



## TOWARDS A UNION STATE OF RUSSIA AND BELARUS

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### **Historical background**

In recent centuries, Russia and Belarus have been closely interrelated with each other. Belarus was part of the tsarist Russian Empire until 1917. In October 1917, when the revolution in Russia was still going on, the Democratic Republic of Belarus was established, which was supposed to be an autonomous unit within Russia.

In early 1918, German forces pushed the Bolsheviks out from central Belarus and on March 25, 1918 the People's Republic of Belarus was established. When the German forces withdrew from Belarus, the Bolsheviks took power and established the Soviet Socialist Republic of Belarus on January 1, 1919, which became part of the USSR in 1922.

With the collapse of the USSR in 1991, Russia and Belarus regained their national sovereignty and became members of the Commonwealth of Independent States (CIS) – a vague and amorphous interstate structure.

The collapse of the USSR caused an economic and social upheaval in Russia, which was further complicated by the profound constitutional crisis that ended in firing on the Russian parliament in October 1993. Therefore, the union of two Slavic states was seen in Russia as a stabilising factor strengthening Russia's positions in the CIS and the "near abroad".

The political situation became somewhat more stable at the end of 1993 and a new constitution was approved and ratified by the Russian Duma on December 12, 1993.

Belarus was at that time engulfed by a deepening economic and social crisis and anxiously followed the events in Russia.

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On July 10, 1994, Alexander Lukashenka was elected President of Belarus. 80.1 per cent of voters gave their voices to him in the second round of the elections. Lukashenka promised voters stability, order, jobs, fighting corruption, social guarantees and strong authority that would take care of people.

The summer of 1994, when Lukashenka became President of Belarus, may be considered the turning point in the process of the (re)integration of Belarus and Russia. The economic and systemic crisis of Belarus, its dependence on raw materials from Russia, Lukashenka's personal beliefs and election promises forced the leadership of Belarus to opt for integration with Russia.

At around that time it became clear that the countries of Central Europe and the Baltic States would seek membership in NATO, which was regarded by the people of Russia and Belarus as a hostile Cold War alliance directed against them.

On February 21, 1995, the Treaty on the Friendship, Good Neighbourhood and Co-operation between the Russian Federation and the Republic of Belarus was signed.

On May 14, 1995, a general referendum was organised in the Republic of Belarus. According to the official data, in response to the question "Do you support the actions of the President of the Republic of Belarus in seeking economic integration with the Russian Federation?" 83.3 per cent said "yes" and 12.5 per cent were against. Thereby, Lukashenka received a national mandate to continue the policy of alignment with Moscow.

In October 1995, the Russian Duma passed a special resolution where it was noted that the idea of the unification of Slavic states conforms to the basic interests and expectations of the Russian and Belarusian nations, contributes to the improvement of their welfare, promotes the development of the Slavic culture, helps in overcoming the manifestations of crisis in the societal development encountered by both countries, and increases the international standing of Russia and Belarus.

On April 2, 1996, the Treaty Establishing the Commonwealth of Russia and Belarus was signed. Following this document, the decision was made to institute a parliamentary assembly – the representative organ of the Commonwealth – in which both Russia and Belarus would be equally represented. The Commonwealth of Russia and Belarus established in 1996 was a more consolidated interstate structure than the CIS.

Already a year later, the Commonwealth was transformed into the Union of Belarus and Russia – a union which had the marks of a confederation. On April 2, 1997, the Treaty on the Union between Belarus and Russia was signed, the preamble of which declared that the parties act in accordance with their constitutions and the norms and principles of international law.

It must be noted that the provisions of the common agreements signed were not implemented. For example, attempts to create a common economic zone and a common transport and energy system as well as to resolve customs issues were unsuccessful in 1997-1998. During this period, economic reforms were not co-ordinated and there was no common legal base of the Union. The agreements and treaties signed regarding the acceleration of the processes of integration were not implemented. Unimplemented agreements were being replaced with new ones.

The 1998 financial crisis in Russia had a significant impact on the deceleration of the integration of the countries. As a result of the crisis, the Belarusian economy was dealt a massive blow and the Belarusian rouble was devalued almost tenfold.

In order to overcome the outcomes of the Russian crisis and strengthen political and economic relations, the presidents of Belarus and Russia signed the Declaration Regarding the Further Unification of Russia and Belarus, as well as a treaty on the equal rights of citizens and an agreement on the creation of equal opportunities for economic subjects on December 25, 1998.

On December 8, 1999, in commemorating the eighth anniversary of the signing of the Belovezh agreements and mostly at the initiative of President Lukashenka of Belarus, a treaty was signed in the Kremlin on the establishment of a Union State between the Russian Federation and the Republic of Belarus. The current relations between Belarus and Russia are defined by the provisions of this treaty.

### **The legal basis**

*Treaty on the Establishment of a Union State between the Russian Federation and the Republic of Belarus of 8 December 1999*

The Treaty came into effect in Belarus on January 26, 2000, when it was ratified by the Parliament of Belarus, which is controlled by Lukashenka and not recognised by the international community. As is known, Lukashenka terminated the activities of the then Supreme Council and limited the power of the Parliament of Belarus in violation of the Constitution at the end of 1996.

