

BELARUS AND DEVELOPING COUNTRIES: LOGICAL STAGNATION

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Summary

The year 2016 saw a downturn in diplomatic contacts with developing countries¹ in comparison with the previous year, although they were on an upswing in 2011-2014. Belarus was most actively promoting relations with China and South and South-East Asia, while the interaction with Latin America and Africa was stagnant. There were no qualitative breakthroughs in relations with the Middle East either. Turkey was the only exception.

Belarusian President Alexander Lukashenko only made *two* official visits to developing countries—China and Pakistan—in 2016. He also took part in a summit of the Organization of Islamic Cooperation in Turkey. The previously announced visits to Ecuador and Mongolia did not take place.

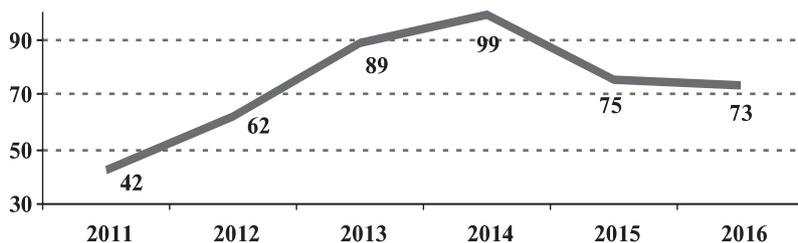
Trends:

- Stagnation in the diplomatic contacts with developing countries continues;
- Belarus makes attempts to achieve observer status in a number of regional organizations to maintain and develop relations with distant countries;
- Modest progress was achieved in creating free trade zones between the Eurasian Economic Union (EEU) member states and developing countries;
- The statistics of official trade with many developing countries was distorted because of the re-export of embargoed products from Belarus to Russia.

A decline in the number of political and diplomatic contacts between Belarus and developing countries had been observed for the second year in a row (Figure 1). The highest dynamics were observed in relations with South and South-East Asia and China.²

¹ As in the previous *Belarusian Yearbooks* and for conceptual convenience, the term ‘developing countries’ does not refer to the CIS members and Georgia, the countries of former Yugoslavia, and also members of the European Union and associated nations, the United States, Canada, Australia, New Zealand, Japan, South Korea, Singapore, Taiwan, Israel, and the South African Customs Union.

² Among the developing countries, China remains the main foreign trade partner of Belarus. Benefits and issues in the relations with China are reviewed in detail in the previous *Belarusian Yearbook*. There were no fundamental

Figure 1. Index of foreign policy contacts with developing countries

Note. The dynamics of foreign policy cooperation between Belarus and China are not included.

Source: Foreign Policy Index BISS 2011–2016.

South and South-East Asia: Potash fertilizers and military cooperation

President Lukashenko set the task to boost trade with India, Indonesia and Pakistan to USD 1 billion each in 2015–2016. In 2016, the total trade turnover with these *three* countries stood at around 660 million, potash fertilizers constituting the largest proportion of exports.

Among the countries of the region, political and economic cooperation with Pakistan was most active, as it was in 2015. In May, Minsk hosted the first session of the joint trade commission. During Lukashenko's official visit to Pakistan on October 5–6, the parties signed a package of documents on cooperation in various fields. In the long term, Belarus hopes to increase supplies of road machinery to Pakistan for a large-scale project on the construction of the China-Pakistan economic corridor. In this regard, Belarusian *Amkodor* has already announced plans to upgrade the knockdown assembly of its machinery and MTZ tractors in Pakistan. The military-technical cooperation remains a very important sector in the bilateral relations.

Other countries of the region expressed a profound interest in closer military-technical cooperation with Belarus.

changes in the Belarusian-Chinese relations in 2016; see Yeliseyeu, Andrei. "Belarus and Developing Countries: Looking for new 'Venezuelas'." *Belarusian Yearbook 2014*. Vilnius: Lohvinaū, 2015: 97–106. Print.

A government delegation of Thailand headed by the minister of defense visited Minsk in February. The minister of defense of Indonesia came to Belarus in April. The delegations met with representatives of the Belarusian leadership and the State Military-Industrial Committee.

Belarus continued to promote joint production projects in Vietnam, Thailand, Sri Lanka and India. However, there were no significant developments in this area, except for the opening of a BelAZ service center in Nagpur, India.

The *agreement on a free trade zone* between the Eurasian Economic Union and Vietnam signed in May 2015 came into effect in October 2016. It will hardly step up Belarusian-Vietnamese trade, because both countries still apply protection measures with respect to most sensitive types of commodities.

