

Analysis

Belarusian Government Plans to Eliminate Last Large European Swamps

Belarus is on the verge of breaching one of its serious international ecological commitments. If government plans to depredate Belarusian swamps go ahead, this could have implications for the rest of Europe.....[P. 4](#)

The Belarusian Arms Trade: Unsustainable Business for Regime Insiders

Recently the Belarusian government was accused of providing weapons to terrorist groups in Pakistan and giving arms and sending military experts to besieged Ghadafi.[P. 6](#)

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Attainment of a Single Rate: Problems, Challenges and Perspectives

Will a single rate be a reality as a result of measures announced by Lukashenka on August 30? Alena Rybkina of the BISS Agency for Political Expertise suggests that the perspectives of the action plan designed to stabilize the foreign exchange market in Belarus over the next month or two are unclear.....[P. 8](#)

Unknown Belarus

Halshany: The Haunted Town

According to the Internet and colleagues' references, the biggest attraction of Halshany was the ghosts haunting the town; so as it was almost Halloween Eve, the story could be a nice kicker for the show. [P. 9](#)

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Pavel Vinahradau is released together with other 11 activists after almost nine months spent behind bars for participation in the post-election protest in December 2010.
Photo by: svaboda.org(RFE/RL)

Main News

Belarusian President Alyaksandr Lukashenka pardoned another 11 opposition activists who were sentenced to jail terms for their involvement in protests in December against his re-election. He plans to release all opposition activists by the beginning of October to improve relations with western countries. According to Reuters, Bulgarian Foreign Minister Nikolay Mladenov received this message from Lukashenka during his discrete visit to Minsk.

Altogether, 24 political prisoners have been released for the moment. Moreover, the Belarusian authorities decided to stop criminal prosecution of the former presidential candidates Ruhor Kastusiu and Ales Mihalevich, the editor-in-chief of the opposition web-site harter'97, Natallia Radzina, chairman of the United Civic Party Anatol Liabedzka and some other activists. At the same time, about ten people including three presidential hopefuls and the human rights defender Ales Bialiatiski remain in jail.

The European Union's foreign policy chief, Catherine Ashton, reiterated that Alyaksandr Lukashenka should release and rehabilitate all political prisoners during a discussion at a meeting of the 27 EU foreign ministers, led by Ms. Ashton, in Poland's Baltic Sea resort of Sopot on 3 September. Polish Foreign Minister Radoslaw Sikorski said that there was "a consensus" on this matter in Europe. He confirmed that "the liberation and rehabilitation of all political prisoners in Belarus" is a "prerequisite for resumption of dialogue with authorities in Belarus."

The National Bank of Belarus said the ruble lost about 38 percent of its value against the dollar and 40 percent against the euro after the Belarusian Currency and Stock Exchange held an additional trading session on 14 September. Outside the exchange, Belarusian banks are not allowed to trade more than 1,000 units a day with commercial banks. Banks are still able to trade currency among themselves and with non-resident banks. The new trading regime is designed to reduce or eliminate the difference between the official Belarusian ruble trade and black-market transactions.

Belarus raised its refinancing rate for the eighth time this year, increasing borrowing costs by 5 percentage points to 27 percent. In this regard, the Belarusian central bank urged the country's commercial banks to review their lending practices and avoid imposing an "excessive debt-servicing burden" on retail clients. Banks were asked to cap rate increases on outstanding loans, keeping monthly instalments including interest payments below 50 percent of a borrower's monthly household income.

Belarus raised export duties on oil and oil products exported outside the Customs Union. As of 1 September 2011, the crude oil export duty rose from \$438.2 to \$444.1 per tonne. The export duty on oil containing sulphur made \$205 per tonne. The export duty on light oil products reached the amount of \$297.5 per tonne, while the duties on commercial gasoline and directly distilled gasoline grew up to \$399.7 per tonne.

Editorial

The third issue of Belarus Headlines provides you with a summary of notable events and the latest economic and political news from Belarus. The most important political development is the release of a number of political prisoners which most analysts believe is a result of Western pressure on officials in Minsk. The authorities' attempt to abandon multiple currency exchange rates is the most notable economic development.

In addition, the third issue of Belarus Headlines features the arms trade and environmental problems. The arms trade article tries to determine whether Belarus poses a serious threat to international security. Another topic which is less discussed but may have serious international implications is the Belarusian government's plan to start a new peat extraction project. The project threatens to destroy the last large swamps in the country which may impact the climate in the rest of Europe.

In the research part of our bulletin we offer you a review of the monitoring of public opinion in Belarus and an analysis of the deepening administration and decision-making crisis in the country. The issue also summarises the current research on the foreign relations of Belarus and the effect of the European Neighbourhood Policy.



Olga Stuzhinskaya



Yaraslau Kryvoi



Tatiana Kouzina

We also continue to help you discover interesting facts about Belarus in the 'Unknown Belarus' section, this time by offering a trip to the Castle of Halshany.

We hope you will like the third issue of Belarus Headlines and would very much appreciate your feedback.

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Tatiana Kouzina, executive director of BISS

News In Short

The chairman of the OSCE Parliamentary Assembly Committee on Democracy, Human Rights and Humanitarian Questions, Matteo Mecacci, called on Belarusian authorities to immediately cease the harassment of human rights activists, including Ales Bialiatski, describing his arrest as arbitrary. The leader of the Belarus Human Rights Centre Viasna, Ales Bialiatski, was arrested on 4 August after the Lithuanian government provided the authorities in Minsk with his bank account details, along with the details of the organisation and 400 other Belarusian citizens. Bialiatski may face up to 7 years in jail for income tax evasion.