The Russian Duma ratified the Treaty on December 22, 1999.

The provisions of the Treaty do not answer the main question: whether it concerns a confederation of two states or the creation of a Union State – a federation.

It may be argued that the Treaty provides for several rather than one model of the Union State of Russia and Belarus (confederation, federation), the choice among which would depend on the distribution of power at any particular period and, primarily, on the will of Lukashenka and President Putin and their mutual agreements.

Another significant shortcoming is the equivocal mechanism of the separation of national and union competences. It is unclear where and in which hands the highest authority of the Union State will actually be accumulated.

The Treaty stipulates that the highest authority of the Union State rests with the Supreme State Council (*Высший Государственный Совет*), which consists of the heads of states and heads of parliaments of the member states. The Supreme State Council is headed by the Chairman of the Supreme State Council. This position is occupied in turns by the presidents of the member states of the Union. Decisions of the Supreme State Council must be adopted following the formula “one state, one vote” and the principle of the unanimity of the member states.

According to the Treaty, the representative and legislative institution of the Union State is a two-chamber parliament that consists of the House of the Union and the House of Representatives.

The House of the Union consists of thirty-six deputies of the Russian Duma delegated by the Russian Federal Assembly and thirty-six deputies delegated by the National Assembly of the Republic of Belarus.

The House of Representatives is comprised of seventy-five Russian and twenty-eight Belarusian deputies elected for four years in general elections by secret vote in Russia and Belarus.

The House of the Union and the House of Representatives hold their meetings separately.

The Council of Ministers is the executive organ of the Union State. It consists of the chairman of the Council of Ministers, the heads of the Russian and Belarusian governments, the state secretary (with the rights of the deputy chairman of the Council of Ministers), the ministers of foreign affairs, economy and finance of the states, and the heads of the main government bodies of the Union State. The chairman of the Council of Ministers is appointed by the Supreme State Council by general agreement.

The Treaty provides for the judicial branch as well: the Court of the Union State consists of nine judges appointed for a term of six years. One state may not be represented by more than five judges.

The House of Audit (*Счетная палата*) were created to control the finances of the Union State, consisting of 11 persons. They may not have more than seven citizens of any one state.

It is provided that the Union State will have its coat of arms, flag, anthem and other attributes of statehood.

The Union State must introduce common currency and the member states form a common economic area. Unified and, later, common laws must regulate economic activities, as well as civil and tax-related legislature.

The Treaty has left the status of the Constitutional Act of the Union State undefined. Part 3 of Article 2 of the Treaty provides that “the adoption of the Constitution will be discussed in establishing the Union State” and, according to part 1 of Article 62, “upon coming into effect of the Treaty, the Parliament of the Union State (the House of the Union and the House of Representatives) will examine at the proposal of the Supreme State Council the draft of the Constitutional Act, which will establish the state constitution and its legal system on the basis of this Treaty”. The place where the Constitutional Act would be adopted, its role in the legal system of Russia and Belarus, as well as its legal character and consequences were not clarified.

It may be argued that the 1999 Treaty was transitional and could not become the foundation of a deep and fully-fledged integration of Russia and Belarus.

The Treaty did not create conditions for the renewal of the legal base of Russia and Belarus, which would be required for deeper political and economic integration of both countries. Essentially, the Treaty is unrealisable.

The main provisions of the 1999 Treaty were transposed to the draft Constitutional Act.

### *Draft Constitutional Act*

The joint committee of Russia and Belarus prepared the draft Constitutional Act in March 2003, on the basis of which the negotiations between the parties are continuing until now.

The most important issues discussed by the parties are presented below.

#### *1. Federation or confederation?*

The main issue which has not yet been addressed in the draft Constitutional Act (if further unification will be sought) is the choice of the model of the Union State. It is not clear what exactly is envisioned: a confederation, a federation, or a union tailored according to the EU.

During the negotiations, Belarus proposed that the draft Constitutional Act contains a provision that independent and sovereign states are joined into some sort of "Union" but in principle remain autonomous and independent from each other. Belarus seeks that the Constitutional Act is viewed as an international treaty between Russia and Belarus.

Meanwhile, Russia seeks that the Constitutional Act is defined as a normative legal act of the Union State.

Russia aims to transfer the Constitutional Act from international law to domestic law.

Thus, Russia views the Union State as an integral entity that has the attributes of a federal state, while Belarus sees the Union State as a modern confederation. There has been little success in reconciling these two divergent positions until now.

#### *2. Sovereignty of the parties*

The current draft Constitutional Act is not defined as an international treaty and contains some formal indications that this document will be treated as a domestic act of the state. For example, Article 1 of the Constitutional Act defined the Union State as a "state". According to Article 63, the Constitutional Act will be endowed with the highest juridical power on the entire

territory of the Union State. In contrast to the 1999 Treaty, which clearly established the sovereign equality principle of the participating states (Article 3), the draft Constitutional Act does not contain such provisions. The draft Constitutional Act is based on the concept of the Union State as a “state”. Moreover, Article 1 characterised the participating states as “the subjects of the Union State”.