Technically, free trade agreements within the EEU could become a driver of Belarus' trade with developing countries, but progress is still slow, although around 40 countries have manifested interest in preferential trade with the EEA, and joint research groups have been working with a number of states (including Egypt, India and Iran). There is no information about any upcoming contracts.

Turkey: Commodity turnover goes up, but not in favor of Belarus

Turkey remains Belarus' major foreign policy and trade partner in the Middle East. Belarus' contacts with Arab monarchies (Saudi Arabia, Qatar, Bahrain, and the UAE) continued, although qualitative breakthroughs were not achieved. A visit of a large business delegation from Oman to Belarus and a Belarusian-Omani business forum in September can be mentioned among significant events.

Minsk and Tehran tried to give an impetus to the stagnant trade relations, and approved an economic cooperation development plan for the period until 2018. At a meeting with the Iranian ambassador to Belarus, whose mandate was nearing expiration, Lukashenko expressed extreme dissatisfaction with the bilateral cooperation. "If we look at the actual level of our cooperation knowing our capacity, we'd see just nothing," he

said.³ The example of the Belarusian-Iranian relations shows that the similarity of the foreign policy views of heads of state does not guarantee flourishing trade between the countries they lead.

In April 2016, Alexander Lukashenko took part in a summit of the Organization of Islamic Cooperation in Istanbul at the invitation of Turkish President Recep Tayyip Erdogan. The Belarusian president met with Erdogan and ranking officials of Afghanistan, Pakistan and Qatar. Belarus is looking forward to get observer status in the OIC to have an extra opportunity to maintain ties with Muslim countries.

President Erdogan made an official visit to Minsk in November. Belarus is one of the few European countries that are ready to accept Erdogan after the massive crackdown on the independent media, democratic opposition and civil society in Turkey following the thwarted coup.

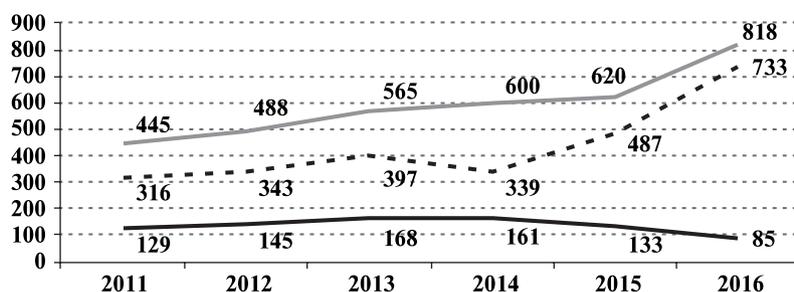
Lukashenko and Erdogan solemnly opened the Minsk mosque, which was an important event to the local Muslim community and the history of the city, considering that the original mosque built in the 19th century was destroyed by the Soviet administration in 1962. Erdogan took the chance to demonstrate Turkey's generous support for the Muslims living outside his country. The mosque was constructed with the help of the Turkiye Diyanet Foundation affiliated with the Religious Affairs Department of Turkey. In turn, Lukashenko continues building an image of a regional peacemaker, who ensures the peaceful coexistence of people of different nationalities and religious confessions. In his welcoming speech at the opening of the mosque, Erdogan supported this image and spoke about "manifestations of xenophobia and intolerance in a number of European countries" for the sake of contrast.

The analysis of the official Belarusian trade statistics and findings of the Russian Federal Veterinary and Phytosanitary Monitoring Service ("Rosselkhoz nadzor") and other watchdogs

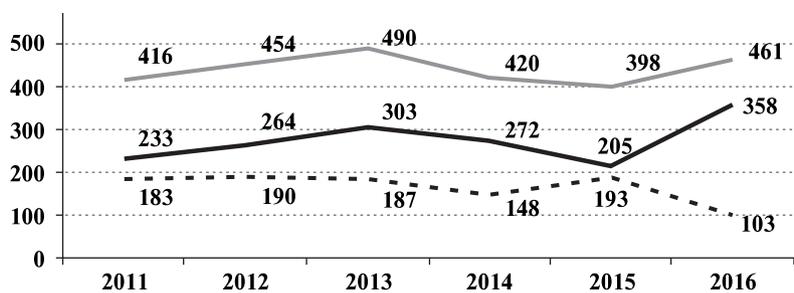
³ «Встреча с Чрезвычайным и Полномочным Послом Исламской Республики Иран в Беларуси Мохаммадом Резой Сабури.» *Официальный Интернет-портал Президента Республики Беларусь*. 15 Dec. 2016. 01 Apr. 2017. <http://president.gov.by/ru/news_ru/view/vstrecha-s-chrezvychajnym-i-polnomochnym-poslom-islamskoj-respubliki-iran-v-belarusi-mohammadom-rezoy-saburi-15095/>.

