

Freedom of Press, Lennart Meri Conference, Defence Industry – Ostrogorski Centre Digest

Over the last few weeks analysts of the Ostrogorski Centre focused on the treatment of the Chernobyl issue in Belarus' foreign and domestic policies, as 26 April marked the 30th anniversary of the disaster.

They discussed the recent Freedom House report on media freedom worldwide arguing that it wrongly ranked Belarus too low and showed how Belarus' defence industry demonstrated good results even despite Russia's restrictive measures.


On the 30th anniversary of Chernobyl disaster, Igar Gubarevich discusses the [return of Chernobyl issue to the list of Belarus' foreign policy priorities](#) after several years backstage. The treatment of the Chernobyl issue in Belarus' foreign policy is an example of good-quality diplomacy. When fighting for resources, Belarusian diplomats have learned to adapt their actions and rhetoric to modern trends and the new vocabulary of multilateral relations.

Artyom Shraibman [criticises the recent Freedom House global report](#), which ranked Belarus in the bottom ten countries in the world in terms of media freedom. Belarus provides complicated conditions for journalists' work, but journalism in Belarus remains a far less dangerous job than in many of the countries ranked more favourably in the report. The expert suggests that engaging more Belarusian experts and revising the questionnaire would help Freedom House fight stereotypes rather than spread them.

Siarhei Bohdan shows how the [Belarusian defence industry has succeeded](#) even while Moscow continues its policy of restricting access to Russian markets for Belarusian defence firms. Minsk is responding by cooperating with Ukraine, China and numerous developing countries. The Kremlin is effectively forcing Belarusians to distance themselves from Moscow and build the economic foundations for an independent state.

Comments in the media

Siarhei Bohdan comments for Polish Radio on the [possibility for Russia's hybrid intervention in Belarus](#) as a response to NATO activity on its western borders. Experts believe that the Crimean scenario is impossible in Belarus. It is more likely that Russia will be pushing Belarus to establishing military objects on its territory.

Yaraslau Kryvoi at the annual Lennart Meri conference in  Tallinn posed a question to the Foreign Minister of Poland Witold Waszczykowski about the [changing perception of Belarus in the new Polish Government](#). According to the minister, there is definitely a new perception of Belarus in Poland because of the new government which tries to open all channels of dialogue with Belarus to keep it as closely as possible to Europe.

Yaraslau Kryvoi comments on the [improvements in Freedom House rating for Belarus in 2015](#). The rating in the field of civil society grew due to the lack of political prisoners, increasing opportunities for civil society to raise funds inside Belarus and peaceful nature of the presidential election. He also explains the [situation with the Brexit referendum](#) and how it may affect Belarus to Belsat TV.

Ryhor Astapenia discusses on the Polish Radio the [feasibility of the construction of the Belarusian nuclear power plant](#), chances that authorities will support Belarusian language, why

China does not invest in the Chinese-Belarusian Industrial Park and how Belarusians should celebrate V-Day.

Ryhor Astapenia analyses the [chances of Belarusian opposition to boost people's support](#) at the time of economic difficulties. To become more popular, the opposition should become a consolidated force, demonstrate interest in the daily life of Belarusians rather than focus on geopolitical questions.

Ryhor Astapenia explains to thinktanks.by [why public administration in Belarus in its current form remains disfunctional](#). On a number of his examples shows that the government is unable to set realistic targets and ensure their implementation. This leads to a drop in public trust in the authorities.

Vadzim Smok explains to Radio Racyja [why the Belarusian authorities do not persecute DNR fighters and pro-Russian groups](#) in Belarus. These groups have the support of security forces, the Orthodox Church and the Russian government. In addition, they represent themselves as supporters of Belarusian authorities, although many of them deny the existence of Belarusian nation and statehood.

Siarhei Bohdan talks on Radio Liberty on [pro-Azerbaijan position of Minsk in the new escalation of Nagorno-Karabakh conflict](#) and Lukashenka's visit to Turkey. Analyst sees these action as a continuing attempt to keep Belarus neutral and stick to international law, rather than switch to the side of Russia's enemies.

✘ Ryhor Astapenia comments for Polish Radio on the [failure of Belarusian delegation at the new loan negotiations with IMF](#). Belarusian government does not want to take responsibility and tries to represent reform package as the IMF condition rather than urgent internal need.

Ryhor Astapenia talks on Belsat TV about the [upcoming](#)

[parliamentary elections in Belarus](#) and new elements of the Belarusian electoral legislation. He predicts that Belarusian authorities will allow a relatively free parliamentary campaign to make elections legitimate for external observers, yet vote counting will hardly become transparent.

Belarus Profile

The BelarusProfile.com database now includes the following personalities: [Anžalika Borys](#), [Andrej Bastuniec](#), [Mikalaj Chaliezin](#), [Jaŭhien Nieŭhień](#), [Viktar Šadurski](#), [Maryna Zahorskaja](#), [Alieh Trusaŭ](#), [Anton Matołka](#), [Alieh Hajdukievič](#), [Andrej Stryžak](#).

