

BELARUS: EUROPEANISATION THROUGH THE “BACK-DOOR”?”

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It is widely acknowledged that Belarus lags behind the other Eastern Partnership (EaP) countries, both in its links with the EU and in its approximation to EU standards. Belarus has never voiced European aspirations, opting instead for deeper integration with Russia. Minsk never expected to move towards the Association Agreement with the EU, as it does not even have a functioning Partnership and Cooperation Agreement (PCA). Now, being a member of the Eurasian Economic Union (EEU), Belarus can neither proceed towards conclusion of the Association Agreement and the DCFTA with the EU, nor advance trade relations with the EU through adoption of the EU’s legislation.

However, despite a lack of formal contractual relations with the EU and illiberal domestic policies, Belarus still exposes some potential for Europeanisation. Its geographical proximity, mediatory role in regional conflicts as well as a greater opening to external trade and harmonisation “through back-doors”, due to the EEU membership obligations, are the main factors pushing Belarus in the European direction, at least to some extent.

In this chapter, in assessing the EU’s changing nature of cooperation with Belarus, the author adopts the theoretical approach to the EU’s external governance, as proposed by Sandra Lavenex and

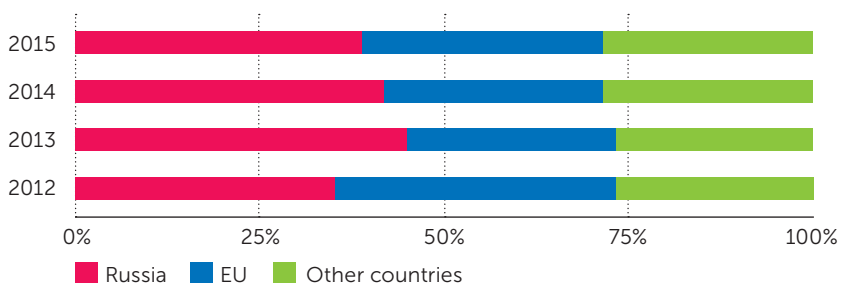
Frank Schimmelfennig.¹ According to this approach, the EU's external governance can take three different forms, depending on the partner country's standing *vis-à-vis* the EU and specific foreign policy aims of the EU. The three modes of external governance are: a hierarchical mode based on a formalised relationship of domination and subordination; a networking mode in which actors have equal rights and no party can bind the other party without the latter's consent; and a market-based mode based on competition between formally autonomous actors. The author argues that all three modes can be detected in EU's relations with Belarus, however, with very little impact on the actual level of Europeanisation in Belarus, which, to date, remains very low despite the country's close geographical proximity to the EU.

Economic ties with the EU: a brief assessment

The EU is the second main trade partner of Belarus. Between 2012-15, the share of Belarusian exports to the EU stood at 28–38 percent, while the share of imports ranged from 20 to 23 percent of total imports. Russia is Belarus most important trading partner and absorbs almost half of Belarus international trade. The bilateral trade in goods between EU-Belarus has been growing steadily over the past years, up until 2015, which was a year of economic recession in Belarus. (See Figure 1 and 2.)

¹ Sandra Lavenex and Frank Schimmelfennig, "EU Rules Beyond EU Borders: Theorizing External Governance in European Politics," *Journal of European Public Policy* Vol. 16, Iss. 6 (2009).

Figure 1. Distribution of volumes of Belarusian exports, 2012–15



Based on data from the National Statistical Committee of the Republic of Belarus.

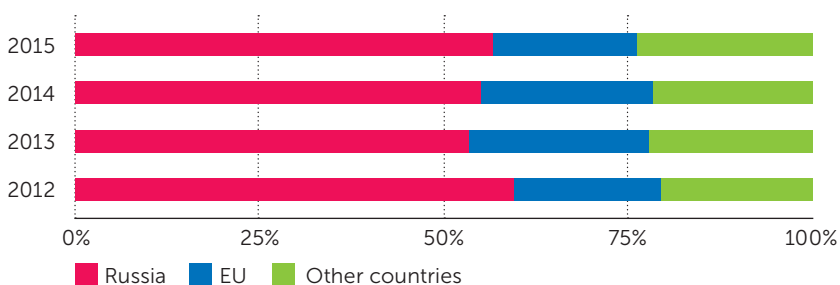
Mineral fuels, including crude oil, oil products, etc., account for the lion's share of Belarusian exports to the EU. Other product categories – such as chemicals, agricultural products, machinery and textiles – all form a much lower share. The share of mineral fuels in the total export from Belarus to the EU normally stands between 75 and 87 percent. Only about 5 percent of the Belarusian export in industrial products is sold to the EU. Five largest importers of Belarusian products, among the EU states, are the Netherlands, Great Britain, Italy, Latvia and Lithuania. Two Belarusian refineries, with an annual volume of oil-processing around 22 million tons, are the main source of income for the Belarusian state budget and is the most lucrative economic sector in Belarus.

