2017: BELARUS MOVED SUBTLY, BUT CONSISTENTLY TOWARDS GREATER INDEPENDENCE, A RESPONSIBLE FINANCIAL POLICY, AND MORE RELAXED DOMESTIC POLITICS

2018: MODEST ECONOMIC LIBERALISATION AND INFORMATION SECURITY THREATS

Trends in 2017

- the policy of diversification retained in foreign policy and national security
- the lobbying weight redistributed between influence groups from the “old” and “new” economies in favour of the “new” economy
- repressions against civil society and the opposition enhanced amidst retained policy of engagement with political opponents
- democratic organizations succeeded in coordinating and promoting different interests of social groups
- new approaches and more actors of influence appeared in decision-making
- the state policy in education and information, remained rigid
- security threats increased
- the authorities adapted to diminished cooperation with Russia

Threats in 2018

- representatives of the “old economy”, farmers and industrialists, may attempt to restore their positions
- the power block may aspire to consolidate its political weight either through control over business or by demonstrating risks due to protest activity
- tensions among the opposition parties may escalate as they enhance focus on the intra-opposition agenda and the struggle for leadership
- Russia and Ukraine are likely to further reduce confidence in Belarus in security matters
- Belarus’ sovereignty may be subjected to information attacks
- the Foreign Ministry’s influence is likely to weaken
- Russia’s confrontation with the world is likely to grow
- Russian lobbyists are likely to succeed in imposing unprofitable terms of cooperation on Belarus, both, in trade and petrochemicals transit

Forecast for 2018

- gradual economic liberalisation is likely to be implemented in some economic sectors
- a subtle trend towards the strengthening of party institutions and increased party representation in the local councils is likely to anchor
- the influence of special services is likely to grow
- the Belarusian authorities are likely to attempt to strengthen control over the domestic information space amidst increased information and psychological pressure from Russia
- Cooperation on security matters between Belarus and China is likely to widen
- a constructive approach is likely gain ground in political parties and civil society
- gradual normalization of relations with the West is likely to continue without major breakthroughs
- allied relations, high cooperation levels and priority of Russia in Belarus’ foreign policy are likely to retain
THE RULING CLASS
A SUBTLE REQUEST FOR UPDATES
IN THE INSTITUTIONAL DESIGN OF POWER

A potential split in the ruling elites, which manifested itself in public rivalry and
disputes among various groups of influence in the government not only over the
current socio-economic policy, but also about future development of the country,
outlined more clearly. Some in the Belarusian establishment subtly promoted
discussions about changing the institutional design of power through strengthening
the role of political parties and parliament in public policy. Throughout the year,
neither so-called ‘reformists’, nor the power bloc gained a clear advantage,
however, a trend towards a more complicated public policy and reconciliation of
interests emerged.

INTERACTIONS BETWEEN
THE STATE AND CIVIL
SOCIETY EXPANDED AMID
ENHANCED REPRESSIONS
AGAINST THE LATTER

In 2017, the Foreign Ministry
introduced a short-term visa-free travel
for foreigners, despite the opposition
in the power block. Due to economic
benefits for local budgets and the
economy, some regional authorities
extended the visa-free travel term
for up to 10 days and included new
territories. Meanwhile, the power block
enhanced its political weight after the
spring protests and the clampdown on
the participants in the rally on March
25th, and jeopardised Foreign Ministry’s
achievements in the settlement of
relations with Western capitals.

Authorities’ repressions against their
opponents and independent media
evolved throughout the year. When
social protests against the decree
‘on social dependants’ started, the
authorities had not taken any restrictive
measures against the protesters,
most of whom represented previously
apolitical social groups in the regions.
However, on March 25th, 2017, the
power block received carte blanche for
a power operation against protesters
in Minsk, who mainly represented an
opposition-minded electorate. Law
enforcement resumed mixed punitive
practices, alternating fines and arrests
depending on the situation.

