

Belarus' FOREIGN POLICY INDEX

November-December 2012

Dear readers,

We proudly present a new issue of Belarus' Foreign Policy Index, which traditionally analyzes five foreign policy directions of Belarus, this time covering November and December 2012. The issue sums up the results of the year 2012; therefore, we will assess the yearly dynamics of the foreign policy efforts while sharing our outlook for the country's foreign policy in this new year 2013.

Having analyzed the key foreign policy events in the final months of the year, our experts have drawn the following conclusions:

1) With Russia, a relationship model is sought that is built on compromise, a new pattern of relations enabling Russia to reduce its subsidies to the Belarusian economy while keeping this country under its absolute political control, fully engaging Minsk in the Eurasian Union project and encouraging it to allow the expansion of Russian capital. At the same time, Belarus still hopes that its exclusive status will help it continue enjoying the subsidies while essentially defaulting on its commitments, especially those concerning privatization of state property.

In 2013, backroom tensions will remain between the two countries, as Russia will definitely try and slash its economic support for Belarus; however, this reduction will likely be a mere formality. If one channel of subsidies is shut for Belarus, then new ones will be introduced to offset the curtailment.

2) With Europe, Belarus's contacts somewhat intensified, especially at the level of the Foreign Ministry and other foreign policy institutions—manifested in numerous diplomatic and business events arranged by official Minsk in November and December 2012 — despite the fact that the political relations with the EU remained 'frozen'. However, this trend has not resulted in any improvements of political relations.

In 2013, the Belarusian Foreign Ministry will continue its efforts to mend diplomatic fences with the EU partners; however, if it fails to release political prisoners, the year 2013 will turn out to be an exact copy of the previous year, as the positive effect of approximation attempts will be offset by mutual criticism and, possibly, new scandals.

3) China has proved to expand quite significantly in the Belarusian economy, especially its financial sector, during the period in question. The process was accompanied by the growing non-transparency of Belarusian-Chinese relations. As a foreign policy area of Belarus, China has for the first time ever reached a level close to that Russian (this achievement can be attributed mostly to the insignificant negative component of the rating, though). China gradually takes the place of the European Union in official Minsk's 'maneuvering policy.'

In 2013, China will continue lending to Belarus, although still at a moderate pace and on terms that it deems favorable, in order to secure itself a foothold in the economic sectors that it is most interested in. In late 2013, Belarus and China may see their relations cool off.

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4) In the Near East, Belarus has completely shifted its priorities towards the rich conservative monarchies of the region. Official Minsk has distanced itself from Syria and phased down its contacts with Iran. Belarus's relations with the nations of South and Southeast Asia continue to develop, mostly for pragmatic reasons, as Belarus plans to reap benefits from approaching the vast markets of those countries. Belarus is also trying hard to further its relations with some African and Latin American nations.

Should the internal political situation in Venezuela change, which is quite possible because of President Hugo Chavez's health problems, Belarus may see its relations deteriorate not only with that country, but also with some other partners in the region, where Venezuela acts as a facilitator of Belarus's contacts. In 2013, contacts with new partners — India, Bangladesh, Indonesia and Malaysia—may pave the way for effective bilateral projects.

5) With Ukraine, the problem of possible limitations on import of Belarusian-made gasoline has lost its relevance; however, we should be speaking about certain postponement rather than resolution. Politically, the bilateral relations remained de facto frozen. No progress has been achieved in the matter of the Ukrainian state debt to Belarus and finalization of the state border treaty ratification process.

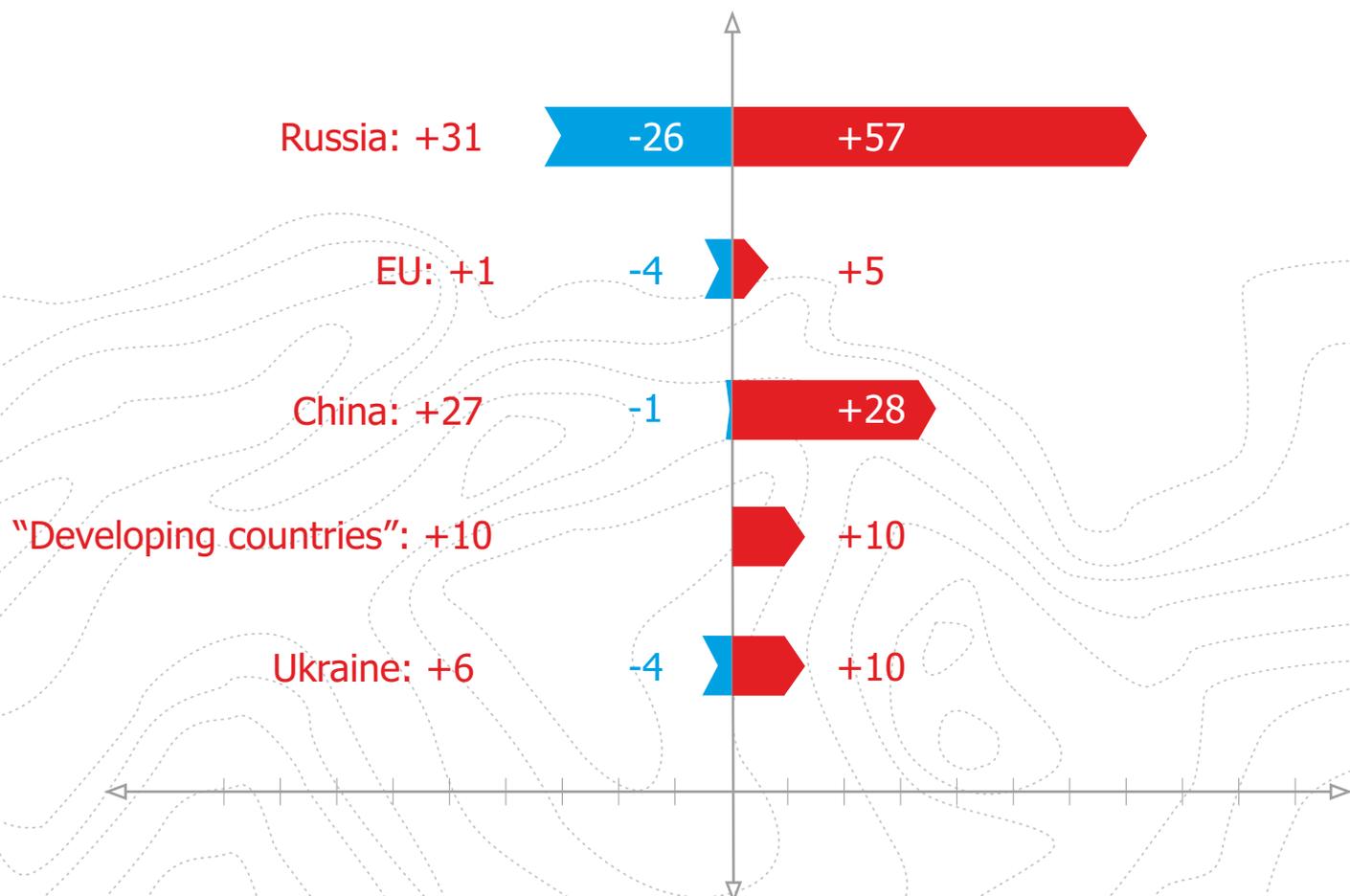
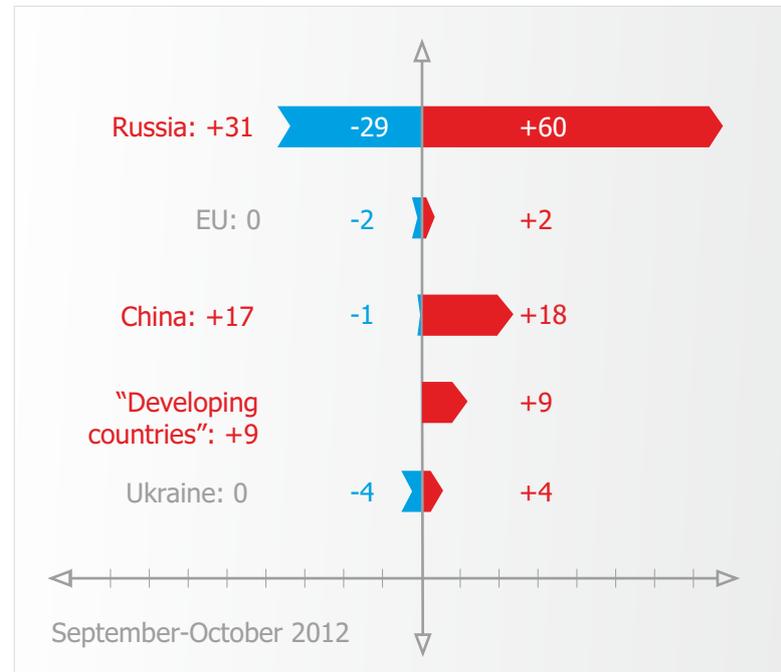
In 2013, Belarusian-Ukrainian relations will remain at the current level, i.e. calm and cool. However, reshuffles in the Ukrainian government and the diplomatic corps may affect the bilateral framework and bring about quite unexpected conflicts.

