

# Belarus in the Arab World: a one family business?

On 20 September 2016 Minsk hosted the first Oman-Belarus invest forum. More than 40 Omani businessmen held negotiations with over 70 representatives of various Belarusian companies.

The day before the forum, the Omani delegation met with Aliaksandr Lukashenka, who urged the Omani businessmen to invest more in Belarus.

While the Middle Eastern vector of Belarusian foreign policy plays an important role in public declarations, actual trade and business has yet to follow.

## Grand plans rather than roadmapping

In August 2016 the Belarusian government adopted a new strategy for export development in 2016-2020. According to this plan, one third of Belarusian exports would go to the Eurasian Union, one third to the EU, and one third to so-called "far arc" countries.

As [is often the case with Belarusian state programmes](#), such ambitious plans are rarely supported by practical follow-through. Statistics illustrate opposing trends in the development of Belarusian exports: Belarus is failing to retain its share of all markets outside Russia. Low quality, high prices on manufactured goods, excessive bureaucracy, and degradation of technology all prevent Belarus from finding new prospective markets abroad.

# No place for Belarusian goods in Arab countries?

Despite pretentious declarations about the importance of Arab countries for the Belarusian economy, the actual figures do not support these claims. In January-July 2016 the total turnover between Belarus and the region amounted to around \$120m, i.e. less than five per cent of the total turnover.

The following table illustrates Belarusian export (in \$m) to Arab countries:



Over the past five years the value of Belarusian exports to the region has remained fairly static: about \$250-300m. On one hand this can be seen as a success, given that the total value of Belarusian export has fallen by 35 per cent since 2011.

On the other hand, this also shows the unstable character of Belarusian trade with Arab countries: export and import can fluctuate by 1000-1500 per cent. This is caused by signing one-time contracts without a permanent presence on these markets.

Contrary to widespread belief, Belarus has failed to attain a positive trade balance with all Arab countries. In January-July 2016 Belarus had a negative trade balance with Lebanon, Morocco, Saudi Arabia and Somalia with a roughly \$66.5m trade deficit. Moreover, in 2011-2016 Belarus actually lost the Algerian and Lebanese markets. The table below illustrates these trends:



The variety of Belarusian goods exported to Arab countries also remains very limited. Official documents mention powdered milk, tyres, different kinds of steel, tractors and machinery.

Egypt and Jordan are among the most important consumers of these goods, but even here the volumes and amounts of these exports is comparatively low.

Numerous reports indicate that Belarus has become a successful supplier of weapons to several Arab countries, including Iraq, Syria and Sudan, while nevertheless managing to avoid any serious involvement in regional conflicts.

## **Personal relations over public interests**

Many experts emphasise the importance of personal ties in this process. Belarus has become sadly notorious for its close relations with Iraq during the presidency of Hussein, with Gaddafi's Libya, with the Sudanese leader al-Bashir, and the Syrian president Bashar al-Assad.

Such relations can be seen as a form of mutual support between authoritarian and anti-Western leaders. However, Lukashenka and his family also maintain good personal relations with the Gulf monarchies, particularly with the ruling families in Qatar and the UAE. Belarusian researcher Siarhei Bohdan considers that [Belarus's relations with the Gulf States](#) are the main vector in Belarusian foreign policy in the Middle East.

The economic benefits for Belarus of such friendship are dubious, and moreover are a source of much gossip about the nontransparent nature of cooperation, especially in the finance and security sectors.

Some experts believe that Lukashenka's family's hidden billions are stored in Gulf banks. The personal devotion of the president's eldest son – Viktor Lukashenka – to the Formula 1 races in Abu Dhabi is no secret in the region.

Belarus actively participates in training Qatar's and the UAE's [security forces, as well as in presenting its weapons at military exhibitions](#) in the Gulf. [Russian political commentator Evgeny Satanovski has accused Belarus](#) of working against Russia's interests in the Middle East. According to him, Qatar and the UAE purchase arms for ISIS largely from Belarus.

The Gulf States are among the largest investors in Belarus from the Middle East. However, they invest mainly in lands and resorts, while the financial details of these operations remain unknown.

## The Omani case

The Omani case serves as an example of the unstable and personally motivated character of Belarusian foreign policy in the region. Actual relations broke off in 2007 after Lukashenka's visit to Muscat. Trade turnover amounted to \$7m, with several Omani businessmen working in Russia becoming a driving force for this cooperation. In the following years the trade turnover fell to \$1m and all contacts practically ceased.

Belarusian state companies complain about low demand for Belarusian products in Oman. However, the Belarusian company *Sohra Group* has become a successful seller of Belarusian machinery in Oman and in the Gulf countries in general. The actual scheme according to which business has been unprofitable for state companies but profitable for one private company remains murky.

In 2010-2012 Omani businessmen tried to purchase a large plot of land in the centre of Minsk for the ridiculously low price of \$10m but could not reach a final agreement. Even the price itself led to suspicions about the non-business nature of such investments.

# Uncertainty and mysteries

Belarus has failed to establish efficient and sustainable economic relations with the Arab countries. Instead of transparent and profitable business, the Belarusian authorities prefer personally grounded backroom dealings with their counterparts in the Arab world.

At certain points in time, Belarus has vigorously sought closer ties with anti-Western Arab regimes but thoroughly avoids any real engagement in regional conflicts.

Nontransparent business schemes and security cooperation with pro-Western Gulf States seem to be the current preference of the Belarusian foreign policy in the Middle East. Its public economic component becomes less significant.