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Belarus and Russia: Friends Forever ...?¹

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Summary of Conclusions

Until January 1, 2007 Belarus enjoyed considerably lower prices for gas and crude oil from Russia as compared with either market demand or that which other Russian neighbors were charged. Cheap energy was in fact a tool of the Kremlin's economic, and consequently political, support for Lukashenka's regime. But at the end of March 2006, right after the presidential elections that confirmed Lukashenka in office for another five years, Gazprom made it clear that it was set to raise gas prices starting in 2007. Senior Russian officials, including Putin, said the increases were a move away from the provision of subsidized supplies for Belarus toward transparent market pricing. This paper covers the current situation and predicts possible development of these, lately rather rocky, relations. Besides, it also argues that there is no foundation for serious change in Minsk toward Moscow.

Belarusian opposition parties and a number of Belarusian analysts (mainly economists) interpreted the new "market" measures as the unwillingness of the Kremlin to continue support for Lukashenka's regime. The energy row between Russia and Belarus which erupted over the transition fees for crude oil and not for increase in gas prices represents the worst of last year's conflict between the two countries. The Kremlin is definitely attempting to purchase a controlling share in strategic Belarusian enterprises, including Beltransgaz, and to expand its political and economic influence in Belarus. They are supported by the belief that Lukashenka and his allies have no way out, that they have lost space for political maneuvering and that a possible regime change could bring them to trial.²

¹ The opinions presented of the paper are those of the authors only and not necessarily represent of those of the Pontis Foundation.

² In case of regime break-up, Lukashenka and his allies might avoid persecution and stay safe only in Russia. It is highly unlikely they will seek political asylum in other countries (Iran, Lebanon, China, etc.) due to differences in living standard and culture.

From the viewpoint of Moscow, Lukashenka did everything possible to deteriorate relations with the West and is unable to improve them at this point. The Kremlin realizes that Lukashenka's regime remains highly dependent on Russia's economic support and believes that Russia's persistent economic and political pressure will ensure desired outcomes, at least an enhanced position of Russia in Belarusian politics and economy. Nevertheless, the agreements reached, regarding both gas price and stocks, disguise a great potential for further conflict.

While Russia's economical and political interests in Belarus are clear, the rationale behind Lukashenka's energy policy is harder to explain, as it has various economic, social and political consequences. Despite the change in rhetoric toward the West, the Lukashenka regime pledges full support to the Kremlin in its political conflicts with Western democracies and still ensures the expansion of Russia's influence in the post-Soviet sphere of influence. Due to its geo-political status, Belarus enjoys international influence which is completely inconsistent with its economic potential and population size. This, a key transit country between East and West is allowing Lukashenka to run a relatively independent policy both toward East and West, but made the bill paid for the economic and social stability of Belarus by (up until now) Russia. This schism sits at the very heart of Belarus-Russia relations, which is the thread that will determine the development of Belarus over the next few years. Basically, there are two concepts clashing in Belarus: Lukashenka's efforts to normalize relations (e.g. via subsidies as a loyal Russian ally) on one hand and Russia's new CIS policy on the other.

Despite dialogue with the West, which seems to indicate that there is no firm belief in Minsk, the position of the Belarusian government continues - to deteriorate the situation further by blackmailing Moscow in the hopes of achieving more favorable conditions (e.g. to undo the change in the subsidization policy). Now, it is up to the opposition and civil society to make Belarusian society aware of these deficiencies and to formulate alternative policies. Control and manageability for the sake of political stability have been the key principles of Belarus' authoritarian regime. These principles greatly impeded the country's development and suppressed civil society. In the mid-90's Belarus' intelligentsia - Lukashenka's opponents - believed Belarus was building a "Soviet-kolkhoz" political model. Twelve years later, Belarusian analysts compare the Lukashenka regime to "Asian tigers", based mainly on official reports of economic growth assured by increases in the productive capacity of state enterprises. However, the suppression of private initiative leads to a steady decline in the number of entrepreneurs. Cheap Russian energy supplies have boosted production growth, regardless of the lack of structural economic reforms, the privatization of large enterprises and economic dependence on state policy. This should be the bottom line of the alternative.

The Freedom Day on March 25, 2007 will show whether the spirit from the last election remains in Belarus. The following era determine the future of Belarus will be shaped by two key factors - development in Minsk and Moscow. Now is the time to seize the moment in Minsk – at least up until the next Russian presidential elections (early 2008) and the Belarusian parliamentary elections that will follow (October 2008).

