2018: REFORMS CAUSED BY THE LACK OF STATE RESOURCES
2019: BACK TO ATTEMPTS TO PURCHASE THE LOYALTY OF SOME SOCIAL GROUPS WITH PAY RISES

The Ruling Elite
MEASURED ECONOMIC REFORMS CLOSELY SUPERVISED BY SECURITY FORCES

Key political and economic trends from 2018 included constrained economic transformations; coercive pressure on the opposition, independent media and trade unions; and persecution of government officials for corruption. The so-called reformists in the government strengthened their positions while the influence of agro barons and industrialists subsided. In domestic politics, the influence of liberals from the Foreign Ministry gradually reduced in favour of the power bloc.

The president attempted to tighten control over domestic agenda through appearing more frequently in the media. The Administration enhanced pressure on government officials to improve the performance of the public sector and occasionally resorted to micro-management. After the local...
elections, the president further rotated his executives, especially in those regions where protests against the decree on social dependents were most popular. Despite frequent talks about a possible referendum, the Belarusian leadership decided against it. Most likely, due to the fears of overly politicizing the population amidst general discontent with social and economic policies and not improving standards of well-being.

LUKASHENKA ATTEMPTS TO REACH OUT TO NEW SOCIAL GROUPS

In addition, amid reduced social protection, the Belarusian leadership attempted to recruit new supporters by reaching out to new social groups, which never aspired or relied on state support, such as, for example, politically indifferent IT workers. Furthermore, the authorities attempted to lower the ideological confrontation with the National Democrats by authorizing a large-scale concert on March 25th to celebrate Freedom Day. Meanwhile, the Belarusian leadership’s attitude towards the Belarusian People’s Republic heritage remained controversial.

THE MARKET-ORIENTED GOVERNMENT WORKS IN A RIGID FRAMEWORK

Throughout the year, the economic authorities pursued a responsible monetary policy and restrained appetites of industrialists and farmers for state support. That was facilitated by President Lukashenka’s disappointment not only with the results of the previous massive modernization but also by the state managers’ inability to complete even pilot projects. For instance, after a visit to the Orsha district, which was identified as a pilot project for re-industrialization, the president dismissed Industry Minister Vovk.

Ultimately, all that led to a new government headed by a supporter of market reforms. Prime Minister Sergei Rumas and his deputies are relatively young (all approaching their 50s), they promote financial discipline and levelling of structural imbalances in close cooperation with international financial institutions. However, while the government embarked on gradual economic transformations and expanded opportunities for private business, it was constrained by a rigid framework not allowing any changes in the public sector of the economy. Finally, the authorities demonstrated readiness for progressive steps in decriminalising business activity and reforming the tax code.

REFORMS CAUSED BY THE LACK OF STATE RESOURCES

The updated framework for relations between business and the state envisaged the loyalty of large entrepreneurs to the state. Due to an informal agreement, the state would not interfere with large businesses if the latter abandoned any plans to engage in political activity. For example, large private retailers (Euroopt, Tabak-Invest) were allowed to expand to rural areas in order to remove the financial and social burden on the state budget. Such transitory economic model featured reactive approaches, that is, reforms were carried out when they were already inevitable due to the lack of public funds. To this end, Sergei Rumas’ economic development programme included lowered state support for the public sector and reduced cross-subsidies for housing, utilities and electricity tariffs.

The political weight of the Foreign Ministry in the Belarusian power system somewhat reduced, which was evidenced by significant staff reductions. In January 2018, the ‘optimization’ of the ministry ended, reducing its staff by one third and...
funds by 15%. It also launched a trend towards diminishing influence of the Foreign Ministry on the domestic political agenda. Amidst Minsk’s desire to settle relations with the West, diplomats were interested in curbing the law enforcers’ repressions.

Simultaneously, the funds available to different power agencies increased by 17% to 26%. Throughout the year, security forces built up pressure on the opposition, trade unions and independent media.

