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A survey and analysis of developments
in the Republic of Belarus in 2018

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EDITORIAL FOREWORD

The year 2018 marked a jubilee of Belarusian statehood. On the Day of Freedom, March 25, the 100th anniversary of the Belarusian People's Republic was celebrated. Even though the BPR existed for less than one year, from March 9 to December 3, 1918, it is a critical component of Belarusian national identity. Belarus is a young state, although the Rada of the Belarusian People's Republic is the world's oldest incumbent government in exile.

Another 100th anniversary, associated with the establishment of the Belarusian Soviet Socialist Republic on January 1, 1919, symbolizes the historical drama and non-uniformity of Belarus's national identity. In the meantime, the Day of Independence of the Republic of Belarus, the main celebration of the statehood, is traditionally associated with the day the Nazis were expelled from Minsk on July 3. Only quite recently the Belarusian authorities have embraced Belarus's "longer" history as part of the Soft Belarusization policy.

Belarusian Yearbook 2019 is a comprehensive analysis of the key developments in the main sectors of the state and society in 2018.

Main trends of the year

- Amid preparations for the election campaigns of 2019/2020, economic and political reforms stalled. The authorities focused on maintaining and strengthening "sovereignty", "independence", and "stability" within the Soft Belarusization trend.
- Contradictions became more conspicuous between the conservative political headquarters (Alexander Lukashenko's Executive Office) and the economic headquarters (the Sergei Rumas-led renewed government), which tends towards discrete reforms.
- Tensions built up in the country's personnel policy in the wake of the failure to ensure a more compact and efficient state machine.
- Control and punishment prevailed in nearly all spheres of public life; the government's security, defense, and law block

managed to maintain its positions, despite the damage it was doing to progress achieved by other agencies in foreign and economic policies.

- The recovery growth of the economy was exhausted, and the private sector is not in a position to make up for the failures of the public sector.
- None of the conflicts in Belarus's trade and economic relations with Russia have been resolved, which put additional pressure on the national currency.
- Slow normalization of relations with the West continued, albeit amidst procrastinated negotiations on crucial bilateral agreements.
- Sovereignty and independence were fixated in public conscience as important values.

Since 2003, the *Belarusian Yearbook* project has evolved as a joint endeavor of the Belarusian expert community to compile, conceptualize, and deliver a chronicle of Belarus's contemporary history.

Contributing to *Belarusian Yearbook 2019* were independent analysts and experts, as well as specialists representing various think tanks, including Institute of Political Studies "Political Sphere", Belarusian Institute for Strategic Studies (BISS), Belarusian Institute for Public Administration Reform and Transformation (BIPART), School of Young Managers in Public Administration (SYMPA), Minsk Dialogue Expert Initiative, Ostrogorski Centre, Belarusian Economic Research and Outreach Center (BEROC), MACROCENTER Macroeconomic Research Center, *Belarus Security Blog* analytical project, Centre *Ecumena*, Foreign Policy Council *Ukrainian Prism* (Kyiv), Institute of International Relations (Warsaw, Poland), Belarusian Analytical Workroom (BAW, Warsaw), Public Bologna Committee, Agency for Social and Political Expert Appraisal (Vilnius), and the website of the expert community of Belarus *Nashe Mnenie* ('Our Opinion').

STATE AUTHORITIES

PRESIDENTIAL ADMINISTRATION: *NIHIL NOVI*

Nikolai Burov

Summary

Throughout 2018, the Alexander Lukashenko Administration was busy preparing for the 2019 election campaign that will generally follow the usual Belarusian scenario, but with less emphasis on 'buying' votes than in the previous campaigns. The Administration still adheres to extremely conservative views in terms of possible political transformations. Presidential chief of staff Natalia Kachanova was growing more and more powerful. Tensions between the Administration and the government were increasing. Shortages of qualified personnel remained a serious problem.

Trends:

- The full-scale preparation for the 2019 election campaign has begun;
- The 'Vitebsk clan' in the Belarusian political establishment got much stronger;
- There were considerable tensions between the Administration and the government;
- The country's leadership was still experiencing staffing problems, trying to find new solutions to overcome qualified personnel shortages.

“No one holds on to power fingers spread. Clenched fist is what holds it”¹

In 2018, the Presidential Administration primarily focused on the preparation for the 2019 election campaign to ensure a trouble-free re-election of Alexander Lukashenko for his *sixth* term in office by means of (a) a further careful and gradual shift of the emphasis of the propaganda rhetoric from socio-economic development to the preservation of national sovereignty, stability and independence, an issue that, as a matter of fact, has been blown way out of proportion, (b) designing new tools to control the private sector amid the continuing degradation of the public sector and the acute unemployment problem², and

¹ Quote from Alexander Lukashenko's speech.

² Many in the Administration believe that growth of the private sector at the expense of the public sector, including through the flow of workforce from the latter to the former, is the main political threat to the existing model.

(c) building a new model of the relationship with the Russian Federation.

The Administration sees a redistribution of roles in the economy between the public and private sectors as one of the main tasks for retaining the vantage ground. However, effective mechanisms for controlling people, who fall out of the public sector, have not been worked out yet. The president instructed to closely monitor how petitions filed by individuals are being handled³ as per Directive No.2. “The Presidential Administration must do this. The people must be duly updated on all developments,” said Lukashenko.

The government failed⁴ to cope with the increasing unemployment rate and minimize the outflow of workforce from low-paid jobs by means of the notorious decree on ‘social parasites.’ The first version of the decree did not work and even undermined socio-political stability in the country. The second version turned out to be substantially diluted and did not extinguish popular enragement.

The Administration tries to shift responsibility for the inability to work out new tools for controlling the employed to local authorities and the government, which are set impossible tasks. This was most clearly manifested during the ‘Orsha panning’⁵ in August, when the government was replaced. It is the government, which is to pump money into the economy in the pre-election year and take tough measures, who will be scapegoated for the economic collapse.

Throughout the year, the Administration strictly adhered to an extremely conservative policy regarding any possible political transformation in the country, which is not surprising, since it completely coincides with the position of the president. At the 3rd congress held on January 19, the Republican NGO

³ См. «Эволюция законодательства по работе с обращениями граждан в Республике Беларусь.» *Наше мнение*, 28 June 2018, <https://nmnby.eu/news/analytics/6645.html>.

⁴ «Декрет № 1: способ не потерять лицо или бомба замедленного действия?» *Наше мнение*, 17 Dec. 2018, <https://nmnby.eu/news/analytics/6768.html>.

⁵ «Президентский разнос в Орше. Что это было?» *Tut.by-YouTube*, 21 Aug. 2018, <https://www.youtube.com/watch?v=ZRmtaXiYTyM>.

Belaya Rus ('White Russia') finally dropped its long-standing aspiration to obtain the status of political party. It is absolutely clear that the elections to the 7th House of Representatives will be held according to the current laws on elections, and even feeble attempts to initiate the transition to a party system is out of the question.

Despite the persistently circulating rumors about possible amendments to the Constitution, there was no information on any developments in this regard. (The only rationally acceptable change in terms of the transfer of power would be, of course, the establishment of the post of vice-president, rather than a *seven-year* presidential term or transition to a party system.)

The Presidential Administration initiated significant rearrangements in the management of state-owned media, which, however, are only partly related to changes in information policy. Pavel Yakubovich stepped down as editor-in-chief of newspaper SB Belarus Today following allegations about unscrupulous financial operations. Ivan Eismont was appointed chairman of the Belarusian State TV and Radio Company, obviously thanks to his powerful wife, who heads the presidential press office. The changes in the media sector reflect a tightened information policy of the government, especially in relation to the Internet (in particular, the preparation of a new version of the Law on the Media, the BelTA Case, etc.), which indirectly suggest that the available means of control are very limited, and that the country's leadership is nervous about the socio-political situation in the country.

Political scientists point at the following important areas that state ideologists use to prioritize anyway: (a) the fierce war on corruption, (b) the reportedly low utility bills, (c) the fight against the 'construction mafia', and (d) national cultural and sporting achievements (the active preparation for the 2nd European Games scheduled for June 2019, etc.).

Conflict within the elite

The conservative position of the Presidential Administration cannot but aggravate intra-elite antagonisms. The fact that Alexander Lukashenko had to deal with them publicly sug-

gests that the degree of tension is quite high. During the ‘Orsha panning’, presidential chief of staff Natalia Kachanova tried to launch a counter-offensive, noting that only 87 out of 126 presidential orders on socio-economic development of the Orsha district were fulfilled.

At the meeting with the Administration leadership held on October 18, Lukashenko even said that the Administration was overly active, intervening in activities of the government and, more importantly, defense and security agencies. The president looked irritated by Kachanova’s attempts to blame the others for the non-fulfillment of presidential instructions. He said that the Administration should have stayed within its jurisdiction and taken care of staffing, screening of proposals submitted to the president, monitoring of their implementation, and ensuring the special role of presidential assistants. The Administration did not oppose the law on countering domestic violence, which fundamentally contradicts public sentiments that ideologists are trying hard to nurture in society, and the diligently built image of Alexander Lukashenko as the father of the nation.

A week later, at a meeting with First Deputy Prime Minister Alexander Turchin, the president insisted that strategizing is not in the government’s job description, and it should mainly deal with everyday routine.

Personnel reshuffles

The authorities still fail to increase the role of the presidential assistants (envoys), chief inspectors of the regions and Minsk city (these positions were established by decree No.305 of August 25, 2017). They analyze and forecast the socio-political and socio-economic situation in their areas of responsibility, identify local problems and contribute to producing possible solutions.

The scandal with Sergei Rovneiko, Presidential Assistant in the Grodno region, discredited the institution of assistants to a certain extent. On May 29, Rovneiko was caught red-handed taking a USD 200,000 bribe in a large-scale redistribution of the alcohol and tobacco market in 2018.

Alexander Turchin was appointed presidential assistant in the Gomel region, and Vladimir Andreichenko took the

position of assistant in the Vitebsk region. There was an attempt to counterbalance the power of the so-called “Vitebsk Group” (Andreichenko and Kachanova among them by all accounts) by appointing Vitaly Vovk assistant to the president, chief inspector of the Vitebsk region (the latter was removed from office as minister of industry after a scandal).

Nevertheless, the Vitebsk clan in the Administration was growing stronger. Kachanova managed to retain the president’s trust. Despite harsh criticism voiced in Orsha, Nikolai Sherstnev remained chairman of the Regional Executive Committee, and Vladimir Andreichenko not only continued to perform the functions of presidential assistant in his native region, but was also entrusted to select MPs for the 7th House of Representatives. In 2018, the president visited the Vitebsk region much more often than other regions.

On April 5, the Presidential Administration returned to the traditional composition by reinstating the office of special deputy chief of staff for ideology. Vladimir Zhevnyak, who was little-known to state ideologists, was appointed to this position. The ideological vertical got somewhat blurred. The supervision of education, culture and sports was assigned to first deputy chief of staff Maxim Ryzhenkov, which created some kind of diarchy in the Central Directorate of Ideology headed by Olga Shpilevskaya (also little-known) since September. Unbiased experts say that the ideological branch has never been that weak. Truth be told, the crisis of ideas and the conservative ideology in Belarus have been apparent in the past few years.

The Administration certainly is aware of the staffing problem it has, and makes considerable efforts to resolve it. The strategy is also understandable: to look for most effective solutions to the problems arising from the shortage of resources and preservation of the development model, rather than relying on the strong ideological vertical and the security bloc.

For instance, the Administration tries to make the Presidential Academy of Public Administration an effective institution in terms of public officers’ competences. Gennady Palchik was appointed rector of the Academy in late May. On July 24, the president heard his report for the second time. In August, Kachanova assisted in the formation of a special pool

consisting of promising young managers, whose education at the Academy of Public Administration is considered a very serious matter, and the education process (mentorship in particular) is unusual for Belarus.

Meanwhile, the Administration worked on a new version of the Law on Public Service, the essence of which boils down to a significant tightening of its provisions and the actual legislative attachment of applicants to their areas of responsibilities, which indirectly indicates that the staffing problem gets increasingly acute. “The civil service is for special people,” Kachanova said.

Conclusion

As in previous years, the Presidential Administration mainly adheres to conservative views on the possibility of any political changes in Belarus.

Chief of staff Natalia Kachanova became more powerful. So did the Vitebsk clan in the Belarusian political establishment, which, among other things, was manifested by the channeling of significant resources to the Vitebsk region for development of the Orsha district, as well as the project of a large logistics hub in Bolbasovo that looks more like a smuggling hub. At the same time, President Lukashenko firmly curbed the attempts of the Administration to enhance control over other pressure groups, especially defense and security functionaries.

The weakening of the Central Directorate of Ideology continued. The shortage of qualified personnel was growing, which first of all concerns the selection of professional personnel and their legislative anchoring in designated jobs.

Preparing for the upcoming 2019 election, the Presidential Administration once again follows the traditional scenario.

GOVERNMENT: HORSES IN MIDSTREAM

Polina Makarova

Summary

The change of government was obviously the major administrative event of 2018. A number of positions in the Council of Ministers and the key positions in the economic bloc were taken by persons, who, by general repute, are basically adhering to liberal values shared with independent economists and international experts. However, they are still not powerful enough to influence the general economic and social policy of the country's leadership.

As before, their powers are primarily limited by the paternalistic stand of the political leadership, who practice the 'manual steering' of social and economic processes.

Trends:

- Predominant use of control and punishment tools in the areas of responsibility regardless of the composition of the government;
- Government as a hostage of paternalistic decisions of the political departments;
- Retaining of power by securocrats despite the damage their actions do to efforts made by other departments in foreign and economic policies.

Midstream

The head of state was stating his dissatisfaction with the government's performance since the very beginning of the year.¹ The points of his criticism were pretty much the same: formalism in carrying out president's instructions, unreasonable optimism, and ignorance when it comes to the actual state of things.

Alexander Lukashenko is almost always dissatisfied with the government. Some intriguing novelties were expected in 2018. The establishment of a Digital Economy Ministry was officially announced in March. Earlier that year, Lukashenko discussed

¹ «Лукашенко “очень настораживают” стиль и методы работы правительства.» *БелаПАН*, 2 Mar. 2018, <https://belapan.by/archive/2018/03/02/945454/>.

this in detail with Alexander Turchin, then chief of staff in the Council of Ministers.² Turchin optimistically predicted that the new ministry would be set up as soon as mid-2018. He was appointed deputy prime minister after a little while, but the ministry did not open by the time he specified, although he publicly spoke about the transition to the e-government and coordination of this transition more than once.

In early 2018, high hopes were pinned on e-management. Prime Minister Andrei Kobyakov said in May that the planned transformation of the decision-making technology would ultimately lead to a transformation of the management system with regard to “the basic functions of a modern government, i.e. healthcare, world standards in education and science, security and legal protection of the population, effective management of state assets and high competitiveness of the national economy.”³

All these remarkable plans were back to scratch in the middle of the year with the change of government. As a result of the president’s trip to Orsha (where over a year and a half, an economic breakthrough did not happen, although Lukashenko ordered to raise the region “from ruins and ashes”), Minister of Architecture and Construction Anatoly Chernykh and Minister of Industry Vitaly Vovk were fired.⁴ Furthermore, the head of state considered the failure to restore the industrial capacity of the Orsha district not just a failure of the government, but one more example of systematic ignoring of his instructions. Lukashenko was particularly angered by high-ranking officials’ attempts to blame circumstances beyond their control, which made it impossible to achieve the regional development targets.

² «Лукашенко обсудил с Турчиным перспективы создания министерства цифровой экономики.» *БелТА*, 27 Mar. 2018, <https://www.belta.by/video/getRecord/3009/>.

³ «Кобяков: Для трансформации системы управления необходимо модернизировать технологию принятия государственных решений и методы.» *БелаПАН*, 24 May 2018, <https://belapan.by/archive/2018/05/24/957526/>.

⁴ «Лукашенко отправил в отставку министров промышленности и архитектуры и строительства.» *БелаПАН*, 14 Aug. 2018, <https://belapan.by/archive/2018/08/14/968604/>.

When in Orsha, Lukashenko demanded that his administration make proposals for the replacement of the entire government. *Four days* later, the order was executed, and Sergei Rumas, who previously headed the Development Bank of the Republic of Belarus, was appointed prime minister together with *four* deputy prime ministers, Igor Petrishenko, former ambassador extraordinary and plenipotentiary to Russia, among them. Vladimir Semashko, who had served as vice premier for over fifteen years, took his office in the Belarusian embassy in Moscow.

Independent experts mostly welcomed the appointment of Rumas as prime minister. Rumas is not afraid of publicity and can find common language with international experts, persist in his opinion and behave with dignity ‘under fire.’ He was one of the heads of the Council of Ministers in the capacity of deputy prime minister from 2010 to 2012, the time of one of the worst economic, financial and foreign policy crises in the contemporary history of Belarus. Rumas advocated a reduction in spending on ineffective state programs and even entered into public debate with economic advisor to the president Sergei Tkachev.⁵

Speaking highly of the new prime minister as a professional and a man of action, experts agreed that although Rumas will try to carry out independent economic (primarily) policy, he will still be unable to cross the lines firmly drawn by the president. Shortly after the appointment of the new Cabinet, Lukashenko said that the government members were selected to pursue the policy chosen by the people in the presidential election, rather than to determine this policy.

It can be assumed that Rumas, whom some experts called a “crisis manager”, will be capable of stabilizing the lurching ship of the Belarusian economy once again, which has been continually taking water, and even impart some acceleration by achieving GDP growth. But the question whether he can put this ship on a new course is basically rhetorical.

⁵ «Кадровая чехарда-2012 как признак возврата в прошлое.» *Tut.by*, 30 Dec. 2012, <https://news.tut.by/politics/328573.html?crnd=63942https://news.tut.by/politics/328573.html>.

What to handle first?

Development of regions and towns was very high on the to-do list of the Andrei Kobyakov government. However, as the dramatic change of government after Lukashenko's devastating trip to Orsha showed, this was not enough.

The president officially declared 2018 a Year of the Cradle Land ("Small Motherland"). It turned into Three Years of the Small Motherland (2018–2020) in June.⁶ In April, the president tasked the government to design a draft concept of the "village of the future"⁷. "This is about development of rural settlements, the population of which is engaged not only in agriculture, but also agro-ecotourism, or attracts tourists with restored architectural monuments, like old family manors", explained Mikhail Rusy, then vice premier.

Several localities did obtain the status of a "village of the future", but the conceptual content of this innovation has not been brought to public judgment so far. It is also unclear how the improvements under the heading "the village of the future" differ from other numerous redevelopment orders.

Throughout the year, the president was expressing dissatisfaction with the progress that government showed fulfilling his assignment to create highly productive jobs. He said back in March that local administrations not only never heard about this assignment, but had no idea what "highly productive jobs" meant. Their job creation efforts were limited to the prohibition to lay off workers of local enterprises.

Addressing the parliament in 2017, Lukashenko instructed to raise the Orsha district "from ruins and ashes." (Protests against the notorious decree on "social parasitism" in March 2017 were massive there.) The Council of Ministers got to work. Emergency funds were allocated from the national budget to local industrial and agricultural enterprises. The prime minister

⁶ «В Беларуси 2018–2020 годы пройдут под знаком Года малой родины.» *БелТА*, 20 June 2018, <https://www.belta.by/president/view/v-belarusi-2018-2020-gody-projdut-pod-znakom-goda-maloj-rodiny-307648-2018>.

⁷ «Лукашенко поручил правительству выработать действенный механизм реализации концепции "деревни будущего".» *БелаПАН*, 3 Apr. 2018, <https://belapan.by/archive/2018/04/03/950232/>.

went there in May 2018. He said that “the situation at the enterprises of the Orsha district improved”⁸ mainly thanks to ambitious plans for its improvement.

However, it was not enough to make those plans. On August 13, during Lukashenko’s trip to Orsha, which turned life-changing for the Kobyakov government, the president criticized those plans and the state of *four* Orsha enterprises. The immediate replacement of the district administration and Lukashenko’s instructions on the procurement of equipment, utilization of production facilities and search for sales orders were not enough either to achieve a breakthrough in economic development of the district. At the end of the year, the district was granted unprecedented incentives, including a special taxation regime and the prohibition to take those charged with economic crimes in custody (as part of business emancipation).⁹

The year 2019 will show whether these innovations, which humorists call “LOLshore” in social media, will help raise the Orsha district “from ruins and ashes”. In fact, the large-scale investment of national budget funds in industrial and social development of one, more or less arbitrarily chosen district indicates that the implementation of regional economic and social policies remains closely linked with political priorities and is loosely linked with strategic plans of the government.

Two-faced Janus

The Ministry of Foreign Affairs and the economic ministries made strenuous efforts to improve the international image of Belarus, while actions of defense and security agencies often bring the results of these efforts to nothing. Belarusian Janus turns his kind, friendly face to foreigners (especially those

⁸ «Кобяков: Ситуация на предприятиях Оршанского района улучшилась.» *БелаПАН*, 18 May 2018, <https://belapan.by/archive/2018/05/18/956764/>.

⁹ «Александр Лукашенко подписал Указ о развитии Оршанского района.» *Официальный интернет-портал Президента Республики Беларусь*, 3 Jan. 2018, http://president.gov.by/ru/news_ru/view/aleksandr-lukashenko-podpisal-ukaz-o-razvitii-orshanskogo-rajona-vitebskoj-oblasti-20210/.

who travel to Belarus visa-free under the new regulations) and organizations (especially if they say something nice about the country or want to assign some important ratings to Belarus). But when it comes to its own people, metaphorically speaking, they see the austere face of the Ministry of the Interior and the Ministry of Defense. The “social” ministries – the Ministry of Labor and Social Protection and the Ministry of Health – are not the vanguard of humanitarian initiatives either.

Last year, as always, Belarus internationally fought for all good against all bad: against modern slavery, human trafficking and online exploitation of children, anti-Semitism, racism and discrimination. Domestically, the country’s leadership still applies a policy of punishment and prohibition.

In March, the president endorsed decree No.1, a revised version of Decree No.3 of 2015, which is known as the decree on “social parasitism” that sparked massive streets protests in the localities where people only saw riots in foreign news. The authors of the new decree obliged local authorities to assist Belarusians in finding jobs, but did not give economic leverage to coerce the unemployed into working.

The database of “parasites” numbered half a million people¹⁰, although the official unemployment rate was below 0.5% (15,000 people). Even according to the ILO methodology (household surveys), the number of the unemployed was around 5%, which is half the number of the “parasites” on the database.¹¹ Having calculated the approximate cost of the database and potential receipts from the full-price utility bills that the employable jobless persons are supposed to pay (it was only about water heating in late 2018), experts started questioning the adequacy of these measures to solve the employment problem.

The responsibility to assist the unemployed in finding jobs imposed on local authorities is no less doubtful. Like the previous attempts to coerce into working economically, decree

¹⁰ «Около 500 тыс. человек попали в базу незанятых в экономике.» *БелТА*, 2 Dec. 2018, <https://www.belta.by/society/view/okolo-500-tys-chelovek-popali-v-bazu-nezanjatyh-v-ekonomike-327793-2018/>.

¹¹ «“Это безработные и уехавшие за границу”. Откуда в тунейдской базе оказалось 500 тысяч белорусов.» *Tut.by*, 2 Dec. 2018, <https://finance.tut.by/news617659.html>.

No.1 will hardly substitute full-fledged and systemic labor and employment policy. Except the high-profile decree on “parasites”, the Ministry of Labor and Social Protection did not propose any other innovative ideas in this area.

The Ministry of Health was shaken by a large-scale corruption scandal that involved over a hundred officials and administrators. Investigators revealed a corrupt scheme of procurement of medical equipment and pharmaceuticals, which not only enriched the involved civil servants, but also drained funds from the state budget.¹²

The Ministry of the Interior in the face of Minister Igor Shunevich made a number of contradictory statements about traditional family values and individuals who do not share the views of the minister. Shunevich refused to recognize such views as discrimination. “We discriminate the criminals as well to some extent”, he said.¹³

Information about new, often tragic episodes of hazing in the Belarusian army was coming out into the open throughout the year. The Ministry of Defense denied their systemic nature. Despite emotional statements made by the head of state, the ministry did not take any consistent measures to eradicate this problem.¹⁴

Summing up the above, it can be said that problems of public policy and public administration in Belarus remained systemic, and the tools used to resolve them – selective control and the threat of punishment – have not basically changed over the past decade. Accordingly, the replacement of key persons in the Council of Ministers can only change the situation if the functions of the government and its relationship with the political leadership are fundamentally reconsidered.

¹² «КГБ сообщил о вскрытии масштабной коррупционной схемы в здравоохранении и задержании более 50 человек.» *БелаПАН*, 25 June 2018, <https://belapan.by/archive/2018/06/25/962345/>.

¹³ «Шуневи́ч по поводу ЛГБТ-флага: Это была проверка общества на зрелость, которую оно не прошло.» *Tut.by*, 7 June 2018, <https://news.tut.by/society/595814.html>.

¹⁴ «Судаленко: “Если дело Коржича ляжет в архив, то скоро всё вернётся на круги своя”.» *Салідарцасьць*, 10 Dec. 2018, <https://gazetaby.com/post/sudalenko-esli-delo-korzhicha-lyazhet-v-arxiv-to-skoro-vse-vernetsya-na-krugi-svoya/144545/>.

Conclusion

The main question of 2018 is whether the change of government and the hiring of younger executives with relevant education and, presumably, liberal values will guarantee public policy successes. Despite the encouraging statements of the new prime minister and his deputies, the answer should probably be given based on previous experience of interaction between the government and the political leadership, when the personal traits of the head and the members of the Council of Ministers did not matter that much. It can be assumed that in the key areas (economy, employment, regional development, etc.) government policy will remain not very systemic and consistent, and will continue to rely mainly on control and punishment methods.

GLASS DOME OF NATIONAL DEFENSE

Andrei Porotnikov

Summary

In 2018, the Belarusian army continued training to respond to a local high-intensity conflict with a focus on actions in urban areas, which, among other things, required an adjustment in the territorial defense configuration.

The newly created national system of government communications is an essential element of stability in a crisis situation. The first UAV production facility was set up jointly with a Chinese defense company.

The State Military Industrial Committee chairman was replaced due to unresolved defense industry issues. Creation of strike UAVs was among the Committee's top priorities.

The Prosecutor's Office was closely monitoring law observance in the army, which indicates a high degree of concern over offences committed by the military.

Trends:

- Profound reorganization of territorial defense;
- Considerable efforts made to create a national government communications system;
- Development of strike drones as a new image-building project of the domestic defense industry;
- Emphasis on discipline and law enforcement in the army.

Combat training peculiarities

In 2018, the armed forces were intensively rehearsing combat operations in urbanized terrain.

In January-March, the army went through a traditional comprehensive inspection. Special operations units played the role of a hypothetical aggressor. The new 37th infantry brigade was formed out of reservists, which was a distinctive feature of the event along with the call-up of women (around 50 in total), mostly health professionals. The high draft rate was quite impressive: 1,400 people were called up from the reserve in just two days, March 21–22.¹

¹ «В рамках комплексной проверки Вооружённых сил за два дня из запаса призвано около 1 400 военнообязанных.» *БелаПАН*, 23 Mar. 2018, <https://belapan.by/archive/2018/03/23/948288/>.

The combat readiness check revealed a split between the army and a significant part of society. A huge number of those bound to military service dodged the draft on falsified grounds. The reservists involved in the exercise left mostly negative or condescending remarks in the electronic and social media.

In 2018, the army was trained in:

- anti-sabotage operations;
- interaction with the border guards and the police;
- management of combined units (infantry, tank, artillery and air defense);
- infantry's interaction with artillery, electronic warfare units, UAVs, and army and assault aviation;
- elimination of airborne assault groups using artillery;
- protection of administrative and industrial facilities from air strikes;
- repelling of air attacks by air defense units;
- wartime logistics support for the army;
- water obstacle crossing;
- landing of personnel and heavy equipment and delivery of cargos to units engaged in military operations in isolation from the main forces.

The military acted in conditions of unstable communication with command posts. The integrated support system during armed hostilities (reconnaissance, electronic warfare, telecommunication, logistics, technical support, etc.) was checked.

Exercises were held to practice missile strike management with Polonaise multiple rocket launchers in wooded areas, which included simulated launches and rapid redeployment from the launching sites.

The artillery practiced strikes during hours of darkness, accelerated long-distance marches, including at night, and interaction with UAV units to detect and neutralize hostile sabotage and reconnaissance groups. The experience of the war in Syria was taken into account.

Territorial defense

The assumption that the territorial defense system will be reformed proved to be true. Territorial defense districts were

enlarged, and the troops received ZPU-4 anti-aircraft machine guns, *Metis* anti-tank guided missiles, SPG-9 anti-tank grenade launchers and *Vasilek* automatic mortars, which proved effective in Donbas and Syria.

Territorial defense troops were trained in mine defense, entry checkpoint control, preparation for defending populated localities, armed protection of defensive bases, urban patrolling and closing gaps during penetration of subversive groups.

Civilian officials practiced organization of defense of populated areas, application of artillery and anti-tank units of the territorial troops and management of territorial defense forces using digital means of communication.

For the most part, territorial defense activities were related to command and control education.

Government communications: of domestic manufacture now

On February 2, 2018, KGB Chairman Valery Vakulchik showed TV reporters a room, which he called a government communications control center (it was probably not). He also presented telecommunication means of domestic manufacture, which are much cheaper than foreign analogues, and can be exported in the future.

In May, Vakulchik demonstrated a Belarusian made mobile phone for secured government communications. Its mass production had allegedly started, he said. The phone can also be exported to friendly countries.

Armed forces buildup

Armed forces development priorities for the period to 2020 were announced in February 2018. They include the enhanced capacity to respond to hybrid war threats and information warfare, special operations and territorial defense. The military began training in conducting operations by dispersed autonomous mobile groups.

The Belarusian army is 40% equipped with up-to-date weapons. The task is to increase this proportion to 50%.² Another problem is that a large number of conscripts do not meet health requirements to serve in the army.³

The armed forces optimization is largely based on the increased numeric strength and improvement of the command and control component. By trimming the overlapping and secondary elements, the military managed to significantly increase personnel and reduce the time of rapid deployment in case of a threat to national security.

It looks like the military are considering the abolition of constantly functioning operational commands attached to designated administrative-geographical locations and their replacement with joint command in the areas under threat.

Development of the military industrial sector

The JV Aviation Technologies and Complexes founded by the National Academy of Sciences of Belarus and the Aviation Industry Corporation of China (AVIC) was officially registered in April 2018. The company is going to launch mass production of items of domestic and AVIC's design. AVIC is known for its *Wing Loong* multipurpose reconnaissance-strike long-distant UAV. It has been exported to Egypt, United Arab Emirates and Kazakhstan, with which Belarus has friendly relations.

The year 2018 will also be remembered for the conflict between the Ukrainian *Motor Sich* PJSC and the Orsha Aircraft Repair Plant. The Belarusian authorities accused *Motor Sich*, the major shareholder of the plant, of breaching the investment contract. The parties threw accusations at each other and even initiated criminal proceedings. In the end, Belarus re-nationalized the enterprise.

² «Вооружённые силы Беларуси отвечают современным реалиям обеспечения национальной безопасности.» *БелТА*, 23 Feb. 2018, <https://goo.gl/NmPRZs>.

³ «Компетентно и по существу.» *Во славу Родины*, 15 Feb. 2018, <https://goo.gl/vTfU3Q>.

Judging by the available information, *Motor Sich* managed to defend its financial interests after all. From the very beginning, the Ukrainian investor took on excessive obligations to the Belarusian government and the latter pinned unrealistic hopes on the company, hoping to start domestic helicopter production (and not only that). Due to the hostilities with Ukraine, Russia banned imports of some Ukrainian industrial commodities (including helicopter engines), closing some segments of its market to Ukraine. *Motor Sich* was no longer much interested in the Belarusian production capacities, which certainly affected the Orsha plant.

On May 2–4, Belarus and Kazakhstan held a joint command and staff exercise with the rocket troops and artillery at the Sary-Shagan testing range.⁴ Belarus delegated units armed with the Polonaise multiple rocket launchers and Tochka-U short-range missiles, about 100 units of equipment and over 200 personnel in total. Given the small number of personnel and the large amount of equipment, the exercise was more likely of research or advertising nature.

Last year, financial problems of defense enterprises were publicly admitted for the first time. Some companies were said to be on the verge of insolvency.

In August, Oleg Dvigalev had to step down as chairman of the State Military-Industrial Committee of Belarus. He was replaced by Roman Golovchenko, who has experience of working in the defense industry and the diplomatic service. The goals set to his agency are (1) to design high-tech weapons and military hardware; (2) expand the range of finished hardware prototypes of Belarusian manufacture, which includes small arms and ordnance, and (3) expand the range of exported items.

On October 5, Alexander Lukashenko watched a presentation of new Belarusian prototypes and made several statements about national security. He once again spoke about UAVs (including strike ones), high-precision missiles, small arms and

⁴ «Белорусские военные принимают участие в учении ракетных войск и артиллерии в Казахстане.» *Беларусь сегодня*, 3 May 2018, <https://goo.gl/KFQCaV>.

ammunition of domestic manufacture as the defense industry priorities.⁵

In October-December, in collaboration with the Ministry of Defense and the National Academy of Sciences, the Military-Industrial Committee organized a training course for drone operators.⁶ It was supervised by the Security Council, Ministry of Defense and Military-Industrial Committee. Some adjustments were made to the UAV prototypes based on the findings made during the training.

The Military-Industrial Committee reported in late December that exports of commodities and services increased from USD 960 million in 2017 to 1.027 billion in 2018.⁷ Supplies to Azerbaijan, which received two batches of Polonaises last year, largely contributed to this achievement.

Law and order in the focus of attention

In 2018, the Prosecutor's Office actively monitored the compliance with law in the army and preventing hazing as never before. Representatives of the Office conducted an outreach campaign in the largest garrisons of the country and anonymous questioning of conscripts regarding acts of harassment, inspected the service and living environment, assessed the effectiveness of officers and commanders' performance, etc. In the *first* quarter of 2018 alone, prosecutors held 188 events with the military.⁸

The KGB military counterintelligence was subjected to criticism. An interdepartmental meeting on strengthening military discipline was held in June. Attending the meeting were

⁵ «Арсенал.» *ВоенТВ*, 07 Oct. 2018, <https://goo.gl/Z8iEuH>.

⁶ «На военном полигоне в Борисове прошли контрольные занятия с операторами ударных беспилотных авиационных комплексов.» *Госкомвоенпром*, 20 Dec. 2018, <https://goo.gl/V7xeAZ>.

⁷ «Белорусский экспорт военной продукции в 2018 году превысил \$1 млрд.» *Интерфакс-Запад*, 2 Jan. 2019, <https://www.interfax.by/news/belarus/1252611>.

⁸ «Предупреждение нарушений законодательства в войсках — неотъемлемая часть работы прокурора.» *Генпрокуратура Республики Беларусь*, 8 May 2018, <https://goo.gl/Hsv61T>.

officers of the Minsk Regional Prosecutor's Office and KGB military counterintelligence chiefs.

An interdepartmental meeting on legality and law and order in the army took place in October under the chairmanship of Prosecutor of the Brest region Viktor Klimov. The police (not the KGB) was tasked to redouble efforts to detect law infringements in the army.

Conclusion

The year 2018 showed a number of constraints to national defense, resulting from changes in the external environment. The ineffectiveness of Defense Ministry's information policy creates serious problems with calling up the residents of large cities to reserve exercises. The involuntary draft institution needs adjustments to elevate its status. Much is yet to be done to overcome quite the negative public sentiment in relation to military service.

The authorities are making efforts to resolve pressing issues, but the highly bureaucratized public administration system is often generally unable to make proactive decisions and only loses time, the main resource it has. The problem of compliance with the law remains acute.

Judging by last year's army training priorities, emphasis was put on extinguishing local and small-scale, yet highly intensive hostilities. The ability to rapidly increase the number of military personnel is of paramount importance.

Belarus finally obtained its own secured government communications system. It took considerable effort to set up the national cryptographic school. It is possible to assert now that dependence on external partners in communications security has been minimized.

The conflict in Ukraine showed the critical importance of having stable and reliable government communications. In the current situation, solutions offered by Belarusian specialists could be in demand in post-Soviet countries, primarily in Azerbaijan, Kazakhstan and Turkmenistan, which are traditional partners of Belarus.

Creation of a strike UAV was among the priorities of the domestic defense industry. Development reports are expected in the near future.

The military industrial complex has exhausted its growth potential due to extensive development, since access to the Russian market is not expanding. Therefore, the focus will be on a wider product range and competitiveness of Belarusian defense products.

PARLIAMENT: A PERIOD OF LEGISLATIVE ACTIVISM

Andrei Kazakevich

Summary

In 2018, the Parliament considered and adopted five deputy bills, demonstrating increased legal activism, which can be considered an additional cautious attempt to increase the efficiency of the activities, public and political importance of the Parliament. The results of this activism were, however, mixed. Three laws related to nature protection were signed by the President and acquired legal force. The other two bills of an economic nature were returned by the President to Parliament for revision. The return of the law by the President is an atypical practice for Belarus and even an extraordinary event, demonstrating the limits of parliamentary activism.

In comparison with the very intensive international activities of the Parliament in 2017, when the international parliamentary forums of the OSCE, CEI and COR-LEAP were held, the foreign policy activity of the House of Representatives and the Council of the Republic decreased to the usual level. Institutionalized forms of cooperation (sessions, meetings of commissions, parliamentary hearings) remain aimed at Russia and the post-Soviet space (the Union of Belarus and Russia, the CSTO, the CIS) – they account for more than 70% of such events. In 2018, the activities of the Parliament witness an increase in openness, a more effective communication with society, media, as well as a more active participation of deputies in public discussions.

Trends:

- A surge in parliamentary activity in the initiation of bills with a controversial reaction from the executive structures;
- A decrease in international activity of the Parliament in comparison with 2017;
- The dominance of institutionalized forms of cooperation of Russia and the former Soviet Union; the advantage of bilateral contacts of the parliaments of the countries of Asia;
- A more open and intense communication with the society and the media.

Legislative activity

The activities of the House of Representatives of the 6th convocation have its own characteristics each year. In 2016, the most interesting were the results of the elections, which in many respects differed significantly from the previous ones. In par-

particular, a record number of representatives of political parties were elected (since 2000). For the first time since the elections of 2000, the House of Representatives included deputies from the opposition, and there were other notable differences.¹ The 2016 elections were a political “experiment” aimed, if not at increasing the role of Parliament in political decision-making, then at least at expanding its presence in the public space and public discussions, more effective interaction with society and the media, as well as enhancing international representation and cooperation. Relevant trends were noticeable in the activities of the House of Representatives and the Council of the Republic in 2016–2018.

In 2017, there was a significant increase in the international activity of the Belarusian Parliament. International activity has been an important part of the work of the leadership of both Houses of Parliament, but in 2017, for the first time in Belarus, several important international forums were held, which marked the final exit from foreign policy isolation.

In 2018, the main feature of the Parliament was the increase in the activity of the deputies in the legislative process. Calls for activation were repeatedly voiced in the public space, but did not affect the actual activities of the Parliament. A noticeable surge, perhaps a one-off, occurred only in 2018, when the Parliament considered and adopted a record number of bills initiated by the deputies themselves.

Legislative activity is the main activity for the Parliament, however, as in previous years, the House of Representatives and the Council of the Republic remain dependent on the Council of Ministers in their legislative activity. During the 4th and 5th sessions, the House of Representatives adopted 96 laws proposed in the second session. Of these, 82 (85%) were initiated by the Council of Ministers.

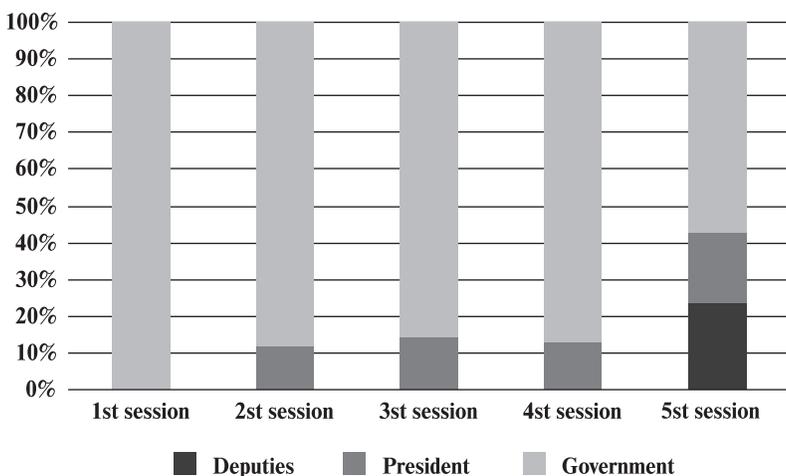
This is partly in line with the practice of the last decade. For the entire period of activity of the National Assembly of the 6th convocation, the share of bills initiated by the government,

¹ For detail see: Казакевич, Андрэй. “Змены без наступстваў.” *Белорусский ежегодник 2017*, <https://nmnby.eu/yearbook/2017/page4.html>.

² 4th and 5th sessions of the National Assembly were held 2 April – 29 June and 2 October – 20 December.

depending on the session, was 80–100%. If we take into account the bills that are being worked out in the commissions of the Parliament and require two readings, the share of government projects is less, but still it is much more than half. If we analyze the draft laws adopted by Parliament in one reading only (the bulk of them are interstate treaties and agreements), such documents are almost exclusively submitted by the Council of Ministers – 96% of the total (see Diagram).

Diagram. Activity of subjects of the legislative process in 2018



At the same time, the role of the President, in fact of the Presidential Administration, has decreased over the past decade. The President uses his rights quite rarely and only in certain areas. If in 2008 the President initiated up to 30% of the laws, in 2016–2018³ their share fluctuated in the range of 7–14% depending on the session. Among the laws that required two readings, the President initiated an average of 12%, among the laws adopted in one reading – 4%. In 2018, the President sent to the House of Representatives bills related to the execution of the budget, as well as amendments to laws relating to security, taxes and civil procedure legislation.

³ From the formation of the National Assembly of the 6th convocation.

Since 2004 (election of the National Assembly of the 3rd convocation), the deputies either did not initiate proposals for laws at all, or proposed a maximum of two bills a year. In particular, in 2016–2017, the House of Representatives did not adopt any law initiated by the deputies. The activity of the Parliament in 2018 is noticeably out of general practice: the deputies considered and adopted five laws in the second reading, which amounted to 10% of the laws adopted in two readings, and 5% of the total number of adopted normative acts.

In October 2017, the leadership of the Permanent Commission on Economic Policy of the House of Representatives initiated two bills at once. Deputies Aliaksei Sokal (Vice-Chairman of the Commission on Economic Policy) and Uladzislau Shchepau (Chairman of the Commission) introduced a bill on amendments and additions to the Law *On investments*⁴. Another bill that provided for changes to the Law *On privatization...*⁵ introduced by Leanid Brych together with Siarhei Ziamchonak (both are Deputy Chairman of the Commission on Economic Policy). The bills were adopted by the House of Representatives and approved by the Council of the Republic in December 2018.

Three more bills were introduced by deputies of the House of Representatives in April and May 2018. The projects concerned legislation in the field of nature management and environmental protection: amendments to the forest code, amendments to the law *On flora* and the law *On areas of nature under special protection*. According to the information posted on the website of the House of Representatives, the laws were introduced by a “group of deputies”, without specifying the names of the initiators. All proposed bills were adopted by the House of Representatives and approved by the Council of the Republic in October–November 2018.

However, the activity of deputies became the reason for another unusual situation in the legislative practice. Amendments to the law *On investments* and *On privatization...*

⁴ The whole name of the bill is *On introducing changes and amendments into the Law of the RB On investments*.

⁵ The whole name is *On introducing changes and amendments into the Law of the RB On privatization of the state property and transformation of state unitary enterprises into the open joint-stock companies*

after the adoption by both Houses of Parliament, were not signed by the President and were returned to the Parliament with “objections”, which were out of the usual norm-setting practice in Belarus and had no precedents for a long time. Thus, the more intensive participation of deputies in the legislative process received conflicting feedback and demonstrated the lack of development and consistency of such practices, which, obviously, will not contribute to the increase of parliamentary activity in the future.

International activity

Compared to 2017, the international activity of the House of Representatives and the Council of the Republic decreased. 2017 was an obvious foreign policy breakthrough for Belarus and the Belarusian Parliament. For the first time in Minsk on July 5–9, a session of the OSCE Parliamentary Assembly was held, where 57 national delegations took part, which finally recorded the completion of foreign policy isolation and restrictions on the formats of cooperation.

