. The public association Belaya Rus, created in 2007 – it reportedly has almost 130,000 members – has not evolved into a presidential political party (http://www.belayarus.by/ru/?guid=10031).

Writing in the presidential newspaper, Vadim Elfinov presented an eloquent monologue on the meaning of elections and what those running for office wished to achieve. Elections are contradictory in their very nature, he wrote, which is why there is never universal satisfaction with the results. He cited Winston Churchill's dictum that although democracy has many shortcomings, mankind to date has not invented anything better. The goal of elections is not to embrace all points of view; their task is to identify the prevailing mood of society, legislate it and transform it into a political force. Once in office, the deputy has to forget his former stances and take responsibility for the affairs of the state. The coming elections are the responsibility of all the people and their commitment to what is happening in society. "Only in this way can we build an effective civil society," Elfinov argued (SB-Belarus's Segodnya, June 21).

These sorts of statements demonstrate the state's insistence on performing the ritual of elections – perhaps to enhance or maintain a form of legitimacy, or to demonstrate the lack of popularity of opposition parties and movements. That is why some groups, most notably the European Belarus movement, the Young Front and the Belarusian Christian Democratic Party (as yet unregistered), advocate a boycott in the belief that participation is futile and serves only to legitimize the Lukashenka regime. Others, however, have opted at least to campaign. And it seems, despite the evident futility of taking part, there are some logical reasons for doing so. Uladzimer Hlod points out that the idea of a boycott is publicized only in independent newspapers that lack wide circulation, and only 10.6 percent favored it in the most recent IISEPS poll (http://www.svaboda.org/content/article/24535765.html). There are also some logical reasons for participation.

For one thing, because of amendments to the Electoral Code introduced 18 months ago, candidates have the right to set up campaign funds to a maximum of 100 million Belarusian rubles (about \$12,100), or 1,000 times the minimum salary. With these funds, candidates can purchase time on TV and radio, or take out advertisements in major newspapers. Candidates are also entitled to some radio and TV time, as well as newspaper coverage, free of charge. It is stipulated only that candidates cannot receive government funds or contributions from abroad (Naviny.by, June 20). As far as parliamentary elections are concerned, the amendment gives candidates unprecedented opportunities to express their views and become better known among the electorate. And although well-known political opposition leaders will no doubt find their path to running barred or hindered, there should be opportunities for others to represent genuine concerns of their constituents.

The periods of elections generally are not only times of heightened political activity, but also of contact with towns, villages, and grassroots society. They are thus an opportunity to be taken not necessarily for the goal of reaching office the benefits of which in this instance may be miniscule but of communicating with voters and making their presence known. Some groups are already taking active steps. Leader of the Belarusian Popular Front, Alyaksey Yanukevich, has announced his candidacy, and the party intends to nominate at least 40 candidates (Telegraf.by June 19). Deputy Chairman of the United Civic Party Lev Margolin has also declared his candidacy, and the participation of Lyabedzka was also reported, though it has yet to be verified. Another potential UCP candidate is the renowned economist and former Chair of the National Bank Stanislau Bahdankevich (Telegraf.by, June 20). Uladzimir Nyaklayeu's "Tell the Truth" campaign and the former opposition Communists ("A Just World") will also take part (Gazeta.ru, June 19).

In principle, Vadim Elfinov is correct: elections are an opportunity for building links, determining public concerns, and establishing contacts with the electorate. One can add that this statement applies even under the harshest of conditions and when there are no prospects for victory.

Is There a Third Force in Belarus?

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Belarusian Minister of the Interior Ihar Shunievich announced recently that on July 3, national Independence Day, some 2,600 prisoners are to be released (RIA Novosti, June 12). The statement raised the hopes of some that the remaining political prisoners in Belarus might be on the list of those to be set free, but there is little indication of any mellowing of the Alyaksandr

Lukashenka regime. The event indicates that little has changed – a policy of moderation followed by repressions has been in place for some time.

But it also raises questions about the nature of the regime. Various labels have been applied to the structure in place since 1996, when after further amendments to the Constitution, the late Russian Prime Minister Viktor Chernomyrdin negotiated a compromise between the President and the parliament, that essentially left the former with almost complete powers. Since that time, the regime has appeared relatively stable, but there is little consensus among analysts whether it constitutes a dictatorship and whether it is monolithic. Most important in this regard is the question of whether there are any alternative sources of power in Belarus.

A most obvious possible source of alternative power to President Lukashenka is the opposition, which is currently debating on whether to boycott or take part in the 2012 parliamentary elections. On June 11, on the first anniversary of the death of noted analyst Vitali Silitski, the newspaper Belorusy i Rynok republished one of his articles, originally written a decade ago in the journal Adkrytae Hramadstva. Silitski was a supporter of parliamentary elections, even when conducted under conditions of duress and difficulty, as will undoubtedly be the case later in 2012. He wrote that "dictators" – he had no problem using that word – hold elections because they overestimate their support, and periodically "dictators" need evidence of their legitimacy in the eyes of their own people and the international community. He argued that even a fruitless outcome for an opposition in such circumstances could initiate the process of liberalization (Belarusy i Rynok, June 11-17). Still, for the opposition, the ritual can often seem futile because the elections are carefully stage-managed, even during the formation of the initial election commissions.

Another Belarusian analyst, Siarhei Bohdan, sees potential forces for change outside the opposition. He maintains that the current structure is far from monolithic and cites former presidential candidate Andrey Sannikau, who stated in 2010 that below the ministerial level there are a number of very competent and well-qualified people who often seem at odds with official policies. Even at the ministerial level, some of the appointees are independent-minded, such as Minister of Culture Pavel Latushka, who speaks fluent Belarusian in public. Another leader, who is something of an enigma, is Prime Minister Mikhail Myasnikovich, a former president of the National Academy of Sciences, but also the man who ran the campaign of Lukashenka's main opponent in 1994, the then Prime Minister Vyacheslau Kebich. Bohdan notes that Myasnikovich is exceptionally independent and far from being a mere acolyte of the President (Belarus Digest, May 17).

It has been evident for some time, on the other hand, that the most powerful figure immediately below the President, is his son Viktar, aged 36, whose official position sounds innocuous – Assistant to the President on National Security Issues. Viktar's influence may have been behind what has been described as a "purge" of the Interior Ministry over the past year and its apparent subordination to the KGB, an agency also reputedly under the control of Viktar Lukashenka. On May 11, the President dismissed Interior Minister General Anatol Kuleshau, who had reportedly been seriously ill at the start of the year (udf.by, January 17). Kuleshau's replacement, Ihar Shunievich, worked in the ministry until five years ago, but since then has been an employee of the KGB. The conclusion of a report by Kamil Klysinski of the Polish-based Center for Eastern

Studies is that the evident consolidation of the forces of Viktar Lukashenka is a setback for those who favor economic reforms and improved relations with the West (OSW Centre for Eastern Studies, May 16).

Perhaps of equal importance is that after eighteen months of internal turmoil and confrontations with the opposition and other groups, the President wishes to have around him people he trusts fervently. Whether there are any real threats to his power is debatable – despite the alleged storming of the parliament building by crowds of demonstrators after the 2010 elections, the subsequent mass arrests, a "terrorist attack" last year and the extreme powers allocated to the KGB to round up opponents of the regime, real and imagined (Moscow Times, October 20, 2011). Neither of Lukashenka's sons has demonstrated any inclination for the presidency. In fact his second son, Dmitry, who is 32, has a menial position as head of the presidential sports club, and his most frequently publicized image is in an ice hockey uniform. It is the President's third and youngest son Mikalay (born in 2004), who is the most favored and accompanies his father regularly on official occasions (see www.belarus-tv.by/eng/president.asp.

Plainly, the current structure is focused on the security forces, among which the KGB is the most powerful. Yet, there is no official, unified government position on many issues. Cabinet ministers are often chided for failure to show initiatives, meaning that they are not always expected to take directions from above. Because of his frequent speeches and image of omnipresence, Lukashenka is often perceived as the sole determiner of state policy, despite the many contradictions in his statements. Certainly he has exceptional powers. Yet, the Belarusian state is run, essentially, by public servants, many of whom are not opposed to economic reforms. Though rarely in the public eye, this apolitical "third force" stands between the more polarized players: the President and the opposition.

In the past, when such figures have taken on a political role, the regime has dealt with them summarily and much more harshly than with detained oppositionists, as the cases of the "disappeared" leaders Viktar Hanchar and Yuri Zakharanka demonstrate. Hanchar was Lukashenka's campaign manager in 1994. But as Deputy Chairman of the Parliament, he had emerged as a major and charismatic opponent five years later during a time of constitutional crisis when Lukashenka refused to hold presidential elections at the end of his first term. Hanchar was abducted on September 16, 1999, together with his friend, the entrepreneur, Anatol Krasouski. Zakharanka was dismissed as Minister of Defense and had joined the opposition United Civil Party prior to his disappearance in 1999. Both former regime insiders are presumed dead. The two figures had come out openly into the opposition. Today one can assume that there are dozens of personnel following the orders of the President, but it does not necessarily indicate that they are his supporters or in agreement with his policies. The loyal coterie around the leader is much smaller than it appears even if, for the present, it is politically inert.

Putin Visits Belarus

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Today (May 31), Russia's President Vladimir Putin made the first foreign trip of his new term in office. The visit was to neighboring Belarus to hold talks with his Belarusian counterpart, Alyaksandr Lukashenka, in Minsk. Putin's choice of Belarus was something of a surprise as there was "competition" from Kazakhstan to be his first point of call. The visit symbolizes Russia's new foreign policy priorities toward Eurasia. But where does this frequently difficult relationship between two close neighbors stand currently, and what lies ahead?

According to Chairman of the Belarusian Council of Ministers Mikhail Myasnikovich, the Moscow-Minsk relationship is now at its best. The two sides have overcome their various problems, there is "political understanding on all issues," and the trade turnover is rapidly increasing. His remarks followed a succession of three high-level bilateral visits between the two countries: meetings between Lukashenka and three Russian governors, a Belarusian delegation's visit to Kemerovo headed by Lukashenka's son Dmitry, and the arrival in Minsk of Grigorii Rapota, Secretary of the Union State of Russia and Belarus (Telegraf.by, May 30). Lukashenka's only clear signal of the possible content of the presidential talks was his comment on expanding the Belarusian Potash Company, the trading branch of the Urals Potash Company (Uralkali), which operates a joint venture with the Belarusian government (SB-Belarus' Segodnya, May 30).

The Belarusian Institute for Strategic Studies (BISS) recently offered new analysis of Belarus' relations with Russia. It noted that the when the principles of the Common Economic Space (CES) were first established, they led to an immediate dispute over air flights between Minsk and Moscow that lasted from March 26 to April 9, and ended in a total defeat for the goals of the Belarusians: to establish special economic terms that would not comply with the CES framework (BISS Foreign Policy Index, March-April 2012, p. 4). The issue highlights the fundamental question: i.e. whether Belarus can find room to maneuver within the integration process, and specifically whether it can maintain its peculiar state-run economic policies in defiance of the tendencies in its partner states and the rules by which the CES operates.

For the Belarusian leadership, a return to a Putin presidency is preferable to working with Medvedev. Clearly it hopes for more concessions with a relaxing of conditions for future loans, such as those tied to the \$3 billion Eurasian Economic Union (EuEU) loan (mainly through Russian funds) last year, which entailed the privatization of \$7.5 billion of state assets over three years and the loss of its valuable gas pipeline to Russia. Lukashenka recognizes that Putin has placed great emphasis on integration with neighbors and that Belarus is the most reliable choice to do this – a small country without major resources that is highly dependent on Russian support. Thus he has a modicum of leeway and can delay privatization of Belarus' most lucrative companies like Belaruskali or the MAZ trucking company. BISS's analysis suggests that despite Lukashenka's careful maneuvers, "His stratagems are not of major importance to Russia" (BISS Foreign Policy Index, March-April 2012, p. 5). In other words, Russia's position vis-à-vis

Belarus is so powerful that the Belarusian president is merely forestalling the inevitable, which is deeper integration on terms determined by Russia.

The argument is convincing, mainly because, to date, the Belarusian side has no clear alternatives to working with Putin. The country is constantly in need of external financing to cover loans previously received from Russia, the IMF and elsewhere. Relations with China have made progress but, thus far, the outcome has been mainly a series of scientific and technological projects (http://www.belaruschina.by/ru/). Relations with the EU have the potential to improve, but possibly not in the short term and not while EU sanctions remain in place. Belarus's current and potential partners have serious economic (in the case of the EU) and political (in the case of Russia) problems of their own. Yet, assuming the Putin presidency runs its full term, the traditional policy of the Lukashenka regime to muddle through may serve to keep the Belarusian president in office. Such an outcome is likely if Lukashenka's government still clings to certain state companies while abandoning others, continues to cooperate within the CES, and refuses to recognize the Georgian breakaway regions as independent; but such policy tactics may also ensure that Belarus's independence is gradually dismantled.

Vladimir Putin's precise regional goals are typically nebulous. Making Eurasia a priority covers a great variety of spheres from the most obvious one of deepening integration through bilateral relations, to the Collective Security Treaty Organization (CSTO), the EuEU, the CES, the Commonwealth of Independent States (CIS), and the recognition of the breakaway Georgian republics of South Ossetia and Abkhazia. Belarus features in each of these but has been reluctant to recognize the independence of the two latter regions because of its friendship with Georgia, particularly that between the respective leaders, Lukashenka and Mikheil Saakashvili. Yet, analyst Sergey Markedonov has gone so far as to assert that the old CIS is less significant for Russia than the newly elaborated aims of the EuEU (The National Interest, May 29).

In fact, the CIS now seems obsolete, and the Russia-Belarus Union in both its earlier and current forms has achieved little in its sixteen years of existence. The key focus is on the EuEU, which Russia now proposes to expand to form a Eurasian Inter-Parliamentary Assembly – the first stage of a process that would eventually result in a fully formed Eurasian Union. That Belarus intends to participate through its largely dysfunctional parliament seems evident from Lukashenka's remark that the Belarusian Ministry of Affairs should prepare for "milestone events" in foreign policy that would focus mainly on cooperation with Russia (Telegraf.by, May 29).

