



CENTRE FOR EUROPEAN REFORM

policy brief

The EU's awkward neighbour: time for a new policy on Belarus

By Charles Grant and Mark Leonard

★ On March 19th the people of Belarus – a small but strategically important country – vote in a presidential election. President Alyaksandr Lukashenka is certain to claim a landslide victory. Although the election has not been free and fair, widespread popular protests – of the sort that led to Ukraine's 'Orange Revolution' – are unlikely.

★ The EU's current policy of 'conditional engagement' has failed to improve the situation in Belarus. The EU has withheld favours and cut off contacts, but the regime has become steadily more authoritarian.

★ The EU needs a new policy. It should offer big incentives to encourage the regime to reform, but also make clear any further repression would provoke a tough response. It should step up its efforts to support civil society and overhaul its methods for aiding NGOs.

★ European leaders should tell Russia that the EU has a legitimate interest in how Belarus is governed. But the EU should also stress that it does not see Belarus as a pawn in a geopolitical game. Both the EU and Russia would benefit from a stable, prosperous and democratic Belarus.

The European Union should not ignore Belarus, whose citizens will vote in a presidential election on March 19th 2006. This strategically important country, nestling between Russia, the EU and Ukraine, has the most authoritarian regime in Europe. The results of the election are unlikely to be a surprise. President Alyaksandr Lukashenka, who has been in power for 12 years, is expected to claim a landslide victory. His regime has shut the other candidates out of the state-run media, disrupted their campaigns and arrested some opposition leaders.

Many hope the president has over-played his hand. The American president, George Bush, has declared that "the fate of Belarus will rest not with a dictator, but with the students, trade unionists, civic and religious leaders, journalists, and all citizens of Belarus claiming freedom for their nation". The opposition parties have heeded his call, and are

planning a demonstration in the capital, Minsk, on the night of the vote. Inspired by the Orange and Rose revolutions that swept across Ukraine and Georgia after fraudulent elections, opposition leaders hope that demonstrations of people-power will lead to a 'denim revolution'. They have been busy producing blue ribbons with the words "Belarus in Europe" emblazoned on them in gold.

But although the results of the election are likely to be fixed, Minsk is unlikely to follow the path of Kiev and Tbilisi. Opinion polls show that Lukashenka is popular with large sections of the population – particularly rural and elderly voters who seek stability and fear the threat of upheaval. He is a charismatic speaker who for some Belorussians has strengthened their historically weak sense of national identity – standing up for their interests not only against the West, but also, at times, against Russia.

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Although average incomes are half those in Poland and Lithuania, the Belarusian economy has been booming in recent years, allowing double-digit annual rises in salaries. And while Ukraine's revolution was led by established political figures, such as Viktor Yushchenko and Yulia Tymoshenko, the leading opposition candidates in Belarus – Alyaksandr Milinkevic and Alyaksandr Kazulin – are unknown and untested. But by far the most important reason for doubting that there will be a revolution is the repressive nature of Lukashenka's regime. His control over Belarusian society is much firmer than that of Leonid Kuchma in Ukraine or Eduard Shevardnadze in Georgia. The media is very largely under state control. The KGB keeps political activity under firm supervision. And Lukashenka is probably willing to deal with any popular protests by deploying security forces.

Most Europeans do not know where Belarus is on the map, but the fate of this small country of ten million people should matter to the European Union, three of whose members – Latvia, Lithuania and Poland – border it. Either instability in Belarus, or declining standards of governance, could turn the country into a source of illegal drugs, migrants and weapons. At the dilapidated nuclear research facility of Sosny, where there does not appear to be much security, scientists paid less than London cleaners conduct experiments with enriched uranium. Much of the Russian gas that enters the EU passes through Belarus. Belarus is also a challenge to the liberal political values that are now entrenched across most of the European continent.

The EU's policy towards Belarus is complicated by the country's close ties to Russia. Many Russians tend to see countries like Belarus, Ukraine and Georgia as pawns in a zero-sum geopolitical game – and assume that if the pawns 'fall' to the West, that is bad for Russia. That is why, although senior figures in the Kremlin talk of Lukashenka in derogatory terms, the Russian leadership has sustained his regime, for example by providing cheap energy.