On the other hand, Article 2 of the Constitutional Act provides that “with regard to the authority voluntarily transferred to the Union State, the subjects of the Union State shall preserve their sovereign rights, independence, territorial integrity, and international legal personality, independently decide on issues of their domestic order, have their own constitutions, state flags, state coats of arms and other attributes of statehood.” The provisions of this article may not be assessed as limiting the sovereignty of the member states but the relation between the sovereignty and the voluntary transfer of certain authority to the government bodies of the Union remains unclear.

Article 3 of the draft Constitutional Act also repeats the provisions of the 1999 Treaty regarding the retention of the membership of the member states in the UN and other international institutions and establishes the superiority of international legal norms in relation to the acts of the government bodies of the Union State.

However, if closer integration is sought, the governments of Russia and Belarus will inevitably have to limit the sovereignty and autonomy of their actions because without it closer integration will be impossible.

### *3. Distribution of competences*

The draft Constitutional Act retained the division of competences into “exclusive” and “shared”. However, one substantial exception was made (Article 34): “in the absence of the normative legal document of the Union State regulating legal relations on issues assigned to the exclusive competence of the Union State or the shared competence of the Union State and the subjects of the Union State, the legal base of the subject of the Union State shall apply on the territory of that subject of the Union State.” The draft Constitutional Act states that the Union State has the right to make international treaties within the bounds of the so-called “exclusive” competence.

Taking into account that the president of a member state practically has the veto right with regard to the Union's government bodies, the "exclusive" competence of the Union State should not be too great.

#### *4. International status*

Participation in an interstate entity, including such as the Union State, does not abrogate the international legal responsibility of the parties.

This means that if the Union State is granted the right to make international treaties, the respective government bodies of member states must perform a serious analysis of such treaties. It may be speculated that such analyses, as well as the inevitable difficulties in co-ordinating the efforts of the two states, could become a serious obstacle for the Union State to use its international legal personality.

If the states regard the Constitutional Act of the Union State as a domestic state act and it is not registered with the UN secretariat, the member states will not be able to rely on it in the UN institutions (as well as in the UN International Court).

Thus, so long as Russia and Belarus remain independent international legal subjects, they will be independently responsible for their obligations. Agreements between sovereign states must conform to international law irrespective of the name and content of these agreements.

#### *5. Relationship with the national law*

The issue of the relationship between the Constitutional Act and the national constitutions remains pertinent. The draft Constitutional Act does not address this issue directly.<sup>1</sup>

Therefore, the implementation of any version of integration would necessitate essential amendments in the constitutions of Russia and Belarus, as

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<sup>1</sup> Article 59 – In case of collision between a norm of the law or a decree of the Union State and a norm of the constitutional subject of the Union State, the norm of the constitutional subject of the Union State shall be effective. <http://www.belrus.ru/obshie/osnovy/konact/article.shtml?part6.shtml>



well as in the national laws regulating the areas of defence, finances, banking, taxation and other activities.<sup>2</sup>

### *6. Institutional organisation*

The government organisation of the Union State is transposed from the 1999 Treaty (see the Appendix) to the Constitutional Act under preparation. The Constitutional Act, as the 1999 Treaty, provides that the institutional system of the Union State consists of the following: the Supreme State Council (Высший Государственный Совет); the Parliament of the Union State (Парламент Союзного государства), composed of two chambers – the House of the Union (Палата Союза) and the House of Representatives (Палата Представителей); the Council of Ministers (Совет Министров); the Court of the Union State (Суд Союзного государства); and the House of Audit (Счетная палата). The competences of these institutions did not change in comparison to those provided in the Treaty.

Although the Parliament of the Union State is partly elected in direct elections, it is dependent on the presidents of the member states who, in mutual co-ordination, are entitled to approve or reject each law passed by the Parliament. Chapter VI of the draft Constitutional Act states that the government bodies of the Union State shall pass laws, decrees, decisions, directives and resolutions.

The government of the Union State is practically based on the “dictatorship” of the Supreme State Council under the leadership of presidents because almost the whole power is accumulated in this institution.

The provisions in the 1999 Treaty regarding property, common currency, symbols and official languages were transposed to the draft Constitutional Act.

The novelty of the draft Constitutional Act is the establishment of the legal status of the citizen of the Union State.

The Constitutional Act provides equal rights for citizens of the member states: the right to social security, the freedom of movement, business, private property, the protection of violated rights, etc.

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<sup>2</sup> <http://www.mpa.ru/files/sb1/7.doc>

### *7. Adoption of the Constitutional Act*

It is noteworthy that the institutions of the Union State participate only in the preparation of the Constitutional Act. Following the provisions of the 1999 Treaty, the Constitutional Act should be adopted by citizens of both countries through referendums in Belarus and Russia, which would take place in the member states according to the existing constitutional procedures and national laws. In this regard, the referendums in Belarus and Russia may have a different juridical force.

