



Belarus' FOREIGN POLICY INDEX

June-August 2011

Dear friends!

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We are happy to present a new issue of Belarus' Foreign Policy Index, which covers the three summer months and analyzes five foreign policy vectors.

Despite the traditional vacation season in the country, the foreign activity of Belarus was quite vigorous: the Customs Union started operating in full swing; the first timid steps were made towards a normalization of relations with the EU; an informal summit of the CSTO was held to address the future of the Collective Fast Response Forces. At the same time, Belarus' relations with Iran deteriorated, the relations with Ukraine got spoilt by an espionage scandal; the country refrained from active support for the Gaddafi regime in Libya. However, on the whole, the relations in the framework of the foreign policy vectors that we analyze have

changed insignificantly. Nonetheless, there are serious prerequisites for changes in the first months of autumn.

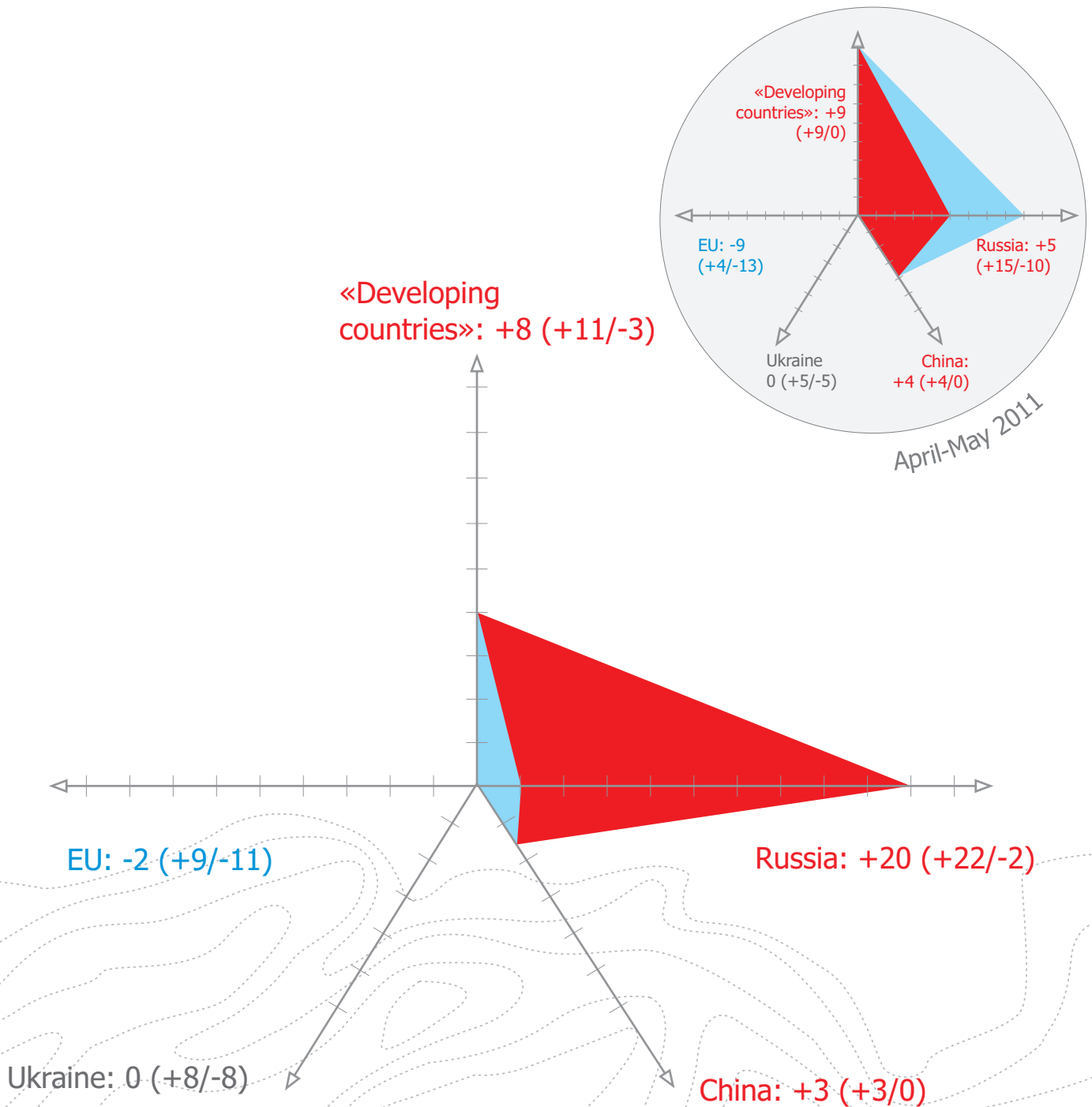
We wish you a pleasant reading and invite you to share your comments and suggestions to make the Index better and more interesting.

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BISS Foreign Policy Index Editor

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Relations development indices:



Compared to the previous period, the negative European vector has shrunk, which indicates Minsk's first modest steps towards the West. The positive Russian vector, on the contrary, has increased markedly owing to the Customs Union and top-level meetings. The Ukrainian vector proved to be the most stable of all – it remained at the zero mark (although the total of negative and positive points showed a slight increase).