But as Putin no doubt realizes, there is little reason to hasten events. His new Eurasian policy, as Markedonov notes, is based less on nostalgia for the old USSR than on matters of common interest to the Eurasian states. Belarus has fewer internal problems than most of the other potential Russian partners, but its debts to Russia continue to mount with each year. The process of deeper integration that Lukashenka helped initiate during his first term in office is now bearing fruit. Increasingly, the Belarusian economic model looks out of step with that of its new Eurasian partners, yet they will continue to work together despite periodic disputes. Neither side has much alternative, particularly when the goal of the individual leaders, all of whom can be to some degree termed "authoritarian," is to remain in power. Between them, the presidencies of the three leaders of the CES [Vladimir Putin, Nursultan Nazarbayev and Alyaksandr

Lukashenka] have already lasted a total of 47 years, proof that this at least is something in which they excel.

World Hockey Championships 2014: Minsk or elsewhere?

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On May 14, 28 members of the US House of Representatives appealed to International Ice Hockey Federation (IIHF) President Rene Fasel not to hold the 2014 world championships in Minsk. The politicians argued that the people of Belarus lack basic civil rights, that the situation inside the country has deteriorated significantly since the honor to host the championship was awarded to Belarus in 2009 and that the "unrestrained climate of repression" creates a concern for the safety of players, coaches and fans who will attend the event (Charter97.org, May 14).

The appeal is the latest of several to Mr. Fasel and raises the question whether sports and politics should mix, whether the singling out of Belarus is justifiable and perhaps – just as fundamentally – whether the holding of the event in Minsk would add prestige and popularity to the regime of Alyaksandr Lukashenka. It is a topic on which there are no obvious answers but to which considerable thought needs to be given.

The hockey championship is scheduled to take place on May 9-25, 2014 in Minsk. Belarus received 75 votes in favor of it hosting the event, well ahead of Hungary with 24, Latvia – 3, and Ukraine – 3. To secure the hosting rights, the Belarusian side promised to expand the current hotel space in Minsk by about 5,000 people (the largest hotels and the only ones of international standard currently are Evropa, Minsk, Crowne Plaza and Viktoriya) by 2013. The country is also making all its major roads four-lane highways and had promised that all visitors to the championships will be allowed to enter Belarus without visas (http://www.belarus.by/en/about-belarus/sport/iihf-world-championship-2014).

After the repressions and imprisonment of political prisoners that followed the controversial elections of December 19, 2010, many countries and internal opposition groups have expressed reservations about the award to Belarus (see CivicBelarus.eu, Mar 19). It has been noted that the president uses ice hockey as a propaganda device and that the country's sports associations are monopolized by his cronies - all of whom also are involved in the construction plans that are worth millions of dollars (EU Observer, May 21, 2011). Swedish newspaper Svenska Dagbladets editorialized that it would be disgraceful to have the championships hosted by "a dictatorial country" and preferable to move the tournament to Sweden and Finland, the hosts for 2012 and 2013 (Charter97.org, May 4).

In the German parliament, a new draft motion backed by Social Democrats and Greens has requested that the German Ice Hockey Federation should formulate a plea to the IIHF to find an alternate host (Der Speigel, May 3). A week later, the Center for European Policy Analysis and Freedom House also sent a letter to Mr. Fasel, calling on him to suspend plans to hold the event in Belarus. The letter, which is signed by 23 US and European policy experts, leaders of prodemocracy NGOs, and some European parliamentarians (including the former Czech international and NHL star Peter Stastny), cited the gross violations of human rights in Belarus, the crackdown since the elections, the regime's continuing incarceration of several political prisoners, and the issue of "basic human dignity." It notes the precedent of 1969, when the championship was moved from Czechoslovakia to Sweden to protest the repression of the 1968 Prague Spring movement (cepa.org May 10).

For his part, Lukashenka has stated that sport should not be political and that he would be "strongly offended" if the championship was taken away from Belarus (Telegraf.by, May 8). Rene Fasel had stated earlier that he would not change the location and that the IIHF observes "strict political, racial and religious neutrality" (Der Spiegel, May 3). The groundswell of protests may have some impact on his position.

The protest coincides with a growing EU movement led by Germany for a leaders' boycott of the Euro-2012 soccer championships in Ukraine (but not of events in the co-host country, Poland). German Chancellor Angela Merkel declared that Ukraine was, like Belarus, a dictatorship and that people in both countries were suffering as a result (Financial Times, May 10). The German concern was prompted by the continued incarceration of former Prime Minister Yulia Tymoshenko as well as several other former government leaders and activists.

The first question is whether such comments are accurate. By any standards, Belarus is an authoritarian regime under a harsh leadership, but it is not a dictatorship – more obviously, neither is Ukraine. Belarus, however is hardly unique in its abuses of human rights. Germany has close and cordial relations with Russia, which also has political prisoners, but there have been no EU calls for a boycott of the forthcoming winter Olympics in Sochi (also 2014). Nor were there demands to boycott the past summer Olympics in Beijing. When such boycotts have been enacted in the past – for example, the Summer Olympics in Moscow (1980) and Los Angeles (1984) by the United States and the Soviet Union, respectively – they proved ineffective because of the marked lack of unity among the protesting nations.

Second, should one assume that the championships would benefit the Lukashenka regime? The presence in Minsk of numerous foreigners as well as international hockey teams could have a galvanizing impact on the urban population as well as the political opposition. For the first time in many years, people could mix freely with foreigners for a sustained period. The construction work involved would provide jobs and better salaries for Belarusian workers. Those currently prevented for political reasons from leaving the country would benefit from the more open atmosphere during the event. It is presumptuous to assume that by moving the games, the protesters are supporting the rights of the Belarusian people. Rather, they would isolate them further; cutting off contact is not usually the best means to affect political change.

Third, Belarus is a small hockey nation, hardly comparable to giants such as Russia, Canada, Sweden or Finland. The event is not going to be a triumphal occasion like the Moscow Olympics at the height of the Cold War.

Lastly, and it is an obvious point, the repressions in Belarus target the opposition. They are discriminatory and should indeed be condemned. In general, the streets of Minsk, as far as foreign visitors are concerned, are among the safest in Europe – ironically, perhaps, because of the heavy police presence. The likelihood of a mugging or assault is much lower than in most US cities, and particularly Washington, DC – the source of the protest by the 28 congressmen. The motives behind the protests are honorable, but the campaign needs to be rethought. There are both drawbacks and advantages to holding the 2014 event in Minsk, and there are inconsistencies in the reasoning behind the petitions. The main impetus is disgust for Lukashenka and his regime; but there are other, broader issues to consider.

Return of EU Ambassadors to Minsk

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The release of two political prisoners over the Orthodox Easter weekend, followed by the gradual return of the European Union ambassadors to Minsk (they departed en masse on February 28) has prompted supposition about the effectiveness of the relatively harsh sanctions against the Belarusian regime. Thus the "concession" on the part of President Alyaksandr Lukashenka to release Andrei Sannikau and Dzmitry Bandarenka could be perceived as a direct result of the firm stance taken by the EU. And indeed sanctions may have played some role. But it is doubtful that the Belarusian president took the step solely because of EU pressure. In fact, the move was carefully calculated and was even to some extent predictable.

The president explained it as follows: he released the two prisoners on April 14 because they had both asked for pardons. One was demonstrably sick (Bandarenka), while the other has a young son and thus his release served as an act of compassion to allow the family to be reunited over the Easter weekend. He also explained in an interview that he had little sympathy for them in terms of their past behavior and that if Sannikau chose "to blabber" he would quickly find himself detained once again (Democraticbelarus.eu, Apr 23). It is harder to explain the gap between the requests for a pardon – made initially on November 20 in the case of Sannikau (Belsat TV, April 17) – and the release, and here the logical deduction is that the timing was indeed chosen to coincide with the demands of the EU. But the step was carefully considered and not part of a general plan to release all remaining political detainees. In short, the President agreed to the release but waited for the appropriate moment to put it into effect.

Subsequently, a request by Christian Democratic Party co-leader Pavel Sevyarynets for early release from his penal colony was brusquely rejected, precisely because he had not acknowledged his guilt (Narodnaya Volya, April 27). Likewise it seems that other prisoners who have not responded to state brutality and pressure, like the remaining presidential candidate Mikalay Statkevich or youth leader Dzmitry Dashkevich, are unlikely to be set free until they do so. The more high profile Ales Byalatsky, head of Vyasna, ostensibly has more hope of early release because he is a better "bargaining chip" for the authorities, providing hope that there will be some concession in return (an easing of sanctions, reduction of the travel ban list, etc.).

The personal interest of Lukashenka in the cases of individual prisoners is increasingly apparent. The task of the KGB is first and foremost to "break" the prisoners, by any means, including torture and threats to family members, isolation or putting them in rooms with security leaders known for their harsh interrogation techniques. Sannikau indicated to his wife last January that he could be "killed at any time" (RFE/RL Belarus Service, January 25). Once broken, the initial task is to persuade the prisoner to ask the President for a pardon, essentially an admission of guilt, in which case the subject is dependent on the Belarusian leader even when released from captivity and thereby nullified or weakened as a political force. The admission of guilt is critical – even if the prisoner is released, and for whatever reason. That is why the EU's demand for the full release of all prisoners unconditionally is quietly ignored.

From the Belarusian perspective, this is a winnable game of political chess in which the moves of the opponent are all too predictable because they are based on moral standards, but which are largely unrecognized in this post-Soviet country. Upon his release, Sannikau stated: "I think we are witnessing a game" (RFE/RL Belarusian Service, April 15). The diminishing support for EU policy within Belarus is reflected in the March 2012 IISEPs poll that showed a sudden rise in the number of respondents who supported integration of their country with Russia (45.3 percent), with 35.3 percent opposed to unification (Angus Reid Global Monitor, April 14). The prestige of the EU, correspondingly, has fallen.

There may be several reasons for this latest development, of which the following should be considered most likely. First, diplomatic attempts to punish Belarus by the departure of the 27 EU ambassadors – Lukashenka asked only the Polish ambassador and EU delegate in Minsk to return to their capitals – have not worked. The ambassadors, after all, represent their countries; they do not pay salaries or pensions or supply goods to stores. The spat is unrelated to the direct concerns of the population. It seems moreover like an overreaction, particularly when one compares the response to events in other Eastern Partnership (EaP) countries, such as Ukraine where the regime has jailed several opposition leaders but was still allowed to initial an Association Agreement with the EU on March 30 (RIA Novosti, March 30). Another EaP member, Azerbaijan, is currently discussing an associative agreement with the EU despite a record on human rights considerably worse than that of Belarus (http://www.hrw.org/europecentral-asia/azerbaijan).

Second, the EU has offered Belarus very little in terms of material incentives while demanding that the regime democratize. Increasingly, therefore, the average resident is likely to deduce that even a bad deal with Russia is preferable to no deal at all with the EU. The Russians have various integrationist institutions in place and plainly they would like to embrace Belarus. In fact

the Eurasian Economic Community has claimed that sanctions against Belarus harm the business interests of all members of the association (BD Delovaya Gazeta, April 26). By contrast the financial inducements of the Eastern Partnership hardly suggest that Brussels is genuinely interested in Minsk as a neighbor or prospective partner. Of the total of \$2.5 billion designated for 2011-2013 for a variety of projects, none is destined for Belarus because no Memorandum of Understanding has been signed to date with Minsk

(http://www.easternpartnership.org/content/eastern-partnership-funds).

In turn, the President gains popularity by focusing on the "duplicity" of the policies developed by Brussels and attributing economic failures to vindictive maneuvers made in foreign capitals. It is a simple matter to link devaluations of currency and other problems to enhanced sanctions against Belarusian companies. It is also a logical stance to point out the inconsistencies in EU treatment of EaP member states. Belarus, declares Lukashenka, is ready to sit down and discuss any issue with the EU as long as there is not any form of pressure (Telegraf.by, April 26). Until then, he will continue the chess game, which the EU seems only too willing to play, thereby agreeing implicitly that political prisoners are no more than pawns to be sacrificed or saved. From Brussels's perspective, while everyone should be happy to see Andrei Sannikau and Dzmitry Bandarenka free, there should be no self-delusion as to why it has occurred.

Polls and Politics in Belarus

Publication: Eurasia Daily Monitor Volume: 9 Issue: 73 April 12, 2012 By: <u>David Marples</u>

The latest opinion poll from the Independent Institute of Socio-Economic and Political Research (IISEPS) offers encouraging news for the Alyaksandr Lukashenka regime in Belarus, and the agency states that the "economic well-being" of Belarusians is becoming more stable. Accordingly, the personal rating of the President, which was at 20.5 percent only six months ago, is reportedly now at 34.5 percent, whereas none of the opposition candidates has reached double figures (Telegraf.by, March 29). What is one to deduce from such figures? Has Belarus overcome its economic problems despite its current rift with the European Union? And what accounts for the sudden turnaround in the fortunes of the president?

The questions arise amid a lengthy dispute between the Belarusian authorities and the European Union. The Europeans have applied sanctions to Belarusian leaders because of their harsh treatment of and failure to release political prisoners detained prior to and after the 2010 presidential elections. According to President Lukashenka, the dispute is entirely the fault of the Europeans. In an interview with Russian television he stated: "The crisis in the relations with Western states – rather with the European Union than the United States – remains. [...] Belarus is not its cause: the real cause (for the crisis) is the pressure and blackmail by Western European

countries." And yet, continued Lukashenka, "our" response to the Europeans must be "dignified," "beautiful" (RT, April 5).

But the President is not going to give in to "blackmail." Twenty-seven EU ambassadors have left Minsk but when they want to come back, he stated, they are to be screened individually rather than be allowed to return in some sort of coordinated fashion. Besides, no one asked them to leave (EurActiv.com, April 6).