The authorities particularly focused
on persecuting Belsat journalists; this
TV channel largely lost support among
the Polish establishment, but played
an important role in covering protests
in Belarus. In addition, the authorities
initiated criminal proceedings against
35 ‘patriots’ from the White Legion
organisation. However, in late autumn,
after the protest movement leaders
abandoned street activity, the White
Legion case was terminated. As the
NGO Assembly and the Centre for
Legal Transformations (Lawtrend)
marked in their annual review, the
state policy towards the opposition
and civil society, was inconsistent:
interactions between the state and
civil society enhanced, while the state
stepped up repressions against civil
society.

THE AUTHORITIES PROBED
CHANGES IN THE ECONOMIC
MODEL

The economic authorities, including
the Finance Ministry, the Economy
Ministry and the National Bank held
their positions in discussions with
supporters of the old economic model
about the monetary policy, which had
become more responsible. However,
industrialists attempted to use external
lending to implement their projects of
regional re-industrialization, which,
among other things, could increase
Belarus’ public debt.

There was an obvious redistribution
of lobbyist weight between groups of
influence from the “old” and “new”
economies in the state policy
matters.
There was an obvious redistribution of lobbyist weight between groups of influence from the “old” and “new” economies in the state policy matters. The trend towards the reduction in influence of the agro-industrial lobby on the top management anchored. For instance, the budget forecast for 2018 envisaged major funding cuts for the Agriculture Ministry, up to 20.4%. In turn, the lobbying potential of the High Technology Park significantly increased, and resulted in the adoption of a progressive decree in the IT sphere in late 2017. Nevertheless, positions of industrialists and supporters of the re-industrialization remained strong. Yet the lack of funding prevented them from launching a major modernisation programme or establishing new production facilities. That said, in late 2017, tension between the top leadership and directors of industrial giants increased.

The Belarusian leadership tested likely reforms in the existing economic model. For instance, it made cautious attempts to expand the private sector of the economy at the expense of large investors, who could replace inefficient state enterprises, which, in turn, would reduce political risks for the country’s leadership. The IT sector, where workers were paid better than average and showed no interest in the Belarusian politics, also benefited from the government’s attempts to change the economic policy.

**ELECTORAL REFORM DISCUSSION DID NOT GET A LOT OF PLAY BUT WAS ONGOING**

Some in the Belarusian establishment attempted to articulate their interests and communicate indirectly with the president about strengthening the institutional role of political parties and parliament in exchange for the loyalty to Lukashenka for the next two presidential terms until 2025. Belaya Rus quango, which aspired to become the party of power, was the most active in this regard. The Central Election Commission Head, Lidia Yermoshina, also cautiously supported the desire to reorganize the electoral system into a mixed model with greater role of political parties. The Liberal Democratic Party, a so-called constructive opposition close to the authorities, headed by Gaidukevich, assumed the leading role in articulating the desires of some representatives of the Belarusian establishment for a greater political weight. Meanwhile, the discussion about the electoral reform came to a standstill by late 2017 and did not prompt the president to start political transformations.

In all likelihood, spring protests prompted the president to conduct a major rotation in the state apparatus, just a few months after the suspension of the protest activity. Personnel reshuffles started with changes in the leadership in the most troubled regions and ended with rotations in the power block: the Interior Ministry and the Operative and Analytical Centre. Most likely, the top leadership was discontent with the quality of analytical support and subsequent decisions, which only emphasised the demand for the additional feedback from the population, such as independent analytical polling services, representative bodies and oppositional political parties, for a balanced picture. Government representatives and pro-government experts became more open to contacts with independent think tanks and participated in their events.

The local elections, launched in late 2017, follow the usual election routine with minor improvements for the opposition. The Belarusian leadership fully controls election organisers throughout the country. Despite an
extremely low interest in the election campaign by the population and the state media, party nominees have doubled as compared with the 2014 local elections. This only emphasises the existing demand for an increase in the role of political parties in the power system.

