

# Opinion: Does Russia Want EU Sanctions Against Belarus?

Yesterday Russia's Prime Minister Vladimir Putin talked with Alexander Lukashenka over the telephone. On the same day Lukashenka announced at a meeting with Belarusian foreign policy officials that he may release some of Belarus' political prisoners.

The relation between these two facts is unclear. However, this coincidence once again provokes thoughts as to Russia's real and possible role in influencing the Lukashenka regime.

Over the past few weeks Russia has called upon the EU several times to lift sanctions against Belarus and start a dialogue with Lukashenka. This demand was made by Russia's foreign ministry, in a joint statement with Belarus and Kazakhstan, and in a joint statement by Medvedev and Lukashenka.

It can be argued that these calls clearly contradict the most popular argument for the lifting of economic and political sanctions against Belarus. The argument says that the Kremlin is interested in [strengthening the sanctions](#) against the regime in Minsk. Sanctions would strengthen the dependence of Belarus on Russia and enable Russia's businessmen to get [access to the privatisation](#) of strategic Belarusian enterprises.

In fact, Russia is strategically far more interested in the West lifting its sanctions on Minsk. Belarus plays an important role in Moscow's long-term vision for Europe, where Russia, its post-Soviet satellites and the EU would create a common economic area. For this, Russia needs Belarus to be eventually accepted as a legitimate participant in the integration between the European Union and a Russian-led bloc of post-Soviet countries. This may be the strategic reason why

Russia is interested in Lukashenka's eventual resignation – but not before having Belarus' key companies land in the hands of Russian investors.

## **Russia's long term foreign policy strategy: EU + Eurasian Union**

Putin's articles show the two main directions of the Kremlin's foreign policy for the coming years. One concerns the traditional integration (as is stated, mainly economic) with former Soviet republics. This includes the construction of a single economic area with Belarus and Kazakhstan, with a possible future involvement of other countries, especially Ukraine.

The second vector, which usually remains in the shadows, is economic integration with the European Union.

In his recent article about Russia's foreign policy, published by the newspaper *Moskovskie novosti*, the President-elect Vladimir Putin wrote the following:

*Russia proposes to move toward the creation of a common economic and humanitarian area from the Atlantic to the Pacific – a community which the Russian experts call the Union of Europe.*

Prior to that, Putin wrote the same in an article published by *Izvestiya* which was dedicated to the possible creation of a post-Soviet integration body referred to as the Eurasian Union:

*The Eurasian Union will be based on universal principles of integration as an integral part of Greater Europe, united by shared values of freedom, democracy and the laws of the free market(...)*

*The Customs Union [of Russia, Belarus and Kazakhstan] and later the Eurasian Union will be the party holding the*

*dialogue [on the creation of the common economic area] with the EU from our side.*

We can conclude that in the long run, current Russian foreign policy is aimed at some form of economic convergence between the EU and the would-be Eurasian Union.

Russia (the Russian elite) has perhaps even stronger ties with the EU than with the countries of the former Soviet Union. Western Europe is the main market for Russia's exports, the source of investment and technology. The EU attracts Russians by its lifestyle, investment opportunities and education.

Russia has not recovered from the gloomy 70 years of communism and is not able to form a separate civilization. In today's globalising world it will therefore inevitably see itself more and more as a distinctive part of European civilization and strive to integrate with other European countries, given its closer ties to them than to the Muslim East or China.

### **Lukashenka as an Obstacle to the Implementation of Russia's Strategy**

Needless to say that Belarus, at the junction of the European Union and the so-called Russian "near abroad", plays a notable role in this picture. If not a nodal point, it can (and has) become an obstacle to the realisation of Russia's strategy of building a "harmonious community of economies from Lisbon to Vladivostok" Putin writes about.

Russia is interested in Belarus as a full-fledged subject of the pan-European economic integration process. Economic and political sanctions against Belarus are clearly inconsistent with Moscow's vision of a future Eurasia.

Thus, Russia is naturally interested in the lifting of Western sanctions against Minsk. The question is what the costs and the instruments available to do this are.

Obviously, there are two options with regards to how to get the sanctions against Belarus lifted. One is to force the regime in Belarus towards democratisation. The other is to force the West to accept Lukashenka as a full and respected partner in pan-Eurasian integration.

The second approach has been repeatedly tried in the past years and has consistently proven to be ineffective. It is likely that Russia would oppose, and possibly prevent the imposition of, new sanctions by the West against Belarus. But Russia will never succeed in returning Belarus to the status of a full member of the Eurasian-European integration as long as Aliaksander Lukashenka remains president of Belarus.

Forcing Lukashenka to dismantle his authoritarian regime (and, if possible, to resign) is the only measure that ensures the lifting of sanctions against Belarus. It is easier for Russia to help Lukashenka resign rather than trying to force the EU to engage in a dialogue with his regime, which has proven to be absolutely unable to negotiate, naively referring to "artificial barriers to trade".

### **What Stops Russia from Making Lukashenka Resign**

It took the Russian government ten years to realise that the construction of a "Union State" between Belarus and Russia has no future. Let us see how long it will take to realise that the easiest way to get the sanctions against Belarus lifted would perhaps be to join these sanctions at first.

The only thing that stops Moscow from deciding the fate of Lukashenka is the illusion that he may give Russia preferential access to the privatisation of the few attractive assets in Belarus. This presents a contradiction between the strategic interests of Moscow in pursuing pan-Eurasian integration and tactical interests in the privatisation of specific assets by Russian companies. This is the issue which provides the main uncertainty for the coming one or two years

and the only area for speculation by Lukashenka's regime.

One must realise that the contradiction is not stable and cannot last too long. For instance, against the status quo works the critical situation of the Belarusian economy. In addition, Russia may soon find out that negotiations on the privatisation of strategic companies would be far more productive with almost any future government of Belarus. Most importantly, deals with a future government would be less likely subject to a future revision and cancellation – never forget that Lukashenka has been holding his position illegally since 2006 or perhaps even 1999.

