

Belarus' FOREIGN POLICY INDEX

№ 30 January–February 2016

Dear readers,

We proudly present the thirtieth issue of Belarus Foreign Policy Index, in which we explore Belarus's foreign policy in the five key dimensions in the months of January and February 2016.

Belarus and **Russia** opted for a wait-and-see approach towards the terms and conditions for the refinancing of the EEU loan and framework for trade engagement in 2016. Belarus's export to Russia continued falling; in military cooperation, focus shifted from plans to establish a Russian airbase in Belarus to other formats for collaboration.

The normalization of Belarus's relationship with the **European Union** reached its peak. The vigorous diplomatic efforts resulted in the lifting of most of the sanctions previously imposed against Belarus. A window of opportunity seems to have opened up in the Belarus–EU relationship for deepening and expanding the bilateral agenda.

In January and February 2016, contacts between Belarus and **China** slackened, and the bilateral relationship was reduced to declarations and statements of intent. The two countries mostly collaborate in the military and technical segment, as well as security.

Belarus's engagement with all of the regions of the **"developing countries"** became markedly less intensive, and some dimensions were erased from the map of Belarus's foreign policy altogether. One possible reason could have been the objective need for Belarus to focus efforts on the relations with the European Union, Russia, and the United States.

Compared with previous periods under review, Belarus's relationship with **Ukraine** was also marked by stagnation. Nevertheless, another "trade war" was finished, and the two countries managed to achieve important agreements regarding transit, which is a strategically important area for both Minsk and Kyiv.

Dzianis Melyantsou
Editor
Belarus Foreign Policy Index

3 Russia

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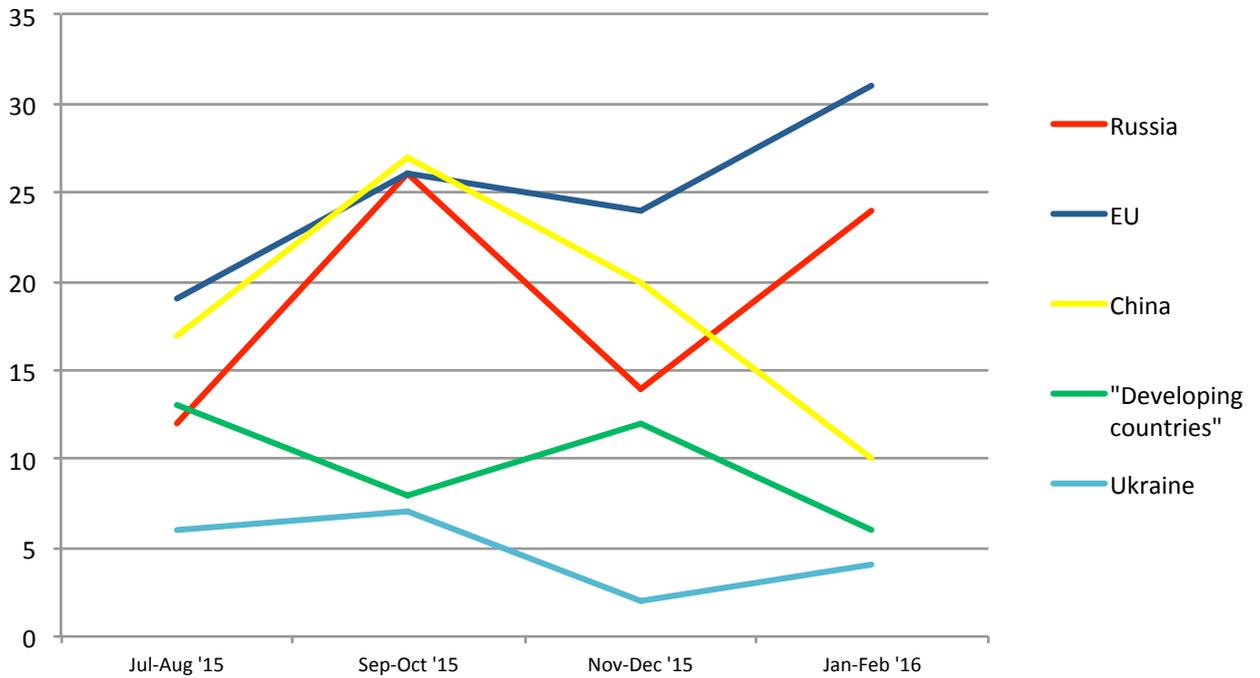
9 China

12 "Developing
World"

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Relations development indices:



Development of the Belarus–Russia relationship

+25



-1

Summary index: +24

Total positive points: +25

Total negative points: -1

Main trends

The anticipated abolition of the EU sanctions against Belarus became the chief factor that defined the political and, consequently, media agenda of the Belarus–Russia relationship. In this context, Minsk and Moscow took a wait-and-see approach — up until the sanction-related decision was made by the EU — towards the terms and conditions for the refinancing of the EEU loan, as well as the framework for trade engagement in 2016. With this pause in place, the media space of the two countries was filled with boisterous campaigns by marginal groups that seek the status of official conductors of the Kremlin's policy in Belarusian civil society.

The forecast we made in the previous Index issue proved to be accurate: Belarusian export supplies to Russia dropped, focus in military cooperation was shifted from the creation of a Russian airbase in Belarus to other collaboration avenues, work was underway to identify the framework of Belarus's involvement in Russia's trade wars with Ukraine and Turkey and, most importantly, Minsk's geopolitical course that is independent of Moscow (or the trend for Belarus to refuse to clearly formulate its foreign policy) grew stronger.

Description of the key events

In 2015, two-way trade came to USD 27.5 billion, which represents a decrease by 26.3% from 2014. Export from Belarus amounted to USD 10.4 billion, down by 31.6% year-on-year, and import from Russia dropped by 22.7%, to USD 17.1 billion. Belarus traditionally reported a deficit in its trade with Russia, at USD 6.8 billion in 2015, a bit less than in 2014. In January 2016, two-way trade further shrank, by 11.4% on January 2015, with export supplies falling by 16.1% and import from Russia going down by 8.4%.

By the end of the year, Belarusian manufacturers managed to make up for some losses due to the reduction in prices for heavy industry products. This can be attributed to the equal depreciation of the Belarusian and Russian rubles and, possibly, efforts to promote Belarusian-made machinery and equipment in Russian regions. However, previous trends (except for passenger cars — the new item for Belarus) remained, and export of machines to Russia halved year-on-year in value terms. In volume terms, supplies fell less significantly. In other words, Belarusian products were becoming cheaper in the Russian market faster than Russian products were losing their value in the Belarusian market. Food export to Russia had caught up with the level recorded in 2014 by mid-2015 in volume terms; however, in value terms export supplies shrank by approximately a third.

