



Belarus' FOREIGN POLICY INDEX

№ 24 January–February 2015

Dear readers,

We are proud to present the twenty-fourth issue of Belarus Foreign Policy Index, in which we explore Belarus's foreign policy in the five key dimensions throughout the months of January and February of 2015.

Although the treaty on the Eurasian Economic Union (EEU) came into effect, tensions remained in Belarus's relationship with **Russia**, caused by the ongoing trade wars. The deepening economic crisis in Russia produced a devastating impact on Belarus, causing a dramatic reduction in trade turnover and significant losses of Belarusian exporting companies.

On the contrary, Belarus's relationship with the **European Union** reached its new peak since December 2010. The increasing numbers of working diplomatic contacts reported during the past few years have finally given a new quality to the bilateral relationship. The preparatory work within the framework of the dialogue on modernization and consultations on visa issues has entered the final stage. Apparently, the number and level of contacts with the EU will remain unchanged at least until the Eastern Partnership Summit in Riga.

Contacts with **China** were not especially active and centered mostly on the three main joint projects —the China–Belarus Industrial Park (CBIP), the Silk Road Economic Belt, and, to a lesser extent, the assembly of Geely vehicles. Following a staff reshuffle in the Belarusian government, the authorities have taken a more critical attitude to Belarus's collaboration with China.

The **Middle East** remained in the focus of Belarus's relationship with the developing world. Contacts with Iran and its allies in the region (Syria and Iraq) were stepped up.

Minsk continued to pursue an active relationship with **Ukraine**. Despite serious problems in the Ukrainian economy, there was no drop in the two-way trade. Minsk continues making efforts to consolidate its status as a key venue for negotiations to resolve the Ukrainian crisis seeking to enhance its own safety, maintain good relations with both Russia and Ukraine, and improve its international image.

As usual, we welcome your comments and remarks and will be happy to answer any questions.

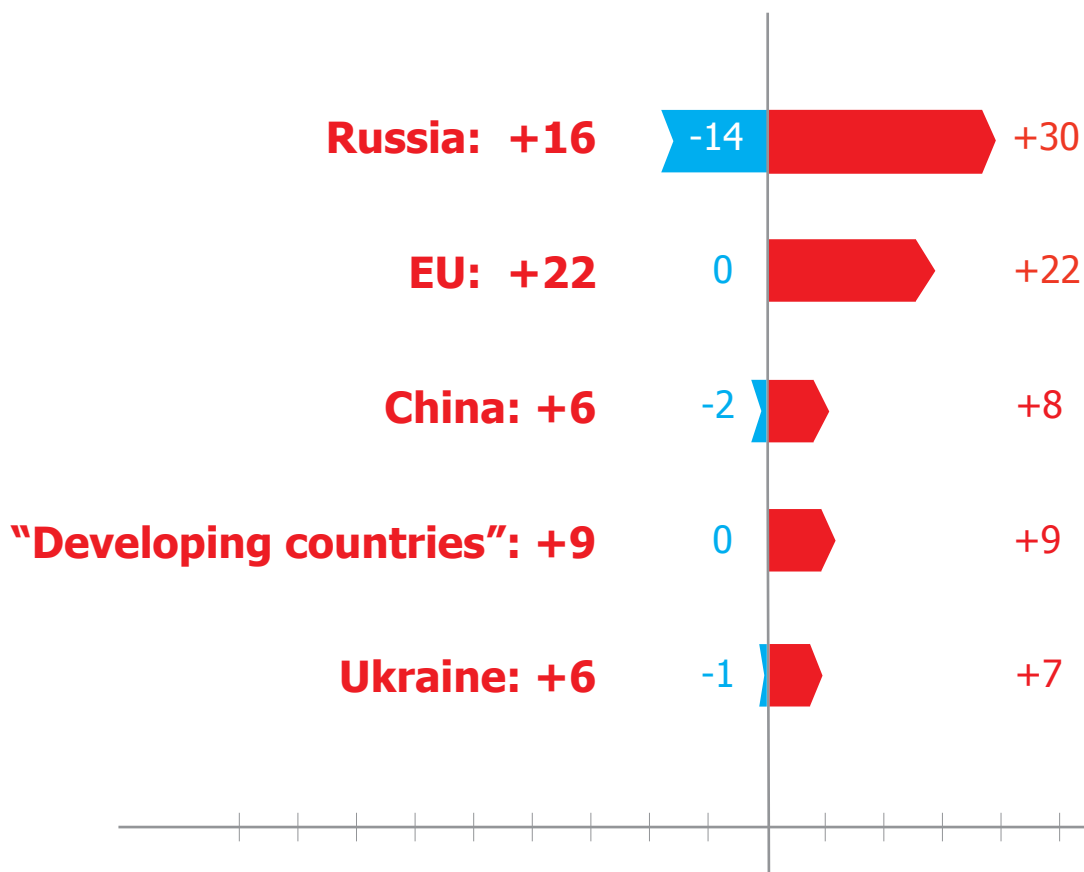
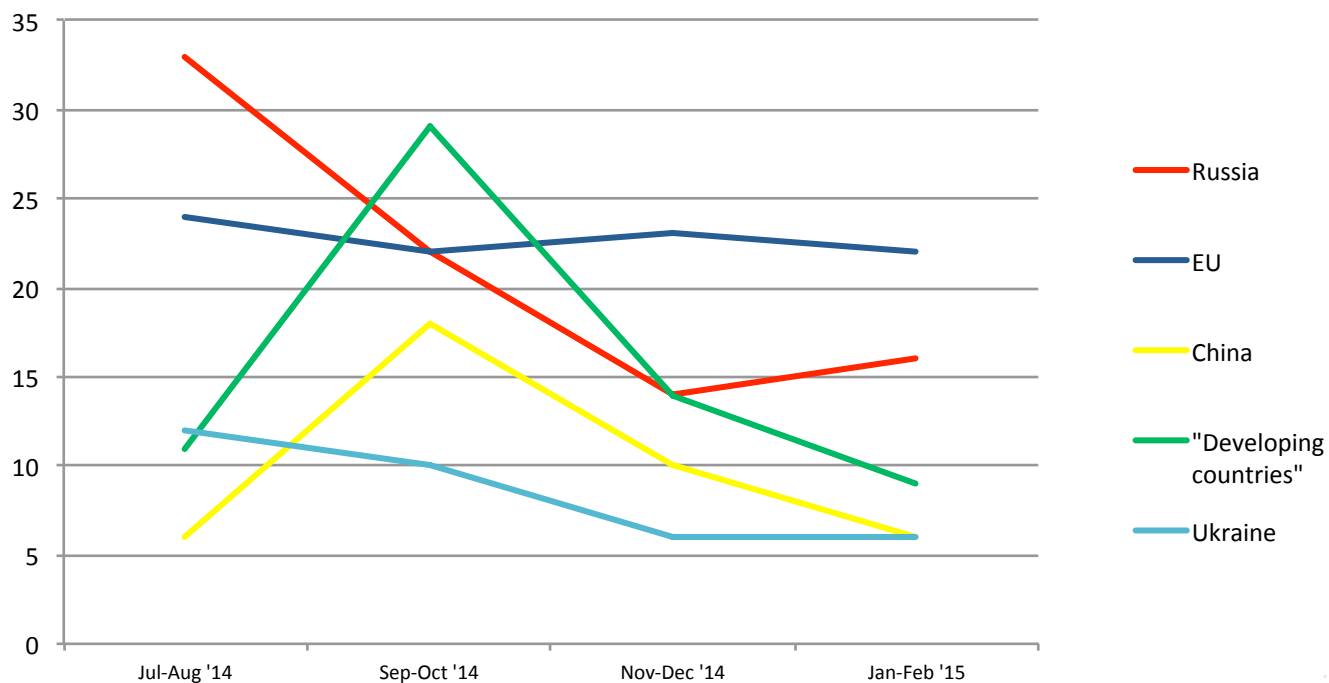
Dzianis Melyantsou