From November 2016 to September 2017, Belarus chaired the conference of local and regional authorities of the Eastern Partnership Countries (CORLEAP). In May 2017, with the active participation of the Council of the Republic, a meeting of the Bureau of this organization was also held for the first time in Minsk.

Finally, in 2017, Belarus chaired the Central European initiative (CEI), which hosted a meeting of the Parliamentary Committee of the parliamentary dimension of the organization in Minsk in May and the CEI Parliamentary Assembly was held in November.

Against this background, the international activity of the Parliament in 2018 was not active. Belarus was not the organizer of important international parliamentary events, and it is impossible to name significant foreign policy actions. The activity of the Parliament entered the usual routine work.

The leadership of the Parliament took part in the work of the Supreme State Council of the Union State (June 2018), the Council of the Republic and personally the Chairman

of the Chamber Mikhail Myasnikovich, as before, actively participated in the organization and holding of the Forum of regions of Belarus and Russia (10–12 October in Mahiliou). Belarus was visited by parliamentary delegations of Uzbekistan, Kazakhstan, Turkey, Egypt, Great Britain and others. The parliamentary delegation of Belarus visited France, Germany, Israel and other states. The parliamentary delegation headed by Mikhail Myasnikovich took part in the inauguration of the President of Turkey.

Part of the visits, in particular the delegation of Uzbekistan to Belarus and the Belarusian delegation to France, took place for the first time. However, according to available information, they cannot be called a breakthrough, or at least the role of the Parliament was not significant, although the deputies made their professional contribution to their organization and conduct.

Despite the declaration of multi-vector and balanced international cooperation, the improvement of relations with the West and the development of contacts with new political and economic centers in the Asian region, the cooperation of the Parliament remains asymmetric and strongly tied to Russia and the post-Soviet space. Cooperation with European countries and supranational structures looks particularly problematic and insufficient. The intensity and depth of contacts in this direction obviously do not correspond to the importance of the European region for the development of Belarus, as well as the level of economic cooperation.

The plan of International parliamentary cooperation of the National Assembly⁶ for 2018 demonstrates this asymmetry quite well. If we take into account the forms of institutional cooperation – regular sessions, meetings of commissions, parliamentary hearings and so on⁷ – 57 institutionalized events can be identified in the international activities of the House of Representatives and the Council of the Republic. Of these, cooperation within the

⁶ «План международного парламентского сотрудничества Палаты представителей Национального собрания Республики Беларусь на 2018 год.» *Палата представителей Национального собрания Республики Беларусь*, <http://house.gov.by/ru/plan-mezhdunarodnogo-parlamentskogo-sotrudnichestva-palaty-predstavitelej-na-2018-god-ru/>.

⁷ Not taking into account conferences, seminars etc.

post-Soviet inter-parliamentary structures (the Parliamentary Assembly of Belarus and Russia, the CSTO parliamentary Assembly, the inter-parliamentary Assembly of CIS member States) accounted for 41, or more than 70%.

To work within the European institutions (the OSCE parliamentary Assembly, the parliamentary conference of the Baltic sea, parliamentary Assembly of black sea economic cooperation and others) accounted for only 11 (less than 20%), and the remainder goes to the Latin American, Asian structure, and the inter-parliamentary Union. Thus, despite attempts to diversify foreign relations, the international activity of the Parliament remains very much connected with Russia and the post-Soviet space.

The bilateral parliamentary cooperation was dominated by the Asian direction. With approximately 32 contacts (visits, official visits and similar events)⁸ 18 (56%) according to the plan accounted for the countries of East and South Asia as well as the Middle East. The share of European countries accounted for 9 (28%) contacts; the rest was associated with the development of cooperation with post-Soviet countries and Africa.

The openness and overall character of the work

In 2018, as in previous years, the activities of the House of Representatives and the Council of the Republic testify to the positive trends of openness and more effective communication with the society, the media, as well as a more active participation of deputies in public discussions. This was reflected in the holding of parliamentary hearings with the involvement of interested persons, personal reception of representatives of the civil society, political opposition and even unregistered public initiatives.⁹

⁸ The analysis includes visits, official visits and other important contacts. Conferences or preparations for cultural or sports events, e.g. assistance in organization of the friendly ice hockey match between the team of the Belarusian President and a team of Swiss veteran players (4 February, Minsk) were not included into the analysis.

⁹ Быковский, Павлюк. «Запрос на депутатскую самостоятельность пока не поступил. “Спящий” орган власти: замечательное единодушие.» *Наше мнение*, 16 Jan. 2019, <https://nmnby.eu/news/analytics/6786.html>.

At the same time, positive trends cannot be called stable, as they mainly depend on the will of the executive structures. It should also be noted that over the past year, the Parliament has not initiated significant and successful political or socio-economic measures.

Conclusion

The National Assembly of the 6th convocation continued to demonstrate differences from previous parliaments. The atypical results of the 2016 elections, the increase in the openness of deputies to contacts with the media and society and the expansion of international activity in 2017 were supplemented by a surge of deputy legislative activism in 2018. Parliament has reviewed and passed five laws initiated by MPs, a record since at least 2004.

The foreign policy activity of the deputies after the surge in 2017 entered the traditional routine. At the same time, inter-parliamentary cooperation with Russia and the post-Soviet space (the Union of Belarus and Russia, the CSTO, the CIS) continues to dominate in institutional forms. In bilateral relations between parliaments, priority was given to the countries of East and South Asia as well as the Middle East.

In 2018, we can observe the continuation of certain positive trends in the openness of the Parliament, as well as an increase in the public activity of deputies. However, these trends are not sustainable. Last year, the Parliament did not propose significant and successful political or socio-economic initiatives.

LOCAL AUTHORITIES: ECONOMIC INEFFICIENCY AND CAUTIOUS EXPANSION OF CITIZENS' SELF-ORGANIZATION

Dmitry Kukhlei

Summary

In 2018, there was no significant redistribution of powers in the local government system. In turn, local elections were held in the traditional way, fully controlled by the Belarusian leadership mode, which provided for the depoliticization of the population and maintained the previously known composition of the councils. As a result, almost none of the alternative candidates got into the councils of deputies.

However, the authorities continue to introduce such a form of self-organization of citizens as public local self-government bodies (PCA) to relieve tension on the ground and control the grassroots activity of residents. The authorities also see the local authorities as an additional mechanism to attract funds from local residents and international programs (mainly the European Union and UNDP). The economic incapacity of the local vertical of power, which is increasingly criticized by the President, is obvious. Local managers failed to implement a pilot project at an acceptable level in Orša, despite the mobilization efforts of the Republican leadership.

Trends:

- Personnel reshuffle and anti-corruption prosecution remain the main mechanisms for updating local leadership;
- Local authorities are interested in stimulating the activity of local communities and co-financing the costs of improvement;
- Local authorities are looking for additional sources of funding through international cooperation.

Belarusian alternative to elections: personnel rotation and anti-corruption prosecution

The head of state uses a number of mechanisms to ensure the loyalty and manageability of the local nomenclature, such as personnel rotation, anti-corruption prosecution and presidential inspectors.

Personnel rotation is a certain alternative to the elections of the city leadership and allows President Lukashenko to maintain

the vertical of power in a mobilized state. Local elections in 2018 once again demonstrated full control of the vertical of power and the Republican authorities over the results of the elections. They were not unexpected: no representative of the opposition parties went to the regional or basic level councils, except for the peripheral village councils.

However, during *four* years, or during the term of one convocation of local councils, thanks to the personnel policy of President Lukashenko, there is almost a complete rotation of the local vertical.

In 2018, most of the personnel changes affected the district leadership in Mahilioŭ and Homiel regions, which have the worst socio-economic indicators, as well as Minsk region. At the end of local elections 11 chairpersons of district executive committees were replaced. In total, during the year, personnel changes affected the leadership of 28 administrative territorial units of the basic level, or about 22% of the total number of district executive committees (118) and city executive committees (10). These figures almost correspond to the previous year, when 30 chairpersons of district executive committees had been replaced after the “anti-parasite” protests.

The change in the leadership of the executive committees affected the composition of deputies in Brest, Viciebsk, Homiel, Mahilioŭ and Minsk. Also, the chairperson of Minsk city executive committee was replaced, the discontent of whom grew because of plans to compact the city and promote investors against the interests of local residents.

Personnel policy in the regions is largely determined by agreements between local elites and is only agreed by the President. Usually the rotation or displacement of local officials on the career ladder takes place between the different areas within the same region, with a few exceptions. Often there is a movement of personnel horizontally within the region: the chairpersons of the executive committees change their posts to a similar one but in a different area.

Since the second half of 2018, the head of state has actually begun preparing local authorities for presidential and parliamentary campaigns, and because of personnel changes, he tries to motivate the vertical of power to achieve

political objectives. Selective prosecution of the leadership of the local vertical of power continues. In October almost simultaneously criminal cases against the heads of Puhavičy district and the city of Žodzina on charges of corruption were filed.

Back in 2017, President Lukashenko noted the need to increase the role of the institute of regional assistant – inspectors in the regions and the capital, which indicates the growing fears of senior management about the loyalty and controllability of the local vertical of power. The presidential inspectors are responsible for personnel policy in their regions and serve as an additional control mechanism over regional and local authorities.

Local economy: managing paralysis of the vertical of power

In the situation of decreasing resources of the state, the local vertical of power is not able to ensure the economic development of its regions, including increasing the efficiency of state enterprises.

In 2018, local authorities could not perform the tasks in the framework of a demonstration pilot project in Orša on re-industrialization, in fact, despite manual control of the region by the Republican leadership. The President stressed the political importance of the Orša project. In August, the responsibility for its implementation was transferred from the government of the Presidential administration to the Presidential administration and the state control.

Over the past five years, budget expenditures and revenues have been centralized. This could be, among other things, due to the failures of regional vertical managers and the reduced resources of the state, as well as the result of anti-corruption measures of senior management against local authorities. Thus, local budget revenues in 2014 amounted to 58.4%, and in 2017 – only 52.0% of the consolidated budget. In 2015, the share of local budget expenditures amounted to almost 55.0% of the consolidated budget, while in 2018 this ratio was 52.3% (Table 1).

Table 1. Expenditures of the Republican and local budgets, 2015–2018¹²

	2015 ¹	2016	2017	2018
Consolidated budget, BYN billion	25.040	27.332	28.727	34.080
Local budgets, BYN billion	13.760	15.000	16.213	17.824 ²

The share of own income in the structure of local budgets is insignificant, but it is increasing (Table 2). At the same time, the eastern regions receive the largest transfers from the Republican budget. The vast majority of regions where transfers from the national budget account for 60 to 80% of the revenue, are in Homiel, Mahilioŭ and Viciebsk regions: 11, 11 and 5 regions, respectively (of the total number of the country – 29 units). The most self-sufficient is the budget of Minsk: almost 99% of the revenue is formed by its own income.

Table 2. Share of own income in the structure of local budgets, 2016–2018³

	2016	2017	2018
% of own income of local budgets	78.8	79.6	79.7 ³

In recent years, the debts of local authorities have begun to grow (Table 3). Moreover, a significant part of the loans accounted for foreign currency – 40.5%, or BYN 2025.5 million. Most likely, this increase in borrowing is due to the desire of the Republican authorities to adjust the statistics and reduce the debt burden on the Republican budget, as well as with modernization projects in the regions at the expense of Chinese loans.

The reduction of expenditures of the Republican budget on the agricultural sector continues (Table 4). This time the reduction is not as large as in the previous two years, but given

¹ Taking into account the denomination of the Belarusian ruble.

² «Бюллетень об исполнении консолидированного и республиканского бюджета.» *Министерство финансов Республики Беларусь*, 01 Oct. 2018, http://www.minfin.gov.by/upload/bp/bulletin_cons/2018_3/2018_3.pdf.

³ At the end of 9 months of 2018.

the increase in budget expenditures, the share of the agricultural sector continues to decrease. This reinforces the trend of further reducing the influence of agro-barons and rural areas on the leadership of the state.

Table 3. Local government and self-government debt, BYN mln⁴

Area	Year	2015	2016	2017	2018 ⁴
	Brest region		482.9	419.1	307.7
Viciebsk region		814.4	1061.2	967.6	957.6
Homiel region		448.8	409.0	906.4	834.0
Hrodna region		693.7	670.2	823.2	781.1
Mahilio region		736.6	683.1	759.1	711.1
Minsk region		846.2	1338.5	1203.1	1143.5
Minsk		506.8	462.1	284.3	279.5
Total		4529.4	5043.2	5251.4	5007.4

Table 4. Expenditures on agriculture in the national budget, 2016–2019⁵

	2016	2017	2018	2019 ⁵
Amount, BYN	951,469,917	719,799,174	511,609,648	499,572,361
% of Republican budget expenditures	5.8	4.3	2.6	2.3

It should be noted that the local authorities spent about 5% of the local budget expenditures on agriculture.

Village councils: fifth wheel of a coach

Village councils still have a minimum of authority, as evidenced by the volume of revenues and expenditures of their budgets. The composition of budget revenues of different levels remains unchanged in the last three years: about 48% – regional, 51% – basic and 1% – primary. However, the share of deputies of village

⁴ At the end of 9 months of 2018.

⁵ «Расходы республиканского бюджета по функциональной классификации расходов бюджета по разделам, подразделам и видам расходов. Приложение № 3 к Закону Республики Беларусь “О республиканском бюджете на 2019 год”.» *Министерство финансов Республики Беларусь*, 19 Dec. 2018, <http://www.minfin.gov.by/upload/bp/project/attachment%203.pdf>.

councils is almost 75% of the total number of deputies. Out of 18,111 deputy mandates 13,565 belong to the primary level: village councils, settlement councils and councils of the towns of regional submission.

The issue of the abolition of the primary level of local government has been repeatedly voiced by the leadership of the Central Election Commission, which would reduce the cost of local elections. No less important is the fact that it would save the local organizers of election campaigns from the need to search for candidates for vacant seats in the village councils, who are already difficult to find due to the rural depopulation. Now less than 22% of the population lives in rural areas. However, President Lukashenka still prefers not to put additional stress on the vertical of power and keeps the current structure of the local government system.

Cautious support for local initiatives and self-government

The authorities demonstrate their readiness to develop more actively the bodies of public territorial self-government (BPTSG). This allows removing some strain on the budget for improvement of house adjoining territories and maintenance of houses. In addition, the chairpersons of the BPTSG are an additional link of communication between the authorities and residents, which should reduce social tensions. The BPTSG is also an additional mechanism for monitoring public sentiment in the situation of the 'sleeping' institute of local elections.

BPTSG actually do not have authority power, and that is why the activity of citizens within this institution does not pose a threat to the monopoly of local (and indirectly Republican) leadership and is considered as acceptable. Sources of funding for initiatives under this form of local government are:

- Own funds of residents or co-financing;
- Grants of the European Union;
- Local government resources.

There is some expansion of the powers and responsibilities of local authorities in the social sphere. Thus, according to the amendments to the law on local government and self-

government, the responsibility of councils and executive committees in the field of demographic security, prevention of disability and rehabilitation of persons with disabilities has been increased.⁶

Increased international activity

The Belarusian leadership and the local authorities express interest in establishing closer cooperation with their peers from EU countries. This allows attracting additional funds within the framework of the EU grant assistance for the development of regions. At the same time, targeted initiatives within the framework of international cooperation and assistance can lead to a gradual transformation of relations within the local government system.

The Belarusian power vertical is becoming more open to contacts with colleagues from the European Union to exchange experience in the development of local self-government⁷. At the same time, the main emphasis in the contacts between the local authorities of Belarus and the governments of EU countries is on economic relations and trade.

Local authorities continue to participate in the EU programs for the development of local communities. In general, project activities are limited to environmental or cultural initiatives. At the same time, participation in the project activities of local authorities together with representatives of civil society is a prerequisite for the allocation of funds. At the same time, along with the increase in funds allocated to local authorities and communities in the framework of international programs, the Belarusian leadership retains strict control over the vertical distribution of aid. Most often, civil society is represented in the projects of the so-called GoNGO.

⁶ «Закон Республики Беларусь от 09.01.2018 № 91-3 “О внесении изменений и дополнений в некоторые законы Республики Беларусь”.» *Национально-правовой интернет-портал Республики Беларусь*, 18 Jan. 2018, <http://pravo.by/document/?guid=12551&p0=H11800091&p1=1>.

⁷ “Што неабходна для далейшага развіцця мясцовага самакіравання ў Беларусі?” *Звязда*, 21 Dec. 2018, <http://zviazda.by/be/news/20181220/1545316660-shto-neabhodna-dlya-daleyshaga-razvicsya-myascovaga-samakiravannya-u>.

At the local level, international assistance is gradually changing the way of the local authorities to management policy. In 2018, there were about 140 initiatives under the program of support of Belarus by the Federal government of Germany for sustainable development of local communities. The program encourages local authorities to engage more with citizens and civil society organizations.

The conditionality of the EU programs forces the vertical of power to a dialogue with individual public organizations. The authorities work more closely with the “Leŭ Sapieha Foundation” in order to get the support of western donors.

Official Minsk has not yet joined the European Charter of Local Self-government, which significantly limits the participation of local authorities in the grant programs of the European Commission. According to the chairperson of Hrodna regional Association of Local Councils (HRALC) Anatoly Nikitin, this was the main reason for the low scores in the EU competitions, to which HRALC members submitted projects for EUR 200,000⁸. Regional authorities begin to create an appropriate information agenda that would facilitate access to the Charter and the use of European practices in Belarusian conditions, such as the Association of Local Councils (ALC).

Associations of local councils: additional mechanism for raising grant funds

The authorities have planned to create a National Association of Local Authorities (NALA), which increases the chances of attracting additional funds for EU grant programs. Chairperson of the Council of the Republic Mikhail Myasnikovich announced that the conference on education of NALA is planned for April 2019⁹. The Republican authorities do not hide that contacts with

⁸ “Гродзенская абласная асацыяцыя мясцовых саветаў дэпутатаў пашырае інтарэсы.” *Звязда*, 30 Nov. 2018, <http://zviazda.by/be/news/20181220/1545316660-shto-neabhodna-dlya-daleyshhagarazvicsya-myascovaga-samakiravannya-u>.

⁹ “Нацыянальную асацыяцыю мясцовага самакіравання плануе стварыць у Беларусі.” *БелТА*, 11 Dec. 2018, <https://blr.belta.by/>

western partners and pragmatic factors, first of all the prospects of receiving financial assistance from the European Union, influenced the authorities' desire to form NALA (as well as the ALC in general). However, no new ALC was created in 2018. Hrodna and Mahilioŭ regional associations were established in 2015.

At the same time, the creation of the ALC on a territorial basis carries the risk of increasing tension between the regions as a result of the struggle for limited resources allocated from the state budget. It is possible to create multi-level ALC by the authorities: at the interregional level (between regions), between the municipalities of the basic (district), as well as the primary (village councils) level.

ALC is considered as an additional mechanism for:

- Improvement of personnel training, retraining or advanced training for local administrations and local governments;
- Coordination of deputies' work in legal, organizational, financial and economic activities;
- Interregional cooperation and exchange of experience between local councils of Belarus and foreign governments;
- Raising funds for international assistance.

ALC can also act as a pressure mechanism on the Republican authorities, including the reduction of the negative consequences of unpopular initiatives that cause discontent and protests of citizens. In turn, the Republican authorities expect to use the Association to discuss and adjust the bills. It will also reduce the possibility of erroneous decisions and extend the responsibility for public policy to a wider range of institutions of power and not just to the President and the government.

Conclusion

Updating the vertical management in the Belarusian regions will continue due to personnel rotation and movement of vertical officials to similar positions within their area. These personnel movements will take place before the parliamentary and

presidential elections, in the run-up to which the Belarusian leadership is likely to make a complete renovation or rotation in the districts.

The Republican leadership will continue to strengthen control over the personnel policy of the regions with the help of presidential inspectors, but the autonomy of the local nomenclature in determining the management of districts and cities will remain.

The conditionality of support from the EU will push the Belarusian authorities to gradual and controlled expansion of the use of European norms and practices on local self-government in Belarus. The country's leadership has to make certain concessions in order to attract additional funds to the regions and reduce the burden on the budget.

The authorities manage to adjust and adapt EU support to the Belarusian conditions successfully. The interest of the local vertical of power and the GoNGO created by it will also influence the desire to continue cooperation with European partners.

FOREIGN POLICY

BELARUS – RUSSIA: WAR AND PEACE

Anatoly Pankovski

Summary

The year 2018 was marked by a large number of trade and economic conflicts and disputes between Belarus and Russia, including those on supplies of Russian oil products to Belarus, re-export of Western embargoed foods to Russia by Belarusian companies, etc. Although Belarusian-Russian relations topped the news throughout the year, and an impressive number of inter-departmental and high-level meetings were held, not a single important agreement was achieved. Belarus' deficit in trade with Russia reached nearly USD 10 billion, the highest amount in absolute terms since 2012.

In contrast, political cooperation was calm and frosty-friendly, rather than heated and confrontational.

Trends:

- Expansion of the list of the matters of dispute in trade and economic cooperation;
- Stable political relations;
- Growth of bilateral trade (not in favor of Belarus);
- Strengthening of sovereignization, mutual distancing of the allied states, Russia outstripping Belarus in terms of the progress achieved.

Disposition of friendly forces

Belarusian-Russian relations developed amid the confrontation between Russia and the West. The Russian-Ukrainian conflict and Western sanctions against Moscow put Belarus in a “special place” in Russia’s foreign policy. Belarus reserved the place of one of the few allies and, de facto, the only coherent ally of Russia.

In 2018, Belarus remained the *fourth* largest trading partner of the Russian Federation and *first* within the CIS with USD 35.6 billion in bilateral trade turnover after China (USD 108 billion), Germany (USD 59.6 billion) and the Netherlands (USD 47.2 billion).¹ The increased importance

¹ «Беларусь по объёму товарооборота в 2018 году на четвёртом месте среди всех торговых партнёров России.» *БелТА*, 6 Feb. 2019, <https://www.belta.by/economics/view/belarus-po-objemu-tovarooborota-v-2018-godu-na-chetvertom-meste-sredi-vseh-torgovyh-partnerov-rossii-335584-2019/>.

of Belarus as a transit corridor should also be taken into account.

Minsk had a stronger position in negotiations, which gave reason to assume that in 2018, the country would achieve better terms, including the lifting of trade restrictions, equal conditions for oil refineries, gas prices lowered to those in Russia, etc. It was also pretty clear that this would not be easy to achieve.

Firstly, amid the economic difficulties (financial and economic crises, depreciation of the currencies, oil price drops and Western sanctions), Russia started showing mercantilism in relation to Belarus, which politicians and experts often call “pragmatism.” Moscow began reviewing its expenses, interpreting the numbers in a rather peculiar way. According to Russian Ambassador to Belarus Mikhail Babich², from 2000 to 2010, the Russian Federation was losing hundreds of millions of dollars, or even USD 2-3 billion a year, supporting Belarus financially. Later, the diplomat began talking about USD 5 to 6 billion a year.³ In other words, Russia was thinking again how much friendship with Belarus really costs.

Secondly, Belarus is entering the next election phase (presidential and parliamentary elections in 2019 and 2020), so the Kremlin considers it premature to make concessions, since there will be a more suitable and high-keyed period for the Belarusian leadership.

Although Belarusian-Russian relations topped the news throughout the year, and an impressive number of inter-departmental and high-level meetings were held (Alexander Lukashenko and Vladimir Putin alone met a dozen of times), the period under review was totally fruitless. *Not a single important agreement was achieved.*

This was partly due to the replacements in the negotiating teams. After the re-election of the president of Russia, Deputy Prime Minister Arkady Dvorkovich was replaced by Alexei

² Resigned in late April 2019.

³ «Уровень финансовой поддержки Беларуси со стороны России сейчас – 5–6 млрд долларов в год – Бабич.» *БелРынок*. 14 Mar. 2019, <https://www.belrynok.by/2019/03/14/uroven-finansovoj-podderzhki-belarusi-so-storony-rossii-sejchas-nahoditsya-na-urovne-5-6-mlrd-dollarov-v-god-babich/>.

Gordeyev, Agriculture Minister Andrei Tkachev was replaced by Dmitry Patrushev, and Ambassador to Belarus Alexander Surikov was replaced by Mikhail Babich.

Belarus also replaced Sergei Sidorsky and Valery Koreshkov with Alexander Subbotin and Viktor Nazarenko in the Eurasian Economic Commission. Sergei Rumas was appointed prime minister. Igor Lyashenko replaced Deputy Prime Minister Vladimir Semashko. The negotiating team was reinforced by former Ambassador of Belarus to Russia Igor Petrishenko. Former Vice Premier Vladimir Semashko was appointed ambassador to Russia. Although, theoretically, the new composition of the group looks fitter to respond to the “pragmatization” challenges, it has not achieved any success so far.

2018 agenda: issues that could (not) be resolved

The entry of the EEU Customs Code into force on January 1, 2018 should be considered a significant step in bilateral relations. Additional barriers to Belarusian in the Russian market arose after Russian companies were massively given control over the issuing of certificates of origin. In fact, the right to export commodities to the Russian market will now be bought from Russian companies, and this right can be bought out by competitors.

In general, the year 2018 was full of conflicts and disputes over (a) re-exports of Western foods embargoed by Russia as part of counter-sanctions by Belarusian companies to the Russian market; (b) supplies of Belarusian dairy that Rosselkhoznadzor considered to be of low quality⁴; (c) the terms of supplies of Russian oil products to Belarus and the price of natural gas after 2019; (d) long-drawn talks on Russia’s financial assistance to Belarus by means of crediting and refinancing of debts, and possible measures to compensate Belarus’ losses incurred due to the tax maneuver in the Russian oil industry.

This list of dispute is more or less typical of the last five years. The so-called “tax maneuver” coupled with a significant

⁴ «Россельхознадзор отчитался о выявленных нарушениях белорусской стороны.» *Eadaily.com*, 17 Apr. 2018, <https://eadaily.com/ru/news/2018/04/17/rosselkhoznadzor-otchitalsya-o-vyyavlennyh-narusheniyah-belorusskoy-storony>.

convergence of the price of crude oil for Belarus with the world price was, perhaps, the most high-profile issue last year. According to experts, in *four* years (2015–2018), Belarus' lost USD 7.836 billion due to the tax maneuver, and the forecasted losses in the next four years (2019–2022) could reach USD 20 billion.⁵

However, the lost income, as well as the Russian “subsidies”, is a highly speculative topic. The calculations are mainly based on *two* presumptions: (a) consumer demand does not matter (the buyer will buy the same amount of oil whatever the price may be); (b) the transit position of Belarus is irrelevant either. Anyway, as of the end of 2018, this controversial matter was far from being resolved.

In the middle of the year, Moscow put forward claims to Belarus for refining and exporting Russian heavy oil products. Russia ignored that for a while, then cut supplies of heavy oil products, and later announced that deliveries will be stopped starting from 2019.

In contrast to trade and economic relations, political cooperation was calm and frosty-friendly, rather than heated and confrontational. At this stage, Russian bad capitalism and Belarusian bad socialism were progressing in diverging trajectories.

Minsk pursued the policy of the cautious normalization of relations with the West, and the Kremlin was relatively stand-offish (especially in comparison with 2014–2017). The Foreign Ministries kept speaking about strategic partnership, and Moscow did not particularly pay attention to the numerous European and U.S. delegations coming to Minsk, or to the “mild Belarusization” that was gaining momentum, largely because Belarus continued supporting Russia when it came to fundamental strategic issues, for example, Ukrainian resolutions in the UN.⁶ Even Putin and Lukashenko's heated argument at

⁵ Муха, Александр. «Перспективы экономики Беларуси в условиях налогового манёвра России.» *Наше мнение*, 2 May 2019, <https://nmnby.eu/news/analytics/6841.html>.

⁶ «Белоруссия проголосовала против украинской резолюции в ООН.» *EADaily*. 18 Dec. 2018, <https://eadaily.com/ru/news/2018/12/18/belorussiya-progolosovala-protiv-ukrainskoy-rezolyucii-v-oon>.

the EEU summit in St. Petersburg at the end of the year did not trigger a political crisis in the bilateral relations.

The “ultimatum” delivered by Russian Premier Medvedev in December 2018 in Brest, stirred up things a little. The manner of its presentation and its content (“compensation in exchange for integration”) rekindled the speculations about Russia’s intent to annex Belarus.

Another interpretation is realistic as well, though. Medvedev’s ultimatum is very similar to Kasyanov’s ultimatum of 2000, when the newly elected president, Vladimir Putin, instructed to “sort out all this mess”. Today, almost two decades after the entry into the Union State Treaty, not only the nature of cooperation between the two countries has changed, but also its institutional component, i.e. tax regulations, the laws designed to encourage business development, etc. A number of functions of the Union State were taken over by institutions of the Eurasian Economic Union. Therefore, from the point of view of Moscow, the time has come to adjust the 1999 Treaty, taking into account the new realities.

Trade exchanges

Russia traditionally remains the largest trading partner of Belarus and a source of the largest trade imbalance. In 2018, imports from the Russian Federation exceeded Belarusian exports by almost USD 10 billion. A year before, Belarus’ deficit amounted to “just” USD 6.7 billion.

The rapid increase in Belarus’ trade deficit to the largest amount since 2012 was caused by a dramatic growth in imports (+15.5%), while the increase in exports was very modest (+0.9%). Imports increased mainly due to higher prices of oil and oil products. Exports stagnated among other things due to the bans on meat and dairy imposed by Russia, as well as the factors below.

First of all, the main paradoxes of the Eurasian Economic Union (EEU) should be pointed at. Instead of being a stimulant of bilateral trade (as originally intended), the EEU turned into the exact opposite. Belarus is by no means the only victim of endless trade restrictions. It is enough to mention that,

according to the European Commission's latest report on trade and investment barriers, by the end of 2017, Russia became the absolute world leader in the number of trade barriers posed to EU countries.⁷ Belarusian-Russian trade is only part of the basic trend. In the EEU, Russian lobbyists in the real sector have big competitive advantages in comparison with their Belarusian counterparts, and this situation is unlikely to change in the foreseeable future. As a result, exports of a number of positions sensitive for the Belarusian economy dropped considerably.

Table 1. Dynamics of foreign trade in commodities between the Republic of Belarus and the Russian Federation in 2012–2018, USD million⁸

Indicator	2012	2013	2014	2015	2016	2017	2018	% against 2017
Trade turnover	43,860	39,742	37,371	27,533	26,114	32,424	35,561	109.6
Exports	16,309	16,837	15,181	10,389	10,819	12,830	12,946	100.9
Imports	27,551	22,905	22,190	17,144	15,295	19,594	22,615	115.5
Deficit	11,242	6,068	7,009	6,755	4,476	6,764	9,669	142.9

Also, instead of being something like a splash pool for the EEU developing economies, which would buffer globalization effects (as it was meant to be), the EEU became just the opposite. The paradox is that competition in the Russian market grew heavier. Despite the huge number of trade and investment barriers in this market, Belarusian manufacturers are increasingly losing to their direct competitors in Europe and China. As a result, exports from many Belarusian heavyweights, such as the Minsk Tractor Plant, are shrinking in monetary terms. Let's call this "an effect of seasonal sales". For instance, although supplies of tractors and truck tractors to Russia increased 25.1% (from

⁷ "Report from the Commission to the Parliament and the Council 'On Trade and Investment Barriers'." *European Commission*, http://trade.ec.europa.eu/doclib/docs/2018/june/tradoc_156978.pdf.

⁸ Данные на основе Интерактивной информационно-аналитической системы распространения официальной статистической информации. *Национальный статистический комитет Республики Беларусь*, Web. 29 Apr. 2018. <http://dataportal.belstat.gov.by/AggregatedDb>.

2017), sales dropped 7.1% in monetary terms. The situation with agricultural machinery looks even more depressing: plus 12.5% and minus 47.8%, respectively.

Despite Belarus and Russia's mutual rapprochement and mutual fencing-off, only third countries benefited from this. Belarusian Deputy Prime Minister Igor Petrishenko described this well saying, "When starting the integration, we were going to consider each other's commodities and enterprises as our own. There is no such thing yet. Incredible as it may seem, third countries benefit from this, and we increasingly trade with each other in the Union not in our own goods, but in goods from third countries. In 2011, their proportion in mutual trade of the member states only made up 3.4%, and it increased to 8.4% in 2016".⁹

Conclusion

Currently, there is no reason to believe that the year 2019 will see a breakthrough in the elimination of barriers to Belarusian-Russian trade, or solutions to other pressing issues. On the contrary, the very nature of the Eurasian Economic Union contributes to state protectionism, rather than prevents it. Some issues, in particular oil and gas prices and a compensation for the impact of the tax maneuver, are likely to be resolved by the end of the year as a "temporary compromise".

In the second half of 2019, probably, attempts will be made to resuscitate the Union State before the 10th anniversary of the Union Treaty. A reset of the integration in the current format will hardly result in notable successes.

In the Union State, the integration has come to a standstill because the 1999 Treaty establishes equal rather than proportional vote, which means that Belarus' vote is equal to Russia's. Moscow cannot agree with this. In the EEU, Russia is much more powerful in decision making than other Union members.

⁹ Петришенко, Игорь. «Называть ЕАЭС экономическим союзом сегодня можно только авансом.» *БелТА*, 19 Mar. 2019, <https://www.belta.by/opinions/view/nazyvat-eaes-ekonomicheskim-sojuzom-segodnja-mozhno-tolko-avansom-6754/>.

BELARUS – EUROPEAN UNION: A YEAR OF UNFULFILLED EXPECTATIONS

Denis Melyantsou

Summary

In 2018, Minsk continued coherent efforts to normalize relations with the European Union, both bilaterally with individual Union members and multilaterally at high-level conferences hosted by Belarus. However, almost no progress was achieved in negotiations on the agreements that are most significant and relevant to Belarus, which means that Belarus – EU relations have plateaued since the parties have no political will for a qualitative breakthrough.

At the same time, the practical cooperation agenda continues to expand, and new opportunities for investment and joint projects are arising.

Trends:

- Expansion of practical cooperation in joint projects and investments;
- Protraction of the talks on important bilateral agreements;
- Stepped up cooperation with individual EU members to improve relations with the entire Union;
- The use of the regional security agenda to improve the international image of Belarus.

Increased intensity of contacts

The year 2018 was quite intensive, both in terms of the number and the level of visits and political contacts between Minsk and Brussels.

Several European Commissioners visited Belarus last year. The Commissioner for Neighbourhood Policy and Enlargement Negotiations came on January 30, June 21–22 and October 30; the Commissioner on Health and Food Safety on August 27–28, and the Commissioner for Digital Economy on June 21–22. Also, Minsk hosted meetings with a delegation of the Eastern Partnership ambassadors-at-large of twelve EU member states (May 21–24) and the leadership of the EaP Delegation for Relations with Belarus (from October 31 to November 2).

Belarusian Foreign Minister Vladimir Makei held talks with High Representative of the Union for Foreign Affairs and Security Policy Federica Mogherini and Commissioner for

European Neighborhood Policy and Enlargement Negotiations Johannes Hahn from May 31 to June 2 in Brussels. Vice President of the European Investment Bank Alexander Stubb visited Minsk on November 20–21.

During the meeting with Kahn, President Lukashenko made several statements that more or less explain Minsk's policy in relations with Brussels. *Firstly*, he expressed the traditional wish that the Eastern Partnership be “*more down-to-earth and pragmatic*” and not create any dividing lines in the region. *Secondly*, he said that Belarus was interested in a strong European Union. “We are dead set against the centrifugal efforts in the European Union, which make it weaker.”¹ This statement should be understood as Belarus' wish to have a second strong player on the continent aside from Russia to continue the successful political maneuvering.

The minister of foreign affairs of Belarus made a visit to Belgium from May 31 to June 1, the first one since 1995. The parties reviewed bilateral relations and considered matters related to international relations and security, Belarus-EU interaction and the capacity for cooperation in international organizations.

The 10th round of the Informal Ministerial Dialogue of the Eastern Partnership was organized in Minsk on June 21–22. It focused on digital markets, cybersecurity, broadband Internet development and the convergence of tariffs for mobile roaming. Summing up the results of the meeting, Vladimir Makei said that over the past few years, Belarus and the European Union had achieved progress in relations that excels the achievements of the *previous two decades*.²

¹ «Встреча с Еврокомиссаром по европейской политике соседства и переговорам о расширении ЕС Йоханнесом Ханом.» *Официальный интернет-портал Президента Республики Беларусь*, 30 Jan. 2018, http://president.gov.by/ru/news_ru/view/vstrecha-s-evrokomissarom-po-evropejskoj-politike-sosedstva-i-peregovoram-o-rasshirenii-es-johannesom-xanom-17994/.

² «Стенограмма пресс-конференции министра иностранных дел Беларуси В. Макея по итогам десятого раунда неформальных министерских диалогов Восточного партнёрства.» *Министерство иностранных дел Республики Беларусь*, 22 Aug. 2018, http://mfa.gov.by/press/news_mfa/c22d52c2aeacda67.html.

With respect to cooperation with individual EU member states, the visit of the presidents of Austria and Germany to Minsk should be recognized as most important. On June 29, they took part in the ceremony of commemoration of the victims of Nazism in the former death camp in Trostenets.

On October 15, Makei took part in the 9th annual meeting of the Eastern Partnership foreign ministers in Luxembourg. The participants assessed the implementation of the 20 key deliverables for 2020 approved at the Brussels Summit held in November 2017. On the sidelines of the meeting, Makei held talks with European Commissioner Khan on the partnership priorities and visa facilitation and readmission agreements, and on the planned high-level visits and cooperation with the European Parliament.

Alexander Lukashenko's speech at the meeting of the Munich Security Conference Core Group in Minsk was indicative from the point of view of Belarus' relations with the European Union. On the one hand, the president stressed the importance of a strong European Union to Belarus. On the other hand, he criticized Brussels, among other things, for making requirements in the field of democracy and human rights, thus being reluctant to expand economic cooperation with Belarus in exchange.³

The EU-Belarus Coordination Group, which sat on April 26–27 in Minsk and on December 12–13 in Brussels, held sectoral dialogues on economics, finance, trade, customs procedures and environmental protection. In 2018, the sides agreed on delegating a Belarusian customs attaché to the county's permanent delegation to the European Union.

Projects and investments

In 2018, Belarus and the EU were promoting credit and investment cooperation. Belarus entered into an agreement with the

³ «Открытие встречи Основной группы Мюнхенской конференции по безопасности.» *Официальный интернет-портал Президента Республики Беларусь*, 31 Oct. 2018, http://president.gov.by/ru/news_ru/view/otkrytie-vstrechi-osnovnoj-gruppy-mjunnxenskoj-konferentsii-po-bezopasnosti-19782/.

European Investment Bank, and launched new grant mechanisms for the construction and modernization of economically significant facilities, involving the Eastern Europe Energy Efficiency and Environment Partnership and Mobility Partnership.

In March, Vladimir Makei signed an agreement with the European Bank for Reconstruction and Development (EBRD) on a EUR 42.45 million loan for the reconstruction of the P-80 highway (a section of the second Minsk Ring Road).

On November 14, the European Union and UNDP started a *three-year* project to support entrepreneurship in the Belarusian regions worth EUR 8 million. It is one of the largest projects of this kind in Belarus.

On November 20, first investment agreements (EUR 160 million) were signed with the European Investment Bank (EIB), which opened a new page in Belarus-EU relations. EIB Vice President Alexander Stubb said that the first investment package covers two areas: (1) a major project with Minskvodokanal on the reconstruction of the Minsk Waste Water Treatment Plant (co-funded by the EBRD) and (2) support for small and medium enterprises through Belarusian Belarusbank and Belagroprombank. According to Stubb this is just the beginning. Development of the project on the construction of the M7 highway (Minsk – Oshmyany – Kamenny Log) is nearing completion. A number of other projects are under consideration.⁴

In September, the Institute of Physics of the National Academy of Sciences of Belarus signed a grant agreement as part of Horizon 2020, the biggest EU Research and Innovation Program.

In October, Minsk hosted a meeting of representatives of local authorities from among the signatories of the Covenant of Mayors initiative of the Eastern Partnership supported by the European Union. Currently, more than 45 cities of Belarus have joined the Covenant of Mayors to reach the EU's climate and energy targets, being committed to reduce greenhouse gas emissions by at least 30% before 2030.

⁴ «Европейский инвестиционный банк подписал с Беларусью первые соглашения на 160 млн евро.» *БелТА*, 20 Nov. 2018, <https://www.belta.by/economics/view/evropejskij-investitsionnyj-bank-podpisal-s-belarusju-pervye-soglashenija-na-160-mln-evro-326272-2018/>.

In order to stimulate incoming tourism, establish business ties and improve the country's image in the West, Belarus expanded the period of visa-free stay for foreigners (including EU citizens) to 30 days. This, apparently, was meant as an additional argument in the visa talks with Brussels, but the goal was not achieved.

Unrealized expectations

Despite the increased frequency of visits and the number of joint projects in 2018, Minsk did not manage to achieve progress on landmark agreements, particularly the visa facilitation agreement with the European Union and the agreement on partnership priorities. Belarus also failed to convince the European Union to begin negotiations on the partnership and cooperation agreement.

In October, during the next round of visa talks, Belarus achieved the removal of some obstacles, in particular, the request of some EU members to include a provision on suspension of the visa agreement in the event of a change in the situation (for example, an aggravation of the migration problem or imposition of sanctions against Belarus). Minsk strongly opposed this, saying that there is no such article in the agreements with other countries, for example, with Russia and Ukraine. As a result, the European Union agreed to drop this point in the agreement, but still wants it in a general form in the preliminary statement.

The parties failed to agree to expedite the signing of the visa facilitation agreement because Poland proposed to link it with Belarus' obligation to increase the number of consuls at the European embassies, since, as Warsaw says, the Polish embassy is overwhelmed with visa applications.

Belarus tries to argue that visa facilitation will not lead to a sharp increase in the number of issued visas, since there will be much more multiple-entry and long-term visas and, therefore, there will be even fewer applications to deal with. Besides, the European Union does not meet Belarus halfway regarding the number of consulates. Minsk is reluctant to increase the number of consuls, fearing that they will rush headlong into issuing Polish Cards, rather than more Schengen visas.

The negotiations on the 2018–2020 partnership priorities agreement made no headway either. The partnership priorities are some sort of a roadmap, which describes priority areas of Belarus-EU cooperation before the agreement on cooperation and partnership is signed. It is important to Belarus, as it provides opportunities for profound collaboration with the Union and access to more funding programs.

The signing of the priorities agreement is still blocked by Lithuania, which uses it as leverage trying to stop the construction of the Belarusian nuclear power plant. Vilnius raises the nuclear safety question in almost all formats of negotiations between Belarus and the European Union. At the moment, Lithuania mainly demands that Belarus implements a national plan to improve the NPP safety based on the results of stress tests (which Belarus had already voluntarily carried out) before the plant is put into operation.

The partnership priorities agreement was supposed to be signed more than a year ago. This delay leads, on the one hand, to a growing irritation of the parties (including towards Lithuania on the part of European diplomats) and, on the other hand, to making the Belarusian negotiators sure that if Lithuania's requirement is met (although less than a year is left before commissioning of the first power unit of the NPP), Vilnius will put forward new demands, since it has set a political task to prevent the functioning of the Belarusian NPP at all.

There is no progress in the talks on the admission of Belarusian agricultural products to the European market. Despite membership in the WTO, European countries pursue a protectionist policy in relation to its agro market. In fact, Belarusian exporters have been kept away from the European market for years. The EU members initiate never-ending audits, European Commission bureaucrats cause lengthy delays, or the EU authorities simply do not respond to Belarus' requests for months or even years.

No progress has been achieved in this matter for a few years now. The parties only hold numerous meetings and expert consultations. The Coordination Group said at the December session that *four* European audits on general issues were scheduled for 2019, but the request of Belarus to include poultry

meat in this audit remained unanswered again. This means that this audit can be conducted in 2020 at the earliest.

Belarusian negotiators show growing frustration and irritation, and already say without diplomatic courtesies that the European Union uses phytosanitary requirements as a trade barrier.

In turn, the Union is disappointed that Belarus shows no changes, especially political, and even tightens the screws again. Bilateral relations were strongly affected by the notorious *BelTA* Case, when offices of several independent and state-owned media (including *Tut.by* and *BelaPAN*) were searched by the police, and journalists were charged with unauthorized access to information of *BelTA* state-controlled news agency, which was only available on paid subscription. EU High Representative of the Union for Foreign Affairs and Security Policy Federica Mogherini⁵ and the German Foreign Ministry⁶ released statements, condemning this case.

Conclusion

In 2018, the Belarusian leadership continued strenuous efforts to normalize relations with the European Union, using various tools, including intensified bilateral cooperation with a number of EU member states.