We wish you a peasant reading and, as usual, please, don't hesitate to provide your comments and opinions.

Dzianis Melyantsou
Belarus' Foreign Policy Index Editor

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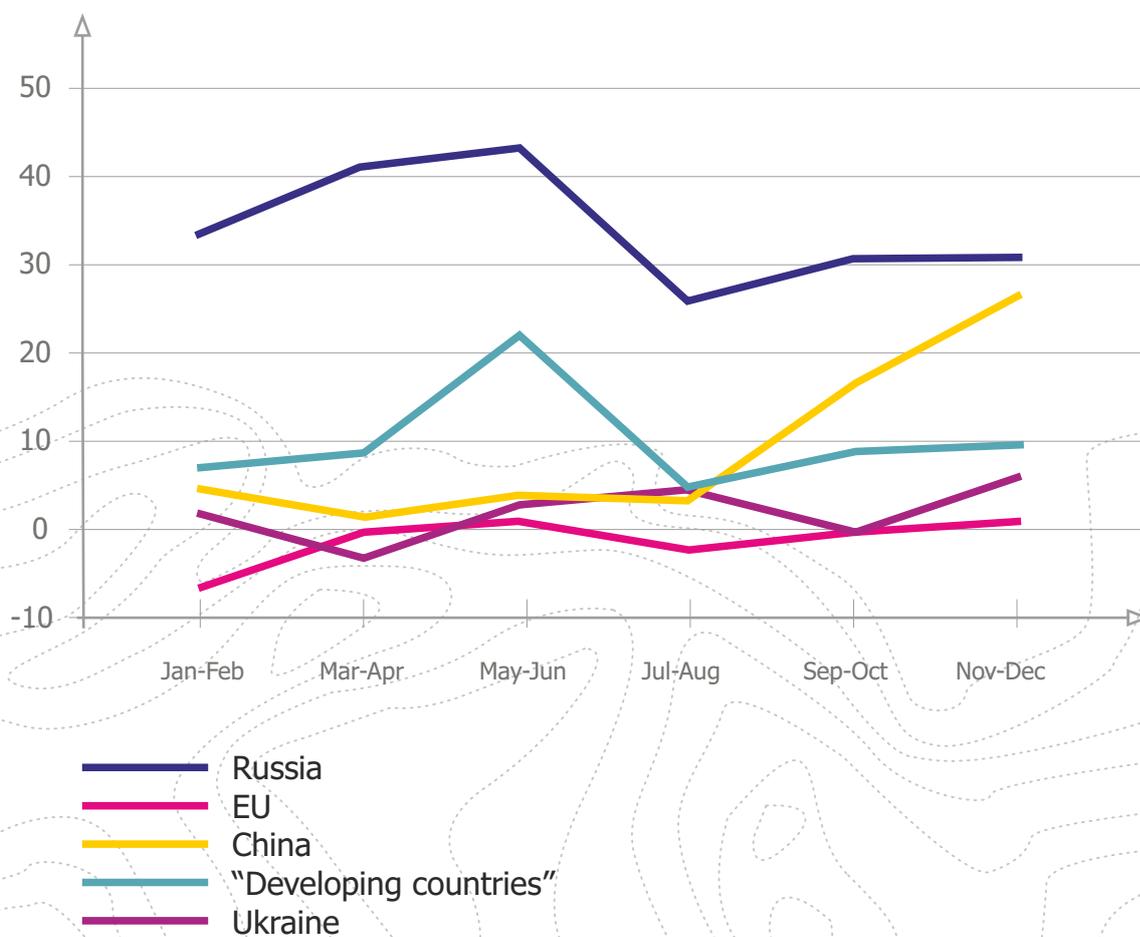
Relations development indices:



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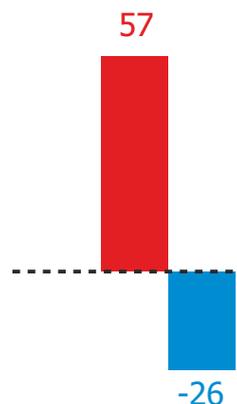
Change in indices throughout 2012

	Jan-Feb	Mar-Apr	May-Jun	Jul-Aug	Sep-Oct	Nov-Dec
Russia	33	41	43	26	31	31
EU	-7	0	1	-2	0	1
China	5	2	4	4	17	27
"DC"	7	9	22	5	9	10
Ukraine	3	-3	3	5	0	6



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Development of Belarus-Russia relations



Summary index: +31

Total positive points: +57

Total negative points: -26

Main trends

- 1) A relationship model is sought that would be based on compromise, a pattern of relations enabling Russia to reduce its subsidies to the Belarusian economy while keeping this country under its absolute political control, fully engaging Minsk in the Eurasian Union project and encouraging it to allow the expansion of Russian capital.
- 2) At the same time, Belarus still hopes that its exclusive status will help it continue enjoying the subsidies while essentially defaulting on its commitments, especially those envisaging privatization of state property.

Description of key events

During the period in question, the main characteristic of Belarusian-Russian relations was the two countries' active search for compromise. Both Belarus and Russia were eager to meet halfway between Belarus's urge to preserve the specific features of its development model and Russia's intention to slash its subsidies to Minsk while maximizing its engagement in the Common Economic Area. Importantly, the Kremlin believes this sort of engagement carries some fundamental commitments that must be performed by the Belarusian side, including the privatization of some of its key state-controlled assets, certain liberalization of its economic framework and discontinuation of some of the dubious schemes that are used to support the current development model.

The period under review is particularly important from the point of view of how far Russia and Belarus are ready to go to meet halfway. A priority task for Belarus is to justify the 'solvent' trade scheme in order to be allowed to carry on in 2013. Despite repeated statements by the chief Belarusian decision-makers about the legal nature of this business (among others, the statement by Prime Minister Michail Miasnikovič of 16 November and those by President Alexander Lukashenka of November 26 and December 11) and active involvement of stakeholders representing Russian business (negotiations with the administration of Russia's Tyumen Region and Bashkortostan, etc.), Minsk had to adopt the amendments to the Customs Union export regulations initiated by the Russian side. This concession seemed to be an obvious loss of the Belarusian administration; however, one should be quite careful when assessing the effectiveness of legislative control.

Although unable to keep the 'solvent' scheme operational in 2013, Belarus managed to take the matter of compensating Russia for unpaid USD1.5-2 billion in customs duties off the table. Some of the Russian officials demanded payment, but the Kremlin will not 'press charges.' If forced to pay this money in 2013, which is already a very tough year from the point of view of financial commitments, Belarus would see its economy collapse. Rumors have it that Russia held backstage talks to suggest that its partner pay the compensation by ceding its enterprises instead of coughing up cash, but official Minsk was adamant. Belarus therefore managed to resolve the issue of 'trade in solvents' quite painlessly and is now ready to start from a blank page.

Belarus thought that this new page in the bilateral relations would be inaugurated by the signing of a fuel balance for the fourth quarter of 2012 and 12 months of 2013 that would be especially beneficial for the Belarusian side. However, Russia wants to minimize subsidies for its ally and only keep them at a level that would guarantee political stability in this country. Furthermore, Russia would like to make profits from the cheap crude it supplies to Belarus by importing cheap refined oil back from Belarus. This scheme, if implemented according to Moscow's scenario would mean

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nothing less than the closure of the Belarusian oil offshore. Naturally, official Minsk finds this absolutely unacceptable: Belarusian officials reiterated during the last two months of the year that the country was ready to supply the required volumes of refined oil to Russia as long as it paid the market price. Russia's attempts to have Belarus meet the fuel balance originally agreed for 2012 as good as failed: Minsk demanded 5.3 million tons of crude, but Moscow agreed to provide 4.9 million tons in exchange for supplies of 200,000 tons of fuel back from Belarus. It looks like a win-win situation, but Belarus wins more: it was supposed to deliver 5.8 million tons of oil products, but supplied only 100,000 tons.

However, what caused even more tensions is the fuel balance for the year 2013. Belarus had demanded 23 million tons of crude for this year, but Russia offers only 18.5 million tons. Further, it insists on getting back from Belarus at least 2-2.5 million tons of refined oil. The mechanism to deliver refined oil back to Russia will hardly be as profitable for Belarus as the European trade scheme. The country will find itself on the verge of survival and will have to be more compliant when negotiating privatization deals or meeting its obligations in the framework of integration institutions, at least that is what the Kremlin is thinking.

The uncertainty and non-transparency accompanying the talks over the fuel balance for 2013 have resulted in a situation that would be regarded as an international scandal in many foreign countries. Lukashenko on December 21 said in a statement that an agreement had been reached with Russia on deliveries of 23 million tons of crude oil to Belarus in 2013 and that Moscow gave a positive response to the request of new loans, totaling USD3 billion. The Russian Energy Ministry almost immediately published an official denial on its website; however, it was deleted from the website a few hours later. A few days later, the ministry confirmed that the information was not true. At the same time, some Russian officials claimed at about the same time that Belarus would receive the crude it required in the first quarter of 2013, i.e. deliveries in January, February and March will be based on a balance of 23 million tons a year; however, supplies will be reduced in the following quarters in order to reach the annual volume suggested by Russia, i.e. 18.5 million tons. This means talks will continue, and while it keeps negotiating the fuel balance, Belarus will benefit from Russian subsidies provided in the required volumes, at least during the initial phase.