Despite a common discontent with the situation in Belarus, the West and Russia have been [reluctant](#) to publicly cooperate on this issue or to even form a single position. One may argue that no change may be expected until the international community acts jointly and leaves Lukashenka with no space for manoeuvring between Russia and the West.

---

## **EU-Belarus Relations: Playing Hardball**

EU travel ban against 21 Belarusian officials provoked extravagant behaviour by Belarusian authorities which analysts are still struggling to explain. On 28 February Belarus asked the Polish and EU delegation ambassadors to leave the country. The EU response was strong and equally unexpected: it recalled all its ambassadors from Minsk in a sign of solidarity.

This confrontation wasted another opportunity to restart the EU-Belarus engagement dialogue. It may also negatively affect the human rights situation in the country. Experts propose a

variety of explanations of this conflict, from psychological reasons to the plot of Russians. But regardless of the explanation, the relations between the European Union and Belarus are now at the lowest point ever, which harms all parties involved.

## **Unexpected Scandal**

Many expected improvement in EU-Belarus relations when Gunnar Wiegand from the European External Action Service was officially visiting Minsk on 8-10 February. After a series of meetings with Belarusian officials Wiegand announced that several political prisoners might be released in the following weeks. It looked like the success of tacit diplomacy.

However, something else happened. The court in the eastern of Belarusian city Vitsebsk sentenced a prominent opposition activist Siarhei Kavalenka to 25 months in prison. His only "crime" was [hanging out an old national flag](#) on the New Year tree at the central square of Vitebsk. This unexpectedly harsh sentence was one of the reasons why EU Foreign Ministers' decided to extend travel ban to 21 more representatives of Belarusian authorities.

But despite intensive lobbying of some opposition groups, the EU stopped short of introducing new economic sanctions either against Belarusian state enterprises or businessmen. It seemed like one compromise too many. No one expected that in response the Belarusian Foreign Ministry would demand the Polish and EU delegation ambassadors to leave the country to demonstrate their disagreement with the EU Council's decision. Subsequently Belarus recalled its ambassadors from Brussels and Warsaw "for consultations". The EU countries responded to that action by a unified recall of all their ambassadors from the Belarusian capital.

**Belarus: "Do Not Try to Teach Us!"**

A sudden departure of European ambassadors shocked Belarusian experts. One of the leaders of the *Tell the Truth* campaign Andrey Dmitriev thinks that Lukashenka wanted to show its firmness in hard economic times. A former member of parliament, Volha Abramava, supposed that this conflict was necessary for consolidation of the Belarusian people around the ruling elite before the 2012 parliamentary election.

According

to BISS analysts Dzianis Melyantsou and Alexey Pikulik, the main problem is that the European Union sees Belarus as a typical Eastern European country that aspires to the EU membership. But Belarusian authorities would prefer to be treated like Kazakhstan or Azerbaijan. In other words, they do not want to have conditions set on their dialogue on political issues. Belarusian authorities try to undermine the EU's belief that it is possible to change the regime in Belarus.

One of the leaders of the Belarusian opposition Anatol Liabedzka thinks that Europe's failure either to introduce economic sanctions or to significantly increase the travel ban list was seen as a weakness by Lukashenka and he tried to play a hardball in return. The European Union responded in the same manner.

### **The Russian Factor**

Other experts are quick to remind that Vladimir Putin conducted his election campaign using anti-Western rhetoric. It is possible that Lukashenka wanted to display his loyalty to Putin to extract concessions later. Uladzimir Matskevich and some other experts believe that the only party which benefits from further isolation of Belarus is the Russian Federation.

Given the influence of the Russian security services on their Belarusian colleagues this version has its own merits. Russian

tycoons and state officials may renew pressure on Belarus over privatisation of key assets after Putin's victory and Belarus isolation would help them [secure better deals](#).

Lithuanian President Dalia Grybauskaitė also thinks that the isolation of the official Minsk will only increase Russia's influence in the country. "Politically and economically, they just push Belarus to Russia and reduce its dependence on the West or any influence of the West," she said.

### **Harmful Consequences, No Winners?**

The Belarusian issue consolidated European politicians and became a matter of principle for them. It is again high on the EU agenda. This may lead to new European projects aimed at changing the situation in Belarus. Moreover, the diplomatic scandal provided advocates of economic sanctions with new arguments and raised doubt about the future of the 2014 [IIHF World Hockey Championship](#) in Belarus.

It is hardly possible that both sides are ready for further confrontation. Many fear that economic sanctions are disadvantageous and will increase the dependence of Belarus from Russia. And nobody is interested in deterioration of the human rights situation in Belarus in case of new unfriendly acts.

Belarusian authorities have already made clear that they could increase pressure on civil society. In particular, they threatened to initiate criminal prosecution against several opposition activists who advocated EU sanctions against Belarus. As in the past activists inside Belarus serve as hostages of Lukashenka's geopolitical games.

### **When Will the Ambassadors Return?**

The European Union and Belarus are interested in dialogue, but none wants to make the first step. Both sides intend to maximise their opportunities and minimise their

contributions. Belarus is not ready to break off trade or diplomatic relations with European countries with which it has more than \$7.5bn trade surplus.

And Gunnar Wiegand's visit shows that negotiations continue using semi-formal diplomatic channels even in the conflict situation. Andrei Savinykh from the Belarusian Foreign Ministry declared that they were not planning to recall ambassadors from other EU countries and said that EU representatives could come back when they would like to do that.

The European Union is the only serious international actor that is truly interested in an independent, democratic and prosperous Belarus. Although the EU [could do much more](#) even now, in the long-run it is the only actor able and willing to provide resources for the transformation of the country towards a successful market economy. Clearly, safe and democratic neighbourhood is in their interest.

Engagement is also in the interests of Belarusian authorities. Lukashenka may soon face increased economic pressure from Russia. Once Vladimir Putin is done with his reelection campaign he may become less interested to pump as many subsidies into the Belarusian economy and may request something more tangible in return.