Cheap gas - calm society

According to the majority of Belarusian voters, Lukashenka managed to establish and maintain a fruitful relationship with Russia that allowed for cheap, stable gas supplies. However, many observers (including experts) believe gas price increases will destroy the Belarusian economy and aggravate social problems. As such, the maintenance of this belief concerning gas prices is crucial for the authorities to avoid (immediate) social unrest. Cheap

natural gas ensures Lukashenka's popularity within Belarusian society. However, if Russia starts writing off the difference between "actual" and market prices, Lukashenka will no longer be able to maintain his image as the guarantor of Belarus' stable socio-economic development. The majority of voters will likely believe that if the increased price of gas does not result in an economic down turn everything will be fine without Lukashenka.³ Thus, it will be rather hard for him to explain the need for his lifelong presidency and justify the cruelty of his regime. This was the main reason why Lukashenka persistently kept Belarus from paying a market price (or higher) for Russian natural gas from 2007. Nevertheless, the latest steps taken by the Belarusian government, such as using nuclear energy (highly controversial in Belarus due to Chernobyl), shows a more desperate shift in the energy policy of Belarus.

Due to his close contacts with representatives of the Russian ruling elite, Lukashenka is well aware of Russian foreign policy mechanisms and the mood within the political elite groups and civil society. He believed that the current political situation would not allow Moscow to exert strong pressure on Belarus, so the Kremlin's decision to take a hard line on both gas and crude oil surprised him. Nevertheless, the temporary deterioration of the Belarus-Russia relationship, and even the prospect of further gas or crude oil cut-offs, does not frighten him too much as he will eventually take advantage of any conflict in order to discredit the Russian authorities and improve his own image as an enemy of the Russian oligarchs (e.g. the Kremlin) and a persistent supporter of Belarus' sovereignty and independence.

Four Reasons for Friendship Forever

1) The mood and attitude of the Russian political elite and civil society and the political situation in Russia

Authoritarian methods have been revived during Vladimir Putin's presidency. Russian mass media have been systematically suffocated by the authorities ("NTV" and "TV-6" TV channels and a number of media holdings are controlled by the government). Large oil companies such as YUKOS and Sibneft, machinery manufacturer Avtovaz and others have been nationalized and deprived of their status as representatives of the country's large-scale business sector. Russian legal institutions have also become extremely dependent on the Kremlin.

Opposition⁴ is gradually being pushed out of the political arena and media space.⁵ The "Kremlin projects"⁶ have become full participants in the electoral process. The single-party system is being revitalized. For example, that "United Russia" as well as "*Rodina*", "Party of Life"⁷ and "Pensioners Party"⁸ were launched in September 2006 to replace the "non-efficient" leftists is not representative of civil society, but bureaucratic figures, members of the ruling elite, of the Kremlin, in fact.

³ According to a number of Belarusian experts (for example, employees of the Institute of Economy within the Ministry of Economy, Alexander Gotovsky and Vladimir Kolupaev), the establishment of market gas prices for Belarus is unlikely to lead to economic collapse. The Belarusian economy will easily adapt to the new environment.

⁴ "*Soyuz Pravyh Sil*" and "*Yabloko*", supporters of liberal values, and communists (KPRF and *Trudovaya* Russia), struggling for the rebirth of the Soviet Union.

⁵ We actually mean the pushing out of TV broadcasts. Political TV talk shows with opposition are predominantly aired about midnight.

⁶ LDPR, headed by Zhirinovskiy was the first Kremlin project, followed by "*Rodina*" and "United Russia"

⁷ *Partiya Zhizni* is headed by Sergey Mironov, representative of St. Petersburg political elite, Putin's protégé, Chairman of the Upper House of Parliament.

⁸ According to Russian sociologists, this association may receive the support of 20% of voters.

The decentralization of power has failed to become a political principle in Russia. The parliament is a de-facto branch of the state administration. The term "Head of State" has acquired a specific, narrow meaning. A number of state officials believe the president's portrait should be on the wall of every office. Most ardent enthusiasts of the current regime even have the president's bust at their work place. Putin is being pushed (mainly by *siloviki*) to make amendments to the constitution and run for a third term.

Civil society institutions are being systematically pressured. NGOs are totally controlled by state bureaucracy. State-controlled organizations represent public opinion. The Kremlin is largely promoting the Nashi government-linked movement, which is in fact a prototype of Komsomol. The Russian state is "devouring" civil society. Moreover, the process is being ideologically and constitutionally legitimized. The project of "sovereign democracy" was elaborated by supporters of Russia's "specific path and mission", who widely criticized former president Yeltsin and the liberals. On August 3, 2006 one of the leaders of United Russia, Moscow's mayor and a prominent politician Yury Luzhkov, made a public statement saying that Georgia and Ukraine are not "true" sovereign democracies. "They exist on western donations and are controlled by Western authorities", he said. "But Russia is building a true democracy. We do not depend on anybody and anything. We follow our own path". The idea of independence and Russia's "own path" is becoming widely popular in Russia, as are Lukashenka's policies in Belarus.