Belarus suggests that the Collective Security Treaty Organization (CSTO), which is also referred to as the "NATO of the East" should consider the possibility of using rapid reaction forces to prevent coups. The proposal was made during a meeting of Alyaksandr Lukashenka and CSTO Secretary General Nikolay Bordyuzha which took place on 30 August in Minsk. Lukashenka said, that the idea, as well as the idea of deployment of foreign military bases on the territory of CSTO countries, was previously agreed with Russian president Medvedev.

However on 7 September, a source from the Kremlin told the Russian paper "Izvestija" that the president of Belarus had misinterpreted the CSTO agreement for the use of the Collective Rapid Reaction Force for preventing coups. "It implies the use of CSTO potential for the defence of the constitutional order. When national forces are unable to gain control of the situation, when there is a threat to the life and security of citizens and mass looting, then the CSTO can step in," Nikolay Bordyuzha explained to the newspaper. "What happened in Minsk in December 2010 is a domestic affair," he added. The idea of strengthening the CRRF and deploying its bases in the territories of the CSTO does have its opponents. During the last summit in December 2010, Uzbek leader Islam Karimov refused to sign documents that legitimised the deployment. Under current CSTO legislation, all decisions are made by consensus.

Gazprom to sign a new contract with Belarus in December.

Gazprom's four-year contract with Belarus, under which the country pays for natural gas at a considerable discount to European gas prices, is to expire on December 31. A new agreement is expected to be based on a market price formula. The gas pricing formula is a major concern for Belarus, which currently buys Russian gas for \$245 per 1,000 cubic meters. The Belarusian government is pinning hope on a reduction in gas prices. Russian Prime Minister Putin has repeatedly mentioned that the gas discount size will be tied with Gazprom's purchase of Belarus Beltransgaz, one of Gazprom's main acquisition targets. Russia has already bought 50 percent of the Belarusian state-run company for \$2.5 billion.

The International Monetary Fund urged Belarus to show "commitment to strong policies and structural reforms" before the country qualifies for more financial aid. Belarusian Prime-Minister Mikhail Myasnikovich said earlier that the government of Belarus was seeking as much as \$8 billion from the IMF. In June, Belarus received an initial \$800 million tranche of the \$3 billion loan from a Russian-led Regional bailout fund for CIS states, but Russia said that the next tranche would not be granted without sufficient reforms. On 13 September, Russian Finance Minister Alexei Kudrin reiterated that the fund was still waiting for requested documents from Belarus that would justify the disbursement of the second tranche of a \$3 billion stabilisation loan.

On September 14, the Deputy Chairman of the National Bank Taras Nadolny said Belarus could refuse its application for the new loan from the IMF and cope with the financial crisis on its own but he also noted that a final decision on this issue had not been taken.

EU-Belarus

Seminar "Transfer of Macedonia NGOs Experience on Visa Liberalisation" Takes Place in Belarus

In late August 2011, a Belarusian town of Rakau hosted a seminar "Transfer of Macedonia NGOs experience on visa liberalisation", organised by the [Center](#) for Research and Policy Making (Skopje, Macedonia) in cooperation with the Office for a Democratic Belarus (Brussels, Belgium) and the Belarusian Institute for Strategic Studies (Vilnius, Lithuania). This event took place in the framework of the PASOS- led project 'Paving the road towards visa-free travel between the Eastern Partnership and the EU', the goal of which is to facilitate the establishment of a visa-free regime between the EU and countries of the Eastern Partnership.

The seminar's agenda touched upon common advocacy strategies, Macedonia's experience on the way towards visa-liberalisation and the current state of affairs in Belarus.

Olga Stuzhinskaya, Director of the Office for a Democratic Belarus, presented to the audience results of [research on prospects for the visa liberalisation in Belarus](#) conducted by Dzianis Meljantsou from BISS and supported by ODB. She also spoke about the beginning of negotiations between the EU and Belarus on visa facilitation and readmission agreements. If successful, Belarus could enjoy benefits of those already within 1-1,5 years.

Guest speakers from Macedonia, the Executive Director of the Center for Research and Policy Making CRPM Dr Marija Risteska and Dr. Zhidas Daskalovski, Director of the School of Public Policy "Mother Theresa" shared the experience of Macedonia, which was a champion in the Balkan region fulfilling EU conditions and finally acquiring visa-free travel to the EU. The comparative analysis of the situation in six EaP countries, presented by Dr Risteska showed that Georgia, Moldova and



Photo by [democraticbelarus.eu](#)

Ukraine are the leaders of the visa-liberalization race in the region, while Belarus is seriously lagging behind. The final discussion, thereof, focused on possible tools and strategies in promoting Belarus' participation in the process. It was clear from the discussion that lack of political will constitute the most serious obstacle for progress, while technically Belarus is well prepared for both the Facilitation/ Readmission Agreements and beginning of talks on visa liberalisation.

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Press Review

Belarus Arrests Famous Human Rights Defender

By Darja Biaspiatava, Brussels



Photo by [svaboda.org](#)

At the beginning of August Belarus made the headlines of many western newspapers.