---

## **Russian Elections: Déjà Vu for Belarusians?**

In Russia's recent elections to the State Duma the ruling United Russia party won. The Russian opposition claims that the authorities falsified the results in favour of Putin's

party. Similar to Belarusian authorities, the Kremlin put pressure on independent observers, falsified the results to a certain degree and temporarily blocked independent sources of information. But overall the Russian elections and handling of post-election protests were much more democratic than in Belarus.

What kind of changes will these elections bring to Russian politics and what consequences will they have for Belarus? Although the elections and post-election protests were an important political development for Russia itself, they will not be a game changer for Belarus-Russia relations. However, Russia's policy towards Belarus may change following presidential elections in 2012.

### **Political Spectrum of the New Duma**

Various observers note that despite quite convincing victory as provided by Western standards, United Russia lost a big percentage of support among the population as well as the absolute majority needed to adopt federal constitutional laws. According only to official data, the United Russia's vote share decreased by 15% in comparison with previous elections. United Russia enjoys the widest popularity in the North Caucasian republics – for example, in Chechnya it was supported by 99.51% of voters. Such facts pave the way for public speculation about massive electoral fraud, as it is hardly possible to achieve such a result without falsifications.

Russian president Dmitry Medvedev headed the ruling party's list during the elections and it seems that this helped United Russia to obtain 238 out of 450 seats. At the same time the Russian communist party won 92 seats (19.2% of votes), Just Russia – 64 seats (13.25% of votes) and the Liberal Democratic Party with its irremovable leader Vladimir Zhirinovskiy – 56 seats (12% of votes).

## **A Right-Wing Failure**

It should be mentioned that there is still no sufficiently large right-centrist party in Russia, where the middle class represents a big part of the population and there is a growing demand for changes among the people. The so-called Liberal-Democratic Party actually tends to favor nationalist positions. An attempt to create the Right Cause party with aluminum and nickel tycoon Mikhail Prokhorov as its head came to a grievous end for its leader who was forced to resign amidst scandal in September. The party suffered a crushing defeat subsequently in the elections, and nowadays its new leader Andrey Dunaev is seriously considering the option of emigration.

Therefore, the State Duma will not represent a huge part of the Russian population with liberal views and it undermines the legitimacy of the legislative body. The main ideologist of United Russia, deputy head of the presidential administration Vladislav Surkov paid attention to this fact just after the elections, stating that Russia needs a new party of "irritated urban communities".

The election results clearly demonstrate that United Russia should move to make compromises and become more liberal although they will not significantly change the political spectrum represented in the Duma. If it does not change, it will increase the gap between the ruling elite and ordinary people. Citizens of big cities, especially Moscow and Saint Petersburg, are tired of the same faces in power for such extended periods of time and they actively expressed their voiced their opinions in the most recent elections.

## **Similarities and Differences with Belarus**

Russian elections were similar to Belarusian electoral campaigns in many ways: the same pressure on independent observers ("Golos" organization), the same means of electoral

falsifications (frauds with absentee ballots, fabricating results, throwing additional ballots in ballot boxes), preventive detentions (Sergey Udaltsov), mass protest actions followed by the arrests of opposition leaders (Ilya Yashin, Alexey Navalny, Sergey Mitrokhin) and the blocking of independent sources of information (Ekho Moskvyy radiostation site, "Big City" journal and Livejournal).

Nevertheless, elections were more democratic than in Belarus. There was no pressure on independent observers in the majority of voting stations, and opposition leaders could openly express their opinion in mass media and Parliament without any intervention from state authorities. This included well-known debates between Vladimir Zhirinovskyy and Alexander Khinshtein, when Zhirinovskyy harshly criticized United Russia, not troubling himself to be too careful with his choice of words.

### **What are the Implications for Belarus?**

The Communist Party has strengthened its positions as a result of the elections. It traditionally [advocates](#) the interests of the Belarusian regime in Russia and personally Alyaksander Lukashenka. In its election program the party promises to defend Belarus from "Russian oligarchs". It could mean a potential increase in the influence of the Belarusian lobby in Moscow.

However, this election is incapable of considerably altering the state of relations between Belarus and Russia. At the same time the importance of the Eurasian Union project may rise in importance in order to show the effectiveness of the Russian authorities' foreign policy, given a sharp fall in public trust in the ruling elite.

It creates favourable conditions for Belarus in the framework of cooperation with Russia and it means that Russia will close its eyes to various controversial events that take place in its neighbouring state. Particularly, one should not wait for

new video appeals of the Russian president to revive the investigation of notorious political disappearances in Belarus.

## **Elections and Belarusian-Russian Relations**

Russian presidential elections will have crucial importance for the future of this country with prime minister Vladimir Putin as the main candidate. It is hard to define what will be his level of support given mass demonstrations in Moscow and his native town of Saint-Petersburg. Today there are proposals in mass media to nominate a single opposition candidate – communist leader Gennady Zyuganov or blogger Alexey Navalny.

One will be able to define Putin's true intentions towards the Eurasian Union and the level of Russia's willingness to pay for further integration only after the 2012 presidential elections in Russia. Then the Russian authorities will finalize their domestic and foreign policy for a middle-term perspective (5-6 years). The dynamics of Belarusian-Russian relations depends exactly on these two issues that can either promote or undermine the European ambitions of Belarus.

It may be that following the presidential elections, the Russian authorities will increase the pressure on Belarus again to obtain its remaining [assets](#) in the absence of any competition from the West.

George Plaschinsky

*The text originally appeared in Russian on [n-europe.eu](http://n-europe.eu)*

---

# Good relations between Brussels and Moscow are bad news for official Minsk

The integration with the European Union is an increasingly articulated priority of Russia's foreign policy in recent months. Analysts close to the Kremlin frequently stress the complementarity of the economies of Russia and the EU. The draft foreign policy programme published some time ago by Russian Newsweek speaks in the same spirit. The fact that Russian President Dmitry Medvedev will attend the NATO summit in Lisbon next month is another clear sign of a continuing warming between Russia and the West, and especially with the EU.

After all, throughout its history Russia was and remains primarily a sovereign country within the European civilization. Given Russia's eventual inability to maintain its status as a regional pole of power equivalent in weight to the European Union or China, this will only be more vivid. Rallying several post-Soviet countries around itself, in the coming years Russia will naturally be more and more drawn to the linguistically, historically and culturally closer Western Europe than to the Islamic world or China.

