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# FROM RUSSIA WITH LOVE: INTERNAL BALANCE OF POWER IN RUSSIA AND THE SURVIVAL OF LUKASHENKO'S REGIME

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*Abstract*

This article analyses the relationship between the stability of Alexander Lukashenko's authoritarian rule and the power balance of different factions competing for power in Russia. The article aims to demonstrate that Lukashenko's survival not only depends on his ability to trade on Belarus's geopolitical position between Russia and the West but is also a function of the existing composition of the ruling elite in Moscow. Being increasingly dependent on Russia's political and economic support as well as on its energy, Lukashenko manages to use Russia's internal situation of informal political competition by supporting one or another side. Historically, Lukashenko relied on the support and cooperation of groups that were associated with soviet nostalgia, interests in increasing the state's role in political and economic life as well as representatives of military and military-industrial complex in Russia. Changes to the balance of power within Russia, the withdrawal of older factions and the entrenchment of new ones, has significantly decreased Lukashenko's ability to manoeuvre in Russian political life and has minimised his ability to manipulate the competition among the Russian power elite. While retaining some leverages and sporadic contacts with the *siloviki* faction in Russia, Lukashenko faces more and more difficulties in defending his country's sovereignty and his own autonomy.

## Introduction

Lukashenko does not love Russia; he loves power. The paradox is that Lukashenko needs Russia to remain in power, yet Russia is also the only player capable of removing him from power. Russian possibilities for deposing the President of Belarus are much greater than those of the EU, the US or any other state. But

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even in the context of continuous excuses and failures to keep promises given to Moscow, Lukashenko remains untouchable. What is the secret of the president of Belarus? What is his recipe for retaining his position? Why is he still there as the president of Belarus, and not as a pensioner in an *agrorodok* (farm) in Venezuela<sup>1</sup>, a prisoner in the Hague or a governor in the 84th Federal Subject of the Russian Federation?

One may argue that it is all very simple: Russia needs Belarus as a geopolitical buffer. Moscow cannot afford for Belarus to turn toward the West, and therefore allows Lukashenko to do and say things it would not allow any other leader of such a small and dependent state to do or say. This answer has a strong logic behind it, but it is also insufficient. Russia could easily remove Lukashenko and replace him with another, much more loyal and less stubborn leader. This would be logical considering that Lukashenko does not allow Russian oligarchs to privatise profitable Belarusian assets, and regularly blackmails Moscow about its ambition to integrate post-soviet space in return for additional concessions. But Lukashenko does not go. Conversely, Russia perpetually supports him when he faces harsh criticism or sanctions from Europe or when he desperately needs additional financial resources to keep the ‘miracle of the Belarusian economy’<sup>2</sup> alive. There have been attempts to remove him; but he manages to win election after election and even dares to mouth off at the Russian leaders who are actually the guarantors of his stability. How does he do that? What is Lukashenko’s secret strategy?

This article argues that the success of the Belarusian president derives from the internal and informal power balance in Russia. Lukashenko is lucky because there is no monolithic Russia. Fighting, clashes of interests and power balances in the Kremlin are a source of Lukashenko’s – and his regime’s – stability and survival. There are different factions (some call them ‘clans’ or groups) in the Russian elite that fight for power, assets and resources. And Lukashenko uses their internal fighting creatively for his own sake.

It is not easy to prove such an argument (especially with ‘hard’ scientific data). It is also very easy to slip towards conspiracy theories. But it is necessary to look at the informal aspect of relations between Russia and Belarus in order to understand the essence and peculiarities of the relationship between the close strategic partners and “Slavic brothers”.

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<sup>1</sup> Евгений Кононович, “Дипломатия дружбы и сотрудничества” [‘Diplomacy of Friendship and Cooperation’], <<http://www.souzveche.ru/articles/integration/19746/>>.

<sup>2</sup> See Havlik P., *Belarus Between Russia and the European Union – Some Reflections on Belarus’ “Economic Miracle” and Future Prospects* in Heinrich H. And Lobova L. (eds.) *Belarus: External Pressure, Internal Change*, Frankfurt am Main, Berlin, Bern, Bruxelles, New York, Oxford, Wien, 2009, p. 53-74

It is also important to underline that the focus of this article on informal power relations in Russia and their influence on Belarus does not reject the importance of other variables (geopolitical, ideological and ideational). The aim of this article is to shed some light on one specific element of Russian-Belarusian relations and to show the complexity of their cooperation. By placing special attention on the interaction between Lukashenko and the different factions within Russia's internal political landscape, the article aims to provoke and encourage more detailed discussions on the issue, which seems to be unduly neglected despite its importance considering the nature of the political regimes in both Russia and Belarus.

## **1. Looking “behind the curtain” – an alternative way to understand relations between Russia and Belarus**

What is missing, especially in Western academic and analytical society, when we talk about the sources of stability of Lukashenko's regime, is its informal side, especially informal relations between Belarus and its main supporter – Russia. There is a common agreement that the alpha and omega of the Belarusian political regime is Alexander Lukashenko and his authoritarian, or even totalitarian, rule. It is not an accident that Belarus is called the last dictatorship in Europe. But the question – why is Lukashenko still here? – seems to require an analysis not only of the traditional variables but also of much less visible factors.

When the research is about Belarus, the majority of Western academic discourse focuses on the EU's democratisation strategies and tactics (and their failure) for Belarus.<sup>3</sup> A bulk of articles has also been written about Russia's support for authoritarianism in its 'near abroad' (including Belarus).<sup>4</sup> What seems to be

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<sup>3</sup> Bosse G., *A Partnership with Dictatorship: Explaining the Paradigm Shift in European Union Policy towards Belarus*, *Journal of Common Market Studies*, Volume 50, Issue 3, May 2012, p. 367-384.

Korosteleva E., “Questioning democracy promotion: Belarus' response to the ‘colour revolutions’”, *Democratization*, Volume 19, Issue 1, 2012, p. 37-59.

Ioffe G., “Belarus and the West: From Estrangement to Honeymoon”, *Journal of Communist Studies and Transition Politics*, Volume 27, Issue 2, 2011 p. 217-240.

Marples D. R., “Outpost of tyranny? The failure of democratization in Belarus”, *Democratization*, Volume 16, Issue 4, 2009, p. 756-776.

Bosse G., Korosteleva-Polglase E., “Changing Belarus? The Limits of EU Governance in Eastern Europe and the Promise of Partnership”, *Cooperation and Conflict*, June 2009, Volume 44, Number 2, p. 143-165.

<sup>4</sup> Kästner A., “Russia: Supporting Non-Democratic Tendencies in the Post-Soviet Space?”, German Development Institute Briefing Paper 2/2010.

omitted is the relationship between the situation within Russian internal politics and its impact on policy towards Belarus. More specifically, there is insufficient research (at least in the English language) that explains why Belarus is allowed to continue on an even keel despite the fact that Russia has all the instruments necessary to integrate Belarus or at least to put down Lukashenko's sometimes offensive rhetoric. The fact that at the end of the 1990s Lukashenko was treated seriously as a candidate for the post of the President of the Union State of Russia and Belarus is an important hint at his connections with the Russian political establishment, which have a long history and may be useful direction for deeper analysis.

This article will follow "process-tracing"<sup>5</sup> logic. It is based on the assumption that Lukashenko's ability to retain power in Belarus and to keep his country independent is based on his ability to manoeuvre between the interests of different players in Russia. The other assumption is the existence (and importance) of informal internal competition for power in Russia. Several "factions"<sup>6</sup> compete for the control of Russia. Belarus is not a direct focus for their competition; the interests of different Russian factions towards Belarus are rather derivative than direct. But Lukashenko, who has a long history of relations with different Russian factions, successfully manoeuvres among these interests using the geopolitical, geostrategic, and geo-economic position of Belarus as a lifeline for Belarusian independence and his own survival.

The article has the following structure. Firstly, the current status quo of the relationships between Russia and Belarus is presented in order to understand existing dependencies, strengths and weaknesses of both sides. Secondly, an overview of Russia's internal (and informal) composition of influential players is given in order to present a picture of the groups that compete for power, their interests and their attitudes towards Belarus. Thirdly, a history of Lukashenko's relations with Russia and its different factions is provided. The aim is to show that Lukashenko is not (or at least used not to be) a total 'foreigner' within Russia's internal politics. Finally, bearing in mind the milieu of political, economic and

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Cameron D. R., Orenstein M. A., "Post-Soviet Authoritarianism: The Influence of Russia in Its "Near Abroad"", *Post-Soviet Affairs*, Volume 28, Number 1, January-March 2012, p. 1-44.

Ambrosio T., *Authoritarian Backlash: Russian Resistance to Democratization in the Former Soviet Union*, Ashgate, 2009, p. 240.

<sup>5</sup> George A.L., Bennet A., *Case Studies and Theory Development in the Social Science*, MIT Press, Cambridge, 2005, p. 205-232.

<sup>6</sup> Sakwa R., *The Crisis of Russian Democracy: The Dual State, Factionalism and the Medvedev Succession*, Cambridge University Press, 2011, p. 85-131.

strategic decision-making in Russia, some conclusions and forecasts for the future of Russia-Belarus relations are given.

## 2. What is Russia for Belarus?

Experts usually highlight several issues that are of crucial importance for the survival of Belarus's political regime and its socio-economic model.