The leader of the Belarus Human Rights Centre Viasna, Ales Bialiatski, was arrested on 4 August after the Lithuanian government provided the authorities in Minsk with his bank account

Centre office were searched by officers of the Financial Investigations Department, according to the Viasna website. Several documents were confiscated as a result of the search at the office of the Human Rights Center Viasna, along with a computer at Bialiatski's apartment. The State Control Committee

details, along with the details of the organisation and 400 other Belarusian citizens. His apartment, summer house and Human Rights of Belarus said that Ales Bialiatski had not paid large scale income taxes amounting to Br143.7 million (\$28.74 thousand). The sum of income, which is not listed in his tax returns but is taxable, exceeded Br1 billion (\$ 200 thousand). Meanwhile, Ales Bialiatski's colleague Valentin Stefanovich said that "...these funds, transferred by foreign funds, in no way are our personal funds, and they were listed for the activities of the Human Rights Centre Viasna. They were spent for this purpose. In particular, for the assistance to victims of political repression,"... On 12 August Ales Bialiatski was charged under Part 2 of Article 243 of the Criminal Code (concealment of income on a

large scale). The term of Ales Bialiatski's custody was extended for another two months. Human rights defenders consider it as a prosecution of civic activities and continue to collect personal guarantees for Bialiatski.

Lithuania has terminated an agreement on legal information provision with the Belarusian authorities, the Ministry of Justice announced on 5 August. 'In fact we failed to pay attention, and the surname was not identified as the one of the person heading the opposition movement,' the Deputy Minister explained to the Lithuania Tribune on 5 August.

Press Review

Belarus Arrests Famous Human Rights Defender

By Darja Bespyatova, Brussels

Deutsche Welle, in its article of 5 August, stated that rights organizations and the European Parliament have come down hard on Belarus for arresting activist Ales Bialiatski. The official charges are for tax evasion, but there is strong suspicion of other motives. It quoted the statement of Jerzy Buzek, President of the European Parliament: "Such repressive actions will only bring people closer together uniting them to the final goal that of freedom and liberty. Change will eventually come to Belarus as it has come to the shores of North Africa."

Radio Liberty announced that the United States has called for the immediate and unconditional release of Ales Bialiatski, a prominent Belarusian human rights activist who has been detained

on tax evasion charges. State Department spokesman Mark Toner on August 8 described Bialiatski's arrest as the latest in a series of rights violations by the government of President Alyaksandr Lukashenka.

Telegraf.by quoted numerous European politicians who have expressed concerns about the status of Ales Bialiatski. "The arrest of Ales Bialiatski is another sign of the regime's desperation. The forces, which are fighting in Belarus for democracy and human rights, will never abandon their struggle. Bialiatski and all other political prisoners must be freed!" said Swedish Minister for European Affairs Birgitta Olsson. In turn, the EU High Representative for Foreign and Security Policy, Catherine Ashton called for officials in Minsk to "urgently

explain the reasons for the voiced detention of Mr Bialiatski." According to the British Minister for European Affairs, David Lidington, a criminal case against Ales Bialiatski is "another example of the blatant persecution of human rights in Belarus."

Moreover, on 12 August Polish Foreign Minister Radoslaw Sikorski apologized for the leaked information on the bank account of Ales Bialiatski. As it has become known, the Prosecutor-General's Office provided the information on Bialiatski's bank account to the Belarusian government under its request.

Human rights defender Uladzimir Labkovich believes that bringing an official charge is a politically-motivated decision and prosecution for civic activities. "It's an entirely

trumped-up case. There is no doubt that the accounts found by the investigation, are not a source of income. And it is absolutely clear. This prosecution is for civic activities and another attempt to create fear. We can only express regret for the fact that EU countries were involved in this. Expressing support for civil society, they did not provide information safety, which makes them morally responsible for the situation around Ales Bialiatski and other human rights defenders," said Labkovich.

Was it just a mistake on the part of the Lithuanian Ministry of Justice or a price to pay for an investment deal for Lithuanian business in Belarus?

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Politics & Society

Belarusian Government Plans to Eliminate Last Large European Swamps

By Nadine Lashuk, Minsk. Photos by nn.by

Belarus is on the verge of breaching one of its serious international ecological commitments. If government plans to depredate Belarusian swamps go ahead, this could have implications for the rest of Europe.

This summer, the Belarusian government launched a new initiative on energy generation, which will lead to the destruction of the last large swamps in Belarus. These swamps are the only natural territories of their kind in the European temperate climate zone, which have remained undisturbed by human activity. The Government Decision №794 of 17 June 2011 approved peat extraction in some areas including eight natural bogs in the country. In

effect that would lead to the loss of those peats.

The new peat extraction project has been initiated by the Energy Ministry. Their reasoning is simple – Belarus is seeking new energy sources as Russian gas and oil become increasingly expensive. In Soviet times, Belarus was well-known for drying the bogs and producing peat fuel. Therefore, it is not surprising that in times of harsh economic crisis, the idea of using old solutions seems so attractive. In particular, the Energy Ministry views peat as the key source of energy for cement works. This cement will be needed urgently when Chinese investment plans to build new facilities in Belarus will be implemented.

The author of the new peat extraction programme, Dr Ivan Lishtvan of the National Academy of Sciences, argued that out of 4.4 billion ton of peat in Belarus 3.3 billion tons might be extracted for energy needs. Besides non-protected peatlands, he proposed to include peat bogs located both in national protected areas and in internationally-known reservations such as the Biarezinsky Biospheric Reservation, the National Park "Belavezhskaya Puscha" and the National Park "Prypiatski".

The Environment Ministry is strictly against the new programme, and its employees have clearly protested against it even in the media. That came as a surprise because



Peat extraction

open quarrels between government institutions in media are almost unheard of. Yet the place of the Ministry of Environment in the official hierarchy and in the governmental decision-making process is a very low one. Therefore, the ministry cannot overrule the decision after it was taken at the top of the hierarchy.