Since there are no disagreements regarding natural gas deliveries, and Belarus will enjoy an all-time low gas fee this year, one can be sure that official Minsk scored a tactical victory, securing itself a preferential economic regime for at least the first quarter of 2013.

However, Russia made even more concessions, besides offering no harsh response to Belarus's oil demands and favoring the gas request of its ally without making any more or less significant requirements of its own. On December 7, it was reported that Belarus would receive a fourth installment of the EurAsEC Anti-Crisis Fund (ACF) loan after all, although this country never managed to meet the commitments it made when it signed the loan deal—there is neither the promised economic reform nor privatization in Belarus.

The privatization issue has remained one of the sore spots in Belarusian-Russian relations for years. Talks have been underway for ages over the privatization, in one form or another, of Belarusian manufacturing giants MAZ, Belaruskali, oil refineries, and cellular company MTS. The Belarusian authorities always tend to speak about privatization when times are hard for the economy; however, they have always made it obvious and keep making it obvious that there will be no privatization whatsoever. Most recently on the privatization timescale, the Belarusian authorities tried to thwart Russia's plans to create the potash holding Soyuzkali, although it was Minsk's positive decision on the holding that enabled the country to receive the third installment of the EurAsEC ACF loan.

Russia may eventually get one of the enterprises that it wants so badly, but the price it will have to pay will be exorbitant. The problem is that Moscow is consciously unwilling to use all of the instruments in its toolkit to put Minsk under pressure. The events of 2011 made it absolutely clear that a few months of a truly bad financial crisis would 'encourage' official Minsk to sell any assets it still has. However, it looks like economic reasons are not decisive in Russia's approach to its western ally, which is actively and quite successfully exploited by Belarus. Moscow needs to carefully formulate its foreign policy because of its geopolitical ambition, hence full payments for loyalty.

Especially indicative during the monitored period was Russia's pained reaction to the tenuous attempts by Belarus to place a question mark over the 'Russian' nature of the Belarusian statehood and culture, not Russia's response to this country's misbehavior within the Customs Union and

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Common Economic Area. Russian officials slammed the attempts by Belarusian academic community to revise the status of the Patriotic War of 1812 as far as Belarus's role in that conflict was concerned. It is highly unlikely that the conclusions that were voiced at the conference "The War of 1812 and Belarus" were dictated from the Presidential Administration and reflected the official position of the authorities on the issue. However, they caused Moscow to use all of its instruments to stigmatize the participants in the conference. This is the second bargaining chip that Belarus so masterfully uses (along with the engagement of influential Russian players in its oil offshore schemes) against its eastern ally: as long as imperial ambition prevails over economic interests in Moscow, Belarus will keep selling the interpretations of the war of 1812 (while inviting Georgia to rejoin the CIS) for sizeable subsidies while deferring privatization and other essential economic decisions for years.

One of such long overdue decisions is the issue of dumping and re-export of farm produce from Belarus to Russia. The problem is especially relevant for dairy and meat, since both dumping prices and deliveries in excess of agreed quotas have become an integral part of Belarus's trade with its eastern partner. During the period under review, Russian agricultural producers raised the issue once again, but the Russian administration fixed it for Minsk one more time.

Official Minsk must be well aware that Moscow will not put it under enough pressure to cause real economic trouble, so it not only ignores many of its economic commitments to Moscow, but also tries to have even more subsidies using the traditional 'push-pull' policy. A relatively fresh method that Belarus makes use of in its maneuvers is the question of traffic flows from Belarus, since there are two ways for Belarusian exports — via the Baltic States and Leningrad Region seaports. The former is both economically feasible and politically significant, because official Minsk believes that its freight flows are important enough for the economies of Lithuania and Latvia to encourage the EU to step up its dialogue with Belarus, while channeling it into the right track. This will make it easier for Minsk to negotiate with Russia, which has always been somewhat jealous about any signals of thaw in the relations between Minsk and Brussels. If Russia should reduce its rates for Belarus, this country will enjoy a new type of subsidy for another political step towards its ally.

Furthermore, Minsk is using a variety of lobbies, especially in the framework of the Union State of Belarus and Russia. There is a great deal of uncertainty about the fate of this integration body. It looks like the Russian administration has not decided on the future of the Union State. However, the official reason why the traditional session of the Supreme State Council of the Union State was not held in December 2012 was quite symptomatic: Russia referred to having to hold too many sessions in the framework of other integration bodies.

Forecast for 2013

Backstage tensions between the two countries will likely remain heightened throughout 2013. Russia will try to curtail its economic support for Belarus; however, the reduction in subsidies will prove to be symbolic. If some of the existing channels of subsidies are shut, new ones will emerge to compensate. The sought-after model built on compromise that will envision minimum subsidies in exchange for geopolitical loyalty and internal political stability will not be found.

Belarus will continue its integration within the Common Economic Area; however, its efforts will be determined by the still amorphous nature of the integration body and almost complete absence of room for political maneuver that is the usual practice for the Belarusian authorities. When it comes to privatization, the administration will play its well-tried delay card. Given the country's financial challenges in 2013, Belarus may sell one of its major assets (most probably MAZ) to a Russian investor, but neither Belaruskali nor the refineries will be up for grabs.

Belarus will redouble its efforts to step up its 'push-pull' policy making use of the EU and China, however, no major progress in this area should be expected.

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Development of EU-Belarus relations

Summary index: +1

Total positive points: +5

Total negative points: -4



Main trends

Belarus's contacts with the European Union were growing more active, especially at the level of the Foreign Ministry and other foreign policy institutions. This trend was manifested in quite a large number of diplomatic and business events arranged by official Minsk both in Belarus and abroad. Those were minor events mostly organized for economic reasons. The same trend applies to the industry agreements that Belarus signed with Poland and Lithuania.

Description of key events

The period under review proved to be quite uneventful for the relationship between Belarus and the European Union. It turned out to be rather calm, with no major ups or downs, no high-profile scandals and no substantial diplomatic breakthroughs.

Overall, constructive engagement prevailed at the level of ministries and agencies in November and December. Official Minsk organized a series of business and diplomatic events, both in Belarus and in the EU member-states. Those included the Belarusian-Dutch business forum in The Hague, held on December 22, the presentation "Belarus: A Country between the EU and Russia. Opportunities for German Businesses in Belarus" held in Berlin on November 29, 2nd session of the Intergovernmental Belarusian-Slovenian Commission for Trade, Economic and Scientific and Technical Cooperation, held on December 5-6, and the IX Belarus National Exhibition in Latvia (December 6-9).

Riga on November 28 held consultations between the Foreign Ministries of Belarus and Latvia. On December 14, Minsk hosted consultations between the Foreign Ministries of Belarus and France.

Belarus signed two agreements with EU member-states during the period under review. On November 19, the program of cooperation between the Ministry of Culture of Belarus and the Ministry of Culture and National Heritage of Poland for 2012-2014 was signed in Minsk. The signing of the document became quite a remarkable event amid continuing diplomatic conflicts between the two nations. On November 23, the Lithuanian-Belarusian agreement on cooperation in IT and communication technologies and promotion of information society was signed in Vilnius.

The most notable event of the period covered by this survey is the series of meetings between the administration of the Belarusian Foreign Ministry and heads of diplomatic missions of the EU member-states to Minsk. Six meetings were held in December: Foreign Minister Uladzimir Makej and his deputy Aliena Kupčyna received ambassadors of Poland, France, the Czech Republic, Estonia, the United Kingdom and Lithuania¹. In the case of the Czech ambassador, the meeting was caused by the completion of his mission to Belarus. The rest of them were not protocol meetings.

Furthermore, the Belarusian foreign minister on December 17 had a telephone conversation with First Deputy Prime Minister of the Czech Republic and Minister of Foreign Affairs Karel Schwarzenberg on the occasion of the 20th anniversary of the establishment of diplomatic relations between the two countries. Also on December 17, the foreign minister of Belarus received Gunnar

1. Lithuanian Ambassador to Belarus Linas Linkevičius has completed his mission due to the appointment as Lithuania's foreign minister. Essentially, Lukashenko thus had a meeting with Lithuania's new foreign minister.

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Wiegand, director of Russia, Eastern Partnership, Central Asia, Regional Co-operation and OSCE, European External Action Service.

In most of the cases (meetings with the ambassadors and the telephone conversation with Karel Schwarzenberg) the Belarusian Foreign Ministry emphasized in its reports that the meetings and conversations had been initiated by the foreign party. Nevertheless, those were quite significant events, indicating, among others, the intention of the sides to 'compare notes' regarding the fundamental issues of Belarus's relations with the EU as a whole and its separate members.

