



Belarus Brief

Cosmetic Surgery in Belarus: Toward a 'New' Regime

July 24, 2007

The Regime: Attempting to charm the West

Current purges within the regime and increased efforts by the government of Belarus to find alternative financial resources due to the budget shortfall resulting from Russian economic pressure may lead to changes within the ruling elite.

The potential for political change might be furthered by the growing nervousness of a ruling elite faced with a precarious economic position. With Venezuela looking for investment from Russia and Iran dealing with particular domestic and international problems, alternative financial sources are increasingly difficult to secure. Further complicating matters, the development of the China route is taking considerable time to complete. Nevertheless, a few within Lukashenka's inner circle have been preparing their own paths to personal wealth and prosperity. The son of Uladzimir Kanapleu, the Speaker of the Belarusian Parliament, is already in China taking care of his father's business. The Head of the Security Council, Viktor Sheiman, rumored for a long time to be the next Belarusian Ambassador to Caracas, is preparing a similar position for his own son in Venezuela. These scenarios certainly suggest an improvised economic strategy that reeks of nepotism, allowing insiders to ensure personal success prior to or regardless of the greater interests of the state of Belarus.

The ruling elite seems divided into various factions, with each vying for power and privilege over the others, while law enforcement agencies are simultaneously plagued with infighting. The primary target for most of the groups involved appears to be Belarus' (l)one(ly) oligarch, Viktor Sheiman, the Head of the Security Council, who is trying to control the oil business, but the struggle for power is far reaching. For example, the former head of *Belneftekhim* (a state-owned oil company), Alyaksandr Barouski, was charged with abuse of office, embezzlement and the deliberate disclosure of state secrets in June. According to official statements, *Belneftekhim* is planning to produce marketable quantities of oil in Venezuela by the end of 2007. Once fully operational, the project could add up to two million barrels to Venezuela's annual oil output. In return, *Belneftekhim* would own valuable concessions in Venezuela's oil-rich Maricabo region.

Meanwhile, the Belarusian Prosecutor General's Office has opened criminal cases against two colonels of the state. This suggests rising conflicts between key players within the inner circle surrounding Lukashenka, including the indispensable (for Lukashenka) Viktor Sheiman and Uladzimir Kanapleu, who is hated among members of the ruling elite as he is not responsible for any serious tasks as the Speaker of the Belarusian Parliament.

On top of this, with his presidential edict of July 17, Lukashenka dismissed Stsyapan Sukharenka as chairman of the Committee for State Security (KGB) and his deputy Vasil

Dzemyantsey. Yury Zhadobin, who had served as chief of the presidential protective service, was appointed. In Minsk, popular theories to explain these changes include the need to modernize the KGB (which under Sukharenka was effective in intimidating the opposition with classic, Soviet-style methods, but not able to catch up with new technology or adopt an appropriate mentality for the new period) and dissent within the security forces (connected to the moves of the 'oligarchs'). Others suggest that the changes can be construed as a reaction to Russian meddling in security forces, such as the 'Polish spy ring' discovered last week (largely believed to have been provoked by Moscow), although the spy ring could simply be an attempt by the KGB leadership to save their positions. Some observers are reading this situation as a potential power struggle between Sheiman and Lukashenka within the Security Council. The Pontis Foundation, however, views this development as further evidence of the diminishing circle of those "He" trusts.

The - also expected - dismissal of Prime Minister Sidorski and especially the new prime minister-to-be Uladzimir Navumaw is suggesting that the mess within the administration might be bigger than it appears as Lukashenka had to choose his loyal, albeit compromised former minister of interior. He might be, indeed, a good choice to keep the house clean, but the opening toward the West will ultimately suffer as he is one of the four mentioned in the CoE report about the disappeared persons. The choice is clearly showing the most important current objectives of the Lukashenka regime – avoiding the internal chaos.