PRESSURE MEANS VARIED FROM HIGH FINES TO DETENTIONS AND ARRESTS

Pressure means varied from high fines to detentions and arrests, criminal prosecution of the REP trade union leaders and leading online media (the “BelTA case”). Albeit the REP leaders, Gennady Fedynich and Igor Komlik were given relatively mild sentences (four years of restriction of liberty without imprisonment), the authorities managed to weaken the independent trade union movement.

The total amount of fines handed to supporters of street activity and BeISAT journalists amounted to a record high USD 75,000. In late 2018, law enforcers focused on opposition parties. Thus, the authorities deported the UCP press secretary, Krasulina, although the court later reversed the deportation.

As the authorities lacked resources to retain a relatively good social protection level and to improve people’s well-being, the positions of the power bloc had strengthened. Perhaps, the authorities would be able to report the average salary at BYN1000, however, most likely it would be due to the usual December payments and bonuses.

The authorities held anti-corruption purges in some sectors and areas of public administration: agriculture, energy, medicine, in local and city level executive administrations and among managers of public enterprises. Their major purpose was to discipline resource-intensive industries and reduce their lobbying capacity for state support.

INSTITUTIONAL STRENGTHENING OF POLITICAL PARTIES IN THE POWER SYSTEM

The local elections evidenced a cautious trend towards the institutional strengthening of parties in the power system: a part of the establishment put forward such a demand. Meanwhile, the authorities’ strategy during the campaign was to hold elections against the background of depoliticized society, so as not to prompt voter interest in candidates or alternative socio-economic agendas. According to the election results, opposition parties did not win seats in local councils, while pro-government parties doubled their representation to 470 deputies (the Communist Party of Belarus, the Republican Party of Labour and Justice, the Liberal Democratic Party, the Social-Democratic party People’s Accord). While that was a small percentage of the total number of deputies, party-affiliated deputies won seats primarily in the Minsk City Council, regional and district councils, which enjoy more power as compared to local councils.

In addition, more than 6,500 members of the Belaya Rus quango became local deputies, which increased their representation by 9% up to 36% of the total number of deputies. Moreover, in 2018 Belaya Rus members abandoned their idea of becoming a political power (most likely temporarily). Perhaps this was due to a massive anti-corruption purge and the president’s pressure on the executives and most active officials.
THE MINIMUM TASK OF THE AUTHORITIES IS TO ENHANCE SELF-CENSORSHIP IN THE ONLINE MEDIA

The authorities revised their information policy. As of early 2018, access to Charter 97.org website was blocked. The authorities also amended the Media Law, introducing the registration of online publications and the mandatory identification of commentators on websites. Throughout the year, law enforcers launched several show-cases against commentators in social media, in an attempt to discipline a politicized Internet audience. Security forces opened a criminal investigation against representatives of popular independent media (TUT.BY, BelaPAN, etc.) – the so-called ‘BelTA case’. Although later charges against all but one journalist were requalified as administrative, the authorities achieved their primary task of enhancing self-censorship in the online media.

The president rejuvenated the media leadership in an attempt to boost the ideological work and improve his online image. The authorities attempted to respond swiftly to high-profile issues popular in social and online media. Nevertheless, the authorities continued to pursue measures which could lead to undesired results amid high discontent in society with the state policy, e.g. the authorities started enforcing an updated version of the decree on social dependents.

Major Threats in 2019

- the authorities are likely to resume pre-election populism in an attempt to purchase the loyalty of some social groups with wage growth
- security officials may attempt to retain or expand their influence on the president and in society
- the authorities may suspend institutional transformations and delay the strengthening of other (than the presidential) power institutions, such as parliament and political parties

Forecast for 2019

- the government is likely to reform some most resource-intensive industries and sectors and further reduce public funding of the economy
- law enforcers are likely to further persecute independent media and street protest activists

SECURITY

THE SECURITY SITUATION IN BELARUS IN 2018 REMAINED STABLE

Security is usually determined by long-term trends. In 2018, Belarus continued to implement her previous security strategy envisaging the diversification of international partners in ensuring security and strengthening the army. However, there was no qualitative change in the security situation in Belarus, to this end; the security situation should be regarded as stable.

