



Belarus' FOREIGN POLICY INDEX

April-May 2011

Dear friends!

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We are proud to present the Belarusian Foreign Political Index for the period encompassing April and May 2011, a survey assessing key trends in international relations engaging Belarus. In this issue we analyze as many as five Belarus' foreign political vectors: the relations with the European Union, with Russia, and with China, with developing countries of Asia, Africa and Latin America, and Belarusian relations with Ukraine.

April and May saw crucial events that had a major impact, among others, on the political life of the country. The trials of the participants in the December 19 events, Minsk metro bombing, currency and economic crisis, and search for external financing... The foreign political Wind Rose of that period clearly indicates a substantial "shrinkage" of the foreign

political vectors. In other words, the Belarusian authorities see the room for foreign political maneuver narrowing, while self-isolation trends are growing more prominent. On the one hand, this may attest to more severe repressions inside the country, on the other hand, this provides an indication that the pendulum of Belarusian foreign policy will soon swing back towards the West. Some of the recent statements of the president seem to be paving the way for such a turn.

We wish you a pleasant reading and invite you to share your comments and suggestions to make the Index better and more interesting.

Dzianis Melyantsou
Editor of the Belarus' Foreign Policy Index

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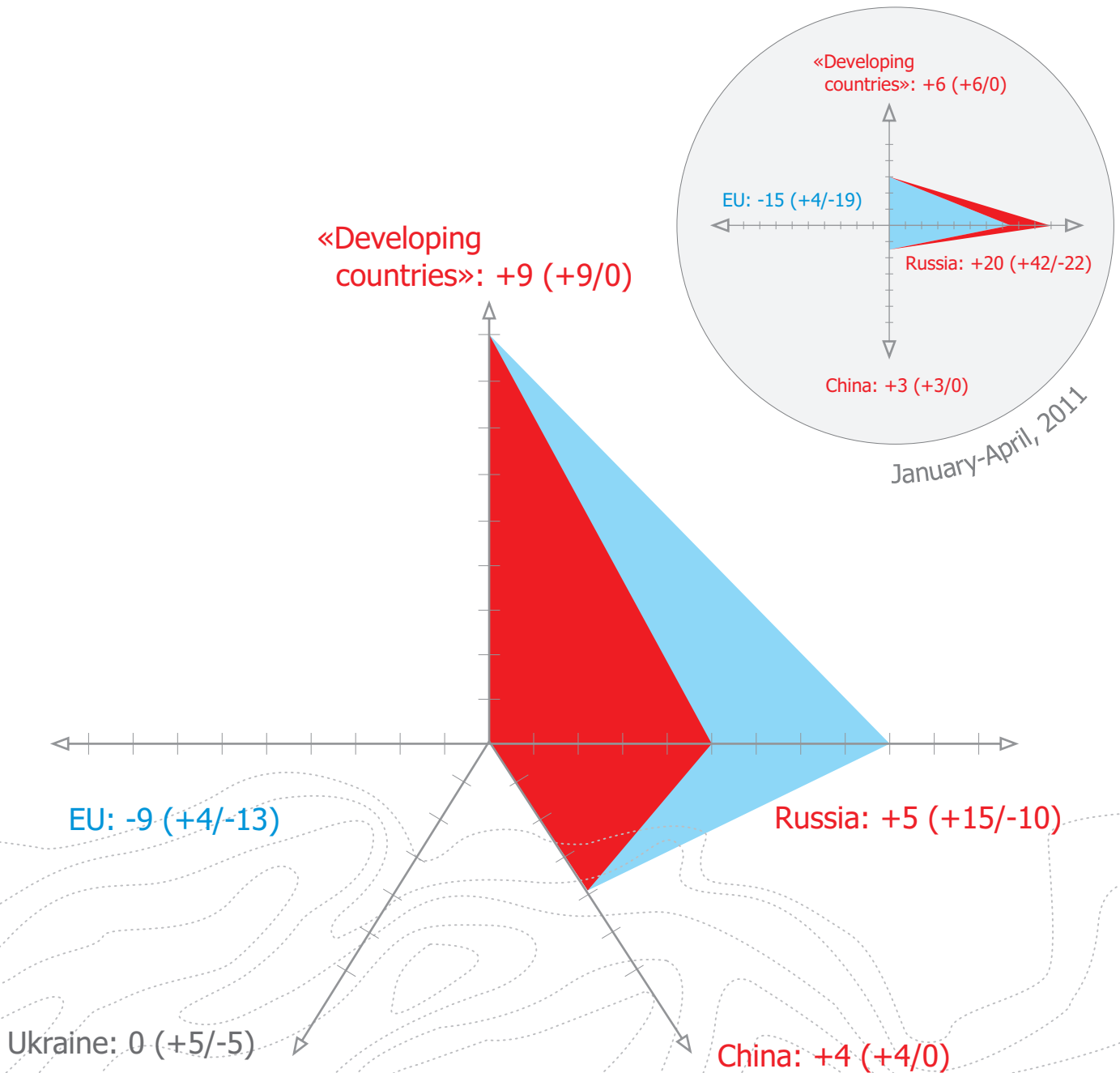
Editor: Dzianis Melyantsou



