

## Introduction

Relations between the European Union and Belarus have seen little change since President Alexander Lukashenko came to power in 1994. Belarus has languished in a state of self-imposed political isolation despite the subsequent waves of enlargement – most notably, the 2004 enlargement which made Belarus a direct neighbour of the EU – and the formulation in 2004 of the European Union’s Neighbourhood Policy (ENP). The EU’s dual-track approach of imposing sanctions and trade restrictions whilst promoting democratisation in Belarus have so far yielded minimal results.

The EU renewed its offer in December 2006 “to the people of Belarus” of closer cooperation, in return for a series of democratisation measures, put forward in the form of an unofficial document. Today, however, there still exists no framework for political dialogue at the highest level between the EU and Belarus. The energy crisis between Belarus and Russia in December 2006-January 2007 created the impression that Belarus wished to move closer to the EU. However, one year later, Belarus appears to have mended its fences with Russia and has toned down its pro-EU rhetoric.

The aim of this paper, therefore, is to analyse whether the dynamics of EU-Belarus relations have changed at all one year after the oil and gas crisis, and if so, whether the EU has succeeded in increasing its leverage over the country. A first section briefly reviews the EU’s policy towards Belarus since the coming to power of Lukashenko. Next, the paper looks into the oil and gas crisis and examines if Russia has radically changed its policy towards Belarus, by effectively ending the subsidies. Thirdly, we analyse Lukashenko’s efforts to offset the effects of the oil and gas crisis and the seriousness of his pro-European rhetoric. The fourth part attempts to verify whether there are any fundamental changes in the dynamics of EU-Belarus relations following the oil and gas crisis and

## The EU’s Limited Response to Belarus’ Pseudo ‘New Foreign Policy’

George Dura

speculates on how the EU can engage with the people of Belarus more effectively. Finally, the paper puts forward a series of short-term and longer-term measures that the EU might consider, on the condition that Belarus commits to addressing the most basic requirements in the field of human rights and democratisation.

### 1. EU policy towards Belarus so far

Relations between the EU and Belarus swiftly cooled down after Alexander Lukashenko swept to power in 1994. Relations further worsened after Lukashenko held a referendum in 1996, thereby changing the constitution to extend his presidential mandate until 2001. Throughout 1996-97, President Lukashenko increasingly adopted an authoritarian style of government. As a result, the Partnership and Cooperation Agreement (PCA) negotiated in 1995 with the EU never entered into force, and neither did the Interim Trade Agreement. At the time, the EU grew concerned with the lack of separation of powers in Belarus, the absence of a dialogue between the authorities and the opposition, the worsening human rights conditions and the increasing restrictions on the freedom of the media and press. The EU refused to back Belarus’ candidacy for membership to the Council of Europe and until today, Belarus has not yet been accepted as a full member.

At the time when the EU was formulating its neighbourhood policy in 2003-04,<sup>1</sup> which paved the

<sup>1</sup> See European Commission, “Neighbourhood: A new framework for relations with our Eastern and Southern Neighbours”, 11 March 2003 (<http://ec.europa.eu/world/>)

George Dura is a Research Assistant at the Centre for European Policy Studies in Brussels.

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way for closer cooperation with the EU's eastern and southern neighbours, Lukashenko yet again modified the constitution through a grotesquely flawed referendum in 2004, which ensured his possible re-election *ad vitam*. The lack of democratic reforms and the violation of the most basic human rights in Belarus meant that Belarus was *a priori* excluded from the European Neighbourhood Policy. This has left the EU without a well-defined political and economic framework for conducting its relations with Belarus.

For well over a decade, the EU has consistently issued declarations and resolutions on Belarus, calling for urgent democratic reform, free elections, respect for fundamental human rights and freedom of the media and press. Trade, though steadily growing in recent years,<sup>2</sup> has remained below the its potential and EU financial assistance in the period 1991-2005 has totalled a mere €221 million.<sup>3</sup> The EU has re-directed aid predominantly to projects promoting democratisation, projects with a social vocation or projects linked to the legacy of the Chernobyl disaster.

The EU also took a number of negative measures and sanctions against Belarus, whilst trying to avoid direct harm to the population. These started with the decision to freeze the PCA and the Interim Trade Agreement in 1996 and to put an end to high-level political contacts with Belarus. The European Parliament also decided to withhold its assent on any bilateral agreement with Belarus. After the flawed presidential election in 2001 in Belarus, the EU slapped a visa ban on Belarus' leadership. This ban has been renewed on a yearly basis until today and currently comprises 35 persons, including judges and prosecutors involved in the harsh sentencing of opposition activists. The subsequent flawed presidential election in 2006 provoked the EU to impose a freeze on the assets of the blacklisted people. In June 2007, the EU also withdrew Belarus' trade preferences under the Generalised System of Preferences (GSP), after the International Labour Organisation voiced concern over the curtailing of the rights of trade unions in the country. Belarus also faces one of the most restrictive trade regimes with the EU in the textiles sector. Other EU partners such as the US and

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[enp/pdf/com03\\_104\\_en.pdf](#)) and European Commission, Strategy Paper on the European Neighbourhood Policy, 12 May 2004 ([http://ec.europa.eu/world/enp/pdf/strategy\\_strategy\\_paper\\_en.pdf](http://ec.europa.eu/world/enp/pdf/strategy_strategy_paper_en.pdf)).