Main threats in 2018

- Representatives of the “old economy”, farmers and industrialists, may attempt to restore their positions
- The power block may aspire to consolidate its political weight either through control over business or by demonstrating risks due to protest activity

Brief forecast for 2018

- Gradual economic liberalisation is likely to be implemented in some economic sectors to absorb labour resources freed from the public sector
- A subtle trend towards the strengthening of party institutions and increased party representation in the local councils is likely to anchor

SECURITY
NON-CRITICAL NATIONAL SECURITY LOSSES

Summing up the outcomes of the past year, a non-critical deterioration in the national security system could be marked. The Belarusian leadership attempted to reduce dependence on Russia, however a boost in cooperation with other states did not make up for the reduced confidence in Russia over security matters. Belarus failed to remain entirely independent in the Russo-Ukrainian conflict, which led to reduced confidence in relations with Ukraine. Information policy was the weakest link in the national security policy.

CONFIDENCE IN RUSSIA IN SECURITY MATTERS REDUCED

Minsk aspired to use security cooperation as a platform for communication with the Kremlin. Simultaneously, the Belarusian leadership aimed to reduce the dependence on Russia through expanding military-technical cooperation with other states and producing own weapons and military equipment crucially important for the national defence.

Moscow-led reductions in the transparency of the Belarusian-Russian border persisted. The Belarusian authorities avoided public responses to Russia’s actions, however, simultaneously, began strengthening the border controls in the neighbouring regions. Minsk was ready to respond to the deployment of border guards by Russia at the border with Belarus.

Belarus’ chairmanship in the Collective Security Treaty Organization in 2017 was not a breakthrough. Minsk clearly demonstrated the limits of its commitments within the CSTO: only on the western (i.e. Eastern European) front. Hence, it confirmed, that the CSTO remained a platform for discussing security issues in the post-Soviet space, rather than providing a mechanism to ensure such security.

THE INFLUENCE OF THE DEFENCE MINISTRY ENHANCED, BUT REVEALED PROBLEMS IN IT

Throughout 2017, the Defence Ministry’s influence increased. In

Belarusian law enforcement heads were not independent political players, the president’s personal attitude towards them was the main source of influence in the power relation
July 2017, for the first time since the restoration of Belarus' independence Major General Oleg Dvigalev, former commander of the Belarusian Air Force, was appointed to lead the State Military Industrial Committee. De facto, the Committee had subordinated to the Defence Ministry.

Further, a law adopted in July 2017 approving the state budget report for 2016, recorded an unexpected increase in military spending in the last days of 2016 totalling USD 100 million. Allegedly, additional funds were spent on military equipment and/or its modernization.

However, a controversy which erupted in the autumn concerning illegalities in the army, caused a confidence crisis between President Lukashenka and Minister Ravkov and a public outcry with demands for his resignation. Taking into account the fact that Belarusian law enforcement heads were not independent political players, the president’s personal attitude towards them was the main source of influence in the power relations.

THE AUTHORITIES FAILED TO RESPOND ADEQUATELY TO INFORMATION ATTACKS

During 2017, the Belarusian authorities repeatedly demonstrated their inability to counteract information and psychological attacks from the outside. The state propaganda machine was unable to act without clear instructions from the top political leadership. The latter was often unable to formulate such instructions promptly. In February, false reports in the Russian media (including liberal ones) about Belarus’ withdrawal from the CSTO and the EEU and accusations that the Belarusian authorities by their actions undermined Russia’s security, prompted an extremely nervous response of Minsk: the Belarusian Ambassador to Russia provided explanations on Russian television personally.

In the summer and autumn, Ukrainian media disseminated information about the transfer of control over the Belarusian border to Russia, the creation of mechanisms for further aggressive actions of Moscow, and the expansion of the Russian military presence in Belarus. Again, the Belarusian authorities demonstrated their inability to parry information attacks.

Belarusian-Ukrainian military and political relations deteriorated significantly. Despite the interference of the leaders of both states with the aim to resolve problematic issues, there was a downward trend in bilateral cooperation. Power departments of Belarus and Ukraine engaged in a confrontational spiral (at the rhetoric level).

DIFFICULTIES WITH RETAINING NEUTRALITY IN THE RUSSO-UKRAINIAN CONFLICT

Belarus consistently sought to establish as an independent actor in security matters. Despite alarmist sentiments in the neighbouring states, Minsk confirmed its ability to prevent the expansion of the Russian military presence and took a different (from Russia) position on regional security matters.