THE LACK OF CONFLICTS IN THE SPHERE OF SECURITY AS THE MOST IMPORTANT LEVER OF INFLUENCE ON THE KREMLIN

In 2018, the Belarusian leadership was working on finding ways to enhance the efficiency of law enforcement within the existing financial and human resources. To some extent, the KGB somewhat increased its influence in the power system due to both, successes in fighting corruption (and the ability to present the outcomes to the president effectively) and cooperation between the KGB and some Russian intelligence units.
Security relations remained the least confrontational in Russo-Belarusian relations. Minsk regards such cooperation as the most important lever of influence on the Kremlin.

Striving to avoid contradictions with Russia on security matters, Belarus consistently worked on expanding the circle of major security partners. China is likely to remain the absolute priority for Minsk and the participation of Chinese soldiers in the military parade in Minsk on July 3rd was an important sign.

In addition to the political dimension, stronger international partnerships are important for the domestic military-industrial complex, which is unacceptably dependent on the Russian market. Export diversification, new product release, optimization of research and development retained their importance for the domestic military-industrial complex and remained relevant throughout the year.

**THE SPLIT WITHIN THE CSTO IS NOW CLEAR**

The split within the CSTO, which was provoked by a dispute about the new CSTO Secretary General, became public. The Belarusian candidate was supported by all states except Armenia, as the latter sought to nominate a new candidate to replace the withdrawn.

The inability to agree on a technical issue was a manifestation of deeper disagreements within the CSTO, which did not allow to consider the organization as a capable defence association.

The possible transfer of General Stanislav Zas from leading the Belarusian Security Council to the position of the CSTO Secretary General may become a sign of the upcoming serious changes in the national security and defence sector in Belarus, to be coordinated by Zas’ successor in 2019.

**Major Threats in 2019**

- Russo-Belarusian security relations are likely to remain the least prone to conflicts

**Forecast for 2019**

- China is likely to remain the absolute priority for Minsk in the sphere of security
- possible transfer of General Stanislav Zas from leading the Belarusian Security Council to the position of the CSTO Secretary General may become a sign of the upcoming serious changes in the national security and defence sector in Belarus

**CIVIL SOCIETY AND POLITICAL OPPOSITION**

Key trends on civic space from 2018 included the following: most opposition political parties and organisations started early preparations for the parliamentary and the presidential campaign of 2019/2020 with the focus on their audiences; most parties elected new leaders and avoided major splits; some local protests continued throughout the year and used various means to put pressure on the authorities; some important community and social projects successfully raised funds through crowdfunding. However, political opposition did not win seats in local councils in local elections held in early 2018, and some occasional tension marked relations within the political opposition, primarily when they attempted to create broad coalitions.
THE OPPOSITION REMAINED DIVIDED INTO THREE MAJOR FORCES, DIFFERING BY STRATEGIC APPROACHES

The opposition remained divided into three major forces, differing by strategic approaches to political transformations. The Belarusian National Committee, headed by former presidential candidate and political prisoner Statkevich, promoted politicized street protest actions in Minsk. Tell The Truth advocated for gradual changes in the course of a dialogue with local and central authorities, and the centre-rightists used both approaches depending on the situation. National Democrats from the Belarusian Popular Front focused on nation-building and cultural development and, to this end, they to a greater extent solidified with the authorities in upholding the country’s independence. That said, social-democrats and leftists remained fragmented and had not implemented significant initiatives throughout the year.

Not a single opposition candidate made it to local councils (except few seats in remote village councils). Political parties lacked human and financial resources to overcome the apathy in society and were unable to counteract the authorities’ efforts in depoliticizing voters. As compared with the local elections in 2014, the opposition nominated fewer candidates – some 400 people for more than 18,000 seats. In addition, parties failed to raise funds to support their nominees, which led to the lack of information about the candidates.

The low motivation of opposition activists to participate in the elections and the lack of interest in the West to the local election campaign had largely pre-determined its results. However, the opposition succeeded in organizing a convincing observation and revealed many violations during the campaign, which, however, had little impact on society and did not prompt open discontent with the election results.