Currently, three political powers shape Russia's ideological landscape. "United Russia", one of the most influential Kremlin groups, promotes the idea of a "sovereign", "controlled" democracy along with semi-official⁹ allies "*Rodina*", "Party of Life" and the even more radical LDPR and KPRF. The political isolation of liberal forces such as "*Soyuz Pravyh Sil* (The Alliance of Center Right Forces)" and "Yabloko" and the persecution of large-scale business representatives (Kodorkovsky's case, for example) greatly undermined their attempts to develop a market approach to the relationships between Russia and post-Soviet states.¹⁰ Supporters of "sovereign democracy" and Russia's "specific path" of development adhere to their own market principles. They believe gas and energy are to be used as a political tool, especially against "politically unfriendly" post-Soviet states.

The implementation of "sovereign democracy" is hardly feasible without close, "manageable" allies who support Russia's foreign policy initiatives. This has been ensured by the control of energy and gas prices, as well as supply volumes. Nevertheless, due to the feeling in Moscow that Belarus has nowhere to go and that Lukashenka's assertive "nation" building (which is basically a modern version of Soviet Belarus) should be stopped, but also due to the economic interests of energy supplier Gazprom, through various tools Russian policy retains its overall aim toward its main ally.

Meanwhile, Lukashenka is trying hard to improve his own hand despite the fact that he does not seem to have any bargaining chips. One of his strongest assets is the fact that Russian business retains close ties to the Belarusian economy, employing about 10 million workers. As such, any increase in gas prices will negatively affect Russia's labor market. Any deterioration of the socio-economic situation in Belarus will undermine Russia's influence among post-Soviet states. In addition, residents of the south-eastern regions of Ukraine are closely watching Belarus' socio-economic development. This creates an uncertain atmosphere. On the one hand, the Kremlin and Gazprom are frightening Lukashenka, and on

⁹ Semi-official, given the status, contacts and ideology of the party leaders.

¹⁰ They also deemed implementation of universal democratic principles as the only right approach to Russia's political and economic development.

the other, representatives of the Russian political elite are reassuring him that Russia is still on his side.

2) Aggravating differences between Russia and the West

Many among Belarus' political opposition, as well as some experts, believe that the Belarus-Russia relationship has an overwhelmingly economic character and thus has no real influence on Russian foreign policy. Actually, the opposite is true.

Since 1996, Russia has steadfastly opposed NATO expansion to the east and the integration of post-Soviet states with the EU. However, during Yeltsin's time in power Russia was mainly preoccupied with domestic policy issues. It was a period of political and economic transition. Russia's attempts to resist Western expansion were inconsistent and chaotic. Yeltsin's Russia was concerned with establishing a fruitful relationship with the West within post-Soviet territory. Putin's Russia is seeking to regain control over those states that have not yet joined the EU and NATO and remain relatively independent.

The term "non-regional forces" (e.g. the EU and NATO) is being widely used by senior Russian state officials. The creation of GUAM (Georgia, Azerbaijan, Ukraine and Moldova), the "orange" revolution in Ukraine, the prospect of Georgia's integration in NATO is explained by the "destructive" impact of these "non-regional forces". After South Ossetia, Abkhazia, and Transnistria resorted to the Kremlin's help when organizing protests against NATO's expansion in Crimea, they have often been referred to as "Russia's territory". An influential Russian politician, deputy head of the parliament Sergey Baburin, is actively advocating the right to self-determination for pro-Russian states (Ukrainian Crimea, for example) and post-Soviet states. According to him, Russia should "lend a helping hand" to its "brothers" and allow South Ossetia, Abkhazia, Crimea and Transnistria to join the Russian state while, for example, the Chechen people living on its territory should be denied the right to self-determination. This opinion is also shared by Konstantin Zatulin, director of the CIS (Moscow) and deputy of the parliament. In addition, the idea of "non-regional forces" and "Russian lands" is becoming widely popular within Russian society. Rumors and reports suggest that buying land and property in Ukraine (especially in the Crimea) and elsewhere is one of the most important tasks for Russian embassies as well as wealthy Russian businessmen.