Politics and Society

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By Nadine Lashuk, Minsk



Belarusian bison in his natural environment in the national reservation "Belavezhskaya Pushcha"



Picking up cranberries that grow in the swamps

Interestingly, all estimations underlying the project are questionable. Another scientist, Aliaksandar Kazulin of the National Academy of Sciences says that the country does not have such large peat deposits. The last study made by the Academy and the Environment Ministry based on Google satellite images proved that the area of Belarusian swamps estimated by the Energy Ministry was largely exaggerated. Previously researchers have estimated that there might be about 1.4 billion hectares of undisturbed swamps. Now they believe there are just 862.6 thousand ha - 59% of which are seriously disrupted by neighboring peat extraction and melioration. Accordingly, the un-extracted deposits make up not 4.4 billion tons but only 160 million tons.

In Minsk, those working on the protection and re-wetting of peat lands have been utterly shocked by the Government's decision. Firstly, some of the areas to be dried out and exploited are protected natural territories of international significance covered at least partly by three major international environmental conventions – the Ramsar Convention on Wetlands and the conventions on migrating species and biodiversity. Secondly, some of the

protected areas are included in a large-scale project on peat bog regeneration carried out with significant contributions by the UN and other foreign donors. The money has been given to the government under the condition that the bogs are used sustainably in the future. Among the targeted areas there are the peat lands of "Dakudauski" and "Morachna" which have been regenerated recently as part of a UNDP/ Global Environmental Facility (GEF) project. In total, USD \$1 million was provided by international donors, including the Federal Republic of Germany, to assist the project.

Violating international ecological commitments does not seem to be a wise step at a time when Belarus is internationally isolated and ostracised by its European neighbors. Ecological projects are some of the few that the international community is ready to support in Belarus even while the political climate remains tense. It is in the interest of European countries to protect and regenerate Belarusian swamps - which are unique in Europe - as they contribute to a better climate in the whole region. The donors are, however, not likely to continue the projects once it becomes clear that climate regeneration is not a priority for the Belarusian government.

Moreover, the money coming to Belarus through those large projects constitutes an inflow of desperately needed hard currency. Given the fact that the project means are linked to the condition of sustainability, Belarus might be about to ruin further chances to profit from international money. For those working on the projects it is hard to imagine any further cooperation with Belarus if their work will be destroyed for the purpose of gaining cheap energy.

The consequences of the new programme will not only be felt on the level of international cooperation but also throughout the country. In addition to threatening rare species, the climate in Belarus will become drier. Although up to now Belarus has been famous for its excellent freshwater deposits, they depend on the swamp system and cannot be sustained without these swamps. The swamps prevent large-scale floods and they take in water after snow melting and big rainfalls.

Apart from those practical arguments, the loss of the swamps also holds a sentimental element for many Belarusians: they traditionally see themselves as "people from the swamps", the bogs and wetlands play an integral

role in the national consciousness. Large swamps are a characteristic Belarus, a country that possesses neither sea access nor mountains. Belarus without swamps is unimaginable for many Belarusians and will deprive them of one of the few features that can be a competitive advantage for the development of tourism in Belarus.

Although in private, those Belarusians aware of the government plans complain about them, they are far from staging a protest or establishing a civil action committee as would be the case in other European countries in a similar situation.

It seems that the new energy policy is just another example of arbitrary decision-making by the Belarusian government. If the government - which does not report to anyone but the president - had thought twice or undertaken serious inter-ministerial consultations on the matter, it would have been clear that more is at stake than just a few swamps. In the face of the crisis, the government again fails to seek new ways but stays with old Soviet models and recipes.

However, not all is lost - the extraction of peat has not yet started. Hopefully, the government will understand in time that it risks losing international support and money as well as selling the country's ecological future for the sake of cheap energy.

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Politics and Society

The Belarusian Arms Trade: Unsustainable Business for Regime Insiders

By Siarhei Bohdan, Minsk

Recently the Belarusian government was accused of providing weapons to terrorist groups in Pakistan and giving arms and sending military experts to besieged Ghadafi. Belarus is regularly accused of dubious arms dealings. The arms trade and Lukashenka's regime evolved together. Initially, Minsk appeared to sell arms to anyone whom the government-related firms could find. Usually these were former allies of the Soviet Union. Belarus sold primarily old reserves of Soviet weapons and ammunition, because it primarily produced components for many types of Soviet military hardware but not the end products.

Lukashenka has not made any effort to develop a national arms industry, beyond producing parts for Russian or Ukrainian weapons systems. Belarus had excellent opportunities for developing a new military industry in the 1990s but it failed to become the new Yugoslavia in the world arms market – a source of reliable weapons available to the world's have-nots at a reasonable price. It merely sold what it already possessed and any new production focused on military devices which did not require significant investments. In addition, Belarus repairs and modernises some Soviet-standard arms and vehicles.

It could supply diverse products to arms markets in the 1990s and early 2000s when Belarus had relatively new arms stocks from the Soviet army. For a couple of years the country was one of the top-10 arms exporters in the world.

Cautious Lukashenka

Because of its close links with Russia, Belarus could resell new Russian weapons as well, though it is unclear how much it actually used this opportunity. By the mid-2000s, Belarusian arms traders decided to look for new markets outside traditional circle of their customers – former Soviet clients in the developing world or some regimes hostile to the West.