However, Belarus was unable to achieve significant progress in the negotiations on the visa facilitation and partnership priorities agreements, the signing of which was repeatedly announced. Belarus failed to set the negotiations on the baseline agreement with the EU in motion either. Both Minsk and Brussels come to the understanding that the bar should not be set too high. The illusions of the past few years are being shattered in the process of substantive talks.

In 2019, the negotiations on visas, partnership priorities and trade will continue. The probability that the agreements

⁵ “Брусэль заклікаў вызваліць затрыманых беларускіх журналістаў.” *Радыё Свабода*, 8 Aug. 2018, <https://www.svaboda.org/a/29419851.html>.

⁶ «МИД ФРГ встал на защиту журналистов, DW направила протест послу Беларуси из-за задержания Быковского.» *Tut.by*, 8 Aug. 2018, <https://news.tut.by/economics/603822.html?crnd=11848>.

will be finally signed is quite high, but, judging by the previous developments, the Union may lay down new demands, requiring new rounds of talks.

As the presidential election in Belarus approaches, the mutual rhetoric of the parties could become sharp due to the mainstreaming of the topic of human rights and the general increase in politicization, without having a noticeable impact on the real level of cooperation between Belarus and the European Union.

BELARUSIAN-AMERICAN RELATIONS: THE LIMITS OF RAPPROCHEMENT

Andrei Fyodorov

Summary

Belarusian-American relations continued to show certain progress. Minsk put forth a lot of efforts to expedite their normalization and achieved success in some aspects, but still failed to obtain the desired result. It seems that in the current situation the target remains basically unachievable.

Trends:

- Progressive normalization of relations with the United States;
- Security issues topping the Belarusian-American agenda;
- Security cooperation stumbling over human rights issues.

Improvements without breakthroughs

The forecast that significant changes in Belarus-US relations are highly improbable proved to be true in 2018. Events differed little from those that occurred before.

Deputy Foreign Minister Oleg Kravchenko made several trips to the US, looking like an interim Belarusian ambassador to Washington, actually. His boss, Vladimir Makei, held a number of routine meetings, including with a delegation of the American Jewish Committee, Chairman of the Commission for the Preservation of America's Heritage Abroad Paul Pecker, and political analyst of East European affairs for the Jamestown Foundation Vladimir Socor. Alexander Lukashenko's talk with a group of representatives of US think tanks was not something new either. Similar talks took place a couple of years ago.

The countries continued cooperation to prevent the illegal transit of nuclear and radioactive materials.

Although Belarus was called an "authoritarian state" again in the annual Country Report on Human Rights Practices by the US Department of State, the American embassy made critical statements regarding the Belarusian authorities only twice, first on the noncompliance of local elections with international

standards, and then on the police searches in media offices and arrests of journalists. This did not prevent the next round of bilateral dialogue on this topic in October.

The sanctions against ten sitting and former Belarusian officials (the president being at the top of the list) extended by the US president, and the reaction of the Belarusian Foreign Ministry were also routine.

In the summer, the US appointed Jenifer H. Moore charge d'affaires at the embassy in Minsk, the sixth one over the past decade. She said in one of her first interviews that her task was to bring back the full embassy staff and a plenipotentiary ambassador to Belarus. If she succeeds, the first and the most recent US charge d'affaires will be namesakes.

There is no ground to assert that massive changes occurred in the economic sphere. As usual, for unknown reasons, the data provided by American and Belarusian sources differed significantly. According to the US¹, over the first 10 months of the year, the trade turnover reached almost USD 450 million, Belarus having a USD 217 million surplus. According to the *National Statistics Committee* of Belarus², the turnover amounted to USD 560 million and Belarus had a 152 million deficit. Although the Belarus-US turnover grew by 19%, it still constituted less than 1% of Belarusian foreign trade, which can hardly be considered a remarkable achievement.

In March, the United States quite expectedly introduced import duties on steel and aluminum, which, among others, hit the Belarusian Steel Works. As a result, Belarus can lose this segment of the US market.

A delegation of the Investigative Committee of Belarus visited the FBI Headquarters in January to discuss practices

¹ "Trade in Goods with Belarus." *United States Census Bureau*, <http://www.census.gov/foreign-trade/balance/c4622.html>.

² «Данные о внешней торговле Республики Беларусь по отдельным странам за январь-октябрь 2018 года.» *Национальный статистический комитет Республики Беларусь*, http://www.belstat.gov.by/ofitsialnaya-statistika/makroekonomika-i-okruzhayushchaya-sreda/vneshnyaya-torgovlya_2/operativnyye-dannye_5/eksport-import-s-otdelnyimi-stranami/.

aimed at combating organized crime, corruption and high-tech crime and violent crimes investigation.

The situation with human contacts was no longer at an impasse: after a ten-year break, Belarusian nationals were given the opportunity to obtain all types of US visas in Minsk. The eleventh Information Resource Center of the US embassy opened in Mogilev to provide objective information about America.

Also, thanks to the visa-free regime in Belarus, the number of American visitors significantly increased.

Mitchell's visit: field reconnaissance

In fact, the visit of Assistant Secretary of State for European and Eurasian Affairs Wess Mitchell to Belarus was the only really significant event of the past year. On October 31, he met with President Alexander Lukashenko and Foreign Minister Vladimir Makei. Two weeks earlier, at the conference of the US Atlantic Council, Mitchell said, "Today, it is the national sovereignty and territorial integrity of frontier states like Ukraine, Georgia, and even Belarus that offer the surest bulwark against Russian neo-imperialism [...] We must be willing to use diplomacy to aggressively advance the national interest."³

The Belarusian leader did not respond to this, at least publicly, and, at the above-mentioned meeting with Mitchell, expressed "keen interest in good relations with the United States."

Such moderation was typical of all official comments concerning America last year. Even when the Belarusian Ministry of Foreign Affairs "strongly condemned" missile strikes of the coalition led by the United States in Syria, the US was not explicitly mentioned.

On the contrary, there were several attempts to show Washington sincere amiability. At the Minsk session of the Munich Security Conference Core Group, Lukashenko spoke

³ «США назвали Беларусь "частью бастиона, защищающего от российского неоимпериализма".» *Tut.by*, 19 Oct. 2018, <https://news.tut.by/economics/612361.html>.

about the advisability of involvement of the United States in the Normandy Four talks⁴.

At the meeting with Mitchell, the Belarusian president made an unexpected statement, which caused ambiguous responses. “Should we advance in our relations, I promise you that Belarusians would be the most reliable, conscientious and sincere partners of yours. If we agree on something, and if we promise you something here in Belarus, I’ll warrant you that we would do that, even to the detriment of ourselves,” he said.⁵ It is not quite clear what he meant, but he was apparently eager to say something nice to his vis-à-vis.

Perhaps, the most detailed analysis of Belarusian-American relations was made in the Minsk Barometer⁶. According to its authors, the new US strategy indicates increased interest in the region, including Belarus, and the main purpose of Mitchell’s visit was to inform the Belarusian leadership of this strategy. They particularly noted that Mitchell was the highest ranking US official visiting the country in a long while. “The Belarusian-American relationship was given a strong impetus for their further development. For the first time, the events of the period under review give reason to talk about significant progress towards the normalization of relations,” reads the review.

Among the most serious threats that could have a negative impact on development of cooperation with the United States the Barometer pointed at (1) Poland’s willingness to arrange a military base for an American armored division on its territory and (2) the United States’ withdrawal from the Intermediate-Range Nuclear Forces Treaty (INF Treaty).

The forecast made in the Barometer was quite optimistic, though. Bilateral communication will increase in the coming

⁴ «Открытие встречи Основной группы Мюнхенской конференции по безопасности.» *Официальный интернет-портал Президента Республики Беларусь*, 31 Oct. 2018, http://president.gov.by/ru/news_ru/view/otkrytie-vstrechi-osnovnoj-gruppy-mjunchenskoj-konferentsii-po-bezopasnosti-19782/.

⁵ «Лукашенко: если мы договоримся, исполним даже в ущерб себе.» *Беларуская праўда*, 31 Oct. 2018, <https://belprauda.org/lukashenko-esli-my-dogovorimsya-ispolnim-dazhe-v-ushherb-sebe/>.

⁶ «Отношения с США.» *Минский барометр* № 5, Sept-Oct. 2018, http://minskdialogue.by/Uploads/Files/research/reports/pdf/MB_5%20ru.pdf.

months. Minsk will be able to convey its position on the possible deployment of the American base in Poland and the security situation in the entire region. Also, the parties will expedite the reinstatement of the full personnel in their embassies.

The main obstacle is in the east

We cannot but agree with many conclusions drawn in the review. For example, the possible placement of the American base in Poland and withdrawal from the INF treaty has a negative impact on bilateral relations.

At the same time, the importance of the status of the official visitors seems to be overestimated. In fact, the level of contacts does not guarantee a bright future. In the first years of independence, Belarus was visited by Secretary of State Warren Christopher and U.S. Secretary of Defense William J. Perry, not to mention President Bill Clinton, although the latter visit was largely demonstrative. And everyone remembers what happened next.

It seems that the purpose of Mitchell's visit was not so much to inform the Belarusian leadership of the essence of the American initiative, as to find out how the Belarusian leadership would react to it. From this point of view, the pleasantries were hardly enough. The guest apparently wanted to hear what real measures could be taken to protect the sovereignty of the country.

One can be sure that the Belarusian leadership would very much like to fully normalize relations with the United States, first of all, being guided by purely pragmatic considerations, to be able to take loans and attract investments, as well as to develop trade and economic cooperation, of course on condition that the other party will drop the accusations of human rights violations and finally lift the sanctions.

Another important task is to enlist Washington's support as the Minsk-Moscow relationship gets increasingly worse. At the same time, it is unclear what exactly the government can do in order to convince the United States of the sincerity of its intentions without provoking Russia's aggression.

In the 2019 forecast released in mid-November, *Stratfor* predicted that Minsk would be offered economic incentives to

divert it from building up military ties with Moscow. However, to obtain such preferences, Minsk would have to somehow participate in the creation of an anti-Russian “stronghold”. In this case, Belarus would face great risks, since its “main ally” would categorically disagree with this scenario and insist on the execution of the assumed obligations and on new strategic concessions, including an expansion of its military presence in the neighboring state.

Given that the Kremlin and the Belarusian regime remain ideologically close despite all disagreements, there’s no question about which side the latter would take. In these circumstances, even the reinstatement of the full embassy personnel does not fundamentally change the situation, although, of course, it can only be welcomed.

Conclusion

The current improvement of Belarusian-American relations is a consequence of the more or less neutral position that Minsk has taken in relation to the Russian aggression against Ukraine. If Minsk continues to adhere to it and does not return to harsh repressive measures inside the country, Washington will continue showing some interest in Belarus.

However, due to Donald Trump’s pragmatism, Belarus is of no great interest to him either politically, or economically. Therefore, the Department of State will continue to play the leading role in the Belarusian direction, although there will hardly be any grounds for pivotal changes.

Belarus’ political weight is too small for the world’s leading players to consider it in the current international situation. In other words, its opinion on the possible deployment of the American base in Poland or the future of the INF Treaty will not be really taken into account, regardless of whether Washington will be aware of it or not.

The Belarus-US relationship is going round in circles. Washington’s current interest in Minsk is clearly dominated by the aspiration to build up the Western World’s defense against Russia. Belarus is so strongly dependent on Russia in almost all domains that, even with the greatest desire (which, by the

way, has not yet been manifested in any way), the Belarusian government will not risk keeping its ears open to American proposals.

If the global confrontation suddenly ceases (which is not totally impossible, since the American president is not very much predictable), the United States' interest would get even weaker again, because, generally speaking, Belarus in its current status has nothing significant to offer in other areas. Accordingly, one can hardly expect increased cooperation in the foreseeable future. Moreover, there is a strong suspicion that the parties have reached the limits of their rapprochement.

Nevertheless, amid the increasing global tensions and taking into account the longtime discouraging experience of bilateral relations, even today's level maintained for a while would be nowhere near the worst case scenario.

BELARUSIAN-POLISH RELATIONS: HOPING FOR FURTHER DEVELOPMENT

Anna Maria Dyner

Summary

2018 was another year during which relations between Poland and Belarus developed steadily and intensively, although mainly in technical terms. This is confirmed by numerous bilateral visits, the expansion of trade exchanges, the large number of visas issued by Poland and the increase in the number of Polish tourists enjoying a visa-free regime.

However, established working relations do not remove differences in the security policy of the two countries, who are members of opposite military alliances: NATO and the CSTO. Poland sees the deployment of additional US and NATO forces on its territory as a guarantee of security for itself and other Eastern European countries. For Belarus, this means an increase in tension in the region, which could make it difficult to pursue a policy of limited neutrality.

Trends:

- Maintaining the frequency of contacts at the intergovernmental and Ministerial level and in the military sphere;
- Growing cross-border cooperation as a significant factor in the relations between the two countries;
- Improved political relations and, as a consequence, increased trade;
- The presence of the Russian factor as a threat to security policy in the region.

Political and military relations

2018, like the previous year, was a period of “small stabilization” with a large number of bilateral visits, including consultations at the Ministerial level and meetings of Working Groups. In 2018, former Director of the Eastern Department in the Ministry of Foreign Affairs Artur Michalski was appointed Ambassador of the Republic of Poland to Belarus to replace Konrad Pawlik. At the same time, Belarus closed its Consulate General in Gdansk for economical reasons.

On January 19, Ambassador Konrad Pawlik met with Foreign Minister of Belarus Vladimir Makei and a day later with Speaker of the Council of the Republic Mikhail Myasnikovich. Both meetings were related to the upcoming end of the mission

of Ambassador Konrad Pawlik. In June he was replaced by Artur Michalski.

On 7 April the Ministry of Justice of Poland and Belarus signed in Minsk a cooperation program for 2018–2020. The document provides for the exchange of experience in the development of legislation, the execution of court verdicts and the development of mediation procedures. On 29 May, the Supreme Audit Chamber of the Republic of Poland and the State Control Committee of the Republic of Belarus signed an updated cooperation agreement (the previous one was concluded in 2003).

On 28 July, in Minsk, Speaker of the Council of the Republic Mikhail Myasnikovich met with Speaker of the Senate Stanisław Karczewski. The politicians discussed political and economic relations, as well as the upcoming visit of Myasnikovich to Poland.

On 11–14 September 2018, bilateral consultations of the Ministries of Foreign Affairs took place in Warsaw. The Belarusian delegation was headed by the Deputy Minister of Foreign Affairs of Belarus Oleg Kravchenko, who met with the Deputy Minister of Foreign Affairs Bartosz Cichocki during the visit. The meeting of experts organized at the Polish Institute of International Relations was also part of the consultations.

A group of Belarusian parliamentarians visited Warsaw on 18–20 September. The deputies met with Vice-speaker of the Senate Ryszard Terlecki and Deputy speaker Maria Koc.

On 1 November the Minister of Foreign Affairs Jacek Czaputowicz arrived in Belarus to participate in the session of the Munich conference. On the sidelines of the forum, he met with Foreign Minister of Belarus Vladimir Makei.

In 2018 there was an important event for the historical policy of Belarus and Poland. On 29 June the memorial to the victims of Nazism “Trascianec” 10 kilometers from Minsk was opened. The opening ceremony of the memorial complex was attended by the presidents of Belarus, Austria and Germany, while Polish President Andrzej Duda sent a message.

In 2018, as in previous years, the frequency of military contacts remained. As part of the inspections provided for in the Vienna document on confidence and security building

measures (2011), in March military officers from Poland, France, Germany and Turkey conducted inspections in the 38th separate guards air assault brigade (Brest). On 23–26 April, officers from Belarus, in the framework of the procedures provided for in the Original Treaty on Conventional Armed Forces in Europe (CFE), conducted an inspection in two Polish military units.

The next Belarusian check in the framework of the implementation of the provisions of the Vienna document was held on 6–8 June. Further, on 19–21 June, representatives of the armed forces of Poland and Belarus held consultations on cooperation in the field of arms control in Minsk.

On 28–29 August, consultations of the defense ministries of both countries were held in Brest, during which the problems of regional security were discussed. On 12–16 November, the Belarusian military observed the ANAKONDA 2018 military training held in Poland. On 20 December, the Polish side inspected the 6th separate mechanized brigade (Hrodna).

Thus, it can be stated that political and military cooperation was quite satisfactory. However, different approaches of Poland and Belarus to regional security can negatively affect the relations between the countries. Although Belarus does not officially consider the strengthening of the Eastern flank of NATO as an action aimed at undermining its security, Minsk broadly believes that the deployment of a new US army base in Poland (Fort Trump) will increase tension in the region and subject Belarus to increased pressure from Russia to create a base of Russian troops (possibly missile). Polish experts argue that the deployment of additional allied forces will help deter Russia and strengthen the security not only of Poland but also of the Baltic States, as well as the Czech Republic, Slovakia, Romania and Bulgaria.

Security issues were one of the central topics of the Belarusian-Polish expert talks at the round table on 30 October which was organized by the “Minsk Dialogue” with the participation of the Institute of International Relations from the Belarusian side and the Center for Eastern Studies from Poland

Economic relations

In 2018, favorable political relations affected the increase in trade between Poland and Belarus, including, in particular, Belarusian exports, which for the first time in history exceeded imports from Poland. According to *Belstat*, in 2018 the trade turnover of Belarus and Poland increased by 5.3% compared to 2017 and reached USD 2.551 billion, while Belarusian exports increased by 24.0% (USD 1.345 billion), and imports from Poland decreased by almost 10.0% (USD 1.2 billion).¹

Thus, Belarus for the first time reached a positive balance (USD 138 million) of trade balance with Poland. As of 1 January, 2019, 339 enterprises with Polish capital were registered in Belarus, which allowed Poland to take the fourth place among foreign investors after Russia, Lithuania and Cyprus.²

A number of events organized by Belarusian and Polish business took place in 2018. On 20 September, the Association of Polish Business in Belarus and the Polish-Belarusian Chamber of Commerce and Industry signed a cooperation agreement in Sokółka.

The Polish Foreign Ministry supported the conference on cluster development in Belarus, which was held in Homiel on October 10. On 27 November, the Minister of Antimonopoly Regulation and Trade of Belarus Vladimir Koltovich and the President of the Office of Competition and Consumer Protection (UOKiK) Marek Niechciał signed in Warsaw a Memorandum of Cooperation in the field of competition policy and consumer protection. On the same day, a meeting of the Belarusian-Polish Commission on economic cooperation and a business forum were held.

¹ «Данные о внешней торговле Республики Беларусь по отдельным странам в 2018 году.» *Национальный статистический комитет Республики Беларусь*, 2019, <http://www.belstat.gov.by/ofitsialnaya-statistika/realny-sector-ekonomiki/statistika-vneshneekonomicheskoy-deyatelnosti/vneshnyaya-torgovlya-tovarami/operativnye-dannye/dannye-o-vneshney-torgovle-respubliki-belarus-po-otdelnym-stranam/>.

² «Большая доля инвестиций в Беларусь приходится на офшоры.» *Tut.by*, 25 June 2018, <https://news.tut.by/economics/596705.html?crnd=96895>.

On 28 November, Vaŭkavysk hosted the Belarusian-Polish economic forum “A Step Forward”. On 4 December, the 10th Forum of Polish investors in Belarus “Polish-Belarusian cooperation today and tomorrow” was held in Minsk.

In February, consultations were held between PKP Group and Belarusian Railways on the opening of the Vysoka-Lioŭsk – Czeremcha railway connection. The Belarusian side is interested in opening the crossing, as it would help to reduce the pressure on the railway crossing in Brest and the transshipment terminal in Małaszewicze. Investments will increase the capacity of freight routes due to the planned increase in the transport of goods from China in the framework of the “One Belt, One Road” project. This topic was also discussed during the working meeting of railway representatives from seven countries (Belarus, China, Kazakhstan, Mongolia, Germany, Poland and Russia), which was held in Minsk in April.

In 2018, the National Bank of Belarus participated in the EU-funded *Twinning* program. Within its framework, the National Bank of Poland, the Federal Bank of Germany and the Bank of Lithuania conducted a series of trainings on the use of modern tools, including those related to payment systems, banking supervision and financial risk management.

In economic matters, the most important for Belarus was the opening of the EU market, including the Polish one – especially for agro-food products and engineering products. Belarus is also interested in energy cooperation with Poland, including the sale of energy to be produced at the nuclear power plant in Astravec. Due to the lack of a link with sufficient capacity, the construction of which the Belarusian side estimates at USD 60 million, and the opposition from Lithuania, Poland has not yet shown mutual interest in this issue.

Regional and cultural cooperation

Cross-border and regional cooperation remains an important and strengthening element of bilateral relations.

During 2018, measures were taken to improve the functioning of border infrastructure, including the capacity of border crossings. Financing was carried out mainly at the expense of the

program “Poland – Belarus – Ukraine 2014–2020” (the EU has allocated, in particular, EUR 1 million for the modernization of the Bruzhi and Berastavica transit points). Fifteen projects in Brest region (almost EUR 20 million) were financed under the same program. On 21 August in Brest a forum for organizations that search for partners to receive grants under the program of the European Union was held.

In February, consultations were held with the customs services of both countries. The Belarusian side announced the introduction of additional monitoring systems at the border, which will speed up the customs clearance of goods. In May, the Polish Ministry of Investment and Development handed over EUR 228 thousand to the Belarusian customs service for the assembly of devices for weighing vehicles.

On October 17, representatives of the State Customs Committee of Belarus and the Polish customs service met with delegates of Podlaskie Voivodeship in Hrodna. During the meeting they discussed the possibility of increasing throughput capacity of border crossings Bruzgi and Kuźnica Białostocka. In November, the fire brigades of both countries held a joint training within the framework of the project “Security on the Belarusian-Polish Borders”.

In view of the constant growth of cross-border movements, issues related to the development of border infrastructure are of paramount importance. During the first three quarters of 2018, the Polish-Belarusian land border was crossed about 8 million times (a decrease of about 4.0 % compared to 2017). During the year, more than 3.9 million citizens of Belarus entered Poland and thus took second place after the citizens of Ukraine (almost 10 million people).³ As in previous years, the Polish consular services issued more than 400 thousand visas for citizens of Belarus.

It should also be noted that the visa free regime with Brest and Hrodna regions, as well as for tourists crossing the border at the airport Minsk-2 is becoming increasingly popular among Polish citizens. For the same reason, the tourist flow on the August Channel has increased.

³ “Statystyki SG.” *Straż Graniczna*, 2019, <https://www.strazgraniczna.pl/pl/granica/statystyki-sg/2206,Statystyki-SG.html>.

Cultural contacts continued to develop in 2018, primarily concerning the cooperation of the Hrodna historical and archaeological Museum and Podlaskie Museum in Białystok, as well as national archives. During the year there were many joint events in the field of music, painting, theater and sports.

Conclusion

Cross-border cooperation remains the basis of relations between Belarus and Poland, although additional legal and contractual agreements are needed in this area. Despite the development of good-neighborly relations, many issues remain unsolved for years. Problems such as the regulation of the status of the Union of Poles in Belarus can be included in the category of bilateral relations, and their solution largely depends on the governments and the political will of the leadership of both countries.

We should not forget the importance of Russian policy. Russia perceives the actions of NATO Eastern flank countries as aggressive and targeted against it, accusing the NATO of violating the 1997 Act, which it has repeatedly violated itself. Aggression against Ukraine and pressure on Belarus make Russia an even greater threat not only to bilateral relations between Belarus and Poland, but also to interstate relations throughout the region.

All of the above means that the opportunities for the development of political and economic relations between Poland and Belarus have their limitations. Despite the efforts of both countries in the field of military contacts, it is difficult to imagine real cooperation in this area, including joint training of Belarus and NATO. Given the current trends and policy of Russia, this situation will continue to be relevant in the coming years.

BELARUS – UKRAINE: IN A SECURITY VACUUM

Gennady Maksak

Summary

In 2018, the Belarusian-Ukrainian relationship became relatively relaxed, as it was before 2014. There were fewer aggravators in political dialogue, which marred bilateral relations in 2017 when Alexander Lukashenko had to assure his counterpart Petro Poroshenko that Belarus would not ever pose any security threats to Ukraine (West 2017 army exercise). Minsk continued to largely collaborate with Russia in terms of UN GA security policy. Kiev was deeply unhappy about that and tended to dismiss Belarus' mediation offers.

Last year, both sides managed to establish new institutional forms of cooperation for optimized trade and economic relations. The Gomel Forum of the Regions of Belarus and Ukraine held in October was the most ambitious event that engaged most of the regions of both countries.

Trade and economic cooperation showed positive dynamics, and both national leaders start talking about the achievement of a new, higher level of trade turnover in the medium term.

Trends:

- Trust relations between the leaders of the two states were maintained at a high level;
- Media skirmishes were fewer in comparison with 2017;
- Both countries sought to expand trade and economic cooperation, remove trade barriers and jointly approach third countries' markets;
- Kiev was still seriously concerned about Russia's pressure on the leadership of Belarus insisting on greater integration.

Political dialogue

In 2018, political dialogue stabilized and became more predictable in comparison with 2014–2017. Alexander Lukashenko managed to establish trust-based relations with Petro Poroshenko, and convinced the Ukrainian leadership to stop reacting too nervously to his diplomatic stunts aimed at demonstrating his loyalty to the Kremlin. The presidents had *two* telephone talks in the first half of the year, and met in person when Poroshenko went to Gomel for one day in October 2018.

The foreign ministers stepped up their communication as well. Deputy Foreign Minister of Ukraine Vasyl Bodnar visited Belarus in February to schedule inter-MFA consultations in 2018–2019. The consular departments held consultations in September.

Bilateral contacts promoted the shaping of short- and medium-term programs and roadmaps. Personal efforts of Ukrainian Ambassador to Belarus Igor Kyzym, who was appointed in 2017, contributed greatly to stepping up bilateral contacts.

The Forum of the Regions of Belarus and Ukraine can be regarded as the main political event of 2018. Its format was proposed by the Belarusian government, which has experience of holding such large events with Russia. It took quite a lot of time to prepare for the Forum, since Ukraine was to involve its regions and the businesses community. As a result, the Ukrainian official delegation to the Gomel Forum numbered over 700 members, authorized representatives of ministries, regional authorities and companies among them.

In 2018, the parties also initiated an expert forum aimed at strengthening cooperation of the expert communities and diplomats of the two states. The program of the forum included *two* organizational sessions (in November in Kiev and in December in Minsk).

The Ukrainian embassy organized Days of Ukrainian Culture in Belarus. The program included concerts, film shows and other social and cultural events.

Throughout the past year, the countries were negotiating the broadcasting of the Ukrainian UA/TV channel in Belarus. Poroshenko said during the Forum of the Regions that the broadcast agreement had been reached, but the channel was not officially available in Belarus last year.¹

Security

Alongside the OSCE and Russia, Ukraine continued to use Belarus as a venue for meetings of the Tripartite Contact Group on the resolution of the Russian-Ukrainian conflict.

¹ UA/TV channel was launched in March 2019.

In the UN, Belarus voted against Ukraine's resolutions on the situation with human rights in the Crimea and militarization, which caused certain tension in Belarusian-Ukrainian relations. As usual, Ukrainian media criticized Belarus for its pro-Russian vote, but the government of Ukraine did not put an emphasis on the unfriendly behavior of Minsk. Ukraine's resident representative to the UN Volodymyr Yelchenko made a number of unofficial statements, proposing to think about another, truly neutral venue for the talks on Ukraine given Minsk's vote in the UN. This is a very sensitive issue for the Belarusian leadership, so its reaction was quite emotional.

Following the open act of the Russian military aggression against Ukrainian warships in November 2018, Minsk had to weasel its way out, assuring the Kremlin of its commitment to the allied obligations and forcedly responding to the objective facts of the conflict. Minister of Foreign Affairs of Belarus Vladimir Makei made a generalized statement, saying that the parties to the conflict understand their responsibility for regional security, and wouldn't make steps that might aggravate the situation. He also advised external actors to refrain from statements that would lead to an escalation of the conflict. This can be interpreted as a request not to accuse Russia of the act of military aggression.

No wonder Kiev rejected all peacemaking and other mediation initiatives to resolve the Russian-Ukrainian conflict offered by Lukashenko and Makei.

Despite Kiev's repeated requests, Minsk did not provide official information regarding the abduction of Ukrainian national Pavlo Gryb by Russian security services in Belarus in 2017 and his transfer to Russia. What is worse, Gryb, who is held in a remand prison in Krasnodar, began to experience serious health problems, and the incarceration conditions threaten his life.

This resulted in a certain tension in Belarusian-Ukrainian dialogue. The Foreign Ministries even exchanged invectives in October. Minister of Foreign Affairs of Ukraine Pavlo Klimkin said that Ukrainian nationals were not completely safe in Belarus, where Russian security services made themselves at home. The Belarusian Foreign Ministry called it "horror stories."

Klimkin also claimed that “Belarusian and Russian security services have a black list of citizens of other states” and the embassy of Ukraine in Belarus checks the list before Ukrainian delegations go there. Klimkin reminded that there had been similar abductions of Ukrainian citizens in Belarus, in particular, detentions of journalists².

The Foreign Ministry of Ukraine had to respond to public statements made by the Belarusian authorities about 160,000 Ukrainian refugees in Belarus, which was an obvious manipulation of the facts by Minsk for image building purposes.

The trials of Ukrainian national Pavlo Sharoyko in Belarus and Belarusian national Yuri Politika in Ukraine continued in 2018. In May, the Supreme Court of Belarus sentenced Sharoyko to eight years in prison for espionage. Contrary to expectation, Sharoyko and Politika were not exchanged, probably because Politika’s trial is not over.

The joint Belarusian-Ukrainian demarcation commission achieved progress, which was one of the positive results of cooperation. At the 17th meeting held in June, the commission gave a start to the demarcation of the Belarusian-Ukrainian border in the exclusion zone of the Chernobyl nuclear power plant in 2019, and adopted a long-term plan for the demarcation of the state border in 2018–2026.

At the 1st Forum of the Regions, the sides signed the agreement on readmission, which helps substantially to regulate migration in the region.

Ukraine welcomed the second batch of Belarus’ humanitarian aid for residents of the Donetsk and Lugansk regions sent in June 2018.

Trade and economic relations

Trade remained a priority for the Belarusian leadership. Minsk traditionally has a significant surplus in trade with Ukraine. During the Forum of the Regions, President of

² «Беларусь и Россия имеют общий «черный список» граждан других стран, – Климин.» *Комментарии.UA*, 30 Oct. 2018, <https://comments.ua/politics/639272-belarus-rossiya-imeyut-obschchiy-cherniy.html>.

Ukraine Petro Poroshenko spoke highly of the economic component of bilateral relations and called Belarus a strategic trading partner.

The intergovernmental Belarusian-Ukrainian commission for trade and economic cooperation was active as always. Its 26th session co-chaired by Deputy Prime Minister of Belarus Igor Lyashenko and Vice Premier, Minister of Regional Development, Construction and Housing of Ukraine Hennadiy Zubko was held on October 11 in Gomel. The first session followed the change of the government team of Belarus and the appointment of a new curator, who replaced Vladimir Semashko. The parties signed a memorandum that served as a basis for the agenda of the Forum of the Regions of October 25–26.

The program of the Forum also included the 7th session of the Belarus-Ukraine Business Cooperation Advisory Council and several sectoral events. The total amount of the signed contracts was over USD 100 million. *Nine* agreements on cooperation between regions and cities of the two states were reached.

Joint ad hoc groups for education, science, tourism, environmental protection, industry, agriculture and river and road transport held a series of meetings.

In 2018, the mutual trade turnover totaled USD 5.465 billion, having increased 119.2% from 2017. Belarus' exports totaled over USD 4 billion (a 20% increase from 2017), oil products constituting the largest proportion. Imports from Ukraine reached USD 1.4 billion (a 14.8% year-on-year increase)³.

An important step-ahead decision made by the heads of state in October in Gomel was the plan to form a joint Belarusian-Ukrainian task group for interregional cooperation and an anti-dumping investigation group. The latter is particularly important to Kiev with a view to increase its presence in the Belarusian

³ «Данные о внешней торговле Республики Беларусь по отдельным странам в 2018 году.» *Национальный статистический комитет Республики Беларусь*, <http://www.belstat.gov.by/ofitsialnaya-statistika/realny-sector-ekonomiki/statistika-vneshneekonomicheskoy-deyatelnosti/vneshnyaya-torgovlya-tovarami/operativnyye-dannye/dannye-o-vneshney-torgovle-respubliki-belarus-po-otdelnym-stranam/>.

market. In late 2018, the Eurasian Economic Union (of which Belarus is a member), took *seven* anti-dumping measures and initiated *three* investigations in relation to Ukrainian commodities. Prohibitive measures were applied against certain types of commodities, which leads to a significant reduction in the amounts of Ukrainian products on the Belarusian market (mainly rolled metal and metal products).

In turn, Ukraine conducted *five* antidumping investigations, looked into a number of contracts, and applied *two* antidumping and *two* protective measures against Belarusian commodities. From 2015 to 2017, some imports from Belarus increased dozens and even hundreds of times (for example, roofing slates and cement), so Kiev is trying to figure out whether Minsk redirected them to Ukraine, or Russian goods go to Ukraine being marked as Belarusian bypassing the embargo and sanctions⁴.

Conclusion

Despite the institutional strengthening of trade and economic cooperation and the new peak indicators of trade, the strategic partnership of Belarus and Ukraine did not cover security issues in which Minsk continued to adhere to its pro-Russian line. Only the close personal contacts between the heads of states prevent political tensions from aggravating and Ukraine even often ignores open manifestations of unfriendly policies in the public domain and in diplomatic practice.

The Ukrainian leadership disregarded new peacemaking initiatives generated by the Belarusian president. Nevertheless, Kiev does not refuse to hold meetings in the format of the Trilateral Contact Group in Belarus.

In the future, the interest of both Alexander Lukashenko and Petro Poroshenko in bilateral economic development may help to work out more thoughtful and systemic trade policy, including in removing trade barriers and joint cultivating the markets of third countries.

⁴ «Україна недовольна дешёвим цементом і сталевими прутками з Білорусі.» *Naviny.by*, 3 July 2018, <https://naviny.by/new/20180703/1530621069-ukraina-nedovolna-deshevym-cementom-i-stalnymi-prutkami-iz-belarusi>.

It is also important to take into account new challenges for Belarus related to the so-called Russian ‘tax maneuver’ in the oil sector and the Kremlin’s pressure to achieve deeper integration in the Union State. The tax maneuver affects the trade component, whereas Belarus-Russia integration is perceived by Kiev as a possible threat to its national security that might originate from Belarus. In this situation, Kiev and Minsk will have to communicate closer to withstand Russia’s influence on their relations.

NEW OUTLINES OF FOREIGN AFFAIRS: REVIEW OF BELARUS RELATIONS WITH ASIA, AFRICA AND LATIN AMERICA

Sergei Bogdan

Summary

In 2018, Belarusian relations with the countries of Asia, Africa and Latin America were less resonant but hardly less fruitful. The economic effect of these relations remained approximately the same, in spite of the fact that Minsk paid less attention to the political advancement of these relations and participation in global political games in this direction.

Partnership with China remained one of the key areas of foreign policy. Despite all the inconsistency of relations with this country, many negative features are not the result of the vicious policy of Minsk, but are universal for communication of the majority of the world's states with China.

The Belarusian government has also begun to pay more attention to balancing the warring states in the Middle East and Asia. At the same time, Belarusian officials have never voiced so many critical comments about the relations with various countries of the so-called “far arc of partnership” as in 2018.

Trends:

- The place of many countries in Asia, Africa and Latin America in the geography of foreign relations in Minsk has significantly decreased;
- Integration into the new “Chinese world” is one of the main components of Belarusian foreign policy;
- In the Middle East, Minsk returns to a policy of balancing between warring countries;
- Export of food and fertilizers to the countries of the “far arc of partnership” is growing.

The results of the policy review of the countries of the “far arc of partnership” in recent years became evident. In 2018, there were fewer relevant contacts and projects, moreover President Lukashenko, speaking about the multi-vector foreign policy in his address to the Parliament, did not link it clearly with the states of Asia, Africa and Latin America, the countries of the so-called “far arc”, and strongly emphasized the role of the PRC.

Participation in the non-aligned movement, through which Belarusian contacts with developing countries were unfolding, became clearly marginal.

However, it is not worth exaggerating these trends. Introducing the program of the new Cabinet of Ministers, Prime Minister Sergei Rumas announced that at the end of the five-year plan “equal distribution of commodity exports between the markets of the EAEU, the EU and the “far arc” countries should be ensured.”¹

The infrastructure of communication with Asian countries was also constructed. Against the background of the closure of Belarusian consulates in Europe (in Odessa, Gdansk, Milan), the Belarusian government opened additional consulates in Asia: in June in Dubai (UAE), and in November in Guangzhou (China).

“With powerful China – Belarus is strong”

The participation of the Chinese military in the liberation day parade on 3 July for the first time, symbolized the growth of the Chinese presence in the country. Another illustration of the proximity of Minsk and Beijing was the mutual cancellation of visas for citizens of Belarus and China in August.

Minsk makes great efforts to join the new “Chinese world” and has achieved some results in integration into the Shanghai cooperation organization (SCO). Alexander Lukashenko took part in the SCO summit on 10 June in Qingdao, China, and Prime Minister Rumas took part in the SCO heads of government meeting on 11–12 October in Dushanbe. This even led to the need for consultations with Russia on the issues of “joining the construction of the EAEU with the Chinese initiative “one belt, one road” and establishing cooperation between the EAEU with the SCO and ASEAN”².

During the year, there was an intensive interaction between various Belarusian and Chinese institutions and organizations.

¹ «Беларусь собирается создать лучшие в ЕАЭС условия для привлечения инвестиций – Румас.» *БелТА*, 31 Oct. 2018, <https://www.belta.by/economics/view/belarus-sobiraetsja-sozdat-luchshie-v-eaes-usloviya-dlja-privlechenija-investitsij-rumas-323778-2018/>.

² «О совместном заседании коллегий МИД Беларуси и МИД России.» *Министерство иностранных дел Республики Беларусь*, 21 Nov. 2018, http://mfa.gov.by/press/news_mfa/ca890668345147bf.html.

On 6 April, the Minister of Defense of the PRC Wei Fenghe came to Belarus, at the beginning of the year our country received another batch of equipment for special operations forces from the PRC. On 27–29 May, Belarus was visited by Vice President of the PRC Wang Qishan, who held talks with the then Prime Minister Andrei Kobyakov, met with President Lukashenko and visited the “Great Stone”. On 20 September the Secretary of the Central Committee of CPC for discipline inspection Zhao Lazzi visited Belarus. Belarusian officials of various agencies visited China during the year. Almost all central state bodies of Belarus have partnerships with relevant institutions of the PRC.

However, despite these political contacts, Prime Minister Rumas complained that “the level of trade and economic communication does not reach the level of political... Our enterprises... experience difficulties with entering the Chinese market... Belarusian citizens and companies face financial barriers at calculations.”³

Contacts are not limited to state authorities, and affect the largest Chinese companies: CITIC Group, Huawei, China Merchants Group, ZTE, etc. Especially outstanding is the role of CITIC Group. President Lukashenko signed a decree *On the Chinese-Belarusian Investment Fund*, its founders were CITIC Construction (60%) and ASB Belarusbank (40%). The Fund is supposed to attract funds from foreign and domestic markets and invest them in Belarusian investment projects in exchange for shares or bonds of enterprises. The volume of investments in the first two years of the Fund must be USD 50 million.

Interaction with Chinese business is closely intertwined with agreements with Chinese government agencies. Belarus attracted Chinese money for development, and the transparency of these projects was low. The attraction of soft loans can serve as such an example. On 7 February, the Council of Ministers decided to attract a preferential governmental loan from China for a period of 15 years for the implementation of the investment project “Organization of high-tech agro-industrial production of

³ «Встреча с Чрезвычайным и полномочным Послом КНР в Беларуси.» *Совет министров Республики Беларусь*, 07 Sep. 2018, <http://www.government.by/ru/content/8236>.

a full cycle for 2016–2032” in the amount of CNY 1750 million (about USD 259 million). Probably, in connection with the same project on 11 September, the Council of Ministers decided on measures to implement the loan agreement with China for CNY 2.5 billion (approximately USD 371 million). According to official information, the Belarusian National Biotechnology Corporation received this preferential governmental loan.

The Chinese Corporation CITIC Group, whose leadership visited Belarus in May and July and met with President Lukashenka, plays an unknown key role in the project. It is this Corporation, as other official sources reported, that after the construction of the automobile plant "BELGEE“, modernization of cement plants and Orša flax factory, began to organize a “high-tech agro-industrial production”. The products, which will be produced after the project, should go to the Chinese market.⁴

Middle East: multi-vector within a region

Two of its former partner countries, Iran and Sudan, have reappeared on the horizon of Belarusian foreign policy. At the beginning of the year, Minister of Industry Vitaly Vovk visited Tehran, and the 14th meeting of the Intergovernmental Mixed Commission for Economic Cooperation was held on 22–23 January. On 7 September, the Speaker of the Iranian Parliament Ali Larijani visited Belarus. At the beginning of the year, the Energy Minister Vladimir Potupchik went to Sudan, and the 4th meeting of the Joint Commission for Cooperation was held in Khartoum on 23–24 January. Now the joint projects are related to trade, industrial cooperation, agriculture, geological exploration, energy, mining. It is known that the implementation of the gold mining project has begun, and the Sudanese side in 2018 gave the Belarusian partners the opportunity to start at the second goldfield.

⁴ «Встреча с председателем правления китайской корпорации CITIC Group Чан Чжэньмином.» *Официальный интернет-портал Президента Республики Беларусь*, 28 Jul. 2018, http://president.gov.by/ru/news_ru/view/vstrecha-s-predsdatelem-pravlenija-kitajskoj-korporatsii-citic-group-chan-chzhenminom-19203/.

On 10 December, President of Sudan Omar al-Bashir paid a visit to Belarus, during which he opened the Embassy of Sudan in Minsk. The Belarusian side intends to create a machine-building center in Sudan, where tractors, cars and construction equipment (MTZ, MAZ and Homselmash), as well as dairy and commercial complexes and greenhouses of closed type would be assembled. Minsk and Khartoum have agreed to trade the produced equipment not only in Sudan, but also in southern Sudan. Minsk hopes that in this way it will be able to enter the markets of other African countries.

On 5 April, Minister of Presidential Affairs of Syria Mansour Azzam paid a visit to Belarus. He was received by Lukashenka, to whom he brought a letter from Bashar al-Assad. The talks were devoted to the peaceful development of Syria and the possible participation of Belarus in the reconstruction of the country. Over the past few years, Belarus has repeatedly received Syrian children on a humanitarian basis.

Some revival of contacts with Iran, Sudan and Syria can be seen not as a transition to the other side in the global confrontation, but as a balancing act. This was illustrated not only by the exchange of visits between Belarus and Israel, but also by an inconspicuous but highly important meeting on 2 March between foreign Minister Vladimir Makei and a delegation of the American Jewish Committee headed by Chairperson John Shapiro and Executive Director David Harris.

Minsk balances in the Middle East and does so through contacts with the UAE, Egypt, Oman and Turkey. In early May, Foreign Minister Vladimir Makei, Minister of Emergency Situations Vladimir Vashchenko and Chairperson of the State Customs Committee Yuri Senko went to the UAE at the same time. On 14–15 November, Chairperson of the House of Representatives of Egypt Ali Abdel al-Sayed visited Belarus. On 14–15 February, Prime Minister of Turkey Binali Yildirim arrived in Minsk. According to Lukashenka, the relations between Minsk and Ankara are currently experiencing a renaissance. Indeed, over the past ten years, trade has grown more than fivefold, close to a billion USA dollars. Binali Yildirim arrived again on 12–13 November, as the Speaker of the Turkish Parliament.

Asia: with Afghanistan at the expense of India, with Pakistan at the expense of China?

Relations with India were modest but noticeable. During the SCO summit, the Belarusian President met with Prime Minister Narendra Modi, and on 11–12 June, the Speaker of the lower house of the Indian Parliament Sumitra Mahajan visited Belarus. On 24 September, an investment treaty was signed with India. But the Indian side's interest was limited, and Delhi did not even send officials to participate in the next meeting of the Intergovernmental Commission for Cooperation.⁵

On 23 May, President Lukashenko approved the draft intergovernmental agreement with Afghanistan on military-technical cooperation, and during the meeting of the SCO heads of governments in Dushanbe Belarusian Prime Minister Sergei Rumas met with his Afghan counterpart Abdul Abdullah. Contacts with Afghanistan may be connected with the Belarusian-Indian relations and occupy a significant place in the latter. The fact is that at the beginning of March in Delhi an agreement was signed between the Afghan Ministry of Defense and unnamed Belarusian partners on the delivery of four Mi-24 helicopters to Kabul.⁶ The deal was paid for by India.