Editor

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Relations development indices:



Development of the Belarus–Russia relationship

+30



-14

Summary index: +16

Total positive points: +30

Total negative points: -14

Main trends

Since the Eurasian Economic Union (EEU) became operational on 1 January 2015, the integration processes between Belarus and Russia have become even deeper.

However, the economic crisis in Russia, which has aggravated, produced a dramatic impact on Belarus: in January, the two-way trade with Russia dropped by almost 40% year-on-year, and Belarusian exporters suffered appreciable losses.

Despite the kick-off of the EEU, tensions in the bilateral relationships remained, caused by supplies and transit of food via Belarus to the Russian Federation.

During the period under review, the Belarusian administration sought to maintain and promote further contacts with Russian regions.

Description of the key events

According to available statistics, in January 2015, Belarus's import and export transactions with the Russian Federation shrank by 39.6% year-on-year, and Belarus recorded a USD 357.2 million deficit in the two-way trade with Russia. This resulted from the depreciation of the Russian ruble, slower growth in the Russian economy, and uncertainty in the Russian money-market. Belarusian ministries were making numerous comments on the weakening of the trade relations, blaming the slump on Russia. Deputy Minister of Architecture and Construction Aliaksandr Sidaraŭ said on 3 February that Belarusian construction companies' losses amounted to approximately USD 60 million as a result of the depreciation of the Russian ruble. According to the Ministry of Agriculture and Food of Belarus, Belarusian farms lost more than USD 360 million because of the Russian ruble losing its value against foreign currencies.

At the same time, tensions around the situation with the supplies of food produced in Belarus or transited via Belarus remained — Russian Federal Service for Veterinary and Phytosanitary Surveillance (Rosselkhoz nadzor) blocked food deliveries on numerous occasions and tightened control over goods from Belarus while accusing Belarusian companies of "illegal supplies of products subject to special control". Agriculture Minister of Belarus Leanid Zajac said on 2 February that the temporary restrictions on Belarus's export to the Russian Federation resulted in more than USD 100 million of losses for Belarusian meat-packing companies in 2014. Based on media-covered instances alone, Rosselkhoz nadzor

- blocked supplies of 190 tons of foreign fruit and vegetable products (4 January), 17 tons of poultry meat (7 January), dairy products and chilled meat (10 January), 97 tons of Polish apples, 40 tons of tangerines, oranges, and frozen cooked shrimp (14 January), 66 tons of cheese, potatoes, and meat (6 February), 20 tons of feed additives and approximately 20 tons of fish (12 February), 36 tons of Polish apples bound for Kazakhstan (16 February), fruit and vegetables (25 February), beef heads and raw tallow (26 February), and beef (27 February);

- accused Belarusian companies of supplying poor quality products containing *Escherichia coli* (4 February), *Listeria* bacteria (10 February), and antibiotics (23 February).

In response to those restrictions imposed by the Russian authorities, Belarusian customs officials stopped the carriers that were transporting household appliances from the exclave Kaliningrad Region to mainland Russia. The situation around Belarusian-made foods slightly improved at the start of February, when Minister Zajac managed to come to an agreement with Rosselkhoznadzor chief Sergey Dankvert on the resumption of meat supplies from nine Belarusian companies.

On the back of these events, the need for diversifying export supplies became one of the priorities of the government's action plan for 2015, adopted on 25 February.

Despite tensions in the bilateral relationship at the top level, the Belarusian administration continued taking active steps to promote its contacts with Russian regions and state authorities. Specifically, a delegation of the Republic of Ingushetia led by a deputy prime minister paid a visit to Belarus and met with Culture Minister Barys Sviatloŭ. In late February, head of the Udmurt Republic paid a visit to Minsk to meet with President Aliaksandr Lukashenka, who said that collaboration with that Russian constituent should be enhanced. An agreement was reached on the visit of Chelyabinsk Region Governor Boris Dubrovsky to Belarus in April, although the visit had been postponed from late January.

Further, in late January, the Belarusian information minister met with his Russian counterpart and suggested that the two countries should step up thematic cooperation. On 23 February, chief of Russia's Rostec corporation announced the agreement on the supplies of 12 Mi-17 helicopters to Belarus, and Russian Finance Minister Anton Siluanov said that Russian was ready to consider providing financial assistance to Belarus, in case of need.

The main impetus to the bilateral relationship was given by meetings at a high political level (including the participation of Prime Minister Andrej Kabiakoŭ in the first meeting of the Eurasian Intergovernmental Council on 6 February), as well as part of the campaign to resolve the Ukrainian crisis, where Minsk managed to strengthen its status of the main venue for negotiations. A series of telephone conversations and bilateral meetings between the presidents of Belarus and Russia were held, first in Sochi, where Vladimir Putin asked his counterpart Lukashenka to organize a "Normandy Four" summit on Ukraine (8 February), and then in Minsk, during the summit itself, also attended by Ukrainian President Petro Poroshenko, German Chancellor Angela Merkel, and French President François Hollande.

It was probably against the triumphant diplomatic backdrop resulting from the willingness to host the "Normandy format" meeting in Minsk that the rhetoric of the Belarusian administration and the media concerning Russia became a bit friendlier than back in November–December 2014, although it remained quite contradictory. Aliaksandr Lukashenka made the following remarks in his statements: "Belarus will continue its collaboration with Russia" (15 January), "Russia is sacred!" and "No one will ever be allowed to break the ties between Belarus and Russia" (29 January), and gave two interviews to leading Russian television channels (NTV and Russia-1), in which he said that "the Belarusians and the Russians are brothers", "we are friends with the Russian president" and that Belarus had no plans to withdraw from the Eurasian Economic Union. At the same time, other statements were made as well. Specifically, on 29 January, Lukashenka told reporters that Belarus might "withdraw from the EEU unless all agreements are honored", warned Russian President Vladimir Putin that "insults" in the Russian media were unacceptable and made negative remarks about Rosselkhoznadzor chief Sergey Dankvert saying that he "had no right to impose a ban on supplies of Belarusian products to Russia."