	2015, per cent of 2014	
	Volume	Value
Passenger cars	111,6	120,2
Trucks	41	66,4
Tractors	62,2	47,8
Farm machines	85,7	44,8
Oil products	50,1	35,0
Furniture	86,5	62,9
Meat	109,3	77,5
Dairy*	117	75
Cheese	109,1	79,3
Smoked fish	166	92,7

* a rough estimate of two export positions: dairy products and dairy stock

At the same time, Belarus managed to achieve certain progress in the assertion of Belarus's demands regarding equal terms of trade within the EEU. On 5 January, the Russian government published Resolution No. 1470 of 29 December 2015 offering producers from the EEU national treatment for defense procurement contracts. The provisions of the documents were further formalized on 11 February by a decision of the Department for Agroindustrial Policy of the Eurasian Economic Commission regarding the need to analyze reasons for limiting supplies of Belarusian-made products to the Russian market.

Nevertheless, despite minor local achievements, the overall new format for economic integration with Russia remains unprofitable for Belarus. During the first year of the operation of the Eurasian Economic Union, the balance of Belarus's two-way trade with Russia remained virtually the same as in the year prior to the commencement of the integration project (approximately USD 7 billion), whereas the benefit of supplies of Russian energy (oil and gas) at rates calculated according to formulas based on Russia's domestic prices amounted to USD 500 million last year. No wonder that in both January and February the idea of having equal terms of trade was voiced numerous times in the course of negotiations between senior officials of Belarus and Russia.

At a meeting with Russia's top executives within the framework of a session of the Supreme State Council of the Union State in Minsk President Lukashenko noted that the contraction in two-way trade had been observed for three years and drew the following conclusion: *"work to remove barriers, ensure the effective operation of the single market for commodities, services, and capital, as well as mutual support are in our common interests."*

However, efforts to uphold Belarus's economic interests in the context of the processes going on within the EEU (or the Union State) and especially in conditions of Russia's confrontation with the West bear little fruit. At the same time, Russia's trade wars with Ukraine and Turkey offer a chance for Belarus to make up for at least some of the losses incurred by the country's involvement in the EEU, even though they envisage additional customs and border costs.

On 1 January, President Putin signed a decree to redirect the transit of Ukrainian cargoes bound for Kazakhstan via Belarus. On 4 January, Russia halted the transit of goods from Ukraine via its own territory. In response, on 10 January, Ukraine imposed an embargo on import of some categories of Russian commodities. Belarus found itself in the midst of the Russia–Ukraine trade conflict without joining either party. According to the Belarusian president, Russia never asked it to join the anti-Ukraine trade sanctions; however, Belarus undertook to exercise control of Ukrainian transit via its territory on its own initiative. Chief of Belarus's State Customs Committee Jury Sienko noted that transit of Ukrainian goods was running smoothly as early as the end of January, and Belarus managed to effectively deal with the control of commodity flows originating from Ukraine on its own.

During the two months under review, there was no progress with plans to create a Russian airbase in Belarus. On 25 January, the Russian government approved the draft intergovernmental agreement with Belarus on joint technical support for the regional task force. The document has a provision that in time of peace the Russian Ministry of Defense will accumulate and maintain respective stocks of weapons and military equipment at its own stationary infrastructure facilities, and only when a threat of aggression is imminent will such stocks be moved to Belarus. The use of Belarus's facilities in time of war will be regulated by a separate arrangement.

For its part, Belarus submitted to the parliament a new military doctrine, having supplemented it with a package of arrangements aimed against "hybrid warfare," which was thoroughly analyzed using the example of Ukraine.

The conference entitled BeloRussian Dialogue organized by the Higher School of Economics on 26 January brought new zest to the relations between Belarus and Russia. The conference was attended by Belarusian politicians and public figures, including the former presidential candidate Tacciana Karatkievič. Belarusian and Russian officials had also been invited to take part, but there were no representatives of the Belarusian authorities at the conference. One reason why such a conference with the attendance of opposition politicians became possible was the probable adjustment of Russia's policy on the CIS member states and specifically Belarus. By all appearances, the Kremlin seeks to copy the policy of western nations and consistently reproduces their know-how to build so-called "soft power" — intellectual exchanges, communications between NGOs, financing of joint projects, etc. This new window of opportunities was immediately used by new expert groups including people with unsavory professional reputation and doubtful political heft (such as the authors of the book "Belarusian Nationalism vs. Russian World" presented in late December 2015 and lavishly quoted by the media in January 2016), as well as expert groups that traditionally supply the Kremlin with analytical products (such as the Higher School of Economics).

Forecast for the near future

During the next two months, Belarus and Russia will need to make up their minds on the key parameters for collaboration in 2016 and terms for the Eurasian Fund for Stabilization and Development (EFSD) to lend to Belarus. Compromise will likely be reached when it comes to both two-way trade and the loan, and although Belarus's requirements will be accounted for, they will never be met in full.

Military cooperation will evolve along the path that will benefit Minsk; however, new accords may not be made public in either March or April. Further, the first months of spring will see the two countries begin their work on the military doctrine of the Union State. Work on that document might take the entire year, though.

Competition between expert groups in Russia will continue, which will be reflected in marginal Russian media trying to coerce the Kremlin into thinking that it might lose control of the development of the situation in Belarus and Belarusian non-governmental media overstating the threat to the country's independence.

Development of the Belarus–EU relationship

+31



0

Summary index: +31

Total positive points: +31

Total negative points: 0

Main trends

The long trend towards normalization in the relationship between Belarus and the EU that has been observed since the end of 2012 reached its peak during the two months under review. Further intensification of diplomatic contacts resulted in a removal of the EU's sanctions against Belarus. The relationship between Belarus and the bloc therefore entered an all new phase, as new opportunities and prerequisites emerge for a consistent deepening and expansion of the bilateral agenda.

Description of the key events

Following the decision of the Council of the European Union taken in October 2015 to suspend sanctions against Belarus until the end of February 2016, the focus of the bilateral relations between Belarus and the EU had been entirely on whether the sanctions would be cancelled altogether. Active consultations were underway between Brussels, European capital cities and Minsk. The number and intensity of consultations kept growing in the run up to the day when the foreign ministers of the EU member states were supposed to consider the Belarus issue — 15 February.