THE NUMBER OF SUPPORTERS OF THE NATIONAL DEMOCRATS AMONG THE YOUTH GROWS

In early 2018, some opposition organisations supported civic efforts to hold a massive celebration of the Belarusian People’s Republic Centenary (Freedom Day). The opposition’s attempt to create a broad coalition to organize Freedom Day celebrations predictably raised tension and prompted mutual accusations within the opposition, in particular, between the majority in the organizing committee and the non-compromising Belarusian National Committee, led by Statkevich.

Civic activists organized an impressive concert on Freedom Day, which gathered some 30,000 to 50,000 participants, and made some title opposition leaders somewhat envious. The revitalization of the Belarusian Popular Front’s youth organization also evidenced, that, in all likelihood, supporters of National Democrats among young people increased in number.

OPPOSITION ORGANIZATIONS ABANDONED THE IDEA OF NOMINATING A SINGLE PRESIDENTIAL CANDIDATE

Opposition organizations abandoned the idea of nominating a single presidential candidate for the upcoming elections, which naturally reduced tension among political parties. Some opposition politicians announced their presidential ambitions and started campaigning, including field trips, reaching out to their audiences and consolidating party activists. Potential presidential candidates include MP Kanopatskaya, Gubarevich from For Freedom, Severinets from the BCD, Karatkevich and Dmitriev from Tell The Truth, and Yanukevich from the BPF. Centre-rightists decided to nominate a single presidential candidate from the coalition through the primary process.
election procedure. In addition, the BNC announced the intention to nominate a presidential candidate in early 2019.

Despite numerous attempts, the BNC failed to put political street protests in Minsk back on the agenda. Most activists focused on the protest against the entertainment centre near Kurapaty, a mass murder site, which was coordinated by the BCD chairman, Severinets. Amid the absence of positive trends on the protest agenda, the BNC made some programme statements about a positive alternative for Belarus’ future.

POLITICAL PARTIES AND MOVEMENTS BUILD THEIR CAPACITY

Right-centrists retained high-level contacts with their partners in European capitals and brought human rights violations in Belarus to the attention of European politicians. Tell The Truth sought to influence the Belarusian-American agenda and form an alternative agenda in the Russo-Belarusian relations, including working with a pro-Russian electorate.

In some cases, political parties successfully politicized some social demands, for instance, those put forward by the Mothers 328 movement (by the BCD, Tell The Truth) and environmental protesters in Brest (by the BNC).

Tell The Truth and the BCD, in cooperation with MP Kanopatskaya attempted to promote a reform agenda in a dialogue with the authorities. The BCD focused on working with new audiences, which led to success – dormitory fees in Mogilev were lowered.

Tell The Truth enhanced its regional presence, held six successful regional forums, strengthened institutional capacity by registering regional and district bodies, and further built trusting relationships with local and central authorities. Tell The Truth leaders were invited to participate in a talk show on state-owned TV, which facilitated the organization’s access to its audiences.

The Belarusian Social-Democratic Party Hramada, the United Civic Party and the Belarusian Social Democratic Hramada and For Freedom movement changed their leaders, which did not lead to further splits. This fact marked the stability in the opposition’s institutional development. Furthermore, in late 2018, the BSDP Hramada and the Green Party outlined a possibility for cooperation by forming a joint social platform.

In addition, political parties mobilized their activists to counteract pressure on independent journalists in the so-called BelTA case and trade unions in the ‘Trade Union case’, which somewhat drove them away from their audiences for some time.

CIVIL SOCIETY SUCCESSFULLY RAISED FUNDS THROUGH CROWDFUNDING PLATFORMS

Civil society successfully raised funds through crowdfunding platforms for high-profile projects, primarily of a national-cultural and charitable nature. For example, bloggers and civic activists in Minsk raised sufficient funds to organize a concert to celebrate Freedom Day, to publish the Voice of Utopia, a pentabook by the Nobel laureate Svetlana Alekseevich, in the Belarusian language (raised funds exceeded the target by five times, totalling some USD 100,000). Yet another successful crowdfunding was carried out by Names, a non-commercial platform, which raised some BYN 1,000,000 on charity projects. The opposition also attempted to raise funds through crowdfunding for its initiatives but was less successful.

