EUROPEAN POLICY CENTRE

POLICY BRIEF

24 September 2012

The EU and Belarus: perpetual tango all over again?

Giselle Bosse

BACKGROUND

After several years of gradual rapprochement and pragmatic engagement, EU-Belarus relations hit rock bottom after rigged presidential elections in December 2010 and the subsequent violent crackdown of opposition protests by the Belarusian regime. Relations worsened in 2011 and 2012, when the EU extended its sanctions on the regime and key economic actors. At the same time, Belarus's managed economy depends more than ever on Russia to provide loans, subsidise energy supplies, and grant access to the regional market. The parliamentary elections in Belarus on 23 September 2012 are a test for the success of the EU's sanctions policy, but also for the future course of EU-Belarus relations: *Quo Vadis* Belarus, and where next for EU policy towards Belarus?

STATE OF PLAY

Belarus's economic crisis: not severe enough for political change

Having completed the IMF programme in March 2010, Belarus's government immediately relaxed its monetary and fiscal policies, mainly in view of the December 2010 presidential elections. Large loans were offered to the industrial sector, and wages and pensions were increased by up to 50%. As a result, inflation increased. The financial difficulties of the government were exacerbated by Russian state-owned gas monopoly Gazprom's decision to increase the price of natural gas supplied to Belarus.

To tackle the trade deficit and high inflation, the government responded with *ad hoc* measures (fixed prices for selected products, increased interest rates and restrictions on foreign currency exchange). In addition, Belarus received 2.5 billion USD from the sale of Beltransgaz to Gazprom in November 2011, a further 440 million USD loan from the Eurasian Economic Community (EurAsEc) and a one billion USD loan from Russia's Sberbank in December 2011. In June 2012, it received an additional 880 million USD as the third tranche of the EurAsEc loan. The inflow of fresh capital helped to stabilise the economy, albeit temporarily.

The crisis has weakened Belarusian industry and put considerable pressure on private households. Citizens suffered most from the inflation, and enterprises forced over 600,000 employees (13% of the total workforce) to take temporary leave. Households affected by the crisis already borrow more money informally than anywhere else in Eastern Europe and Central Asia. Consumer prices are set to rise by a further 35% in 2012, which is barely less than the 41% increase in prices in 2011. This explains why President Alexander Lukashenka is still reluctant to allow larger-scale privatisation and foreign direct investment, which could result in labour redundancies.

Privatisation may, however, become increasingly hard to avoid. Belarus is now part of the Single Economic Space (SES) with Russia and Kazakhstan. After Russia's accession to the WTO, Belarusian exports within the SES will face strong competition and are likely to decrease significantly. Producers will also face more competition inside Belarus due to an increase in imports of goods from third

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countries via Russia and Kazakhstan, thanks to the Customs Union and the SES. The regime might have little choice but to start serious negotiations on its WTO accession to avoid painful economic losses, which will in turn force the regime to introduce economic reforms.

What potential for political change?

Prior to the 2010 presidential elections, the Belarusian authorities allowed some independent civil society activity: fewer political activists were imprisoned on political grounds, and (pro-Western) civil society started to cooperate under the umbrella of the EU's Eastern Partnership Civil Society Forum (CSF).

The violent crackdown on opposition protests during and after the 2010 presidential elections came as a surprise to many civil society activists, and indeed to the political opposition itself. Over 700 opposition activists were arrested, with around 57 charged and prosecuted. 29 were sentenced to prison/labour-camp terms by the Belarusian courts. In June 2012, at least 13 activists remained in prison on political grounds. The crackdown weakened the political opposition. Its leading representatives were either imprisoned or fled abroad. Nevertheless, several protest movements continued (or developed) throughout 2011-12, such as the 'Revolution through Social Networks', which in the summer 2011 brought thousands of silent 'clapping' protesters to the streets. In response, Lukashenka introduced new legislation further restricting the right of assembly and foreign financing of civil society organisations. In summer 2012, young activists increasingly became the target of political repression, as well as politically 'moderate' think-tanks, which had hitherto been tolerated.

Many commentators saw the public protests following the 2010 presidential elections as a sign that Belarusian civic culture was developing from an atomised society into a civic one. Moreover, Lukashenka's ratings dropped from 53% in December 2010 to just 20.5% in September 2011, his lowest rating since taking office in 1994.

However, at the same time the opposition's ratings are largely unchanged. But while society's frustration with Lukashenka is clearly growing, a convincing alternative is lacking. The majority of Belarusians are aware of the new protest movements and only 20% disapproved of the initiatives. Support for civil society initiatives is therefore relatively high, compared to the low ratings of opposition candidates.