Firstly, there is a very strong economic element. Russia is the main trading partner for Belarus. The creation of the Customs Union of Russia, Belarus and Kazakhstan implies that these ties will only get stronger. Statistics also show that since 1996 the volume of bilateral trade between Russia and Belarus has increased almost 7 times and in 2012 constituted 43.8 billion USD. 35.4% of Belarus's exports (16.3 billion USD) and 59.3% of imports (27.5 billion USD) goes to and from Russia respectively.<sup>7</sup> Even the exports of Belarus that were oriented towards the West and constituted more than half of country's GDP in 2006–2010<sup>8</sup> were dependent on the trade in oil products produced from cheap Russian oil and were later sold (much more expensively) to Western Europe.

**Table 1.** Main trading partners of Belarus in 2012

Trading partner	Export	Import
Russia	35.4 %	59.3 %
Other CIS countries	16.1 %	5.6 %
EU countries	38.2 %	20.0 %
Other countries	10.3 %	15.1 %

Source: “Справка внешней торговли Республики Беларусь с Российской Федерацией в 2012 году”

[‘Note on Belarus's foreign trade with the Russian Federation in 2012’],

<[http://www.ved.gov.ru/exportcountries/by/by\\_ru\\_relations/by\\_ru\\_trade/](http://www.ved.gov.ru/exportcountries/by/by_ru_relations/by_ru_trade/)>.

<sup>7</sup> “С 1996 года объем внешней торговли товарами Беларуси с Россией вырос в 6,7 раза” [‘Trade in goods between Russia and Belarus has grown by 6.7 times since 1996’], <[http://naviny.by/rubrics/economic/2013//03/27/ic\\_news\\_113\\_413559/](http://naviny.by/rubrics/economic/2013//03/27/ic_news_113_413559/)>.

<sup>8</sup> Belarus is among 30 countries in the world that have the highest index of GDP dependency on exports. See: Данильченко В., Осипов Р. Д., “Экономика Беларуси: оценка воздействий конъюнктурных колебаний” [‘Economy of Belarus: evaluation of impact of conjunctural variation’], <<http://ru.forsecurity.org/>>.

Secondly, Belarus is dependent on other countries for its energy and relies mainly on Russia for its energy imports: imports of energy resources from Russia amount to almost 90%. Bearing in mind that Russia is also the main financial supporter of the newly planned nuclear power station<sup>9</sup>, Belarusian energy dependence is not expected to decline in the foreseeable future. According to calculations, in 2012 Russian energy subsidies constituted around 10 billion USD (16% of Belarus's GDP).<sup>10</sup> It is also important to note that energy prices for Belarus are “political” – different from market prices and usually much lower (see Tables 2 and 3).

**Table 2.** Prices of natural gas for Belarus

Year	Price (USD/1000m <sup>3</sup> )	Amount imported (m <sup>3</sup> , in billions)
2010	187	21.6
2011	265	20
2012	165.6	21.6
2013	185	–

**Table 3.** Gazprom gas prices for European countries (First half of 2012)

Country	Gas price (USD/1000 m <sup>3</sup> )	Remarks
Macedonia	564.3	
Poland	525.5	
Bosnia	515.2	
Czech Republic	503.1	
Bulgaria	501	
Italy	440	
France	393.7	
Germany	379.3	
The Netherlands	371.4	

<sup>9</sup> Макушина Н., “Комментарий: Белорусская АЭС усилит зависимость Минска от Москвы” [“Comment: Belarus’s Nuclear Station will increase Minsk’s dependence on Moscow”], <<http://www.dw.de/комментарий-белорусская-аэс-усилит-зависимость-минска-от-москвы/a-16113597-1>>.

<sup>10</sup> “Российские энергосубсидии в 2012г составили \$10 млрд, или 16% ВВП Беларуси – эксперт” [“Experts: Russian energy subsidies constituted 10 billion USD or 16% of GDP in 2012”], <<http://www.interfax.by/news/belarus/129595>>.

<b>United Kingdom</b>	313	Most competitive market; Gazprom supplies only 10% of the total amount
<b>Average spot-trade price</b>	342	

*Source:* Исполатов С., “Больше всех в Европе «Газпрому» платят македонцы и поляки” [‘Macedonians and Poles pay the highest price to Gazprom in Europe’], <<http://izvestia.ru/news/544100#ixzz2T4Ds5t3c>>.

There is also a tendency towards increasing dependence on Russia in the oil sector (see Tables 4 and 5). As mentioned, Russian oil is of huge importance to the export capacity of Belarus. It is true that Belarus is looking for different ways to reduce its dependence on Russia. Best known are the attempts to import oil from Venezuela or Azerbaijan; but due to the existing pipeline infrastructure, oil type and distance, these remain political gestures towards Moscow rather than real, economically based alternatives.

**Table 4.** Oil exports from Russia to Belarus

<b>Year</b>	<b>Amount of oil (millions of tons)</b>	<b>Total price (billions, USD)</b>	<b>Remarks</b>
<b>2000</b>	11.9		
<b>2005</b>	19.2		
<b>2009</b>	21.4	7.06	
<b>2010</b>	13	5.5	Customs duty on oil exports was introduced
<b>2011</b>	18.1	7.44	Customs duty was removed
<b>2012</b>	21.3		Belarus had to return 2.1 million tons of refined oil products to the Russian market (toll manufacturing)
<b>2013</b>	11.5 (first two quarters)		Belarus will have to return 3.3 million tons of refined oil products

*Source:* Author’s calculations from different sources

**Table 5.** The share of petroleum products in total Belarusian exports (2005–2011)

	2005	2006	2007	2008	2009	2010	2011
<b>Total exports (billions USD)</b>	15.9	19.7	24.3	32.5	21.3	25.2	40.2
<b>Exports of petroleum products and oil (billions USD)</b>	4.8	6.7	8.1	11.9	7.8	6.7	13.8
<b>% of total exports</b>	24.6	34	33	36.6	36.6	26.1	34.3

*Source:* Kłysiński K., Konończuk W., “An inexhaustible source of income? The significance of Belarusian refineries and the outlook for the future”, <[http://www.osw.waw.pl/sites/default/files/commentary\\_81.pdf](http://www.osw.waw.pl/sites/default/files/commentary_81.pdf)>.

To sum up, Russian energy is a source of stability, and even some growth, for Lukashenko’s economic model. It is also an instrument of increasing Russian control over not only the Belarusian economy but also its politics, especially during discussions about the creation of the Customs Union of Russia, Belarus and Kazakhstan and its political successor – the Eurasian Union.

Thirdly, Russia is the main external financial creditor of the Belarusian economy. Some time after the 2010 presidential elections in Belarus, which were not recognised by the West, Russia became perhaps the only significant source of external credits for Belarus (with some minor exceptions from China and Venezuela – see Table 6). Other possible sources of finance, such as the IMF, World Bank and Western countries, are not very willing to lend money to Lukashenko due to his authoritarian politics, lack of respect for human rights, and continuous blockage of economic reforms.

**Table 6.** External credits to Belarus 2008–2012

Year	Amount (billions USD)	Source	Remarks
2008	2	Russia	
	0.5	Venezuela	
2009	3.46	IMF	1.1 bn USD repayment due in 2013
2010	1	1st Eurobond issue	5 years maturity. 8.75% p.a. RUR 7 bn for 2 years. 8.7% p.a.
	0.3	Government bonds placement in Russia	

<b>2011</b>	0.8 3  1 1	2nd Eurobond Issue Eurasian Economic Community (Russia)  Russian Sberbank China	7 years. 8.75% p.a. In six tranches of around 0.5 bn USD throughout 2011-2013
<b>2012</b>	10	Russia	Building of the nuclear power station
<b>2013</b>	0.5-0.6 2.5	3rd Eurobond issue (potentially) Russia (potentially)	Prerequisite – privatisation of Belarus's assets

*Source:* Business notes #2: Belarusian Foreign Debt, <[http://belarus-project.eu/2013/03/belarusian\\_foreign\\_debt/](http://belarus-project.eu/2013/03/belarusian_foreign_debt/)>.

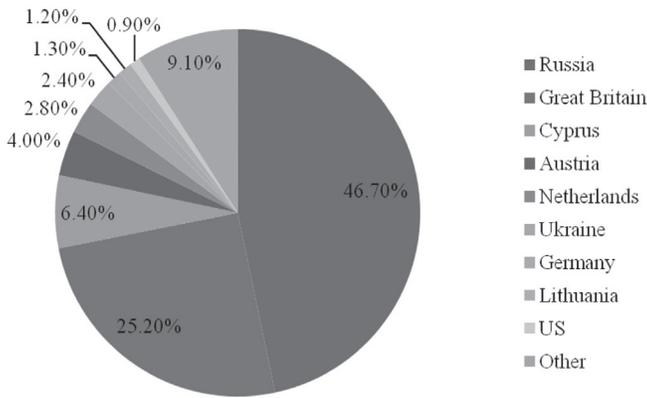
Belarus's credit dependence, together with its energy addiction, leaves the country less and less able to prevent Russian intentions to take over the total control of its economy. In 2013 Belarus will have to repay around 3 billion USD to foreign creditors.<sup>11</sup> As experts conclude, "taking into consideration that the dominant slice of the debt is Russian, the Belarusian government's ability to resume its geopolitical manoeuvring will be significantly limited".<sup>12</sup> The continuation of external borrowing is getting more and more expensive, the political costs of agreements with the IMF are too high for Lukashenko, and privatisation, which Russia is requiring in exchange for further credits, also seems to diminish the sovereignty of Belarus.