Contacts with Pakistan can be seen as a counterbalance to relations with India. The most notable event was the December visit of Zubair Mahmood Hayat, Chairperson of the Joint Chiefs of Staff Committee of the Pakistan Armed Forces. He was received by President Lukashenko, who discussed civil affairs with him. A distinctive moment was the discussion of cooperation between Belarus and Pakistan in integration associations.⁷

⁵ «Об участии заместителя Министра иностранных дел Беларуси О. Кравченко в белорусско-индийском бизнес-форуме.» *Министерство иностранных дел Республики Беларусь*, 25 Sep. 2018, http://mfa.gov.by/press/news_mfa/a325a307eea27c3f.html.

⁶ “India will provide 4 Mi-24 choppers to Kabul, says Afghan envoy.” *Hindustantimes*, 27 Mar. 2018, <https://www.hindustantimes.com/world-news/india-will-provide-4-mi-24-choppers-to-kabul-says-afghan-envoy/story-HGvDXi8b6D0fTT8unBwPMO.html>.

⁷ «Встреча с Председателем Объединённого комитета начальников штабов Вооружённых сил Пакистана Зубайром Махмудом Хаятом.»

Relations with the rest of Asia were less intense. A notable event was the visit of Deputy Prime Minister Vladimir Semashko to Vietnam on 28–30 March. Minsk and Hanoi signed an intergovernmental Protocol on industrial assembly in Vietnam; “MAZ-Asia” plant is under construction.

A visit of the Foreign Minister of Mongolia Damdin Tsogtbaatar to Belarus on 3–4 June was of less importance. He met with his Belarusian counterpart and then Prime Minister Kobyakov. This was the first visit of the Minister of Foreign Affairs of Mongolia during the last 17 years, when interstate agreements on cooperation in the legal sphere were signed.

Africa: any delivery is diversification

There has been a shift in priorities concerning the relations with countries further south in the African continent. The Belarusian government closed its Embassy in Ethiopia and opened one in neighboring Kenya. Zimbabwe was also the most visible partner – Belarusian Chief of the Presidential Administration Viktor Sheiman visited the country in early March and mid-September. On 22–23 March, Deputy Minister of Foreign Affairs, Andrey Dapkiunas visited the Republic of South Africa where the 4th Meeting of the Committee for Trade and Economic Cooperation took place.

Belarusian diplomats are critical of the development of relations with the region. Problems in communication with African states remained typical, as in relations with the countries of the “far arc”.

Latin America: ‘revision’ of relations

Relations with Latin America continued to shift to the sidelines of Belarusian diplomacy. Perhaps the most significant event was the visit of the Minister of Foreign Affairs of Ecuador Maria Fernanda Espinosa Corses to Minsk on 17–19 May. Alexander

Официальный интернет-портал Президента Республики Беларусь, 17 Dec. 2018, http://president.gov.by/ru/news_ru/view/vstrechas-predsdatelem-objedinennogo-komiteta-nachalnikov-shtabov-vooruzhennyx-sil-pakistana-zubajrom-20072/.

Lukashenko called for an ‘audit’ of relations with Ecuador and drew a plan for the near future. He did not hide the fact that he would like to rely on Ecuador in the Latin American continent.⁸

On 18–19 June Minister of Justice and Public Security of Brazil, Torquato Jardim visited Belarus, which became the first visit of the Brazilian high-level official to our country. In addition, consultations with the foreign ministries of Colombia, Ecuador, Argentina, Uruguay, Peru, Venezuela, Cuba, as well as contacts of the same level with Panama and the Latin American Parliament were held at the level of Deputy Foreign Ministers.

Difficulties in building relations with the countries of the region made the Belarusian government coordinate with Russia even closer than with other partners. On 13 April, consultations between the foreign ministries of Belarus and Russia on relations with Latin American and Caribbean countries at the level of heads of geographical divisions were held in Minsk.⁹

Conclusion

Although relations with the countries of Asia, Africa and Latin America have retained a significant place in Belarusian foreign policy, this area is declining in importance. The exception to this is communication with China and some Asian and middle Eastern States. The government is now setting more realistic goals, and domestic economic entities are gradually finding opportunities in the markets of the “far arc”. This does not exclude the repetition of over-the-top declarations and high-risk deals, but these don’t form the basis of the Belarusian policy regarding the countries of the “far arc”. Policy has become partly balanced.

⁸ «Встреча с министром иностранных дел Эквадора Марией Фернандой Эспиносой Гарсес.» *Официальный интернет-портал Президента Республики Беларусь*, 18 May 2018, http://president.gov.by/ru/news_ru/view/vstrecha-s-ministrom-inostrannyx-del-ekvadora-mariej-fernandoj-espinosoj-garses-18726/.

⁹ «О белорусско-российских межмидовских консультациях по латиноамериканской тематике.» *Министерство иностранных дел Республики Беларусь*, 13 Apr. 2018, http://mfa.gov.by/press/news_mfa/b6c0cf296db52599.html.

SOCIETY

NATIONAL IDENTITY: STATE POLICY AND PUBLIC OPINION

Piotr Rudkoŭski

Summary

2018 marked the 100th anniversary of the Declaration of the independence of the Belarusian People's Republic. In the same year the first volume of the *History of Belarusian Statehood* was published, a number of events dedicated to the problems of national identity were held. Both at the level of state policy and at the level of public opinion, however, there is uncertainty about the role of the BPR. The commitment to the Soviet heritage, coupled with attempts to revise some of its elements, remains, and the consensus on the identification function of the Belarusian language is consolidated.

Trends:

- The trend of 'soft Belarusization' continues in state policy: strengthening the national identity by promoting the idea of the "long history" of the Belarusian statehood and cultivating the identification role of the Belarusian language;
- At the level of public opinion there is an increase in pro-Soviet sentiments;
- There is a trend towards Belarusian-centric understanding of the Soviet heritage – both at the level of state policy and at the level of public opinion;
- The perception of the BPR moves from the "I assess negatively" to "I don't know", and this also applies both to public opinion and state policy.

Public opinion in Belarus is relatively rarely studied for its attitude to certain elements of national identity. But in 2018, as many as *two* sociological services – the Belarusian analytical workshop (BAW) and MIA Research – in the framework of national surveys asked respondents a number of questions on identity, in particular about the historical narrative, national symbols and the Belarusian language. As a result, we obtained enough data to be able to update our knowledge about the formation of consensus among the Belarusians on their national identity.¹

¹ The last comprehensive study of the problem of Belarusian identity on the basis of sociological surveys took place in 2008–2009, when the Belarusian Institute for strategic studies (BISS) in partnership with Budzma campaign and the Novak laboratory implemented a project called *National identity through the eyes of the Belarusians: who are we and who will we be?*

The article first presents the background events of 2018, which could have an impact on public opinion and would allow getting an idea of the state policy in the field of identity. Then the results of sociological surveys on three aspects of national identity will be discussed: the BPR, the Soviet heritage and the Belarusian language. Finally, conclusions will be made about current trends and forecasts for the future.

Background events: the 100th anniversary of the BPR and the renewal of the ideological narrative

2018 marked the centennial anniversary of the BPR, so it was held under the sign of a number of events timed to this anniversary. The most famous events were a mass rally of thousands and a concert at the Opera and Ballet Theatre on 25 March, which, were not officially supported by the authorities, but were held with the secret assistance of the establishment.

On March 15 and 16, the National Academy of Sciences of Belarus organized a conference *The Belarusian People's Republic in the History of the Belarusian National Statehood*. During the conference, the key speakers agreed that the Declaration of the BPR was clearly a positive step towards the formation of the Belarusian statehood. The Academy of Sciences has also created a mobile application on the route *Following Traces of the BPR* in Minsk. Public activists, however, failed to establish signs in honor of the BPR in Hrodna and Minsk. The position of the authorities froze in the form a fence-sitter: they neither forbade it categorically, nor allowed it.

Another important event last year was the release of a large, almost 600-page volume of the History of Belarusian Statehood², which can be considered the beginning of a new sub-stage of a state identity policy. In turn, the Public Association *Belaya Rus'* together with the Institute of History of the NAS launched the project *Belarusian Statehood: History and Modernity*. The project

² *История белорусской государственности*. В 5 т. Т. 1: А. А. Коваленя [и др.], editors. *Белорусская государственность: от истоков до конца XVIII в.* Минск: Беларуская навука, 2018.

participants agree that the BPR is one of the “national forms of the Belarusian statehood.”³

Let us turn to the data on public opinion: how the Belarusians perceive the BPR and other factors of identity. Where it is possible, I will compare the data with those of 2009.

BPR: not “against”, but not yet “in favour”

During the survey, which took place shortly after the 100th anniversary of the BPR, the question about the attitude to the date “March 25” was mostly replied as “I have no opinion”. Among those who had a certain opinion, the share of opponents of the proclamation of March 25 a holiday date clearly exceeded the share of supporters (32.8% and 21.1%, respectively). In response to a less categorical question: “What is your attitude to this date” – the share of supporters and opponents was approximately the same: 18.5% were in favor of honoring this date, 17.5% – against (see below Tables 1 and 2).

Table 1. “Some Belarusians celebrate March 25 (Freedom Day), the day when the Belarusian People’s Republic was proclaimed in 1918. Some Belarusians consider it an important day for Belarus, others do not. What is your attitude to this date?”

	2018 (BAW-1)
This is an important date in the history of our country. It should be celebrated	18.50%
This date is associated with a controversial event. It should not be celebrated	17.50%
I know too little about it to judge	61.10%
No answer/hard to say	2.80%

Table 2. “Should the Day of Foundation of the BPR (March 25) be a national holiday and celebrated annually?”

	2018 (BAW-1)
Yes	21.10%
No	32.80%
I have no opinion on this matter	44.30%
Refused to answer	1.80%

³ See «Опираясь на многовековую историю...» *Беларуская думка*, № 8, 2018, с. 12; Стром, А. «Идеология белорусского государства как ценностный ориентир и руководство к действию.» *Беларуская думка*, № 12, 2018, с. 65.

When respondents were asked about the origins of Belarusian statehood, the BPR was in the last place in the number of those who recognized it as such, and this situation was both in 2009 and in 2018 (Table 3). This does not mean, however, that everyone else views the role of the BPR negatively. It is very likely that a significant part of those who singled out the Principality of Polack and Turaŭ, or the Grand Duchy of Lithuania, perceives the BPR as positive; it may happen that they see the origin of the statehood in the earlier stages of history.

Table 3. “In your opinion, what is the source of Belarusian statehood?”

	2009 (Nov)	2018 (BAW-2)
Polack and Turaŭ principalities	17.70%	15.90%
GDL (Grand Duchy of Lithuania)	38.10%	30.40%
BPR (Belarusian People’s Republic)	5.00%	7.00%
The BSSR (Belarusian Soviet Socialist Republic)	12.40%	21.80%
RB (Republic of Belarus)	9.20%	9.30%
No answer/hard to say	17.70%	15.70%

Thus, regarding the BPR, the position “I do not know” dominates among Belarusian citizens, and this is not surprising, given that the formation of their own position on this issue requires time, historical knowledge and skills to process historical information. The quantitative amount of supporters and opponents of the BPR is approximately equal, with episodic superiority of opponents.

Soviet heritage: “in favour”, but not that definitely

It may seem curious that, as can be seen from Table 3, in 2018 there were almost twice as many supporters of the ‘Soviet-centric view’ on the Belarusian statehood as compared to 2009. This looks even more strange if to note that the number of supporters of the thesis that the origin of the statehood was Polack/Tura Principality and the GDL, decreased, albeit slightly. This turn to Sovietism is most likely a temporary product of solidarity with Russia against the background of its conflict with Ukraine and the West, as well as the fact that a generation which was raised in 1995–2010 (a period of marked hostility to the national Re-

naissance narrative in the educational and ideological policy of the state) grew up.

There is also an attachment to the memorable dates associated with the history of the BSSR. Compared to 2009, the number of enthusiasts of “July 3” (from 57 to 53%) slightly decreased, but the number of supporters of the anniversary of the Soviet Socialist Republic of Belarus increased – from 4.5 to 8.0% (which though could be explained by the association with the New Year Day, January 1) (Table 4).

Table 4. “What day, in your opinion, is the main holiday for Belarusians?”

	2009 (Nov)	2018 (BAW-2)
1 January (New year and day of the SSRB)	4.50%	8.10%
March 25 (Freedom Day)	1.20%	10.40%
July 3 (Day of liberation of Minsk from German Nazis)	56.90%	52.60%
July 27 (Day of adoption of the Declaration of sovereignty of the BSSR)	21.80%	–
November 7 (October revolution Day)	1.20%	–
19 September (the day of the renaming of the BSSR in the Republic of Belarus)	–	7.30%
Other	1.40%	3.90%
There is no such holiday	0.30%	–
No answer/hard to say	11.60%	17.70%

The level of attachment to the official (since 1995) red-green flag and the coat of arms “with spikelets” – symbols originally from the BSSR also remains high. Nevertheless, compared with 2009, the number of supporters of the BPR symbols increased significantly – from 8 to 13%. It should be emphasized that in 2018, when respondents did not have the opportunity to take a ‘unified’ position (to choose “both to the same extent”), some of them “escaped” to the category “hard to answer”, but some most likely opted for the white-red-white flag and “Pahonia” (‘chasing’) coat of arms (Table 5).

The level of commitment to the Soviet heritage is evidenced by the broad support for the preservation of Soviet street names, squares and other objects (Table 6). It is noteworthy that a considerable percentage (16%) of supporters of the “Belarusian-centric” understanding of the Soviet heritage manifested

themselves: Soviet names are possible but only those that are connected with the history of Belarus itself. This trend has its analogue in the official discourse, where there are also attempts of such understanding.⁴

Table 5. “What national symbol do you consider yours?” (2009) and “If a referendum on national symbols of Belarus were to be held tomorrow, which option would you choose?” (2018)

	2009 (Nov)	2018 (BAW-2)
The red-green flag and coat of arms of the Republic of Belarus	72.60%	69.40%
The white-red-white flag and Pahonia coat of arms	7.70%	13.20%
Both equally	11.20%	—
Another	0.40%	1.00%
No answer/hard to say	8.20%	16.50%

Table 6. “Should the Soviet names of cities, streets, squares and other objects in Belarus be changed?”

	2018 (BAW-2)
Yes, all the names that are associated with the CPSU should be changed	7.40%
No, never, because the Soviet names are our history	44.40%
They should, but selectively. The places named after Lenin, Marx, Engels and other persons who are not directly connected with Belarus should be changed, but the names that are connected with the Belarusian Soviet history should be kept	16.10%
The right to choose names should be given to the residents of the relevant areas and streets	22.40%
There should be even more Soviet names. Those that are here at the moment, are not enough for the patriotic education of the younger generation	2.60%
I don't know	6.50%
Refuse to answer	0.50%

Thus, the Belarusian society treats the Soviet heritage either favorably or tolerantly, which is easily explained by the “accessibility effect”: those symbols and narratives that are advertised everywhere are perceived as something normal and necessary (*it is here, so it must be*).

⁴ See, e. g.: Елісееў, Аляксей. “Зміцер Жылуновіч: палітык, творца, чалавек.” *Беларуская думка*, № 2, 2019.

The Belarusian language as a national marker: almost a consensus

Language can perform at least two functions: communication and identification. In many countries, the two functions merge, but it may be that at least at some point they diverge. While few people in Belarus speak Belarusian actively and use it in daily communication, there is a strong consensus about its identification role: 86% consider this language to be “the most important part of our culture” (Table 7).

Table 7. “The Belarusian language is...”

	2018 (MIA)
the most important part of our culture and it should be preserved	86.10%
a dying language that should disappear	13.90%
No answer/hard to say	0.01%

It is worth noting that there is also a potential to expand the communication functions of the Belarusian language in the future (most likely, distant). Although there are few people who are willing to invest time and energy in the development of this language for themselves, a fairly large percentage of adults – about 66% wants their children to speak Belarusian as well as Russian (Table 8).

Table 8. “Would you like your children to speak Belarusian as well as Russian?”

	2018 (MIA)
Yes	65.90%
No	34.10%
No answer/hard to say	0.01%

Both trends of the public opinion coincide with the state policy which over the past six–seven years has consistently strengthened the identification function of the Belarusian language, and in 2018–2019 it begins to include in its agenda the expansion of its communication functions. The decision of the Security Council of the Republic of Belarus *On the Concept of Information Security of the Republic of Belarus* adopted in

March 2019 postulates “expansion of social functions and communication capabilities of the Belarusian language“, and its development is interpreted as a “guarantor of humanitarian security of the state.”⁵

Conclusions and forecasts

In 2018, the state policy of identity as a whole fits into the paradigm of ‘soft Belarusization’, which was outlined approximately in 2011–2012⁶. This trend will continue in 2019 and subsequent years, the question of its intensity remains open.

At the level of public opinion (as well as the lower echelons of bureaucracy) there is a force of inertia: ideologies and argumentation strategies, mastered in the Soviet era and/or in 1995–2010, are still strong, and they will be dominant for many years. The attachment to the Soviet legacy, lack of confidence about the role of the BPR and the development of “ancient history” (the Principality of Polack and the GDL) will prevail.

Consensus on the identification function of the Belarusian language will continue to be consolidated. As for its communication function, it is unlikely that it will expand in the coming years, and it is possible that it will narrow even more: in a situation of a weak incentive system, the force of inertia usually prevails. The possible expansion of the communication function of the Belarusian language is the prospect of a distant future.

Abbreviations

(Nov) – data from the National survey conducted by the Novak laboratory between 27 August and 11 September 2009. The sample size is 1011 respondents.

⁵ «Концепция информационной безопасности Республики Беларусь.» *Беларусь сегодня*, 19 Mar. 2019, <https://www.sb.by/articles/kontseptsiya-informatsionnoy-bezopasnosti-respubliki-belarus.html>.

⁶ Рудкоўскі, Пётр. “Ад хворага да здоровага нацыяналізму.” *Беларускі інстытут стратэгічных даследаванняў (BISS)*, 22 Jan. 2018, <http://www.belinstitute.eu/be/node/3432>.

(BAM-1) – data from the National survey, which the Belarusian analytical workshop conducted in the period from April 24 to May 13, 2018. The sample size is 1071 respondents.

(BAM-2) – data from the National survey, which BAM conducted between June 15 and July 18, 2018. The sample size is 1051 respondents.

(MIA) – data from the National survey, which MIA Research commissioned by the October economic forum in May–June 2018. The sample size is 1016 respondents.

CIVIL SOCIETY: BETWEEN REPRESSION AND COLLABORATION WITH BUSINESS

Vadim Mozheyko

Summary

In 2018, Belarusian civil society organizations (CSO) achieved certain success: section 193.1 of the Criminal Code was abolished; CSOs' cooperation with business and the government increased, and the #BNR100 campaign turned quite impressive. However, the authorities continued repressive policy, business tempted high-potential human resources away from the third sector, and non-liberal populist CSOs achieved the most noticeable successes in advocacy.

Trends:

- Pressure tools replaced repressions against civil society organizations;
- The rapprochement with business enabled to raise extra funds, but posed the threat of brain and skill drain from the third sector to the second;
- Certain successes in advancing the agenda of CSOs in society and progress in advocacy were achieved, but the greatest advocacy success was achieved by non-liberal, populist CSOs.

Notorious section 193.1 was abolished, but repressions did not end

In 2018, the abolition of section 193.1 of the Criminal Code (“activities on behalf of an unregistered organization”), which had a considerable impact on CSOs, was the major change in the regulatory environment. The section was added to the Criminal Code 14 years ago and was used to pressurize public activists, who could be sentenced to prison terms (1.5 years for Dmitry Dashkevich in 2006) or thoroughly inspected (like Alexander Burakov, activist of Viasna Human Rights Center, in 2019). Even when section 193.1 was not applied, it was still hanging over the CSOs, which were denied registration or were just at the inception stage, like a sword of Damocles.

The abolition of this section was one of the points of the agreed position of Belarusian human rights defenders regarding their priorities in determining the strategy of Belarus’

cooperation with international partners¹, and the goal of the 2009 campaign of the Assembly of NGOs under the explicit slogan “Stop 193.1!”.² The House of Representatives abolished the section on December 19, 2018, which could be considered a victory of CSOs at first thought. However, it turned to be part of the gradual replacement of repressive acts, which undesirably brought them to notice of international organizations and Western countries, with lower-profile, yet equally effective tools of pressure on public initiatives.

It is indicative that the possible abolition of section 193.1 was announced by House Representative Andrei Naumovich on April 26 at the session of the PACE Committee on Political Affairs and Democracy in Strasbourg. But, in fact, criminal liability for activities on behalf of an unregistered organization did not go anywhere. It was simply replaced with administrative liability after the parliament passed section 23.88 of the Administrative Code, which establishes fines up to 50 base units.

The authorities still deny registration to a wide variety of organizations, such as the Belarusian Christian Democracy Party that has been acting for years as an organizing committee, dozens of religious communities of Jehovah’s Witnesses (according to their leader Pavel Yadlovsky, the Borisov community was turned down 16 times in 20 years) and the pro-Russian Immortal Regiment, whose registration was denied *twice* in 2018 by the Minsk city administration, and whose appeals against the denials were officially dismissed in court.

Harassment of public activists continues on other charges as well. In August 2018, two leaders of the trade union of the radio-electronic industry – Chairman Gennady Fedynich and head of the Minsk city branch, accountant of the union Igor Komlik – were sentenced to *four* years of custodial restraint and fined BYN 47,000. The court found them guilty of gross tax

¹ «Согласованная позиция правозащитников относительно приоритетов при определении стратегии взаимодействия международных партнёров с Беларусью.» *Правозащитный центр «Весна»*, 28 Jan. 2016, <https://spring96.org/ru/news/82091>.

² “Грамадзкая кампанія «Стоп 193.1!».” *Ассамблея НГО*, 2009, <http://193.belngo.info/>.

evasion (section 243.2 of the Criminal Code). Neither Fedynich, Komlik plead guilty.

Throughout 2018, Brest residents were protesting against the construction of a battery plant, which they consider hazardous. They filed 103 requests for permission to conduct 75 rallies, 12 pickets and 16 demonstrations. Only one meeting was allowed, and 96 actions were officially prohibited. Twenty-seven participants were held liable under the Administrative Code. The total amount of fines reached 798 base units (BYN 16,482). Three people were sentenced to 5-day arrests.³

Rapprochement with business: from opportunities to threats

Donor strategies have changed in recent years. Financial flows are being rechanneled in favor of government agencies and entities connected with them.⁴ This pushes CSOs to diversify sources of funding, including closer interaction with business. CSOs find extra funds, but this process entails a skill drain from the *third* sector.

CSOs' cooperation with business is not limited to obtaining financial assistance. For example, the *Internet Governance Forum* (IGF-2018) became an interactive venue where IT companies and *Human Constanta* human rights organization acted as partners in the discussion of the future of the Belarusian segment of the Internet. The *Creathon* project initiated by representatives of the advertising industry is aimed at non-commercial professional assistance in fostering creative ideas for social projects.

Belarusian business can finance CSOs and individual activists directly. In 2018, *Danone* organized two seasons of *Activia* grants. Fourteen women's projects in the areas of *Active*

³ Левчук, Александр. «Кормление голубей – это брестский бренд. Топ-10 фактов о борьбе против аккумуляторного завода.» *Белсат*, 17 Mar. 2019, belsat.eu/ru/news/kormlenie-golubej-eto-brestskij-brend-top-10-faktov-o-borbe-protiv-akkumulyatornogo-zavoda/.

⁴ Чаусов, Юрий. «Гражданское общество: от кризиса к развитию в изменившихся условиях.» *Белорусский ежегодник 2017*. Vilnius: Логвінаў, 2017, pp. 123–133.

Life, Urban Studies, Media, Art, IT, Social Projects, and Business were granted BYN 5,500 each. *Velcom* supports the *Belarusian Weekends* initiative of the *Kinakong* project, in which films are post-synchronized in the Belarusian language and screened in film theaters (more than 20 films in 20 cities; 550 shows; 57,000 viewers). Companies and individual businessmen finance social projects in the Social Weekend contest with BYN 75,000 in the prize fund.

Businesses increasingly partner with CSOs by means of crowdfunding. In 2018, Belgazprombank made the all-time high donation of BYN 150,000 for the publication of uncensored *five-volume* collected works of Belarusian Nobel Prize winner Svetlana Aleksiyevich. Crowdfunding allowed raising BYN 14,000 to celebrate the 100th anniversary of the Belarusian People's Republic. Contributions were made by *BelaPAN*, *Cesliary*, QUVALDA gaming platform, SVAJE.BY online catalog of Belarusian businesses and *Moy Rodny Kut* store.

Private businesses of CSOs and public activists are another actively developing area. *The Press Club Belarus* (Minsk), *Urban Life Center* (Grodno) and others provide premises and organize turnkey events for other CSOs, companies, international organizations and the diplomatic corps. These activities produce several positive effects, in particular:

- financial sustainability of CSOs, which makes it possible to monetize their competences and infrastructure in the *third* sector (for example, in 2018, the Press Club Belarus earned over BYN 257,000⁵, and spent the money on its mission);
- money recirculation in the sector (money spent by one CSO to rent premises does not go to a hotel, but helps to strengthen another CSO);
- organization of CSO events free of censorship or apprehension (for example, it was the *Press Club Belarus* that hosted the final event of the *Legalize Belarus* initiative in 2018, after the authorities denied access to any other premises in Minsk).

⁵ «Пресс-клуб вышел из себя. Конспект летучки.» *Press Club Belarus*, 2018, <https://press-club.by/kanspekty/press-klub-vyshel-iz-sebya-konspekt-letuchki>.

At the same time, closer cooperation with business can lead to a drain of human resources from the third sector. CSOs' organizational capacity growth achieved through professional training and experience sometimes stop at the barriers that still exist in the country. Companies are looking for workers (including for senior positions) with international experience, second-language skills, and experience in doing business in Belarusian realities, which CSO members possess.

For example, several people who previously represented the *Interaction* and the *Belarusian Student Association* now work at the *Luch Watch Factory*. The former academic director of the Belarusian Institute for Strategic Studies (BISS) is now the corporate affairs director at *Danone*. Employees of environmental, analytical and other CSOs have found jobs in the rapidly growing IT sector.

Advocacy: when the victory of one CSO means the defeat of another

In general, the year 2018 can be considered successful for CSOs in terms of promotion of their agendas and engagement of new people. There was some progress in advocacy, although successes of non-liberal populist CSOs are alarming.

The #BPR100 public campaign to celebrate the 100th anniversary of the Belarusian People's Republic was the major success. Of course, more still can and should be wished for, and the holiday atmosphere was slightly soured by some isolated incidents, but, in general, public activists achieved much greater success than in all previous years of Belarus' independence. The authorities agreed to provide acceptable conditions (a site in the center of the city and free-of-charge services of the police and paramedics).

The organizers raised nearly BYN 54,000 through crowdfunding, and most of the contributions were made by over 1,000 common people. Thanks to the support of the mass media and targetologists in social media, the campaign engaged hundreds of thousands of Belarusians, and dozens of thousands came to the concert on March 25 in Minsk.

Pursuing environmental, urban, cultural and historic heritage goals, the organizers of local protest movements in

Brest, Svetlogorsk and Minsk demonstrated a high degree of resistance, command of popular support and readiness for long-range actions. CSOs and local communities' advocacy successfully opposes lobbyism.⁶

The capabilities and the scope of advocacy vary greatly depending on the area of engagement. Environmentalists use the possibilities of the Aarhus Convention, which requires public consultation, whereas other CSOs do not have tools for institutional inclusion in government processes. Their advocacy is confined within the existing barriers, and high quality campaigns do not produce significant results due to political restrictions.

This happened when the Belarusian Christian Democracy campaigned against discriminatory legislation; *Legalize Belarus* came out with their initiative, and *Mothers-328* petitioned against the harsh prosecution for drug use. They failed to achieve the amendments they were striving for, yet their agendas were massively promoted in society through the mass and social media and community outreach, and their appeals were heard well.

Among the successes in the private-public dialogue, the Minsk Cycling Community stands out for its input in the recent amendments to the traffic rules and activities of the cycling coordination council at the Minsk City Council. Representatives of government agencies and the academic community took part in sessions of nongovernmental think tanks, including the Kastyŭnicki Economic Forum (KEF), SYMPA, Ostrogorski Center and Liberal Club. It should be noted that President Lukashenko participated in such events for the first time in 2018, and made a speech at the Minsk Dialogue Forum (although the status of the Dialogue as a CSO is disputed).

RADA AWARDS, *Zrabili* and *Civil Society Champions* contributed to building a positive image of CSOs, individual activists and civic engagement in general.

At the same time, advocacy successes of non-liberal and populist CSOs give rise to concern. Among other things,

⁶ «Аналитический мониторинг: итоги 2018 года и прогнозы на 2019 год.» *Belarus in Focus*, 8 Jan. 2019, https://belarusinfocus.info/sites/default/files/review/Annual_Review_2018-Ru.pdf.

the law on combating domestic violence did not pass due to organizations of the Pro-Family Council. The six-month “Don’t be Silent! Stop Domestic Violence!” campaign and NGO Gender Perspectives’ efforts came to nothing.

The Immortal Regiment held its action in the center of Minsk in 2018, although its organizers failed to obtain state registration, but blackmail helped to achieve their objectives. Andrei Gerashchenko, Chairman of the Regiment’s Coordination Council at the Russian embassy, said before the rally that “the number of people will legalize it”. As a result, at the last moment, the Minsk City Executive Committee supposedly permitted the rally (no one ever saw the permit in writing), and Sputnik Belarus claimed, citing organizer of the action Sergei Lushch, that the rally was officially sanctioned. Anyway, the police did not interfere, and no one was detained during the Immortal Regiment procession.

Conclusion

The authorities decreasingly resort to crackdown on public initiatives, since brutality in relation to civil society causes undesirable rumble in the West (like section 193.1 and prison terms for public activists), but their attitude to civic activity and punitive actions (administrative arrests, fines and custodial restraint) are still applied. This trend will continue in 2019. The authorities will actively use financial leverage as well.

In the future, the skill drain from CSOs to business can provide new opportunities to CSOs, such as crowdfunding and a bigger audience formed of coworkers of their former employees. However, in 2019, the loss of experienced personnel, which is hard to compensate, will outweigh these opportunities.

In 2019, activities of non-liberal and populist organizations will be a big challenge for CSOs in advocating and promoting their social agenda. Successes of advocacy campaigns will largely depend on the ability of CSOs to respond to this challenge.

PARTIES AND DEMOCRATIC ORGANIZATIONS: ASCENDING AND DESCENDING TRACKS

Valeria Kostyugova

Summary

The dynamics of the party field is difficult to assess unambiguously. The differentiation of parties on the social base consolidated and they demonstrated institutional sustainability, having completed the change of leadership of organizations with no splits, while some of these parties relatively successfully mastered new possibilities and forms of work. “Tell the truth” movement developed and strengthened regional structures, the center-right ones confirmed the stability of the coalition. However, the parties failed to persuade the state to at least slightly mitigate the discriminatory conditions of their activities, or to convert the real success in advocating the interests of social groups into recognition by not only the state, but also civil society. Some parties saw structural degradation continue.

Trends:

- Maintaining discriminatory conditions for the functioning of parties by the state and the political system;
- The increasing interest in party participation on the side of government appointees;
- Activation of advocacy of social groups and local communities;
- Lack of recognition of certain successes of parties by the state, media and civil society.

To date, there is a situation in which the real mobilization capacity and effectiveness of advocacy significantly exceed expectations from the activities of the parties. While before, on the contrary, with extremely modest opportunities, expectations from the activities of party structures and public organizations were overstated and extended to the anticipation of a rapid change of power in the country.

Local election

For parties and political public associations, 2018 began under the sign of the election campaign to local councils, which became unsuccessful for them. The parties failed to convince the

state apparatus of the expediency of expanding party representation in local councils. As a result, only *two* out of 1,830 deputies (both at the lowest level of village councils) are included in local councils from the opposition. Despite the virtually universal refusal of the authorities to include opposition representatives in election commissions, as well as obstacles to the work of observers accredited by democratic organizations, the opposition managed to organize a sufficiently convincing observation and identify many violations during the campaign.

However, the representation of Pro-government and government-loyal parties in local councils was almost doubled compared to the local councils of the previous convocation (2014) from 248 to 457. The number of parties represented in local councils also increased from 4 to 7.¹ In Minsk City Council party deputies make up almost a third (29.8% against 15.8% in the city Council of the previous convocation). This success correlates with the growth of candidates from pro-government parties: the Communist party of Belarus nominated 401 candidates (277 – in 2014), the Liberal Democratic Party of Belarus – resp. 219 (159), Republican Party of Labor and Justice – 173 (51). In total, all parties, including democratic parties, nominated 1,028 candidates.

As you can see, the dropout rate of even pro-government parties is extremely high, especially for the LDPB, for which 5 deputies in the local councils of the 28th convocation are a success in comparison with the councils of the previous convocation.²

The share of party deputies in local councils remains very small – 2.53% of all deputies (1.3% in 2014).³ And even in Minsk City Council, where party representation is the largest, we can

¹ Кухлей, Зьміцер. “Мясцовыя выбары 2018: партыйнае прадстаўніцтва ў саветах павялічваецца, але ж без апазіцыі.” *Наше мнение*, 23 Feb. 2018, <https://nmnby.eu/news/analytics/6556.html>.

² «Мы змогли!» *ЛДПБ*, 19 Feb. 2018, <http://ldp.by/ru/informatsiya/my-smogli-liberalno-demokraticheskaya-partiya-sumela-projti-v-mestnye-sovety-deputatov/>.

³ Буров, Николай. «18 тысяч оттенков серого, или Начало настоящей любви?» *Наше мнение*, 2 Mar. 2018, <https://nmnby.eu/news/analytics/6562.html>.

say that belonging to a party rather served as an obstacle to the appointment of a deputy, because out of 248 registered party candidates there were 135, i. e. 54.4%.

In other words, the results of the elections showed that the campaign to increase the political weight of the parties did not convince the Central government, but had an effect on the mood of those who intend to make a career within the existing political system, prompting them to resort to the help of the parties in the nomination. Moreover, as the analysis of the activities of party candidates in the House of Representatives of the 6th convocation (elections in 2016), also a record one for party representation, the relationship between the parties and their candidates remains weak.⁴

In addition to the failure to soften the position of the state to include parties in the governance of the country at least at the local level, the campaign for elections to local councils has shown that the inertia of political decisions taken in the past is more effective than actual decisions. Thus, democratic organizations, as well as in the parliamentary elections of 2016, decided to participate in the election campaign – despite the invariably discriminatory conditions for nominees alternative to the authorities. However, the inertia of decisions not to participate in previous campaigns prevented the mobilization of assets for both the monitoring campaign and the nomination of candidates.

As a result of the “democratic organization” only 330 candidates managed to register, including 97 from the movement “Tell the truth” (“ТТ”), 59 from the leftist party “Fair world”, 55 from the United Civil Party (UCP), 54 from the Belarusian Social Democratic Party (“Hramada”), 27 from the Belarusian Christian Democracy (BCD), 23 from the Belarusian Popular Front (BPF), 12 from “Movement for Freedom” (MFF), and 3 from the Green Party⁵. “Tell the truth” put forward the

⁴ Буров, Николай. «Депутаты-партийцы в парламенте: имитация деятельности или импульс к построению партийной системы?» *Наши мнение*, 24 May 2018, <https://nmbny.eu/news/analytics/6618.html>.

⁵ Rohava, Maryia. “Revisiting Electoral Tactics in Belarus: Local Elections 2018.” *Baltic Worlds*, 22 Aug. 2018, <http://balticworlds.com/revisiting-electoral-tactics-in-belarus-local-elections-2018/>.

largest number of candidates and, in addition, for the first time in Belarusian political practice offered a new form of mobilization – through online questionnaires and promotion of the campaign in social networks.

Weak extension – in addition to the inertia of non-participation and a reduction in the number of activists of the majority parties was facilitated by the fact that the party leaders after the election of Anna Kanopatskaya and Alena Anisim in the Parliament of 2016 decided that the authorities needed for some reason the inclusion of the opposition in legislative bodies.⁶ At the same time, the example of pro-government parties shows that it is necessary to convince the government of the need to include not only the opposition, but even quite pro-government-minded party members in representative bodies.

The invariability of the results of appointments to representative bodies casts great doubt on the statements of the central authorities about the plans for the transformation of the political system. On the one hand, these talks are intended to serve as a carrot for all those who have ambitions, on the principle of “support me today, and I will support you tomorrow”, while “tomorrow” never comes. On the other hand, democratic organizations themselves do not demonstrate their readiness to take part in the transformation of the current political system, still fearing accusations of its “legitimization”.

Institutional strengthening and advocacy

Despite the failures in the election campaign, the parties nevertheless managed to adapt to the new conditions and develop activities to protect the interests of social groups and local communities, as well as partially adapt to the unfavorable media environment through the use of social networks and the development of their own information capabilities.

The results of 2018 were ambiguous for parties: some democratic and pro-party organizations continued to deterio-

⁶ «Лидеры правоцентристов: власти будут вынуждены пустить оппозицию в местные советы.» *Naviny.by*, 5 Oct. 2017, <https://naviny.by/new/20171005/1507188297-lidery-pravocentristov-vlasti-budut-vynuzhdeny-pustit-oppoziciyu-v-mestnye>.

rate, and the centre-right ones (the United Civil Party, leaders Anatoly Lebedko/Nikolai Kozlov + “Movement For Freedom!”, leader Yury Hubarevich + organizing committee of the BCD, leaders Pavel Sevyarynets, Vital Rymasheuski, Olga Kovalkova, Georgiy Dzmitruk) overcame the inertial trends and adapted to the new reality, increasing its impact on the domestic political agenda in a direct way and not only through international pressure. The “Tell the Truth” movement (leaders Tatiana Korotkevich and Andrey Dmitriev) continued to work with a new audience that had not previously participated in politics, and conducted a large-scale expansion in the regions.

The differentiation of the political field that had emerged in 2017 strengthened in 2018. Since 2016, parties and democratic organization have been divided both in terms of tactics of political struggle/participation, and in terms of orientation to the readiness of their supporters for political action.⁷ The Belarusian National Congress (BNC) of Mikalai Statkevich continued to work with supporters of street protests, but in 2018 it was not possible to consolidate the success of the protests against the “parasite” decrees. The authorities raised the price of the protest compared to the period 2014–2017, including more frequent and imminent detentions before and after the protests, as well as high fines for participation in them. In addition, the decline in protest activity was affected by the criminal case against the leaders of independent trade unions, as well as the dotted fulfillment by the authorities of some requirements or expectations of disgruntled citizens, including through advocacy of the interests of these groups by other party organizations.

The center-right ones continued to work with traditional supporters of the democratic opposition, that is, with people of liberal and pro-European views, but sought to expand the audience by including new groups, such as local communities opposed to the consolidation of development, or, for example, the movement “Mothers 328”. In its work the center-right coalition unites a combination of interaction with the

⁷ Костюгова, Валерия. «Партии: освоение новой реальности.» *Белорусский ежегодник 2018, Наше мнение*, <https://nmbny.eu/yearbook/2018/page13.html>.

authorities – in many respects due to cooperation with the deputy Anna Kanopatskaya (participation in round tables, parliamentary hearings and drafting bills) – with the willingness to protest activity, as in the case of the confrontation with the city authorities on the construction of the Brest battery plant, or protection of Kurapaty.

The center-right ones also took an active part in the organization of Freedom Day – the most striking event of 2018. In addition, each of the coalition members works with their own specific audiences. For example, the BCD conducted an active campaign to mitigate the anti-drug legislation in the framework of advocacy of the “Mothers 328”⁸ movement, achieved a reduction in payment for dormitories in Babruisk and continued the campaign of advocating the interests of employers. “MFF” conducted educational pro-European activities, especially focusing on young people; in cooperation with environmentalists, they defended the interests of local communities of the capital against the development and consolidation of residential areas. The UCP focuses on the interests of small and medium-sized businesses, developed amendments to the electoral legislation and the law on parties.

The “Tell the Truth” movement continued the policy of involving citizens who are ready to express dissatisfaction with their position or the position of their group only legally through participation in local actions and local self-government, signing petitions. As a rule, the principals of “TT” are not inclined to ultimatum, indifferent to national symbols and have pragmatic views on foreign policy. Accordingly, “TT” is most successful in non-confrontational interaction with the authorities, meeting with heads of departments and regions, participating in parliamentary hearings, inviting representatives of the authorities to their own events, making proposals for changing the legislation, presenting their position on national TV.

The movement is most active in the regions. It registered 6 regional and 31 district organizations, combining many

⁸ Кухлей, Зьміцер. “Палітычная апазіцыя: спробы напрацаваць новы фармат узаемадачынненняў з насельніцтвам і ўладамі.” *Наше мнение*, 25 July 2018, <https://nmnby.eu/news/analytics/6664.html>.

regional initiatives for the improvement of the environment in the national campaign “Do Together”, as well as organizing a “School of the owner”. “TT” works not only with Western politicians and international organizations, but also with Russian ones. The innovation was the holding of regional forums in a form of “idea fairs” for local opinion leaders and activists, which were attended by national media stars, leaders of business associations, experts and representatives of the authorities.

As part of advocacy campaigns, the asset of “TT”, the center-right, as well as the Brest regional organization of the BSDP (“Hramada”) is constantly training in collecting signatures and working to expand its base of supporters, which is important for success in registering their candidates for the presidency. The decrease in media interest in the activities of democratic organizations after the “BelTA case” required them to develop their own communication network, and the center-right, “TT” and the Brest regional organization of the BSDP (“Hramada”) succeeded in this, expanding their presence in social networks and improving mailing-lists.

The Belarusian Popular Front failed to take advantage of the relatively favorable conditions of 2018. Despite the fact that BPF has played a significant role in the decision of the organizing committee for the anniversary of Freedom Day (the holiday, not the protest), the bloggers-organizers of the festival (E. Palchis, A. Motolko and P. Belous) and the centre-right managed to extract more out of the holiday. The success of the member of the Belarusian Popular Front Pavel Belous in the promotion of national symbols is also not reflected in the party's capabilities. Cooperation with the deputy Alena Anisim on the agenda of “soft Belarusization” rather lowered the participation of the BPF in the development of the domestic political agenda, as A. Anisim is much more active in the media. Some success in crowdfunding to pay for the organization's office at the same time demonstrates serious problems in the party.

The other organizations – the Belarusian National Congress, the Party of the left “Fair World”, the Belarusian Social Democratic party “Hramada” (leader Sergey Cherechen), the Conservative Christian party – the BPF, the Belarusian Social Democratic party “Hramada” (excluding the Brest regional

organization) – hardly master new opportunities and continue to lose influence on the political agenda.

The institutional strength of parties, whose one important indicator is the ability to hold a change of leadership without the split,⁹ cannot be assessed as high. Yes, all organizations have managed to change leaders, and at the moment only the Party of the left “Fair World” is ruled by the permanent Sergei Kalyakin. But the change of leaders of the UCP and the BSDP in 2018 is not a good example. In the former case, the elected chairman of the party V. Polyakov could not fulfill his duties and left office two months later, in the latter – the party had to attract a “Legionnaire” (businessman S. Cherechenya) and judging by the actions of the party and the interview of the new chairman, the state of its structures requires considerable time to participate in political campaigns.

Nevertheless, the institutional strengthening¹⁰ of party organizations should be noted, at least with regard to the “Tell the Truth” movement, the center-right and the Brest regional organization of social democrats. The preservation of the center-right coalition – despite the change of the leader in the UCP and the complex relations of the UCP with the deputy A. Kanopatskaya in close cooperation with BCD and MFF – is an example of a truly sustainable and productive political union. It should also be noted that the LDPB, which is not considered as “its” neither by the government nor by the democratic society, also strengthened last year – the number of structures and members rose, the influence on the political agenda increased.

Conclusion

The events of the beginning of 2019 show the preservation of *two* tracks in the development of the democratic segment of the party field: the ascending for the center-right movement “Tell

⁹ Джанда, Кеннет. «Сравнение политических партий: исследование и теория.» *Новое публичное управление. Персональный сайт В. Павроза*, www.pavroz.ru/files/jandaparties.pdf.

¹⁰ Кухлей, Зьміцер. “Палітычная апазіцыя: спробы напрацаваць новы фармат узаемадачыненняў з насельніцтвам і ўладамі.” *Наше мнение*, 25 July 2018, <https://nmbny.eu/news/analytics/6664.html>.

the Truth” and the Brest regional organization of the BSDP(H) and the descending for all others. At the same time, on the eve of two election campaigns – parliamentary in 2019 and presidential in 2020 – the state declares its readiness to increase the role of parties in the political system and even takes very timid steps in this direction, for example, towards the initiative of the UCP to jointly prepare amendments to the law on parties.