This election gives the EU an opportunity to rethink its policy on Belarus. The current policy, of 'conditional engagement', has failed. In 1998 the EU suspended its 'partnership and co-operation agreement' with Belarus; it has imposed visa bans on a few of the shadier government officials; and it has excluded Belarus from its 'neighbourhood policy', which involves the EU offering trade, aid and political contacts to neighbours that embrace political and economic reform. But the Belarusian regime has become steadily more authoritarian.

Strong president, big state

The streets in Minsk look clean and orderly, much

like those in other East European capitals. Many people seem content, and they point to the new cafés and restaurants that are opening, to cater for the increasingly prosperous middle class. In the cafés young people speak their minds without lowering their voices or looking over their shoulders – as they would do in a police state like, say, Iran. In fact, for those who are not involved in politics, life in Belarus can be relatively pleasant and easy.

What is not normal in Belarus is the politics. Lukashenka has more power than any other European ruler. His role is reinforced by an official 'national ideology', which draws on elements of the Soviet past as well as strands of the Belarusians' own history. The Research Institute of Theory and Practice, which comes under the control of the presidential administration, trains all senior civil servants in the 'ideology of the Belarusian state'. They must pass an exam on that subject if they wish to rise above a certain pay grade. The institute's director, Yevgeny Matusevich, defines the national ideology as consisting of three elements: strong presidential power, strong social policy, and a strong role for the state in the economy. He explains that this reflects the country's history: Belarus has always had a powerful leader, whether king, tsar, or party secretary. (Although Belarusians never ran their own country until the Soviet Union collapsed, their history stretches back over a thousand years, while they endured the rule of Tartars, Lithuanians, Poles, Russians and Germans. That history accounts for the relatively weak sense of national identity).

Alyaksandr Lukashenka definitely fits the pattern. He was democratically elected in 1994, on an anti-corruption platform, but has followed a trend toward authoritarianism ever since. At first he allowed NGOs and an independent press to operate with only mild harassment. However, the regime hardened as the 2001 presidential election approached. After being re-elected in a contest marked by irregularities – he claimed 75 per cent of the vote – Lukashenka set about strengthening his rule.

He closed down independent newspapers, and deprived the opposition of access to state TV and radio. He passed laws forcing all NGOs to register with the state, and forbidding them from accepting foreign donations. Most of those that tried to register were rejected, and many NGOs were closed. Other laws made it difficult for opposition parties to operate, for example by limiting what they could spend their money on, and by imposing prison sentences on those who took part in unauthorised rallies. He imprisoned several opposition politicians. And in 2004 he changed the constitution so that he would be allowed to stand again as president.

There seems little prospect of the regime softening in the near future. According to the foreign minister, Sergei Martynov, “the political system here is a function of society at large. Now the people want a president with a strong personality and powers. Maybe in 20 years time the circumstances will have changed and society will demand something different.”

The Minsk economic miracle?

Belarus’s economy no longer operates on Communist principles but the state still plays a big role – accounting for about three quarters of production. Yet the people sense a growing prosperity, and the Belarusian economy has enjoyed surprisingly high growth in recent years: 11 per cent in 2004, and 9 per cent in 2005.

Most of the factories that made Belarus the “assembly plant of the Soviet Union” have remained intact. Belarus is a significant producer of heavy trucks, and accounts for 6 per cent of global tractor production. Its Atlant fridges and Horizont televisions sell well all over the former Soviet bloc. The steel and fertiliser industries also provide export income.

However, much of the recent boom stems from temporary factors: strong growth in Russia spilling over to Belarus, the impact of the devaluation of the Belarusian rouble in the 1990s, high public sector wage growth, and big state subsidies and soft loans for farmers and manufacturers. The biggest boost to the economy in recent years has come from the high oil price. The government buys crude oil from Russia at less than 60 per cent of average world prices – and then sells refined products at a profit to the EU. Belarus also benefits from getting cheap Russian gas, paying a much lower price (only \$47 per 1,000 cubic metres) than Ukraine or Moldova. Almost all Belarus’s power derives from Russian gas.

None of these factors is sustainable in the long term. The government seems to realise this, which is why it is exploring ways of diversifying the economy. The recent five-year plan promised to boost the number of small and medium-sized companies. Even for a post-Soviet economy, Belarus has relatively few of them. They find it harder to negotiate the bureaucracy and the surfeit of rules and regulations than the larger firms. The plan proposes to boost their share of national output from less than 10 per cent to 20 per cent. The government has also set up a high-tech park with attractive tax breaks, with the intention of spawning a kind of silicon valley.