Forecast for the near future

In March and April, tensions around supplies of Belarusian products to the Russian market will likely remain in place, and so will Rosselkhoznadzor's limitations. At the same time, the Belarusian administration will be taking steps to diversify exports and reduce the dependence of the Belarusian economy on the Russian market.

The bilateral relationship will also depend on developments in the eastern regions of Ukraine and whether the conflicting parties choose to comply with the agreements signed in Minsk. Should the conflict suddenly escalate, the Belarusian leadership will find it increasingly difficult to maintain its neutrality on the Ukrainian crisis, which may complicate the relations with Russia, given the willingness of the Belarusian side to keep its good neighborly relations with Ukraine.

Another factor, on which the relations with Russia depend, is the continuous normalization of Belarus's relationships with the European Union and the United States, something that Russia is becoming increasingly concerned about. Nevertheless, ahead of the presidential election, Minsk has no motivation to spoil its relations with the Russian Federation, it being the only reliable creditor until Minsk and the International Monetary Fund sign a new program for cooperation.

Development of the Belarus–EU relationship

+22



0

Summary index: +22

Total positive points: +22

Total negative points: 0

Main trends

Belarus's neutral stance on the Ukrainian crisis and Minsk's efforts as an intermediary to help resolve the conflict produced an apparent positive effect, additionally contributing to the long-term trend towards further normalization of the country's relationship with the European Union.

The significant number of working diplomatic contacts observed during the last few years has finally been transformed into a quality shift. Minsk has become a venue to visit by high-ranking European Union diplomats who are received at the top level.

The preparatory work within the framework of the "transition phase" (of the dialogue on modernization) and consultations on visa issues has entered the final stage in the run-up to the EaP Summit in Riga. The visa facilitation and readmission agreements are quite likely to be initiated at the summit.

Description of the key events

The period under review became one of the most successful ever for the relationship between Belarus and the European Union since December 2010 — not so much by the number of contacts (there were fewer of them at the start of 2015 compared with November–December 2014), as by their level and quality, which became unusually high.

The landmark event that became the high point of the first two months of the year was the visit of Chancellor of Germany Angela Merkel and President of France François Hollande, who came to Minsk to participate in "Normandy format" negotiations of ways to resolve the Ukrainian crisis. Official Minsk once again acted as a neutral state offering a venue for negotiations without actually taking part in them. Aliaksandr Lukashenka did not have bilateral meetings with the distinguished European guests (unlike during the Customs Union–Ukraine–EU summit in August 2014, when Lukashenka had a brief bilateral meeting with Catherine Ashton, High Representative of the European Union for Foreign Affairs & Security Policy).

Nevertheless, the talks made history not only as a 16-hour diplomatic marathon, but also as a typical example of a situation when real challenges push to the sidelines all other issues in relations between countries.

Whatever arguments there may be about the significance and role of Belarus as part of international efforts to broker a ceasefire in Ukraine, there are no doubts that the niche filled by official Minsk contributes to the normalization of Belarus's relationships with the West. Most important is probably the fact that Belarus's stance on the Ukrainian crisis is completely different from that of Russia. Minsk is not only an acceptable communicator that no one minds, but also puts forth, on the sidelines of the Minsk meetings, quite reasonable and meaningful proposals as to ways to stop bloodshed in Ukraine. According to statements made by the president and minister of foreign affairs of Belarus, such proposals were submitted to all stakeholders.

This position sparks an additional interest of EU member states and institutions in Belarus. Further, these circumstances also contribute to the long-term trend towards “defrosting” of the relations between Belarus and the European Union. This trend was first identified in late 2012, and following the commencement of consultations on visa issues and modernization, it entered a new phase.

Therefore, the military and political situation in the region, absence of effects of the sanctions imposed by the EU, as well as consistent efforts by Belarusian diplomats brought about the most favorable environment in the Belarus–EU relationship since the end of 2010.

The period under review showed that these relations have a good chance of becoming even better in the near future. This is evidenced by the visits of Edgars Rinkēvičs, the foreign minister of Latvia, during that country’s presidency of the Council of the EU (19 February), and of Deputy Secretary General for the External Action Service Helga Schmidt (24 February). Especially important is the fact that both distinguished guests had meetings not only at the Ministry of Foreign Affairs of Belarus, but also with President Lukashenka.

There were no reports as to what those meetings focused on; however, the general context suggests that Belarus and the EU are looking for mutually acceptable normalization options with a view to making specific moves at the upcoming Eastern Partnership Summit that will take place in Riga on May 21–22. Belarusian and foreign experts do not rule out the possibility for the visa facilitation and readmission agreements to be initiated by Belarus and the European Union at the summit. Whether President Lukashenka will be invited to the summit (and whether he will go if he is) is a less significant question, which is nonetheless important for further development of the bilateral relationship.

Other important events that occurred in January and February 2015 include the four-day working visit of Foreign Minister Uladzimir Makiej to Germany. On the first day of his stay, the minister made a speech at the German Council on Foreign Relations (DGAP) in Berlin and held a meeting with representatives of the German business community, which was arranged by the Committee on Eastern European Economic Relations. On 6–8 February, Makiej participated in the 51st Munich Security Conference. He had a series of bilateral meetings with Federica Mogherini, the High Representative of the European Union for Foreign Affairs and Security Policy, Frank-Walter Steinmeier, Minister of Foreign Affairs of Germany, and Paolo Gentiloni, Minister of Foreign Affairs of Italy.

Another noteworthy event that took place during the period under review is the consultations between the Foreign Ministry of Belarus and all of the three Baltic States — Latvia, Estonia, and Lithuania — that were held at the level of deputy foreign ministers. Also important is the 1st Belarus–France Investment Forum and the 1st meeting of the Joint Belarusian–French Commission for Economic Cooperation that took place in Minsk.

Forecast for the near future

Under the influence of numerous factors the relationship between Belarus and the European Union has recently reached the highest level since December 2010, and the relations will likely remain at least as intensive for a few months to come. The number and level of contacts should remain at least unchanged until the Eastern Partnership Summit in Riga.

Diplomats of both Belarus and the European Union will focus on the preparation of the agreement on visa facilitation, which may be initiated in Riga.

Another important component of the negotiating process that will remain relevant in the near future is the level of Belarus’s participation in the upcoming summit in Riga. Minsk expects to be invited at the top political level, which should comply with the principle of the EU’s equal attitude to all of its partner countries. For its part, the European Union is known to expect the Belarusian authorities to resolve the issue of political prisoners.

