

Belarusian Milk Exports: Success in the East, Failure in the West

On 17 September, Alexander Lukashenka publicly explained to Vladimir Putin the process of milk production and to Nursultan Nazarbayev the functioning of the market economy. In this way the Belarusian state leader responded to critics who have questioned the quality of Belarusian milk.

Milk in Belarus plays a significant role in the economy, as the country ranks at 5th in the world milk market, and the President's Property Administration owns several dairy plants.

Despite the large scale of production, Belarus exports milk mainly to Russia thus rendering Belarus's position vulnerable to pressure. Moreover, Russian businessmen remain eager to privatise some Belarusian dairy factories.

Belarus tries to enter the European Union and other markets, but it still has problems with obtaining the necessary quality certificates.

Milk Country

It seems that nowhere else in the world do government elites have such close connections to the dairy industry as they do in Belarus. The President's Property Administration owns the largest Belarusian agricultural complex "Machulishchy," which is the biggest milk producer in Eastern Europe.

The rapid growth of the agricultural complex began in 2013, when [Viktar Sheiman](#), often called [the last soldier of Lukashenka](#), became the head of the President's Property Administration, the biggest state-owned business empire and

the financial backbone of Lukashenka's regime.

According to estimates of the Belarusian web-site *Ej.by*, the *Machulishchy* conglomerate now produces more than 300 thousand tonnes of milk a year. This is twice the amount produced by the main producer in the Russian market, and three times the amount of the main producer in the Ukrainian market. The large scale of milk production in Belarus becomes more significant when considering that Belarus is a much smaller than Russia or Ukraine.

Milk production remains one of the biggest priorities for agriculture. Over 10 years Belarus increased its milk production from 4 to 6.5 million tonnes, and now it ranks fifth in the global trade of milk with 4% of the market. However, the export of milk has almost only one direction, which is to Russia.

Dynamics of the export of dairy production

Year	2008	2009	2010	2011	2012	2013
Dairy products export in terms of milk, thsd tons	2 614	3 390	3 780	3 815	4 136	4 484
Export share in milk production, %	42.0	51.5	57.0	58.3	61.1	67.4

Data: www.investinbelarus.by

Officials say that the government remains reluctant to subsidise the production of milk, like other sectors of agriculture. Although in practise, they do not deny that they have issued large loans for the modernisation of the dairy industry. As Andrej Jurkou, an expert in the field, says, "nobody knows how much budget money went to pay off the interest rates."

Despite the traditional [protectionism in agriculture](#), the Belarusian authorities allow businessmen to have shares in the dairy market. Currently, private entrepreneur [Yauhen Baskin](#) owns the largest farm for cows in Belarus. Milk producer

"Savushkin produkt" remains one of the most efficient dairy companies and remains the most trusted brand in the industry. It belongs to [Alexander Mashensky](#), a businessman closely affiliated with the government. This shows that the Belarusian government sees a strategic development sector not only for themselves, but for the country at large.

Problems in the East

Dairy products are important for the Belarusian authorities. That's why Alexander Lukashenka took criticism of the Belarusian milk at the Forum of Regions of Russia and Belarus so personally. On September 17 at a panel discussion with Vladimir Putin Lukashenka told Nursultan Nazarbayev, Kazakhstan's president off, when he said that Belarusian milk is not actual milk, but rather a 'milk-drink.'

Lukashenka described the process of milk production in detail and stated that "Nazarbayev as a free market promoter should understand that if Kazakh consumers buy such milk, Belarus would deliver it to them."

Lukashenka directed his answer primarily towards Kazakhstan, while Belarus also has had problems on the Russian market for a long time. In 2009, Kremlin temporarily banned Belarusian milk deliveries. Lukashenka won by promising to return customs controls on the Belarusian-Russian border and he refused to participate in the summit of the Collective Security Treaty Organisation. That conflict received the name the 'milk war.'

Then Alexander Lukashenka accused Russia that it wants to privatise a number of Belarusian dairy producers. But, according to him, Lukashenka said to the Russian government "goodbye, we will die, while drinking this milk, but the Kremlin will never put the question of privatisation in this way."

Later, in 2010 the Kremlin once again for a short time period imposed restrictions on the import of Belarusian dairy products. In 2014 Russian Prime Minister Dmitri Medvedev threatened Belarus with an anti-dumping investigation of potential subsidies in the dairy industry. So, milk always remains the focus of elites in Russia and Belarus.