However, the government has been unwilling to sell off the ‘commanding heights’ of the economy. It argues that its reluctance to follow other East European countries into liberalising their

economies and privatising state-owned assets has paid dividends. Belarus was the first former Soviet republic to restore its GDP to the level it had before the collapse of the Soviet Union. Martynov, the foreign minister, claims that Belarus’s economic output today stands at 116 per cent of its 1990 level, compared with Russia’s at 85 per cent and Ukraine’s at 60 per cent. The government also makes the argument that state companies should not be sold off lest Russian oligarchs buy them up, thereby allowing Moscow to wield overwhelming indirect influence over the economy. The predominant role of the state in the economy also serves a political purpose. Lukashenka has introduced statutory one-year contracts for public-sector employees, which makes them reluctant to do anything that could offend the state.

An unconventional election campaign

Three candidates are challenging Lukashenka in the presidential election – but visitors to Minsk could be forgiven for thinking that he is the only candidate. All around the capital are posters of attractive and successful people with the slogan “Za Belarus” – “For Belarus”. The implication is that the other candidates are against it. Lukashenka has run a campaign with a simple message, focused on economic growth and social stability. He points to real increases in income and investments in public infrastructure – and contrasts the stability of Belarus with the chaos in Ukraine.

One of the three candidates can be discounted. Sergei Gaydukevich, a gadfly with close links with Lukashenka, is seen as a spoiler whose candidacy is designed to split the opposition’s votes.

Lukashenka’s most visible opponent is Alyaksandr Milinkevich, a cerebral academic. A congress of most of the opposition parties chose him as their single candidate last autumn. His campaign team contains some impressive figures, such as campaign manager Sergei Kaliakin, the leader of one of two Communist parties (the other backs the president; the Kaliakin Communists would in West European terms be democratic socialists); and Jaroslav Romanchuk, the ultra-liberal economics spokesman. Another close aide, Visntsuk Vjatjorka, the leader of the nationalist Belarusian Popular Front – with which Milinkevich is aligned – was sentenced to 15 days in prison on the day we were due to meet him.

Milinkevich has had some help from foreign politicians – recently enjoying photo-opportunities with Angela Merkel, Javier Solana and José Manuel Barosso (all of whom refuse to meet Lukashenka). Some of these meetings have been noticed inside Belarus, because the Russian-language version of Euronews, which is watched by a quarter of the population, carried the pictures. However, Milinkevich’s gentle campaigning style has not

ruffled many feathers in the presidential palace. His campaign does not have a big idea. His manifesto promises to create 500,000 jobs, introduce a flat tax, and abolish annual contracts. But some of the manifesto's ideas probably appeal more to the western media than to Belarusian babushkas.

The fireworks in this election have come from Alyaksandr Kazulin, a maverick professor of pedagogy and former friend of Lukashenka. Following the imprisonment of the Social Democratic Party's leadership, Kazulin took over party's remnants. He is the only candidate who can match the president's populist style. He shocked many Belarusians by using the first of two allotted 15-minute broadcasts to accuse Lukashenka of leading a disreputable private life. The fact that this broadcast went out uncensored created a buzz of interest.

Shortly afterwards, on March 2nd, Kazulin was involved in a fracas with plain-clothed policemen, beaten and detained for ten hours. While in the police station he apparently smashed a portrait of the president. Kazulin says that he is proud of his service in the Soviet navy and that in his heart he remains a warrior. He says that in his broadcast he "took off the president's mask and forced him to go on the defensive, admitting that he had not been an ideal husband".

An interim report of the OSCE's election mission, published on March 7th, highlights a number of problems faced by the Milinkevich and Kazulin campaigns. These include the detention of campaign staff for holding unsanctioned campaign events, the harassment of campaign workers by the police, and the lack of places available for holding meetings. The OSCE also claims that the police have seized entire print runs of one of the last independent newspapers, *Narodnaya Volya*.

In a fraud-free election count, Lukashenka would probably win a majority of the votes (though his dominance of the media and repression of the opposition has been a massive help). But few western observers in Minsk believe that he will leave the election to chance. They expect him to fix the results so that he scores over 70 per cent of the votes. The opposition, hoping that the electoral fraud is so blatant that it will provoke citizens to revolt, has called a rally for 8 pm on March 19th, in Minsk. But the chances of a big turn-out look small: so far, opposition demonstrations have attracted only a few thousand people, and a week before the election, almost nobody on the streets of Minsk was wearing a blue ribbon. In any case the government will probably stop public transport to limit the numbers taking part in the rally. An opinion poll run by the Pontis Foundation showed that only 17 per cent of Belarusians expect mass protests as a response to a fraudulent election. The president

will probably not need to deploy force to maintain order. But western diplomats fear that, in the aftermath of the election, the government will clamp down on the opposition, imprisoning or possibly even harming its leaders.

