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# Politics

## I. Foreign Policy

The most important foreign policy trend of the month was renewed efforts of the official Minsk to improve the relations with the West. However, despite a number of the high-level meetings with the representatives of the European Union, the U.S. and the Council of Europe, no specific changes towards the normalization of the relations occurred.

The following events should be noted as the most important meetings with the representatives of the Western countries:

- meeting of the Minister of Foreign Affairs, Uladzimir Makey, with the diplomatic representatives of the Member States of the European Union, the Vatican, the U.S. and Switzerland;
- Belarus-Lithuania consultations on the level of the Ministries of Foreign Affairs on the problems of the “Eastern Partnership”;
- negotiation between the Ambassador of Belarus to Hungary Alyksandr Khainousky and Deputy State Secretary of the Ministry of Foreign Affairs of Hungary Péter Sztáray;
- negotiation between the Deputy Minister of Foreign Affairs Alena Kupchina and the Swedish Ministry of Foreign Affairs delegation.

In late January, Alyksandr Lukashenka met with the representatives of the U.S. research community. Daniel Rosenblum, Coordinator of U.S. Assistance to Europe and Eurasia at the U.S. Department of State, also visited Minsk and met with a number of the opposition politicians and, apparently, with the authorities.

On January 29, when the Minister of Foreign Affairs, Uladzimir Makey, reported to the President, Lukashenka said he was “more interested in hearing news about relations with the West”. Due to the tense relations with Russia, we should expect further attempts of Minsk to find the common areas of interest with the West and to weigh the potential benefits of the release of the political prisoners and the proposed normalization of the relations.

Despite Belarus finally received the promised fourth loan tranche from the EurAsEC Anti-Crisis Fund in an amount of USD 440 million on January 31<sup>st</sup>, the Belarusian authorities failed to reach an agreement about the deliveries of the Russian oil throughout 2013. Previously, Alyksandr Lukashenka had publicly claimed that such an agreement would be reached by late December 2012.

## II. Authorities

Alyksandr Lukashenka made a number of reshuffles among the top ruling elite personnel. The former head of the National Bank, Piotr Prakapovich, was promoted to Deputy Prime Minister of Belarus. Viktor Sheyman became a head of the Presidential Property Management Department.

P. Prakapovich is responsible for the fulfillment of the most important parameters of the national socio-economic development, execution of the national budget and implementation of the modernization plans of the Belarusian economy.

Prior to his new appointment, V. Sheyman was Assistant to the President for Special Commissions at the Security Council. V. Sheyman is one of the Belarusian high-ranking officials, suspected by the international community of involvement in the scandalous disappearances of people. The other suspects, such as the former Minister of Interior, Uladzimir Navumau, and the former Minister of Sports, Yury Sivakou, left the government service several years ago.

The personnel reshuffle indicates the following three trends:

- the state leadership counts on the old methods of control, despite the proclaimed ambitious plans to modernize the country and to reduce the governmental structures;
- There is “a lack of personnel” in the country, the key positions are rotated among the same people, regardless of their previous managerial errors (P. Prakapovich) and international status (V. Sheyman);
- In the context of the growing political uncertainty (the President’s “frozen” rating, poor relations with the West, and growing contradictions in the relations with Russia) authorities set to form a compact but super-loyal apparatus capable of responding to any challenges that could arise.

### III. Opposition and Civil Society

In the public sphere, there was a lull in the oppositional activity and a lack of any significant public actions and pickets. The most important event among the opposition was the intensification of the backroom debate on the election of a single opposition candidate in the presidential election of 2015.

At present talks on single presidential candidate take place in the trilateral format, between the organisers of the campaign “Tell the Truth!”, For Freedom movement and the Belarusian National Front (BNF), as well as in the form of the bilateral consultations between the United Civic Party and the organizing committee for creation of the “Belarusian Christian Democracy”.

Formally, all these structures agree to nominate a single candidate, but accord about the nomination procedure (either by agreement between the leaders of oppositional parties, by the Congress of the Democratic Forces, or primaries) has not been reached.

# Economy

## I. Foreign trade

Despite the attempt of the Belarusian authorities to initiate the negotiation about the oil supplies for 2013 after January 10, nothing was learned about the resumption of the negotiation on this issue in January. Apparently, Russia decided to change the oil agreements format from the annual to quarterly. Meanwhile, the adjustments to the oil supplies for the next 3 months will depend on whether Belarus implements the fuel supplies to the Russian market. This was the Kremlin's response to the controversial "solvents scheme" practiced by Minsk and the failure of the latter to fulfil the agreements about the deliveries of the oil products to the Russian market.

Thus, in 2012, instead of 5.8 million tons of oil products, Belarus delivered only about 200 thousand tons to the Russian market. Minsk claimed that the export of the motor fuel to Russia was unprofitable, if compared to the deliveries to other markets. In 2013, Russia expects Belarus to supply not less than 3.3 million tons of fuel. During the first quarter of 2013, the parties agreed about supplying of 5.75 million tons of oil to Belarus. It is expected that 0.725 million tons will be delivered not through the pipelines, but by rail, which reduces the efficiency of the export sales (the cost of the railway transportation is by about 60 USD per ton lower, than the cost of the pipeline transportation).