We have also updated the profiles of [Uladzimir Siamaška](#), [Uladzimir Siańko](#), [Iryna Tačyckaja](#), [Paviel Tapuzidzis](#), [Aliaksandr Fiaduta](#), [Andrej Jelisiejeŭ](#), [Anatoł Filonaŭ](#), [Valiery Fraloŭ](#), [Andrej Charkaviec](#), [Aliaksandr Cierachaŭ](#), [Valieryj Capkala](#), [Viktar Ciareščanka](#), [Mikalaj Čarhiniec](#), [Aliaksandr Čubryk](#).

Belarus Policy

The Ostrogorski Centre continues to update the database of policy papers on BelarusPolicy.com. The papers of partner institutions added this month include:

- Tacciana Čulickaja, Natallia Rabava, Iryna Vidanova, Uladzimir Kavalkin, Dzmitry Markušeŭski. [Advocacy in belarus: experience of civil society organisations](#). OEEC, 2016.
- Tacciana Čulickaja, Natallia Rabava, Ina Ramašeŭskaja, Uladzimir Kavalkin, Dzmitry Markušeŭski. [Analysis of the social service sector in the Republic of Belarus](#). OEEC, 2014.
- Kirill Shakhnov. [Belarusian business cycles in a cross-](#)

[country comparison: industry and aggregate data](#). BEROC, 2015.

- Yuri Tserlukevich, Ilona Babenko, Pengcheng Wan. [Is market timing good for shareholders?](#) BEROC, 2015.
- Aliaksandr Aŭtuška-Sikorski, Jury Čavusaŭ, Uladzimir Arciuhin, Aliaksiej Lašuk, Dzianis Mieljancoŭ, Vadzim Mažejka. [Biannual monitoring of the main trends BISS-Trends \(January-June 2015\)](#). BISS, 2015.

Think tanks in Belarus are encouraged to submit their research for inclusion onto the database by completing this [form](#).

The Ostrogorski Centre is a private, non-profit organisation dedicated to analysis and policy advocacy on problems which Belarus faces in its transition to market economy and the rule of law. Its projects include Belarus Digest, the [Journal of Belarusian Studies](#), [BelarusPolicy.com](#), [BelarusProfile.com](#) and [Ostro.by](#).

Nuclear Power Plant, Overdue Loans, Ease of Canadian Sanctions – Western Press Digest

Western media focused heavily this month on the current state of Belarus' economy and financial market. In addition, the anticipated removal of Canadian sanctions might serve as a stepping-stone for other Western nations to re-evaluate their current sanctions against Belarus.

In other news: the construction of a new nuclear power plant

in Belarus has caused controversy across the globe as we remember Chernobyl. U.N. human rights experts are also displeased with the recent execution of a prisoner, the results of Belarus' Eurovision contender.

All of this and more in the newest edition of the Western Press Digest.

International relations

[The Government of Canada is recognizing Belarus' role](#) – The *Global Affairs Canada* rewards Belarus for their facilitation of the Ukrainian ceasefire negotiations and peace agreement. This recognition will be seen through the removal of sanctions against Belarus, which have been in place since 2006.

In addition to Belarus' assistance in the Ukrainian crisis, Canada is also recognizing the release of political prisoners and closer adherence to international regulations during the October 2015 presidential election.

Economy and business

[Belarus' potential bond deal will hopefully help the economy](#) – *Reuters* reports on the potential sale of \$ 1 billion of bonds at yields under 7 percent. As the result of economic decline in the last two years, Belarus is hopefully that a \$ 3 billion support programme with the International Monetary Fund (IMF) will boost its economy. Currently, there is no anticipated timeline for an agreement with the IMF.

[Impact of Russia's recession and low commodity prices on Belarus' economy](#) – *The World Bank* has recently released an economic update report on Belarus which focuses on potential policy reforms that could help increase productivity and

employment growth in Belarus.

Specifically, expansion into new markets coupled with the upgrade of internal goods produced will require state-owned enterprises (SOEs) to restructure. This restructuring will hopefully assist with a return of competitiveness in the market with the goal of reduced support from state subsidies. In addition, increased foreign investment through joint ventures and reforms will ultimately help foster growth.

[Government spending cuts for June](#) – The proposed cuts by Finance Minister [Uladzimir Amaryn](#) are anticipated for June of this year. Amarin wishes to cut government expenditures by 7-8%. The cutbacks are a result of revised budget calculations for oil barrel prices, as confirmed by *Reuters*.

[The increase of overdue loans is placing strain on the Belarusian central bank](#) – *Bloomberg* reports on the Belarusian central banks growing concern of increased pressure on the financial industry as a result of overdue loans. The bank has tried to stabilize the financial system through controlling the money supply in addition to relaxing the exchange rate. The ultimate goal is to restore the general populations' trust in the Belarusian Ruble.

