

DGAPanalyse

kompakt

Prof. Dr. Eberhard Sandschneider (Hrsg.)
Otto Wolff-Direktor des Forschungsinstituts der DGAP e.V.

Mai 2011 N° 2
ISSN 2191-4869

How to deal with Belarus?

New Approaches in EU-Belarus Relations

by Marie-Lena May



Deutsche Gesellschaft
für Auswärtige Politik e.V.

How to deal with Belarus? New Approaches in EU-Belarus Relations

by Marie-Lena May

The Belarusian regime is under pressure economically and socially. The Minsk metro bombing on April 2011, which caused 14 deaths, showed the new instability of the country. High inflation and small foreign currency reserves have led to a deeper dependency on loans from Russia. Since the rigged elections and the violent crackdowns on demonstration in December 2010, EU-Belarus relations are at a low point. To develop a new EU strategy toward Belarus, the EU should take a closer look at the structural developments in the country and approach two groups for a new cooperation: the young pro-European society and the disappointed elite.

On April 11, 2011, a bomb exploded in the metro in Belarus' capital city Minsk, leading to the death of 14 people. This clearly marks a new instability in the country. Belarus used to be an island of stability in the post-Soviet area, supported by economic growth and social security subsidized by Russia. But this system has been teetering since the global financial crises. Inflation reached 8.75% between January and March, and Belarus' reserves of foreign currencies are so short that no foreign currency is available in the country. To solve these challenges the regime bargains about loans from Russia, thereby becoming more dependent on its neighbor to the East.

For the EU, this raises the question of how to deal with Belarus. Belarus is an exception in the Eastern Dimension of the European Neighborhood Policy. Diplomatic activity with the autocratic regime is close to nonexistent, and Belarus is the only member of EU's Eastern Partnership (EaP) initiative without a partnership and cooperation agreement. In comparison to the other EaP countries, cooperation, instruments and financial aid are much more limited. Furthermore, the ruling elite in Belarus does not intend to enter the EU, but to consolidate an independent Belarus in close cooperation with Russia. Thus, EU accession as long-term goal and incentive for change—the most successful EU foreign policy until now—cannot be utilized in EU-Belarus relations.

To develop a new EU strategy toward Belarus, the EU should take a closer look at the structural developments and the mechanism in Belarus and identify new approaches for cooperation. This paper gives, first, an overview on the challenges Belarus currently faces and, second, identifies two focal groups for a new EU strategy toward Belarus: the young pro-European society and the disappointed elite.

Insights into the Belarusian power system

President Alexander Lukashenko has ruled Belarus since 1994. In 2004 a referendum changed the constitution to eliminate presidential term limits and open the door for him to run indefinitely. Having consolidated its power, the authoritarian regime relied on the three following pillars:

Pillars of Belarus' power system		
Autocratic system with strong security apparatus and control of the media.	Economic growth and social reallocation based on subsidies from Russia: hush-money for Belarusians and the elite.	Foreign and security seesaw policy between sovereignty and dependence on Russia.

Table 1: Columns of Belarus' power system in the past years (author's classification)

Autocratic system with a strong security apparatus and control of the media

The mechanism of internal power sustainability in Belarus is based on autocratic centralism with a clear hierarchy and loyalty toward the President. In addition, Lukashenko constantly reshuffles powerful positions to prevent anyone else from gaining too much power. The last rotation took place right after the elections in December 2010, when he replaced the prime minister and other politicians considered more pro-European and pro-liberalization. By keeping the economy state-owned and closed from international markets, no oligarchies could develop in the transition period after the dissolution of the Soviet Union. Ironically, what has ensured his power for 17 years is now one of the main problems: the non-reformed Soviet-style industry that produces goods that cannot compete on the global market.

In recent years, Lukashenko also established a patrimonial system, installing his family in political and economic posts. His son Viktor is one of his close counsellors. His youngest extra-marital son, six-year-old Kolya, seems to be kind of a “mascot” accompanying him to social and political events. Some voices say that Kolya is meant to be his successor.

In addition, the Belarusian power system fundamentally relies on a well-functioning security apparatus. The firm crackdown of the protests in December 2010 showed the effectiveness of the police and the Belarusian security agency KGB. The trials afterward once more revealed the judiciary’s lack of independence and the violations of human rights in Belarusian prisons.