<sup>2</sup> According to Eurostat data, bilateral trade has been picking up since 2004, when the total trade volume stood at €5.2 billion. In 2006, the total trade volume reached €8.7 billion.

<sup>3</sup> See the website of the EU TACIS Branch Office in Minsk (<http://www.delblr.ec.europa.eu/page84.html>).

Canada have followed the EU in its visa ban and also frozen the assets of the Belarusian leadership.

The EU renewed its calls for the democratisation of Belarus in December 2006, when the European Commission published a non-paper<sup>4</sup> addressed to the people of Belarus (in an obvious snub to the leaders of Belarus) in which it promises easier travel, increased trade and investment, cooperation in a number of sectoral policies (environment, transport and energy), cultural and educational exchanges, etc., in return for a series of democratisation measures to be carried out by the Belarus authorities (see Box 1). In this document, the EU explains to Belarus' population that their country cannot be included in the ENP and benefit from closer ties with the EU if their government does not end its self-isolation by proceeding with democratic reforms. The EU also pledges continued support for the broadcasting of independent TV and radio programmes to Belarus and support for Belarusian students studying in the EU.

The Commission's non-paper has meant significant moral support for the Belarusian opposition, adding an element of external legitimacy to their stance against Lukashenko's regime. Despite the fact that opposition activists have promoted the document in rallies and marches, so far the non-paper seems to have passed largely unnoticed by the wider Belarusian population. In addition, the Belarusian leadership did not attach any importance to it, as attested to by the local elections several weeks after the release of the EU's non-paper, in January 2007, which fell short of democratic standards and where excessive repressive measures were taken against the opposition.

For more than a decade, the EU's dual-track approach of imposing sanctions and trade restrictions whilst focusing its aid efforts predominantly on democratisation has not been able to influence the political situation in Belarus: Lukashenko remains in power with high rates of popular approval. The EU's leverage (political and economic) with regard to Belarus remains limited, in the absence of overwhelming popular support for the EU membership in Belarus (support hovers around 35%). Although the EU's non-paper puts the ball in the court of the Belarusian leadership, Belarus has never shown any sign of interest in joining the EU or indeed even its neighbourhood policy. On top of lacking an official framework through which to engage Belarus, the EU's task was further complicated by Russia's overbearing

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<sup>4</sup> European Commission Non-Paper, "What the European Union could bring to Belarus", 5 December 2006 ([http://ec.europa.eu/external\\_relations/belarus/intro\\_non\\_paper\\_1106.pdf](http://ec.europa.eu/external_relations/belarus/intro_non_paper_1106.pdf)).

presence, whose exclusivist approach with regard to Belarus holds no room for a *ménage à trois* with the EU. However, Russia made some changes in its policy at the end of 2006.

*Box 1. Democratisation measures demanded by the EU*

- Respect the **right** of the people of Belarus **to elect their leaders democratically** – their right to hear all views and see all election candidates; the right of opposition candidates and supporters to campaign without harassment, prosecution or imprisonment; independent observation of the elections, including by Belarusian nongovernmental organisations; their freedom to express their will and have their vote fairly counted.
- Respect the **right** of the people of Belarus **to independent information**, and to **express themselves freely** e.g. by allowing journalists to work without harassment or prosecution, not shutting down newspapers or preventing their distribution.
- Respect the **rights of non-governmental organisations** as a vital part of a healthy democracy – by no longer hindering their legal existence, harassing and prosecuting members of NGOs, and allowing them to receive international assistance.
- **Release all political prisoners** – members of democratic opposition parties, members of NGOs and ordinary citizens arrested at peaceful demonstrations or meetings.
- Properly and independently **investigate or review the cases of disappeared persons**.
- Ensure the **right** of the people of Belarus **to an independent and impartial judicial system** – with judges who are not subject to political pressure, and without arbitrary and unfounded criminal prosecution or politically-motivated judgements such as locking-up citizens who peacefully express their views.
- End arbitrary **arrest and detention**, and ill-treatment.
- Respect the **rights and freedoms** of those Belarusian citizens who belong to **national minorities**.
- Respect the **rights** of the people of Belarus **as workers** – their right to join a trade union and the right of trade unions to work to defend the people’s rights.
- Respect the **rights** of the people of Belarus **as entrepreneurs** to operate without excessive intervention by the authorities.
- Join the other nations of Europe in abolishing the death penalty.
- Make use of the support which the OSCE, the EU and other organisations offer to Belarus to help it respect the rights of its people.

*Source:* European Commission Non-Paper, “What the European Union could bring to Belarus”, 5 December 2006.