It is indicative that the year 2016 started with a very optimistic interview by Foreign Minister Uladzimir Makiej to Belarus 1 Television Channel.¹ The minister gave an overall positive assessment of Belarus's relationship with the EU, while providing an outline of Minsk's expectations concerning the complete removal of the sanctions. He also spoke about the importance of starting work on a framework agreement with the EU. Up to this point, the relations have been developing within the framework of the 1989 Agreement between the European Economic Community and the European Atomic Energy Community and the Union of Soviet Socialist Republics on trade and commercial and economic cooperation.

The cautious optimism of the Belarusian side could be attributed to not only positive trends and the general constructive atmosphere in the country's relationship with the EU, but also purely procedural subtleties. In October 2015, the Council of the European Union not only froze the sanctions until the end of February, but also legally extended them for the same period, suggesting that on 15 February 2016 the foreign ministers of the EU would have the extension of the sanctions against Belarus on their agenda, not the abolition of the sanctions. According to the procedures of the Council of the European Union, a single vote "against" would have been enough for the restrictions to cease to exist. Because many of the EU member states believed the sanctions needed to be done away with, official Minsk could afford being calm.

1. Verbatim report of the interview of Minister of Foreign Affairs of Belarus Uladzimir Makiej to "main Feature" show on Belarus 1 television channel (aired on 3 January 2016
[-http://mfa.gov.by/press/news_mfa/c7b64e82ddf5f5fd.html](http://mfa.gov.by/press/news_mfa/c7b64e82ddf5f5fd.html)

Nevertheless, there was no complete agreement between the 28 members of the European Union. Some national governments called for extending the sanctions (while keeping them under “freeze”); therefore, it was important for Minsk to convince its partners in Europe that the time to abolish the sanctions had come. Most of the Belarus–EU diplomatic efforts were focused on this objective in January and early February. Of the slew of visits and contacts the following stand out.

On 28 January, Deputy Foreign Minister of Belarus Aliena Kupčyna met with a delegation of the Swedish International Development Cooperation Agency (SIDA). Given Stockholm’s “vague” position on the sanctions against Belarus, one of the objectives of that meeting was to give an additional signal about new possibilities for collaboration in case the sanctions were lifted. On 1–2 February, Kupčyna visited Brussels, where she had a meeting with high-ranking officials at the European External Action Service and the European Commission.

On 9 February, the Embassy of Austria was officially unveiled in Minsk. The ceremony was attended by Foreign Minister Uladzimir Makiej and Foreign Secretary General of Austria Michael Linhart, who made a public statement that Vienna called for lifting the sanctions. “We are on Belarus’s side. I hope progress will be made in this direction,” he said.

On 9–11 February, a team of high-ranking representatives of the Foreign Ministries of the EU member states arrived in Minsk. First, Makiej and Kupčyna met with Simon Gass, Director General, Political, at the Foreign and Commonwealth Office, UK. Also on 9 February, they received political directors of the Foreign Ministries of the Visegrad Group. The following day, the two had a meeting with Andreas Michaelis, Political Director of the Federal Foreign Office of Germany, and another meeting with Linhart. On 10 February, consultations were held between the Foreign Ministries of Belarus and Romania, attended by Kupčyna and Daniel Ioniță, State Secretary at the Romanian Ministry of Foreign Affairs, and on 11 February, a meeting between Ioniță and Makiej took place.

On 12–14 February, the Belarusian foreign minister was on a visit to Germany, where he attended the 52nd Munich Security Conference. On the sidelines of the event, Makiej held a series of meetings with European officials, specifically, Frank-Walter Steinmeier, Federal Foreign Minister of Germany, Wolfgang Buchele, Chairman of the German Committee on Eastern European Economic Relations, Johannes Hahn, Commissioner for European Neighbourhood Policy and Enlargement Negotiations, as well as foreign ministers of Luxembourg and the Netherlands. In parallel, Kupčyna visited Madrid to attend consultations between the Foreign Ministries of Belarus and Spain, which were especially important because of the position of the Spanish government on the sanctions against Belarus.

During the two months under review, numerous meetings were held between the leadership of the Belarusian Foreign Ministry and heads of the diplomatic missions accredited in Minsk.

Against the backdrop of these efforts, on 15 February, the foreign ministers of the European Union made the expected decision to not extend limitations originally imposed on 170 Belarusian citizens, including President Aliaksandr Lukashenka, and three businesses. However, some of the sanctions remained in place and were extended for one year, including the embargo on supplies of weapons to Minsk and limitations on four Belarusian citizens suspected of being involved in political disappearances. Given the position of some countries that sanctions were not to be completely abolished, the room for compromise was successfully found.

The Belarusian Foreign Ministry welcomed the decision by the Council of the European Union, adding that it “became a milestone on the way towards full normalization of the relations and opens up new opportunities for the promotion of diversified engagement between Belarus and the EU to an all new level.”² Lukashenka, too, spoke highly of the

2. Commentary by head of the Information Department, Spokesman for the Belarusian Ministry of Foreign Affairs Zmicier Mirončyk on the resolution of the Council of the European Union on Belarus - http://mfa.gov.by/press/news_mfa/b972197184b102b5.html

decision taken by the foreign ministers of the EU member states. He said it completely satisfied official Minsk and instructed the government to intensify its work with the EU's banking institutions.

It is the economic engagement with the EU that Minsk hopes will have tangible practical results now that the sanctions have been lifted. Back in early January, a Belarusian governmental delegation, which comprised deputy ministers of finance and foreign affairs, as well as deputy economy minister and deputy governor of the National Bank of Belarus, paid a visit to Berlin. The delegation met with members of the German interministerial committee for export credit guarantees to discuss possibilities for raising Belarus's sovereign-credit rating according to the Organisation for Economic Co-operation and Development (OECD). The Belarusian officials also had a meeting with the leadership of AKA Ausfuhrkredit GMBH, which specializes in the financing of export supplies.

It was after the Council of the European Union made its decision to lift the sanctions that a delegation led by Katarina Mathernova, deputy director general of the European Commission's Directorate-General for Neighborhood and Enlargement Negotiations, and Laszlo Baranyay, vice president of the European Investment Bank (EIB), paid a visit to Minsk. Discussions focused on further moves to step up trade, economic, and financial cooperation, as well as possibilities for expanding the toolkit and volume of international technical assistance of the European Union for Belarus. Meetings were held at the Ministry of Foreign Affairs, Ministry of Economy, Ministry of Finance, National Bank, and the Presidential Executive Office. In late February, the first meeting of the intergovernmental Belarusian–Italian commission for economic cooperation took place.