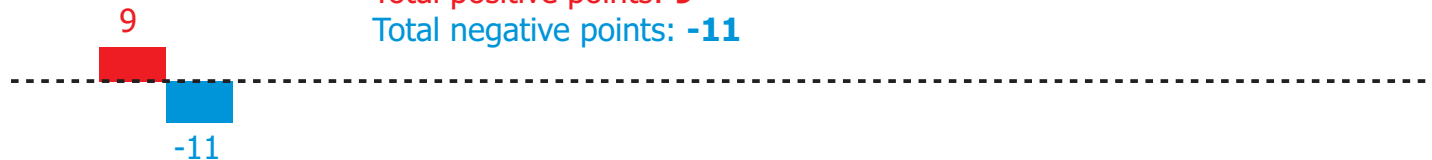
June-August 2011

Development of EU-Belarus relations

Summary index: -2

Total positive points: **9**

Total negative points: **-11**



Description of the initial state of relations

In the period prior to June 1, 2011, the EU-Belarus relations were marked by the continued escalation of the conflict, which has snowballed since the December 2010 presidential election in Belarus, and the wave of politically-motivated repressions by the Belarusian authorities that followed. In April and May this trend was manifested by the extension of the list of Belarusian citizens subject to sanctions of the European Union, mutual unfriendly and even insulting declarations of officials, and inauguration of the Euronest parliamentary dimension of the Eastern Partnership without Belarus.

At the same time, the first indications of Belarus' and EU's willingness to halt the escalation of the conflict and get back to the non-confrontational communication track were revealed as early as spring, albeit strategic uncertainty in the relations between Belarus and the EU seemed to be growing stronger. That uncertainty was because neither Minsk nor Brussels had a strategic vision of the future of the mutual relations. It appeared that most of the decisions and statements were made mechanically, "tit for tat" and without any long-term vision.

Description of key events in the period

The events taking place in June-August 2011 were all in the context of the ongoing conflict between official Minsk and Brussels, caused by internal political processes in Belarus. Alongside the problems generated by the non-recognition of the outcomes of the presidential election of December 2010 by the European Union, severe dispersal of the mass protest on December 19 and repressions against the Belarusian opposition, a new factor emerged – the Belarusian authorities chose to crack down on "silent" protests.

Amid the continuing breaching by the Belarusian administration of international and national human rights standards on the one hand and lack of any tangible results from the measures the EU had been trying to apply to the Belarusian administration, the EU made up its mind to put more pressure on Belarus and extend its sanctions.

On **June 20**, the Council of Foreign Ministers of the European Union issued one more resolution on Belarus to diversify the "pressure points" on the Belarusian regime. Firstly, four new names were added to the "black list" of persons subject to sanctions, which now includes 179 names. Secondly, the EU imposed an embargo on supplies of some equipment to Belarus lest the Belarusian authorities should use it for political repressions. Thirdly, after months of discussions, the EU finally imposed pinpoint sanctions against three Belarusian enterprises: ZAO Beltechexport, ZAO Sport-*pari* and ChUP BT Telekomunikatsii.

Confrontation in the relations between the EU and Belarus also showed in EU ambassadors' missing the festivities during Independence Day of the Republic of Belarus and obstacles to Belarusian experts' taking part in the Strasbourg session in the framework of the program "Support to Judicial System in the "Eastern Partnership". Making a step further, the European Parliament's Foreign Affairs Committee on July 13 held hearings on Belarus jointly with the human rights subcommittee and the delegation for relations with Belarus. A joint statement was issued after the session to condemn the events in Belarus.

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The arrest of Belarusian human rights activist Ales Byalyatski, who was accused of tax evasion on a large scale, became the most notable development of that period contributing to further deterioration of mutual relations. The arrest became possible after concerned state agencies of some European countries submitted information about Byalyatski's foreign bank accounts to the Belarusian authorities. The very fact of Minsk's using the international channel originally designed to prevent criminal offenses to crack down on the political opposition angered many in the EU. In some countries, internal investigations were launched into the incident, and declarations were made about the possible suspension of cooperation with Belarus in the framework of the mechanism of mutual legal assistance.

At the same time, the period in question was marked by a number of events contradicting the adverse trend. On **June 10**, Ministers of Foreign Affairs of Belarus and Italy had a meeting to sign intergovernmental agreements on cooperation in culture, science and technologies, and education, as well as a memorandum of understanding on the development of the Italian industrial district in Belarus' Brest Region. On **July 29**, an agreement was signed between the governments of Belarus and Slovenia on terms of health promotion and rehabilitation of under-age citizens of the Republic of Belarus in the Republic of Slovenia. A Day of Belarus in Slovenia and Day of Belarus' Economy in Frankfurt am Main were arranged.

On **June 17**, Maira Mora officially became head of the Delegation of the European Union in Belarus. Importantly, the matter of the appointment of an EU ambassador to Belarus had long remained undecided.

In the first six months of the year, commodity trade between Belarus and the EU totaled USD11.259 billion, which represents a 75.1% increase from the same period in 2010. Belarus recorded a USD2.964 billion surplus, with exports expanding 113.3% year-on-year. These statistics look quite curious amid the revamped approaches of the European Neighbourhood Policy. The focal point of the strategy is the "more for more" formula (more cooperation for more progress in democratization and liberalization). There is still a rhetorical question whether the substantial increase in trading volumes between Belarus and the EU (especially the significant growth in Belarusian exports) amid the serious political conflict corresponds to the main principles of the revised ENP.

Main trends

We believe the main trends of the period in question to a great extent build on the tendencies of the previous period we monitored.

1) Continued escalation of the conflict. The realities that caused the conflict between Belarus and the European Union, which has unfolded since December 2010, are still there: the harsh rhetoric from both the sides that had been "fed" by the appearance of "silent" protest actions and their severe dispersal still remains, enhanced by the "Byalyatski case". The escalation of the conflict continues, as both the sides have retained the behavioral practices that are not compatible with the interests of the other side. This trend was manifested in the quantitative and qualitative expansion of the EU sanctions against Belarus.