Fourthly, Russia successfully uses the Belarusian energy and credit dependency to increase its presence in the Belarusian economy. It is a well-known fact that the sale of Beltransgaz to Gazprom was a consequence of increased Russian pressure after one of the 'energy wars' between the two countries.<sup>13</sup> More recently, Russia openly declared that there was a direct link between new credits and the privatisation of the biggest companies in Belarus, as well as deeper economic integration with Russia. As Russian ambassador to Belarus, Alexander Surikov, noted, Belarus can

<sup>11</sup> Левшина И., "Белорусские власти сами затягивают кредитную петлю" ["The government of Belarus is putting itself into the debt cycle"], <[http://naviny.by/rubrics/economic/2013/02/14/ic\\_articles\\_113\\_180833/](http://naviny.by/rubrics/economic/2013/02/14/ic_articles_113_180833/)>.

<sup>12</sup> Preiherman Y., "Belarus The Indebted", <<http://belarusdigest.com/story/belarus-indebted-6882>>.

<sup>13</sup> *Ibid.*

**Figure 1.** Foreign direct investments in Belarus (2012)

Source: Firsava D., “Who Invests in Belarus”, <<http://belarusdigest.com/story/wh-invests-belarus-13783>>.

count on Russian credits only on the condition of increased Russian presence in Belarus.<sup>14</sup>

Fifthly, Russia is also the biggest foreign investor in Belarus (see Figure 1). In 2012 foreign direct investment (FDI) from Russia constituted 46.7% of all Belarus’s FDI. Although it may appear that Great Britain and Cyprus (i.e., European investors) could be strong competitors for Russia, this is not the case in reality. As the research on Russian foreign investments and its capital movement shows<sup>15</sup>, there is evidence that Russian capital follows the ‘round-trip’ cycle: it is invested in offshore financial centres (which Great Britain and Cyprus are) and comes back to Russia or other post-soviet countries in the form of FDI. So, Russian capital, as well as energy, is dominating Belarus’s market. As a consequence, Russia has a grip, which it continues to strengthen, on the Belarusian economy.

Last but not least, Lukashenko depends on Russia as a source of his regime’s legitimacy. Though this may not seem as important as economic or financial dependence, legitimation is necessary for the Belarusian leader, especially con-

<sup>14</sup> Заяц Д., “Александр Суриков: о финансовых, газовых и нефтяных делах Беларуси и России” [‘Alexander Surikov: about gas, oil and the financial affairs of Russia and Belarus’], <[http://naviny.by/rubrics/politic/2013/04/29/ic\\_articles\\_112\\_181623/](http://naviny.by/rubrics/politic/2013/04/29/ic_articles_112_181623/)>.

<sup>15</sup> Ledyeva S., Karhunen P., Whalley J., “If Foreign Investment is not Foreign: Round-trip versus Genuine Foreign Investment in Russia”, <<http://tippie.uiowa.edu/economics/tow/papers/ledyaeva-spring2013.pdf>>.

ring that the issue of Belarus's sovereignty, which Lukashenko so strongly defends, is based on his ability to balance Russia and the West. Since the West cannot provide legitimacy for Lukashenko's regime (all elections since 2001 have been termed 'not free or fair' by the OSCE, the US and the European Union), Russia has consistently legitimised Lukashenko's rule both diplomatically and politically, going so far as to actively defend Belarus's questionable elections.<sup>16</sup>

### **3. What is Belarus for Russia?**

Although so strongly dependent on Russia, Belarus still enjoys some advantages in its relations with Moscow. Its strongest trump cards are related to strategic, security and, perhaps, identity issues.

Firstly, Belarus is a geopolitical buffer for Russia. It is commonly agreed that Russia is (or at least pretends to be) a Great Power. This is very clearly fixed in all strategic Russian foreign policy documents. It is also the leitmotif of all the main (international) speeches of the Russian presidents. Russia's perception is that Western (or perhaps, American) global hegemony should be counterbalanced in order for Russia to rise as an equal participant in the global (geo) political game. One of the elements of this counterbalancing is stopping the eastwards expansion of NATO (and the EU). Belarus is of key importance here because it is the last frontier between NATO and Russia's borders. Keeping Belarus out of Western integration processes is a strategic aim for Russia: it is necessary for Russia's security, identity and international status. Lukashenko perfectly understands his country's importance and skilfully uses it in negotiations with Russia.

Secondly, in military terms "Belarus is pivotal merely as a territory on which Russia could station additional military objects and missile divisions; Russia certainly needs Belarus as an ally to defend its western borders".<sup>17</sup> Military experts claim<sup>18</sup> that Belarus is necessary for Russia in terms of military geography. In the case of a (theoretical) air strike from the West, Russia would need some time to put its own fighters into action. It would take approximately the same time as it would

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<sup>16</sup> Ambrosio T., "The Political Success of Russia-Belarus Relations: Insulating Minsk from a "Color" Revolution", <[http://www6.miami.edu/maia/ISAS05/papers/Russia-Belarus\\_Thomas\\_Ambrosio.pdf](http://www6.miami.edu/maia/ISAS05/papers/Russia-Belarus_Thomas_Ambrosio.pdf)>.

<sup>17</sup> Marin A., "Trading-off Sovereignty. The Outcome of Belarus's Integration with Russia in the Security and Defence Field", Centre for Eastern Studies Commentary, Number 107, 25.04.2013, <[http://www.osw.waw.pl/sites/default/files/commentary\\_107.pdf](http://www.osw.waw.pl/sites/default/files/commentary_107.pdf)>.

<sup>18</sup> Гладкова Е., Сивков К., "Россия разместит военную авиабазу в Белоруссии" ["Russia will place a military airbase in Belarus"], <[http://www.odnako.org/blogs/show\\_25333/](http://www.odnako.org/blogs/show_25333/)>.

take NATO's bombers to fly over the territory of Belarus. To put it briefly, Belarus is not only a geopolitical, but also a military operational-tactical, buffer for Russia.

Belarus is also necessary for Russia in terms of military industry. First of all, the military-industrial complex of Belarus is an important part of the Russian complex because it performs the function of an assembly-unit for the Russian military. For example, Minsk's Wheel Tractor Plant (MWTP – *Минский завод колёсных тягачей*) is the only company in the world that specialises in manufacturing unique multi-axle heavy-duty trucks. These trucks are the only ones in the world that are capable of carrying Russian mobile anti-missile systems such as the S-300 and S-400<sup>19</sup> as well as multiple rocket launchers Smerch and Uragan or the mobile theatre ballistic missile system Iskander. The Russian military also uses optics, navigation systems, radiolocation equipment and many other military items that are produced in Belarus.<sup>20</sup> This means at least a conditional Russian dependency on Belarus. To be consistent, it also means increased Russian attempts to acquire control of and take over the entire military-industrial sector of Belarus. Experts predict that a recent agreement that allows Belarusian companies to participate on an equal basis with Russian companies in all state tenders of defence procurement<sup>21</sup> is only a first step towards persuading Lukashenko to open his national defence industry to Russian shareholders. Among the most desirable assets of the defence industry in Belarus are MWTP, Agat, Integral, Horizont Peleng and Tetraedr.<sup>22</sup>

Russian security in its western flank significantly depends on two military bases on Belarusian soil: the radiolocation detection system, Volga, near Baranovichi and the 43<sup>rd</sup> Communication Hub, Vileika. Volga is an integral part of Russian space forces (*космические войска*) and serves as part of the Russian missile defence shield's warning system. Volga can detect missile launches and the movement in space of objects with diameter of only a few millimetres within a distance of 5,000 kilometres. The Vileika hub serves as a communication centre for maintaining contact with Russian nuclear submarines all over the world. Belarus does not charge Russia for the rent of these facilities.<sup>23</sup>

<sup>19</sup> Minsk Wheeled Tractor Plant (MZKT), <<http://www.globalsecurity.org/military/world/belarus/mzkt.htm>>.

<sup>20</sup> See Алесин А., “Россия готова на корню скупить белорусскую «оборонку»” [‘Russia is ready to buy Belarus’s military complex’], <[http://naviny.by/rubrics/economic/2013/02/10/ic\\_articles\\_113\\_180787/](http://naviny.by/rubrics/economic/2013/02/10/ic_articles_113_180787/)>.

<sup>21</sup> Marin (see note 17).

<sup>22</sup> *Ibid.*

<sup>23</sup> “Военные базы РФ за границей” [‘Russian military bases abroad’], <<http://ria.ru/spravka/20100215/209344182.html#ixzz2SUbаHoQe>>.

Thirdly, Belarus is an important player in Russian plans to reintegrate the post-soviet space. Being isolated from the West, Belarus (together with Central Asian republics) remains the only country on Russia's western borders that consistently supports all integration projects initiated by Russia. Without Belarus as a member, the Customs Union of Russia, Belarus and Kazakhstan, the Eurasian Union and the Collective Security Treaty Organisation would have lost their 'European' component, which Belarus represents. This would be unacceptable for Russia and its Great Power status, so Lukashenko takes advantage of that possibility.