## 2. Shifts in Russia’s policy towards Belarus

For several years, Putin had been calling for an end to Russian subsidies to the Belarusian economy, granted mainly in the form of gas and oil deliveries at preferential price rates.<sup>5</sup> Eventually, the Belarusian authorities gave in to Russian/Gazprom pressure and agreed on 31 December 2006 to a last-minute protocol (signed on 18 May 2007) on the supply of oil and gas. The agreement stipulates the acquisition by Gazprom of 50% of Beltransgaz – the national Belarusian pipeline network which supplies Europe and domestic consumers – for \$2.5 billion. It also set down a gradual increase of the gas price paid by Belarus to Gazprom over the coming years, reaching the ‘European price’ by 2011. As of January 2007, the gas price jumped from \$46.68 to \$100 per 1000 cubic meters,<sup>6</sup> which nonetheless remains very low compared to the average price on the European market of \$250. In the first quarter of 2008, the gas price jumped to \$119 per 1000 cubic meters<sup>7</sup>, and is expected to rise to \$150 in the latter part of 2008.<sup>8</sup> In addition, Russian oil companies need to pay a customs fee of \$53 per tonne for exporting crude oil to Belarus, whereas previously this was duty-free. Finally, Belarus needs to transfer 70% of the tax revenues from refined oil products to Russia.

Furthermore, Russia scrapped plans to build a Yamal-Europe II pipeline, connecting Russia to Europe, through Belarus, despite Lukashenko’s offer of a five-year transit fee waiver if Russia abandoned the idea of the trans-Baltic Nord Stream pipeline.<sup>9</sup> Finally, Gazprom, which supplies annually 20 billion cubic meters of natural gas to Belarus, threatened once again in August 2007 to cut gas supplies to Belarus by 45% due to an unpaid

<sup>5</sup> Belarus News and Analysis, “Putin orders end to subsidies for Belarus”, 5 December 2006 (<http://www.data.minsk.by/belarusnews/052006/23.html>).

<sup>6</sup> Yakov Minkov, “Can the stronghold withstand an economic attack? The challenges and prospects of the Belarusian Economy in the Near Future”, Research Paper 8/2007, Office for a Democratic Belarus and Association for International Affairs, Prague, 2007, p. 22.

<sup>7</sup> Belarus News and Analysis, “Belarus to buy Russian gas at \$119 per 1000 cu m in 1Q08”, 1 January 2008 (<http://www.data.minsk.by/belarusnews/012008/1.html>).

<sup>8</sup> Interfax, “Russian gas could cost from USD 120 to USD 150 per 1000 cubic meters for Belarus in ‘08”, 1 November 2007 (<http://www.interfax.com/5/330853/news.aspx>).

<sup>9</sup> Radio Free Europe, “Russian Ambassador dismisses need for second line of pipeline via Belarus”, 2 November 2007 (<http://www.rferl.org/newsline/2007/11/3-ccc/cee-021107.asp>).

gas bill of \$456 million for gas deliveries in the first half of 2007.

The impasse in Belarus-Russian relations went much deeper than the energy dispute, and must also be sought in the fundamentally opposed visions held by Lukashenko and Putin about the Russia-Belarus state union. Putin has openly favoured an integration process by the absorption of Belarus into a union that Russia would dominate, essentially turning Belarus into a Russian province, whilst Lukashenko envisages nothing more than a loose confederation.

Russia's earlier gas and oil subsidies allowed the Belarusian economy to thrive and to show growth rates averaging 10% in the three years 2004-06,<sup>10</sup> thereby bolstering domestic support for Lukashenko. Estimates show that preferential prices for gas and the absence of export duties towards Russia on refined oil products represented about \$6 billion in additional revenues for Belarus, or about 13.5% of the country's annual GDP.<sup>11</sup>

Under the new conditions dictated by Moscow, however, Lukashenko's 'economic miracle' may become more difficult to sustain. Calculations indicate that in 2007, the deficit in the balance of payments caused by the gas and oil shock will be equal to \$1.6 billion.<sup>12</sup> Belarus may in the short run continue to rely on adjustment loans granted (increasingly be grudgingly) by the Russian Federation to cover its budget deficit, but it may become more inclined to consider certain economic reforms, a diversification of its energy supplies and the attraction of foreign capital and trade partners from the EU. On a recent visit to Slovakia, Valery Voronetsky, Deputy Foreign Affairs Ministers, was reported to have said that the Belarusian government attaches close attention to the development of a favourable investment climate through liberalisation and economic cooperation.<sup>13</sup>

If Belarus has thus far been able to ignore the EU's admittedly weak trade pressures, sanctions and declarations about human rights violations and the

need for democratisation, its worsening relations with Russia at the end of 2006 and for the better part of 2007 certainly created the impression that Belarus may look now to improve its relations with the EU. The row with Russia over gas and oil prices in December 2006-January 2007 prompted Lukashenko to tone down his anti-European rhetoric. From its side, the EU seemed more inclined than ever to start a dialogue on energy with Belarus as Brussels became increasingly wary of a possible disruption of Russian energy supplies transiting through Belarus to Europe.

### 3. Lukashenko's 'new foreign policy'

It was not unusual before the gas and oil crisis to hear in Minsk that, strategically, the EU cannot offer Belarus what its Eastern vector can offer in terms of oil and gas prices, markets, loans, etc. Since January 2007, the discourse has become a little more nuanced. It is still too early to clearly evaluate the scale of the social and economic impact of Russia's new policy towards Belarus, but the country started taking measures early on to offset the effects of the energy crisis as much as possible. Belarus introduced the concept of a 'new foreign policy' as a way to mark its independence from Russia, which was essentially based on two dimensions: diversifying its foreign energy supplies by fostering closer ties with energy-rich countries and adopting a clear pro-EU discourse in official declarations asking for closer cooperation with the EU in several mutually beneficial fields, namely energy.