2) Continued attempts to find the way out of the acute phase of the conflict. The period from June 1 through August 31 was quite rich in events showing that both sides were looking for ways to change the status quo. The Belarusian side seems to have been making more efforts trying to get back to dialogue: Lukashenka said the matter of political prisoners could be settled, criminal cases of some opposition politicians could be terminated, and a group of activists sentenced for the "Square" could be pardoned. Also, Lukashenka mentioned a possibility to cease judicial proceedings against Nasha Niva and Narodnaya Volia newspapers. Finally, Lukashenka invited EU representatives to discuss the situation at a "national roundtable".

Forecast for the near term

In the near term, the relations between Belarus and the European Union will continue developing in the framework of the observed contradictory trends: the original reasons behind the conflict will remain, while both sides will be looking for ways to overcome the tensions without eliminating

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those reasons. The internal political decisions of official Minsk will still be defined by the "dilemma of vaccination": the need to safeguard itself, on the one hand, against possible internal shocks, and, on the other hand, against the overwhelming pressure from Russia. The logic of the Belarusian authorities prompts a continued increase in the degree of political repressions to address the former task, whereas the latter calls for manifestations of Belarus' willingness to make certain concessions to the European Union, which serves as a counter-balance to the Kremlin's ambition.

Because of the unpredictable nature of a number of socio-economic and political factors, it is hard to forecast the exact ratio of the named contradictory trends. Nevertheless, we will hazard a guess: the agenda envisaging a search for ways out of the acute phase of the conflict with the EU will start to dominate in the Belarusian administration, as the pressure from Moscow continues to grow and given the fact that the criteria for getting back to the negotiating table set by the European Union (release of the political prisoners) is quite acceptable for official Minsk.

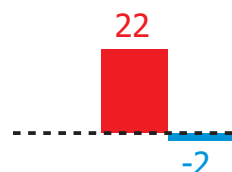
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Development of Belarus-Russia relations

Summary index: **+20**

Total positive points: **22**

Total negative points: **-2**



Description of the initial state of relations

The relations between Belarus and Russia in the time prior to the monitored period had been defined by the unfolding currency crisis and discussion of the terms of credit cooperation with Russia. Another important factor setting the pace and determining the nature of the Belarusian-Russian relations was the integration within the Customs Union and the Common Economic Area.

Compared to the previous period, political relations got a little warmer – there was a personal meeting between Lukashenka and Medvedev; the governments of the two countries continue active cooperation, mostly in the framework of interstate associations within the former Soviet Union. Russia's pressure on Ukraine also somewhat alleviated the general tone of the interaction between the Belarusian and Russian administrations. At the same time, the Russian media continued drawing catastrophic pictures of the Belarusian crisis.

Belarus' dependence on Russia remained in the period we monitor, and the Russian administration did not hurry to make use of the exceptional opportunities of putting Belarusian politics and economy under pressure. However, finding itself in the role of the sole ally of Belarus, Moscow did not waive the opportunities that relations with a weak partner offer – it kept dictating its terms to Minsk, and the only instrument Belarus had to resist that pressure was to stall decision-making on issues that were not so important to Russia.

Only at the end of the period we cover in the monitoring, the Belarusian authorities started making weak attempts to balance the Russian pressure by demonstrating its willingness to resume dialogue with the EU.

Description of key events in the period

In the period from June 1 to August 31, Belarus and Russia mostly focused on discussing the terms of Russia's financial support for Belarus. On **June 4**, the Council of the Bailout Fund of the EurAsEC decided to extend a loan to Belarus amounting to USD 1.24 billion until the end of 2011 in two installments. The first USD 800 million tranche was provided as early as June 21; the second USD 440 million installment is conditional upon Belarus' taking resolute steps to ensure macroeconomic stabilization and sale of important state assets.

The Belarusian administration has been haggling over the terms of Russian financial support, and the strongest card it had was to stonewall any decisions without refusing to meet the imposed conditions. Specifically, the sale of a 50% stake in Beltransgaz was conditional upon the contract for supplies of natural gas for the next long-term period and postponed until the end of autumn or even the end of the year; other potentially appealing assets were offered to Russian business at prices that were evidently higher than the current market prices. The same holds for macroeconomic stabilization – the decision to introduce an additional session at the Belarusian Currency and Stock Exchange was made as late as **August 30**, that is, a few days prior to the scheduled decision of the EurAsEC on the second installment of the loan. However, even that decision cannot be called a move sufficient for Belarus to meet its commitments under the loan agreement, as it simply eases the access to foreign exchange for economic agents that are not associated with the state, while preserving serious advantages for the key business partners of the Belarusian administration.

These problems were mostly addressed by the two governments, and Belarusian Prime Minister

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Mikhail Myasnikovich still performed the part of the main negotiator for Belarus in the bargaining process with Russia. Lukashenka managed to have a meeting with his Russian counterpart Dmitry Medvedev in Sochi on **August 22**. Anyway, that meeting proved inefficient and did not contribute anything new to the relations between the two countries.

In the meantime, the cooperation between the two countries in the scope of the Customs Union grew stronger in summer. On **July 1**, the Belarusian side abolished the exemptions from the common customs tariff that had applied to import of passenger cars in the Customs Union. The State Customs Committee of Belarus has therefore been working in accordance with Customs Union Codes since then, rather than the national regulations of Belarus. Furthermore, during the three summer months, the administrative agencies of the two countries either ratified or tabled lots of agreements pertaining to common technical regulations, common tariffs, customs activities, and transfer of additional functions to the supranational body of the Customs Unions – the Commission of the Customs Union. On **August 2**, a moratorium was imposed on changes in import duties within the Customs Union, and on **August 22**, President Dmitry Medvedev of Russia submitted to the State Duma a Treaty imposing on the Customs Union member-states a priority of commitments within the WTO over commitments within the Customs Union. Since Belarus is farther from acceding to the WTO than its two partners, chances are very good that it will have to comply with the rules of the Customs Union all alone, while its "senior partners" will keep to the global trade rules.