Finally, the state-controlled media, which function as an organ of the autocratic regime, form the last piece of the autocratic system’s foundation. After the metro bombing, two independent newspapers (*Nasha Niva* and *Narodnaya Volya*) were targets of searches and were threatened with closure. Out of 178 countries, Belarus ranks 154th on the Press Freedom Index 2010, the last place in Europe.¹ Basically the only source for non-regime-controlled information in Belarus is the internet. It is widely

used by the opposition, but also by the public. A regulation on the internet in 2010 offers the possibility to censor websites, though it so far has only rarely been used.

It is difficult to judge whether there are cracks in the Belarusian power system. The most obvious division is within the economic elite. Parts of the elite prefer market liberalization to the state-controlled economy. The hesitant reforms to liberalize the economy in the last two years have disappointed them. These circles could be open to a regime change as soon as Lukashenko can no longer pay them off. Until now, he has stifled criticism by re-distributing rewards among the elite. But if the economic situation worsens, he will not have the means to offer substantial enough payoffs.

Economic growth and social stability based on subsidies from Russia

Economic growth was the most important pillar of Lukashenko’s power. The Belarusian economy performed much better than other former Soviet countries like neighboring Ukraine (e.g. in 2008 10.2% growth of GDP in comparison to 2.1% in Ukraine).² The system relied on subsidies from Russia in gas and loans, and on the open Russian market for Belarusian products. This allowed Lukashenko to guarantee social equality and security and to project the image of being the only warrantor of stability and prosperity for Belarus.

The global financial crisis has weakened this system. On the one hand, Russia had economic troubles itself and has started an economization of its foreign policy. Russia raised its gas prices, and Belarus had to make concessions in order to avoid an ever higher price. As a result, Belarus sold parts of its pipeline system to Russian investors and joined the Customs Union with Russia and Kazakhstan. On the other hand, demands for Belarusian goods in their main markets, Russia and Ukraine, have fallen sharply because of their own economic decline. It became clear that Belarusian products are not competitive on the global market. In 2010, the Belarusian GDP officially grew by a mere 0.2%. But even this low figure might be fabricated in order to display (if only marginal) economic growth.

Belarus has not been able to recover from these hardships. The rating agency Standard & Poors reduced the credit rating for Belarus from B+ to B in March 2011 with a negative outlook.³ Economic problems include the increasing negative trade balance, public debts, and high public spending (which Lukashenko needs in order to secure the loyalty of the people and especially of the administrative elite and the security apparatus). The International Monetary Fund gave Belarus loans in 2009 and 2010, but now warns that Belarus' net international currency reserves are too small after a 20% reduction at the beginning of 2011. The IMF suggests a devaluation of the Belarusian rouble and far-reaching structural reforms.⁴ Up to now, the government has not followed this advice because it fears social unrest. To the contrary, by the end of 2010—just before the presidential elections—public sector wages were significantly raised.

Yet the plan did not work out: The de facto exchange rate dropped to approximately 25% of the official exchange rate in March 2011. People in Belarus can no longer access foreign currencies or gold reserves,⁵ which is a serious problem for many people because rents or goods often need to be paid for in euros or dollars. In March and April 2011 the prices for fuel, bread and other products of daily use increased; inflation from January until March 2011 was officially estimated to be 8.75% (the official outlook for the whole year).⁶ People have started to stockpile.

Economic decline will increase widespread weariness and probably lead to rising social instability. A growing number of Belarusians do not see the current regime as being able to secure economic growth. In a public opinion poll of the Independent Institute of Socio-Economic and Political Studies in March 2011, 26.9% stated that their economic situation has worsened in comparison to 16.0% in December 2010 and 12.2% in 2006 after the previous presidential elections. Only 29.2% of Belarusians believe that the economic situation will improve in the near future. Trust in Lukashenko dropped to 47.9% by March 2011 from 55% in December 2010 and 60% in 2006.⁷ Until now, people have reacted rather calmly. There were occasional demonstrations, e.g. by car owners against the high fuel prices, but so far

fear of regime crackdown has kept demonstrations from reaching a critical mass.

Foreign and security seesaw policy between sovereignty and dependence on Russia

Without Russia as a close partner the first two pillars of the Belarusian power system would not stand. Thus, in foreign and security policy, Belarus is equally focused on Russia, but tries to balance Moscow's influence to safeguard its sovereignty. This seesaw foreign policy combines four strategic measures:

- Integration in multilateral organizations under Russia's influence, like the Collective Security Treaty Organization or the Customs Union with Russia and Kazakhstan
- Economic cooperation with former Soviet republics, especially Ukraine
- Loose cooperation with the EU, USA and international ("Western") organizations
- Pragmatic network with countries like China, Venezuela or Cuba.