Security and Defence

[Belarusian Parliament introduced a new military doctrine](#) – *DefenseNews* discusses Belarus' new military doctrine, which prohibits the Belarusian military from engaging in foreign operations. Armenia has criticised the passing of this doctrine as it challenges the obligations set forth by the Collective Security Treaty Organisation (CSTO) established in 1992. Armenia's concerns come as a result of renewed conflict in Nagorno-Karabakh. The resurgence of military activity between Armenian and Azerbaijani forces has undoubtedly caused Armenia to re-validate current security agreements to ensure

allied support.

Civil society and culture

[Anti-government opposition calls on Belarus' prosecutor to ban the Russian biker club Night Wolves](#) – The Belarusian People's Front party is advocating the ban of the pro-Putin Russian biker club Night Wolves. The club has been accused of extremist behavior resulting in the Polish Government denying them access to journey through Poland for their yearly recreation of the Soviet Red Army's march towards Berlin in WWII.

The journey through Belarus is an integral part of the Night Wolves' recreation of the Soviet march. The club had not seen any resistance from Belarusian authorities until the request was issued by the People's Front as reported by *Newsweek*.

[Belarusian charged with fighting alongside Ukrainian extremists](#) – *Radio Free Europe/Radio Liberty* confirms the sentencing of Taras Avatarau to five years in prison following a Minsk district court ruling. The accused stood trial for assisting the Ukrainian extremist group the Right Sector through trafficking weapons and other explosive materials. In addition to trafficking, Avatarau was cited as engaging in combat against Russian separatists in Ukraine's regions of Donetsk and Lukansk. The Right Sector has been labeled and banned in Russia as a terrorist organization.

[Belarus execution criticised by U.N. rights expert](#) – The *Associated Press* reports on the reaction from U.N. human right experts about an execution of a suspected murder in Belarus. The execution of Sergey Ivanov on 18th April, has re-surfaced discussions around Belarus and continued human rights violations. The victim's brother had appealed to the committee on the grounds that Sergey's trial was unfair. This event serves as a reminder that Belarus remains the only country in

Europe that continues to apply the death penalty.

[Belarusian Eurovision entry Ivan has been criticised](#) – *The Telegraph* reports on Eurovision's contestant Ivan for his desire to perform on stage naked while accompanied by two live wolves. Ivan's vision for his onstage performance was a clear violation of Eurovision's staging rules. Ivan's last competition was held on 12th May for the second Semi-Final. Ukrainian singer Jamala won Eurovision on 14th May.

[The construction of a new Belarusian nuclear power plant](#) – The *BBC* examines the construction of a new nuclear power plant in Belarus near the town of Ostrovets in the Hrodna Voblast. The construction is reminding the world of the events that transpired in Chernobyl in 1986. The Government of Lithuania is interpreting the construction of Ostrovets, which is roughly 50km from Vilnius, as a security threat. The BBC outlines the design of the plant in the April version of *BBC Magazine*.

[An international criminal conspiracy](#) – The *Pittsburg Post-Gazette* discusses the usage of computer malware the arrest of two citizens of Belarus in Westmoreland County, Pennsylvania. The suspects, Aleskey Yaroshevich and Egor Pavlenko were arrested by the FBI as part of an initiative to halt the theft of money through the distribution of malware software on the Internet.

Aaron Ostrovsky

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Charnobyl 30 Years Later – Belarus Photo Digest

On 26 April 1986, an explosion at Charnobyl Nuclear Power Plant released huge amounts of radiation into the atmosphere contaminating large territories of Europe. Belarus ended up the most badly affected taking 70% of the fallout from the power plant.

The Soviet Union sought to cover up the accident. The news about the explosion came out only two days later, after Sweden registered an increase in radiation levels on its territory. The evacuation of the population in the immediate vicinity of the plant began only several days later.

Among the health effects of Charnobyl was a spike in thyroid cancer, especially among children. Among the political effects was growing distrust of the Soviet authorities. In 2006, Mikhail Gorbachev went as far as to call the accident “the real cause” of the Soviet collapse.

Although the power plant was located in the Ukrainian town of Prypyac, two thirds of the fallout landed on Belarusian territory. Photographer Siarhei Leskiec documents life in the contaminated parts of Belarus today, thirty years after what is considered the worst nuclear plant accident in history.







About the photographer: Siarhei Leskiec is a freelance photographer whose work focuses on everyday life, folk traditions, and rituals in the Belarusian countryside. Originally from Maladzieczna region, he received a history degree from Belarusian State Pedagogical University.

Belarus Struggles to Reduce Energy Dependence on Russia

At the end of 2015 Belarus published a new energy security concept according to which it remains a country with a critical level of energy dependence.