On **August 12**, Astana hosted a summit of heads of the CSTO member-states, where Lukashenka presided. Following that summit, Lukashenka met with CSTO Secretary-General Nikolai Bordyuzha on **August 30**, where an alarming statement was made that the CSTO was getting ready to authorize the use of collective fast response forces to prevent coups in the member-states. It follows from Lukashenka's and Bordyuzha's remarks that if that decision were approved, Russia would be legally enabled to be involved in internal conflicts of the member-states supporting any side that it likes or the abstract "constitutional order".

Main trends

We can identify the following trends based on these events:

- 1) The level of interstate relations remains high amid the prevalence of the atmosphere of distrust between the administrations of Russia and Belarus;**
- 2) The Customs Union has entered a new phase; the common customs area has been created and is developing;**
- 3) Conditionality is applied to economic interaction, especially as far as provision of assistance and preferences is concerned;**
- 4) Readiness of the Belarusian administration to offer Russia a possibility to interfere in the Belarusian internal policy.**

Forecast for the near term

Belarus' dependence on Russian support, both in economic issues and on the international scene, will remain. At the same time, Russia will continue to provide support while trying to condition reciprocal measures from the Belarusian side and steps towards economic reforms, privatization and keeping at least minimum deficiencies in internal policy. The EurAsEC Bailout Fund will likely provide the second installment of its loan within the next two months. In turn, Belarus will hardly get rid of its propensity to postpone decision-making. Therefore, the deal to sell Beltransgaz will very likely be put off until the very end of the year.

Strategic cooperation will also continue with a view to enhancing integration associations in the former Soviet Union under the patronage of Russia, although the Belarusian authorities might come up with unexpected media moves.

The Russian administration will likely keep to its strategy of splitting the Belarusian ruling elite, and efforts to dismantle the authority of President Lukashenka and the "Belarusian model" in the Russian media space will definitely continue.

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Development of Belarus-China relations

Summary index: +3

Total positive points: **3**

Total negative points: **0**

3 0

Description of the initial state of relations

The economic cooperation between the two countries has been the locomotive of Belarusian-Chinese relations since the early 1990s. The fact that the two countries share the same position on most issues of the international agenda and have no mutual claims has contributed to the stability of the Belarusian-Chinese relations and facilitated Chinese investments in Belarus. This is corroborated by the substantial increase in mutual trade turnover: mutual trade amounted to USD 2.2 billion in 2008, the year hit by the global crisis, and exceeded that level in 2010, with a turnover of USD 2.5 billion, which compares to only USD 34 million in 1990.

Amid the recession the Belarusian economy saw in 2009-2010, Chinese loans were extremely important to support the expansion pace and meet social commitments of the Belarusian state.

The cooperation in the culture sector is intense: Belarus and China hold common exhibitions, arrange concerts, festivals, and culture days. Cooperation in education has been higher on the agenda than ever before: the two countries make use of a variety of training programs for students and student exchange opportunities.

Nevertheless, despite the very high pace of bilateral cooperation observed at the end of 2010, the beginning of 2011 was not marked by hyperactivity in Belarusian-Chinese relations. Especially important for Belarus was China's political support at the top level and recognition of the presidential election results by the Chinese administration, which indicated that the two countries shared views and were ready to continue developing bilateral relations.

Description of key events in the period

In June and July 2011, Belarusian-Chinese relations continued developing repeating the early year pattern that is, being reduced almost entirely to the economic agenda, namely, joint projects. At the same time, comments about the insufficient development pace started appearing in the media. The June 2 meeting between the Belarusian premier and the ambassador extraordinary and plenipotentiary of China to Belarus, which addressed the implementation of joint projects, was supposed to give a new impetus to the bilateral economic cooperation.

Some of the discussed projects are worth mentioning. They include an investment project to reconstruct in 2011-2014 the National Airport Minsk with the use of Chinese loans, approved by the Belarusian president. Also in June, a credit agreement was signed between the Republic of Belarus and the Export-Import Bank of China on financing of joint projects worth a total of over USD 1 billion. In the summer of 2011, an agreement in principle was reached to establish a Belarusian-Chinese industrial park (a project that is expected to attract at least USD 1 billion in Chinese investments) – an agreement on the construction of the park is scheduled to be signed this September. The Belarusian-Chinese industrial park will prioritize biotechnologies, fine chemistry and mechanical engineering. The joint venture making harvesters in Chinese Heilongjiang province has produced the first make; China has started making electric locomotives for Belarusian Railway. A Belarusian vice-premier estimated the total worth of the joint Belarusian-Chinese projects at USD 6 billion.

A political event that is worth mentioning is the summer visit of President of the PRC Hu Jintao to Kazakhstan, Russia and Ukraine; despite the significant economic difficulties that Belarus was faced

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with at that time, the Chinese leader did not pay a visit to this country. This once again indicates China's pragmatic view of the bilateral cooperation with Belarus and its primary orientation to its economic component.

The economic cooperation between the two countries is characterized by a dynamic growth in mutual commodity turnover. It is expected that in 2011, it will for the first time in the history of bilateral relations exceed USD3 billion. It should be noted, though, that such a breakthrough has been possible largely due to the significant number of joint projects, requiring Chinese loans and investments, extended to Belarus for acquisition of Chinese commodities, materials and equipment. It appears that the two countries owe a substantial part of the commodity turnover to the large lending volumes.

