

BETWEEN RUSSIA AND THE EU: TRANSFORMATIONAL OPPORTUNITIES FOR BELARUS

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The crisis in relations between Belarus and Russia that started at the end of 2006 is forcing Belarusian authorities to look for new foreign policy directions. Alexander Lukashenko has mentioned the necessity to balance Belarusian foreign policy and stop being dependant only on Russia. Such changes may encourage the EU to review its policies towards Belarus. The EU policy of isolating Belarus and applying sanctions to it is absolutely inefficient since it has not promoted either the liberalisation of the Belarusian regime or any democratisation of the society. In this article, it is argued that because of the crisis in relations between Belarus and Russia, one of two scenarios for the transformation of Belarus in the nearest future is likely to be seen: Belarus might become “a shadow of Russia” and definitively transfer its economic and political sovereignty to Moscow, or the country might become a “typical Eastern European state” trying to balance between pro-Russian and pro-European policies. The EU should strengthen selective cooperation with Belarus, first of all in the fields of economic and energy relations. Only in this way can the EU increase the opportunities for Belarus to reduce its dependency on Russia and thus maintain its political and economic independence in the future.

Introduction

For a long time, the EU has viewed Belarus as a frozen problem that it is not very eager to solve. On the one hand, relations with the official authorities of Belarus after the election of Alexander Lukashenko as president in 1994 have probably been colder than those with any other European state. These relations

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especially worsened in 1996 when Lukashenko held a referendum, by which he changed the constitution and extended his term of office until 2001. Having easily won the presidential elections in 2001, Lukashenko once again ensured his possibility to remain in power by referendum in 2004. In 2006 he once more took part in the presidential elections, which he won by an overwhelming majority. On the other hand, even though diplomatic relations have practically stopped, the EU does not feel any particular concern or need to look for serious solutions regarding Belarus. European institutions and representatives have become used to periodically expressing their concern about violations of human rights in Belarus, declaring their support for the Belarusian opposition, and expressing the hope that one day Belarus will join the group of democratic European states. Official reactions to the Belarusian elections or referendums were almost identical, and often old statements about the elections or referendums being organised in violation of standard democratic procedures were repeated. Such calm non-recognition of the official Belarusian authorities has been accompanied by mild sanctions such as visa-ban for the top representatives of the Belarusian authorities. In the long run, the policy of isolating Belarus has become an ordinary and inert matter, accepted both by Belarus and the EU.

Alexander Lukashenko could stay rather calm about being isolated by the EU since he was always supported by his large neighbour Russia. The relations of Belarus and Russia have been quite successful for a long time, because Moscow recognised the Lukashenko regime and provided substantial support to the Belarusian economy. The most important aspect of the Russian support was the supply of energy to Belarus at almost the same conditions as those enforced in the internal Russian market. Cheap oil and gas permitted the Lukashenko regime to maintain a state-controlled economy, freeze market liberalisation, and at the same time ensure economic growth. In 2004, real Belarusian GDP growth amounted to as much as 11.4 %, and in 2005 it reached 9.2 %¹. However, this Russian support had a certain price, because Russia actively aimed at ensuring more political influence in Belarus. The most important instrument in binding Belarus as much as possible was the creation of a Union State. In accordance with this initiative, Belarus was supposed to create a joint state with

¹ Eurostat. *European Union and its main trading partners: Economic and trade indicators. Belarus*, 15 September 2006. <http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113351.pdf>

Russia. In reality this meant that Belarus was to become a part of Russia. Its autonomy and rights would not differ much from those of the other constituent entities of the Russian Federation. Although Belarusian authorities understood that and tried to postpone such final for as long as possible, they avoided any radical actions that could offend Moscow. Intense economic dependency on Russia forced Lukashenko at least publicly to declare support for the project of creation of the Union State and this way maintain Moscow's political and economic support.

Russia therefore became a natural donor, without which the Lukashenko regime would be unable to survive. Economic and political alienation from Russia would mean the political death of Alexander Lukashenko and an economic catastrophe for Belarus. Belarus has become the smaller Siamese twin of Russia.

This situation was also recognised in the capitals of the EU member states. It was said again and again that the key to Belarusian reforms lays in Moscow, and that it depends only on Russia whether any political or economic reforms take place in Belarus. At the same time, the hope existed that Russia's care would prevent Belarus from any radical actions that could harm its neighbouring countries or the entire EU.

However, the 2006 presidential elections in Belarus and the 2007 energy conflict between Belarus and Russia forced the EU to consider Belarus in a more serious way. After the orange revolution in the Ukraine, more hopes were expressed that a consolidation of democratic forces could also occur in Belarus, and that intolerance towards authoritarian government could grow in that society, encouraging a regime change in Belarus. Such hopes had to be postponed, however, since the 2006 presidential elections in Belarus did not bring about any serious political change.

The disagreements that started in late 2006 and early 2007 between Belarus and Russia over prices and conditions for the supply of energy resources have provoked even more concern in the EU about the situation in Belarus. The interruptions in the oil supply through Belarus to Poland, the Czech Republic, and Germany that lasted for several days have forced EU politicians to remember that Belarus still remains an independent state and is not a part of Russia and that Minsk might have its own interests that conflict with the policies of

Moscow. The increased tension between Belarus and Russia makes us consider the future opportunities of Belarus in a more comprehensive manner. Is Belarus indeed destined to remain just a periphery of Russia? Perhaps today is the right moment for the EU to review its policy towards Belarus and to suggest new instruments of cooperation?

This article aims at providing an overview of the transformational opportunities for Belarus and its possible alternatives of political orientation. It is rather probable that the need for balance between Russia and the EU in Belarusian policy will arise; therefore, the EU must be ready to react to such changes in Belarusian foreign policy.

1. Transformation of Relations between Belarus and Russia

The relations of Belarus with Russia have been close and successful since Alexander Lukashenko came to power. Belarus became one of the most active supporters of Russia's initiatives concerning new forms and institutions intended for keeping closer the former Soviet republics. As early as December 8, 1991 the agreement on the Commonwealth of Independent States was signed in Minsk, and the headquarters of this new regional organisation was established in Minsk. In 1996, a bilateral agreement on the establishment of the community of Russia and Belarus was signed, and in 1999, Russia and Belarus signed the agreement to establish the Union State, according to which Russia and Belarus were to become a common economic, financial and political area. However, regardless of the initial enthusiasm, the programs to establish the Union State are not being implemented as planned. In 2001, a customs union was created, but the 2006–2007 crises raised some doubts as to whether these agreements will be adhered to². The first plans to introduce a common currency failed in 2004 because of the failure of the central banks of Russia and Belarus to coordinate their actions. The introduction of a common currency was postponed until 2006, but that deadline was not met either. At the end of 2006, Alexander

²“Unified state of Russia and Belarus discussed in Kremlin”, *Russia Today*, 15 Dec. 2006. <http://www.russiatoday.ru/test/index.php?id=8&tx_ttnews%5Btt_news%5D=1331&tx_ttnews%5BbackPid%5D=1&cHash=911f63b335>, 4 April 2007.