Belarus Tears Open a Window to the World

The Milk war in 2009 forced Belarusian producers to think about other possibilities for milk export. Since that time, many Belarusian entrepreneurs have attempted to acquire the appropriate quality certificates to enter the European Union market.

Belarusian milk has failed to become successful in the EU market for three main reasons. Firstly, the amount of bacteria and antibiotics in Belarusian raw milk remains several times higher than allowed by European standards. Secondly, EU countries have a protectionist policy in agriculture. Third, Belarusian milk lacks special features to compete with Western producers.

Export possibilities of Belarusian dairy to other countries, besides the EU and the Eurasian Economic Union remain nonexistent, while New Zealand, the European Union, the United States and Australia confidently hold the lead in their markets.

Thus, Belarusian milk manufacturers have problems with the stable eastern markets, but at the same time they are incapable of solving their product quality issues. This situation blocks any possibility for fully fledged cooperation with the West and other countries. Belarusian milk in many ways resembles the general trajectory of Belarusian foreign policy.

Eurasian Allies: Can Belarus Learn from Kazakhstan?

While the Kremlin has achieved its primary goal by launching the Eurasian Economic Union last month, the leaders of Belarus and Kazakhstan look unsatisfied.

Both want to slow down the integration project's progress down and prevent it from spilling over in the political arena.

However, Kazakhstan and Belarus lack common long-term goals, and their respective economic cooperation and any potential joint projects they might come up with would likely face obstacles as they try to get past Russia.

Though Belarus and Kazakhstan share the fear—due to the Ukrainian crisis, Nazarbayev is in a better position to pull his together country. His policies have long aimed at strengthening national identity, appointing Western-educated professionals into senior positions and maintaining room for geopolitical manoeuvring. Belarus, it would seem, has quite a bit to learn from Kazakhstan.

Community of Interest

On 29 May, the presidents of Belarus, Russia and Kazakhstan established the Eurasian Economic Union. Despite the fanfare surrounding the event, Nazarbaev and Lukashenka openly criticised the agreement a few days before the treaty's signing. The Belarusian head of state stated that this document differed from the one the parties had talked before.

As of late Belarus and Kazakhstan often appear to be in the same camp. Lukashenka and Nazarbayev both want to slow

down the whole [Eurasian integration](#) project, or at least prevent it from going beyond economic agreement into real political integration.

Both leaders have criticised the idea of creating a Parliament of the Eurasian Economic Union being fully aware that this would politicise the union and would almost surely be dominated by Russia. Moreover, Belarus and Kazakhstan worry about their ties because of Russia's role in the ongoing [Ukrainian conflict](#).

A growing number of voices from both countries [criticizers Eurasian integration](#). For instance, new regulations for business, which would stifle both Belarusian and Kazakhstani businesses, remain of the most frequently discussed effects of Eurasian integration. An imminent increase on the amount one has to pay for duties on imported cars also raises concerns.

Many also expect unrestricted Russian dominance over the Eurasian Economic Commission

Many also expect unrestricted Russian dominance over the Eurasian Economic Commission, the new economic union's main governing body.

However, in spite of their converging interests, Belarus and Kazakhstan have yet to coordinate their foreign policies towards Russia. Although in public officials talk about steady increases in imports and exports between each other and the importance of their strategic partnership, they both lack any particular affection for one another.

Why Countries Cannot be Partners?

Belarus and Kazakhstan distrust each other, in part, because they lack common long-term goals. They both became members of the Eurasian Economic Union primarily because of Russian

pressure, not fruitful bilateral relations.

Their bilateral cooperation remains tiny considering their respective relations with Russia. In 2013, trade between Belarus and Russia appeared nearly 40 times greater than it was with Kazakhstan. In the case of Kazakhstan, it trades 30 times more with Russia than it does with Belarus. In the political and [military](#) arena, the proportions look even more significant.



For Kazakhstan, bilateral relations play an even smaller role, as it has rather small volume of exports that make their way to Belarus.

Moreover, the Eurasian Union for Kazakhstan and Belarus remains little more than a mean to extract economic benefits from Russia. In this regard they look more akin to competitors than allies.

Geographical distance became one of the most serious obstacles to build their mutual trade relations, although Russia plays its own role in hindering their cooperation. Belarus and Kazakhstan have been negotiating an increase of the transit of Kazakh oil through Belarus and even its processing.