The parliamentary election campaign gives the party organizations a chance to consolidate the social base and increase their weight in the political system due to the greater sensitivity of the state in such periods to the arguments of both internal and external lobbyists. However, it is likely that most party organizations will not be able to take advantage of this opportunity for fear of losing the sympathy of the democratic community.

MASS MEDIA: RESPONSES TO INFORMATION SECURITY CHALLENGES

Elena Artiomenko

Summary

2018 was a year of responses to the challenges the national media have been facing in recent years. Having learned the lessons of 2017, when many experts recognized that the Belarusian media were losing the competition to foreign outlets and the new media (for example, when covering the West-2017 army exercise and the death of Private Alexander Korzhich), in 2018, the state took some steps to protect its media scene. *Firstly*, both in the official rhetoric and concrete actions, much attention was paid to the “nationality” of content broadcasted in the country. *Secondly*, at the legislative level (amendments to the law on the mass media) and in media regulation (the BelTA case), measures were taken to control the new media and the Internet.

In 2018, new approaches to information security were applied, which, among other things, were manifested in a revision of the media financing strategy.

Trends:

- Monitoring of the ‘national affiliation’ of media content;
- Cyberization of the media and mediatization of the cyberspace;
- Creation of conditions for the financial sustainability of media outlets

Monitoring of the “nationality” of media content

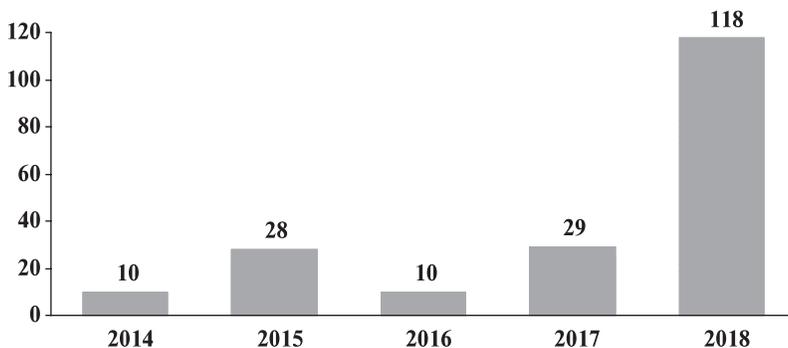
The events of 2017 clearly demonstrated to the authorities and the traditional media that the Belarusian media system was facing not potential, but real information threats. Since the beginning of the Russian-Ukrainian conflict, protection from Russian media content and Russian propaganda moved up on the agenda not only in Belarus, but also in all countries of the region. Belarusian media experts and the government saw a threat in the overwhelming inflow of Russian media and media content. However, in 2018, this concern did not go beyond official rhetoric and some steps aimed at managing the media system.

The work ethics and professionalism of Russian journalists were criticized by Belarusian President Alexander Lukashenko during his traditional meeting with Russian journalists. “The

mass media often become a flash point of conflicts. You must know the responsibility you bear for every word spoken or written. If it destroys the world and ruins people's lives, it makes the journalist a soldier who is shooting to kill. Sometimes, people call you are a weapon of mass destruction", he said.¹

The official registration of the Ukrainian UATV state television channel in Belarus can be viewed as a response to the dominance of Russian media content in Belarus. Ambassador of Ukraine to Belarus Igor Kyzym was the first to speak about this when he took the floor at the expert forum "Belarus-Ukraine: Challenges and Opportunities in the Turbulent Region" held on December 17 in Minsk. According to the ambassador, the main task of UATV is to promote cultural rapprochement of the peoples. Both Belarus and Ukraine state the need to present the position of Ukraine, including on the conflict in the south-eastern regions of the country.

Figure 1. Fines for cooperation with foreign media outlets, 2014–2018, BYN 1,000



Source: Belarusian Association of Journalists

In 2018, measures typical of the Belarusian government were taken to control the "nationality" of media content in the form

¹ «Лукашенко: Беларусь сделает всё от неё зависящее для восстановления мира между славянами.» *БелТА*, 23 Mar. 2019, <https://www.belta.by/president/view/lukashenko-belarus-sdelaet-vse-ot-nee-zavisjaschee-dlja-vosstanovlenija-mira-mezhdu-slavjanami-329340-2018/>.

of repressions against foreign media outlets not accredited in Belarus. According to the Belarusian Association of Journalists (BAJ), journalists were fined on more frequent occasions for illegal production and distribution of media products (section 22.9.2 of the Administrative Code²) (Figure 1). The total amount of the fines was over BYN 100,000.

In fact, abstract arguments about the need to protect the national information domain turned into pointing at those guilty of information security breaches. Steps were made to protect the Belarusian media scene, including by presenting points of view on the ongoing conflicts alternative to those broadcasted by the Russian media.

Cyberization of the media and mediatization of the cyberspace

The vulnerability of the information space became apparent. This concerns not only foreign media content. It turned out that the traditional media lose the competition to the new media. In response to this challenge, younger managers took over major national media outlets. In 2017, newly appointed Minister of Information Alexander Karlyukevich immediately announced amendments to the law on the mass media, which primarily concerns the regulation of online communication. The amendments entered into force on December 1, 2018. The major innovations include:

- a possibility for online outlets to obtain official registration and the status of mass media, and become liable as such;
- the obligation of online periodicals to identify commentators.

The expansion of the media regulation to the Internet (cyberization) is meant to increase the manageability and transparency of the Internet and demonstrates the government's awareness of the increasing role of the new media.

On the other hand, there is cyberization of the media, i. e. the expansion of new “digital rhetoric” and media control methods.

² «СМИ в Беларуси. Итоги 2018 года в цифрах.» *ОО «Белорусская ассоциация журналистов»*, 23 Mar. 2019, <https://baj.by/sites/default/files/analytics/files/smi-01572019-ru.pdf>.

In recent years, cybersecurity has become an important component of the efforts made to enhance national security and a usual point on the government's agenda. In October 2018, Minsk hosted the International High-Level Conference "Preventing and Countering Terrorism in the Digital Age" held under the auspices of the OSCE. However, as 2018 showed, cybersecurity methods can negatively affect the functioning of the media, because it leads to tighter state control and oppression of the independent media.

The so-called "BelTA case" was a high-profile example of this new strategy. In August, the Investigative Committee opened a criminal case against 15 journalists under section 349.2 of the Criminal Code (unauthorized access to computer information) for accessing information of *BelTA* state news agency, which was only available on paid subscription. The police conducted searches and arrested office equipment and data carriers. By the end of the year, 14 journalists were discharged from liability after paying fines and damages. Proceedings against *Tut.by* Editor-in-Chief Marina Zolotovs continued.

The case stirred up the media community, human rights defenders and international organizations, primarily because of the inadequacy of the punitive measures applied. It is safe to assume that the goal was to establish control over the independent media, rather than to protect commercial interests of BelTA.

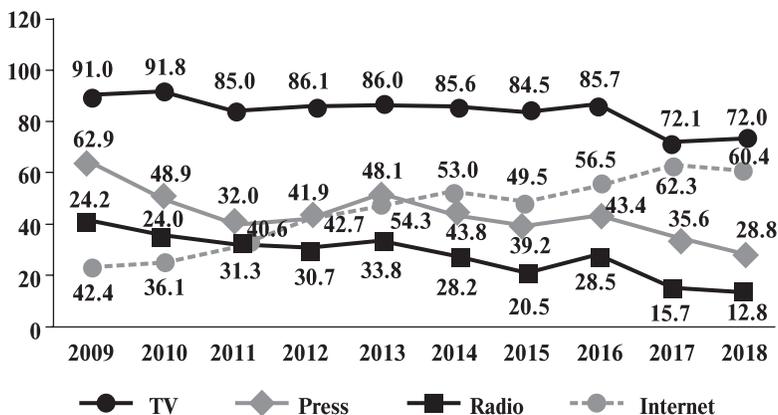
In general, multidirectional cyberization of the media and mediatization of the cyberspace meet the present-day challenges. According to *Gemius Audience*, the number of Internet users in Belarus reached 5.1 million people.³ For quite a while, despite the growing popularity of the Internet, television remained the main source of information. It began to lose this status in 2017–2018.⁴ In 2018, the proportion of those for whom TV was

³ Синкевич, Н. «Рынок интернет-рекламы Беларуси в цифрах.» *WebExpert*, 23 Mar. 2019, http://www.webexpert.by/wp-content/uploads/2019/03/Natalya-Sinkevich.-Rynok-internet-reklamyi-Belarusi-v-tsifrah_2019-1.pdf.

⁴ «Республика Беларусь в зеркале социологии. Сборник материалов социологических исследований.» *ИАЦ*, 2018, Web. 23 Mar. 2019, <http://iac.gov.by/uploads/files/Sbornik-2018-ITOG-28.12.2018-a4na-sajt.pdf>.

a source of information (72.0%) almost equaled the proportion of those who received it from the Internet (60.4%) (Figure 2).

Figure 2. Answers to the question about the sources of information about life in Belarus and outside the country, 2009–2018



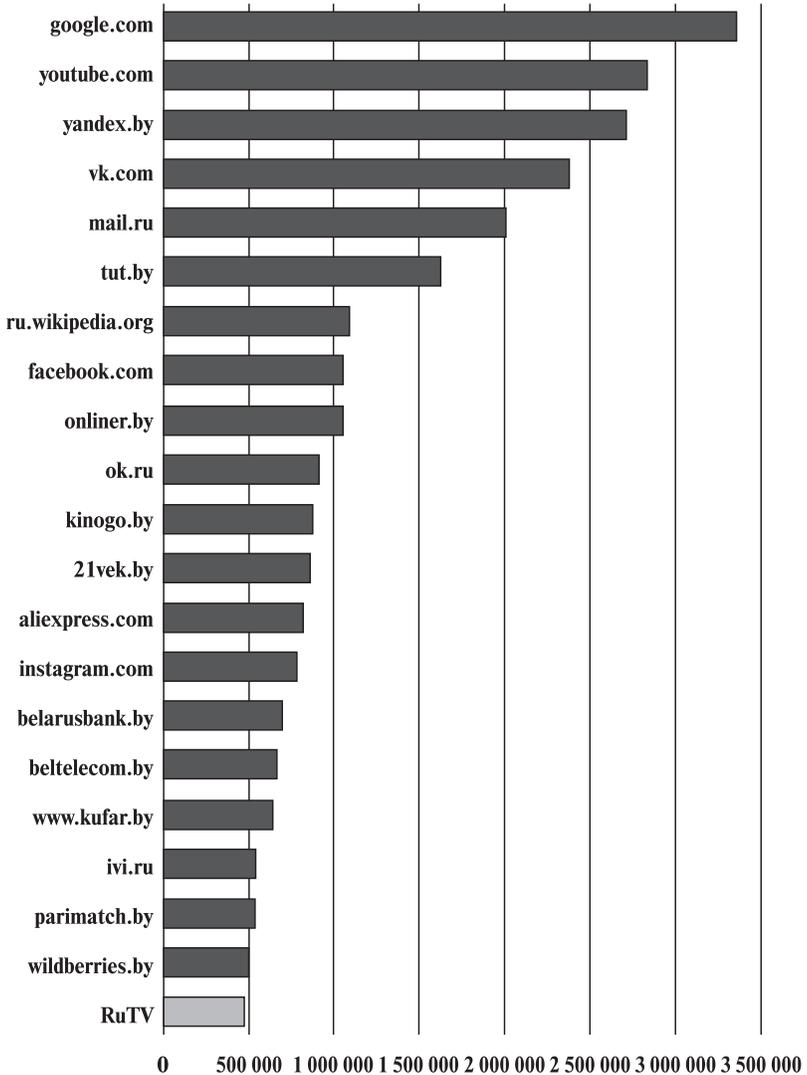
Source: Information Analytical Center.

The competition is much freer on the Internet than in the traditional media, which, on the one hand, allows users to choose independent sources of information, but, on the other hand, makes the audience vulnerable to misinformation, including from external sources. According to *Gemius Audience*, the monthly online audience of Russian TV channels is about 500,000 people, whereas *Tut.by* national portal ranks 6th on the list of the most popular media resources, being below Russian *mail.ru*⁵ (Figure 3).

The complementary processes of interpenetration of the media and the cyberspace are a general modern trend. However, the aspiration to control the media applying repressive methods jeopardizes national independent Internet resources, which poses a threat to national information security.

⁵ «Белорусская аудитория сайтов российских телевизионных каналов.» *Information Police Biz*, Web. 23 Mar. 2019, http://www.infopolicy.biz/?p=11509&fbclid=IwAR2NpiiGFLXFvycggXGpz2M3uG8JXMAWU8V92HGbhO1Z2BAhcN6Y_dpx7Jw.

Figure 3. Popularity rating of media outlets, 15–74 years

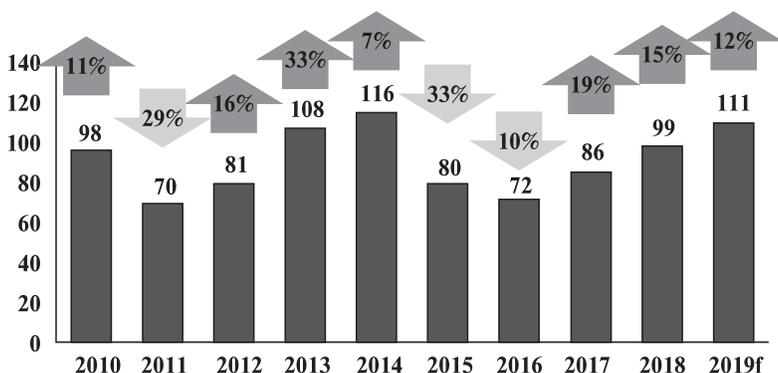


Source: gemiusAudience Overnight, January 2019.

Conditions for improving the financial sustainability of the media

In 2018, the economic recovery continued. This contributed to advertising market growth, which totaled USD 99 million in 2018⁶, an increase of 15% from 2017 (experts predicted a 21% increase).

Figure 4. Dynamics of the advertising market in Belarus, 2010–2019, USD million



Source: WebExpert.

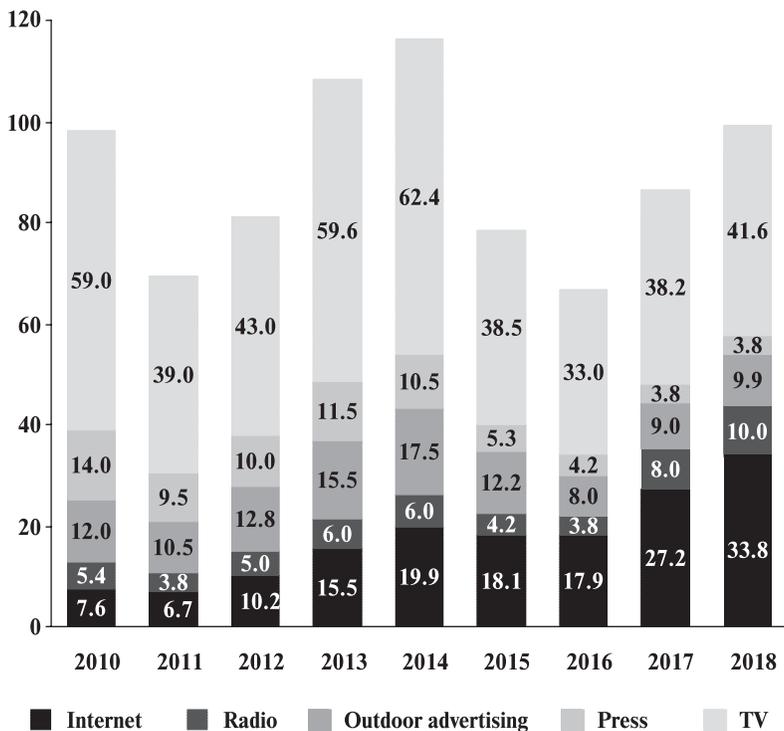
The volume of online advertising also increased, which is traditional, and occurs, among other things, through a redistribution of advertising budgets and volumes in the traditional information channels, and indicates economic stabilization. Online advertising grew by 24%, TV advertising by 9%, outdoor advertising by 10% and radio advertising by 25%. Advertising in the press remained at the level of 2017 (Figure 5).

Alongside the improving financial sustainability of the media thanks to the advertising market, the national budget for 2019 provides for a significant increase in the funding of the state-

⁶ Синкевич, Н. «Рынок интернет-рекламы Беларуси в цифрах.» *WebExpert*, 23 Mar. 2019, http://www.webexpert.by/wp-content/uploads/2019/03/Natalya-Sinkevich.-Ryynok-internet-reklamyi-Belarusi-v-tsifrah_2019-1.pdf.

owned media. According to the Ministry of Finance cited by BAJ experts in their report⁷, in 2019, government spending on the media will increase 30% after a significant cut in 2016 (Fig.6).

Figure 5. Distribution of advertising budgets with respect to communication channels in 2010–2018, USD million



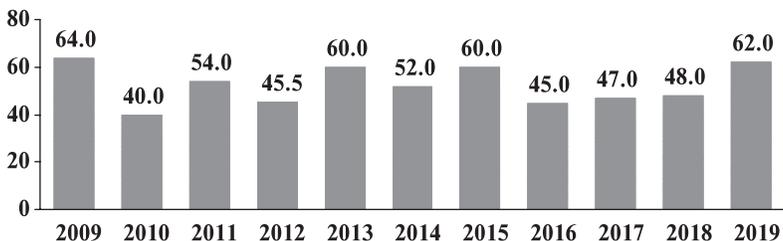
Source: WebExpert

The reduction in spending on the media in 2016 was a result of targeted state policy to improve their efficiency after media holdings with a common management system replaced

⁷ «СМИ в Беларуси. Итоги 2018 года в цифрах.» ОО «Белорусская ассоциация журналистов», 23 Mar. 2019, <https://baj.by/sites/default/files/analytics/files/smi-01572019-ru.pdf>.

some state media outlets. The upcoming significant increase in spending shows that the government takes the current situation very seriously and is strongly committed to protect the information segment.

Fig. 6. State spending on the media, 2009–2019, EUR million



Source: Belarusian Association of Journalists.

Conclusion

In 2018, government's efforts to regulate the mass media showed that it is aware of the challenges the Belarusian media have been facing in recent years. Measures taken to control the national media scene are aimed at protection from external influence, increased accountability of the new media, and stronger financial sustainability of the state-owned media (contrary to our forecast made in 2017).

Next year, new strategic steps are likely to be made to ensure information security. The authorities will continue repressive measures to control and impose restrictions on the independent media, including by means of the law on the mass media and other regulations.

Additional funding of the state media can help improve the quality and diversity of national content. However, this involves higher risks for the independent media, whose financial situation is not stable. Nevertheless, growth of the advertising market will enable the independent media to rely less on external funding.

EDUCATION POLICY: BECOMING AN OUTSIDER

Vladimir Dounaev

Summary

Education in Belarusian is in a state of all-around, systemic crisis that affects all *three* main variables of educational policy: deteriorating quality, poorer accessibility of funding, and cuts in spending on education. So far, these indicators have not been that synchronous.

Neither the reformist, nor the conservative vectors can prevail in the rivalry of the state education strategies, dooming Belarusian education to the increasing lagging behind the world leaders.

Trends:

- Prevalence of egalitarian approaches to education policy;
- Significant spending cuts;
- Decline in university enrolment.

In the face of a PISA shock

It is hard to cultivate the illusion of normality, which would maintain conservative motivation of a large part of society, when there is an opportunity to break through self-isolation and look at ourselves from another angle. In 2018, Belarusian education made this possible for the first time by gullibly opening up to the whole world. Two long awaited, yet constantly deferred events finally allowed looking at secondary and higher education through this external global lens.

In April-May 2018, for the first time, around 6,000 students of 200 Belarusian secondary schools joined the *Programme for International Student Assessment* (PISA), the world's largest international study of how fifteen-year-olds can apply their knowledge in everyday life. The Programme is sponsored by the Organization for Economic Cooperation and Development. Quite often, the findings become an unpleasant surprise for governments, prompting radical changes in educational policy.

The participation in PISA was one of the conditions for obtaining a USD 50 million loan from the World Bank for

modernization of the Belarusian education system. Although the test results were expected to come back before the end of 2018, the country will experience a PISA shock in 2019, and many believe that it is inevitable.

Secondary education definitely needs real reforms, instead of manipulations with state standardized test (SST) statistics. The authorities continue to solve the problem of the falling quality of education by making the tests less demanding, which is apparently supposed to reduce concerns about the ridiculous gap between the successful results of graduation exams and the discouraging results of the SST.¹ In addition to the simplified tests, a new method for calculating SST scores was applied in 2018. According to independent experts, it will “pull up underperformers, and improve the average graduation scores statistics in secondary schools.”²

Even more than the tampering with test results, conscientious parents were alarmed by the abolition of exams before the *fifth grade* in gymnasiums. This would not agitate them so much, if it were not for the rumors about the abolition of gymnasiums at all. In 2008, there was a plan to close lyceums and gymnasiums, get back to 11-year secondary education and abolish field-oriented courses. It did not happen then, but there is every reason to believe that it can now. Explanations given by the authorities just confirmed their commitment to the egalitarianism in secondary education, the more so as the restriction of the parents' right to choose an educational institution for their children is one of the immediate consequences of this “reform”.

In response to these threats, society began showing stronger interest in alternative models of secondary education and the opening of several pilot private schools. A gradual increase in the number of non-state education institutions has occurred before. From 2010–2011 to 2017–2018 academic years, their

¹ “Юрый Міксюк, дырэктар РІКВ: ‘Мы не завышаем балы, а ліквідуем іх штучнае заніжэнне’.” *Настаўніцкая газета*, 25 Oct. 2018, <https://nastgaz.by/yuryj-miksyuk-dyrektar-rikv-my-ne-zavyshaem-baly-a-likviduem-ih-shtuchnae-zanizhenne/>.

² «Как чиновники решили улучшить показатели слабых выпускников.» *Народная воля*, 22 Nov. 2018, www.nv-online.info/2018/11/22/kak-chnovniki-reshili-uluchshit-pokazateli-slabyh-vypusknikov.html.

number increased from 11 to 16.³ But they have not yet had any noticeable effect on the diversification of education. New school projects attracted attention not so much because of their scale, as the ambitious objectives and high bills. The authorities did not see any threat to the education system in them, though.

Bologna outsider

The second event of 2018 displayed imbalances and deformations of the higher education system. Belarus very rarely gets into international statistical reviews and global rankings. Therefore, its mentioning in the Bologna Process Implementation Report “The European Higher Education Area in 2018”⁴ gives a reason to compare Belarusian higher education with other higher education systems in the vast area of Greater Europe from Lisbon to Vladivostok.

Such reports are being prepared for every ministerial summit of the European Higher Education Area (EHEA), as a rule, once in *three* years, to compare countries in terms of the achievement of the Bologna operational goals, values and tools. Bologna reforms do not automatically lead to the resolution of all higher education problems in any country, but they contribute considerably to the enhancement of the quality and inclusiveness of higher education if conducted in a comprehensive and consistent manner. The main thing is that the authorities largely coped with the challenge of mass higher education.

For quite a while, Belarus had not dared to make a choice and join the 47 members of the European Higher Education Area. And when it finally did it 16 years after the start of the Bologna process, special tools and international procedures were required in order to introduce Belarus into the EHEA. This happened for the first time in the history of the Bologna

³ *Образование в Республике Беларусь (2018/2019 учебный год)*. Национальный статистический комитет Республики Беларусь, 2018. С. 18.

⁴ “The European Higher Education Area in 2018: Bologna Process Implementation Report.” *Luxembourg: Publications Office of the European Union*, 2018, https://eacea.ec.europa.eu/national-policies/eurydice/sites/eurydice/files/bologna_internet_0.pdf.

Club. However, along with the anachronistic education system of Belarus, the Europeans were concerned over the country's reputation as a not very conscientious partner.

Nevertheless, even despite the incompleteness and sometimes untrustworthiness of the information provided by Belarus, the EHEA Implementation Report makes it possible to understand Belarus' education policy.

The European methodology applied to analyze the higher education system in Belarus clearly shows disproportions in its structure, indicating a shift towards the availability of lower qualifications to the detriment of higher ones. It is also obvious that vocational education has been restructured by reducing the proportion of higher education.

Compared with EHEA, Belarus shortened the first-level studies without creating conditions for further education at higher levels. According to the Implementation Report, the proportion of candidates for the master's degree in Belarus is 13 times smaller than the European average, and the proportion of *third-cycle* students (corresponds to postgraduate education in Belarus) is *three* times smaller than the EHEA average.⁵ This deformation cannot but affect the quality of the human capital.

The nominal replication of the Bologna architecture is depreciated by the ugly distinctiveness of its implementation. The country's leadership does not comprehend the attempts to increase the graduate school enrolment in recent years, which puts the national innovative development plans in question. Any innovation policy will hit up against the lack of human resources.

The Belarusian education system is increasingly producing "specialists with irrelevant competencies", i.e. gives degrees without employment options. Even official statistics shows a twofold increase in the proportion of persons with higher education among the registered unemployed from 7.6% in 2000 to 14.6% in 2017. The situation is exacerbated by the ineffective forecasting of staffing needs, the lack of an adequate graduate employment fostering system and the orientation of higher

⁵ *Белая книга 2018. Европейские перспективы белорусского высшего образования*. Vilnius: VŠĮ "Socialinės Ir Politinės Ekspertizės Agentūra", 2018. С. 12.

education institutions to social demand (demand for education services) rather than demand in the labor market.⁶

In October 2018, the Education Ministry addressed university rectors, officials and employers with a letter, in which the crisis of the system of compulsory job placement of university graduates was publicly admitted.⁷ A huge number of graduates just never show up at the workplaces they are assigned to. Beside the call for more repression, the letter contained the proposal to discuss ways to reform higher professional education based on European practices, particularly those of Germany, where employers cover part of the training costs. This is especially relevant in a situation when the quality of education is impaired by chronic and progressive underfunding.

In Belarus, the crisis of the education system is not least due to the alarming reduction in national spending on education. From 2013 to 2016, spending on higher education decreased 44.0% in USD equivalent.

The comparative analysis of the higher education is, among other things, based on the number of university students. The EHEA statistics provide for such a comparison in terms of annual public and private spending on the training of one full-time student, taking into account the purchasing power standard (PPS). This is especially important amid a significant reduction in the number of students in Belarus: 36% from 2010 to this day.

Between 2010 and 2016, consolidated budget spending per student remained far below the European median (EUR 7,009). In 2014, Belarus spent a little more than the *three* countries that bottomed the EHEA list (slightly over EUR 2,000). In 2016, Belarus was among them. Spending on education decreased 25% between 2013 and 2016, having dropped to EUR 1,726.9.⁸

Higher education was not the only sector that experienced problems caused by underfunding. From 2014 to 2016, spending

⁶ Ibid, p. 219.

⁷ Письмо Министерства образования Республики Беларусь № 03-01-16/9113/дс о выполнении поручения Совета министров Республики Беларусь от 4 октября 2018 г. № 05/209-440/11284р.

⁸ *Белая Книга 2018. Европейские перспективы белорусского высшего образования*. Vilnius: VŠĮ “Socialinės Ir Politinės Ekspertizės Agentūra”, 2018. С. 26–30.

on all education levels (from pre-primary to tertiary education) in USD terms at the average annual official exchange rate dropped 38% from USD 3.80 billion to 2.36 billion.⁹ A certain increase reported in the following two years did not significantly change this situation.

Eight to ten years back, the Belarusian government could justify the low quality of higher education and lower academic standards pointing at the one of the world's highest accessibility to tertiary education, and now they cannot do that, since the university enrollment rate is falling.¹⁰ In other words, the proportion of young people admitted to universities is decreasing. This situation differs from that in Europe, where a reduction in enrollment not always results in the reduced availability of higher education.

Accessibility of higher education for socially vulnerable groups in Belarus (graduates of rural schools, people with disabilities, orphans, etc.) is even declining due to the cessation of some privileges and the general insensitivity of the system to EHEA's inclusive education commitments. The gender imbalance and the vertical segregation in the teaching staff still persist in most education specialty areas.

In 2018, another topic of inclusive education—countering discrimination of the Belarusian language in universities—was manifested in the struggle for a national university. The private Nil Gilevich University was finally officially registered on March 15. However, this victory is rather symbolic, since the university was denied a license for educational activities.

Conclusion

In the EHEA Implementation Report, Belarus looks like a European outsider, who has not yet decided on an education development strategy and applicable tools. Over the last *three*

⁹ *Финансы Республики Беларусь. Статистический сборник.* Национальный статистический комитет Республики Беларусь, 2018. С. 16–19.

¹⁰ *Статистический бюллетень «Образование в Республике Беларусь (2017/2018 учебный год)».* Национальный статистический комитет Республики Беларусь, 2017. С. 19.

years since Belarus' accession to the European Higher Education Area, the country failed even to begin most of reforms promised in Yerevan in 2015.

Unlike other EHEA members, the application of Bologna tools is a systemic challenge for Belarus, which requires not only technical, but also (above all) value-based and political solutions. Regretfully, no intelligible solutions have been provided. The eclectic agenda that results from the tangled international commitments of moderate reformers and conservative interventions of the top leadership paralyzes or, at best, slows down the upgrade of the system.

Nevertheless, the Bologna vector is not rejected completely. The inclusion of the *Strategic Action Plan on the Implementation of the EHEA Principles and Tools* proposed by the Belarusian Ministry of Education in the final documents of the EHEA Ministerial Conference held in May 2018 in Paris gives some hope for modernization of the higher education system under European control.

A similar situation is observed in secondary education. The egalitarian trends that camouflage the crisis of education in Belarus under populist slogans have to compete with the commitments to the World Bank to modernize education in exchange for a USD 100 million loan for these purposes.

However, neither the reformist, nor the conservative vector can yet prevail in this rivalry of strategies, dooming Belarusian education to an ever greater lag behind the world leaders.

SCIENCE AND INNOVATION: A TURNING POINT IN THE NEGATIVE TREND?

Andrei Laurukhin

Summary

In 2018, Belarus showed modest, yet positive results in many significant areas of scientific and innovative development. Research and development expenditure increased 0.9% from 2016 to 0.59% of GDP, which changed the negative trend of the past few years. However, the problem of seriously inadequate funding of science, primarily from the state budget, remains.

The number of personnel engaged in research and development (per 10,000 economically active population) has slightly increased compared with 2014–2016, but it is still much lower than in developed economies and in-country indicators. In 2018, Belarus went up a little in the Global Innovation Index of the World Intellectual Property Organization.

Trends:

- A slight improvement in the country's image in the global market of science and innovation amid the persisting problem of poor efficiency of innovation;
- “Anemic growth” of funding of research and development and the number of researchers;
- Outstripped targets set in the State Innovation Development Program for 2016–2020;
- An increase in the GDP research intensity that remains low in comparison with the in-country indicators of the previous years and developed economies.

Financing: anemic growth

In early 2018, spending on research and development increased 0.9% compared with 2016 to 0.59% of GDP. This changed the negative trend of recent years (2014–2016), but the funding is still far from the standards of developed economies (2.0% and over) and even the in-country indicators of previous years (1.0% in 2007 and 0.68% in 2011)¹.

Belarusian science is underfunded due to the small proportion of public sector spending (including higher education) on research and development. According to the

¹ Hereinafter: *Science and Innovation in the Republic of Belarus*. National Statistics Committee of the Republic of Belarus (Belstat), 2018, p. 32–35.

European Innovation Scoreboard (EIS-2018), the proportion of public sector spending in Belarus made up 0.19% of GDP, whereas Bulgaria spends 0.21%, Ukraine 0.23%, Poland 0.32%, Latvia 0.33%, Lithuania 0.55%, Estonia 0.61% and Sweden 0.98%. Furthermore, the proportion of budget funds in domestic spending on R&D continues to decline: as of the beginning of 2018, it decreased 2.2% compared with 2016. The proportion of extra-budget funds was increasing much less and slower (by 0.4% from 2016 and 0.6% from 2011). The proportion of spending on R&D in the commercial sector also remains one of the lowest among the developed economies despite a slight increase from 0.31% in 2014 to 0.40% in 2017.

For many years, the Venture Investment box has been unchecked². Alternative sources cannot substitute the national budget in funding science. Domestic spending on research and development has changed towards an increase in spending on exploratory development (by 5.7% from 2016) through a decrease in funding of applied (4.4%) and basic (1.3%) research.³

Scientific brainpower: grounds for cautious optimism

As of the beginning of 2018, R&D personnel increased by 541 people. The year 2017 was a turning point in the trend towards a reduction in the number of scientific personnel throughout 2015 and 2016. The increase affected all sectors: state (+42 people), entrepreneurial (+347) and higher education (+154 people), as well as all categories: researchers (+210), technologists (+73) and support staff (+258).⁴

² According to reports by Belinfond, state venture foundation, from July 2017 to December 2018, 250+ projects were analyzed, conditions were agreed on four of them, and only one – Agrodrongroup – was funded. Source: Юранов, А.В. «Реализация инновационных и венчурных проектов с использованием средств Белорусского инновационного фонда.» *Республиканский семинар «Государственная программа инновационного развития Республики Беларусь на 2016–2020 годы: реализация, корректировка, отчётность»*, 14 Dec. 2018, <http://www.belisa.org.by/ru/print/?brief=fdb2aa1e6158c7b0>.

³ *Science and Innovation in the Republic of Belarus*, p. 81.

⁴ *Science and Innovation in the Republic of Belarus*, p. 34, 43–50, 63.

The increase in the number of researchers was mostly observed in socio-economic and social sciences (+117 people), followed by natural sciences (+72), humanities (+20), agricultural sciences (+19) and engineering sciences (+10). Only medical sciences showed a decrease of 28 people. The scientific brainpower increase is a positive development, but this growth still does not compensate for the long-term decline in personnel (−4,711 people compared with 2011) and researchers (−2,579).

Considering the scientific personnel increase rate as of the beginning of 2018 in comparison with the end of 2016, it will take years to reach the number of personnel registered in 2011: 198 years in engineering sciences, 9.4 years in agricultural sciences, 1.7 years in natural sciences, and 0.4 years in socio-economic and social sciences. The situation with medical sciences is alarming given the continuing decline.

The quantitative increase in the number of personnel was primarily achieved through an increase in the number of researchers aged 29 to 49 and 70 and over. The number of students in postgraduate schools increased by 59 people against 2016.

The positive growth trend is also observed in the number of postgraduate school graduates: by 14 people in comparison with 2016 and 22 in comparison with 2011. However, the number of those admitted to postgraduate schools decreased by 22 people compared with 2016, and the number of postgraduate school students is still far from the number registered in 2011 (−630 people). If the number of postgraduate school students will remain at the level of 2017 (against 2016), it will take at least 10.7 years to at least reach the level of 2011.

The number of R&D personnel (per 10,000 economically active population) slightly increased from 2014–2016 (by 1 person as of early 2018), but it is still significantly below the standards of developed economies and in-country indicators (−6 people against 2011). According to the European Innovation Scoreboard (EIS-2018), the number of postgraduate and postdoctoral school graduates (ISCED 8) per 1,000 population aged 25 to 34 ranged 0.6 to 0.7 in 2015–2017 and even decreased by 0.1 compared with 2014.

Nevertheless, the positive trend of growth in the number of scientific personnel inspires cautious optimism and gives hope for the preservation of the country's scientific brainpower capacity.

Innovative development in the context of GII-2018 indicators

In the 2018 Global Innovation Index (GII) of the World Intellectual Property Organization (WIPO) Belarus moved up from the 88th to the 86th position. As before, Belarus demonstrated its strengths in the improved input indicators, such as "Institutions", "Human capital and research", "Infrastructure", "Market sophistication" and "Business sophistication". In this segment Belarus' country rating went up three points from the 63rd to the 60th position⁵, basically thanks to "Human capital & research" (up *two* points) and "Business sophistication" (up *twelve* points).

Despite a decline in some indicators against 2017, the experts point out Belarus' strengths in terms of the "Education" sub-indicators (20th) and "Tertiary education" (13th). The "Pupil-teacher ratio in secondary education" (12th in comparison with 2017) and "Graduates in science & engineering" stand out as the most positive development (up 7 points to the 12th position).

Belarus is also quite strong in the "Knowledge workers" sub-indicator, in which *three out of five* indicators show very good results: "Knowledge-intensive employment" (up 7 points from 2017), '% of firms offering formal training' (up 3 points), and world's second highest rating in terms of the '% of females employed w/advanced degrees' among all employed women aged 25 and over (down 1 point).

In the "Institutions" section, the "Ease of starting a business" brought one point compared to 2017, and in the "Infrastructure" section, Belarus gained a point in "ICT access".

At the same time, with respect to the input indicators, a decline was reported in "ISO 14001 environmental certificates"

⁵ Hereinafter: "Global Innovation Index 2018 / Belarus." *World Intellectual Property Organization*, https://www.wipo.int/edocs/pubdocs/en/wipo_pub_gii_2018-profile3.pdf.

(45 points), “Environmental performance” (5 points), “Gross capital formation” (12 points), “Microfinance gross loans” (30 points), and “Tertiary enrolment” (1 point).

According to GII-2018 experts, Belarus is traditionally weak in the realization of the innovation potential component (output indicators), particularly the “Knowledge creation” and “Creative outputs”. A negative trend persists in the country rating of innovative efficiency. Belarus was down from the 109th to 110th position. With the very poor performance in two out of three indicators of the “Creative outputs” indicators (122nd in the world, although the country moved up one position here compared with 2017): “Intangible assets” (122nd) and “Creative goods & services” (108th).

Belarus dropped *four* positions in the “Knowledge impact”. Poor performance is still reported in the “Government effectiveness” (down one point, 94th in the ranking) and the “Rule of law” (down two points, 109th).

In the final analysis, although the rank is not that bad because of the broad difference between the input indicators (60th) and output indicators (110th), Belarus is 119th out of the 126 countries in terms of the innovation performance.

Innovative development in the context of the 2016–2020 program targets

According to the State Committee on Science and Technology (SCST), the innovative development aggregates indicated in the 2016–2020 State Innovation Development Program (SIDP) were exceeded in the proportion of shipped innovative products (18.6%, the target being 16%), proportion of high-tech and knowledge intensive exports (33.3% against 32.0%), creation of new high-performance jobs (2,908 against 2,883) and proportion of innovation-active organizations (23.2% against 23.0%).

In 2018, ninety-four innovative projects were implemented as part of the SIDP. As a result, 20 new productions were launched and 10 reached the estimated capacity. Innovative products output was over BYN 1.12 billion (doubled from 2017). In accordance with presidential decree No.236 and government

decree No.623, in 2018, 40 new projects were included in the 2016–2020 SIDP and 19 were prepared for inclusion.

Currently, the network of innovation infrastructure entities covers all regional centers of the republic and includes 25 organizations, 15 technology parks (nine technology transfer centers and the Belarusian Innovation Fund among them). In 2018, technology parks and their residents created more than 600 jobs, and the total number of their employees was over 2,300. Eighty-five joint sci-tech projects are being carried out with China, Ukraine, India, Pakistan, Lithuania, Mongolia, Korea, Poland, Cuba, Serbia, Azerbaijan, Vietnam, Armenia and Kazakhstan, which is 50% more than in 2017.

Exports of high-tech and knowledge intensive products reached almost USD 14 billion (a 120% increase). As part of sci-tech programs, 614 research and development, design and experimental works were performed, and 1,116 innovations were offered (a 50% year-on-year increase), three new productions were set up, seven were upgraded, and 29 existing productions were made ready for operation. Innovative products output totaled over BYN 4.7 billion (a 5.8% year-on-year increase).

In cooperation with the European Union, Belarusian scientific organizations started *five* projects, their funding totaling EUR 800,000⁶. In cooperation with the Russian Federation, Belarus is implementing *seven* defense, healthcare and space programs worth USD 3 billion (2.17 billion in 2017)⁷.

Successes of the High-Tech Park (HTP) are quite impressive. In 2018, its exports increased 38% year-on-year to USD 1.414 billion, which, according to world auditors' forecasts, was only expected in 2019. HTP's total output grew by 47%. In the domestic market, HTP residents developed innovations worth BYN 297 million (a 59% y/y increase). Last year, the HTP

⁶ «Состоялось заседание итоговой коллегии ГКНТ.» *Государственный комитет по науке и технологиям Республики Беларусь*, 18 Feb. 2019, http://www.gknt.gov.by/news/2019/aleksandr_shumilin_vystupil_s_dokladom_na_zasedanii_itogovoy_kollegii_gosudarstvennogo_komiteta_po_n/.

⁷ «Семь союзных программ в обороне, медицине и космосе реализуются в 2018 году.» *РИА Новости*, 7 Feb. 2018, <https://ria.ru/20180207/1514153382.html>.

registered 267 new resident companies, more than in the entire 12-year history of the Park⁸.

Conclusion

The positive trends in the field of science and innovation show that the expansion of economic freedoms, higher motivation and harmonized efforts can be very efficient in the near future. An eloquent testimony to this is the presidential decree on digital economy development issued in late December 2017, which enables the HTP to promptly prove its effectiveness and viability. Apparently, the situation with science and innovations in other sectors of the economy is more complicated. It requires much more effort, money and time to resolve current issues there. All things considered, this is the only sustainable alternative to the mobilization model of innovative development that has long run out of steam.

⁸ «ПВТ показал небывалый рост экспорта.» *HTP Belarus*, <http://park.by/post-2327/>.

RELIGIOUS SPHERE: “MINSK SPLIT” INSTEAD OF “MINSK DIALOGUE”

Natalia Vasilevich

Summary

In 2018, the long-standing dream of the Belarusian authorities to make Minsk a center of religious reconciliation failed. In October, at its meeting in Minsk, the Holy Synod, the governing body of the Russian Orthodox Church, decided to break the Eucharistic unity with the Ecumenical Patriarchate, which became known as “Minsk split”.

The events surrounding the creation of the new Orthodox Church in Ukraine and the fact that the Patriarchates of Constantinople gave it the Tomos of Autocephal actualized the discussions on the possibility for Belarusian Orthodox Church to obtain the same independence from the Moscow Patriarchate in the future. Belarusian churches also took an active part in the public debate on the adoption of a new law on domestic violence, speaking mainly against such a law.

Trends:

- Control over the religious sphere takes place through legislative and bureaucratic mechanisms;
- Discussions on autocephaly are expanding in the Belarusian Orthodox Church and in society, but they are not intensive;
- In the socio-political sphere, the churches adhere to a conservative line.

Legislation and institutions

In October 2018, Belarus passed the procedure of a periodic report in the UN Human Rights Committee. In its concluding observations¹, the Committee drew attention to the “excessive restrictions on the exercise of freedom of religion” that exist in Belarus, among which the following were mentioned, first, the requirement of compulsory registration of religious communities, second, the facts of refusal of such registration for a number of religious communities, and third, the need for foreign citizens to obtain a special permit to participate in religious activities on

¹ «Заключительные замечания по пятому периодическому докладу Беларуси (ССПР/С/BLR/5).» *Комитет по правам человека Организации Объединённых наций*, 22 Nov. 2018, <http://undocs.org/ru/CCPR/C/BLR/CO/5>.

the territory of the Republic of Belarus (item 45). According to the Committee, for Belarus in order to fulfil its obligations assumed by its participation in one of the main international human rights instruments, the Covenant on civil and political rights, the requirement of compulsory state registration must be abolished (item 46).

Although the Belarusian authorities did not abolish the requirement of compulsory state registration of religious organizations, at the end of the year they abolished criminal liability for activities without such registration – amendments were made to the Criminal Code, and the controversial article 193.1 was deleted. Nevertheless, instead of criminal liability administrative liability was introduced for such activities (art. 23.88, the Code of Administrative Offences), which provides punishment in the form of a fine.

On the one hand, the abolition of article 193.1 can be seen as a step towards the requirements of international organizations and human rights defenders. But this article was not fully applied: state bodies were limited to issuing warnings and demands to stop the activities of unregistered religious organizations under the threat of its application. On the other hand, the weakening of responsibility for such activities may contribute to the fact that the administrative article, which can be held liable even in pre-trial order, will be applied more widely, creating great financial problems for the leaders and members of unregistered religious organizations.

There are religious communities in Belarus that do not want to register because of the peculiarities of their religion. But the registration procedure itself is quite complicated, refusals by registration authorities can be completely opaque. Autonomous communities that are not part of an already registered religious association or a community of a new religious direction for Belarus face particular difficulties in registering. Most often, the authorities refer to the rejection on one or another basis of the proposed legal address. It is also noted that there is a position of local authorities against the registration of new religious communities.