The EU and Belarus

After the presidential election, the EU will have to reassess its policy on Belarus. Its basic problem is that because the regime is unwilling to engage, the force of the EU's 'soft power' is limited. "What can the EU offer us compared to Russia?" asks the clever and combative foreign minister, Martynov. "Russia provides stable supplies of oil and gas at a good price, and access to an open market of 200 million people [in former Soviet countries]. The EU's neighbourhood policy would not even give us [complete] access to the single market. However, a truly common economic space with Europe would be interesting."

Yet Belarus's prosperity depends on trade with both Russia and the EU, each of which now takes about 40 per cent of the country's exports. The regime has a kind of split personality. On the one the one hand it bristles against western attempts to change its political system, and complains about the EU shunning it; but on the other it worries about dependency on Russia, which briefly cut off gas supplies two years ago, and knows that western investment would help the economy. So the EU *does* have some leverage: cutting off trade would destabilise the economy – but also hurt Belarusians, which the EU is rightly reluctant to do.

Two factors have undermined the EU's ability to deal effectively with Belarus. One is that very few EU governments care – less than half of the member-states have embassies in Minsk. The other is that the member-states sometimes fail to forge a common line towards Belarus. Austria, Greece and Portugal, in particular, have been reluctant to approve tough EU measures. None of those three has embassies in Minsk, but some of them have commercial interests. The countries with embassies – which include Belarus's immediate neighbours – tend to favour a tougher line.

The EU's ability to present a coherent face to the country is not helped by the absence of a European Commission office. The EU decided last November to open a branch of its Kiev office in Minsk, but the government, while not vetoing the move, has raised objections. However, Minsk is home to an office of the EU's 'TACIS' aid programme. TACIS projects need to be approved by the government, which means that they cannot help the kind of NGOs that try to build civil society. But other projects do gain approval. Thus the EU has a project to clean up land contaminated by the Chernobyl disaster. And it pays for the United Nations Development

Programme to run two projects that the government likes. One strengthens the border between Belarus and the EU, by training border guards, giving them computers and providing them with high-tech search equipment. The other is a joint project with Moldova and Ukraine that tackles drug trafficking.

But the EU has largely failed to get aid to the NGOs that work to strengthen civil society. The Commission administers funds from the European Initiative on Democracy and Human Rights, but the rules are so complex and inflexible, requiring NGOs to register with the government, that few of them can benefit. Last autumn the Commission responded to criticism by introducing a new programme called 'decentralised co-operation', which is supposed to be more flexible. NGOs report that this scheme is a little better, but that the rules for tracing money through bank accounts are still too onerous and impractical for many of them to comply with. Some NGOs are able to tap into EU funds by teaming up with partner organisations outside Belarus, which can guard the money. But most of the democracy-building NGOs say that American institutions, such as the National Endowment for Democracy, are much better at getting money to the right people.

So the EU needs a new policy on Belarus. This should have two prongs: a revised form of conditional engagement, with bigger sticks and bigger carrots; and an increased effort to strengthen the country's civil society. Javier Solana, the foreign policy chief, should fly to Minsk straight after the election, to deliver a warning that any clampdown on the opposition would have consequences. Visa bans would be extended to all those involved, and in the event of bloodshed, prohibitions on trade and investment would probably become inevitable. But at the same time Solana should make one final attempt to engage the regime. In return for a series of steps towards political liberalisation, he should offer much more money for the projects the government likes (such as that on Chernobyl), and support for Belarus joining the Council of Europe, which the government is keen to do. He should also point out that if Belarus did graduate to the EU's neighbourhood policy, it would gain increased access to R&D programmes and the single market.

The EU should aim to maximise contacts between Belarusians and people inside the Union. Within Belarus there is a strong thirst for such contacts. The more liberal and outward-looking people greatly regret the relative invisibility of the EU, its governments and their cultural organisations. For example the British Council (the cultural arm of the British government) closed down in Minsk in 2000. To its credit the Goethe Institute, its German equivalent, stayed open. More governments should open embassies and cultural arms in Belarus. The

Commission should make a priority of establishing a full-scale office.