Belarus is intent on decreasing its energy dependence on Russia. Its high-level contacts throughout 2007 with Venezuela, Iran, Azerbaijan, Nigeria but also Norway (all major oil or gas producers) can be seen as an attempted rebuff to Russia's high-handed energy policies and as a wish to reduce Belarus' total dependency on Russian energy imports. As part of its energy diversification efforts, Belarus is also looking into the possibility of building a nuclear power plant, despite the fact that a large part of its population is still suffering from the consequences of the Chernobyl disaster.

As regards trade, the Belarusian economy has been traditionally geared towards producing manufactured goods for the former Soviet market. Russia is the second largest trading partner of Belarus, after Germany, with bilateral trade reaching \$18 billion. Belarusian products are not as competitive on the EU market as they are on Russia's and other CIS markets. The customs union between Russia and Belarus further precludes a free trade agreement with the EU, but the EU-27 surpasses Russia as the leading destination for Belarusian exports (in 2006 45.6 % for the EU

<sup>10</sup> According to the IMF and Belarus official statistics, the growth rates were 11.4% in 2004, 9.3% in 2005 and 10% in 2006.

<sup>11</sup> Yakov Minkov, op. cit., pp. 22-23. The figures are for 2006 only.

<sup>12</sup> Belarusian Institute for Strategic Studies, "Bleeding Belarus: Economic outlook after the energy conflict with Russia", 10 January 2007 ([http://www.belinstitute.eu/images/stories/documents/bleeding%20belarus\\_economic%20outlook.pdf](http://www.belinstitute.eu/images/stories/documents/bleeding%20belarus_economic%20outlook.pdf)).

<sup>13</sup> The National Centre of Legal Information of the Republic of Belarus, "Belarus, Slovakia need to intensify cooperation", Valery Voronetsky says, 13 December 2007 (<http://law.by/work/EnglPortal.nsf/NewsBelForInt/83F72087844DD7F6C22573B000514451?OpenDocument>).

against 34.7% for Russia).<sup>14</sup> Despite the EU's trade sanctions and the removal of Belarus from the GSP (generalised system of preferences), which represents a loss of roughly €400 million per year for Belarus,<sup>15</sup> trade between Belarus and the EU is growing steadily.<sup>16</sup>

As part of its declared 'new foreign policy', the Belarusian leadership has also been making overtures to the EU. In January 2007, Lukashenko extravagantly claimed that he would rather adopt the euro and seek EU membership than adopt the Russian ruble and join a union with Russia under the terms dictated by the Kremlin. More seriously, he expressed his wish to see the EU open up its internal market for Belarusian products. Advocating an open and honest dialogue with the West, he considered that the present moment was favourable for mending ties<sup>17</sup> and has proposed to start cooperating with the EU in mutually beneficial areas, such as energy, transport, illegal migration, etc. Belarusian officials have also announced plans to liberalise Belarus' visa regime for EU citizens and express hope that bilateral relations may advance from a simple free trade relationship to more advanced forms of economic cooperation.<sup>18</sup>

In addition, Belarus is keen to receive investments from the EU. Many state-run companies and assets may be privatised in the near future, state assets being estimated at \$132 billion.<sup>19</sup> Attracting foreign, in particular EU investment, thereby, also serves as a safeguard towards future aggressive tactics from Russia. Lukashenko himself claimed in the aftermath of the energy crisis with Russia that "if Western energy companies had had stakes in the Belarusian energy transport networks, Russia would never have acted so brutally" adding that "eyes in

<sup>14</sup> European Commission, EU-Belarus trade in 2006 ([http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_113351.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113351.pdf)).

<sup>15</sup> Charter 97, "EU decides to impose mini-trade sanctions on Belarus", 21 December 2006 (<http://www.charter97.org/eng/news/2006/12/21/rada>).

<sup>16</sup> Trade in 2006 stood at €8.7 billion, growing by almost 25% compared to 2005. See ([http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_113351.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113351.pdf)).

<sup>17</sup> Belarus News and Analysis, "Lukashenko sets out rare pitch to Western investors", 26 January 2007 (<http://www.data.minsk.by/belarusnews/012007/607.html>).

<sup>18</sup> Belarusian Ministry of Foreign Affairs, Statement by Deputy Minister of Foreign Affairs of the Republic of Belarus Mr. Valery Voronetsky at the EU Conference "Working Together – Strengthening the European Neighbourhood Policy", Brussels, 3 September 2007 (<http://www.mfa.gov.by/en/press/official-releases/fa1aad88b52f8cdf.html>).

<sup>19</sup> Charter 97, "Abramovich plans to buy Belarusian oil and chemistry industry", 5 October 2007 (<http://www.charter97.org/index.php?c=ar&i=412&c2=&i2=0&p=1&lngu=en>).