In 2018 the most exemplary was the case of pastor V. Novakovski (Pentecostal Church “Thy will be done”), who

made a number of unsuccessful attempts to register his Church, as well as the situation of communities of the religious direction “Jehovah’s Witnesses”, about ten of which are deprived of state registration.²

Autocephaly of the Ukrainian Church and the Belarusian Church

In April, President of Ukraine Petro Poroshenko addressed the Ecumenical Patriarch with a request to provide autocephaly to the Ukrainian Orthodox Church. This request was not the first one, the negotiations of the Ukrainian authorities with Constantinople have been held unsuccessfully since 2008.

In October, the Synod of the Ecumenical Patriarchate revoked the decision dated 1686 on the transfer of the Kyiv Metropolitanate to the Moscow Church, and also recognized the canonical status of the bishops of the alternative jurisdictions of the Ukrainian Orthodox Church (Moscow Patriarchate) Ukrainian Autocephalous Orthodox Church (UAOC) and the Ukrainian Orthodox Church (Kyiv Patriarchate), sending them, and also to the Bishops of the UOC (MP) an invitation to participate in the unification Cathedral of the new Ukrainian Church, which was to receive autocephaly from Constantinople. The jurisdiction of the Moscow Patriarchate in Ukraine was declared invalid.

On December 15, 2018, Kyiv hosted the unification Council of bishops of various Orthodox jurisdictions, mainly the former Kyiv Patriarchate and the UAOC, as well as only two bishops of the UOC (MP), and established a new Church – the Orthodox Church of Ukraine, elected a new head – Epiphany, Metropolitan of Kyiv, and on January 6, 2019, Tomos on autocephaly was received. Thus, there are two Church jurisdictions in Ukraine – the Orthodox Church of Ukraine (OCU), recognized by the canonical Patriarchate of Constantinople and whose status is still under consideration by other local Orthodox churches, and the Ukrainian Orthodox

² «Беларусь: Приказ не регистрировать новые религиозные общины?»
За свабоднае веравызнанне, 30 Jan. 2019, <http://forb.by/node/687>.

Church (Moscow Patriarchate), recognized as the only canonical Church in Ukraine by the Moscow Patriarchate and whose status is also under consideration by other local churches.

Thus, within Orthodoxy there are processes of self-determination of local Orthodox Churches in relation to Ukrainian Church jurisdictions, as well as along the line Constantinople–Moscow, which are in a conflict.

How does this relate to the situation in Belarus? *Firstly*, the abolition by Constantinople of the decision to transfer the Kyiv Metropolis, which included the lands of modern Belarus, to the Moscow Church in 1686 should theoretically concern the Belarusian Church, which could be included in the Kyiv Metropolis by such a decision and the canonical jurisdiction of Constantinople could be restored over it. However, this did not happen, and the Belarusian bishops did not receive any invitations from the Patriarchate of Constantinople to take part in the unifying Council. According to Tomos, the territory of the jurisdiction of the Orthodox Church of Ukraine is limited exclusively to the territory of the modern state of Ukraine and in no way extends to other territories of the former Kyiv Metropolis.

Thus, even with favorable Belarusian legislation, the OCU does not have the canonical right to open parishes or carry out any religious activity on the territory of the Republic of Belarus or outside Ukraine at all. This means that even those Belarusian parishes, bishops and clergymen who were in one way or another connected with the former UAOC and the Kyiv Patriarchate³ will either not be able to obtain canonical status within the OCU, or their status will be limited only to the territory of Ukraine.

Secondly, it creates an actual precedent when, in the presence of an appropriate political, social and internal Church order, the Patriarchate of Constantinople can restore its jurisdiction over the Orthodox Church of the country located on the territory of the Kyiv Metropolis, despite the current jurisdictional affiliation to the Moscow Patriarchate, as well as to regulate the canonical

³ The BAPC clergy consists of three in Belarus and five in the United States and Australia, the episcopate and the priesthood of the Belarusian Autocephalous Orthodox Church (<http://www.belapc.org/apiskapat-i-svatarstva>). In Ukraine, there is also a priest of the former Kyiv Patriarchate, and now OCU, archpriest Sergei Gorbik.

status of this Church, regardless of the position of the Moscow Patriarchate.

Thirdly, the establishment of the OCU, in which the state authorities in Ukraine and President Poroshenko in particular took an active part, and the completion of this process in the form of obtaining Tomos about autocephaly, is an attractive precedent for the Belarusian authorities to create their own Church, independent from Moscow, but more dependent on the Belarusian state. Intensive discussions about autocephaly and the process of its acquisition to a certain extent actualized the discussion about the autocephaly of the Orthodox Church in Belarus and its greater independence from Moscow in society and in Church circles – both within the official Belarusian Orthodox Church and in alternative jurisdictions. However, this did not lead to the creation of a serious Pro-Autocephalous movement.

The Synod in Minsk

On 15 October in Minsk hosted a regular meeting of the Synod of the Russian Orthodox Church, on the eve of which the Ecumenical Patriarchate made a decision to restore its canonical jurisdiction over the former Kyiv Metropolitanate and to deprive of such jurisdiction from the Moscow Patriarchate. This led to an escalation of relations between the two local Orthodox Churches, which resulted in the adoption of a decision on an extreme canonical measure – the unilateral termination of Eucharistic relations with the Patriarchate of Constantinople.⁴ On the one hand, this phenomenon is not excluded in modern inter-Orthodox relations – the Patriarchate of Antioch exists in the rupture of such relations with the Patriarchate of Jerusalem. On the other hand, both the Moscow Patriarchate and the Patriarchate of Constantinople claim leadership in the Orthodox world, have parishes and diocesan structures abroad, which cooperated within the framework of Episcopal conferences,

⁴ «Журнал № 71 заседания Священного Синода от 15 октября 2018 года.» *Русская Православная Церковь*, 15 Oct. 2018, <http://www.patriarchia.ru/db/text/5283687.html>.

actively participate in Ecumenical dialogues, and as a result all cooperation was called into question.

For the Belarusian authorities, who constantly try to create an image of a place of reconciliation in Minsk and Belarus, including the religious sphere (we mention, for example, the long-standing idea to hold a meeting of the Pope and the Patriarch of Moscow in Belarus), such a decision to break the Eucharistic relations between the Moscow Patriarchate and the Patriarchate of Constantinople, which journalists and analysts called the “Minsk split or schism”, led to image losses. Although this event was actually related to Minsk and Belarus by accident, it was a coincidence in time.

Domestic violence act

In the area of public debate, the churches have once again taken a ‘niche’ position on the topic of traditional values and traditional family.

In 2018, the draft concept of the Law “On combating domestic violence”⁵ became the object of criticism, in which the main leader was the Roman Catholic Church in Belarus. In June, Archbishop Tadeusz Kondrusevich addressed an open letter to President Lukashenko⁶, speaking “in defense of the institution of family, moral education of children and youth”. Firstly, he noted the need to involve “representatives of traditional Belarusian religions who have been preaching fundamental family values for centuries” in the discussion of these issues. Secondly, he stressed the danger of harmful secular tendencies, first of all gender ideology leading to the destruction of the traditional family and propaganda of non-traditional sexual behavior, including advertising and positive display of

⁵ «Проект концепции закона “О противодействии домашнему насилию”.» <https://drive.google.com/file/d/1AaBR5j5F6QgY1luSffZ9nonDYTuv0qH6/view>.

⁶ “Арцыбіскуп Кандрусевіч прэзідэнту Беларусі: Каталіцкі Касцёл гатовы прымаць удзел у абмеркаванні заканадаўчых праектаў.” *Catholoc.by*, 21 June, 2018, [https://catholic.by/3/news/belarus/8264-artsybiskup-kandrusevich-prezidentu-belarusi-katalitski-kastsjol-gatovy-prymats-udzel-u-abmerkavanni-zakanada-chykh-praekta](https://catholic.by/3/news/belarus/8264-artsybiskup-kandrusevich-prezidentu-belarusi-katalitski-kastsjol-gatovy-prymats-udzel-u-abmerkavanni-zakanadauchykh-praekta)

sodomy lifestyle, which means tolerance towards LGBTQ+ representatives for the “national interests” and “spiritual values of the Belarusian people”. Thirdly, without denying the existence of the problem of domestic violence, Kondrusevich called for the protection of “conscientious parents” who have the right to “the slightest and harmless “punishment” of the child for his/her safety, education and discipline.”

Also a Coordination Council of the so called “Pro-family forces” was created, which included a number of public organizations and foundations somehow connected with religious organizations of various directions that began collecting signatures under the collective appeal against the adoption of the law in the proposed version⁷, which, according to the initiators of the action, “will contribute to interference in the personal, family sphere” and in fact “is a means of gradual dismantling of the institution of the family” through the “destruction of the hierarchical system of the family”, which “creates conditions for free violation of the commandment” on the honor of parents and, the consequences would be “the actual recognition of gender equality ... recognition of various non-traditional genders, perversions.”

As a result, the Ministry of Internal Affairs preferred not to adopt such a law, citing the fact that its decision is connected “with a high public response and the opinion of religious organizations.” On the one hand, unlike the discussion on abortion and reproductive technologies, in the case of legislation on domestic violence in the Pro-Life movement and religious organizations, the legislative process was significantly influenced by their own interests. On the other hand, despite the existence of expert groups within the religious organizations that consider such a law appropriate (a number of Orthodox projects related to combating domestic violence and gender equality, in particular the Union of Sisterhoods of Belarus), in general, religious organizations in the public spectrum have occupied their traditional niche protecting the so-called “family and

⁷ «“Это ювенальная юстиция”. Пролайферы Беларуси – против проекта закона МВД.» *Katolik.life*, 22 Aug. 2018, <https://katolik.life/rus/news/sotsium/item/3723-eto-yuvenalnaya-yustitsiya-prolajfery-belarusi-protiv-proekta-zakona-mvd.html>.

traditional” values, and criticising gender equality and tolerance to LGBTQ+.

Conclusion

In the near future, the status of the Belarusian Orthodox Church will be updated: the Belarusian authorities, relying on certain forces and moods within the BOC, will try to weaken the influence of the Moscow Patriarchate, and the Moscow Patriarchate will seek not only to preserve but also to increase its influence – to compensate for the loss of parishes and structures in Ukraine.

HEALTH: A SERIES OF SCANDALS WITHOUT PROPER CONCLUSIONS

Andrei Vitushka

Summary

In 2018, the health care system was in the center of attention due to corruption and other scandals, as well as due to the criticism from the President. Several figures of the industry leadership lost their positions and freedom.

Against this background, the administrative pressure on the system has eased, and the performance of the industry improved. The Ministry announced the increase of transparency in state procurement and the expansion of the rights of managers to purchase equipment and consumables.

The transfer of clinics to the principle of a general practitioner continues but without a sufficient retraining of specialists.

Hopes for improving the health care of the population are thrown onto E-health and the modernization of polyclinics. At the same time, the program of health care reform with the justification of the planned changes and indicators of their implementation is not presented either to the professional community or to the society.

Trends:

- Reforming of primary health care through development of the Institute of general practitioner, without significant changes in the overall structure of the system;
- Development of E-health (electronic prescription, electronic patient records, telemedicine);
- In response to the scandal with medical purchases, the procedure for their implementation was changed.

Demographics

The trends of previous years continued: the birth rate decreased (from 10.8 to 10.0 per 1000 people)¹, although not as much as in 2017 (falling from 12.4 to 10.8). A record low infant mortality rate is fixed – 2.4 in 1000 live births (a decline from 3.2 in 2017).

¹ «Естественное движение населения.» *Национальный статистический комитет Республики Беларусь*, <http://www.belstat.gov.by/ofitsialnaya-statistika/solialnaya-sfera/naselenie-i-migratsiya/estestvennoe-dvizhenie-naseleniya/>.

This is significantly less than in the European Union as a whole (3.6 per 1,000 live births) and is comparable to the indicators of the Scandinavian countries – recognized leaders in maternal and child health.² Maternal mortality is also very low.

The total mortality rate has not changed since 2017 and reached 12.6 deaths per 1,000 citizens. The loss of population increases: 25.6 million versus 16.8 in 2017.

The main non-communicable diseases (NCDs – heart and blood vessels diseases, cancer, diabetes and chronic diseases of respiratory organs) are the cause of 89% of all deaths in Belarus, which exceeds the global death rate from these causes (71%).

There were no official data on the life expectancy of the population of Belarus for 2018 as of April 2019. The Ministry of Health Care announced the figure of 75.3 years (growth of almost for a year from 2017). The difference between the life expectancy of men and women, including in rural areas, has decreased.

The priorities of the health system

As in 2016–2017, the priority is the development of primary medical care. The transition to the organization of outpatient service on the principle of a general practitioner continued. If in 2017 40% of therapeutic sites worked on this principle, in 2018 they were already 64% across the country with a maximum in Brest region – 76.5%.

The transition mechanism is simple: voluntary-compulsory training of district therapists at short-term refresher courses, as well as the distribution of medical graduates after a year of training. This duration of training of general practitioners in Belarus contrasts strongly with other countries, where the postgraduate training of such a family doctor takes at least 2–3 years.

Family-based primary care is a hallmark of most successful health systems in the world. At the first contact with such

² “Infant mortality rate.” Eurostat, <https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tps00027&plugin=1>.

a universal specialist for children and adults, about 80% of health problems are solved, such a doctor knows the history of the patient and his/her family and can choose the most individualized and effective treatment.

They put high hopes onto general practitioners for improving medical care to the population. It is planned that the nurse and the assistant will take over the initial examination, paperwork and some of the functions of preventive work. As a result, the time that the doctor can devote to the patient will increase. The standards of admission time were also increased: from 15 to 20 minutes for the initial visit³, which is almost consistent with the practice of developed countries (for example, 62% of doctors in the US spend 16 to 25 minutes per patient)⁴. Also, centralized purchases of additional equipment for offices were carried out and the standard number of patients assigned to the general practitioner was reduced: 1500 instead of 1700 from the district therapist.

Meanwhile, nothing is said about the integration of the child population into the sphere of responsibility of the family doctor, as is customary in the world. No gradual reduction in the number of children's clinics was announced, and recruitment for the specialty "Pediatrics" in the country's universities continues to grow. In addition, there is no information about reducing the number of "narrow specialists" in clinics, the function of which, according to the Minister, should take the general practitioner.

Another bet on improving the work of the industry is informatization: the creation of a single space, including an electronic prescription, an electronic patient card, a system of remote consultations of medical specialists among themselves ("telemedicine") etc. It is believed that E-health will relieve clinics by reducing the list of reasons for their visit.

³ «Утверждены новые нормы времени.» *Медвестник*, 19 Дек. 2018, <http://www.medvestnik.by/ru/officially/view/utverzhdeny-novye-normy-vremeni-18530-2018/>.

⁴ "Medscape Physician's Compensation Report 2018." *Medscape*, 26 Apr. 2018, <https://www.medscape.com/slideshow/2018-compensation-overview-6009667>.

So far, the electronic recipe is not in demand. Thus, in 2018 they were allocated only 6.5 million times (growth from 4.9 million in 2017)⁵ with the number of more than 100 million visits to clinics in Belarus.

The stated increase in the number of telemedicine consultations from 469 to 7824 should be seen as a positive development that brings high-quality care from the main clinical centers closer to the regions of the country. However, a clear increase was achieved by administrative means.

A potential “cherry on the cake” of the optimization of outpatient care should be the project “Caring clinic”⁶ with the reorganization of outpatient institutions on the principles of “savings production” (*Lean Manufacturing*) – a clone of the Russian program “Lean Polyclinic”.

The pilot project in Minsk began with an increase in the number of medical registrars answering the calls of patients. Next, it is planned to introduce the position of administrator near the registry, as well as the removal of barriers between patients and the registry. They promise the redistribution of work of health workers, an exception of excess movements of patients. It is expected that doctors will have more opportunities to communicate with the patient, now this communication takes only about 20% of their working time.

The scandals and the reaction to them

In 2018, the health care system became the center of the largest corruption scandal in the history of Belarus. 95 criminal cases were initiated, which involved about 100 people – Deputy Minister Lasitsky, the head of Hrodna regional health department Stryzhak, Director of “Belpharmacia” and

⁵ «Об итогах работы органов и организаций здравоохранения в 2018 году и основных направлениях деятельности на 2019 год.» *Министерство здравоохранения Республики Беларусь*, <http://minzdrav.gov.by/upload/dadvfiles/Итоги%20коллекции.pdf>.

⁶ «“Заботливая поликлиника” сократит очереди и сэкономит пациентам время.» *Агентство «Минск-Новости»*, 25 Dec. 2018, <https://minsknews.by/zabotlivaya-poliklinika-sokratit-ocheredi-i-sekonomit-patsientam-vremya-dlya-obshheniya-s-vrachom/>.

“Belmedtechnika”, Republican scientific and practical centers, chief physicians of large hospitals, businessmen, etc. As a result of the case, he lost his post of Deputy Prime Minister, the last Minister of Health Care Zharko. During the searches, USD 500-600 thousand was seized from some suspects, and the amount of bribes reached more than USD 10 thousand. Some cases were completed and their defendants received long prison terms (for example, Lasitsky – 6 years of strict regime, and Stryzhak – 7.5 years).

The system responded to this challenge by changing regulations to resolve possible conflicts of interest in procurement. Changes were introduced to the procedure of tenders, and the powers of heads of medical institutions for the independent (without a tender) purchase of consumables and equipment were expanded (the cost threshold was increased from approx. USD 5700 to USD 23000).

A second significant scandal is the situation with the vaccine of *Eupenta*, after the injection of which a child died as a result of anaphylactic shock. Soon after the tragedy in *Ezhednevnik* the material was published, which proved that the vaccine was not properly registered in Belarus and seemed to be imported for clinical trials on our children.⁷ The publication caused a considerable outrage in society.

The Ministry of Health Care responded to the rise of anti-excitatory sentiment by posting a press release on the website with a reference to previous publications, as well as information about the appeal to the Prosecutor General's office about the “damage to the national security environment of Belarus in the field of health care”⁸. The briefing of the specialists without the permission for the audience to ask questions failed to contribute to relieve information tension and added to the arguments to vaccination sceptics. This case revealed the inefficiency of the

⁷ «Коррупция Минздрава: как из белорусских детей сделали испытательный полигон.» *Ежедневник*, 27 Aug. 2018, <https://health.ej.by/healthy-lifestyle/2018/08/27/korruptsiya-minzdrava-kak-iz-belorusskih-detey-sdelali-ispytatelnyy.html>.

⁸ «Министерство здравоохранения Республики Беларусь сообщает.» *Минздрав Республики Беларусь*, 23 Aug. 2018, <http://www.minzdrav.gov.by/ru/sobytiya/ministerstvo-zdravookhraneniya-informiruet/>.

traditional one-way communication of the Ministry of Health Care with journalists and the public.

As a result, the public was informed about vaccination and comments for journalists were made not by officials – but by doctors concerned about the possible increase in the number of vaccine-controlled diseases as a result of anti-vaccination moods – associate Professor of the Department of children's infectious diseases of BelMAPO Nikolai Galabarodzka⁹ and head of the intensive care unit of the City children's infectious diseases hospital of Minsk Maxim Acharetni¹⁰ with the help of colleagues from Ukraine. Speeches of colleagues on the portal *tut.by*, the *BelaPAN* Agency's website and other media took place on their own initiative, and this can be considered a civil act in the conditions of increasing negative attitude of people to the health service and in the situation of an unspoken ban on uncoordinated comments within the system. Summing up the results of the year, Minister Valery Malashka confirmed the inefficiency of the Department in the media and noted that “*few health workers take the liberty of speaking out in support of their colleagues and the system as a whole.*”

Evaluation of the performance of the health system and its response

In September, Alexander Lukashenko gave a negative assessment of health care. The President raised long-standing, but essential issues of communication “patient – health worker” and people's attitude to the system.

The dissatisfaction of the population can be indirectly judged by the number of complaints about the activities of the health sector. As reported by Deputy Minister Bogdan, for the first 6

⁹ «Прививаться? Чем? Зачем? Девять ответов на самые важные вопросы.» *Tut.by*, 31 Aug. 2018, <https://news.tut.by/society/605916.html#toc-toc-dpqzl>.

¹⁰ «Завотделением детской инфекционной больницы: я боюсь антипрививочной истерии.» *Белорусские новости*, 26 Apr. 2019, <https://naviny.by/article/20180830/1535605477-zavotdeleniem-detskoy-infekcionnoy-bolnicy-ya-bojus-antiprivivochnoy>.

months of 2018, the number of appeals to the Ministry increased by almost 20%. The main topics- were the work of clinics and poor attitude on the part of health workers.

The system responded to the accusations with the adoption of new rules of medical ethics, the opening of courses on bioethics and the requirement for system managers not to allow indifference. The material motivation of health workers increased slightly: the ratio of wages in the health system and the national average has changed from 77.8 to 80.2%.

Last year, experts of the world health organization presented a landmark study for Belarus devoted to the economic analysis of losses from major non-communicable diseases, as well as identifying the most effective investments to combat them.¹¹ The paper indicates that in 2015, economic losses due to NCDs and their risk factors amounted to 5.4% of the gross domestic product of the country, exceeding public health spending (about 4.0%). Losses to the Belarusian economy exceed the direct costs of fighting these diseases by 13 times, which is significantly more than in Kyrgyzstan (4:1) and Vietnam (4:1) – countries for which such studies were recently conducted. At the same time, the main share of expenditures is related to losses for the economy, which are caused by premature death (73%) and a decrease in productivity in the formal presence at work (19%).

The study analyzed the effectiveness of preventive measures against NCDs in the health system. It is noted that in Belarus the effectiveness of hypertension detection by medical examination remains low, the Ambulance system for heart attacks and strokes is satisfactory, corresponds to international practice, secondary prevention of myocardial infarction in principle exists, and the practice of “schools of diabetes” in clinics and monitoring the results of their work are not standardized, their impact on the health of patients cannot be assessed.

¹¹ «Профилактика неинфекционных заболеваний и борьба с ними в Беларуси: аргументы в пользу инвестирования (2018 год).» *Всемирная организация здравоохранения*, <http://www.euro.who.int/ru/countries/belarus/publications/prevention-and-control-of-ncds-in-belarus-the-case-for-investment-2018>.

It is shown that the impact with the highest coefficient of investment in public health is a package of measures to reduce salt consumption (BYN 28.8 and 94.0 per ruble invested for 5 and 15 years, respectively).

Reducing the consumption of tobacco and alcohol will have an effect of BYN 8.4 and BYN 3.2 for 5 years, and BYN 31.1 and BYN 12.0 for 15 years, and clinical interventions aimed at diseases of vessels and heart and diabetes, give a very small coefficient of treatment of investments for the year (BYN 1.2) and no effect for 15 years, which is associated with high treatment costs of diseases.

The number of lives saved as a result of the implementation of these measures for 15 years ranges from 124,702 with a decrease in salt consumption to 62,301 and 50,680 – in the fight against tobacco and alcohol. Despite a detailed explanation of the mechanisms that should be used to achieve maximum damage reduction, a year after the presentation of the study to officials of various departments, there is no indication that the recommendations voiced have become the Foundation of comprehensive state programs.

Conclusion

2018 was a difficult year for the health system, sharply outlining numerous problems in its functioning. Measures taken to improve the quality of care are the Institute of General practitioner, informatization, and the project “Caring clinic”, all can have an effect in improving the quality of health services and satisfaction of the population. But this effect cannot be lasting.

According to experts of the world health organization, the key problems of Belarusian medicine are the threat to its financial stability and the lack of monitoring of the effectiveness of measures in this area. Public spending on health remains low (about 4% of GDP), and its distribution is inefficient. In particular, a large share of these funds is consumed by the stationary sector, the number of beds in which remains one of the largest in the world. Meanwhile, the real funding of outpatient care increases slightly from year to year.

Continued measures to improve the health of the population are reminiscent of the slogans and declarations without justification of effectiveness of innovations and affect the structural and procedural aspects, without an adequate focus on improving the patient-nurse relationship and without the legitimization and promotion of scheduled changes in the medical community and in society. If there are any changes after the stressful 2018, 2019 will show.

NATIONAL STAGE SHOW: BELARUSIAN CULTURE IN THE CONDITIONAL MOOD

Maxim Zhbankov

Summary

In 2018, Belarusian culture was traditionally financed from what had been left over from other areas (0.52% of the 2018 budget)¹. Coupled with the overall ideological apathy and the routine authoritarian manual steering, Belarusian culture demonstrated its signature ability to generate “white noise” in the social environment without considerable costs for both, a conditional activity within the permitted limits, its main mission still being no eloquent missions at all. Cultural policy functions as a way to distribute scarce funding in favor of loyal functionaries.

The lenient mode of ideological control and aesthetic half-life replaces a tough struggle with quiet sabotage of disloyal initiatives, and exercising control through the absence of uncontrolled activities in the designated area. A steady increase in the information cluttering of the cultural environment naturally leads to a general decline in the fineness and acuteness of cultural texts.

Trends:

- Consolidation of the inertia of the cultural process by reason of the overall vagueness of conceptual priorities and the mutual abstinence from abrupt movements;
- Formation of social demand for a comfortable reminiscence of the 1990s, the time of hope for big changes;
- Generation of a national idea as a decorative performance devoid of profundity and drama;
- Depreciation of cultural texts as a result of information cluttering of the cultural environment.

Decor and design: performance experiences

The most pretentious (and most controversial) cultural project of 2018 was the public celebration of the 100th anniversary of the Belarusian People’s Republic. The new generation of cultural activists – bloggers Anton Motolko and Eduard Palchis together with *Symbal.by* owner Pavel Belous – suggested having nationwide fun instead of routine ideological confrontation.

¹ «Закон “О республиканском бюджете на 2018 год”». *Министерство финансов Республики Беларусь*. 31 Dec. 2017, http://www.minfin.gov.by/upload/bp/act/zakon_311217_86z.pdf.

According to the organizers, the open air concert authorized by the authorities near the Minsk Opera Theater attracted an audience of nearly 40,000 people.² At that very time, dozens of those who chose the usual protest were brutally detained on the Jakub Kolas Square.

Interestingly, none of those who used to personalize the “partisan rock” – Volsky, Mikhalok and Kullinkovich – showed up on stage, whereas the participation of pop star Alexander Solodukha was seriously considered during the preparation of the action. The latter, however, “contacted people who said that he should not be there”).³

The mass enthusiasm of supporters of non-partisan entertainment (political slogans were banned during the action) caused a negative response from those who perceived it as “a celebration in a reservation”. The police pressure on those who did not drop the white-red-white flags right away when leaving the site only confirmed the general conventionality of the short-term “liberalization” in one separate district of the capital. The system accepted the alien performance, but only as a one-time element of its own show.

The project of the Logvinau Publishing House on the publication of five volumes of Svetlana Alexievich’s works in the Belarusian language was no less decorative. The nice idea under the conditional sign “Engagement of the Nobel Prize Winner in our Affairs” brought together a bunch of Belarusian intellectuals as translators, and became the leader of local crowdfunding, but still remained an ostentatious act of Belarusization of a reputed person. Alexievich did not switch to Belarussian, and the hope to distribute the books for free around the country was shuttered by the fear of local librarians.⁴ The action got stuck at the stage

² “Дзень Волі-2018 стаў самым масавым у 21 стагоддзді. Інфраграфіка.” *Радыё Свабода*, 27 Mar. 2018, <https://www.svaboda.org/a/29128499.html>.

³ «Михалок и Солодуха не выступят на концерте в честь столетия БНР.» *Белорусские новости*, 7 Mar. 2018, <https://naviny.by/new/20180307/1520422075-mihalok-i-soloduha-ne-vystupyat-na-koncerte-v-chest-stoletiya-bnr>.

⁴ “«Мы былі ў шоку». Бібліятэкі трох абласцей адмовіліся ад бясплатнага пяцітомніка Алексіевіч.» *Радыё Свабода*, 22 Dec. 2018, <https://www.svaboda.org/a/29670856.html>.

of a symbolic gesture. The country just did not know what to do with its praised writer. This perplexity seems mutual, though. Alexievich's intellectual club took a break in November 2017, and fell silent for the whole year 2018.

The hero of the past season, Andrus Gorvat, the writer-downshifter, former yard-keeper of the Kupala Theater, passed into a new quality. His bestseller *Radio Prudok* was staged in the Kupala Theater he used to broom. The speedy legalization of the once rejected author on the national stage had its price: the theater removed the social context, dubious heroes and unwanted allusions from Gorvat's story.⁵

The financial support for the project from one of the mobile phone operators, which has been actively using "mild Belarusization" codes recently, was a significant factor. The book about the drama of personal movement through a sleepy nation and confused time turned into a package of spectacular memes.

Bravely mixing a sparkling design with a featureless content, the applied mythology was a definitive trend of 2018. Lovely rhyming are not only corrected Alexievich with corrected Gorvat, but also the new films from the opposing poles of quality. The glazed gummy film "No Entry into Personal Space" by Alexandra Butor molds an image of a new generation of Belarusians from hackneyed clichés of the 1980s, a cardboardy plot and run-of-the-mill (supposedly relevant) characters: she is a hillbilly and he is an IT specialist.

A strange twin of this collective-farm sentimentalism is the gruesome quasi-document "Central"⁶ from the actors of the Free Theater. Young alternative culture adepts Dasha Andreyanova and Kolya Kuprich pieced a group portrait of sloshed losers and mopey freaks from the footage made in the cafeteria of the central supermarket of Minsk with a would-be generalized social diagnosis, which resulted in the same gag strip, but on the dark side.

⁵ Жбанкоў, Максім. "Астранаўт сахі ды касы. Горват у Купалаўскім." *Будзьма Беларусамі!* 31 May 2018, <http://budzma.by/news/astranawt-sakhi-dy-kasy-horvat-u-kupalawskim.html>.

⁶ «"Центральный" — документальный фильм.» *YouTube*, 30 Mar. 2018, <https://youtu.be/5EbahJhzHwc>.

The performatization of the cultural pattern is also a cutoff of the critical contemplation mechanisms. It was announced in June that the *expert.by* musical, analytical and information portal was frozen. The project leaders chose not to waste resources on criticism, reviews and analytics and to focus on promoting domestic artists (primarily in Europe). The actual expertise was reduced in favor of pragmatic pop management, which is a pretty understandable marketing choice. Kind of. In fact, they dropped their commitment to quality and growth targets and disbanded the pool of respected critics.

Blockades of charades

The year began and ended with experiments on a rectification of culture by the powers that be. In all cases, it was about the conflict between the state's vision of cultural priorities and non-format creative practices. It should be noted that in 2018, problematic episodes that involved Belarusian artists went beyond the borders of Belarus.

In January, the Polish authorities detained an international group that organized a scandalous performance in the Auschwitz death camp. The project included full nudity, knives, shackles and a goat killed right there. The cumulative message “to the city and the world” was poorly readable, and was perceived as a provocative action in a historical location. The organizers – a couple of Belarusian students of Polish universities – tried to explain the high symbolism of the performance, but were still found guilty and convicted.

In the same winter, a series of photos of young Minsk residents, which reflected their complex views on the existing system, taken by Maxim Sarychau was removed⁷ from the Belarusian photo show “The Voice of Generation L” in China at the request of the local Chinese leadership.

⁷ «“Со скрежетом и болью сняли фотографии”. Почему голоса поколения Лукашенко попали под цензуру в Китае.» *Беларусский журнал*, 15 Jan. 2018, <http://journalby.com/news/co-skrezhetom-i-bolyu-snyali-fotografii-pochemu-golosa-pokoleniya-lukashenko-popali-pod-cenzuru>.

The Minsk city administration prohibited performances of such popular artists as South African *Die Antwoort* and Russian *Ic3Peak*, inarticulately explaining that their “artistic level was too low” (the same was once said about gothic *Rammstein*, Zmicier Vajciuskevic, rapper *Face*, chanson *Bydlocycle* and ethno-punk *Dzieciuki*).

In 2018, in Minsk alone, the authorities prohibited more than a dozen concerts for no apparent reason. The repressive practices of Belarusian enforcers often copy (notoriously duplicate) the Russian restricted list, as happened to *Ic3Peak* this year and Sergei Zhadan a year before. Promoters started talking about actual cultural censorship.⁸

The scandal over the selection of Belarusian nominees for the *Listapad Film Festival* was an additional argument in favor of the statements about censorship. This year, a radical redistribution of powers took place at the preparatory stage: instead of the Listapad directorate, which was only given an advisory vote, the final decision on Belarusian contestants was made by a special commission of the Ministry of Culture. As a result, a number of prominent authors (including last year’s winners Yulia Shatun, Nikita Lavretsky and Andrei Kutyla) were not put on the list.

In response, film director Vlada Senkova announced her personal boycott of the festival. She was seconded by Eva-Katerina Makhova and Denis Putikov, who withdrew their “Wintering” documentary and Kirill Galitsky and Svetlana Kozlovskaya, directors of the film “Beach/Forest/Vestibule.” Their act remained low-profile, as the disunited and tamed filmmakers community just bad-mouthed off stage and traditionally chose private arrangements with the regime over a common struggle. There was a thematic “solidarity screening” of the films banned from Listapad in the Czech Republic instead.⁹

The schemes of editing of the cultural environment remained virtually unchanged. Minor troubles like the destruction of street graffiti (the disturbing “Nameless Man” on Voronyanskogo St.,

⁸ «Что такое “низкий художественный уровень”? Промоутеры требуют ответа.» *Euroradio.fm*, 19 June 2018, <https://euroradio.fm/ru/chto-takoe-nizkiy-hudozhestvennyy-uroven-promoutery-trebuyut-otveta>.

⁹ “Фільм, які забаранілі ў Беларусі, зацікавіў эўрапейскія фэстывалі.” *Радыё Свабода*, 5 Dec. 2018, <https://www.svaboda.org/a/29639644.html>.

the mural on the bridge over Svisloch and the “KGBird” on Kozlova St. in Minsk alone) look ordinary and familiar, like the bulldozers that bit off a piece of the old-time residential area in the Tractor Plant township without a plausible reason, leaving the emptiness of semantic blank spaces.

Third wave: past the war of cultures

The growing information cluttering of the cultural environment, which we wrote about in the previous years, naturally leads to a general decline in the fineness and acuteness of cultural texts. Culture of the “third wave” lives a strange life of a market product in the absence of a real market, ideological confrontation, creative movement or conceptual transformations.

The main text of the year — *Dogs of Europe* by Algerd Bakharevich — is a multi-layered monumental construct that essentially completes the author’s years-long war with retrograde Belarusian literature, pathetic national romanticism, the dead cultural Euro-style and his personal demons. It is a declaration of independence from the inertial cultural context, which is impossible to forget.

The *Dogs of Europe* is a powerful message to those who will read it to the end without missing a single storyline, and will not be scared off by the “Balbuta”, the language invented by Bakharevich, a personal version of the Belarusian identity from a trusted supplier. After such a strong move, the following memoir notes about “my 1990s” inevitably lose like a box from a burnt firework. After those fireworks.

The 1990s — the dawn of independence and, concurrently, the fall of short freedom — were a strong trend of the year. The most high-profile locally-produced film “Crystal” by American-Belarusian Darya Zhuk is an international co-production about a young adventuress who dreams of getting out of the post-perestroika Minsk to the faraway Chicago. It is a gruesome melodrama with a flat plot, aggressive marketing and vigorous information support. The film collected in one package the entire set of cultural clichés of the early 1990s and became a premise from the past, a verbatim quotation of the outdated pop catalog devoid of amplificatory meaning and depth.

“Crystal” was convenient for everyone. The new generation was given a funny picture (sort of) of the past (sort of); filmmakers started thinking about collaboration advantages; fashionable media sang “yes, we can”, and culture executives provided cautious support and restrained input, and considerately took out the disturbing episode with the *Chernobyl Shliakh* procession from the theatrical cut.

There was a scandal there as well. The nomination of “Crystal” from Belarus for the U.S. Academy Award caused a wave of accusations of unfair game: it was found out that Valery Dmitrichenko, the film producer on the Belarusian side, was a member of the hastily formed national Oscars committee.¹⁰

Tattooed rock hero Sergei Mikhalok also made a step into the past. Having played enough with revolts and barricades, the former ideologist of partisan rock successfully blended into his native showbiz. Following the resuscitation of enthusiastic garage pop into the Lyapis-98 tour project, Mikhalok launched the *Drezden* solo project, a sentimental voyage to the dusty world of the 1980s and an attempt to approach a new segment of the global hypermarket. No more Belarusian or Ukrainian songs, but style memoirs instead. Mikhalok’s usual technique – a mix of self-sufficient lines in the format of retro travel – turns into a catalog of hobbies from the past on the list of dead signals of the hopelessly lost era.

The overall impression of the inertial course is solidified by other noticeable musical events of the year. The new release by a group of musical eccentrics RSP (formerly known as “The Boy’s Heart Broken”) reproduces the unoriginal heartaches-in-the-neighborhood style. The tree main components are the actorish singing (the leaders of the group are actors of the Free Theater), orphan’s weeps and disco of the 90’s.

Nizkiz (Mogilev) topped the chart of *Tuzin.fm* with stadium-scale energetics, catching melodies, the gift to excite the audience in no time, and hundred-percent predictability, the exact reflection of Belarusian victorious stability. This is the way to always stay relevant, by just pressing the replay button.

¹⁰ «Идея “оскаровского” фильма родилась в очереди в американское посольство». *Euroradio.fm*, 21 Aug. 2018, <https://euroradio.fm/ru/ideya-oskarovskogo-filma-rodilas-v-ocheredi-v-amerikanskoe-posolstvo>.

Conclusion

The dynamics of the cultural situation in 2018 generally corresponds to the trends we indicated in the previous reviews. The general ‘thaw policy’¹¹ in culture promised by a number of optimistic observers last year failed to materialize. One-time presentations of decorative nationalism by no means affected education policy, the composition and content of media, the touring business and, certainly, the propaganda rhetoric. Of the two modes – permissive and prohibitive – a third, inertial one was chosen, the format of administrative self-defense and survival.

The lack of qualitative growth drivers in culture in combination with the general inertial-protective cultural policy of the state and the obvious deficit of fresh ideas inevitably stimulate the reprocessing of the archives. National culture actively lives back, mastering the crucial, yet distant and therefore comfortable past. Unlike the grotesque and touristy “Bulbashism” of the mid-2000s (the first stage of the light version of Belarusization), the current ‘embroidery’ of the national identity is convenient as a universal matrix of any pop versions of the localism, since it allows any interpretation of history from rebellious to loyal and patriotic, making them equally decorative and harmless.

The state of the semantic catatonia, in which the embroidery business turns out to be the most active player, remains unchanged due to the lack of internal resources for a transformation of the cultural landscape. The package of ideas and proposals remains equally zero among all players in this field, which automatically means a continued outflow of most striking creative initiatives (and the most exacting consumers) to the neighboring markets.

¹¹ Можейко, Вадим. «Креативное зазеркалье. Как две Беларуси становятся одной.» *Беларусский журнал*, 31 Jan. 2018, <http://journalby.com/news/kreativnoe-zazerkale-kak-dve-belarusi-stanovyatsya-odnoy-1116>.

PUBLIC OPINION: A SENSE OF INDEPENDENCE

Andrei Vardomatski

Summary

The Belarusian Analytical Workshop presents a detailed analysis of the celebration of the Freedom Day (March 25, 2018), the main event of the year in terms of the national identity. It also shows the dynamics of geopolitical orientations and the assessment of the personal economic situation by Belarusians in 2018. In the period from April 24 to May 13, 2018, the Belarusian Analytical Workshop (Warsaw) conducted another nationwide representative sociological survey. The sample size is 1,071 respondents. The thematic focus of the study was the celebration of the 100th anniversary of the Belarusian People's Republic (BPR). The event received an unprecedentedly strong public response. For the first time, the authorities officially authorized some street actions.

Independence Day: March 25 vs July 3

We asked the participants in our nationwide survey the questions that were raised most often regarding the matter under discussion:

- What significant event in the history of Belarus is considered the most significant in relation to this matter?
- What event is primarily associated in the mass consciousness with the independence of Belarus?

This shows that Belarusians primarily associate July 3, the day of the liberation of Minsk from the Nazi invaders in 1944, with the Independence Day (Table 1). The second date is the proclamation of the Belarusian People's Republic, but it is hugely less popular. This means that the views of the general public coincide with the views of the government on this subject.

A small number of Belarusians (as few as every fifth) consider this date important (Table 2). Assessment of this number is a matter of interpretation. And this assessment is ambivalent. On the one hand, this number is small. On the other hand, after a century of blackout, it is large. And the "blackout" is rather an understatement. In academic terms, most often, negative judgments were persistently implanted in people's minds. It

should also be understood that the energy of this smaller social group is incomparably greater than the energy of the passive majority.

Table 1. In your opinion, what date is most suitable for the celebration of the Independence Day in the Republic of Belarus?

	%
July 3 (the day of the liberation of Minsk from the Nazi invaders in 1944)	52.6
March 25 (Freedom Day, the anniversary of the BPR)	10.4
The day of the establishment of the Byelorussian Soviet Socialist Republic	8.1
September 19 (the day of renaming of the BSSR to the Republic of Belarus)	7.3
A date of other event	3.9
Undecided	15.9
Declined to answer	1.8

Table 2. Some Belarusians celebrate March 25 (the Freedom Day), the anniversary of the proclamation of the Belarusian People's Republic. Some Belarusians consider this date important to the country, and some do not. How do you feel about this date?

	%
This is an important date in the history of our country, which should be celebrated	18.5
This is an anniversary of a disputable event, which should not be celebrated	17.5
I know too little about that to have a judgment	61.1
Declined to answer	2.8

Table 3. Should the day of the proclamation of the Belarusian People's Republic (March 25) be a public holiday, and the celebration be organized by the state?

	%
Yes	21.1
No	32.8
No opinion on this point	44.3
Declined to answer	1.8

Again, only every fifth Belarusian believes that the day of the proclamation of the Belarusian People's Republic should be

a public holiday and its celebration should be organized by the state every year (Table 3). However, in our opinion, the main point is how many respondents were undecided (44.3%) and declined to comment (1.8%): 46.1% in total. This is where the media can produce a cultural impact. This territory is enormous, and, if properly cultivated by the media, this number can transform into the traditional two-thirds ($21.1 + 44.3 = 66.7\%$).

Celebration of the 100th anniversary of the BPR: sources of information about the events of March 25, 2018

Respondents were asked questions regarding the events that took place on March 25, 2018 in connection with the celebration of the 100th anniversary of the BPR.

The data in Table 4 confirm that 38% of those aware of the events constitute the traditional one-third of Belarusian society. They compose the socially progressive part that is better informed, politically knowledgeable and socially active. This one-third can be viewed with respect to a wide range of other sociological indicators.

The analysis of the hierarchy in Table 5 shows three important features of the media behavior in times of crisis.

(1) The personification of information consumption: interpersonal communication (from mouth to mouth) is comparable with the role of the media in terms of the information value, and even outstrips it (41.3% of respondents received information from friends and/or relatives). This is a global feature of media consumption in general, which works not only in times of crisis.

(2) The dominance of social media over traditional media, which is a feature of the crisis media behavior (37.4% of those who knew about the events received information from social media).

(3) The dominance of non-state media (to be more exact, their online versions) over state-controlled media; this feature is specifically Belarusian.

State television, radio and newspapers have surrendered their position in the hierarchy. Our hypothesis that non-state media are trusted more in critical situations, in particular in times of street events, which we stated earlier, is confirmed.

Table 4. Have you heard about the events that took place in Belarus on March 25, 2018 (the Freedom Day)?

	%
Yes	38.0
No	61.3
Undecided	0.3
Declined to answer	0.4

Table 5. From what sources did you learn about these events?

	%
Acquaintances, family	41.3
Social media, blogs	37.4
Websites of Belarusian non-state media	31.3
Belarusian state television	27.1
Websites of Belarusian state media	22.3
Belarusian state print media	9.8
Belarusian non-state state print media	6.2
Websites of Russian non-state media	7.1
Belarusian state radio	5.6
Russian state television	4.8
Belarusian non-state television	4.4
Belarusian non-state radio	4.0
Websites of Russian state media	3.3
Russian non-state print media	0.9
Russian state print media	0.5
Russian non-state television	0.7
Russian non-state radio	0.7
Russian state radio	0.5
Other sources	1.4
Undecided	0.0

Note. This percentage was calculated based on the number of those informed.