One of the most promising destinations was the Persian Gulf region. These nations spend significant amounts of money on defence procurement, primarily on

Western military equipment. Belarus could supply only post-Soviet weapons or training which countries like Qatar, Bahrain or Oman were not particularly interested in buying for themselves. But they could use that equipment to supply to their poorer friends – including authoritarian regimes or insurgents in other countries. Not only were these arms cheaper, but in many parts of the world there is a greater familiarity with Soviet weaponry.

Nevertheless, Belarusian arms traders were always cautious. Belarus has never been caught delivering anything of real value to embargoed countries or governments, which are sworn foes of the West. In the course of time, the Belarusian arms business became more civilised, trying to look like a reliable partner to all countries and avoiding any sensitive contacts to rogue states or guerrillas.

Because of the poor international reputation of the country, rumours and speculations surrounding the arms trade flourish. Last month, Belarusian Internet resource AFN published copies of documents allegedly proving that Belarus was selling weapons to Pakistani terrorists. But a closer examination of those documents demonstrates a lot of inconsistencies or clearly false statements though mixed with some apparently genuine yet unimportant documents. In 2007, similar allegations about Belarusian arms deals with Columbian FARC guerrillas also appeared but have not been verified. This February, the United Nations accused Minsk of illegally supplying arms to former Ivoirian president Laurent Gbagbo. A few days later the UN had to retract its accusations and apologise.

For two consecutive years, some Western media – among them the Associated Press – have claimed that Belarus had sold Russian-made S-300 anti-aircraft system to Tehran. The evidence presented was tenuous. It appears that as a matter of fact Belarus never sold the S-300 system to Iran although it was not prohibited from doing it as a matter of law as the S-300 is not on the UN sanctions list. Belarusian military and civilian officials rarely contacted their Iranian



Photo by grani.ru

counterparts, predominantly through an awareness of U.S. sensitivity surrounding such contact.

Unsustainable Business

The arms trade began after the establishment of Lukashenka's regime and the first remarkable arms deals took place in 1996. Analysis of statistics since 2005 shows Azerbaijan as the most regular customer. Belarus sold fighter jets, howitzers and tanks, among other items. The arms deals have been an important component of close relations between Belarus and Azerbaijan in recent years. Another reliable customer was Sudan, which bought fighter jets and armoured vehicles. The list of buyers also includes Uganda, Yemen, Nigeria and other developing countries.

The geography of Belarusian foreign relations in the military domain has also been restricted by its capacities. Belarusian generals and military industry stakeholders have sustainable links only to Chinese and Vietnamese colleagues, and in the Chinese case up to a quarter of all official contacts involve military matters.

Relatively active in recent years are contacts involving the military and police services of Arab nations in the Persian Gulf. For example, contacts between military and police officials made up much more than a half of all official encounters between Qatari and Belarusian representatives in the late 2000s. According to eyewitness accounts, Belarusian instructors work in the police training centre of Qatar and instruct the personal guard of the Emir.

Who Profits from the Arms Trade?

The mechanisms of the Belarusian arms trade are opaque, however, it seems that the business is done rather autonomously from the foreign activities of the government. Many contracts have been concluded with

countries with which Belarus has had little interaction. For instance, all visible official contacts with Sudan were ceased by 2007, yet arms trade continued. A rather big deal with Yemen took place while there continues to be no relations with this nation. The same is true for a deal with Eritrea and some other countries. The logical question is to what degree the Belarusian arms trade is a state business or just business of some insiders close to Lukashenka and how much money the state budget receives from arms deals.

The Belarusian arms trade is a transient phenomenon with dire prospects of development. It was born out of the necessity/opportunity to sell remnants of Soviet arsenals and it may continue only in close cooperation with Russia and/or, to a lesser extent the Ukraine. It lacks the requisite strategic planning which could help to build a national military industry.

The governance system in Belarus does not provide for any reliable control of such business and the profits of the trade may be easily diverted to unknown places. But in any event these profits are neither stable nor big enough these days to make a significant contribution to the Belarusian economy. While it cannot seriously help the nation economically, this money is big enough to enrich some regime insiders. No wonder, that in May the United States decided to sanction the Belarusian companies Beltekhexport and BelOMO for their alleged deals with Iran, North Korea and Syria. The former is trading in weapons and ammunition and the latter is producing parts that may be used for military aims.

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Research

By Inna Bukshynovich, Stockholm



Belarusian Yearbook – 2010

BISS together with Belarus' expert community *Nashe Mnenie* (Our Opinion) has published the *Belarusian Yearbook – 2010*, a new issue of the series presenting an integral analysis of the developments in essential domains of state and society on an annual basis. As a joint effort, the Yearbook is designed to promote public discussions about current transformations in Belarus and development options the country has, and facilitate the work of state functionaries, businessmen, diplomatic corps' members, journalists, politicians and community leaders.

The run-up to the 2010 presidential election campaign predetermined the developments in almost every segment of social and state life. The critical overspending of resources and power to ensure Lukashenka's victory in the election and brutal dispersal of the December 19 rally preconditioned the crisis of the year 2011 – the legitimacy crisis, currency crisis, credibility crisis, and a very likely large-scale socio-economic crisis in the fall of 2011. The actions of power-wielding agencies on December 19 nullified the efforts of the authorities to ensure a balanced foreign policy throughout 2010, and stood behind the critical dependence of Belarus on the main foreign political partner – Russia – in 2011.