The idealized images of a strong state not only persist in Russia, but Putin's new Russian superpower has been built on this tradition. Nevertheless, even the strongest state largely depends on the loyalty of its neighbors. The terms "Russia's specific path", "independence" and "sovereign democracy" imply the "unimpeded" (e.g. free of Western influence) development of Russian civil society and a corresponding foreign policy.¹¹ Unlike the Soviet Union, Russia tries to avoid confrontation with the West (also due to the lack of relevant resources). However, Russia's willingness to pursue its own "independent" political course has already generated many contradictions in its political relationships, mainly with the US. Here are the main conflicting issues between Russia and the West:

Iran: On October 4, 2001 Russia and Iran signed a bilateral agreement on long-term military and technical collaboration worth \$7 billion. Over the next ten years Moscow is committed to deliver modern weapons to Iran. There are no records of similar agreements between the two countries. However, illegal transactions might have taken place. The US

¹¹ Herewith we cite the statement of Sergey Lavrov, Minister of Foreign Affairs, at the Council on Foreign Relations on September 26 in Los Angeles. He declared, "Russia has formulated its own vision of democratic development and will steadily follow independent foreign policy".

imposed sanctions on several Russian scientific research institutes allegedly involved in sharing secret information about missile construction and nuclear technologies. Russia and China are suspected of contributing to the development of Iranian missiles (Iran successfully launched Shihab-2 missiles which are able to reach targets in Israel). Russia is contributing significantly to Iran's military development in order to impede the US/NATO expansion to Central Asia via the Caspian Sea.

Russia may use cooperation with Iran to exercise control over the Caspian energy carriers which transfer by way of Transcaucasia. Russia-Iran military and technical cooperation is largely deteriorating the situation in the Middle East due to Iran's military support for radical Islamic organizations. Nevertheless, instability in the Middle East, the area of the largest oilfields and pipelines plays into the hands of Russia as an oil-producing country. Another alarming issue is Russia-Iran nuclear cooperation. Russia is helping to build a nuclear power station in Bushera and advocating Iran's nuclear interests. On September 25, Iranian president Golyam Reza Agazade made a statement saying that the government is planning to build two more nuclear power stations. Iran's nuclear development is threatening the global non-proliferation agreement. However, due to Russia's support it is impossible to exert pressure on Tehran.

China: The US and the EU have banned arms delivery to China. However, China remains Russia's most important arms buyer, spending \$3-4 billion annually. Washington believes that arms delivery to China deteriorates the situation in the Asia-Pacific region. In particular, the US and Taiwan, both opposing Chinese expansion in the Asia-Pacific region, are greatly preoccupied by Russian deliveries of Garpun anti-warship missiles.

Other differences between the US and Russia, such as the divergence in their attitude to the Chaves regime in Venezuela appears to be much less important. However, political conflicts with Syria and Libya are still taking place. The situation in Iraq receives much less attention than it did during the war. The Kremlin-controlled mass media declares that Moscow still remembers the loss of \$40 billion due to the break-up of the Hussein regime. Nevertheless, the failure of the US mission in Iraq has been widely echoed by Russian mass media.

Russia's economic, political and, consequently, military development will further complicate its relationship with the West and aggravate current conflicts. Russia's achievements in "sovereign democracy" building and certain improvements in the economic and political situation of the country have deteriorated Russia-West relations in regards to the post-Soviet sphere of influence. The most alarming contradictions are as follows:

The prospect of NATO expansion: NATO expansion toward Central European and Baltic states was followed by high-level debates regarding the possible deployment of US forces in the territory of new NATO members. However, Russia is mainly preoccupied by the prospect of US military deployment in Poland, near Russia's Kaliningrad region and western borders of the Collective Security Treaty Organization.¹² In particular, NATO announced the deployment of air-force bases in Byala-Podlyaska, which is 35 km from the Belarusian border. Russia has been widely demonstrating a negative attitude toward NATO expansion, and especially of late, toward the placement of a missile defense system in the Czech Republic and Poland. Between 1996 and 1999 Russian authorities repeatedly declared that NATO's march eastward largely affected EU integrity. Allegedly, this factor has been impeding mutually beneficial cooperation between Russia and the West. Later on, these allegations were echoed by Igor Ivanov, Minister of Foreign Affairs during the Putin presidency, and Sergey Lavrov, the current minister. Indeed, NATO expansion eastward greatly limits Russia's

¹² Russia considers ODKB to be an important mechanism tailored to the needs of national defense.

influence among post-Soviet states. The survey of pro-Kremlin analysts clearly demonstrates the political views of the Russian ruling elite. While pro-Yeltsin political figures (in particular, Sergey Karaganov, Head of the Council on Foreign and Defense Policy, one of the largest Russian think tanks) keep promoting the idea of constructive dialogue and strategic partnership between the West and Russia, many new-generation analysts insist Russia should follow the path of strategic resistance. Their presence in the Russian mass media (mainly TV) and their ability to influence political decision-making ensure continued support for the "sovereign democracy" course. One of these supporters, the Director of the Institute of Globalization Issues (Moscow) Michael Delyagin, in his book "Globalization practices: games and rules of the modern epoch", declared that "The Kremlin's growing independence from economic and political international community reveals that the US is losing its grip on political processes in Russia". This "new generation" goes so far as to say that if Russia keeps following its foreign/domestic political course it is likely to become an object of NATO's military aggression.¹³