### *8. Amendment of the Constitutional Act*

Unilateral amendments of the Constitutional Act will not be possible. However, the Constitutional Act may be changed in a standard way by a separate treaty co-ordinating, approving and formalising amendments or through a complex procedure involving consultations or other actions. In making amendments to the Constitutional Act, the positions of the member states will have to be co-ordinated. Any member state may demand amendments to the Constitutional Act.

## **Russian and Belarusian positions**

### *Divergent positions of the countries regarding the model of the Union State*

Lukashenka and Putin continue to differ in their views regarding the model of the Union State of Russia and Belarus (federation, confederation, or EU-type union).

On August 14, 2002, Putin presented the vision of the establishment of the Union State to Lukashenka in Moscow and suggested “the most straightforward and understandable” road of unification: to create a federal state and for Belarus to become part of the Russian Federation.<sup>3</sup> Putin’s scenario was the following: referendums regarding the Union State were supposed to

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<sup>3</sup> “Brief meeting – sensational outcomes”, <http://www.smi.ru/text/02/08/14/665705.html>

take place in Belarus and Russia in May 2003, the joint parliament was to be elected in December 2003, and in March 2004 – the elections of the president of the Union State. Additionally, Putin outlined a plan on how to speed up introduction of a common currency – the Russian rouble. Both countries were supposed to have the common currency as of January 1, 2004.

However, Lukashenka categorically disproved and still speaks out against Putin's proposals to create a federation of states. The Belarusian president also rejected Putin's suggestion to stage a referendum in Belarus and Russia and consult the citizens on whether they want to live in a federation.

Lukashenka's argument is that the federation is unacceptable to Belarusians because it would mean the complete renunciation of national sovereignty. This is confirmed by the public opinion survey performed by the Independent Institute of Social, Economic and Political Studies (NISEPI) in September 2005, according to which 50.6 per cent of Belarusians said that Russia and Belarus should create a union of independent states closely interrelated politically and economically.<sup>4</sup> 28.9 per cent of the surveyed said that Belarusian relations with Russia should be the same as with other CIS countries. Only 13.2 per cent of respondents were in favour of creating a single state with a common president, government, armed forces, currency and flag.

Thus the larger part of the Belarusian society favours the process of integration with Russia but under the confederative model that preserves independence and sovereignty. Only the minority of Belarusians support the federative model of integration proposed by Putin.

Meanwhile, in Russia there emerged a consensual view among the ruling elites regarding the unification of Russia and Belarus: Russia wants to unify with Belarus as soon as possible on the basis of a federation or similarly to the EU.

This opinion of Russia's ruling political elites was best expressed by the former governor of Saratov D. Ayatskov (who was supposed to be appointed as the ambassador of the Russian Federation in Minsk), who publicly told Lukashenka: "either you integrate, or ..." <sup>5</sup> Ayatskov's appointment to Minsk was cancelled after this pronouncement.

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<sup>4</sup> "How is our integration going?", <http://www.iiseps.org/press6.html>

<sup>5</sup> <http://www.nmnbj.org/pub/101005/minmos.html>

On October 1-2, 2005, the Russian Public Opinion Research Centre (VCIOM) carried out a survey of Russian citizens with the following results: almost a third of Russian inhabitants (30 per cent) favour the unification of the two states on equal basis, 20 per cent of respondents voiced their support for a common state according to the EU model, and only 13 per cent of Russians would like Belarus to join Russia as one of the subjects of the Russian Federation. Twenty-three per cent of respondents claimed that unification is not needed at all and that maintenance of good mutual relations is enough.<sup>6</sup>

Another of Putin's proposals to Lukashenka was to integrate according to the EU model: the decisions and legal acts of the common parliament of the Union State would be transferred to the national laws and approved by the national parliaments of Belarus and Russia. During the Presidential meeting in Zavidov (Russia) on July 20-21, 2005, Putin suggested to Lukashenka that the integration should proceed according to the EU model.

However, the fashioning of the Union State on the model of the EU was also unacceptable to Lukashenka. In his view, "the establishment of the Union State according to the EU model would mean taking many steps back. <...>. We have accumulated more experience than the EU in creating a union state because we lived in a tighter collective – the Soviet Union."<sup>7</sup>

Lukashenka's current position is that the establishment of the Union State must accommodate the principles of sovereignty of the parties and the structures functioning according to the Constitutional Act. This indicates that Lukashenka stands for the confederative model of the Union State.

It is noteworthy that Belarusian authorities constantly emphasise the inviolability of sovereignty in discussing the establishment of the Union State, thereby turning the sovereignty issue into a certain ideology and value.

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<sup>6</sup> Press release No. 321, "How Do We Want the Union of Russia and Belarus to Be?", <http://www.wciom.ru/?pt=57&article=1890>

<sup>7</sup> "Lukashenka against the Union State Modelled According to the EU", *Росбалт*, 09/10/2005, <http://www.rosbalt.ru/2005/10/9/229750.html>

At the same time, Lukashenka claims that “the Union of Russia and Belarus has become a geopolitical reality that has an impact on the historical process.”<sup>8</sup> Thus, “if the citizens of Belarus and Russia want to live together, this will happen sooner or later.”<sup>9</sup> Such pronouncements are essentially part of public relations aimed at creating Lukashenka’s image as the unifier of Slavic states and defending against Moscow’s accusations that Lukashenka retards the process of integration.