Since 2012, Belarusian exports to Ukraine – previously its second largest export partner – decreased by almost double. Increasing difficulties with exports to the main trade partners have forced Belarus to look for new markets. In recent years, Belarus has stepped up its efforts to promote relationships with developing countries in Latin America, Africa, South and South-East Asia. However, achievements in the diversification of exports have been modest – despite an increased geographical export reach, product-wise Belarus remains a mono-exporting country. Thus,

Belarusian exports to Latin America, South and South-East Asia, and some African countries, are dominated by either potash or nitrogen fertilisers, whereas steel products are the dominating export category for a number of countries in the Middle East and North Africa. At the same time, the imports from the EU, unlike the exports, are strongly diversified. The EU exports to Belarus are mainly machinery, transport equipment and chemicals.

Belarus has been hit by recession in Russia and a fall in global energy prices. The macroeconomic crises of the past years have revealed deep structural constraints in Belarus state-centred economic policy model. Due to the weak domestic and foreign demand, the real production fell in 2015 for the first time in the preceding twenty years. The unfavourable external environment led to a sharp reduction in the total export of goods and services (by 24.1 percent year-on-year) and imports (by 25.4 percent). In 2015, Belarus GDP dropped by 3.9 percent. The country's GDP is expected to contract in 2016, with weak recovery only in 2017.²

Figure 2. Distribution of volumes of Belarusian imports, 2012–15



Based on the data from the National Statistical Committee of the Republic of Belarus.

² The World Bank, "World Bank Group – Belarus Partnership. Country Program Snapshot", 2, <http://pubdocs.worldbank.org/pubdocs/publicdoc/2016/4/61671460152921917/Belarus-Snapshot-eng.pdf>.

Officially, Russia accounts for about half of foreign direct investment, while the EU countries account for about the other half. The net inflow of foreign direct investment in 2013 was USD 2.136 billion (GDP in 2013 equalled USD 71.7 billion), of which USD 1.795 billion were reinvested. The main investment partners of Belarus are Russia, followed by Great Britain, the Netherlands, Cyprus, and Austria. The Russian share in the overall amount of the accumulated foreign investment is 33.1 percent. In turn, Belarusian companies – without taking into account public bodies and banks – invested in Russia 62.6 percent of their direct investment abroad.³ It should be noted that, as reported by the Eurasian Development Bank, much of the investment nominally coming from Cyprus and Great Britain, are in fact investments of Russian and other CIS countries.⁴ This effectively means that the actual share of Russian FDI is even higher. (See Table 1.)

Table 1. Foreign direct investment stocks in Belarus in 2012–15, USD million

	2012	2013	2014	2015
Overall FDI	14,329.8	14,974.3	15,084.4	11,344.2
Russia	6,691.0	7,281.2	6,274.7	4,896.0
Great Britain	3,617.8	3,202.1	2,809.0	2,339.3
Netherlands	407.9	741.1	1,962.1	1,220.2
Cyprus	923.4	1,059.5	930.9	806.7
Austria	576.0	501.9	526.1	353.4
Poland	128.2	179.8	157.7	194.8
Lithuania	173.0	178.5	233.5	168.9
Latvia	129.3	177.3	193.0	101.0
Switzerland	43.3	148.3	152.5	70.0
Estonia	68.8	84.7	94.0	65.2
Czech Republic	66.2	62.3	52.3	46.3
Italy	48.7	60.9	38.6	28.8

Based on data of the National Statistical Committee of the Republic of Belarus.

³ Alexander Mukha, "Foreign Investment Flows", *Nashe Mnenie*, June 27, 2014, <http://nmnb.ye/news/analytics/5524.html>.

⁴ Alexei Kuznetsov et al., *Monitoring of Mutual Investment in the CIS Countries*, Eurasian Development Bank Report (2012), 6-8.

Russia is the most popular destination country for Belarusian migrants, followed by Poland, the USA, Germany, Ukraine and the Baltic States. Lately Poland has become a more popular destination country for both temporary labour migrants and permanent immigrants from Belarus. About 75,000 "Cards of the Pole"⁵ have been issued for Belarusians to date.⁵

The Polish minority in Belarus forms the second largest ethnic minority in the country, after the Russian minority (295,000 people according to the 2009 census, or 3.1 percent of the total population). There is no significantly larger propensity to emigrate among the ethnic minorities, since they are comparatively well-integrated into society. However, liberalisation of access to the Polish labour market creates incentives for the Polish minority to undertake temporary or permanent emigration to Poland.