Development of the Belarus–China relationship

Summary index: +6

Total positive points: +8

Total negative points: -2

+8

-2

Main trends

The relationship between Belarus and China was not very active in January and February 2015 and centered mostly on the three main joint projects — the China–Belarus Industrial Park (CBIP), the Silk Road Economic Belt, and, to a lesser degree, the assembly of Geely vehicles. Furthermore, the loan that China extended to Belarus at the end of 2014 had a positive effect on the way the bilateral relations were developing.

Nevertheless, following the staff reshuffle in the Belarusian government, the authorities have adopted a more critical position on the country's collaboration with China. Focus is being driven increasingly towards the need to have a visible quality shift in the implementation of major joint projects.

Description of the key events

The period under review was rather uneventful for the relationship between Belarus and China, which can largely be attributed to both the consequences of the economic shocks that hit the country in December 2014 and staff reshuffles that followed.

The Belarusian administration deeply appreciated the loan extended by the Chinese side in December 2014, amounting to approximately USD 220 million, even though it was not a significant portion of the funds that the country had to borrow to mitigate the effects of the sudden slump. Nevertheless, during his news conference, President Lukashenka made a special remark about the successful credit cooperation with China. Naturally, the plans to take out Chinese loans totaling up to USD 15 billion announced by the head of state are just starry expectations. However, the very fact that the loan, even though relatively modest, was provided (and according to available information, on terms that are quite favorable for Belarus) during such a complicated period proves that Belarus had adopted the best possible course towards making its contacts with China increasingly pragmatic.

At the same time, Lukashenka expressed his dissatisfaction, albeit mild, with the situation in the two-way trade between Belarus and China. In 2014, export of Belarusian-made products to China considerably increased compared with 2013, from USD 460.7 million to USD 641.5 million, whereas import fell from USD 2,829.4 million to USD 2,371.2 million; however, the deficit remains vast, at USD 1,729.7 million, and import still accounts for approximately 79% of the entire trade turnover (a lot higher than in Belarus's trade with other foreign partners), whereas export supplies from Belarus to China remain quite insignificant.

The meeting between Belarus's Economy Minister Uladzimir Zinoŭski and Assistant Minister of Commerce of the PRC Zhang Xiangchen on 30 January became an important event during the reviewed period. At the top of the agenda was the construction of the CBIP (the meeting itself was organized as part of the third meeting of the working group

for the implementation of the CBIP project). Belarus seeks to encourage any Chinese companies, whatever their business, to become CBIP residents; however, none of the meetings have yielded any positive results, and the construction of the CBIP has hardly started yet.

On 10 February, a report on the progress of the CBIP project was submitted to the head of state, who once again criticized the slow implementation process and eventually ordered his chief of staff Aliaksandr Kosinič to take the project under his personal control, along with the development of the relationship between Belarus and China in general. The Belarusian administration must be expecting a serious discussion of the issue during the anticipated visit of President of the People's Republic of China Xi Jinping to Belarus scheduled for May 2015. Lukashenka had been planning to discuss the project with his Chinese counterpart during the Winter Olympics in Russia's Sochi; however, the two presidents never had a chance to have a proper meeting. It looks like the Chinese side will avoid making any direct statements and promises concerning the CBIP initiative, the more so because even in the latest CBIP report made available in February 2015 plans are announced to begin the construction of the CBIP internal infrastructure in April 2015, and no clear deadline for the completion of this phase is provided.

The construction of the CBIP and implementation of the new megaproject — the Silk Road Economic Belt — were discussed at a meeting between Deputy Minister of Economy of Belarus Aliaksandr Jarašenka and the leadership of China Merchants Group. That Chinese holding is a major Hong Kong-based transport and logistics company; therefore, its involvement in the CBIP project is highly unlikely (it does not quite fit the list of announced activities). The Chinese transportation company would sooner be interested in the Silk Road Economic Belt project.

The Belarusian side has been drawing the attention of its Chinese partners to the need to step up its involvement in the two landmark projects. The Belarusian president mentioned this even in his protocol message of greetings to President Xi Jinping on the occasion of the Spring Festival (Chinese New Year).

Another important joint project, alongside the CBIP and the Silk Road Economic Belt, is the assembly of Geely vehicles in Belarus, a project that, unlike the first two, has entered the practical implementation stage. The Geely project was discussed on 23 February during a meeting between Prime Minister Andrej Kabiakoŭ and his first deputy Vasil Maciušeŭski with China's Ambassador to Belarus Cui Qiming. The topic had been chosen for a good reason: the competitiveness of the Geely vehicles assembled in Belarus was threatened in the main, Russian, market — Russia-based Derways factory started assembling the same vehicles, which turned out to be cheaper than those made in Belarus. Official Minsk seeks to tackle the issue by supporting the Belarusian assembly factory with the use of Chinese financial injections. Apparently, there is hardly any economic motivation for the Chinese side to offer this sort of support.

In addition to the key joint projects, Belarus discussed two less important initiatives. The first one is associated with the organization of visa-free travel to China for tourists. Visa-free travel is envisaged in the current agreements between the two countries; however, it remains unavailable, because China has no travel agencies capable of offering such services. The second issue that has been discussed for many years now is the organization of a direct flight between Minsk and Beijing.

Forecast for the near future

During the next few months, up until the anticipated visit of President of China Xi Jinping to Belarus, the mutual relationship will go through a lull — the Belarusian side will take its time to probe whether its Chinese partners are ready for a more active cooperation phase that will prove more beneficial to Belarus. However, Minsk will expect the implementation of specific agreements soon after the visit of the Chinese state leader, citing possible arrangements made by the two heads of state.

Developments in Belarus's relations with the 'Developing World'

(Asia, Africa and Latin America)

Summary index: +9

Total positive points: +9

Total negative points: 0

+9

0

Main trends

The Middle East was in the focus of Belarus's foreign policy in the developing world. The lack of any significant contacts in other regions was probably caused by the scarcity of foreign policy resources, which were mobilized to deal with Belarus's neighbors — the European Union, Ukraine, and Russia — during the two months in question.

Contacts with Iran and its allies in the region — Syria and Iraq — became more active; moreover, those between the first two may be interrelated. Specifically, it is Teheran that is capable of providing sufficient financing for the implementation of some Belarusian projects in Syria.

Minsk is responsive to changes in the international situation. In the early 2010s, it phased down its contacts with Teheran and Damascus in response to external pressures on the two capitals. Now that the West has adopted a more lenient stance on Iran and Syria, and given Russia's decision to expand its cooperation with those two countries, Belarus is trying to restore its former ties with Iran, Syria, and, to a lesser degree, with Iraq.