At the same time, the period under review was marked by numerous negative statements about the EU made by the top officials of the country and negative materials in the state media. A characteristic example is the documentary "Pseudomodern" of the series "Investigative reporting" aired in prime time on the Belarus-1 channel on December 16. Journalists representing the main Belarusian television channel presented a very negative and obviously distorted picture of the "European Dialogue on Modernisation with Belarus."

Another event adding a negative point to the rating of relations is the meeting between representatives of the British and U.S. Embassies in Belarus and representatives of the Belarusian Foreign Ministry, where an official statement was made that the United Kingdom and the United States breached the Budapest Memorandum on Security Assurances adopted in connection with Belarus's accession to the Treaty on the Non-Proliferation of Nuclear Weapons. Under the Memorandum, signed in 1994, the United Kingdom, Russia and the United States "reaffirm their commitment to Belarus, in accordance with the principles of the CSCE Final Act, to refrain from economic coercion designed to subordinate to their own interest the exercise by Belarus of the rights inherent in its sovereignty and thus to secure advantages of any kind". According to the Belarusian side, the imposition by the United Kingdom and the United States of one-sided limitations against some Belarusian officials and companies operating in Belarus is in violation of the Memorandum.

Minsk has voiced this point many times in the media and at international forums; therefore, the invitation of representatives of the diplomatic missions of the UK and the U.S. to the Foreign Ministry and official presentation of the statement should not be treated as something extraordinary or new.

Forecast for 2013

As long as political prisoners remain in Belarusian prisons, the relations with the European Union cannot be 'unfrozen.' However, the likelihood that the Belarusian authorities will keep releasing the persons considered political prisoners by the EU is quite high. The tough economic situation, especially the need to take additional foreign loans, can become the main reason for the authorities to consider releasing more political prisoners. Judging by repeated statements by head of the National Bank of Belarus Nadzeja Jermakova, the administration of Belarus would like to put in place another loan program with the International Monetary Fund. To this end, it must meet the main political condition—to release all of the political prisoners.

In any case, the Belarusian Foreign Ministry will continue its efforts to improve Belarus's relations with EU partners. However, as we know, the country's foreign policy is formulated not by the Foreign Ministry, but by the Presidential Administration and quite frequently personally by the president, depending on the situation. This fact makes forecasting a very challenging task. Unless something extraordinary happens, the scenario for Belarus's relations with the EU in 2013 will remind that of 2012. The positive effect of approximation efforts will be offset by mutual criticism and, possibly, new scandals.

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Development of Belarus-China relations

28



Summary index: +27

Total positive points: +28

Total negative points: -1

Main trends

- 1) China's expansion into the Belarusian economy, including in its financial sector
- 2) Growing non-transparency in Belarusian-Chinese relations and gradual turn towards 'grey' engagement patterns

Description of key events

There were no unexpected developments in Belarusian-Chinese relations in the period from November 1 through December 31, 2012; everything was normal and perfectly in line with previous agreements. The bilateral framework was filled almost entirely with economic projects, although backstage efforts were made by the Belarusian side with a view to adding some politics to the mutual relations, especially in the light of the completed 18th National Congress of the Communist Party of China. It is fair to say that neither country was ready to change its stance on its partner despite what was essentially a reshuffle in the top state and party administration in China, the more so because President Lukashenka had a chance to establish personal contacts with the new Chinese leader Xi Jinping, when the latter paid a visit to Minsk in March 2010. The Chinese-Belarusian Industrial Park (CBIP) is still the largest joint project for the two countries.

On October 30, 2012, the Framework Agreement was signed between ZAO Company for the Development of the Chinese-Belarusian Industrial Park and the Export-Import Bank of China on the financing of the first phase of the CBIP, and on December 13, Deputy Governor of Minsk Region A. Turčyn announced plans to sign a framework agreement with China Development Bank to finance the construction of the CBIP. Therefore, at least two Chinese institutions may be engaged to finance the joint project; however, the general terms and conditions for the operation of the CBIP remain unknown to the public, including the terms of financing, how exactly Belarus is going to raise USD 30 billion in investments, which productions the CBIP will feature, and, naturally, how sensitive issues will be tackled with Russia. The enormous investment requirement, at USD 30 billion, also seems very suspicious, hence many rumors about the CBIP project.

Many media reports appeared in late 2012 with information that Belarus was planning to hire about 650,000 Chinese workers to develop the Industrial Park. The Belarusian Foreign Ministry issued a denial, which failed to clarify the situation, though. Obviously, China will be doing its best to isolate the Belarusian authorities from the CBIP and will spare no effort to secure its investments, even if the real amount turns out to be much smaller than the originally announced USD 30 billion. Given the chronic failures of numerous investment projects in Belarus, the figure itself suggests that the Chinese side will seek to use as much influence on the search for potential investors and overall management of the Industrial Park. Whatever statements about friendship and cooperation with China are made by the Belarusian administration, official Beijing is perfectly well aware that Belarus is not the ideal destination for investments; therefore, serious guarantees are required.

Furthermore, there is a chance that the unprecedented tax preferences offered by the Belarusian authorities, their willingness to allow all sorts of 'grey' schemes and uncertainty as to the future of the CBIP itself may encourage some quite serious organizations to invest money of dubious origin

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in the Park. It is not clear how the Belarusian authorities will be able to deal with this situation.

In the meantime, Chinese capital is actively making its way into the Belarusian financial sector. During the period under review, the two countries began the practical implementation of the swap deal, which was reached previously. The National Bank of Belarus received 6 billion yuan (an equivalent of about USD 900 million) in its account at the People's Bank of China. In late November, a delegation of the Finance Ministry, Economy Ministry, Bank of Development and the National Bank of Belarus paid a visit to China. Official sources hardly covered the visit at all. The official purpose of the visit was for Deputy Finance Minister U. Amaryn to deliver a speech at the conference "Belarusbank: A Reliable Partner in the Promotion of Belarusian-Chinese Relations." The official was supposed to make a speech "On the Situation in the Fiscal and Financial Sectors of the Republic of Belarus. Strategic Development Prospects for OAO ASB Belarusbank." The conference was obviously used as an excuse for the Belarusian delegation to address some really important issues. By all appearances, one of them was to have China's support in floating Belarusian bonds in the Asian financial market, because Belarusian bonds were later addressed in Singapore, the next stop for the Belarusian delegation.

It seems that one more issue discussed during the visit was the facilitation of China's financial presence in Belarus. In this connection China is interested in either the establishment of a commercial bank in Belarus with Chinese capital or acquisition of a commercial bank in Belarus. The latter possibility was voiced by Prime Minister Michail Miasnikovič on October 30. It is hard to say now which bank can be sold to China; however, the name of the conference organized by Chinese partners may indicate China's interest in Belarusbank. The situation became even more suspicious on December 11, when a framework agreement on cooperation was signed between China Development Bank and OAO ASB Belarusbank. The problem, as in the case with the Chinese-Belarusian Industrial Park, is that the public is unaware of the basic terms and conditions, written or verbal agreements that underlie Belarusian-Chinese cooperation in the financial sector, to say nothing of details.

Other forms of economic collaboration between Belarus and China are also developing quite fast. Prime Minister Miasnikovič held talks with Hong Bo, chair of the board of CITIC Construction, which is building three cement-making lines in Belarus, to address the feasibility of building new production facilities in the construction materials sector, infrastructure development, construction of a solar power plant, as well as projects in agribusiness. Also during the period under review, China National Electric Import & Export Corp. (CUEC) delivered electric locomotives to Belarus. This country plans to continue buying locomotives from the Chinese producer. The Export-Import Bank of China decided to commit USD 280.868 million to Belarus for the creation of the national satellite communication and broadcasting system and USD322 million for the reconstruction of the Babrujsk- Žlobin section of the M-5/E271 Minsk-Homiel motorway. Talks are underway over new projects.

President Lukashenka on December 21 made a somewhat sensational statement, saying that China was ready to provide a USD 1 billion untied loan to Belarus. However, given Lukashenka's simultaneous statement about the signing of the fuel deal with Russia for 2013, which was anything but true, one should be cautious when analyzing Lukashenka's words. This time he may have referred to the USD 900 million swap agreement.

China has consistently expanded its presence in the Belarusian market, especially in two of the most profitable sectors—energy and construction (it may eventually enter the Belarusian potash market). Underpinning this economic expansion is the strong political support (numerous visits of high-ranking Belarusian and Chinese officials), powerful lobby led by Deputy Prime Minister Anatol Tozik, and creation of a certain extraterritorial unit, i.e. the Chinese-Belarusian Industrial Park. Also, China encourages the Belarusian authorities to borrow (and the Belarusian administration, always short of money, eagerly does so), while trying to build up the image of China in the eyes of the Belarusians (a group of Belarusian reporters has recently been received by the Central Committee of the Communist Party of China).

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Forecast for 2013

The relations between Belarus and China will progress based on the pattern developed in 2012. China will continue moderate lending to the Belarusian economy as long as lending terms are favorable for creditors in order to secure a foothold in some of the most attractive sectors.

No breakthrough should be expected in the development of the Chinese-Belarusian Industrial Park; there is no way it will become operational this year. Moreover, given the attitude of the Russian side, the Belarusian authorities might lose their enthusiasm about the project later this year.