This balance is now threatened by changes in Russian foreign policy. Since the beginning of 2011, Belarus has been negotiating terms for loans from Russia and the Eurasian Economic Community (EurAsEC). Lukashenko has been trying to buy time for a better bargaining position, but his position remains weak. Economic strains are weighing on him, and his ability to play Russia and the West against each other is limited now that the EU and USA have reinstated an isolation policy toward Minsk. The loan negotiations are scheduled to finish in mid-May.⁸

Lukashenko cannot rely on other partners for help either. China, which supported Belarus with loans in the past, does not show great interest in investing in Belarus as it boasts no significant resources. Venezuela offered oil, but high transport costs make it more expensive than Russian oil. As Belarus is landlocked, it needs either access to a Ukrainian or a Baltic Sea harbor to receive Venezuelan oil. Other potential partners like Cuba or Libya are struggling with their own serious economic and political problems.

This shows that Belarus still needs the EU for counterbalancing the steadily growing Russian influence. The regime, therefore, can hardly reject all proposals.

New EU policy toward Belarus

In view of the constellation of power in Belarus, the EU should rethink its strategy. Two societal groups are particularly prone to fuel political change: pro-European youth (parts of 2c in the table below) and the disappointed economic elites (parts of 1a).

Broadly speaking, Belarusian society is divided into two groups with different subgroups:

Charming the young pro-European Belarusians

For the EU, group 2a) and 2b) were the obvious cooperation partners in the past, and, of course, they will and should remain so in future. But the EU should additionally see that the young and well-educated Belarusians (group 2c) are an important starting point for new engagement. The pro-European part of the society could form the future ruling elite. But of course, it could just as easily be a future of pro-Russians elites. Currently, a slight majority of Belarusians (50.4%) would rather join the EU than integrating with Russia (31.5%).

The EU would do well to reply to this plea, to offer attractive programs and promote the EU in

1) The supporters of the current regime, mainly composed of two subgroups		2) The opponents of the current regime, mostly pro-European and mainly composed of three subgroups:		
a) Active Supporters Beneficiaries of the system who gain from financial distributions and unofficial rules, like the administrative and economic elite and the security apparatus ----- If the economic decline continues, a split in this group is possible. The disappointed parts of the elite are a starting point for the EU.	b) Passive Supporters The neutral, apolitical segments of society that prefer stability and security. It is probably the biggest group, including farmers, the elderly and less-educated lacking access to independent information.	a) Active Opponents The active opposition forms a small part of Belarusian society. After the presidential elections, many opponents were detained and some are still in prison. The forces are therefore weakened and the opposition needs time to recover. But the brutal actions of the regime can also help to unify and strengthen the opposition in the next years.	b) The Civil Society There is an active and heterogeneous civil society operating in different fields like environment, social and health issues and education. They are not politically active in a narrower sense. Their goal is to change the situation in a special and defined area, not to actively overthrow the regime.	c) Frustrated The well-educated parts of the society that feel the lack of opportunities because of the country's isolation. The rigged election and the suppression of protests, as well as the dire economic situation have led to a loss of regime credibility. This group wants an end to the country's isolation and prefers EU integration.

Table 2: Division of Belarusian Society (author's classification)

An opinion poll published in March 2011⁹ showed that the division of society coincides with two different perceptions of what is happening in Belarus. For example, 47.7% think that the authorities acted in the right way on December 19, whereas 42.4% disagree. The question "A. Lukashenko has become president of the country again. Did you personally want it?" was answered with "yes" by 46.2% while 43.2% responded "no." Belarusian society is also divided on who is seen as responsible for the metro bombing in April: Regime supporters believe the official interpretation of an oppositional attack. Opponents, however, think the inner power circle faked an insurgent terrorist attack in order to discredit the opposition.¹⁰

Belarus. EU member states should start implementing the post-election promises of civil society support announced at the international donor conference in Warsaw in February 2011. German Foreign Minister Guido Westerwelle promised 6.6 million Euros for 2011,¹¹ and the European Commissioner for Enlargement and Neighborhood Policy, Štefan Füle, 17.3 million euro during 2011–2013.¹² The EU might lose credibility if it now directs all its support efforts toward Northern Africa and forgets about the Belarus promises. This includes supporting the EaP's Civil Society Forum with an office of its own, offering more scholarships for students and young professionals, establishing an independent Belarus Fund

for Civil Society Projects, and introducing visa facilitations.