Description of the key events

Latin America

Ecuador. A Belarusian delegation led by Deputy Prime Minister Uladzimir Siamaška visited Ecuador on 10–12 February. The delegation also included Deputy Foreign Minister Aliaksandr Hurjanaŭ, First Deputy Industry Minister Hiennadz Sviderski, Deputy Chief of the Committee on Science and Technologies Piotr Baltrukovič, senior officials of Belzarubezhstroy, Belorusneft, Zapadelektrosetstroy, Stadler Minsk, and Gaz-Institute. The second meeting of the Belarusian-Ecuadorian commission on trade and economic cooperation was held, followed by political consultations between the Foreign Ministries of the two countries. On 13 February, the agreement between the two countries on mutual visa-free travel, originally signed on 20 June 2014, came into effect.

Middle East

Syria. Belarusian Foreign Minister Uladzimir Makiej paid an official visit to Syria on 8–9 February. He met with Syrian President Bashar al-Assad, Prime Minister Wael al-Halqi, Foreign Minister Walid al-Muallem, and Syrian businessmen. Belarus and Syria signed agreements on cooperation and mutual assistance in customs affairs and cooperation in the prevention and response to emergencies.

Makiej was quoted as saying: "During our best years, the two-way trade between Belarus and Syria would reach USD 85 million a year, but it has more than halved since then. Our mission is not only to restore the previous trade volume, but also to exceed it."¹ Ahead

1. Proceedings of the press conference concerning the results of the visit of Foreign Minister of Belarus Uladzimir Makiej to Syria (9 February 2015, Damascus) http://mfa.gov.by/press/news_mfa/b49e0d253459ccba.html

of the visit, reports were made about plans to supply Belarusian-made trucks, passenger vehicles, and road-building machines to Syria, as well as possibilities for the creation of assembly factories of Belarusian machinery in that country. The Belarusian ambassador to Syria explained that *"now that we observe the obvious trend towards stabilization of the security situation in the central regions of Syria and around Damascus, the Syrian government is interested in promoting trade and investment cooperation"*².

The intensification of Belarus's contacts with Syria could be attributed to certain cooperation schemes that involve Iran, which has remained the most significant ally of the Syrian government over the past few years. It was Iran that persuaded Minsk to seek closer ties with Damascus, which has been faced with critical economic challenges, because it is Iran that can provide sufficient financing for joint Belarusian-Syrian projects. Iran's involvement is indirectly evidenced by the extensive comment concerning Makiej's visit to Damascus published by FARS news service, which is close to the Iranian government. The report describes the visit as a step towards the breaking down of the wall of isolation around Syria³.

Iran. On 14–15 January, a group of members of the Social Affairs Committee of the Iranian parliament led by Farajollah Arefi paid a visit to Belarus. They had meetings in the Belarusian parliament.

On 9–10 February, Minsk played host to the fourth round of consular consultations between the Foreign Ministries of Belarus and Iran attended by Head of Consular Department of the Ministry of Foreign Affairs of Iran Ali Chaghani.

On 16–18 February, Minister for Foreign Affairs of Iran Mohammad Javad Zarif paid an official visit to Belarus. The minister met with Prime Minister Andrej Kabiakoŭ, Chairman of the Council of the Republic Michail Miasnikovič, Minister of Foreign Affairs Uladzimir Makiej, and attended the opening ceremony of the new building of the Iranian Embassy in Minsk.

Seeking to draw a more optimistic picture of the two-way commercial relations between Belarus and Iran, Makiej cited the USD 130 million worth of trade in not only commodities, but also services. Bilateral trade has been growing slower than the two countries would like — since it reached the long coveted USD100 million mark, Minsk and Teheran have been faced with new drops in trade volumes. Even after the situation improved in 2014, export deliveries to Iran amounted to USD 97 million, an increase by 109.6% from 2013, and import from that country reached USD 9.7 million. The key Belarusian exports are potash fertilizers, trucks, and metal products.

It must have been for this reason that the tonality of the Belarusian officials who were involved in negotiations with Zarif was deliberately cautious. Makiej said that *"certain limitations imposed by third countries ... prevent us from showing what we are really capable of doing and fulfilling the potential of our bilateral engagement... we focused our talks on identifying the areas for possible collaboration"*⁴.

When commenting on challenges to bilateral contacts, Prime Minister Kabiakoŭ cited two reasons. Firstly, he referred to the severer financial and economic sanctions that are unilaterally imposed against Iran and thus complicate settlements for Belarusian supplies. Secondly, Kabiakoŭ mentioned difficulties in the implementation of joint Belarusian-Iranian projects involving the Iranian companies that had expected financing from the National Development Fund of Iran⁵.

2. Work resumed on project for Belarus to create an assembly factory for its vehicles in Syria, 22 January 2015 http://www.belta.by/ru/all_news/economics/Vozobnovljena-prorabotka-proekta-sozdaniya-v-Sirii-sborochnogo-proizvodstva-beloruskoj-avtotehniki_i_692744.html

3. Safar-evazir-ekharejebelarusbendamashq, saraghaz-echarkhesh-eorupabesamt-esuriye, FARS, 20.11. 1393, <http://www.farsnews.com/newstext.php?nn=13931120000254>

4. Records of the media availability of Foreign Minister of the Republic of Belarus Uladzimir Makiej following his negotiations with Minister for Foreign Affairs of the Islamic Republic of Iran Mohammad Javad Zarif (17 February 2015, Minsk) http://mfa.gov.by/press/news_mfa/de038a155c04ebe0.html

5. Andrej Kabiakoŭ meets with Iranian foreign minister, 17.02.2015, <http://www.government.by/ru/content/5827>

Even President Lukashenka not only spoke about his intention to visit Iran soon, but also made critical remarks about the relationship with Iran as he spoke to the Iranian foreign minister: "Our political, diplomatic relationships are currently at an unprecedented level; however, we cannot say the same about our economic relations." Lukashenka further remarked: "these [Belarusian-Iranian] projects have been slowed recently for some reasons, including those quite objective, despite the fact that the Belarusian side has always been willing to meet halfway with its Iranian partners and offering them the best conditions"⁶. Statements of this kind are quite infrequent when it comes to Belarus's contacts with the developing world.

Iraq. On 23 January, Minsk hosted the Belarusian-Iraqi Business Forum, attended by an Iraqi delegation led by President of the Federation of Chambers of Commerce of Iraq Jaafar Al-Hamadani.

On 11–13 February, Belarusian Ambassador to Turkey and Iraq Andrej Savinych visited the Iraqi province of Basra. He met with Governor Majid al-Nasrawi and representatives of the business community. The agenda included Belarus's involvement in the implementation of major infrastructure projects in Basra, as well as possibility for Belarusian companies to be engaged in the development of oil and gas infrastructure as subcontractors.

UAE. On 23–25 February, UAE Economy Minister Sultan Bin Saeed Al Mansoori visited Belarus. He met with Foreign Minister Makiej, Economy Minister Zinoŭski, and Prime Minister Kabiakoŭ, who reiterated the appeal to bring the level of economic relations up to the current level of political engagement and emphasized the prospects of investment cooperation, including with a view to entering the markets of third countries. Kabiakoŭ never named those countries, though, but those must include the member states of the Eurasian Economic Community.