Experts calculate the overall number of Belarusian migrants in the EU to be around 150,000. At the same time, the number of Belarusian migrants in the Visegrad Four (V4) countries (with an absolute majority in Poland) was estimated at 70,000. However, the migration data of the receiving countries show that this calculation of the Belarusian migrant stock in the EU seems to be slightly exaggerated.⁶ In any case, there is consensus among the experts that most migrants of Belarusian origin (in excess of 80 percent) reside abroad and perform their economic activities legally.⁷

There is no clear link between emigration from Belarus and political and visa relationships between the EU and Belarus. Negotiations

⁵ The Card of the Pole, inter alia, authorises its holder to seek employment in Poland without a work permit, to carry out economic activity in Poland on the same basis as Polish citizens and, since May 2014, to obtain a permanent residence permit easily.

⁶ Andrei Yeliseyeu, "Migration between the EU, Visegrad Countries and Belarus: The Present Situation and the Possible Future" in *Forecasting Migration between the EU, V4 and Eastern Europe. Impact of Visa Abolition* (2014), 199-200.

⁷ Yeliseyeu, 200.

over the visa facilitation agreement only started in early 2014, and have not yet been concluded. The Belarusian authorities have also been delaying the launch of local border traffic agreements with Lithuania and Poland, which could significantly enhance the mobility of border residents. This is mostly explained by economic considerations. An increase in the purchases of consumer goods in the EU (primarily in Vilnius, Lithuania, and the Polish borderland), would further aggravate the negative balance of payments' problem for Belarus. Finally, a greater awareness among Belarusians of their western neighbours' living standards could enhance pro-European sentiments within society, which is a source of concern to the Belarusian authorities.⁸

At the same time, despite sluggish progress towards visa facilitation with the EU, Belarus has been doing comparatively well in practical terms of visa statistics. In 2015, Belarus occupied fifth place in the world for the total number of uniform Schengen visas received, after Russia, China, Ukraine and Turkey. Moreover, there are good reasons to believe that the existing visa regime between the EU and Belarus does not serve as an effective barrier to irregular migration. It is instead more of an obstacle for *bona fide* travellers – variations in the numbers of issued visas in Belarus during the last decade have not resulted in any significant changes in permanent or labour migration patterns of Belarusians in the EU *per se*. An increase in temporary labour migrants and permanent settlers in Poland over recent years was largely a result of the introduction of changes in Polish national legislation.⁹

⁸ Yeliseyeu, 207.

⁹ Yeliseyeu, 207-208.

Formal links with the EU

Contractual relations between Belarus and the EU are underdeveloped. Although trade between the EU and Belarus had been increasing for a number of years until 2015, the EU continuously suspends any moves towards a closer economic partnership with Belarus until political and civil conditions improve in the country. As a result, Belarus remains the only post-Soviet country with neither a functioning Partnership and Cooperation Agreement (PCA) nor a trade agreement with the EU. The ratification of the signed PCA was suspended by the EU Member States in 1997 because of undemocratic developments in Belarus. Furthermore, as long as there is no PCA in place, the EU will not conclude the European Neighbourhood Policy (ENP) Action Plan with Belarus either. Therefore, although Belarus is covered by the ENP initiative, it does not fully participate in it.

Bilateral trade and economic relations remain covered by the Trade and Cooperation Agreement (TCA) concluded by the European Communities with the former Soviet Union in 1989, and subsequently endorsed by Belarus. The outdated TCA does not contain any commitments to legislative approximation, outlining general objectives of promoting investment and economic cooperation. However, the European Neighbourhood and Partnership Instrument (ENPI), which has been covering Belarus since 2007, provides for legislative approximation for the purposes of economic modernisation and sustainable development of a functioning market economy.

Since 2010, following expiry of the Agreement on Trade in Textile Products between the EU and Belarus of 1993, the EU has imposed unilateral import quotas for Belarus covering trade in textile and clothing products. Furthermore, in June 2007, the EU excluded Belarus from its Generalised Scheme of Preferences (GSP) for the country's failure to comply with its International Labour

Organisation (ILO) obligations relating to freedom of association for workers. The GSP suspension resulted in an EU tariff increase of up to 4 percent on goods made in Belarus and affected around 10 percent of Belarusian exports, including the country's textile, timber and metal works industries.¹⁰

As long as Belarus does not have a basic legal agreement with the EU and no Action Plan within the ENP, it is not included in the bilateral track of the Eastern Partnership. Furthermore, Belarus does not participate in EuroNest, the EaP's parliamentary organ. However, despite difficulties in bilateral relations, the EU and Belarus have continuously maintained a sectoral dialogue in the spheres of economy, energy, environment and transport. The biggest recipient of technical aid in Belarus is border management and customs. It is estimated that since 2001, the EU has allocated more than EUR 80 million to this area.¹¹

Programming of international assistance in Belarus is shaped by the National Programme of International Technical Co-operation. The current national priorities for 2014-17 include *social inclusion*: prevention of non-communicable diseases, social inclusion of people with disabilities and older persons; development of vocational education; fostering gender equality and empowerment of women, demographic security; *environment*: projects in the fields of air and water quality assurance and preservation of biodiversity, in waste management, energy efficiency, renewable energy and green economy; *local and regional economic*

¹⁰ Estimations indicate that the GSP suspension inflicted the direct overall annual loss at EUR 30-40 million. Therefore, total loss for the Belarusian economy as a result of the GSP suspension since mid-2007 may have reached EUR 300-400 million. The indirect damage as missed foreign investment opportunities for the GSP suspension-related country's gloomy image adds to this calculation. For more details, see Andrei Yelisseyeu, "Belarus Risks Becoming the Only State Stripped of EU Trade Preferences", *BelarusDigest*, 2013, <http://belarusdigest.com/story/belarus-risks-become-only-state-stripped-eu-trade-preferences-12979>.