Obvious changes within the administration and stronger pro-EU rhetoric, however, do not suggest that a time of great reform has arrived in Belarus. Such change is highly unlikely without the backing of a clear, forceful public demand for change or a more determined push in new directions from the administration. The government of Belarus, however, while at least willing to admit the necessity of radical steps, seems more intent on moves such as closing or selling factories that will lead to greater imbalances and further domestic hardships. According to the privatization plan put forward by the Belarusian Trade and Economic Development Ministry, tenders for shares in several key oil refineries and petrochemical enterprises, including the oil company Naftan, the Mozyrsky refinery, as well as Polimir, Belshina, and Grodnoazot, are possible in 2007. Thus far, the associated prices suggested by the Belarusian government have struck potential Russian customers as unreasonably high. However, it is unclear whether or not this is merely a means of buying more time to attract Western investment.

The short-term solution for the budget shortfall appears to be loans from the West and China. On June 21, the Belarusian government signed an agreement of cooperation with Dutch bank ABN AMRO, (an agreement which helped the Belarusian government increase the sale price of Beltransgaz last year) which regards the energy sector as an investment priority and as such will lend money to Belarus to support two oil refineries in Mazyr, Homyel and Navapolatsk, Homyel, respectively. ABN AMRO is the second Western bank to come to a financial agreement with Belarus, after Raiffaisen (Austria), which is reportedly willing to lend around \$1.5 billion USD to the Belarusian government.¹ China also seems willing to lend based on the framework agreement signed in July 2007 granting preferential credit to Belarus.

The above described circumstances could create suitable conditions for the emergence of a reform-minded group within the administration and the so-called 'red directors' (the heads of strategic state run firms). A powerful patron might be found in Natallya Piatkevich, Deputy Head of the Presidential Administration. This last layer should really be of primary concern to the European Union (EU) as this is, potentially, the foundation of a new opposition.

¹ Notably, the credit level of the Belarusian government, according to the IMF, is around 4% of GDP.

It is not a surprise that the Belarusian government has pursued Western loans with higher interest rates rather than relying on Russian lending. Last week, the Russian Prime Minister laid out new conditions that Belarus must meet in order to receive \$2 billion USD (already up from the originally requested \$1.5 billion USD) in government credits. Russia now insists that Belarus, which still has not taken changes in the cost of gas supplied by Russia's Gazprom into account (a matter that certainly affects the state budget), could only use the loan to pay its gas bill. The Kremlin is intent on ensuring that the government of Belarus does not use Russian loans to subsidize its own oil and gas production. If Russia continues to force Belarus toward economic reliance on Russian resources (as does the EU), the regime is likely to turn further to private Western banks. This, however, will not lead to immediate, effective reforms in Belarus. The regime is merely trying to save itself by means of a cosmetic form of surgery rather than instituting the radical reforms necessary for meaningful political change. In terms of the economic impact, it is possible that problems will arise as early as 2010 due to the higher interest rates and payments involved in dealing with the West.

There are clear signs that the de-Russification of Belarus which started after the 2004 parliamentary elections is not only continuing, but gaining strength. This direction has been reinforced by an increasing awareness of a national and cultural identity amongst Belarusians. Several examples: last week the presidential website (one of the most informative in the country) presented a version in Belarusian, rather than Russian; several streets were renamed, recognizing icons of the Belarusian national movement and Independence Day (July 3, the liberation from Nazi occupation); and for the first time celebrations were organized that highlighted traditional places of interest for Belarusians instead of World War II memorials.

The Opposition: Staying out of the Mainstream

After the Congress of Democratic Forces at the end of May 2007 the opposition is de facto divided, but retains a certain institutional integrity. Given the current situation, it is highly unlikely that a workable agreement on future policies will result. A formal agreement on candidate selection for the 2008 presidential elections is expected, largely due to foreign influence, but unlikely to be agreed upon by both sides of the opposition.

The Congress of Democratic Forces led to the defeat of Alyaksandr Milinkevich as the sole opposition leader and to the (final) creation of the *Za Svabodu* movement. It was long overdue, but failed to reach the shape intended when announced March 25, 2006. Effectively, this is the party of Alyaksandr Milinkevich, who immediately declared himself 'leader' of the movement, even though the party refuses to refer to his role in such a manner.