Plainly then, here is a political leader who has been unfairly maligned and one, moreover, who has refused to sell out his country to Russia despite such ham-handed treatment from his Western neighbors. He adds that the poor Latvians and Lithuanians would like to behave differently toward Belarus but are restrained by their membership of the EU. Yet, clearly Belarusian residents are more aware of the importance and talents of their President, and rate him much more highly than the enfeebled and fractious members of the opposition.

There is more. The president is even willing to pardon former presidential candidate Andrei Sannikau and his lawyer Dzmitry Bandarenka, two of the twelve designated political prisoners, as long as they comprehend the "destructiveness of their positions and policies" (Telegraf.by, April 5). Thus the Europeans may have all their wishes fulfilled as soon as these prisoners make appropriate confessions. It is all rather reminiscent of Stalin's treatment of Grigory Zinoviev and Lev Kamenev in the thirties. Sannikau should apologize for being beaten and arrested at a peaceful gathering following an election campaign. His lawyer presumably should apologize for taking him on as a client though in truth he did not manage to see him very often.

In fact Sannikau has allegedly asked for a pardon following a prolonged period of ill-treatment in a detention center – the methods involved have been described at length by Ales Mikhalevich (EDM, March 7, 2011), now a refugee in the Czech Republic – though fellow prisoner and excandidate Mikalay Statkevich has refused to recant.

Why have the Europeans acted unfairly, according to Lukashenka? There have been numerous accusations against them both individually and collectively over the past fifteen months. According to Minsk, European countries sent spies to Belarus. More recently they have funded the opposition – the "fifth column" – while refusing to speak with Belarus's government ministers. The Belarusian leader dismissed the German foreign minister, Guido Westerwelle, with the statement that he [Lukashenka] would rather be a dictator than gay (Democraticbelarus.eu, Mar 5).

But let us revisit some of these issues. Belarus joined the Eastern Partnership in 2009 after it was invited to take part at a summit in Prague (RIA Novosti, March 20, 2009). In so doing, the two sides agreed to work toward institution building in Belarus, in return for the eastern state's adherence to respect for human rights and the rule of law. Following a brief period of conciliation that included the release of prisoners detained after the 2006 elections, the Belarusians lapsed into state violence after December 2010. Worse, they have made a mockery of the Partnership (Ukraine and Azerbaijan have admittedly played impressive supporting roles).

The European ambassadors left Minsk after the EU representative and Polish ambassador had

been requested to return to their respective capitals. Just four years ago, it may be recalled, Belarus also asked US Ambassador Karen Stewart to leave (BBC News, March 12, 2008). There has been no US ambassador in Minsk since that time.

The opposition has failed to gain popularity because its leaders have been incarcerated, tortured, harassed, and denounced ad nauseam in the state media as public enemies. In an interview in late March, Stanislau Shushkevich, Belarus' first independent leader, noted that the regime is propped up by a combination of oligarchs and security leaders, citing the lengthy career of Viktar Sheiman who was promoted for his use of "murder and kidnappings" (EU Observer, March 27).

It is true that Lukashenka has not rushed to Moscow with demands to strengthen integration. On the other hand he has done more than any other Belarusian politician to promote it. He, after all, was the architect, along with Boris Yeltsin, of a series of measures from April 1996 onward culminating in the so-called Union state, in addition to the more recent Common Economic Space and Eurasian Economic Union. Russia and Belarus have exploited each other as far as possible and engaged in a number of petty squabbles over dairy exports, airlines (ITAR-TASS, April 6), and derogatory programs about the Belarusian leader on Russian television. The fact, nevertheless, is that the Russian state and its businessmen have kept Lukashenka afloat with loans, energy exports, and purchases of banks, insurance companies and the national gas transit line. That is why the regime has endured.

As the IISEPS poll indicates, Belarusians remain skeptical about restoring their former standard of living, and almost half (48.6 percent) still think the President is responsible for the crisis (Telegraf.by, March 29). Belarusian society is run from the top and maintained by force, and thus people are grateful to receive some temporary relief from their troubles. What the poll demonstrates more than the popularity or non-popularity of the leadership is the high level of cynicism and disbelief among respondents who by now perhaps believe that their rulers have nothing new to offer them other than invective against Brussels and other "hostile" agencies.

"The Day of Freedom" and Perspectives for the Opposition in Belarus

Publication: Eurasia Daily Monitor Volume: 9 Issue: 63 March 29, 2012 By: <u>David Marples</u>

On March 25, between 2,000 and 4,000 people took part in a demonstration in Minsk to mark "Freedom Day," the 94th anniversary of the formation of the Belarusian National Republic (BNR) in 1918. The rally had been sanctioned by the Minsk City Council and was peaceful, but nonetheless took on an anti-government hue with cries of "Freedom to political prisoners!" and "Lukashenka is the road to nowhere!"

The remembrance of the BNR comes at a time when many leading members of the opposition have fled abroad, permanently or temporarily. Others are in jail or penal colonies. Still others remain free but are closely monitored by the authorities. At different levels of society a new debate has started about the viability and purpose of the BNR, and whether this now dated exiled government should be retained or a new formation needs to be put in place, given the difficult environment in which the opposition functions. In turn, the various parties must decide how to approach the forthcoming parliamentary elections scheduled for September 2012. The key question is whether to take part in some form or else to support a boycott of the elections.

Though the authorities permitted the demonstration, a withering depiction of the BNR appeared on the pages of the presidential newspaper. Usevalad Shimou, an Associate Professor of Political Science at Belarusian State University, commented that in March 1918, the peasant masses (the Belarusian majority) had not embraced the national idea and the intelligentsia was divided. The government could hardly represent a consolidated view on the national question because no such view existed. It comprised a small group of radicals backed by external forces, i.e. the German Imperial Army (SB—Belarus' Segodnya, March 23). A more supportive anonymous article in an opposition paper also acknowledged the difficulties and noted that although the BNR established Belarusian citizenship, state symbols and the white-red-white flag, a combination of Bolshevik forces and the Polish Legions brought about its downfall (Belorusskiy Partizan, March 25).

On March 1, in a conference with the RFE/RL Belarusian Service, former diplomat and head of the OSCE Advisory and Monitoring Group in Belarus, Hans Georg Wieck, argued that the BNR could not be recognized as a government-in-exile, but said such a government should be considered now. He was taken to task by Dr. Jan Zaprudnik, a leading member of the Belarusian Diaspora in the United States, who maintained that the BNR remained important and represented the historical traditions of persecuted Belarusians (Belarusian Review, Spring 2012, pp. 4-5).

At stake here are two fundamentally different perspectives on a government in exile. The BNR, led today by Ivonka Survilla, a resident of Quebec, Canada, sees its mandate to represent Belarus in the event of its absorption by Russia. That perspective has the support of the Conservative Christian Party of the Belarusian Popular Front (CCP BPF) whose leader, Zyanon Paznyak, has operated in exile since 1996. Yet, since the 2010 presidential elections, other opposition leaders (Uladzimir Nyaklayeu of Tell the Truth; Andrei Sannikau of European Belarus) have maintained that Russia offers the best hope for the removal of the Lukashenka regime.

The opposition leaders have similar debates over the tactics to be adopted for the coming elections. At the March 25 demonstration, Vital Rymasheuski, co-chairman of the unregistered Belarusian Christian Democratic Party, called for a boycott of the elections. He was supported by one of the protest organizers, Viktar Ivashkevich, co-founder of the new Movement Party (Naviny.by, March 26). On the following day, at a press conference in Minsk, Rymasheuski stated that the boycott should be carried out unless the authorities released and pardoned all political prisoners and amended the election laws. He maintained that a majority in the opposition supports his position (Charter97.org, March 27).

In a thoughtful analysis, Siarhei Bohdan outlined the dilemma facing the opposition: A boycott

would demonstrate to the international community that the elections are not legitimate; but participation would provide good opportunities to energize activists and communicate with the electorate. Traditionally, a vibrant atmosphere prevails in Belarus during election campaigns. He notes that while the boycott is also backed by the United Civic Party, European Belarus and the CCP BPF, other groups are debating whether to take part – most notably the Movement for Freedom, Tell the Truth and the leftist Just World (Belarus Digest, January 27).

More recently, the leader of the Movement for Freedom, Aliaksandr Milinkevich has called openly for participation, but believes opposition candidates should withdraw at the final stages if activists remained incarcerated (Telegraf.by, March 12). Clearly there are disparate views that will render the opposition position weaker unless compromises can be reached.

Simultaneously, the regime continues to make life difficult for the opposition. On March 26, the EU expanded its so-called black list of those banned from traveling over its borders, mainly in response to the execution of two young men alleged to have carried out the terrorist attack at the Minsk Kastrichnitskaya metro station last April: Uladzislau Kavaliou and Dzmitry Kanavalau. In return, the regime has compiled its own list of those restricted from traveling abroad (EDM, March 15).

Stanislau Shushevich (Social Democratic Party) flew to the United States from Moscow in late March. That exit is now closed. On March 28, three opposition leaders traveling to Moscow en route to a meeting in Brussels – Aliaksandr Astroshchankau, Syarhei Kalyakin, and Anatol Lyabedzka – were arrested at Orsha and their cell phones were confiscated (charter97.org, March 28). Belarus has effectively closed all its borders to those it considers to be supporters of European sanctions.

The harassed opposition has several months to adopt a united stance before the September elections. Parliament has been a rubber stamp assembly since 1996, but the chance to liaise and discuss issues with a jaded and disillusioned population is real, whether or not the anti-government parties participate in the final vote. A government-in-exile should not be on the agenda while opportunities remain to effect change at home.

Belarus and Europe: What Next?

Publication: Eurasia Daily Monitor Volume: 9 Issue: 53 March 15, 2012 By: <u>David Marples</u>

There has been much speculation as to the next stage of the rift between Belarus and the European Union. In late February, the ambassadors of the 27 EU nations left Minsk in response to Belarusian President Alyaksandr Lukashenka's request that the ambassador of Poland and the

head of the EU delegation should return home for consultations. The prelude to this diplomatic spat was the decision by the Europeans to extend their travel ban to a further 21 Belarusian officials (mainly police and judges). The value of such sanctions was the subject of a debate in several quarters, including on the website of the Office for a Democratic Belarus (Belarus Headlines VI, February 2012).

Several analysts reached the conclusion that travel sanctions do not work effectively and are unlikely to bring the desired changes, first and foremost, the release of political prisoners. On the other hand, the reaction from Minsk was so spectacularly overboard that perhaps these conclusions need to be revisited. In addition to the departure of diplomatic personnel, evidence suggests that the Belarusian authorities have imposed an internal travel ban to prevent Belarusian oppositionists and those suspected of supporting sanctions from traveling to the countries of the European Union. On March 1, Pavel Radzivonau, the head of the department for investigating the legality of acts of the General Prosecutor of Belarus, reported that those supporting the introduction of sanctions against Belarus might face bans on leaving the country (Charter97.org, March 14).

On March 11, the two co-chairpersons of the Campaign for Fair Elections, Syarhey Kalyakin, leader of the Just World Party, and Viktar Karnayenka of the Movement for Freedom, were not allowed to cross the border from the Kammeny Loh checkpoint into Lithuania. Border guards took away their passports for inspection, but returned them without explaining why they were not permitted to cross. Four days earlier, the leader of the United Civic Party, Anatol Lyabedzka, had also been detained at the same checkpoint. Although he had acquired a foreign travel permit beforehand, it was peremptorily canceled without explanation (Naviny.by, March 11).

A few days later, Andrei Dynko, editor of the Belarusian daily newspaper Nasha Niva, one of two major newspapers of the opposition still permitted to operate in Belarus, was also prevented from crossing the border. He and others attribute the restrictions on travel to an alleged list of 108 opposition activists subject to a retaliatory travel ban (RIA Novosti, March 14). But, Dynko has never publicly supported sanctions against officials of the Belarusian government and at best could be accused of guilt by association. He was advised to go to the Office of Citizenship and Migration in his home area for an explanation. Others who have faced similar bans from leaving the country include the human rights activist Valyantsin Stefanovich and Alyaksandr Dabravolski of the United Civic Party (Naviny.by, March 14).

Closing borders to one's own citizens raises the stakes considerably as there has been a longstanding dialogue and series of meetings between EU statespersons and Belarusian activists. It raises questions about the stability of the Lukashenka regime that has run into significant economic problems in a number of areas. In mid-March it raised prices once again for both sugar and gasoline (by 7.5 percent and five percent, respectively) (telegraf.by, March 14). Belarus reported zero growth in the last quarter of 2011, and inflation reached 108 percent in December 2011 (Financial Times, March 1). In a prequel to a forthcoming article in New Eastern Europe, Susan Corke and David J. Kramer maintain that Lukashenka has brought Belarus "to the brink of economic ruin" after nearly two decades in power. They outline a growing Russian takeover of banks and media outlets as Russia takes steps to prevent the economic collapse of Belarus (charter97.org, March 13).

The question usually raised in such circumstances is as follows: does intransigence on the part of the EU push Belarus directly into Russian hands? Should the Europeans turn a blind eye to human rights violations, torture and incarceration of oppositionists in order to prevent the "loss" of Belarus to the quasi-imperialist neighbor, now once again in the hands of Vladimir Putin?

But that picture is simplistic, because it is above all Lukashenka who has prevented Belarus from developing in a pattern that would have allowed it to benefit from its healthy economic position in the late Soviet era. State control, combined with lack of reform and any meaningful economic policy, has left the republic helpless between neighbors to the West that have opted for the EU route, and Russia to the east, where a rapacious state-sponsored capitalism is in place. Belarus has remained rooted to the spot even though Lukashenka's advisors, past and present, have long recognized the need for deep reforms. Even the President appeared briefly to perceive an opportunity when former presidential candidate Yaraslau Ramanchuk, an economist, offered such a platform in the 2010 election.