EU policy: more of the same?

1. Restrictive measures: Targeted sanctions or a game of political prisoners?

In response to human rights violations, the EU reactivated and broadened restrictive measures. Between January 2011 and June 2012, the EU imposed visa bans and asset freezes on almost 250 individuals, and imposed arms embargos and asset freezes on 32 Belarusian companies. The range of individuals targeted by sanctions was significantly broadened one year later (January 2012) to include not just those responsible for serious violations of human rights or the repression of civil society and democratic opposition, but also those benefiting from or supporting the Lukashenka regime. The vast majority of individuals targeted are judges and prosecutors, as well as key personnel of the KGB and ministries.

The use and impact of the sanctions is contested. On the one hand, there is a general consensus that targeted 'smart' sanctions are more effective and feasible than imposing a trade embargo. First, full-blown trade sanctions are likely to negatively affect the population by targeting large state-owned enterprises which would in turn result in large-scale redundancies. Second, the regime can survive a trade embargo by diverting trade away from the EU towards the SES. And third, EU member states are not likely to agree on an effective trade embargo due to vested economic interests (e.g. Baltic countries' interest in joint ventures with investments in Belarusian companies). Moreover, senior EU officials appear to see sanctions as an effective means of signalling to the public that the EU 'is doing something' in response to the violations of human rights, and is seen to be on 'the right side of history', in particular in the context of recent popular uprisings against autocratic regimes in the Middle East and North Africa.

On the other hand, 'smart sanctions' raise a number of questions, especially considering that they have dominated the EU's policy on Belarus for the past year.

First, and crucially, the EU changed the ultimate aim of the sanctions. The main reason for imposing sanctions against individuals (to punish them for prosecuting and imprisoning political opponents) is equated with the goal of the sanctions (the release of all political prisoners). The EU has therefore moved away from its long-term political demands pertaining to broader democratic reforms in Belarus. Instead, the EU is engaging once again in Lukashenka's game over political prisoners: by

linking enhanced relations with the EU to the release of political prisoners, the regime escapes the conditionality of democratic reform.[1] It is also far from certain that the game will pay off for the EU: in September 2011 the regime agreed to release a number of political prisoners, yet most likely this was not a result of EU sanctions, and was rather due to Bulgarian Foreign Minister Nickolay Mladenov, who negotiated the release by virtue of his personal relations with Minsk. Still, the EU cited this as a sanctions success story.

Second, the provision that smart sanctions can be invoked against any individual supporting the Lukashenka regime is very general and exposes the EU to criticism regarding its possible arbitrary application. In Belarus, thousands of individuals work for the state either directly or indirectly, and it is exceptionally difficult to distinguish between supporters/non-supporters of the regime. The EU should thus be very clear on the grounds upon which it places leading businessmen (and their companies) on the blacklist, and must justify why it views some people as more 'supportive' of the regime than others. Third, EU member states and EU institutions should not breach the sanctions regime. Several Belarusian officials have been granted entry into EU member states, despite being subject to the visa ban. In addition, the European Commission itself may be in breach of the provisions of an arms embargo towards Belarus by concluding contracts for the supply of night vision equipment to a new border management project. Such equipment can be used for internal repression and falls under the arms embargo.

2. Support for civil society: Democracy vs. Modernisation?

In its review of the European Neighbourhood Policy (ENP) in May 2012, the Commission concluded that the EU had 'strengthened its engagement with civil society, the political opposition and the public at large'. It redirected 'major parts' of its assistance to civil society, which led to a 'significant increase' of its support for civil society. Yet although the new emphasis on civil society was well-received, doubts remain over the implementation of new support for civil society in 2012/13 *in practice*.

First, funding for the two principal instruments through which the EU supports civil society in fact fell from 2011 to 2012. Support for non-state actors (NSAs) via the 'Non-State Actors and Local Authorities in Development Programme' (which includes the Civil Society Facility, CSF) was reduced from €3.9 million in 2011 to just €2 million for 2012 and 2013.[2] Funding available via the Country-Based Support Scheme of the European Instrument for Democracy and Human Rights (EIDHR) will double from €0.5 million in 2011 to €1.1 million in 2012.[3] An additional €6 million is made available for student mobility and youth language courses in 2011-2013.[4] In total, however, funding for NSAs and via the EIDHR for civil society will decrease from an average of €6.4 million in 2011 to €4.1 million in 2012.

Second, the National Indicative Programme (NIP) for Belarus for 2012-13 clearly places an emphasis on building the capacity of public authorities rather than of civil society. The Country Strategy Paper for Belarus (2007-13) still foresaw 'support for the development of democracy' and 'social and economic development', and placed special emphasis on increasing the capacity of civil society and professional organisations. The NIP 2012/13, however, clearly prioritises modernisation and in particular improving the capacity of public institutions to manage privatisation and investment processes.