Russia are sparkling when speaking of future privatisation of Belarusian industry".<sup>20</sup>

However, Lukashenko's 'new foreign policy' failed to seduce the EU and it did not result in any democratisation at home. Instead, the pro-European rhetoric is perceived as being used as an irritant towards Moscow. The fears of an economic and social backlash following harsher terms of trade for energy imports from Russia have not materialised and Lukashenko's grip on power has not diminished. He is still widely popular and can count on rates of support between 50 and 60%, while the anti-Lukashenko electorate represents slightly over 30% of the population.<sup>21</sup>

The Russia-factor remains the key to Belarusian foreign policy one way or the other. Despite the economic costs resulting from the increased prices for Russian energy, relations with Russia seem actually to be on the mend, as attested to by a two-day visit by Putin to Minsk in mid-December 2007.<sup>22</sup> During that visit Lukashenko wished to show a relatively united Russia-Belarus front to the outside world and underlined that "Belarus and Russia are making an immense contribution to the European continent's economic and socio-political stability" and that "reciprocal steps are expected from the EU" in this regard.<sup>23</sup>

However, speculation about speeding up the establishment of a Russia-Belarus union may not materialise very soon. Currently, the bruised bilateral relations need a lot of patching-up. Belarus will continue to pay higher prices for gas and oil (this was reconfirmed during the meeting). In return the Belarusian government is raising the transit tariff of Russian oil headed westward through the Druzhba pipeline by 16% on 1 February 2008, presenting an additional income to the state budget of \$31 million.<sup>24</sup> This goes against the logic of building a so-called 'state-union' in which oil and

<sup>20</sup> Interview with Alexander Lukashenko, by Alexander Rahr in *Die Welt*, 25 January 2007 ([http://www.welt.de/print-welt/article711195/Die\\_Opposition\\_ist\\_in\\_Weissrussland\\_k\\_eineswegs\\_verboten.html](http://www.welt.de/print-welt/article711195/Die_Opposition_ist_in_Weissrussland_k_eineswegs_verboten.html)).

<sup>21</sup> Results are taken from an IISEPS opinion poll of May 2007, "Trends of change in Belarusian public opinion about some social-economic and political problems" (<http://www.iiseps.org/etrends.html>).

<sup>22</sup> Official website of the President of Belarus, "Alexander Lukashenko meets with President of the Russian Federation Vladimir Putin", 13 December 2007 (<http://www.president.gov.by/en/press48860.html#doc>).

<sup>23</sup> Interfax, "Minsk expects reciprocal steps from Europe in response to stable energy supply", 14 December 2007 (<http://www.interfax.com/5/346855/news.aspx>).

<sup>24</sup> Belarus News and Analysis, "Belarus to raise oil transit tariff 16% on Feb 1", 9 January 2008 (<http://www.data.minsk.by/belarusnews/012008/34.html>).

gas would be as cheap in Belarus as in Russia. Lukashenko's trust in Putin seems to have been shaken by the energy crisis, and he has in any case a record of stalling and restarting the process of building a state-union with Russia. Since 1996 no consensus has been found as to the final shape of the state-union, despite the existence of a draft constitution since 2006.

Nothing in the latest visit of Putin to Minsk, where the issue of the state-union was put again on the table after the energy crisis, indicates that Lukashenko will act differently this time. Lukashenko received a \$1.5 billion loan, which looks almost tailored to cover the \$1.6 billion in losses incurred to the Belarusian budget in 2007 following the energy crisis. In return, Russia received assurances of Lukashenko's willingness to host Russian tactical nuclear weapons on his country's territory in a response to the deployment of a US missile defence shield in Eastern Europe. Despite the impressions created during Putin's visit, there appears to have been no major breakthrough on the state-union. Instead, relations with Russia almost seem to have gone back to 'business as usual'.

#### 4. EU engagement in Belarus after the energy crisis

Over the past four years, EU foreign policy towards its neighbours has evolved substantially, through the formulation of the ENP and through the EU's enlargement to Belarus' neighbours in Central and Eastern Europe. This has created new opportunities for EU-Belarus relations. Has the Russo-Belarus energy crisis altered the dynamics of EU-Belarus relations? Presently, the EU prefers to stick to its previous point that the EU will open up the ENP offer to Belarus if Minsk will start implementing the Commission's non-paper of December 2006, with its list of democratisation measures.<sup>25</sup> However, some member states seem willing to engage even further with Belarus. In addition, the European Commission has shown signs that it might consider certain forms of dialogue at a more technical level.

As things stand at present, Belarus is not interested in the ENP offer, because the price to be paid by the political elite for strengthening ties with the EU is too high. In terms of aid, the ENP might in the best of circumstances offer something between what Moldova and Ukraine are now set to receive: Moldova will receive over €210 million in the period 2007-10,<sup>26</sup> whereas Ukraine will receive

€647 million for the same period.<sup>27</sup> In addition to direct financial aid, Belarus could also benefit from loans from the European Investment Bank and European Bank for Reconstruction and Development. The increased bilateral trade through access to the EU's market would also be beneficial for the Belarusian economy. However, the economic benefits of increased cooperation with the EU are dwarfed by the subsidies and economic cooperation with Russia, even in the post-'oil and gas crisis' setting. In addition, Lukashenko would have to democratise Belarusian politics and society, thereby seriously jeopardising his future as Belarus' president. He would also have to open up the state-run economy which has been providing so generously for his power base, supporters and closest allies for over a decade.