Civic activists and human rights defenders achieved the decriminalization of activities on behalf of an unregistered organization (Art. 193.1 of the Criminal Code was abolished, leaving only administrative charges).
The expert community (Minsk Dialogue) held the first conference in the history of Belarus with the president’s participation. This fact reflected the growing influence of independent research and analytics on the state’s policies, primarily in foreign policy, to a lesser extent in the economy, and partly in public administration, social and cultural policies.

Local environmental protest movements in Brest and Svetlogorsk and in Minsk on urban planning and in Kurapaty in defence of the historical memory demonstrated high resilience, support from the population and activists’ readiness for a long-term confrontation with the authorities. Civil society activists and local communities mobilized a significant number of citizens to defend their interests vis-à-vis large commercial lobbyists, and to keep protests ongoing. However, civic activists and political parties failed to mobilize Belarusian society against the construction of the nuclear power plant in Ostrovets. For example, there were only some 400 participants in the traditional Chernobyl Path in April.

**Belarus and the West**

**Inching ahead**

The Belarusian authorities further pursued the policy of gradual normalization with the West, based on Western states’ interest in the region and Belarus’ new peacekeeping role in resolving the conflict in Ukraine. However, there were no major breakthroughs in this direction.

Belarus focused her efforts on transforming the Belarus-EU agenda and bilateral relations with some EU member states towards greater pragmatism and de-politicization, which ultimately led to an increase in joint projects in spheres of common interest. Several high-level visits to Minsk by current and former U.S. officials marked significant progress in improving relations with the United States.

**Major Threats in 2019**

- Tension and conflicts among political organisations, especially among coalitions, aiming to nominate their presidential candidates, are likely to build up – tension among political parties over regional activists and financial resources is likely to enhance
- Absenteeism and support for the boycott is likely to strengthen, especially among activists supporting candidates who drop out of the presidential race

**Forecast for 2019**

- Civil society is likely to further successfully raise funds for charity projects and cultural initiatives, including for commemorating the 101st anniversary of the Belarusian People’s Republic, through crowdfunding
- Most opposition parties are likely to participate in the parliamentary and presidential campaigns of 2019/2020, however, the opposition is unlikely to nominate more candidates for parliament than in 2016
- Local communities are likely to continue to protest against hazardous industries in Brest and Svetlogorsk and sealing constructions in major cities
- Local protests aimed at defending local residents’ interests are likely to be held in compliance with the existing legislation and within a dialogue with the authorities
- Some social-democrats and leftists are likely to step up talks on the creation of a coalition to nominate own presidential candidate

Belarus extended the visa-free stay for foreigners to 30 days, however, this fact did not have a major impact on visa facilitation talks with the European Union.
The Belarusian authorities actively promoted Belarus’ new image of a peacemaker state which advocated for stability in Eastern Europe. Several large international conferences (including the Minsk Dialogue Forum, the OSCE Conference on Cybersecurity, and the Core Group Meeting of the Munich Security Conference) confirmed the strengthening of such Minsk’s new role. Belarus extended the visa-free stay for foreigners to 30 days, however, this fact did not have a major impact on visa facilitation talks with the European Union. That said, Belarus and the EU as yet did not arrive at agreements on visa facilitation and partnership priorities.

RUSSIA-BELARUS RELATIONS

CONFRONTATION IS LIKELY TO GROW AND CONFIDENCE IS LIKELY TO DECREASE AS BELARUS HOLDS ON RUSSIA AS A FOREIGN POLICY PRIORITY

Belarusian-Russian relations developed amidst the growing confrontation between Russia and the West and enhanced sanctions against Russia. As usual, amid an economic slowdown and/or the beginning of the pre-election period in Belarus, Russia moved to the next phase of “pragmatizing” bilateral relations. Both sides changed negotiating teams to comply with “the “pragmatization” tasks. Not a single important agreement was concluded in the Russian oil industry in 2019 and further on. That said, the frequency and the duration of the presidents’ meetings only briefly lowered the heat of conflicts. In fact, contrary to our forecast, in 2018 the allies had had a hard time adjusting to reducing cooperation.