Fourthly, some experts argue that Belarus's strength in relations with Russia is its status of a transit country. It is well known that the economy, internal stability and external capabilities of Russia are heavily dependent on revenues from energy exports (to Europe). Revenues from energy exports constitute about 17% of Russian GDP. Prior to the opening of Nord Stream, about 80% of Europe's natural gas imports from Russia was transported through Ukrainian pipelines. The Jamal-Europe gas pipeline, which runs through Belarus and Poland, currently carries about 20% of Russian gas exports to Europe.<sup>24</sup> Bearing in mind the tensions between Russia and Ukraine regarding the energy issues, intensive talks have taken place about increasing the transit of Russian gas through Belarus by building a second branch of the Jamal-Europe pipeline.<sup>25</sup> Though it may appear that such a project would increase Russia's dependence on Belarus as a transit country, one should not forget that since 2011 Gazprom has controlled the main gas infrastructure and transportation company of Belarus – Gazprom Transgaz Belarus (previously known as Beltransgaz).<sup>26</sup> This means that Russia has control of the gas pipeline system in Belarus and does not have to fear interruptions of the gas supply to Europe. The situation is different in the oil transit sector, since all refineries and transit pipelines in Belarus are under the jurisdiction of the state-owned holding, Belneftekhim.<sup>27</sup> Previous oil wars, and schemes by Belarus's government to cheat Russia of its oil products exports (the so-called 'solvents problem'<sup>28</sup>) have contributed to Russia's

<sup>24</sup> Ratner M., Belkin P., Nichol J., *Europe's Energy Security: Options and Challenges to Natural Gas Supply Diversification*, CRS Report for Congress, March 15, 2013, <<http://www.fas.org/sgp/crs/row/R42405.pdf>>.

<sup>25</sup> "Беларусь «оседлает» новую трубу?" ['Belarus will saddle ne pipe?'], <<http://bdg.by/news/economics/21658.html>>.

<sup>26</sup> Up until December 21, 2011 it was known as "Beltransgaz". The name of the company was changed after Gazprom acquired 100% control of its assets.

<sup>27</sup> This includes: the Belarus section of the Druzhba transit pipeline for Russian oil to Europe, the Mozyr and Novopolotsk refineries, the Palimir petrochemical plant, and some smaller assets.

<sup>28</sup> Firsava D., "Belarusian Solvents: A Tricky Path to Economic Growth", <<http://belarusdigest.com/print/10438>>.

decision to invest in oil pipelines that bypass Belarus (Nord Stream, Baltic Pipeline System–2) and reduce its dependence on unpredictable Minsk. So today we have a situation in which Russia has gained control of the entire gas transit system of Belarus and has created alternatives for oil transit to Europe. There is still some Russian oil that goes to Europe through Belarus (about 30%), but this is much lower compared to several years ago, when it was around 70%.<sup>29</sup>

Finally, there is an argument that there is Russian willingness to have a “dictatorship” nearby. Being ‘the last dictatorship in Europe’ Belarus plays into Russian hands by attracting negative attention from Europe and the Western world for being the most repressive regime in the region, which allows Vladimir Putin to ‘save face’ and not look as bad (in terms of democracy, human rights and the rule of law) as he really is. At the same time, from the ideological perspective Belarus is useful for Russia as a ‘laboratory of authoritarianism’. Experiments with “pre-emptive authoritarianism”<sup>30</sup> on external soil (i.e. in Belarus) serve as a good example for Russia to learn what does and does not work in order to keep the regime stable. This is not to argue that Russia directly manipulates Lukashenko’s actions in this respect – the Kremlin simply learns the lessons of the harshest of Lukashenko’s experiments. In any case, the (at least formally) independent Belarus is beneficial for the Russian elite in this respect.

#### 4. Dependent but still independent

A shallow overview of relations between Russia and Belarus may create a picture of mutual dependency of both players. However, it is obvious that Belarus needs Russia much more than Russia needs Belarus. The socio-economic foundation of Belarus continues to survive only due to special oil and gas prices, inexhaustible Russian credits and permissive Russian legitimization of Belarus’s political regime. Russia is a source of vitality for Belarus.

On the other hand, Belarus for Russia is nothing more than a territory which removes imagined Western threat by 600 km – a buffer. But it is also a problematic

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<sup>29</sup> Жахов Ф., “Сколько той «Дружбы»” [‘How much of that ‘Friendship’], <[http://www.belgazeta.by/ru/2013\\_02\\_04/economics/25762/](http://www.belgazeta.by/ru/2013_02_04/economics/25762/)>.

For information: in 2011 Russia exported around 250 million tonnes of oil to the EU of which 60.77 million tonnes were exported through Belarus.

<sup>30</sup> Silitski V., *Contagion Deterred: Preemptive Authoritarianism in the Former Soviet Union (the Case of Belarus)*, CDDRL Working Paper No.66, June 2006, <[http://iis-db.stanford.edu/pubs/21152/Silitski\\_No\\_66.pdf](http://iis-db.stanford.edu/pubs/21152/Silitski_No_66.pdf)>.

buffer, which regularly steals energy, hinders integration, mouths off at Russia and behaves as a sponger.

Anyone who even occasionally follows the remarks and actions of Lukashenko and especially his regular excesses against his main partner and ally – Russia – may be confused about how such a country as Russia and its ‘macho’ president Putin<sup>31</sup> remains patient and does not just kick Lukashenko to the side. This question becomes especially interesting in light of Belarus’s total economic and political dependency on Russia’s oil, gas, and political support. And really – why does Russia continue to support Lukashenko’s rule; his arrogant, sometimes even unexplainable, behaviour and statements? As one observer has noticed, in politics Belarus remains, perhaps, the only absolutely independent European country, whose policy is based exclusively on national interests (which are synonymous for the interests of the president of Belarus).<sup>32</sup> How can Lukashenko remain independent while being so dependent?

One possible answer to this question is related to internal Russian political dynamics. From a purely economic point of view, Russia is interested in gaining control of the most valuable assets in Belarus – pipelines, energy systems, oil refineries, military-industrial complexes and some of the most profitable companies. Knowing that control of assets increases the relative power of its owners, it is also possible to make an assumption that there could be competition among different factions inside Russia regarding the control of Belarus. From Lukashenko’s perspective it also means an opportunity for playing different Russian actors off against each other and gaining some advantages. To understand what is this all about we have to know, at least in general, the history of Lukashenko’s relations with Russia’s domestic power centres.

## 5. Russia divided

Back in the 1990s T. Graham suggested that “various economic structures struggled for access to the president and thus to state resources in order to engineer a political stability that would ensure their hold on power and the country’s financial

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<sup>31</sup> “Putin’s macho image”, <<http://www.reuters.com/news/pictures/slideshow?articleId=USRTR2UVJN#a=14>>.

<sup>32</sup> Лукьянов Ф., “Конец суверена” [‘The End of the Sovereign’], *Russia in Global Affairs*, May 19, 2011, <<http://www.globalaffairs.ru/redcol/Konetc-suverena-15204>>.

resources”.<sup>33</sup> It is also well known that attempts of privatisation in the beginning of nineties in Russia created what have been called oligarchic structures and different clans who were fighting for resources in order to increase their personal wealth and political influence.<sup>34</sup> President Yeltsin had to rely on oligarchs’ support during his rule, as he had to fight permanent opposition from the State Duma. The informal system of political control formed in Russia was based on a very close intertwining of business, political and security structures. Formal mechanisms of power existed mainly as a facade and the real political and economic processes were mostly hidden from publicity and made within the small circles of the political elite. The elite hasn’t been monolithic either, since influential players with different backgrounds, identities and understandings of the rules of the game competed with each other. Authors distinguish various groups of influence whose interests had to be taken into account by the formal political leadership of Russia. For example, T. Graham identified at least four competing groupings during Yeltsin’s presidency.<sup>35</sup> There was the *Chernomyrdin coalition*, built around government bureaucracies outside the economic-policy bloc and financial-industrial groups, such as Gazprom and Lukoil. There was also the *Luzhkov coalition*, or *Moscow Group*, built around the Moscow mayoralty’s control of key political processes and economic assets within the city of Moscow. The *Korzhakov/Soskovets coalition* was built around the metallurgical sector (especially aluminium), arms exports, and the presidential security apparatus. Finally, the loose *Chubays/Berezovsky coalition* was centred on the macro-economic policy bloc in the government and the new moneyed financial-industrial groups, which controlled most key national media. In addition, there were separate regional leaders of Russian federal subjects who enjoyed great freedom during the almost anarchical Yeltsin’s presidency. At the beginning of Yeltsin’s second term the so called *Family* had been formed, which included Yeltsin’s daughter Tatiana Diatchenko, her husband and the head of Yeltsin’s administration Valentin Yumashev, and oligarchs Boris Berezovski and Roman Abramovich. The Family was competing for control and power with a Saint Petersburg group of ‘young reformers’, who included Anatoly Chubais, Boris Nemtsov, Vladimir Potanin, and also had to balance a third player – the Moscow Group.

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<sup>33</sup> Quoted in Sakwa (note 6) p. 90

<sup>34</sup> See Kotz D.M., Weir F., *Russia’s path from Gorbachev to Putin: the demise of the Soviet system and the new Russia* London, New York: Routledge, 2007.

<sup>35</sup> Graham T., “From Oligarchy to Oligarchy: The Structure of Russia’s Ruling Elite”, *Demokratizatsiya*, Number 3, Summer 1999, <[http://www2.gwu.edu/~ieresgwu/assets/docs/demokratizatsiya%20archive/07-3\\_Graham.pdf](http://www2.gwu.edu/~ieresgwu/assets/docs/demokratizatsiya%20archive/07-3_Graham.pdf)>.

