

## **Foreign Policy Challenges for Belarus Since 2014 and Their Domestic Dimension**

Belarusz külpolitikai kihívásai 2014 óta  
és azok hazai dimenziói

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**Abstract:** The onset of the Ukraine crisis in 2013–2014 entailed a fundamental transformation of Europe's security environment which affected Belarus in many ways. Belarusian leadership had to make hard choices about their relationship with assertive Russia, bewildered EU and USA, rising China. Successful first steps allowed Minsk to gain leverage and receive substantial benefits in this new environment by using Russia-led integration frameworks to contain Russia and position itself as the "donor of regional stability and security". But the pressure on behalf of Moscow leaves little space for further advancement on this track. Russia-related risks undermine the resource base of the country's political regime and necessitate internal transformations that are likely to have vast foreign policy implications. The ability to manage those internal transformations will be of key importance in 2019–2020.

**Összefoglalás:** A 2013–2014-ben kirobbant ukrán válság az európai biztonsági környezet alapvető átalakulásával járt, ami jelentős mértékben érintette Belaruszt is. A belorusz vezetésnek nehéz döntéseket kellett hoznia az országnak az asszertív Oroszországgal, a bizonytalanra váló EU-val és USA-val, illetve a feltörekvő Kínával való kapcsolatát illetően. Minszk sikeres első lépései lehetővé tették, hogy az új környezetben tökélet és jelentős előnyöket szerezzen az Oroszország által vezetett integrációs keretek kihasználása révén, hogy Moszkvát feltartóztassa, és magát a „regionális stabilitás és biztonság biztosítékaként” pozicionálja. A Moszkva részéről Fehéroroszországra nehezedő nyomás azonban kevés teret enged az ezen az úton történő továbbhaladásnak, az Oroszországgal kapcsolatos kockázatok pedig aláássák a belorusz politikai rendszer erőforrásait, és olyan belső átalakításokhoz vezethetnek, amelyek egész biztosan jelentős külpolitikai következményekkel járnak. Így a belső átalakítások kezelésének a képessége kulcsfontosságú szereppel bír 2019–2020-ban.

## A TEMPORARY STALEMATE IN BELARUS–EU AND BELARUS–USA RELATIONSHIPS

After the onset of the Ukraine crisis, Belarus adopted the role of [Russia's containing ally](#). Despite maintaining its membership in Russia-led integration frameworks (Collective Security Treaty Organization, "the Union State") and becoming the founder of the Eurasian Economic Union, Belarus also [refused to support Russia's assertive foreign and defence policy](#) and backed up its confrontational stance in relations with Ukraine, EU and NATO. As the member of those integration frameworks possessing the veto power, [Belarus \(supported by Kazakhstan\) managed to prevent](#) Russia's use of those alliances for undermining regional security and security of Ukraine and EU/NATO states. It also denied Russia the right to deploy its military capacities and otherwise utilise Belarusian territory



for projecting force westwards and southwards and became the official negotiation ground for the parties to the Donbass conflict.

Belarus' quasi-neutral positioning as "the donor of regional stability and security" has been an important asset for the EU and the NATO who were caught by surprise by Russia's gambit in Ukraine. Besides, Belarus played an important role in by-passing Russia's countersanctions against EU states. All this triggered normalisation of Belarus–EU and Belarus–USA relations leading to partial lift (EU) or freeze (USA) of sanctions against Minsk. However, the potential of this normalisation appears to be limited for a number of reasons.

Belarus–USA relations suffer from the instability of the incumbent US Administration and its self-isolationist bias. While State Department admitted Belarus' (and other regional states') sovereignty to be the "[bulwark against Russia's neo-imperialism](#)", the practical engagement of the United States with Belarus has been quite limited. This is mainly due to the fact that Belarus continues to be Russia's official ally, is often perceived as "part of Russia" in terms of NATO states' strategic planning and also seeks to avoid or minimise moves that could be interpreted by Moscow as disloyalty. Poland's aspiration to increase US military presence on its territory potentially jeopardises Belarus' regional role and grants Russia additional grounds for [increasing political pressure](#) on Minsk. Therefore, [Minsk opposes it](#). Besides, the positive dynamics of Belarus–China relations, including military-political cooperation, also seems preclusive to Washington's wider engagement with Belarus.

Belarus–EU relations saw greater dynamics throughout 2014–2017, but the parties essentially failed to formalise their rapprochement. The agreements on visa facilitation and readmission as well as the Priorities for Partnership agreement have not been signed due to Lithuania's opposition to the construction of the Belarusian Nuclear Power Plant in Ostrovets (70 km from Vilnius) and technical issues in visa-related matters. While the [normalisation of Belarus–EU relations](#) (and the revision of the Eastern Partnership project) did bring substantial economic benefits to Belarus, lack of formalisation limits opportunities for further progress and leads to disillusionment on behalf of the Belarusian leadership.

Named bottlenecks in Belarus' cooperation with EU and USA substantially limit the incentives for further rapprochement. While this cooperation is of strategic importance for Belarus, the actual state of relations can be characterised as a form of stalemate where none of the parties has the freedom and readiness to bring the cooperation to the next level. Meanwhile the amount of benefits that Belarus has got and is currently getting from this cooperation is insufficient for offsetting the risks that its potential distancing from Russia would entail.