Caspian/Caucasus: Russia is determined to establish control of the Caspian pipeline in Georgia, to impede the country's accession to NATO, and to not let the West expand its influence in Central Asia via Transcaucasia and the Caspian Sea. To achieve this, Russia – through the so-called "frozen conflicts" in Abkhazia and South-Ossetia – has annexed part of Georgia's territory. With the help of allies in Georgia, Russia is trying to overthrow Saakashvili's government. Officially, Moscow granted political asylum to Igor Georgadze, ex-Minister of National Security of Georgia, the leader of *Spravedlivost* (Justice) party, the son of Panteleimon Georgadze and former First Secretary of the GSSR Central Committee.¹⁴ Georgian authorities have been demanding his extradition since 1995. In the beginning of 2006, Georgian law-enforcement bodies prevented a coup by pro-Russian oppositional organizations (*Spravedlivost* appears to be the most influential one).

The Kremlin is openly offering support to pro-Russian South Ossetia and Abkhazia.¹⁵ Every adult Ossetin/Abkhazian has a Russian passport, pensions are close to those in Russia and significant economic support is available.¹⁶ The president of South Ossetia, Eduard Kokoity, usually delivers his speeches with the Russian state flag behind him, while on May 30, 2006 he appealed to the constitutional court to deliver proof that South Ossetia has always been a part of the Russian Federation. For a long time Russian authorities avoided making public statements regarding their plans for South Ossetia and Abkhazia. Preoccupied with Chechnya, they repeatedly pledged their respect for Georgia's territorial integrity.¹⁷ After the physical elimination of numerous Chechen insurgents, including the last president of Chechnya, Aslan Maskhadov, the Kremlin has finally changed its behavior and increased pressure on Georgia.

¹³ Such conclusions were echoed by Russian senior officials. On September 26, 2006 at the Council on Foreign Relations Russian Minister of Foreign Affairs Sergey Lavrov stated that "quickly recovered independence of our foreign policy course is deteriorating relations between the West and the Russian Federation due to the American government's negative attitude toward these changes".

¹⁴ During the Soviet period, KGB officer Igor Georgadze served his mission in Afghanistan. On June 24, 2006 during a live TV broadcast he declared that Georgia should not rely on western support and disregard the country which in fact saved Georgians from physical elimination and was always ready to lend a helping hand. Georgia needs to be prevented from making a fatal mistake. Georgadze speaks Russian without an accent, which is very unusual. He doesn't even look Georgian. His mother was probably of Russian origin.

¹⁵ Ossetians living in South (Georgia) and North (Russia) Ossetia belong to the same ethnic group. Abkhazians are ethnically close to Adygeis, who live in Russia.

¹⁶ Abkhazia is enjoying free wheat supplies from Russia (in particular, Krasnodar region). South Ossetia has received large amounts of Russian humanitarian aid. Besides, Russia has greatly contributed to the development of the tourist sector in Abkhazia. Russian TV channels have made the country a popular travel destination. Russian entrepreneurs and enterprises are buying real estate in Abkhazia. The Sochi-Suhumi railways are being rebuilt and a lot of new roads are being constructed in Abkhazia.

¹⁷ Otherwise Russia would be forced to recognize Chechnya's right to self-determination.

After Kokoity's appeal, the Russian Ministry of Foreign Affairs declared that the territorial integrity of a state, as well as a nation's right to self-determination, would be fully respected according to the principles of international law. On July 5, 2006 during a press conference with western TV journalists Putin stated that the right to self-determination was one of the bases of international law and that every nation should determine its own way. He mentioned that this applies equally to Abkhazia, South Ossetia and Transnistria. "When they say, Kosovo and Abkhazia/South Ossetia or Transnistria are all different cases, we call it double standards, and it is not acceptable", he added. As regards the question of Chechnya, Putin mentioned that a national referendum had been held and Chechnya was declared an integral part of the Russian Federation.¹⁸ If Georgia is hesitating to announce itself a part of Russia, a referendum should take place as well, he added. Thus he has made clear that if the West agrees to recognize the independence of Kosovo (e.g. its unification with Albania), Russia may annex Georgia's northern regions, Abkhazia and South Ossetia. This could further be applied to Transnistria, and possibly, Crimea and eastern regions of Ukraine. If Kosovo is not granted independence, Russia will continue to incorporate insurgent Georgian regions.