Permanent competition in an environment of anarchy (the state wasn't able to guarantee observance of the law; different groups even had their own military and security units) made national or state interests only secondary to those of the factions. State and political power became the instrument of enrichment. Formal political institutions did not serve their intended functions and existed mainly as a window-dressing for the informal system. Russia became a 'dual state'<sup>36</sup> with two parallel systems, formal and informal, functioning at the same time; the latter system was dominant and the former served mainly as a 'democratic facade'. Access of the elite factions to resources became the main engine of political processes. Public interest and the state's effectiveness were given only secondary and merely instrumental importance (though they were still required to legitimise the existence of the system). Factions, not political parties or government agencies, were the main players in the political field. And they played according to very traditional *realpolitik* rules of the game – either you defeat the opponent or you are defeated yourself. In such a system all competing factions were interested in gaining more power and resources than the others to promote their own interests and secure survival. Respectively, everyone sought to prevent the emergence of one dominant group. An illustrative example is the previously mentioned alliance between the Family and the Saint Petersburg group, which were forced to unite against the growing influence of Yury Luzhkov and Yevgeny Primakov's Moscow Group.<sup>37</sup> Such configuration of power relations created opportunities for smaller or external players to promote their interests as long as their support could be used to increase the power of any of the groups. As will be shown later, Lukashenko successfully found his niche in this internal fighting within the Russian elite and managed to capitalise on significant support by allying himself with the Moscow Group.

Under Putin's presidency the composition of the factions and some of the informal rules of the game changed slightly. Clearly understanding that the continued exploitation of the state resources by factions is devastating to Russia as a state, its international status, and power, Putin initiated the re-centralisation of control in the hands of the president. The combination of high oil and gas prices, Putin's connections within 'power structures' (*силовые структуры*), and personal charm made him the saviour of ailing Russia. He managed to rebalance the influence of competing factions by shattering most of the old clans, pulling

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<sup>36</sup> Sakwa (see note 6).

<sup>37</sup> Ивашкевич С., "Как Лукашенко стал белорусским и не стал российским президентом?" ['How Lukashenko became President of Belarus and not the President of Russia'], <[http://naviny.by/rubrics/politic/2012/10/23/ic\\_articles\\_112\\_179662/](http://naviny.by/rubrics/politic/2012/10/23/ic_articles_112_179662/)>.

those he trusted and those who were the most useful and placing them in his own circle of trust and power. The power balance between the old oligarchs and the new faction of '*siloviki*' (people from power structures – KGB, Ministry of Interior, intelligence) had been changed in favour of the latter by redistributing (renationalising) the assets that had belonged to the oligarchs to the people who were close and loyal to Putin – and the so-called *silovarchs* were created.<sup>38</sup> According to Richard Sakwa, notwithstanding the fact that Putin was brought into the Kremlin as a representative of the Family, he quickly escaped from their control and succeeded in guaranteeing himself the role of the main arbiter of the game.<sup>39</sup> Putin's main achievement was the stabilisation of the informal system and the introduction of some agreed rules, which all factions had to follow.<sup>40</sup> Some new powerful players emerged in Russia under Putin, too. Instead of the Family, oligarchs and many other smaller factions, three new groups took the dominant positions – Liberals, technocrats and *siloviki*. Among those three, Liberals and technocrats formed an alliance to balance the growing influence of the *siloviki*.<sup>41</sup> From Lukashenko's perspective, the emergence of new players and the diminished influence of his former supporters required new approaches and new partners in order for him to retain the balance of power between Russia and Belarus.

However, after the 2012 presidential elections, which brought Putin back to the position of President, new reshuffles in the informal balance of power became visible. They had appeared even earlier – in 2010 the then 'puppet president' Dmitry Medvedev managed to increase the influence of the liberals and technocrats. The changing economic situation, weakened positions of Russia's energy giant Gazprom and other factors contributed to a gradual unbalance of power relations and provoked the new phase of restructuring the elite. As Yevgeny Minchenko and Kirill Petrov suggest, the ruling elite attempted to secure its stability by redistributing power and property through a new stage of privatisation, use of budgetary resources and preferences by government agencies in order to develop profitable business and create new rents.<sup>42</sup> The *siloviki* and Liberals were in almost

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<sup>38</sup> Treisman D., *Putin's Silovarchs*, *Orbis*, Volume 51, Number 1, Winter 2007, pp. 141-153.

<sup>39</sup> Sakwa (note 6) p.199.

<sup>40</sup> The best known example is the agreement between Putin and the oligarchs in 2002. Putin offered a deal: the Kremlin would not revisit the privatisation results (which were very non-transparent) if the oligarchs stayed out of politics. Khodorkovsky, Brezovsky and Gusinsky, who did not obey this rule, were forced out of Russian politics.

<sup>41</sup> Sakwa (note 6) p. 117.

<sup>42</sup> Minchenko Y., Petrov K., Vladimir Putin's Big Government and the Politburo 2.0, <[http://minchenko.ru/netcat\\_files/File/Big%20Government%20and%20the%20Politburo%20\\_0.pdf](http://minchenko.ru/netcat_files/File/Big%20Government%20and%20the%20Politburo%20_0.pdf)>.

direct competition and Belarus (especially its valuable assets) became the target for both groups, though with different possible consequences for the stability of Lukashenko's regime.

To make a long story short, the Yeltsin era in Russia saw the rise of many informal groups, which were fighting for influence, power and resources. The situation hasn't changed substantially in the eras of Putin and Medvedev. Though Putin has usually been associated with the introduction of strict "vertical power" and control over predatory oligarchs, in reality Russian politics was rooted not in a rigid hierarchy but in a fluid conglomerate of key players, informal clans, and groups competing with one another for resources and influence. During his first term Putin managed to establish some stability and cohabitation of competing groups by distributing assets and not allowing one group to become significantly stronger than the others. Nevertheless, the internal balance and stability was shaken by the global financial crisis and the need to sustain the regime's legitimacy in the eyes of the world – Putin had to find the solution to the so-called "succession problem" in 2008. Despite the relatively smooth casting of posts with Medvedev, an internal rebalancing of power took place and new equilibrium had to be found. In the face of economic decline it was a challenge. Informal tensions and competition for resources continued<sup>43</sup> and became more and more visible publicly.<sup>44</sup> Looming changes in world's energy market (shale gas, LNG and renewables) also required Russia to adapt and contributed to increased tensions and intensified battles among the different groups.<sup>45</sup> What is important is that these internal jostles also contributed to intensified Russian attempts to compel Lukashenko to implement privatisation and other promises he had made to Russia.<sup>46</sup>

The next chapter is devoted precisely to a more detailed analysis of how the internal balance of power in Russia affects Lukashenko's position.

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<sup>43</sup> Whitmore B., *The Return Of The Clans*, *Radio Free Europe Radio Liberty*, March 14, 2012, <[http://www.rferl.org/content/the\\_kremlin\\_clans\\_are\\_back/24515865.html](http://www.rferl.org/content/the_kremlin_clans_are_back/24515865.html)>.

<sup>44</sup> "Игорь Сечин vs. Дмитрий Медведев в комиксе «Короли скважины»" [Igor Sechin vs. Dmitry Medvedev in cartoons 'Kings of Boreholes'], <<http://m.forbes.ru/article.php?id=233737>>.

<sup>45</sup> Kazantsev A., "The Crisis of Gazprom as the Crisis of Russia's "Energy Super-state" Policy towards Europe and the Former Soviet Union", *Caucasian Review of International Affairs*, Volume 4, Number 3, Summer 2010, <[http://www.cria-online.org/Journal/12/Done\\_The\\_crisis\\_of\\_Gazprom\\_as\\_the\\_crisis\\_of\\_Russias\\_energy%20super-state\\_policy\\_towards\\_Europe\\_and\\_former\\_Soviet.pdf](http://www.cria-online.org/Journal/12/Done_The_crisis_of_Gazprom_as_the_crisis_of_Russias_energy%20super-state_policy_towards_Europe_and_former_Soviet.pdf)>.

<sup>46</sup> "Беларусь в эпицентре войны российских кланов" [Belarus in the epicentre of the war among Russian clans], <<http://charter97.org/ru/news/2012/8/13/56729>>.

## 6. The not-so-visible side of the relations between Russia and Belarus

Let's have a brief historical overview of Russia's relations with Belarus and its internal situation.

### 6.1. Lukashenko and Russia under Yeltsin

The first presidential elections in Belarus took place back in 1994 with four relevant candidates competing. These were Prime Minister Vyacheslav Kebich (the strong favourite, preliminarily supported by Moscow); chair of the Gorodec collective farm Lukashenko; first head of the independent state of Belarus Stavislav Shushkevich; and nationalist politician Zyanon Paznyak. Being relatively unknown at that time Lukashenko managed to win support by using his populist rhetoric, the card of anti-corruption, and threatening Russia that nationalist (i.e. anti-Russian) Paznyak could beat Kebich in the second round of voting.<sup>47</sup> Lukashenko got the support of the Russian Duma (which was in a conflict with Yeltsin's administration and his government) and persuaded Russians that both candidates supported by Moscow (Kebich and himself) should go through to the second round.

Playing on the nostalgia of some politicians and society in Russia regarding the re-unification of Russia and Belarus, Lukashenko got into close contact with some of the conservative groups in Russia and secured their support (financial and political) for his rule in Belarus. Among his supporters in Russia were communists, representatives of the military, certain state officials and broad layers of ordinary Russians who were nostalgic about the Soviet Union.<sup>48</sup> Particularly important were Lukashenko's ties with the influential at that time Moscow Group under the leadership of Moscow's mayor, Luzhkov, and future prime minister Primakov.<sup>49</sup>

A specific element of Lukashenko's strategy was his loud rhetoric of reintegration between Russia and Belarus<sup>50</sup>, which was strongly supported by some forces inside

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<sup>47</sup> Ивапшкевич (see note 37).