Kazakhstan also remains interested in participating in the privatisation of Belarusian oil refineries, a role that is reserved for Russian business. In 2012 Kazakhstan's Ambassador to Belarus Ergali Bulegenov explained that not only would Belarus and Kazakhstan play a role in these negotiations, but Russia would as well.

Military-industrial cooperation can be named one of the successes of mutual relations. Belarus, for example, modernised 10 fighter jets for Kazakhstan, and as recently as the end of May more than 10 Belarusian companies participated in armaments exhibition in Kazakhstan.

Today, both countries require the expertise of the other. Belarus has few, if any, real experts on Kazakhstan, although the country, at least formally, looks the second most important partner of Belarus after Russia.

Same Challenges, Different Solutions

Due to the Ukrainian conflict, Belarus and Kazakhstan have inadvertently stumbled into a very similar geopolitical reality. Both nations remain authoritarian and afraid of outside interference in their internal affairs and realise possible cost of freeing themselves from Russia's grip.

Nazarbayev's regime has been steadily strengthening the position of the Kazakh language

Unlike Lukashenka, Nazarbayev's regime has been steadily strengthening the position of the Kazakh language and has made plans to switch over from its modified Cyrillic alphabet into using the Roman alphabet.

He plans to elevate the Kazakh language extend beyond the nation's borders. On 28 April during his lecture at Moscow State University, the long-time Kazakh leader said that Eurasian Economic Union institutions should use the state languages of all its member countries in its operations.

The Kazakhstani authorities are increasingly appointing foreign university graduates, who have received training through the Bolashak scholarship program, to senior positions in the government. Around 10,000 Kazakhs have received higher education abroad, mostly in the U.S. and the UK, thanks to this program.

Certainly, Kazakhstan remains an authoritarian country, but the Belarusian authorities seem reluctant to make even minor cosmetic reforms.

Kazakhstan also has more space for geopolitical manoeuvring.

On the one hand, China has substantial energy interests in the country and can act as a kind of counterbalance to Russia's influence. On the other hand, the West holds Kazakhstan in high regard, unlike Lukashenka's Belarus. After the Crimean conflict erupted, Lukashenka held [talks only with Polish PM Donald Tusk](#), while Nazarbayev spoke with Obama and Merkel.

Kazakhstan and Belarus find themselves precisely where their life-long leaders have led them. However, Nazarbayev looks much more determined to preserve the independence of his country by strengthening its national identity and bringing in young professionals to work for the state. Lukashenka might consider picking his counterpart's brain for a bit – before it is too late.

Russia Wants Belarusian Enterprises Instead of Promises

On 13 December, Russian Prime Minister Dmitry Medvedev proclaimed that Russia and Belarus may introduce a single currency. Various officials from both countries have regularly proclaimed such intentions since 1993.

There has been no result to these back and forth in the past two decades, yet officials apparently have more interest in the process than in outcomes. Integration talk hides the reality of the [diverging developmental](#) paths of two nations.

The results of bilateral relations are far from ideal as the decline by eleven percent in volume of Belarus-Russian trade illustrates. According to Medvedev, trade diminished due to

negative processes in global markets. Indeed, declines might be a result of Russian policy. This is especially true after Russia's one-sided accession to the WTO took goods from cheap-labour countries squeezed out Belarusian goods from Russian markets.

Russia does not want to consider Belarus a partner. It strangles Belarusian enterprises economically to force Minsk into selling them to Russia. The most publicised cases concern Belarusian oil refineries and its defence industries.

Earlier, Lukashenka speculated on his being Russia's best ally. Now he has a harder time to gain favours from Moscow as Ukraine just became a lot closer to the Kremlin by rejecting the EU association agreement. It is no wonder then that the day after President Yanukovich of Ukraine got his deal with Putin Lukashenka rushed off to Russia.

Ukrainian Nuisance

As Ukraine seemed to tilt towards the EU and Russia was on retreat in the region, Lukashenka believed that his positions as Moscow's only friend in relations with Kremlin were quite promising. On 6 December, he unexpectedly said that there was no obvious need to sell the Minsk Wheel Tractor Plant (MZKT).

Despite the fact that the plant has been on a Russian priority buying list as an established producer of world-quality civilian and military special transport vehicles. "I always wondered about this eagerness to sell the plant [...] sure, I am absolutely against it," he said. Such statement contradicts promises which Minsk had given Moscow for financial aid after 2011 financial crisis in Belarus.