At the end of 2013, the relations between Belarus and China may enter a cool phase: official Minsk needs cheap and short money fast and tries to use China as a 'pole' for its 'push-pull' policy in order to have more room for maneuver in conditions of the growing dependence on Russia. At the same time, Belarus hopes to meet as few of its obligations as possible. However, given the already substantial presence of Chinese capital in the Belarusian economy, this country will hardly be able to impose its rules of the game on its Chinese partners.

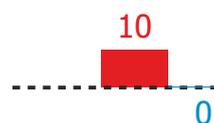
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Development of Belarus' relations with “developing countries” (Asia, Africa, Latin America)

Summary index: +10

Total positive points: **+10**

Total negative points: **0**



Main trends

- 1) In the Near East, Belarus has ultimately shifted its focus towards the rich conservative monarchies. Official Minsk has essentially isolated itself from Syria and phased down its contacts with Iran.
- 2) Belarus keeps fostering its relations with countries from South and Southeast Asia, mostly for pragmatic reasons, as Belarus wishes to gain access to the vast markets of those countries and sees no alternatives in any other part of the world. Decades-long relations with Vietnam and India are promoted alongside efforts to fill in the blanks both with regard to the nations that were once close to the USSR, but then lost their relevance (Bangladesh) and those that can not only open their markets, but also offer investments and technologies (Malaysia and Singapore).
- 3) Some of the potential areas for cooperation remain undiscovered. Belarus is trying to cultivate relations with some of the countries of the African continent and Latin America, but so far no serious progress has been made.

Description of key events

Qatar. On November 5-6, Sultan Rashid Al-Khater, Deputy Minister of Business and Trade of Qatar, paid a visit to Belarus. The 2nd session of the joint Belarusian-Qatari Committee on economic, trade and technical cooperation was held after a long pause—the first session was held three years ago—and the results of this collaboration are quite modest. The Qatari side agreed to consider a number of investment projects presented by the Belarusian side; the two countries confirmed their willingness to continue their work to launch a direct flight between Minsk and Doha and reached an agreement to hold a second session of the Joint Business Council.

During his visit Sultan Rashid Al-Khater met with the Belarusian foreign minister, trade minister and director of the aviation department at the Transport Ministry.

The Foreign Ministry admits that “trade between Belarus and Qatar has been showing unstable dynamics.” Commodity trade turnover reached USD 2.5 million in 2011 (which included USD 1.9 million of export from Belarus). In January-September 2012, Belarusian export to Qatar amounted to USD 0.23 million, and import amounted to USD 1.5 million. In 2011, Belarusian service export to Qatar reached USD 2.2 million, while import totaled USD 76,100. In January-August 2012, service export from Belarus came to USD 726,000, and import reached USD 95,500².

Cooperation in the military and military and technical sectors is of special importance for the two countries. In early December, Belarusian specialists showcased the Belarusian air drone Irkut at the “Ferocious Falcon-2012” air exercise in Qatar. Attending the exercise were 28 countries, including a 70-strong delegation from Belarus, who represented Air Force and Air Defense units, special-operations force, radiation, chemical and biological defense troops, corps of engineers and medical units.

2. On the session of the joint Belarusian-Qatari Committee on economic, trade and technical cooperation held on November 8, 2012: http://www.mfa.gov.by/press/news_mfa/ccd18a3c238c448b.html

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Vietnam. Deputy Foreign Minister Siarhiej Alejnik paid a visit to Vietnam on November 5-6. Alejnik presided at the 9th session of the intergovernmental commission for trade, economic and scientific cooperation; consultations were held between the Foreign Ministries of the two countries; Alejnik also met with a deputy prime minister and the foreign minister of Vietnam. The main topics for discussion were the collaboration between the two countries in the political, trade and economic, scientific and technical, humanitarian, and military spheres. Further, the Foreign Ministry reported that the high-ranking officials also addressed "pressing issues of the international agenda"³.

A roundtable meeting was held for businesses of the two countries at the Ministry of Industry and Trade of the Socialist Republic of Vietnam. On November 6, Trade House Belarus-Vietnam was officially unveiled in Hanoi.

Following the session of the commission, Belarus and Vietnam signed the Program for cooperation in 2013-2015 and a contract between OAO BelAZ and Vietnam's Au Viet Industry for the supply of ten 45-ton mine trucks to Vietnam by the end of 2012⁴.

Belarus will be able to fully exploit the potential of Vietnam as a trade partner if that country created a free trade zone with the Customs Union. According to Russian Prime Minister Dmitry Medvedev, negotiations over the creation of the free trade zone were to begin on January 1, 2013.

Bangladesh. A Belarusian delegation led by Michail Miasnikovič visited Bangladesh on November 11-13. The delegation met with the president of Bangladesh, prime minister, foreign minister, minister of industries, minister of science and technology and minister of agriculture.

Eighteen international agreements were signed during the visit (which compares to only four documents signed during the 20 years of contacts between Belarus and Bangladesh). The agreements regulate the bilateral relations in investments, industry, agriculture, science and technology, education, and justice. An agreement was signed to establish twin-city relations between Minsk and Dacca.

Belarus and Bangladesh agreed to consider the possibility for creating an assembly factory to produce Belarusian tractors and farm machines in Bangladesh, set up a joint facility for high-level processing of potatoes and milk processing. Belarusian Potash Company inked a memorandum on long-term cooperation in supplies of potash fertilizers and agreed a framework to deliver up to 1 million tons of fertilizers to Bangladesh on an annual basis during the next two years. MTZ signed a contract for the supply of a trial batch of tractors to that country.

The Department for Pharmaceutical Industry of Belarus and Bangladeshi companies signed agreements confirming the intent to explore the possibility of establishing pharmaceutical productions in Belarus. Minsk initiated the creation in 2013 of a multidisciplinary faculty at a local university to train technical disciplines, including mechanical engineering.

India. A Belarusian delegation led by Michail Miasnikovič paid a working visit to India on November 13-14. The delegation held talks with the president, prime minister, ministers of coal, commerce and industry, science and technology, chemical industry and fertilizers.

Eight documents were signed as a result of the negotiations, including those concerning the media and information, education, renewable energy, healthcare, supplies of potash fertilizers, IT and development of advanced computer technologies. The National Academy of Sciences of Belarus signed a Memorandum of Understanding and agreement to establish the council of the administration of the joint research center for new materials.

OAO BelAZ and India's Enrika Mining Equipment finalized the procedure for setting up a maintenance company to service Belarusian trucks in India. The same company was approached to address opportunities for promoting Belarusian mine machinery to the African market.

The visit resulted in contracts totalling USD 24.5 million, including the one to supply USD 22 million worth of mine trucks and a contract for the delivery of machines and bearings to India.

3. On the visit of Siarhiej Alejnik to Vietnam; November 1, 2012. Excerpts from a media briefing by spokesman for the Foreign Ministry Andrej Savinych. http://www.mfa.gov.by/press/news_mfa/e5c10a927933bc38.html

4. On the 9th session of the Belarusian-Vietnamese intergovernmental commission; November 6, 2012. http://www.mfa.gov.by/press/news_mfa/f249d2d658cfe155.html

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Two Indian delegations soon visited Belarus. Representatives of Indian pharmaceutical businesses stayed in Minsk on December 8-11 to explore opportunities for setting up joint ventures in Belarus and look for partners to produce original and generic drugs. India mostly specializes in generics.

A delegation of Indian businesses led by Chairman of the Board of SMS International Infrastructure Limited Abhay Kumar Harakchand Sancheti visited Belarus on December 12-15. The company eyes investment projects to construct water power plants in Mahilioŭ, Škloŭ and Rečyca. The three projects are worth a total of USD90 million.

Miasnikovič said following his visits to Kazakhstan, Bangladesh and India: "We are planning to build about five factories in these countries, and at least two will be constructed in Belarus—one by an Indian company, and the other one by an investor from Bangladesh." He reiterated that the government was looking for cooperation mechanisms alternative to traditional trade. "Traditional commercial patterns will not provide the desired impact; therefore, we require investments to create joint productions in order to export Belarusian products and transfer technologies."⁵

Anyway, many of the projects with Indian capital previously announced by the authorities have never been implemented⁶.

Cuba. On November 13, Jauhien Lazaraŭ, an official at the Belarusian Foreign Ministry, made a statement on the resolution "Necessity of ending the economic, commercial and financial embargo imposed by the United States of America against Cuba" adopted by the UN General Assembly. He emphasized that Belarus was against any sanctions or unilateral enforcement measures. According to an official statement by the Foreign Ministry, "the Belarusian diplomat said that unilateral measures of enforcement should be regarded as mass extraterritorial violation of human rights in the countries where they are applied." Lazaraŭ added that Belarus itself was under pressure of "unilateral enforcement sanctions." Belarus confirmed its support for the introduction of the post of the Special Rapporteur on human rights and unilateral enforcement measures, an idea that was discussed at the 16th Summit of the Non-Aligned Movement in Teheran⁷. Although Belarus and Cuba traditionally support each other, it looks like such an eloquent statement was more likely caused by Belarus's own problems with sanctions imposed by the United States and the European Union.