Ultimately and predictably, no such program has emerged. The pact with the population – the socalled social contract – is defunct since the president has no recipe for economic relief. There will be no more subsidies, no cheap gas or oil – only loans with chillingly high interest rates. The problem is not the fault of Brussels; it is purely homegrown. Spending the 2009 IMF loan on wage and pension increases eliminated a further source of stabilization loans. Russia also is not a bottomless pit, as Jan Cienski has observed, and will not bail out Belarus indefinitely (Financial Times, March 1).

The key question, therefore, is not whether sanctions work, but how long Belarusians are prepared to continue with President Lukashenka. That he is in a state of angst is evident from the travel bans on his opponents. But what does he have to offer after almost eighteen years in power? The answer would appear to be: very little.

Is Nuclear Power the Panacea for Belarusian Energy Problems?

Publication: Eurasia Daily Monitor Volume: 9 Issue: 45 March 5, 2012 By: <u>David Marples</u>

On February 23, Belarus' Minister of Energy, Alyaksandr Azyarets announced the signing of the basic contract for the construction of the Belarusian nuclear power station in Astravets district (Hrodna region). Earlier that month, Belarus' Belvneshnekonombank and Russia's Vneshekonombank signed a bilateral agreement that provides the country with a \$10 billion Russian loan payable over 25 years to cover 90 percent of the costs of building the station

(telegraf.by, February 23). The contract is the latest development in the protracted project, the goal of which is to ease Belarus' dependence on energy imports, and particularly gas and oil from Russia. The project, however, remains deeply controversial and there are conflicting accounts concerning its viability and potential energy savings.

From the perspective of the Belarusian government, Astravets will be a significant asset. On February 17, Belarusian president Alyaksandr Lukashenka met his First Deputy Prime Minister Uladzimir Syamashka, who reported on progress at the site. He informed the president of the signing of a design project agreement with Atomstroyeksport, a branch organ of Rosatom, Russia's federal nuclear energy agency. Earthworks are to be finished by mid-2013 with foundation concrete to be poured by September next year. Syamashka had earlier met with Sergey Kiriyenko, the CEO of Rosatom, and received confirmation that the costs of building the Atsravets station would not be higher than those of the station under construction in Kaliningrad region. Two reactors are to be built with a total capacity of 2,400 megawatts, with a timetable for operation of 2017 and 2018, respectively (Naviny.by, February 19). Information provided by Deputy Chief Engineer of the plant's construction directorate, Uladzimir Horin, states that the initial workers at Astravets will be engineers from current Russian and Ukrainian nuclear power plants, and Belarusian university students will get basic training at operating Russian reactors (tvr.by, February 22).

In a policy brief, Mykhaylo Salnykov of the Belarusian Economic Research Center discusses the economic rationale for the Astravets plant. He writes that when it is fully operational, it "could provide for the entire baseload demand of electricity in Belarus." The new station will also reduce the portion of natural gas in the heat and power generating sector from 91 percent to around 50 percent. Salnykov acknowledges there are some potential drawbacks, not least that the nuclear fuel is likely to come from Russia. He thinks nonetheless that by the time the station comes on line, Belarusian relations with the West will have improved and thus there could be alternative sources for importing uranium (BEROC, Oct 2011). Conceivably, however, the uranium could also come from Kazakhstan, the world's largest producer and an economic partner of Belarus.

Salnykov also raises perhaps the most critical factors relating to the Astravets project, namely its environmental impact and the population's fear of nuclear power, one of the legacies of the 1986 Chernobyl disaster. Linked to these issues is an unusual spate of reactor building in the region that will have a significant impact not only on Belarus, but also, and particularly, on its neighbor Lithuania. Both Astravets and the Kaliningrad plant are located within 60 kilometers of Vilnius, and the former will use for its main water supply the Neris River, the same source used by the Lithuanian capital. Lithuania, moreover, is building its own nuclear plant at Visaginas as a replacement for its Ignalina station, based on Russian-made RBMK-1500 reactors, which closed at the end of 2009. Decommissioning of Ignalina will not be completed until 2030. GE Hitachi is responsible for the building of Visaginas, unit one of which (1350 MW) is anticipated to be in operation by 2020 and will export electricity to Poland, Latvia and Estonia, as well catering to domestic needs. The site is adjacent to that of Ignalina, close to the border with Belarus and Latvia (world-nuclear.org, Dec 2011).

The Lithuanian plant is an EU-backed project. Kaliningrad and Astravets are Russian projects,

part of a new expansion of the industry that also encompasses two new reactors at the Sosnovyi Bor plant near St. Petersburg, Russia's original RBMK station, which has also prolonged the life of its older RBMKs that predated those at Chernobyl. The implications are clear. The Belarusian station forms part of a complex of new reactors in northwest Europe that will change fundamentally the energy structure of the region. Opponents of Astravets therefore raise a logical question: would it not be more expedient for Belarus to purchase its electricity from Kaliningrad or Visaginas than to dig itself into further financial problems by having Russia construct reactors on its territory? Is it wise to remain so dependent on Russia?

That question has not escaped Lukashenka, who has made a series of seemingly off-the-cuff remarks about engaging new partners. On February 20, he accepted the credentials of the new Japanese ambassador to Belarus, Tikahito Harada, and invited Japan to construct a nuclear plant in Belarus, adding that the accident at the Fukushima-Daiichi station in March 2011 should not be an impediment to the cooperation of the two countries in the sphere of nuclear energy. "You must build us a beautiful, good, nuclear power station," he added, noting that the Japanese had significant expertise in the area. Lukashenka commented that after Chernobyl, the Japanese had been among the first to come to the aid of Belarus, now the time had come for a return of favors. Fukushima should not deter the two sides from pursuing the exploitation of the "peaceful atom" (Belarus.regnum.ru, Feb 20).

Lukashenka has already invited the Chinese to take part in the building of a new nuclear power plant in Minsk. Earlier China's Guangdong Nuclear Power Corporation had advanced a proposal to build the plant now scheduled at Astravets before the contract was given to the Russian company. The two countries have also agreed to build a "Nuclear Industrial Park," using 80 square kilometers of land close to Smalyavichy, a village located about 35 miles from Minsk, for the sale of household goods, biomedical equipment, and electronics (world-nuclear.org, February 2012; enformable.com, Feb 20; Belarusian Telegraph Agency, Dec 8). Where would the "Minsk plant" be located? Logic would suggest the site of the aborted nuclear power and heating station, located between Minsk and its international airport, abandoned after the Chernobyl disaster.

The Belarusian authorities seem to have adopted nuclear power as the ready solution to the country's energy problems, but it seems a path fraught with perils: financial, environmental, and potential safety problems. In the wake of the Japanese disaster, when some states, led by Germany, seem to have abandoned nuclear energy, the Belarusian leadership has embraced it as a panacea, but without any of the prerequisites that should accompany such projects: expertise, environmental safety, fuel, finances, and popular support.

Sanctions and Scuffles: The Response to Repression in Belarus

Publication: Eurasia Daily Monitor Volume: 9 Issue: 38 February 23, 2012 By: <u>David Marples</u>

The past few weeks in Belarus have seen an unseemly squabble between various sectors of what can loosely be termed as "the opposition." The reason has been the failure of the Coalition of Six to agree on a strategy for the parliamentary elections, and the debate over the effectiveness of sanctions, which have since been expanded in scope by the European Council, with the likelihood of more names being added to the current list of 201 when the EU Foreign Ministers meet at the end of February.

The Coalition of Six consists of the following parties or groups: the Belarusian Popular Front, the United Civic Party, A Fair World, the Movement for Freedom, the unregistered Belarusian Christian Democratic Party and Tell the Truth. They had planned to sign an agreement on January 31, but one of the party leaders, Vital Rymasheuski of the BCDP, was incensed that the others planned to read a version of the agreement at a press conference that he maintained had not been agreed upon previously. A minor fracas ensued when he pushed Tell the Truth's Alyaksandr Feduta aside, and the latter then aimed a kick at him from behind.

Subsequently, during an interview with Radio Liberty, Rymasheuski revealed an initiative by the Office for a Democratic Belarus (ODB) in Brussels, supported by the Belarusian Institute for Strategic Studies, which involved sending a text to MEPs requesting that the principles of the sanctions against Belarus be amended. Volha Stuzhinskaya, the head of the ODB, maintains that sanctions have been ineffective, and she suggested that the list be reduced by 25 members, to exclude university rectors, the lone businessman Uladzimir Peftieu, and others who had been on the list since 2006 but had since left office, as well as one person who is now deceased. Instead, she advocated that those involved in the recent case against Vyasna leader Ales Byalatsky should be added to the list (www.charter97.org, February 15; www.regnum.by, February 8).

In several recent articles, members of BISS have echoed Stuzhinskaya's view that sanctions have not been effective. Aleksey Pikulik, the Academic Director of BISS, wrote for example that in a situation in which a full-scale embargo is impossible as Russia continues to subsidize Belarus, sanctions lead only to the further isolation of the latter. Isolation, he believes, will result in further authoritarian consolidation, whereas increasing contacts with Belarusian society, including the bureaucracy, is potentially an effective means of improving the situation in the country. He notes further that the EU position to target those who support the Lukashenka regime or receive benefits from it is absurd because it encompasses practically all residents of Belarus (www.naviny.by, February 7). Stuzhinskaya also states in an interview with Radio Svaboda that expanding the list might lead to a new round of repressions (www.democraticbelarus.eu, February 20).

The reaction to such ideas from opposition circles was extremely hostile, particularly in view of

the ostensible secrecy of the communications between ODB and the EU. Former presidential candidate Ales Mikhalevic, who now has refugee status in the Czech Republic, denounced it (as did many others) on the website of Charter 97. He maintained that Peftieu had offered \$1 million to anyone who could remove him from the "black list." He maintains that this offer was attractive to people who "unselfishly love money," accusing Stuzhinskaya of being among their number. He maintained also that ODB and BISS work under the auspices of PACT, led by Balasz Jarabik. According to Mikhalevic, Jarabik has suggested that KGB approval should be sought for civil democracy projects in Belarus (www.charter97.org, February 8). Valyantsin Stefanovich, the deputy chairman of Vyasna, commented that no one had consulted human rights defenders on these issues and stated that it is premature to be speaking about lifting sanctions before all political prisoners are released (www.charter97.org, February 14).

A more reasoned critique came from the head of the Vitsebsk organization Nash Dom, Volha Karatch, who claims she was not permitted to see the text of the ODB letter beforehand. She maintains that many of those suggested for removal from the travel ban list had committed brutal crimes, such as Leanid Farmagey, the former head of Minsk City Council (dismissed last summer), whereas the judge who sentenced Byalatsky is "an ordinary judge" who condemned just one person. Uladzimir Peftiev is the head of the Beltekheksport company that is involved in arms trading, a reprehensible occupation in her view. The travel ban list was drawn up not based on what positions people occupied but on "specific human rights violation actions," which were often major crimes even according to Belarusian laws (Nash Dom, February 6). She notes also that when the EU began to widen the list of banned officials, several regional judges at once acquitted activists charged with distributing leaflets, illustrating that such measures bring results (www.democraticbelarus.eu, February 20).

The European Council did not act on the advice of the ODB or BISS and has chosen to expand the criteria for sanctions and assets freezing. Both sides on this issue raise legitimate questions, the vitriol notwithstanding. Partial sanctions rarely lead to fundamental changes in authoritarian regimes; reduction of sanctions appears as a negation of the immense suffering endured by political prisoners and the protesters of December 19, 2010. However, the argument that sanctions only push Belarus into the Russian orbit or lead to isolation is undermined by the fact that EU-Belarus trade increased last year, despite the penalties in place on individual officials. Between January and August 2011, there was a 76.4 percent rise in turnover between the two sides (Belarusian Digest, November 9, 2011). Thus, to some extent the purpose of sanctions is symbolic, particularly given the fact that they have been frequently circumvented, including as recently as last month, when Belarusian Minister of Interior Anatoly Kulyashou traveled to Lyon, France for a conference at Interpol (EUObserver.com, January 27).

Nonetheless, sanctions are effective in some ways: they are deeply resented within ruling circles of Belarus, which at least causes them to review past policies. They are also a signal that the Europeans have not forgotten the political prisoners, such as Mikola Statkevich, Dzmitry Dashkevich, and Andrei Sannikau, who are being subjected to appalling treatment in penal colonies. The European Union cannot dictate who will rule Belarus or enforce democratic elections; but it can at least express its disapproval of the behavior of Lukashenka and his acolytes. Seen in this light, sanctions do make some sense.

The West and Belarus: Catch 22

Publication: Eurasia Daily Monitor Volume: 9 Issue: 15 January 23, 2012 By: <u>David Marples</u>

Both the European Union and the United States are stepping up pressure on the Belarusian regime, which is targeted because of its continuing violations of human rights and treatment of political prisoners, as well as its introduction of new laws, the most recent of which restrict Internet access. On the other hand, the country sinks inexorably into the Russian orbit, with less and less chance of extricating itself. Is there a way out of this dilemma? Is Western policy on Belarus correct?

In early January, United States President Barack Obama signed the Belarus Human Rights and Democracy Act, which amends and updates the earlier laws of 2004 and 2006. Among other stipulations, the Act will expand to the perpetrators of the post-2010 election crackdown both visa and financial sanctions. The US State Department is requested to report to Congress on Belarusian arms sales as well as restrictive laws. The Act appeals to the International Ice Hockey Federation to extend the punishment by canceling the World Hockey Championships, which are scheduled to take place in Minsk in 2014 (RFE/RL, January 4).

In an interview in Lithuania, US Assistant Secretary for European and Eurasian Affairs, Philip H. Gordon, went so far as to say: "We see no future in relations with Belarus." Gordon stated that Belarus had a chance to begin a better relationship, but had frittered away this opportunity by its recent actions, including the jailing of Ales Belyatsky, the leader of the Vyasna human rights center. In a subsequent interview with the BBC in Washington, Gordon accepted implicitly that the US treats Belarus differently from the nations of Central Asia, adding that "there is a European set of values and democratic practices that we expect Belarus to meet if it wants to be part of Europe" (www.democraticbelarus.eu, January 11).