¹¹ EU Delegation to Belarus, "EuropeAid Activities in Belarus", http://eeas.europa.eu/delegations/belarus/documents/eu_activities_in_belarus.pdf.

development with an emphasis on supporting the development of the private business sector. Programs of cross-border cooperation (Poland-Belarus-Ukraine, Latvia-Lithuania-Belarus) are important for regional cooperation at local level. In regional projects, the EU allocated almost EUR 53 million to Belarus between 2007 and 2013, with most projects still ongoing.¹²

In order to bring changes in the state policies, including in the area of democracy and human rights, the EU resorted to a hierarchical mode of external governance for many years, with limited success. The Belarusian authorities continually resisted this approach, calling upon the EU to terminate the sanctions policy and to cooperate in mutually beneficial areas. The effectiveness of EU external governance is significantly limited by a strong Russian presence in Belarus which is crucial in political, economic and military areas.

Despite the hard line taken by the EU, no progress in the country's democratisation has taken place. In 2008 and 2015, the Belarusian authorities released political prisoners as required by the EU. However, neither the electoral process nor the overall human rights' situation in the country improved. Generally, it would be unlikely for Lukashenko – as well as any other rational authoritarian ruler – to comply with the EU conditions which threaten his political power, bearing in mind that both proposed benefits and retaliatory measures on the EU's behalf as a result of non-compliance are relatively limited. Therefore, the EU's coercive diplomacy and sanctions policy was only partially successful, due to limited EU leverage over Belarus and consistent Russian political and economic support.

The EU's network building should be reviewed in two dimensions, towards the low-level Belarusian officials and civil society. This

¹² Delegation of the European Union to Belarus, "Overview", http://eeas.europa.eu/delegations/belarus/projects/overview/index_en.htm.

mode of governance has turned out to be of limited success with both. Meanwhile, for years the EU had only limited engagement with the high-ranking Belarusian officials, and the strongly centralised structure of the Belarusian political system has prevented the EU from developing active contacts with regional public bodies on a wide range of issues. Communication with the state agencies has developed in the largely technical spheres, such as border control or energy cooperation.¹³ Although such instrument as TAIEX (the Technical Assistance and Information Exchange) was available for Belarusian public administration agencies interested in studying the best European practices, a twinning cooperation with Belarus has not been launched. The European Commission intends to start it later in 2016. Therefore, the EU's network mode of governance was unable to spread the EU's values and standards among the officials.

Support to the civil society can be considered as another dimension of this mode of governance. Some researchers call the EU policy of limited engagement with the authorities and empowering Belarusian civil society a "dual-track"¹⁴, or "twin-track" approach.¹⁵ Firstly, the EU provided funding under the Instrument for Democracy and Human Rights and the Non-State Actors programme, with an objective to strengthen civil society's capacity to promote democratic reform and small-scale local development activities. Secondly, for years the EU has continued funding to the European Humanities University (EHU) in exile in Vilnius, for the young generation in Belarus. Thirdly, the EU has provided scholarships and promoted student mobility and

¹³ Giselle Bosse, "From "Villains" to the New Guardians of Security in Europe? Paradigm Shifts in EU Foreign Policy towards Libya and Belarus", *Perspectives on European Politics and Society*, Vol. 12, Iss. 4 (2011), 450.

¹⁴ George Dura, "The EU's Limited Response to Belarus Pseudo "New Foreign Policy", *CEPS Policy Brief No. 151*, 2008.

¹⁵ Elena Korosteleva, "The Limits of EU Governance: Belarus' Response to the European Neighbourhood Policy", *Contemporary Politics*, Vol. 15, Iss. 2 (2009), 229-245.

exchanges between education institutions from Belarus and the EU. Although these projects had some low-scale impact on the respective spheres, they failed to promote reforms in the country, which invalidated the EU's dual-track approach.