Lukashenko started to openly express his discontent about the proposed constitution for the Union State and about the fact that Russia was raising obstacles blocking the way to the creation of the Union State. According to Lukashenko, Russia simply wants Belarus to become a part of the Russian Federation³.

Lukashenko's unwillingness to follow Russia's instructions about the conditions under which Belarus must join Russia has provoked a strict response. Vladimir Putin declared that Russia should not provide economic support to Belarus any longer by supplying cheap energy resources⁴. According to Putin, Russia was annually subsidised the Belarusian economy for the total amount of 5.8 billion USD⁵.

The gradually increasing tension between Belarus and Russia led to a real crisis in their relations at the beginning of 2007, when new oil import duties were introduced for Belarus. Russia has clearly demonstrated that Alexander Lukashenko had no other choice but to accept the conditions dictated by Moscow. However, the crisis has also revealed new political opportunities for Belarus. At the beginning of 2007, Lukashenko mentioned that Belarus had for a long time been looking only towards the East and that now the time had come to improve its relations with the West. Although for the time being such statements are simply rhetorical and not proved by any actions, it may be implied that the Belarusian authorities would like to have an opportunity to resist the harsh demands of Moscow and start balancing Belarusian foreign policy. The relations of Belarus with Russia look not as clear as they seemed just one year ago. Alexander Lukashenko's position is not so strong either as it was after the 2006 presidential elections, when he was supported by Moscow.

³ "President: Russia slows unification with Belarus", *Interfax*, 29 Sep. 2006. <<http://www.data.minsk.by/belarusnews/092006/216.html>>, 4 April 2007.

⁴ "Unified state of Russia and Belarus discussed in Kremlin", *Russia Today*, 15 Dec. 2006. <http://www.russiatoday.ru/test/index.php?id=8&tx_ttnews%5Btt_news%5D=1331&tx_ttnews%5BbackPid%5D=1&cHash=911f63b335>, 04 April 2007.

⁵ "Russia's underwater pipeline to Germany 'most foolish idea': Lukashenko" *Russia Today*, 15 Jan. 2007. <[http://www.russiatoday.ru/test/index.php?id=8&L=0&L=&tx_ttnews\[backPid\]=1&tx_ttnews\[tt_news\]=2058&cHash=f0c437d9e7](http://www.russiatoday.ru/test/index.php?id=8&L=0&L=&tx_ttnews[backPid]=1&tx_ttnews[tt_news]=2058&cHash=f0c437d9e7)>, 04 April 2007.

1.1. Obstacles in the Path of the Union State Project

The reasons for the conflict between Russia and Belarus should be searched for in the political sphere. Tension between Moscow and Minsk started to grow almost as soon as Alexander Lukashenko once again won the presidential elections in 2006. Although prior to the 2006 presidential elections, there were some doubts as to whether Russia would continue to support Lukashenko, the elections themselves did not produce any surprises, and Vladimir Putin congratulated Lukashenko on winning the elections. Already prior to the Belarusian presidential elections, Putin, meeting Lukashenko on 4 April 2005, assured the Belarusian leader that Russia would not change the gas price for Belarus in 2006 and that it would amount to 46.68 USD for 1,000 cubic meters.⁶ At approximately the same time, Russian Foreign Minister Sergey Lavrov rejected the U.S. Secretary of State Condoleezza Rice's calls to stop supporting "the last European dictator". This allowed Alexander Lukashenko to feel calm before the presidential elections. Moscow's support for the Belarusian dictator was not unconditional, however. 2006 was supposed to become the crucial year for the definition of the status of the Union State of Belarus and Russia and of the autonomy of the states to be united. 2006 was also supposed to be the year for the introduction of the common currency and adoption of the proposed Union State's constitution, in which the presidency and common parliament were to be provided for.

On 21 October 2005, it was announced that both countries had agreed on a draft of the constitution, which stated that the Union State would have a common two-chamber parliament: a House of Representatives comprising 103 members, of which 28 would represent Belarus, and a House of the Union comprising 36 senators and 36 deputy senators, representing the two states in equal numbers. The Union State was supposed to have a prime minister, but it was not clear whether the union state was to be led by a single president. Due to this lack of clarity, various interpretations were offered. Analysts stated that the position of the leader of the Union State provided for in the constitution would allow Vladimir Putin to maintain his presidential position and also formally

⁶ Maksymiuk J. "Belarus: Lukashenka Plans No 'Democratic Change'". *Radio Free Europe*, 23 April 2005. <<http://www.rferl.org/featuresarticle/2005/4/87B6738A-F1E9-4522-9207-C1057ABE9EAE.html>>, 4 April 2007.

lead Belarus. In this case Alexander Lukashenko would become a vice-president and thus remain an important political figure.⁷ However, the process of coordinating the Union State constitution has been postponed.

At the end of September 2006, after long and fruitless discussions, Alexander Lukashenko accused Russia of hindering the creation of the Union State. According to Lukashenko, the Russian side had proposed supplements to the Union State constitution that were unacceptable to Belarus. Belarus was not willing to agree to Russia's proposals that the Union of Russia and Belarus should act like an analogue of the EU. In accordance with the other alternative suggested by Russia, Belarus would be granted only the status of a constituent entity of the Russian Federation, which, according to Lukashenko, the Belarusian nation would never find acceptable. Lukashenko expressed his resentment at Moscow's pressure by stating that "even Stalin had not gone that far".⁸ This was not the first time Lukashenko had expressed his discontent with Russia's pressure to create such a Union State in which Belarus would lose most of its sovereignty. The first divergence of opinion regarding the form of the Union State - confederation, federation, or EU-like union - occurred as early as 2002, when Vladimir Putin presented his vision of the Union State as a federation⁹. The Russian president said that he hoped that as soon as in 2003 referendums regarding the approval of the Union State constitution and creation of a federal state would be held in Belarus and Russia. According to Putin, elections to the common parliament could be held in 2003, and presidential elections in the Union State could be held in 2004. Lukashenko's reaction to such proposals was categorical; he rejected the option of creating a federate state as an alternative totally unacceptable to Belarus, since in accordance with this project Belarus would have been divided into seven administrative units and actually become part of the Russian Federation¹⁰.

