

Lukashenko's iron fist on Belarus

PHILIPPE CONDE

Portuguese Institute of International Relations and Security (IPRIS)

On December 19th 2010, President Alexander Lukashenko secured a fourth consecutive term in office, and thus the world community will have to deal with Europe's 'last dictator', as he is called in the West, for another five years. The Belarusian President, who has been ruling his country since 1994, won a new landslide victory with 79.7% of the vote, leaving his closest 'challenger', opposition candidate Andrei Sannikov, far away behind with only 2.56%, and none of the other eight candidates above 2%. This outcome, which was largely anticipated by political analysts, prompted at least 10.000 protesters to gather in Independence Square and claim that the vote was rigged, with some of them attempting to storm the House of Parliament. However, they immediately faced a tough response from the forces of the Interior Ministry, with 639 protesters, including the seven opposition candidates, brutally arrested. Lukashenko personally ordered the police to clampdown on the unrest that followed the election.¹

The United States and the European Union criticized the election process as falling short of democratic standards

and strongly condemned the violent events of the aftermath. Consequently, they demanded the immediate release of those arrested. In contrast, Russia maintained an embarrassing silence for a full day. On December 20th, Russian President, Dmitry Medvedev, called the vote, and the protest suppression, a domestic affair of his neighboring country. Despite Western outcry, four opposition candidates and 25 protesters still remain in custody and face up to 15 years in jail. In the meantime, the mild reaction and later congratulations to Lukashenko's victory by the Kremlin did not stop Minsk from handing eleven Russian citizens prison sentences of 10-15 days,² which in turn made Moscow furious. This situation demonstrates Lukashenko's determination to preserve his iron rule at home for the next five years in office. However, if he wants to survive politically and avoid complete isolation, Lukashenko has two viable options: cooperation with the European Union (EU) or integration with Russia and Kazakhstan in the Common Economic Space (CES).

¹ "I asked them [i.e. the police] not to provoke or initiate any brawls, but said if anyone spits in your face, respond with force". "Lukashenko says ordered heavy-handed reaction to protesters" (*RIA Novosti*, 20 December 2010).

² "The eleven Russian detainees were released on December 28th 2010, but two days later two of them were arrested and put in custody again. If convicted, they face 15 years in prison.



Belarus-EU: is cooperation still possible?

Prior to the election, Brussels was optimistic about the prospect of attracting Minsk away from Moscow. The EU put on the table a €3 billion offer in economic aid to be distributed over the next three years, if the election proved democratic by OSCE standards. This proposal was in line with the gradual, but weak rapprochement that has prevailed since 2008, when Brussels suspended the travel ban for Belarusian officials, including Lukashenko, and invited Minsk to join the Eastern Partnership, a new European program to enhance relations with the EU's Eastern neighbors. At this time, Belarus' President decided to play Europe against Russia by promising liberalization, which angered Moscow. Following the suspension of the travel ban, the EU drafted a five criteria list as a basis to decide on the continuation or the lifting of the sanctions against Lukashenko's regime.³ In October 2010, the EU reintroduced a 12-month travel ban as Belarusian authorities failed to comply with these criteria, a performance repeated in the December 19th election. Clearly, even the promise of €3 billion in aid could not impress upon Lukashenko the need for reform.

So it is that over the coming five years, the EU has had no choice but to enforce even stricter sanctions against Belarus. EU foreign ministers gathered in Brussels on January 31st, agreeing to a new set of sanctions and, along with the US, promising increased aid to Belarusian opposition groups. The current travel ban stems from a similar action taken after the 2006 election, when Lukashenko and 40 other officials were barred from entering the European bloc. Thus, there's a great likelihood that relations between Minsk and Brussels will return to their previous low, as the EU tries to stick to its democratic values. Still, Lukashenko may hope that the need for cooperation on spheres of border security, international organized crime, and illegal migration will continue to give him certain, although limited, leverage in Brussels. As relations between Belarus and the EU sour and no revolution appears to be on the horizon in Minsk for the time being, Lukashenko finds himself with his back against the wall... of the Kremlin.

Integration in the CES

On December 20th, the day after the election, Lukashenko pledged that he "will have patience and bear all the ills to ensure that we do not drift away from Russia". Furthermore, he assured Moscow that his country would be the first to ratify all the necessary agreements to create a unified economic space joining Belarus, Russia and Kazakhstan. In fact, on December 21st, the 18 agreements,

reached with Moscow and Astana earlier that month, were unanimously approved by the Lower House of the Belarusian Parliament. By doing so quickly, Minsk was expecting that Moscow, as promised by Russian Economic Development Minister Elvira Nabiullina ten days before the poll, would scrap oil duties, saving Belarus about US\$4 billion. In exchange, Belarus committed itself to sending back to Russia all the duties gained by re-exporting the refined products to Europe.⁴

