

Improvements of relations with EU and USA after the release of political prisoners

The positive reaction of the EU and the USA to the freeing of last remaining political prisoners in Belarus, Aliaksander Kazulin, Andrei Kim and Syarhei Parsyukevich, came shortly after their release on August 16 and 20.

The US reacted to the developments by sending its Deputy Assistant Secretary of State David Merkel to Minsk immediately after the release of political prisoners. During his meetings with Belarusian officials, he discussed questions of returning the US embassy in Minsk to normal staffing, possible removal of visa ban and of the economic sanctions. On September 5, the United States announced suspension of sanctions on two subsidiaries of Belneftekhim for two months, which would enable US companies to do business with them in the said period.

The reaction of the EU was swift, too: for the first time in four years the EU decided to make an exemption of its own visa ban for Belarus and invited Belarusian Foreign Minister Syarhei Martynov to the meeting of European Foreign Ministers in Brussels on September 15.

The initiative to invite Belarusian Minister of Foreign Affairs was backed by the EU External Relations Commissioner Benita Ferrero Waldner, who spoke also in favor of Mr. Martynov meeting with "EU Trojka" (Commissioner Waldner, French Foreign Minister Bernard Kouchner and the EU High Representative Javier Solana). Such meeting would create an unprecedented break of the EU's four-year long practice of not meeting with any high-ranking Belarusian officials whose names are on the EU visa ban list (41 senior Belarusian officials, including the president Aliaksander Lukashenka). At the same time, EU ministers made clear that there will not be any substantial review of sanctions unless the OSCE gives a positive verdict on the conduct of Belarus parliamentary elections on September 28.

In addition to potentially rigged elections, the thawing between the EU, USA and Belarus may be further hampered by Belarusian attitude towards South Ossetia and Abkhazia. Moscow made clear its expectations about Minsk's position towards the two entities through its ambassador to Belarus Alexander Surikov: "We are counting on the Belarusian side to recognize the sovereignty." On the other hand, both the EU and the US oppose such step: "I don't think we would take a positive view of it," US State Department spokesman Robert Wood said. According to the Belarusian President Aliaksander Lukashenka, Belarus will have to face this issue and will have to consider the question of recognition, although the topic would be left to discuss for the new parliament after the elections, he added.

Sources: Reuters, RTTNews, EUobserver, RIA Novosti

Belarusian privatization moving forward

The beginning of September saw new developments in privatization policies of Belarusian government.

Firstly, the government announced its decision to invite Russian company Transneft to participate in the privatization of state-owned oil transporting companies. According to the source from government, Transneft can take part in privatization of Belarusian companies Druzhba Novopolatsk and Homeltransnafta Druzhba. This decision is considered to be the government's struggle to keep Belarus in the oil transport business. Belarus's position is threatened by the draft Russian project to build a Baltic Pipeline System-2 (BPS-2), which would avoid Belarusian territory.

On September 4, the National Bank approved an increase in shares which foreign investors would be able to hold in Belarusian banks, effectively allowing the investors to hold up to 50 percent of shares.

This decision removes the current limit of 25 percent and opens ways for emergence of more privately-owned banks in Belarus. The decision, according to the National Bank was "called for by the increase in the interest of foreign strategic investors in the Belarusian banking sector." At the moment, the state owns over 70 percent of the capital in the country's banking sector. Foreign investors own about 22.2 percent in 29 banks.

Sources: Interfax, Reuters