Developments in 2019 show that Minsk and its partners are trying to find the way out of this dead-end. In June 2019, EU officials confirmed that the [negotiation process on visa facilitation](#) is over and the parties now expect signing of the documents. This, however, will only happen in autumn 2019 and will probably be presented by the Belarusian authorities as a big achievement in the wake of November 2019 parliamentary elections in the country.

The Priorities for Partnership agreement talks might also be unfrozen soon as the [new president of Lithuania Gitanas Nausėda seems to be more positive about the cooperation with Belarus](#) than his predecessors.

## REVISION OF BELARUS–RUSSIA RELATIONSHIP

Russia's strategy towards Belarus has evolved throughout 2014–2018. In 2014–2015, it was aimed at coercing Belarus (and Kazakhstan) into supporting Russia's assertive foreign and defense policy both, bilaterally and in integration frameworks. Moscow attempted to introduce sanctions against Ukraine in the framework of EAEU and CIS, but [they were blocked by Belarus and Kazakhstan](#).

In bilateral relations, Russia pushed for deploying its military bases on the territory of Belarus, unilaterally signing respective documents in September 2015. However, [Belarusian leadership rejected the idea](#) in October–November 2015 claiming [its national level military capabilities are sufficient for safeguarding Russia's security on the Western flank](#). Instead of Russia's military presence, [they called for Russia's military-technical assistance](#) (additional arms supply for domestic prices).

After that [Russia adopted a different, unilateral, strategy towards Belarus](#). This new strategy included two core elements. On the one hand, Moscow promoted deeper integration in spheres where this would give it a leverage over Minsk. On the other hand, Russian leadership consistently reduced the amount of Russia-related rents and other resources available for the Belarusian party to maintain its strategic autonomy from Russia and strengthen its sovereignty. Those efforts were complemented by a sophisticated communication strategy aimed at compromising Belarus' image as "donor of regional stability and security" and nurturing divides inside the country.

The interaction between the two main elements of Russia's strategy can be illustrated with the following table.

<b>Measures to deepen integration in spheres where this would give Moscow an additional leverage</b>	<b>Measures to limit resources available to Belarus</b>
Demanding instant access to information on border crossings and deployment of Russia's Border service officials on Belarus' western and southern borders as a pre-requisite for solving the issue	Cutting tourist inflow to Belarus by: <a href="#">denying third country nationals travelling through Belarus to Russia</a> right for crossing the Belarus-Russia border reintroducing <a href="#">simplified border control</a> for persons crossing Belarus-Russia border



<p>Demanding support for Russia's anti-EU "countersanctions"</p> <p>Demanding deployment of Russia's customs officers in Belarusian customs controls units</p> <p>Negotiating acquisition of relevant Belarusian assets</p>	<p><a href="#">Denying Belarusian meat and dairy products access to Russia's market</a></p> <p>Cutting "<a href="#">countersanction evasion</a>" <a href="#">reexport schemes</a> running through the territory of Belarus</p>
<p><a href="#">Pressing for deployment</a> of Russian troops and bases on the territory of Belarus</p> <p>Pressing for enhanced military cooperation (similar to the model of Armenia-Russia cooperation) and Belarus' support for Russia's assertive policies in the region</p>	<p><a href="#">Deploying Russian troops on the border with Belarus</a> to intimidate Belarusian party and underline Russia's ability to do without collective defense mechanisms</p>
<p>Demanding deeper political and institutional integration as a pre-requisite for better terms of economic cooperation</p>	<p>Cutting oil product supplies to Belarus and implementing the tax maneuver radically reducing the amount of oil-related rents available to Belarus</p>

Numerous high-level negotiations between Belarus and Russia did not yield results in 2018. By the end of the year, tensions in bilateral relations escalated after Moscow formulated the "[integration ultimatum](#)". In order to ensure equal competition on the Russian market for the Belarusian enterprises (which they are entitled to anyway due to the numerous agreements signed), Minsk will have to make steps to deepen the integration, harmonise its economic policies with those of Russia, delegate some of its sovereign powers to the supranational level etc. The two countries remain in a stalemate over terms of cooperation, with Minsk unwilling to cede its sovereignty and [Moscow determined to attain unilateral concessions](#) on behalf of the Belarusian leadership and cut the amount of rents it makes available for Minsk. Meanwhile Kremlin also withheld the loans totaling 800 million USD that it had previously pledged to Belarus. This standoff certainly [hurts the Belarusian economy and degrades its prospects](#).

## THE STUMBLING BLOCK: BELARUS' UNREFORMED ECONOMY

Finding itself in two named stalemates, Belarus has to confront its internal challenges. The country's state sector dominating the economy has been unable to keep up with the pace of technological change for at least the previous ten years (save for specific branches like arms modernisation and production, heavy trucks production, IT and some others). Its poor management, obsolete technology and outdated products, overall competitive weakness make

it net consumer of resources (in the form of budgetary support). Poor condition of state enterprises' finances makes them toxic for the private sector and the whole economy as [courts and law enforcement agencies always protect state-owned enterprises](#), quite often at the expense of private companies.