The project is supported by
The Slovak Agency for
International Development

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Relations development indices:



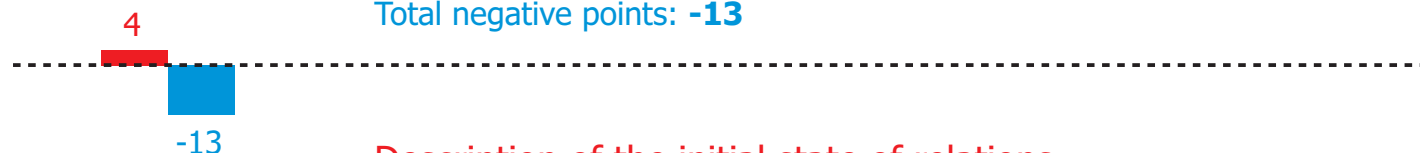
In April and May, the Belarusian foreign political Wind Rose had an even fancier configuration than at the start of the year. The Russian vector got shorter by as much as 15 points, enough for the negative European vector (-9) to absorb it. The newly introduced index of Belarus' relations with Ukraine froze on the zero mark. The relations with China and "developing countries" have seen minor modifications. It looks like the notorious Belarusian "multi-vector foreign policy" continues its collapse.

Development of EU-Belarus relations

Summary index: -9

Total positive points: 4

Total negative points: -13



Description of the initial state of relations

As was mentioned in the previous issue of the monitoring, the relations between the European Union and Belarus in the period January 1 through April 1, 2011 were marked by an explosive escalation of the conflict, which arose from the brutality demonstrated on the election day of December 19, 2010 and repressions that followed. The actions of the Belarusian authorities were slammed by the national governments and institutions of the European Union. However, their response to events in Belarus grew less enthusiastic as EU officials turned to practical steps from statements. Many observers considered the decision of the Council of the European Union to apply sanctions to a limited number of state officials responsible for human rights violations in Belarus to be a half-measure, especially given the original appeals of the European Parliament factions to impose radical measures.

In the first quarter of 2011, commodity trade turnover between Belarus and the EU reached USD 4,769.2 million, which represents an increase of 57.5% from the same period in 2010. Belarus saw a trade surplus of USD 839.4 million.

Was the forecast made in the previous issue of the monitoring accurate?

The forecast we gave in the previous issue of the monitoring appeared to be accurate. The conflict between the EU and Belarus remained tense in the period April 1 to June 1 and the politically-motivated sentences handed down on the participants and organizers of "mass riots" resulted in further escalations. The list of officials subject to EU sanctions was extended. The EU never slapped economic sanctions on Belarus, though, despite active discussions of possible economic measures at the level of national governments and institutions of the Union.

Our forecast that despite the escalating conflict, the EU and Belarus will start looking for ways to resolve it, also proved correct: some EU officials made statements about the need to resume the dialogue (they made it conditional upon immediate release of political prisoners, though), whereas President Aliaxander Lukashenka provided feedback by saying that political prisoners could be released soon enough.

Description of key events in the period

After the turmoil observed in January-March came a lull in terms of political decisions in EU-Belarus relations. That quiet period was frequently interrupted by regular statements of EU officials who condemned the trials of activists and sentences passed on "mass riot" cases. The sentences imposed on former presidential candidates naturally caused the most negative response. The topic of political repressions and especially the politically-motivated trials were regularly covered by the European media.

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The Council of the European Union was supposed to convene on April 12 to address the "Belarusian issue" again. There appeared media reports that targeted economic sanctions might be slapped on some Belarusian enterprises, despite protests of some EU national governments. However, probably because of the Minsk metro tragedy of April 11, the Council of the EU chose to temporarily refrain from new decisions on Belarus.

Late April was marked by the "Chernobyl case": Lukashenka was not invited to a donor conference on April 19 and official events on April 26 timed to the anniversary of the Chernobyl accident, which took place in Ukraine. The media reported that the non-invitation of Lukashenka was a condition for President of the European Commission Jose Manuel Barroso to come to Ukraine. When commenting on the situation, Lukashenka made use of terms clearly unacceptable in diplomatic procedures, which became a revelation to Europeans, who are definitely not used to Lukashenka's parlance.

One of the most noteworthy events of the period in question was the inaugural meeting of Euronest Parliamentary Assembly, the parliamentary component of the Eastern Partnership, which took place on May 3 without Belarusian representatives. The European parliamentary platform thus launched its work without the "rogue delegation" even though talks with Minsk over the format of Belarus' engagement had been conducted for two years. This Euronest case was nothing extraordinary amid the crisis status quo, but it predictably disgruntled the Belarusian authorities, which appear to have lost another channel to communicate with the European Union.

The European Parliament on May 12 passed another resolution on Belarus calling for targeted economic sanctions against the Belarusian authorities. On the same day came shocking news that should the EU approve economic sanctions against Belarus, official Minsk would order some of the EU ambassadors out of the country and ban foreign trips for 200 opposition activists – a "source in the Belarusian Presidential Administration" was quoted. The information was later disavowed by the Belarusian Foreign Ministry. Nevertheless, the statement may be considered an example of outright diplomatic blackmail.