shows that Western food products were partly exported to Russia under the guise of Turkish foods. As a result, Belarus' statistics shows an annual increase in the trade with Turkey. However, according to Turkish data, the trade turnover with Belarus went down in 2014. In 2016, Belarus reported USD 818 million in trade turnover, which is almost twice as much as Turkish statistics show (around USD 461 million) (Figure 2).

Figure 2 Bilateral trade: Statistical data of Belarus (a) and Turkey (b), USD million



(a) — Exports — Imports — Turnover



(b) — Exports — Imports — Turnover

Note. The diagrams are based on the official statistical data on the trade between Belarus and Turkey.

Whatever the case, the trade statistics of *both* countries indicate an unfavorable trend for Belarus towards a reduction in Belarusian exports and a constant increase in the trade deficit. Earlier, Belarusian Prime Minister Andrei Kobyakov set the task to boost trade

with Turkey to USD 1 billion in 2016, which is not very reasonable given Belarus' continuously increasing foreign trade deficit.

Stagnation in relations with Latin America and Africa

There was no qualitative progress in relations with African and Latin American countries in 2016. In Latin America, over the past few years, a positive trend was observed in relations with Ecuador, with which economic and political tensions appeared in 2016. During a visit of the speaker of the Ecuadorian parliament to Belarus in March, Lukashenko said he was going to visit Ecuador within a year. However, the trip did not take place for unknown reasons, possibly due to financial problems that arose in Belarussian Belzarubezhstroy Company in Ecuador. It became known in May that company employees were not paid for the works performed under a large investment project in Ecuador. It was said that the Ecuadorian state-owned CELEC E.P. had wage arrears of USD 18.7 million.⁴

In early 2016, Belarus was granted observer status in the Association of Caribbean States, which unites 25 states in the Caribbean and Central and South America. In June, Deputy Foreign Minister of Belarus Yevgeny Shestakov took part in a summit of the Association. This status enables Belarus to maintain relations with far off countries having no resident diplomatic institutions there. Belarus' presence in the region increased, though, after it opened an honorary consulate in Rosario, Argentina.

In 2016, Belarusian delegations formed of Foreign Ministry officers and representatives of industrial enterprises visited Morocco, Ghana and Nigeria. Also, Belarus tried to step up the relations with Sudan, Ethiopia and Namibia. However, nothing is known about new agreements to arrange Belarusian production facilities in Africa, or large contracts on supplies of Belarusian industrial commodities to African countries.⁵

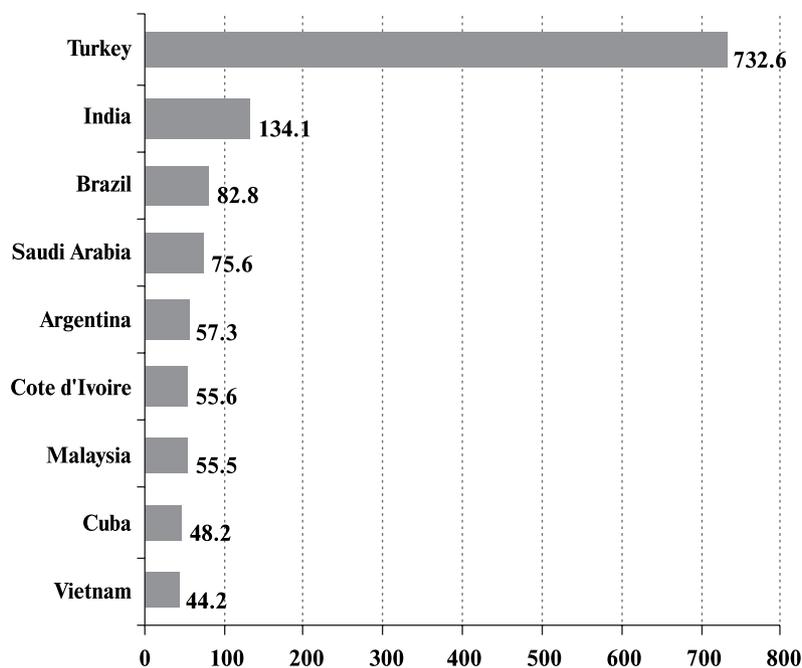
⁴ «Экваторский долг: белорусские строители страдают на чужбине от безденежья.» *Завтра твоей страны*. 02 May 2016. Web. 01 Apr. 2017. <http://www.zautra.by/art.php?sn_nid=21267>.