There are two noticeable, although not decisive, factors that stand in the way of Russian-Western rapprochement and that sooner or later will inevitably arise as issues within this cooperation. The first is the authoritarian regime in Russia. The second is Belarus under president Aliaksandr Lukashenka.

At this stage the West does not seem to be expressively concerned with the progress of democracy in Russia. It seems ready to accept economic and geopolitical cooperation with Russia in exchange for putting a blind eye on human rights

issues, at least as long as these issues do not become too serious. The Russian side is aware of this and therefore does not cross the line, leaving room for a limited but still possible realisation of certain political freedoms by its citizens.

However, the political circumstances and the irreparably worse image of Belarus, which, after all, is not far from reflecting objective reality, does not allow the EU to ignore the lack of democracy and massive human rights violations in the country. Oddly enough, criticism of the Lukashenka regime and a careful expression of concern about the state of democracy in Belarus is also a chance for president Medvedev to demonstrate his modernity and progressiveness.

The regime in Belarus should therefore not expect a controversy between Russia and the European Union and should not try to use it to maintain its own existence in the long term. Strategic interests of both Russia and the EU require compromise and a constructive cooperation rather than confrontation. Russia already does have a common border and maintains well-established contacts with the European Union and NATO. That is why Belarus can neither be a serious barrier to (an objectively impossible) military intervention from the West, nor can it be a full-fledged economic bridge between Russia and the EU. Belarus may facilitate this Pan-European integration, also by possibly creating a collective third subject of this process together with Ukraine and several other European countries outside the EU. Otherwise Belarus can continue to be a stone in the shoe of Russia-EU relations and create barriers and difficulties of a local nature, from which it eventually will suffer the most.

It is obvious that the Belarusian issue will not be a priority or object to special focus in the relations between Russia and the EU. More likely, the parties will aim to resolve it as things move their way. In the near future Russia will significantly reduce its dependence on gas transit through

Belarus, after the launch of the Nord Stream and South Stream. This will produce a situation of non-contradiction between the strategic interests of Russian foreign policy and the interests of Russian oil and gas business. Therefore we can not exclude that Russia, which has a much greater influence on the situation in Belarus, will be collectively appointed to resolve issues with Aliaksandr Lukashenka. This can create an objective threat to the economic and political independence of Belarus from its eastern neighbour.

Anyway, the banal and the obviously correct idea that Belarus should build partnership with both Russia and the European Union, is becoming less and less utopian and even more urgent. All concerned parties are interested in Belarus ceasing to play a destructive role and joining the Pan-European cooperation. The Belarusian society is interested in this more than anyone else. The current leadership of Belarus seems unable to lead the country in the appropriate direction, leaving it outside of the regional context, largely isolated from the EU and in a permanent conflict with Russia.

There is a strong demand for a different foreign policy of Belarus, but as of now there is virtually no prospect of the democratic opposition, demoralised and weakened by 15 years of political repressions, coming to power. In these circumstances the appearance of a reformist clan within the ranks of the current nomenklatura is a matter of time. A different question is, whether the current president of Belarus will have time to realize it and to align to this situation.

AČ

*This article is a translation of one of the contributors' column at Novaja Europa website. See the original article here: [http://n-europe.eu/en/columns/2010/10/25/kamen\\_u\\_botse](http://n-europe.eu/en/columns/2010/10/25/kamen_u_botse)*

---

# Venezuelan oil for Belarus

✘ On October 16, the Belarusian and Venezuelan rulers had three-hour long talks behind closed doors in Minsk. Lukashenka thanked the Venezuelan leader for Venezuela's aid to Belarus. In his turn, Chavez stressed: "Together we are building an alternative to world imperialism."

Yuras Karmanau of The Associated Press [\\*](#) reflects on the results of the Minsk visit.

## *Chavez pledges oil to Belarus for 200 years*

*By YURAS KARMANAU*

*The Associated Press*

*Saturday, October 16, 2010; 12:02 PM*

*MINSK, Belarus – In one of his typical flamboyant gestures, Venezuelan President Hugo Chavez on Saturday promised to provide oil to the former Soviet republic of Belarus for the next 200 years.*

*Chavez, who was visiting Belarus on Saturday, promised that Belarusian refineries – the backbone of the country's economy – "would feel no shortages of oil in the next 200 years."*

*Venezuela in March agreed to ship 80,000 barrels of heavy crude a day to Belarus as well as create a joint venture to develop oil and natural gas projects in this South American country.*

*Belarus President Alexander Lukashenko, who critics have dubbed “Europe’s last dictator,” is anxious to diversify away from Russian oil supplies as his relations with Moscow grow increasingly sour. Lukashenko is facing a presidential election in December but Moscow has so far refrained from endorsing his bid.*

*Chavez was in Moscow earlier this week, where he reached a deal with Russia to build Venezuela’s first nuclear plant and signed a few energy pacts.*

*Prime Minister Vladimir Putin said Friday Russia would soon deliver 35 sophisticated tanks to Venezuela, but did not elaborate. Venezuela has since 2005 spent \$4 billion on Russian arms, including helicopters, warplanes and Kalashnikov assault rifles.*

*Chavez also used his visit to Minsk as yet another occasion to lambast global capitalism:*

*“There are no debtors in our relationship,” he said. “We are comrades and we are building an alternative to imperialism – a multipolar world.”*

VB

---

## **How Much Having an Embassy in Minsk Costs**

It is hardly a secret that establishing diplomatic relations with an authoritarian state is a gamble. One never knows what one’s embassy in Minsk may suffer if it crosses swords with the Belarusian President Alyaksandr Lukashenka.

On the night of August 30, two Molotov cocktails were thrown into the compound of the Russian Embassy in Minsk. Three days later, an obscure anarchist group said the attack was a reaction to Russia's crackdown on activists protesting the plans for a new highway around Moscow. But the uproar caused by the bombing is unlikely to end so simply and so quickly.