⁷ Marples D. "The Significance of the Russia-Belarus Union." *Eurasia Daily Monitor*. Volume 2, Number 198 25 October 2005. <http://jamestown.org/edm/article.php?article_id=2370386>, 4 April 2007.

⁸ Marples D. "Lukashenka: Why the Union State does not exist." *Eurasia Daily Monitor*, Volume 3, Number 181, 2 October 2006 <http://jamestown.org/edm/article.php?article_id=2371498>, 4 April 2007.

⁹ Пензин А. "Короткая встреча, сенсационные проводы" (Penzin A. "A short encounter and a sensational farewell"), 14 August 2002. <<http://www.smi.ru/02/08/14/665705.html>>, 12 April 2007.

¹⁰ Ibid.

It may be stated that in the past few years negotiations regarding the creation of the Union State have followed the same cycle: Russia presses Belarus to accept its vision of the Union State, which would more or less mean the loss of sovereignty of Belarus, whereas Lukashenko categorically refuses and states that “Belarusians will not agree to lose their sovereignty”, while later trying to improve his relations with Moscow and stating that the Union State project is being continued and common stances are being looked for. However, Lukashenko’s desire to continue creating the Union State ceases as soon as Moscow starts talking about the final approval of the Union State constitution.

This game has been continuing for a long time, but it now seems that at the end of 2006 Lukashenko’s discontent with the new proposals of Russia made Putin lose his temper. It is probable that Russia’s support of Lukashenko during the 2006 presidential elections was directly linked to the hope of accelerating the creation of the Union State of Russia and Belarus. After Lukashenko had ensured a new presidential term for himself, however, he decided not to fulfil his obligations to Moscow. It was Lukashenko’s inconsistency and failure to fulfil his promises even in his relations with Russia that became the most important reason for the worsening relations between Belarus and Russia. Moscow must have understood that no joint state can be created with Belarus. Therefore, the time had come to seriously review political and economic relations with Belarus.

1.2. Tension in economic relations

The EU’s political isolation of Belarus has led to the strong economic dependency of Belarus on Russia. This economic dependency occurred not only because of imported energy resources, but also because of the orientation of the entire economy towards Russia. Russia is the most important foreign trade partner of Belarus. In 2006, Belarusian imports amounted to 22.32 billion USD, and imports from Russia equalled 13.08 billion USD, or 58.6% of total Belarusian imports. Belarusian exports in 2006 amounted to 19.74 billion USD, and goods and services worth 6.85 billion USD, or 34.7% of total Belarusian exports, were exported to Russia¹¹.

¹¹ “В Беларуси в 2006 г. отрицательное сальдо внешней торговли товарами составило 2.6 млрд USD” (“In Belarus, the negative balance of foreign trade in goods in 2006 amounted to 2.6 billion

No major economic reforms have taken place in Belarus yet, and the state's interference with the economy remains very high. Belarus is dominated by almost socialist notions that the state has to control everything everywhere.¹²

According to the Economic Freedom Index drawn up by the Heritage Foundation, the Belarusian economy in 2007 was only 47.4% free and occupied the 145th position in the global economic freedom rating. In Belarus, the state controls almost all large companies, 30 of the 31 banks operating in the country, and private property is not protected in a sufficient manner.¹³ Foreign investments are regulated rather strictly in Belarus; the volumes of foreign investments are therefore very low, e.g. investments amounting to 305 million USD were attracted in 2005.¹⁴

However, despite the restrictions on economic activity in Belarus, over the past years its economy has continued to grow stably. According to official data provided by Belarusian institutions, annual GDP growth over the past five years exceeded 5%. However, this successful period is coming to an end. According to International Monetary Fund data, Belarusian GDP grew 9.9% in 2006, whereas it is expected to grow only 5.5% in 2007 and 3.9% in 2008.¹⁵ (According to data from the Belarusian Ministry of the Economy, GDP growth of 8% is forecasted for 2007.)

Most of the time Belarusian economic growth and stability is explained by the fact that it receives cheap energy resources from Russia and successfully participates in the Russian energy resources transit system. The low price for energy resources has for a long time allowed Belarus to maintain low production costs, guarantee the supply of energy to the population, control inflation, and allocate considerable money for the social obligations of the state.

USD"). AFN News Agency, 30 Jan. 2007. <<http://www.afn.by/news/news.asp?d=30&m=1&y=2007&x=8&y=6&newsid=82832>>, 12 April 2007.

¹² Lewis A. (edit), *The EU and Belarus*, London: The Federal Trust, 2002, p. 132.

¹³ Hermitage Foundation. *Economic Freedom Index 2007, Belarus*. <<http://www.heritage.org/research/features/index/country.cfm?id=Belarus>>, 12 April 2007.

¹⁴ Sokolovsky A. "Promising Potential for Investment." *Беларусь. Belarus*, No. 11–12 (878–879), November–December 2006.

¹⁵ International Monetary Fund. *World Economic Outlook 2007*. (Table 2.6. Commonwealth of Independent States: Real GDP, Consumer Prices, and Current Account Balance), April 2007, p. 72. <<http://www.imf.org/external/pubs/ft/weo/2007/01/pdf/c2.pdf>>, 23 April 2007.

About 90 million tonnes of Russian oil and 60 billion cubic meters of gas are transported through Belarus to the EU annually. Belarus is guaranteed not only transit fees, but also the opportunity to earn more on crude oil refining. According to estimates, by receiving Russian crude oil without any fees and processing and exporting it to the West, Belarus could have earned about 1 billion USD by 2007. According to the Russian president, by supplying cheap, tax-free energy resources, Russia could have subsidised the Belarusian economy for the total amount of 5.8 billion USD. Taking into consideration that the Belarusian GDP is estimated to reach 32–34 billion USD, such Russian aid was significant indeed.¹⁶

Belarusians believed that the Union State project would automatically guarantee a supply of cheap energy raw materials and energy from Russia. That is why Alexander Lukashenko continued negotiations with the Kremlin regarding the creation of a Union State. However, creation of the Union State was supposed to mean not only favourable conditions in the energy sector, but also the transfer to Moscow of the autonomy to take major economic decisions. First of all, this meant unification of the monetary system. Russia has continuously put Minsk under pressure to make it take real steps towards the introduction of a common currency. Initially, that would mean the introduction of the Russian rouble in Belarus. Accordingly, the Central Bank of Belarus would lose the right to issue money. This major restriction on Belarusian economic policy was unacceptable to Alexander Lukashenko. Therefore, the common currency introduction program, which was postponed until the end of 2006, has not been implemented.