In addition to the hierarchical and network modes of governance which the EU combined for most of time, the EU resorted to the market-based mode of cooperation with Belarus between 2008 and 2010 and, more recently, since late 2015. Tensions in Belarusian-Russian energy relations in 2007 pushed Belarus to seek additional financial resources and to utilise the EU as a counterbalance to Russian influence.¹⁶ Belarus did not recognise break-away Georgian regions, authorised the opening of the EU Delegation and released political prisoners in 2008. In turn, the EU suspended the travel bans, renewed contacts with the Belarusian authorities and later included Belarus in the Eastern Partnership initiative. This period of defrosting ended with the crack-down on the demonstration by the opposition on the Presidential election day on December 19, 2010, but was resumed recently, when the EU welcomed the release of all the remaining political prisoners in August 2015, and suspended the sanctions in October 2015. Four months later, in February 2016, the EU lifted almost all the restrictive measures, except the arms embargo and sanctions, related to the four individuals listed in connection with the unresolved disappearance of two opposition politicians, a businessman and a journalist.

Geopolitical reasoning is believed to play a big role in the EU's decision to reengage with Belarus. Taking into account groundbreaking events occurring in Ukraine, and Belarus intermediary role in the Russia-Ukraine conflict, establishing closer cooperation with Belarus was seen by many as a timely

¹⁶ Aliona Kadlubovich, "Visa Policy as an Instrument of EU External Governance? The Case of Belarus", Europa-Kolleg Hamburg, Institute for European Integration, *Study Paper No 1/14* (2013), 13-14.

decision serving both sides' interests. Despite recent changes in approaching the Belarusian authorities, the EU has also stated that it will remain engaged with the opposition and the public at large. The promotion of people-to-people contacts will further be encouraged through programmes such as Erasmus+ and the ongoing MOST project for professional and cultural exchanges. Signature of the Visa Facilitation Agreement and the Mobility Partnership, as well as the launch of the Local border traffic agreements between Poland and Belarus, Lithuania and Belarus would also contribute to the people-to-people contacts.

Current results of Europeanisation and its future dynamic

Despite a lack of formal and informal ties, in recent years Belarus has moved closer to EU norms and standards in a number of spheres, via two distinct paths. First is the intentional approximation of standards in some areas (e.g. tax system, standards in the construction industry) with an aim to expand the export of goods and services to the EU market. Second is the indirect approximation through participation of Belarus in the Eurasian integration.

Therefore, in 2010, a Presidential Directive set the task of completing the harmonisation of the Belarusian tax system with the systems applied in European countries.¹⁷ Another example is the construction industry, where Belarus has largely introduced EU standards, because Belarus seeks to enhance the competitiveness of its construction materials and to increase the exports to the EU

¹⁷ Presidential Directive N° 4 "On the Development of Entrepreneurship Initiative and Stimulation of Business Activity in the Republic of Belarus" [in Russian], published December 31, 2010, http://president.gov.by/en/official_documents_en/view/directive-no-4-of-31-december-2010-1642/.

market, as well as to eliminate technical barriers which arise during the investment projects.¹⁸ Belarus has also adopted veterinary and phytosanitary rules in line with the EU Decision 2002/657/EC, Directive 96/23/EC, Regulation 37/2010 and Directive 75/324/EEC. In these, and other cases, the Belarusian legal acts contained references to relevant EU regulations and directives and even provisions identical to the relevant acts of the EU *acquis*.¹⁹

Paradoxical as it may seem, Belarus also adopts European standards in a number of fields through its participation in the Eurasian projects. This process is labelled "indirect"²⁰, or "backdoor"²¹ approximation. The legal system of the Eurasian integration is, to some extent, compatible with EU standards. The Free Trade Agreement between the CIS countries is largely based on the WTO principles and partly on the EU's competition legislation. The Treaty on the Functioning of the Customs Union in the framework of the Multilateral Trading System of November 2011 ensured that the WTO rules-based regime would prevail over the provisions of the Eurasian Customs Union.

Belarus has preserved its EaP membership, but during recent years, progress within the EaP and in bilateral relations generally has been slow, including in the areas of "pragmatic cooperation". Modest recent achievements include the start of negotiations on Visa Facilitation and Readmission Agreements and on a Mobility Partnership, cooperation in the harmonisation of digital markets and the signature of a Cooperation Arrangement on an Early

¹⁸ The Belarusian Telegraph Agency, "Belorusskaja stroitel'naja otraslj perevedena na evropejskie standarty", published January 6, 2010, <http://news.21.by/society/2010/01/06/48865.html>.

¹⁹ Maksim Karliuk, "Legislative Approximation and Application of EU Law in Belarus: 'Backdoor' Approximation", in *Legislative Approximation and Application of EU Law in the Eastern Neighbourhood of the European Union: Towards a Common Regulatory Space?*, ed. Peter Van Elsuwege and Roman Petrov (Routledge, 2014), 9.

²⁰ Andrei Yeliseyev, "Faktor evrazijskoj integracii", Belarusian Institute for Strategic Studies, September 30, 2012, <http://belinstitute.eu/ru/node/593>.

²¹ Karliuk, 8.