The following key trends of the year 2010 can be discerned based on a content-analysis of the *Yearbook's* texts:

- Decision-making authority is concentrated within a progressively narrowing group of people who bear no responsibility for implementation. For example in the power domain, special services and security agencies have become virtually subordinate to the Presidential Administration;
- The deepening administration crisis manifested itself in a misalignment of policies pursued by state institutions, primarily due to the widening gap between those making decisions and those responsible for their implementation, especially in the economic policy domain;
- The series of successful attempts to fit into the regional political and economic context through modifications of the foreign political paradigm became a trend that was ruined by late-year developments;
- Less successful, but not less persistent attempts to overcome the isolation of the state and society were made throughout the year by both sides, but then again, the outcomes of the December 2010 events froze all the positive trends;
- Belarus has made a name in the global economic system, mostly as a borrower, and completed the year as a debtor with vague repayment prospects;

The indicated trends shaped into a situational maze in 2011, which, by all appearances, has no really reasonable ways out. However, the track record, if analyzed, can at least pick the lesser evil.

[The full version](#) of the *Belarusian Yearbook – 2010* in Russian and Belarusian or English is available on the BISS website

BISS' June 2011 Polling Memo

BISS' June polling memorandum presents a dramatic wave of pessimism throughout Belarusian society. More than 3/5 of the respondents said things in Belarus were going in the wrong direction (the highest number since 2003). Moreover, for the first time in ten years, more than half of the population (55%) thought that the socio-economic situation would be worsening in the next years. Aliaksandr Lukashenka, still the dominant political leader, is experiencing a unique loss of his approval rating: from 55% in December 2010 to 33% in June 2011, the most significant reduction during his tenure. Furthermore, BISS points out at a visible "reassessment" of some political issues. For example, the June poll indicated that less than a half of respondents (46%) said that the 2010 presidential elections official results were authentic as opposed to the clear majority of 63% in the December 2010 poll. The polling results could be attributed to the shock from the economic crisis in the country.

Yet, while losing the monopoly, the regime retains the dominancy. BISS suggests that it is not yet clear whether the majority of Belarusian citizens would adapt to the new level of low expectations, or if the Belarusian regime is starting to face a real crisis of confidence, including losing the loyalty of the majority. BISS assumes that the regime would have the possibility of regaining public trust, if it endeavored to work on economic issues, i.e. would be able to finance its model. However, current developments show that the Belarusian leadership is clearly focusing on security and political issues and is searching for enemies to blame.

Polling memorandum is a new series launched by the BISS based on the data collected by independent polling agencies in Belarus. The current memorandum is the second issue and is based on the data provided by Independent Institute for Social, Economic and Political Studies (IISEPS).

[The full version](#) of the *June 2011 Polling Memo* in Russian, Belarusian and English appeared on the BISS website on July 18.

Research



Photo by nn.by

Overhauled European Neighbourhood Policy: What Should Belarus Expect?

May 25, 2011 saw a joint communication of the European Commission and High Representative of the European Union for Foreign Affairs and Security Policy 'A New Response to a Changing Neighbourhood', which presents the revised European Neighbourhood Policy (ENP). Discussing the implications of the ENP reform for Belarus, BISS' political analyst Yauheni Preiherman suggests that the revamped policy will have little significance for Belarusian-EU relations.

On the macro level, the renovated policy puts the priority on the Southern, not Eastern vector, with the events in Northern Africa and the Middle East being one of the major factors behind this focus. Yet, the revamped policy is remarkable for being virtually the first document to declare the Eastern Partnership as a geographic component of the ENP. Furthermore, Preiherman suggests that with the old principle "more for more" and the lack of clear mechanisms of practical implementation the revised ENP will be hard to ensure success.

With respect to Belarus, the EU policy is confronted by the lack of a single position on the country. While in the context of the "frozen" state of relations between officials in Minsk and Brussels, the revamped ENP is likely to mean an increase in the volume of support for the Belarusian nongovernmental sector, however, one should not expect a revolutionary growth in volumes of support.

Concluding that the revised ENP does not introduce any significant innovations into the framework of relations between Belarus and the EU, Preiherman suggests that there can still be positive examples of the practical implementation of values of the refurbished ENP such as the commencement of negotiations between the EU and Belarus on visa facilitation and readmission.

[The full version](#) of BISS blitz in Russian, Belarusian and English appeared on the BISS website on July 25, 2011



Attainment of a Single Rate: Problems, Challenges and Perspectives

Will a single rate be a reality as a result of measures announced by Lukashenka on August 30? Alena Rybkina of the BISS Agency for Political Expertise suggests that the perspectives of the action plan designed to stabilize the foreign exchange market in Belarus over the next month or two are unclear. She points out that the measures, delayed by the government as much as they could be, are not really new and not fully market oriented (such as preservation of the mandatory sale of foreign currency earnings (30%) at a fixed rate to pay for critical imports (energy resources and medical supplies) and carte blanche to the State Control Committee). While being better than nothing or tightening the screws, the new plan will not tackle the root problems, which the full liberalization of the market can do. Among the major challenges and problems Rybkina names the preservation of two exchange rates – administrative and market – and, therefore, stimulation of speculation and the shadow market. Thus, the experiments on the country's financial system are continuing and the confusion and incompetence of the top officials are becoming increasingly apparent. The path to a single rate is going to be tough and thorny.

[The full version](#) of the article in Russian appeared on the Agency for Political Expertise/BISS website on September 1

Belarus' Foreign Policy Index June-August 2011

The three summer months reviewed in the new issue of Belarus' Foreign Policy Index contain a number of events that have shaped foreign policy vectors during the period.

