

Regional Report

Belarus Expands Cooperation with the Russian Regions

By Sergei Sarychev, Kursk

Russia's cooperation with Belarus has transitioned from a period of romantic expectations for a united government to one of pragmatic business deals. While efforts to promote integration have stagnated, Belarus has been actively developing trade ties with the Russian regions. The ties are lopsided since Russia sends investment and goods to Belarus, while Belarus only sends goods to Russia. Currently, the two sides have no alternative to the existing relations, though the situation could change with Russia's entry into the World Trade Organization if Russia seeks to make its industry more competitive internationally. As Belarus President Aleksandr Lukashenko told Altai Krai Governor Aleksandr Karlin on 8 June 2006, "Belarus's cooperation with the Russian regions saved the union of the two countries." Thus, while bilateral relations are making little progress in terms of integration, trade relations between the countries are expanding rapidly.

Relations between Russia and Belarus are developing against the background of an incipient union between the two countries. The union foresees the creation of a united customs and economic space, unified energy and transportation systems, intensified cooperation in humanitarian and social spheres, and common foreign, defense, and security policies. The main institutions of the union have already been established—the Supreme State Council, which includes the heads of state, parliamentary speakers, and prime ministers, and the Council of Ministers, consisting of members of the two countries' governments. The main working institution of the union government is the Permanent Committee. The union government is planning to create a parliament in the future. Members of the lower house of the parliaments in both states are working on a Constitutional Act for the union. The main principles of the new act will be preserving the sovereignty, equal rights, and international status of each of the members of the union, according to the official web site of the Russian embassy in Belarus (<http://www.belarus.mid.ru>).

Many of the aspects of the union are simply declaratory and the actual level of cooperation varies from one sphere of activity to the next. The relations between Russia and Belarus are well grounded in law since there are more than 120 inter-state and inter-governmental agreements. Most importantly, there is an agreement on creating a unified customs space.

Economic integration is moving slowly. The unified currency was not introduced as planned in 2005, nor is there agreement on issues of taxation, budgets, credit policy, insurance, or monetary policy. Nevertheless, the trade ties of the two countries are rapidly increasing. Bilateral turnover was \$15.8 billion in 2005, according to the Russian embassy in Belarus. Belarus makes up 6 percent of Russia's foreign trade,

while Russia accounts for 50 percent of Belarus's trade. The figures are growing rapidly: in the first two months of 2006, Belarus's overall trade turnover was \$6.16 billion, growing from the analogous period a year earlier by 38 percent, mainly on account of the country's trade with Russia. Today, Belarus is heavily dependent on its trade with Russia.

There is intense foreign policy cooperation between Russia and Belarus and their positions are often the same or similar on the main issues. They work together closely in such international organizations as the UN and the CIS. According to the Russians, they are also strengthening their cooperation in the spheres of defense, security, counter-terrorism, and combating crime.

Russia and Belarus are also working together to create a "unified information space." The majority of cable television networks in Russia retransmit Belarus-TV. Every Thursday Radio Rossii broadcasts an hour-long discussion of issues in Russian-Belarusian integration, while Radio Mayak produces similar shows with even greater frequency. The mass media of Russia and Belarus cooperate through the Information Agency of Belarus and Russia (<http://www.soyuzinfo.ru>). This agency provides news about Belarus to regional newspapers in Russia and news about Russia for newspapers in Belarus. The web sites of the Belarusian embassy in Moscow (<http://www.embassybel.ru>) and the Belarusian president (<http://www.president.gov.by>) focus on the audience working with the Russian part of the Internet and have lots of information about the cooperation of Russian regions with Belarus.

Belarus's Relations with the Russian Regions

Belarus's relationship with the Russian regions has been key to the development of ties between the

countries. Currently, Belarus has direct relations with 68 of Russia's 88 regions (http://www.embassybel.ur/commercial_economic_relations/regional_cooperation). Most of these agreements address concrete economic projects. The city of Minsk and Belarus's six oblasts have region-region agreements with 80 Russian regions. Six Russian regions have representations in Minsk, while Belarus has consulates in dozens of Russian regions.

Belarus's most dynamic relations are with Moscow, St. Petersburg, Moscow Oblast, Smolensk, Yaroslavl, Bryansk, Tyumen, Nizhny Novgorod, Saratov, and Tula. Trade with these regions accounts for 80 percent of Belarus's trade with Russia. Belarus benefits from these relations with Russian regions because it creates a much bigger market for Belarusian goods. Additionally, ties to Belarusian machine-building plants improve the position of large factories in the Russian regions. Establishing such interregional ties is one of the most developed forms of bilateral cooperation.

Belarus's trade with the various regions depends on their economic profile. Kaliningrad, for example, imports Belarusian construction materials, shoes, knit wear, and agricultural products. In return, Kaliningrad loads Belarusian exports on ships to further destinations and exports fish and seafood to Belarus. Trade with Bryansk was \$171 million in 2004, increasing 30 percent from 2003. This region mostly imports farm equipment in exchange for agricultural products. Belgorod, by contrast, focuses on exports of ferrous metals.

Moscow city has the most developed ties with Belarus of all the Russian regions. When Lukashenko met with Moscow Mayor Yury Luzhkov on 13 March 2006, he announced "We are friends, I have never hidden this." Luzhkov has proposed building a Moscow House in Belarus to increase trade and facilitate greater ties in industry and high technology. Recently, Muscovites began investing in the Belarusian construction industry, particularly the development of a large number of new residences in Minsk. The city of Moscow and Belarus also created the Council for business cooperation, whose seventh meeting took place at the end of May. Topics discussed included the consumer market, cooperation in agricultural trade, and construction.