The Council of the European Union got back to the "Belarusian issue" on May 23 and added 13 new names to the list of persons subject to travel ban and asset freeze. Prior to that move, some EU officials had once again mentioned targeted economic sanctions and even specified the Belarusian enterprises. Nevertheless, EU foreign ministers once again limited themselves to individual sanctions.

Main trends

1) Continued escalation of the conflict. Manifestations of this trend include the extension of the list of Belarusian persons subject to EU sanctions, new sharp and insulting statements made by both parties, inauguration of Euronest without Belarusian representatives, and joint U.S-Polish statements. The trend is also accentuated by the threat of real economic sanctions that the Belarusian administration clearly senses (manifested by an anonymous statement by a Presidential Administration official about reciprocal measures considered by Belarus' administration).

2) First attempts to look for ways out of the critical phase of the conflict. Lukashenka's statement about the possible early release of political prisoners is the first public sign indicating the willingness of the Belarusian authorities to halt the escalation of the conflict with the EU and get back to the non-confrontational communication patterns. Some analysts believe the tendency is also manifested in comparatively mild prison sentences given to those accused of staging "mass riots", however, we believe it was a result of some internal political stratagems rather than an attempt to bargain with the West. The EU also seems ready to put an end to the current acute phase of the conflict, as European politicians make statements about the importance of resuming the dialogue with Belarus (with minimum conditionality – to release political prisoners).

3) Stronger strategic uncertainty. The events in the Mediterranean region and in the Near East tend to distract European politicians and diplomats from the eastern neighbor. You get the impression that most of the decisions and statements on Belarus are made mechanically, on a "tit for tat" basis, but without much determination and long-term planning. The revitalized European Neighbourhood Policy (ENP) strategy launched in May can be regarded as another proof of our conclusion.

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Forecast for the near term

In the next few months, the relations between Belarus and the EU will likely be developing following two contradictory trends. On the one hand, Belarus may redouble its efforts to get out of the critical phase of its conflict with the West. Sentences have been handed down on political opponents, the intimidation mission has been accomplished, and it is now the right time to use political prisoners as bargaining chips. Simultaneously with the haggle, official Minsk will be trying to convince the EU that Belarus is on the verge of being absorbed by Russia. There will be promises to get political process back into the minimum legal framework; there will be hints that the opposition might enjoy certain concessions during the forthcoming parliamentary election campaign. Finally, the request for a new loan from the International Monetary Fund (IMF) also supports the likelihood of this strategy for Belarus.

On the other hand, Belarus is very likely to continue keeping to its no-one-will-bend-us policy. The logics of the authorities aimed at minimizing political risks amid the economic crisis will stand behind the continuation of the administration's tough policy on the opposition and civil society. The EU will have to respond, and if human rights abuse persists alongside further political crackdown, the Council of the European Union may even apply targeted economic sanctions on the country. The list of punished enterprises will be as short as possible, though.

The main question is which of the two trends will prevail?

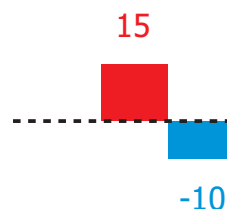
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Development of Belarus-Russia relations

Summary index: **+5**

Total positive points: **+15**

Total negative points: **-10**



Description of the initial state of relations

The relations between Belarus and Russia in the period prior to April and May were mostly identified by the escalating currency crisis in Belarus and expectation of loans – a stabilization loan from the Russian government and a EurAsEC Bailout Fund loan. The second important factor defining the pace and nature of Belarusian-Russian relations was the integration in the framework of the Customs Union and the Common Economic Area (CEA).

Amid quite intensive economic relations, political contacts were reserved and cautious – since the presidential election in December 2010, the two countries have mostly communicated at the level of the governments, whereas the heads of state conversed mainly via the media. Russia once again assumed the role of Belarus' only ally and never gave up the opportunities offered by relations with a weak partner. Since the internal political agenda of early 2011 was determined by the trials of those engaged in the "December 19 case" (which prevented Belarus from habitually offsetting the Russian vector by European rhetoric), and the economic agenda was marked by the deteriorating currency crisis (which increased the already very strong dependence on Russia), Belarus had to put up with the format and agenda of the bilateral relations carefully selected by the Russian side.

Was the forecast made in the previous issue of the monitoring accurate?

The forecast we provided in the previous issue was accurate in general. Belarus continued its cooperation with Russia while remaining dependent on its support both domestically and internationally. At the same time, Russia kept pointing at the necessity to respect human rights in Belarus and reform the economic system. Alongside with that, there appeared the first hints of irritation in official statements of the Belarusian leadership caused by the attempts of the eastern partner to apply conditionality when negotiating the stabilization loan.