The EU institutions – and the member-state governments – should also work to build networks of informal contacts with Belarusians, and not only with opposition politicians. They should talk to moderate figures in the regime and those who used to work for it. If and when Belarus undergoes a political transition, such people will play a crucial role.

The EU should scrap the European Initiative on Democracy and Human Rights, transferring the money to a new and independent agency, modelled on the US National Endowment for Democracy. This should have the flexibility to finance the most deserving NGOs. Not only Belarus, but every state whose pro-democracy forces need outside help would gain. "The EU should make sure that its funds can go to institutions – current rules mean that most of the money has to be spent on seminars," says Kaliakin, the Communist leader. "It should identify the reputable NGOs and then provide them funding for two or three years."

The EU should also make it easier for Belarusians to travel. They have to pay \$50-100 to obtain visas for many EU countries, which is a big deterrent, so the EU should subsidise the cost of cheaper visas (perhaps by using unspent money from its TACIS programme). It should launch programmes to help Belarusians study outside the country (the British government currently provides only two of its 'Chevening' scholarships to promising young Belarusians each year). And it should spend money on helping them to know what is going on in the world. A useful start is a scheme that finances *Deutsche Welle* to broadcast into the country for 15 minutes a day. Newspapers should be printed outside the country and distributed inside.

Russia, Belarus and the EU

The EU should try to persuade Russia to work towards an orderly and stable transition that would lead to a new and less personalised regime in Belarus.

At the moment there is little prospect of such collaboration. In the Kremlin, officials speak of Belarus as if it was 'theirs' – much more than they do of Ukraine. Their zero-sum mentality leads them to believe that if Belarus liberalised politically it would become pro-western, and therefore anti-Russian. Kremlin officials also fear that the spread of democracy into Belarus could reinforce the (currently very weak) opposition forces in Russia.

In many ways Belarus is closely integrated with Russia. After Germany, Belarus is Russia's biggest trading partner. It has signed up to the various schemes for economic co-operation that Russia has put together with its former Soviet partners,

including the 'single economic space', as well as a still unconsummated bilateral 'union'. Belarus makes parts of Russian rockets, and two-thirds of its defence exports go to Russia. Belarus is integrated into the Russian air defence system and has joined the Russian-led 'collective security organisation'. The familial and cultural ties are close. Many Belorusians speak Belorussian as well as Russian, but Russian is the language of government and business.

However, while the majority of Belorusians welcome these close relations, they do not want to merge with Russia. Lukashenka is clear that, whatever the 'union' turns out to be, it will not involve major sessions of sovereignty. Belarus still has its own rouble and is resisting Gazprom's efforts to take control of its pipelines. The government worries about its dependence on Russian energy, and therefore plans to build a nuclear power station (which will not be popular, given that a quarter of the country is still affected by fall-out from Chernobyl).

The EU should not allow Russian resistance to deter it from taking an interest in Belarus. To its credit, during the past few years' discussions with Russia over the creation of four 'common spaces', the EU demanded that in the 'security space' the two sides be allowed to discuss their common neighbourhood. Russia resisted but finally agreed in May 2005 to accept that principle. The EU should now press Russia to put some substance into these discussions, including the governance of Belarus. The two sides should not find it impossible to develop a common approach. After all, both want Belarus to be a stable, prosperous, well-governed (if not democratic) state that has friendly

relations with its neighbours. EU leaders should point out that Russia need not see a democratic Belarus as a threat to its security. The country contains little of the Russophobia that can drive emotions in the Baltic countries or western Ukraine. Russia therefore has fewer reasons to fear 'losing' Belarus than it did with Ukraine.

Some of the opposition leaders, such as Kazulin and Kaliakin, maintain warm relations with senior figures in Russia. "This election will be the last time that Russia tries to solve its problems in Belarus by using Lukashenka," predicts Kaliakin, the Communist leader, perhaps a touch optimistically. "Anti-Russian politicians and policies have no future in Belarus, we have to cooperate with the EU and Russia, and we should not choose between them."

So when the EU talks to Russia about Belarus, it should do its best to stress that it does not see Belarus as a pawn in a geopolitical game; that it understands Belarus will remain close to Russia, culturally, economically and militarily, whatever the regime in Minsk; and that a democratic Belarus – so long as it was stable – would be easier for Russia to deal with than the current regime.

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