The following facts demonstrate Russia's willingness to retain annexed South Ossetia and Abkhazia: On July 5, 2006 Georgian President Saakashvili met US president George W. Bush. During his visit, Saakashvili asked Bush to support Georgia's independent political course. Bush once again declared that Georgia is welcome to join NATO. On July 6th the deputies of the Upper House of the Russian Parliament unanimously voted for permission to send troops to potentially dangerous regions to protect Russian citizens. If pro-Russian political figures come to power in Georgia, the Russian Federation will establish total control of the Caspian oil pipeline and, consequently, greatly expand its influence in Azerbaijan and Kazakhstan. It is noteworthy that the geo-political status of the latter is particularly important for Russia. Thus, the domination of pro-Russian political forces within the Georgian government will ensure the expansion of Russia's influence in post-Soviet territories, including Transcaucasia and Central Asia. These geo-political changes will definitely be considered by East-European oil buyers.

Russia and Ukraine: In order to achieve this goal Russia is widely using its economic leverage, e.g. through the suspension or discontinuation of natural gas supplies. Russia's decision to establish a reasonable market-oriented gas price was severely criticized by Western governments. "If Western partners are truly willing to support Ukraine they are welcomed to pay the difference between the real and market price. This could be called a fair market approach", Putin declared on July 5, 2006. Still, Moscow is enlisting the support of pro-Russian south-eastern regions of Ukraine¹⁹ in order to impede the country's integration into the EU and NATO. If Ukraine keeps following its path toward EU integration, the Donetsk, Lugansk and Crimea regions will likely support the idea of unification with Russia. A similar scenario was about to take place on the eve of the "orange" revolution in Ukraine.

Russia and Transnistria: The Kremlin is doing its best to impede Moldova's entry into the EU and NATO. At the end of March 2006 Russia banned the import of Georgian and Moldavian wines due to the alleged high content of pesticides and heavy metals, which negatively affected the development of Moldova's economy as a result of the interruption of

¹⁸ Putin was obviously cunning: occupied Chechens could hardly express a free opinion.

¹⁹ Many ethnic Russians reside in industrial regions of Eastern Ukraine (about 59%, Ukrainians - 25%, 12% - Crimean Tatars). Ethnic Russians constitute a major part of the peninsula's population (up to 59%, 25% Ukrainian, 12% Crimean Tatars). Anti-NATO feelings in Crimea coincide with Russian "domination" in the region.

wine production at factories.²⁰ As a result, Moldova's industrial growth rate decreased by 5.5% (from 6.5% to 1%). Obviously, Russia's ban of wine imports is politically motivated. Georgian and Moldavian wines have always been of much better quality than those produced in Russia's southern regions. Interestingly, Russian politicians do not deny the political character of the ban. Of note, on April 19, 2006 parliamentary deputy and representative of the "Edinaya Rossia" fraction Nikolay Gonchar, stated unequivocally that the ban of wine imports from Georgia and Moldova as well as Jackson-Vanick's related amendment was a political measure.

The Russian ban on wine imports (a major part of Moldova's GDP) and the gas price increase were supposed to re-align Moldova's political course with Russian interests. On September 17, 2006 a national referendum was held in Transnistria. Officially, although not yet confirmed, as many as 90% of voters supported unification with Russia. As a result, Moscow will increase political and economic pressure on Moldova.

Russia and Uzbekistan: Having supported the regime of Islam Karimov after the Andijan events, Russia (backed by China and Iran) declared itself an alternative source of geo-political global influence in Central Asia. In May, 2005 during the suppression of the rebellion of Islamic fundamentalists in Andijan, many Uzbek citizens were killed.²¹ Due to political pressure from the US and the EU, the Karimov regime changed its foreign policy. Hoping to receive political and economic dividends from the West, Tashkent pledged support to the US-led anti-terrorist operation in Afghanistan and provided its southern military bases for use by American military forces. Due to Washington's negative feedback concerning the events in Andijan, Uzbekistan gave up its membership in GUAM. On June 23, 2006 at the Minsk Summit of Collective Security Treaty Organization, Uzbek president Islam Karimov declared that Uzbekistan was set to resume CSTO membership.²² After renewing its CSTO membership, Karimov agreed to withdraw US troops from Uzbekistan. President Putin's political behavior at the summit demonstrated that he was satisfied with the Uzbek authorities political maneuvering. Having greeted Uzbekistan as a new member of CSTO, Russia once again expressed its commitment to support CIS governments regardless of their political differences and current conflicts with the West. A number of other Central-Asian states are also facing tough relations with the West. Kazakhstan is accused of suppressing opposition. Turkmenistan's regime is being severely criticized by the West. Together with China and Iran, Russia is announcing itself as a geo-political alternative to Western democratization within the post-Soviet sphere.