Not seeing any efforts on the part of Belarus to enter a monetary system controlled by Russia, Moscow has not waited any longer and started using the most important pressure lever, i.e. review of the conditions for the supply of energy resources. After rather long negotiations and tension, at the end of 2006 Belarus and Gazprom signed a new gas supply agreement, according to which Belarus has to pay 100 USD for 1,000 cubic meters (for the 2.5 years prior to that, the price equalled 46.68 USD). Furthermore, Gazprom agreed to purchase 50 % of the shares of the Belarusian gas operator Beltransgaz for 2.5 billion USD. In

¹⁶ RFE/RL Report. "How hard could gas price hike hit economy?" 5 January 2007, Volume 9, Number 1. <<http://www.rferl.org/reports/pbureport/default.asp>>, 12 April 2007.

the long run, this will allow Gazprom to control the conditions for the transit of natural gas through Belarus. Although Belarus managed to achieve higher gas transit prices (which were raised from 0.75 USD to 1.45 USD for 1,000 cubic meters transported 100 km), it is estimated that due to the increased gas prices alone Belarus will lose approximately 500 million USD.

However, the biggest surprise for Belarus came when Russia decided to apply an oil export fee. Starting at the beginning of 2007, Russia began to apply a fee of 180 USD to each tonne of crude oil exported to Belarus (from April 1, Russia reduced the fee to 156 USD). Alexander Lukashenko considered this a major violation of agreements and in turn introduced a 45 USD transit fee for Russian oil.¹⁷ It was due to this oil fee war that the supply of oil to Western Europe through Belarus was interrupted for several days.

The energy crisis forced Belarusian authorities to urgently look for opportunities to stabilise the economic situation at least in the short term. As announced by Belarusian Finance Minister Nikolay Korbut, the Belarusian budget deficit in 2007 may reach 653.9 million USD. Belarus will therefore need to look for opportunities to obtain credits from abroad. First of all, the Belarusian government applied for a 1.5-billion-USD loan from Russia.¹⁸ However, Belarusian authorities also mentioned the possibility of asking for a 1.2-billion loan from China.¹⁹

Moscow has mentioned the possibility of granting a loan to Belarus. The Russian Minister of Economic Development and Trade German Gref said that Russia was ready to discuss the possibility of granting Belarus a loan amounting to 1.5 billion USD. Russian experts believe that Russia may continue to finance the Belarusian economy if this neighbouring country remains loyal to Moscow. Such a partnership would be reminiscent of the Cold War relations between Cuba and the USSR.

According to economists, Russia could grant a loan to Belarus on favourable conditions and later review or even annul the debt. During the Cold War, the relations of Moscow and Havana were similar; the USSR financed the Cuban

¹⁷ Ibid.

¹⁸ Charter97. "Russia to reply to Belarus loan request in 1.5 months". 1 Mar. 2007. <<http://www.charter97.org/eng/news/2007/03/01/economic>>, 14 April 2007.

¹⁹ Charter97. "Belarusian regime ready to go into debt", 26 Feb. 2007. <<http://www.charter97.org/eng/news/2007/02/26/dolg>>, 12 April 2007.

economy in return for political loyalty and the maintenance of socialism. Some time later, Russian officials announced that for the 1.5-billion-USD loan Russia would like to obtain some Beltransgaz shares as a guarantee, which taking into consideration the market value of Beltransgaz would account for approximately 30% of the company's shares.²⁰

In the Belarusian case, Russia might decide to choose the public crediting process instead of invisible support for the neighbouring state. Opposition activists state that in this way Russia is seeking to maintain the ineffective Belarusian economy in which signs of crisis will soon emerge. The leader of the united democratic forces, Alexander Milinkevich, said that such a loan would even worsen the dependency of Belarus on Russia.²¹ Former Belarusian National Bank Head Stanislau Bagdankevich also said that such support from Russia would only freeze the current inefficient Belarusian economy. According to Bagdankevich, the growth of the Belarusian economy does not reflect the fact that some industrial sectors are absolutely inefficient; according to him, the quantity of unpaid products in Belarus amounts to 7 billion USD, and the quantity of unsold produce in 2006 alone grew 25%. All this is leading the Belarusian economy to an inevitable crisis, which Moscow's loans can only postpone but not eliminate.²²

The energy war between Russia and Belarus almost instantly revealed the fragility of the Union State project. Lukashenko openly accused Moscow of violations of the principles of the customs union between Belarus and Russia and of destroying the Union State idea. Never losing the possibility to publicly declare his efforts to protect the desire of Belarusians to maintain independence, Lukashenko has almost become the guarantor of the independence of Belarus in the eyes of Belarusians. As public opinion polls demonstrate, due to the disagreements in the energy sector, Belarusians have started viewing the possibility of a Union State with Russia more sceptically. In June 2006, approximately 42% of Belarusians were ready to vote at a referendum for the unifica-

²⁰ Charter97. "Россия требует в обмен на кредит акции Белтрансгаза" ("Russia demands shares of Beltransgaz in exchange for the loan"). 23 Apr. 2007. <<http://www.charter97.org/rus/news/2007/04/23/russia>>, 23 April 2007.

²¹ Charter97.org. "Nezavisimoya Gazeta: Russia will finance Belarusian economy for the Belarusian loyalty." 26 Feb. 2007. <<http://www.charter97.org/eng/news/2007/02/26/ng>>, 13 April 2007.

²² Ibid.

tion of Belarus with Russia, and 37.6% planned to vote against unification. In January 2007, only 35.1% of respondents intended to vote for the unification of Belarus and Russia, and the number of those against unification increased to 39.3%.²³

Summarising this brief overview of the relations between Russia and Belarus over the past few years, it can be stated that from the very beginning of the coming of Lukashenko to power, Russia has consistently restricted the structural conditions for the autonomy of Belarus. Although Lukashenko has periodically expressed his discontent with the increasing dictate of Russia, he has not attempted to reduce the Russian influence by taking any real actions. Long-term indirect Russian support for the Belarusian economy has created a strong asymmetric dependency that makes it impossible for Minsk to block off Moscow in any sudden manner.