In fact, it is unclear whether the attack was an act of hooliganism or a premeditated political move. Political or not, once it happened, the incident has become a part of the whirlpool of politics. It is interesting to observe of what Russia and Belarus make of the attack to advance their political goals.

The initial rumor that the embassy was attacked by the Belarusian hooligans in response to the Russian movie "Godfather" seems to have already played out in Lukashenka's favor. Whether or not they are true, the rumors of this sort will undoubtedly help Lukashenka gain additional support in the upcoming presidential elections.

Incidentally, a high percentage of the Belarusian population choose not to believe the movie and continued to stand by Lukashenka. Instead, these people are likely to believe Lukashenka's claim that the embassy attack was the work of Russian agents. The Belarusian police has been seriously considering the possibility that Russia bombed its own embassy to escalate the so-called "media war" with Belarus. According to Lukashenka, as quoted by Interfax, the Russian "thugs and scoundrels" needed the attack to say, "Look at the [Belarusian] government, at Lukashenka, who almost himself masterminded this terrorist act, as they call it, and torched the Russian embassy car."

More careful with language, the Russian Foreign Ministry somewhat vaguely accused "certain forces" of trying to "bring distrust and tensions to [Russia-Belarus] bilateral relations." Moscow seems to be viewing Lukashenka's claim as

yet one more sign that its former strategic partner cannot be trusted, is unreliable, and even, at times, irrational.

This view will unlikely result in Moscow's throwing its weight behind the Belarusian opposition all of a sudden. The Kremlin knows that Lukashenka will remain in power for the indefinite future and has to learn to work with him, foreseeing and mitigating the consequences of his vagaries. To make such vagaries less frequent, Moscow is already becoming less shy about applying economic and political pressure. Of course, the Belarusian leader has so far excelled at turning even this pressure to his benefit, increasing his popularity by claiming that Moscow "wanted the [Belarusian] president to bend [to their will] – but they got just the opposite."

This is not the first attack on a foreign embassy in the Belarusian capital. The previous embassy accidents had either happened in the midst of a diplomatic crisis between the Belarus and that embassy's home country, or were suspiciously close to presidential elections in Belarus.

In 2001, a few months before Lukashenka's reelection, a grenade blew a 17-centimeter hole in the Russian embassy grounds as leaders of former Soviet republics, including Russian leader Vladimir Putin, were flocking to Minsk for a summit of the Commonwealth of Independent States. The Belarusian regime was able to turn the 2001 incident to its advantage. Minsk upped the pressure on the opposition by having the KGB interrogate the leader of the "Youth Front," Paval Sevyarynets, as a suspect.

Interestingly, the embassies of the democratic countries in Minsk seem to have much more civilized incidents with the Belarusian government (although with far greater consequences). In 2008, angered by the continuation of US sanctions against Belnaftakhim and by US criticism of Belarus' human rights violations, Belarusian authorities gave US ambassador Karen Stewart 24 hours to leave the country before

she would be declared persona non grata. Shortly afterward, Washington was accused of organizing a spy ring in Belarus and was [asked](#) to cut the staff of its 35-employee embassy in Minsk by half. A month later, ten more US diplomats were ordered to leave.

In 2006, as Belarusian-Polish relations reached a yet another low, Belarus' state-controlled media accused the Polish embassy in Minsk of mediating between the Belarusian opposition and the West. Throughout the last decade, Poland was accused of spying in Minsk just as often as the human rights abuses and repressions in Belarus were denounced by Warsaw.

---

## **Customs Union of Former Soviet Nations Fails Due to Total Absence of Mutual Trust**

The post-Soviet integration and cooperation initiatives have an extremely unsuccessful track record. It seems that the problems persist. Recently, the very idea of Customs Union between Belarus, Russian Federation and Kazakhstan had been questioned, after the government of Belarus made clear its intent to insist on more tariffs exemptions, especially concerning Russian raw oil exported to Belarus.

These exemptions are vital for the Belarusian economy which in 1990s and 2000s immensely profited on refining imported oil selling the end products to Western Europe. By importing cheap Russian oil Belarus kept its refineries in Navapolack and Mazyr busy and very profitable. It also worked well for Russia which lacks refineries and other processing facilities.

But recently Moscow decided to stop this enrichment of Belarus and while insisting on 'customs union', excluded oil and oil products from its coverage. Belarus is expected to pay full tariffs. Yet cheap oil was that only benefit which made the idea of customs union with Russia and Kazakhstan, known as the world's major oil- and gas exporters, interesting for industrially developed Belarus.

As Minsk-based economist Siarhiej Chaly put it,

*'Customs Union' in its present shape, including two identically raw materials-based economies oriented at selling energy resources and buying consumer goods, does make sense. But only for these two economies, however. In essence it is merely a protectionist agreement.*

Siarhiej Chaly is sure, Belarus has no interest in entering such association. The Belarusian officials, including deputy prime minister Siamashka now express the same opinion ever more explicitly.

Is Moscow facing one more failure in its attempts to collect its 'lost lands'? If Minsk will not comply with Russian wishes on the Customs Union it means a setback for ambitions harbored by a significant part of Russian elites, including Russian prime-minister Putin. Of course, the Kremlin can continue the whole enterprise with sole Kazakhstan. Yet, in this case Moscow shall wait until 2012 as agreed with Kazakhstan president Nazarbayev. More cooperative Lukashenka could be a symbolic geopolitical victory for the Russian leadership which is important to Russian public opinion eager to see restoration of 'national greatness'. Some observers speculate that such integration project could quite intentionally serve to show the wider audience in Russia an illusion of Soviet Union revival for the next presidential campaign of Vladimir Putin.

Meanwhile, there are two other conclusions to be drawn from

the Customs Union. First, the integration of Belarus and Russia and their so-called 'Union State' has been endlessly discussed and propagated in public and media, but it remains only a spin matter, since the countries did not even reach the level of customs union. Moreover, conditions of oil shipments to Belarus proposed by Russia this time are worse than those for China.