The Congress was dominated by the question of 'rival' opposition strategies (though some analysts claim the UDF-commissioned strategy basically copied the letter of Milinkevich to Lukashenka calling for dialogue), the question of Alyaksandr Milinkevich's leadership and the return to the opposition political scene of both Mikalay Statkevich and Pavel Sevyarynets after their release from prison four days earlier. In the end, the Congress approved the new opposition strategy, including the Small Constitution and the Economic Platform (which was never seriously discussed by regional activists or the expert community) as had been earlier accepted by the opposition Political Council, reformed the Political Council and the Presidium and approved four co-chairmen (Kalyakin, Lyabedzka, Vyachorka and Liaukovich).

For those observers who believed that there would be a serious effort on the part of the UDF to build on the approved strategy and turn it into a real plan the follow-up Vilnius meeting was a sobering affair. It was clear that the gathered opposition members were unable to abandon political interests. Instead of increased efforts to reach out to the public and overcome differences within the block, the process of consolidating the

opposition remained stuck on roundtable/conferencing measures that failed to resolve important points of conflict.

The UDF in its current form will not draw support from the vast majority of political civil society groups which, for the most part, receive funding from foreign donors and are intent on using it effectively to reach out to people through focused campaigning. Instead of real action in the field, the UDF is likely to further increase its focus on the international community (which supports its current survival mode rather than serious development) and further positioning with respect to those already opposing the regime. For example, the United Civic Party established the 'Civil Action' platform a week before the Congress (which went basically unnoticed). As well, Vintsuk Vyachorka of the BPF is preparing for an internal fight within his party; Anatol Liaukovich faces a great institutional and moral crisis on the soc-dem side, while Syarhey Kalyakin continues to search for a way to legally establish the Left Union. Each faction is preoccupied with its own business.

Meanwhile Milinkevich, who continues to boycott the UDF-organized events, appeared relieved that after the Congress he could concentrate fully on *Za Svobodu*. In a few weeks, *Za Svobodu* announced two competitions to look for new ideas and put together two strategic documents which were sent to selected donors and international organizations (neither of which appeared on the website of Milinkevich). It is unfortunate, however, that these are basically the first documents stating that the opposition "did not get support from a majority of voters, according to the independent opinion polls, as the United Democratic Forces candidate was supported by only a quarter to a third of Belarusian voters," that "there is no specific overwhelming issue in the country which would cause general dissatisfaction with the government and the aspiration for change," that "there are no groups of people in the mood to protest," that "it is unlikely that the social-economic situation will deteriorate to such an extent that it could bring about mass protests" and that "Lukashenka will continue to receive significant electoral support because in the eyes of an important part of the electorate he will remain more understandable and predictable than the opposition, which is now facing institutional and functional crisis."

Nevertheless, among the listed strategic aims of the movement, there is nothing new compared to previous opposition strategies. According to the document, the movement is not a new structure but a network for coordinating the activities of democratic activists. Thus the movement is intended to fill the gap between party leaders and independent society. The movement consists of two parts: political and civic. The political part deals with participation in election campaigns, training and support for non-party and party candidates, information delivery, mass protests and coordination with the UDF. The civic part is essentially an attempt to mobilize citizens by "using the pre-existing work of Belarusian civil society to organize activities within the framework of national and local campaigns that create communities of free and cooperative citizens across the whole country." Certainly, it would be in the greatest interest of the movement to have politically independent civic organizations capable of reaching out to the public in ways that the opposition is not able or willing. Although the overall strategy of the movement offers a good summary of previous opposition strategies, there is no hint of a realistic action plan capable of achieving stated goals.

After the Congress, the 'united opposition' has familiar faces as its 'new leaders,' and in the re-configured opposition structures the old opposition parties have perhaps a last chance to regenerate themselves with ideas from their newly adopted strategy. According to a local analyst, however, the 'old opposition' is already dead, while the 'new opposition' has not yet been born. The challenge for the international community, given such circumstances, is not merely to keep track of the various opposition components, but to determine those elements that will be both active and effective in reaching out and convincing the undecided of the need for political change. This will of course be further

complicated by the fragmentation of the opposition and the resultant competition for funding.