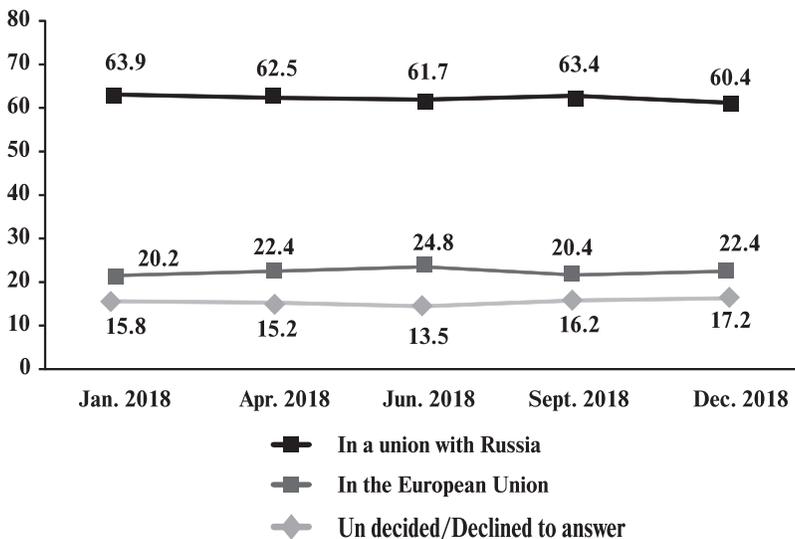
Geopolitical orientation: zero dynamics

The study shows a slight decrease in the proportion of those who prefer an alliance with Russia (from 63.9 to 60.4% during the year; less than 3.5%, which is almost a standard deviation), and a slight increase in the number of those who prefer a rapprochement with Europe (from 20.2 to 22.4%) (Diagram 1).

The essence of this dynamics (more like the absence of dynamics) is largely due to the collision of two mutually

exclusive processes in Belarus today. On the one hand, there is the organized and sanctioned process of “mild Belarusization”. On the other hand, there is a powerful impact of Russian media and the dissemination of the Russian World ideology through various foundations, NGOs and think tanks. The collision of these two processes results in the underdeveloped mass consciousness in both pro-European and pro-Russian segments.

Diagram 1. In your opinion, in which union it would be better for the people of Belarus to live: in the European Union or in a union with Russia?



As for relations with the Russian Federation, only 2.7% of the respondents want Belarus to become part of the Russian Federation (in other words, a legal merge) (Table 6).

In some measurements, this number rose to 5–6%. But, given the statistical 3-percent confidence interval for this sample size, we can conclude that these numbers are equal statistically. Therefore, we can also state the absence of dynamics in this point over the last few years.

Table 6. What would you like the Belarusian-Russian relationship to be?

	%
It should be the same as with other countries with a controlled border, visas and customs	5.4
Belarus and Russia should be independent and friendly countries with open borders, without visas or customs	75.1
Belarus and Russia should unite into one union state	12.4
Belarus should become part of Russia as a constituent territory of the federation	2.7
Undecided	3.9
Declined to answer	0.4

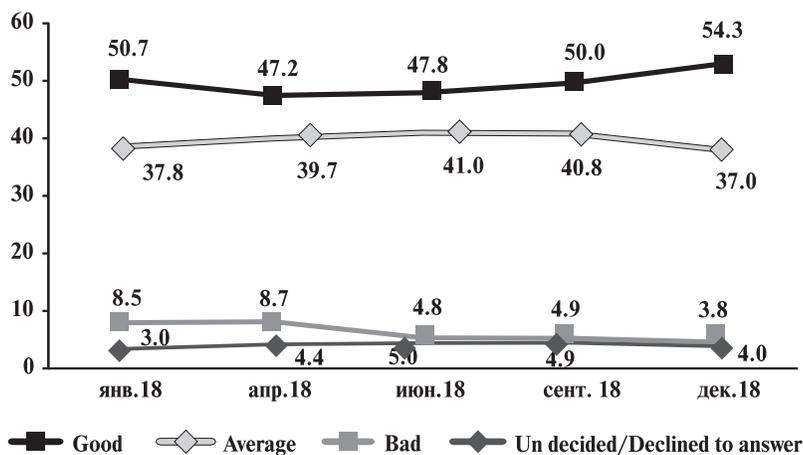
Assessments of the personal economic situation

Based on the economic self-perception surveys, *two* main trends can be pointed out:

1) an increase in the number of those who answered “good” since the middle of the year;

2) a decrease in the number of those who answered “bad” both at the macro level (entire country) and at the micro level (households).

Diagram 2. How do you assess the last year’s economic situation in your family?



This is about the psychological adaptation to the difficult economic situation, rather than the overall situation in the

market. The scale of perception is changing. Focus group studies show strong manifestations of various psychological adaptation mechanisms.

Conclusion

The attitude to March 25 as the Independence Day, i. e. the 100th anniversary of the Belarusian People's Republic is characterized by the following parameters: (1) low degree of awareness (only 18.5% of the respondents consider it an important date in the national history, which should be celebrated); (2) low level of personal appreciation; (3) appreciation of July 3 as the dominant preferred date for the Independence Day (52.6%). The information about the celebration of the Freedom Day mainly comes from friends, relatives, acquaintances and social media, rather than the traditional media.

Assessments of the economic situation did not noticeably change from the beginning of the year to April. A winter-spring aggravation did not happen. The events of March 2017 did not repeat.

The geopolitical orientation did not change either. The combination of Belarusization and the influence of Russian media have brought the situation to a standstill.

RESEARCH AND ANALYSIS CENTERS: INCREASING INFLUENCE AT REDUCING OPPORTUNITIES

Natalia Ryabova

Summary

The forecasts for the year 2018 provided in the latest review generally materialized. The financial situation of most research centers has deteriorated or remained the same; there has been a concentration of resources among strong players and a weakening of the rest.

Interaction with stakeholders as a whole remained at the same level, having gained some bright moments which, however, give the impression of a PR strategy rather than deepening of trust.

The total number of studies carried out in the sector has decreased. With a few exceptions, most centers can produce only 1–3 serious studies per year.

Trends:

- Deterioration of the financial situation of the sector and, as a result – a decrease in the number of studies;
- Targeted contacts at the highest level of government, which, however, do not have a visible impact on the relations of the sector with the state as a whole;
- Increasing the importance of Internet presence, expanding cooperation with the media.

International context

At the beginning of 2019, the *2018 Global Go To Think Tank Index Report* of the University of Pennsylvania¹ was released, which noted that research centers both in the global context and in Belarus:

- need not only scientists, but also managers;
- should not only produce qualitative research, but also justify their need;
- compete not only with each other, but also with consulting and law firms, as well as companies engaged in the processing of electronic data sets;

¹ McGann, James G. “2018 Global Go To Think Tank Index Report.” *University of Pennsylvania*, 8 Feb. 2019, https://repository.upenn.edu/cgi/viewcontent.cgi?article=1017&context=think_tanks.

- should actively communicate and “sell” the results, adapting the presentation to donors, policy makers and the general public.

The list of considered research centers from Belarus has increased by 1: 22 research centers (previously – 21) are included in the rating. Unfortunately, the report does not indicate which centers.

None of the Belarusian centers (out of the twenty-two included) is included in the top 90 research centers of Central and Eastern Europe, or in the thematic sub-ratings. Possible explanations for this state of affairs can be summarized as follows: (1) the “flourishing” of research centers arises at a certain level of economic development, for poor economies it is a “luxury”; (2) research centers suffer from the same restrictions as other NGOs in Belarus, as well as from a bad institutional environment.

Key players and research

In general, in 2018 the sector was less noticeable than a year earlier. The more significant events stood out against this background. First of all, the Belarusian President visited the forum “Minsk Dialogue” organized by the expert initiative of the same name. In addition to the President, other high-ranking politicians, diplomats and officials, including Foreign Minister Vladimir Makei, were present and spoke at the forum. The Minsk Dialogue Forum gathered about 500 participants from 50 countries in three days (23–25 May 2018).

During the year, the *initiative “Minsk Dialogue”*, conducted other expert activities produced analytical notes and comments, including regular monitoring of foreign policy and security “Minsk Barometer”.

The Research Center of the Institute of Privatization and Management published working materials and analytical notes on various topics in the field of economics. Many works are based on sociological field research, which makes them especially valuable. Thus, in 2018, the Center published the results of surveys on the development of small and medium-sized enterprises and the values of the population of Belarus.

The research center also provides information about questions in the public domain, allowing them to be analyzed by everyone. Based on the business survey, the Index of competitiveness of regions was created – a visual tool for comparing regions with each other, assessing the separation of regions from the center, as well as the institutional environment in the country as a whole.

The BERO center traditionally produced a lot of economic analysis (main topics: macroeconomics, crises, foreign trade, gender in economy, the relationship of education and production, corporate governance), quarterly economic reviews. A significant number of documents are available in English only. The center participated in international research, held the 8th International Conference on Economics and Finance, accompanied by a Conference of young scientists in this field, continued its active educational activities. A separate cycle of research and activities is devoted to the “green economy”.

The expert community “Our opinion” continued to publish 22–25 analytical materials per month, covering various topics – political processes, security, public administration, international relations, economy, social, cultural and other policies. Independent studies of the share of national content in television broadcasting, of the institute of citizens’ appeal to state agencies, and several joint studies with the Belarusian analytical workshop (Warsaw) were conducted. Once again, the *Belarusian Yearbook* dedicated to the results of 2017 was published. Together with the Press Club it held monthly meetings of the expert analytical club.

The Belarusian Institute for Strategic Studies (BISS) officially got a new Director (on 12 March 2018 at the general meeting of founders Pyotr Rudkovsky was appointed Director), announced the restart and addressed the topics of identity policy, value transformations, education and stability of regimes, held a number of events.

Belarus Security Blog published monthly reviews of the national and economic security of Belarus and the Eurasian security digest, comments and analytics, video reviews, continued to produce the radio program “Varta” and conduct expert discussions.

Ostrogorski Center presented research on education and international relations, analytics and comments, an overview of key events in Belarus Digest in English and Russian. The journal of Belarusian studies was not published, but was included in the SCOPUS database. The center held a competition of research works on the reform of Belarusian higher education. The conference which was held on 27 December, 2018 was dedicated to the same topic.

CASE Belarus (a member of the CASE research network) published an analytical report named “Effective urban development: the concept of a compact city for Belarus”, a macroeconomic review of 2017, several significant works on social policy with infographics (mainly in English).

The Center for European Transformation published a report on the results of a comprehensive study of civil society in Belarus for the period 2015–2017, a study of *STEM*-approach in education, regularly released analytics and comments.

BIPART research center (at SYMPA School) continued to produce research in the field of public administration: proposals for amendments and additions to the Law *On public service in the Republic of Belarus*; a pilot study of the openness of the state budget of Belarus 2017 (*Open Budget Survey and Open Budget Index*); an assessment of the statehood and the effectiveness of state institutions in Belarus and Ukraine; and a study of the interaction of civil society and the state at the local level. The center also organized open lectures and educational programs, held a conference “Public administration in Belarus: innovations and/or stability?”

The Center for Analytical Initiatives at the *Liberal Club* prepared a study on consultative and advisory structures in Belarus, produced analytics, held round tables and discussions.

The Center for Strategic and Foreign Policy Studies published mainly analytics and comments. Their website does not contain any “heavy” studies or reports for 2018.

The Institute of political studies “Political Sphere” held a conference titled “National Sovereignty (1918–2018): Ideas and Political Practice” and published a study on cooperation between government agencies and NGOs. The International Congress of Researchers of Belarus, which was to be held in Minsk, did not take place.

EAST Center (Eurasian States in Transition Research Center, registered in Poland) has been working since 2016, focused on the study of the post-Soviet and Eastern European space. In 2018, the center published a study on migration between Poland and Belarus, comments, and organized the forum “Media Management & IT” in Minsk.

The “Strategy” research center and the Mises Center worked on the evaluation of performance of the National business platform of Belarus of previous years and a new platform, held a summer school for experts, published analytics and comments.

The Public Bologna Committee published their second *White Book* on the detailed analysis of Belarusian implementation of Bologna commitments in comparison with other countries, as well as studies on the employment of young professionals and voluntary work.

The Center For New Ideas published their forecast “Index of the Future of Belarus”² for the next *five* years. According to the authors, Belarus will face stagnation in the economy and a decrease in research potential. The center also published comments, infographics, videos and podcasts.

“ACT”, though not a pure research center, however, regularly publishes its own researches. Thus, the Association annually prepares and publishes the NGO sustainability Index (together with USAID), in 2018 published an analysis of the norms of Belarusian legislation in the field of charity.

Similarly, the Office of European Expertise and Communications, as an educational organization, periodically organizes surveys and publishes their results: in 2018, the Office presented the results of the study of the Internet audience “Awareness and involvement in the activities of public organizations and informal initiatives in Belarus” (together with the *Baltic Internet Policy Initiative*).

The public research sector, as before, served the function of decision-making within the state apparatus and put out very little material in the public domain. Often the results of their research are published in academic or departmental journals,

² “Індэкс беларускай будучыні.” *Цэнтр новых ідэй*, <https://ideaby.org/index/>.

but not online. So while in theory this research is public, in practice people are unable to find it.

The voice of the independent research centers with a pro-government position (platform “Imhoclub” and project “Citadel”), that became weaker in 2017 after the REGNUM case, did not manage to gain importance.

An interesting overview of the government think tanks³ was released by the Ostrogorski Centre (authored by Olga Grinyuk). It covers the main state “factories of thought” in the field of international relations, economics, sociology, state security. The *advantages* of state analytical centers include state funding and institutional support, the ability to legally work with commercial organizations, while the disadvantages are bureaucratization, insufficient funding, reducing the competence of researchers, and isolation both at the national and international level.

Influence on *policy making* and relations with stakeholders

The State

2018 was the year of symbolic recognition of the research sector by the state: several representatives of the sector were invited to a “Big conversation” with the President. As part of the “conversation”, the President demonstrated some awareness of the ideas and proposals of the research sector. The controversy with Yaroslav Romanchuk even gave rise to numerous memes on the Internet, united by the appeal “Isn’t it, Yaroslav?” As mentioned above, the most significant participation of the state representative in the event organized by the independent research center was the visit of Alexander Lukashenko to the “Minsk Dialogue”.

In November, the Kastychnitsky Economic Forum (KEF) took place, organized annually since 2013 by the IPM Research center in cooperation with the BEROC center for economic research and the Belarusian center for social and economic

³ “Беларускія дзяржаўныя аналітычныя цэнтры: уплывовыя, але бюракратызаваныя.” *Цэнтр Астрогорскага*, 22 Oct. 2018, <http://ostro.by/news/belaruskiya-dzyarzhaunyia-analitychnyya-tsentry-uplyvovyya-adnak-byurakratychnyya/>.

research CASE. Last year the conference was held under the title “Belarus in the Brave New World” and was opened by Alexander Turchin, first Deputy Prime Minister. In addition to the Central KEF, similar conferences are held in the regions for the second year. This time they were united by the topic “From the recovery of growth to the development of competitiveness”.

The Internet Governance Forum (IGF) is perhaps the only example of a forum co-organized by business (*hoster.by*) with the support of state bodies (in particular the EAC and the Ministry of Communications) and international organizations, in partnership with non-governmental organization *Human Constanta*. The latter is not a research center, but the IGF format is close to what analytical centers usually do to discuss an industry, sector or policy.

Think tanks also participated in the public discussions that expanded in 2018. The number of such discussions organized by Belarusian ministries more than doubled (from 51 cases in 2017 to 108 in 2018)⁴.

Media

Media and research centers continue to cooperate: the media seek comments and analytics, and research centers place their materials, columns, research results in the media. Moreover, the columns and articles of independent experts can be seen in state publications, in the departmental press, there are independent experts in some programs and talk shows on television.

It is interesting to note the presence of media projects, such as RFRM, which, without claiming the status of a research center, produce quite in-depth materials on reforms, assessment of the situation in the country – in the form of interviews or reviews.

Political parties and movements

Political parties and movements, which usually turn to research centers to create or update their programs, did not do so in 2018. And in general, as the study “Civil society of Belarus: the current

⁴ The estimates of the expert Tatiana Kuzina.

state and conditions of development (2015–2017)” accurately notes, there is practically no order for political analysis in Belarus due to the lack of representation of real political actors.

This applies not only to political analysts. Due to the fact that different (potential) customers either survive or, in the case of the public sector, are isolated, many research centers form their agenda based on their own ideas about what needs to be investigated.

Conclusion

The research sector will produce the same or fewer studies due to its difficult financial situation. A few strong independent players will also take leadership positions in working with government agencies.

The demand for political analytics will increase due to the 2019 election year. There will be a relatively high demand for analytics in the field of economy, international relations and security. In other areas, interaction with stakeholders will remain approximately at the current level. It is likely that the growing “grassroots” activism will also be able to become (maybe not during 2019 but later) a stakeholder in this field.

ECONOMY

MACROECONOMIC SITUATION: SLOWER GROWTH AMID PRICE AND FINANCIAL STABILITY

Dmitry Kruk

Summary

The Belarusian economy had its ups and downs in 2018. On the one hand, the output growth rate was the highest in the last eight years. Real incomes of the population increased significantly, which leveled the accumulated imbalances in the nation's well-being. On the other hand, this growth was still modest, which made it impossible to narrow the wealth gap between Belarus and other countries of Central and Eastern Europe.

Successes were achieved thanks to certain recovery growth that came to an end in 2018. Being aware of the insignificant growth capacity, the government continued looking for ways to increase it, but still did not go beyond the existing political bounds and kept entertaining the idea of a “new economy”.

The price and financial stability was an important accomplishment of those in charge of economic policy.

Trends:

- Slowdown and exhaustion of recovery growth of the economy;
- Great hopes for the concept of “two economies” – traditional (dominance of the public sector) and new (dominance of the private sector);
- Price and financial stability;
- Tangible growth of real incomes of households against the backdrop of leveling of the accumulated welfare imbalances;
- Increase in external and internal risks throughout the year.

Introduction

The Belarusian economy entered the year in a state of continuing recovery growth. In early 2018, some developments gave reason to predict that the recovery period would fade out pretty soon: improvements in enterprises' performance remained modest, whereas the debt burden was getting heavier. Besides, as household incomes increased in 2017, there were trends towards price pressure and accelerated growth of demand for imported goods and services.

The gradual economic cooldown did not fit into the plans of the government, which set the output growth rate target in

2018 at 3.5%, staying committed to maintain price and financial stability. This task seemed feasible provided that the external environment will be favorable, and the government was quite optimistic about that.

The growth potion is not found.

The search continues

Institutionally, the government apparently pursued a policy of segmentation of the economy and differentiated measures that were outlined a year before. The national economy was inexplicitly divided into two parts: a traditional (dominated by the public sector) and a new (dominated by the private sector) one.

In relation to the traditional economy, the government continued tightening budget constraints. For example, directive crediting was cut to BYN 1.2 billion from 1.9 billion in 2017. As a result, after a series of gradual restrictions imposed since 2015, the role of this tool in supporting the traditional economy has significantly decreased, although the accumulated debt is still large in the total volume of banks' credit requirements.

No other significant measures were taken to tighten the budget limitations. Proposals submitted by government economists were not supported by the political bloc, which was one of the reasons for the change of government in the middle of the year. New ministers displayed their commitment to progressive changes by means of new incentives and tools for managing state-run enterprises, and included them in their action plan for 2019–2020.

There was even a retreat in relation to some systemic issues. The approach to the problem of bad debts was reconsidered. In 2016–2017, hesitant steps were made to subject unrecoverable borrowers (including state-owned enterprises, mainly agricultural ones) to reorganization and/or bankruptcy proceedings. In 2018, this policy changed to the opposite: in line with new decrees, banks were de facto instructed to stay away from such borrowers. This can be interpreted as a drift towards a mild scenario of solving the problem, i.e. the government

hopes to gradually constrain the negative impact on the entire economy.

Seeking to build a “new economy”, the government is concentrating on the improvement of the administrative and regulatory environment. In 2018, the authorities announced the decriminalization of economic risks, compilation of an electronic registry of administrative procedures, facilitated access to government procurement and natural monopolies for private businesses as priority areas. Although certain progress was achieved, the adoption of regulatory acts in most of these areas was postponed to 2019.

Measures taken in previous years to develop the IT sector had a certain effect. In 2018, the High Technology Park (HTP) reported a large number of new residents. Revenues of HTP companies increased 38%. Belarus boosted the export of IT services by 27.2% to USD 1.9 billion. Growth was relatively modest in terms of value added (10.5%).¹

Some cautious and selective institutional changes did not result in any prerequisites for economic growth. In almost all equilibrium growth forecasts, experts spoke about 2% or 3% a year. This is obviously not enough to reduce the welfare gap between Belarus and Central and Eastern European countries. Therefore, the government was considering tools to enhance the effectiveness of the cautious and selective changes without putting the general policy orientation in question.

Last year, the government stepped up efforts to increase the attractiveness of the Great Stone Industrial Park for European and Belarusian companies. A tripartite cooperation agreement was signed by the Park administration, its management company and the EBRD.

The policy of “new industrialization of the regions”, in particular the generation of a portfolio of investment projects and proposals on regional development, was supposed to be a driver of future growth, but it did not go beyond mere proclamations.

¹ The assessment for entire “information and communication” segment. The proportion of the entire industry in GDP reached 5.5%. A rough estimate of the share of the IT sector is 3.8% of GDP.

Auspicious start of the year

The economy showed fairly strong growth by 4–5% in early 2018. The recovery was a kind of compensation for consumption and investment missed during the 2015–2016 recession. The stabilization of prices and the current account achieved in previous periods had a certain strength reserve, and recovery growth did not encounter any obstacles like price pressure and/or pressure on the exchange rate.

The trading environment (export vs import prices) was better than in the past *three* years, yet noticeably worse than the historical maximum in 2012–2013. The real effective exchange rate that was close to its 6-year low was also favorable from the point of view of price competitiveness. As a result, at the beginning of the year, the price competitiveness of Belarusian commodities reached its 5-year peak. This helped to maintain high external demand: in the *first* half of the year, the physical export volume reached its all-time high.

The inertial trend towards a slower inflation increase to the historical minimum continued, reaching 5%. The National Bank lowered the nominal refinancing rate from 11% to 10% per annum, which, however, had practically no effect on its real level. This resulted in smooth dynamics of the nominal and real rates in the money, credit and deposit markets.

The end of the recovery growth period

Since the *second* quarter of 2018, economic growth clearly slowed down. Companies chose wait-and-see tactics after a period of active recovery investment in 2017, considering, firstly, a decrease in return on investment due to the basic weaknesses of the companies and the low quality of their investment projects; *secondly*, the apprehension of a decrease in external demand, and, *thirdly*, the limited access to sources of financing, while the financial standing of the companies was in decline and the debt burden was heavy, which put up a barrier to investment.

In 2018, the republican budget expenditure on investment was reduced, and external sources of financing became less accessible. The contribution of banks to the investment financing decreased. Also, households reduced spending

on housing construction, which had a negative impact on investment dynamics.

Unfavorable trends in the external environment, i.e. slower growth of the global economy and a reduction in the volume of trade, had negative effects on the economy together with the pressure on the exchange rates in developing economies and increased tensions in relations with Russia caused by the presence of trade barriers to Belarusian commodities.

In the autumn, Russia forced Belarus to stop applying the usual schemes in trade in Russian oil products, which secured a stable increase in the export of oil products, profitability of Belarusian oil refineries and oil traders, and revenues from the duties on oil products.

Due to the factors above, foreign trade was declining throughout the year. Outrunning growth of the physical volumes of exports relative to imports changed to the opposite trend. Accordingly, net external demand also affected output.

A favorable situation was observed in the consumer demand segment thanks to increased household incomes and a retail lending boom. At the same time, households' propensity to import noticeably increased. From the point of view of "growth arithmetic", the expansion of consumer demand contributed less to output growth.

In late 2018, output increased 3.1%², mainly due to the increase in consumer demand (ultimate consumption by households) by 4.5 percentage points and the increase in investment demand (gross fixed capital formation) by 1.3 percentage points. A negative effect was produced by the decrease in external demand (net exports) by 2.7 percentage points and by other components of domestic demand.

The industrial sector made the largest contribution to GDP (1.4 percentage points) in supply terms. The highest growth rate was reported in woodworking, production of chemicals (including potash fertilizers), vehicles, machinery and equipment, and pharmaceuticals. Wholesale trade accounted for 0.6 percentage points, construction for 0.2 percentage points and transport for 0.2 percentage points.

² Hereinafter the data provided by the National Statistics Committee of the Republic of Belarus, <http://www.belstat.gov.by/>

Price and financial stability

Despite the rapid slowdown of growth, the government refrained from excessive stimulating intervention. Economic policy was carried out rationally and even conservatively in some areas, which made it possible to maintain price and financial stability.

Against the backdrop of a gradual increase in price pressure, in the *second* half of the year, the National Bank decided to stop lowering the nominal interest rate. The government maintained a generally favorable monetary environment, even when the general economic situation deteriorated.

Under stable monetary conditions, the money supply in real terms showed growth comparable with the output dynamics (a 4.3% increase). Most of the year, households acted as a net supplier of foreign exchange, and the National Bank was able to improve the composition of the gold and foreign exchange reserves (although their absolute value remained almost unchanged) and pay off part of the foreign debt. As a result, average annual inflation was at 4.9%, which is a significant achievement for Belarus. Low inflation and the fluctuating exchange rate enabled to maintain external stability. The current account of the balance of payments was the best over the last 14 years (0.4% deficit of GDP).

Similar trends occurred in fiscal policy. The government maintained a steady surplus of the consolidated budget, which is necessary for a gradual reduction in the public debt. At the end of the year, the surplus of the consolidated budget made up 3.8% of GDP. As a result, the financial stability risks associated with the debt burden got lower. The public and gross external debts decreased. The ratio of the public debt to GDP was down 5 percentage points to 42.3%, and the ratio of the gross external debt to GDP decreased by nearly 7 percentage points to 65.6%.

At the same time, the debt burden on the private sector did not change significantly, remaining at risk both in quantitative and qualitative terms.

Consumer lending boom

Significant transformations took place in the credit market. The most important trend of the year was the retail lending

boom. Since companies had accumulated considerable debts and their problems with asset quality continued, banks preferred to lend to households. In turn, thanks to higher incomes and lower real interest rates, households increased demand for loans.

As a result, in 2018, banks' requirements to households increased 30.1% on average (the corporate loan portfolio increased by almost 10%). Considering that a rapid increase in household lending can threaten financial stability, the National Bank used administrative tools to insure against risks.

Real incomes rose, social tensions eased

Income policy was, perhaps, the only area of stimulating intervention in the economy. The government took direct and indirect measures with an emphasis on the poorest groups of households that incurred losses the most in 2015–2016, and this situation continued until 2018. The behavior of some employers, which was probably caused by increased competition for human resources, including with foreign employers, also contributed to an increase in incomes and a decrease in unemployment.

The noticeable increase in household incomes allowed smoothing out the accumulated imbalances in welfare and decreasing social tension. Real wages grew by 11.6% and real incomes in general by 8.0%. Compared with the 5-year low in 2016, real wages increased 19.1% (to the all-time high) and real incomes went up 10.5%.

Social transfers (pensions and social security benefits) also increased, which made it possible to increase the well-being of the poorest households. Real pensions increased 8.2%, reaching the historical peak of 2014. The poverty rate decreased to around 5.5% by the end of the year (from the peaks above 6.0% in 2016 and 2017).

The labor market stabilized after a long period of decline since 2010 (mainly due to demographic trends). So did the employment rate. Unemployment decreased from the peaks close to 6% in 2016 to below 5% in 2018, and the number of new jobs increased.

The spectrum of risks is expanding rapidly

In late 2018, despite generally good results achieved in the national economy, the range of threats and risks expanded considerably. External threats include slower global growth, adjustments in the global financial, currency and commodity markets, inaccessibility of external financing, “political” risks posed by the Russian ruble, and Russia’s economic pressure on Belarus.

Internal threats became more serious in this situation. In the *second* half of the year, inflationary expectations increased significantly, and inflation was about to accelerate at the end of the year.

The risks increased among other things due to the growing contradictions in domestic economic policy. In the area of monetary regulation, this concerned the interest and exchange rates. Neutralization of external shocks implies the need for a significant depreciation of the national currency and/or a higher interest rate. However, in Belarus, this policy would exacerbate the debt problem, since a relatively high ruble rate is preferable for troubled borrowers (a significant part of their debt is denominated in foreign exchange) and relatively low or lowering interest rates. The government is also interested in a relatively strong ruble from the standpoint of state debt stability.

In the fiscal segment, external shocks make a downfall of budget revenues almost inevitable, and the possibilities of systemic budget cuts are limited. This means a further loss of the freedom of maneuver in fiscal policy. For example, fiscal incentives are advisable when growth is modest and slow, and such incentives cannot be provided without creating a budget deficit. With the current status quo, the latter poses a threat to price and public debt stability. Moreover, should the situation go worse, the fiscal authorities will be unable to carry out stabilization policy and their actions will have a negative impact on macrodynamics.

Conclusion

Last year, the government pursued rational and effective economic policy, which gave an opportunity to secure price, fi-

nancial and external stability and reduce the national and gross foreign debts.

On the other hand, growth slowed down during the year and almost stopped at the end of the year. A wide range of risks emerged. Being aware of the limited growth capacity, the government continued looking for opportunities to strengthen it, but did not go beyond the existing political bounds and focused on promoting the idea of a “new economy”. This idea has been flirted with in one form or another for several years now, but the results achieved are insignificant.

In the aggregate, all the arguments above determine a rather modest short- and medium-term outlook for the national economy.

FOREIGN EXCHANGE MARKET: IN THE GRIP OF A DETERIORATING INTERNAL AND EXTERNAL ENVIRONMENT

Alexander Mukha

Summary

In 2018, net sales of foreign exchange by households on the domestic foreign exchange market of Belarus shrank considerably; cash incomes increased, and population's savings in foreign exchange decreased. The growth of ruble deposits of individuals continued, which indicates a gradual de-dollarization of households' bank deposits.

In 2019–2020, the downward pressure on the exchange rate of the Belarusian ruble and the national gold and foreign exchange reserves may increase under the influence of the tax maneuver in the oil sector of Russia. A depreciation of the Belarusian ruble will exacerbate the risks associated with the accumulated foreign debt of residents of Belarus.

Trends:

- Decreased sales of foreign exchange by households;
- Re-estimation of the real effective exchange rate of the Belarusian ruble;
- Pressure on the ruble and the gold and foreign exchange reserves of Belarus caused by the tax maneuver by the Russian Federation;
- The need to raise funds from external sources.

Households reduce sales of foreign exchange as incomes are going up

In 2018, natural persons significantly reduced their net sales of foreign exchange amid an increase in cash incomes and a decline in foreign exchange deposits and unorganized savings of the population. Individuals sold USD 1.115 billion¹ on a net basis (including non-cash transactions) against USD 1.759 billion in 2017 (Table 1). For comparison: in 2018, non-residents sold USD 493.7 million on a net basis (USD 313.9 million in 2017), whereas business entities, on the contrary, bought USD 672.4 million (USD 880.0 million in 2017).

¹ Hereinafter: statistics of the *National bank of the Republic of Belarus*, 28 Mar. 2019, <http://nbrb.by/>

Table 1. Net demand and net foreign exchange supply on the domestic foreign exchange market of Belarus from 2014 to 1Q19, USD million

	Net demand (–) and net supply (+) of foreign exchange			
	Economic entities	Households*	Non-residents**	Total
2014	–495.0	–1385.0	261.7	–1,618.3
2015	–403.8	129.6	227.2	–47.0
2016	–206.1	1,894.0	452.5	2,140.4
2017	–880.0	1,759.0	313.9	1,192.9
2018	–672.4	1,114.8	493.7	936.1
1Q19	39.7	41.3	153.4	234.5

Note: *Including transactions of natural persons on the cash foreign exchange market (including payment media) and non-cash operations. **Including transactions under the Eurasian Economic Union Treaty of May 29, 2014, which regulates the receipt and distribution of import customs duties in the EEU.

Source: Author's estimates based on data of the National Bank of the Republic of Belarus.

Households' unorganized savings in foreign exchange declined significantly over the past few years. From 2015 to the 1st quarter of 2019, households sold USD 7.670 billion (on a net basis) previously stashed “under the mattress”. For the most part, these stashes are regularly replenished by money sent home by Belarusians employed outside the country.

The significant drop in sales of foreign exchange by households in the 1st quarter of 2019 is noteworthy: USD 41.3 million (including non-cash transactions) in total against USD 303.4 million in 1Q18.

In 2018, real money incomes of households (factored in by the consumer price index for goods and services) increased 8% from 2017 to BYN 72.89 billion² (Table 2).

According to our calculations, last year, money incomes of households in USD equivalent increased by USD 2.57 billion (7.7%) to USD 35.73 billion. The all-time high (USD

² Hereinafter: official statistics of the *National Statistics Committee of the Republic of Belarus*, 28 Mar. 2019, <http://www.belstat.gov.by/ofitsialnaya-statistika/>.

51.29 billion cash) was registered in 2014. The National Bank management was replaced following the local crisis in the foreign exchange market at the end of 2014.

Table 2. Money incomes of households in 2013–2018

	Money incomes*, BYN mln.	Money incomes in USD equivalent, mln.	% against the previous period		
			Money incomes	Real disposable money incomes	Money incomes in USD equivalent
2013	44,228.6	49,301.4	137.5	116.3	128.3
2014	52,627.6	51,293.0	119.0	100.9	104.0
2015	56,289.1	34,631.8	107.0	94.1	67.5
2016	58,705.4	29,355.6	104.3	93.1	84.8
2017	64,106.9	33,159.3	109.2	102.8	113.0
2018**	72,892.1	35,727.9	113.7	108.0	107.7

Note: *Taking into account the denomination of the Belarusian ruble in July 1, 2016; **Preliminary data

Source: Author's estimates based on data of the National Statistics Committee and the National Bank of the Republic of Belarus.

In 2018, the average accrued wage (excluding wages in micro-organizations and small organizations without departmental affiliation) increased 10.3% year-on-year from USD 425.6 to **USD 469.6** (Table 3). The average wage in USD equivalent was the highest in 2014 (**USD 589.9**).

Table 3. Average monthly wages in Belarus in 2013–2018

	Nominal wage*, BYN	Wage in USD equivalent	% against the previous period		
			Nominal wage	Real wage	Wage in USD equivalent
2013	506.1	564.2	137.7	116.4	128.5
2014	605.2	589.9	119.6	101.3	104.6
2015	671.5	413.1	110.9	97.7	70.0
2016	722.7	361.4	107.6	96.2	87.5
2017	822.8	425.6	113.9	107.5	117.8
2018**	958.1	469.6	116.4	111.6	110.3

Note: *Taking into account the denomination of the Belarusian ruble in July 1, 2016; **Preliminary data

Source: Author's estimates based on data of the National Statistics Committee and the National Bank of the Republic of Belarus.

Despite a noticeable increase in cash incomes of households, foreign exchange deposits of natural persons decreased by USD 253.8 million (3.4%) to USD 7.133 billion as of January 1, 2019. Among other things, this was caused by a sharp decrease in the interest rates on deposits in foreign exchange. In 2018, the average rate on new fixed-term foreign exchange deposits of natural persons was only 1% per annum. The rate on revocable deposits was set at 0.7% and the rate on irrevocable deposits was 1.5%. After taxes, the effective values of interest rates are even lower.

Ruble deposits of natural persons increased by BYN 1.237 billion (22.4%) to a record high of BYN 6.768 billion as of January 1, 2019. As a result, the proportion of ruble deposits increased to 30.5% as of January 1, 2019 from 27.5% as of January 1, 2018, which indicates a gradual de-dollarization of deposits of natural persons.

Ruble deposits of households continue to grow despite a noticeable decrease in interest rates. In 2018, the average rate on new fixed-term ruble deposits of natural persons was only 9.1% per annum (5.6% on revocable deposits and 10.0% on irrevocable ones).

In 2018, the spread between the average rates on new fixed-term irrevocable deposits in BYN and foreign exchange was at 8.5 percentage points (pretax).

The pressure on the ruble and foreign exchange reserves will increase

The downward pressure on the exchange rate of the Belarusian ruble and the national gold and foreign exchange reserves is likely to increase in 2019–2020 due to the tax maneuver in the oil industry of the Russian Federation. The maneuver predictably entails slower economic growth, an increased current account balance deficit, problems with public finances, a depreciation of the Belarusian ruble and higher gasoline and diesel prices.

A depreciation of the national currency could also increase the risks associated with the accumulated foreign debt of Belarusian residents (the government, National Bank, banking sector and enterprises). In the report on the Belarusian

economy published in January 2019, following the Article IV Consultation³, the IMF indicated that given the current deficit in the current account balance, the real effective exchange rate of the Belarusian ruble was 10% overvalued against the basket of currencies of Belarus' main trading partners. A depreciation of the nominal exchange rate of the Belarusian ruble against major foreign currencies may be required (all other things being equal) to adjust the current account balance deficit in Belarus.

Table 4. Dynamics of the average weighted exchange rate of the Belarusian ruble against USD, EUR and RUR in 2013–2018

	Weight-average BYN rate against*					
	USD	% against the previous period	EUR	% against the previous period	RUR**	% against the previous period
2013	0.8971	107.2	1.1834	109.8	2.7840	103.9
2014	1.0260	114.4	1.3220	111.7	2.6628	95.6
2015	1.6254	158.4	1.7828	134.9	2.6237	98.5
2016	1.9998	123.0	2.2010	123.5	2.9845	113.8
2017	1.9333	96.7	2.1833	99.2	3.3126	111.0
2018	2.0402	105.5	2.4008	110.0	3.2417	97.9

Note: *Taking into account the denomination of the Belarusian ruble in July 1, 2016; **Belarusian rubles for 100 Russian rubles.

Source: Author's estimates based on data of the National Bank of the Republic of Belarus.

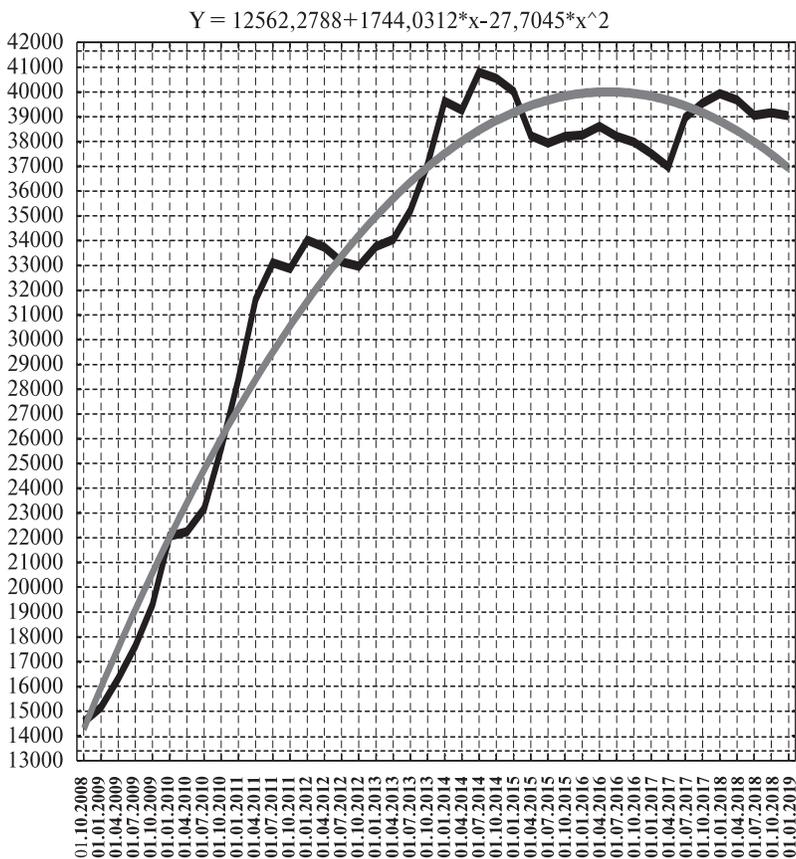
IMF experts warn that a depreciation of the Belarusian ruble may result in worse relative indicators of the external debt of Belarusian residents (including as percentage of GDP due to a fall of the USD equivalent), a decrease in the gold and foreign exchange reserves and higher risks associated with the deteriorating foreign exchange liquidity in the banking sector.

According to the National Bank, in 2018, the total external debt of Belarusian residents decreased by USD 885.5 million (2.2%) to USD 39.04 billion as of January 1, 2019 (Figure 1),

³ Hereinafter: "Publications." *International Monetary Fund*, 28 Mar. 2019, <https://www.imf.org/en/Publications/CR/Issues/2019/01/18/Republic-of-Belarus-2018-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-46526>.

i. e. 65.5% of GDP. The relative indicator of the foreign debt of Belarusian residents is still above the economic security threshold (at or below 60% of GDP).

Figure 1. Dynamics of the total external debt of Belarus in 2008–2019, USD million (actual data and polynomial trend)



As of January 1, 2019, the upcoming payments on the gross external debt of residents of Belarus include the principal debt and interest totaling USD 46.69 billion.

In 2019, residents' payments on the external debt are estimated at USD 16.379 billion (including debt refinancing

operations). As of January 1, 2019, the gold and foreign exchange reserves of Belarus amounted to USD 7.158 billion, only covering 43.7% of the upcoming external debt payments, although, according to the Guidotti rule, the reserves must cover no less than 100% of upcoming annual payments on the total external debt of country residents.

In general, due to the Russian tax maneuver, the Belarusian government is in need of new external financing. However, the capacity for a further increase in the external public debt through external borrowings looks limited.

Will there be a single currency of the Union State?

Russia might consider compensation for the losses incurred by Belarusian oil refineries due to the tax maneuver in exchange for closer integration within the Union State, and, hypothetically, this may include the launch of a single currency of the two states.

In our opinion, at the present stage, a *currency union* with a single issuer and a single currency within the Eurasian Economic Union seems preferable, taking into account the experience of the European Union. A single Eurasian currency would have a larger economic potential, including in terms of its internationalization, which provides for the use of a single currency of the EEU in monetary settlements with third countries.

In the current situation, a further expansion of the use of national currencies in foreign economic operations in the EEU coupled with permission for resident legal entities to carry out internal non-cash payments in all national currencies of the EEU member states would be appropriate as intermediate measures towards a single Eurasian currency. This would expedite settlements, reduce the cost of conversion and expand currency risk management capabilities of business entities and banks.

According to the National Bank of Belarus, in the composition of foreign exchange earnings of nonfinancial businesses and households (foreign exchange receipts from the movement of goods, services, incomes and transfers), the

proportion of the Russian ruble decreased from 38.4% in 2017 to 34.0% in 2018, and the proportion of the U.S. dollar increased accordingly from 26.1% to 27.5%, the euro from 33.2% to 36.3% and the Belarusian ruble from 1.4% to 1.6%. The proportion of other currencies decreased from 0.9% to 0.7%.

In 2018, Russia paid for 82.4% of imported Belarusian commodities in Russian rubles, 0.9% in Belarusian rubles, 10.8% in U.S. dollars, 5.6% in euros and 0.3% in other currencies.

In absolute terms, foreign exchange earnings in Russian rubles increased by USD 206.3 million (1.5%) to USD 14.1 billion. It should be clarified that a certain part of earnings in Russian rubles is not taken into account in official statistics, since it comes in cash from labor migrants.

In payments for Belarusian goods and services, Russian rubles are used not only by Russian companies, but also by residents of other states. In 2018, Belarus' earnings in Russian rubles in USD equivalent received from Russia amounted to USD 13.537 billion, USD 259.5 million from other EEU countries, USD 38.9 million from the EU member states, and USD 269.9 million from other countries.

At the same time, in the composition of payments for imported goods, services, incomes and transfers by nonfinancial businesses and households, the proportion of the Russian ruble remained at 47.7%. The proportion of the U.S. dollar decreased from 24.0% in 2017 to 23.5% in 2018, and the proportion of the euro increased accordingly from 26.6% to 27.4%. The proportion of the Belarusian ruble decreased from 0.8% to 0.7%, and the proportion of other currencies decreased from 1.0% to 0.7%.

In 2018, Belarus paid for 79.2% of imported Russian goods in Russian rubles, 0.7% in Belarusian rubles, 10.3% in U.S. dollars, 9.7% in euros and 0.03% in other currencies. In absolute terms, payments by residents of Belarus in Russian rubles increased by USD 2.72 billion (16.5%) to USD 19.195 billion.

As a result, Belarus has a trade deficit when operating with Russian rubles: USD 5.091 billion in equivalent in 2018 against USD 2.579 billion in 2017. To a certain extent, this deficit is covered by unofficial incomes of labor migrants and external borrowings denominated in Russian rubles.

Conclusion

In 2019–2020, net supply of foreign exchange by households is likely to decrease, which may lead to a decrease in the exchange rate of the Belarusian ruble against major foreign currencies.

The Russian tax maneuver and large-scale payments on the external debt of residents of Belarus will cause additional downward pressure on the exchange rate and the national gold and foreign exchange reserves.