In conclusion, the Lukashenka regime pledges full support to the Kremlin in its political conflicts with Western democracies and ensures the expansion of Russia's influence in post-Soviet areas. Due to its geo-political status, Belarus enjoys international influence which is absolutely inconsistent with its economic potential and population size. Russian support for Belarus, as a sovereign state and a subject of international law, is way more important for Russia than the support of Belarus is for the Russian Federation. The reasons are as follows:

Belarus and the "axis of evil": On behalf of the Kremlin Belarus renders political and economic support to some of the states of the "axis of evil". Lukashenka has actively supported the Serbian government on previous occasions. On March 3, 1999, right before NATO's D-day, Zhivodin Yevanovich, Serbian Minister of Foreign Affairs, officially visited

²⁰ Also, the import ban negatively affected the Georgian economy. Half of Georgia's population is engaged in agriculture.

²¹ According to various data around 500 Uzbek citizens were killed in Andijan.

²² According to several experts, CSTO is an anti-American/NATO organization. CSTO is actually the focal point of a number of Russian interests. Kazakhstan is also a member of CSTO, but interestingly, the US is in fact Kazakhstan's major investor, while Russia is playing a humble role in its economic development.

Belarus. He was accepted by Lukashenka, Sheiman and general Chumakov, Belarus' Minister of Defense, whose *Russian citizenship* is due to be announced. In fact, he was sent²³ on assignment to Belarus. Yevanovich and Chumakov held confidential talks which resulted in the signing of an agreement on military aid for Serbia. Under the terms of the agreement Belarus committed to supply industrial facilities, dispatch experts from the Borisov tank repair factory to modernize Serbian tanks and train Serbian air-force officials²⁴ at the Belarus Military Academy. In 2000, Lukashenka officially visited Libya. During his meeting with Kaddafi, Lukashenka stated that "the parties are unanimous in their assessments of global policy issues". This visit resulted in the sending of experts from the Borisov anti-aircraft/missile equipment repair factory to Libya.²⁵ In the winter of 2002-2003, immediately prior to the deployment of US coalition forces in Iraq, Iraqi officials repeatedly visited Belarus. Allegedly, the parties negotiated the terms of trade and military cooperation. In fact, they primarily discussed the delivery of Belarusian and Russian arms. The training of Iraqi military officials at the Belarus Military Academy is another example of such cooperation.

Lukashenka's acquaintance with anti-western political leaders resulted in further arms deliveries. According several foreign think-tanks, Belarus is one of the top 10 arms exporters in the world. A significant portion of Belarusian arms are illegally delivered to Middle East states, including Syria and Libya. There are records of arm transactions with Sudan and Iran. Lukashenka is well known to have friendly relations with the Iranian government.

According to several claims, the Lukashenka regime delivers military supplies to international terrorist organizations. Apparently, Lukashenka relies on the assistance of mediators who closely cooperate with international terrorists (including those from Syria, Iran, Sudan, etc.). On one hand, the military cooperation of the Lukashenka regime with countries in conflict with western governments can be explained by economic interests. During the Soviet period, Belarus was home to significant arms factories and other military facilities. During his conversation with the author of this article, former military official Vladimir Nistyuk, deputy head of Gromada (Belarus' Socio-Democratic Party), who has close contacts with the Belarusian military elite and is allegedly in touch with the Minister of Defense, Leonid Maltsev, declared that Belarus is still exporting arms and ammunition from the WWII period.

Nevertheless, the income from arms sales has never made it to the Belarusian state budget and the transactions are not officially recorded. The Belarusian expert community believes the money is laundered through the officially registered "Presidential Fund". Obviously, income from arms sales comprises a major part of the economic welfare of Lukashenka's regime, including, for example, Presidential Security Services, KGB, Office of Public Prosecutor and Ministry of Internal Affairs.²⁶ Ultimately, arms sales ensure the loyalty of state officials and the proper implementation of their functions within Belarus' authoritarian system. On the other hand, arms deliveries ensure the popularity of Lukashenka's political course and the support of the Non-Alignment Movement. A number of states (except for the EU and the US) might become potential buyers of Belarusian arms.

²³ After his retirement, Chumakov returned to Russia. That was the time when Lukashenka was "flirting" with the Kremlin in order to assume the post of President of Russia-Belarus union state.

²⁴ PVO in Russian means anti-aircraft defense system. We are talking about training for Serbian military officials where they have been taught to use Russian C-300 PVO complexes.

²⁵ During the Soviet period Libya purchased mainly Russian arms.

²⁶ We assume Belarusian senior state officials do not keep their money in western banks. For example, Russia appears to be a very much safer place for such transactions.

Therefore, one can assume that Belarus replaces Russia in arms sales when the Kremlin is not interested in declaring itself as an arms exporter. The Lukashenka regime guarantees the proper maintenance of Russian military equipment²⁷ and the availability of military experts in the event that Russia is unable due to certain political and economic circumstances. The employment of Belarusian arms experts in Libya is one example of such cooperation, while the Belarus Military Academy welcomes those rejected by Russian military educational institutions.