Recently, the Russian regions have also begun cooperating with Belarus through President Putin's seven presidential envoys. On 9 March 2006, Belarusian Prime Minister Sergei Sidorsky met with deputy presidential envoy for the northwest federal okrug Lyubov Sovershaevaya. It is also common for Sidorsky to

travel to the regions. In December 2005, for example, he visited Samara and Ulyanovsk and met with the governors, local politicians, and businessmen, visiting enterprises and signing agreements.

Kursk as a model region

Kursk Oblast, where I live, serves as an interesting case study of relations with Belarus. It signed a cooperation agreement with Belarus relatively late, waiting until 2002, when Governor Aleksandr Mikhailov formalized relations during a visit to Belarus. Among regions trading with Belarus, Kursk stands slightly less than the average in terms of turnover. However, as is typical, trade relations are growing quickly and in a variety of sectors at once. In some ways, Kursk is like a model of Russia, since its economy is focused on raw materials and energy (iron ore and electricity), while other sectors are relatively poorly developed.

Belarus is the eighth largest trading partner for Kursk, following Ukraine, Czech Republic, Slovakia, Italy, Kazakhstan, Hungary, and China. Trade in 2005 was \$69 million, growing from 2004 by 4.1 percent. The main products from Belarus are farm equipment (tractors, combines), bulldozers, graders, engines, ferrous metal, tires, and a variety of other goods. Kursk sends baked goods, pharmaceuticals, plastics, and other products to Belarus. Kursk's Grinn Corporation (<http://www.grinn-corp.ru>) is the largest dealer representing Belarusian automobile factories in Russia. On Kursk's central streets, there are at least five stores that sell exclusively Belarusian goods. Other Kursk stores sell Belarusian goods that are considered to be high quality and low cost by local consumers. There are frequent visits of delegations between Belarus and Kursk. Trade fairs selling Belarusian goods in Kursk and Kursk goods in Belarus are also common.

Beyond the extensive trade, representatives of Kursk and Belarus participate in a variety of councils and associations. These include the Council of leaders of border regions in Belarus, Russia, and Ukraine, which includes 16 regions from these countries. The Central Black Earth Association is also active and includes numerous Belarusian and Ukrainian regions. At the last meeting in Belgorod, the group discussed various aspects of creating a unified education space for Belarus and the Russian regions. Conferences on educational issues are now frequent. In November 2005, members of the Academy of State Service in Russia, Belarus, and Ukraine discussed issues of managing local government. There is also an annual Teacher of the Year festival, which includes the participation of teachers from 10 regions in Russia, Belarus, and Ukraine. This year, Kursk Oblast will organize the

fifth annual Slavic Commonwealth festival, bringing together 400 students from 64 universities in Belarus and Russia. Ukrainian students stopped participating in this project after the Orange Revolution.

Three scenarios for future developments

There are three potential scenarios for the future development of relations between Belarus and Russia in the near term (to 2008). The first “union” scenario foresees the realization of the existing agreements between the elites of the two countries on the most important problems of integration and the adoption of new measures. These developments would include the launch of the union parliament, the adoption of the Constitutional Act, and the introduction of a single currency. These political features of the integration process are the most difficult to achieve. If such measures are carried out, maximal progress is possible in relations between the two countries and in relations between their regions because the issues that are today handled asymmetrically on the level of Belarus-Russian regions would instead be resolved directly by the regional elites of the two states or by the union government. The economic, social, and cultural integration of the Russian regions with the Belarusian regions, with an anticipated spurt in economic growth, would necessarily incur a reduction in both sides’ sovereignty. The chances of this scenario being realized are not great due to both internal and external political reasons. Internally, there is no realistic plan for the elites to work together, the Belarusian elites are not prepared to give up even a part of their current powers, and both sides are strongly inclined to maintain as much stability as possible. Externally, there is

opposition from NATO and the European Union in the form of their new members—Poland and the Baltic states.

The second scenario anticipates the continuation of the status quo, with a preservation of the current situation because the elites on both sides are not ready to go any farther. In this case, the main form of relations will remain along the axis of Belarus-Russian regions and these relations will continue to develop intensively primarily based on the mutually complementary economies of the two countries. This scenario is the most likely because it satisfies almost everyone (though more in Belarus than in Russia). The downside of this outcome is that it is based more on the past than the future. Accordingly, any significant social-political changes in the years ahead could curtail its realization.

The third “Ukrainian” scenario envisions an opposition victory in Belarus. If there were such a dramatic change of government in Belarus, the country would likely preserve only minimal economic and cultural ties with Russia and the Belarusian elite would shift its focus to the European Union and NATO. Russia would be politically isolated and start to work more closely with Asian countries. Naturally, Russia would work actively to prevent such an outcome. It is extremely unlikely that such events would occur before 2008. Even if the liberal opposition came to power in the 2008 Russian presidential elections, the Belarusian opposition has little hope for success. Lukashenko will hardly give up power voluntarily, as Leonid Kuchma did in Ukraine and Edward Shevardnadze did in Georgia. Moreover, the Belarusian opposition is extremely weak.

Sergei Sarychev is an assistant professor in the Department of Psychology at Kursk State University in Kursk, Russia.