After this latest Ukrainian rapprochement with Russia, Minsk had to adopt to a new view of reality. On 20 December Vice Prime Minister [Uladzimir Siamashka](#) said that next year a share in MZKT would be sold to a Russian investor. MZKT is a

valuable asset yet it will lose in its value if Russia would implement its plan to [exclude non-Russian](#) enterprises from Russian arms production technological chains. Moscow already started to replace its foreign suppliers with Russian companies and emphasised that it would provide no special exemption for Belarus despite its being the most loyal Russian ally.

Tactical Oil Weapons

Moscow resorts to similar unfriendly means to get their hands on Belarus' oil refineries. Russia declined to agree with the Belarusian government on a yearly balance sheet of oil shipments to Belarus. Moscow agreed with Minsk on Saturday only on their oil export plans for January-June. In this way Putin can keep Lukashenka on a short leash. The Russians did as much in 2013 and are apparently going to do it again next year.

As a result, while in 2013 Belarus was planning to import from Russia 23m tonnes of oil, it actually managed to get no more than 20.7m tonnes. Under these circumstances, Belarusian refineries face unpredictable workload schedules and can work only at 80-85 per cent of their full capacities which adversely affects their profitability.

Belarusian Vice Prime Minister [Pyotr Prakapovich](#) openly lamented on Friday that Moscow was not willing to refine more oil in Belarusian refineries and sent its own crude abroad of Customs Union leaving its allies without work and revenues. Indeed, the Belarusian government cannot provide refineries with sufficient volumes of oil and has to sell its shares in them to somebody who can bring the necessary oil in. Prakapovich announced that Minsk had already sent to Russian Rosneft' its offer to sell its state-owned majority share in Mazyr refinery next year.

Strategic Oil Weapons

The Russian Prime news agency reported recently that Russia was preparing to sign with Belarus a protocol on prolongation of December 2010 agreement. That agreement destroyed political economic basis of Belarusian regime as it made Minsk pay [export duties](#) on Russian-origin oil and products extracted from it.

Before that, Belarusians get Russian oil on duty-free conditions, refined it and exported oil products, mostly to Europe, without paying any duties to Russia. The December 2010 agreement made Belarusian oil products' exports shrink and stripped the government of revenues estimated to be up to \$4bn annually.

Lukashenka repeatedly spoke of his hope that Putin will deliver on his promises and since 1 January Minsk will be relieved of its obligation to pay these duties. Moscow seemingly has better idea – Russian Deputy Prime Minister Igor Shuvalov in October said that Russia would begin duty-free oil trade with Belarus only in January 2015 and only if Minsk removed all its trade exemptions with Russia inside the Customs Union.

No Overtake of Belarusian Industry

The State Secretary of the Union State of Belarus and Russia Grigori Rapota on 4 December complained that only integration between several electronics firms (Belarusian Integral and Russian “Roselektronika; Belarusian Peleng and Russian “Roskosmos”) has gone well. However, other planned projects in chemical and machinery branches faced their own difficulties – integration between “Hrodna Azot” and “Gazprom” and “Evrokhim”; MAZ and Russian KAMAZ.

As economic analyst Tatyana Manyonak told the Belapan news agency last week, it was Lukashenka who makes the final decision on the sale of Belarusian enterprises. And he is seemingly not in the mood to sell now. In addition to his

ambiguous statements on MZKT, earlier in October, he publicly criticised the Russian proposals of the MAZ and KAMAZ merger, because the Russians failed to guarantee MAZ new investments, production increases, technological renewal and market expansion.

The Belarusian government has for a long time been demonstrating increasing economic and political nationalism. So far it managed to neutralise Russian pressure on many points while [getting from Moscow](#) substantial preferential economic treatment and assistance.

Even in the unfavourable conditions of 2011, as Minsk lost the option of “going West” after brutal crack down on post-election protests, the Belarusian government still managed to [get billions](#) of dollars of Russian help to overcome its financial crisis. For that, Lukashenka gave the Kremlin little more than a few promises most of which he does not seem to plan to deliver on. These tactics have paid off – Russia scaled down its demands and now Lukashenka can sell the same things once again.

But this tug-of-war cannot last much longer. Beginning in 2010 Russian aid and subsidies have not been sufficient to bolster Belarus' ailing economy and the deficit of its current accounts regularly requires additional injections of funds. To get the money, the Belarusian government will both reform the economy and sell some assets. These economic changes will result in political shifts – however, this does [not necessarily](#) mean that they will lead to the establishment of a liberal democracy.