Minsk found it increasingly difficult to use regional security issues as a bargaining chip with the West and Moscow simultaneously. Belarus was expected to make concrete steps to demonstrate openness and conscientiousness in regional security matters. That said, Minsk made such steps. For instance, for the first time
in many years, Russian military units which fought against Ukraine or were deployed to the occupied territories, did not participate in the military parade on July 3rd. During the Russo-Belarusian strategic military exercises Zapad-2017, Belarus demonstrated high openness levels, which, however, was not enough: Eastern European NATO members and Ukraine only confirmed in the opinion that the Belarusian Armed Forces were an integral part of the Russian military machine in the western strategic front (the Baltic states and Poland). Belarus’ openness was praised, but that was it. Nevertheless, Minsk sought to expand the field for interaction with the West through developing military and political relations with NATO as a whole and with individual member states.

BOOSTED COOPERATION WITH CHINA AND OTHER STATES

Manoeuvres between Russia, the West and Ukraine reduced confidence in Belarus by all sides of the confrontation. In the case of a security crisis, Belarus would be unable to count on effective external support. Realizing this, the Belarusian authorities were interested in China’s arrival in Eastern Europe, as her position could be ignored by the regional centres of power. Cooperation between Belarus and China in the security field including the military-industrial complex, strengthened. Some Soviet/Russian weapon systems could be replaced with Chinese ones, including those produced in Belarus at local military-industrial enterprises or new industries with the participation of Chinese capital. Belarus developed relations with Chinese military-industrial complex companies producing the most important products for Minsk (missile armament, wheeled armoured vehicles, shock UAVs, fighters, air defence systems, ammunition).

In addition, Minsk demonstrated readiness to find points of mutual interest not only with large and rich states, but also with countries with modest resources.

In general, Belarusian major security agencies were highly active on the international fora in their field of expertise (activities of special services were not disclosed for obvious reasons). Apparently, the Belarusian security forces received a task to expand international cooperation.

Main threats in 2018

- Russia and Ukraine are likely to further reduce confidence in Belarus in the security field
- A neighbouring state is likely to carry out a large-scale and long-term information and psychological attack against Belarus

Brief forecast for 2018

- Special services are likely to gain more influence amid the new electoral cycle and taking into account the threat of external interference in domestic political processes in Belarus
- Some personnel reshuffles in the Defence Ministry’s leadership are likely
- The authorities are likely to attempt to boost control over the national information space; simultaneously, Russia is likely to build-up information and psychological pressure on Belarus
- Belarus and China are likely to expand cooperation in the security field amidst very limited progress in this regard on the western track

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CIVIL SOCIETY AND POLITICAL PARTIES

CIVIL SOCIETY AND POLITICAL PARTIES MOVED BEYOND THE OPPOSITIONAL AGENDA

Amid "narrowing" social base of support for the current leadership, civil society and the opposition attempted to use the window of opportunity and engage new supporters among those discontent with the state’s socio-economic policy. Yet civil society and the opposition have not formed a critical mass of active supporters of change to promote systemic reforms. Nevertheless, both, civil society and the political parties demonstrated a positive dynamics in mutual cooperation and working with the population and increased their influence on the state policy.

PROGRESS WITH THE LOCAL AGENDA AND SOME ITEMS ON THE NATIONAL AGENDA

Civil society successfully used crowd funding to finance some of their activities. Different local initiatives, involving public and political activists, managed to prompt the authorities to revise or abandon altogether previously adopted decisions.

With its constructive stance, "Tell the Truth" complemented the non-compromising Belarusian National Committee and right-centrists in the dialogue with the Belarusian leadership. This facilitated the adoption of compromising decisions on topical issues, such as the suspension and revision of the decree on social dependants, greater openness of the Defence Ministry and staff rotation in Pechi military base, where hazing and the death of conscript soldier Axander Korzhich occurred.

