The State of the Union: Belarus, Russia and the virtual state

On 18 July Aliaksandr Lukashenka and Vladimir Putin met in St Petersburg. Integration within the framework of the Union State of Belarus and Russia, which will mark its twentieth anniversary in December, featured prominently on the agenda. It has become a leitmotif in recent meetings between the two heads of state. Remarkably little has been achieved in two decades since the Union State’s creation and the reluctance of either country to abandon the project prompts one to reconsider its contemporary function in the bilateral relationship.

Both Belarusian and Russian rhetorical commitment to the Union State has looked odd ever since the 2015 formation of the Eurasian Economic Union supplied a parallel framework for economic and, if desired, political integration. Despite this, the Union State continues to generate flurries of activity in both states’ bureaucracies. Speaking in St Petersburg, Lukashenka ambitiously proposed that the problems besetting the Union State should not be carried over past the December anniversary.

Two sides of the coin

Over the years – interspersed with lulls in activity – officials have drawn up roadmaps for integration, formed working groups, and often talked up their accomplishments. No doubt this proliferation of activity impresses some observers, but a less impressive picture emerges when one looks at policy implementation.
Take the widely discussed issue of a common currency between the two states. The issue predates the Union State: the 1996 Treaty on a Community of Sovereign Republics envisaged the introduction of a single currency by the end of 1997. In 2005 Lukashenka praised ‘difficult but fruitful work’ towards its creation. Yet on 21 July Russia’s Minister for Economic Development said of the matter: ‘We haven’t discussed this issue thoroughly.’ Clearly the importance of the single currency means moving towards it as the pace of a garden snail.

From one angle this is unsurprising. If one takes the European Union as a model of economic integration, then monetary union came late in the day. The European Community established a free trade area in 1957, a customs union in 1968, and a single market after 1986. The 1992 Maastricht Treaty provided for monetary union, which became a reality only in 2002. The EU model would suggest that Belarus and Russia need to do more work on building a single market before addressing a potential monetary union. This would seem to be what Dmitry Krutoi, Belarus’s Minister for the Economy, had in mind when he spoke on 21 July of a roadmap to establish unified industrial markets by 2021.

From another angle it is telling of the prospects for progress. If Belarusian and Russian officials had a well-formulated plan, then one wonders why statements over the years have been so inconsistent. There simply doesn’t appear to be the political will. Russia does not want Belarus to wield influence on monetary policy, while Belarus insists it must have equal rights alongside Russia. Hence the impasse.

**Economics or security?**

The Union State emerged from the uncertainties of the 1990s. For Russia, the Union State served security interests by providing a vehicle for unifying defence structures even if
officials always emphasised the economic and political dimensions of integration. While most military cooperation happens outside the Union State framework, the recent endorsement of a new Union State military doctrine shows the continued significance of the Union State to the two states’ security alliance. It also bolsters Russia’s arguments to retain its military presence in Belarus; leases on its radar and communications facilities expire next year.

In addition, the Union State has served a useful function in keeping Belarus away from other suitors. The Kremlin’s dislike for EU engagement in post-Soviet eastern Europe is well-known and, from Russia’s perspective, the Union State shelters Belarus from integration into EU – and, more recently, Chinese – economic designs. Nonetheless the establishment of the Eurasian Economic Union superseded this function and Russia has long strived to move away from a bilateral model allowing hefty subsidies to Belarusian enterprises. For this reason, the Union State increasingly looks like an inconvenience to Russia rather than a help.
The Union State plays a role sheltering Belarus from China’s economic ambitions

For Belarus too, both economic and security dimensions characterise the Union State. The framework ostensibly provides a mechanism for avoiding barriers to trade with Russia, although in fact non-tariff obstacles can be readily erected. The Belarusian dairy industry knows this all too well. The Union State has also allowed Belarusian enterprises to benefit from Russia’s domestic rates and receive hydrocarbon subsidies, although again the Eurasian Economic Union to some extent supersedes this.

Arguably, the main benefit to Belarus of the Union State over the past two decades has been in terms of ‘regime security.’ Specifically, there has almost certainly been a conviction among Belarus’s leaders that Russia is more interested than other external actors in keeping the Lukashenka regime in power. Russia has sheltered Belarus’s political and economic systems from the alternative liberal models pushed by Western
states. However, Russia’s military intervention in Ukraine and its application of economic and diplomatic pressure on Belarus has most likely gone some way to undermining this conviction.

There is then, as in the case of Russia, tension about whether Belarus’s interests continue to be best served by the Union State.

The virtual state

The function of the Union State in 2019 still looks puzzling. Belarus’s firm opposition to surrender any sovereignty to Russia, combined with Russia’s unwillingness to view Belarus as an equal rather than junior partner, stymie prospects for further integration within its framework. Instead, the Union State is best viewed as a forum for shadowboxing: through it the two sides appear to address substantive problems in the Belarus-Russia relationship without landing any actual hits. Without a big shift in either state’s position — a shift of the kind barely imaginable in current conditions — the Union State will remain a virtual state.

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