⁵ For more information about issues in the relations between Belarus and the African region see Yeliseyeu, Andrei. "Belarus and developing countries: South Asia in priority." *Belarusian Yearbook 2016*. Vilnius: Lohvinaŭ, 2016: 107–116. Print.

Only on paper: A fictitious leap in trade with Côte d'Ivoire

The Belarusian official statistics on the trade with developing countries in 2016 should be used with a great caution, just like data on 2015. In order to circumvent Russia's embargo on Western foods, large amounts of products with counterfeit certificates of origin were supplied to the Russian market through Belarus.

Figure 3. Belarus' imports: Top 10 developing countries in 2015, USD million



Note. Data on China not includes. Imports from China exceeded total imports from all other developing countries and reached USD 2.1 billion in 2016.

Source: Belstat.⁶

⁶ "Commodity imports to the Republic of Belarus by non-CIS countries." *National Statistical Committee of the Republic of Belarus*. Web. 01 Apr. 2017. <http://www.belstat.gov.by/en/ofitsialnaya-statistika/macroecconomy-and-environment/vneshnyaya-torgovlya_2/osnovnye-pokazateli-za

This explains why Morocco and Ecuador were on the list of top 10 largest trading partners of Belarus among developing countries in 2015.⁷ Imports from Cote d'Ivoire and a number of other West and Central African countries including Benin, Burkina Faso, Guinea, Guinea Bissau, Cameroon, Liberia and the Central African Republic unexpectedly skyrocketed in 2016 apparently for the same reason. According to the Belarusian National Statistics Committee (Belstat), some of these states increased supplies of vegetables and fruits to Belarus dozens and even hundreds of times.

As a result, Cote d'Ivoire was ranked 12th among the developing countries in terms of the total trade turnover with Belarus, and 7th in terms of total imports (USD 55.6 million), following China, Turkey, India, Saudi Arabia, Brazil and Argentina (Figure 3). For comparison: in 2015, Belarus' imports from Cote d'Ivoire totaled USD 15.1 million.

Conclusion

There was certain stagnation in the foreign economic and foreign policy relations with developing countries in 2016. This especially concerns Latin America and Africa.

Efforts made by Belarus to obtain observer status in various regional organizations began to bear fruit. In 2016, Belarus was granted observer status in the Association of Caribbean States, and got closer to that in the Organization of Islamic Cooperation. A year before, Belarus became an observer in the Shanghai Cooperation Organization and the Conference on Interaction and Confidence Building Measures in Asia. Although such status in regional associations does not provide a voting privilege and does not enable directly influencing decision-making processes, it allows maintaining contacts with various distant countries, where Belarus cannot afford to establish resident diplomatic institutions.

Cooperation with Russian diplomats, who can assist in estab-

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⁷ Ibid: 125.

lishing economic ties with a number of countries in Africa and Latin America, is another way to develop relations with distant countries, which Belarus began to use more actively in 2016.

The National Program for Export Support and Development for 2016-2020 reasonably states that over the years of the previous five-year program, agencies of state administration and state-controlled enterprises were not ready “to rapidly respond to changes in the market situation and promote commodities on the markets of distant countries.” The program also aims to diversify Belarusian exports for an equal distribution of exports between the three markets: the Eurasian Economic Union, European Union and all other countries in a 3/3/3 ratio by 2020.⁸

The proportion of Belarusian exports to distant countries (their list roughly coincides with the category of developing countries in this article) has significantly increased in recent years and reached 26.6% in 2015. However, this happened not because exports to these countries increased in absolute terms, but mainly because of a decline in exports to the EU and Russia.

The factors that impede more effective interaction with developing countries remain the same: the absence of new competitive industries, an inefficient public sector, poor management, and underdeveloped marketing services in Belarus. In this situation, Belarus cannot expect qualitative changes in foreign economic relations.

⁸ «Национальная программа поддержки и развития экспорта на 2016–2020 годы.» *Совет министров Республики Беларусь*. 01 Aug. 2016. Web. 01 Apr. 2017. <<http://www.government.by/upload/docs/fileaff83a3fc04eb9c0.PDF>>.