Economic dependency on Russia has become the most serious threat for Belarus in its attempts to maintain its political independence. Therefore, the only way for Belarus to remain an independent political subject is to reduce the need for Russian support of the Belarusian economy. The best opportunity to eliminate or at least reduce this economic dependency on Russia is to seek economic liberalisation and opportunities for strengthening economic links with the EU. It is this necessity that was mentioned by Lukashenko himself that may become the most important change in Belarusian foreign policy since 1994.

Lukashenko's statements still do not allow one to hope that he will undertake any reforms in the economic system. Lukashenko will not acquire more trust by only talking about the desire to maintain the sovereignty of Belarus, because such political manoeuvres are not new to Belarusian politics. However, it is probably the first time that Belarusian authorities have understood that any further avoidance of playing the "Union State" game with Russia could bring about an economic and political catastrophe. Therefore, the case might be that the efforts to warm relations with the EU this time will be real rather than only declared. However, it is not clear yet whether the EU is ready for such major changes in its relations with Belarus.

²³ Independent Institute of Socio-Economic and Political Studies (IISEPS). *Results of the national opinion poll conducted on January 20–30, 2007*. <<http://www.iiseps.org/edata1.html>>, 12 April 2007.

2. Challenges for Relations between Belarus and the EU

On 22 July 2004 (that is, before the 2004 referendum by which Alexander Lukashenko's opportunity to hold the presidency was extended), Lukashenko gave a speech entitled "Belarusian foreign policy in the new world" to representatives of foreign countries.²⁴ In his speech, the Belarusian president talked about multi-vector politics. The Belarusian president clearly said that the basis of foreign policy was maintaining the sovereignty of Belarus. This means that Belarus will seek to maintain its independence by balancing between Russia and Europe. Lukashenko called this "a new stage" in Belarusian foreign policy. Emphasising that Belarus must preserve its dignity, Lukashenko said that it was necessary to eliminate one-sided economic dependency. Energy security became the most important requirement for the assurance of economic independence; Belarus therefore has to look for alternative sources for the supply of energy resources. According to Lukashenko, Belarus needs to get rid of its dependency "on one market". As a strategic resource for Belarus and an opportunity to strengthen the country's economic position, transit services between Russia and Europe were named. This way Alexander Lukashenko defined the wish of Belarus to seek its own role as an economic intermediary between Russia and the EU. Although in his speech Lukashenko did not deny the possibilities of further economic integration with Russia, he stated that Belarus may reject the introduction of a common currency and will not necessarily approve the proposed Union State constitution. Furthermore, the EU was named "a strategic neighbour". Therefore, Belarusian foreign policy towards the EU should also become a priority.²⁵

The speech of the Belarusian president could be considered a wish to change the attitude of the EU towards Lukashenko as a vassal of Moscow. However, the 2004 Belarusian parliamentary elections and referendum concerning the extension of the president's term of office have destroyed even theoretical chances to improve the relations between Minsk and the EU.

²⁴ "Выступление Президента Республики Беларусь А.Г.Лукашенко «Внешняя политика Республики Беларусь в новом мире» на совещании с руководителями загранучреждений Республики Беларусь" (Speech of Belarusian President A.G. Lukashenko "Belarusian foreign policy in the new world" at a meeting with heads of foreign entities in the Republic of Belarus), 22 July 2004. <<http://www.president.gov.by/press18726.html>>, 15 April 2007.

²⁵ Ibid.

In November 2004, the EU Council announced that the Belarusian parliamentary elections and the referendum were not democratic. Taking into consideration that the opposition, independent media, and nongovernmental organisations were still persecuted in Belarus, the EU Council decided to impose more stringent political sanctions in Belarus. The EU imposed a visa ban on the representatives of the Belarusian authorities responsible for the organisation of the non-democratic elections and violations of human rights and violence against peaceful demonstrators. Furthermore, the EU Council instructed that bilateral ministerial contacts of the European Union and its member states with President Lukashenko and his government would be established solely through the Presidency, the SG/HR, the Commission, and the Troika. The EU Council emphasised that the EU Commission will continue to strengthen its efforts to support Belarus in its attempts to meet the challenges encountered due to isolation of the country. In other words, it will support projects that promote the democratisation, opposition, and independent nongovernmental organisations of Belarus. It was also emphasised that the EU will remain open to bilateral cooperation and its gradual development if it sees Belarusian authorities take concrete actions and demonstrate a genuine desire to accept the EU calls.²⁶

In 2005, the EU Council once again confirmed its intention to strengthen EU support for democracy and the protection of human rights in Belarus and stated that for these purposes the European Neighbourhood Instruments have to be applied flexibly.²⁷

In 2006–2007, the EU increased its pressure on Belarus. In May 2006, the EU Council imposed more stringent visa sanctions and decided to freeze the accounts in European banks of the representatives of Belarusian authorities. In March 2007, the EU Council extended the term of sanctions (visa ban and

²⁶ European Commission. “The EU’s relations with Belarus”, 2006. <http://ec.europa.eu/comm/external_relations/belarus/intro/>, 15 April 2007.

²⁷ The council welcomed the Commission’s significant allocation for support for independent media in Belarus and its commitment to designate Belarus a priority country for the European Initiative for Democracy and Human Rights and Decentralised Cooperation Instruments in 2005–2006. The Council requested that the Commission, on the basis of experience gained, consider taking further action. The Council also stressed the importance of the flexible use of existing instruments and of the European Neighbourhood Partnership Instrument (ENPI) serving as a more flexible source of funding for building and promoting democracy from 2007 to 2013. See: European Commission. “The EU’s relations with Belarus”, 2006. <http://ec.europa.eu/comm/external_relations/belarus/intro/>, 15 April 2007.

account freezing) in relation to the representatives of Belarusian authorities for one more year. The most significant EU decision regarding the increase of economic pressure was the proposals to eliminate Belarus from the Generalised System of Preferences. On 20 December 2006, the EU decided not to apply the Generalised System of Preferences in relation to Belarus if the country did not fulfil EU requirements regarding the release of Belarusian political prisoners, organisation of free and fair elections, abolition of the death penalty, respect for the basic human rights and freedoms, halt to persecution of the opposition activists and oppositional media, and pursuance of investigations into the circumstances behind the disappearance of democratic parties leaders and journalists. It is believed that because of these trade sanctions, Belarus may lose about 400 million euros per year.²⁸ This decision was not approved by all EU member states, e.g. the Lithuanian Foreign Minister Petras Vaitiekūnas said that the imposition of economic sanctions on Belarus would only worsen the opinion of Belarusians about the EU. The imposition of economic sanctions was also opposed by Belarusian opposition leader Alexander Milinkevich.