Description of key events in the period

In the period April 1 through May 31, the Belarusian requests for loans from the EurAsEC Bailout Fund and the Russian government became the pivot of Russian-Belarusian relations. On May 11, Russian Deputy Prime Minister and Finance Minister Alexei Kudrin said the Russian government did not consider a loan to Belarus, and the EurAsEC Bailout Fund was the only source that Belarus could borrow from. However, the decision on the EurAsEC loan was not made during the two months we monitor here, despite the official visit of a Russian government delegation to Minsk and series of summits of the CIS, EurAsEC and the Customs Union. In the same fashion, the talks over privatization of Belarusian assets (Beltransgaz, Belaruskali and MAZ) did not result in any specific decisions.

The visit of the Russian government delegation led by Prime Minister Vladimir Putin became the most expected and most disappointing (from Belarus' viewpoint) event of April and May. On May 19, Putin conducted all official talks mainly with his Belarusian counterpart Mikhail Miasnikovich,

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and had an informal meeting with President Lukashenka late at night, with no press availability. The unofficial format of the meeting undermines Lukashenka's position as the legitimate head of state in the eyes of the Belarusian ruling elite. Another hard blow of this kind was the non-invitation of the Belarusian president to Ukraine to events commemorating the anniversary of the Chernobyl disaster, despite the fact that President Dmitry Medvedev did pay a visit to Ukraine.

Also noteworthy are a few unpleasant episodes at the level of the Foreign Ministries, including a scandal stirred up in the Russian media over an underground casino in the building of the Belarusian Embassy in Moscow and official inquiry of the Russian Foreign Ministry addressed to the Belarusian Foreign Ministry about the situation. There were also two statements of the Russian Foreign Ministry regarding the arrest and deportation from Belarus of Russian human rights activist – such occurrences had never made it into the official agenda before.

Also important was the role of the Russian media in covering the Minsk metro bombing on April 11, the economic crisis in Belarus and sentences passed on Lukashenka's opponents in the presidential race. The Russian media in fact became a distributor of alternative information about the investigation into the terrorist attack, state of things on the Belarusian currency market and its economy as a whole. Importantly, Russian officials' comments on the situation in Belarus given to the local press were very much critical. Aide to the Russian President Arkady Dvorkovich made an unambiguous statement that it was the presidential election that led the country into the period of instability, including the currency crisis, while Foreign Minister Sergei Lavrov condemned the sentences given to opposition activists.

Despite the attempts to exhaust the Belarusian leadership with uncertainly about the stabilization loan, treatment of President Lukashenka as not quite a legitimate head of state, and media attacks, Russia supported Belarus in the OSCE calling for applying the so-called "Moscow mechanism" to its ally.

Finally, military cooperation between the two countries was "in the routine mode".

Main trends

The events described above indicate the following trends:

- 1) level of interstate relations remains high despite the fact that the leaders of Belarus and Russia are clearly losing mutual trust;
- 2) positive image of President Lukashenka and his trademark "Belarusian model" are being dismantled in the Russian media space;
- 3) Russian administration seems to be getting more interested in human rights rhetoric and protection of Russian citizens' rights in Belarus;
- 4) Russia employs conditionality in economic interaction, especially when negotiating assistance and preferences.

Forecast for the near term

Belarus' dependence on Russian support, both economic and international, will remain. For its part, Russia will continue providing support while stipulating an adequate response from the Belarusian side and pushing it towards economic reforms, privatization and minimum decency in internal affairs.

Strategic cooperation with a view to enhancing integration associations in the former Soviet Union under the patronage of Russia will continue, although the Belarusian authorities might come up with unexpected media moves.

The Russian administration will likely keep to its strategy of splitting the Belarusian ruling elite, and efforts to dismantle the authority of President Lukashenka and the "Belarusian model" in the Russian media space will definitely continue.

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Development of Belarus-China relations

Summary index: +4

Total positive points: 4

Total negative points: 0

4 0

Description of the initial state of relations

The economic cooperation between the two countries contributes the most to the very high level of Belarusian-Chinese political relations by promoting trade relations and facilitating Chinese investments in Belarus. This is corroborated by the substantial increase in mutual trade turnover: mutual trade amounted to USD 2.2 billion in 2008, the year hit by the global crisis, which compares to only USD 34 million in 1990. In the first six months of 2010, Belarusian-Chinese trade turnover reached USD 1.068 billion, which represents a 60% increase year-on-year. The two countries establish joint ventures in both Belarus and China, and the Belarusian authorities facilitate Chinese construction and investment projects in Belarus.

Not less significant to the Belarusian economy are Chinese loans: the recession-hit economy benefited considerably from Chinese tied loans (despite the lending terms) during 2009 and 2010, when it was crucial for the country to restructure its economy while preserving the modernization pace, and when Belarusian-Russian relations went through an acute phase prior to the presidential campaign.

The start of the year 2011 was not marked by hyperactivity in Belarusian-Chinese relations. The Chinese loans taken on the eve of the presidential election in late 2010 provided certain support for the Belarusian economy, facilitating the creation of new productions and modernization of existing manufactories, and further attracting Chinese investments in the country. Furthermore, China's political support at the top level and recognition of the presidential election results by the Chinese administration indicated that the two countries shared views and were ready to continue developing bilateral relations.

Was the forecast made in the previous issue of the monitoring accurate?