Tension among political parties reduced due to the abandoning of the struggle for leadership within the opposition and disputes about a single presidential candidate. Instead, parties focused on working with different social groups. Yielding to the opposition pressure, the authorities were prompted to take over some opposition initiatives in the context of ideology revision, such as, for example, concern for the protected area in the Kurapaty tract, where mass shootings occurred during the communist period.

COMPLEMENTARITY DUE TO THE DIVISION OF AREAS OF RESPONSIBILITY

Throughout the year, the Belarusian National Committee, headed by Statkevich, attempted to revive street protests. Albeit the BNC activities did not cause the winter-spring protests, they facilitated the creation of frameworks for the population to manifest their discontent openly.

The political agenda of street leaders did not appeal to the majority of the population, however, the BNC protest activity reverbered in society with discontent due to authorities’ mistakes when adopting the decree on social dependants and the accumulated discontent with the socio-economic policies.

"Tell the Truth" also attempted to engage dissatisfied citizens who were not ready for decisive actions and street protests, in their activities. They focused on the dialogue with the authorities within mutually acceptable frameworks. Coupled with the potential gained by former presidential candidate Karatkevich of "Tell the Truth" during the presidential campaign, such approach allowed to bring many new activists and nominate greater number of candidates in the local elections as compared with other parties.

Centre-rightists used a combined approach: they engaged in street protests in the regions during the peak period but refused to participate in
unauthorized rallies amid enhanced repressions by the authorities. Centre-rightists succeeded in promoting their interests at the international level and putting the situation in Belarus in the focus of attention of their European partners from the EPP.

Main threats in 2018

- Tensions among the opposition parties may escalate as they enhance focus on the intra-opposition agenda and the struggle for leadership
- The power block may strengthen its influence on the state policy, toughen response to street protests and step up repressions against the opposition, civil society and independent media

**Brief forecast for 2018**

- The opposition is likely to insignificantly increase representation in the local councils
- A constructive approach is likely gain ground in political parties and civil society, but the ultimate forms of activity are likely to retain
- Civil society is likely to expand cooperation with the state

**BELARUS-WEST RELATIONS**

**STABLE NORMALIZATION AND TACTICS OF SMALL STEPS IN RELATIONS WITH THE WEST**

Minsk placed stake on a gradual normalisation with the West, skilfully using transformations in approaches to Eastern Europe in the European Union and the United States, as well as its new role of a peacemaker in the conflict in Ukraine.

In 2017, Minsk failed to complete negotiations on the visa facilitation agreement with the EU, to coordinate partnership priorities, and to persuade the European Union to begin negotiations on concluding the agreement on partnership and cooperation. However, despite the absence of a breakthrough in political relations, the parties consistently increased the array of joint projects, engaged in new forms of cooperation and communication. In this respect, Minsk preferred to elaborate bilateral cooperation issues in detail and did not attempt to tie the signing of documents to symbolic events like the Eastern Partnership Summit.

Carefully and consistently, Belarus worked hard to transform the bilateral agenda to make it more pragmatic and depoliticised, which ultimately led to an increase in the number of projects in the areas of mutual interest (border and environmental protection, infrastructure, transport, etc.). The European Investment Bank for the first time received a mandate to work with Belarus, and the European Bank for Reconstruction and Development launched a new programme.

The Belarusian authorities focused on shaping Belarus’ new image of a peacemaker and promoting stability in Eastern Europe. The explicit openness of Belarus to western observers during the Zapad-2017 military exercises helped to neutralize the negative information outburst associated with apocalyptic forecasts regarding the outcomes of the exercises. In addition, the unilateral introduction of the five-day visa-free entry to Belarus for foreign nationals became an unprecedented step for Belarusian diplomacy, which was perceived as a gesture of goodwill in the West.
The restrained response of the EU and the US to harsh clampdown on street protests in February and March emphasised the stability of the normalisation process, as well as the fact that both, the West and the Belarusian authorities learned the lesson of 2010 and acted more flexibly and circumspectly.