Simultaneously, the European Union intends to increase its own sanctions against the regime of Alyaksandr Lukashenka by expanding its list of banned officials to 336 people from its current 201. Addressing the European Parliament's Committee on Foreign Affairs in Strasbourg, Gunnar Wiegand from the European External Action Service, also commented that one or two Belarusian firms would also be banned from conducting business in Europe and that the intended measures could be made at the EU Foreign Ministers' meeting in Brussels today (www.naviny.by, January 13).

The President of the European Parliament, Jerzy Buzek, observed a "significant deterioration" in the situation in Belarus that the EU must address as it has always focused on the importance of human rights. However, Buzek also pointed out that although the EU would not compromise on its demand for the release with full pardons of all political prisoners, it would be prepared to bargain, partly due to its concern about the way that Moscow has exploited the deteriorating economic situation in Belarus (www.belegraf.by, January 16).

In an article for Belarus Digest, George Plaschinsky provides a fuller illustration of the dilemma. In his view, the EU is applying punishments while losing leverage within the country. Meanwhile, Russia has exploited the rift to acquire control of various Belarusian assets. Thus, Russian bankers already control seven of 32 Belarusian banks; nearly all the main insurance companies in the country are Russian-owned and Russians have made inroads into the ownership of the main leasing firms; Russian influence over the Belarusian mass media is growing and now includes two prominent newspapers: Belgazeta and Komsomolskaya Pravda v Belorussii, as well as the Belarusian version of Argumenty i fakty and the journal Planeta (BelarusDigest, December 20).

Herein lies the problem. The EU wishes to express its displeasure at the behavior of the Lukashenka regime but its influence is dwindling and is mainly limited to the Eastern Partnership, of which Belarus is a maligned and not very welcome member. However, the regime evades sanctions by allowing more control to Russia, a neighbor to which it is increasingly indebted and shackled. Last month, the Belarusian Parliament approved a Russian export loan for the program to construct the Belarusian nuclear power plant in Hrodna region. The loan is over 25 years and up to \$10 million (Nuclear Engineering International, January 3).

The Europeans realistically have two choices. They can accept that whatever its crimes (and there are many) the Lukashenka regime is here to stay. Therefore engagement must be restored and the European market expanded, partly through the availability of new loans and credits. Naturally this is the option preferred by the Belarusian leaders, who have long argued that the EU often ignores human rights transgressions in more powerful countries, including Russia, i.e. the Lukashenka regime may be bad, but it is no worse than those of other former Soviet states.

The second choice is to broaden the sanctions, but open borders to all other Belarusians, abandon the Schengen visa system, boost funding for the opposition, and actively aid the formation of a united democratic party as a feasible alternative to the current regime. It would require active and overt collusion with the regime's opponents. Most likely it would necessitate approaches to the growing sectors of the ruling elite that are dissatisfied with the failure of the Lukashenka team to introduce economic reforms. The issue is how long it would take for the president to depart, and whether a united opposition is attainable so soon after the heightened repressions.

What the EU, and equally the US, cannot do is to vacillate and dither between the two choices. Plaschinsky deduces correctly that that there is no imperialist threat from Russia, the absorption is by economic means, and it is occurring rapidly. Salaries for officials of Beltranshaz, for example, will triple under Gazprom's control. Can the EU offer similar incentives? Soon it will no longer have the opportunity to try. Both choices have innate and serious flaws, but either one is better for the future of independent Belarus than the status quo.

Belarus in 2011: The Return of Repressions

Publication: Eurasia Daily Monitor Volume: 9 Issue: 6 January 10, 2012 By: <u>David Marples</u>

The year 2011 proved to be a difficult one for Belarus, in particular its opposition and human rights activists. Despite the release of some designated political prisoners over the summer, the crackdown on activists that began shortly before the December 19, 2010 presidential elections has continued. Evidence also suggests that the Ministry of Interior has been significantly weakened, but it is unclear exactly which security sectors this has strengthened in turn. Some sources posit that there has been a power grab by the president's son, Viktar Lukashenka. Nonetheless, in general the security forces (the KGB, the new Investigative Committee, and the Prosecutor's Office) have taken on a more influential role at a time when the state is facing increased economic difficulties.

Violations of human rights have become so commonplace in Belarus that it is easy to underrate them. There are perhaps as many as 50 designated political prisoners, headed by the renowned human rights activist Ales Byalatsky, sentenced last August to serve four years and six months in prison as a result of his organization's receipt of funds through banks in Lithuania and Poland (EDM, September 14). High-level political opponents, such as Andrey Sannikau, Mikola Statkevich, and Dzmitry Dashkevich, remain behind bars more than one year after their arrests. Sannikau has found it difficult to send and receive mail, he has been moved frequently from one penal colony to another, and has been denied access to his lawyer for the past two months. Dashkevich's health remains a concern after his hunger strike last September. After a year apart, Statkevich's wife was allowed to visit him recently (RFE/RL, December 21). Aleh Hulak, the head of the Belarusian Helsinki Committee, notes that many of the lawyers who defended the presidential candidates have been deprived of their licenses (BDG-Delovaya Gazeta, December 12).

Sannikau's wife, the noted journalist Irina Khalip, comments that the regime resented her husband's moral authority among the prison community, and decided to intimidate him by limiting his contacts, withholding his mail, and denying access to his lawyer (Nasha Niva, December 12). The additional possible goal of the authorities – as has been applied to other former presidential candidates (successfully in the case of Yaraslau Ramanchuk, less so with that of Ales Mikhalevic, who has given evidence in the United States about the tortures applied in KGB holding and isolation cells) – may be to solicit confessions and pleas for mercy to the president. If so, it has been notably ineffective in the cases of Sannikau and Dashkevich (www.svaboda.org, December 12).

Sannikau's flagship website, Charter-97, one of the leading opposition sites, was targeted by cyber attacks on December 29, after which its service went off line. According to its editor, Natalya Radina, now in exile in Lithuania, saboteurs broke into the site, destroyed archives, and created a false news story about Sannikau. In her view, the likelihood is that the perpetrator of the attacks was the Belarusian KGB (RIA Novosti, December 31). Just over one year ago, the

founder of Charter-97, Aleh Byabenin, was found hanged in a case that was never satisfactorily resolved (see EDM, September 20, 2010). In another recent case of KGB overreaction, three members of the Ukrainian women's rights group Femen, were abducted after organizing a barebreasted protest in central Minsk, taken to a forest near the city of Homel, beaten and doused with oil. Though they feared for their lives, they intend to conduct further actions in Belarus (www.naviny.by, December 22).

Even in what appeared initially to be a more clear-cut case, that of the alleged leaders of the terrorist attack at a central Minsk metro station last April, public opinion seems to be divided and largely uncertain as to the guilt of the two young men who have received death sentences. Many are convinced that the trial was largely fabricated and that the evidence against the two men (Uladzislau Kavaleu and Dzmitry Kanavalau) is flimsy at best. Some 60,000 have signed a petition questioning their guilt, while Amnesty International has gathered 250,000 signatures in support of the abolition of the death penalty in Belarus. The two accused have reacted very differently: Kavaleu has sent a plea for mercy to the president; neither Kanavalau nor members of his family have appealed his sentence. His subdued attitude at the trial has led one analyst to suggest that he had been heavily medicated beforehand. While attending the trial, Kavaleu's mother, who traveled from Vitsebsk to Minsk, stayed at the home of one of the victims of the explosion, which also suggests that at least one of the families affected is unconvinced of the son's guilt (Belaruski Partyzan, December 15).

On December 12, the Belarusian media reported the arrest of Deputy Minister of Internal Affairs, Yauhen Poludzen, who bore chief responsibility for civil order and was heavily involved in the violent responses to the post-election demonstration and subsequent protests by activists of the campaign Revolution by Social Network last summer. Intrigues within the various security agencies in Belarus are frequent and there have been a variety of speculations as to what this one signifies. According to one source, it could constitute an assault on the Minister of Internal Affairs, Anatol Kulyashou that would lead eventually to the appointment of someone close to Viktar Lukashenka. The president's oldest son resorted to a similar strategy in order to uproot the previous minister Uladzimir Navumau, with the backing of the KGB. At that time, however, Lukashenka and his KGB allies failed to have one of his supporters appointed in Navumau's place (Belaruski Partyzan, December 12).

Whether or not Viktar Lukashenka is accumulating more power, the removal of Poludzen is more symptomatic of the contrived rivalry between the various security agencies of Belarus, a tactic applied by Alyaksandr Lukashenka to keep his minions divided. Meanwhile the president, beset by economic problems and falling popularity, has declared open season on his opponents and the level of repression is reminiscent of 1999, generally regarded as the darkest period for abuses of power and persecution of opponents in Belarus.

"And the Winner Is...": Belarus and European Union Recall Each Other's Ambassadors

Publication: Eurasia Daily Monitor Volume: 9 Issue: 43 March 1, 2012 By: <u>Vladimir Socor</u>

On February 29, Belarus and the European Union recalled each other's ambassadors "for consultations," amid a new round of EU-imposed sanctions against the government of Belarus. In a strategic sense, Brussels has lost control over the escalation process it had initiated one year ago by imposing sanctions against Minsk. The mutual recall of ambassadors deepens the gulf between the EU and its immediate neighbor in Central Europe. It is a gift of unexpected magnitude to Russian president-in-waiting Vladimir Putin's Eurasian bloc-building strategy.

Since late 2011, the EU was considering additions to the already existing list of Belarus officials and businesses under sanctions. The EU's East Europe-Central Asia Working Group (COEST, comprised of the 27 member countries and other EU authorities) spent several months poring over each name to be added to the year-old sanctions list, in minute detail. To observers with an insight into this process, and to many of the participants themselves, it was a purely bureaucratic exercise lacking strategic vision, and unconcerned with anticipating either the benefits or the costs of a new round of sanctions. EU officials privately acknowledge the ineffectiveness of sanctions on Belarus. Expanding the sanctions had turned from a policy instrument into a policy substitute.

On February 28, the Council of the EU (at foreign ministers' level) approved a new round of sanctions. Twenty-one Belarus law-enforcement personnel (judges and interior ministry officials) were added to the already existing list of some 210 officials, blacklisted for participating in the December 2010 crackdown on post-election protests and the subsequent arrests and convictions. Most protesters have since been released from detention, and the remaining ones are eligible for presidential pardons. Yet, the EU speaks of a "deteriorating" situation. The sanctions include a ban on travel in EU territory and the freeze of bank accounts or assets possibly held in the EU by those sanctioned. Four companies "connected with the Belarus government" are earmarked for blacklisting during March (EU Observer, Belapan, Charter97.org, February 28 - March 1).

President Alyaksandr Lukashenka overreacted, almost predictably and certainly not for the first time. On the same day (February 28), the Belarus Ministry of Foreign Affairs (MFA) announced that Belarus would recall its ambassadors from Brussels and from Warsaw for consultations; and it "recommended" to the EU and Poland to recall these two mission chiefs from Minsk, also for consultations. On February 29, the head of the EU's External Action Service (EEAS), Catherine Ashton, convened a meeting of the member states' Political and Security Committee (PSC) which decided that all EU countries' ambassadors be recalled from Minsk for consultations. This move had become almost inevitable for the EU to make in solidarity with the two ambassadors that Minsk had singled out for retaliation (Belapan, Interfax, February 29).

Thus, each side failed to anticipate the other's riposte. Both sides are now caught in an escalation-and-counterescalation process that neither side fully controls, and neither actually wants to continue. Many European officials (including sanctions advocates) are well-aware that isolating Belarus could facilitate the country's absorption by Russia, economically and politically. Alluding to that possibility, these European officials warn about Belarus' "collapsing economy" and "self-isolation." But they stop short of mentioning Russia as the third-partner winner from the EU-Belarus confrontation, and do not acknowledge that the isolation of Belarus is a two-way process.

According to Belarus MFA spokesman, Andrey Savinykh, Minsk reckons that the EU has two possible courses of action at its disposal from this point onward. One option is dialogue with the government of Belarus; the other option is mutual misunderstanding to continue for some time. Minsk "will strive to work on the first scenario" (Belapan, February 29).

Opposition groups in Belarus seem as divided on the sanctions issue as on most other issues. One group has enthusiastically thanked Lukashenka for overreacting in a way that isolates the government [though in fact, the country] from Europe (http://Charter97.org, February 29). On the other hand, Belarus Popular Front Party (BPFP) leaders Alyaksey Yanukevich and Vintsuk Vyachorka are cautioning the EU that the sanctions policy is merely reactive, lacking a strategy; and "the reduction of Europe's diplomatic presence inevitably increases the role of imperialistic Russia on the territory of Belarus" (Belapan, February 29).

Some in the EU (including those voting unanimously for the blacklisting) recognize that risk more than others. According to Latvia's deputy foreign minister Andris Teikmanis, for example, Latvia has opposed and will continue opposing economic sanctions, because these would hurt the population of Belarus; but Latvia might be unable to prevent the EU from imposing sanctions (LETA, March 1).

The EU's mission chief in Belarus is a Latvian diplomat, Maira Mora. The Belarus MFA shot itself in the foot by sending her back "for consultations." Conversely, the EU is hurting its own interests (of which some member countries are more aware than others) by reducing its presence in Belarus. The EU (like the US) is cutting itself off from information and contacts with the real decision-makers in the country. The timing is highly counterproductive, on the eve of a massive round of privatization of state property in Belarus.

In a more nuanced position, the EU's Enlargement Commissioner, Stefan Fuele (a Czech diplomat) suggests a way forward from this situation. Fuele indirectly urges de-escalation on both sides in a sequence: first, the release and rehabilitation of remaining protesters from detention; then, re-engaging with Belarus for the benefit of its population. "Whatever is taking us away from the[se] most important tasks is unhelpful and counterproductive" (RFE/RL, February 28).