Besides, Belarusian enterprises including Minsk Wheel Tractors,³⁶ several branches of Integral Research and Production Association³⁷ and Belarus' Optical-Mechanical Association³⁸ play an indispensable role in Russia's military development.³⁹ According to different sources, about 15% of Russia's military-industrial complexes are produced by Belarusian enterprises. The loss of Belarus and the diversification of Belarusian military production will negatively affect the development of Russia's military-industrial potential and adversely affect its own foreign policy.

Belarusian authorities are promoting the idea of a "multi-polar" world: During sessions of the UN General Assembly and the Non-Alignment Movement (Havana, 2006), Lukashenka supported the political and economic interests of Russia, China, Iran, Venezuela and other states which he considers Belarus' reliable allies. He adjusts Belarus' foreign and domestic policy to their national interests and protects their right for "unimpeded", "West-free" development. In Havana, Lukashenka declared that the Non-Alignment Movement needs to expand its influence and "independent states should actively resist foreign political and economic pressure and military aggression". This clearly demonstrates that Lukashenka is seeking diplomatic allies for Russia.

Lukashenka has been playing the role of a staunch defender of Russia's foreign policy interests. By supporting Russia Lukashenka pursues several goals:

- By playing the role of Russia's reliable ally and defender of its national interests Lukashenka ensures Russia's political and economic support for Belarus
- By contributing to the aggravation of political conflicts between the West and other countries he hopes to limit western influence in Belarus
- By expanding his foreign influence Lukashenka is seeking to resist western political pressure
- He is trying to enlist political and economic support for those facing a tough relationship with the West (for example, he managed to attract significant Chinese investment and boost commodity turnover with Iran)

NATO's expansion eastward increased the importance of Belarus as a reliable ally for Russia: The more differences that were uncovered between Russia and the West the more persistent Lukashenka was in pushing Russia to fulfill its treaty obligations. NATO's expansion eastward and the prospect of Ukraine and Georgia joining the Alliance is Lukashenka's strongest argument in his dialogue with Russia.

Officials in Minsk, still, despite the claimed dialogue with the West, never missed a chance to take advantage of political conflicts between Russia and the West in order to negotiate

²⁷ During the Soviet period, Belarus created a lot of maintenance facilities, for aviation, tank, anti-aircraft and missile equipment.

better gas prices and solve other important issues. Thus, after the US announced its willingness to set up military bases in Central Asia, Belarus refused to further negotiate the sale of controlling shares in Belarusian enterprises. Again, after receiving information about the possible deployment of US military bases on Polish territory, Minsk immediately reviewed the terms of the Beltransgaz stock agreement.

Lukashenka is not only taking advantage of political differences between Russia and the West to ensure the safety of his regime, but does everything possible to aggravate them and increase the tension. He is constantly pointing out the danger of NATO's expansion. Clearly, due to geographic reasons, Russia will be unable to protect its Western borders in case Belarus dissolves the treaty.

Thus, Russia is facing a tough choice - either it will continue to establish a new relationship with NATO in accordance with the principles of strategic partnership, to further develop market relations with post-Soviet states and recognize the sovereignty and integrity of Belarus or follow the path of resistance, discriminating between those willing to join NATO and the EU and those who are not, while continuing to promote Belarus-Russia unification plans.

Having failed to settle Ukrainian, Georgian and Moldavian issues while being unable to stabilize relations with the West, Russia is likely to lose Belarus. However, the Kremlin realizes that the successful implementation of its foreign policy is impossible without reliable allies both within and beyond the post-Soviet sphere of influence.

3) The lack of influential pro-Russian political figures within Belarus' ruling elite and society

Apparently, top Russian officials are well aware of the 2001 cadre rotation within Belarus' ruling elite and major state institutions. They are also aware that the idea of Belarus becoming a part of the Russian Federation has little support within Belarusian society. Just like the ruling elite, civil society representatives unanimously oppose the sale of controlling shares in Belarusian enterprises to Russian interests. Thus, Moscow's current policy toward Belarus is not welcomed by the Belarusian ruling elite. Failure to establish control over Belarus' pipeline could dramatically affect the Russia-Belarus relationship, leading to the realization of Belarusian nationalization (under Lukashenka's term) and could even destabilize the political situation in Russia before the upcoming elections. These are the most important bargaining chips for Lukashenka's regime in its relations with Russia.

4) To compensate losses Belarus might "charge"

In his speech on September 29, Lukashenka underscored that Russia "is enjoying free-of-charge transportation of its goods through the territory of Belarus" (around 100 billion tons). He believes Belarus can charge a transit fee of \$10/ton. If Russia decides to establish market prices for natural gas supplies to Belarus, the Belarusian government may increase the rental fees for military bases in Gantsevichi and Vileika and look for other ways to "charge" Russia.