90 per cent of Belarusian energy imports come from a single supplier – Russia. Moreover, a third of export revenue is traditionally generated by refining Russian oil.

The authorities prefer to retain the status-quo as an easier and conflictless strategy, but the need to strengthen statehood will sooner or later require a solution to this deep problem.

Dramatic energy dependence on Russia

As the newly published Concept notes, Belarus has a critical level of dependence in most aspects of its energy security. Currently, 90 per cent of imports of all energy resources come from Russia. Moreover, Russian natural gas accounts for 90 per cent of heat and electric energy production.

The growth of energy independence and diversification of suppliers should become a strategic goal for the government in the coming years. The new Concept sets concrete goals up until 2035. Belarus plans to reduce the share of Russia in its energy imports from 90 per cent to 70 per cent. Most strikingly, the government plans to reduce the share of gas in production of electric and heat energy from the current 90 per cent to 50 per cent.



Another related problem the authorities will have to deal with is high energy consumption in the economy. [The heavy industries](#) built in the USSR consume huge amounts of energy, and many of them work on decades-old, outdated technologies.

For example, Hrodna Azot, a chemical industry enterprise, consumes 10 per cent of all imported gas. Apart from high energy consumption, these demand large state subsidies and demonstrate low economic efficiency. Reform of these industrial giants would resolve a whole bunch of problems, but the government [seems unwilling](#) to do that due to high social costs.

Belarusian citizens will also have to change their energy usage habits. The population has for a long time enjoyed discounted prices on public utilities for home use, including

energy, as a part of the government's social policy.

While an average Pole or Lithuanian has to pay \$160-170 for communal services, Belarusians currently pay only around \$40. This has caused much criticism from market reform advocates and international creditors of Belarus. Finally, the government has agreed to reform this sector and citizens are seeing their bills grow constantly.

Petroeconomy and the EEU market

In the last decade oil products have accounted for a third of Belarusian exports and brought in up to \$16bn of revenue annually. Together with potash, oil products [filled the Belarusian budget](#), allowing the government to keep a tight grip on the economy without introducing reforms, and preserving the loyalty of citizens.

Russia, of course, remains the cheapest and most profitable option for Belarusian oil refineries located in Mazyr and Navapolack. At times of economic tension, Belarus has in the past attempted to threaten Russia with turning to alternative sources of oil. In 2010-2011 Minsk shipped [oil from Venezuela](#) and Azerbaijan decision that had no economic grounds but brought political results eventually, as Russia returned to more favourable contract terms with Belarus.

However, the Belarusian oil business now faces a number of challenges. Belarus as a member of the Eurasian Economic Union (EEU) remains in an unfavourable position as regards oil consumption. The single market of energy resources in the EEU will come into force only in 2025, a condition that Russia insists on and Belarus [strongly opposes](#).


More fundamentally though, the sector itself presents a bigger

problem for Belarus. Reliance on Russian oil as a major export commodity means backwardness in other sectors, dependence on oil price jumps and of course the supplier. The current drop in oil prices and subsequent economic decline present a good lesson for the Belarusian leadership, but will they learn from it?

Will nuclear power plant increase energy independence?

In the early 2010s a new nuclear power plant (NPP) was proclaimed as the hope of the Belarusian energy sector. It is intended to cover a quarter of the country's energy needs, with its first reactor to be launched in 2018.

However, the case for energy independence in this instance looks doubtful, as Russia [remains the key actor](#) at all stages of the project's implementation. Russia provides its design, supplies its most important components, as well as the nuclear fuel. Finally, the whole project is financed by a \$10bn Russian loan.

An expert from the Institute of Energy at the National  Academy of Sciences who wanted to remain anonymous told Belarus Digest that Belarus can in fact purchase uranium elsewhere, but the issue of utilisation of exhausted fuel will remain nevertheless.

Besides, the NPP is located only 55km away from the Lithuanian capital Vilnius. This poses a number of other security threats which the Belarusian authorities prefer not to talk about. Lithuanian officials and NGOs have been criticising Belarus since the project's inception, saying that Belarusians have not properly assessed the environmental impact of the NPP and do not want their neighbours to get involved.

Belarusians never witnessed a real public debate on the NPP, rather ridiculous for a nation that suffered dramatically from the Chernobyl disaster. Yet the plant may in the end prove to be the [lesser of two evils](#) compared to gas and oil dependence.

Can Belarus become energy independent?

Belarus remains trapped in energy dependence primarily because of the inertia of its leadership, who are scared to change the status-quo and implement sector reforms. High revenues from oil could be used to develop alternative and local energy resources, which Belarus uses to a minor extent. Belarus has natural resources which have fine energy potential: rivers, woods, swamps and biomass.

Energy efficiency, which the authorities like to talk about but fail to introduce, should become a technical standard in all spheres, from construction and transport to agriculture.