Main trends

In the summer of 2011, the trend of the country's urgent need for external financing remained, and whereas credit support from Russia came in the form of a EurAsEC Bailout Fund loan, the Belarusian-Chinese cooperation kept to the traditional practice of tied loans. In all appearances, China has made it clear that the only acceptable lending support framework for the Belarusian economy was the provision of tied loans.

A state loan from China is quite unlikely at the current stage. Despite significant allocations for joint projects by the Chinese side, contrary to our expectations, new talks were initiated in summer over financing of new projects. It appears that as of the moment, amid the instability of the global economy, China believes the risks of lending to Belarus to be relatively low.

Forecast for the near term

In the spring and summer of 2011, the Belarusian administration had to reshuffle its political priorities and shift the focus from foreign political and foreign economy initiatives towards ways to address internal economic problems. As a result, tensions in Belarusian-Russian relations alleviated, while serious contradictions with the European Union and the United State, manifested in new economic sanctions, remained. During the period in question, the intensity of contacts with the Chinese side went down and was reduced to the economic framework, which was given an impetus in summer. In the near term (4-6 weeks), we expect agreements on new serious joint projects; high-level visits are also possible. In the medium term (3-4 months), should the economic situation in the country remain tense, talks with Chinese investors over the possible sale of Belarusian enterprises may resume.

Belarus may negotiate a loan against collateral of a stake in Belaruskali following the scheme tested with the Indian side in 2011. There are hardly any prerequisites for intensifying the political dialogue at the top level in a few months to come. High-level meetings will continue on a routine basis to address current issues.

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

Summary index: +8

Total positive points: **11**

Total negative points: **-3**

11

-3

Description of the initial state of relations

The relations between Belarus and "developing countries" have long been both a distinct component of the country's foreign policy and important topic in the rhetoric of official Minsk designed to emphasize the success of the pursued policy. At the same time, this policy is characterized by stable relations with few countries, whereas with other states Belarus' relations are often capricious and fluctuating, and may sometimes fall into decay after a short peak lasting for a couple of years.

The Belarusian Foreign Ministry identifies the countries belonging to this group as the "World South", making it a separate vector of its foreign policy. The Ministry notes: "Belarus is planning to strengthen and expand the foreign political arc of allies and partners in Asia, Latin America, Middle East and Africa and to bring cooperation with them up to the level of strategic partnership." The key objective of these efforts is "trade diversification, expansion of economic cooperation with the states of the above-mentioned regions."¹

Description of key events in the period

Iran. In early June, President Mahmoud Ahmadinejad had a telephone conversation with Lukashenka and called on his Belarusian partner to build up mutual relations. It appears that the motives for the telephone talk included the fact that the Belarusian administration had refrained from providing excessive ideological support for Tehran, most probably for fear of the possible consequences of such support. Lukashenka's missing the international anti-terror summit in Tehran on June 25-26 corroborates this assumption.²

On June 10-11, Iranian Agriculture Minister Sadegh Khalilian paid a visit to Belarus. He met with his Belarusian counterpart Siamyon Shapira and signed a memorandum of understanding on bilateral cooperation. In June, a Week of Iranian Culture was arranged in Minsk.

In mid-August, there appeared reports that Belorusneft was withdrawing from the project to produce oil at Jofeir oil field and planned to cease operations in the Iranian petroleum sector. The Iranian side cited the failure of the Belarusian company to meet its extraction volume commitments as the main reason for the dissolution of the contract. Some Belarusian media expressed an opinion that the termination of the project was caused by the sanctions that the United States slapped on Belorusneft in March 2011 for its cooperation with Iran.

The volume of trade between Belarus and Iran in the first six months of the year rose 37% year-on-year to reach USD54.28 million, according to IRNA news service.³

Iraq. An Iraqi delegation headed by Deputy Minister of Foreign Affairs Labid Majeed Abbawi paid a working visit to Minsk on June 20-23; consultations between the Ministries of Foreign Affairs of

1. Countries and regions <http://www.mfa.gov.by/bilateral/>

2. Iran invites Belarus to terror summit May 28, 2011 <http://edition.presstv.ir/detail/182171.html>

3. Iran-Belarus midyear trade ties up 37% Aug 9, 2011 <http://www.presstv.ir/detail/193038.html>

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Belarus and Iraq were held during the visit. The delegation met with Belarusian Foreign Minister Siarhei Martynau and Chairman of the Standing Committee of the House of Representatives of the National Assembly Ihar Karpenka, and took part in the solemn opening of the Embassy of the Republic of Iraq in Minsk. There is no Belarusian Embassy in Iraq as of today; it was closed after the war started in 2003.

India. An Indian delegation led by Coal Minister Sriprakash Jaiswal visited Minsk on June 16-19. The delegation addressed cooperation in the coal-mining industry, as well as the promotion of Belarusian mine machinery to the Indian market. The delegation held negotiations with First Deputy Prime Minister of Belarus Uladzimir Siamashka, Industry Minister Dzmitry Katsiarynich, senior officials and experts of the Ministry of Natural Resources and Environment of Belarus and the Energy Ministry.

In early August, India officially expressed its interest in the acquisition of a shareholding in one of the world's largest producers of potash fertilizers Belaruskali.

On August 26-27, an Indian delegation led by Deputy Foreign Minister Sanjay Singh made an official visit to Belarus. No specifics of the visit were officially reported.

