



Belarus Brief

The END of the ENP

November 4, 2008

Introduction

September's Parliamentary Elections in Belarus have forced local actors and the International Community into accepting a new geopolitical stance towards the country. In a significant nod to the West, Minsk released their final political prisoners. The reward was the launch of official dialogue between the EU and Minsk and the suspension of the majority of sanctions which had hitherto been placed on Belarus. All this despite the 'traditional' Belarusian conduct of the elections.

Many observers believe the West has lost face by taking this step. The Pontis Foundation believes this change in stance was inevitable. Attempts by Brussels to push for free and fair elections were overshadowed by its lack of policy coordination, most notably between the Commission, the Council and EU member states. There were markedly mixed messages as to the conditions necessary for the resumption of dialogue. On the other hand it was premature to expect Alyaksandr Lukashenka to change his well-managed election performance. A landslide victory continues to act as a significant tool to confirm the position of his ego and thus importance within this post-Soviet society. Nevertheless, Brussels has now abandoned its "soft" policy approach to Belarus, encapsulated in the European Neighborhood Policy (ENP) and has embarked on a path of "Realpolitik". It now needs to develop the necessary measures to act accordingly.

The Regime: Bold Vision or Pure Balance?

According to a post-Georgia logic, Alyaksandr Lukashenka's intention should be to integrate Belarus economically with the West. This might turn out to be a serious intention as the country's independence from Russia has become the primary guarantee for the President and his family. Lukashenka, the only post-Soviet leader who has dared to make any concrete step towards the West following the Georgian conflict, has both personal and national reasons to further loosen ties with Russia. He knows what to expect from a Russia which has seemingly chosen a similar political path to that of Lukashenka in the 90s.

His regime's strategy appears to be hoping to use modernisation and economic transformation with the help of the West, whilst keeping political circumstances intact and under strict control. After applying to the IMF for credit for the first time and amid the current financial crisis, the most important benchmark of this intention is the implementation of the already announced reforms. A new generation of professionals is

in place at various state institutions, ready and waiting to implement the discussed changes. The much awaited 'green light' has yet to materialise. Nevertheless, given the short-term loans Minsk has taken on from Western banks, financial stabilisation and privatisation to overcome the debts, seem more than necessary.

Examining the process deeper, privatisation seems the first step in the process of 'transforming' Lukashenka the leader to Lukashenka the family holding, as the President's son Viktor is in charge of both privatisation and the family holding. Minsk must start the privatisation process, as like the oligarchs in Russia and Ukraine, it needs to back up loans they have taken out, with something tangible like property. This process is likely to be similar to the privatisation of the Belarusian company Velcom. In that case, they took out a loan and had to pay back the Austrian Bank Raiffesien with something, so they simply sold them Velcom. The Lukashenkas may take advantage of the process to create a further family holding as it was in the case of Velcom, which was first sold to a Cypriot company linked to the President and only afterwards sold to Telecom Austria. The process, unless fully controlled by the No 1 family, might create a new oligarchy out of high level government officials. Belarus has been falling significantly in the rankings of Transparency International.

But at its core, privatisation guarantees neither foreign investment nor the recent social contract with the population, which has been defined by economic stability and relative social welfare. Taking the example of Slovakia, two completely free and fair elections were needed before investment began to flow in from abroad. Lukashenka has neither the time nor the patience to take this line of action. His government has recently reformatted the social contract, cutting benefits in line with the decreasing subsidies from Russia. Under the current climate, he could very well use the financial crisis as an 'umbrella' to push through painful reforms. If Minsk is serious about reform, real results may be seen soon. This is due in part to the relatively well-managed centralist government who has more capacity than any other country in the CIS region, along with the absence of any political opposition towards reform and a seemingly 'well behaved' society. The rumours concerning the holding of the next presidential elections alongside the municipal vote as early as 2010 suggest Lukashenka will stay in his position for any period of transformation.

Another possible scenario can be garnered from Minsk's intention to continue to make phony changes to attract foreign investment, whilst gaining as much financial concessions as possible from both the West and from Russia. This would mirror a similar process Lukashenka has been pursuing with Russia through the Union State. On paper everything looks fine, except this is a virtual project which gives Minsk the maximum support for its formal loyalty. Lukashenka was very impressed by the bail out of Hungary and the Western donor pledge for reconstruction of Georgia. However, such faking would mean that instead of further strengthening the distance they've achieved from Moscow, Minsk would merely postpone a Russian economic takeover. On the contrary, reforms and greater economic integration, such as WTO membership, would give Lukashenka a competitive advantage over Russia, which is heading towards an isolationist position.

Does Lukashenka hold a new, bold vision or is he just looking to buy time and balance opposing policies? Regardless of the importance of reform for the country and its ruling elite, Lukashenka's innate suspicion of reform and his lack of willingness to provide any political concessions, make any effort problematic. Minsk can be an emotional and even cruel partner. Belarusian officials openly threatened European diplomats with the closure of the recently opened EC Delegation in Minsk, if the EU would not meet their desires on issues such as visa sanctions, despite such an action having the potential to destroy Minsk's own strategy. Respecting the 'sovereignty, independence and (political) tradition' which Lukashenka is requesting from the West, while accepting the 'tradition' of the authoritarian state is what the EU cannot afford to allow. These are hard times indeed.