DPRK. It is symptomatic that the Foreign Ministry of Belarus issued a special statement regarding the test of the North Korean missile. "Belarus regrets the launch of the rocket Unha-3 by the Democratic People's Republic of Korea, which violates the UN Security Council Resolution 1874."⁸ This confirms that Belarus does not really discriminate between the leftist and anti-Western ideologies. Its relations with the DPRK are marginal, and Minsk can make use of this to indicate that it belongs to the mainstream of international politics, although Belarus would normally remain silent about any event of this sort.

Forecast for 2013

No drastic changes will be made to the general framework of Belarus's relationship with the developing world. Latin America will remain the most vulnerable area. Should the internal political situation in Venezuela modify, which is quite possible because of President Hugo Chavez's health problems, Belarus may see its relations deteriorate not only with that country, but also with some other partners in the region, where Venezuela acts as a facilitator of Belarus's contacts. This holds for the comparatively new partners of this country in Latin America, including Bolivia, and its old friend Cuba, which benefits from Venezuela's financial support. The relations with the Near East will follow the track outlined in 2012, i.e. Belarus will shift its focus to the rich pro-western monarchies of the Persian Gulf. This means not only a dramatic reduction in relations with Syria and Iran, the opponents of these monarchies. The Arab monarchies may wish to strengthen their ties with Belarus

5. Maryna Nosava. India and Bangladesh to build two plants in Belarus. BelaPAN, November 15, 2012. <http://news.tut.by/economics/320716.html>

6. Aliaskej Tapolka. What does Belarus have to attract an Indian investor? Zavtra tvoei strany. December 12, 2012. <http://news.tut.by/economics/324745.html>

7. On the speech delivered on the occasion of the UN General Assembly resolution on the U.S. embargo against Cuba. November 14, 2012. http://www.mfa.gov.by/press/news_mfa/bbbb798cae0ce412.html

8. Statement by the Foreign Ministry of Belarus in connection with missile tests in the DPRK. December 12, 2012. http://www.mfa.gov.by/press/news_mfa/a6bf9ae6873e1bf8.html

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in order to prevent Iran or Syria from obtaining the materials and technologies, which, as some media frequently report, they can receive from or via Belarus.

Contacts with South and Southeast Asia will be furthered in 2013. The ties with new partners—India, Bangladesh, Indonesia and Malaysia—may pave the way for effective bilateral projects.

Belarus will cautiously explore possibilities for cultivating relations with African countries. The main problem that the country may encounter when approaching an African market is that there are often no guarantees whatsoever in collaboration projects with sub-Saharan economies. As for Northern Africa, the slack period will continue, mostly because of the instability in the countries that used to be Minsk's traditional foreign policy priorities (Egypt and Libya). Belarus could center its attention on Algeria and Morocco instead. However, Belarus has a very narrow range of products to offer internationally; therefore, official Minsk will continue its search for new markets to promote its exports (especially engineering products). It will focus on the creation of joint productions or approach new markets via third countries that have influence in the region, rather than develop direct trade schemes.

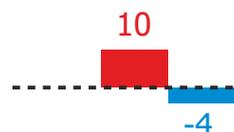
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Development of Belarus-Ukraine relations

Summary index: +6

Total positive points: +10

Total negative points: -4



Main trends

1) During the final months of the year, the problem of possible limitations on import of Belarusian-made gasoline by Ukraine lost its relevance. Because export of refined oil is of strategic importance for Belarus, Kyiv could have provoked a conflict in the bilateral relations if it had imposed quotas. However, we should be speaking about certain postponement rather than resolution, because the principal oligarchic group of the country—the 'Family', headed by the president's son Oleksandr Yanukovych—has plans to take the entire oil-processing industry under its control.

2) Politically, the bilateral relations remained de facto frozen. Mykola Azarov, the prime minister of Ukraine, never visited Minsk, despite numerous announcements of his visit, which had been postponed since the autumn of 2011. Moreover, the visit seems to have been completely forgotten. No progress has been achieved in the matter of the Ukrainian state debt to Belarus and completion of the state border treaty ratification process.

Description of key events

In November 2012, Rosneft was reported to acquire the assets of TNK-BP, which owned Lisichansk Oil Refinery. It turned out that the refinery never became property of Ukrainian investors, which was supposed to result in serious gasoline import cuts, especially from Belarus. Yuriy Kuchabskyi, Vice-President of Galnaftogaz, one of the potential buyers of the refinery, said that plans to modernize oil processing in Ukraine were hopeless. "We applied to several organizations: will you give us the money to buy and modernize the Lisichansk factory? They told us: you won't even start paying interests on this loan, never mind the principal, because there is no economics in the refining sector," he said. He believes that the owners of the Ukrainian refineries missed the right time to upgrade their plants, while owners of refineries in neighboring countries—Romania, Belarus and Lithuania—started investing in modernization prior to the crisis, when money was widely available.

On November 1, General Director of Belarusian Oil Company (BNK)-Ukraine Mikalaj Vasilievič said that BNK had plans to enter the retail market of Ukraine and was in talks over the possible acquisition, lease or joint operation of filling stations. Ukrainian media reported with reference to sources in the market that in 2013, BNK-Ukraine planned to create a network of 10 filling stations; its long-term plans included 100 stations and investments totaling USD150 million.

On November 9, Kyiv hosted foreign policy consultations between the Foreign Ministries of Belarus and Ukraine. The Belarusian delegation to Ukraine was led by head for Pan-European Cooperation of the Foreign Ministry Raman Ramanoŭski. The Foreign Ministries discussed the outlook for the engagement between Belarus and Ukraine in the framework of the OSCE during Ukraine's OSCE presidency in 2013. The parties agreed that it is important to proceed with the reforms of the OSCE, which means adopting the OSCE Statute and finalizing international legal registration of the Organization, as well as improving the election observation procedures. During the consultations, Belarus and Ukraine discussed the prospects of cooperation with the Council of Europe, as well as the engagement of both countries in the legal instruments of the Council of Europe.

On November 26, Ukrainian President Viktor Yanukovych relieved Ukrainian Ambassador to Belarus Viktor Tikhonov in connection with his election as member of the Verkhovna Rada of Ukraine. Experts argue that Tikhonov made an important contribution to the promotion of the bilateral

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relations.

On November 27, First Deputy Prime Minister of Belarus Uladzimir Siamaška said that the Belarusian government considered resuming oil import from Venezuela and Azerbaijan via the Odessa-Brody pipeline, unless it managed to agree supplies of 23 million tons of crude oil from Russia. "This logistical scheme has been tried and is operational," Siamaška said, adding that the Ukrainian pipeline is filled with Azerbaijan's Azeri Light blend, not Russian Urals, so "anything is possible."

In December, the Energy Ministry of Ukraine reported that Belarus, one of the major importers of Ukrainian electricity, bought 3.332 billion kilowatt-hours of electricity in January-October 2012, up 72.9% from the same period in 2011.

On December 5, President Alexander Lukashenka of Belarus met with his Ukrainian counterpart Viktor Yanukovich on the sidelines of the CIS summit in Ashgabat. They discussed the bilateral relations between Belarus and Ukraine and the Customs Union framework.

On December 6, First Deputy Prime Minister of Ukraine Valeriy Khoroshkovskiy paid a visit to Belarus and met with First Deputy Prime Minister of Belarus Uladzimir Siamaška. They were reported to have discussed bilateral issues, including the engagement in the economic, trade, transport and energy sectors. The two officials also addressed issues related to the possible finalization of the Belarusian-Ukrainian state border treaty, results of the work of the Intergovernmental Ukrainian-Belarusian mixed commission for trade and economic relations and preparations to sign the agreement on readmission.

Khoroshkovskiy visited ZAO Homiel Carriage Works, which produces railway cars that meet European standards in association with Ukraine's Kryukov railway car building works. He called the cooperation with Belarus in the construction of railway cars a success.

On December 10, Belarusian President Lukashenka approved for further negotiations the draft agreement between the governments of Belarus and Ukraine on the procedure for crossing the state border by residents of Stolin District of Brest Region and Rokitnoye District of Ukraine's Rivne Region. No additional information about the agreement was available; however, experts believe that it codifies temporary agreements on crossing the state border by Ukrainian citizens in the vicinity of Merlinski range, which were reached in the summer of 2012.

On December 11, Defense Ministers of Ukraine and Belarus Dmytro Salamatin and Jury Žadobin held a meeting during the 63rd session of the Council of Defense Ministers of the CIS Member-States. The ministers signed plans for bilateral cooperation between the two ministries for the year 2013.

On December 11, Alexander Lukashenka told a meeting with members of the Club of editors-in-chief of the CIS, the Baltic States and Georgia that he would like to see Ukraine involved in integration processes in the post-Soviet area, the more so because the West doesn't want Ukraine. "It seems to me that I understood that he [President Yanukovich] understands how much Ukraine loses staying away from the economic union (...) God wants Ukraine to join us," Lukashenka said. According to him, Ukraine will benefit from cooperating with Russia, Belarus and Kazakhstan, because once Common Economic Area documents have been signed, the economic pressure on the country will not be as high as it is now⁹.