Belarusian Criticise Integration

Officials Eurasian

On 31 October Belarusian Deputy Prime Minister Uladzimir Siamashka, while speaking in parliament, claimed that Belarus was suffering losses due to systemic exemptions in the Russian-dominated Customs Treaty and Common Economic Space.

These losses might increase – in January Russia is introducing a recycling tax on cars. The losses for Belarusian trucks producers might allegedly reach as much as \$350m.

The Belarusian government is [not only quarreling](#) verbally with Kremlin, it is changing the conditions of its agreements with Russia or refusing to effectively implement them – for example by ignoring its obligations on privatisation, which Moscow imposed as a precondition of loans.

Moreover, Minsk constantly discusses the dangers of energy dependence on Russia and displays little interest in Putin's further Eurasian integration plans.

Nuclear Power Replaces Russian Gas

Belarusian officials openly discuss their grievances concerning Russia. For example, member of Belarusian Parliament Dzmitry Kharytonchyk said, “We hope that after 1 January, when the signed agreements will enter into force, they [Belarusian enterprises] will get an opportunity to buy the necessary fuel and energy resources at prices found on the internal Russian market.”

Meanwhile, the state-run ONT TV reported, “the Government calls dependence on national enterprises on Russian gas “dangerous.” It assured that the situation would change after

the launch of a Belarusian [nuclear power plant](#) and the volume of Russian gas used would be reduced by a third.

Lukashenka himself leads this wave of criticism. In early October, according to the Interfax news agency, Lukashenka said, "Putin has promised – beginning 1 January – to remove all exemptions and restrictions with trade. Otherwise, we will not be able to stay in the Customs Union, since we would not see any economic benefits from it."

More bluntly, Lukashenka hopes that Russia will abolish its excise tax on Belarus export duties for petroleum products produced from Russian oil. He claimed that Belarus annually pays into the Russian state budget about four billion US dollars, and if not for these hefty payments, "we would already have built the Emirates here."

Since 2011, Belarus has been importing duty-free Russian oil to reproduce at its own refineries. These petroleum products partly are sold to third countries. For these exports Minsk pays duties directly to the Russian state budget: in 2012 – \$3.8bn, in 2011 – \$3.07bn. Meanwhile, Minsk believes that Moscow should not demand this money from them as Russia owes Belarus something for being its close ally.

Three-Year Balance

The Belarusian government's expectation that Russia should pay for cooperation is predictable. Three years after establishing the Customs Union in July 2010, it [looks contradictory](#). Most importantly, the negative consequences of the economic union have an impact on ordinary people and threaten to [foment discontent](#).

It is precisely this union that has caused Belarusians to lose the opportunity to buy used cars in the EU, as average car prices have been increased by 40%. In addition, they have faced rising prices for petrol and food. The Ministry of the Economy explained that prices have grown because of the need

to “equalise prices with Customs Union countries.”

Belarus joined the Customs Union in order to maintain Russian markets for Belarusian products – first and foremost for its food products and automotive industry. Yet hopes for expansion have not materialised. Belstat reported that in January-August, industrial production in Belarus fell in comparison to the previous year by 4.8%, and the profitability of enterprises fell by 37.2%.

Of course, Belarus has received benefits from membership in the Customs Union in the form of discounted prices for Russian oil and gas, as well as other economic preferences which have been granted mostly by Russia. Furthermore, Minsk entered the Union after facing economic difficulties in 2010 and Belarus had no choice but to join in order to get urgently needed loans from the Anti-Crisis Fund of the EurAzES.

Ideological Differences with Russia

Trade with Russia makes up about 47% per cent of Belarusian foreign trade, while the share of Kazakhstan in Belarusian foreign trade is approximately 1%. Although the volume of trade with Russia is gradually decreasing, Russia still dominates Belarusian foreign trade and is the major source of support for Belarusian state. Hence, Minsk had little choice but to accept the Russian-designed Union.

Russia evidently wished to create the Union extending beyond Belarus. An expert of the Polish Center for Eastern Studies, Adam Eberhardt, when talking on Polish Radio emphasised, “for Moscow, the Customs Union remains an integration priority, as it is important to demonstrate other states, e.g., Ukraine, that it is not such a bad idea to cooperate with Russia.”

Actually, the Kremlin's plans go even further than this. Belarus, Russia and Kazakhstan, the constituent members of the Customs Union, agreed to establish by 1 January 2015 the

Eurasian Economic Union. In writing about the Common Economic Space in 2011, then Russian Prime Minister Putin spoke of a “new integration project for Eurasia” and the possibilities for “change in the geopolitical and geo-economic configuration of the entire continent.”