In 2014, Belarus's export supplies to the UAE amounted to USD 59.3 million, an increase by 44% from the 2013 level. In 2014, UAE's investments in Belarus totaled USD 95.1 million, which included USD 4.2 million in FDI⁷. The economic relations with the UAE thus fill an important yet rather narrow niche in the structure of Belarus's external relations. It is next to impossible for Belarus to make its way to the markets of wealthy pro-Western monarchies, which have already been approached by various manufacturers, including those from developed economies.

Nevertheless, Economy Minister Zinoŭski, once again trying to make the situation look better than it really was, said the two-way trade between the two countries came to about USD 70 million, which is higher than the statistics published by the Council of Ministers. When commenting on the main lines of cooperation, Zinoŭski's counterpart spoke about education, manufacturing, especially small and medium-sized business, and tourism⁸ — the areas, in which Belarus will hardly find ways to make full use of its industrial potential.

Prior to the meeting, Belarus's official media reported about the interest of UAE businesses in buying land in Belarus for cultivating grain for further supplies to the UAE. In this context, the Agriculture Ministry is preparing information on 16 farms that may be involved in investment projects.

South Asia

Pakistan. On 7 January, Belarusian Ambassador to Pakistan Andrej Jermalovič met with Tanveer Hussain, Minister of Science and Technology of Pakistan. That meeting was notable because Tanveer Hussain had just left the post of the defense minister — last year, he visited Minsk in that capacity and met with Belarusian officials to discuss other issues

6. Lukashenka on Iran: our relations are at an unprecedented level, 17 February 2015, TUT.BY <http://news.tut.by/politics/436008.html>

7. Andrej Kabiakoŭ meets with Minister of Economy of the UAE, 24.02.2015 <http://www.government.by/ru/content/5838>

8. Belarus, UAE have excellent prospects of developing trade and economic relations — Zinoŭski, 24 February 2015, http://blr.belta.by/all_news/economics/Belarus--AAE-majuts-vjalkja-perspektyvy-ravzststsja-gandleva-ekan-amchnyx-adnosn---Znosk_i_76496.html

as well. Belarus seeks to establish military and technical cooperation with Pakistan and take the place of Ukraine, which had played an important role in supplying and upgrading armored vehicles for Pakistan, but has virtually lost its defense industry recently. Another meeting testifying to the promotion of military and technical collaboration with Islamabad was that between Foreign Minister Makiej and the Pakistani defense minister in Munich in February⁹.

Other

When making a speech at a meeting addressing ways to increase Belarusian export supplies to Bangladesh, India, Nepal, and Sri Lanka, Chairman of the Council of the Republic Michail Miasnikovič said that Belarus could begin licensed production of many of its products in that region, especially in Bangladesh, Nepal, and Sri Lanka, in order to cut production costs.

During the period under review, the Houthis insurgents were reported to have taken control of the three Sukhoi jets (probably the Su-24) that Belarus had supplied to the Yemeni government. The details of that transaction were not reported, but it looks like Minsk complied with all requirements, and the incident resulted from regular military activities¹⁰.

Forecast for the near future

Judging by the preparatory measures of the Belarusian Foreign Ministry, the hierarchy of regional priorities for Belarusian diplomacy will look as follows during the next few months: South and Southeast Asia, Latin America, the Middle East, and Africa.

Minsk will seek support from some countries (primarily Iran and the UAE) to enter the markets of third countries. This may work for Iran, and Belarus will have a chance to implement some projects in the Shiite regions of Iraq or Syria making use of Iranian financing and/or support, whereas in the case of the UAE, this work will probably yield no results.

Minsk will continue to actively build up military and technical contacts with Pakistan, and the first results of its efforts may become visible quite soon (although sometimes the results of such cooperation become known to wide public only on the back of scandals — as in the case of the jets sold to Yemen).

In Latin America, given the unstable situation in Venezuela and marginally successful attempts to establish contacts with Bolivia, Belarus will look to pursue closer ties with Ecuador as the main partner in the region. This seems a realistic project; however, because of the distance between the two countries and Ecuador's limited economic potential compared to that of Venezuela, the prospects of engagement look meager.

9. On the visit of Minister of Foreign Affairs U. Makiej to Germany, 08-02-2015 http://mfa.gov.by/press/news_mfa/d801b7dc6e65cd8a.html

10. Three Sukhois delivered to Houthi-controlled port in Yemen Jeremy Binnie, London - IHS Jane's Defence Weekly 18 February 2015 <http://www.janes.com/article/49080/three-sukhois-delivered-to-houthi-controlled-port-in-yemen>

Development of the Belarus–Ukraine relations

Summary index: +6

Total positive points: +7

Total negative points: -1

+7

-1

Main trends

During the two months under review, the bilateral relationship remained quite active. Belarus is objectively interested in keeping one of the largest sales markets for its products. Despite serious troubles in the Ukrainian economy, there was no drop in the two-way trade.

Official Minsk continues making efforts to secure its status of the negotiating venue to resolve the Ukrainian crisis seeking to enhance its own security, maintain good relations with Russia and Ukraine, and improve its international image.

Description of the key events

In January and February, Minsk adopted a rather cautious position on Ukraine and the conflict in Donbass, although overall, it maintained its original pro-Ukrainian stance. The Ukrainian crisis held a special place in President Lukashenka's public rhetoric, and he was getting back to it quite often. It was indicative that even in his New Year address to the nation he mentioned the Ukrainian issue and wished Ukrainian people peace, and he repeated his wishes of peace in his address on Orthodox Christmas on 7 January.

Overall, official Minsk's position on Ukraine remained unchanged from last year — Belarus supports the territorial integrity of Ukraine, declines to legally recognize Russia's annexation of Crimea, and demonstrates its friendly attitude to the leadership of that country.

On 17 January, Belarusian Ambassador to Ukraine Valiancin Vialička made a series of substantive statements about the bilateral relations. In addition to the approaches listed above he emphasized that *"the head of our state has said that Belarus will never resort to aggression. Moreover, Belarus will never allow other countries to bring troops into your country from its territory."* This statement became a response to speculations appearing in the Russian and some Belarusian opposition media that the Belarusian administration is allegedly planning to engage its troops in the military operation in Donbass on Russia's side.

Furthermore, Vialička clarified Minsk's position on the Kremlin's imitative to offer Donbass a broad autonomy: *"Belarus supports Ukraine as an integral unitary state within the framework of the current Constitution, which rules out federalization."*

On 31 January, Foreign Minister of Belarus Uladzimir Makiej met with former president of Ukraine Leonid Kuchma and said that Belarus had offered Ukraine and Russia its scenario for the resolution of the Donbass crisis, which had previously been discussed by Lukashenka and Poroshenko. On 9 February, Makiej set forth those peace-making initiatives during his meetings within the framework of the Munich Security Conference. The details of that plan remained unavailable; therefore, it is hard to say whether its role is significant for the Minsk process.