Unless the situation de-escalates, the Kremlin will be the winner in Belarus.

Russian Counter-Offers to Baltic Nuclear Power Project In Lithuania

Publication: Eurasia Daily Monitor Volume: 8 Issue: 138 July 19, 2011 By: <u>Vladimir Socor</u>

The nuclear power plant project in Lithuania is a regional, not merely a national project ("Lithuania Chooses Hitachi-General Electric to Build Nuclear Power Plant," EDM, July 19). The Visaginas project is intended to meet electricity demand on a region-wide basis. Its commerciality will be optimal if the three Baltic States and Poland participate as stakeholders. Negotiations on apportioning the financial stakes, and sharing the future output of electricity, will be complicated. Hitachi-GE might be offered as much as 51 percent of the shares while the remainder would be divided among Lithuania and potential investors from Estonia, Latvia and Poland (Delfi, ELTA, July 15).

Meanwhile, Moscow seeks to discourage investment in the Visaginas project by proposing two nuclear power plants in Lithuania's immediate proximity: one in the Kaliningrad territory, the other in Belarus. Both are intended to create the appearance of commercial threats to the Visaginas project. Either one of the Russian proposals (if taken at face value) or the Lithuanian-based project are mutually exclusive competitors in the regional electricity market. Moscow seeks to discourage investment in the Visaginas project by suggesting that Russia would build a project of its own, pre-empting the Baltic regional electricity market in Russia's favor. Both of its proposals, however, have only scant chances of becoming real projects if the Visaginas contract is signed.

Moscow can only bluff with its offer to loan 9 billion Euros (\$12.74 million) to Belarus for a nuclear plant there. A site has been selected at Astravets, close to the Lithuanian border. This move seems mainly designed to trigger Lithuanian protests over environmental and safety issues. Moscow and Minsk fail to answer Lithuanian and international queries about compliance with safety criteria and environmental norms. No such study or any real plan is known to exist behind this Russian proposal, a decoy to create the appearance of a rival to the Visaginas project.

Some in Lithuania would like the government to campaign against the Russian-proposed plant in Belarus. Doing so, however, would lend this decoy project an aura of reality that it would not otherwise possess. Inadvertently it would support Moscow's attempts to confuse the potential investors in the Baltic regional project. Understanding this, the Lithuanian government is raising the proper questions about Moscow's and Minsk's intentions at Astravets, avoiding loud statements and without politicizing the issue. An even more effective approach would include proposals to Belarus to join the Visaginas project; or commit to purchasing electricity from it, once completed.

In Kaliningrad, Russia proposes to build a nuclear power plant that would export electricity within the Baltic region (i.e., pre-empting that market) and to Germany. The proposed site is also located in immediate proximity to Lithuania. Exceptionally in this case, Russia offers up to 49

percent of the shares to companies from EU member countries. Moscow has also invited the Baltic States themselves to join the proposed Kaliningrad nuclear project, instead of the regional Baltic nuclear project in Lithuania. All of these overtures have failed thus far. Moscow, however, has announced an ambitious time-table to commission the first nuclear reactor in 2016 and the second by 2018. These goals, however, lack plausibility in the absence of investment partners and commercial markets for the electricity output.

Moscow might only make headway with a Kaliningrad nuclear project by co-opting some German or Polish business groups interested in importing or transiting low-priced electricity from that project. That possibility seems even less likely following the selection of Hitachi-GE as strategic investor for the regional Baltic project, and provided that the Visaginas project moves forward with the three Baltic States and Poland.

Estonia has repeatedly turned down the Kaliningrad option, most recently on July 5, clearly favoring the Lithuanian project (BNS, July 5). Russian Prime Minister Vladimir Putin offered Latvia a stake in the Kaliningrad plant in January of this year, but Latvia's then-president Valdis Zatlers turned it down (BNS, January 17), and the current Latvian government under Valdis Dombrovskis has demonstrated a clear interest in joining the Visaginas project. However, Zatlers has just lost office, and the upcoming parliamentary elections pose the risk of bringing an alliance of Latvian oligarchs and local Russians to government. The new Latvian president, Andris Berzins, seemingly attuned to that trend, has made a series of ambiguous statements about the Visaginas project, most recently on July 19 while visiting Lithuania (BNS, Delfi, June 30, July 4, 19).

Russian-proposed nuclear plants in Kaliningrad or Belarus resemble Russian tactics with the South Stream gas project. To discourage investment in the EU's Nabucco project, Russia attempts to create the appearance that it can pre-empt the regional gas markets. Analogously, Moscow proposes the Kaliningrad and Belarusian projects in hopes of making the Baltic regional project look redundant. The Visaginas project enjoys a head start, but can only succeed by avoiding delays that might turn the Kaliningrad project from virtual to real.

Belarus Reaching Out For Azerbaijani Oil Via Odessa-Brody Pipeline

Publication: Eurasia Daily Monitor Volume: 8 Issue: 133 July 12, 2011 By: <u>Vladimir Socor</u>

President Alyaksandr Lukashenka is "caught in a vice, which will only continue to tighten," between democratically motivated Western pressures and Russia's "interest in acquiring attractive Belarusian assets from a vulnerable Lukashenka," according to David Kramer and Wess Mitchell (www.charter97.org, July 9). If so, Western sanctions exacerbating that

vulnerability can only pave the way for Russian state-controlled corporations to take over the economy of Belarus. It is not simply the head of state, but the country's economy and the Belarusian state as such which is caught in that tightening vice. The sanctions are not linked with any Western strategy and look like a substitute for one. Russia, however, pursues a strategy of capturing Belarus economically in a first stage and politically thereafter. The oil and gas sector is a priority target for Russia in Belarus.

Belarus is reacting as any government would to avoid Russian capture, seeking alternative suppliers of energy and credits. By mid-July, the Mozyr refinery in Belarus is scheduled to start processing significant volumes of oil from Azerbaijan on a regular basis. Test shipments of Azerbaijani oil have been ongoing since February through Ukraine's Odessa-Brody pipeline and the Brody-Mozyr section of the Druzhba pipeline (www.news.az, Trend, July 8; Belta, July 12).

For the first time since its completion in 2002, the Odessa-Brody line is being used as originally intended, in the south-north direction, to deliver Caspian oil to Central Europe. This had been a rhetorical policy objective of Brussels and Washington for some years, with a view to reducing dependence on Russian oil supplies in the region. Moscow blocked this solution by having that pipeline used in reverse for Russian oil exports, north-south to Odessa, until the end of 2009. Azerbaijan, Ukraine, and Belarus are now finally achieving the original purpose on their own, through trilateral cooperation (instead of isolating Belarus).

Apart from the volumes going to Mozyr, Azerbaijan also delivers oil to two refineries in western Ukraine from the Brody pumping station. Each of the three countries involved pursues specific interests with the Odessa-Brody route. Azerbaijan's motivation is strictly commercial, avoiding any political connotations. As a supplier country, Azerbaijan can clearly separate the business from the politics. With Ukraine and Belarus, economic and political strategies overlap. For Minsk in particular, reducing its dependence on Russian oil is a vital national-political objective, one shared with many countries in Belarus' direct and wider neighborhood.

While the Odessa-Brody pipeline is reconfigured from reverse to averse use, the Mozyr (Belarus)-Brody (Ukraine) line is now being used in reverse for Azerbaijani oil. That line is a section of the east-west Druzhba pipeline which carries Russian oil to Central Europe via Belarus and Ukraine. With Russia gradually reducing the volumes delivered through that pipeline, spare capacity now exists in one of the two parallel lines on the Mozyr-Brody section. That capacity can presently accommodate Azerbaijani oil deliveries to Belarus at a minimum rate of 4 million tons per year, reverse-using the Druzhba line on that section. Azerbaijan's State Oil Company (SOCAR) is delivering the high-quality Azeri light brand to be mixed with the Russian Urals blend for refining in Belarus.

On July 8 in Baku, Belarus Prime Minister Mikhail Myasnikovych solicited an increase in the volume of oil supplies, as well as a currency-stabilization loan from Azerbaijan. Received by President Ilham Aliyev and other Azerbaijani officials, Myasnikovych discussed possibilities of stabilizing oil deliveries at up to 4 million tons per year via Odessa-Brody-Mozyr. According to Azerbaijan's Industry and Energy Minister, Natig Aliyev, that and even higher supply volumes are possible, subject to commercial negotiations between SOCAR and the Balarus Oil Company. The Azerbaijani side also expects reliable, long-term transportation through the Odessa-Brody-

Mozyr pipelines. Baku rules out any political criteria from the commercial negotiations.

Apparently, Baku seeks direct access to the retail market for oil products in Belarus through joint enterprises, on the model it recently introduced in Ukraine. There, SOCAR Energy Ukraine is rapidly developing a network of gasoline supply stations, marketing products refined from Azerbaijani crude. On July 8 it inaugurated the eleventh station in this growing network (1news.az, July 8; Belta, July 4, 12).

In Baku, Myasnikovych also offered one of the Belarusian banks for full or partial sale to Azerbaijan. The bank, and the amount of the hoped-for loan, is not publicly specified (Interfax, July 8). Azerbaijan had loaned \$200 million to Minsk last year (2010) to enable Belarus to pay the bill for Russian natural gas. That loan had a repayment term of only 12 days, which Belarus was able to meet on time. At present, Belarus is eligible for a \$3 billion loan from Russia, ostensibly via the Eurasian Economic Community's (EurAsEc) Anti-Crisis Fund. A first tranche of \$800 million has been authorized for Belarus in May. However, Minsk is trying hard to limit its indebtedness to Moscow and to diversify its debt portfolio. Minsk is concerned that Moscow would demand to take over industrial enterprises and infrastructure in Belarus as repayment for Russian loans, if Western credits remain frozen.

Russia Uses Denial-of-Access Tactics Against Belarus Oil Supply Diversification

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Belarus seeks to reduce its near total dependence on Russian oil by diversifying the range of supplier countries and import routes. Belarus' massive oil-processing industry is largely exportoriented and a top currency earner for the national economy. It processes some 22 million tons of crude oil annually, almost all of it imported from Russia via the Druzhba pipeline, for the refineries at Mazyr and Navapolatsk in Belarus. Those imports are subject to the vagaries of Russian taxation and customs regimes, as well as the Russian government's political objectives vis-à-vis Belarus.

The government in Minsk has launched in 2010 for the first time a systematic effort to reduce dependence on Russian oil supplies. Landlocked Belarus seeks to import oil from Venezuela and Azerbaijan, with delivery through Black Sea and Baltic ports by overland routes to Belarus. The Russian government seeks to obstruct Minsk's diversification efforts by using denial-of-access tactics on the relevant pipelines.

Belarus has negotiated in recent months for using oil terminals in the ports of Klaipeda in

Lithuania, Ventspils in Latvia, and Muuga in Estonia to import Venezuelan oil. Klaipeda and Ventspils are, each, connected with Belarus's Navapolatsk refinery through a spur of the Druzhba pipeline system. Those spurs used to carry Russian oil to Latvia and Lithuania, respectively. However, the Russian government shut down those pipeline spurs in 2004 and 2006, respectively, so as to strangle Latvia's Ventspils oil export terminal and Lithuania's Mazeikiai refinery. Russian companies had bid unsuccessfully to take over those assets and the Russian government was backing those takeover bids by cutting off the oil supplies. Since that time, the two pipeline spurs connecting Belarus with Latvia and Lithuania have not been used. Belarus now proposes to use that route in reverse, for oil supplies via the Klaipeda or Ventspils port terminal and the pipeline to the Navapolatsk refinery in Belarus.

In late November, however, Russia's state pipeline monopoly Transneft announced that it would remove the "buffer oil" that had been left inside the pipeline spur on Latvian territory (slightly upstream of the spur's bifurcation into Lithuanian territory, thus affecting that connection also). Transneft cited "risks of accident," although such risks had not seemed to preoccupy Moscow ever since the 2004 and 2006 pipeline shutdowns, with 150,000 tons of buffer oil remaining inside. Removal of the "buffer" or "technical" oil would make it impossible to re-start using the pipeline for oil transportation.

The mixed Russian-Latvian company, LatRosTrans, owns and operates this pipeline on Latvian territory. LatRosTrans describes itself as the biggest company with joint Russian and local capital in the Baltic region. Russian Transneft's fully owned subsidiary, Transnefteprodukt, together with a Cyprus-registered company, hold a majority of shares in LatRosTrans. These two shareholders are apparently prevailing over the Latvian interests in the pipeline and the Ventspils terminal, depriving these of the business of transiting oil to Belarus. In late November, LatRosTrans started pumping the buffer oil out of the pipeline.

Belarus has responded by turning to Latvian courts. Belnaftakhim-Druzhba, operator of the pipeline in Belarus from Navapolatsk to the Latvian border, has obtained a temporary injunction from the relevant territorial Latvian court in Daugavpils to stop the removal of buffer oil, pending a legal decision. Belnaftakhim argues that the Transneft-initiated move contravenes the policies and business interests of Latvia and Belarus regarding oil transit (Belapan, December 1, 7, 13; BNN, December 14).

The holding BelNaftakhim has also been in talks with Lithuania's Klaipedos Nafta for possible transit of Venezuelan oil, also involving reverse-use of the pipeline to Belarus. That route is also potentially affected by the Russian denial-of-access move in neighboring Latvia.

In Estonia meanwhile, the port of Muuga has been taking delivery of tankers with Venezuelan oil for Belarus. Those oil consignments then move by railroad from Estonia via Latvia to Belarus for processing there.