Second, the whole set of post-Soviet integration initiatives so far have pitifully failed, and it is true both for projects with Russian involvement and without it. The reason seems to be common and basic lack of trust in relations between post-Soviet nations. Without confidence in their partners, former Soviet republics see all integration enterprises as either formalist nonsense or a way to promote other ends which run contrary to integration.

The only examples of successful integration embracing post-Soviet countries are the EU and NATO. Even Baltic countries did not manage to get along well enough to abolish borders or create common currency between themselves until they joined European Union.

SB

---

## **Ukraine Becomes More Important as a Factor in Belarusian-Russian Relations**

In the last months Ukraine has significantly increased its importance in the European part of the CIS. The new president Viktor Yanukovich enjoys a honeymoon with Russia: Ukrainian-

Russian cooperation has started booming after previous president Viktor Yushchenko had left office. Ukraine and Russia have agreed on lower gas prices for Ukraine\*, on the Russian Black Sea Fleet staying based in Ukraine till 2042.

Vladimir Putin has even made a sensation by speaking of a possible merger of Russia's Gazprom and Ukraine's Naftogaz. Added to this, there come smaller initiatives to establish cooperation (or to sell relevant Ukrainian assets to Russians) in nuclear power, shipbuilding, aviation construction, power generation and supply.

At the same time, since the times of president Yushchenko Ukraine is an important partner for the largely isolated Belarus. Ukraine remains one of the very few European countries having official political contacts with the authoritarian Belarusian government and the contacts have only [intensified](#) with Yanukovich becoming president. Ukraine has recently become the transit country for the important Venezuelan oil supplies to Belarus. In April the Belarusian parliament has finally ratified the border treaty with Ukraine, which has been the key issue of Belarusian-Ukrainian relations since the collapse of the USSR.

Relations between Belarus and Russia are currently in a crisis [since Russia has imposed duties on oil supplied to Belarus](#). This came despite establishing a customs union of Russia, Belarus and Kazakhstan at the very same time. The disappointment with absence of progress in the Russian-Belarusian integration have led to Russia [unilaterally transforming](#) the relations with Belarus into a more pragmatic and market-based form. Ukraine could threat Belarus as a new strategic ally for Russia in Europe, for it would be psychologically easier for Russia to impose a hard line on Belarus when it isn't the only faithful satellite on the European continent. On the other hand, Ukraine could potentially act as intermediary between the two. In any case, Ukraine seems to become a more important actor not only in

[Belarus' relations with the EU](#), but also in Belarusian-Russian relations.

AČ

---

# How to Benefit from Being Encircled by Soviet-Type Nuclear Plants



On 26 April 1986, a human error and the Soviet equipment caused the Chernobyl disaster – the largest technological catastrophe ever. For many days Soviet authorities attempted to conceal the scale of the disaster. The Soviet Union admitted that an accident had occurred only after radiation levels set off alarms at the Forsmark Nuclear Power Plant in Sweden. Instead of immediate evacuation, people were taken to the streets on the the May Day to celebrate the communist party with red banners and portraits of Lenin.

Because of the wind direction, the bulk of contamination ended up in Belarus which suffered more than any other country from the disaster. Chernobyl-type nuclear plants are more than just history. The territory of Belarus is literally encircled by Soviet-type nuclear plants. Just across the border are Smolensk and Kursk nuclear plants in Russia, Ignalina plant in Lithuania, and nuclear plants in Ukrainian Rivne and Chernobyl. The European Union authorities considered Ignalina unsafe and Lithuania had to close it down last year.

The Russian authorities do not think that their Soviet-type

plants are too dangerous and Ukraine perhaps lacks funds to replace its own. The closure of Ignalina decreased energy dependence of Lithuania, which plans to build another nuclear plant on the border with Belarus. Russia also depended on Ignalina and plans to build a nuclear reactor in its Kalinigrad enclave. Vladimir Putin already signed a decree to begin construction. This will increase to seven the number of active and recently closed (but still dangerous) nuclear plants close to the Belarusian border. Belarus has none on its own territory.

Belarus authorities has long dream of [building](#) its own nuclear plant and it is is likely to appear on the Lithuanian border. Although Russia's assertiveness in using its natural gas and oil as strategic weapons may justify the rush to build more nuclear plants, it should not blind the decision-makers. The costs of building a nuclear plant are enormous and require heavy external borrowing. Purchasing and recycling radioactive fuel is also very expensive and Belarus will have to rely on Russia for that. And at some point, the nuclear plant will need to be dismantled which takes decades.

For instance, it will take 20-30 years to complete dismantlement of the Ignalina plant. If you all these maintenance costs are put together, the nuclear energy is far from cheap. Chernobyl showed the world that nuclear energy is particularly dangerous in undemocratic and nontransparent societies. Belarus learned the [lesson](#) the hard way with human suffering of hundreds of thousands and hundreds of billions dollars in economic losses. Still many tend to forget that in the absence of full transparency and independent control mechanisms, nuclear energy is a too dangerous toy to play with. It is true that Belarus cannot control nuclear stations across its border and is exposed to any potential accidents.

The fact that it cannot do anything about it should be accepted and building its own station will not change it. Belarus is not exactly the [ideal](#) of democracy and good

governance and the risks of a human error similar to that which caused Chernobyl are too high. If the Belarus nuclear plant sponsored, built, fueled and maintained by Russia it will make the country even more dependent upon its Eastern neighbor. Instead of exposing itself to more foreign debt and dependence upon Russia, Belarus should bargain with Lithuania, Russia and Ukraine and buy cheap nuclear energy from them. They will always have a surplus of energy to sell. And given the competition between these countries, the price will be reasonable. Ripping the benefits of cheap nuclear energy without bearing the costs of maintaining nuclear plants would be a wise policy for a country which suffered so much from Chernobyl.

YK

---

## **Katyn Killings Commemorated Without a Belarusian Delegation**

 Just as Belarus Digest had predicted, there is no news of a Belarusian delegation attending the ceremony in Katyn, commemorating the 70th anniversary of the Soviet killings of officers of the Polish army.