The negative EU vector has substantially shortened, which reflects the small steps taken by Minsk toward the West. Still the causes of the conflict between the EU and Belarus ongoing since December 2010 remained relevant. The crackdown of "silent" protests and the arrest of a human rights activist Ales Bialiatski who was accused of tax evasion furthered the confrontation. This tendency is clearly manifested in the quantitative and qualitative expansion

of EU sanctions. Thus, relations continue in the frame of contradictory trends and strategic uncertainty of both Belarus and the EU. On the other hand, Belarus' quest to ameliorate a tough phase of the conflict is forecasted to take precedence, as Moscow's pressure will continue to grow and EU requirements to return to the negotiation process (the release of political prisoners) remain quite acceptable for the authorities in Minsk.

On the contrary, the positive Russian vector has significantly lengthened thanks to further integration within the Customs Union and high level meetings. Belarus's dependency on Russian support, both in economic matters and in the international arena, is predicted to continue with more conditionality attached. Most likely, the Russian leadership will continue operations designed to split the Belarusian ruling class, and it is clear that the dismantling of the authority of Lukashenka and the "Belarusian model" in the Russian media will further develop.

Meanwhile the vectors of Ukraine, China and the developing countries of Asia, Africa and Latin America remained little affected. The most remarkable trend on the Southern "frontier" was the deterioration of the relations with Iran. Judging by the rhetoric and indirect signs, it is Minsk who was the initiator of this development.

The summer monitoring presents little change in relations within the five vectors. However, there are good reasons to predict their changes in the coming fall months.

[The full version of the Belarus' Foreign Policy Index in English, Russian and Belarusian is available on the BISS website \[www.belinstitute.eu\]\(http://www.belinstitute.eu\)](#)

Unknown-Belarus

Halshany: The Haunted Town

By Olga Loginova, New York

A few words from the author:

What can be more fascinating for an adventurous soul than picturesque ruins, haunted by the secrets of the distant past? Perhaps, each nation has its own legendary ruins, or even better, castles, palaces and caves that inspire poets and artists, and attract tourists and cash to the country. Belarus is no exception. Although little could have survived the two World Wars and 70 years of the Soviet Union, our Castles, or what is left of them, can also tell their fascinating stories to a curious traveler.

Travel adventures are unavoidable and as such have always been twisted bonuses of broadcast reporters working on wheels. Either your car gets stuck in the middle of nowhere, or your cameraman drinks himself into forgetting to push the Record button, or people you are supposed to interview disappear into thin air. As the proverb goes, it comes with the territory, that's why you always need a Plan B, when you need a good story.

Our Plan B, when my crew and myself went to unmask an alcoholic mother of five from Ashmyany (who by the time we got there had sobered up and behaved like the Mother of the Year), was visiting Halshany, a small Belarusian town to the North West from the Capital, which once was the stronghold of the two famous Belarusian families, the Halshansky and the Sapeha Dukes.

According to the Internet and colleagues' references, the biggest attraction of the place was the ghosts haunting the town; so as it was almost Halloween Eve, the story could be a nice kicker for the show.

When we came close to Halshany outskirts, it started to drizzle with that nasty autumn rain, which is universally disliked by TV crews. The stone lying near the main road to the town had an engraving of 1280 on its wet and shiny face. According to the chronicles, that was the year when Halshany was founded as a family estate by Duke Holsha. His glorious descendants turned Halshany into the influential trade centre of the Great Duchy of Lithuania, and three centuries later the noble kin declined, leaving no male heirs. Consequently in the 16th century Halshany went over to another famous Belarusian family, the Sapieha, one of who, Pavel Sapieha married the remaining Halshansky sister.

The Sapiehas were famous for their lust for luxury and power, and Pavel was not an exception. The first thing he did was rebuild the Halshansky estate into a magnificent fortified castle, surrounded by banks and

fosses. The Castle, which is now known as the Black Castle of Halshany, was considered the gem of medieval Belarusian architecture; it was beautiful on the inside, and unapproachable from the outside. It could serve equally well for royal receptions, or for withstanding a siege.

The only thing it couldn't survive was Time and the two World Wars of the 20th century. The Castle's last owner fled to Poland when WWII began, and the desolated castle was demolished leaving picturesque ruins as the reminder of its former grandeur.

Another famous construction founded by Duke Sapieha, was the building of the Catholic Franciscan monastery which has now become the branch of the National Arts Museum (The baroque building is in much better shape than the castle). Interestingly, both monuments once belonging to the Sapiehas are considered haunted by the spirits of innocently killed people.

Legends of Halshany

Driving through the mud roads of the town, we observed the plain sturdy cottages of the Soviet era, one-storey trade rows still reminding of the once prosperous town; random horse carts carrying wood, poorly dressed peasants and Lenin's monument on the main square.

Our first interview was with the director of the Museum. Cheslava Francauna Akulevitch; the extravagant lady in fur was waiting for us at the entrance. She led us inside. Although now turned into a museum, the solemn building has not lost the atmosphere of the Monastery: the echo of our steps wandering off and getting lost in the narrow corridors, the electric lamps blinking dimly and the thick walls covered in cracks.

Cheslava Francauna explained that there have been several attempts to renovate the building but they all ended badly. She made a meaningful pause: 'The Ghosts don't wish to be disturbed'.