Warning Mechanism in the energy sector. Furthermore, the sides have resumed the EU-Belarus Human Rights Dialogue.

Belarusian authorities ignored the EU's Dialogue on Modernisation (DoM), which was announced in 2012, referring to its unilateral elaboration by the EU without the fully-fledged participation of the Belarusian side. At the same time, during the course of 2013-14, despite suspension of the high-level contacts, diplomatic contacts between the EU and Belarus continuously grew. In 2014, the Belarusian government and the EU had four rounds of consultation about cooperation on different modernisation issues, including development of SMEs, financial system restructuring, trade and investments, energy and transport systems. The main channel of communication is to be the EU-Belarus Coordination Group, which was initiated in April 2016.

While signing of the basic legal agreement with Belarus similar to the PCA is deemed by the EU as premature, lately the EU has started to put emphasis on the more pragmatic interests of the Belarusian authorities, which are simultaneously beneficial for the population at large. Thus, the EU intends to enhance cooperation in a number of economic, trade and assistance related fields, with the goal of modernising Belarus and its economy, in view of Belarus WTO accession and cooperation with international financial institutions, in particular the EIB and the EBRD.²²

²² Artiom Shraibman, "'Parliamentary Election as a Litmus Test'. The EU Ambassador Shared How the Relations with Minsk Will Develop", *TUT.BY News Portal*, April 4, 2016, <http://news.tut.by/politics/490897.html>.

Formal and informal domestic agents of Europeanisation

Belarus is a highly centralised state where the ultimate decision-making competences are down to the President, Alexander Lukashenko, who hit the 20-year mark of staying in power in July 2014. Although the country's Constitution endows legislative power to the bicameral parliament, *de facto* the parliament's role in the Belarusian political life is purely nominal. Analysis of the parliament's activities shows that between 2004 and 2009, the members of parliament proposed from 0 to 3.5 percent of all annually reviewed bills.²³ All the bills submitted to the parliament by the executive are approved by a sweeping majority of parliamentarians, if not unilaterally.

Although pro-EU moods are relatively widespread in the Belarusian society, not a single parliamentarian openly advocates integration with the EU, not to mention the existence of a pro-EU coalition in the Belarusian parliament. Belarusian political opposition has not been represented either in the legislative or executive bodies for more than a decade. Although elections take place in Belarus regularly, they are an administrative formality in order to legitimise the existing authoritarian political system, to validate the selection of pro-government candidates, and to deceive the international community into thinking that Belarusian authorities comply with democratic procedures. Elections at all levels of state administration – local, parliamentary, or Presidential – are rigged through a rather sophisticated system of falsifications.

Most of the opposition movements and political parties, including the social-democrats and right-wing forces, such as the Belarusian Popular Front Party, support the idea of European integration

²³ Andrei Kazakevich, "Parliament: Decorative Element of the 'Law-Making' Process" [in Belarusian] in *Belarusian Yearbook-2010*, ed. Anatoliy Pan'kovskiy and Valeriya Kostiugova (Minsk, 2011), 48.

of Belarus. Driven out from the legislative and executive power, opposition parties enjoy rather low public support in Belarus. As the government systematically suppresses independent media, the opposition's voice is barely heard by the Belarusian general public.

Figure 3. Dynamics of credibility ratings of opposition parties, in percent



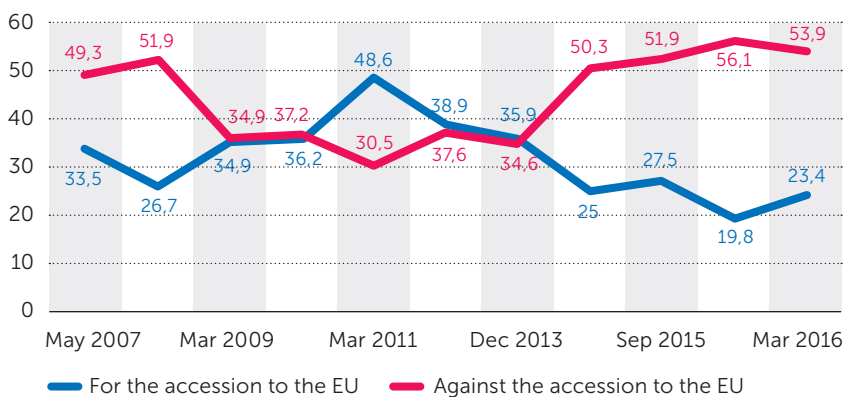
Based on the data of the Independent Institute of Socio-Economic and Political Studies, www.iiseps.org

Low popularity of the opposition political parties results is not only caused by insufficient financial resources and authoritarian practices used by the state authorities towards their political opponents. Regular controversies among opposition political forces and their enduring inability to unite efforts in political struggles is also an important explanatory factor. They have failed to unite, and remained dissociated, even during times of high pro-European moods in the Belarusian society. (See Figure 3.)