Two-way trade between Belarus and the EU member states amounted to USD 876.1 million in January 2016, down by 23% year-on-year. Belarusian export reached USD 589.9 million, which represents a reduction by 26.6% from the first month of 2015, whereas import from the EU totaled USD 286.2 million, down by 13.7% year-on-year. Belarus reported a USD 303.7 million surplus in its trade with the EU.

Forecast for the near future

Moods in both Minsk and Brussels can now be characterized as cautiously optimistic. The normalization process ongoing for more than two years and decision to lift most of the sanctions were not enough for Belarus and the EU to completely overcome mutual distrust following the events of 2010–2012. Further, due to the structure of the relationship, as well as the specific nature of Belarus's foreign and domestic policies, fast and large-scale positive effects of the new engagement with the European Union are deemed impossible.

Nevertheless, both sides have rather high expectations of each other.

During the two months to come, focus in the Belarus–EU relationship will be shifted towards specific projects and ideas to flesh out the bilateral agenda. Minsk appears to be having high expectations of economic and infrastructure cooperation. Brussels, for its part, needs to seek new opportunities for expanding such cooperation, following several years' worth of promises of economic help, which was conditional upon the release of political prisoners and progress in the organization and holding of presidential elections in Belarus.

Work within the framework of the Dialogue on Modernisation continues and might evolve from general discussions to specific collaboration in concrete socioeconomic areas. Belarus and the EU will also get back to discussions about visa simplification, and the latter will expect Minsk to make additional steps to meet halfway in the issues that matter, including Belarus's internal policies, specifically, the one on capital punishment.

Development of the Belarus–China relationship

Summary index: +10

Total positive points: +10

Total negative points: 0

+10

0

Main trends

January and February 2016 saw the relationship between Belarus and China grow markedly less intensive. As we predicted in the previous Index issue, the bilateral relations began to increasingly gravitate towards declarations and statements of intent. The focus of engagement mostly remains in the military and technical sector and security. In parallel, Belarus has been doing its best to be involved in the implementation of the Silk Road Economic Belt project.

Description of the key events

The two months under review became a slack period in the bilateral cooperation between Belarus and China. Essentially, there were only two noteworthy events: the orbital launch of a new communications satellite for Belarus, Belintersat-1, and the set of agreements signed at the conclusion of the visit of representatives of China's commercial company Nanjing Su Cang Liu International Trade Co., Ltd. to the Homiel Region of Belarus, specifically, the agreement on cooperation with JV OAO Spartak.

Belintersat-1 was launched as part of the project to create the National System of Satellite Communication and Broadcast in Belarus. The decision to implement the system was taken way back in 2011, and the project began with a tender that was won by the China Great Wall Industry Corporation, the state company controlled by the China Aerospace Science and Technology Corporation, which is the prime contractor for the implementation of the Chinese space program, and the Ministry of Aerospace Industry of China. The China Great Wall Industry Corporation is a specialist in the implementation of international aerospace projects and the only company in China dealing in marketing, commercial negotiations, and performance of contracts for the launch of satellites, use of corresponding solutions, as well as export and import of associated technology and equipment. The company's operations are closely connected with the defense industry, and in 1991, it was subject to sanctions by the United States for selling missiles to Pakistan, Iraq, and Iran.

To finance the project, an agreement between the Government of Belarus and the Export-Import Bank of China on a preferential buyer credit was signed in Beijing in December 2012.

According to all media reports, the satellite is designed to provide telecommunications services, including television and radio broadcasting, as well as mobile and Internet communications. The satellite covers the entire territory of the country. Of its 42 transponders, only two will be used by Belarus, eight by China, whereas the rest will be available to other commercial customers. Some specialists believe the project has potential to become commercially successful, provided it is made available for cooperation with foreign partners, as officially declared.

However, some experts³ assume that there is a military component in the project and Belarus must have received missile technologies. This opinion is based, among others, on contacts between the leadership of the Security Council of the Republic of Belarus and senior officials at the China Great Wall Industry Corporation and China's Airspace Long-March International Trade Company, as well as the development of Belarus's multiple launch rocket system codenamed Polonaise. The more so because Belarus owns no technical facilities to manufacture any missiles, let alone long-range missiles (exceeding 200 kilometers, according to official sources). It is also characteristic that Belarus's technical involvement in the project was minimum, whereas the Chinese media openly refer to the Belintersat-1 project as the first project ever produced by the PRC for a European country.⁴

The official NASA website provides a thorough description of the technical characteristics of the Belarusian satellite, as well as prospects of its commercial operation without making any comments as to its possible military designation.⁵ The China Great Wall Industry Corporation collaborates with customers around the globe, offering its services to deliver satellites to the orbit to Laos, Poland, Bolivia, Turkey, and other countries. Since 1990, the PRC has launched 43 rockets to deliver 49 satellites to the orbit for its foreign customers.

The second important event that took place during the period under review — the visit of representatives of the Chinese trade company Nanjing Su Cang Liu International Trade Co., Ltd. to the Homiel Region, which included the signing of a cooperation agreement with JV OAO Spartak, — can serve as a good illustration of prospects of trade and economic cooperation with China. The document envisages supplies of confectionery products to Anhui, Jiangsu, and Shanghai. OAO Spartak expects its trade with China to reach at least USD 2 million in 2016. Given the fact that Chinese officials admitted that in China, confectionery products should be classified as "chemicals" rather than foods, export supplies of Belarusian-made foods to China appear to be a normal and promising trade project. Nevertheless, the declared amount seems a little unrealistic, given that in 2014, China imported USD 2,000 worth of chocolate and other cocoa-containing foods, and in 2015, import amounted to USD 35,600.

The situation with chocolate export may come in handy to assess the National Export Support and Development Program for 2016–2020 (the Export of Belarus program), which envisages, inter alia, export supplies to China amounting to at least USD 1.5 billion annually. In 2015, which saw an all-time record in export deliveries to that country, the figure stood at USD 781.6 million. It is not clear yet how the program drafters plan to almost double the country's export performance, the more so because specialists believe during the next few years, no increase in potash prices — the main Belarusian export to China — should be expected.