Latin America. Brazil had decided to open a diplomatic mission in Belarus starting June 1, 2011. The consulate general of Belarus in Rio de Janeiro was opened in September 2001. It is Brazil that is the leading trade partner of Belarus in the region. In the past five years, trade turnover between the two countries more than doubled, to reach USD862.6 million in 2010 (Brazil is the 9th largest trade partner of this country beyond the CIS, and the 6th largest importer of Belarusian products outside the CIS). In January-April 2011, mutual trade turnover more than doubled to USD571 million, and exports increased 206%, with Belarus registering a trade surplus. Potash fertilizers account for most of the exports from Belarus.

On August 17, Lukashenka had a telephone conversation with Venezuelan President Hugo Chavez. A Belarusian delegation is expected to pay a working visit to Venezuela in the near future, paving the way for the coming visit of the Belarusian leader to that country.

Arms supplies. In early August, some media published a number of documents of Belarusian and foreign state and commercial organizations, which, they claimed, proved the fact that Belarus was supplying arms to groups of terrorists in Pakistan. Nevertheless, as for the accusations themselves, the published documents contain numerous contradictions and dubious declarations; some of them look fabricated. The doctored documents must have been leaked to the media along with genuine, but less important documents.

Qatar. Lukashenka paid an official visit to Qatar on August 15-16. He had visited that country in February 2001, but his original visit was simply one in a series of visits to that region and did not result in the establishment of any fruitful connections, which were elaborated much later, since 2007. Interestingly, the second visit to Qatar did not envisage any additional visits to the countries of the region, contrary to the traditional practice. The analysis of Belarusian-Qatari relations shows that the majority of official contacts pertain to security services – national defense and internal security. Lukashenka's son Viktor plays an important role in these relations.

Minsk is obviously interested in Qatari investments. BelTA news service reported that a few large-scale projects with Qatar were considered, including a joint venture to make compound fertilizers in Qatar worth a total of USD1.75 billion, construction of a sports and hotel complex in Minsk worth up to USD100 million and a joint venture to produce potash ore in Belarus. Also, Belarus may engage large Qatari companies in the creation of trade and logistical centers in Belarus, the state media reported.

Arab revolutions. As late as the end of spring official Minsk suspended its clear support for Gaddafi, but the very idea of democratic movements alarmed the Belarusian administration. The head of state expressed his interest in the possibility to establish Collective Fast Response Forces (CFRF) in association with other former Soviet Union countries to prevent democratic revolutions.

4. В Беларуси с официальным визитом находится индийская делегация 26.08.2011
http://news.tut.by/politics/247589.html?utm_source=news-right-block&utm_medium=other-news&utm_campaign=other-news
5. Беларусь пастаўляе зброю пакістанскім тэрарыстам? 10 жніўня 2011 <http://nn.by/?c=ar&i=58518>
6. Александр Лукашенко встретился с Эмиром Государства Катар шейхом Хамадом бен Халифой аль-Тани 15.08.2011
<http://www.president.gov.by/press125853.html#doc>

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Main trends

- 1) **The deterioration of Belarus' relations with Iran became a new trend.** Even the most advertised projects were faced with difficulties, and contacts between officials have been phased down. Judging by the rhetoric of officials and indirect features, it is Minsk that initiates a reduction in mutual relations, whereas Tehran, besieged by the United States, the European Union and United Nations sanctions is still very much interested in using Belarus as a sort of a "window into the world".
- 2) **Belarus still exercises caution in its relations with the countries that cause serious international problems.** Therefore, official Minsk gave up its ties with Gaddafi so fast, and was very cautious in its relations with Syria.
- 3) **Belarus' relations with Iraq seem to have been restored.** It is an exceptional example of a restoration of active relations after the change in the political leadership had brought the bilateral relations to naught for a few years.
- 4) Despite its pragmatic attitude, Belarus' relations with the Third World somewhat shrank in the period. The only serious contact with the countries in question in summer was with Qatar; the contacts with India must have been fueled by the Indian side's keen interest in Belaruskali.

Forecast for the near term

Despite certain difficulties, Belarus has not suspended its relations with Iran. They are still valued, because of the well-grounded certainty of the Belarusian authorities that Iran may indeed be used as a source of finance and as a marketing outlet, and because its relations with Iran might at some point become a bargaining chip in this county's negotiations with the United States.

Minsk will seek new markets in Arab countries of the Persian Gulf and, via those countries, in new unexplored states. Specifically, the Belarusian side is officially interested in supplies of commodities and services in the framework of the Arab states' assistance programs for Africa.

Active contacts with the Third World are also underway because of the looming privatization of Belaruskali, in which such developing giants as India and China are genuinely interested.

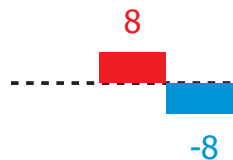
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Development of Belarus-Ukraine relations

Summary index: 0

Total positive points: **8**

Total negative points: **-8**



Description of the initial state of relations

The two countries are traditionally not each other's foreign political priorities. One exception is the short period in 2008-2009, when Belarus and Ukraine were trying to step up cooperation in the energy sector by working out joint initiatives connected with the use of the Odessa-Brody pipeline. Ukrainian President Viktor Yushchenko acted as an "attorney" for his Belarusian counterpart in European structures. After a new president was elected in Ukraine, the mutual relations seriously cooled, mostly because of the Belarusian side.

Ukraine remains a crucial trade and economic partner of Belarus, being this country's third-largest partner by overall trade turnover and exports and fourth by imports. Belarus has long had a comfortable trade surplus in its relations with Ukraine.

Description of key events in the period

During his press availability on **June 17** and during the events timed to the beginning of the war between the USSR and Germany on **June 20**, the Belarusian president made a number of critical remarks about Ukraine, which caused an adverse response in Ukrainian political circles and the media. For instance, Lukashenka said: "Ukraine was bought down to its knees" and "Ukraine is still on the hook of the West".