Alternative and green energy is the area where the European Union has vast experience and [will be eager to assist](#) in both expertise and financing. For example, the EU has allocated €8m for local development projects in 2014-2017, where energy is a priority area. Belarus could receive many more funds for green energy were it to demonstrate real interest in cooperation in this area.

Large enterprises with old energy-consuming technologies should be reformed and replaced by an economy based on small and medium business, the service sector and IT. In the long run, this would not only reduce energy consumption, but would also change the structure of budget revenues and dependence on oil refineries.

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but fail to introduce, should become a technical standard in all spheres, from construction and transport to agriculture.

Last but not least, Belarusians should learn how to save energy – something they had no need to know about in the state-run economy. Raising energy prices to market levels should be accompanied by comprehensive education programmes to teach the population how to live in a new energy reality.

Belarusian Satellite, Multiple Rocket Launchers, Nuclear Plant – State Press Digest

Belarus leaders develop closer defence industry cooperation with China and do not want a Russian airbase on their territory.

Although Belarus has no alternative to integration with Russia in the foreseeable future, the two countries different economic models and the ideas vacuum in Eurasian integration make integration with Russia a challenging undertaking. In 2017 Belarus will launch a satellite and in 2018 the first block of a nuclear power plant will start operating near the Lithuanian border.

Refugees from Syria, Ukraine and other countries seek shelter in Belarus. The disabled have difficulties with accessing the entertainment places. All of this and more in this edition of State Press Digest.

[Lukashenka inspects the production of multiple rocket launchers.](#) *Belarus Segodnia* highlights the visit of Lukashenka to the defence industry plant in Dziaržynsk to check the development of the Palanez launcher. Belarusian specialists claim this is one of the most modern and powerful rocket systems in the world. Moreover, Belarus soon hopes to start the autonomous production of rocket engines. Belarus has been developing Palanez with [Chinese assistance](#) after Russia refused to transfer to Belarus a similar defence system.

✘ Now, as Russia is [pushing for an airbase](#) in Belarus, Lukashenka tries to find more arguments to impede this initiative: “We have an exclusive defensive strategy, and it means that it should be able to cause unacceptable losses to the enemy. What is an airbase today? The jets will be shot down at the very beginning of the conflict. But this (Palanez) is a supermodern machine”, Lukashenka said during the visit.

[Union of Belarus and Russia has no alternative.](#) *Soyuz* newspaper gives an interview with Moscow-based political scientist of Belarusian origin Kiryl Koktyš on the future of Belarusian and Russia integration. Although the post-Soviet states have developed a number of integration projects like the CIS and the Eurasian Economic Union, the Union State of Belarus and Russia remains the most successful project in the social sphere. It gives both state's citizens equal rights in property, education and healthcare.

However, the expert notes that the economic models of Belarus and Russia, state capitalism and liberal capitalism respectively, are barely compatible for deeper integration. The EEU, initially a liberal economic model, cannot currently be implemented because of Western sanctions. It needs state protection and will likely be based on Belarusian experience of economic management in future. Yet at the moment a union economic ideology is absent.

Speaking of the [removal of sanctions](#) from Belarus's political

leadership, Kiryl Koktyš opined that it will not bring a close association between Belarus and the EU. Europe and the West in general are not ready to pay for loss of values, as the Ukrainian case demonstrated perfectly. So Belarus will remain in Russian orbit without any major shifts.

[Nuclear power plant to start in 2018.](#) *Belarus Magazine* publishes a report from the construction site of the nuclear power plant near Astraviec town on the border with Lithuania. Currently around 4000 workers are involved in the construction and next year 8000 will be working there. The first power block of the plant will be launched in 2018. The project proposes a threefold growth of the town's population to 35,000 until 2020.

Thanks to the nuclear plant Belarus will reduce its gas consumption by 5 bn cubic metres annually, and thus will strengthen energy independence. However, state journalists always forget to mention that the plant is built using [Russian technologies](#) and will generate energy from Russian uranium, so dependence will continue.

[Belarus will launch its spacecraft in 2017.](#) *Soyuz* newspaper  writes on the meeting of CIS representatives on space cooperation which took place in Minsk. Currently, Belarusian academics in cooperation with Russian corporation Roskosmos are developing a satellite. It will become the first model of the Belarus-Russia space group. It is designed to pick up the sounds of earth from a distance and is expected to be launched in 2017. Roskosmos head Igor Komarov emphasised that the Belarusian hitech plants [Integral and Peleng](#) remain strategic suppliers of Russian space industry.

[Disabled people cannot enter nightclubs in Belarus.](#) *Belarus Segodnya* writes about the problems of disabled people who have restricted access to places of entertainment. The newspaper provides a number of life stories of people who could not get into night clubs. The security teams of the clubs blamed

suggest strange reasons for not admitting the potential disabled clients, saying that they are “unable to provide sufficient safety to the disabled” or “ they look unwell”. Human rights activist Siarhei Drazdoŭski says that ethics of [treating the disabled](#) is unknown among most public and private actors in Belarus.