The increased pressure on the part of the EU did not seem to have the needed effect on Alexander Lukashenko. On 4 April 2007, Lukashenko said that Belarus wanted to start a dialogue with the EU but was first of all demanding that the EU revoke the economic sanctions imposed on the country's officials and review its decision to eliminate Belarus from the Generalised System of Preferences.²⁹

Thus it may be stated that the nature of the relationship between the EU and Belarus has not changed. Alexander Lukashenko has not demonstrated any real intention to fulfil the requirements set by the EU, and the EU is basically continuing its policy towards Belarus formulated a decade ago. Even though the situation has changed rather radically, the EU is not ready to review its political measures in any substantial manner, and Alexander Lukashenko still does not want to accept the pressure of the EU. In other words, neither of the parties is able to take the first step that would change the current inert relations.

²⁸ Charter97. "EU decides to impose mini-trade sanctions on Belarus." 21 Dec. 2006. <<http://www.charter97.org/eng/news/2006/12/21/rada>>, 15 April 2007.

²⁹ Charter97. "Lukashenka wants to mend relations with Europe, but refuses to fulfil Europe's conditions." <<http://www.charter97.org/eng/news/2007/04/04/europa>>, 15 April 2007.

2.1. The Dilemma of Cooperation and Punishment

The following unsolved dilemma is present in EU relations with Belarus. Should Belarus be punished or should more cooperation with Belarus be promoted? It is not easy to solve this dilemma. On the one hand, it is clear that the authoritarian Belarusian regime and major violations of civil and human rights call for strict condemnation and decisive measures on the part of the EU. However, the moral pressure of the EU has not made any visible effect on Belarus for a long time and has only provoked the nervous response of Belarusian authorities, who state that the EU is interfering with the internal affairs of Belarus. The media controlled by Belarusian authorities often presents the EU democratisation requirements in such a manner as to make it seem that Europe is only interested in imposing its democratic norms and has no regard for the opinion of Belarusians. Taking into consideration that the popularity of Alexander Lukashenko in Belarus has remained high for a long time, the EU unconditionally repeating that the Lukashenko regime must be changed more often than not provokes a negative reaction from the majority of Belarusian society.

The political isolation of Belarus has also had only a minor effect, since Belarusian foreign policy for more than a decade was oriented exclusively towards Russia and the CIS region. Over the past few years, when disagreements between Alexander Lukashenko and Vladimir Putin became deeper, Belarus started to look for new allies. However, Lukashenko looked for potential friends among those state leaders who had clearly declared their hostility towards the West, e.g. he started creating closer links with Iran and Venezuela.

Belarus will be further forced to surrender to the economic dictate of Moscow if the EU imposes more stringent economic sanctions against it. And if the road to the development of trade and economic relations with the EU is closed, Belarus will be left with only one possibility—to further hope for subsidised relations with Russia.

Looking from a pragmatic point of view, Belarus could become an important EU partner. A big part of Russian oil and gas is supplied to Europe through Belarus. The great need to increase energy security that arose in the European Union over the past few years has made it pay serious attention to any countries that are related to the assurance of EU energy needs. Therefore, the EU states, especially Lithuania, Poland, Germany, and the Czech Republic, do care who

will be managing Belarusian long-distance oil and gas pipelines and whether an uninterrupted supply of energy resources to the West will be ensured.

Although the CIS remains the most important foreign trade area for Belarus, trade with the EU is also increasing. In 2005, the total volume of Belarusian foreign trade with the EU amounted to 6.5 billion euros, and Belarusian exports to the EU (mostly oil products) accounted for 34.5% of total Belarusian exports and 28.4% of imports.

Table 1. EU and Belarus trade (in millions of euros)

Year	Imports	Annual change, %	Exports	Annual change, %	Total trade volume
2001	1358		2018		3376
2002	1537	13.2	2086	3.4	3623
2003	1972	28.3	2211	6	4183
2004	2577	30.7	2636	19.2	5213
2005	3343	29.7	3220	22.2	6563

Source: Eurostat. *EU trade with Belarus, 2006 Sep.*

<http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113351.pdf>

Belarus may be viewed as a potential market for EU goods and investments. Taking into consideration that at present Belarus has a state-controlled economy, the future privatisation process may be an attractive opportunity for EU entities to invest in this country.

The pragmatic interests of the EU states, especially of those maintaining more active trade relations with Belarus, include the wish to see a stable Belarus and to strengthen economic relations with Belarus or through Belarus with Russia. That is why some of the EU countries (such as Lithuania, Poland, and Latvia) have not supported the EU proposals not to apply the Generalised System of Preferences to Belarus.

Until now, the carrot and stick principle in EU-Belarus relations has not worked. This was based on a situation in which Belarus did not need the “carrot” from the EU, because as long as the economic relations with Russia remained favourable, Belarus did not need to look for economic reorientation opportunities. Therefore, the EU could basically use only the “stick”, i.e. politi-

cal and economic sanctions. However, it is well known that the imposition of punishment more often than not only leads to the opposite result; the punished state is less eager to look for opportunities to cooperate and starts looking for support elsewhere. The more the EU punishes Belarus, the less Minsk will need the EU. This way the EU, inertly adhering to its policy of sanctions and not able to offer any attractive measures of encouragement, is only pushing Belarus in the direction of Russia.

It can be stated that the EU is implementing an erroneous policy because it is emphasising the significance of political rather than economic reforms. Most of the EU requirements for the Lukashenko regime demand that substantial reforms of political system must be initiated. However, implementation of the political reforms expected by the EU would mean the fall of the current authoritarian regime. Thus it is understandable that Alexander Lukashenko does not agree to undertake any political changes that would mean his political suicide. This creates an unsolvable problem: cooperation with Alexander Lukashenko is impossible as long as he maintains his authoritarian regime; however, Lukashenko himself does not intend to either liberalise the political system or leave his position.

The application of economic liberalisation among the most important actions might reduce the hostility of present-day Belarus to EU policies. If the EU makes such changes in its priorities, this might produce more visible results in the process of transforming Belarus than emphasising only political requirements, which to date has not brought about any positive results.