However, this also indicates the inertia of the unification policy – the current ruling elites in both Moscow and Minsk find it difficult to abandon the rhetoric of unification through integration.

### **The issue of the president of the Union State**

The possible institution of the Union State’s presidency raised a lot of discussion in Russia.<sup>10</sup> Many see this post as the next step in Putin’s political career after the end of his second term as president in 2008. However, in the current version of the Constitutional Act the institution of the president is not provided for because Belarus objects to it. It is obvious that, Putin being so strong, Lukashenka would get a secondary role in the Union State and he would not have much influence in making collective decisions.

It is noteworthy that Russian people support the institution of the president of the Union State.<sup>11</sup> Thirty-nine per cent of Russian people would like to see the Union State under the leadership of the president elected in direct elections in Russia and Belarus and only 27 per cent say that the highest institution of authority should be the Supreme State Council under the collective leadership of the presidents of both countries, as it is at the moment.

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<sup>8</sup> <http://www.soyuz.by/second.aspx?document=8720&ctype=Qualifier&cuid=1&page=0>

<sup>9</sup> See *ibid.*

<sup>10</sup> SMI: Belarus and Russia Quickly Unite In Order that Putin Stays for the Third Term, <http://newsru.com/russia/21oct2005/putin.html>

<sup>11</sup> Press release No. 321, “How Do We Want the Union of Russia and Belarus to Be?”, <http://www.wciom.ru/?pt=57&article=1890>

It is speculated that Lukashenka was offered to take the post of vice-president of the Union State, while Putin would be president.<sup>12</sup> It is also speculated that Lukashenka refused it.

During a meeting on domestic issues in July 2005, Lukashenka stated that the next stage of the integration of Russia and Belarus would not be “rushed” before the presidential elections in both countries.<sup>13</sup>

Lukashenka’s refusal to take the post of vice-president of the Union State could probably be the main reason behind Putin’s intentions to refuse to take the post of president of the Union State and thereby resolve the issue of his future career after the end of his second term in 2008.<sup>14</sup>

Another reason that could have prompted Putin to become warier with regard to the presidency of the Union State is the possible negative reaction of the EU and the U.S.<sup>15</sup> However, this would not be a strong argument if Lukashenka agreed to take the vice-president’s post because then the West would regard it as a way of taming Lukashenka.

Lukashenka would probably be satisfied by two options: (1) becoming the president of the Union State, and (2) delaying the unification process

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<sup>12</sup> Russian political expert Pavel Felgenhauer: I was told more or less the same thing by people who go there [to Kremlin] often enough (unrelated to each other): Lukashenka received a concrete proposal to implement full unification with Russia. He [Lukashenka] was offered the position of the vice-president of the state. And Vladimir Putin would become the President. Different people confirmed to me on several occasions that such an option was given to Lukashenka. But he is said to have refused it so far“, Voice of America, <http://www.voanews.com/russian/2005-07-28-voa8.cfm>

<sup>13</sup> [http://www.naviny.by/ru/content/rubriki/0-ya\\_gruppa/tema/10-10-05/](http://www.naviny.by/ru/content/rubriki/0-ya_gruppa/tema/10-10-05/)

<sup>14</sup> Head of Duma’s Committee on the Constitutional Legislation and State-building Vladimir Pligin: “The Constitutional Act does not provide for the position of the President of the Union and the procedure for the formation of the Supreme Council of the Union State will not permit that a former president heads it”; Head of the Press Office of the Secretary General of the Union Ivan Makushok: “The union of Russia and Belarus should not be viewed as an employment venue for Vladimir Putin”, <http://gzt.ru/politics/2005/09/20/220043.html>

<sup>15</sup> Deputy Director General of the Centre of Political Technologies Aleksey Makarkin argued that “finally, this would be disproved by Europe and the U.S.”, while President of the Institute of Contemporary Politics Vladimir Lisenko said that “Putin does not wish to be compared to Lukashenka and called the last dictator in Europe”, <http://gzt.ru/politics/2005/09/20/220043.html>

for as long as possible so that Russia accepts his conditions, thereby also preserving the sovereignty of Belarus and using Russia's energy resources and financial support on easy terms (which is what is actually happening at the moment).

If the Constitutional Act is approved in the referendum in Russia, this would theoretically open the way to the Kremlin for Lukashenka.

However, this requires several preconditions: first, Russia and Belarus amend the Constitutional Act to include the president's and the vice-president's posts; and second, Putin is replaced in the Kremlin by a more "malleable" and "softer" president whom Lukashenka could defeat in the presidential elections of the Union State.