Finally, it is no wonder that throughout Europe disappointment in the opposition is significant; a fact the Belarusian opposition refuses to believe at this stage. The message from Brussels to the opposition is unusually clear: first, "go home and do your homework"; second, "what is the phone number of the Belarusian opposition?" Even the most pro-opposition minded EC officers have made it clear that if the regime would make some concrete steps (e.g. the release of political prisoners) the engagement and dialogue between the EU and Belarus would be far more significant. The recent policy changes of Lithuania, and to a certain extent Poland, toward engagement with the Belarusian government is important as these two countries were always ahead of EU policy and able to set future policy trends.

Elections 2008: Early?

Ahead of the forthcoming parliamentary elections (according to the Central Election Commission the first round will be October 12, 2008) the opposition is now starting to develop an election strategy. Milinkevich's *Za Svobodu* will not field candidates, but intends to support party and non-party candidates whom they consider to 'share the movement's values' and to concentrate on candidate training, information dissemination and nationwide campaigning to support candidates running for electoral commissions. Such an arrangement, however, might be unlikely to come about as it is hardly to be expected that the UDF will agree to 'outsource' the campaign to *Za Svobodu*.

The bottom line is that many opposition activists are very hesitant about running in the elections, thus the opposition is expected to have a hard time presenting credible candidates in all districts. Activists who ran in previous elections and were later stripped of their victories, in many cases see little sense in running in what they expect to be falsified elections.

Meanwhile, some are of the opinion that the authorities will call early elections. In this case, the opposition would be unable to field candidates due to continuing internal disputes. The authorities may also come under further international pressure to change the electoral legislation. Indeed, there is some speculation that the Belarusian authorities may try and create the illusion of a relatively free election, especially if they continue to see the opposition divided.

Following upon this logic, Lukashenka would aim to hold elections before the Russian presidential election scheduled for March 2008, as the eyes of the Kremlin would be firmly focused on domestic issues. Another factor that could lead to early elections might be the attempt to improve the regime's position in negotiations with the European Union. A parliament elected in a relatively free (but not fair) process - à la Russia - might be an effective bargaining chip in negotiations with the EU on a whole range of political and economic issues. Given the developing 'Belarus fatigue' in the EU, such a move might be the perfect means to convince many EU member states to recognize and engage with Belarus (as well as drop most or all of the sanctions) regardless of real progress on such issues as political liberalization, the suspension of political repression, freedom of the press, or respect for the rights of non-governmental organizations and trade unions. By relaxing election rules and allowing some opposition members to be elected (most likely, such deputies would be carefully pre-selected among more inefficient opposition candidates or representatives of phony opposition parties like the Liberal Democrats, or some mixture of both), the regime will sacrifice a little in an attempt to gain a lot. A 'normally' elected Belarusian parliament would pave the way toward membership in the Council of Europe (Belarus is the only non-member European country).

One hint that such a development is plausible is the formation of the new pro-presidential state association *Belaya Rus* (White Russia), which seems to be an 'adult' copy of the notorious Belarusian Republican Union of Youth (BRSU). However, if the BRSU was created with the clear purpose of formalizing control over the younger generation, the regime definitely does not need such a mechanism for older generations. It already possesses sufficient means of control, such as the contract system, etc. *Belaya Rus* is also redundant as an instrument of support mobilization because the Lukashenka regime presently controls the population through the employment of demobilizing mechanisms, such as propaganda and media spin. *Belaya Rus*, however, could have been created as a potential prototype for a presidential party, perhaps to be activated once the regime calls elections in order to experiment with party lists. The long list of luminaries and celebrities on the *Belaya Rus* roster guarantees a neutral to positive public perception, particularly when compared to the much-defamed opposition.

The price to be paid for neglect regarding present circumstances is a completely fragmented, disorganized opposition that will fail in a similar fashion to that suffered by the opposition in the January 2007 local elections. Such a scenario may drive a final nail into the coffin of the Belarusian opposition, which will be abandoned by followers and donors. The engagement of Lukashenka with the West, on unfavorable terms for Belarusian democrats, will be certain to follow. The opposition has to understand that it is in its best interest to avoid such a predicament. Accordingly, the opposition should plan now for early elections, regardless of whether or not they will be called, completing basic pre-election coalition arrangements by the end of September at the very latest.