It is noteworthy that the Ukrainian authorities were most distressed to learn about Lukashenka's public support for the introduction of sanctions against Ukrainian exports in the framework of the Customs Union. Although the sanctions had originally been initiated by Russia as part of its strategy to involve Ukraine in the Customs Union, Kiev was additionally irritated by the support for that initiative expressed in Belarus and Kazakhstan.

On **June 19**, the former Ukrainian ambassador to Belarus Roman Bezsmertnyi told Zerkalo Nedeli that Ukraine considered various ways to pay Belarus' the debt amounting to USD 134 million to unblock the process of the ratification of the Border Treaty. Because of the difficult financial situation in Ukraine, this is hardly a possibility now. However, the recognition of the debt and Ukraine's intention to seek settlement are very positive.

In **late June**, it was reported that Belarus owed DTEK and Ukrinterenergo USD 35 million for supplied electricity. In May, Belarus suspended electricity imports from Ukraine. It was also reported that the Ukrainian side had agreed not to impose a fine on the Belarusian debt.

In **early July**, a Ukrainian citizen was detained in Minsk for taking part in a "silent" protest. He was later sentenced to a 10-day administrative arrest. On July 12, spokesman for the Ukrainian Foreign Ministry O.Voloshin said he hoped the arrested Ukrainian national would be released soon, however, the protests of Ukrainian diplomats were in vain.

On **July 5**, the Belarusian president inked ordinance #305 to establish ZAO Gomel car repair plant by the end of 2011. The co-founders of the plant are Belarusian state-controlled Gomel car repair plant and Ukrainian Kryukov carriage works, which is part of TAS industrial group. TAS is owned by Ukrainian Deputy Prime Minister Serhiy Tihipko. This might become an important signal for large Ukrainian business, as many businesses in Ukraine tend to sell their assets in that country because of the threat of imminent property redistribution.

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On **July 5**, Lukashenka personally allowed Ukrainians residing close to the Belarusian Merlinski forest range to harvest mushrooms and berries in Belarus. Previously, unsanctioned border-crossing by Ukrainians caused numerous conflicts with Belarusian border guards. The decision was widely advertized in the Belarusian media. Indeed, the Ukrainians who live in border areas were happy, because for many the local forest remains the key source of incomes.

On **July 15**, Belarusian Ambassador in Ukraine Valentin Velichko told 2000 Weekly that Belarus was interested in the project to build an LNG terminal on the Black Sea. According to Velichko, "it will become another important vector for joint operations of Ukraine and Belarus to diversify supplies of energy to our countries."

Ukrainian experts admit that Ukraine is genuinely interested in developing energy cooperation with Belarus, including in transporting Azeri oil to Mozyr via the Odessa-Brody pipeline. If continued, the contract could ensure at least minimum profitability of the project and would become an important bargaining chip in talks with Poland over the possible continuation of the pipeline to Plock.

In **mid-July**, the reputed and well-informed weekly Zerkalo Nedeli reported with reference to unnamed sources in the Ukrainian government about the expulsion of two members of the staff of the Ukrainian Embassy in Belarus and expulsion of two military attaches of the Belarusian Embassy in Ukraine. The two countries tried to shun publicity at the official level. The periodical draws a conclusion that the espionage story will not have a serious negative impact on further bilateral relations.

In **early August**, Belarus drew the results of foreign trade in the first six months of the year. In January-June 2011, Belarus' trade with Ukraine expanded 41% on the year, or by USD 748 million. Belarusian exports increased 55%, or by USD 567 million, and imports from Ukraine rose only 23%. Belarus logged a USD 641.6 million trade surplus, up from USD 255.7 million last year.

Ukrainian analysts forecast further increases in Belarusian exports to Ukraine because of the devaluation of the Belarusian ruble.

In **July**, Belarusian president sent birthday congratulations to Viktor Yanukovich, and in **August**, congratulated the Ukrainian counterpart on Independence Day. Both notes were in line with standard diplomatic procedures, however, Ukrainian media paid close attention to them.

On **August 22**, Viktor Tikhonov was appointed a new Ukrainian ambassador to Belarus. Tikhonov was formerly a vice-premier; he belongs to the elite of the ruling Party of Regions and is one of the leaders of the influential Lugansk clan. The appointment of such a prominent politician may only indicate that the Ukrainian authorities make their relations with Belarus an important cooperation vector. Tikhonov may become an important informal messenger between the Belarusian administration and personally President Yanukovich, his close circle and influential clans.

Main trends

Despite frequent conflicts, the relations between Belarus and Ukraine cannot be called hostile; they may sooner be characterized as cool. The reasons include both objective and purely subjective factors.

Objectively, Belarus has no clear interests in Ukraine. Besides, the Yanukovich regime has found itself in a very difficult internal and foreign political situation. It is not clear now where Ukraine will be moving in the near future, and under the circumstances, it is pointless to build long-term projects with Yanukovich.

Furthermore, Ukraine is objectively a rival of this country as far as Russian gas transit to Europe is concerned. Ukraine may also be considered a competitor when it comes to borrowing from the IMF.

Forecast for the near term

In the near term, there will be no serious transformations in the bilateral relations for sure. Kiev will be trying to figure out what it can offer official Minsk to normalize the bilateral track, whereas the

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Belarusian administration will keep neglecting its southern neighbor. A sharp aggravation of the relations is also unlikely, though.

Amid the growing pressure from Russia, stronger criticism of political repressions by the West and aggravating social and economic crisis, the Ukrainian authorities will simply have no time for conflicts with Belarus.