During a press conference on October 28, 2005, Secretary General of the Union State P. Borodin mentioned that Putin and Lukashenka would discuss the issue of the inclusion of the president's and the vice-president's post into the Constitutional Act during the meeting of the Supreme State Council (scheduled at the beginning of 2006). He also mentioned that the referendum may be held on two issues: the presidential model of the Union State or the consolidation of the highest authority with the Supreme State Council chaired collectively by both presidents in turns.<sup>16</sup>

If the referendum were held on two projects of the Constitutional Act, it is possible that, under the influence of Lukashenka's arguments, Belarusians would reject the presidential model and this would lead to a crisis of the Union State, which would not be useful for Russia.

The introduction of the president's post under the strong leadership of Putin would signify movement towards a federal state because Putin would seek to strengthen the institution of the president of the Union State.

### **2006 elections in Belarus and the Union State**

Russia views the March 19, 2006 elections in Belarus through the prism of the Union State: Lukashenka will need Russia to recognise the legitimacy of the presidential election in Belarus.

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<sup>16</sup> [http://www.naviny.by/ru/content/rubriki/1-ya\\_gruppa/politika/28-10-05-3/](http://www.naviny.by/ru/content/rubriki/1-ya_gruppa/politika/28-10-05-3/)

Therefore, Russia's pressure on Lukashenka regarding the acceleration of the establishment of the Union State can be observed.

After the presidential elections in Belarus, Russia will have even fewer levers with which to pressure Lukashenka. The declaration of Russian Minister of Foreign Affairs S. Lavrov that beginning in 2007 *Gazprom* will supply gas to Belarus at global prices, which was announced in October 2005, may be seen as a form of pressure as well.<sup>17</sup> During the meeting of Lukashenka and Putin in Sochy on December 15, 2005, it was decided that Belarus will pay only USD 46.5 per 1000 m<sup>3</sup> of gas in 2006 (in comparison to *Gazprom's* offer to Ukraine to pay USD 220-230 and Moldova – USD 160 per 1000 m<sup>3</sup> of gas).<sup>18</sup>

However, the gas argument may not be as effective as expected. At the beginning of 2004, when *Gazprom* terminated the supply of gas to Belarus, Belarus refused to sign an agreement regarding the transit of Russian gas and stopped the supply of gas to Poland, Lithuania and Kaliningrad. This raised protests among the neighbours and Poland even sued *Gazprom*. Russia was forced to continue the supply of gas to Belarus at reduced tariffs.

It should also be noted that Russia does not have effective means to pressure Belarus without harming itself.

Since all the power is in Lukashenka's hands and the opposition is persecuted, Russia does not have a pro-Russian political base in Belarus favourable to it.

### **The threat of “orange revolutions”**

Another factor that forced the leaders of both countries to support the unification project is the threat of an “orange revolution”.

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<sup>17</sup> See “Russia turns on the gas meter for its allies” on how the Government of the Russian Federation changed the preferences in the price of gas for the CIS countries (17 10 2005). Minister of Foreign Affairs of Russia Sergey Lavrov declared that, in the nearest future, Russia will set global energy prices for all countries, including its “allies”. The official announced about this in the “Vesti” program of the RTR TV-channel, when commenting on his recent statements regarding relations with the CIS countries made at the closed session of the Federation Council, <http://www.kommersant.ua/doc.html?docId=618826>

<sup>18</sup> “Cheap gas goes to Belarusians”, <http://www.utro.ru/articles/2005/12/16/504993.shtml>



Today Belarus remains one of the few Russian allies that are in complete agreement with the foreign policies implemented by Moscow.

The event of an “orange revolution” in Belarus would be a serious blow to Russian defensive capabilities because the Russian military installations in Belarus constitute an integral part of the Russian defence system.

The supply of the newest weaponry to Belarus indicates that Moscow is inclined to continue supporting Lukashenka. On August 30, 2005, Russia obliged to station new anti-aircraft missile defences C-300 in Belarus by autumn of 2006. These will be used to arm the anti-aircraft missile brigade 115 stationed in Brest. Moreover, Russia will supply C-300PS anti-aircraft missile launchers. Belarus will have to cover only part of the expenses related to repairs and relocation in Belarus, while all the other costs will be covered by Russia.

The Union State project is useful to Lukashenka also because it opens up an opportunity to escalate relations with the West since he will always be able to turn to Russia as a subject of the Union State for political support. It should be noted that Russia defends and justifies Lukashenka's actions when the situation in Belarus is discussed during EU-Russia meetings. Thus, for example, during the summit between Russia and the EU troika on October 26, 2005, Russian ambassador to the EU V. Chizhov denied that Putin would like to continue discussions with the EU regarding Belarus. Russia is thereby supporting Belarus, against which the West is conducting a “large-scale campaign”, according to Russian Deputy Minister of Foreign Affairs G. Karasin.<sup>19</sup>

### **Economic integration**

Belarus is dependent on Russian oil and gas. *Gazprom* seeks to privatise the state-owned company *Beltransgaz* and acquire control of the Jamal-Europe gas pipeline that crosses Belarus. Lukashenka is resisting it.