The development of Belarusian-Chinese relations in April and May 2011 was in general in accordance with our forecast. As we had predicted, the absence of major tensions in Belarusian-Russian relations led to a lower intensity of talks with the Chinese side. The period in question may be characterized as a continuing moderate growth in trade turnover and development of economic relations. There were no meetings at the top level and no developments in the political dialogue.

Description of key events in the period

Belarusian-Chinese relations were limited almost exclusively to joint investment projects. In April, republican unitary enterprise Minsk Tractor Plant opened a new tractor production in Chinese Harbin. Tractors are assembled at joint Belarusian-Chinese venture Harbin Dong Jing Minsk Tractor. In May, Belarus' Hrodna Region hosted a presentation of the first wind-driven power plant in Belarus with a capacity of 1.5 megawatts (MW). Attending the presentation were representatives of Chinese HEAG, the Belarusian Energy Ministry, Belenergo concern, Grodnoenergo regional power company and local authorities. The wind plant was launched on April 29, 2011 as part of the Grodnoenergo power grid and is a pilot project in wind power generation in this country.

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At the political level, there was a noteworthy official visit to Belarus of a top-ranking Chinese official: Hu Chunhua, the Communist Party Secretary of the Inner Mongolia Autonomous Region, paid a visit to Belarus on May 10-11. When in Minsk, he had a meeting with Deputy Prime Minister Anatoli Tozik, where the Belarusian official said Belarus was planning to sign agreements with China to carry out USD 1.5 billion worth of joint projects. Hu Chunhua later met with the head of the Belarusian Presidential Administration Uladzimir Makei; an agreement was reached to strengthen cooperation between the Belarusian Presidential Administration and the Central Committee of the Communist Party of China.

The economic relations between the two countries are characterized by a fast and dynamic expansion of mutual trade turnover. The impressive growth is primarily attributed to the large number of joint projects launched quite recently that involve Chinese loans and investments provided mostly for targeted acquisition of Chinese commodities, materials and equipment. This factor stands behind an impressive increase in imports from China in the first quarter of 2011, to USD 521.3 million, which represents a 90% increase from the first three months of 2010.

Main trends

In April and May 2011, political developments in Belarus took a backseat to economic issues. The ambiguous situation in the country's economy, characterized by a steady growth in the key macroeconomic indicators amid a currency crisis and depreciation of the national currency, made the government shift its focus to strategies to address current economic issues in the country, which had an impact on Belarusian-Chinese relations

As problems with the foreign exchange deficit escalated, it became a matter of life and death for the Belarusian authorities to attract external financing. However, it is from Russia and the IMF that Belarus hopes to borrow on a first-priority basis, whereas state loans from China are unlikely at this stage. In the past few years, the economic cooperation between the two countries mostly envisaged the provision of tied loans for the acquisition of Chinese equipment and construction materials to implement joint investment projects in Belarus. We have strong doubts though, that loan inflows will increase significantly: China has already invested quite impressively in joint projects in Belarus, and before providing new financing for new projects, China would probably like to see real progress with projects currently underway.

At the political level, the two countries have no mutual claims at the high and highest levels, a trend that is likely to continue. Belarus and China exercise the policy of non-intervention in internal affairs of the partner and regularly enjoy each other's support in international organizations. The two countries share the same position on most issues of the international agenda.

Forecast for the near term

Late May saw another tense phase in Belarusian-Russian relations. Although the intensity of contacts with the Chinese side went down at that time, it is very likely that the Belarusian authorities will try to give a new impetus to the economic and political cooperation with China. In the next four to six weeks, the two countries may ink agreements to start new minor projects; some high-level visits are also possible. In the longer term, Belarus may resume talks with China over possible sale of state assets to Chinese capital, on condition the economic situation in the country remains tense, and talks with Russia and the IMF over stabilization loans are protracted. In order to address the deficit of foreign exchange in the country and replenish gold and foreign exchange reserves, Belarus may consider selling a minority shareholding in OAO Belaruskali to China.

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Development of Belarus' relations with "developing countries" (Asia, Africa, Latin America)

Summary index: +9

Total positive points: **9**

Total negative points: **0**

9
0

Description of the initial state of relations

Belarusian foreign policy targeting developing countries became, on the one hand, a continuation of the international economic ties with the Third World inherited from the Belarusian Soviet Socialist Republic, quite significant, albeit passive. On the other hand, the developing countries' vector has been fostered because of the political will of the Belarusian authorities in a bid to offset the foreign political problems the country has in other regions.

At the same time, Belarusian foreign political efforts in this vector have come across diversification difficulties, and in cooperation with some countries, national interests may be replaced by private interests of companies and separate individuals who have access to foreign political and economic decision-making.

Description of key events in the period

Venezuela. Belarusian First Deputy Prime Minister Uladzimir Siamashka led a Belarusian delegation on a working visit to Venezuela on April 26-30.