Belarus continues seeking China's loans, which China is becoming increasingly reluctant to give, demanding specific feasible projects. President Lukashenko had personally provided instructions to develop such projects; however, the process has encountered major difficulties. During the period under review, the Hrodna and Brest Regions submitted their proposals. The former plans to implement three major investment projects, the largest one being planned for the chemical industry — a preferential loan is required for the construction of a new nitrogen facility at OAO Grodno Azot. The remaining projects pertain to the reconstruction of roads and the social infrastructure. The Brest Region is planning to take a Chinese loan to build social housing.

The problem is that the Belarusian authorities must have a poor understanding of China's financial policies. When committing loans China will prioritize investment projects that

3. <http://belarusdigest.com/story/chinese-missiles-csto-belarusian-air-force-belarus-security-digest-22773>

4. http://europe.chinadaily.com.cn/china/2016-01/16/content_23112097.htm

5. <http://www.nasaspaceflight.com/2016/01/china-2016-long-march-3b-launch-belintersat-1/>

can yield profits, including through the involvement of the investor as a project owner, not major infrastructure projects that will leave the customer heavily in debt to China, especially now that official Beijing has doubts whether Belarus will be able to repay new loans if such new loans are made available.

Belarus' involvement in the Silk Road Economic Belt project looks quite appealing, though. Official Minsk is making attempts to emphasize Belarus's transport and logistics advantages. During the period under analysis, Belarusian Railway outlined the key activities to pursue international cooperation in 2016. The key areas include the promotion of cooperation in railway transport and transport logistics with China Railway. We have repeatedly mentioned in the Foreign Policy Index that the project is supposed to be implemented within a very long timeframe, and China plans to have transit countries develop their respective transport and logistics infrastructure on their own hoping that they will be generating profits once the entire project has been launched benefiting from an increase in commodity flows via their territories.

Forecast for the near future

The trend towards the narrowing of the bilateral cooperation framework between Belarus and China remains in place. The focus of the engagement between the two countries rests within the defense and security domains. The Belarusian side will continue offering various investment projects looking to draw Chinese loans; however, loans will be meager. No trade breakthroughs should be expected. Moreover, price stagnation in the potash market and the industrial slump in Belarus question the countries' ability to even repeat the relatively good results of 2015. Some of the formerly landmark joint projects will continue "decelerating" — these include the construction of the China–Belarus Industrial Park (CBIP) and the joint Geely car assembly.

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

(Asia, Africa and Latin America)

Summary index: +6

Total positive points: +6

Total negative points: 0

+6

0

Main trends

Belarus's engagement with all of the regions designated as the "developing world" became markedly less intensive, and some dimensions — especially Latin America and Africa — were virtually erased from the map of Belarus's foreign policy. One possible reason could have been the objective need for Belarus to focus its efforts on the relations with the European Union, Russia, and the United States over the last few months — the relationships with less significant regions of the world could not remain unaffected given the limited capacity of the foreign policy corps of the Belarusian government.

In the Middle East, the Belarusian government continued its earlier cautious policy, which combines the general balancing strategy between the adversaries in that region and shows a distinguishable bias towards the states that are allies of the West.

In South Asia and Southeast Asia, Belarus continued its quite active interaction with Pakistan, which has been underway for two years now, emphasizing the stability of the relationship. At the same time, Minsk is looking to pursue active engagement with India, with less formal business contacts involving one of the most influential people in the Belarusian administration — Michail Miasnikovič.

Description of the key events

Middle East

Morocco. On 27–28 January, a Belarusian delegation led by Deputy Foreign Minister Valiancin Rybakoŭ paid a visit to Morocco. The delegation comprised representatives of MTZ, MAZ, and BelAZ. Rybakoŭ met with Mehdi Bensaid, Head of the Foreign Affairs and National Defense Committee of the House of Representatives of Morocco, Mohamed Abbou, Minister Delegate to the Ministry of Industry, Trade, Investment and the Digital Economy, in charge of Foreign Trade, and Aziz Rabbah, Minister of Equipment, Transport and Logistics. Discussions focused on possibilities for the development of a regulatory framework for trade and economic cooperation.⁶ The first round of consultations between the Foreign Ministries of Belarus and Morocco was held, along with a meeting with the leadership of OCP Group, which addressed the implementation of contracts that were signed previously and prospects of making new arrangements for the delivery of BelAZ machinery to OCP Group's phosphate mines.⁷

6. On the visit of Deputy Minister of Foreign Affairs of Belarus V. Rybakoŭ to Morocco 28-01-2016 http://mfa.gov.by/press/news_mfa/ba35c63403514687.html

7. On the visit of Deputy Minister of Foreign Affairs of Belarus V. Rybakoŭ to Morocco 29-01-2016 http://mfa.gov.by/press/news_mfa/e49a63dae22cb1d4.html

Iran. On 31 January–1 February, Deputy Foreign Minister Rybakoŭ visited Iran. A round of consultations between the Foreign Ministries of the two countries was held, and the Program of Cooperation between the Foreign Ministries for 2016–2018 was signed. Rybakoŭ met with Valiollah Afkhami-Rad, Iranian Deputy Minister of Industries, Mines and Trade, deputy co-chair of the joint Belarusian-Iranian commission for economic cooperation, first deputy minister of foreign affairs, and deputy minister of industries, mines and trade, as well as deputy minister of agriculture.⁸ In the course of the Munich Security Conference, Foreign minister of Belarus Uladzimir Makiej had a meeting with several senior officials of foreign countries, including the foreign minister of Iran.⁹ Overall, Belarus is either unwilling to make use of the relaxed sanctions against Iran or skeptical about the process and its capacity to ultimately promote the bilateral relationship.

Syria. On 16–21 February, a Belarusian delegation led by First Secretary of the Communist Party of Belarus Igor Karpienka visited Syria. Karpienka met with Syrian President Bashar al-Assad and conveyed a message from President Lukashenka. The meeting addressed the situation in Syria, political dialogue, and trade and economic cooperation between the two countries. The Belarusian delegation also met with the speaker of the People's Council of Syria, regional secretary of the Ba'ath Party, leaders of Syrian communists, and religious figures. Minsk was using the virtually lowest level channel to contact the Syrian leadership, possibly being aware that a visit by a higher-level representative could have had negative consequences for the relationships between Belarus and the West, as well as with the allies of the West in the Middle East, which in the 2010s became a priority for Belarus's foreign policy in the region.