✘ [Homiel centre of adaptation and rehabilitation accepts refugees](#). *Belarus Magazine* tells the stories of families from various countries who chose Belarus as a refuge to escape conflicts in their homelands. Homiel region bordering Ukraine is usually the first destination for Ukrainians from the Donbas. The Belarusian authorities usually offer them [work in agriculture](#) where Belarus has a drastic shortage of workers. Meanwhile, Belarus also accepted 14 Syrians and around 100 more applied for refuge. According to the joint project with the United Nations, the government provides them with new flats, monthly financial help and adaptation services.

[Top businessman and senator from Hrodna arrested](#). *Vecherniy Grodno* newspaper writes about the arrest of one of the biggest businessmen from Hrodna, Andrej Paŭloŭski. According to the KGB he evaded taxes of up to \$8,2m in recent years. With companies from 8 other countries he organised a grey scheme of import and selling agricultural products. Andrej Paŭloŭski was the second most influential businessman in Hrodna region and also a member of the Council of Republic, the upper chamber of the Belarusian parliament, since 2012. During the last year and a half he became the third senator to be deprived of parliamentary privilege on the grounds of criminal persecution.

The State Digest Digest is based on review of state-controlled publications in Belarus. 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.

Kiryl Rudy Wants To Attract Emigrants Back to Belarus

On 5 February, Lukashenka's economic advisor Kiryl Rudy published his ideas in the National Strategy of Sustainable Social and Economic Development until the year 2030.

A young economist with an academic background and experience working in China is supposed to transmit the Chinese experience of economic development to the gradually declining Belarusian model.

His ideas indeed appeared to be fresh for Belarus, although they are also widely used by other governments and have been for some time. For example, he suggested to focus on the high-tech sector of the economy, and boost the potential of the Belarusian workforce by educating Belarusians in the best universities in the world and attracting internationally successful compatriots to invest in Belarus.

However, experts and the general public received these ideas with a fair amount of scepticism. They agree that no external factors can change the Belarusian model unless the inner system of government itself changes.

A good example of this occurred recently when Lukashenka accepted that the Belarusian government failed in properly developing the Belarusian-Chinese Industrial Park, seen as a strategic project for the economy.

The Young Chinese Hope

On 10 June 2013, 35-year old Kiryl Rudy was appointed Lukashenka's economic advisor. He replaced Siarhiej Tkačou,

who often spoke of Stalin's economic model as an example for economic development. Rudy presents has had a rather unusual career path for a Belarusian official. He does not come from the Soviet nomenclatura or security services.

A successful young scholar, Rudy received his candidate of science degree (a near equivalent of a western Ph.D) at age 23 and the more advanced doctoral degree at 33, specialising in finance and loans. Moreover, Rudy was on a Fulbright fellowship at the University of Chicago. He became the youngest person occupying a senior position in the Belarusian government, and in fact the only one, who has studied in the US.

Rudy was on a Fulbright fellowship at the University of Chicago

Former Head of National Bank and oppositional United Civic Party member [Stanislaŭ Bahdankievič](#) remembers him as a smart, modern, hard-working student who successfully defended his thesis. It would be great if the government lends an ear to what he has to say. Such people should be involved in the government," Bahdankievič said about Rudy.

In recent years Rudy worked as economic adviser at the Belarusian embassy in China. He also participated in the elaboration of the [Belarusian-Chinese Industrial Park project](#). Later, he worked on a Chinese business project in Belarus as the deputy director for the Bel Huawei Technologies company.

During Rudy's appointment Lukashenka pointed out that Belarus is interested in taking the Chinese path for its economy and could learn much from its experience of economic development. Therefore, his appointment can be considered an attempt to extend relations with China and introduce Chinese experience to the steadily declining Belarusian economic model.

Belarusians, Please Come Back Home

In December 2013, the government established a working group to develop a National Strategy of Sustainable Social and Economic Development until the year 2030. Kiryl Rudy became one of the leaders of the group. On 5 February, he published his ideas for the strategy in the largest official newspaper Sovetskaya Belorussia (Soviet Belarus).

Rudy thinks that Belarus can take the Global competitiveness index as a benchmark and set a goal to get into the top 30 of the index by 2030. According to Rudy, this can be achieved by focusing on a few key sectors of the economy that can benefit Belarus the most.

Among them he names four – first, services (construction, transport, trade), traditionally the sector of small and medium private businesses. Second, energy, and particularly [nuclear power plants](#) and related projects. Third, the high-tech sector, which is supposed to be developing through the Belarusian-Chinese Industrial Park project. And fourth, informational technologies, where Belarus has a good educational infrastructure, as evidenced by the success of the [Belarusian Silicon Valley](#).