Zimbabwe. Vice-President of Zimbabwe John Nkomo paid an official visit to Belarus on April 7-9. It was the first visit of a Zimbabwean top-ranking official to Belarus. President Lukashenka called it a historic event. The Zimbabwean contact is clearly extraordinary and is rather part of the ostentatious anti-Western campaign launched by the Belarusian authorities after the presidential election than an effort to look for new sources of revenues for the country. In 2010, trade between the two countries reached mere USD 2.7 million, including USD 100,000 worth of Belarusian exports (up 59% year-on-year, mostly because of supplies of printed goods and tires). At the same time, Zimbabwe is a small remote country suffering from a very bad economic crisis, and its government does not possess any substantial financial resources to finance potential joint projects (in conditions when Belarus, too, is short of money).

It appears that there are no preconditions for developing relations, which the Foreign Ministry must have been well aware of in previous years, when new market outlets were sought in the south of Africa, among former Soviet allies, such as Angola. Contacts with the Zimbabwean regime will automatically cause an adverse response from the UK and United States. John Nkomo himself is known as an important personality in the Zimbabwean regime; he is officially denied entry in the United States.

Turkey. Minsk hosted on May 17 the 11th round of the Belarusian-Turkish annual political consultations between the Foreign Ministries of Belarus and Turkey at the level of deputy ministers. Deputy Foreign Minister Fatih Ceylan was received by Belarusian Foreign Minister Siarhei Martynau. Consultations of this kind form the basis of the Belarusian-Turkish relations, which are promoted at a relatively low level and follow the European model of Belarusian relations rather than the typical pattern of relations with developing nations.

Latin America. A Belarusian official delegation led by Deputy Foreign Minister Siarhei Aleinik paid a working visit to Colombia and Ecuador on May 8-13. It was Belarus' first more or less noticeable contact with Colombia. The delegation met with senior officials at the Foreign Ministry, Ministries of Mines and Energy, Agriculture, Transport, and Trade, as well as top managers of the key business

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structures of that country. Notably, the visit took place a few years after Belarus was accused of supporting the Revolutionary Armed Forces of Colombia (FARC).

Oman. A delegation of the Omani Foreign Ministry led by under-secretary Shaikh Ahmed bin Yousef bin Obaid al Harthy visited Belarus on May 4-7. A second round of inter-ministerial consultations was held. Belarus was represented by Deputy Foreign Minister Siarhei Aleinik.

On May 24-25, Omani Minister Responsible for Defense Affairs Sayyid Badr Bin Saud Al Busaidi was received by "Viktar Lukashenka, Vice-President of Belarus for National Security Affairs and Police. The two sides reviewed the relations and discussed matters of cooperation between the two countries" (quoted from Omani press reports). It is not clear to what extent the visit was connected with the military expo held in Minsk at that time. Viktar Lukashenka visited Oman in October 2010, and in May 2010, Belarus' interior minister paid a visit to that country. Oman, a relatively well-developed economy, has a huge disproportionate army of 120,000 servicemen (in a country with a total population of 2.8 million), spending 7.7% of GDP on military needs annually (2008 data), therefore the Belarusian side naturally emphasizes cooperation in defense and internal affairs.

Main trends

The search for new partners has intensified, which is manifested by numerous visits of official delegations led by First Deputy Foreign Minister Aleinik to a number of countries. However, not all initiatives fit this scheme, and the contact with Zimbabwe is an excellent example of pure adventurism.

The Belarusian government apparently believes the Arab states of the Persian Gulf – Oman, Qatar and the United Arab Emirates – hold a lot of promise. This must be connected with hopes of Arab investments and cooperation in the military sector (which has developed greatly with those countries in the past three years).

At the same time, the number of official contacts with developing countries has minimized, which is attributed to the difficult internal political situation in Belarus, as well as internal political problems in Belarus' main partners among developing nations (there are not many of them, anyway). For instance, in Syria, the local government has been trying to suppress a popular uprising for three months now, and the Mahmoud Ahmadinejad government of Iran has been constantly faced with the opposition of various political forces over the past six months.

Forecast for the near term

Belarus' relations with developing countries will keep developing for objective reasons connected with the peculiarities of the Belarusian economy and global development trends, whatever regime rules in Belarus. Belarus' southern neighbor Ukraine is a good example of this objective engagement; therefore, there are no reasons to expect major modifications in this country's contacts with the developing world.

The tendency towards pragmatism of the Belarusian foreign policy has been somewhat repressed because of the confrontation with the West after the 2010 presidential election. Specifically, amid rather moderate connections with Iran, Belarus finally made up its mind to open an embassy in Indonesia. The development of ties with Arab states of the Persian Gulf should be regarded in the same context. The active search for new partners will continue, because the problem of the enormous foreign trade deficit persists, and every new country willing to buy Belarusian products will become a small victory for the Belarusian government. At the same time, commodities with low added value, especially potash fertilizers, will definitely dominate in Belarusian exports to developing countries.

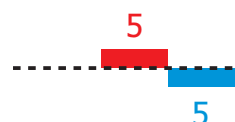
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Development of Belarus-Ukraine relations

Summary index: 0

Total positive points: **5**

Total negative points: **-5**



Description of the initial state of relations

Belarusian-Ukrainian relations are not burdened with conflicts and are characterized as politically neutral. In 2007-2008, Ukraine acted as an intermediary between Belarus and the European Union, and in 2008-2010, during the normalization spell in Belarus-EU relations, Ukraine was engaged as Belarus' "attorney" in European structures. After the 2010 presidential campaign and sharp deterioration of the relations between official Minsk and the West, Kyiv has once again offered its services as a political intermediary; however, no definite response has been given.