Third, the EU has, in practice, ruled out supporting civil society *at large*. Speaking at the European Parliament in January 2012, the Head of the EU Delegation in Minsk, Maira Mora, made clear that her office had no intention of adopting a broader sector approach to engaging with Belarusian civil society. The EU's rather narrow definition of civil society will most likely further reduce interest in and awareness of the EU among ordinary Belarusians. According to the latest opinion polls, and in contrast with past results, support for Russia is now 10% higher than support for the EU.[5]

RECOMMENDATIONS

1. Targeted sanctions require clear criteria

As long as the Belarusian authorities, prosecutors, judges and security forces continue to violate international electoral standards and participate in crackdowns on civil society, the EU should continue to place the individuals directly involved on its visa blacklist. Sanctions should only be applied more generally if the EU establishes clear criteria regarding which actions count as support for the regime and which do not. Placing entrepreneurs on the visa blacklist simply because

they feature among the 200 most successful Belarusian businessmen should not be the way forward and would lead to accusations of the arbitrary application of EU sanctions.

2. Targeted sanctions should not be circumvented

EU policy towards Belarus has by and large been fairly unified in recent years. What should (and could) be avoided, however, are instances in which member states and EU institutions attempt to circumvent their own sanctions regimes, such as the purchase of dual-use equipment for border assistance projects.

3. More projects with civil society at large

Several of EU projects funded recently, for example the 'Belarus-EU Task Force', are indeed designed to engage with a broader range of civil society groups in Belarus. Besides supporting the political opposition/independent political elites in Belarus, the EU should also strategically target and develop the capacity of civil society in other sectors over a sustained period of time. The CSF could be used for that purpose in the current financial term, but it should then function as a top-up of existing programmes with a clearly defined target group, rather than as a means of disguising funding reductions for existing programmes, as is the case for NSA support in 2012/13. Only 'real' projects with substance and a broader reach increase the visibility of the EU among Belarusians: not projects which solely aim to increase the EU's visibility.

4. Making 'critical engagement' work

The EU's engagement with the Belarusian authorities is certainly controversial. There is no automatic guarantee that it will lead to the movement of officials towards democracy, or that economic modernisation will lead to political reforms. However, if the EU does place greater emphasis on building the capacity of Belarusian public administration in 2012/13, efforts should be made to implement meaningful assistance projects that offer training to Belarusian officials by practitioners with long-term experience in the field and with a high level of knowledge of the country. The projects should take into account the new EU Strategic Framework on Human Rights and Democracy, and use all available diplomatic/strategic windows of opportunity to voice concerns over and negotiate steps towards democratic reform in Belarus.

5. Perpetual tango, but what for?

The impact of EU policy in Belarus is likely to remain rather limited, taking into account the geopolitics and geo-economics of Russia's relations with the country (and with the EU), and the nature of the Belarusian regime. Nevertheless, the EU could be more specific about the goals of its policy. Are the sanctions meant to 'punish' particular individuals for human rights violations, to 'annoy Lukashenka', or simply to signal that the EU 'is doing something' about autocratic regimes in its neighbourhood? And what is the longer term goal: to push Lukashenka to introduce reforms, or regime change? There is no consensus among EU officials over the answers to such questions, which hinge upon fundamental debate as to whether political change in autocratic countries can occur from within or from outside, and the role that civil society can or should play in the process. The EU cannot solve this puzzle, but a clear strategy or vision for EU-Belarus relations could build on such a discussion.

Dr Giselle Bosse,
Assistant Professor, Department of Political Science, Faculty of Arts and Social Sciences,
Maastricht University.

Dr Bosse contributes regularly to the EPC Eastern Promises Project.

1. Plaschinsky, G. (2012) Political Prisoners in Belarus: How to Break the Vicious Circle, Belarus Digest, 20 February 2012.
2. NSA&LA Actions: EuropeAid/131655/L/ACT/BY (2011); EuropeAid/132809/L/ACT/BY (2012-13).
3. EIDHR call: EuropeAid/130756/L/ACT/BY (2010-11).
4. NIP 2012-13, p. 23.
5. Independent Institute of Socio-Economic and Political Studies, March 2012: www.iiseps.org

European Policy Centre ■ Résidence Palace, 155 rue de la Loi, 1040 Brussels, Belgium
Tel: +32 (0)2 231 03 40 ■ Fax: +32 (0)2 231 07 04 ■ Email: info@epc.eu ■ Website: www.epc.eu

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