Rudy proposed to develop local personnel through a program of government-financed training for Belarusian specialists abroad

To raise the competitiveness of the Belarusian economy, Rudy thinks that the government should invest in education. Many Belarusians, who have left the country in search of work, had a strong educational background, one which they received in Belarus. Another method would be to develop local personnel through a program of government-financed training for Belarusian specialists abroad. Rudy provided examples from China and Kazakhstan as countries that are employing these very practises.

"Imagine if a graduate of ours returns from a top-tier university, say Cambridge, and he is appointed the head of a

department in the Minsk City Executive Committee. He would create a serious imbalance in the internal forces there, yet he would make people look at themselves and the world around from a different perspective," Rudy said in an interview to Belarus 1 TV channel.

His third idea for boosting domestic economy sparked the most comments on the Internet. Rudy suggested to attract emigrants back who left Belarus after the USSR's collapse. Many of them have become successful internationally, and could be interested in investing in Belarus, provided that favourable conditions are created here.

Nothings Will Change While the System Remains

Such public presentations of ideas for the country's future appear all fine and dandy, as the government does not like any publicity when it comes to its own public policy making. However, experts consider them insufficient for the creation of a real strategy.

Ina Ramašeŭskaja, a research coordinator for the Belarusian Institute for Public Administration Reform and Transformation, says that Rudy's suggestions lack one essential point – a real analysis of the key problems. More precisely, what is wrong with the current personnel system, which competencies, knowledge and skills the new specialists should possess, and what specific goals they should set out to achieve.

As official discourse has proven, the government regularly fails to understand this problem and does not want to publicly analyse it. It thinks the problem lies somewhere outside of the current political system, and the solution should be found elsewhere.

Ramašeŭskaja believes that some Belarusians who have achieved success abroad would indeed be interested in participating in Belarusian reforms, but no one is actually going to reform anything.

Meanwhile, commentators on the Internet appear to be more sceptical about Rudy's idea. People say that the situation which has arisen, one where the public administration lacks the necessary qualified personnel is a natural outcome of the existing system. Consider the fact that many bureaucrats have been imprisoned for minor offences and will never ever take a public office.

Many business managers have barely escaped abroad and in doing so have saved their businesses from pressure. The system excludes talented and people with initiative, but warmly welcomes loyal and passive servants. And nothing will change while the current system remains.

Belarus-China Industrial Park Fails?

Meanwhile, the first results of the building of the "Chinese dream" for Belarus seems to be crumbling. On 14 February Lukashenka held a council on the implementation of the Belarusian-Chinese Industrial Park project.

Lukashenka expressed his dissatisfaction with the work done thus far, and called it, "another disgrace by the government." The countries signed an agreement on the creation of the Park in 2010, and now with four years having already passed, there has been no progress made.



"If the hotheads who initiated this project cooled down and think that we do not need the project anymore, just tell it straight to my face right now," Lukashenka said. He warned the government that he will not let them finance the project from the state budget since it badly lacks the necessary funds.

Lukashenka said that this should be a purely commercial project without any politics and Belarus will not take Chinese credits at 5% interest, as their Chinese partners have

apparently been offering.

The project was intended to attract investment, but it seems that foreign capital has been taking its time before daring to invest in it. Lukashenka threatened the officials in his famous style: "I guarantee you that if you fail at this job again, I will force you work in this park."

The regime tries to engage new people in the government hoping that they will change the situation without changing the system, just by the very nature of having fresh perspectives around. But since the problem lies much deeper than this, young educated professionals will hardly make a breakthrough in a bureaucratized authoritarian environment. Belarus needs profound reforms in its government, and at the moment such reforms seem very unlikely.

Belarus On the Russian Energy Needle

This year, Russia agreed to supply Belarus with discounted oil only for the next six months, rather than for the whole year.

The size and conditions for further shipments will depend on Belarus' participation in specific integration projects and the sale of several companies to Russia. All of this shows how the Kremlin uses Belarus' energy dependence to get what it wants.

Energy remains an area in which Russia has a very strong position in Belarus. Russia dominates the nation's gas infrastructure, oversees the work of its oil refineries and

has significant influence on its electrical industry.

Although the building of a nuclear power plant looks economically beneficial, Russia's control over the project, combined with Belarus' doubtful ability to repay the accompanying \$9bn loan, raises many questions.

Currently, Russia is not using all of its energy potential to blackmail Belarus. Kremlin has possibilities to bankrupt not only individual Belarusian enterprises, but also the entire country. The Russian energy needle will remain a significant factor in the geopolitical choice of Belarus today and even after Lukashenka's reign.

Gas Weapon

Russia almost completely controls the gas infrastructure of Belarus. Gazprom is the sole supplier of gas to Belarus, a Russian monopoly has controlled the Yamal transit pipeline since its inception, and after the acquisition of Beltransgaz, Gazprom owns almost all the pipeline in Belarus. Beltopgas, a small state-owned enterprise, which is primarily engaged in the production of peat, remains in charge of small gas supplies.