Although accession to the EU was never a foreign policy priority of Belarus, and pro-European opposition parties have comparatively low public support, pro-EU sentiments in Belarus were at times quite high during the last decade. They started increasing in 2008, with the thaw in relations between Belarus and the EU, and peaked in spring

2011, despite Belarus-EU relations dipping in December 2010, as a result of the fraudulent Presidential election in Belarus and the brutal dispersal of peaceful protesters in its aftermath. (See Figure 4.)

Figure 4. Answers to the question: “If there was a referendum on Belarus joining the EU, how would you vote?” between 2007-2016, in percent



Based on the data of the Independent Institute of Socio-Economic and Political Studies, www.iiseps.org

Conversely, pro-Russian moods in Belarus, by early 2011, were at their lowest during the last decade. Evidently, the decrease in pro-Russian sentiments came as a result of tensions in Belarus-Russia relations throughout 2010. During that year Russia used economic pressure against Belarus, pushing the country into the Customs Union and led an information campaign against Lukashenko in summer/autumn 2010. However, once the two sides re-stabilised their relations by early 2011, pro-Russian moods started growing soon afterwards and pro-EU moods among the Belarusian population have significantly decreased ever since.

December 2015 saw the lowest figure of pro-EU moods in Belarus, standing at 19.8 percent. Some increase in pro-EU sentiments has

recently taken place, probably as a consequence of the stabilisation of relations between Belarus and the EU, cancellation of most of the EU sanctions and softening of rhetoric in Belarusian media towards the EU. Further increase in pro-EU moods may take place in the coming months, provided Belarus-EU relations continue improving. However, as explained by sociologists, a significant swing in the mood in favour of closer links with Russia is linked to the majority of Belarusians expressing a positive attitude to Russian policy in Ukraine (e.g. around 60 percent of Belarusians support the Russian position both on the annexation of Crimea and on the armed protests in Donbass).²⁴

Russia's influence on domestic institutions and economy

Belarus, under Lukashenko, is widely known to be Russia's closest ally. Over the last twenty years the two countries have signed numerous bilateral agreements on closer political, economic, and social integration, including the Treaty on the Union between Belarus and Russia on April 2, 1997. Border and customs controls at the Belarusian-Russian borders were abolished since 1995. On January 1, 2015, the Eurasian Economic Union (EEU) was launched with Belarus being among the founders of this union.

The Kremlin has provided economic and political support to Lukashenko in exchange for Belarus geopolitical loyalty and military cooperation with Russia. The financial subsidies came in the form of cheap gas prices, re-exports of refined oil products from Russian crude oil and the preferential treatment of Belarusian

²⁴ The Independent Institute of Socio-Economic and Political Studies, "Ukrainian Compass for Geopolitical Poles of Belarus", <http://www.iiseps.org/?p=1405&lang=en>.

goods on the Russian market. According to available calculations, in 2012, Russian gas and oil subsidies amounted to 15.9 percent of Belarus GDP.²⁵ Unfortunately, Russian energy subsidies and open market for Belarusian agricultural and industrial goods has only allowed Belarus to develop limited economic and political cooperation with the EU. A strong Russian presence in Belarus has turned EU policy towards the country into a “by-product” of its relations with Russia.²⁶

It would be a mistake, however, to interpret this dependence as only one-sided. There are factors which make Belarus similarly important for Russia. Firstly, Belarus is important for the transit of Russian energy and other goods through its territory. Secondly, security aspects and military cooperation with Belarus is of great importance for Russia. Thirdly, Belarus is an important long-time ally of Russia, and now an integral part of the EEU. Well aware of this specific leverage over Russia, Lukashenko skilfully plays with Russian fears of possible changes in Belarus foreign policy priorities.

Nevertheless, the strategy of “bandwagoning” with Russia has left the Belarusian economy largely unreformed and energy-dependent on Russia, while it has allowed Lukashenko to preserve control over the mostly state-run economy, which is crucial for maintaining his political power. Although decision-making processes in the EEU do not discriminate Belarus, it is nevertheless obvious that Eurasian integration pegs Belarus to Russia, both institutionally and economically, even tighter than before.

²⁵ Balázs Jarábik, Alexei Pikulik and Andrei Yeliseyev, “Belarus and the Eurasian Union: Incremental Integration”, FRIDE Brief N° 159 (2013), http://fride.org/descarga/PB_159_Belarus_and_the_Eurasian_Union.pdf.

²⁶ Anais Marin, “Divided We Fail: Time for the EU to Speak with One Voice to Belarus”, The Finnish Institute of International Affairs (2011), http://www.fiia.fi/en/publication/196/divided_we_fail/.