South and Southeast Asia

Thailand. On 25–27 February, the first ever visit of a governmental delegation of Thailand to Belarus took place. The delegation was led by General Prawit Wongsuwan, Vice Premier and Defense Minister of Thailand. He met with President Lukashenka, who said Belarus was ready "to satisfy Thailand's requirements in any area." The Belarusian president admitted that the two countries were missing a comprehensive regulatory framework for bilateral cooperation and reached an agreement with the Thai official about the creation of an intergovernmental commission to develop the framework for engagement. Prawit Wongsuwan emphasized Thailand's special interest in the promotion of cooperation in the military and industrial complex.¹⁰

According to one of the official press releases, the visit of the vice premier and defense minister of Thailand was arranged "at the invitation of the chairman of the State Military and Industrial Committee." The Thai delegation comprised representatives of the Ministry of Defence of Thailand. They visited several defense companies of Belarus and held negotiations with the leadership of the Belarusian State Military and Industrial Committee, which resulted in the signing of an intergovernmental agreement on military and technical cooperation.

The Thai delegation also held meetings at the Belarusian Ministry of Foreign Affairs and visited the country's manufacturing companies. Minister of Commerce of Thailand Apiradi Tantraporn and Minister of Industry Atchaka Sibunruang met with Deputy Prime Minister of Belarus Uladzimir Siamaška. The Belarusian official said that further expansion in two-way trade was supposed to become the main objective for the next few years, because in 2015, trade between the two countries came to USD 102 million and could be expected to double or even treble.

8. On the visit of Deputy Minister of Foreign Affairs of Belarus V. Rybakoŭ to Iran 02-02-2016 http://mfa.gov.by/press/news_mfa/b9b1830e4212f247.html

9. Makiej has a series of international meetings in Munich 13 February 2016 BELTA <http://news.tut.by/politics/484682.html>

10. Meeting with Vice Premier and Defense Minister of Thailand Prawit Wongsuwan 26 February 2016 http://president.gov.by/ru/news_ru/view/vstrecha-s-vitse-premjerom-ministrom-oborony-tailanda-pravitom-vongsuvanom-13174/

The minister of commerce of Thailand said that the focus of her country's cooperation with Belarus was on agribusiness and mechanical engineering. As an example, she spoke about possibilities for cooperation in the production of rubber and resin products, specifically in the manufacturing of tires. She also said that Thailand could help Belarus reach out to the ASEAN market.

Pakistan. On 18 February, President Lukashenka had a telephone conversation with Prime Minister of Pakistan Nawaz Sharif at the initiative of the Pakistani side. They discussed the status of the bilateral relationship, as well as the international situation, and reached an agreement that Lukashenka would pay an official visit to Pakistan this year, although no specific timeframe for the visit was mentioned. A few days before, Foreign Minister Makiej had a meeting with the defense minister of Pakistan on the sidelines of the Munich Security Conference.

Other

Ghana. On 12 February, Foreign Minister Makiej had a meeting with his Ghanaian counterpart at the 52nd Munich Security Conference. On 16–17 February, Viačaslaŭ Biaskosty, Belarus's Ambassador to Nigeria with concurrent accreditation in Ghana, made a working trip to Ghana to meet, among others, with Leslie Christian, Chief Director at the Ministry of Foreign Affairs of Ghana. They addressed bilateral cooperation, the international situation, "noted the effective meeting between the heads of the two Foreign Ministries on the sidelines of the Munich Security Conference," and gave a preliminary approval of the timeline for having the first round of political consultations. Ghana was also submitted draft bilateral agreements.¹¹

The Caribbean. On 19 January, Belarus was granted the official observer status in the Association of Caribbean States, which has 25 member states of Latin America and the Caribbean.

Forecast for the near future

Belarus's relationships with the developing world will likely become livelier. However, serious challenges will remain, including in connection with the continued instability and confrontation in the Middle East. The relaxation of the international isolation of Iran will not result in a marked revitalization of the bilateral relationship, because Iran is primarily focused on the soonest possible normalization of its relations with the EU to guarantee that severe sanctions will not be re-imposed, which makes its contacts with Minsk a low priority task.

Minsk has been paving the way for the promotion of more active relations with African nations, albeit at a rather low level, and given the recent contacts, one should expect them to grow increasingly intensive, specifically with Ghana, Nigeria, Ethiopia, Mozambique, and Angola. The Latin American dimension looks more challenging, Ecuador being the only country in the region to be developing contacts with Belarus. The relationship with Venezuela continues mostly due to the earlier momentum and keeps narrowing because of the difficult domestic political situation in that country. The same is true for Cuba, whereas Belarus's engagement with other countries remains sporadic for various reasons, and no significant change should be expected.

The most probable areas for Belarus to step up its efforts in the developing world are South Asia and Southeast Asia — specific possibilities for cooperation (especially with Bangladesh and Sri Lanka) have been recently thoroughly explored, including during con-

11. О рабочей поездке Посла Беларуси В.Бескостого в Республику Гана 18-02-2016 http://mfa.gov.by/press/news_mfa/fae19ca827e09980.html

sultations between concerned Belarusian agencies and companies. The level of Belarus's involvement with Pakistan will remain high, and contacts with India will continue as a counter to it, although Pakistan will remain the more preferable partner of the two for official Minsk in the short run. Further, Belarus will be redoubling its political and economic efforts in Southeast Asia to build on its recent success with Thailand, make new attempts to promote relations with Indonesia, and continue its traditional contacts with Vietnam.

The recent trend towards the increased proportion of the military and technical component in Belarus's relationships with some developing countries will remain in place.

Development of the Belarus–Ukraine relationship

Summary index: +4

Total positive points: +5

Total negative points: -1

+5

-1

Main trends

During the two months under review, a slack period was observed in the public sphere of the bilateral relationship, whereas economic relations were developing boisterously. Another “trade war” was over, and the two countries managed to reach important agreements in the transit sector, which is strategically significant for both.

Belarus is still interested in keeping Ukraine as one of the largest sales markets for its commodities. To this end, steps were made towards changing two-way trade to the hryvnia.

Description of the key events

The first two months of the year saw Minsk continue demonstrating its friendly attitude towards Ukraine; however, the issue of Ukraine accounted for a much smaller proportion of the official rhetoric of the Belarusian leadership compared with previous months. President Lukashenka did not make a single important remark on Ukraine in either January or February. He only mentioned the southern neighbor in the context of Belarus’s domestic policies, and all of his comments were meant for voters to showcase the value of political stability.

