

Interviews with the president of Belarus Alexander Lukashenka and the chairman of the Central Bank of Belarus, Pyotr Prokopovich

On the latest diplomatic row between the United States and Belarus:

Lukashenka: "Why do we need diplomatic relations if it means putting pressure on us? We don't. If the Americans think they can build relations from a position of strength, then we don't need such diplomats or relations". He warned the European Union against taking the same route. "And now they want the Europeans to join in....You can if you wish. But don't forget that 50 percent of your oil and oil products and 30 percent of your gas passes through Belarus and we have always been an effective partner." Importantly, the Delegation of European Commission in Minsk was opened at the same time as the escalating row with the USA. Though the US economic sanctions probably affected personal accounts of regime representatives, it seems that the brotherly aid of Russia, which at that time raised the gas price by for 9 USD is sufficient compensation. Balancing between East and West is the tactic, thanks to which Lukashenka won this dispute.

At the same time, Mr Prokopovich of the Central Bank of Belarus stated that "today, the main issue for us is our country's image." The image is currently distorted mainly due to US sanctions on Belneftekhim, which, according to Mr. Prokopovich: "is not a significant matter in itself. But investors hearing of this may of course think again. Everyone is waiting to see how this will turn out." He called for stabilisation of these "artificially generated risks" because "political issues must be resolved by political and not economic means."

The chairman of the Central Bank of Belarus also revealed plans for the arrival of at least six foreign banking institutions to the Belarusian market. "We are creating all the conditions to bring in investment, but as a result of these issues, investors could delay decisions to come and could reconsider," he said. "This is in the end negative for both us and the investors themselves. But the gap would soon be filled. If Western investors don't come, investors from the east will."

In his interview, the President also mentioned the upcoming parliamentary elections: "I would like for at least a few opposition figures to win support so that you cannot accuse us of not having an opposition in parliament. But that will depend on the people. People who deserve it will get into parliament." The president has recently announced that international observers will be granted access - thus it can be expected that in September, Belarus will have relatively free, but absolutely not fair elections. This scenario is very likely as public opinion polls indicate a leading position for the pro-governmental party Belaya Rus while the opposition lacks access to the mainstream media and has not launched its campaign yet.

The head of the country also dropped a word on the 2011 presidential elections: "If the situation remains as it is today in the country and for me personally then, of course, I will run again. For the moment, I am healthy. The people are not especially critical of me and the West is beginning to understand... So you can expect the worst." These statements might be considered to undermine the position of the so-called "new generation" represented by Lukashenka's son Viktor and the deputy chief of presidential administration Natalia Petkevich, who are regarded as "new kids on the block" and in opposition to the "old guards" of Lukashenka's regime.

Source: Reuters

Putin forges ahead with BPS-2, avoids Belarus

Russian Prime Minister Vladimir Putin said on May 14 that the Baltic Pipeline System 2 (BPS-2), stretching from western Russia's Bryansk Region to the Leningrad Region, will run to the port of Ust-Luga, a town lying near the Baltic coast about 120 kilometers from St Petersburg, with a branch going to the Kirishi oil refinery. The new oil pipeline will bypass Belarus en route to Europe.

The BPS-2 project emerged during an oil conflict between Moscow and Minsk in January 2007 when Russian supplies to Europe via the Druzhba pipeline were disrupted after Belarus had refused to let Russian transit oil flows pass without Russia paying a transit duty. Putin said the new oil pipeline must increase oil exports and diversify delivery routes. "It will serve to enhance the energy security of our country and of our partners in Europe."

BPS-2 is the latest project by Russia to bypass problematic transit countries and get its natural resources directly to Western markets. This is part of an ongoing Russian policy that has existed since the breakup of the Soviet Union which is to avoid going through former Soviet countries as far as possible, according to Julian Lee, senior energy analyst at London's Centre for Global Energy Studies (CGES). Russia is also planning Nord Stream and South Stream to bypass Ukraine and get its gas directly to European consumers.

"The more transit countries you have on your way the more complicated the project. Russia has experienced this with Ukraine and Belarus," commented Tatiana Mitrova, who heads the Center for International Energy Market Studies at the Russian Academy of Sciences' Energy Research Institute. "All our problems with supplies, which are so much discussed in the media, all these problems are actually problems of transit states. Russia would never reduce supplies. It's not profitable for us because we earn money. The more we sell, the more we get." Once BPS-2 is completed, Russia is unlikely to fully suspend oil transit through Belarus. "I think some (oil) will still go through Belarus," said analyst Julian Lee.

But BPS-2 is likely to reduce Minsk's leverage over Russian oil exports - something that will benefit Europe in the long run. Belarus' authoritarian president Alexander Lukashenka has used the energy card to maintain his power for over a decade.

Source: New Europe