Belarus plans to supply its other major refinery, Mazyr, with Venezuelan and Azerbaijani oil via the Ukrainian port of Odessa and the Odessa-Brody pipeline. That pipeline has been used by Russian companies since 2004 in the reverse mode, carrying Russian oil to Odessa for export, instead of Caspian oil into Central Europe as had been originally intended. That reversal was another example of Russian denial-of-access tactics for the last six years. During 2010, however, Russian companies (mainly TNK-BP) have left the Odessa-Brody pipeline dry; and have also started shifting some oil transit volumes from the Ukrainian Druzhba pipeline to other directions.

The Odessa-Brody pipeline is now available for oil transportation northward into Ukraine and Belarus. The port of Odessa has already taken delivery of Venezuelan oil cargoes in 80,000 ton tankers. Those consignments currently move via Ukraine by railroad (an overly expensive mode of transportation) to Belarus' Mozyr refinery. In late November and early December, the oil transport companies of Ukraine and Belarus have successfully conducted experimental pumping of oil from Odessa to Brody and onward through the Druzhba pipeline from Brody to Mazyr (Interfax-Ukraine, UNIAN, Belapan, December 1-10).

This route involves using the Druzhba pipeline between Brody and Mazyr in reverse, eastward instead of westward. This has become possible as Russia is currently using only one half of that pipeline section's capacity. However, Belarus is facing Russian denial-of-access tactics there also. That section consists of two parallel lines, with an annual capacity of 16 million tons each. For 2011, Transneft has announced booking 17 million tons of capacity in the originally intended direction, westward. This implies full use of one line while using the parallel line at a fraction of its capacity, for merely 1 million tons, only to block the flow of alternative oil supplies into Belarus. The government in Minsk, however, does not regard this announcement as Moscow's last word on the issue.

Lukashenka Holds Dialogue in Minsk With US Analysts (Part One)

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On December 14 in Minsk, Belarusian President, Alyaksandr Lukashenka, received a small group of US analysts for a discussion on US-Belarus relations. The group, drawn from several Washington think-tanks, visited Belarus at its own initiative, from a variety of policy and professional interests. Lukashenka's unprecedented meeting with such a group, and the free-wheeling discussion lasting almost three hours, partly on the record, highlighted his wish to normalize relations with the United States. Those relations are currently all but frozen, contrasting with the normalization trend in EU-Belarus relations.

Belarus is holding an internationally monitored presidential election on December 19, with Lukashenka likely to be re-elected handily against ten minor candidates in the race. Public opinion surveys, including those commissioned for the government's confidential use

(Information-Analytical Center of the Presidential Administration, Weekly Monitoring of Public Opinion, December 10) indicate approval ratings in the range of 70 percent for the incumbent president.

During the preceding months, Moscow had embarked on a policy of regime change in Belarus. The Kremlin regards Lukashenka (and the authorities he personifies) as the main obstacle to a Russian takeover of the Belarus's economy and re-satellization of this Central European country. The implications would be grim for neighboring Poland and the Baltic States, as well as for the EU and NATO, if instead of Lukashenka they would have to deal with Kremlin-controlled authorities in Belarus.

Moscow has sought out local politicians more pliable to Russia, as well as opposition veterans whose relationship with Western sponsors had recently ended in mutual disappointment. Russian state television channels unleashed a barrage of attacks against Lukashenka and the government while encouraging the opposition through manipulative broadcasts. This campaign failed, however, either to split the authorities into pro-Russia and pro-independence factions, or to unite the traditionally fractious opposition. Moscow's regime-change bid had clearly lost steam by the time Lukashenka received the group of US analysts.

The meeting's unusually long duration, and Lukashenka's carefully prepared opening speech to the group, indicated the value of this informal channel of communication in Minsk's eyes, given the freeze on normal diplomatic relations, and indeed the freeze on US policy toward Belarus as such. Beyond bilateral relations, Lukashenka commented extensively and candidly on US policies in Europe's East and Eurasia. Pervading his statements is a concern to avoid the creation of a Russian sphere of influence there, during the current phase of a diminishing US presence and perceived disengagement by Washington.

Lukashenka continues to regard the US, despite its current predicaments as "the strongest superpower, with global interests and a corresponding influence." In Minsk's analysis, the world has not become multi-polar. While opposing a Russian zone of influence, Belarus does not declare any desire to join a Western zone either. Apprehensive that any division into such zones would consign Belarus to the eastern one, Minsk adopts a defensive position of "equal proximity" to either side. First enunciated by Lukashenka in a speech last week (Belapan, December 10), this stance is a local rephrasing of the two-vector model, albeit under current conditions of Russian resurgence and confusion in Western ranks.

The president's other metaphor is that of "two wings" to sustain Belarus' independent statehood at this stage in its development. One wing, in Russia and the economic unions it leads, predominated during most of the post-Soviet period. The other, Western "wing" has more recently become equally important, with Belarus shifting its exports of manufactured goods from Russia's to the EU market and intensifying cross-border exchanges with neighboring EU countries. Increasingly sustained through EU-Belarus engagement, this "western wing" is hobbled, however, by apparent US disinterest and one-sided policy approach toward Belarus. Without naming the democratization agenda of US policy, Lukashenka was alluding to the reduction of US policy toward Belarus to that one dimension.

Belarus is the only post-Soviet country against which the US has imposed economic sanctions on democracy/human rights grounds. While Kazakhstan, with a president-for-life and a single-party parliament, has qualified in US eyes to chair the Organization for Security and Cooperation in Europe (OSCE) (in which the US particularly emphasizes democracy and human rights commitments), Belarus alone qualifies for US economic sanctions on those same grounds.

In a further irony, those US sanctions (as broadened since 2008) have targeted Belarus' oilrefining industry, even as the Kremlin attempted to bankrupt those refineries with a view to facilitating a takeover by Russian companies. Some in Minsk may read this as coordination between Washington and Moscow.

Lukashenka calls for "discarding stereotypes and preconceived notions, and by engaging in a mutually respectful dialogue to tackle even the most complicated issues [i.e., reforms in Belarus]. Belarus is not a supplicant for multibillion-dollar aid. We must be regarded as partners, not as a country that one can pressure, coerce, or destabilize." This clearly implies that Minsk can be more receptive to US democracy concerns if these become the subject of dialogue within normal diplomatic relations. The US is poorly placed advance a democracy agenda with the country's leadership while ostracizing the same leadership, and allowing the current phase of strategic disinterest to translate into a single-dimensional policy toward Belarus.

Lukashenka Holds Dialogue in Minsk With US Analysts (Part Two)

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Receiving a small group of US analysts in Minsk (EDM, December 15), President, Alyaksandr Lukashenka, appealed to the United States to develop a multi-track policy toward Belarus, instead of a single-dimensional policy [implying democracy-promotion divorced from everything else]. The free-wheeling discussion of almost three hours, partly on the record, with the president, suggested however that Washington is about to develop two additional policy tracks with Belarus. These are, first, the inclusion of Belarus in the Northern Distribution Network (NDN) for delivering supplies to US-led forces in Afghanistan; and, second, bilateral cooperation on nuclear non-proliferation and possible uses of civilian nuclear technology in Belarus.

While specific information on the NDN is not on the public record, Belarus is located directly on the transit route for US supplies that enter Europe via Latvia, for onward shipment to the Afghanistan theater of operations. Belarus is prepared to handle large transit volumes, as well as to deliver locally-made supplies, (foodstuffs and construction materials), for coalition forces and

reconstruction efforts in Afghanistan. Like other leaders in countries along that route, Lukashenka regards participation in the NDN as an opportunity for political cooperation with the US and a commercial opportunity for the country.

Responding to another US policy priority, Belarus has agreed to eliminate all its stocks of highly enriched uranium by 2012. Significantly, this commitment is a matter of US-Belarus bilateral relations. US Secretary of State, Hillary Clinton, and Belarus's Foreign Minister, Syarhei Martinau, met during the Organization for Security and Cooperation in Europe (OSCE) summit in Astana and issued a joint statement to that effect. Under the document, the US will provide technical and financial assistance to Belarus for converting its nuclear facilities to operate with low-enriched uranium fuel. The two sides pledge to continue working together on nuclear security, including security upgrades at the Belarus Institute for Nuclear Research. For its part, Belarus announced its intention to diversify its energy supply by building a civilian nuclear power plant, under IAEA safeguards: "The United States supports Belarus' effort to complete this commercial project as expeditiously as possible" (US State Department press release, December 2).

Lukashenka's staunch support for Georgia's territorial integrity, despite Moscow's strong pressures on Minsk, can also facilitate a turning point in US-Belarus relations. Following Russia's 2008 invasion of Georgia, the Kremlin singled out Belarus from among all CIS countries, demanding recognition of Abkhazia and South Ossetia by the Belarus government. Lukashenka recounted some details of his confrontation with Moscow over this issue for the visiting American analysts. Lukashenka felt that yielding on this matter of fundamental principle would have opened Belarus to further Russian demands and pressures at the expense of Belarus' sovereignty.

Georgian President, Mikheil Saakashvili, and members of his team are known to have met with Lukashenka a number of times since 2008. Although it came to power in Georgia through a "color revolution" type event in 2003, and supported opposition groups in Belarus for several years afterward, the Georgian leadership has shed its earlier illusions about the rapid democratization of Belarus or the political potential of those opposition groups.

More than any former Soviet republic, Belarus was a success story in those terms of reference. Lukashenka regards himself as the trustee of Soviet Belarus' legacy, i.e., a distinct national-territorial statehood and massive industrial base. His and the government's current ambition are for Belarus to advance from a post-Soviet to a European state. However, they are weighed down by provincial and cultural isolation from the West (a theme that keeps surfacing directly or indirectly in conversations with government officials in Minsk).

Lukashenka and his team tend to assess Belarus' performance by comparison with Russia. That assessment encourages them to start looking for the exits from Russia's orbit. Russia is seen mainly as a supplier of fuels and raw materials for Belarus to process into industrial products for export. Lukashenka takes special pride in the fact that the share of industrial products in Belarus' exports is higher than the share of industrial products in Russia's exports (not counting arms exports). From Minsk's special perspective, Belarus is more of an industrial economy than Russia's raw material-based economy.

The challenge to Belarus is to reduce its dual dependency on Russian raw materials and the Russian market. This year, Belarus' exports to the EU look set to surpass its exports to Russia for the first time. Also this year, Belarus has taken unprecedented steps to diversify crude oil supplies for its export-oriented refineries. If these trends continue, Belarus could gradually move from the Russia-led Single Economic Space toward closer ties with the European Union. The EU considers the possibility of equalizing Belarus' status with that of the other five countries in the EU's Eastern Partnership Program, depending on the conduct of the December 19 presidential election in Belarus.

For its part, Moscow is interested in destabilizing the post-election situation in Minsk. The Kremlin evidently calculates that post-election turmoil would isolate Belarus politically from the EU, as well as reverse the recent tentative steps toward improvement in US-Belarus relations.

Gazprom's Net Debt Disrupts Belarus-Europe Transit

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Interrelated disputes over gas prices and transit fees have turned Gazprom into a net debtor to Belarus. As of mid-June, Gazprom's net debt to Belarus reached \$260 million in unpaid transit fees since November 2009. Gazprom itself acknowledged \$228 million from this amount. Also by mid-June, Minsk's debt to Gazprom reached \$192 million in arrears for deliveries of Russian gas in the same period. The Belarusian government acknowledged \$187 million from this amount.

With each side seeking to collect the debt from the other, net debtor Gazprom initiated hostilities. After a series of public warnings by its top management during the third week of June, Gazprom started reducing gas deliveries at the Russia-Belarus border. The cuts amounted to 15 percent of the contracted by June 21, another 15 percent by June 22, and an additional 30 percent by June 23, for a total reduction of 60 percent of the contracted volume (Interfax, Belapan, June 21- 24).

The cuts threatened consumers in Belarus as well as the EU countries Lithuania, Poland, and Germany, which import Russian gas via Belarus. Lithuania and Poland began feeling the pinch before it reached Germany farther downstream.

On June 23 Belarus borrowed (from sources yet to be disclosed) \$200 million, from which it transferred \$187 million to Gazprom. The Russian side restored the full flow of gas deliveries to Belarus, and to EU countries via Belarus and on June 24.

Minsk, however, insisted on its due. First Deputy Prime Minister, Uladzimir Syamashka,

demanded that Gazprom pay its debt the next day, failing which, Belarus would stop the transit of Russian gas to European countries.

On June 24, Gazprom nearly complied. It transferred \$228 million to the Belarusian energy ministry, sticking however to its own interpretation of the amount it owed (Interfax, Belapan, June 24).

Minsk's interpretation of the debt figure reflects its claims to Russian fees for gas transit service, based on the letter of agreements signed in November 2009 with Gazprom. Under those agreements, Gazprom should have paid transit fees of \$1.74 per thousand cubic meters (tcm) of Russian gas per one hundred kilometers of Beltranshaz pipelines in November-December 2009, and \$1.88 per tcm for each hundred kilometers from January 2010 onward.

For its part, Moscow claims that Belarus is only entitled to a transit fee of \$1.45 per tcm for every hundred kilometers of Beltranshaz pipelines. Such a low transit fee, however, was tied to the similarly "brotherly" price of \$150 per tcm of Russian gas supplied to Belarus for internal consumption, in accordance with the December 2006 contract.

That price, however, rose as scheduled to \$184 per tcm in the second quarter of 2010, and is scheduled to increase to \$193.5 per tcm in the third quarter of 2010. The price increases are tied to the agreed increases in the transit fees under the same agreement.

Moscow introduced a further condition with the 2008 agreement on a partial takeover of Beltranshaz by Gazprom. It demanded that Beltranshaz add a mark-up to the price of gas supplied to Belarus consumers, by the equivalent of \$10 per tcm in 2009 and the equivalent of \$11 in 2010. The Belarusian side has not added these markups and the matter remains in suspension as a commercial dispute.