In the mid-January, the Belarusian Potassium Company signed the contracts with the Chinese companies Sinochem and CNAMPGC, providing for the delivery of 700 thousand of potassium fertilizers (and the option for 300 tons of potassium) at a price of USD 400 per ton. The previous contract for the supply of potassium to China provided for the price of USD 470 per ton, but the price was lowered after the Chinese part signed a lucrative contract with the Canadian company Canoptex. However, the lower prices for potassium fertilizers in China increased the volume of the potassium supply: for comparison, in the first half of 2012 the deliveries amounted to 400 thousand tons. At the same time, the devaluation of the rupee and the reduction of the subsidies to the Indian farmers delayed signing of the contract on potassium supplies to India, which is now expected to be signed in the first half of February. Despite the assurances of the Ambassador of India to Belarus, Manoj Bharti, that India is willing to buy from Belarus about 2.7 million tons of potassium per year (for comparison, in 2009 – 2010 the annual supply of potassium to India amounted to about 600 thousand tons), in view of the reduction in the price for China, the price of the contract with the Indian traders is also likely to be lowered (in the first half of 2012, it was USD 490 per ton). At the same time, the Belarusian Potassium Company raised the price for the potassium chloride delivered to Brazil from USD 450 to USD 465 per ton, due to the high demand for the fertilizers before the sowing season.

## II. Real sector

The ruling elite had time to realize that their previous plans to carry out a large-scale industrial upgrading are unrealistic. Primarily, this is due to the lack of the funds, which could be used for the implementation of an extensive modernization programme without a large-scale foreign investment.

On January 15, during his press conference, Lukashenka said that, instead of the wide-scale modernization, the focus will be placed on a limited number of projects: *"I rejected the wide-scale upgrade, we don't need it... I told them to choose fifteen projects. The head of the authority, in whose territory the project is located, will be responsible for each of them. Here're 15 projects, here's the money; you're in charge; the term is two years"*. The modernization should not be funded from the national budget, but is to be carried out at the cost of the enterprises' own profits and with the use of the foreign loans, Lukashenka added.

Resonating with Lukashenka's change of the modernization course, the Minister of Industry, Dzmitry Katyarinich, said that the current investments are obviously not enough for effective modernization: *"An attempt is made to narrow it all down to campaigning; there're no real projects there"*.

## III. Business Community

In January, the dispute continued about the retail trade formats preferred by the authorities and the violation of the sole traders' rights. The conflict started last year, in December, when the heads of the Belarusian business associations signed a letter to the Prime Minister of Belarus, in which they expressed their concerns about the current tendency for displacement of the small and medium-sized retailers by the large hypermarkets, the latter enjoying the much more comfortable legal framework and terms of trade created for them by the authorities.

In January, the Deputy Minister of Trade, Vyatcheslau Drahun, said that the retail stalls should "gradually die" in Belarus. "The retail trade is a visiting card of Belarus, and we would like to have the retail facilities in a more presentable format, and to leave behind various retail stalls", said the official. The statement made by V. Drahun sparked protests among the sole traders, who once again made a claim about the displacement of the small businesses in favour of the "oligarchs", the authorities prefer to work with because of the convenience and profitableness. At the same time, the Ministry of Trade is working on a draft Law on Governmental Regulation of Trade and Public Catering in the Republic of Belarus. The Ministry called on the legal entities and individuals, including the sole proprietors, to take part in the discussion about the draft law.

## Society

In the social sphere the certain quantitative, rather than qualitative changes were observed. With the prices and tariffs growing, the Government forcibly introduced a number of measures to increase the social support for the certain population groups. These measures included an increase in the minimum consumer budget (living wage), tariff wage rate of the first level and child allowances for families. No significant steps were taken to reform the pension, education, or the health care systems.

On January 1, 2013, the tariff wage rate of the first level was raised up to BYR 240 tsd (by BYR 15 tsd if compared to September, 2012). Besides, the size of the minimum consumer budget (living wage) was increased by 5% and approved in the average amount of BYR 924 tsd per capita. The increase in the minimum consumer budget (living wage) will result in an increase in pensions in February.

The new Law on Governmental Allowances for Families with Children came into effect. The law provides for an increase in the child allowances, and also eliminates the difference in the benefit payments for children from complete and incomplete families. The allowance for the first child aged under 3 years is increased from BYR 880 tsd to BYR 1,413 tsd. At the same time, the new law deprived single mothers of the benefit payments added to the child allowances; besides women working as lawyers, notaries, sole traders (including craft trades) will receive 50% of the standard benefits. Obviously, the developers of the law pursued the intention to possibly reduce the funds allocated for child allowances by introducing a controversial differentiation of payments on a professional basis.