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<sup>19</sup> The Ministry of Foreign Affairs of Russia “continues its firm support of Belarus under the conditions of the large-scale campaign started against it”. This was discussed in the letter of Deputy Minister of Foreign Affairs Grigory Karasin to Chairman of the State Duma Boris Gryzlov, [http://www.naviny.by/ru/content/rubriki/0ya\\_gruppa/novosti/politika/03-11-05-24/](http://www.naviny.by/ru/content/rubriki/0ya_gruppa/novosti/politika/03-11-05-24/)

Control of the gas pipeline gives Lukashenka stronger positions in political negotiation with Russia regarding the Union State.

Lukashenka carries out centralised, state-controlled economic policies: prices and currency exchange rates are controlled; the state has the right to intervene into the operations of private companies. Structural reforms are not implemented – the state owns about 75 per cent of all of the country's companies. Privatisation was nearly stopped and there is little foreign direct investment. In 2004, foreign direct investment (net FDI) in Belarus comprised USD 100 million (in comparison to USD 426 million in Russia)<sup>20</sup>.

From 1992 to 2002 Belarus managed to attract USD 160 of foreign direct investment per capita; however, without direct Russian investments into the Jamal-Europe gas pipeline, this number would be only USD 35.<sup>21</sup> (In comparison, Russian FDI per capita was USD 160 in 2000).<sup>22</sup>

According to the 2005 Economic Freedom Index prepared by the *Heritage Foundation* and the *Wall Street Journal*, Belarus occupies 143<sup>rd</sup> place among 161 countries, while Russia is 124<sup>th</sup>. The report claims that Belarus is economically the “least free” in Europe.<sup>23</sup>

According to official data, Belarusian exports to Russia decreased by 9.6 per cent and imports by 8.5 per cent in January-August 2005.<sup>24</sup> This indicates that Lukashenka wants to protect the Belarusian market from becoming over-dependent on Russia, whose economy is more open and structural reforms more advanced. It should be noted that Belarusian exports to non-CIS countries grew by 38.5 per cent and imports by 22.5 per cent in the same period.<sup>25</sup>

In order to attain full economic integration with Russia, Lukashenka would have to abandon the state-controlled economy and initiate the priva-

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<sup>20</sup> <http://www.heritage.org/research/features/index/>

<sup>21</sup> <http://liberty-belarus.org/english/20040306160314.shtml>

<sup>22</sup> [http://jec.senate.gov/\\_files/RussiaEconomy.pdf](http://jec.senate.gov/_files/RussiaEconomy.pdf)

<sup>23</sup> <http://www.heritage.org/research/features/index/>

<sup>24</sup> Press release: “On the results of international trade activities of Belarus in January-August 2005”, October 17, 2005, <http://www.embassybel.ru/press/soft/2005/10/17/5435/>

<sup>25</sup> See *ibid.*

tisation of companies that are currently owned by the state, which would be attractive to Russian businesses.

Perhaps for these reasons, Russia and Belarus have so far not managed to create a free trade area, although the agreement regarding free trade was signed on November 13, 1992. On the contrary, the internal market of Belarus is almost sealed to Russian goods.

In Putin's view, unification of the countries should proceed by first introducing the common currency and only then adopting the Constitutional Act. According to Russia, introduction of the common currency would lay the economic foundations for closer economic integration.

Lukashenka delays introduction of a common currency.<sup>26</sup> In his opinion, this would deal a blow to the Belarusian economy, reduce the competitiveness of Belarusian products, and make it difficult to support companies with budgetary funds. The result would be increased unemployment and social instability.

From the viewpoint of the economic integration of Russia and Belarus, the economic basis for the creation of an integrated Union State has so far been lacking.

Russia's accession to the World Trade Organisation (WTO) will not be favourable to the integration of the countries because the economic co-operation agreements that have been signed so far do not provide for the requirements raised by the WTO. Belarus is significantly lagging behind Russia in the negotiations for WTO membership.

Thus, the establishment of the Union State of Russia and Belarus remains a political project only.

### **Possible scenarios**

During the joint meeting of the Russian and Belarusian commission for the preparation of the Constitutional Act on September 19, 2005, Russia conceded to Belarus and agreed that the issue of the Constitutional Act would be resolved before thinking about the introduction of the common currency.<sup>27</sup>

<sup>26</sup> <http://www.kommersant.ru/doc.html?docId=619764>

<sup>27</sup> "The USSR against the EU, [http://www.naviny.by/ru/content/rubriki/0-ya\\_gruppa/tema/10-10-05/](http://www.naviny.by/ru/content/rubriki/0-ya_gruppa/tema/10-10-05/)

If Putin is satisfied by the compromise draft Constitutional Act that does not provide for the presidential post and preserves the sovereignty of the countries, it is likely that the draft Constitutional Act will be approved in the forthcoming meeting of the Supreme State Council (scheduled at the beginning of 2006). True, the draft may have to be returned to the joint commission for improvement after the meeting of the Council. Obviously, the Constitutional Act will be a compromise document of transitional nature and will not yet complete the process of unification of the countries.<sup>28</sup>

On October 8, 2005, Lukashenka announced to journalists that “if the Union State holds a referendum, it will ask only one question – regarding the Constitutional Act.”<sup>29</sup>

