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One Year after the Sanctions: Is Europe ready for the Belarus crisis?

The results of the ongoing normalization in relations between the EU and Belarus have been very modest, as have the domestic changes, which the turn in the European policy was intended to assist. Meanwhile, Moscow reacted to Alexander Lukashenko's perceived "drift to the West" by toughening its approach towards Minsk. A new crisis in the east of Europe may be in the making.

On February 15, 2016, the EU decided not to prolong the sanctions it had imposed five years earlier on the regime of Alexander Lukashenko in response to brutal repressions against the Belarusian political opposition. The sanctions were lifted as a reward granted to Minsk in return for the release of remaining political prisoners, for the less oppressive presidential campaign of 2015 and – perhaps above all – for Belarus's refusal to fully support Russia in the conflict over Ukraine. At the same time, the decision was driven by hopes and expectations that the normalization of relations between Europe and Belarus would stimulate the latter to start domestic liberalization and economic reforms.

The timing was also quite suitable for Brussels to test its revised "customer-friendly" European Neighbourhood Policy, with less emphasis on values and more attention paid to raising partner countries' resilience. In turn, Minsk was willing to explore new funding opportunities and to diminish its excessive dependence on Moscow.

Today, a year later, it is apparent that the results of the EU–Belarusian rapprochement have been quite modest. In practice they are most visible, besides minor EU project funding, in the sphere of migration. The EU and Belarus have signed

the so-called Mobility Partnership and have generally advanced in the negotiations on visa facilitation and readmission. Furthermore, from January 2017 EU citizens, as well as nationals from a total of 80 countries, can visit Belarus for five days visa-free.

Political liberalization, however, did not take place. Even though one opposition candidate and one representative of civil society were elected to the national parliament during the 2016 elections, the OSCE found most of its previous recommendations ignored and was able to cite only a slight improvement in the general conduct of the elections. The media and political activists remain under pressure. The EU–Belarus Human Rights Dialogue showed little convergence on core issues, including the death penalty, which is still applied in the country.

Nor did economic changes get underway. Despite some reformist rhetoric, Minsk has rejected the conditionality put forward by the IMF (a loan of 3 billion US dollars is offered in return), which also blocks the way towards EU macroeconomic assistance. The government prefers to stick to the old model, namely to maintain the state's commanding role in the economy and support the public sector and the Soviet-style welfare system. As Lukashenko said

in October 2016, "we have already had all the reforms".

The problem is that the model, the basis of the regime's domestic legitimacy, no longer functions. In 2016, Belarus's GDP fell by 2.6% and now remains at the 2007 level. Exports have decreased by 13%. The country has only 4.9 billion dollars in gold and currency reserves, whereas the external debt due in 2017 alone amounts to 3.4 billion. Seeking to increase the budget revenue, the authorities prosecute businesses, raise utility tariffs, and tax so-called "social parasites", namely people without official employment.

Meanwhile, Moscow apparently regards Lukashenko's flirtation with the West rather jealously, even if the results are meagre, and is creating additional leverages vis-à-vis its "closest ally". What is to be expected is a "less for more" policy aimed at securing the full loyalty of Belarus in the geopolitical standoff between Russia and the West with minimum expenses.

In fact, the Russian–Belarusian relationship has already been significantly re-shaped. Generous Russian subsidies, which have traditionally been the main source of the Belarusian "economic miracle", are not available today. In 2016, Moscow refused to lower the gas price, as requested by Minsk, and as a result

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the latter currently owes Russia 550 million dollars. In the second half of 2016, Russia cut the supplies of crude oil from 12 to 6.5 million tons, which incurred an estimated 1.5 billion USD loss in export revenues for Belarus. The Russian authorities drastically limit agricultural imports from Belarus. Macroeconomic assistance from the Eurasian Economic Union (EEU) is routinely postponed.

In turn, Alexander Lukashenko is doubling down and demonstrating disobedience. Minsk refused to conclude an agreement that would allow Moscow to have an air force base in Belarus. It unilaterally raised the fees for the transit of Russian oil. In December, the Belarusian leader chose not to show up at the summit of the EEU in Saint Petersburg and is dragging his feet over the signing of a new Customs Code of the Union. The Belarusian authorities have recently arrested three bloggers promulgating the ideology of the “Russian world” in the country. In short, the bilateral conflict continues to escalate.

It would simply be irresponsible to predict that the trend will necessarily lead to the removal of Alexander Lukashenko by Moscow or the “voluntary reunification” of Belarus and Russia along the lines of the Crimean scenario. Possibly, a temporary compromise will be

found. At the same time, it is obvious that Belarus is no longer the island of stability in the EU’s Eastern Neighbourhood that it once was.

The EU’s current, post-sanctions policy of technocratic “go-slow” re-engagement with Belarus is a fair weather policy. The time may be ripe, however, to start thinking about the previously unthinkable, be it economic collapse in Belarus, radical internal transformations or an externally-triggered crisis. All of these scenarios would require a much higher level of preparedness, commitment and resources from Europe.