Instead, Belarus has expressed an interest in developing pragmatic relations with the EU centred on cooperation in certain mutually beneficial areas and based on non-interference in its domestic affairs. In September 2007, the deputy minister of foreign affairs of Belarus, Valery Voronetsky, renewed calls for cooperation at the EU's conference on "Working Together – Strengthening the European Neighbourhood Policy" by stating that "we [Belarus] offer to carry out serious joint European projects to secure the protection of transit, including the physical security of oil and gas pipelines".<sup>28</sup>

Indeed, Belarus' role as a crucial transit country for Russian oil and gas cannot easily be overlooked in Brussels, especially in view of the EU's growing dependence on Russian energy.<sup>29</sup> A total of 46.7 billion cubic meters of Russian gas will have transited to the EU via Belarus in 2007, 15.7 billion of which will have passed through the Beltransgaz pipeline and the rest (around 30 billion cubic meters) through the Russian-owned Belarusian

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[romanian/moldova/story/2008/01/080114\\_voronin\\_bruelles.shtml](http://www.romanian/moldova/story/2008/01/080114_voronin_bruelles.shtml)).

<sup>27</sup> Radio Free Europe, "EU announces €647 million in aid for Ukraine", 7 March 2007 (<http://www.rferl.org/featuresarticle/2007/03/f6a07297-f45f-4bd0-96a8-41998d151d42.html>).

<sup>28</sup> Belarusian Ministry of Foreign Affairs, Statement by Deputy Minister of Foreign Affairs of the Republic of Belarus Mr. Valery Voronetsky at the EU Conference "Working Together – Strengthening the European Neighbourhood Policy", Brussels, 3 September 2007.

<sup>29</sup> See Eurostat press release, "Russia third trade partner of the EU27", 25 October 2007 ([http://epp.eurostat.ec.europa.eu/pls/portal/docs/PAGE/PGP\\_PRD\\_CAT\\_PREREL/PGE\\_CAT\\_PREREL\\_YEAR\\_2007/PGE\\_CAT\\_PREREL\\_YEAR\\_2007\\_MONTH\\_10/6-25102007-EN-BP.PDF](http://epp.eurostat.ec.europa.eu/pls/portal/docs/PAGE/PGP_PRD_CAT_PREREL/PGE_CAT_PREREL_YEAR_2007/PGE_CAT_PREREL_YEAR_2007_MONTH_10/6-25102007-EN-BP.PDF)).

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<sup>25</sup> European Commission Non-Paper, op. cit.

<sup>26</sup> BBC Romanian News, "Voronin-Barroso meeting in Brussels", 14 January 2008 (<http://www.bbc.co.uk/>

stretch of the Yamal-Europe pipeline.<sup>30</sup> Around 20% of the EU's gas imports from Russia transit through Belarus, having as their main destination Poland, Germany and Lithuania.<sup>31</sup> Gazprom's take-over of 50% of Beltransgaz, under strong Russian pressure, is viewed warily in the EU. The move comes in the midst of European Union efforts to formulate a coherent external energy policy.<sup>32</sup> On 19 September 2007, the Commission also tabled a proposal for a third energy liberalisation package which "proposes a requirement that third country individuals and countries cannot acquire control over a Community transmission system [...] unless this is permitted by an agreement between the EU and the third country."<sup>33</sup>

Not surprisingly, therefore, energy is one of the areas where the EU and Belarus face fairly similar concerns and have decided to take certain preliminary steps towards cooperation. A bilateral delegation of experts on energy met last June, but a follow-up meeting was delayed indefinitely by the EU after the series of arrests of opposition youth activists in August. Nonetheless, in the field of energy, the EU is expecting to launch a serious energy cooperation dialogue with Belarus and set up an early warning mechanism.<sup>34</sup>

Without being able to engage official Belarus within the framework of the ENP, the EU has to explore other foreign policy tools. The EU is intent on continuing and reinforcing its policy towards the Belarusian grass-roots and society at large. Despite all the anti-European propaganda in the Belarusian state-controlled media, opinion polls show that more than 50% of Belarusians support closer cooperation with the EU<sup>35</sup> and that 36% would vote in favour of

their country's accession to the EU in a referendum.<sup>36</sup> These levels of domestic support for the EU are clearly more than sufficient therefore to justify greater EU involvement in Belarus.

In the area of democratisation and support for a free and democratic civil society, the EU encounters legal difficulties to provide financial support to civil society organisations, due to the fact that many NGOs are not allowed to legally register or are closed down after they register. The EU's support for opposition movements also remains declaratory and symbolic. The EU will continue to focus its efforts on providing grants to NGOs for mainly apolitical and socially-oriented projects. In addition the EU will continue to provide scholarships for students. The EU, for instance, also offers generous financial assistance to the Belarusian European Humanistic University in exile just across the border, in Lithuania's capital Vilnius. However, the EU's impact remains limited, as long as the Belarusian authorities continue to harass NGOs and are responsible for individually approving the EU student scholarships.