*At the moment, the most possible scenario for the development of the Union State in the nearest period (the end of 2005 – March 19, 2006 presidential elections – to the end of 2006) is as follow:*

Putin further pressures Lukashenka in order to obtain greater concessions – a federal or an EU type model, the introduction of the post of the president of the Union State and the introduction of the common currency – Russian rouble, tying it to support for Lukashenka in the presidential elections and afterwards. In this case, Lukashenka while keeping rhetoric of unification of

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<sup>28</sup> In commenting the outcomes of the meeting of the Joint Russian-Belarusian Commission on the preparation of the draft Constitutional Act of the Union State which took place on October 20 in Moscow, Secretary General of the Union State Pavel Borodin said that “the Constitutional Act is a document of the transitional period which presupposes the delegation of part of the authority of the states to the Union State, <http://bdg.by/news/news.htm?77978>

See also: “A high-level source in Kremlin revealed that the text of the Constitutional Act ‘is unsatisfactory for us’, particularly, because of the ‘absence of a document expressing a clear idea whether the model we are striving towards is that of full unification, Eurointegration or if we are leaving everything as it is. Minsk does not have the answer to this question’. Moreover, the situation is complicated by the presidential elections in Belarus in 2006”, <http://newsru.com/russia/21oct2005/putin.html>

<sup>29</sup> “The referendum on the Constitutional Act will take place in Russian and Belarus simultaneously”, [http://www.naviny.by/ru/content/rubriki/0-ya\\_gruppa/novosti/politika/08-10-05-13/](http://www.naviny.by/ru/content/rubriki/0-ya_gruppa/novosti/politika/08-10-05-13/)

the Union State would continue delaying the process of unification and wait for the results of the presidential elections in Belarus and, later, in Russia (in 2008). It is likely that Lukashenka will not hasten the unification of Belarus with Russia under strong Putin. If Lukashenka wins the presidential elections, Putin's ability to pressure Lukashenka into making concessions regarding the Union State would be further reduced. After elections in Belarus Russia may use a "gas card" to make pressure on Belarus. It is likely that there is no presidential institution of the Union State, and the collective government of two presidents will be preserved. However, for the support in the presidential elections Lukashenka may promise something to Russia. Most likely, this may be a promise at some point to introduce the common currency, which would indirectly but substantially limit the sovereignty of Belarus.

### **Summary**

Lukashenka's current position is that the establishment of the Union State must accommodate the principles of the sovereignty of the parties and the structures functioning according to the Constitutional Act. It is noteworthy that Belarusian authorities constantly emphasise the inviolability of sovereignty in discussing the establishment of the Union State.

Meanwhile, in Russia a consensual view has emerged among the ruling elites regarding the unification of Russia and Belarus: Russia wants to unify with Belarus as soon as possible on the basis of a federation or similarly to the EU.

Russia's pressure on Belarus to speed up the creation of the Union State according to the model proposed by Russia can be seen. In Russia, the union of two Slavic states is seen as a stabilising factor that strengthens Russia's positions in the CIS and the "near abroad". However, the ruling nomenclature of Belarus is not interested in establishing the Union State as this would put into question its future and position in the structures of the Union State that would be dominated by the Russian nomenclature.

The main issue which has not yet been addressed in the draft Constitutional Act (if further unification will be sought) is the choice of the model of the Union State. It is not clear what exactly is envisioned: a confederation, a federation, or a union tailored according to the EU.

The distribution of competences in the Union State remains an object of discussions. The draft Constitutional Act does not resolve the issue of the distribution of competences between the government bodies of the Union State and the national government bodies.

Russia seeks to introduce the institution of the president. However, in the current version of the Constitutional Act the institution of the president is not provided for because Belarus objects to it.

Most likely, the Constitutional Act will be a compromise document of transitional character and will not yet complete the process of unification of the countries.

At the moment, the government of the Union State is practically based on the Supreme State Council under the leadership of the presidents because this institution has accumulated almost all the power.

Participation in an interstate entity, including such as the Union State, does not abrogate the international legal responsibility of the states.

Russia views the 2006 elections in Belarus through the prism of the Union State – Lukashenka will need Russia to recognise the legitimacy of the presidential election in Belarus in 2006. Therefore, Russia's pressure on Lukashenka regarding the acceleration of the establishment of the Union State can be seen.

It should also be noted that Russia does not have effective means to pressure Belarus without harming itself. Since all the power is accumulated in Lukashenka's hands and the opposition is persecuted, Russia does not have a pro-Russian political base in Belarus favourable to it. However, Russia can threaten using the gas leverage to achieve concessions from Belarus.

The supply of the newest weaponry to Belarus indicates that Moscow trusts and supports Lukashenka. Russia is interested in stability in Belarus. For Russia Lukashenka is a guarantor of stability in Belarus able to protect the country from the western influence.

From the viewpoint of the economic integration of Russia and Belarus, the economic basis for the creation of an integrated Union State has so far been lacking.

The establishment of the Union State of Russia and Belarus remains a political project, the future of which largely depends on personal dealings of the two presidents, their preferences and interest.