Putin resorts to the Eurasian project to find a new place for diminishing importance of Russia.

Putin resorts to the Eurasian project to find a new place for diminishing importance of Russia. Renowned philosopher Lev Gumilev – popular not only with some Putin's advisers but also in Kazakhstan – defended Eurasianism as the grand strategy for Russian national development. He said, “If Russia can be saved, she can do it only as a great Eurasian power and it will happen only through Eurasianism.” Eurasian ideology is growing stronger. So it was not entirely a shock when, at the Customs Union summit in October, President Nursultan Nazarbayev of Kazakhstan discussed the possible membership of Turkey in the economic bloc.

Belarus, on the contrary, does not have any serious proponents of Eurasianism as far as the projects ideas of Slavic-Turkic cooperation are concerned. An ideologist of the Belarusian regime, Siarhei Kizima, openly expressed his doubt in the state-owned daily Zvyazda that Turkey could join the Union. Belarus sees itself marginalised in such continental designs, moreover these designs might dangerously expose it to global confrontations.

If Lukashenka [ever had an ideology](#), it was that of Soviet restoration. He has little affinity for Eurasian ideas. Belarusian and Russian leaders follow different geopolitical visions and hold different worldviews.

Belarus and Russia: Marriage of Convenience

The differences between Moscow and Minsk are not verbal ones.

The Belarusian leadership clearly is challenging Moscow whenever the Kremlin threatens its vital interests. Recently, it not only detained the [CEO of Uralkali](#), a move that irritated many in the powerful quarters of the Russian business community and government. Minsk has also managed to change the terms of its loans received from Russian-controlled Anti-Crisis Fund of the EurAzES.

Initially, Moscow gave these loans with the condition that wide-scale privatisation would be carried out in Belarus. Then the privatisation clause was transformed into more humble plans for five integration projects which would effectively takeover the best, most profitable Belarusian enterprises by Russian businessmen. Among these Belarusian businesses were MAZ, MZKT, Integral, Peleng, Hrodna-Azot.

The negotiations, however, led to no tangible results and after the Uralkali affair, Russian truck producer KAMAZ said it had no plans for a merger with MAZ.

Essentially, relations between the Belarusian and Russian regimes are more a marriage of convenience than a genuine partnership or union of like-minded political elites. Calling Lukashenka's regime "pro-Russian" does not reflect the realities of the huge differences between Minsk and Moscow in almost every regard.

Belarus, Ukraine and Kazakhstan Building Alliances

Against Moscow?

On Thursday, Belarusian leader Alexander Lukashenka sent out a warning: if Russia keeps export duties on its petroleum products, Belarus will not be able to stay in the Russia-dominated Customs Union anymore.

Belarus sees economic sense in the union only if Putin delivers on his promise on duties which some years earlier seriously undermined the profitability of Belarusian trading of petroleum products. This threat is just one in a series of Lukashenka's recent unfriendly moves against the Kremlin.

Earlier last week, the Ukrainian Prime Minister visited Belarus – exactly at a time when Russia is running amok after Ukraine's decision to sign the Association Agreement with the EU instead of joining the Customs Union. Lukashenka assured Ukraine that Belarus has no complaints about Ukraine's decision in this regard.

Two weeks ago the Belarusian leader met his Kazakhstani counterpart to coordinate their positions with Moscow. Lukashenka continues to aggressively resist Moscow's pressure and, for its part, Moscow leaves him really [no other choice](#) if he wants to survive.

Demonstrative Belarusian support for Kyiv

Russia has just ended one more “customs war” with Ukraine. In its battle against Kyiv, it actively encouraged other members of the Customs Union – Belarus and Kazakhstan – to join in. However this move was all in vain as the Belarusian government agencies did not find anything harmful to human health in products of the Ukrainian confectionery giant “Roshen”, the same company which Russian state health agencies declared dangerous. Just before his visit to Kazakhstan, Lukashenka in an interview rebuked Moscow for its policies and explained

that he was not willing to blindly support Russia in everything it does.

Just before the visit of the Ukrainian Prime Minister, the main media outlet of the Belarusian government, Belarus Segodnya, quoted Lukashenka saying it was too early to judge the efficiency of the Customs Union. Given the timing and media which published the interview, it contained a clear message – even as a member of the Customs Union, Belarus reserves its right to judge critically this post-Soviet integration initiative.