This even despite the fact that one of the central issues preceding the meeting of Russian and Polish prime ministers Vladimir Putin and Donald Tusk has been the so-called Belarusian List. The list contains names of officers of the

Polish Army killed by the Soviets in extermination sites in Belarus (including, very likely, the infamous Kurapaty forest). Russian authorities claim they have not found it in archives. According to Radio Free Europe, Ukrainian and Russian lists have already been found and published.

Not to say about the hundreds of people from Belarus who had been killed in Katyn. In 1940 West Belarus was part of the Second Polish Republic. Many people from the region have served in the Polish army or have just been mobilized after the German invasion in 1939.

BBC Russian edition quotes Belarusian intellectual Liavon Barsceuski who draws parallels between Katyn and Kurapaty:

*Here is a person from Minsk. Lieutenant Edmund Menke from Minsk, as the sign says. Overall, there are quite a few people from Belarus here: from Hrodna, from Biaroza (that's in Polesia), from the Wilno voivodeship, most of which is now Belarus. there are also many unidentified victims, who also could be our compatriots. This memorial is also a memorial for us.*

It's not Russia or Poland to blame for Belarusian authorities ignoring the memory of hundreds of Belarusians buried in Katyn. As already mentioned, Belarusian authorities do not care about organizing a decent memorial in Kurapaty near Minsk. What should one expect in relation to Belarusian graves outside the country?

Still, there is at least some good news indirectly related to Katyn. Today the Belarusian Academy of Arts has awarded Andrzej Wajda, author of the well-known film about the Katyn massacre, an honorary doctorate in recognition of his life's work. A symbolic coincidence, if not more.

Read reports by [Daily Mail](#), [BusinessWeek](#), [Der Standart](#) (in

German).

AČ

---

## Belarus to Diversify Away From Russian Oil Supplies



A bit of sensational news came today in the morning: starting May, Belarus will daily buy 80,000 barrels of oil from Venezuela. According to media reports, this number is comparable to the current amount of agreed duty free Russian oil supplies (6.3m tons per year, i.e. 130,000 barrels per day). Before the crisis, annual Russian oil supplies to Belarus were between 20 million and 25 million tons. Own oil production in Belarus is less than 20,000 barrels per day.

The news came just before the visit of Russian PM Vladimir Putin to Belarus. Being on the visit to Venezuela, president Aliaksandr Lukašenka will avoid meeting Putin in Minsk. Obviously, the agreement with Venezuela is a means to demonstrate readiness to at least partly diversify oil supplies if Russia is to cancel or cut duty free oil exports to Belarus. Lukashenka's visit to Venezuela is aimed to strengthen Belarus' position in new negotiations with Russia. Belarus aims to include duty free oil supplies into the conditions of the Russian-Kazakh-Belarusian customs union.

Logistics is a question arising immediately: the oil will have to be transported from Venezuela on oil tankers (80,000 barrels is approximately the size of a small tanker), then pass customs in Lithuania (oil terminals of Klaipėda or

Būtingė) or Latvia (Ventspils) and be transported to the Belarusian refineries in Navapolack via pipelines. It is theoretically possible to realize the scheme, but it won't be an easy thing to do. The price of the oil supplied is not reported, but it has to be quite low for the scheme to be profitable for Belarus. A joint Belarusian-Venezuelan oil company is winning approximately 1m tons of oil annually. The oil supplied from Venezuela will be refined in Belarus for the products to be exported to Western Europe. Export of oil products to Western Europe has been a key source of income for the Belarusian state budget in the last decade.

Cheap Russian oil supplies have been the key factor of competitiveness of the Belarusian refineries. Except oil supplies, another problem for Belarus is selling off production of its tractor and other machine works. Aliaksandr Lukašenka and Hugo Chávez have agreed that Belarus will construct machine building works in Venezuela and create a trading house in order to facilitate sales of Belarusian goods to whole Latin America. Apparently, the only thing president Lukašenka dislikes about Venezuela is that it is located so far from Belarus.

*CARACAS (Dow Jones)—Venezuela in May will start selling 80,000 barrels of oil a day to Belarus, the South American nation's president, Hugo Chavez, announced Monday. Venezuela's leader made the announcement following a meeting in Caracas with Belarus President Alexander Lukashenko, who was in town to sign a variety of bilateral accords. In a statement, Chavez said the agreement to supply Belarus with petroleum will be signed "in the coming hours." According to the statement, Lukashenko said the plan is for the two countries to also refine Venezuelan oil together and eventually sell oil products throughout Europe. // [WSJ](#)*

Read also stories at [People's Daily](#), [RFE/RL](#), [Belorusskie novosti](#) (Russian), [Gazeta.ru](#) (Russian)

AČ

---

## **Common Currency for Belarus, Kazakhstan and Russia: as Far as It Has Always Been**

Several observers say that the introduction of a common currency should be the next step of the integration of Belarus, Kazakhstan and Russia. The three countries have recently created a customs union and it is logical to assume that the integration will continue. However, there are reasons for being sceptical about it. Russian officials have been feeding the world – and in first place the Russian public opinion – with promises of a soon restoration of the USSR since the very moment of the USSR's collapse. Exploitation of post-Soviet stigmas for PR purposes has been actively used already under president Yeltsin, who initiated the creation of the so-called Union of Russia and Belarus (later renamed to the Union State of Russia and Belarus).

Aliaksandr Lukashenka, the president of Belarus, has also based his state ideology on the population's Soviet nostalgia and on exploitation of key Soviet ideological symbols like the Great Patriotic War of 1941-1945. The customs union of Russia, Kazakhstan and Belarus has already a concrete effect as the three countries have switched to a common tax code. As a result of newly introduced import duties, automobile prices in Belarus have risen by 20% and [Russian telecom operators have had trouble importing equipment](#). President Lukashenka has

several times stressed that the union will only make sense if Russia cancels duties on oil exports to Belarus.

Belarus would economically benefit from a common currency more than Russia or Kazakhstan, because Belarus' exports are largely oriented on Russia. However, it seems highly unlikely that the president of Belarus would give away some of his economic decision making power to a foreign centre. Belarusian officials have always demanded an equal representation of Belarus and Russia in the management of the eventual common central bank of the Union State. For obvious reasons, this is a condition Russia could never have accepted. Besides that, introduction of a common currency requires synchronization of economic systems of Russia, Belarus and Kazakhstan. At present they are very different and hardly compatible.