<sup>48</sup> Plaschinsky G., "The Belarus Regime's Lobbyists in Russia", <<http://belarusdigest.com/story/belarus-regime%E2%80%99s-lobbyists-russia-6847>>.

<sup>49</sup> Ивапшкевич (see note 37).

<sup>50</sup> Drakokhrust Y., Furman D., *Belarus and Russia: Virtual Integration* in Balmaceda M.M., Clem J. I., Tarlow L.L. (eds.) *Independent Belarus: Domestic Determinants, Regional Dynamics, and Implications for the West*, 2002, Harvard University Press, p. 234.

Russia and President Yeltsin himself.<sup>51</sup> It is well documented that Lukashenko used this rhetoric and made steps towards the creation of the Union State with a goal of becoming a President (or at least vice-president) of this new confederation.<sup>52</sup>

Lukashenko's support for reintegration also created tensions in Russian political circles. Unification with the developing autocratic Belarus wasn't part of the plans of Russia's liberals (westernisers), who saw the integration as a threat to improving Russia's relations with the West.<sup>53</sup> The strongest opponents of reunification in Russia included the 'Piter (Saint Petersburg) clan' (or 'young reformers', according to Sakwa) with Chubais and Nemtsov in the lead. Their position was to incorporate Belarus, not to unite with it on equal terms. At the same time Yeltsin used the reunification card as his election slogan in the presidential election in 1996, which meant that Lukashenko and Belarus became an important element in the Family's play for power in the Russian political scene.

Such a brief overview reveals one interesting element about Lukashenko's relations with Russia, and especially about Russian support for Lukashenko during Yeltsin's presidency. Yeltsin, his presidential administration and supporters (Family) were in a permanent fight for power with the Russian Duma (communists and nationalists). In this fight Belarus and Lukashenko served as a useful tool for Yeltsin to soften the pressure from the Left. With the support of Lukashenko, the idea of Russian-Belarusian reunification diverted some criticism and pressure and strengthened Yeltsin's popularity internally. Later Lukashenko gained new supporters in Russia – the group led by Luzhkov and Primakov. The Moscow Group was competing for influence with the Family and Saint Petersburg groups and needed a charismatic person to be their face in society and saw Lukashenko as a possible candidate (Lukashenko used to be very popular even in Russia at the time) for the post of the leader of a Russia-Belarus unified state.<sup>54</sup> Therefore, Lukashenko successfully used Russia's internal power (un)balances to advance his positions both in Belarus and Russia. His flirtation with Russia's regional leaders also allowed him to strengthen his own position. To put it briefly, Lukashenko's (selective) involvement in Russia's internal politics by aligning with some groups gave him leverage to (a) increase his own popularity, and (b) accumulate support for his position in Belarus. This support was also solidified by Lukashenko's offers

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<sup>51</sup> Observers conclude that B.Yeltsin suffered the "Belovezh complex" – feeling of a guilt and responsibility for the collapse of the USSR.

<sup>52</sup> Drakokhrust, Furman (see note 50) pp. 244-245.

<sup>53</sup> *Ibid.*, p. 235.

<sup>54</sup> Ивашкевич (see note 37).

to Russian counterparts in privatising certain Belarusian assets.<sup>55</sup> On Russia's side the tendency also became clear – Belarus (and Lukashenko) could be used as additional instruments (a) to strengthen internal positions in competition with other groupings, and (b) to make profit and increase personal wealth by exchanging support to Lukashenko with assets in Belarus.

## 6.2. Lukashenko and Russia under Putin

An important element of Putin's foreign policy was the turn towards pragmatism. As Antje Kästner indicates, in Putin's first term Russian relations with post-soviet republics were increasingly dominated by the economic interests of the oil and gas sector. To consolidate Russia's position in the global energy market, the Russian leadership installed a more pragmatic bilateral approach, trading subsidies for economic concessions.<sup>56</sup> The second important element of Putin's rule was the centralisation and stabilisation of the political system and the introduction of very strict (both formal and informal) rules that created some balance of power between the competing factions (*siloviki*, liberal-technocrats, oligarchs and statistes) and made Putin the 'faction manager'.<sup>57</sup>

This was important for Russian-Belarusian relations because the romantic Yeltsin's policy of re-integration ended and the much more materialistic and pragmatic approach became dominant. Putin's efforts to build 'vertical power' reduced the influence of regional leaders and oligarchs and decreased Lukashenko's possibilities for manipulating internal tensions in Russia for his own gain. Lukashenko was no longer allowed to travel freely to Russian regions<sup>58</sup>, which also contributed to his reduced capability to generate support. Finally, Putin's image, popularity and demonstrated strength decreased the popularity Lukashenko

<sup>55</sup> According to A. Wilson, Russian 'mediation' in the face of V. Chernomyrdin and G. Seleznev during the 1996 impeachment and referendum crisis in Belarus was crucial in strengthening Lukashenko's rule. In exchange, Russian companies (B. Berezovsky) got control of Belarus's Metallurgical Factory and Lukashenko also agreed to remove all remaining nuclear weapons from Belarus (which was in the interest of Russia). See Wilson A. *Belarus: the Last European Dictatorship*, Yale University Press, 2011, p. 182.

<sup>56</sup> Kästner A., *From chaos to pragmatism? The domestic dimension of Russian foreign policy 1991–2008*, German Development Institute, Discussion Paper, 19/2008, <[http://www.die-gdi.de/CMS-Homepage/openwebcms3.nsf/\(ynDK\\_contentByKey\)/ANES-7JKGJ8/\\$FILE/DP%2019.2008.pdf](http://www.die-gdi.de/CMS-Homepage/openwebcms3.nsf/(ynDK_contentByKey)/ANES-7JKGJ8/$FILE/DP%2019.2008.pdf)>.

<sup>57</sup> Sakwa (see note 6) p.132-133.

<sup>58</sup> Sanikov A., "Russia's Varied Roles in Belarus" in Balmaceda M.M., Clem J. I., Tarlow L. L., eds., *Independent Belarus: Domestic Determinants, Regional Dynamics, and Implications for the West*, 2002, Harvard University Press, p.231.

enjoyed during the last years of the ill and weak Yeltsin. One of the strongest of Lukashenko's supporters in Russia – Boris Berezovsky – lost Putin's confidence and became less useful for the President of Belarus. Moscow's mayor, Luzhkov, and his wife, Yelena Baturina, also lost significant influence after Putin's federal reforms (though more significantly only in the second term of Putin's presidency). As evidence of the weakened position of Lukashenko in Russia the first 'energy wars' began in 2002 (and became almost regular afterwards – in 2004, 2007, and 2010). It was also under Putin's rule that talks about Russian-supported anti-Lukashenko politicians inside Belarus became regular.<sup>59</sup>

Having lost much of the earlier opportunities to use internal tensions and weakened nostalgia for the USSR in Russia, Lukashenko had to readjust his tactics. His response was tightened authoritarianism and increased control of all and everything around him. Though it prevented internal instability in Belarus, it also alienated Lukashenko from the West and, consequently, made him even more dependent on Russia – both politically and economically. Lukashenko continued to rely on his old (though not so influential any more) ties with Luzhkov and the Russian communists, but this was only enough to prevent consolidation of unified anti-Lukashenko thinking in Russia.

One additional leverage Lukashenko had at his disposal, even during the Putin's rule, was his relationship with the military-industrial complex of the Russian Federation and his ability to act as a dealer in the arms trade. According to Andrew Wilson, Belarus developed a niche market in servicing old Soviet weaponry.<sup>60</sup> This is confirmed by the Institute for Security & Development Policy analysis, which concludes that "several factors determine the rise of Belarus as an arms exporter: a significant stock of arms that was left in Belarus after the dissolution of the Soviet Union, the criminal and corrupt nature of the political regime in Belarus, close relations with rogue regimes, and the military, political and economic alliance with Russia, and Belarusian international isolation".<sup>61</sup> Since Belarus is not a member of the Missile Technology Control Regime or the Nuclear Suppliers Group, Russia is able to use Minsk as an outlet for the export of Russian arms and technologies. Such a position increases Belarus's importance for Russia and especially for those factions that have a military-industrial complex as their financial and power base. Such a faction in Russia is, first of all, the *siloviki* and its leaders – Igor Sechin and Sergey Chemezov.

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<sup>59</sup> Wilson (see note 55) p. 200-201.

<sup>60</sup> *Ibid.*, p. 187.

<sup>61</sup> Kegö W., Molcean A Nizhnikau G., "Belarus arms Trade", The Institute for Security & Development Policy, *Policy Brief*, Number 60, March 14, 2011, [http://www.humansecuritygateway.com/documents/ISDP\\_BelarusArmsTrade.pdf](http://www.humansecuritygateway.com/documents/ISDP_BelarusArmsTrade.pdf).

Wilson claims that Sechin is one of the main beneficiaries in Russia from the illegal (shadow) arms trade of Belarus.<sup>62</sup> Hence, Russian arms-traders are interested in stability (the status quo) of political situation in Belarus, because they benefit from informal cooperation with Lukashenko. It is also in their interest not to shake the foundations of his rule because there would be no guarantee for the continuation of very beneficial trade after Lukashenko is gone or his position is significantly weakened. Lukashenko's well-known relations with many of the world's rogue states (Syria, Venezuela, Iran and Libya) also serve as a good foundation for the further development of Russian-Belarusian cooperation in arms trade. Cooperation with Belarus in this respect is also useful for Russia because it enables Russia to avoid Western criticism, which would be inevitable if Russia traded with those countries directly.