The creation of the CES will allow goods, services, capital and labor to move freely between Belarus, Russia and Kazakhstan. As a result, a common macroeconomic policy will be set up to regulate the new union. The CES ultimate goal in economic integration is, as the European Union did from January 1st 1999, to establish a single currency. In spite of Lukashenko's recent hard rhetoric, disputes on gas prices, and Minsk's failure to recognize the independence of Abkhazia and South Ossetia as promised – which strained the Belarus' traditionally robust relations with Russia – it seems that Belarus has no choice but to integrate further with Russia and the CES. In November 2010, the International Monetary Fund (IMF) pointed out that, "Belarus is recovering from the global economic crisis but there are still serious vulnerabilities". One must remember that the Belarusian economy has not been reformed since the days of the Soviet Union. If a mild liberalization took place in the early 1990s, this situation has been reversed since 1996, when Lukashenko first began to assert his power. Since the mid-1990s, Belarus has been surviving on massive subsidies granted by Russia, in exchange for eternal allegiance and vague economic and political integration with Moscow. Most of this financial aid has been coming through cheap energy imports and inflated prices of Belarusian goods exported to Russia. In 2007, Russian energy subsidies amounted to US\$5.8 billion, which made up 41% of Belarusian state budget. Therefore, Belarus' Soviet-style economy, in which the public sector covers about 70% of the GDP, the overwhelming majority of firms are unprofitable and households receive state benefits, remains deeply reliant on Russia's goodwill. These subsidies explain quite well why Lukashenko still enjoys a great support among Belarusians.

Running out of patience in the Kremlin

Nevertheless, since the beginning of 2010, it has become clear that the Kremlin is running out of patience with Lukashenko's eccentricities. Thus, Russia is seeking

³ The five criteria include progress towards reforms of the electoral code in order to bring it into line with OSCE commitments and international standards for democratic elections, other concrete actions to respect democratic values, the rule of law, human rights, and elemental freedoms (freedom of expression, of media, of assembly and political association).

⁴ This decision could, to a certain extent, explain President Lukashenko's defiant behavior vis-à-vis the West and especially why he turned down the equivalent €3 billion European aid. On January 20th 2011, during Belarusian Prime Minister Mikhail Myasnikov's meeting with his Russian counterpart, Vladimir Putin, in Moscow, the latter confirmed this commitment and pledged further help if needed. The two Prime Ministers also discussed the release of two Russian nationals still in custody in Minsk.



greater control over Belarus's three top refineries, which have been used for years to make huge profits by re-exporting subsidized Russian crude oil to the European market. Moscow is also exerting enormous pressure on Lukashenko to force him to open up Belarusian market to Russian firms, which in any case is part of the integration process.

In the event that Lukashenko continues his old tricks, his country could find itself isolated as the Kremlin has another trump card in its hands: the Druzhba (or friendship) oil pipe line. By 2014-2015, when the Nord stream gas pipeline that links Russia to Germany via the Baltic Sea, is fully operational, Moscow will be able to punish Lukashenko by turning off the Duzhba pipeline that provides Belarus (and Europe) with oil and transit fees. This could certainly be the final blow to Minsk's unreformed economy, unless Lukashenko continues to further isolate his country, at the expense of his people's well being, and goes begging for energy and assistance from countries like Iran and Venezuela.⁵

⁵ "Chavez offers Minsk 200 years of oil" (*Moscow Times*, 18 October 2010).

Conclusion

The election of December 2010 showed that even if the result was flawed, the President still enjoys the support of a majority of the Belarusian people. Households are afraid of losing their social benefits, especially among farmers and pensioners, and enterprises do not want to lose their subsidies, which is quite a natural reaction.

The time has come for politicians in Minsk to make crucial and difficult choices, if they truly want their country to develop and integrate in the world economy. Thus, during the next five years, the last dictator in Europe will face a tough agenda to survive politically as his usual tricks, known worldwide, will not succeed anymore. Lukashenko should explain to his fellow citizens that the current system is completely inefficient and will lead the country to the brink of collapse, in the medium run. He should also clarify what would be the benefits, in terms of wealth, in case of integration with Russia (and the CES), and why Belarus would be better off than integrating with the European Union. Lukashenko's future, as a political leader, will depend on his ability to convince his people that the country would be on the right track to 21st century development.

EDITOR | Paulo Gorjão

ASSISTANT EDITORS | Laura Tereno • Vasco Martins

DESIGN | Atelier Teresa Cardoso Bastos

Portuguese Institute of International Relations and Security (IPRIS)
Rua Vitorino Nemésio, 5 - 1750-306 Lisboa
PORTUGAL

<http://www.ipris.org>
email: ipris@ipris.org

IPRIS Viewpoints is a publication of IPRIS.

The opinions expressed are solely those of the authors and do not necessarily reflect the views of IPRIS.



1st

EDP ranks top 1 worldwide in the Dow Jones Sustainability Indexes, in the electricity sector. It reflects our role in the economical, environmental and social dimensions.

For the third consecutive year, EDP is listed on the Dow Jones Sustainability Indexes, the most widely quoted stock market indicators to track the financial and sustainability performance of companies. This year we are the worldwide leader in our business sector, a recognition that rewards EDP's commitment to sustainable development. A company capable of creating wealth without ever losing sight of the social and environmental aspects. This is the way EDP performs, which reflects all our employees and stakeholders engagement for a better future.



www.edp.pt
EDP - Energia de Portugal
Sociedade por Quotas, S.A.
Código de Registo: 500000000



feel our energy