Lukashenka added that even if Ukraine were to join NATO, Minsk would calmly watch from the sidelines. Azarov thanked the Belarusian leadership for its “calm stance” concerning Ukrainian plans on cooperation with the EU.

On the one hand, after this last trade war with Moscow, Kyiv is looking for allies among the members of the Customs Union. Azarov's visit demonstrates that Kyiv, despite rapprochement with the EU, wishes to develop relations with members of the Customs Union.

When Ukraine is moving westwards, Belarus is receiving all possible Russian subsidies as its major ally

On the other hand, political analyst Andrei Fyodarau speculated that the Belarusian leadership might be interested in Ukraine moving closer to the EU. After all, if Ukraine had joined the Customs Union then Belarus would [move down](#) on Russia's list of priorities. “But when Ukraine is moving westwards, Belarus is receiving all possible Russian subsidies as its major ally.”

This demonstrative [friendship with the Ukrainian leadership](#) conducting a pro-Western policy is not a new development in Belarusian foreign policy. Lukashenka also had good relations with the previous pro-Western president of Ukraine, Viktor

Yushchenko, who helped him establish a [close relationship](#) with another pro-Western leader – Georgia's own Mikheil Saakashvili. Regardless of who runs the Ukrainian state, Minsk has always cared about its relations with Kyiv in so much as it is interested in watching its own back in its dealings with Russia.

Minsk against the Customs Union

Another beneficial alliance which helps the Belarusian government to survive and fight back Russian pressure is its relationship with Kazakhstan. On 3-4 October, Lukashenka visited the country. This news once again resulted in discussion about Minsk and Astana allying themselves against Moscow.

Lukashenka and Nazarbayev went beyond simply bolstering bilateral relations. They also issued a statement that the [Customs Union](#) is an economic project and should not become political. Lukashenka is well known for resisting the creation of supranational organs in this Russia-led integration block.

Supranational organs threaten not only Belarusian sovereignty, but also Lukashenka's power. So far, he has widely used economic instruments to maintain his own power and prevented a massive takeover of Belarusian economic assets by Russian oligarchs despite the Kremlin's pressure, although in the end, he [sold Moscow](#) – after prolonged procrastination – some valuable assets such as Beltransgaz – the country's gas transportation pipeline. Further integration within the Customs Union may take from him a part of his economic power.

Political analyst Arseni Sivitski, who works at a new think-tank that is reportedly close to some quarters of the Belarusian ruling establishment, said on Radio Liberty: “It can be said that there was a kind of alliance founded to resist Russian efforts to enforce a form of political

integration, yet this alliance emerged already at the beginning of the Customs Union... This time, however, the criticism on behalf of Minsk and Astana was formulated clearly.”

Meanwhile, political commentator Alyaksandr Klaskouski warns that while Nazarbayev and Lukashenka might be forming an alliance against Russia – especially in relation to the possible expansion of the Customs Union, “they do not even trust each other.”

Tolgonay Umbetalieva, director of the Central Asia Fund for Democracy Development, believes that the alliance is not yet established and the partners are now studying each other. Because of disappointments with the Customs Union and concerns linked to harsh Russian policies towards Ukraine and Moldova, “Kazakhstan is looking for ground on which to establish a kind of alliance with Belarus to somehow resist Russia while avoiding disruption of its relations with Russia”.

Moscow is effectively hampering the development of Belarusian-Kazakhstani relations. For years, Belarus has tried to get oil from Kazakhstan since this would allow Minsk to diversify its oil sources. It would also be more profitable for Kazakhstan to get its oil processed in Belarusian refineries before selling it abroad – currently its sales to Europe are only in the form of crude oil. Russia is blocking this plan, and given the role of the oil industry in Russia, there is little hope that the situation can change.

In fact, Moscow displays no interest whatsoever in Belarus and Kazakhstan building strong states. It prefers to control weak countries. This policy of the Kremlin is increasingly pushing Russia's current allies to look for their future allies somewhere else.

Minsk Proposes A New World Order, Dazhynki Festival – Belarus State TV Digest

A visit by Lukashenka to Kazakhstan and economic integration within the Eurasian Union dominated the state television news last week. Belarusians could watch the head of state discussing the modernisation of Belarus and its plans for further optimistic co-operation with Astana.

Uladzimir Makei, Belarusian Minister for Foreign Affairs, called to remove sanctions against Belarus at the recent UN General Assembly in New York. The statesman also argued for a new world order, where countries with medium-sized economies would have a say.