LABOR MARKET: NON-MARKET STATUS REMAINS

Vladimir Akulich

Summary

In 2018, the Belarusian government continued applying administrative methods in an attempt to control the labor market, particularly to regulate wages, employment, birth rate and migration, although such efforts have already proved to be ineffective.

The annual average monthly wage did not reach the target of BYN 1,000. The proportion of the employed in the working-age population did not increase; the number of Belarusian labor emigrants continued to grow, and the birth rate was in decline. Administrative barriers diminished labor market flexibility, slowed down inter-sectoral and regional migration, and, therefore, complicated the transition to a post-industrial development stage.

Trends:

- Slowdown in workforce migration from the manufacturing industry to the high-tech services sector due to conservation of the obsolete structure of the economy and barriers to labor market mobility;
- Ineffective methods used to boost employment through a higher birth rate and forcing the unemployed to work;
- Administrative wage increases unsecured by labor productivity in GDP terms, which leads to accumulated imbalances and disproportions in the economy;
- Decrease in the unemployment rate to the natural level (4–6%), which by no means suggests that unemployment problems have been resolved.

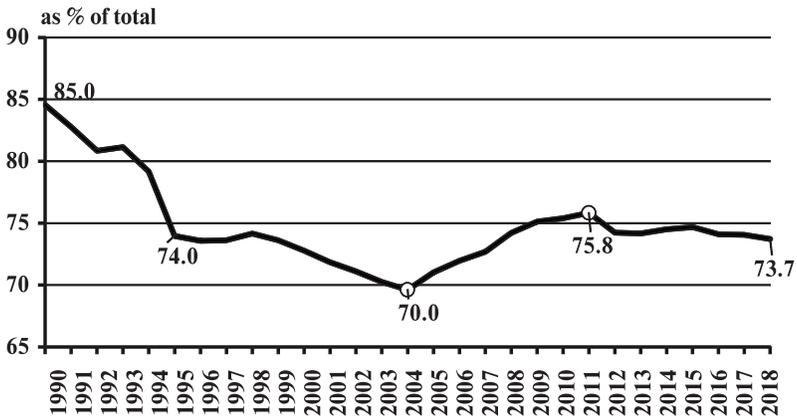
Human resources

New decrees designed to stimulate employment were not much helpful: in 2016–2018, the proportion of the employed in the working-age population remained virtually unchanged and even slightly decreased (Figure 1).

The raised retirement age slowed down yet did not stop the decline in the number of working-age persons (a decrease by 472,000 people or 8% since 2006). This happens for two main reasons: the aging of the population and workforce migration. The authorities only count the number of registered migrants. In fact, several times more of them leave the country every year for

work or permanent residence. According to *Eurostat*, Belarusians who move to Poland alone in one year could populate a large town (for example, in 2017, 42,700 people received residence permits and 35,000 obtained employment visas).

Figure 1. The proportion of the employed in the working-age population (without working pensioners)



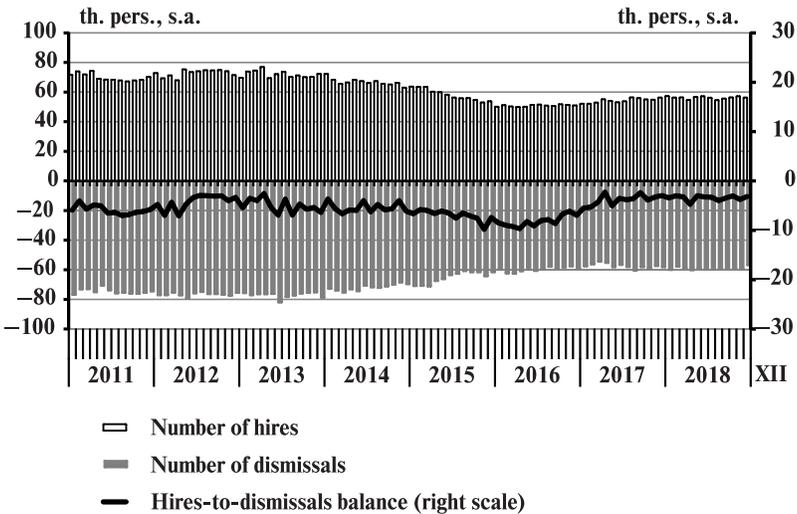
The aging of the workforce is also continuing, which is a common trend in Europe. As of early 2018, the average age of employable women was 42.8 years and the average age of employable men was 37.5 years, which in both cases is six months higher than five years back.

Over the past eight years, taking into account seasonality, there was not a single month when the number of hired workers exceeded the number of laid-off workers (Figure 2). As a result, the number of the employed decreased by 330,000 people (7%).

In recent years, the outflow of secondary school graduates, who are leaving the country to study in neighboring states, has increased significantly. Poland, Russia and some other countries set not very demanding enrolment requirements for Belarusian nationals, including in economic and law colleges, whereas Belarus limits this admission. Belarusian universities reduce education services, and, accordingly, the number of the employed.

If the problems with creating high-paying jobs in the high-tech services sector did not concur with the population aging peak, the country would face serious unemployment problems. They are still there, though. The number of the unemployed is rapidly increasing, but this time in the form of well-deserved retirement with pensions paid from the state budget.

Figure 2. Hire/fire ratio dynamics, 2011–2018



Note: s. a. stands for ‘seasonally adjusted’

Besides, there is still an impressive outflow of labor force from Belarus. The growing deficit of the Social Protection Fund questions the state’s ability to fulfill its social obligations (even to pay pensions, not to mention normal unemployment benefits, or child and disability allowances).

In 2018, the birth rate decreased despite the regular official proclamations that large families should become a social norm. New measures to support families with children were announced, but the authorities keep ignoring the fact that the high birth rate over the past decade increased the burden on the social protection system just like the aging of the population.

Back in the 1960s, Nobel Prize winner in economics, Belarusian native Simon Kuznets said that present-day economic growth can lead to significant structural shifts in the economy and the social composition of society, as well as drastic changes in living and working conditions and lower birth rates. The degree of urbanization in Belarus (78.1% as of early 2018) is comparable with that in Switzerland and other developed economies. Therefore, the government should think not only about how to replace the retiring workers with the same number of young employees, but also how to increase the human capital and productivity of workers of the coming generations.

Based on econometric models, it has been proven that in conditions of economic stagnation and lumping poverty, an increase in the birth rate leads to an even greater slowdown in economic growth rates. A hundred years ago, Belarusian economic historian Mitrofan Dovnar-Zapolsky wrote that “when working to improve the economic structure, the population can at the same time restrain the birth rate in order to maintain the well-being of the current generations.”

Efficiency of the use of human resources

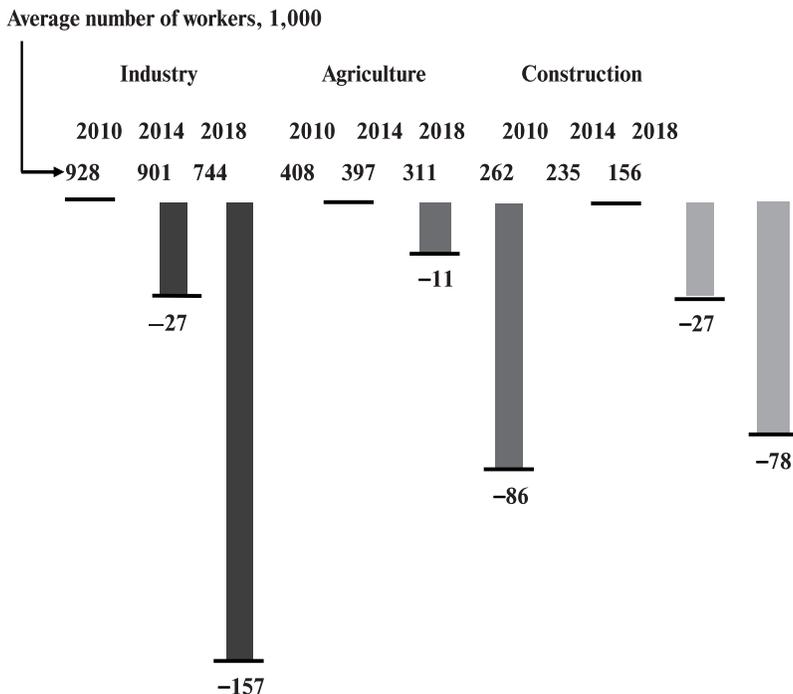
In addition to invested capital and labor, and scientific and technical progress, the efficiency of capital and labor utilization (capital and labor productivity) is an important factor of economic growth.

The number of jobs in Belarus is decreasing due to stagnation in some industries and automation in other ones. It would be logical to expect that workers would migrate from industrial enterprises to the high-tech services segment, but this does not always happen.

Workforce mobility in the labor market is extremely low, and it will hardly increase without stimulation. The shortage of new high-paying jobs largely stems from this issue. The manufacturing industry cannot provide high-paying jobs any longer, while the services industry cannot do it yet.

In the current decade, industry, agriculture and construction lost every fourth employee, 387,000 workers in absolute terms (Figure 3)

Figure 3. Average number of employees in industrial sectors, thousand people



In 2010–2018, the number of people employed in production of machinery and equipment decreased by 40%, production of vehicles by 35%, and production of plastics by 32%. Moreover, output in these branches also fell by 30%, 35% and 18%, respectively. As a result, output per worker almost did not change. For example, it increased 0.3% on average in production of vehicles over the year.

The number of workers decreased significantly in the woodworking, metallurgical, electronics and textile industries. In 2010–2018, the number of employees dropped 30% in the woodworking industry and 28% in the electronics industry, but output either increased (woodworking, electronics), or changed very little (metallurgy, textiles). In comparable prices, output was up 45% in the woodworking industry and 33% in the

electronics industry. Output per worker increased noticeably (by 110% in woodworking and 85% in the electronics industry). In this case, modernization and the scientific and technical progress have led to a decrease in the number of the employed without output loss. Disregarding this trend, educational institutions continue to train specialists for these industries. As a result, the largest proportion (29.3%) of the unemployed is constituted by those having degrees in processes and technology.

According to recent research (for example, the dynamic stochastic general equilibrium (DSGE) modeling by the National Bank of Belarus)¹, the scientific and technical progress influences the decline in employment in certain industries, yet generally leads to economic growth. This happens through a transfer channel in the form of a reduction in labor costs, a subsequent reduction in production costs and, accordingly, product pricing, the release of additional consumer demand, and increased output in some industries, which is accompanied by a higher employment rate. However, the scientific and technical progress involves retraining or acquisition of new professional skills and competencies by many workers.

It is advisable to foster labor mobility in the labor market, i.e. to raise unemployment benefits at least to the level of the minimum subsistence budget, and to abolish enslaving decree No.1 on promoting employment. It is important to strengthen the targeting of the social protection system, since not all currently employed persons will be able to adapt to new labor market requirements.

According to the forecast based on the autoregressive integrated moving average (ARIMA) model, the number of the employed will continue to decline in agriculture, construction, and the manufacturing industry regardless of generated GDP. Employment in the manufacturing industry is already low (19.8% of total employment in 2018). It is desirable that the labor force switches to high-tech services, which is not happening

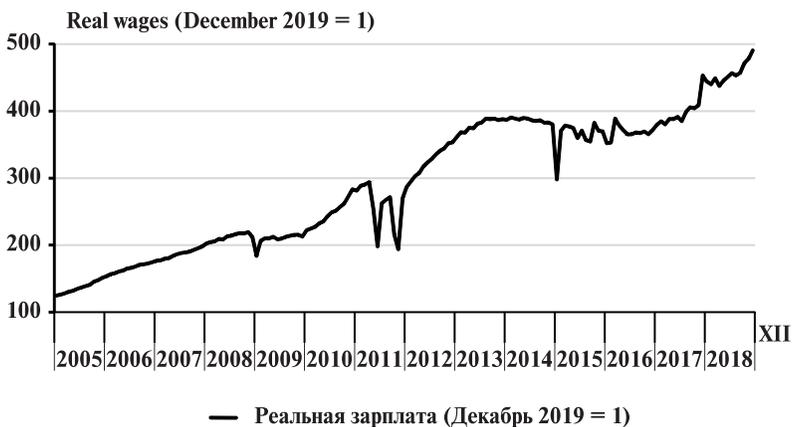
¹ Безбородова, Александра, Михалёнок, Юрий. «DSGE-модель для Беларуси: анализ трансмиссионного механизма экономической политики.» *Исследования Нацбанка Беларуси*, № 10, 2016, p. 55.

yet.² In recent years, the number of employees has slightly increased in trade, the IT sector, production of pharmaceuticals and healthcare, and it is decreasing in science and technology, education and public administration.

Household incomes and living standards

The workforce outflow problem can be solved by raising household incomes (backed by higher labor productivity) to a level comparable with incomes in the neighboring countries. Without structural reforms similar to those undertaken in Central and Eastern Europe and the Baltic States, this problem has no solution. In the recent history of Belarus, the average monthly wage in USD equivalent adjusted for seasonality and changes in the dollar's domestic purchasing power, has never been over USD 500 (Figure 4).

Figure 4. Average monthly wage in USD equivalent, 2005–2018



Note: s. a. stands for 'seasonally adjusted'

The purchasing power of USD in December 2019 = 1

² Власенко, Максим. «Об эффективности распределения финансовых и трудовых ресурсов в экономике Беларуси.» *Банковский вестник*, № 8, 2018, p. 7.

For comparison, in 2018, the average monthly wage in USD equivalent stood at USD 1,050 in Lithuania and USD 1,250 in Poland. According to *Google Trends*, Belarusians were most active in looking for jobs in Poland, rather than in Russia.

In 2017, for the *third time* in the economic history of Belarus, the president set the task to raise the average monthly wage to BYN 1,000 (USD 500 at the nominal exchange rate). On average, it reached BYN 815 (USD 420) in 2017 and BYN 958 (USD 470) in 2018. Although the task was not fulfilled (its fulfillment could lead to imbalances in the economy), even these figures turned out to be overstated.

For the second year in a row, household income growth rates have been outstripping GDP growth rates 2- or 3-fold. In 2018, real disposable household incomes increased by 8.4% year-on-year, real wages by 11.6% and real pensions by 14.6%, while labor productivity increased 3.6%.

The differentiation of incomes and the social stratification increase. Incomes of the rich grow faster than those of the poor. This stratification is observed in relation to the regions as opposed to the capital, the high-tech service sector as opposed to the public sector, ordinary families as opposed to large families, working persons as opposed to retirees, etc.

The social protection system in Belarus is categorical and therefore unfair. Quite often, welfare assistance is rendered to those who do not particularly need it, and is provided insufficiently to those who really do. The number of persons who could not afford a minimum basket of goods and services went up in 2015–2017. In 2018, 25% of families of four (30% in rural areas) had average monthly disposable incomes at or below the minimum subsistence budget per family member.

According to a household survey, 28% of Belarusian families cannot even save BYN 100 for a rainy day, 26% cannot replace decayed furniture in their homes, and 6% to 7% cannot afford prescribed medicines or regularly buy fruits for children.

Judging by statistical data on material deprivations, the population of the Brest region is the poorest. Even with financial aid from the state, 27% of large families were low-income last year. Every tenth child lives below the national poverty line.

More objectively, the population's living standard is described by the average median wage, rather than the arithmetic average. In May 2018, the living standard was 25% below the arithmetic average. Three out of four workers have a monthly average wage below BYN 1,000 (USD 500). Taking into account expenses for the care of children, the median average monthly income per capita in the period under review amounted to BYN 430 (USD 210 per month or USD 7 per diem), and average food and clothing prices in Belarus almost do not differ from these prices in Poland and Lithuania.

Unemployment

In 2018, the labor market continued to recover from the 2014–2016 recession. The unemployment rate decreased considerably. In 2018, the number of the actually unemployed reached 245,000 people (4.8% of the total work force) against 293,000 (5.6%) a year before.

Belarus stands out for its huge gap between officially registered (0.3%) and actual (4.8%) unemployment. The number of actually unemployed is 13 times higher than the official number. This is due to the lack of unemployment insurance (except for a symbolic monthly benefit that averages 13% of the minimum subsistence budget).

There is quasi unemployment in Belarus: state-owned enterprises can keep workers on enforced leave for a long time. Also, the number of labor emigrants increased in 2018.

In recent years, Belarus has been among the top 10 countries in terms of the suicide rate. Quite often, suicides are caused by the lack of jobs and means of sustenance. Sociologists and human rights activists predict an increased number of suicides in 2019, because many unemployed people will not be able to pay full-price utility bills and late payment penalties (109% per annum).

The local labor market is quite strongly protected from the foreign labor force. The intensive aging of the population continues, i.e. the number of retirees exceeds the number of newcomers to the market. Besides, there is a significant differentiation in the level of unemployment, depending on the region, type of locality, age and profession. Therefore, a decline

in unemployment does not mean that unemployment problems have been resolved.

Conclusion

Few believed that the *two* new decrees aimed at promoting employment would help, and they predictably did not. The proportion of the employable population even slightly decreased over the past *three* years. Enforcement of notorious decree No.1 in 2019 will most likely lead to a surge in social protests, suicides and emigration, rather than a higher employment rate.

The actual unemployment rate will remain the same due to the aging of the population and rampant labor migration outside the country, rather than rapid development of the economy. New measures to encourage having many children will not raise the birth rate. There will not be enough funds in the national budget for more generous measures, while smaller steps will not be appreciated by the population.

The Belarusian economic model with its predominantly administrative and mandatory distribution of funds is not capable of ensuring a high standard of living for a significant part of households. Labor productivity in Belarus is almost the lowest in Europe, which, in case of balanced development of the economy, can ensure USD 300–400 in the average monthly wage. Higher average wages in the last two years were achieved mainly by means of administrative interventions in the functioning of the labor market.

In the coming years, the Belarusian economy will continue to stagnate. Further administrative pay rises will lead into the trap of average income and increasing imbalances, which will entail macroeconomic adjustments through depreciation of the national currency.

A decrease in the number of jobs is caused by stagnation in some industrial sectors, or ongoing modernization in the others. The transition to *Industry 4.0* is gradually beginning to manifest itself in Belarus, changing the sectoral composition of the workforce. According to the forecast model, the number of people employed in industrial sectors will continue to decline. For many this means the need to learn new trades. Employment offices and educational institutions should be prepared for these new challenges.

ENERGY SECTOR: NEARING A PHASE OF UNCERTAINTY

Alexander Avtushko-Sikorski

Summary

The agreements on Russian oil supplies reached in 2017 turned out to be short-lived. The second half of 2018 was marked by a heavy strain in relations with Russia, as Belarus strongly objected the change terms of oil supplies due to the Russian tax maneuver.

The year was much calmer in the gas sector, mostly because a revision of the price of Russian gas for Belarus under the operating contracts is scheduled for the end of 2019. The continuing disagreement on a compensation for the losses Belarus is incurring as a result of the tax maneuver can significantly affect the 2019 gas talks.

However, despite the tension in relations with Russia caused by the disagreements over the oil and gas supply terms, the Belarusian government does not reconsider its approaches to reducing imbalances in the energy sector.

Trends:

- Accumulation of contradictions regarding the compensation for the Russian tax maneuver and the transfer of the conflict to the area of Union relations and compliance with bilateral agreements;
- Increasing consumption of Russian gas;
- A moderate increase in electric energy tariffs and uncertainty in the electricity sector after 2019.

Gas

In 2018, Belarus imported 20.3 billion m³ of natural gas, which is 6.9% more than a year before (19.014 billion). Import volumes have been growing since 2013. In 2018, the cost of 1,000 m³ of natural gas for Belarus was set at USD 129, which is a little lower than in 2017. Gas imports grew basically because the price of Russian gas for Belarus has gradually decreased by 22.1% from USD 165.5 to USD 129.0 since 2013, and this allows increasing consumption.¹

¹ Hereinafter the data for 2018: «Экспорт и импорт со странами ЕАЭС в 2018 году.» *Национальный статистический комитет Республики*

The low price of Russian natural gas in comparison with the price for Western Europe is an important element of support for the Belarusian economy. In 2018, this price difference (by the general benchmark of the gas price on the German border) increased significantly despite a slight decrease in the price for Belarus (see Table 1). The reason was a rather cold winter, which affected the growth of gas consumption in Europe.

Table 1. Dynamics of prices of Russian gas for Belarus and on the German border in 2011–2018

	2011	2012	2013	2014	2015	2016	2017	2018
Price of Russian gas for Belarus, USD for 1,000 m ³	280.0	165.5	165.5	170.0	144.0	137.0	130.0	129.0
Price of Russian gas on the German border, USD for 1,000 m ³	381.48	435.23	413.3	386.0	268.63	160.63	197.9	269.42
Price difference, USD for 1,000 m ³	101.48	269.4	247.8	216	124.63	24.63	67.9	142.42

Source: Belstat, IMF², author's calculations

2018 was relatively calm in terms of stability of gas supplies to Belarus, their volumes and prices thanks to the absence of conflicts and the signing of a contract for supplies of natural gas to Belarus in 2018–2019 in April 2017. The only display of nervousness was Belarus' hectic yet futile attempts to sign a *new* gas supply contract with Russia.

Беларусь, 2019, http://www.belstat.gov.by/ofitsialnaya-statistika/realny-sector-ekonomiki/statistika-vneshneekonomicheskoy-deyatelnosti/vneshnyaya-torgovlya-tovarami/godovye-dannye/eksport-i-import-so-stranami-eaes-v-2017-godu/?special_version=Y; «Импорт важнейших видов продукции.» *Национальный статистический комитет Республики Беларусь*, 2018, http://www.belstat.gov.by/ofitsialnaya-statistika/makroekonomika-i-okruzhayushchaya-sreda/vneshnyaya-torgovlya_2/godovye_danne/import-vazhneishih-vidov-produktsii/.

² Hereinafter the IMF data: “Primary Commodity Price.” *IMF*, <https://www.imf.org/en/Research/commodity-prices>.

The reason for this rush was probably the nearing date of the formation of the common energy market of the Eurasian Economic Union (EEU) planned for 2025. According to the agreements in force, by July 1, 2019, Belarus and Russia are supposed to reconsider the price of gas for 2020–2024 to be factored in when designing the common gas market.

Belarus hopes that by the time of the launch of the common market, the gas price will equal or nearly equal the price set for the Smolensk region, which is unlikely, since both Russia and Kazakhstan want the difference in tariffs for internal and external consumption maintained.

Oil

The year was much more stressful in the oil sector, primarily due to the increasing contradictions over the tax maneuver in the Russian Federation. As of late 2018, these contradictions were still far from being resolved.

The tax maneuver provides for a gradual reduction in export duties on oil products from 30% to zero and a simultaneous increase in the mineral extraction tax (MET). This will lead to a drop in Belarus' revenues, because the collected export duties remained in the Belarusian budget. Belarus also profited handsomely from the so-called "customs re-clearance" of oil. As the mineral extraction tax replaces the export duties, the price of oil supplied to Belarus goes up. Russia supports its refineries by compensating growth in oil prices above a certain level, whereas Belarus is not ready to do the same.

The preferential price of Russian oil secured by intergovernmental agreements has been a source of significant revenues for the Belarusian national budget and Belarusian oil producers for years. As can be seen in Table 2, the difference between the price of oil for Belarus and the price on world markets (Urals grade) ranged from USD 172 to USD 481, and Belarus sold oil products made from it at world prices. As a result, savings on oil supplies alone from 2011 to 2018 ranged from USD 1.76 to USD 8.5 billion (3.7% to 13.7% of Belarus' GDP).

Table 2. Imports and exports of Russian oil to Belarus and Belarusian oil products to world markets in 2012–2018

	2012	2013	2014	2015	2016	2017	2018
Physical volume of imported oil, million tons	20.2	21.17	22.5	22.9	18.1	18.0	18.2
Import value, USD billion	8.039	8.188	7.625	5.663	3.475	5.292	6.8
Oil price, USD per ton	398	386.8	338.9	247.3	192.0	294.0	373.6
Price of Russian oil on the world market, USD per ton	822.7	826.9	820.0	720.0	363.9	388.7	513.17
Physical volume of exported oil products, million tons	17.49	13.56	13.76	16.58	13.0	12.3	11.9
Revenues from imports of oil products, USD billion	14.5	10.15	9.85	6.83	4.04	5.34	6.5
Price of oil products, USD per ton	829.17	748.76	715.98	403.5	311.0	434.14	546.2

Source: Belstat, IMF, author's calculations.

According to the government estimates, the tax maneuver will cost Belarus USD 300 million in 2019 alone, and from USD 2 to 12 billion by the end of the maneuver in 2024. The timeframe of the maneuver and its justifiability caused heated debates at the government level in the second half of 2018.

On top of this, Russia decided to cut supplies of duty-free oil products, so that Belarus only meets domestic demand. The point is that Belarus re-exported Russian oil products to Ukraine and Western Europe, boosting the import of oil products from Russia in the first half of 2018. The import of liquefied hydrocarbon gas more than doubled, and the import of other duty-free oil products (gasoline, diesel and black oil fuel) increased almost 50%. As a result, the Russian budget incurred substantial losses.

Also, Russia suspended payments in the re-clearance scheme that was actually a subsidy for the Belarusian budget in the form of direct transfer of duties on 6 million tons of oil that, in fact, was not supplied to Belarus. Russia also wants Belarus to return the unpaid duties to the Russian budget.

The conflict over the re-export of Russian oil products was resolved in early October when the Russian energy minister and the Belarusian vice premier signed the *protocol* on amendments

to the intergovernmental agreement of 2007 that will extend for the period to 2019. The protocol prohibits supplies of liquefied gas and light and heavy oil products to Belarus, which, in fact, terminates the re-export scheme. Oil products not produced in Belarus are the only exception. The compensation for duties through re-clearance was reinstated. By the end of 2018, Belarus practically stopped the import of Russian oil products.

The issue of a compensation for the losses from the tax maneuver was not resolved in 2018. The negotiations that took place in November and December did not bring the positions closer to each other. Judging by the statements made by Dmitry Medvedev and Anton Siluanov, a compensation for the tax maneuver is possible in case of a deeper integration of Russia and Belarus under the Union State Treaty.

Although the talks on the compensation are still far from being completed, some conclusions can already be drawn.

First of all, the conflict over the re-export of Russian oil products (and the reaction to the long-standing “solvents scheme”) showed that Russia will not give Belarus an opportunity to re-export energy commodities except for those specified in bilateral agreements. This means that Belarus will not be able to compensate the budget losses resulted from the tax maneuver by means of other trading schemes, and their use would provoke new conflicts between the two countries.

Belarusian officials discuss the plan to buy oil from other countries, which treads on infirm ground, since no other supplier can compete with Russia in terms of profitability. Belarus was mulling over supplies from Kazakhstan, Iran and “through Baltic ports”. In 2016, the country imported 560,000 tons of oil from Azerbaijan, but the acute issue of the price and logistics still stands, as well as pipeline infrastructure of the Baltic ports.

The difference in the advantages of oil supplies from Russia and other countries is clearly seen on the example of supplies from Venezuela in 2010, which followed the routine Belarusian-Russian conflict over the amount of duties (see Table 3).

According to the EEU Treaty, energy supplies from Russia to Belarus in the transition period (i. e. until the launch of the common energy market) are regulated by bilateral intergovernmental agreements. This enables Russia to declare

the tax maneuver its internal affair, and, therefore, Belarus' appeals that the maneuver breaches the EEU agreements are ungrounded. If Belarus does not agree to deeper integration with Russia, the chance of a positive outcome of the negotiations on the compensation for the tax maneuver is minimal. Belarus needs comprehensive reforms in the energy sector and the economy as a whole.

Table 3. Volumes and costs of oil supplies from Venezuela against supplies from Russia in 2010–2012

	2010	2011	2012
Price of Venezuelan oil including transportation, USD per ton	656.00	847.75	939.30
Price of Russian oil for Belarus, USD per ton	460.00	459.00	398.00
Price difference, USD per ton (Venezuelan minus Russian for Belarus)	-196.00	-388.75	-541.30

Source: Belstat, author's calculations.

Electric energy and tariff policy

In 2018, electricity tariffs rose once in January. The base tariff increased from BYN 0.1287 to 0.1433 per kWh, but the reported coverage of energy costs by households did not change and remained at around 80%. The difference between the tariffs for households and industrial enterprises did not change either, although the government stays committed to phasing down cross subsidies, which is now planned for 2019. This plan provides for higher tariffs for the population and lower tariffs for industrial consumers.

For comparison, in 2018, the tariff for households and industrial consumers stood at 7.05 and 12.31 eurocents, respectively. In the first half of 2017, those tariffs were at 12.07 and 8.65 eurocents in Estonia, 15.3 and 10.3 eurocents in Latvia, 10.9 and 8.3 eurocents in Lithuania, and 14.1 and 8.7 eurocents in Poland.

In the next few years, the Belarusian government will most likely face the problem of adequate tariff regulation, and will have to take measures to regulate energy consumption in order

to achieve the targets set by the policy documents. The *first* power unit of the nuclear power plant will be put into operation in late 2019, which, supposedly, will lower the electricity tariffs for the real sector at least.

Development of the electric energy sector in Belarus is regulated by the industry development program for 2016–2020.³ One of its main goals is to *reduce* electricity consumption. In August 2018, the Council of Ministers issued resolution No.579⁴, which approves the inter-sectoral package of measures to increase electricity consumption by 2025. This means that Belarus has *two* policy documents that contradict each other.

Although the inter-sectoral package covers a longer period, this discrepancy indicates the lack of clear understanding of the ways to develop the energy industry. In fact, for the first time in many years, Belarusian regulators abandon the goal of reducing electricity consumption (which would hardly happen, provided that the tariffs would be reduced after the launch of the Belarusian NPP, and this puts the attainability of the objectives of the sectoral program into question), and, in the future, may experience difficulties in shaping the development strategy of the entire sector.

The inter-sectoral package features a series of measures to increase electricity consumption, which mainly focus on an upgrade of existing boiler stations, continued electrification and construction of oil refining infrastructure facilities. In other words, the authorities seem to have no idea what to do with the energy that the Belarusian NPP will generate, and substantial funds are needed to solve this problem. The whole inter-sectoral package of measures provides for the allocation of around USD 3.5 billion at the 2018 exchange rate.

³ «Отраслевая программа развития электроэнергетики на 2016–2020 годы.» *Министерство энергетики Республики Беларусь*, <http://minenergo.gov.by/wp-content/uploads/ОТРАСЛЕВАЯ-ПРОГРАММА-ЭЛЕКТРОЭНЕРГЕТИКИ-2020.doc>.

⁴ «Постановление Совета министров от 06.08.2018 № 579 “О внесении дополнений и изменений в постановление Совета министров Республики Беларусь от 1 марта 2016 года № 169” .» *Совет министров Республики Беларусь*, <http://www.government.by/ru/solutions/3280>.

Conclusion

The year 2017 was quite tense for the energy sector due to the oil and gas conflict that affected oil supplies. The year 2018 was even worse in a way, primarily because of the growing uncertainty regarding the future of the energy sector in Belarus.

At the moment, there are no distinct possibilities for Belarus to obtain an adequate compensation from Russia for the tax maneuver, unless the government surrenders something for a 'deeper' integration with Russia. In less than a year, the sides will enter into a new gas supply contract, and any serious disagreements regarding oil supplies may affect their bargaining positions on gas supplies, as 2017 showed. In 2018, Russia clearly demonstrated its unwillingness to maintain its support at the same level, unless Belarus meets certain additional requirements, and, for the first time, the politicization of EEU buildup was so disappointing for Belarus.

FOREIGN INVESTMENT: ICT SECTOR AS AN EXAMPLE TO FOLLOW

Maria Akulova

Summary

In 2018, only the ICT sector was stably attractive to investors, unlike public sector assets. Belarus' overall investment prospects remained bleak. The government continues looking for solutions. A number of legal acts were issued last year to improve the investment climate and stimulate private sector growth.

Trends:

- Stable investment interest in IT projects;
- Positive dynamics in the markets of domestic and external portfolio investment;
- A number of bills issued to improve the investment climate and develop small and medium businesses.

Plans and numbers

In 2018, the government planned to raise USD 1.4 billion in foreign direct investment.¹ FDI inflow amounted to USD 1,457 billion², an increase by 16% from USD 1.276 billion reported for the year 2017. One of the key economy performance indicators was achieved for the first time over the past few years. Actual FDI inflow exceeded the target once, in 2013.

The amount of cumulative foreign investments in 2018 was much smaller than in 2017 (USD 2.551 billion), standing at USD 1.485 billion. FDI constituted a much larger proportion than portfolio and other investments. This happened because in

¹ «Постановление Совета министров Республики Беларусь от 31.12.2017 № 1053 “Поквартальные значения ключевых показателей эффективности работы правительства Республики Беларусь и Национального банка на 2018 год”». *Совет министров Республики Беларусь*, 31 Dec. 2017, <http://www.government.by/upload/docs/file5e628caeafe0000b.PDF>.

² «Платёжный баланс, международная инвестиционная позиция и валовой внешний долг Республики Беларусь за 2018 год.» *Национальный банк Республики Беларусь*, <http://www.nbrb.by/Publications/BalPay/BalPay2018.pdf>.

2018, Belarus fully redeemed its Eurobond (USD 800 million plus USD 35.8 million in coupon) originally placed in 2011.

The external public debt increased by around 1% to USD 16.9 billion as of January 1, 2019 (28.4% of GDP). A year before it was at USD 16.7 billion (30.7% of GDP). The aggregate external debt decreased 1.1% to USD 39.5 billion as of January 1, 2019 from USD 39.9 billion in 2017.

Direct foreign investment

In 2018, Belarus managed to raise USD 1.475 billion in FDI. As in previous years, FDI was made by means of reinvestment of incomes (USD 0.8 billion), rather than appearance of new players or technologies in the market (USD 572.6 million). FDI in new projects increased 44% since 2017 (USD 398.3 million).

Investors continue showing reluctance when it comes to the industrial sector. According to *Belstat*, only 16.3% of FDI was channeled³ into production, whereas high technologies and innovation are needed to make its development effective and competitive.

There has been no qualitative change in privatization. In early 2018, the State Property Committee presented a new list of enterprises whose state-owned equity stakes were fully or partially put up for sale. This time, the list numbered 43 companies. All of them had been repeatedly named in previous years, but, apparently, were rejected by prospective investors. Low demand still stems from the inefficiency of the enterprises, exorbitant prices, collateral terms of sale, investors' uncertainty about the legal protection of their interests, instability of legislation and the business climate in the country.

Only one privatization deal closed in coordination with the president without an auction. In the autumn of 2018, the Brest Regional Executive Committee sold its 67.7% stake in Beryoza Cheese-Making Plant for BYN 86.33 million to

³ «Иностранные инвестиции в январе-сентябре 2018 года.» *Национальный статистический комитет Республики Беларусь*, http://www.belstat.gov.by/ofitsialnaya-statistika/makroekonomika-i-okruzhayushchaya-sreda/finansy/operativnaya-informatsiya_14/obinostrannyh-investitsiyah2.

Savushkin Product OJSC of the Santa Group, which by this means increased its stake in the company to 81%.

Unlike state-owned companies, the private sector is well aware of the benefits of investment cooperation. Last year's mergers and acquisitions (M&A) were a result of more active efforts of private businesses put forth to attract foreign investments.

The *Alutech Group*, one of the world's leading manufacturers of roller shutter systems and sectional doors, sold 75% of its shares to German *Hörmann*. *Servolux* agricultural holding acquired Belatmeat meat processing plant and bought the state-run Slutsk pig-breeding plant. *Servolux* also sold a minority stake to the EBRD for USD 10 million. The money will be used to build a meat processing plant in Smolevichi.

In 2018, a number of deals were closed in the food retail market. In March, the owner of the Hippo retail chain bought the *Belmarket* chain from Russian A1 Investment Company. In August, the *Santa Group* bought the *Rublevsky* chain of supermarkets. In November, the *Sosedi* chain bought *Preston stores*. The amounts involved in the transactions were not made public. In December, Polish CDRL bought a 90% stake in the *Buslik* children's clothing chain from the Belarusian West Ost Union Commercial Industrial Group. The amount was estimated at USD 6.4 million.

The Orsha Aircraft Repair Plant was re-nationalized in 2018. In 2012, Ukrainian *Motor Sich* JSC and Belarusian Innovations and Investment Systems bought the state-owned stake in the Orsha plant and planned its reconstruction and modernization. The Russian-Ukrainian conflict frustrated these plans. The financial standing of the plant deteriorated significantly, and, in summer 2018, the president of Belarus decided to put it back under control of the state. Since November, the state owns 99.08% of the company.

Stadler's decision to build production facilities in Fanipol to manufacture converters for trams and trains (USD 35 million) is worth noting in the *Greenfield* investment segment. *Cipla Limited*, Indian multinational pharmaceutical and biotechnology company, allocated USD 1 million for the construction of a research and technology center for production

of pharmaceuticals. Belarusian Unison and Chinese *Zotye* signed an agreement on the construction of a plant to assemble *Zotye* electric vehicles for a total of USD 560 million.

Information technologies remain one of the few sectors capable of attracting potential buyers. Presidential decree No.8 ‘On Development of the Digital Economy’ signed in late 2017 provided considerable privileges to High-Tech Park (HTP) residents, which boosted quantitative and qualitative growth of the sector. According to preliminary estimates, in 2018, the HTP registered 267 new resident companies. Its revenues increased 60%, and exports went up 38% year-on-year to over USD 1.4 billion.

In March, the Russian-Belarusian Venture Capital Fund – *RBF Ventures* – invested USD 430,000 in the AgroDrone Group, which designs systems for monitoring cultivated areas and plant health. In April, *WorkFusion*, the robotic automation systems developer, raised USD 50 million for research on the application of artificial intelligence for the automation of the labor market.

Also in April, *Targetprocess* IT company sold minority stakes to *Zubr Capital* and the EBRD for USD 5 million. *VP Capital*, *Larnabel Enterprises* and *FaceMetrics* startup (developer of the AI assistant that counts the time a child spends with a tablet) closed a USD 2 million deal in June.

In July, *Baring Vostok* Private Equity Fund bought a minority stake in *ITransition*, one of the software development leaders. *Storyline* startup (voice assistant developer) raised USD 770,000 from the *Boost VC* accelerator. In October, Estonian *Helmes* bought a controlling stake in *SolbegSoft*. The amounts were not disclosed.

In the autumn, Belarusian *Flo* application received another USD 12 million from the anchor investors *Mangrove Capital Partners*, *Flint Capital* and *Haxus* Venture Fund.

In December, the Belarusian *RocketData.io* startup (online presence and business reputation managing) raised USD 500,000 from *RBF Ventures*.

Bulba Ventures investment company (established in March 2018), which supports technological startups in the field of machine learning, invested in several Belarusian projects last year.

In May, jointly with Haxus, the company invested USD 2 million in Wannaby, the e-commerce and computer vision project. In summer, *Bulba Ventures* supported the RocketBody startup, which develops a tracker for measuring metabolism and supercompensation. In autumn, the company invested in the *FriendlyData* startup (a search interface for working with corporate databases). In October, FriendlyData was bought by American *ServiceNow*.

Portfolio investment

In 2018, the government was quite successful in raising funds through the placement of bonds on world markets. An additional placement of the next tranche of Eurobonds in the amount of USD 600 million at 6.2% per annum until 2030 took place in February.

The timely and full tranche payments in 2018, as well as the slow, yet positive dynamics of country credit risk assessments enabled Belarus to achieve an acceptable coupon rate. As a result, the yield was lower than in 2017: Belarus-2023 (USD 800 million) at 7.125% and Belarus-2027 (USD 600 million) at 7.625%.

The placement of government bonds on the domestic market continued. The amount of domestic government bonds denominated in foreign exchange totaled EUR 280 million and USD 261.5 million.

The corporate and banking sectors were also active in placing foreign exchange and ruble bonds. Private companies floated foreign exchange denominated bonds worth USD 691.1 million. Belarusian Railway was among the leaders with a 28.9% proportion. It was followed by *Savushkin Product* (21.5%) and *Conte-Spa* (11.6%). Banks and leasing companies placed foreign exchange bonds worth USD 1.34 billion in total. ASB Belarusbank (37.4%), BelVEB Bank (11.5%) and the Development Bank of the Republic of Belarus (10.4%) topped the list of issuers.

In 2019, the government will try to float bonds on the Russian market. In summer 2018, the Ministry of Finance of Belarus reached an agreement with the Eurasian Development Bank

and several Russian banks on assistance in the organization of bond issues in 2018–2020.

Other foreign liabilities

In 2018, the net amount of other external liabilities increased by USD 520 million. Belarus borrowed USD 1.75 billion mostly from Russia (50%) and China (34%). Around USD 1.2 billion were allocated to pay off the foreign debt, including to the Eurasian Fund for Stabilization and Development (EFSD), the Russian Federation, the International Bank for Reconstruction and Development (IBRD) and China.⁴

The public sector remained the main borrower. In 2018, the net increase in the foreign debt reached USD 200 million.

In October, Belarus received USD 200 million in the 6th tranche from the Eurasian Fund for Stabilization and Development under the loan program signed in 2016. The 7th and last tranche is expected in 2019.

Belarus suspended talks with the IMF on a new credit program. Their resumption depends on how flexible Belarus will be in meeting the IMF's basic requirements to the national economy and the public sector in particular.

Measures to attract external financing and improve the investment climate

*Decree No.286 on Taxation of Some Kinds of Incomes.*⁵ This decree is aimed at fostering investment activities of Belarusian enterprises. It provides for the exemption from taxes on incomes in the form of interest on loans granted by foreign investors to Belarusian companies, and incomes received from the provision of services for the placement of debt securities outside Belarus.

⁴ «Государственный долг на 1 января 2019 года.» *Министерство финансов Республики Беларусь*, http://www.minfin.gov.by/ru/public_debt/pressreleases/cb3b85607ab64d88.html.

⁵ «Указ Президента Республики Беларусь № 286 “О налогообложении отдельных доходов”.» *Официальный интернет-портал Президента Республики Беларусь*, 20 July 2018, <http://president.gov.by/uploads/documents/2018/286uk.pdf>.

Council of Ministers resolution No. 743 of October 17, 2018.⁶

The strategy for development of small and medium enterprises for the period to 2030 is aimed at increasing the role of SMEs in the economy, ensuring equal conditions for doing business, and the gradual separation of functions of the state as a regulator and owner. Also, measures were taken to decriminalize business activities and mitigate criminal legislation by making prosecution adequate to the damage done. This program shows that the government recognizes the importance of SMEs in economic development and is willing to take real measures to support them.

Decree No. 506 on Development of the Orsha District (Vitebsk Region).⁷ This decree establishes a special tax regime for companies operating in the district, imposes a moratorium on inspections, decriminalizes economic risks, and provides for other measures to attract investors.

Conclusion

Plans for 2019 involve borrowing at least USD 1.6 million in FDI.⁸ Efforts to develop the IT sector started in late 2017 have produced positive results and show genuine interest of foreign investors in Belarusian IT companies. The results of 2018 are qualitatively different from those of previous years, and there is every reason to believe that the positive dynamics showed by the industry will continue in 2019.

⁶ «Постановление Совета министров № 743 Об утверждении Стратегии развития малого и среднего предпринимательства “Беларусь – страна успешного предпринимательства” на период до 2030 года.» *Совет министров Республики Беларусь*, 17 Oct. 2018, <http://www.government.by/ru/solutions/3355>.

⁷ «Указ Президента Республики Беларусь № 506 “О развитии Оршанского района Витебской области”.» *Национальный правовой Интернет-портал Республики Беларусь*, 5 Jan. 2019, <http://www.pravo.by/document/?guid=12551&p0=P31800506&p1=1&p5=0>.

⁸ «Постановление Совета министров Республики Беларусь № 289 “О реализации задач социально-экономического развития Республики Беларусь на 2019 год”.» *Совет Министров Республики Беларусь*, 29 Dec. 2018, <http://www.government.by/upload/docs/filea54ccabfba63a99a.PDF>.

Judging by the decrees and resolutions issued in 2018 and the country's leadership commitment to increase the role of the private sector, it is likely that the efforts made to create a favorable business environment will cover other sectors of the economy as well.

The plan to ensure equal rights for businesses regardless of the form of ownership and to decriminalize business activities will enhance the country's appeal, since many of the significant barriers to the fast-paced inflow of foreign investment can be removed.

There is a next-to-zero chance for privatization. The government is still inflexible when trying to sell state-owned assets, which repels potential buyers, and the attractiveness of most saleable assets is poor in comparison with the *greenfield* projects.

Placement of government bonds denominated in foreign exchange on external markets will continue in 2019. In the next few years, the government plans to borrow around USD 2 billion by placing bonds in Russia and China.

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