Belarusian Geopolitics: Bullying both Sides

Belarus provides a complex challenge for the EU: how to deal with a man who has successfully built up an authoritarian system, but who is simultaneously guaranteeing the independence of Belarus from Russia. Moreover, besides trying to force the EU into accepting him and his political 'traditions', Belarus' President is working in a similar vein towards Russia, attempting to acquire cheap gas and economic incentives for his country. Moscow fully understands the motives behind Minsk's current moves and probably will play the game until Lukashenka runs out of time. Brussels should use the dialogue to explain to Lukashenka that only by accepting European traditions can Belarus move closer to Europe, whilst warning him about the lack of time involved. Perhaps there is a realisation on the part of the West that a political liberalisation which occurs quickly and unchecked could make the country less stable.

Lukashenka's tactics are certainly paying off, if only in the short term. Approaching the IMF prompted Moscow to approve a new \$2 billion loan without recognitions of independence for Abkhazia and South Ossetia. Moscow however, is not opposing the economic liberalisation of Belarus and has no serious reason to believe Belarus would be able to run away. This policy is based on the assumption of Lukashenka's unwillingness to liberalise his political system and the reluctance of the EU towards Eastern expansion in its enlargement outlook. The Russian bear can be patient, but retaliation such as a conflict in terms of sanctions, is certainly on the way. On the other hand, Lukashenka knows that the importance of the country's pipelines as a bargaining chip will soon recede with the upgrade of the Novorossiysk terminal and the NordStream. Therefore his intentions towards the EU should give Minsk a strategic advantage. However, he needs to be explained within the dialogue that without real transformation in the political sphere, Belarus will always be closer to Russia than to the EU.

Opposition: Cry "full"

Current dialogue has been made partly possible due to the crisis in opposition and the subsequent lack of any clear policy from the United Democratic Forces. In contrast to the US, Brussels seems to have had enough of the opposition, which before the election focused more on not losing the West's support than on getting closer to its local constituency, thus forfeiting a proper campaign). The top of the opposition has been suffering from a deep crisis in leadership since the 2006 presidential elections as it struggles to offer personalities rather than a realistic programme or policies.

On the other hand, various monitoring reports suggest that at least 20 opposition candidates (mainly from the regions) would have made it to parliament, if the authorities had actually counted the votes rather than fulfilling the mathematical desires of Lukashenka. Perhaps the Belarusians now understand the mounting changes ahead and would like to see more than the usual hand on the ball. With this in mind, Brussels should not drop the opposition but engage them as much as possible and increase its assistance towards building an alternative policy capacity.

Realpolitik: How to make it work?

The main challenge ahead for the EU is how to convince the Belarusian political elite to carry out gradual political liberalisation through engagement. The goal of Western policy should be to encourage the opening up of the country first, allowing Lukashenka to do what he does best: to balance East and West. This should occur through small steps targeting changes of rules and regulations which would start to ease the current political system. Allowing unrestricted flow of foreign assistance to local NGOs, accepting civil society and allowing independent media to work freely would create more space for policy alternatives. An increase in the travel of Western experts to Belarus and playing an active role in aiding their access would contribute to a better working environment.

Likewise, supporting professional exchanges by increasing ties with middle level officials would make sure dialogue is not a privilege enjoyed only by the highest hierarchy of the government.

Rewards should be given upon the realisation of concrete steps measured by a strict benchmark system - this is the realpolitik Lukashenka understands. High level European officials should not rush to Minsk unless they are well prepared. The West`s biggest weapon in this game is Lukashenka`s ego. After letting him travel, the West may hint at preparing his gradual acceptance for the price of political transformation. After all, Lukashenka holds a real chance to transform himself from the last "dictator of Europe" to the "darling" of the EU and become yet again, the hero of Belarus. Meanwhile, all steps towards such an acceptance as well as all high level meetings should be rewarded by the Belarusian side.

But at its most basic, the EU should simply get serious about Belarus. Realpolitik needs tactics, increased attention and overall, major resources. The EU Delegation in Minsk is operating at too low a capacity with just two diplomats and two local staff members, allowing member states to continue their own independent initiatives, good or bad, towards Belarus. The EU must cover all aspects of the political and economic development and must be on the top of information regarding privatisation, which is likely to determine the character of any future transformation.

Lukashenka will continue doing what he does best - balancing East and West. The Belarusian political elite should understand that this balancing act can work only in the short term. The EU should take the lead to explain this. Without opening the country up and allowing a gradual political liberalisation to occur, there is always a chance that Belarus will be forced to return to the Russian path. For Lukashenka, following the latter course of action would mean risking his fourteen years of solid track record in Belarus. As he seemingly believes it is easier to deal with the EU, he will be 'partnering' on this basis, but on his terms. The challenge the EU faces is to persuade him and his country to change gradually. Herzlich willkommen in der neuen Realpolitik.