Bilateral trade and economic cooperation has been rapidly developing in the past few years, and in 2010, mutual trade turnover exceeded USD 4.4 billion (USD 2,562.3 million worth of Belarusian exports and USD 1,877.6 million worth of imports). Belarusian FDI in the Ukrainian economy stood at USD 41.8 million as of October 1, 2010, and Ukraine's investments in Belarus were at USD 4 billion.

At the same time, some problems in mutual relations still remain, the key ones being the uncompleted process of official legal demarcation of the Belarusian-Ukrainian state border and unresolved state debt of Ukraine to Belarus, accumulated prior to 1992 (the debt is estimated at USD 134 million).

Description of key events in the period

In late March, Ukrainian Foreign Minister Kostyantyn Hryshchenko paid a visit to Minsk. His mission included two major tasks – to articulate Kyiv's proposals regarding its role as an intermediary in the restoration of Belarus' relations with the EU and invite President Lukashenka to visit Ukraine, but only on April 26, to meet with the presidents of Ukraine and Russia in Chernobyl. This would have enabled Ukraine to prevent a meeting between Lukashenka and European Commission President Jose Manuel Barroso, who earlier warned Ukraine that he would have to refuse to come to Kyiv if Lukashenka were to participate in the nuclear security summit scheduled to be held in Kyiv. Hryshchenko held talks with his Belarusian counterpart Siarhei Martynau during his stay in Minsk, but did not have a chance to meet with Lukashenka, although the head of state was in Minsk at that time.

Ukrainian Ambassador to Belarus Roman Bezsmertny said in an interview with Ukrainian independent Zerkalo Nedeli (Mirror Weekly) that Ukraine never received a response from Belarus regarding its intermediation proposal for normalization of Belarus-EU relations.

On April 26, a major diplomatic scandal erupted between Belarus and Ukraine, as President Lukashenka accused the Ukrainian leadership of being "lousy". He was commenting on his non-participation in the arrangements timed to the anniversary of the Chernobyl accident in Ukraine during his visit to Naroulia District.

The Ukrainian Foreign Ministry did not turn a blind eye to the vulgarities and called Lukashenka's statement "unprecedentedly inappropriate" and "insulting".

However, four weeks later, on May 19, when meeting with Ukrainian Prime Minister Mykola Azarov, Lukashenka did his best to purge the offense and confirmed Belarus' willingness to develop

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cooperation with Ukraine: "Belarus has always been and remains true to its principles, it has always been and remains a reliable ally of brotherly Ukraine." The Belarusian president asked the Ukrainian premier to give these words personally to President Viktor Yanukovich. The incident should not have long-term negative repercussions on the relations between the two nations, although it reveals both unresolved problems in mutual relations and the irritation of the Belarusian leader at the foreign political trap where he found himself after the presidential election.

Trade turnover between Belarus and Ukraine increased 50% on the year in January-April 2011 to reach USD 1.68 billion. Belarusian exports rose almost 60% on the year in that period to USD 991.8 million, and imports from Ukraine went up 38.7% to USD 686.5 million. The two countries seem to be capable of gaining enough pace soon to reach the level of mutual trade recorded in pre-crisis 2008, when Belarus and Ukraine logged a record-high USD 5 billion mutual trade turnover.

Main trends

Apart from the scandal caused by Lukashenka's statements on April 26, the relations between the two countries are developing smoothly; economic relations see a gradual increase in trade turnover. Politically, Ukraine is still interested in the role of an intermediary between the EU and Belarus; however, the Belarusian side has so far refrained from officially accepting Kyiv's proposals.

The matter of Venezuelan oil transit and use of the Odessa-Brody pipeline in the direct mode has lost its priority status for Minsk and receded into the background as soon as Belarus acceded to the Customs Union together with Russia and Kazakhstan.

Forecast for the near term

In the next few months, the Belarusian administration will likely accept the proposal of official Kyiv on its intermediation in the normalization of Minsk's relations with Brussels. This assistance offered by Ukraine will be very helpful amid the grave economic crisis and bad need for western financial aid. In turn, Ukraine could wish to ultimately resolve the issue of the state border in exchange for its mediation services, which may happen as early as the second half of the year.

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Supplement

Catalogue of the events based on which experts have calculated the relations development index.