At the same time, several events in January were related to marriage and family issues. Since January 1, 2013, the procedure for divorce has changed. Now, in the absence of children and property claims, the couple will not be divorced in court, but at the local Civil Registry Office. This measure, along with the abolishment of differentiation between child allowances for complete and incomplete families, indirectly suggests that the institution of marriage is losing its symbolic importance to the Government. Resolution #23, adopted by the Council of Ministers on January 11, 2013, which reduced the list of the social indications for an abortion in the later stages, provoked the public outcry. This measure is designed to influence the demographic situation and women's reproductive health.

Along with an increase in the cash incomes, the prices and tariffs also continue rising. The increase in the rates of the Belarusian Railways made 17% on average. In addition, the duration of the one-off tickets was reduced and the benefits for passengers with children were cancelled. The cancellation of the VAT benefits for the telecommunication companies led to a rise in the cost of the internet providers' and the mobile operators' services. The increase in the cost of the medical diagnostics services (fluorography, magnetic resonance imaging, ultrasound scanning) is not that remarkable, but it also illustrates the general trend.

A number of the similar additional measures are planned for the near future: the cost of the travel in the municipal passenger transport will be increased; payments for children's pre-schools will be raised; health improvement services will be more expensive. Besides the Government plans to tighten the requirements for the social assistance provision and unemployment benefits, of which the scroungers will be deprived.

No intentions were expressed to reform the health care, education and pension systems. During his visit to the National Neurology and Neurosurgery Scientific and Practical Centre, Lukashenka announced an increase in the salaries of the health workers in 2015, but did not specify the amounts. No statements followed about any increase in the governmental funding of the health care system. The Minister of Education, during his press conference, announced no plans to reform the quality of education, despite a number of the current pressing issues: the imbalance of higher education and specialized secondary education; frozen Belarus' accession to the Bologna process.

Judging by the governmental agencies' rhetoric, the trend for gradual reduction of the governmental social support, which emerged in 2012, will persist in 2013. The plans announced include the further cuts of the queues for subsidized housing loans; also the clinics' services will be fee-based, in particular when provided to alcohol-impaired people.

## Culture

It is obvious that the Belarusian authorities continue restraining the certain manifestations of cultural life in the country. The restrictions and bans on freedom of creativity persist; the process of politicization and indoctrination of the national cultural policy continues; the cultural projects are polarized for political reasons. The main event within the official cultural discourse was the presentation of the annual awards “For Spiritual Revival” and the special Presidential prizes in the field of culture and arts. The main events within the informal cultural discourse were the extension of the banned performers list and the award of the “Brand Person 2012” title to Syarhey Mikhalok and Lyavon Volsky.

At the end of 2012, Lukashenka awarded five prizes “For Spiritual Revival”. The award winners included the team of architects and restorers of the palace and park ensemble in Nyasvizh (S. Drushits, S. Krayushkina, I. Poluda); the Director of boarding school for orphans and children left without parental care in Radashkovichi (I. Dzyatlousky); the Mother Superior of the Convent of the Holy Nativity of the Mother of God in Grodno (the Mother of Gabriel), and others. Recognizing the achievements of the award winners, it should be however noted, that over the years the award itself has significantly devalued, both because it has been awarded regularly (5 awards annually since 1997), and because the candidates were too diverse. In the recent years, along with the writers, artists and representatives of the clergy, the award was presented to the public figures, educators and scientists.

On January 15, during his press conference, Alyaksandr Lukashenka said that he knew nothing about the prohibitive lists of performers and had never given instructions in this area. However, his further comment suggests that A. Lukashenka does not view the very fact of a ban on the profession as unacceptable: *“I guess, if anyone has blasted our country, someone must have paid for that. So let them sing to those who pay them”*. Meanwhile, the prohibitive lists of the Belarusian cultural figures remain, and the new names are included in them. Thus, the performance of the group Dzieciuki from Grodno in the Minsk club Jolly Roger Café was banned; on January 18, the anti-riot police squad (OMON) interfered with the rock concert in Brest.

The leader of the rock group Lyapis Trubetskoy, Syarhey Mikhalok, and the musician of the rock group Krambambulya, Lyavon Volsky, were, among other nominees, awarded the “Brand-Person 2012” title during the “Brand of the Year” professional contest. By so doing the members of the international jury expressed their respect to the performers and their attitude to the policy of restrictions on professional practice, pursued by the authorities.

In January, a number of cultural events indicated some activation of the “soft Belarusization” process which had almost collapsed earlier. The Belvneshreklama company, which implemented the project “The Taste of Belarusian” in 2011 – 2012, began the work on the project “The Native Dates”. The billboards with the images of the famous historical characters and the national historical dates will be installed throughout Belarus. The Institute of Belarusian History and Culture began publishing of a series of booklets under the title “100 Prominent Figures in Belarusian Culture”.