The state media did not miss the release of Vaclav Klaus' latest book. The former president of the Czech Republic contested the European Union and called for the Czech Republic to leave the organisation.

Domestic Affairs

[Lukashenka softens on the exit fee at the Dazhynki harvest festival](#). Belarusians shopping abroad concerned Lukashenka and he was upset by the nearly \$2bn which the country's budget lost over the past year due to Belarusians shopping abroad.

However, at the Dazhynki press conference he spoke in a more soothing tone and explained the grounds for a system of taxation of the Belarusian shoppers who make purchases abroad. Lukashenka believed that if Belarusians would purchase more

Belarusian goods rather than those in Poland and Lithuania, the economic situation would be far different today. Thus the authorities will introduce some measures, but only on a temporary basis.

Lukashenka could not understand why Belarusians wanted to support the economy of the European Union by buying their clothes and other goods. "You have strong connections with German clothes... They are neither Polish nor Lithuanian clothes. but the whole European Union trades with us through them," he pointed out.

Belarusian economy is in the hands of Belarusians. The head of state discussed the possibility of the future devaluation of the Belarusian ruble, stating that it would depend upon the market's demand and supply mechanisms. Lukashenka explained: "the instruments [to avoid devaluation] are in your hands. If you will run out in the morning to various currency exchange kiosks and buy foreign currency, it will weaken our economy."

Belarus-Kazakhstan: do they want to change the geopolitical map of the world? Belarusian state television widely covered the "very warm meeting" of Lukashenka with the head of Kazakhstan, Nursultan Nazarbayev. According to journalists a more open or congenial partnership is inconceivable as both sides are very close to one another.

Maintaining positive relations with Astana are not an accident, as Kazakhstan remains an attractive partner as "one of the most powerfully developing economies" in the region. Belarusian state TV evaluated the current joint projects of both countries and drew attention to the exceptionally positive trade turnover with Astana. Both countries are seriously considering selling their goods on the Asian and EU markets. Lukashenka even pointed out a readiness to build logistic centres on the border with the EU.

New electoral code to the local elections. The state TV noted

that the next local elections will be held already in accordance with the amended electoral law. Journalists noted that the parliament had already approved them. The new law states that all candidates will need to disclose any criminal record that they may have and declare their source(s) of income. Journalists also pointed out the changes in the regulations on campaign funding. Now candidates will need to use private sources and will not receive state support.

Foreign Affairs

[Lukashenka on economic integration: it is necessary today](#). During his visit to Astana, Lukashenka gave an official interview to the Kazakh state television KZ24.

The head of the state discussed at length Belarus' remarkably good relations with Astana. Neither of them are competing with each other and this co-operation has its advantages. Lukashenka underscored the importance of integration in general and integration within the Eurasian Union in particular. In his words, economic integration based on the free movement of people, goods, services and capital can help to avoid future potential economic problems that can occur worldwide.

However, the head of state disapproved of introducing a common currency at that stage. In his words, the member-states have not yet established any supra-national structures. "We should remain independent and sovereign states", he emphasized.

[What is wrong with the EU](#). State TV journalists also reported on a book by former president of the Czech Republic, Vaclav Klaus, which will come out soon. They noted that the Czech politician was calling for his country to leave the European Union as Brussels interferes too much in the politics of their member-states and thus it undermined the principles of freedom and sovereignty of each nation. Journalists also noted that during his tenure as a prime minister, Klaus argued that the

entry of the Czech Republic into the EU was like a marriage of convenience.

[Minsk is calling for a new world order and removal of sanctions.](#) In his speech at the UN General Assembly, Belarusian Foreign Minister Uladzimir Makei, called for the establishment of a new world order. In his diagnosis, humankind has not kept pace with civilisation, and thus new mechanisms were needed.

He also lobbied for the removal of the sanctions from countries such as Belarus and Cuba, who “strive to form strong nations”. At the same time, the international forum should consider more seriously countries with medium sized economies. These countries de facto guarantee a multi-polar world order which may bring about stability and justice.

Makei argued that today states should focus more on issues such as migration, energy and employment, all carried out through global partnerships. Journalists noted that Belarus had already initiated a successful project against slavery and human trafficking.

Belarus Digest prepared this overview on the basis of materials available on the web site of Belarusian State Television 1 (BT1). Freedom of the press in Belarus remains restricted and state media convey primarily the point of view of the Belarusian authorities. This review attempts to give the English-speaking audience a better understanding of how Belarusian state media shape public opinion in the country.