The Russian government does not seem to feel confident about its case in this dispute. Following Gazprom's June 21-23 supply cuts, the government seemed more concerned about Gazprom's reputation in Europe than Gazprom itself. Energy Minister, Sergei Shmatko, went out of his way to signal that "it would be inappropriate to describe the situation as critical. Our traditional customers in Europe are not raising the alarm, and we can go to spot markets to buy the necessary volumes [for offsetting the shortfall in supplies to Europe via Belarus]." In a similar vein, Foreign Minister, Sergei Lavrov, assured his counterpart German and Polish ministers, Guido Westerwelle and Radoslaw Sikorski, that Russia would promptly settle this dispute with Belarus (Interfax, RIA Novosti, June 23).

Gazprom CEO, Aleksei Miller, began issuing dire warnings that Belarus was siphoning off gas volumes destined to EU countries from the Beltranshaz pipelines (NTV, June 23). These warnings resembled Gazprom's political offensives against Ukraine in the January 2006 and January 2009 gas supply cutoffs by Russia. This time, however, the Russian government and its propaganda apparatus did not support Miller's allegations.

EU Sends Confusing Signals On Ukraine and Belarus

Publication: Eurasia Daily Monitor Volume: 8 Issue: 166 September 12, 2011 By: <u>Taras Kuzio</u>

The EU is sending contradictory signals toward its Eastern Neighborhood, which indicates it has not learnt its lessons from dealing with Belarus. The EU continues to talk tough about not dealing with Minsk, because of its political prisoners, while refusing to use this same term with Ukraine, which has approximately 40 political prisoners (see the list: www.facebook.com/note.phphttp://www.facebook.com/note.php?created&¬e_id=184320688308163).

The EU is being pushed in this direction by the actions of the Ukrainian authorities in two ways. The first is the imprisonment of Yulia Tymoshenko on August 5, which "crosses a line on respect for democratic principles," four Washington-based senior think tankers wrote to the EU (The Economist, August 31). The second is the lack of dialogue between Kyiv and the West over human rights questions, which are a bad portent for Kyiv's intentions and future relations. Usually post-communist countries are eager to show their commitment to "European values" in the approach to membership of the EU and then lapse after they have joined (as was the case with Romania and Bulgaria).

Ukraine has rejected all criticisms of Tymoshenko's arrest (see EDM, August 11). It is unlikely that Ukraine will become more open to dialogue and, for example, release Tymoshenko and other political prisoners, after joining the Deep Comprehensive Free Trade Agreement (DCFTA) with the EU.

Miroslav Lajcak, the Director of the EU's External Action Service, nevertheless believes that the EU's harsh response to Belarus "is delivering results." He added that relations will only improve after all "prisoners of conscience" are released (www.rferl.org, July 8).

Belarusian President Alyaksandr Lukashenka has promised to release all of his country's political prisoners within six weeks. President Viktor Yanukovych has not offered to do likewise. And yet, the EU continues to negotiate with Ukraine for a DCFTA and is "determined to finalize the talks by the end of December," according to a Polish diplomatic source speaking with Reuters on September 3. The Poles – who currently hold the rotating presidency of the EU, just hosted the Krynica Economic Forum (September 8-9) and will host the Eastern Partnership summit (September 30) – are putting a positive spin on a deteriorating situation. Meanwhile, Washington think tankers, former Czech President Vaclav Havel, an adviser on international affairs to the Polish President and Western European governments, are publicly linking negotiations for the DCFTA with the Tymoshenko and other political trials (The Economist, August 31, The Moscow Times, Gazeta Wyborcza, August 30; Der Spiegel, August 15; Ukrayinska Pravda, September 3).

The French, Germans, Swedes and British have been the most outspoken but for different reasons. The French and Germans are using democratic regression in Ukraine to halt the EU's

"enlargement-lite" to Ukraine (in line with their opposition to enlargement in general). The Swedes and British, who along with the Poles support enlargement, have no choice but to raise the issue of adherence to democratic values following the imprisonment of Tymoshenko (see Swedish Foreign Minister Carl Bildt in Kyiv Post, August 12).

This explains the warning signal sent by the Polish presidential adviser to Yanukovych: "In Warsaw, the great hope is that by the end of the six-month period of the Polish presidency, EU talks on association agreements and free trade agreements [with Ukraine] will be concluded, but developments in Kyiv could tie the hands of Poland on the issue." He continued: "Arguments used by politicians and countries reluctant to draw Ukraine into the EU may gain the upper hand. If we fail to do so by the end of 2011, talks on the association may drag on for many months or even longer" (Gazeta Wyborcza, August 30).

The Economist (August 13) compared Tymoshenko to Russian oligarch Mikhail Khodorkovsky who was arrested in 2003. But, they point out, "The difference is that Mr. Putin knew what he was doing. Mr. Yanukovich, by contrast, seems to have waded across the Rubicon without noticing."

EU leaders meeting in Poland announced they would maintain their different approach to Ukraine (contrasted with Belarus) by continuing negotiations. At the same time the timetable looks to be increasingly in doubt. "I think there is increasing anxiety around Europe about what is happening in Ukraine," British Foreign Minister William Hague said, "The majority view [in the EU] is that the agreement can be finalized only if the Tymoshenko case is solved" (Reuters, September 3). French Foreign Minister Alain Juppe said, adding, "It means having a free and fair trial and abandoning the unjustified charges against her" (Ukayinska Pravda, September 3). Bildt remarked "And if they continue with show trials of that sort, and it is not only Yulia Tymoshenko's case, I think the chances for an agreement being ratified are fairly slim" (Reuters, September 3).

Even if Poland succeeds against all odds in pushing the EU toward concluding negotiations by December, the European Parliament and EU members will not ratify the DCFTA (Ukrayinska Pravda, August 31; See EDM, August 5). It would only take the European Parliament or one EU member to derail the entry into force of the DCFTA. German politicians on the left and right have told their Ukrainian counterparts that, as Social Democrat Gernot Erler said, the Bundestag will not ratify the DCFTA "where election losers end up in jail because of political decisions" (Der Spiegel, August 15).

As the former US Ambassador to Ukraine William Taylor pointed out, the trial of Tymoshenko for her decisions (not corruption) "is a very bad precedent for future governments. The next government may start judging the current one. It is madness" (Interfax-Ukraine, August 29). But, it is only "madness" if it is assumed that the Yanukovych administration intends to ever leave office. Moreover, Brussels and Washington should brace themselves for highly fraudulent parliamentary elections in October 2012 that could lead to street violence. The head of the EU office in Ukraine José M.P. Teixeira told Delovatya Stolitsa on September 5 that the West would not recognize Ukraine's elections if opposition leaders could not stand in them. In addition, the Economist pointed out that "the problem with such acts of retribution is that they make the

peaceful transfer of power from one leader to another that much less likely" (The Economist, August 13).

The Yanukovych administration cannot permit a free election for the first reason cited above and because they need to control parliament ahead of the 2015 presidential elections. Political culture also works against holding a free election. Yanukovych has presided over four fraudulent elections as Governor, Prime Minister and President (1999, 2002, 2004, 2010) and continues to believe he won the 2004 elections, but was denied victory by a joint conspiracy carried out by the West and then President Leonid Kuchma.

The West Treats Ukraine Differently to Belarus

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On June 28, an open letter to President Barack Obama was signed by nineteen prominent experts that called for "additional measures" to visa denials and economic sanctions with the aim of "bringing about the immediate release of all political prisoners in Belarus" (www.cepa.org, June 28). On July 7, the US Helsinki Commission supported the adoption of the Belarus Democracy and Human Rights Act of 2011. The open letter called for additional support to the Belarusian opposition and denial of international financial assistance "as long as political prisoners remain in jail." "Now is not the time to throw Belarus' dictatorship a financial life preserver," they argued. The open letter looked forward to "Belarus post-Lukashenka" with a democracy, market economy, free elections and "rules-based transparent governance" (www.csce.gov, July 7).

A growing number of Ukrainian citizens would also like to look forward to a "Ukraine post-Yanukovych" built on these four factors. The Heritage Foundation's January 2011 index of Economic Freedom gave Ukraine the worst ranking in Europe, while Forbes magazine ranked Ukraine as fourth out of the ten worst economies in the world. Belarus was not on the list (http://blogs.forbes.com/danielfisher/2011/07/05/the-worlds-worst-economies/).

But, will there ever be such an open letter on democratic regression in Ukraine or a "Ukraine Democracy Act" sponsored by the US Helsinki Commission?

On June 23, the US Helsinki Commission sponsored a far more moderate Congressional Statement on "Ukraine's Democratic Reversals" (http://csce.gov). The statement did not call for the suspension of international financial assistance or any form of visa denials or sanctions, or for the release of political prisoners. Indeed, there is reluctance in this and other documents to use the term "political prisoner" in relation to Ukraine. The statement talks of "intensified pressure on opposition leaders, even selective prosecutions" targeting former government ministers as "politically motivated acts of revenge" to remove them from politics and elections.

As of June 7, the Viasna Human Rights Center listed seven accused, 13 suspects and 31 convictions, or a total of 51 individuals who could be classified as politically persecuted in Belarus (http://spring96.org/en/news/41575). The majority of the 51 are linked to riots following the December 2010 presidential elections when the authorities over-reacted following elections which were deemed by the OSCE to have not been held in a democratic fashion.

The Ukrainian Helsinki Human Rights Union and other NGOs in Ukraine have collected evidence of close to 50 people subjected to political persecution in Ukraine. These include nine leaders of the fall 2010 anti-tax code protests, Yulia Tymoshenko, and twelve members of her 2007-2010 government, and 20 members of the "Tryzub" and Svoboda nationalist groups charged with "hooliganism" and "terrorism." There are also three environmental activists, one Russian exile and Hanna Sinkova, imprisoned since March for frying an egg on a monument to Russian-Ukrainian friendship. Indeed, 47 Ukrainians are nearly as many as 51 Belarusians persecuted for political purposes and therefore it is time for Western policymakers to stop pretending that political prisoners only exist in Belarus.

Ukrainian appeals to the outside world about the return of political persecution in Ukraine have largely fallen on deaf ears. As they state: "In 2010 political prisoners appeared in Ukraine" (http://zik.ua/en/news/2011/02/26/274510). A growing list of Ukrainian activists have called upon Western governments and international organizations to introduce visa denials to senior officials (http://www.helsinki.org.ua/index.php?id=1307592518), a policy which is also ignored although it could change if Tymoshenko is jailed.

The Czech Republic granted political asylum to Economics Minister, Bohdan Danylyshyn, itself a signal that an EU member believes there to be political repression in Ukraine. Former Czech President, Vaclav Havel, described Russia, Belarus and Ukraine as "dictatorship in gloves" (Kyiv Post, March 11).

Roman Besmertnyi witnessed the December 2010 arrests as Ukraine's Ambassador to Belarus in 2009-2011. He lambasted the Tymoshenko trial as "98 percent of that which is taking place in Belarus" on the Shuster Live television program (June 24). Our Ukraine-People's Self Defense, with which he is affiliated, issued a similar statement.

Prison conditions in Ukraine are as bad as Belarus and worsening. The number of people dying in custody in Ukraine is on the rise – 26 died in the first half of 2011 and 51 in the whole of 2010. In comparison, 23 died in the course of 2009 when Ukraine was classified as "free" by Freedom House (Ukrayinska Pravda, July 5).

Ukraine has refused to support the position of the EU in denouncing political repression in Belarus citing trade and historical ties as justification. In reality, the Ukrainian side's calls for not isolating Belarus are in solidarity with Lukashenka whose fraudulent re-election in 2006 was greeted by Party of Regions leader Yanukovych. Besmertnyi was removed as Ambassador after he criticized the Yanukovych regime's unwillingness to join the EU's condemnation. During Yushchenko's presidency Ukraine regularly joined the EU and US in condemning human rights abuses in Belarus. Kontradetenko's article "Is Ukraine building a new Belarus?" compares Lukashenka and Yanukovych's similar worldviews (Ukrayinska Pravda, March 1). Indeed, both are economic nationalists vis-à-vis the West and Russia, they both came to power in free elections and proceeded to dismantle their democracies. Yanukovych's family origins are in the hamlet of Yanuky in Belarus where the surname "Yanukovych" is quite common (see interview with Besmertnyi, Ukrayinska Pravda, June 15).

Yanukovych has never overseen a democratic election in four elections on his watch from 1999-2010 as Donetsk Governor, Prime Minister and President. At meetings in Washington and Brussels think tank and election experts and policymakers express disbelief that Ukraine's October 2012 parliamentary elections will be held in accordance with democratic practices. Yanukovych ignored mild Western criticism of election infringements in the 2010 local elections and believes he won the 2004 elections –while denying election fraud took place (see interview with Yanukovych in www.bbc.co.uk/ukrainian, February 11).

Judicial reform in July 2010 marginalized the Supreme Court out of revenge for annulling his 2004 second round election which he remains convinced was "stolen" (Ukrayinska Pravda, December 4, 2008). As revealed by US cables leaked by Wikileaks, Yanukovych believes there was a Western conspiracy and "coup" against him in 2004 to deny him the presidency (http://zik.ua/en/news/2010/12/04/260115). Yanukovych and his administration have denied every aspect of Western criticism of selective use of justice, media censorship, non-democratic elections and over-centralization of power, which has led to parliament becoming a rubber stamp institution for the first time. At the same time, Western policymakers and ex-ambassadors continue to confusingly state that a major difference between Belarus and Ukraine is that the latter listens to Western criticism. The US Helsinki Commission Statement on Ukraine repeats the illusion that Yanukovych will take into account criticism contained in an April Freedom House report (http://www.freedomhouse.org/uploads/special_report/98.pdf).

Yanukovych, who was perceived as a "re-born" democrat by many Western policymakers in last year's Ukrainian elections, was an illusion – as was pointed out by Jamestown analysts during the 2010 elections when it was a minority viewpoint. Eighteen months later that viewpoint is now held by a majority. It is taking a lot longer for Western policymakers to understand that the differences between Lukashenka and Yanukovych are also illusionary and merely a question of their time in office. Yanukovych is undermining Ukraine's democracy at a far faster pace than did Lukashenka in the 1990s.

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