2.2. Fruitless Efforts to Promote Democratisation

Perhaps the most important problem in relations between the EU and Belarus is the fact that the EU does not have an effective partner to cooperate with in Belarus. The EU formally supports the Belarusian opposition forces and warmly welcomes the opposition representatives in the EU countries, but this does not ensure any major opportunities for the opposition to get involve into decision making process in Belarus. The EU cannot afford any open or stronger support to the opposition, and the minimal efforts to support democratisation projects in Belarus are mostly of a symbolic nature. Thanks to the European Ini-

tiative for Democracy and Human Rights (EIDHR), projects supporting public organisations are often implemented by Belarusians together with organisations from EU states. Among the most important projects of this kind, it should be mentioned support for the European Humanitarian University established in Vilnius in January 2006. The EC granted 2.2 million euros to help set up the European Humanities University (EHU) in exile in Vilnius.³⁰

One of the recent projects aiming at the promotion of critical thinking in Belarus and potentially reducing the public support for Alexander Lukashenko was the decision of the European Commission to allocate aid for independent media broadcasts in Belarus. A project worth 2 million euros was intended for the training of journalists, radio and television broadcasts, and internet projects.³¹

However, regardless of this EU aid, public support for Alexander Lukashenko is high, and support for opposition forces is minor. Public opinion polls show that 55.4% of Belarusians trust Lukashenko, and 28% do not trust him (data from January 2007). In case of presidential elections, many Belarusians would continue to support Lukashenko: 50.9% of respondents would vote for Alexander Lukashenko, 11.4% would vote for Alexander Milinkevich, and 4.2% would vote for Alexander Kozulin. The activities of the public and political campaigns “Solidarity” and “For Freedom” are supported by approximately 10% of Belarusian respondents.³²

³⁰ The EIDHR and decentralised co-operation (calls for proposals) has provided €1.5 million per annum, whilst in 2005 the EIDHR targeted projects provided €3 million in funding. Media projects in Belarus were granted €2.4 million in 2006. The European Initiative for Democracy and Human Rights (EIDHR) plans a more active role in Belarus in the coming years. There is a specific allocation for Belarus for micro-projects (in total €450,000 was made available through several calls for proposals in 2005). Belarus is also eligible under the calls for proposals for macro-projects. In 2005–06, Belarusian applicants were able to apply for support under two campaigns, notably “Fostering a culture of human rights” and “Promoting democratic process”. Belarus is eligible under the Decentralised Cooperation budget line (a total of €1.7 million in 2005 and €1.5 million in 2006 was made available through several calls for proposals). Envisaged projects include an information component regarding the role of NGOs in assisting vulnerable groups, social and cultural development, and community mobilization.

³¹ European Commission. “The EU’s relations with Belarus”, 2006. <http://ec.europa.eu/comm/external_relations/belarus/intro/>, 15 April 2007.

³² Independent Institute of Socio-Economic and Political Studies (IISEPS). *Results of the national opinion poll conducted on 20–30 January 2007*. <<http://www.iiseps.org/edata1.html>>, 12 April 2007.

Public support for the opposition has not been strong enough for Belarusian democratic forces to be considered a possible alternative to the Lukashenko regime. The activities of the opposition in Belarus often take the form of public events, meetings, and demonstrations against the Lukashenko regime. However, the opposition has not been able to present a common leader who is able to mobilise society or formulate a joint political program that could be supported by the majority of the Belarusian population. Being officially and de facto restricted from making any political decisions in the country, the Belarusian opposition is not able to suggest any practical solutions that could be useful for present-day society. The opposition cannot undertake even minimum cooperation with Alexander Lukashenko either, because if it did, it would recognise the legitimacy of his regime. Furthermore, the opposition's attempts to get involved in the decision-making process in any form could lead to an even greater division in the opposition forces.

Western support for the opposition does not increase the popularity of democratic forces, because Lukashenko's propaganda is able to present this support as the attempts of forces hostile to Belarus to interfere with its internal affairs. Excessively active EU support for the Belarusian opposition might not only lead to even greater tension between the EU and Minsk, but also increase the hostility of Belarusian society towards the EU.

We can believe that strengthening the Belarusian opposition will above all depend on internal efforts to get mobilised and use possible public discontent with the policies of Alexander Lukashenko, especially if any economic and social crises occur in the country. The role of the EU in this case can only be of a secondary nature. The EU should avoid any persistent proposals regarding the opposition candidates as the only possible alternative to Alexander Lukashenko. Only indirect and general support for society and encouraging democratisation and freedom of choice can be accepted positively in this rather isolated country, which still views with distrust any attempts made by the West to change Belarusian politics.

2.3. Opportunities for the Involvement of Belarus in the EU Neighbourhood Policy— Principles of Selective Action

One of the most important EU foreign policy instruments in its relations with its eastern neighbours is the European Neighbourhood Policy. Although in theory the European Neighbourhood Policy includes Belarus as well, because of frozen political relations, Belarus is not participating in the implementation of the policy. The EU has drawn up a new strategy for cooperation with Belarus, which is to be implemented in the framework of the European Neighbourhood and Partnership Instrument (ENPI).³³ This strategy emphasises that support for Belarus must be directed to the assurance of the society's needs and efforts to reduce the negative effects of the isolation of Belarus on its society. In order to achieve this objective, two priorities have been outlined, in accordance with which aid for Belarus will be provided for a) social and economic development, including actions intended to reduce the consequences of the Chernobyl catastrophe, and b) promotion of democracy and good management. The total amount planned to be allocated for the implementation of these priorities in 2007–2010 equals 20 million euros (70% of this amount is planned for the first priority and 30% for the second priority).³⁴

It may be stated that regardless of the newly formulated strategy and priorities, this document reveals that in relation to Belarus the EU does not have any serious strategy that would demonstrate any guidelines for substantial change. The approved strategy and the National Indicative Programme only show that the EU will maintain the status quo in its relations with Belarus. Even the financial aid provided for seems symbolic, because 20 million euros will not change anything in the democratisation or economic and social development of the entire country. And substantial political changes, for which the EU should start preparing today, might to take place in Belarus by 2010.

Russia's economic pressure on Belarus and Alexander Lukashenko's reaction to this pressure allows one to believe that the most probable political changes in Belarus could take place in accordance with one of two scenarios.

³³ European Commission. Belarus: ENPI Country Strategy Paper 2007–2013 & National Indicative Programme 2007–2010. <http://ec.europa.eu/world/enp/pdf/country/enpi_csp_nip_belarus_en.pdf> 7 March 2007.

³⁴ Ibid.