Main threats in 2018

- The quality of diplomacy may reduce due to the planned substantial staff reductions in the Belarusian Foreign Ministry
- The influence of the Foreign Ministry in the system of power may reduce for the same reason

Short forecast for 2018

- The gradual normalization of relations with the West is likely to continue without major breakthroughs
- Belarus’ cooperation with the European Union and the United States is likely to widen and the funding of projects unrelated to the promotion of democracy is likely to step up

BELARUS-RUSSIA RELATIONS
BELARUS AND RUSSIA ACCUSTOMED TO THE “NEW NORMALITY”

Belarus and Russia started 2017 with conflicts practically across the whole range of issues and ended it with all major issues resolved and seriously advanced on minor contradictions. Meanwhile, interdependence and cooperation between Moscow and Minsk decreased as compared with the pre-conflict period. The self-dependence of Russia and the strengthening of Belarus’ sovereignty are likely to continue in 2018, which would lead to a stable consolidation of the “new normality”.

STATUS QUO RESTORED IN THE SUPPLY OF GAS AND OIL

In 2017, Minsk and Moscow engaged in an acute conflict over the supply of gas and oil, and had minor disagreements on mutual trade, foreign policy and state border issues. In Q1 2017, the conflict escalated due to Belarus’ introduction of the short-term visa-free stay for foreigners, Moscow’s claims to the visa policy and additional obstacles to the crossing of the Russo-Belarusian border. Minsk suspended the signing of the EEU Customs Code and its participation in the EEU summits, and Moscow suspended the allocation of the EFSR loan.

In April, Belarus agreed to restore the status quo in energy supplies to the standard of early 2016, as she failed to achieve the desired over a long period of confrontation and suffered serious losses for the economy and budget. Minsk recognized and repaid a USD 726 million debt for the gas supplied during the conflict, in return, Moscow resumed oil supplies in full. The signed agreement covered 2018-2019, but the price for gas in 2018 and 2019 would be calculated according to the old formula, albeit with a lowering factor, which, against the background of the expected increase in gas prices, could partially compensate for the losses in 2016 and early 2017. The Kremlin defended its position on the introduction of a single energy market as of 2025, although Minsk insisted on earlier terms of the introduction of the common pricing principles for gas.

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Minsk resumed its participation in the Eurasian integration and Moscow allocated the following tranche of the EFSR loan.

CONTRADICTIONS PERSISTED AMID COOPERATION ADVANTAGES REDUCED

Moscow’s conflicts with the West and Ukraine had a serious impact on the dynamics of bilateral relations, in addition to the remaining contradictions regarding producers’ access to each other’s markets.

US sanctions against Russia would require the Belarusian authorities to be even more cautious with the foreign policy balancing, since they weaken Russia as a political and economic ally for years to come. Simultaneously, Russia retained its aspirations to define Belarus’ foreign policy. In addition, Russia’s efforts to discredit Belarus’ independence in foreign policy with the support of some political groups in Ukraine could further complicate foreign policy manoeuvring for Belarus.

That said, the rise in oil prices, the difficulties with financing alternative energy routes to Belarus (Nord Stream-2) and the preservation of the state Soviet industry in Belarus predetermined high mutual interest in retaining cooperation.

With the EEU Customs Code taking effect as of January 1st, 2018, confrontation over the interpretation of union agreements is likely to increase and Russia could use it as an additional instrument to restrict Belarusian imports on the Russian market. In addition, further implementation of the Russian border management programme, could mark new points of controversy.

Nevertheless, apparently, since mid-2017, Belarus and Russia were adapting to lower expectations from mutual cooperation and getting used to the situation of “new normality” in bilateral relations.

Main threats in 2018

- Russia’s confrontation with the world is likely to grow
- The Belarusian state is likely to remain inert in countering information attacks of the Kremlin
- Russian lobbyists are likely to succeed in imposing unprofitable terms of cooperation on Belarus, both, in trade and petrochemicals transit

Brief forecast for 2018

- Allied relations, high cooperation levels and priority of Russia in Belarus’ foreign policy are likely to retain
- Many small conflicts on trade, political and foreign policy issues, as well as problems with borders and migration management are likely to occur

Since mid-2017, Belarus and Russia were adapting to lower expectations from mutual cooperation and getting used to the situation of “new normality” in bilateral relations.