Gas trunklines in Republic of Belarus



Source: gazprom.com.

Although Gazprom became a monopoly in Belarus, it is not pushing prices higher. Belarus receives natural gas cheaper than any other country in Europe. In 2014 Belarus pays only \$ 167 per thousand m³.

Russia at present does not use its full control over the gas infrastructure for political or economic blackmail, although it remains possible in the future. Under the current

conditions, Gazprom can arbitrarily change the prices, which could force some enterprises to go bankrupt or perhaps even the whole country. The Russian monopoly has its finger on the gas artery of Belarus and at any moment can click on it to implement Russian interests in Belarus.

Gas pricing in the Eastern Europe in 2014

Country	Gas Price
Belarus	\$167
Ukraine	\$268.5
Poland	about \$500
Lithuania	about \$500

Sources: Official documents and mass media publications

Gazprom remains the pioneer of Russian big business in Belarus. The Russian monopoly has been steadily upgrading the Belarusian gas transportation system, investing in the banking sector, [raising the salaries of Belarusian employees](#). The corporation conveys a simple message from the Russian government to Belarusian society: selling Belarusian enterprises leads to better welfare.

Black Gold Influence

Belarus' dependence on Russia in the [oil industry](#) remains less significant than in case of natural gas. Although Russia is the only supplier of oil to Belarus right now, the oil infrastructure belongs predominantly to Belarus. As in the case of gas, Russia decides how much and at what price to deliver raw materials to Belarus depending on the state of their relations.

The Belarusian state independently controls the Navapolatsk refinery and has a majority stake in a refinery in Mazyr. Russian company Slavneft, controlled by GazpromNeft and Rosneft, owns 42.58% of the shares of

the Mazyr refinery. Part of the Druzhba pipeline, which goes through the territory of Belarus, remains under control of the Belarusian authorities.

Annually, Russia delivers enormous volumes of oil to Belarus. In the first half of 2014, Russia will supply 11.5 million tonnes of crude oil to Belarusian refineries. At the moment the parties have not announced the price of oil, but certainly this price will be sufficient to ensure the functioning of the [most profitable Belarusian companies](#) in 2013 – Mazyr and Navapolatsk plants.

The Kremlin wants to achieve the same position in the oil industry as in gas – to take control of the entire oil infrastructure of Belarus. It is a rather straightforward position to hold as only Russian shipments to Belarusian refineries remain economically meaningful. In 2010-2012 Belarus bought [oil from Venezuela](#), though it was not very economically feasible nor did it make economic sense, even though it became a big challenge for Russia.

Small Opportunities for Energy Independence

In 2010, the period of dialogue with the West and during its strained relations with Russia, the Belarusian authorities adopted a strategy for developing the energy potential of the Republic of Belarus. This strategy aimed at modernising the antiquated energy sector and diversify its energy supply away from Russia. However, the strategy proved to lack any economic commonsense, and therefore the authorities refused to implement it.

Belarus has several wind turbines and 49 hydropower plants throughout the country, but they do not play a significant role in the energy security of Belarus. Belarusian officials do not know how to talk to businessmen and this further increases Belarusian dependence on Russia.

German firm Enertrag planned to build a wind energy park near

Minsk Park, an investment that would have been about € 360 million. When the firm had already spent about € 300 thousand, authorities abandoned the project, justifying backing out due to the potential barriers of a military radar that was located nearby.

Belarus has the necessary infrastructure to provide itself with electric power. However, Belarus creates electrical energy primarily by burning gas. This means that in this area Belarus' opportunities to achieve greater energy independence remain quite feeble.

Belarus imports a small portion of its electricity from Russia and other countries. In a bizarre incident, in 2009 the Russian authorities claimed that the unauthorised transit of the electricity produced in third-party countries for Belarus was going through the territory of Russia. Unfortunately, the Kremlin did not disclose any of the details of these cases and no more information has been made public.

Constructing a nuclear reactor using Russian specialists on Russian money still cannot help provide energy to all of Belarus, but at the moment remains the only chance Belarus has to diversify its energy supplies.

At the same time the results of the agreements signed by Russia and Belarus gave the Kremlin control over the export of energy created in the Astraviets Nuclear Power Plant. Energoconnect, the Belarusian-Russian joint venture, oversees the export of Belarusian electricity. Although the Belarusian economy remains interested in the construction of the nuclear power plant, the authorities still face a problem with repaying a \$ 9bn loan that it has received from Russia for the construction of the plant.

The absence of energy independence has left Belarus in limbo. Even if pro-Western politicians come to power, they will be forced to reckon with their dependence on Russia in such a

sensitive area as energy. There is no doubt that in case of the elites' desire to bring Belarus closer to the EU, Russia will fully use its energy potential for blackmail. Belarus will have serious problems getting off of Russia's energy needle.