This central role of state enterprises for the Belarusian political regime and the whole system of governance deserves a closer look. In the late 1990s, when Russian authorities were weak and needed an illusion of foreign policy achievements, the Belarusian leadership managed to negotiate a formula of Belarus–Russia relations that largely defines their interaction till the present moment. This formula included the exchange of Belarus' geopolitical loyalty to Russia for Russia-related rents, mainly in the form of discounted oil and gas supplies to Belarus, as well as the unimpeded access of Belarusian exporters to the Russian market.

By mid 2000s, the amount of the [rent that Belarus extracted](#) in such a way equaled about 20 percent of the GDP of the country, that is over 10 billion USD annually. These resources were transferred to the country's budget and extra-budgetary funds and then were used together with other revenues to finance infrastructure projects, social sphere and, most importantly, state enterprises. The latter received state funds to modernise themselves, pay off debt and to meet other needs all in return for keeping their personnel employed.

The domination of state enterprises, often decent salary and scarcity of alternative sources of revenue, pushed the employees to hold on to their jobs. Ultimately that turned the top managers of state enterprises into power brokers whose important function was to deliver a pre-determined number of votes for the "right candidate" during elections. Ensuring political loyalty of their personnel, paying salaries and avoiding significant layoffs have all become an important part of state top managers' mandate. Meanwhile economy wise their main task was often to increase the volume of production to meet pre-planned goals, often irrespective of company's profits and losses.

Apart from filling the budgetary and extra-budgetary funds, Russia-related rents also made available resources for the quasi-private business groups around Lukashenko family to thrive. Yuri Chizh, Nikolay Vorobei, Alexei Oleksin and many other prominent Belarusian businessmen profited from access to trade in oil and oil products granted to them by Alexander Lukashenko. In return, many of them supported him publicly, financed projects designated by him and helped to strengthen the regime in other ways. Of these two elements – state-owned enterprises and state-controlled private businesses –, the former ones are the backbone of the political regime in Belarus, the foundation of its stability, while the latter ones are its reserve fund and safety net ensuring its flexibility.

As Russia-related rents are reducing, especially since the late 2017, the system of governance based on redistribution of those rents and safeguarding political stability also becomes inadequate. Dominated by siloviki (law-enforcement and special services), the regime finds itself incapable of improving business environment and create alternative revenue sources. Instead, state agencies compete with each other, try to push their agendas to the top, with law-enforcement and special



agencies always being the winners in this competition. Respectively, the already high geopolitical risks are aggravated by numerous internal political, regulatory and other risks [keeping foreign companies away from investing in Belarus](#).

As the result, Belarus' economy is growing slower than that of its neighbours (save for Russia). Its population is poorer than in neighbouring states (except for Ukraine). And the authorities seem unable to create incentives for higher economic growth.

Russia's increasingly aggressive strategy towards Belarus further exacerbates this situation. While Belarusian authorities fear uncontrolled expansion of Russian economic and political actors in Belarus, siloviki propose to address that challenge by [delaying liberalisation and introducing extra controls in both economy and politics](#). Thus, Belarus finds itself in a political and institutional stalemate: it needs less dependence on Russia in order to liberalise, reform and increase the productivity of the economy, but it also needs more resources (which it can get only through a higher economic productivity) in order to afford a greater independence from Russia.

This weakness of Belarus' economy has important foreign policy and strategic implications.

First of all, it severely limits the scope of possible engagement between Belarus on the one hand and EU, USA and other developed economies on the other hand. It creates institutional impediments (lack of access to WTO) while high risks and poor prospective returns discourage investors. Slow growth of B2B cooperation and investment activities contributes to low profile of Belarus-related agenda for EU states and US.

In fact, even Belarus' cooperation with China – a very comfortable partner, putting stakes on cooperation with the incumbent regime – has its limitations due to the weakness of the Belarusian economy. While China sees Belarus as a land gateway to the European market, Belarus, being out of WTO and without a comprehensive partnership agreement with EU, finds itself incapable of playing that role.

Second, it contributes to existing dependence of Belarus on the Russian market, oil and gas supplies and loans.

Third, it pushes Belarusian leadership to search for short-term solutions in foreign and domestic policies, often at expense of longer-term interests.

## CONCLUSION

Up to now Belarus has managed to reconcile its involvement in Russia-led integration frameworks with normalising relations with EU and USA. This was assisted by growing security concerns in post-2014 Europe as well as new cooperation opportunities with China, Ukraine and other third powers. Recent developments, however, narrow down the Belarusian leadership's space for maneuver. As Russia-related rents dry out, Belarus' unreformed state sector



becomes the main obstacle to higher productivity, greater autonomy from Russia, closer engagement with EU, USA, and development of cooperation with China.

Therefore, the Belarusian leadership will soon have to choose which of their strategic priorities they are eager to sacrifice: their strategic autonomy from Russia or the design of the country's political regime which is based on dominating state sector.

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