On December 21, head of the information department at the Foreign Ministry Andrej Savinych said that Belarus shared the position of Ukraine concerning the failure to comply with the decision-making procedure in the framework of the Kyoto Protocol at the 18th session of the Conference of the Parties to the UNFCCC and the 8th session of the Conference of the Parties that was held in Doha, Qatar. The situation requires an adequate response, including in the context of the interests of Belarus, he said. On December 14, Eduard Stavitskiy, Minister of Ecology and Natural Resources of Ukraine, claimed that decision-making failing to comply with the established procedure was inadmissible. He believes that the procedures selected by the Conference of the Parties questions the legitimacy of the decisions made, specifically those pertaining to the Kyoto Protocol. This poses a serious threat to the adequate decision-making regarding amendments to the Kyoto Protocol and calls for further analysis in the system-wide context of the United Nations.

9. "Lukashenka: God wants Ukraine to be together with Russia and Belarus." – Telegraf.by, December 11, 2012. (<http://telegraf.by/2012/12/lukashenko-ukraine-gospod-velel-bit-vmeste-s-rossiei-i-belarusyju>)

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Forecast for 2013

Because the challenge of limitations on supplies of Belarusian gasoline to Ukraine is no longer relevant, one can expect that Belarusian-Ukrainian relations will remain as languid as in 2012. They will likely remain unchanged at the current calm and cool level.

The reshuffles in the Ukrainian government and dismissal of Petro Poroshenko, who personally supervised the relations with Belarus, may result in new unexpected conflicts concerning sensitive commodities the way it happened after the previous supervisor of the Belarus policy—Andriy Klyuyev — left the government. Another negative factor is the resignation of Ambassador to Belarus Viktor Tikhonov, who represented the top-ranking power elites of the country and contributed significantly to the promotion of the bilateral relations. It is unlikely that Kyiv will send an ambassador having the same political influence to Minsk, which will naturally affect the dialogue between the two countries.

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Supplement

Catalogue of the events that experts have used to calculate the relations development index

Development of Belarus-Russia relations

Date	Event	Points
November	Conflict over the volume of supplies of Russian crude oil to Belarus and Belarusian oil products to Russia in the fourth quarter of 2012	-3
November-December	Uncertainty in the establishment of the holding Rosbelavto	-3
November-December	Failure to finalize Soyuzkali	-3
1 November	First Deputy Prime Minister of Belarus Uladzimir Siamaška holds talks with Russian vice-premiers A. Dvorkovich and D. Rogozin	+2
1 November	Session of the Belarusian part of the Bilateral Commission for Coordination of Cooperation between the Republic of Belarus and Altai Region of the Russian Federation	+1
9 November	Meeting between A. Lukashenka and Governor of Leningrad Region A. Drozdenko, who led a delegation of that Russian region to Belarus on November 8-9	+2
	Statement by the Belarusian president about the commitment to redirect freight flows from the Baltic States to the Leningrad Region seaports	+1
	Belaruskali is valued at USD36-40 billion. The value is confirmed at a meeting with students of Belarusian State Economic University on November 12	-1
	Skepticism about the necessity to merge MAZ and KAMAZ	-1
12 November	A. Lukashenka says he is satisfied with the terms of supplies of both oil and gas from Russia. He makes positive statements about the Common Economic Area	+1
14 November	Belarusian Trade Ministry claims that Russia's accession to the WTO will produce a positive impact on the Belarusian economy	+1
15 November	The House of Representatives of the National Assembly ratifies the Protocol on amendments to the agreement on procedures for the payment and deposit of export customs duties applied to export of crude oil and some categories of products made from oil from the territory of Belarus beyond the Customs Union	+4
16 November	U. Siamaška's statement about the commitment to privatize Naftan and that Russian companies are most suitable investors	+1
	Statement that the export of Belarusian products via the Leningrad Region seaports is of commercial interest	+1
	Belarus is ready to supply to Russia high-grade gasoline, however, it will charge market fees	-1

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22 November	A. Lukashenka meets with OAO Gazprom CEO Alexey Miller	+2
	Belarus, OAO Gazprom confirm the agreement to supply and transit natural gas in 2013: Belarus will import 22 billion cubic meters of gas (up 10% from the 2012 level) and transit 44.5 billion cubic meters of gas (100% of gas transport capacities will be used)	+2
	Statement about OAO Gazprom's plans to increase natural gas transit via Belarus 30%; additional facilities will be built	+1
	Statement about OAO Gazprom's involvement in other projects in Belarus	+1
22 November	Meeting between A. Lukashenka and Governor of Russia's Rostov Region V. Golubev during the visit of a delegation of that region on November 21-22	+2
26 November	A. Lukashenka's interview to Reuters. He refuses to reduce the price of the state shareholding in the cell operator MTS	-1
	Statement about the agreement with Russia on all issues, except for the fuel balance for 2013	-1
	Belarus is ready to supply to Russia the required volumes of gasoline, provided that Russia is ready to pay the market price and deliver 23 million tons of crude oil to Belarus annually	-1
	Statement about the willingness to import crude from other countries	-1
	Statement about Vladimir Putin's serious injury (disavowed by the press service of the Belarusian president)	-1
late November – early December	Harsh response of the Security Council of Belarus and subordinate agencies to the results of the conference "War of 1812 and Belarus". Statement that the "patriotic" nature of the war cannot be denied. Support for the statement by Ambassador of Russia A. Surikov on this matter	+1
3 December	A. Lukashenka meets with Kaliningrad Region Governor N. Tsukanov during the visit of a delegation from that Russian region to Belarus on December 2-5. Kaliningrad Region is interested in playing a more significant role in the transit of Belarusian products	+2
3 December	Interview to the Russian newspaper Krasnaya zvezda by Belarusian Foreign Minister Uladzimir Makej. Statement about Belarus's interest in making the most of its partnership with Russia in all spheres	+1
5 December	14th session of the Coordinating commission for the formation and facilitation of the operation of the united transport system of the Union State	+1
5 December	Agreement between the concerns Bellegprom and OAO Roslegprom on the production of military uniforms and accessories for the Russian defense order by Belarusian light industry companies	+2
7 December	Belarus strengthens phytosanitary control on its border at the request of the Russian side	+2
11 December	A. Lukashenka's positive statements about the Eurasian integration. He focuses on its economic rather than political features	+1
	Disguised criticism of the idea to create the Eurasian parliament	-1
	Statement about ongoing talks to redirect Belarusian transit from the Baltic ports to Russian ports	+1
	Belarus insists on importing 23 million tons of Russian crude oil in 2013. Statement about the possibility to import crude from other countries	-1

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12 December	Meeting between Prime Minister of Belarus Michail Miasnikovič and his Russian counterpart Dmitry Medvedev in Moscow	+3
	Session of the Council of Ministers of the Union State. Adoption of the Union State budget. Creation of a working group to oversee the implementation of large Belarusian-Russian projects	+3
	Miasnikovič's statement about the need to create equal conditions for Belarusian and Russian road carriers	-1
13 December	The Eurasian Economic Commission and the Standing Committee of the Union State sign a memorandum	+2
17 December	Agreement on the conditions of the deployment of the Embassy of the Republic of Belarus in the Russian Federation is signed by first deputy foreign ministers of Belarus and Russia	+2
18 December	Contract is signed for Belarus to acquire four Yak-40 training and combat aircraft from Russia in 2015	+2
18 December	Consultations are held between the Foreign Ministries of Belarus and Russia on North American issues	+1
19 December	Bilateral meeting between A. Lukashenka and V. Putin in Moscow following sessions of the Collective Security Treaty Organization and the Eurasian Economic Commission	+3
21 December	Talks between Belarusian Agriculture Minister L. Zajac and his Russian counterpart N. Fyodorov	+2
	One more scandal over the dumping of Belarusian dairy and meat products in the Russian market and supplies in excess of the agreed quotas	-3
25 December	Program of cooperation between Belarus and Bashkortostan for 2013-2015 is signed	+2
26 December	Completion of the ratification of the agreement between Russia and Belarus on the procedure for forming natural gas prices for Belarus. Low gas fees remain	+4
December	Scheduled session of the Supreme State Council of the Union State is canceled. The official reason is the necessity to hold three other sessions, in the framework of the Collective Security Treaty Organization, EurAsEC and the Common Economic Area	-3
Итого		+31

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Development of EU-Belarus relations