The Belarusian president, on the contrary, may benefit from the growing pressure of Russia on Ukraine, as it prompts the Kremlin to make concessions to the Customs Union partners in order to enhance its appeal in the dialogue with Ukraine. Minsk can also consider beneficial the criticism of political repression in Ukraine by the West, as it overshadows the Belarusian problems and neutralizes the issue of the "last European dictator".

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Supplement

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

Development of EU-Belarus relations

Date	Event	Points
June 10	Siarhei Martynau's meeting with Italian Foreign Minister Franco Frattini in the framework of a session of CEI foreign ministers. Intergovernmental agreements and a memorandum are signed	2
June 17	Maira Mora appointed head of the Delegation of the European Union in Belarus (the appointment had long remained in limbo)	1
June 20	Decision of the Council of Foreign Ministers of the European Union to extend the "black list" of Belarusian persons subject to sanctions and embargo on supplies of some equipment to Belarus, as well as sanctions targeted against three Belarusian enterprises	- 3
June 29	Belarus accedes to the Joint Declaration of EU and neighboring countries on nuclear safety	1
July 3	EU ambassadors miss festivities during Independence Day of the Republic of Belarus	-1
July 5	Day of Belarus in Slovenia	1
July 7	Day of Belarus' Economy in Frankfurt am Main	1
July 11-13	Strasbourg session in the framework of the program "Support to Judicial System in the "Eastern Partnership". Belarusian experts are not admitted	-2
July 13	Hearings on Belarus by the European Parliament's Foreign Affairs Committee jointly with the human rights subcommittee and the delegation for relations with Belarus	-1
July 13	Expiration (and non-extension) of antidumping measures regarding supplies of Belarusian-made potassium chloride to the EU	1
July 29	Agreement between the governments of Belarus and Slovenia on terms of health promotion and rehabilitation of under-age citizens of the Republic of Belarus in the Republic of Slovenia is inked	1
August 4	Arrest of human rights activist Ales Byalyatski and explosive reaction from the EU countries and institutions .	-2
August 29	Lukashenka's statement about his willingness to have a national roundtable discussion and invitation of EU representatives to take part	1
June-August	Periodic negative statements of President Lukashenka, the Foreign Ministry and negative materials in the state media	-1
Total		- 2

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Development of Belarus-Russia relations

Date	Event	Points
July 1	The Customs Union enters a new phase	7
June-August	Customs Union documents are drawn up	4
July 4	Decision on making a loan to Belarus	4
August 22	Meeting between Lukashenka and Medvedev	3
August 12, 30	Preparation of the decision for Collective Fast Response Forces to be involved in internal conflicts	4
June-August	Belarus stonewalls the fulfillment of EurAsEC Bailout Fund commitments	-2
Total		20

Development of Belarus-China relations

Date	Event	Points
June-August	Bilateral negotiations over new agreements, exchange of visits at the level of ministries and delegations, including of commercial structures	2
June-August	Frequent, regular and exceptionally positive references to mutually beneficial cooperation between Belarus and China in the Belarusian mass media, comments of the vice-premier	1
Total		3

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Development of Belarusian relations with “developing countries”

Date	Event	Points
June 10-11	Visit of Iranian agriculture minister	2
June 16-19	Visit of an Indian delegation led by the coal minister	2
June 20-23	Working visit of an Iraqi delegation led by a deputy foreign minister	2
August 15-16	Lukashenka's visit to Qatar	3
August	Dissolution of the contract with Iran on oil extraction at Jofeir field because of the failure of the Belarusian side to meet its obligations	-3
August 26-27	Official visit of an Indian delegation led by a deputy foreign minister	2
Total		8

Development of Belarus-Ukraine relations

Date	Event	Points
June 17, 20	Public remarks of President Lukashenka cause indignation in Kiev	-1
June	Decision of the Customs Union to limit exports of Ukrainian commodities. Lukashenka's statements supporting the decision	-2
June	Consultations about the options for Ukraine to repay its debt to Belarus	1
Early July	Ukrainian citizen arrested in Minsk for taking part in an unauthorized protest action	-1
July 5	Belarusian president inks ruling to establish ZAO Gomel car repair plant with Ukrainian investments	1
July 5	Lukashenka allows Ukrainians residing in border areas to harvest mushrooms, berries in Belarusian forests	1
July 15	Statement of Belarusian Ambassador in Ukraine about Belarus' interest in the project to build an LNG terminal on the Black Sea shore	2
July	Espionage scandal (not confirmed officially)	-2
July-August	Lukashenka congratulates Yanukovich on Independence Day, birthday, which causes a response in Ukrainian media	1
Early August	Belarus' foreign trade performance: increase in trade turnover with Ukraine, growth in surplus	2
Entire period	Belarus delays ratification of the State Border Treaty	-2
Total		0

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Event ranking scale:

- Economic and political integration, creation of customs unions, common markets, supranational bodies (ratification of relevant treaties) – **5-7 points**
- Signing/ratification of a crucial agreement (on cooperation, trade, tariffs, visa-free travel, etc.6 signing of documents on integration) – **4 points**
- Top-level official visit – **3 points**
- Visit at the level of minister/deputy minister, of a parliamentary delegation, negotiations of agreements – **2 points**
- Positive statements by the head of Belarusian state, Belarusian Foreign Ministry, positive parliamentary resolutions, positive materials in state or state-controlled media (Sovetskaya Belorussia, BelTA, Zvyazda, Belarusian Television – 1st National Channel, ONT) – **1 point**
- Adverse statements by the head of Belarusian state, Belarusian Foreign Ministry, adverse parliamentary resolutions, adverse materials in the state media – **minus 1 point**
- Protraction of ratification of treaties, non-invitation to international events, failure to provide support internationally – **minus 2 points**
- Infringement of treaties, default on mutual commitments – **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**