Contacts to the disappointed elite

Besides intensifying its engagement in Belarus, the EU should build reliable networks with disappointed forces among Belarusian economic and political elite. Through the cautious economic liberalization started two years ago, new independent elites emerged and can gain influence in the country. Contacts should be made and support and cooperation considered. Excluding Belarus now from the Eastern Partnership Initiative would be a wrong signal, because EaP's multilateral dimension offers contacts between executives and experts on a low and medium level.

The EU Delegation in Minsk should play a keyrole, expand its activities and fulfill the need of a lively contact point between Belarus and the EU. Germany together with Belarus' neighboring EU countries (Poland, Latvia and Lithuania) should push the Eastern Dimension in the EU to keep it high on the agenda. The insurgencies in Northern Africa painfully revealed the unpreparedness of the EU and its lack of knowledge of and contact with non-governmental actors in the region. If it remains inactive and inattentive to Belarus now, the EU risks once again being caught flat-footed by change in its neighborhood.

Marie-Lena May, Program Officer, Center for Central and Eastern Europe of the Robert Bosch Stiftung, DGAP.

Endnotes

- 1 Reporters without Borders: Press Freedom Index 2010, <<http://en.rsf.org/press-freedom-index-2010,1034.html>> (retrieved 05/04/2011).
- 2 CIA's World Fact Book, <<https://www.cia.gov/library/publications/the-world-factbook/geos/bo.html>> (retrieved 26/04/2011).
- 3 Standard and Poors: Sovereigns Ratings List <<http://www.standardandpoors.com/ratings/sovereigns/ratings-list/en/us/?sectorName=Governments&subSectorCode=39&start=100&range=50>> (retrieved 20/04/2011).
- 4 International Monetary Fund, <<http://www.imf.org/external/np/sec/pn/2011/pn1134.htm>> (retrieved 18/04/2011)
- 5 Charter 97: Economic crisis in Belarus forces tough decisions, looks to strengthen Russia's hand, 04/04/2011, <<http://charter97.org/en/news/4/2011/4/37385/>> (retrieved 18/04/2011).
- 6 Belarus Telegraph Agency (Belta), Minekonomiki Belarusi pereschityvaet prognoz infljatsii na 2011 god (Ministry of Economy of Belarus re-calculates the forecast for inflation for 2011), <http://www.belta.by/ru/all_news/economics/Minekonomiki-Belarusi-pereschityvaet-prognoz-infljatsii-na-2011-god_i_552176.html>, 26/04/2011 (retrieved 26/04/2011).
- 7 Independent Institute of Socio-Economic and Political Studies (IISEPS): Results of the Nation Opinion Poll Conducted on March 2–12, 2011<<http://www.iiseps.org/edata.html>> (retrieved 20/04/2011).
- 8 Belarus Telegraph Agency (Belta), Russia's Finance Ministry ready to agree with Belarus on loan, 26/04/2011, <<http://news.belta.by/en/news/econom?id=627862>> (retrieved 05/03/2011).
- 9 Cf. note 7.
- 10 Silja Schultheis, »Lukaschenko hat sich in die Ecke gedrängt.« Interview mit dem Oppositionellen Alexander Michalewitsch ("Lukashenko has driven himself into a corner." Interview with the opposition politician Alexander Mikhalevitch), n-ost, 19/04/2011.
- 11 Press Release by the Ministry of Foreign Affairs of Germany, Bundesregierung stockt Unterstützung für belarussische Zivilgesellschaft auf, 02/02/2011 (The German Federal Government increases the support for the Belarusian civil society), <http://www.minsk.diplo.de/Vertretung/minsk/de/03/zivil_gesellschaft_de.html> (retrieved 27/04/2011).
- 12 European Commission: European Commission confirms strong support to the Belarusian population, N° IP/10/330.

Die DGAP trägt mit wissenschaftlichen Untersuchungen und Veröffentlichungen zur Bewertung internationaler Entwicklungen und zur Diskussion hierüber bei. Die in den Veröffentlichungen geäußerten Meinungen sind die der Autoren.

Herausgeber:

Prof. Dr. Eberhard Sandschneider, Otto Wolff-Direktor des Forschungsinstituts der Deutschen Gesellschaft für Auswärtige Politik e.V. | Rauchstraße 17/18 | 10787 Berlin | Tel.: +49 (0)30 25 42 31-0 | Fax: +49 (0)30 25 42 31-16 | info@dgap.org | www.dgap.org | www.aussenpolitik.net
© 2011 DGAP