Date	Event	Points
14 November	International conference "Belarus in the Crosshair of Integrations", organized under the aegis of the project Citadel, brings together representatives of the Presidential Administration, Belarusian Foreign Ministry, experts of state institutions, diplomats and experts of EU member-states, officers of the EU Delegation to Belarus	+1
19 November	Program of cooperation between the Ministry of Culture of Belarus and the Ministry of Culture and National Heritage of Poland for 2012-2014 is signed in Minsk	+1
23 November	Lithuanian-Belarusian agreement on cooperation in IT and communication technologies and promotion of information society is signed in Vilnius	+1
19 November	Representatives of the British and U.S. Embassies in Belarus are invited to the Belarusian Foreign Ministry, where an official statement is made that the United Kingdom and the United States breach the Budapest Memorandum on Security Assurances adopted in connection with Belarus's accession to the Treaty on the Non-Proliferation of Nuclear Weapons	-1
November-December	Series of business and diplomatic events organized by official Minsk: Belarusian-Dutch business forum in The Hague (December 22), the presentation "Belarus: A Country between the EU and Russia. Opportunities for German Businesses in Belarus" held in Berlin (November 29), 2nd session of the Intergovernmental Belarusian-Slovenian Commission for Trade, Economic and Scientific and Technical Cooperation (December 5-6), the IX Belarus National Exhibition in Latvia (December 6-9), consultations between the Foreign Ministries of Belarus and France in Minsk (December 14)	+1
December	Series of meetings between the administration of the Belarusian Foreign Ministry and heads of the diplomatic missions of Poland, France, the Czech Republic, Estonia, the United Kingdom and Lithuania; telephone conversation between the Belarusian and Czech foreign ministers (December 17); meeting between the Belarusian foreign minister and Gunnar Wiegand, director of Russia, Eastern Partnership, Central Asia, Regional Co-operation and OSCE, European External Action Service (December 17)	+1
November-December	Numerous negative statements about the EU policy made by Belarusian top officials; negative materials in the state media (including the documentary broadcast by the Belarus-1 channel on the European Dialogue on Modernisation with Belarus)	-3
Итого		1

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Development of Belarus-China relations

Date	Event	Points
1 November	Presentation of the Chinese-Belarusian Industrial Park in China	+1
5 November	Dong Dahai, Vice President of China Business Executives Academy, Dalian, visits the Belarusian Presidential Management Academy	+1
16 November	Negotiations between Prime Minister Michail Miasnikovič and CITIC Construction CEO Hong Bo	+2
21 November	A delegation of Belarusian journalists meets with the deputy head of the International Department of the Central Committee of CPC Chen Fengxiang in Beijing. Positive comments are made about Chinese-Belarusian cooperation. Meetings with other Chinese officials. Positive feedback about the Chinese-Belarusian Industrial Park	+1
25 November	Belarus and China begin practical implementation of the swap deal. The National Bank of Belarus receives 6 billion yuan, an equivalent of about USD900 million, in its account with the People's Bank of China	+3
26 November	President Lukashenka tells Reuters that Belarus is in talks with China over the possible sale of Belaruskali. Positive remarks about Chinese loans in the cement industry	+1
26 November	Opening of the Days of Belarusian Culture in Beijing. Belarus and China sign a protocol on cooperation in the culture sector for 2012-2016	+2
26-28 November	A Minsk Region delegation led by Governor B. Batura visits Guangdong Province. An agreement is signed to establish friendly relations	+2
26 November – 7 December	A joint Belarusian-Chinese anti-terrorist exercise "Swift Eagle-2012" is held in China	+1
27 November	A delegation of the Finance Ministry, Economy Ministry, Bank of Development and the National Bank of Belarus visits China. Deputy Finance Minister U. Amaryn delivers a speech at the conference "Belarusbank: A Reliable Partner in the Promotion of Belarusian-Chinese Relations."	+2
4-6 December	Belarusian Defense Minister Jury Žadobin visits China. He meets with his Chinese counterpart Liang Guanglie	+2
6 December	The Eurasian Economic Commission and the Chinese Commerce Ministry sign a memorandum of cooperation in the application of antidumping, countervailing and special safeguard measures	+1
11 December	A framework agreement on cooperation is signed between China Development Bank and OAO ASB Belarusbank	+2
13 December	The Foreign Ministry of Belarus hosts a meeting between representatives of the Department for Foreign Economic Activities and a Chinese delegation representing the Commerce Ministry and other organizations	+1
14 December	A scandal is caused by media reports that Belarus is ready to invite 650,000 Chinese workers for the CBIP project. The Foreign Ministry and other state agencies deny this information	-1
19 December	The Export-Import Bank of China extends USD280.868 million to Belarus for the creation of the national satellite communication and broadcasting system and USD322 million for the reconstruction of the Babrujsk-Žlobin section of the M-5/E271 Minsk-Homiel motorway	+2

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20 December	Belarusian Ambassador to China Viktor Buria meets with Vice President of China National Electric Import & Export Corporation (CUEC) Yu Shengzhi. They discuss supplies of electric freight locomotives to Belarus	+1
20 December	A delegation of the Belarusian Ministry of Agriculture and Foods visits China. Talks focus on joint flax cultivation projects	+1
21 December	A. Lukashenka says that China has provided a USD1 billion untied loan to Belarus. He praises China's experience and expertise	+1
Итого		+27

Development of Belarusian relations with "developing countries"

Date	Event	Points
5 – 6 November	Qatar's deputy business and trade minister visits Belarus	+1
5 – 6 November	Deputy Foreign Minister S. Alejnik visits Vietnam	+1
11-13 November	A Belarusian delegation led by Prime Minister Michail Miasnikovič visits Bangladesh	+2
13-14 November	A Belarusian delegation led by Prime Minister Michail Miasnikovič pays a working visit to India	+2
November-December	Belarusian military specialists participate in the "Ferocious Falcon-2012" exercise in Qatar	+1
8 – 11 December	A delegation of Indian pharmaceutical companies visits Belarus	+1
12 – 15 December	A delegation of Indian businesses led by director of SMS International Infrastructure Limited visits Belarus	+1
13 November	A Belarusian official makes a statement in the UN General Assembly on the resolution "Necessity of ending the economic, commercial and financial embargo imposed by the United States of America against Cuba"	+1
Итого		+10

November-December 2012

Development of Belarus-Ukraine relations

Date	Event	Points
9 November	Consultations between the Foreign Ministries of Belarus and Ukraine on foreign policy and opportunities for the engagement between the two countries in the framework of the OSCE during Ukraine's OSCE presidency in 2013	+1
December	Report that Belarus remains the key importer of Ukrainian electricity and keeps increasing its import	+1
5 December	President Alexander Lukashenka of Belarus meets with his Ukrainian counterpart Viktor Yanukovich on the sidelines of the CIS summit in Ashgabat. They discuss the bilateral relations between Belarus and Ukraine and the Customs Union framework	+2
6 December	First Deputy Prime Minister of Ukraine Valeriy Khoroshkovskiy visits Belarus to meet with First Deputy Prime Minister of Belarus Uladzimir Siamaška	+1
10 December	President Lukashenka approves the draft agreement between the governments of Belarus and Ukraine on the procedure for crossing the state border by residents of Stolín District of Brest Region and Rokitnoye District of Ukraine's Rivne Region	+1
11 December	Defense Ministers of Ukraine and Belarus Dmytro Salamatin and Jury Žadobin approve plans for bilateral cooperation between the two ministries for the year 2013	+2
11 December	Alexander Lukashenka says he wants to see Ukraine engaged in integration processes in the former Soviet Union	+1
21 December	Statement by head of the information department at the Foreign Ministry Andrej Savynych, who said that Belarus shared the position of Ukraine on the failure to comply with the decision-making procedure in the framework of the Kyoto Protocol at the 18th session of the Conference of the Parties to the UNFCCC and the 8th session of the Conference of the Parties that was held in Doha, Qatar	+1
November-December	Visit of Prime Minister of Ukraine M. Azarov, announced back in 2011, is delayed	-1
November-December	Finalization of the ratification of the State Border Treaty between Belarus and Ukraine is delayed	-3
Итого		+6

November-December 2012

Event ranking scale:

Economic and political integration, creation of customs unions, common markets, supranational bodies (ratification and coming into effect of relevant treaties) – **5-7 points**

Signing/ratification of a crucial agreement (on cooperation, trade, tariffs, visa-free travel, etc., signing of documents on integration) – **4 points**

Top-level official visit (president and premier), meetings between top-level officials – **3 points**

Large-scale interstate contract, interstate loan, extension of economic aid – **3 points**

Official visit at the level of a minister (key ministers: foreign minister, interior minister, defense minister, economy minister, finance minister, trade minister) and high-ranking officials at the presidential administration; negotiations of agreements – **2 points**

Official visit at the level of a deputy minister (+non-key ministers), a parliamentary delegation – **1 point**

Positive statements by the president, Belarusian Foreign Ministry, parliamentary resolutions, positive materials in state or state-controlled media (monitored media include Sovetskaya Belorussia, BelTA, Zviazda, Belarusian Television – 1st National Channel, 2nd National Channel) – **1 point**

Adverse statements by the president, Belarusian Foreign Ministry, adverse parliamentary resolutions, negative materials in the state media – **minus 1 point**

Protraction of ratification of treaties, non-invitation to important official events, failure to provide support internationally – **minus 2 points**

Infringement of treaties, default on mutual commitments (by the Belarusian side) – **minus 3 points**

Trade wars, antidumping probes – **minus 3 points**

Commodity boycotts, embargoes, recall of diplomats, ambassadors – **minus 4 points**

Severance of diplomatic relations, provocations, hostilities – **minus 5-7 points**