

## Analysis

# Integration – A Path to Self-Assertion? Relations between Belarus and Russia in the International Context

By Astrid Sahn, Minsk

### Summary:

The latest presidential elections in Belarus have shown that Aleksandar Lukashenka continues to enjoy the support of the political leadership in Moscow. In view of the stagnation in the Belarusian-Russian integration process as well as the numerous conflicts in the bilateral relations, the Kremlin's position can only be understood against the backdrop of the increasingly visible competition over integration and values between Russia and the West.

### A history of virtual integration

Ten years ago, on 2 April 1996, Belarus and Russia began a process of integration by signing an association treaty for the two countries that provided for economic and military cooperation as well as political convergence. In the years that followed, Lukashenka and Boris Yeltsin continued on this course when they concluded agreements on the formation of a political union in 1997 and on a common united state in 1999. In practice, this integration was largely virtual, aiming primarily at assuaging post-Soviet nostalgia in large segments of the electorates in both countries. Furthermore, Belarus under Lukashenka offered the Russian leadership its services as an anti-Western outpost in international relations, as could be seen particularly in the run-up to the 1999 Kosovo War. In return, the Belarusian president expected to be subsidized economically with low gas prices and demanded support for his efforts to win international recognition for the new Belarusian constitution introduced in 1996. He also hoped that the integration process would give him leverage in Russian domestic politics.

The changeover from Yeltsin to Vladimir Putin also brought about a fundamental transformation in Belarusian-Russian relations. Instead of virtual integration, the Russian side embarked on a more pragmatic policy that aimed to increase Russia's economic clout in Belarus and to avoid any aggravation of recently improved relations with the West.

### Enduring economic and political conflicts

The upshot of this development is that in the last few years, Lukashenka has no longer been able to rely fully on the Kremlin's enduring loyalty. One central bone of contention in their bilateral relations is the continuing refusal of the Belarusian president to permit the privatization of the Belarusian natural gas company Beltransgas and to allow the Russian

Gazprom group to acquire a controlling interest in the company, as he had promised in the mid-1990s. In April 2002, Lukashenka had again agreed to let Beltransgas go public in return for deliveries of gas to Belarus at domestic Russian prices. In 2002, therefore, Belarus only paid US\$22.60 per thousand cubic meters of gas for deliveries by Gazprom, which covered approximately 80 percent of Belarus' requirements. Subsequently, however, the Belarusian leadership managed to prevent the privatization of Beltransgas by asking for a vastly exaggerated selling price of US\$5 billion when bidding started – while the Russian side estimated the company's value at US\$6 million.

In autumn of 2003, Gazprom reacted by demanding that the gas price be raised to US\$50 per thousand cubic meters, which would have put Belarus on equal footing with Ukraine. However, when the Russian corporation tried to enforce this demand in February 2004 by cutting off gas supplies to Belarus completely at short notice, it found that its leverage in this respect was limited. For although this measure, which Lukashenka described as a "terrorist act of the highest order," helped sway the Belarusian side to agree to the price raise, the negative reaction of Gazprom's Western customers to the prospect of delivery shortages caused by the Belarusian-Russian conflict severely damaged the company's reputation. The end result was that from 2004 on, Belarus paid US\$46.70 per thousand cubic meters of gas, which was still significantly lower than the world market price at the time, approximately US\$120. At the same time, Gazprom cancelled efforts to further expand the volume of its transit capacity via Belarus, and announced the construction of a new alternative pipeline route through the Baltic Sea.

Moreover, no agreement was reached between the two sides on the major political projects within the Belarusian-Russian integration process. The main

obstacle to the agreed monetary union has been Lukashenka's refusal to approve the conversion of the Russian Central Bank into a single emission center, which would have implied conceding essential aspects of Belarusian sovereignty. Accordingly, the signing of a constitutional treaty for the union of the two states has been postponed repeatedly since 2002. In his verbal sparring with the Belarusian head of state, Putin managed to conduct himself in such a way that, unlike in the 1990s, Lukashenka was regarded as the main impediment this time around. Deprived of his image as an "integrator", Lukashenka increasingly pursued a policy of domestic autarky by making a distinction between the Belarusian model on the one hand, and the West as well as Russia on the other. This strategy could be seen, for example, in the restrictions on broadcasts of Russian television channels, which increasingly featured criticism of official Belarusian policy. Furthermore, for the first time, the Belarusian opposition found a political ally in the Union of Right Forces in Russia. This party, together with three other Duma factions, voted in favor of a Duma hearing on the fate of "disappeared" Belarusian opposition members in 2002. As a result, the Union's leader Boris Nemtsov was expelled from Belarus and banned from re-entering the country for three years.