One apparent result of the two months under review is that Minsk secured its status of the official negotiating venue to resolve the crisis in Donbass. On 31 January, Minsk host-

ed a meeting of the Trilateral Contact Group on Ukraine. On 11–12 February, “Normandy format” talks were held between Petro Poroshenko, Vladimir Putin, Angela Merkel, and François Hollande. The participants said they appreciated the efforts of the Belarusian side and thanked the Belarusian authorities for the high organization level. Lukashenka had a personal meeting with Poroshenko, who told the media that *“there are no bilateral problems between Ukraine and Belarus.”*

On 18 February, the Belarusian president offered Ukraine mediation to facilitate the resolution of the Debaltseve situation, where Ukrainian troops had been surrounded by separatists; however, Belarus’s services were not requested.

In January, the two-way trade between Belarus and Ukraine saw an important development, as the two countries changed to the hryvna in payments for long-term contracts, except for refined oil supplies. The Belarusian Foreign Ministry attributed the change to the shortage of foreign exchange for effective implementation of international agreements. The decision seems quite controversial from the economic perspective because of the recent sudden depreciation of the Ukrainian national currency; however, most experts agreed that in the long run, the move would help Belarus gain a stronger footing in the Ukrainian market.

Electricity supplies remained another important aspect of the bilateral relations. Electricity used to be a key Ukrainian export to Belarus; however, in October 2014, Ukraine suspended export supplies citing shortages caused by coal industry problems resulting from the war in Donbass. Moreover, Kyiv said it was interested in importing electricity from Belarus. On 25 February, Energy Minister of Belarus Uladzimir Patupčyk said that Belarus was fully ready to begin electricity supplies to Ukraine.

Also during the period under review, Belarus and Ukraine continued the border demarcation process. Pursuant to previous agreements between the two governments, Ukraine allocated 5.5 million hryvnas for making frontier marks.

In January, Ukraine’s political and media community heavily criticized the failure to implement the agreement between the two presidents and broadcast Ukrainian television channels in Belarus. Ukrainian Information Policy Minister Yury Stets made an official statement that work was underway with the Belarusian side to commence broadcasting Ukrainian TV channels; however, as of late February, the situation remained unresolved.

Forecast for the near future

Kyiv and Minsk will seek to further build up the potential for bilateral relations. Minsk reaps not only political, but also economic benefits from the Ukrainian crisis. Kyiv considers using fuel oil at some power plants because of the recent coal deficit and problems with Russian natural gas deliveries. Most of the required fuel oil will be imported from Belarus. Further, Naftogaz of Ukraine explored the possibility of processing Ukrneft’s crude oil at Belarus’s Mozyr NPZ oil refinery under tolling agreements and sent the proposal to the Belarusian company in late January. The two countries will likely step up their cooperation in the energy sector as well.

Contacts will also likely deepen in the international scene. Poroshenko made a public statement that Ukraine might facilitate the development of Belarus’s relations with the European Union member states within the scope of the Eastern Partnership.

Kyiv’s lobbying Belarus’s interests in the West may become increasingly relevant now that it has decided to invite international peacekeepers to the armed conflict area in Donbass. Ukrainian diplomat Oleksandr Chalyi said that the leading European capital cities supported that initiative, along with official Minsk’s initiative to act as a peacekeeper. Minsk’s peacekeeping plans appear to be quite serious: in January, the General Staff of Belarus’s Armed Forces was reported to have started forming peacemaking units that would be tasked with maintaining peace outside of Belarus.

Annex

Catalogue of events underlying the relations development index

Belarus–Russia relationship

Date	Event	Point
1 January	EEU Treaty comes into effect	+5
12 January	Homiel Region tax office tightens control to prevent import and sale of excisable Russian products	-2
15 January	President Lukashenka says during an extraordinary session of the lower house of parliament that Belarus will continue its cooperation with Russia as a “close brotherly country”	+1
20 January	A delegation of the Republic of Ingushetia led by a deputy prime minister meets with Belarusian Culture Minister Barys Sviatloŭ	+1
26 January	A spokesman for the Kaliningrad customs house reports that Belarusian customs officials have started halting the carriers that transit household appliances to mainland Russia	-3
27 January	Belarusian Information Minister Lilija Ananič meets with Russian Minister of Communications and Mass Media Nikolai Nikiforov and says that the Information Ministries of the two countries should “move in sync”	+1
29 January	During a news conference in Minsk, President Lukashenka says: “Russia is sacred!”, “No one will ever be allowed to break the ties between Belarus and Russia” and “Russia will always offer its shoulder if we are in a fix”	+2
29 January	President Lukashenka says that Belarus might withdraw from the EEU “unless all agreements are honored”, adding that Rosselkhoz nadzor chief Sergey Dankvert had no right to impose a ban on supplies of Belarusian products to Russia. He goes on to say that he warned President Putin that insults in the media were unacceptable	-2
3 February	Agriculture Minister Zajac holds successful talks with Rosselkhoz nadzor chief Sergey Dankvert over the resumption of supplies from nine Belarusian meat-packing factories	+2
6 February	Prime Minister Andrej Kabiakoŭ participates in the first meeting of the Eurasian Intergovernmental Council in the presence of the Russian premier	+2
6 February	Belarusian premier makes a series of complaints about the Eurasian Union partners; specifically, he demands rationale behind the imposition of unilateral bans and limitations on Belarusian goods by the Russian side	-1
8 February	President Vladimir Putin and President Aliaksandr Lukashenka meet in Sochi; Putin requests Lukashenka to organize a “Normandy Four” summit on Ukraine in Minsk	+3
11 February	Aliaksandr Lukashenka and Vladimir Putin hold a telephone conversation to discuss the upcoming “Normandy format” summit in Minsk	+1

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Date	Event	Point
11 February	President Vladimir Putin of Russia arrives in Minsk to participate in the "Normandy Four" meeting; he meets with President Aliaksandr Lukashenka of Belarus	+3
13 February	President Lukashenka does an interview with Russia's NTV channel and says that the Belarusians are "brothers with the Russians"	+1
14 February	President Lukashenka gives the Russian TV channel Russia-1 an interview, in which he says that Belarus has no plans to withdraw from the Eurasian Economic Union and "we are friends with the Russian president"	+1
19 February	President Aliaksandr Lukashenka demands that Belarus should have more military exercises of its own without coordination with Russia	-2
20 February	Prosecutor General Aliaksandr Koniuk says that Prosecutor General's Offices of Belarus and Russia have agreed to join efforts to deal with accounts receivable of Belarusian companies	+1
20 February	Prosecutor General Aliaksandr Koniuk says that Belarus is planning to explore the possibility of having Russia pay Belarus the damages caused by the "potash case"	-1
23 February	Head of Russia's Rostec corporation says that Russia will supply 12 Mi-17 helicopters to Belarus	+1
24 February	President Aliaksandr Lukashenka meets with State Secretary of the Union State Grigory Rapota in Minsk	+1
25 February	Prime Minister Kabiakoŭ says that Belarus and Russia have prepared a document to remove limitation in mutual trade	+2
27 February	President Lukashenka meets with the head of the Udmurt Republic and says that Belarus would like to reach a new level of cooperation with Udmurtia	+2
1 January– 28 February	Numerous limitations by Rosselkhoznadzor on supplies of food-stuffs produced in Belarus or transited through its territory	-3
Total		+16