Galshany with the eyes of Belarusian artist Jazep Drazdovich, 1929

It seems everybody in the museum has seen the ghost of the White Dame - a young beautiful woman in a long dress touched by decay and with eyes full of sadness and anger. Cheslava Akulevich readily shares the legend that has made this place so popular with visitors, ghost hunters and the press.

It all started centuries ago when Pavel Sapieha ordered the construction of the Monastery and the Cathedral in Halshany. Despite all the hard work the monastery walls would not hold strong, cracking up as soon as they had been erected. Duke Sapieha was a cruel man and he threatened to execute the workers. The builders decided that evil spirits interfering with the construction needed a human sacrifice. So the first woman to enter the site with lunch for her husband was doomed to be killed and immured in the basement of the monastery.

There was a young guy among the workers whose beautiful bride was always the first to bring the food. He prayed that she would be late that time, but alas the girl came on time. She was killed the moment she entered the place, and her young body was left in the wall. After that the monastery was built very quickly and with no further delays. However, from then on the monks would get terrified by the ghost of a young girl chasing them in the darkness.

Cheslava Francauna swears she has seen the girl drifting in the air, and playing with the electric switchers. More than that, when several years ago the museum was scheduled for a grand restoration, the vibration of machines disturbed the walls, and the big piece of plasterwork fell off

together with a piece of wall. Two construction workers started to clear up the mess and found the skeleton of a woman moored into the wall. They put the remains in the box and decided to bury them, but forgot to do so. Unexpectedly both of them died.

Shivers... We check the camera, - the battery is almost flat, but it seems Cheslava Francauna has more to say. Apparently, the White Dame is not the only Ghost of Halshany.

The ruins of the ancient Castle are haunted by the spirit of the Black Monk, who also likes to play cruel tricks on the curious visitors. This ghost is even older than the White Dame. Once he was called Hremislau Valyuzhinich, a poor man who fell in love with Hanna Halshanskaya, the daughter of the Duke. The girl also loved him, but when her father found out about their secret romance, he ordered to moor the poor fellow into the wall of the Castle (evidently the most effective way of getting rid of unwanted people). Since then the Black Monk has lived in the place, scaring off everybody who would stay in the ruins longer than needed.

Cheslava Francauna makes big eyes and whispers that more than anybody else the Black Monk dislikes journalists. Oh, good to know, as the Castle is our next point of destination.

Unknown-Belarus



The ruins of Galshany Castle, September 2011. Photos by Alena Lis

The Castle

Although nicknamed the Black Castle, the ruins are actually brick red, with scarce flora growing through the cracked walls. One could only imagine how huge and magnificent the Castle had been in the Golden Era of Belarusian History. Even now the brick rectangular carcass with the two surviving towers in its corners takes the breath away. The ruins are silent and ominous.

The plan is simple: a standup, and the video of the Black Monk promenading in front of the camera. Just in case the Ghost doesn't appear, I have a black cloth and some candles borrowed from the museum. Fun.

Apart from the spot lit by the headlights of our car, it is pitch

dark. Our driver is getting nervous, as the car needs to be returned to the garage by midnight. No ghost whatsoever and we cannot wait any longer. My cameraman helps me to wrap in the cloth and I head to the ruins. It's damn scary and dark there. The wind threatens to extinguish the candle fire. I am walking slowly in the ruins.

My cameraman (God bless his heart) says I need to climb up the tower stairs and stay in the window. This is exactly what I always wanted – to stay in the empty window of the haunted castle with my back to the possible attacking ghost. Still, here I go, risking the possibility of breaking my neck on the dark stairs.

I am coming closer to the hollow gap, one step at a time. I think I can hear my heartbeat, and something else behind my back. Maybe steps? I am too scared to face the darkness behind me. I am counting my breaths, wishing it to be over.

- Done! - The cameraman shouts from below, and the car lights instantly break the evil darkness.

I hurry downstairs, take a last glance at the Castle and jump into the car. Done with the spirits of the past and off to future adventures!

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[The Black Lady of Niasvizh Castle. Romantic Story of the Most Famous Ghost of Belarus](#)

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In Fact

- Belarusian swamps occupy an area of 2.5 million hectares (12.4 % of its territory) and are among the largest in Europe. Swamps produce several times more oxygen than forests and work as filters for water which feeds rivers and lakes. The Southern Region of Belarus Palesie is called the lungs of Europe.

- As many as 38 out of 150 castles have survived the two World Wars, Russian occupation and 70 years of Soviet Rule in Belarus. Among them are unique wooden and stone memorials belonging to different periods of Belarusian history, including the well-preserved Castle of Mir (Mirsky Castle, XVth AC) which was included in the UNESCO World Heritage Sites list.

- Belarus is included in the Struve Geodetic Arc, which is a chain of survey triangulations stretching over 2,820 km. It runs from Hammerfest in Norway to the Black Sea, passing through ten countries. In fact, it crosses Belarus twice: in the Brest and Hrodna Regions. The chain was established in the years 1816 to 1855 to measure the exact size and shape of the earth.

- The Sapiehas were the second influential family in the Great Duchy of Lithuania in XV-XVIII AC. The most famous of their representatives is Leu Sapieha, one of the greatest Belarusian political figures, renowned for his wisdom and statesmanship, a lawyer and military commander who stood at the head of the Grand Duchy of Lithuania at the times of its highest cultural blossoming.

Belarus Headlines is a joint project of the Office for Democratic Belarus, Belarus Digest and the Belarusian Institute for Strategic Studies. More information about these organisations can be found on their web pages.

Opinions expressed in Belarus Headlines do not necessarily represent the views of the editors