In the field of support to the independent media, the EU seems to have a freer hand. At present, the European Commission is supporting through a € million project the production of independent TV and radio programmes that are aired in Belarus, by the international satellite TV station RTVI and by the "European Radio for Belarus" radio station broadcasting from Poland.<sup>37</sup> The Commission's aim is to provide objective information about the EU and its policies and about world affairs and Belarusian politics. It also intends to launch a project in the coming months that would see the development of electronic content covering the European Union and events in Belarus. Belarus will also benefit from an overall EU media-support project addressed to all ENP partners.<sup>38</sup> However, the impact of the EU's media campaign remains limited. A recent poll has shown that only a small fraction of the Belarusian population has watched the RTVI (6.9%) or listened to radio stations broadcasting from EU countries.<sup>39</sup>

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<sup>30</sup> Vladimir Socor, "Gazprom taking over the pipelines in Belarus", *Eurasia Daily Monitor*, The Jamestown Foundation, 21 May 2007 ([http://www.jamestown.org/edm/article.php?article\\_id=2372177](http://www.jamestown.org/edm/article.php?article_id=2372177)).

<sup>31</sup> European Commission, "The Gas Coordination Group evaluates the recent Russian-Belarus gas dispute", 4 January 2007, press release IP/07/3.

<sup>32</sup> See for instance the Conclusions of the European Council of 8-9 March 2007, and the European Council's Action Plan (2007-2009) for an Energy Policy for Europe ([http://www.consilium.europa.eu/ueDocs/cms\\_Data/docs/pressData/en/ec/93135.pdf](http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ec/93135.pdf)).

<sup>33</sup> European Commission, Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EC) No 1775/2005, p. 7, 19 September 2007 ([http://ec.europa.eu/energy/electricity/package\\_2007/doc/2005\\_1775\\_regulation\\_amending\\_en.pdf](http://ec.europa.eu/energy/electricity/package_2007/doc/2005_1775_regulation_amending_en.pdf)).

<sup>34</sup> Andris Piebalgs, EU Energy Commissioner, "EU's response to the global energy challenges", speech at the Vilnius Energy Security Conference, 11 October 2007.

<sup>35</sup> Grzegorz Gromadzki, Vitali Silitski and Lubos Vesely, "Effective Policy towards Belarus – A Challenge for the

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enlarged EU", *European Choice for Belarus* series, Stefan Batory Foundation, Warsaw, April 2005, p. 2.

<sup>36</sup> Independent Institute of Socio-Economic and Political Studies (IISEPS) National poll: "Trends of change in Belarusian public opinion about some social-economic and political problems" (<http://www.iiseps.org/etrend.html>), numbers are for May 2007.

<sup>37</sup> Media Consulta press release (<http://www.media-consulta.com/505.htm>).

<sup>38</sup> Belarus News and Analysis, "EU To Launch Two Projects For Independent Media In Belarus", 20 September 2007 (<http://www.data.minsk.by/belarusnews/092007/157.html>).

<sup>39</sup> Independent Institute of Socio-Economic and Political Studies (IISEPS) National poll: "Trends of change in

Furthermore, almost two-thirds (58.3%) of Belarusians do not have access to the internet.<sup>40</sup> Finally, the EU has been unable to provide substantial support to the independent press in Belarus. There exist fewer and fewer independent newspapers, which in any case do not have assured access to the state-run distribution service. In addition, journalists who refuse self-censorship are too often prosecuted for libel against political figures.

EU policy towards Belarus has become more contested in debate between the member states since the 2004 enlargement, with neighbouring new member states advocating the opening of a political dialogue and the strengthening of trade relations. Despite the publication of its non-paper reflecting a principled, non-compromising approach, the Commission has also invited second-tier Belarusian officials (i.e. the deputy minister of foreign affairs) to Brussels and has also organised talks on energy cooperation, after the energy crisis. In addition, now that Belarusian neighbours such as Poland, Lithuania and Latvia have joined the EU and articulate their interests with regard to Belarus at EU level, there appears to be a certain lack of coordination. For instance, the EU initially failed to find an agreement in December 2006 on the removal of Belarus from the GSP due to Polish and Lithuanian opposition for fears that this would hurt their respective economies. A consensus was finally reached six months later, in June 2007.

There is also the question how the EU's policy towards Belarus is perceived by Eastern ENP states. ENP states tend to perceive their relations with the EU as purely bilateral and do not place it in the wider regional context covered by the ENP. As a result, ENP states do not always support the EU's policies towards Belarus. For understandable cultural and historical ties and above all trade relations, Ukraine, Moldova and Georgia do not always align with EU CFSP statements on Belarus, they have not aligned on the visa ban imposed by the EU, and certainly do not intend to introduce trade sanctions.

If EU-Ukraine relations turn into an ENP 'success story', this might have some influence on Lukashenko. Most visibly during the summer of 2007, Ukraine and the EU reached an agreement on easing *Schengen* visa restrictions for Ukrainians, which entered into force in January 2008. At the

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Belarusian public opinion about some social-economic and political problems" (<http://www.iiseps.org/etrend.html>).

<sup>40</sup> Independent Institute of Socio-Economic and Political Studies (IISEPS) National poll: "Trends of change in Belarusian public opinion about some social-economic and political problems" (<http://www.iiseps.org/etrend.html>).

same time, however, Belarusians are faced with the rising cost of *Schengen* visas (up to €60). This is all the more problematic for the people of Belarus, given their border with three new EU member states, Poland, Lithuania and Latvia, all of which became part of the *Schengen* area on 21 December 2007. Similarly, the EU and Ukraine are preparing to negotiate a deep free trade agreement, which would substantially open up bilateral market access,<sup>41</sup> whereas Belarus is facing trade sanctions.