The first scenario can be called “shadow of Moscow.” The main characteristic of this scenario is the Belarusian political system being further formed by Russia. That would likely mean that Russian-type authoritarianism would be strengthened in Belarus. The authoritarian leader supported by Moscow would have to guarantee that the Belarusian economy and political system would operate in a way most favourable to Russia. If Belarus is led by a president loyal to Moscow, even the Union State project would not be the most important objective (although it could certainly remain a good excuse for Russia to control the Belarusian financial, transport, energy transit, and defence sectors). Because Alexander Lukashenko has already showed himself as an unreliable partner for Russia, Moscow would likely try to replace him with a new person. The next two years might be dedicated to the undermining of Lukashenko’s prestige in Belarus itself or to forcing him to give up his position to a Moscow nominee.

The second scenario is the movement of Belarus away from Russia and increasing political and economic liberalism. It would be naïve to think that Belarus will become a fully democratic state within a short period of time. However, fiercer political competition and increasing economic liberalism might turn it into a “typical Eastern European state”, i.e. politically and economically similar to Ukraine or Moldova. Such movement towards political and economic freedoms could be initiated even by the representatives of present-day administration if they understood that otherwise an economic crisis would threaten the country. Still, it should not be linked any political and economic reforms to Lukashenko. On the other hand, seeing the inability of Lukashenko to solve a threatening economic catastrophe, internal opposition might be formed from some acting Belarusian officials and state-owned large company directors. An opposition comprised of the nomenclature and potential oligarchs having political and economic resources might become a more serious alternative to Alexander Lukashenko than the current opposition formed by political and public forces. As can be seen from the recent past, it is this model of the “internal revolution” that is most characteristic for post-Soviet states.

The “typical Eastern European state” scenario is not very optimistic, but it is more favourable to the EU than Belarus losing its sovereignty. But is the EU able at least to some degree to increase the probability of this scenario?

As mentioned before, the most important dilemmas for the EU occur when it tries to reduce the isolation of Belarusian society and at the same time not provide Alexander Lukashenko with any opportunities to legitimise his regime. Thus the only way to strengthen relations with Belarus is to selectively increase the involvement of Belarus in the European Neighbourhood Policy. The selective inclusion of particular Belarusian policy sectors into the European Neighbourhood Policy would not deny the EU's political obligations to support democracy and the development of human rights and freedoms in Belarus. On the contrary, more active cooperation in the "lower policy" sectors, especially in specific economic sectors, could be beneficial both for the EU and for Belarusian efforts to avoid the overall domination of Russia.

The selective or sector-specific cooperation opportunities are also mentioned in the strategy of relations with Belarus drawn up by the European Commission, in which they are called "sectoral issues". In the document, it is emphasised that Belarus is an important energy transit state, especially in the sphere of assuring the supply of gas to the EU. Therefore, it is specified that EU aid may be provided to energy infrastructure projects in accordance with the ENPI (Eastern Regional Programme).³⁵

Starting at the end of 2006, energy security issues gained major importance for Belarus. Thus any EU initiative that could give Belarus more confidence in the energy security sphere would be accepted favourably. Perhaps this would also make Belarusian authorities seriously consider the EU conditions concerning economic and political liberalisation. In this regard, the most important EU representatives in its relations with Belarus might become Poland and Lithuania, i.e. the states that are also looking for opportunities to increase their energy security and reduce their dependency on Russia. Alexander Lukashenko once mentioned that in case of any problems in his relations with Moscow he might consider the possibility of importing oil through the Lithuanian terminal at Būtingė or the Port of Klaipėda. In February 2007, Lithuanian President Valdas Adamkus mentioned that he had talked to Dick Cheney and the U.S. Secretary of Energy Samuel Bodman about the possibility of creating an oil transportation system that would allow oil to be supplied to Belarus and Ukraine if

³⁵ European Commission. Belarus: ENPI Country Strategy Paper 2007–2013 & National Indicative Programme 2007–2010. p. 23. <http://ec.europa.eu/world/enp/pdf/country/enpi_csp_nip_belarus_en.pdf> 7 March 2007.

these countries suffered a Russian energy blockade.³⁶ Thus we can state that the neighbours of Belarus would be ready to discuss the possibilities of assuring the energy needs of that country. However, for that purpose some clear signals from the Belarusian authorities showing that the liberalisation of the country is going to be started are required.

Selective cooperation with Belarus could also strengthen the trust of Belarusian society towards the EU. Specific economic projects that would help Belarus resist possible Russian pressure should increase that society's belief that the EU is not indifferent to the fate of Belarus. In the long run, this could be very important if two different visions of Belarus (as a vassal of Russia and as a partner of the EU) start to compete in a more liberal political system.

Conclusions

The recent crisis in the relations between Belarus and Russia is rather different from the previous disagreements between Vladimir Putin and Alexander Lukashenko. Russia has decided to bring an end to its indirect support for the Lukashenko regime. This could mean not only the end of economic growth in Belarus, but also a decrease in public support for Alexander Lukashenko. Moscow's unwillingness to further support Alexander Lukashenko does not mean that Russia intends to weaken its influence on Belarus, however. On the contrary, by increasing its pressure on Belarus, Moscow is seeking to take over the most important spheres of political and economic autonomy of Belarus (energy and transit sectors, finance system controls) within the shortest time possible. If Belarus is not able to quickly reorient its economy in such a way as to reduce its current dependency on Russia, the inevitable fate awaiting Belarus is to become a political and economic province of Russia or a part of the Russian Federation.

It seems that the EU has not noticed any of these significant potential transformations in Belarus and is continuing its inert policy of isolating Belarus, which has not brought about any positive results. Being unable to resolve the communication and punishment dilemma, the EU has not taken the decision

³⁶ "Lithuania Steps In between Belarus and EU", *Kommersant Moscow*, 15 Feb. 2007. <http://www.kommersant.com/p742866/r_527/Lithuania_Belarus_oil> 20 April 2007.

to change its policy towards Belarus. This inability to decide will likely contribute to Belarus being forced to surrender to the dictate of Moscow, because even though Alexander Lukashenko might leave his position, it is likely to be taken by a politician supported by Moscow and loyal to Moscow.

Having stayed away from Belarusian issues for a long time, the EU does not have any significant opportunities to have an impact on the direction of transformation in Belarus. Only Belarusian society itself can become the driving force able to change the basis of the Belarusian political and economic system. However, the EU can offer Belarus some selective instruments of cooperation that would give that country an opportunity to reduce the economic losses incurred due to Russia's pressure. Strengthening economic relations between the EU and Belarus and the rational benefits arising from such relations could ensure an indirect yet greater usefulness than the current political confrontation. Even the Belarusian opposition, which encourages society to closely follow Western principles of political and economic liberalisation, would be more actively supported by the society if Belarusians saw the positive support of the EU, especially in their attempts to resist Russia's economic blackmail.