Despite the fact that Belarusian-Russian relations were in the focus of the media throughout the year making some alarmist forecasts, and that there was an exceptional number of intergovernmental and high-level meetings, not a single important agreement was concluded.

Major Threats in 2019

- further delay with the signing of agreements with the EU on visa facilitation, partnership priorities and trade is likely
- Russia is likely to step up the pressure and the West is likely to enhance demands in connection with the upcoming elections
- the likely growth in the confrontation between Russia and the West would further narrow the room for manoeuvre for Minsk

Forecast for 2019

- the gradual normalization with the West is likely to continue without major breakthroughs
- areas of cooperation with the European Union and the United States are likely to expand and the funding of projects unrelated to the promotion of democracy is likely to increase
- a surge of negative rhetoric towards the West is likely, due to the logic of the electoral process in Belarus

Moscow agreed to refinance, but not to write off loans previously issued to Minsk, thereby increasing Belarus’s financial dependence on Russia
THE MAJOR CHANGE IN BILATERAL RELATIONS WAS THE CHANGE IN NEGOTIATION TEAMS

After the re-election of the Russian President, the Russian negotiating team underwent transformations: Deputy Prime Minister Dvorkovich was replaced by Gordeev, and Minister of Agriculture and Foodstuffs Tkachev – by Patrushev, and Russian Ambassador to Belarus Surikov – by Babich. In Belarus, a new government was appointed and a new Ambassador to Russia. In addition, Belarus replaced two representatives in the Eurasian Economic Commission – Sidorsky and Koreshkov with Subbotin and Nazarenko. Rumas was appointed to lead the new government, and Deputy Prime Minister Semashko (became Belarusian Ambassador to Russia) was replaced by Lyashenko, and former Belarusian Ambassador to Russia Petrishenko strengthened the Belarusian government’s negotiating team as another Deputy Prime Minister. The new composition of negotiating teams is more consistent with the tasks of “pragmatisation”.

The second most important event was the entry into force of the EEU Customs Code on January 1st, 2018, which led to additional barriers to Belarusian exports to Russia due to the fact that only Russian companies could issue Certificates of Origin. Ultimately, the right to export to the Russian market is bought from Russian companies, which could be acquired by competitors.

The third important moment in bilateral relations was Belarus’ initiative to give a boost to the Union State to enhance her negotiating positions on the terms of oil and gas supplies. Due to Lukashenka’s sharp reaction to Medvedev’s statement in Brest in December 2018 that the terms of cooperation depended on integration levels and his proposal to Belarus to fulfil the provisions of the 1999 Union Treaty, which she had abandoned. That said, the integration within the framework of the Union State was at a standstill due to the fact that the Treaty of 1999 established decision making based on the equality of parties, not proportionally to their economic ‘weight’, e.g. that Belarus’ voice was equal to the Russian one.

Major threats in 2019

- the Russian Rouble’s devaluation due to sanctions and lower oil prices is likely to have an impact on the Belarusian financial system and corporate financial health
- relations with Ukraine may deteriorate due to Belarus’ desire to avoid becoming involved in the conflict and Russia’s additional claims in this regard
- Russia may come up with information and other provocations in an attempt to undermine Lukashenka’s confidence in smooth elections

Forecast for 2019

- attempts to reanimate the Union State are likely to generate many alarming expectations in Belarus and her neighbours, however, to no avail
- Russia is likely to put pressure on the Belarusian leadership to abandon some of its commitments in such a way that she further regarded herself as a benefactor
- issues of oil and gas supplies in 2020 are likely to remain unresolved at least until mid-2019, or, most likely until late 2019
- issues with the refinancing of public debt are likely to be resolved positively without creating any tension