For example, when Russia became a member of the WTO in 2012, Belarus, not being a WTO member itself, had to accept Russia's obligations on market access for goods as a consequence of the Eurasian integration – a "compulsory trade liberalisation" took place. Consequently, this had an adverse effect on Belarusian exports to Russia, including pharmaceutical products, refrigerators, tractors and motor vehicles for the transport of goods.²⁷

However, Belarusian progression towards closer Eurasian integration has not been as smooth as one might imagine. Thus, the year 2010 was littered with disagreements between Belarus and Russia. Extensive bargaining over the financial benefits associated with Belarus accession to the EEU was taking place even after the actual signing of the Treaty on the EEU. Initially, in exchange for the signing of the Treaty, Russia conceded to collect only half of the total volume of the export duties on oil products, which meant additional Russian energy subsidies to Belarus up to USD 1.5 billion annually. In late September 2014, on the eve of the ratification procedure, Belarus raised the issue of additional Russian compensation for the losses associated with Russian tax reforms, which would decrease the profits of oil-processing factories. Ultimately Russia agreed that Belarus could keep the full amount of duties on oil products in its budget²⁸, which meant to increase the volume of Russian subsidies by yet another USD 1 billion.

To the discontent of the Russian ruling elite, Lukashenko has always desperately resisted privatisation of lucrative enterprises, and has often attempted to shut the domestic market to Russian imports as much as possible. However, Russian continuous lending increases Belarusian debts which, over the course of time have forced the

²⁷ Irina Tochitskaya, "Russia's Accession to the WTO: Implications for Belarus' Trade and Industries", German Economic Team Belarus, IPM Research Center, *Policy Paper Series [PP/01/2012]*.

²⁸ TUT.BY News Portal, "Moscow Allowed Minsk to Keep the Duties on Oil Products in 2015", April 2, 2016, <http://news.tut.by/politics/418760.html>.

Belarusian authorities to sell some of its profitable state companies to Russian businesses. In 2011, Minsk sold the remaining shares of its gas transmission operator to Gazprom, securing a significant discount in gas prices. Belarus vulnerability is further aggravated by Russia's reduced dependence on Belarus oil transit capacity (via the "Druzhba" pipeline) to the EU, after the launch in 2012 of the BPT-2 oil terminal in St Petersburg.²⁹ And finally, the decision of 2009 to rely economically and technologically on Moscow over the building of a nuclear station has made Belarus fully energy-dependent on Russia.

Conclusions

To summarise, the EU has changed its policy towards Belarus several times over the last two decades. Neither of the modes of cooperation – be it hierarchical, networking-building or market-based – has motivated Belarusian authorities to implement real democratic changes. The EU's hierarchical mode of governance has proven to be largely ineffective because of limited EU leverage and the modest benefits proposed. The networking with pro-European and non-governmental and oppositional political forces has also delivered little results thus far because of fragmentation and disagreements among these groups. The market-based mode has, however, resulted in minor political concessions, such as the release of political prisoners, yet it still remains to be seen whether the recently initiated phase of market-oriented measures, coupled with the EU's promises to extend financial assistance through cooperation with the EIB and the EBRD, will bring electoral reforms and tangible human rights' improvements in Belarus.

²⁹ Balázs Jarábik, Alexei Pikulik and Andrei Yeliseyeu, "Belarus and the Eurasian Union: Incremental Integration".

In any case, recently Belarus has become an important arena for communication concerning resolution of a number of conflicts in the post-Soviet area, and it is an important driver for strengthening the dialogue between the EU and the Belarusian government.

There are contradictory views on the potential benefits from Belarusian participation in the Customs Union; however, it will take time before the true effects become apparent. Notwithstanding this, the Eurasian integration project remains high on the political agenda in the member countries. The good news is that the legislative changes imposed by membership in the Customs Union have made the Belarusian market more open for external trade, and thus more European.

From the point of view of long-term Belarusian national interests, integration with the EU, however, can be seen as more preferable for a number of reasons:

- 1) In the long term, because of a larger market and better technological advancement, integration with the EU would probably bring stronger economic growth and greater improvement in the living standards of the Belarusians;
- 2) As the EEU is in reality an association of authoritarian countries without rule of law and free and fair elections, membership of the EEU would inhibit the liberalisation of political institutions, which are indispensable for the long-term sustainable economic growth;
- 3) European integration would promote cultural diversity, which is of great importance for Belarus, given the fact that the national (Belarusian) language has been driven out of public life.

However, the authoritarian type of the current Belarusian political regime with its strong grip on power, the peculiarities of the decision-making processes of the EU and “enlargement fatigue” make the comparison of Eurasian / European integration advantages for Belarus purely hypothetical. Given the heavy dependence of the Belarusian economy on Russia, withdrawal

from the Eurasian integration process, in favour of integration with the EU, would bring a rigorous response from Russia, with devastating consequences for the national economy and well-being of the population, possibly even for Belarus sovereignty and independence. Without a clear membership perspective and in the absence of EU's willingness to provide the necessary economic assistance, Belarus is destined to be pegged to Russia for the foreseeable future.