Belarus–EU relationship

Date	Event	Point
14 January	Deputy Foreign Minister Aliena Kupčyna meets with Charge d’Affaires a.i. of Romania to Belarus Sorin Moldovan	+1
20 January	Aliena Kupčyna meets with Polish Ambassador to Belarus Leszek Szerepka	+1
22 January	Foreign Minister Uladzimir Makiej meets with Latvia’s Foreign Ministry State Secretary Andrejs Pildegovics	+1
26 January	Aliena Kupčyna meets with Head of EU Delegation to Belarus Ambassador Maira Mora	+1
26 January	Uladzimir Makiej meets with Charge d’Affaires a.i. of Sweden to Belarus Martin Oberg	+1
28 January	Aliena Kupčyna meets with Director-General for International Development Cooperation with the Swedish Foreign Service Cecilia Björner	+1
28 January	Uladzimir Makiej meets with Vice-Chancellor of Ministry of Foreign Affairs of Estonia Marina Kaljurand	+1
5 February	Aliena Kupčyna meets with French Ambassador to Belarus Dominique Gazuy	+1
5–8 February	Uladzimir Makiej visits Germany	+2
12 February	“Normandy Four” meeting in Minsk attended by President of France François Hollande and Chancellor of Germany Angela Merkel	+3
12 February	1st Belarus–France Investment Forum in Minsk	+1
13 February	1st meeting of the Joint Belarusian-French Commission for Economic Cooperation	+1
19 February	President Aliaksandr Lukashenka and Uladzimir Makiej meet with Latvia’s Foreign Minister Edgars Rinkēvičs who is on a working visit to Belarus	+2
24 February	President Aliaksandr Lukashenka and Uladzimir Makiej meet with Deputy Secretary General for the External Action Service Helga Schmidt	+2
27 February	Aliena Kupčyna meets with a delegation of the Lithuanian Ministry of Foreign Affairs led by Head of the Eastern Neighborhood Policy Department Marius Janukonis	+1
January–February	Positive materials in the official media and statements about the EU by the leadership of the country	+1
January–February	Consultations between the Foreign Ministries of Belarus and Latvia (Minsk, 22 January), consultations between the Foreign Ministries of Belarus and Estonia (Minsk, 28 January), consultations between the Foreign Ministries of Belarus and Lithuania (Minsk, 4 February)	+1
Total		+22

Belarus–China relationship

Date	Event	Point
22 January	Anatol Tozik delivers a speech at a reception celebrating the 23rd anniversary of the diplomatic relationship between Belarus and China; he makes positive comments on the progress of cooperation	+1
29 January	Aliaksandr Lukashenka's interview to Belarusian and foreign media; positive remarks about credit cooperation with China and possibility for using China's experience in Belarus; focus on the need to deal with imbalances in the two-way trade	+1 -1
30 January	Economy Minister of Belarus Uladzimir Zinoŭski meets with a Chinese delegation led by Assistant Minister of Commerce of the PRC (having the rank of a deputy minister) Zhang Xiangchen	+1
10 February	Report on the CBIP construction progress; criticism of CBIP construction pace and the situation with Belarus's export to China	-1
10 February	Belarusian researchers plan to develop vacuum equipment for Chinese aviation in 2015; statement by A. Hardzijenka, head of the R&D Center at the Institute of Physics and Technology of the National Academy of Sciences of Belarus	+1
11 February	Deputy Economy Minister Aliaksandr Jarašenka meets with the leadership of China Merchants Group, one of the largest Chinese holdings, and its companies	+1
11 February	China takes part in the Minsk Book Fair as an honorary guest; positive statements by Ambassador Cui Qiming about the bilateral cooperation with Belarus	+1
18 February	Lukashenka congratulates President Xi Jinping on the occasion of the Spring Festival; emphasis on the CBIP and the Silk Road Economic Belt	+1
23 February	Prime Minister Andrej Kabiakoŭ and his first deputy Vasil Maciušeŭski meet with China's Ambassador to Belarus Cui Qiming	+1
Total		+6

Belarus's relationships with the "Developing countries"

Date	Event	Point
23 January	Belarus–Iraq Business Forum in Minsk	+1
8–9 February	Foreign Minister Makiej pays an official visit to Syria	+2
10–12 February	Deputy Prime Minister Siamaška visits Ecuador	+2
16–18 February	Minister for Foreign Affairs of Iran Mohammad Zarif pays an official visit to Belarus	+2
23–25 February	UAE Economy Minister Sultan Bin Saeed Al Mansoori visits Belarus	+2
Total		+9

Belarus–Ukraine relationship

Date	Event	Point
January–February	A series of statements by Belarusian officials in support of the territorial integrity of Ukraine, legal non-recognition of the annexation of Crimea by Russia, demonstration of the administration's friendly attitude to the Ukrainian authorities	+2
January–February	Fruitful efforts by the Belarusian administration to turn Minsk into a key international negotiating venues to resolve the conflict in Donbass	+2
January–February	Demonstration of Belarus's willingness to help Ukraine in the energy sector (export of electricity, readiness to process Ukrainian crude oil at Belarusian refineries)	+1
January–February	Delays by the Belarusian side of the commencement of the broadcasting of Ukrainian television channels	-1
11 February	Aliaksandr Lukashenka meets with Petro Poroshenko in Minsk ahead of the quadripartite talks over the resolution of the conflict in Donbass	+2
Total		+6

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) and bilateral meetings – **3 points**
- Large-scale interstate contract, loan arrangement, provision 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 head of the presidential administration; contract negotiations – **2 points**
- Official visit at the level of a deputy minister (and non-key ministers), a parliamentary delegation, exhibition, business forum, days of national culture, important diplomatic contacts and negotiations – **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, media, adverse parliamentary resolutions, negative materials in the state media – **minus 1 point**
- Protraction of ratification of treaties, non-invitation to 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 investigations – **minus 3 points**
- Commodity boycotts, embargoes, recall of diplomats, ambassadors – **minus 4 points**
- Severance of diplomatic relations, provocations, military operations – **minus 5-7 points**