At the same time, Ukraine remains a critical dimension for official Minsk’s foreign policy. Minsk successfully established itself as an essential negotiating platform to resolve the military conflict in Donbas.

As a friendly gesture, official Minsk decided to not recognize passports of the self-proclaimed Donetsk People’s Republic. Spokesman for the State Border Committee of Belarus Aliaksandr Tiščenka said on 29 January: the directory of passports of Belarusian border guards does not include passports of the Donetsk People’s Republic, meaning that persons with such passports will not be able to cross the border of the Republic of Belarus.

On 3–5 February, Belarus held a large-scale command-and-staff training exercise on the Ukrainian border, involving missile troops and artillery. The exercise was broadly covered by the Ukrainian media and discussed in the expert community. Focus was placed on the “significant scope of the maneuvers, as well as the use of various forces and facilities in a single concept.” Involved in the exercise were Tochka-U missile systems, Smerch, Uragan, and Belgrade multiple rocket launchers, and MST-A howitzers. However, most Ukrainian experts failed to see any military threat in the Belarusian maneuvers. Dmytro Tymchuk, a public-spirited Ukrainian parliamentarian for the People’s Front, said: “at present Ukraine cannot regard Belarus as a source of potential military threat.” In this context, the MP said that that Information Resistance analyzed the scenario for the use of Belarus as a foothold for Russian troops to invade Ukraine; “however, our analysis showed that such an invasion, even with the minimum resistance of Ukrainian troops, appears to be highly

improbable. Even during the Second World War, the Paliessie area was free from large-scale military operations for this reason — woodland, marshland, and so on."

In early January, another "trade war" between the two countries came to an end. On 13 January, the Interdepartmental Commission for International Trade of Ukraine decided to suspend starting 20 January 2016 the special duty applied to some Belarusian-made commodities supplied to Ukraine. On 14 January, Spokesman for the Belarusian Foreign Ministry Zmicier Mirončyk said that the ministry welcomed the decision. He said: *"the Ukrainian side comprehended our point that the sanitary and hygienic examination of imported consumer goods that is conducted in Belarus aims exclusively at the protection of the local population against poor quality products and is not intended to harm Ukrainian suppliers."*

Also during the first two months of the year, transit cooperation between the two countries was stepped up. In early February, Lithuania and Ukraine signed a memorandum linking the Viking rail project (the freight Ilyichevsk–Minsk–Klaipeda route) with the Silk Road Economic Belt project, which spans the area from China to Ukraine. Both routes were developed for freight transit bypassing Russia. A new rail freight connection is being established from the Baltic Sea to China. Formally, Belarus did not take part in the signing of the agreement; however, de-facto it became an important component of the arrangements, because it is an official participant in the Viking project.

In late January, Deputy Minister of Economic Development and Trade of Ukraine Nataliya Mykolskaya said that Ukraine had managed to reach an agreement with its Belarusian partners on accelerated customs clearance and facilitation of faster transit of Ukrainian freights via Belarus by rail and road transport. The issue truly mattered to Ukraine, since Russia had shut its border to Ukrainian carriers.

At the same time, energy relations between the two countries encountered new challenges. On 1 February, Belarus lowered its export duties on oil and oil products removed from the customs area of the Eurasian Economic Union (Resolution No. 65 of the Council of Ministers of 27 January 2016). The export duty applied to crude oil was cut to USD 52 per tonne from USD 73.3 per tonne, the duty applicable to straight-run gasoline went down to USD 36.9 from USD 52, and the duty on commercial gasoline was slashed to USD 31.7 from USD 44.7. A USD 20.8-per-tonne export duty was set for light and medium distillates, diesel fuel, benzene, toluene, xylene, lubricants and other oils. The decision contributed to the decrease in prices of Belarusian-made gasoline in Ukraine and became an important factor for Belarus to keep the crucial Ukrainian market for oil products.

However, in late February, it was announced that Belarus would halt supplies of aviation fuel to Ukraine until the court resolved the conflict caused by the actions of Ukrainian customs officials regarding supplies by BNK-Ukraine (a higher excise rate was applied by moving the product from the "jet engine fuel" group to the "special gasoline" group in the "light distillates" subgroup). The issue appears to be quite sensitive for Ukraine. In 2015, half of the jet fuel market requirement was met by import deliveries, and Belarusian products accounted for 85% of all import supplies. Because of the suspension of Belarusian deliveries, the market had to work with more expensive fuel supplies by sea. This import is deemed critical, as it is required by the Ukrainian Armed Forces.

Another lawsuit was brought to the Belarusian arbitration court (arbitrazh) by Ukrtransnafta and BNK. The dispute is associated with controversies over oil pumping via the Yuzhny–Brody–Mazyr oil pipeline in 2011–2012 (the Venezuelan project). The disputed issue is the compensation for quality losses, because BNK was supplying to Yuzhny the AzeriLight blend, while the oil received in Mozyr was the cheaper Urals blend. According to Ukrtransnafta CEO Mykola Havrylenko, BNK is supposed to be paid more than USD 31 million in compensation for the loss of quality.

In January, Deputy Energy Minister of Ukraine Oleksandr Svetelik said Ukraine was ready to resume supplies of electricity to Belarus starting April. Prior to 2015, electricity used to

be Ukraine's main export to Belarus. However, in late January, the two countries signed a memorandum of intent concerning strategic cooperation, which envisaged the possibility for Ukraine to export electricity only as long as Belarus suffered a deficit in its own grid and only as long as such supplies were economically feasible. Essentially, Belarus is in need of such arrangements to service its grids in the territory of Ukraine (power networks in the Homiel Region partially run through the territory of Ukraine).

On 3 February, the Verkhovna Rada of Ukraine ratified the Agreement between Ukraine and Belarus on the activity of border agents. Another important step was thus made in the process of border demarcation and infrastructure development by the two countries. The agreement regulates compliance with the legal order and procedures to resolve border-crossing incidents between Ukraine and Belarus.

Forecast for the near future

The Belarusian and Ukrainian authorities will continue looking to build up the capacity for mutually beneficial relations in political, economic, and military sectors.

Efforts will be made for Belarus to continue capitalizing on possibilities that emerge as a result of the confrontation between Ukraine and Russia. Minsk becomes an important "transit corridor" for the most convenient flight connection between Ukraine and Russia, since those two countries banned direct flights. Belarus is also poised to keep re-exporting Ukrainian products to Russia.