Resource-based economies of Russia and Kazakhstan react against global macroeconomic shocks in a way very different than the economy of Belarus. Therefore there are no indications that the talks of a new Eurasian empire will this time result in anything different from previous times. Ukraine's president Yanukovich has already de facto rejected Putin's proposal to join the Russian-Kazakh-Belarusian customs union. Ukraine would only cooperate with the Union as long as it doesn't contradict with the country's WTO membership. Kazakhstan won't give up its independence despite Nazarbayev not having appointed a heir yet. It's hard to imagine that the local elites won't be able to find a new leader. Different officials including Pavel Borodin, the Secretary of the Union State, have been predicting a soon introduction of a common currency since early 2000s. To be exact, Russia's deputy prime minister Igor Shuvalov only said he "would not rule out the possibility in the long-run of a switch to a unified monetary space". I.e., introduction of a common currency is a thing as far as it has been all these years.

*The Soviet Union is gradually being rebuilt as Vladimir Putin eyes a return to the Kremlin. The man who declared the*

*collapse of the Communist state to be the “greatest geopolitical catastrophe of the century” appears determined to forge a new empire. The latest evidence emerged in a suggestion by Igor Shuvalov, First Deputy Prime Minister in Mr Putin’s Government, that Russia may abolish the rouble and create a common currency with Kazakhstan and Belarus. [Read the Full story](#)*

Read news stories at [Belorusskie novosti](#), [Global Times](#) AČ

---

## **Putin’s Aide: Don’t Throw Flames on Russia-Belarus Oil Talks**

✘ The Russia-Belarus oil disputes continues as Belarus authorities struggle to retain a larger share of the duty-free oil imports. However, Russia seems to be determined to keep a larger share of the pie despite the reputation damage, which the dispute has already caused. The duty-free oil shop is likely to remain open only for Belarusian domestic customers, but no longer for those re-selling Russian oil to the West.

Yesterday, Vladimir Putin’s press secretary Dmitry Peskov urged not to throw flames on Russia-Belarus oil talks. But he explained on [the pages of the Washington Post](#) that Russia is determined to cut the luctative oil refining business of the Belarus regime:

*The so-called “dispute” between Russia and Belarus is in reality an ongoing negotiation between supplier and customer. For years, Russia subsidized Belarus by providing deep*

*discounts for oil. This discounted oil was used not only for Belarus's domestic needs, but considerable amounts of it were refined in Belarus and exported to European markets at the real market price.*

Although Belarus and Russia continue to declare that the dispute will not affect deliveries to Europe, there are serious reasons to worry. According to Reuters, Russia has already told oil firms to re-route some flows scheduled for Belarussian refineries to the Polish port of Gdansk as Moscow and Minsk struggle to agree a new supply deal.

If the oil flows via Belarus stop, Poland and Germany, the largest European economy, are likely to be seriously affected. The stakes are high, because according to the International Energy Agency:

*Poland received 385,000 barrels a day, or 93 percent of its oil imports last year, through Druzhba's northern branch, while Germany got from 300,000 to 400,000 barrels a day, or as much as 20 percent of its imports, via the link.*

Read Bloomberg's material on this issue at [Blumberg.com](https://www.bloomberg.com).

YK

---

## **Barely Solvent but Ready to Gamble**

President Alyaksandr Lukashenka's playing Moscow against the West is turning a profit in the midst of global economic crisis. Having received \$1.5 billion from Russia and \$1.5 billion from the International Monetary Fund, Belarus will soon close its financial gap for the current year. Pending are a further \$1.36 billion from the IMF, \$200 million from the World Bank and \$500 million (the last tranche of a \$2 billion credit) from Russia.

	КУРСЫ ОБМЕНА ВАЛЮТ	EXCHANGE RATES
EUR	3630	3777
USD	2600	2703
RUB	883	918
USD-EUR USD	05884	1343
RUB-USD	283224	00327

Although the demand for its goods from Russia and Europe plummeted, Belarus is faring quite well in crisis. Less dependent on external financing, its financial and banking sectors won't take long to recover. Minsk is even confident enough to seek accession to the WTO, as a participant in a customs block with Russia and Kazakhstan. While becoming a WTO member is a long shot for the country with an old Soviet-style economy and a foreign trade turnover of modest \$50 billion, the whole gambit will certainly boost Minsk's ego and attract Western investors.

The European Bank for Reconstruction and Development has approved a 10-fold increase in the amount of foreign trade that Belgazprombank can finance, raising its maximum exposure from \$1 million to \$10 million. Belarusian national airline Belavia has brushed up on entrepreneurial skills and is launching a frequent flyer program. Things are looking up, and even Campbell's is ready to soup up its business by making a foray into the Belarusian market.

The financial crisis, however painful, may help Belarus shed the remnants of its Soviet past. Although the country's economy is still largely owned by the state, the government vowed to implement modest privatization plans at the end of

the economic slump, selling off some of its companies into private hands. Foreign investors in Russia, Turkey, and Austria have already purchased several banks and two telecom firms.

Minsk expects to service its external debt – too low to negatively affect the Belarusian economy, as the country's analysts boast, – in 2009 and 2010. Belarus' surly neighbor to the East begs to differ, however. Predicting that Belarus will go bankrupt as early as next year, Russia is slow to send the last installment of its \$2 billion credit to Belarus. But if Moscow's tranche falls through, President Lukashenka will have a chance to flaunt his "heroic" resistance to the Kremlin's pressure to recognize Abkhazia and South Ossetia.

Moreover, if Russia zips up its wallet, Belarus will find other ways to profit from Moscow's proximity. Having successfully gambled politics for many years, Lukashenka now plans to accommodate Russia's casinos displaced by Vladimir Putin's new law in July. Boosted by the flood of Russian gambling giants, Belarusian gambling industry may grow into a substantial source of income as Lukashenka promised to make the country's gambling laws "the best in the world."