The wave of 'colour revolutions' has also contributed to the relative self-restraint of Russia in its actions towards Minsk. Though this factor is not directly related to the internal situation (balance of power) in Russia, it was very important for Russia's geopolitical considerations. As D. Trenin notes, after the colour revolutions in Georgia and Ukraine, the Kremlin branded them as a Western ploy to install pro-American regimes on Russia's periphery and then to engineer a regime change in Russia itself.<sup>63</sup> In other words they were perceived in Moscow as a Western attempt to weaken Russia's positions in the "near abroad". Consequently, Russia constrained itself from pushing too hard on Lukashenko in order to avoid one more revolution in its closest neighbourhood.

Finally, Lukashenko successfully used Belarus's geopolitical position between Europe and Russia by making positive signals about a possible 'opening' to the West. The years 2007 and 2008 saw a thaw in Belarus-European relations and Lukashenko instrumentally used it to threaten Russia with a possibility of his "westwards turn".

A summary of the Belarus-Russian relations during Putin's presidency is as follows.

Firstly, Lukashenko lost important elements of his influence in Russia. Putin's internal reforms created a much more stable and more predictable situation, which significantly differed from the anarchical war of all against all during Yeltsin's presidency. This deprived Lukashenko of the opportunity to play the role of a 'balancer' in Russia's internal fighting. Factions that supported Lukashenko started to lose influence (communists, Moscow's mayor Luzhkov and oligarch Berezovskyi).

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<sup>62</sup> Wilson (see note 55) p.189.

<sup>63</sup> Trenin D., "Reading Russia Right", Carnegie Moscow Centre, *Policy Brief*, Special edition, Number 42, October 2005, <http://carnegieendowment.org/files/pb42.trenin.FINAL.pdf>.

Others, while retaining their importance (*siloviki*) were restricted by the need to maintain the internal balance and had no big incentives to fight on Lukashenko's side. Support of and for Belarus lost its weight in Putin's Russia.

Secondly, the need to retain close and strategic cooperation between Russia and Belarus gained a very pragmatic character under Putin. Hence, Lukashenko was also denied the opportunity to play the card of nostalgia for the USSR, which was important under Yeltsin's rule. Increased Russian pragmatism implied much more rational calculations on Russian side, which resulted in a decrease in unconditional financial, political and moral support for the Belarusian leader.

In such a situation Lukashenko's room for manoeuvre shrank significantly and his dependence on Russia's backing strongly increased. Geopolitics and some external tendencies have allowed him to keep his sovereignty and independence, but this has become more and more 'virtual'.

### **6.3. Lukashenko and Russia under tandem rule**

It has already been mentioned that the 2008 presidential elections in Russia were a challenge not only for Russia but also for Belarus. Representative of the Liberals (Saint Petersburg technocrat) Medvedev became the President of Russia and Lukashenko faced a new wave of pressure from Moscow. During Putin's second term Russia had already recalibrated the price of its support for Minsk. It has not ended the subsidies, but it made its financial and other support more conditional. At the same time, the shifts in the internal power balance in Russia made Lukashenko's old ties with *siloviki* Sergei Ivanov and Sechin less efficient and sometimes even dangerous under the new Putin-Medvedev tandem.<sup>64</sup> The increased influence of Medvedev's faction (which historically grew from the old liberal group, Chubais) was a bad sign for Lukashenko, who usually relied on the more conservative elements of Russia's elite.<sup>65</sup> Trust in Lukashenko's devotion to a strategic partnership between Russia and Belarus also diminished after Medvedev

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<sup>64</sup> Wilson A., "Belarus's Post-Georgia Elections: A New Paradigm or the Same Old Balancing Act?", Heinrich Boll Stiftung, October 2008, <[http://www.boell.de/downloads/Belarus\\_post\\_Georgia\\_Elections\\_A.Wilson.pdf](http://www.boell.de/downloads/Belarus_post_Georgia_Elections_A.Wilson.pdf)>.

<sup>65</sup> There are even arguments that the 'Piter clan' disrupted the signing of the agreement on the Union State of Russia and Belarus in 1997, which envisaged the establishment of the post of common President that Lukashenko sought to occupy. See Иващкевич С., "Кого поддержит Москва на выборах в Беларуси в 2015 году?" ["Who will be supported by Russia in the 2015 Belarus election?"], <[http://naviny.by/rubrics/politic/2012/11/06/ic\\_articles\\_112\\_179812/print/](http://naviny.by/rubrics/politic/2012/11/06/ic_articles_112_179812/print/)>.

publicly accused Lukashenko of failing to deliver on his pledges to recognise Abkhazia and South Ossetia.<sup>66</sup>

At the beginning of 2010 the dissatisfaction of all Russia's influential factions with Lukashenko became clear. The *Siloviki* railed against what they saw as openended subsidies for little return.<sup>67</sup> Gazprom (liberal-technocrats) saw no sense in subsidising Belarus in a time of economic crisis. The forthcoming presidential elections in Belarus served as useful instrument for Russia to increase pressure on Lukashenko and to make him pay the bills. The summer of 2010 was especially hard. In June the gas price for Belarus started to increase; in July the 'Godfather' (*Крестный Батяка*) series (which depicted Lukashenko as a criminal) were released on Russian NTV (controlled by Gazprom).<sup>68</sup> Lukashenko was forced to sign the Customs Code of the Customs Union, which moved forward the creation of an even closer economic and political integration of Russia, Belarus, and Kazakhstan. The idea of the Union state of Russia and Belarus completely lost its importance and was replaced by the vision of the Customs and Eurasian Union, which left no space for a specific role for Lukashenko.

Lukashenko also had to promise a large-scale privatisation of Belarus's assets to Russian companies – the step he usually tried to avoid due to the fear of losing sovereignty.

At the end of the day, the brutal crackdown of opposition in the aftermath of the presidential elections in December 2010 once again decreased Lukashenko's freedom to manoeuvre. The West denounced Lukashenko's actions (and later increased his personal travelling and financial sanctions), pushing Belarus even further into Moscow's arms.

The disappointment of all the main players in Russia with Lukashenko's unfulfilled promises, his non-recognition of South Ossetia and Abkhazia, and his hindering of the integration in the Customs Union gradually deprived Lukashenko of most of the instruments at his disposal to influence Moscow. His attempts to find a way out of the situation by developing alternative economic relationships with China and Venezuela, by cheating and stealing from Russia (the 'solvents scandal')<sup>69</sup>, though it may have been done with the silent support of some Russian oil companies, also seemed to be counterproductive.

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<sup>66</sup> Blagov S., "Russian Checkmate in Abkhazia, S Ossetia", *ISN Security Watch*, 20 August 2010, <<http://www.isn.ethz.ch/isn/Digital-Library/Articles/Detail/?lng=en&cid=120406>>.

<sup>67</sup> Wilson (see note 55) p. 230.

<sup>68</sup> *Ibid.*, p. 230.

<sup>69</sup> Firsava (see note 28)

In 2010–2011 the economic, political and personal pressure on Belarus from Moscow reached its peak. Among other reasons for such tightening of the screws, the internal situation in Russia was of specific importance. Medvedev and his supporters had never felt much benevolence towards Lukashenko. Having increased their status, liberals wanted to maintain it by weakening the resource base and power of the other most influential group – the siloviki. The fact that the siloviki were much friendlier to Lukashenko than the liberals leads to a logical conclusion that Belarus also became a bone of contention in the competition between two factions of the Russian elite. The increasing dependence of Lukashenko on Russia and the more intense competition among the Russian factions implied that the parcelling out of Belarus would continue almost without any relevant participation of Lukashenko himself. Having the geopolitical status of Belarus as the only argument left in his hands, Lukashenko felt himself to be in a situation where he was gradually becoming a passive observer of his country's redistribution and his sovereignty's decline. The increasing role of the Liberals in Russia seemed to have turned Lukashenko into the administrator of a formally independent country, which was actually soon to become the 84th Federal Subject of the Russian Federation.

However, Lukashenko managed to survive once again. Despite gloomy perspectives (which had been in the air since the beginning of this century but still have not come true) some optimism for Lukashenko was renewed before and after the parliamentary and presidential elections in Russia (at the end of 2011 and in March 2012). Having formally accepted most of Russia's conditions regarding the creation of the Customs Union, Lukashenko took advantage of the forthcoming elections and openly supported Putin's candidacy. Such support and demonstrated loyalty bore some fruits – Russian subsidies and political support were restored.<sup>70</sup> Lukashenko also attempted to renew Belarus's lobby in the Russian regions and among the Russian political elite.<sup>71</sup> Therefore, the activation of competition between Medvedev (and his vice-prime minister Arkady Dvorkovich) with Sechin for the control of Russia's energy sector<sup>72</sup>, has created a new niche for Lukashenko because Putin has to balance the influence of both the competing factions.

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<sup>70</sup> *Белорусский внешнеполитический индекс №6, Январь-Февраль 2012. [Belarus Foreign Policy Index. January-February 2012]*, Belarusian Institute for Strategic Studies, <<http://belinstitute.eu/images/doc-pdf/mm6-ru.pdf>>.

<sup>71</sup> *Белорусский внешнеполитический индекс №8, Май-Июнь 2012 [Belarus Foreign Policy Index. May-June 2012]*, Belarusian Institute for Strategic Studies, <<http://belinstitute.eu/images/doc-pdf/bfpi8.html>>.