## 5. Conclusion and recommendations

The EU retains little effective leverage on the Belarusian regime. Its engagement in the field of democratisation has to date remained rather modest, since there is little that the EU can do without the cooperation of the Belarusian authorities. However, the Belarusian authorities are willing to start cooperating on several sectoral issues with the EU. In addition, Minsk does not seem to oppose establishing some kind of a political dialogue with the EU, as it may also produce the side-effect of temporarily silencing the opposition. The EU has also made efforts in 2007 to define a strategy on Central Asia,<sup>42</sup> with countries sharing political similarities with Belarus.<sup>43</sup> The EU could, therefore, consider a number of additional measures with regard to Belarus, such as:

- Propose the opening of a dialogue on human rights (notably on the imposition of a moratorium on the death penalty, which is used less frequently in recent years, the release of political prisoners, and a halt to the continuous harassment of NGOs and political activists).
- Propose the opening of a dialogue on the disbursement of EU aid to Belarusian civil society organisations and students (in order to remove obstacles that prevent EU assistance from effectively reaching NGOs and students).
- Offer direct assistance – as opposed to only financing broadcasts from abroad – to the free press and media within Belarus for coverage of EU affairs, through language courses, training

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<sup>41</sup> Roman Olearchyk, "EU offers Ukraine closer ties to Brussels", *Financial Times*, 14 October 2007 (<http://www.ft.com/cms/s/0/41ec5b92-62c6-11dc-b3ad-0000779fd2ac.html>).

<sup>42</sup> EU Council, "The EU and Central Asia: Strategy for a new partnership", 31 May 2007 (<http://register.consilium.europa.eu/pdf/en/07/st10/st10113.en07.pdf>).

<sup>43</sup> EU External Relations Council Conclusions on Uzbekistan, 15 October 2007 (<http://register.consilium.europa.eu/pdf/en/07/st13/st13568-re01.en07.pdf>).

programmes and visits in Brussels. Such direct support could consist of financing a number of Belarusian 'EU correspondents' in Brussels, who can report back on the EU in their local newspapers.

- Reduce the EU visa fee from €60 to €35 for various categories of people (without going so far as to offer visa-facilitated travel), such as students, academics, businessmen, human rights activists, civil society representatives, journalists, etc.
- Continue the technical consultations on energy cooperation and stating the EU's readiness to invest in Belarusian energy infrastructure.

Other measures that could be considered in a longer-term perspective, provided that the above measures are being implemented with some degree of success, are:

- Unilaterally draw up an EU-Belarus Action Plan, which would complement the European Commission non-paper of December 2006 and make the ENP offer more concrete.
- Include Belarus in relevant regional cooperation initiatives such as the Northern Dimension (where Belarus is encouraged to participate in expert level cooperation).<sup>44</sup> Also perhaps the Black Sea Synergy, which will encompass the eastern dimension of the ENP, and will complement sectoral EU programmes in areas like migration, border management, fighting organised crime, security, energy, transport and environment, so as to prepare for an eventual inclusion of Belarus into the ENP.
- Pledge support for the inclusion of Belarus as a member with full rights in the Council of Europe, provided the human rights issues are addressed.
- Pledge support for the integration of Belarus into the WTO.

Additionally, the Belarusian authorities could start taking a small number of symbolic steps with a low political price from the list of EU democratisation measures, such as:

- Release all political prisoners.<sup>45</sup> This would be a highly symbolic gesture for the EU and the Belarusian opposition, which would not seem so politically risky for Lukashenko, whose popularity remains high.
- Apply a moratorium on the death penalty.
- Refrain from obstructing the registration process and the effective campaigning by opposition candidates in the upcoming parliamentary elections in 2008.
- Allow the registration of Belarusian NGOs, which would provide the authorities with more transparency regarding the activities of civil society organisations and would allow NGOs to freely and openly carry out their activities.
- Improve the conditions of the labour unions so as to work towards removing the EU's trade sanctions (the Belarusian government has been considering steps in this direction).

The January 2007 energy crisis between Russia and Belarus may have made the Lukashenko regime more wary of Russia and perhaps more inclined to reason with the EU. Energy security preoccupies both Belarus and the EU. If technical cooperation in this field were successful, it could become a stepping stone towards cooperation in other sectors.<sup>46</sup> The basic limitation for EU-Belarus relations is that, strategically, Belarus has not so far set itself the ambition of joining the EU, unlike Ukraine, Moldova and Georgia.

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<sup>44</sup> Finnish Presidency of the EU, "Northern Dimension Policy Framework Document", adopted at the Helsinki Summit on 24 November 2006, p. 2 ([http://ec.europa.eu/external\\_relations/north\\_dim/doc/frame\\_pol\\_1106.pdf](http://ec.europa.eu/external_relations/north_dim/doc/frame_pol_1106.pdf)).

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<sup>45</sup> The Belarusian authorities have released a small number of political prisoners in early 2008, under pressure from the West. Certain high-level political prisoners (such as Alexander Kozulin, former presidential candidate, Andrei Klimau, former deputy and Alexander Zdzvishku, a journalist) remain in jail.

<sup>46</sup> In fact, the European Commission has just announced (28 January 2008) that further technical meetings will take place on energy, transport and the environment following the release by Belarus of three political prisoners.

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