Development of EU-Belarus relations

Date	Event	Point
April 19-26	"Chernobyl case": non-invitation of President Lukashenka to official events in Kyiv and following insults hurled at Jose Manuel Barroso	-2
early May	Refusal of the Belarusian authorities to issue entry visas for members of the Steering Committee of Eastern Partnership Civil Society Forum, which had planned to hold a working meeting in Minsk	-1
May 3	Inaugural meeting of Euronest Parliamentary Assembly without Belarus	-2
May 11	Appeal of a group of MEPs led by Jerzy Buzek to the International Ice Hockey Federation (IIHF) to strip Belarus of its right to host the 2014 Men's World Ice Hockey Championships	-1
May 12	Statement of a "source" that should the EU approve economic sanctions against Belarus, Minsk would expel some of the EU ambassadors out of the country and ban foreign trips for 200 opposition activists (tantamount to open diplomatic blackmail)	-1
May 12	European Parliament resolution on Belarus	-1
May 12-13	7th Belarusian-Lithuanian economic forum	1
May 23	Decision of the Council of the European Union to extend the list of Belarusian persons subject to sanctions	-2
May 25	Lukashenka's statement about the likelihood of the early release of political prisoners (start of the open season to bargain political prisoners)	1
May 28	Joint statement on Belarus of presidents of Poland and the United States (the transatlantic dimension of the problem is emphasized)	-1
April-May	Numerous negative (and even insulting) statements of officials representing both sides and numerous negative materials in the media	-2
April-May	Continued minimum cooperation at the technical level in the scope of European Neighbourhood and Partnership Instrument (ENPI) small projects	1
April-May	A series of consultations at the level of Foreign Ministries of Belarus and some EU member-states (the Czech Republic, France) and meetings of intergovernmental commissions (Hungary, Slovenia, the Czech Republic) (a minimum communication channel is preserved officially)	1

Total

- 9

April-May 2011

Development of Belarus-Russia relations

Date	Event	Point
May 18	Creation of the Customs Union and the Common Economic Area (CEA)	7
May 18	Visit of a governmental delegation	3
Entire period	At least three official statements condemning the policy of the Belarusian authorities on various issues; adverse materials on events in Belarus in the state media	- 5
May 18	Protraction of the agreement on the stabilization loan	- 1
May	Support in the OSCE	+3
May	Defense Ministries' board session discussing exercise plan for September 2011	+2
Entire period	Negative statements about the Russian leadership by the head of state and state media	- 2
Entire period	Scandal with the casino, expulsion of Russian human rights activists	- 2
Total		5

Development of Belarus-China relations

Date	Event	Point
April 13	Premier and Party Secretary of the State Council of the PRC Wen Jiabao sends condolences to Belarusian Prime Minister Mikhail Miasnikovich in connection with the Minsk metro bombing	1
May 10-11	Official visit of Hu Chunhua, the Communist Party Secretary of the Inner Mongolia Autonomous Region. He meets with Deputy Prime Minister Anatoli Tozik and head of the Belarusian Presidential Administration Uladzimir Makei	2
April 1-March 31	Infrequent, but regular and exceptionally positive references to mutually beneficial cooperation between Belarus and China in the Belarusian mass media	1
Total		4

April-May 2011

Development of Belarusian relations with “developing countries”

Date	Event	Point
April 26-30	Working visit of a Belarusian delegation led by First Deputy Prime Minister Uladzimir Siamashka to Venezuela	2
April 7-9	Visit of Zimbabwean Vice-President John Nkomo to Belarus	2
May 24-25	Visit of Omani Minister Responsible for Defense Affairs Sayyid Badr Bin Saud Al Busaidi to Belarus	2
Annual address of the president	Positive references to cooperation with Venezuela; sympathy for Libya	3
Total		9

Development of Belarus-Ukraine relations

Date	Event	Point
April 26	Lukashenka’s statement about “lousy” Ukrainian leaders	-1
	Lukashenka is not invited to Kyiv Nuclear Safety Summit	-2
April 27	Meeting of Belarusian Defense Minister Lieutenant-General Yury Zhadobin with Ukrainian counterpart Mykhailo Yezhel	2
April 28	Joint Belarusian-Ukrainian Air Defense exercise postponed indefinitely	-2
May 19	President Lukashenka meets with Ukrainian Prime Minister Mykola Azarov in Minsk	2
May 19	President Lukashenka’s statement about cooperation with Ukraine at EurAsEC summit: “I assure you that any Ukraine’s proposal that will be beneficial to our countries will be supported, approved and implemented without failure.”	1
Total		0

April-May 2011

Event ranking scale:

- Economic and political integration, creation of customs unions, common markets, supranational bodies (ratification of relevant treaties) – **5-7 points**
- Signing/ratification of a crucial agreement (on cooperation, trade, tariffs, visa-free travel, etc.) – **4 points**
- Top-level visit – **3 points**
- Visit at the level of ministers, of a parliamentary delegation, negotiations of agreements – **2 points**
- Positive statements by a head of state, Foreign Ministry, positive parliamentary resolutions, positive materials in state or state-controlled media (Sovetskaya Belorussia, BelTA, Zvyazda, Belarusian Television – 1st National Channel, ONT) – **1 point**
- Adverse statements by a head of state, Foreign Ministry, in mass media, adverse parliamentary resolutions, adverse materials in the state media – **minus 1 point**
- Protraction of ratification of treaties, non-invitation to international events, failure to provide support internationally – **minus 2 points**
- Infringement of treaties, default on mutual commitments – **minus 3 points**
- Trade wars, antidumping probes – **minus 3 points**
- Commodity boycotts, embargoes, recall of diplomats, ambassadors – **minus 4 points**
- Severance of diplomatic relations, provocations, hostilities – **minus 5-7 points**