### Countering the "Colored Revolutions"

Tensions in Russian-Belarusian relations gave rise to hopes in the West that a common policy on Belarus could be pursued in the interest of democratizing the country. These expectations were based mainly on Putin's reticent attitude towards the Belarusian constitutional referendum of October 2004 that cleared the way for Lukashenka to run for the Belarusian presidency an unlimited number of times. In the end, however, Russia – unlike the West – recognized the election results without qualifications. After the Russian leadership had been unable to engineer a transfer of power from Kuchma to Yanukovich in the Ukrainian elections, and thus to integrate Ukraine more securely into the post-Soviet integration processes directed by Russia, they again regarded Aleksandar Lukashenka as a partner who would ensure that Belarus remained within the Russian sphere of influence and to whom there was no alternative. In the run-up to the Belarus presidential elections, therefore, Russia's support for Lukashenka was all but unambiguous. One example of this preferential treatment is the contract on gas deliveries that Belarus signed with Gazprom in late 2005 at a price of US\$46.90 per thousand cubic meters, at a time when the international market price was US\$235, while Ukraine was forced after lengthy negotiations

to pay an average price of US\$95. Simultaneously, the Belarusian opposition has been unable to win new allies in the Russian political establishment since the December 2003 Duma elections, in which the liberal-conservative parties failed to win parliamentary representation.

Increasingly authoritarian tendencies in Russia have also led the Russian leadership to turn away from the Western model of democracy. Moscow instead insists on a doctrine of Western non-interference in the domestic affairs of the post-Soviet states. Accordingly, Russia not only assessed the Belarusian presidential elections in March 2006 positively, but also questioned the criteria applied by the OSCE in its election monitoring. At the same time, the Russian leadership continued to oppose EU- and US-imposed sanctions against Belarus and advocated diplomatic compromises in relations with Minsk. In factual terms, this implies that the West would have to fully and unequivocally recognize Lukashenko's political system and discard its strategy of isolating Belarus politically.

### Russia's new economic offensive

The Kremlin's political backing for Lukashenka is not absolute, however. Immediately after his reelection, both the Russian leadership and Gazprom made clear that Belarus would have to pay "European prices" for gas deliveries from 2007 onwards. The rates have yet to be negotiated; however, it is clear that the price will be determined largely by the question of whether the Belarusian leadership finally agrees to privatize the Beltransgas corporation on the terms demanded by Russia. An increase in energy prices would mean a reduction of the Belarusian GNP by between five and 12 percent – thus throttling the hitherto unfettered economic growth in Belarus, which experts believe was boosted by indirect economic subsidies worth between US\$500 million and US\$1.2 billion annually from Putin's Russia. By raising the economic pressure, the demands of Russia's energy policy dovetail with the policy of the West vis-à-vis Belarus, allowing Russia to continue its current strategy of "partnership despite antagonism" (Lilia Shevtsova) towards the West. For, in view of the insurmountable differences in values, Russia cannot actively support the political demands the West makes of Belarus.

Continuing this policy of integration with Belarus also leaves several options open to Putin for the Russian elections in 2008. On the one hand, Belarus can serve as a template for a third term in office for Putin, while on the other hand, after his current term in office expires, the common federated state presents him with the prospect of a new political function that

no other body created by Russia in the post-Soviet sphere, including the Single Economic Space, can offer. Until the struggle for power in Russia is settled, Aleksandar Lukashenka can therefore count on the continuing political support of the Kremlin. This situ-

ation can only be alleviated on the basis of a shared consensus on values, which can hardly be achieved by way of sanctions.

*Translated from the German by Christopher Findlay*

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*Recommended reading:*

- Bruce, Chloë (2005): Friction or Fiction? The Gas Factor in Russian-Belarusian Relations, Chatham House Briefing Paper, REP BP 05/01, available at: <http://www.chathamhouse.org.uk/pdf/research/rep/BP0501gas.pdf>
- Deyermond, Ruth (2004): The State of the Union: Military Success, Economic and Political Failure in the Russia-Belarus Union, in: Europe-Asia Studies 56, 8: 1191–1205

## Tables and Diagrams

### Belarus and its Neighbors: Economic Indicators

#### Belarus: general facts

Area	
Belarus	207,595 sq km
Germany (for comparison)	357,050 sq km
USA (for comparison)	9,631,420 sq km
Population	
Belarus	9,773,000
Germany (for comparison)	82,460,000
USA (for comparison)	293,500,000
Nationalities in Belarus	
Belarusian	81.20%
Russian	13.20%
Polish	4.10%
Ukrainian	2.90%

Approximately 3 million Belarusians and their descendants live outside of Belarus

Sources: <http://www.belarus-botschaft.de/> – [http://www.bfai.de/ext/anlagen/PubAnlage\\_928.pdf](http://www.bfai.de/ext/anlagen/PubAnlage_928.pdf) – *The International Bank for Reconstruction and Development / The World Bank: 2006 World Development Report. Equity and Development, Washington DC: A copublication of The World Bank and Oxford University Press 2005, 292f.* – *CIA World Factbook 2006*