<sup>72</sup> (note 44)

Also see Mehdi A., Yenikeyeff S., "Governors, Oligarchs, and Siloviki: Oil and Power in Russia",

### Companies for privatisation in Belarus

- Creation of the joint venture Rosbelavto on the basis of Russian Kamaz and Belarusian MAZ. It is being put forward that initially the joint venture will be formed based on parity but as KAMAZ is more expensive than MAZ, Rostechologii will purchase 25% of the shares of Rosbelavto. As a result, State Corporation's share in the holding will grow to 75% and it will receive a control over MAZ.
- Roskosmos is interested in gaining a controlling block of shares in Belarus's defence industry flagship, Pelenga.
- Two oil refineries – Naftan in Novapolotsk and Mozyr – are in the sight of Rosneft (Sechin) and Lukoil (Liberals). Rosneft and Gazpromneft already hold 42.5% of shares in Mozyr.
- Mobile operator MTS Belarus – Belarus's government was trying to sell 51% of the company's shares in 2011 and 2012 but the price was much higher than the value of the assets.
- Belaruskali – the most valuable among Belarus's assets. In Russia Uralkali (controlled by Medvedev's supporter Suleiman Kerimov) is interested in gaining control of the company. If such a deal happens, Uralkali would become the largest potash fertilizer company in the world. This would significantly increase its influence internally. According to the media, Sechin is against the take-over of Belaruskali by Uralkali.
- Grodno-Azot (the largest gas consumer in Belarus), Belshina (producer of tyres), and Mogilevchimvolokno (producer of chemical fibres).

Of course, the return of Putin was not a warrant of stability in itself. The increased influence of Medvedev's faction during his presidency, as well as the willingness of his main opponent – the Sechin group – to retain the balance, prompted the tendency of continued instability and redistribution of assets both inside Russia and externally (e.g. in Belarus). The most valuable assets in Belarus, over which the competition is going to continue (see the box below), are interesting for Medvedev's as well as Sechin's companions. The history of Lukashenko's relations with Russia's factions encourages belief that it will be the *siloviki* who will have Lukashenko's support if Belarus runs out of arguments against the

privatisation. In the situation where Lukashenko is in desperate need of money and influential lobby of his policy in Moscow, the sale of Belarus's assets is more likely to companies from the *siloviki* flank (for example, the Naftan oil refinery could be sold to Rosneft, controlled by Sechin, rather than to pro-liberal Lukoil).<sup>73</sup>

Illustrative of how Lukashenko may use the internal fighting in Russia for his own sake is an investigation into the privatisation case of Belaruskali. The main candidate to privatise Belaruskali in Russia in last two years has been Uralkali, controlled by Medvedev's protégé Suleiman Kerimov. According to the media, Karimov is a well known raider and reseller. His goal is not to run the company but to resell it at the highest possible price.<sup>74</sup> The acquisition of Belaruskali by Uralkali would perfectly serve the Kerimov's goal of a price increase. Therefore it is logical that Medvedev is in favour of early privatisation while Sechin is naturally against it. Up to now Lukashenko has managed to keep Belaruskali in his own hands, which seems to be due to Putin's balancing policies. Considering that one of the most important of Putin's goals after his comeback to the position of President is maintaining the role of a powerful arbiter and moderator with the last word in conflict situations<sup>75</sup>, it seems that the necessity of balancing Sechin's and Medvedev's ambitions serves Lukashenko's interests. This also means that if the struggle for resources between Liberals and *siloviki* continues<sup>76</sup>, Lukashenko once again could have the opportunity to find a lifeline for his survival.

In summary, Medvedev's presidency was like a nightmare for Lukashenko. In a few years he was stuffed into the corner by unfriendly liberals in power in Russian. He had to accept all Russia's conditions on the creation of single economic space in the Customs Union of Russia, Belarus and Kazakhstan. He faced increasing pressure for privatisation, and external financing of his economy became more and more conditional. The only light at the end of Lukashenko's tunnel is the endless (and currently intensified) rivalry of the *siloviki* and liberal factions in Russia. The unwillingness of the *siloviki* to give up Belarus's assets to Liberals' control, Putin's need to keep both factions balanced and the remaining geopolitical and geostrategic importance of Belarus's territory allows Lukashenko to keep his head

<sup>73</sup> Лавникович Д., Топалов А., Матвеева А., “Лукашенко сдает «Нафтан»” [‘Lukashenko gives up ‘Naftan’], <<http://www.gazeta.ru/business/2013/03/23/5113993.shtml>>.

<sup>74</sup> Ивашкевич С., “Лукашенко «прокинул» Медведева с «Беларуськалнем» с разрешения Путина?” [‘Lukashenko rejects Medvedev with Putin's support?’], <[http://naviny.by/rubrics/economic/2012/08/14/ic\\_articles\\_113\\_178831/print/](http://naviny.by/rubrics/economic/2012/08/14/ic_articles_113_178831/print/)>.

<sup>75</sup> Minchenko, P. (see note 42).

<sup>76</sup> Belton C., Clover Ch., “Putin's people”, *Financial Times*, <<http://www.ft.com/intl/cms/0/8d0ed5ce-aa64-11e1-899d-00144feabdc0.html#axzz2TfwlckTL>>.

above the water. How long he will be able to continue such flotation depends mainly on factors Lukashenko cannot influence directly and significantly.

## Conclusions

It seems that the sincere love towards Belarus under Yeltsin's presidency in Russia has totally evaporated. Neither Putin, nor Medvedev have feelings other than pragmatism and power calculation towards A. Lukashenko and his country.

It also seems that Belarus is slowly losing its opportunities to make independent moves in the face of the irresistible growth of Russia's influence. Lukashenko slowly but safely has put himself in a corner with only one exit – Russia. Particularly in the last three years, Lukashenko has lost his strongest instruments in Moscow and now has to accept almost everything the Kremlin is imposing on him.

Good news for Lukashenko remains the fact that Medvedev and Putin don't have a true love for each other either. They tolerate each other, but nothing more. Putin, Medvedev, Sechin, Vyacheslav Volodin, Ivanov, Chemezov and others – leaders of competing factions and groups for power in Russia – also share this feature. The tradition and influence of informal institutions and methods of competition are deeply rooted in Russian mentality and remain important even in the twenty-first century. This informal layer of Russian politics is very important for the President of Belarus knowing that economically, energetically and financially he is in Moscow's pocket.

The brief historical overview also shows that Belarus has always been an important (but never crucial) element of infighting among Russian factions. By making contact with separate groups of power, by providing economic benefits to their members, and by playing on their identity and nostalgia Lukashenko for many years managed to strengthen his position not only as a geopolitical necessity for Russia but also as a player in Russia's domestic power games.

Lukashenko usually collaborated with conservative groups, who shared the ideas of strong state, neo-imperialism and pan-slavism. This was the Moscow Group under Yeltsin and the *siloviki* to the present day. Lukashenko also never felt sympathy towards liberals in Russia. Neither Chubais, nor Medvedev were pleased with Lukashenko either. It is difficult to elaborate on the attitude to Belarus and Lukashenko of Putin himself, but the fact that his role in Russia is more of arbiter than of a representative of one of the groups indicates that his perception of Belarus and Lukashenko is mostly instrumental. Belarus is important as a supporter of post-soviet integration (the Customs Union and Eurasian Union). Belarus is

also important as a military and strategic buffer against the West. Lukashenko himself is useful only as long as he does not create too many obstacles for the implementation of Russian goals and does not allow Belarus to capitulate with the West's temptations or intimidations.

Finally – and most importantly – the Russian domestic balance of power needs perpetual attention and support. Both *siloviki* and the Liberals, as well as different tycoons, are always looking for opportunities to increase their absolute and relative weight. The need to maintain internal stability is a challenge for Russia's president Putin. He is well aware that an increased role of the *siloviki* would be devastating for Russia's economy because this group is conservative, strongly anti-innovative and has a Cold War perception of Russia's relations with the West. Putin is also well aware that Russia needs at least gradual modernisation of its economic, political and social systems. The problem is that any step towards changing the current 'sovereign democracy' political regime is also a step towards instability among the different players in Russia. Finally, Putin knows that giving free rein to the Liberals is not possible either because of their dangerous desire to experiment with the state's role.

Lukashenko (with differing success) has always tried to take advantage of this peculiarity of the Russian system. Playing his geopolitical card, providing space for illegal economic and financial operations (arms trade, scheming of oil exports) Lukashenko managed to attract the support of specific Russian factions and to retain his political status.

How long will he be able to continue such manoeuvring? It seems that the answer is hidden in Moscow and depends first of all on the situation in Russia. After the last presidential elections in 2012 the internal balance in Russia was shaken and opportunities for the President of Belarus increased. Following closely the continued competition between Sechin and Dvorkovich on the control of Russia's energy sector may be useful in answering the raised question. If the *siloviki* gain the upper hand, Lukashenko can expect a stronger backing; if the Liberals do, his situation may become more unstable. It is possible that if the creation of the Eurasian Union goes smoothly, Lukashenko will get a chance to survive until the next presidential elections in Belarus in 2015. Since Lukashenko controls everything in Belarus, for Russia it is much easier to have him as the only partner. His removal would mean uncertainty and an increased number of power centres in Minsk and would require much more effort and investment from Russia to achieve its goal. Ugly, but lonely Lukashenko is a preference in the Kremlin to other – not so predictable and lonely – options.