Development of the Belarus–EU relationship

Date	Event	Point
5 January	Foreign Minister Uladzimir Makiej meets with UK Ambassador Bruce Bucknell	+1
12-13 January	Visit of a government delegation of Belarus comprising first deputy ministers of foreign affairs and finance, deputy economy minister and deputy governor of the National Bank to Germany (Berlin)	+2
14 January	Valiancin Rybakoŭ meets with a delegation of the EBRD	+1
21 January	Aliena Kupčyna visits Tallinn, holds political consultations, meets with Estonian Foreign Minister Marina Kaljurand	+1
25 January	Makiej meets with UK Ambassador Fionna Gibb	+1
25 January	Makiej meets with Charge d'Affaires ad Interim of Slovakia in Belarus Miroslav Mojzita	+1
28 January	Kupčyna meets with a delegation of the Swedish International Development Cooperation Agency (SIDA)	+1
1-2 February	Kupčyna visits Brussels	+1
2 February	Makiej meets with regional director of the Friedrich Ebert Foundation Stephan Meuser and Ambassador of Germany to Belarus Peter Dettmar	+1
4-5 February	Aliaksandr Michnievič visits Latvia	+1
8 February	Makiej meets with Head of the Belarus Country Office of Konrad Adenauer Foundation Wolfgang Sender	+1
9 February	Official opening of the Embassy of Austria in Belarus attended by Makiej and Foreign Secretary General of Austria Michael Linhart	+2
9 February	Makiej and Kupčyna meet with Simon Gass, Director General, Political, at the Foreign and Commonwealth Office, UK	+1
9 February	Makiej and Kupčyna meet with political directors of the Foreign Ministries of the Visegrad Group	+1
10 February	Makiej and Kupčyna meet with Andreas Michaelis, Political Director of the Federal Foreign Office of Germany	+1
10 February	Makiej and Kupčyna meet with Foreign Secretary General of Austria Michael Linhart	+1
10 February	Makiej meets with Ambassador of Slovakia Jozef Migas	+1
10 February	Consultations between the Foreign Ministries of Belarus and Romania attended by Kupčyna and Daniel Ioniță, State Secretary at the Romanian Ministry of Foreign Affairs	+1
11 February	Makiej meets with Daniel Ioniță, State Secretary at the Romanian Ministry of Foreign Affairs	+1
12-14 February	Makiej visits Germany, participates in the 52nd Munich Security Conference, meets with officials of Germany, the Netherlands, Luxembourg, and the European Commission	+2
12 February	Kupčyna visits Madrid, participates in consultations between the Foreign Ministries of Belarus and Spain	+1
19 February	Makiej meets with Ambassador of Slovenia Primož Šeligo	+1
22 February	Kupčyna meets with Ambassador-at-large of the Ministry of Foreign Affairs of the Kingdom of the Netherlands Jan-Paul Dirkse	+1

23 February	First meeting of the intergovernmental Belarusian – Italian commission for economic cooperation. Meeting with head of the Italian delegation Benedetto Della Vedova, Under-Secretary for Foreign Affairs and International Cooperation of the Italian Foreign Ministry	+2
24 February	Makiej meets with a delegation of the EU led by Katarina Mathernova, deputy director general of the European Commission's Directorate-General for Neighborhood and Enlargement Negotiations, and Laszlo Baranyay, vice president of the European Investment Bank (EIB); meetings of the delegation with the leadership of the National Bank, Ministry of Economy, Ministry of Finance, Presidential Executive Office	+1
January–February	Emphatically positive materials in official media and statements by the leadership of the country regarding the EU, especially following the decision of the EU to remove most of the sanctions from Belarus	+2
Total		+31

Development of the Belarus–China relationship

Date	Event	Point
15 January	Launch of a rocket with Belarus's first telecommunication satellite Belintersat-1	+2
16 January	Belarusian Consul General in Shanghai Valier Macel outlined prospects of investments in the China–Belarus Industrial Park (CBIP) project at the international investment forum focusing on the mutually beneficial cooperation of Jiangsu Province within the framework of the promotion of the Silk Road Economic Belt project	+1
19 January	A total of 47,800 China-EU TEU were moved by the Belarusian railway in 2015, an increase by 40% from 2014, according to the press center of Belarusian Railway. Belarusian Railway handled a total of 149,600 TEU in 2015 and identified the main areas for international cooperation in 2016, the press center reported	+1
22 January	Hrodna Region plans to take Chinese loans to finance projects in industry, construction, and healthcare, a spokesperson for the Hrodna Region administration's economic committee said	+1
2 February	Brest Region plans to build social housing using Chinese loans, an official at the architecture and construction committee said	+1
8 February	Eurasian Economic Commission will compile a list of priority infrastructure projects to align the Eurasian Economic Union and the Silk Road Economic Belt project. The decision was taken at the first meeting of the working group for the development of proposals for joint transport and infrastructure projects to align the EEU and SREB	+1
14 February	Construction of the CBIP Great Wall is running according to the original schedule, said Kiryl Karacejeŭ, first deputy CEO of Company for the Development of the Industrial Park	+1
19 February	China's commercial company Nanjing Su Cang Liu International Trade Co., Ltd. is willing to buy foods in the Homiel Region of Belarus, said CEO Zhang Jin at a meeting with Region Administration Chairman Uladzimir Dvornik	+1
22 February	JV OAO Spartak and China's trade company commercial company Nanjing Su Cang Liu International Trade Co., Ltd. sign a cooperation agreement	+1
Total		+10

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

Date	Event	Point
27–28 January	Deputy Foreign Minister Valiancin Rybakoŭ visits Morocco	+1
31 January– 1 February	Deputy Foreign Minister Rybakoŭ visits Iran	+1
16–21 February	First Secretary of the Communist Party of Belarus Igor Karpienka visits Syria	+1
25–27 February	Official visit to Belarus of Prawit Wongsuwan, Vice Premier and Defense Minister of Thailand (<i>deputy chair of the military junta — the second person in the country's leadership</i>)	+3
Total		+6

Development of the Belarus–Ukraine relationship

Date	Event	Point
January	Belarus refuses to recognize passports of the DPR	+1
January	Belarus and Ukraine put an end to a trade war	+2
January	Belarus simplifies conditions for Ukrainian carriers to cross the Belarusian state border	+1
February	Belarus cuts export duty on crude oil and oil products	+1
February	Lawsuits on aviation fuel and transit of Azeri oil in 2011–2012	-1
Total		+4

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**